TEMPLETON GLOBAL GROWTH FUND LTD

ANNUAL REPORT 2012

ABN 44 006 558 149

MISSION STATEMENT

Templeton Global Growth Fund Ltd. ("TGG") was established to provide Australian residents with a well managed and cost effective investment vehicle through which they could gain access to world equity markets.

TGG outsources certain of its investment management functions to Franklin Templeton Investments Australia Ltd, a member of the Franklin Templeton group ("FT") and relies upon the integrity and professional competence of that organization for the prudent and successful management of the Company's global investment portfolio. FT has a long established record of investing in global equity markets.

The primary objective of TGG is to increase shareholders' total returns through the achievement of superior investment performance.

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Templeton Global Growth Fund Ltd. ABN 44 006 558 149

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CHAIRMAN'S MESSAGE

INVESTMENT PORTFOLIO PERFORMANCE

Challenging and difficult global market conditions continued to be experienced throughout the 2012 fiscal year.

In particular, European markets were depressed by concerns over the Eurozone crisis and inability or unwillingness of authorities to address it with effective remedial measures.

These conditions weighed heavily on the performance of TGG's investment portfolio which produced a negative -5.4% return for the year.

The Investment Manager's Report explains the investment strategy that the Investment Manager is pursuing and its reasons for optimism that in the fullness of time TGG's investment portfolio will deliver attractive returns to patient value investors.

I commend the Investment Manager's Report to shareholders as informative reading.

OPERATING RESULTS

Profit after tax for the year was $1,511,368 compared with $1,394,412 in the previous year.

Net tangible assets per share ("NTA") reduced from $0.94 at 30 June 2011 to $0.84 at 30 June 2012, after payment of a 2 cent per share dividend in September 2011.

The reduction in the NTA reflected realised losses on disposals of investments and unrealised losses on revaluations of investments, as set out in the Statement of Comprehensive Income.

A dividend of 1.5 cents per share, fully franked, will be paid on 28 September 2012.

DEFERRED TAX ASSET ("DTA")

In the Statement of Financial Position at 30 June 2012 an amount of $10,442,241 of TGG's DTA has been derecognised.

Effectively, this constitutes a writing down of the carrying value of the DTA to around 50% of the full amount of the DTA.

The directors concluded that this derecognition was required in order to comply with Australian accounting standard AASB 112 Income Taxes.

It is a non-cash item, however, which does not affect the NTA. The derecognition has no affect on the Company's ability to pay dividends out of current year's profits or retained earnings.

The derecognised amount remains available, moreover, to be utilised in respect of future capital gains when achieved.

BOARD OF DIRECTORS

The year to 30 June 2012 included changes to the composition of the board of directors.

Long serving director, Geoffrey Webb, who was instrumental in founding the Company retired at the conclusion of the 2011 AGM.

John Harvey retired in May 2012 after serving nearly 8 years as a director.

Two new directors were appointed during the year - Michael Bartlett in September 2011 and Joanne Dawson in May 2012. These two new directors bring further diversity and complementary skills to the board.

At the conclusion of the 2012 AGM I will retire as a director and as chairman.

I will be succeeded as chairman by Tony Killen.

I am very pleased that on my retirement I will be leaving TGG under the direction of a balanced and suitably skilled board of directors.

D A Walsh
Chairman

Melbourne
10 September 2012

FRANKLIN TEMPLETON INVESTMENTS

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2012 INVESTMENT MANAGER'S REPORT

Fiscal year 2012 was a difficult period for long-term fundamental investors as global markets continued to be largely reactive to the political commotion and macroeconomic developments unfolding in Europe. While such challenging market conditions have led to disappointing results, we nonetheless remain optimistic that our time tested approach of investing in deeply undervalued stocks will eventually be rewarded. We also note that such periods of adversity are not unprecedented. Under Sir John's tenure, Templeton experienced bouts of longer-term underperformance far deeper than what we are seeing today.

In terms of relative performance, the investment portfolio of Templeton Global Growth Fund Ltd ("TGG") posted a decline of 5.4% for the year in A$ compared to the 1.8% decline for the MSCI All Country World Free Index ("Index").

PERFORMANCE SUMMARY TO 30 JUNE 2012 - $A

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs* %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG ^	4.0	-5.4	0.2	-8.6	-1.4	5.4
MSCI All Country World Free Index	6.0	-1.8	2.9	-5.8	0.1	4.8#
		1 yr to 30/6/12 %	1 yr to 30/6/11 %	1 yr to 30/6/10 %	1 yr to 30/6/09 %	1 yr to 30/6/08 %
TGG ^		-5.4	3.8	2.3	-13.5	-26.6
MSCI All Country World Free Index		-1.8	3.2	7.5	-15.6	-19.4

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested and adjusted for share issues and share buy-backs.

* Annualised

\# Since inception Index uses MSCI World as MSCI AC World was not in existence at TGG's inception

Shareholders should note that past performance is not necessarily an indicator of future performance

2012 IN REVIEW

Developments in Europe, most notably within the Eurozone, remained the centre of the market's focus in the last year. Elections (twice in Greece), central bank support for commercial banks and significant write-downs on Greek government bonds all impacted markets. Global economies have slowed in the last six months, again most prominently in Continental Europe, as the German imposed medicine of fiscal austerity has exacerbated the impact of slower worldwide growth.

Commodity prices have weakened significantly in the face of this slowdown, although the normally commodity sensitive Australian dollar has stayed strong in the face of this, trading above parity at the end of the fiscal year.

Portfolio Returns

North America was the stand-out region in terms of returns as the US market delivered solid returns. Returns elsewhere were noticeably weaker, although within Europe the market performed much more strongly outside the Eurozone. The average Eurozone stock fell 22% for the year, as against a decline of only 4% for the average stock in the rest of Europe, with the UK market flat for the year. TGG's holdings performed broadly in line with the region in which they were held, lagging somewhat in Europe, but outperforming significantly in Asia.

Major Region Returns (yr to 30 June 2012)	Index (%)	TGG (%)
North America	7.7	7.4
Europe	(12.6)	(14.5)
Asia	(6.4)	3.6

Energy and materials were the two weakest sectors as commodity price falls took their toll. Being significantly under-weight the latter sector served TGG well in the year. Consumer staples and healthcare were the standout performers as their earnings resilience was appreciated by the market and the stocks were re-rated. Good stock selection in healthcare served to offset weaker stock selection performance in staples.

Performance within a number of sectors was disappointing. In some of these, such as utilities and telecoms, a large portion of the under-performance stemmed from the portfolio's significant European holdings in the particular sector. This was also a contributing factor to the poor financials sector performance, but a number of US financial holdings in the portfolio also performed poorly. Our outlook for these holdings and the financial sector more broadly will be addressed later in this report.

Sector Returns (yr to 30 June 2012)	Index (%)	TGG (%)
Consumer Discretionary	1.5	11.2
Consumer Staples	13.2	1.7
Energy	(9.4)	(13.1)
Financials	(8.6)	(22.0)
Healthcare	10.5	17.0
Industrials	(6.5)	(15.3)
Information Technology	10.6	5.8
Materials	(19.7)	(15.2)
Telecommunications	2.7	(3.1)
Utilities	(0.2)	(21.2)

OVERVIEW AND PORTFOLIO STRATEGY

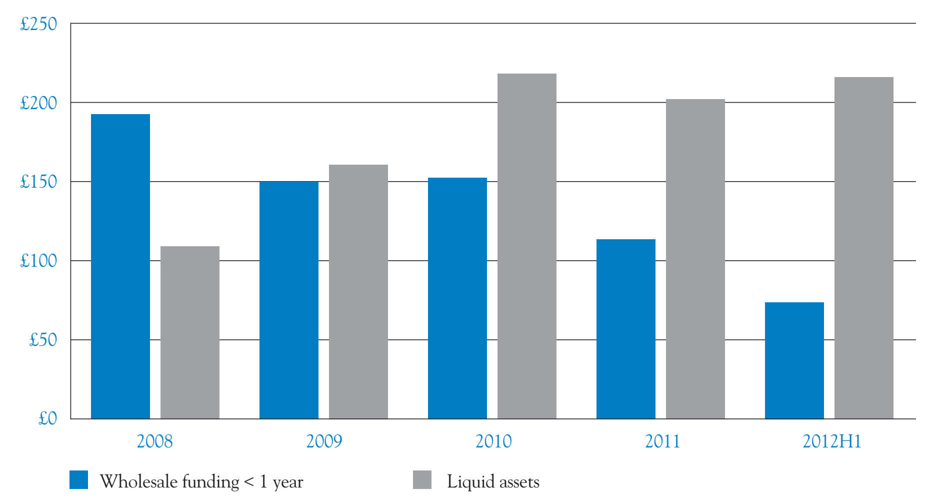
Europe dominates both newspaper headlines and TGG's portfolio, and is certainly the most controversial topic in the global share market today. On the back of this concern, the relative valuations of stocks in Europe to those in the rest of the World are about as low as we have seen. This leads us to maintain investments in Europe as the largest allocation within TGG's portfolio. Whether you look at price to book valuations, or price to trend earnings, the average valuation in Europe is around 1/3rd cheaper than that in the US. When you consider that slightly more than in excess of half of European company profits come from Europe, the degree of undervaluation on that stream of earnings and cash flow is over 50% today.

We have pointed out in the past, that many of TGG's European holdings have substantial portions of their income from outside Europe, including in emerging markets. If you look at the example of TGG's top seven European holdings, those companies get 55% of their revenue from outside Europe, while 29% comes from emerging markets. To this end, we believe that today we are able to take advantage of Europe's discounted valuation to gain access to many global multinational companies.

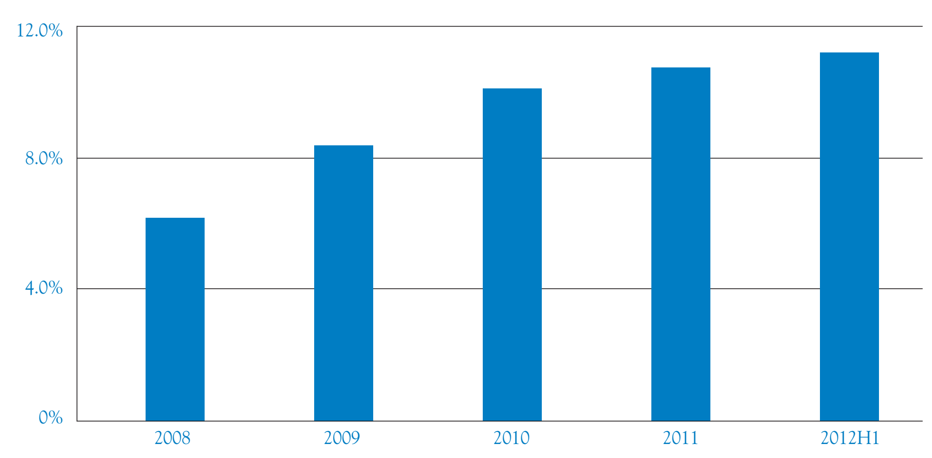
We have been increasing TGG's exposure to financial holdings through the year, including European financial stocks. For these holdings, whether they are French companies such as BNP, Credit Agricole and Axa, or even UK listed entities Lloyds or Aviva, the Eurozone successfully navigating a path to the other side of the Eurozone sovereign crisis is a pre-requisite for the stocks to perform strongly. Such names represent just under 10% of TGG's total portfolio. We have not purchased any Greek, Irish or Portuguese banks. Instead we have been able to buy leading European financials at attractive valuations, many at, or below, half the level of their tangible book value.

Despite what many newspaper headlines suggest, the banks and insurers have moved to adapt to the new economic and regulatory environment. Maybe not as fast as they should have (certainly not, with the benefit of hindsight), but nor is the market giving credit for the enormous strides that many have made in boosting capital, improving funding and liquidity and raising the quality of the assets that they hold. Take Lloyds Bank Plc, for instance as highlighted in the charts below.

LLOYDS: LIQUIDITY RELATIVE TO SHORT TERM FUNDING



LLOYDS: CORE TIER 1 CAPITAL



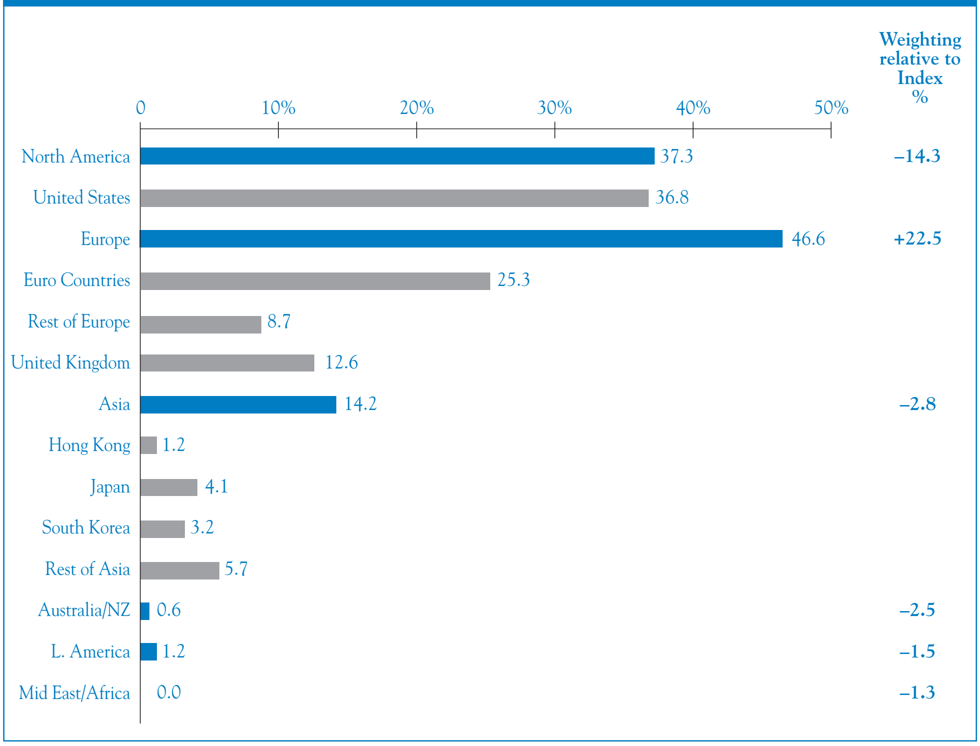
Looking back over more than a century of trading history for both UK and US banks illustrates that financials have spent relatively little time trading at a discount to book, let alone at half that level. . While there is a significant degree of structural change in the financial industry in reaction to the Global Financial Crisis, as shareholders we do not need bank or insurance share prices to return to the two to four times book value at which many traded in the mid-2000s. For a large portion of TGG's European financial holdings, a return to book value would represent a doubling or tripling from the stocks' current value.

But we need to get to the other side of the crisis first.

The European authorities; politicians, bureaucrats, central bankers and the like, have held 20 or so summits since the crisis began. This suggests that there has been an inability to get ahead of the crisis, which is true, to a degree. But politicians have also had to work within the politics of their own countries to deliver reforms (mostly in Southern Europe) and to commit support (mostly from Northern Europe). In this regard bond and equity market pressure has assisted Angela Merkel in achieving her vision for Europe. Whenever we have seen Spanish or Italian bond yields breach 6%, there has been an increased appetite for reform in those countries.

Greece's direct impact on the rest of the Eurozone has always been limited, representing only 2% of the region's GDP. Similarly, Portugal and Ireland are small enough to be dealt with. Spain and Italy are, however, a different order of magnitude altogether. Whenever the crisis has threatened to engulf either (or both) of those two countries we have seen more decisive action from the Eurozone. Firstly, the ECB's Long-Term Refinancing Operation (LTRO) was put in place in late calendar 2011 so as to provide the European banking system with €800bn of long-term funding. Then at the summit at the end of June 2012 the politicians decided to provide a direct recapitalisation of Spanish banks

PORTFOLIO GEOGRAPHIC WEIGHTINGS
AS AT 30 JUNE 2012



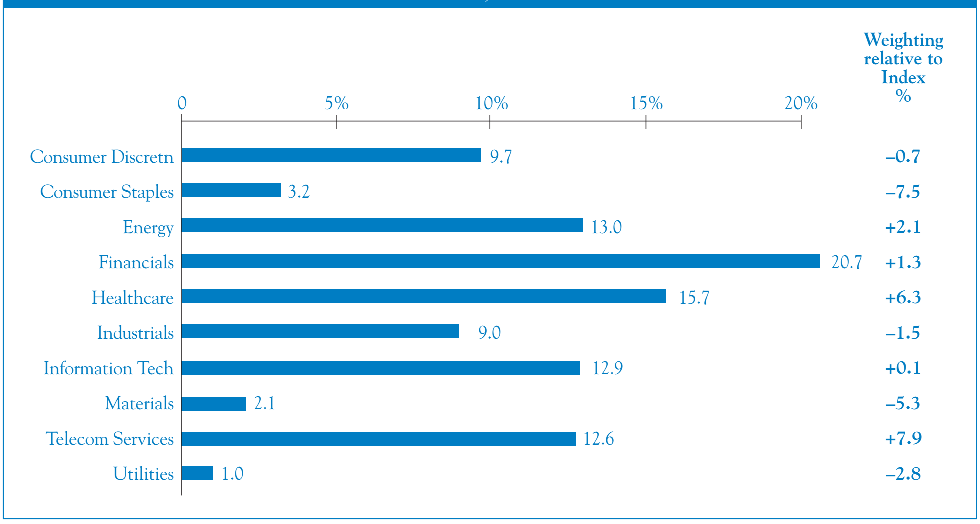
and support for yields on Spanish and Italian bonds in the secondary market through the European Financial Stability Fund and European Stability Mechanism facilities. This has subsequently been followed-up by ECB President Mario Draghi's late July, early August commitments to preserve the Euro "whatever it takes", with public approval from Angela Merkel and German Finance Minister Schauble. This is different from last year's intervention. At that point in time the ECB's support for government bonds was always stated to be short-term and limited in scope and was, therefore, unable to stop the market selling off Italian and Spanish bonds. This time around the stated commitment is much more substantial and by casting it in terms of monetary policy, it sits squarely within the ECB's remit. We still need to see furher details of how this plan will be implemented, but this new ECB commitment seems to represent meaningful progress.

As we said in last year's Investment Manager's Report it has always been a question of European willingness to solve their problems, rather than their ability to do so, as the region remains among the most economically sound, as a whole. The Eurozone budget deficit and government debt are lower than those of the US, UK or Japan, while households carry less debt than in the US or UK. Foreign trade is roughly balanced for the Eurozone in total. The market is clearly sceptical that the authorities will ultimately find the will to solve the problems. We have remained more optimistic.

Given a muted overall economic outlook we believe the appropriate strategy is for the portfolio to remain tilted towards the undervalued defensive sectors particularly through healthcare and telecoms. In healthcare, while the stocks have performed well our holdings generally remain at compellingly cheap valuations. The global pharmaceutical sector (the largest component of our healthcare holdings) remains on around 12x 2012 earnings, with many stocks at lower multiples. These companies are increasingly providing an attractive income stream which we are convinced will grow at rates well above inflation. R&D productivity even looks to be improving after a difficult last ten years.

In contrast, a number of consumer staples have benefited from the flight to safety to such a degree that we no longer consider them attractively valued. We have therefore exited Unilever and, subsequently to year end, Nestle. These stocks are trading at valuations of around 16-18x earnings.

PORTFOLIO SECTOR WEIGHTINGS
AS AT 30 JUNE 2012



In the face of weakness in the financials sector we have continued to add to our positions, both in existing holdings and in a number of new names, such as: JP Morgan, Credit Suisse and Belgian/Czech bank, KBC Group. There is probably no more under-valued sector in the market today than financials, but due to the risks involved, TGG's holdings in the sector are broadly diversified in the most under-valued names, although heavily exposed to Europe.

The geographic breakdown of companies within each sector is shown below.

Portfolio Weightings	Asia	Europe	North America	Other	Total
Consumer Discretionary	2.1%	3.0%	4.0%	0.6%	**9.7%**
Consumer Staples		1.8%	1.5%		**3.2%**
Energy		7.5%	4.9%	0.7%	**13.0%**
Financials	2.7%	11.5%	6.5%		**20.7%**
Health Care		6.9%	8.8%		**15.7%**
Industrials	1.5%	4.7%	2.7%		**9.0%**
Information Technology	3.6%	0.8%	8.5%		**12.9%**
Materials	0.5%	1.0%		0.6%	**2.1%**
Telecom Services	3.7%	8.5%	0.4%		**12.6%**
Utilities		1.0%			**1.0%**
Total	**14.2%**	**46.6%**	**37.3%**	**1.9%**	**100.0%**

OUTLOOK

The market remains very concerned about the downside scenario that is currently facing Europe, but this is serving to provide us with the opportunity to buy many strong companies at compelling valuations without having to take on excessive risks. TGG's average holding is trading on 10 times last year's earnings and is expected to grow earnings this year, while trading on only a 20% premium to book value. To be able to buy attractive companies at such low valuations, only a 20% mark-up on what the companies have themselves paid, with no recognition (in their book value) for the billions of dollars that have been invested in product innovation, branding and the like, is an opportunity that suggests the portfolio should be able to deliver attractive returns ahead.

TOP 15 PORTFOLIO HOLDINGS AS AT 30 JUNE 2012

Security	Sector	Country	% of Portfolio
Microsoft	Information Technology	United States	2.4
Vodafone	Telecommunication Services	United Kingdom	2.3
Pfizer	Health Care	United States	2.2
Amgen	Health Care	United States	2.2
Sanofi-Aventis	Health Care	France	2.1
American Express	Financials	United States	2.1
Singapore Telecommunications	Telecommunication Services	Singapore	2.0
Telenor	Telecommunication Services	Norway	1.9
GlaxoSmithKline	Health Care	United Kingdom	1.9
Samsung Electronics	Information Technology	South Korea	1.9
Roche	Health Care	Switzerland	1.7
Merck & Co	Health Care	United States	1.7
General Electric	Industrials	United States	1.7
Cisco Systems	Information Technology	United States	1.7
Total	Energy	France	1.6
			29.3

INDICATIVE PORTFOLIO CHARACTERISTICS
TGG VS MSCI AC WORLD FREE INDEX AS AT 30 JUNE 2012

Historic Valuation Measures

Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to 2012 Earnings (times)	10.0	12.5
Price to Cash Flow (times)	4.3	7.2
Price to Book Value (times)	1.2	1.7
Dividend Yield (%)	3.5	2.9
Market Capitalisation ($Aust m.)	59,424	64,731

FIVE YEAR SUMMARY

AS AT 30 JUNE

		2012	2011	2010	2009	2008
SECTOR WEIGHTINGS (%)						
Consumer Discretionary		9.7	11.0	14.8	14.3	16.4
Consumer Staples		3.2	4.2	5.4	4.1	2.9
Energy		13.0	13.0	11.7	12.2	10.2
Financials		20.7	19.2	15.3	15.4	19.9
Health Care		15.7	14.1	13.8	14.7	11.3
Industrials		9.0	7.8	7.0	6.1	8.1
Information Technology		12.9	13.8	13.6	13.7	12.0
Materials		2.1	2.1	1.9	2.8	2.4
Telecommunication Services		12.6	12.8	14.5	15.4	15.8
Utilities		1.0	1.9	2.1	1.5	1.0
GEOGRAPHIC WEIGHTINGS (%)						
North America		37.3	31.3	31.4	29.8	29.0
Europe – ex UK		34.0	38.7	38.0	37.1	34.0
UK		12.6	11.4	11.4	13.1	17.1
Asia – ex Japan		10.1	10.7	9.8	9.9	10.1
Japan		4.1	4.5	4.5	4.8	7.0
Australia/NZ		0.6	0.8	0.0	0.0	0.0
L. America/Caribbean		1.2	1.5	1.6	1.5	0.0
Mid-East/Africa		0.0	1.0	3.3	3.9	2.9
FUNDAMENTAL CHARACTERISTICS						
Price to Earnings	TGG	10.0x	12.8x	12.8x	10.4x	10.2x
	MSCI AC	12.5x	13.9x	14.1x	16.8x	14.3x
Price to Book	TGG	1.2x	1.5x	1.4x	1.4x	1.6x
	MSCI AC	1.7x	1.8x	1.7x	1.7x	2.1x
Price to Cash Flow	TGG	4.3x	6.0x	6.3x	4.4x	5.3x
	MSCI AC	7.2x	7.6x	7.1x	7.6x	9.2x
Dividend Yield	TGG	3.5%	3.2%	2.2%	3.5%	4.1%
	MSCI AC	2.9%	2.5%	1.6%	3.0%	2.8%
YEAR TO 30 JUNE PERFORMANCE						
	TGG	-5.4%	3.8%	2.3%	-13.5%	-26.6%
	MSCI AC	-1.8%	3.2%	7.5%	-15.6%	-19.4%
MARKET CAP (A$M)						
	TGG	59,424	57,615	59,614	67,873	76,792
	MSCI AC	64,731	53,884	56,809	59,114	68,527

Peter M Wilmshurst CFA
Portfolio Manager
13 August 2012

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FRANKLIN TEMPLETON INVESTMENTS

TEMPLETON INVESTMENT APPROACH

Templeton's long term record of investment management performance is achieved by adherence to its time tested investment philosophy and process.

The Templeton equity investment approach focuses on long term capital growth from a globally diversified portfolio of investment securities. Securities are selected for their potential earning power over the longer term which is significant.

Templeton adopts a 'buy and hold' investment philosophy, whereby securities are typically held for five years or more. This approach recognises that it takes patience and discipline to wait for investor interest to return to securities that were once out of favour.

Templeton are value investors which focuses on securities that are considered to be underpriced relative to their future earning potential. Undervalued equity securities are identified using a rigorous bottom up approach which focuses on a company's intrinsic strengths and weaknesses.

Templeton's investment portfolio is structured in a manner which provides for prudent diversification. Although common equity stock are our primary form of investment, we seek opportunities in all forms of securities that are available in an open market.

There are no geographic limits on the allocation of the portfolio.

Templeton does not presently consider it appropriate to enter into any hedging transaction to protect the Australian dollar value of the portfolio against the decline arising from currency value fluctuations.

In summary, the Templeton investment approach is founded on three underlying tenets:

VALUE

Investment in undervalued securities with a focus on a stocks potential earning power of the long term.

PATIENCE

Long term appreciation with a low turnover of the portfolio.

BOTTOM-UP

Value can be identified through rigorous fundamental, bottom-up analysis.

The differentiating characteristics of the Templeton style of investing are:

- Original research
- Global industry research focus
- Long term investment horizon
- Adherence to time-tested investment philosophy and process
- Long-term record of superior performance

Overseas investments are not hedged.

CORPORATE GOVERNANCE STATEMENT

Templeton Global Growth Fund Ltd ("Company") and the Board of Directors ("Board") are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the corporate governance framework and practices to ensure they meet the interests of shareholders.

The Board believes that currently the Company is substantially in compliance with the Australian Securities Exchange ("ASX") Corporate Governance Principles and Recommendations. Where there are departures, the reasons are explained in this statement.

The governance framework will continue to be reviewed by the Board with the object of achieving at all times the highest standards of corporate governance and ethical corporate behaviour consistent with the nature and size of the Company's business.

A description of the Company's main corporate governance practices is set out below.

CORE BUSINESS AND INVESTMENT STRATEGY

The core business and investment strategy of the Company is to provide a vehicle through which Australian investors can gain access to global equity markets on a cost efficient basis by investing in an Australian listed company.

The Company seeks long term appreciation from a globally diversified portfolio, consisting primarily of international securities. The portfolio is managed in accordance with the investment philosophy of the Templeton Global Equities Group, which forms part of the Franklin Templeton group a large U.S. based investment management organisation.

The Investment Manager of the Company's investment portfolio is Franklin Templeton Investments Australia Ltd ("FTIAL") and its management of the portfolio is conducted pursuant to a formal investment management agreement with the Company which defines FTIAL's responsibilities as the Investment Manager.

Day to day management of the portfolio is carried out by FTIAL's resident portfolio manager (currently Mr Peter Wilmshurst) who has access to and consults on a daily basis with the global investment analysis and research resources of the Templeton Global Equities Group.

The Templeton Global Equities Group does not hedge the currency exposure of the investment portfolios that it manages. Consistently, the policy of the Company is not to hedge the underlying currencies of its portfolio of investments.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors has overall responsibility to the shareholders for furtherance of the Company's core business and investment strategy together with its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical obligations. In addition, the Board is responsible for identifying areas of significant risk and ensuring arrangements are in place to manage those risks adequately.

Day to day management of the Company's administration is formally delegated to the General Manager by the Board. The performance assessment of the General Manager last took place in August 2012.

The responsibilities of the Board include:

- Provide strategic guidance to the Company.
- Monitor and review the performance of the Investment Manager, General Manager and Custodian Bank.
- Monitor financial performance including the approval of the annual and half-year financial reports for release to shareholders and the ASX.
- Appoint and delegate authority to the General Manager, Company Secretary, Investment Manager and Custodian Bank.
- Appoint the Company's auditor.
- Declaration of dividends.
- Oversight and review of:
  - Audit and compliance functions and their performance.
  - Control and corporate governance functions and their performance
  - The Company's risk management framework.
- The Company's core business and investment strategy and performance.
- Enhancing and protecting the reputation of the Company.

PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

At the date of this report the composition of the Board is six directors of whom four, including the Chairman, are independent.

The composition of the Board is reviewed on an ongoing basis to ensure that the Board has an appropriate balance of expertise and experience. When a vacancy arises or where the Board considers that it would benefit from the services and skills of a new Director, the Board considers potential candidates with appropriate expertise and experience and makes what it considers to be the most appropriate appointment.

Having regard to the nature of the Company's operations and the fact that responsibility for management of the Company's investment portfolio is delegated to Franklin Templeton Investments Australia Ltd ("FTIAL") as Investment Manager, it is the policy of the Board that the Directors should include representatives of the Franklin Templeton group in addition to the independent non-executive Directors.

The Directors in office at the date of this statement are:

- Mr D A Walsh (Chairman)
- Mr J A Killen
- Mr G E McGowan
- Ms J Johnson
- Mr M E Bartlett (appointed 15 September 2011)
- Ms J Dawson (appointed 9 May 2012)

Details of the relevant skills and experience, and the term of office, of each of the Directors are set out in the Directors' Report.

Messrs Killen, Walsh and Bartlett and Ms Dawson are independent non-executive Directors.

Mr. McGowan and Ms. Johnson are non-executive Directors who are senior officers of Franklin Templeton group and are not independent.

It is important for the Board to be of a size and composition that is conducive to efficient operation and effective decision making and the current composition of the Board is considered to be appropriate and efficient for the Company at the present time.

The Board operates in accordance with the principles set out in the corporate governance document "Guidelines covering Board membership and operation", which is available on the Corporate Governance section of the Company's website at www.tggf.com.au. This document details in more depth Board composition and responsibilities.

Assessing the Independence of Directors

The Board's key criterion for determining the independence of a Director is whether the Director is independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of unfettered and independent judgment.

In determining whether this criterion is satisfied, the Board has regard to threshold tests to assess whether there are matters that may require consideration in relation to a Director's ability to exercise unfettered and independent judgment.

However, the threshold tests are not conclusive. The Board may determine that a Director is independent, notwithstanding that the threshold tests are not all met. Conversely, there may be circumstances in which a Director will be considered to be not independent, though the threshold tests are all met.

In considering independence, the Board distinguishes between a relationship that may occasionally give rise to a particular discrete conflict of interest that can be addressed by appropriate conflict of interest procedures, and a relationship that may more generally impair the Director's objectivity and independence of mind.

Each Director is required to keep the Board fully informed of new developments or circumstances that may be relevant to the Director's independence.

Board Committees

The Board has established the following two committees to assist in carrying out the Boards responsibilities:

- Audit Committee;
- Review Committee.

Each of these committees has a formal charter setting out the committee's role and responsibilities, composition, structure and membership requirements.

The committees operate principally in a review or advisory capacity except where powers are expressly conferred on or delegated to a committee by the Board.

Because of the relatively small size of the Company and the nature of the Company's operations, the Board has not created a remuneration committee or a permanent nomination committee.

The Board ultimately retains and exercises responsibility for appointment of new Directors.

Audit Committee

At the date of this statement the members of the Audit Committee are Messrs. Killen (Chairman) and Bartlett and Ms Dawson. The Chairman of the Audit Committee is not the Chairman of the Board. All members of the Audit Committee are competent to read and understand financial statements. Ms Dawson is a Chartered Accountant with substantial financial and audit expertise. Mr Killen and Mr Bartlett have extensive experience and understanding of investment management and corporate financial reporting.

The relevant qualifications and background of Messrs Killen and Bartlett and that of Ms Dawson are summarised in the Directors' Report.

The Audit Committee's role and responsibilities, under its charter, include:

- oversight of the reliability and integrity of the Company's accounting policies and financial reporting and disclosure practices;
- advising the Board on the Company's financial reporting, due diligence, financial systems integrity and business risks;
- establishment and maintenance of review processes relating to the performance of the Investment Manager and Custodian;
- reviewing and monitoring the results of the external audit and risk management procedures;
- reviewing the effectiveness of the Company's internal compliance and control procedures;
- reviewing the external auditor's qualifications and independence;
- reviewing the performance of the external auditor;
- assessment of whether the Company's external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;

- ensuring proper procedures for the selection, appointment or removal of the external auditor and rotation of the external audit engagement partner.

The Audit Committee meets as often as required to carry out its functions and in any event at least four times per year.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

The Audit Committee's charter is posted on the Company's website.

Review Committee

At the date of this statement the members of the Review Committee are Messrs Walsh (Chairman), Killen, Bartlett and Ms Dawson.

Under its charter, the Review Committee's role and responsibilities include:

- to receive and review monthly management accounts that are prepared between Board meetings;
- to receive and review between Board meetings, reports from the Investment Manager on performance of the Company's investment portfolio;
- to consider and discuss with the portfolio manager between Board meetings, the valuation, composition and performance of the Company's investment portfolio;
- to discuss with management and provide guidance to management on issues arising between Board meetings;
- to review executive remuneration, recruitment, retention and termination procedures and protection for executive officers, and the remuneration framework for Directors;
- to consider all other issues referred to the Committee by the Board;
- to make recommendations to the Board on matters which are the subject of the Committee's deliberations.

The Review Committee meets as often as required to carry out its role and responsibilities.

For details on the number of meetings of the Review Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

The Review Committee's Charter is posted on the Company's website.

Performance review

The Board periodically reviews and evaluates its own performance and the individual performance of each Director, including the Chairman.

The general management and oversight of the evaluation process, including identification and formulation of appropriate performance assessment issues and criteria is the responsibility of the Chairman. Primarily, the review is carried out through consultation by the Chairman with each of the other Directors.

Having regard to the nature of the Company's operations and the Board's composition, the Board believes this approach to performance evaluation is more appropriate and relevant than seeking to apply predetermined measurable performance indicators or engaging an external facilitator.

The performance of the General Manager is reviewed periodically. The review is conducted with the General Manager by the Chairman in conjunction with the Chairman of the Audit Committee. The outcomes of the review are reported to the full Board.

Remuneration

The remuneration arrangements for Directors and executives are determined by the Board. Further details are set out in the Remuneration Report which is included in the Directors' Report.

Management

Subject to the oversight and supervision of the Board, and within the corporate governance framework established by the Board, responsibility for management of the business and affairs of the Company is delegated to the General Manager who also functions as the Chief Executive Officer ("CEO") and Chief Financial Officer.

The General Manager's responsibilities include:

- Overviewing management of the investment portfolio by the Investment Manager, and day to day interaction with the Investment Manager in relation to its functions;
- Overviewing the Custodian's performance of its functions and day to day interaction with the Custodian in relation to those functions; and
- Reporting to the Board on those matters.

The General Manager is Mr. Martin Warwick, whose qualifications are summarised in the Directors' Report.

Mr. Warwick is not a Director of the Company.

Management of the Company's investment portfolio is outsourced to FTIAL, the Investment Manager.

The custodian of the Company's investments, appointed by the Board, is JP Morgan Chase ("Custodian").

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Conduct

It is an expectation of the Board that each Board member and officer of the Company reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company, taking into account legal obligations and the reasonable expectations of the Company's stakeholders.

Directors and officers of the Company are expected to act with the utmost integrity and objectivity and in compliance with the letter of the law and company policies.

Share trading policy

The Board has adopted a Share Trading Policy that sets out principles to be observed by the Company's Directors and officers in relation to buying, selling and dealing in the Company's shares.

The overriding principle is that Directors and officers cannot deal in the Company's shares at any time when they possess price sensitive information.

The Share Trading Policy also precludes Directors and officers from dealing in securities included in the Company's investment portfolio, at any time when they possess information that is price sensitive in relation to such securities or to the detriment of the Company's investment portfolio.

The Share Trading Policy is posted on the Company's website.

Diversity

The Company values diversity and recognises the benefit it can bring.

At the date of this report, the Company had seven employees, six Directors and the General Manager. Of the six Directors, two are women.

PRINCIPLE 4: INTEGRITY OF FINANCIAL REPORTING

The Company has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position.

The structure includes:

- the role and responsibilities that the Audit Committee is charged with undertaking and performing in accordance with the Audit Committee Charter;
- reservation to the full Board of approval of the Company's yearly and half yearly financial reports and other financial reporting
- external audit of the Company's yearly financial reports, external audit review of the Company's half yearly financial reports, and direct Board and Audit Committee access to the external auditor, whenever required (including in the absence of management); 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.

PricewaterhouseCoopers ("PwC") audits the Custodian as to the existence and valuation of the Company's portfolio of investments.

The Audit Committee's role and responsibilities under its charter cover processes to ensure the independence and competence of the Company's external auditor including:

- evaluation of the qualifications, performance and independence of the lead audit partner and review partner;
- overseeing five yearly rotation of the lead audit partner and review partner; and
- deciding whether to retain or recommend termination of the appointment of the external auditor, including considering whether there should be rotation of the external audit firm itself.

In his capacities as Chief Executive Officer and Chief Financial Officer, Mr. Warwick has confirmed in writing to the Board:

- that the statement he has given to the Board on the integrity of the Company's financial reports for the year ended 30 June 2012 is founded on a sound system of 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.

PRINCIPLES 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURES AND RESPECT THE RIGHTS OF SHAREHOLDERS

Disclosure policy

The Board has put in place mechanisms designed to ensure compliance with the ASX Listing Rules Disclosure Requirements and to ensure accountability at senior management level for that compliance.

A summary of the policies and processes that the Board has approved to achieve the Company's compliance with the ASX Listing Rules Disclosure Requirements ("Disclosure Compliance Summary") is posted on the Company's website.

Communication with shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's business and affairs, and can participate actively and constructively at general meetings.

All relevant announcements made by the Company are placed on the Company's website after they are released to the ASX.

The principal policies comprised in the Company's corporate governance framework are also set out or summarised on the website.

PRINCIPLE 7: RISK IDENTIFICATION AND MANAGEMENT

The Board is responsible for ensuring that there are suitable processes and controls to monitor, manage and mitigate material risks that could adversely impact upon the investment portfolio or other aspects of the Company's business.

The long-standing approach of the Company is not to hedge the underlying currencies of the portfolio of investments.

Implementation of risk management is overseen by the Board in conjunction with the Audit Committee and General Manager.

The Board has engaged JPMorgan Chase, one of the world's leading financial institutions, as custodian of the Company's investments and to provide the data in relation to investments on which the Company's financial reporting is based. JPMorgan Chase is subject to external audit by PwC on a half yearly basis.

PwC provides audit assurance letters to the Company in relation to the assets of the Company under the control of the Custodian and the accuracy of the Custodian's reporting process.

The investment management process is outsourced to FTIAL, a member of the Templeton Global Equities Group, which is part of the Franklin Templeton group.

The Company is subject to yearly and half yearly audits by its external auditor, PwC. In relation to each audit, the external auditor issues a closing report to the Board covering significant issues or recommendations arising from the audit.

A summary of the key elements of the Company's risk management processes is posted on the Company's website.

FURTHER INFORMATION

For further information on the Company's corporate governance refer to the Company's website www.tggf.com.au.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The Directors of Templeton Global Growth Fund Ltd ("the Company") submit their report for the year ended 30 June 2012.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

DAVID A. WALSH, LLB – Non-Executive Chairman

Appointed as a Director in August 1998. Appointed Chairman in September 1999. Non-Executive Director of the Company. Chairman of the Review Committee. Chairman of Macquarie Atlas Roads Ltd. Non-executive Director of Macquarie Atlas Roads International Ltd. Former partner of Mallesons Stephen Jaques, Solicitors, Melbourne. Previous roles have included a director of Malcolm Moore Industries Ltd, Asia Pacific Specialty Chemicals Ltd, Dyno Nobel Ltd and PaperlinX Ltd.

During the past three years Mr. Walsh has also served as a director of the following other listed companies:

Intoll Management Ltd (previously Macquarie Infrastructure Investment Management Ltd), the responsible entity for Intoll Group (previously Macquarie Infrastructure Group) (appointed March 2004 – resigned December 2010)

GEOFFREY N. WEBB – Non-Executive Deputy Chairman (Retired 26 October 2011)

Appointed as a Director in January 1991. Executive Director of the Company until 30 June 2005 and since 1 July 2005 a Non-Executive Director of the Company. A former Executive Director of Franklin Templeton Investments Australia Limited. A member of the Review and Audit Committees. Previously a senior partner/director in several stockbroking firms. He was also heavily involved in the formation and listing of the Company.

JAMES A. (TONY) KILLEN, OAM, BA., FAIM, FAICD – Non-Executive Director

Appointed as a Director in March 2003. Non-executive Director of the Company. Member of the Review Committee. Member of the Audit Committee since his appointment as Director and Chairman of the Audit Committee since 1 July 2004. Chairman of Equity Trustees Limited. Former roles included Group Managing Director and Chief Executive Officer of Axa Asia Pacific Holdings Limited, Chairman of St Vincents and Mercy Private Hospital Ltd, St Vincents Hospital Melbourne Ltd, Caritas Christi Hospice Ltd and Prague House Ltd. Mr. Killen was also Chairman of Sisters of Charity Health Service Ltd and Sisters of Charity Healthcare Australia Ltd. He is Chairman of Sisters of Charity Community Care Ltd and CCI Investment Management Ltd and a Director of Catholic Church Insurances Ltd.

During the past three years. Mr. Killen has also served as a director of the following other listed companies:

IRESS Market Technology Ltd (resigned May 2011)

GREGORY E. McGOWAN, JD – Non-Executive Director
Appointed as a Director in January 1999. Non-Executive Director of the Company. Director, Executive Vice President, and General Counsel of Templeton International Inc., Director of Franklin Templeton Investments Australia Limited.

JOHN F. HARVEY, LLB, B. Juris (Monash) Dip Grad Acc, FCA – Non-Executive Director (Retired 9 May 2012)
Appointed as a Director on 1 July 2004. Member of the Review and Audit Committees. Director and Chairman of the Audit Committee of David Jones Ltd, Non-Executive Board member & Chairman of the Audit Committee of Australian Infrastructure Fund Ltd. Chairman of Fed Square Pty Ltd and APN Funds Management Ltd. Former roles included Partner and CEO of PricewaterhouseCoopers, Board member of PricewaterhouseCoopers worldwide firm, member of the Federal Board of Taxation, Chairman of the State Government Review of Business Taxation in Victoria (The Harvey Report), CEO of the Mt.Eliza Business School, and Board member of the Docklands Authority.

JENNIFER JOHNSON, BA (Economics) – Non-Executive Director
Appointed as a Director on 7 September 2007. Non-executive Director of the Company. Chief Operating Officer for Franklin Resources Inc. A member of The Board of Keynote Systems Inc.

MICHAEL E. BARTLETT, MA (Cantab.), BA Dip Ed (Melbourne), MAICD – Non-Executive Director
Appointed as a Director on 15 September 2011. Member of the Review and Audit Committees. Currently Head of Sales for S.G. Hiscock & Co with responsibility for marketing of Australian Equity Funds. Former roles include, Executive Director at K2 Asset Management. Senior roles at Morgan Stanley Asia Limited, Hong Kong including Vice President, Institutional Equity Sales, Head of Asian Institutional Equity Sales and as an Executive Director. Executive Director, Head of Institutional Equity Sales, Morgan Stanley Asia (Singapore). Director of Opera Australia Capital Fund Limited and a Director and Member of the Council of Melbourne Grammar School.

JOANNE DAWSON, B.Comm, MBA, CA, CFP, MAICD – Non-Executive Director
Appointed as a Director on 9 May 2012. Member of the Review and Audit Committees. Director, Chair of the Audit Committee and member of Budget, Investment and Reinsurance Committees of Catholic Church Insurances Limited. Director of CCI Investment Management Ltd. Board member, Chair of the Audit and Risk Committee of Film Victoria. Former roles include, senior management roles with National Australia Bank and as Client Director in the Assurance and Advisory Division of Deloitte.

COMPANY SECRETARY

MARTIN F. WARWICK, CA, MBA, ACIS, ACSA, BSc
Appointed as a Secretary on 18 February 2004. Appointed General Manager of the Company on 1 July 2005.

INTEREST IN SHARES OF THE COMPANY:

As at the date of this report, the interests of the Directors in the shares of the Company were:

Director	Ordinary Shares
D A Walsh	62,500
M E Bartlett	42,000
J Johnson	–
J Dawson	–
J A (Tony) Killen	166,600
G E McGowan	–

EARNINGS PER SHARE

	Cents
Basic	1.0
Diluted	1.0

DIVIDENDS

	$
Directors have declared a final dividend of 1.5 cents per share (2011: 2 cents)	2,144,191
Dividends paid during the year ended 30 June 2012 were as follows:	
Final dividend for the year ended 30 June 2011 of 2 cents per share, paid 21 September 2011	2,879,364

CORPORATE INFORMATION

Corporate Structure

Templeton Global Growth Fund Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange ("ASX").

Principal activities

The Company invests in a globally diversified portfolio of primarily international equities. The Company outsources its investment management functions to Franklin Templeton Investments Australia Limited ("FTIAL"), a member of the Franklin Templeton group. The primary objective of the Company is to increase total shareholder returns through the achievement of superior investment performance.

The Company has an Australian Financial Services licence (Licence No: 296874).

There has been no significant change in the nature of these activities during the year.

OPERATING AND FINANCIAL REVIEW

Overview

The Company was formed in 1987 and has operated continuously since its formation.

The Company maintains a portfolio of investments in companies listed on international stock exchanges. The Company may also invest in unlisted trusts where the Investment Manager and the Directors consider such investment in unlisted trusts provides a cost effective and efficient manner in which to access specific geographic or industry sectors. At 30 June 2012 all investments were listed equity securities.

As an investor in companies listed on international stock exchanges the Company is subject to general market sentiment towards investment in equities along with specific market sentiment towards the securities in which the company invests. The Company's Investment Manager utilises an investment philosophy and process designed to identify undervalued securities in which to invest.

The Company does not currently hedge the underlying currencies of its portfolio of investments.

Performance Indicators

For the year ended 30 June 2012 the Company's portfolio of investments returned negative 5.3% compared to the MSCI All Countries World Index ("the Index") for the same period of negative 1.7%.

The following tables illustrate the performance of the Company's investment portfolio compared to the Index since inception.

Investment Performance % ($Aust.)

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs* %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG ^	4.0	-5.4	0.2	–8.6	-1.4	5.4
MSCI AC World Index	6.0	-1.8	2.8	-5.8	0.1	4.8#

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested, adjusted for share issues and share buy-backs.
# Since inception Index uses MSCI World as AC World was not in existence at TGG's inception.
* Annualised

Yearly Investment Performance % ($Aust.) in each of the past five years.

Year to 30 June	2012	2011	2010	2009	2008
TGG^	-5.4	3.8	2.3	-13.5	-26.6
MSCI AC World Index	-1.8	3.2	7.5	-15.6	-19.4

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested, adjusted for share issues and share buy-backs.

Operating Results for the Year

The net profit after income tax for the year was $1,511,368 compared with a net profit after tax of $1,394,412 in the previous corresponding year ("pcy"). During the financial year ended 30 June 2012, global equity markets were volatile with substantial concern over European sovereign debt issues. The Australian Dollar ("AUD") exchange rates remained high at year end notwithstanding that the AUD fluctuated significantly against many of the world's major currencies during the course of the financial year. The market value of the Company's investment portfolio decreased by approximately 8% over the 12 months to 30 June 2012 (after taking into account the payment of the 2011 final dividend), decreasing from $133,975,666 at 1 July 2011 to $121,327,705 at 30 June 2012.

Revenue from investments amounted to $4,288,486 in the current financial year as compared with $4,315,074 in the pcy.

The net tangible asset ("NTA") backing of the Company's shares is calculated, in accordance with ASX guidelines, by dividing the net tangible assets of the Company (net assets less the deferred tax assets and liabilities), at a particular date, by the number of shares on issue at that date. It is an ASX requirement that the NTA backing of the Company be released to the market monthly. Over the previous five years the NTA at 30 June has been:

	Net Tangible Assets - cents per share	
As at 30 June	After Actual Tax*	After Estimated Tax**
2012^	86	86
2011^	94	94
2010^	94	94
2009^	92	92
2008^	108	108

* 'Actual Tax' is all Australian and Foreign income tax for which a liability has arisen and therefore excludes the deferred tax assets and liabilities.

** 'Estimated Tax' is estimated tax if the Company disposed of its total investment portfolio at its market value. However, the Company is a long-term investor and does not intend to dispose of its total investment portfolio.

^ There were insufficient net unrealised gains to affect the "after estimated tax" NTA.

Share Issues During the Year

The Company's dividend reinvestment plan ("DRP") continues to operate. In September 2011 a final dividend of 2 cents per share was paid. As a result of these dividends 536,387 shares were issued under the DRP at a price of $0.647 cents per share representing a take-up rate of the DRP at approximately 12%.

The Company operated on-market share buy-backs during the year and 1,543,655 shares were bought back. The number of ordinary shares on issue, therefore after accounting for new shares issued under the DRP, decreased over the period from 143,953,353 to 142,946,085.

Borrowings

The Company's financing consists predominantly of shareholder funds. The Company has no external borrowings or undrawn borrowing facilities at the date of this report.

DEFERRED TAX ASSET

In accordance with the Directors' interpretation of Australian accounting standard *AASB 112: Income Taxes* a judgement was made to derecognise $10,442,241, or about half of the previously recognised amount of the Company's deferred tax asset ("DTA") existing at 30 June 2012.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Directors are not aware of any significant changes in the state of affairs of the Company or the environment in which it operates, that will adversely affect the results in subsequent years.

MATTERS ARISING SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matters or circumstance not otherwise disclosed in the Financial Report or Directors' Report that has arisen since the end of the financial year which has significantly affected, or may significantly affect:

(a) the Company's operations
(b) the result of those operations, or
(c) the Company's state of affairs in financial years after the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors intend that the Company's Investment Manager will continue to invest in accordance with Templeton Global Equities Group's long-standing philosophy of seeking out undervalued investments in global equity markets.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under option.

Shares issued as a result of the exercise of options

During the financial year, employees and Directors have not been granted nor have they exercised any options to acquire fully paid ordinary shares in the Company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements with each of the Directors that require the Company to indemnify them and arrange for them to be insured, in each case to the extent permitted by the Company's Constitution and the Corporations Act 2001, in respect of certain liabilities they may incur in their capacity as Directors and officers of the Company.

Insurance cover is maintained for these purposes. The premiums are predominantly paid by the Company with the balance paid by the Directors and General Manager. The confidentiality provisions of the relevant insurance contracts prohibit further disclosure of the material items of the insurance policies.

ENVIRONMENTAL REGULATION

The Company's operations are such that they are not directly affected by any material environmental regulation.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of Templeton Global Growth Fund Ltd ("the Company") in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report key management personnel ("KMP") are the Directors of the Company and the Secretary/General Manager. The KMP are the only employees of the Company.

Remuneration Philosophy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the KMP. The Board of Directors 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.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Directors' Remuneration

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate amount of remuneration payable to the non-executive Directors in any year is determined from time to time by shareholders in General Meetings. The last determination was at the Annual General Meeting on 22 October 2007 when shareholders fixed an aggregate amount of $350,000.

Within the limit of the aggregate amount determined by the shareholders, the Board determines the remuneration for non-executive Directors.

The policy of the Board is not to pay fees or provide other remuneration to non-executive Directors who were at any time during the year officers of Franklin Templeton group. In the year ended 30 June 2012, this policy was maintained and neither Ms Johnson nor Mr G E McGowan, who are officers of the Franklin Templeton group, received fees or other remuneration from the Company.

The Company provides remuneration for non-executive Directors who are not officers of Franklin Templeton group. The remuneration arrangements for these non-executive Directors are reviewed annually by the Board.

The Board assesses the appropriateness of the remuneration for non-executive Directors having regard to market practice (including available data concerning remuneration paid by other companies, in particular companies of comparable nature and size), the duties and accountability of the non-executive Directors and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company. Non-executive Directors remuneration is not linked to the financial performance or share price of the Company.

The non-executive Directors who received remuneration in the year ended 30 June 2012 were the Chairman, Mr D A Walsh, former Deputy Chairman, Mr G N Webb, Messrs J F Harvey, J A Killen and M E Bartlett and Ms J Dawson.

The Board does not pay bonuses or issue shares or options to Directors as components of their remuneration. Neither does it make loans to Directors or employees, or provide motor vehicles, rent, travel allowances or other benefits.

The Company makes minimum superannuation guarantee contributions for non-executive Directors. Directors can also opt to "salary sacrifice" their Director's fees and have them paid wholly or partly as further superannuation contributions.

Prior to 30 June 2003, the Company provided retirement benefits for non-executive Directors. With effect from 30 June 2003, the Board resolved to remove retirement benefits for Directors except for existing entitlements, which were frozen at the amounts accrued and provided for at that date. Mr Walsh's accrued entitlement as at 30 June 2003 was $90,120 and is the maximum retirement benefit to which he may become entitled on his retirement. This amount was expensed in prior years as the retirement allowance accrued. Retirement benefits will not be paid to any other Directors. The Company continues to pay superannuation guarantee contributions on Director's fees.

Details of the remuneration for non-executive Directors for the year ended 30 June 2012 are set out in Table 1 at the end of this Report.

Executive's Remuneration

The remuneration provided by the Company to executives is reviewed annually by the Board.

In the year ended 30 June 2012, the only executive directly remunerated by the Company was the Secretary and General Manager, Mr M F Warwick.

Fixed Remuneration

Management of the Company's investment portfolio is outsourced to the Investment Manager and the Company's performance and results are principally attributable to the performance and results achieved by the Investment Manager in managing the investment portfolio.

Having regard to this, the Board has determined that the remuneration of executives should principally take the form of a fixed amount of remuneration which is reviewed by the Board in each year and does not at this time include a performance based or incentive component.

Executives are given the option of receiving their fixed amount of remuneration in a variety of forms including cash and fringe benefits. The objective is, so far as reasonably practical, to permit the remuneration to be received in a manner that will be optimal for the executive without creating additional cost to the Company.

The level of the fixed remuneration for an executive is determined having regard to market relativities and the executive's responsibilities, accountability and performance.

Variable Remuneration

At present there are no short term or long term incentives in place for the remuneration of executives.

Details of the remuneration of executives for the year ended 30 June 2012 are set out in Table 2 at the end of this report.

Employment Contract

The Secretary and General Manager, Mr M F Warwick is employed under contract. The current employment contract commenced 1 July 2012 and terminates on 30 June 2014, by which time the Company may choose to commence negotiations to enter into a new employment contract with Mr. M F Warwick.

Both the Company and Mr M F Warwick may terminate the contract at any time by giving six month's notice in writing to the other party. Where the Company terminates the contract a payment equivalent to the notice period is required to be paid, or at the Company's discretion Mr M F Warwick can be required to work through all or part of his notice period. The Company also has the right to summarily terminate the contract without notice, or payment in lieu of notice of termination, for matters such as serious misconduct.

TABLE 1: DIRECTOR REMUNERATION FOR THE YEARS ENDED 30 JUNE 2012 AND 30 JUNE 2011

Director	Year	Short-Term Directors Salary and Fees $	Post Employment Superannuation $	Post Employment Retirement Benefits $	Total $
D A Walsh	2012	96,336	8,670	–	105,006
(Chairman)	2011	69,755	15,265	–	85,020
J F Harvey	2012	51,688	4,652	–	56,340
(Retired 9/5/12)	2011	47,000	4,230	–	51,230
J A Killen	2012	66,929	6,023	–	72,952
	2011	54,000	4,860	–	58,860
G N Webb	2012	–	17,078	–	17,078
(Retired 26/10/11)	2011	35,250	15,980	–	51,230
M E Bartlett	2012	51,746	4,657	–	56,403
(Appointed 15/9/11)	2011	N/A	N/A	N/A	N/A
J Dawson	2012	9,803	882	–	10,685
(Appointed 9/5/12)	2011	N/A	N/A	N/A	N/A
Total	2012	276,502	41,962	–	318,464
	2011	206,005	40.335	–	246,340

Mr G E McGowan and Ms J Johnson are non-executive directors of the Company and are also executives of the Investment Manager or companies associated with the Investment Manager and receive no remuneration from Templeton Global Growth Fund Ltd.

TABLE 2: REMUNERATION OF THE KEY MANAGEMENT PERSONNEL FOR THE YEARS ENDED 30 JUNE 2012 AND 30 JUNE 2011.

Executive Officers	Year	Short-Term Salary and Fees $	Post Employment Superannuation $	Total $
M F Warwick	2012	169,728	15,272	185,000
	2011	169,728	15,272	185,000

The only executive officer of the Company during the year ended 30 June 2012 was the Secretary and General Manager, Mr M F Warwick. The remuneration of the executive is not linked to the performance of the Company. Details of the performance of the Company is set out in the Operating and Financial Review in the 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		Review Committee	
Number of meetings held:	7		6		4	
Number of meetings attended:	**A**	**B**	**A**	**B**	**A**	**B**
D A Walsh#	7	7	5	6	4	4
G N Webb	3	4	2	2	–	1
J F Harvey	5	7	4	5	2	3
J A Killen	7	7	6	6	4	4
G E McGowan	6	7	**	**	**	**
M E Bartlett	4	4	3	4	4	4
J Dawson	1	1	1	1	1	1
J Johnson	5	7	**	**	**	**

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office or was a member of the committee during the year.
# = Attends the Audit Committee by invitation.
** = Not a member of the relevant committee.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit Committee and a Review Committee.

The members of these committees of the Board during the year were:

Audit	***Review***
J A Killen (c)	D A Walsh (c)
G N Webb*	G N Webb*
J F Harvey*	J F Harvey*
M E Bartlett	J A Killen
J Dawson	M E Bartlett
	J Dawson

(c) indicates Chairman of the committee.
* indicates a member of the committee until the Director retired.

AUDITOR INDEPENDENCE

The auditor's independence declaration given under Section 307C of the Corporations Act 2001 is set out on page 33 and forms part of the Directors' Report for the year ended 30 June 2012.

NON-AUDIT SERVICES

The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Prior to any non audit services being contracted through the Company's auditor, the Board of Directors, after receiving advice from the Audit Committee, would satisfy itself that the provision of non-audit services in compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

However, during the year ended 30 June 2012, there were no non-audit related services provided by the entity's auditor, PricewaterhouseCoopers or the previous auditor Ernst & Young.

Details of the amounts paid or payable to the auditor for audit and non-audit services during the year are set out in Note 18.

Signed in accordance with a resolution of the Directors.

D A WALSH
Chairman

Melbourne
29 August 2012

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TEMPLETON GLOBAL GROWTH FUND LTD

As lead auditor for the audit of Templeton Global Growth Fund Ltd for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
29 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
DX 77 Melbourne, Australia
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
Revenue	5	4,288,486	4,315,074
Investment expenses	6	(1,320,077)	(1,557,528)
Salaries and employee benefit expenses		(503,464)	(432,915)
Shareholder and regulatory costs		(100,519)	(117,037)
Other expenses		(209,082)	(240,577)
Profit before income tax		2,155,344	1,967,017
Income tax expense	7	643,976)	(572,605)
Profit after income tax for the period		**1,511,368**	**1,394,412**

	Notes	Cents	Cents
Earnings per share	16		
Basic earnings per share for the year attributable to ordinary equity holders		1.0	1.0
Diluted earnings per share for the year attributable to ordinary equity holders		1.0	1.0

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
Profit for the year after tax		1,511,368	1,394,412
Other comprehensive income			
Unrealised gains/(losses) on investments in the portfolio at 30 June		(5,899,063)	6,915,043
Income tax benefit/(expense) on the above	*	1,769,720	(2,074,513)
Realised losses on investments during the period		(4,651,753)	(4,964,681)
Income tax benefit on the above	*	1,395,526	1,489,404
Deferred tax asset derecognised	4 and 7	(10,442,241)	–
Total other comprehensive income after tax		(17,827,811)	1,365,253
Total comprehensive income after tax		**(16,316,443)**	**2,759,665**

* The total amount of income tax benefit/(expense) relating to items recognised in other comprehensive income in the year ended 30 June 2012 is $3,165,246; 2011: ($585,109).

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

BALANCE SHEET AS AT 30 JUNE 2012

	Notes	30 June 2012 $	30 June 2011 $
Current Assets			
Cash and cash equivalents	15	2,579,154	1,348,975
Receivables	9	405,048	708,446
Total current assets		2,984,202	2,057,421
Non-current Assets			
Investments	10	121,327,705	133,975,666
Deferred tax asset	7	10,457,707	17,743,869
Total non-current assets		131,785,412	151,719,535
Total assets		**134,769,614**	**153,776,956**
Current Liabilities			
Payables	11	1,034,637	246,985
Provisions	12	104,620	14,500
Current tax liabilities		120,227	–
Total current liabilities		1,259,484	261,485
Non-current Liabilities			
Provisions	12	–	90,120
Deferred tax liability	7	87,337	81,474
Total non-current liabilities		87,337	171,594
Total liabilities		**1,346,821**	**433,079**
Net assets		**133,422,793**	**153,343,877**
Equity			
Contributed equity	13	182,962,104	183,687,381
Reserves	14	(52,484,632)	(34,656,821)
Retained profits	14	2,945,321	4,313,317
Total equity		**133,422,793**	**153,343,877**

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Year ended 30 June 2012	Note	Contributed Equity $	Retained Profits $	Investment Revaluation Reserve $	Investment Realisation Reserve $	Total Equity $
Total equity at the beginning of the year as reported		183,687,381	4,313,317	(20,198,740)	(14,458,081)	153,343,877
Profit for the year after tax		–	1,511,368	–	–	1,511,368
Other comprehensive income						
Net revaluation decrement on the investment portfolio		–	–	(7,385,570)	–	(7,385,570)
Transfer of net realised losses for the period	14(a),14(b)	–	–	3,256,227	(3,256,227)	–
Deferred tax asset derecognised	14(a)	–	–	–	(10,442,241)	(10,442,241)
Other comprehensive income for the year		–	–	(4,129,343)	(13,698,468)	(17,827,811)
Transactions with shareholders						
Dividends paid	8	–	(2,879,364)	–	–	(2,879,364)
Shares issued under the dividend reinvestment plan	13	347,314	–	–	–	347,314
Shares bought back	13	(1,069,063)	–	–	–	(1,069,063)
Transaction costs on buy back	13	(3,528)	–	–	–	(3,528)
Total transactions with shareholders		(725,277)	(2,879,364)	–	–	(3,604,641)
Total equity at 30 June 2012		**182,962,104**	**2,945,321**	**(24,328,083)**	**(28,156,549)**	**133,422,793**

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 2012 CONTINUED

Year ended 30 June 2011	Note	Contributed Equity $	Retained Profits $	Investment Revaluation Reserve $	Investment Realisation Reserve $	Total Equity $
Total equity at the beginning of the year as reported		184,161,381	7,249,812	(25,039,270)	(10,982,804)	155,389,119
Profit for the year after tax		–	1,394,412	–	–	1,394,412
Other comprehensive income						
Net revaluation increase on the investment portfolio		–	–	1,365,253	–	1,365,253
Transfer of net realised losses for the period	14(a),14(b)	–	–	3,475,277	(3,475,277)	–
Other comprehensive income for the year		–	–	4,840,530	(3,475,277)	1,365,253
Transactions with shareholders						
Dividends paid	8	–	(4,330,907)	–	–	(4,330,907)
Shares issued under the dividend reinvestment plan	13	518,452	–	–	–	518,452
Shares bought back	13	(988,835)	–	–	–	(988,835)
Transaction costs on buy back	13	(3,617)	–	–	–	(3,617)
Total transactions with shareholders		(474,000)	(4,330,907)	–	–	(4,804,907)
Total equity at 30 June 2011		**183,687,381**	**4,313,317**	**(20,198,740)**	**(14,458,081)**	**153,343,877**

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 2012

	Notes	2012 $ Inflows (Outflows)	2011 $ Inflows (Outflows)
Cash Flows from Operating Activities			
Dividends and distributions received		3,809,730	3,721,395
Interest received		62,710	69,113
Custodian fees paid		(46,269)	(50,325)
Goods and services tax refunded		115,234	136,428
Investment manager's fees paid		(1,388,396)	(1,522,150)
Income taxes paid		(96,601)	(175,255)
Administrative, regulatory, legal and other payments in the normal course of operations		(825,665)	(700,111)
Net cash inflow from operating activities	15(a)	1,630,743	1,479,095
Cash Flows from Investing Activities			
Cash paid for purchase of listed shares		(18,589,595)	(23,670,028)
Proceeds received from realisation of listed shares		21,801,986	27,373,576
Net cash inflow from investing activities		3,212,391	3,703,548
Cash Flows from Financing Activities			
Share Buy Back		(1,072,588)	(992,452)
Net dividend paid		(2,532,057)	(3,812,456)
Net cash outflow from financing activities		(3,604,645)	(4,804,908)
Net increase in cash and cash equivalents		1,238,489	377,735
Cash and cash equivalents at the beginning of the year		1,348,975	1,038,647
Effects of exchange rate changes on cash		(8,310)	(67,407)
Cash and cash equivalents at year end	15(b)	**2,579,154**	**1,348,975**

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

1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd ("the Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 29 August 2012.

The Company is limited by shares, incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and with the Corporations Act 2001. Templeton Global Growth Fund Ltd is a for-profit entity for the purposes of preparing the financial statements.

The financial report has been prepared on an historical cost basis, except for investment assets ("Investments") which have been measured at fair value (last bid price).

The financial report is presented in Australian dollars.

(a) 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.

(b) New accounting standards and interpretations

No new accounting standards and interpretations, that are available for early adoption at 30 June 2012, but not yet adopted, will result in any material change in relation to the financial statements.

(c) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company is Australian dollars ($).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on investments held at fair value through other comprehensive income are recognised in other comprehensive income as part of the fair value gain or loss.

(d) Trade and other receivables

Trade receivables which generally have 30-90 day terms are recognised at the original transaction amount and where applicable converted to the equivalent Australian dollar value on the day of transaction.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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 changes in value.

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

(f) Investments and other financial assets

Classification

Equity securities within the investment portfolio are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition in accordance with AASB 9.

The designation of securities within the investment portfolio as 'financial assets measured at fair value through other comprehensive income' is consistent with the Directors' view of these assets as being held for the long-term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities.

Measurement and Valuation

Securities, including listed shares, are initially brought to account at fair value, which is the cost of acquisition including directly attributable transaction costs, and are re-valued to fair values continuously. The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. Increments and decrements on equity instruments are recognised as Other Comprehensive Income and taken to the Investment Revaluation Reserve. Gains and losses are not subsequently reclassified to the Income Statement.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to the Investment Realisation Reserve.

The purchase and the sale of securities are accounted for at the date of trade.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Recognition and derecognition

When securities classified as fair value through other comprehensive income are sold, the accumulated fair value adjustments recognised in other comprehensive income are disclosed in equity as gains or losses, net of tax, on realisation of investments.

(g) Trade and other payables

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

(h) Provisions and employee leave benefits

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended and no longer at the discretion of the Company on or before the reporting date.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the period in which the services are rendered are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(i) 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 proceeds. Where the Company buys back shares through an on market buy back, the cost of the shares bought back and incremental costs of the buy back, net of tax, are deducted from equity.

(j) Income tax and other taxes

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the same time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised directly in other comprehensive income.

Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses to the extent it is probable that future taxable amounts will be available to utilise those temporary differences. In assessing the likelihood of probable recoverability of the deferred tax asset regard is had to the value and composition of the deferred tax asset, economic conditions and economic indicators.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST

incurred is not recoverable from the taxation authority.

Cash flows are included in the Cash Flow Statement 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 is classified as operating cash flow.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(k) Earnings per share

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

Diluted EPS is calculated as net profit attributable to shareholders, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

There are no dilutive instruments currently on issue.

(l) 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 benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised using the effective interest method.

Dividends and distributions

Dividends and distributions are recognised when the Company's right to receive the payment is established.

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision-Maker ("CODM"). The CODM is the Review Committee. The Company operates as a listed investment company in Australia and has a single reportable operating segment.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives, Policies and Processes

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed primarily to market risk, liquidity risk, and credit risk.

Financial instruments of the Company comprise the investment portfolio, cash and cash equivalents, receivables and payables.

Under the supervision of the Board, the Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to shareholders of the Company from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by management. These mandated limits reflect the investment strategy and market environment of the Company, as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Company on a regular basis as deemed appropriate, including management, committees of Directors and ultimately the Board of Directors of the Company.

Concentrations of risk arise when a number of financial instruments are entered into in the same geographic region or industry grouping whereby the performance of those financial instruments could be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Investment Manager monitors the exposure to ensure concentrations of risk remain within acceptable levels.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in the market variables such as foreign currency exchange rates and equity prices.

Management of the Company's investment portfolio is outsourced to Franklin Templeton Investments Australia Ltd ("FTIAL") who manage market risk by prudent diversification of the investment portfolio. The Board and Board committees monitor FTIAL's management of market risk by reference to the performance of the portfolio of the investments compared to the performance of an appropriate index.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Company's operations provide Australian investors with not only access to the world's equity markets but also investment exposure beyond the Australian dollar.

This has been one of the reasons that the long-standing approach of the Company has been not to hedge the underlying currencies of its portfolio of investments.

The table below indicates the currencies to which the Company had significant exposure at 30 June 2012 on its equity assets and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on the value of the portfolio of investments, with all other variables held constant.

Accounting Assumptions – Variability of foreign currency

The sensitivity is based on management's estimate of volatility of change probable in global currencies in which the portfolio of investments is significantly invested.

	2012			2011		
Currency	AUD equivalent in exposure by currency $,000	Change in currency rate in %	Effect on other comprehensive income after tax $,000	AUD equivalent in exposure by currency $,000	Change in currency rate in %	Effect on other comprehensive income after tax $,000
EUR	31,514	15/(25)	(3,309)/5,515	39,831	20/(25)	(5,576)/6,970
USD	45,005	15/(25)	(4,725)/7,876	42,103	20/(25)	(5,894)/7,368
GBP	13,859	15/(25)	(1,455)/2,425	15,263	20/(25)	(2,137)/2,671

The above sensitivities do not incorporate the impact of any exchange rate movement on dividend income received in Australian dollars as the amount is not practicable to calculate.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Company's investment portfolio.

The effect on other comprehensive income due to reasonably possible changes in market factors, as represented by equity indices, with all other variables held constant is indicated in the table below.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Accounting Assumptions – Variability of equity price

The sensitivity is based on management's estimate of the possible volatility of change in the investments of the Company in various significant geographical locations.

		2012		2011	
Location	Index	Change in equity price %	Effect on other comprehensive income after tax $,000	AUD equivalent in exposure by currency $,000	Effect on other comprehensive income after tax $,000
USA	S&P 500	20/(20)	6,984/(6,984)	20/(20)	5,894/(5,894)
UK	FTSE 100	20/(20)	1,940/(1,940)	20/(20)	2,137/(2,137)
France	CAC 40	20/(20)	1,698/(1,698)	20/(20)	2,226/(2,226)

Interest rate risk

The nature of the Company's business operations is such that the only exposure to financial instruments with interest rate risk exposure is to cash and cash equivalents. Cash and cash equivalents are restricted to investment in "at-call" or short-term to maturity deposits. At balance date cash and cash equivalents were valued at $2,579,154 (2011: $1,348,975), the interest rate applicable to cash and cash equivalents at balance date was 3.25% (2011: 3.8%).

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Further, the Company under the requirements of its Australian Financial Services licence is required to maintain cash reserves equivalent to three months projected operational expenditure.

The Company, through FTI, seeks maximum investment in world equity markets but balances that objective with the need to retain sufficient cash reserves to meet operational expenses, shareholder distributions and potential investment opportunities.

The effect of these requirements is that the Company is ordinarily fully invested in the market with cash and cash equivalents of between 1% to 7% of the Company's market capitalisation to account for operational and investment contingencies. The Company's investments are in equities tradeable on stock exchanges around the world and are considered highly liquid.

The Board and Board committees monitor the liquidity by reference to monthly cash flow projections and financial reports.

Maturity analysis for financial liabilities

Financial liabilities of the company comprise trade and other payables, dividends payable and payments for purchases of investments. Trade and other payables and dividend payments have no contractual maturities but are typically settled within 30 days.

Payments for purchases of investments are governed by the rules of the relevant stock exchange and are usually settled in less than five working days.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(d) Credit Risk

Credit risk represents the risk that the counterparty to a certain type of financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. Although the Company has a concentration of counterparty risk through its single custodian, JP Morgan Chase Bank,credit risk is not considered to be significant to the Company.

(e) Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital will fluctuate with prevailing market movements. The Company controls: dividend policy, the issue and buy-back of shares and the purchase or sale of assets.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

The Company had in place an On Market Share Buy-Back which operated during the year. There were no other changes to the capital management of the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements require s 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 historical experience and on other various factors it believes reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates or assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

(i) Significant accounting judgments

Recovery of deferred tax assets

Deferred tax assets ("DTA") are recognised for deductible temporary differences and carried forward losses to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

The Company maintains an un-hedged global equities portfolio that continues to be negatively impacted by both global market conditions and a strengthening of the AUD. This has resulted in carry forward capital losses of $69.7m (both unrealised and realised) on its investment portfolio. As such, the assessment of future profitability (recovery of losses) is dependent on movements in the future market value of the investment portfolio due to either equity market increases and/or AUD depreciation.

Due to the inherent uncertainty of future market performance the Company has engaged an independent expert to model the anticipated returns on unhedged global equities over the next five years.

The Directors believe that the expert report represents independent objective evidence in support of the DTA balance of $10,457,707 recognised as at 30 June 2012. As a result, an amount of $10,442,241 has been derecognised as at 30 June 2012.

When assessing the recoverability of its DTA the Company also considered the prevailing economic conditions, historical investment return rates and the geographic composition of the portfolio of investments.

The Company will continue to assess the recoverability of the DTA at each reporting date. The Company will review its financial forecasts in relation to actual results and expected trends on an ongoing basis. Significant further declines in the fair value of its portfolio of investments may change the Company's assessment regarding the recoverability of its deferred tax asset. The realised losses of $10,442,241(tax affected) which have not been recognised in the accounts are still available for future utilisation by the Company.

In respect of the deferred tax assets on the unrealised losses, as the Directors do not intend to dispose of the investment portfolio, this tax asset may not be crystallised at the amount disclosed in Note 7. In addition, the tax benefit that arises on disposal of securities may be impacted by changes in tax legislation relating to treatment of capital gains/losses and the rate of taxation applicable to such gains/losses at the time of disposal.

Further details of the DTA balance are included in Note 7.

	2012 $	2011 $

5. REVENUE

Dividends and distributions	4,213,427	4,152,944
Interest income	63,922	58,717
Other investment income	11,137	103,413
	4,288,486	4,315,074

6. EXPENSES AND LOSSES

Investment Expenses		
Investment management fees	1,278,573	1,415,599
Custodian fees	21,877	51,973
Net foreign currency losses	19,627	89,956
	1,320,077	1,557,528

7. INCOME TAX

The major components of income tax are:

Income Statement		
Current income tax		
Current income tax charge	(646,613)	(590,105)
Deferred income tax		
Relating to origination and reversal of temporary differences	2,637	17,500
Income tax expense reported in the income statement	(643,976)	(572,605)
Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Net realised and unrealised gains and losses on investments	3,165,246	(585,109)
Income tax (expense)/benefit reported in equity	3,165,246	(585,109)

7. INCOME TAX CONTINUED

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

	2012 $	2011 $
Profit before income tax	2,155,344	1,967,017
Prima facie income tax expense at statutory rate	(646,603)	(590,108)
Tax effect of:		
- Unrealised foreign exchange (gains)/losses	2,627	4,470
- Other items	–	(21,973)
Income tax expense attributable to ordinary activities	(643,976)	(572,605)

Deferred income tax

Deferred income tax at 30 June relates to the following:

	Balance sheet		Income Statement and Statement of Comprehensive Income	
	2012 $	2011 $	2012 $	2011 $
Deferred tax liabilities				
Dividends receivable	87,337	81,474	5,863	495
	87,337	81,474		
Deferred tax asset				
Directors retirement benefit	27,036	27,036	–	–
Long service leave accrued	4,350	4,350	–	–
Audit fee accrued	–	9,166	9,166	2,646
Net unrealised loss on investments	10,426,321	8,656,602	(1,769,719)	2,074,513
Realised loss on investments	10,442,241	9,046,715	(1,395,526)	(1,489,404)
Derecognition of deferred tax asset	(10,442,241)	–	10,442,241	–
Deferred tax income/(expense)	10,457,707	17,743,869	7,292,025	588,250

8. DIVIDENDS PAID OR PROVIDED FOR

	2012 $	2011 $
(a) Dividends paid during the year:		
(i) Previous year's final		
Final Dividend for the year ended 30 June 2011 – 2.0 cents per share fully franked (30 June 2010 – 2.0 cents per share)	2,879,364	2,887,271
(ii) Special		
Special Dividend – 0.0 cents per share fully franked (2011 – 2.0 cents per share)	–	1,443,636
	2,879,364	4,330,907
The tax rate at which dividends have or will be franked is 30%		
(b) 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 the tax rate of 30%	4,646,495	5,750,672
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	120,227	–
	4,766,722	5,750,672
The amount of franking credits available for future reporting periods:		
– impact on the franking account of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders at the end of the financial year.	918,939	1,233,886
	3,847,783	4,516,786

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 1.5 cents per share. The aggregate amount of the dividend for the year to 30 June 2012 to be paid on 28 September 2012, but not recognised as a liability at the end of the financial year: $2,144,191.

	2012 $	2011 $

9. RECEIVABLES (CURRENT)

	2012 $	2011 $
Receivables	405,048	708,446

Receivables consist principally of sales of securities not yet settled or dividends declared not yet received. Proceeds from unsettled sale of securities are generally received within 5 days and dividends declared not yet received are generally received within 60 days.

10. INVESTMENTS (NON-CURRENT)

	2012 $	2011 $
Securities listed on a prescribed stock exchange at cost:		
Shares	156,082,110	162,831,007
Aggregate quoted market value at balance date of securities listed on a prescribed stock exchange	121,327,705	133,975,666

The Company has no material exposures to a single listed equity investment.

For a detailed list of the fair values of the securities in the investment portfolio, refer to Note 25.

11. TRADE AND OTHER PAYABLES (CURRENT)

	2012 $	2011 $
Trade payables	931,169	128,358
Payables due to related parties:		
- Director related entities – refer note 20(b)	103,468	118,627
	1,034,637	246,985

Trade payables and amounts payable to Director related entities are non-interest bearing and are normally settled on 30 day terms.

12. PROVISIONS

	2012 $	2011 $
Current		
Long service leave	14,500	14,500
Directors' retirement allowance	90,120	–
	104,620	14,500
Non-current		
Directors' retirement allowance	–	90,120

Prior to 30 June 2003, the Company provided retirement benefits for independent non-executive Directors. With effect from 30 June 2003, the Board resolved to remove retirement benefits except for existing entitlements, which were frozen at the amounts accrued at that date.

	2012 $	2011 $
13. CONTRIBUTED EQUITY		
(a) Issued and Paid-Up Capital		
Ordinary shares fully paid	182,962,104	183,687,381

	2012 No. of shares	2012 $	2011 No. of shares	2011 $
(b) Movements in ordinary shares on issue				
Beginning of financial year	143,953,353	183,687,381	144,553,921	184,161,381
Shares issued under dividend reinvestment	536,387	347,314	668,514	518,452
On market share buy back ("Buy Back")	(1,543,655)	(1,069,063)	(1,269,082)	(988,835)
Transaction cost of Buy Back	–	(3,528)	–	(3,617)
End of the financial year	**142,946,085**	**182,962,104**	**143,953,353**	**183,687,381**

Share buy-back:

The Company has an on market buy back programme which remains active. During the year ended 30 June 2012 1,543,655 shares were bought back for an average price of $0.6925 (2011: 1,269,082 at an average price of $0.7791).

Dividend Reinvestment Plan ("DRP")

The Company has a DRP under which shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares at a discount of 2.5% to the 5 day volume weighted average price of shares leading up to the dividend record date.

(c) Terms and Conditions of Contributed Capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of (and amounts paid up on) shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

14. RESERVES AND RETAINED PROFITS

	Notes	30 June 2012 $	30 June 2011 $
Investment Realisation	14(a)	(28,156,549)	(14,458,081)
Investment Revaluation	14(b)	(24,328,083)	(20,198,740)
		(52,484,632)	(34,656,821)
Retained profits	14(c)	2,945,321	4,313,317

(a) Investment Realisation Reserve

(i) Nature and purpose of reserve

The investment realisation reserve is used to accumulate realised capital profits/(losses) arising from the sale of securities in the investment portfolio.

(ii) Movements in Reserve

	30 June 2012 $	30 June 2011 $
Balance at the beginning of the year	(14,458,081)	(10,982,804)
Net realised losses for the period	(3,256,227)	(3,475,277)
Derecognition of deferred tax asset	(10,442,241)	–
Balance at the end of the year	(28,156,549)	(14,458,081)

(b) Investment Revaluation Reserve

(i) Nature and purpose of Reserve

The investment revaluation reserve is used to accumulate unrealised capital profits/(losses) arising on from the revaluation of the investment portfolio.

(ii) Movement in Reserve

	30 June 2012 $	30 June 2011 $
Balance at the beginning of the year	(20,198,740)	(25,039,270)
Revaluation increments/(decrements) on revaluation of listed securities	(10,550,816)	1,950,361
Tax effect of increments to revaluation reserve	3,165,246	(585,108)
Transfer of net realised capital losses to the investment realisation reserve	3,256,227	3,475,277
Balance at the end of the year	(24,328,083)	(20,198,740)

(c) Retained Profits

Movements in Retained Profits

	30 June 2012 $	30 June 2011 $
Balance at the beginning of the year	4,313,317	7,249,812
Net profit for the year	1,511,368	1,394,412
Dividends paid	(2,879,364)	(4,330,907)
Balance at the end of the year	2,945,321	4,313,317

	2012 $	2011 $

15. STATEMENT OF CASH FLOWS

(a) Reconciliation of the net profit after tax to the net cash flows from operations

	2012 $	2011 $
Net profit	1,511,368	1,394,412
Adjusted for:		
Net loss on foreign exchange	33,773	76,956
Changes in assets and liabilities		
- Receivables	30,928	20,673
- Payables	(75,630)	(7,188)
- Provision for taxation	120,227	–
- Deferred tax asset on income statement	(9,166)	(2,645)
- Deferred tax liability on income statement	6,358	495
- Provision for employee entitlements	12,885	(3,608)
Net cash flow from operating activities	1,630,743	1,479,095

(b) Reconciliation of cash

	2012 $	2011 $
Cash comprises:		
Cash at Bank	2,579,154	1,348,975

Disclosure of non-cash financing activities

The company issued 536,387 shares under a dividend reinvestment plan in September 2011.

16. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2012 $	2011 $
Net profit used in calculating basic and diluted earnings per share	1,511,368	1,394,412

	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	144,059,325	144,546,957

	cents	cents
Basic and diluted earnings per share	1.0	1.0

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

D A Walsh	Chairman (non-executive)
G N Webb (retired 26/10/11)	Deputy Chairman (non-executive)
J Johnson	Director (non-executive)
J F Harvey (retired 9/5/12)	Director (non-executive)
J A (Tony) Killen	Director (non-executive)
G E McGowan	Director (non-executive)
M E Bartlett (appointed 15/9/11)	Director (non-executive)
J Dawson (appointed 9/5/12)	Director (non-executive)

(ii) Executive

M F Warwick	Company Secretary and General Manager

(b) Compensation of Key Management Personnel

	2012 $	2011 $
Short-Term benefits	446,229	375,733
Post Employment benefits	57,235	55,607
Total	503,464	431,340

(c) Shareholdings of key management personnel

Shares held in the Company (number)	Balance 1 July 2011 Ord	Net Change Other Ord	Balance 30 June 2012 Ord
Directors			
D A Walsh	62,500	–	62,500
G N Webb (retired 26/10/11)	343,974	(343,974)	–
J F Harvey (retired 9/5/12)	49,325	(49,325)	–
J A (Tony) Killen	166,600	–	166,600
G E McGowan	–	–	–
J Dawson	–	–	–
M E Bartlett	–	42,000	42,000
J Johnson	–	–	–
Executive			
M F Warwick	22,960	–	22,960
Total	**645,359**	**(351,299)**	**294,060**

17. KEY MANAGEMENT PERSONNEL CONTINUED

Shares held in the Company (number)	Balance 1 July 2010 Ord	Net Change Other Ord	Balance 30 June 2011 Ord
Directors			
D A Walsh	62,500	–	62,500
G N Webb	343,974	–	343,974
J F Harvey	32,000	17,325	49,325
J A (Tony) Killen	166,600	–	166,600
G E McGowan	–	–	–
J Johnson	–	–	–
Executive			
M F Warwick	22,960	–	22,960
Total	**628,034**	**17,325**	**645,359**

All equity transactions with directors and the executive have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) Loans to key management personnel

There were no loans made to key management personnel at any time during the year and no loans exist at 30 June 2012.

	2012 $	2011 $
18. AUDITORS' REMUNERATION		
The auditor of the Company is PricewaterhouseCoopers (2011: Ernst & Young)		
During the year the following fees were paid or payable for services provided by the auditor		
- an audit or review of the financial report of the Company	51,150	55,000
- other services in relation to the Company	2,200	5,000
	53,350	60,000

19. SEGMENT INFORMATION

(a) Operating segment

The Company has a single operating segment which is a business of investing in and managing a world wide portfolio of investments listed on international stock exchanges.

Under the supervision of the Board, responsibility for day to day decisions about making and managing investments in specific securities is delegated to and undertaken by the Investment Manager.

The operating results of the business are regularly reviewed by the Board, and by the Review Committee on behalf of the Board. Decisions about allocation of resources to the business are made by the Board, based on a single, integrated strategy, and performance of the business is assessed by the Board on an overall basis, considering the portfolio of investments as a whole.

(b) Segment reporting

Internal reporting to the Board and Review Committee about the Company's assets, liabilities and performance is prepared and provided for the business as a single operating segment and is on a basis that is consistent with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax (as reported in the Company's Net Tangible Assets announcements to the ASX).

The Company reports net profit (or loss) after tax. This excludes the impact of realised and unrealised gains and losses in the value of investments.

	2012 $	2011 $
Profit after income tax	1,511,368	1,394,412

The Company reports net asset value per share both before and after provision for deferred tax on realised and unrealised losses in the value of the Company's investment portfolio. Deferred tax is calculated as set out in Notes 2(j) and 4. The relevant amounts as at 30 June 2012 and 30 June 2011 were as follows:

	2012 cents	2011 cents
Net tangible asset backing per share		
After actual tax	86	94
After estimated tax	86	94

19. SEGMENT INFORMATION CONTINUED

(c) Other Segment Information

Segment Revenue

Revenues from external parties are derived from the receipt of dividend, distribution and interest income.

The Company is domiciled in Australia and all of the Company's dividend and distribution income is from entities which maintain a listing on a stock exchange. The Company has a diversified portfolio of investments with no single investment contributing more than 10% of the Company's income.

Dividend revenue by geographic location:

Country	2012 $	2011 $
Australia	77,252	–
Austria	34,481	70,390
Belgium	434	–
Brazil	100,349	74,504
Canada	4,612	–
China	36,494	38,203
France	701,068	819,691
Germany	284,698	346,211
Hong Kong	78,550	41,791
Ireland	71,384	103,297
Italy	80,007	106,802
Japan	166,026	102,359
Netherlands	125,067	158,401
Norway	172,564	142,887
Russia	22,433	358
Singapore	211,094	121,470
South Korea	42,902	114,533
Spain	180,919	154,395
Switzerland	153,570	240,275
Taiwan	79,547	73,029
United Kingdom	831,237	674,226
United States	758,739	622,500
Total	**4,213,427**	**4,152,944**

20. RELATED PARTY DISCLOSURE

(a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 17.

(b) Transactions with related parties

Management fees paid to Franklin Templeton Investments Australia Limited

The Company's Investment Manager is Franklin Templeton Investments Australia Limited ("Investment Manager"). The Investment Manager is a member of the Franklin Templeton group.

In accordance with the Investment Management Agreement, the Investment Manager is entitled to a fee in respect of the management of the investment portfolio of the Company. This fee is calculated at the rate of 1% per annum payable monthly on the value of the net tangible assets of the Company less the value of the investments in unlisted trusts managed by the Investment Manager. For those services, the Investment Manager was paid a fee of $1,278,573 for the 12 months to 30 June 2012 (2011 $1,415,599). As at the end of the financial year $103,468 (2011: $118,627) was owing to the Investment Manager.

The Company has the following relationships with the Investment Manager:

Mr G N Webb, Ms J Johnson and Mr G E McGowan have a beneficial interest in shares in Franklin Resources, Inc., the ultimate holding company of the Investment Manager.

Certain directors of the Company also held the following appointments with the Investment Manager and / or companies related to the Investment Manager. These appointments were held throughout the financial year (and continues as at 30 June 2012) unless otherwise specified.

- Mr G E McGowan is a director of the Investment Manager.
- Mr G E McGowan and Ms J Johnson are employed by companies related to the Investment Manager.

Neither the Investment Manager nor any of the funds for which the Investment Manager is responsible are shareholders in Templeton Global Growth Fund Ltd. Franklin Resources Inc. holds shares in Templeton Global Growth Fund Ltd.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices ("Level 1"), those involving valuation techniques where all the model inputs are observable in the market ("Level 2") and those where the valuation technique involves the use of non-market observable inputs ("Level 3"). All of the Company's financial assets are investments in listed securities (Level 1). The Company has no financial instrument liabilities.

	30 June 2012		30 June 2011	
	Level 1	Total	Level 1	Total
	$	$	$	$
Financial assets at fair value through other comprehensive income				
Listed equity securities	121,327,705	121,327,705	133,975,666	133,975,666
Total	121,327,705	121,327,705	133,975,666	133,975,666

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of listed equity is based on quoted market bid prices at the reporting date, without any deduction for transaction costs. These instruments are included in level 1.

Other disclosures – Investment portfolio

The Company's portfolio of investments has, since the Company's inception, consisted of securities chosen on the basis of their long term appreciation potential. The Company is a long term holder of investments. Accordingly each investment within the portfolio of investments on early adoption of AASB 9 was designated to be measured at fair value through other comprehensive income.

The fair value of each investment held at fair value through other comprehensive income is disclosed at note 25.

Dividend income for the period on those investments designated at fair value through other comprehensive income held at year end was $4,007,946, and dividend income of those investments designated at fair value through other comprehensive income and derecognised during the year was $205,481.

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the year was $15,509,688. The cumulative loss on these realised investments after tax was $3,256,227 which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

22. CONTINGENCIES

At balance date Directors are not aware of any material contingent liabilities or contingent assets.

23. EVENTS AFTER THE BALANCE SHEET DATE

No other matters or occurrences have arisen subsequent to balance date that materially affect the operations of the Company.

24. PERFORMANCE BOND

Under the terms of its Australian Financial Services licence, the Company has in place a performance bond to the sum of $20,000 underwritten by JPMorgan Chase Bank in favour of the Australian Securities and Investments Commission ("ASIC"), payable on demand to ASIC.

25. SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2012

Listed below is the investment portfolio all of which are held at fair value through other comprehensive income.

Investments in the portfolio change from year to year as some holdings are added to, others realised and as the quoted market price of those securities alter.

Company	30 June 2012 $	30 June 2011 $
Abercrombie & Fitch	639,615	–
Accenture Plc	780,579	1,330,628
Ace Ltd	–	1,049,137
AIA Group Ltd	509,926	494,963
Alstom	392,128	731,871
American Express Co	2,538,532	2,158,659
Amgen Inc	2,667,424	2,379,293
Aviva Plc	595,287	622,920
AXA	1,415,609	1,903,902
BAE Systems Plc	948,041	736,736
Baker Hughes	1,281,767	1,023,122
Bank of New York Mellon	1,899,171	1,441,729
Bayer Motoren Werk	–	769,187
Biogen Idec Inc	–	634,110
BNP Paribas	1,322,605	1,291,065
BP Plc	1,698,735	1,809,648
Chesapeake Energy	796,404	1,216,343
Cheung Kong Holdings	927,525	1,062,708
Chevron Corp	1,509,147	1,408,079
China Merchant Holdings	434,628	–
China Mobile (HK) Ltd	685,682	555,606
China Telecom Corp	1,364,241	1,955,097
Cisco Systems	2,059,937	1,526,923
Citigroup Inc.	1,270,834	972,972
Compal Electronic	387,304	1,034,702
Credit Agricole	987,782	1,876,406
Credit Suisse Group	1,081,274	–
CRH Plc	1,219,112	1,288,676
CVS/Caremark Corp	1,774,742	1,365,423
DBS Group Holdings Ltd	405,889	423,870
Dell Inc	1,171,204	1,493,075
Deutsche Post	1,151,091	1,199,801

25. SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2012 CONTINUED

Company	30 June 2012 $	30 June 2011 $
E.ON Ag	847,831	1,072,574
Egypt Mobile Phone	–	785,981
Eni Spa	1,218,306	1,295,264
Flextronics International Ltd	1,149,472	1,139,682
France Telecom	1,457,336	2,256,546
Gap Inc	333,375	635,498
Gazprom ADR	830,941	1,231,388
GDF Suez	373,600	549,864
General Electric Co	2,086,570	1,807,802
Gilead Sciences	1,324,452	759,477
Glaxosmithkline Plc	2,355,349	2,128,011
Halliburton	497,220	–
Home Depot Inc	796,470	1,234,165
HSBC Holdings Plc	1,467,969	1,556,101
Iberdrola	–	920,756
ING Groep	1,345,137	2,139,721
Itochu Corp	1,417,036	1,340,451
JD Group Limited	–	604,283
JP Morgan Chase	705,851	–
KB Financial Group	934,651	1,114,156
KBC Groep NV	834,280	–
Kingfisher Plc	890,668	–
Lloyds Banking Group	1,245,707	167,590
Lufthansa	1,155,737	1,123,812
Macquarie Korea Infrastructure	–	1,064,159
Medtronic Inc	1,892,843	1,522,595
Merck & Co Inc	2,137,798	1,729,568
Merck KGAA	1,304,635	1,359,090
Michelin	1,047,446	1,444,828
Microsoft Corp	2,996,097	2,945,015
Mitsubishi UFJ	–	428,514
Morgan Stanley	1,417,178	833,954
Munchener Ruckver AG	775,386	807,229
Navistar International Corp	1,243,029	695,071
Nestle	671,447	1,258,899
News Corp – CL B	1,324,253	1,460,318
Nissan Motor Co	1,275,799	1,021,561
Noble Corp	1,187,112	802,240
Nomura Holdings	490,307	624,721
Novartis	–	686,613
Oracle Systems Corp	949,195	1,571,691
Pacific Brands Ltd	749,795	1,045,169

25. SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2012 CONTINUED

Company	30 June 2012 $	30 June 2011 $
Petrobras	801,394	1,078,486
Pfizer Inc	2,688,596	2,306,480
Philips Electronic	894,901	1,113,170
Posco	655,341	550,456
Premier Foods Plc	–	357,737
Reed Elsevier NV	1,657,903	1,627,399
Roche Holdings	2,148,261	1,985,667
Royal Dutch Shell – B shares	1,870,125	2,774,920
Saic Inc	712,862	948,776
Samsung Electronics	2,350,768	2,371,010
Sanofi-Aventis	2,589,974	2,627,625
SAP AG	936,111	1,600,807
SBM Offshore NV	740,694	1,358,303
Siemens AG	1,136,243	1,778,593
Singapore Telecom	2,460,152	2,327,265
Sprint Nextel Corp	510,051	–
Statoilhydro ASA	735,385	1,086,594
Suncor Energy Inc	631,066	–
Swiss Reinsurance	1,561,039	1,768,742
Symantec Corp	989,618	1,000,641
Te Connectivity Ltd	652,391	1,093,255
Telefonica SA	1,327,503	1,450,298
Telefonica SA BDR	–	867,034
Telekom Austria	679,189	841,985
Telenor ASA	2,365,576	2,241,530
Tesco	1,484,425	1,202,764
Time Warner Cable	1,802,270	1,905,904
Total SA	1,961,602	2,409,776
Toyota Motor Corp	1,306,598	1,274,727
Trend Micro Inc	483,307	425,710
Turk Iletisim	1,114,476	1,151,301
UBS AG	–	723,181
Unicredito Ital SPA	1,381,314	1,321,484
Unilever Plc	–	1,403,178
USS Co Ltd	–	922,217
Vale Rio Doce ADR	701,986	998,006
Vivendi Universal	579,817	804,475
Vodafone Group Plc	2,770,274	2,503,631
Watson Pharm Inc	–	851,531
Total	**121,327,705**	**133,975,666**

Templeton Global Growth Fund Ltd. ABN 44 006 558 149
Level 19
101 Collins Street
Melbourne, Victoria 3000
Telephone (03) 9603 1207
Facsimile (03) 9603 1299

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements. and notes set out on pages 34 to 65 are in accordance with the *Corporations Act 2001*, including:

- complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional requirements, and
- giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

D A Walsh
Chairman

Melbourne
29 August 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD

pwc

Report on the financial report

We have audited the accompanying financial report of Templeton Global Growth Fund Ltd (the company), which comprises the balance sheet as at 30 June 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
DX 77 Melbourne, Australia
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD CONTINUED

Auditor's opinion

In our opinion:

(a) the financial report of Templeton Global Growth Fund Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion

In our opinion, the remuneration report of Templeton Global Growth Fund Ltd for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

JF Power
Partner

29 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

	2012 $	2011 $	2010 $	2009 $	2008 $
INCOME STATEMENT					
Investment and other income	4,288,486	4,315,074	4,330,171	6,551,493	6,813,574
Expenses	2,133,142	2,348,057	2,318,280	2,379,962	2,816,651
Profit before realisation of investments and tax	2,155,344	1,967,017	2,011,901	4,171,531	3,996,923
Net gain/(loss) on realisation of investments	–	–	1,775,669	(13,423,751)	4,137,895
Profit/(loss) before income tax	2,155,344	1,967,017	3,787,570	(9,252,230)	8,134,818
Income tax expense/(benefit)	643,976	572,605	1,110,920	(2,796,386)	2,414,297
Operating profit/(loss) after tax	1,511,368	1,394,412	2,676,650	(6,455,834)	5,720,521
Other comprehensive income after tax	(17,827,811)*	1,365,253	702,500	(8,388,231)	–
Total other comprehensive income after tax	(16,316,443)	2,759,665	3,379,150	(14,844,065)	5,720,521
BALANCE SHEET					
Assets					
Cash and receivables	2,984,202	2,057,421	1,472,480	6,026,886	2,560,742
Investments	121,327,705	133,975,666	136,027,567	129,590,793	157,061,185
Deferred tax asset	10,457,707*	17,743,869	18,332,452	18,707,002	11,084,152
Total assets	134,769,614	153,776,956	155,832,499	154,324,681	170,706,079
Liabilities					
Payables	1,034,637	246,985	257,781	224,980	243,924
Provisions	312,184	186,094	185,599	350,854	1,851,441
Total liabilities	1,346,821	433,079	443,380	580,344	2,095,365
Net assets	133,422,793	153,343,877	155,389,119	153,744,337	168,610,714
Shares on issue	142,946,085	143,953,353	144,553,921	145,383,838	145,414,719
Earnings/(losses) per share (cents)	1.0	1.0	1.8	(4.4)	3.9
Dividends per share (cents)	2.0	3.0	0.0	0.0	5.0

* $10,442,241 of the Company's deferred tax asset was derecognised through other comprehensive income.

Note Prior year comparatives, where necessary, have been adjusted to reflect the early adoption of Australian accounting standard AASB 9 on 7 December 2009.

ADDITIONAL ASX INFORMATION

SHAREHOLDING INFORMATION

Shareholdings at 31 July 2012	Number of Holders	Number of Shares
Distribution of Holders		
1 to 1,000 shares	210	98,726
1,001 to 5,000 shares	703	2,137,645
5,001 to 10,000 shares	651	5,002,272
10,001 to 100,000 shares	1,718	51,930,675
100,001 and over	154	83,776,767
Total	3,436	142,946,085

Shareholders with less than a marketable parcel of shares: 149

All ordinary shares carry one vote per share without restriction.

The names of the twenty largest shareholders of quoted shares as at 21 August 2012 are:

	Number of Shares	Percentage of Total
1. Citicorp Nominees Pty Ltd	18,349,774	12.84
2. RBC Investor Services Australia Nominees Pty Ltd <MBA A/C>	11,597,988	8.11
3. Australian Foundation Investment Company Limited	7,899,534	5.53
4. Questor Financial Services Limited <TPS RF A/C>	7,396,802	5.17
5. J P Morgan Nominees Australia Limited	3,865,122	2.70
6. HSBC Custody Nominess (Australia) Limited A/C 3	2,819,073	1.97
7. Ms. Gabrielle Rosa Baron and Mr Peter Michael Wilmshurst	1,063,726	0.74
8. Mr. Steven Fahey and Mrs Lynette Fahey <SF Super Fund A/C>	983,371	0.69
9. CS Fourth Nominees Pty Ltd	854,743	0.60
10. Questor Financial Services Limited <TPS PIP A/C>	812,041	0.57
11. Buttonwood Nominees Pty Ltd	750,000	0.52
12. Mr Steven John Fahey	747,405	0.52
13 The Sir William Angliss Charitable Custodian Pty Ltd	625,000	0.44
14. Nendar Pty Ltd	607,394	0.42
15. Mr. Robert David Evans and Mrs.Meredith Nevill Evans	535,409	0.37
16. BNP Paribas Noms Pty Ltd	532,936	0.37
17. Supentian Pty Ltd	500,000	0.35
18 ANZ Trustees Limited	474,692	0.33
19. INVIA Custodian Pty Limited	443,669	0.31
20. Perpetual Trustees Consolidated Limited	419,610	0.29

ADDITIONAL ASX INFORMATION CONTINUED

SUBSTANTIAL SHAREHOLDERS

The following entities are recorded in the Company's Register of Substantial shareholders as at 21 August 2012.

Financial and Investment Management Group Ltd	17,243,813
Maple-Brown Abbott Ltd., and various related bodies corporate	8,139,762
Australian Foundation Investment Company Limited	7,899,534
Questor Financial Services Limited	6,665,131

A person may be a substantial shareholder of the Company by virtue of the person or their associates holding a "relevant interest" in shares in the Company. A person may hold a "relevant interest" in shares in the Company even though they are not a shareholder.

STOCK EXCHANGE LISTINGS

The Company's shares are listed on the Australian Securities Exchange Ltd.

INVESTMENT DEALINGS

A list of all investments held as at 30 June 2012 is set out on pages 72 to 81.

During the year 30 June 2012 the Company completed 221 transactions in equity investments and the total brokerage paid or accrued on these transactions was $48,732.

During the year 30 June 2012 management fees paid or accrued for the management of the Company's investment portfolio was $1,278,573 – refer Note 20(b)

LIST OF INVESTMENTS AS AT 30 JUNE 2012

(Note: Certain investments which are listed in stock markets away from their normal place of business have been treated as if listed in their home countries.)

	Shares Held	AUD Value	% of Total
AUSTRALIA			
Retail			
PACIFIC BRANDS LTD: Manufactures, sources, markets and sells consumer lifestyle brands including apparel and manchester	1,514,737	757,369	
		757,369	0.6
AUSTRIA			
Telecommunication Services			
TELEKOM AUSTRIA AG: Mobile and fixed line service provider with operations in a number of European countries	70,460	676,834	
		676,834	0.6
BELGIUM			
Banking			
KBC GROEP NV: Banking and insurance company with Belgium and the Czech Republic as its two main markets	40,485	676,835	
		676,835	0.7
BRAZIL			
Energy			
PETROBRAS: Multinational energy company	45,260	800,953	
Mining			
VALE SA: Global mining company	36,920	702,706	
		1,503,659	1.2
CANADA			
Energy			
SUNCOR ENERGY INC: Integrated energy company operating primarily in Canada, focussed on developing the Athabasca oil sands	22,400	631,066	
		631,066	0.5

	Shares Held	AUD Value	% of Total
CHINA			
Industrials			
CHINA MERCHANTS HOLDINGS: Operator of container and cargo terminals, port transportation and airport cargo handling	148,000	435,559	
Telecommunication Services			
CHINA MOBILE LTD: Provider of mobile telecommunications services in China	64,330	686,491	
CHINA TELECOM: Principal activity is the provision of wireline telecommunications services in provinces throughout Southern China and mobile services nationally	3,238,000	1,364,242	
		2,486,292	2.1
FRANCE			
Automobiles & Components			
MICHELIN (CGDE): Manufactures tyres for automobiles, trucks and special vehicles	16,441	1,047,853	
Banking			
CREDIT AGRICOLE SA: Banking group also operating in asset management and insurance	230,263	989,492	
BNP PARIBAS SA: Global banking and financial services group	35,217	1,322,605	
Energy			
GDF SUEZ SA: Active in the fields of electricity generation and distribution, natural gas and renewable energy	16,090	373,600	
TOTAL SA: Explores for, produces, refines, transports and markets oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins	44,670	1,963,261	
Industrials			
ALSTOM: Develops, constructs, markets and provides systems, components, and support in the fields of transport and energy infrastructure	12,710	392,285	
Insurance			
AXA SA: A Company providing insurance (life and non-life), financial services and real estate services in Europe, Asia and North America	109,158	1,416,285	
Media			
VIVENDI SA: Media and telecommunication conglomerate	32,012	579,817	

	Shares Held	AUD Value	% of Total
Pharmaceuticals & Biotechnology			
SANOFI – AVENTIS: The Company's principal activity is the provision of products and services for health and nutrition	35,036	2,591,275	
Telecommunications			
FRANCE TELECOM SA: Mobile and fixed line service provider with operations in a number of European countries	113,623	1,459,446	
		12,135,919	10.0
GERMANY			
Industrials			
LUFTHANSA AG: Airline operating both domestically and internationally	102,360	1,154,849	
Information Technology			
SAP AG NPV: Corporation providing enterprise software applications and support	16,280	938,126	
Insurance			
MUNICH RE: Large insurance and reinsurance company	5,650	777,484	
Pharmaceuticals			
MERCK KGAA: Global pharmaceutical and chemical enterprise	13,390	1,304,967	
Transportation			
DEUTSCHE POST AG: Provides German domestic mail delivery, international parcel and mail delivery, freight delivery and logistics services	66,890	1,154,404	
Technology Hardware & Equipment			
SIEMENS AG: Produces a wide range of industrial and consumer products including trains, electricity generation, medical equipment and building controls	13,870	1,135,728	
Utilities			
E.ON AG: A conglomerate operating electrical utilities, chemical plants, trading and transport services	40,450	851,336	
		7,316,894	6.0
HONG KONG			
Insurance			
AIA Group LTD: Pan-Asian life insurance group	153,000	509,926	
Real Estate			
CHEUNG KONG HLDGS LTD: A property development company, with interests in telecommunications, shipping related services, trading, energy, finance and miscellaneous investments through its affiliate Hutchison Whampoa	78,000	928,996	
		1,438,922	1.2

	Shares Held	AUD Value	% of Total
IRELAND			
Building and Construction			
CRH PLC: Core businesses involve primary materials production, value added building products and specialist building materials distribution	65,256	1,220,727	
		1,220,727	1.0
ITALY			
Banks			
UNICREDIT GROUP: Provides consumer and corporate banking and wealth management services	374,657	1,382,241	
Energy			
ENI SPA: An integrated oil and gas company with operations in a number of countries	58,750	1,220,488	
		2,602,729	2.1
JAPAN			
Automobile Manufacturers			
TOYOTA MOTOR CORP: Manufactures, sells, leases and repairs passenger cars, trucks, buses and their related parts. The Company also operates financing services through their subsidiaries	33,500	1,306,598	
NISSAN MOTOR CO LTD: Multinational automaker	139,500	1,275,799	
Diversified Financials			
NOMURA HOLDINGS INC: A securities company, which is active in a wide range of financial services including research, dealing, brokerage, underwriting and distribution of securities	136,400	490,307	
Software			
TREND MICRO INC ORD: Develops, delivers and supports internet security solutions	16,900	483,307	
Industrials			
ITOCHU CORP: General trading concern comprising textile, materials, machinery, aerospace, energy, chemical, food and finance divisions	139,300	1,417,037	
		4,973,048	4.1
NETHERLANDS			
Consumer Durables			
KONINKLIJKE PHILIPS ELECTRONICS NV: A producer of lighting and consumer electronics as well as medical devices, and industrial electronics	46,440	895,189	

	Shares Held	AUD Value	% of Total
Diversified Financials			
ING GROEP NV: A life and general insurance group that offers a range of financial services to individuals, companies and institutions throughout the world	206,325	1,345,137	
Media			
REED ELSEVIER NV: An international publishing and information provider	148,595	1,657,903	
Oil and Gas			
SBM OFFSHORE NV: Engineers, supplies and installs most types of offshore terminals and related equipment. Also owns and operates a fleet of floating production storage and offloading units	54,989	741,033	
		4,639,262	3.8
NORWAY			
Telecommunication Services			
TELENOR ASA: A telecom operator with mobile telecommunication operations in various countries	145,820	2,366,773	
Petrochemicals			
STATOILYHYDRO ASA: Oil and gas field operator, also involved in refining of petroleum products and an operator of fueling stations	31,690	735,386	
		3,102,159	2.6
RUSSIA			
Energy			
GAZPROM: Natural gas extractor	90,420	831,382	
		831,382	0.7
SINGAPORE			
Consumer Durables			
FLEXTRONICS INTERNATIONAL: Contract electronics manufacturer	190,350	1,151,329	
Investment Banking & Brokerage			
DBS GROUP HOLDINGS LTD: Provider of financial services including banking and finance, mortgage financing, corporate advisory services, stockbroking, and trustee services	38,000	405,889	
Telecommunication Services			
SINGAPORE TELECOMMUNICATIONS LIMITED: Operates and provides telecommunications services in a number of countries	971,000	2,467,630	
		4,024,848	3.3

	Shares Held	AUD Value	% of Total
SOUTH KOREA			
Banks			
KB FINANCIAL GROUP: Involved in the provision of commercial and personal banking services, which include remittances, deposits, foreign investments, corporate financing, financial advisory and mid-long term funding	29,778	935,920	
Diversified Metals & Mining			
POSCO SPONSORED ADR: A multinational steelmaker	8,350	655,260	
Technology Hardware & Equipment			
SAMSUNG ELECTRONICS CO LTD: DRAM and NAND memory manufacturer, also involved in the manufacture of consumer electronics, displays and telecommunications equipment	2,298	2,350,768	
		3,941,948	3.3
SPAIN			
Telecommunication Services			
TELEFONICA SA: Telephone company with primary markets in Spain, Latin America and Europe	103,801	1,332,644	
		1,332,644	1.1
SWITZERLAND			
Financials			
CREDIT SUISSE GROUP: A financial services group providing investment banking, private banking and asset management services	60,780	1,081,274	
Food Beverage & Tobacco			
NESTLE SA: The Group's principal activity is the manufacture of beverages; prepared dishes and cooking aids; milk products, nutrition and ice cream; pet care products; chocolate and confectionery; and pharmaceutical products	11,530	672,042	
Healthcare			
ROCHE HOLDINGS: Global healthcare company	12,740	2,148,261	
Insurance			
SWISS REINSURANCE CO: Offers property/casualty, life and health insurance-based management sevices worldwide	25,433	1,561,039	
		5,462,616	4.5

	Shares Held	AUD Value	% of Total
TAIWAN			
Technology Hardware & Equipment			
COMPAL ELECTRONICS: Manufactures and sells computer equipment, mobile telephones and various electronic parts	433,803	387,304	
		387,304	0.3
TURKEY			
Telecommunication Services			
TURKCELL: Offers mobile communication services in Turkey and other countries	91,100	1,115,365	
		1,115,365	0.9
UNITED KINGDOM			
Banking			
HSBC HOLDINGS PLC: Provides a range of financial services including: personal financial services, commercial banking, investment banking and private banking services	170,395	1,469,041	
LLOYDS BANKING GROUP: Provides a range of banking and financial services to personal and corporate customers. Its main business activities are retail, commercial, and corporate banking, general insurance, and life, pensions and investment provision	2,618,180	1,246,107	
Capital Goods			
BAE SYSTEMS PLC: Global defence contractor	214,761	948,533	
Consumer Discretionary			
KINGFISHER PLC: European home improvement retailer	202,607	891,133	
Consumer Staples			
TESCO PLC: Global grocery and general merchandising	312,947	1,484,544	
Financials			
AVIVA PLC: Insurance group which provides life and general insurance	142,769	595,614	
Pharmaceuticals & Biotechnology			
GLAXOSMITHKLINE PLC: Created from the December 2000 merger between GlaxoWellcome and SmithKline Beecham	106,417	2,356,569	

	Shares Held	AUD Value	% of Total
Energy			
BP PLC: Global oil and petrochemicals company with operations in many countries	263,142	1,698,835	
ROYAL DUTCH SHELL: Global energy and petrochemical group	54,943	1,870,755	
Telecommunication Services			
VODAFONE GROUP PLC: Global mobile telecommunications services group	1,010,320	2,771,047	
		15,332,178	12.6
UNITED STATES OF AMERICA			
Apparel Retail			
ABERCROMBIE & FITCH: Retailer focussed on casual wear, through its eponymous stores, plus Hollister and Gilly Hicks	19,210	639,802	
GAP INC: Global specialty apparel retailer	12,490	333,375	
Banking			
BANK OF NEW YORK MELLON: Global financial services company	88,690	1,899,171	
CITIGROUP INC: Financial conglomerate with operations in consumer, corporate and investment banking and insurance	47,560	1,271,762	
Construction and Farm Machinery			
NAVISTAR INTERNATIONAL CORP: Manufacturer and marketer of medium and heavy trucks and mid-range diesel engines	44,960	1,244,344	
Consurmer Discretionary			
HOME DEPOT INC: Home improvement specialty retailer	15,410	796,621	
Electronics			
CISCO SYSTEMS INC: Supplier of networking equipment and network management for the internet	123,050	2,061,137	
GENERAL ELECTRIC COMPANY: Multinational conglomerate	102,730	2,088,574	
TE CONNECTIVITY LTD: Formerly known as Tyco Electronics Ltd the Company is a provider of engineered electronic components, network solutions, undersea telecommunications systems and specialty products	20,970	652,800	
Energy			
CHESAPEAKE ENERGY: Natural gas producer	43,890	796,404	
CHEVRON CORP: Engages in oil and gas exploration, refining and marketing of oil, lubricants and fuels	14,670	1,509,863	
HALLIBURTON CO: Oilfield service company	17,490	496,870	

	Shares Held	AUD Value	% of Total
Financials			
AMERICAN EXPRESS CO: Diversified global financial services company	44,710	2,538,968	
J P MORGAN CHASE & CO: Global financial services firm providing retail/commercial and investment banking services, plus asset management, credit cards and private banking	20,250	705,851	
MORGAN STANLEY CO: A global financial services firm that provides products and services to a diversified group of clients and customers, including corporations, governments, financial institutions and individuals	99,635	1,418,150	
Healthcare			
AMGEN INC: Discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology	37,440	2,667,790	
CVS CAREMARK CORP: Retail pharmacy and health care corporation	38,930	1,774,742	
GILEAD SCIENCES INC: Biopharmaceutical company that discovers, develops, manufactures and commercialises therapies for viral diseases, infectious diseases and cancer	26,480	1,324,710	
MEDTRONIC INC: Medical devices technology company	50,110	1,893,332	
MERCK & CO: Global research pharmaceutical company that discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health	52,500	2,138,310	
PFIZER INC: A research-based, global pharmaceutical company that discovers, develops, makes and markets prescription medicines for humans and animals	119,928	2,690,936	
Information Technology			
DELL INC: A multinational information technology corporation	95,890	1,171,204	
Media			
NEWSCORP: Diversified media and entertainment company operating in the areas of filmed entertainment, television, cable network programming, satellite television, magazines and newspapers	60,330	1,325,430	
TIME WARNER CABLE: Media and entertainment conglomerate	22,513	1,803,149	
Oil & Gas Drilling			
BAKER HUGHES INC: Oilfield services company	31,960	1,281,456	
NOBLE CORP ORD: Offshore drilling contractor for the oil and gas industry	37,430	1,187,842	

	Shares Held	AUD Value	% of Total
Software & Services			
MICROSOFT CORP: Computer software provider. Core offerings include Windows, Office, Windows Server. Newer products include Xbox and Windows Mobile	100,430	2,997,077	
ORACLE CORP: Supplier of software and hardware for information technology management	32,760	949,195	
ACCENTURE: Global management consulting, technology services and outsourcing company	13,320	780,839	
SAIC INC: IT services provider to the US, State and local governments	60,390	714,040	
SYMANTEC CORP: Provider of security software	69,480	990,296	
Telecommunication Services			
SPRINT NEXTEL CORP: A national wireless provider. The group also offers fixed line calling services	160,870	511,622	
		44,655,662	36.8
Total of investments		**121,404,110**	**100.0**

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DIRECTORY

DIRECTORS
D A Walsh (Chairman)
J Dawson
J Johnson
M E Bartlett
J A Killen
G E McGowan

SECRETARY
M F Warwick

REGISTERED OFFICE
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INVESTMENT MANAGER
Franklin Templeton Investments Australia Limited
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Telephone (03) 9603 1200
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AUDITOR
PricewaterhouseCoopers

SOLICITOR
King & Wood Mallesons

SHARE REGISTRAR
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