

12 July 2005

ASX Continuous Disclosure Officer

ASX Release

The board of Treasury Group Limited are pleased to announce the establishment of a new funds management business in partnership with Mr Peter Satori. The new boutique called Treasury Asia Asset Management (TAAM) will focus on Asian equities and will be owned 60% by staff and 40% by Treasury Group.

Peter Sartori was previously Credit Suisse Asset Management's Asian equities specialist and will head the new team. Peter has successfully managed Asian funds for well over 10 years, located in Hong Kong, Singapore as well as Australia. Two analysts have been employed to support Peter. The team will be based in Sydney, Australia, and the full back office infrastructure will be provided by Treasury Group. In addition Dr Marc Faber, who has worked for 30 years as an Asian specialist, fund manager, author and writer of the GloomBoomDoom report, is contracted to TAAM to act as an advisor.

For Treasury Group this new initiative means a continued expansion into international equities that will include sourcing clients from outside Australia. The Asian region has the fastest growing economies and is well placed to continue its impressive growth fuelled by its economic prospects and the increasing quality of individual companies.

TAAM will run focussed portfolios with a mid to large cap bias. Portfolio construction will primarily be driven by bottom-up stock selection. TAAM's aim is to identify stocks that offer sustainability of returns or are undergoing some form of positive fundamental change that is yet to be recognized by the market. Technology will be used extensively to screen for ideas.

Treasury Group's strategy is to be placed in a competitive position in international funds management whilst maintaining and building on its position in the Australian funds management arena. Treasury Group will have an initial stake in the new business of 47% which will be diluted to an effective 40% after shares have been allocated to key staff members of the new boutique. In addition Treasury Group has issued Peter Satori 200,000 options to subscribe for shares in Treasury Group. The options will be issued for no cash consideration and have an exercise price of \$12.74 per share. Full details of the options issuance are included in the appendix 3B to be lodged separately.

No shareholder approval is required or will be sought in relation to any aspect of this proposed transaction.

For further information please contact the undersigned on (02) 8243 0400.

David Cooper
Chief Executive Officer