

GENERATION DEVELOPMENT GROUP LIMITED

(ABN 90 087 334 370)

Appendix 4E

Final Report For The Full Year Ended 30 June 2018 (Previous corresponding period: Full Year Ended 30 June 2017)

*This Final Report is provided to the
Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.*

Results for Announcement to the Market

1.0 Revenue and Net Profit/(Loss)

	Percentage Change			Amount \$'000
Revenues from ordinary activities	Up	19.0%	To	10,001
Profit / (loss) from ordinary activities after income tax attributable to members	Up	94%	To	388
Net profit / (loss) attributable to members	Up	94%	To	388

2.0 Dividends (Distributions)

	Amount per security	Franked amount per security
Current period		
Interim 2018 dividend	1 cent	100%
Final 2018 dividend	1 cent	12.5105%
Ex-dividend date 25 September 2018		
Record date 26 September 2018		
Deadline to elect to participate in the DRP 27 September 2018		
Payment date 11 October 2018		
Previous corresponding period		
Interim 2017 dividend	1 cent	100%
Final 2017 dividend	1 cent	100%

Brief explanation of revenue, net profit/(loss) and dividends (distributions) to enable the above figures to be understood

A review of operations for the Group is set out on pages 4 to 10 inclusive of the attached Annual Report 2018, commencing with the Chairman's Report.

3.0 Financial Statements

Refer to the accompanying financial statements and notes thereto which are in the process of being audited:

- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Financial Position;
- Statement of Cash Flows;
- Statement of Changes in Equity; and

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- Notes to the financial statements

4.0 Movements in Retained Earnings

Refer to the attached financial statements and notes thereto for the Statement of Changes in Equity, which shows the movements in retained earnings for the year.

5.0 Net Tangible Assets per Security

	Current period	Previous corresponding period
Net tangible assets backing per security	12.4 cents	10.1 cents

6.0 Entities over which control has been gained or lost

Name	Date of gain or loss of control	Contribution to profit/(loss) during current period \$'000	Contribution to profit/(loss) during corresponding period \$'000
Nil			

7.0 Dividend payments

	Date paid / payable	Amount per security	Total dividend \$'000
Current period			
Final 2017 year dividend fully franked	11 October 2017	1 cent	1,233
Interim 2018 year dividend fully franked	05 April 2018	1 cent	1,245
Previous corresponding period			
Final 2016 year dividend fully franked	29 September 2016	1 cent	1,032
Interim 2017 year dividend fully franked	28 April 2017	1 cent	1,032

Details of dividend reinvestment plans in operation

The DRP Allocation Price will be equivalent to the daily volume weighted average market price of all GDG shares sold on the ASX, excluding any trades otherwise than in the ordinary course of trading, for the 5 trading days from 28 September 2018 to 4 October 2018.

Last date for receipt of election notice to participate in dividend reinvestment plan 27 September 2018

8.0 Review of results

Earnings per security – Continuing and discontinued operations

	Current period	Previous corresponding period
Earnings per share, basic	0.32 cents	0.19 cents
Earnings per share, diluted	0.32 cents	0.19 cents

Earnings per security – Continuing operations

	Current period	Previous corresponding period
Earnings per share, basic	0.32 cents	0.19 cents
Earnings per share, diluted	0.32 cents	0.19 cents

Returns to shareholders

Refer to items 2.0 and 7.0 for details of dividends.

Operating performance, and performance trends

Refer to items 2.0 and 3.0 for a review of operating performance.

10.0 Audit

This report is based on accounts which have been audited. Refer to the Annual Report for a copy of the audit report.

2018 Annual Report





Providing Australians with tax
effective investment solutions
for over 15 years



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Chairman's report

What we achieved this year

In last year's Chairman's report I expressed optimism for the prospects of the business, particularly given the changes in superannuation. I felt that these changes would provide opportunities for the market to reassess the great tax and other benefits of investment bonds and as a result, we would see a pick up in new business.

However I also said that others would also see this opportunity and flagged that we needed to "relaunch" our business to make sure that we continued to win market share in a market that was starting to grow again.

And this is exactly what we did.

As a result, it is with great pride that I reflect on our achievements in what in many ways has been a watershed year for us.

Throughout the year we:

- brought in a completely new management team;
- rebranded Austock Group and Austock Life to Generation Development Group and Generation Life;
- relaunched our product range, introducing new products, features, options and tiered pricing; and
- launched a new online platform, facilitating the ability to make online applications.

These initiatives were extremely well received by the market and we delivered a record sales year with \$228m in new business, up 72% on the prior year. We also moved to number 1 in market share for new business with the last market share report showing Generation Life at 27% in March 2018 quarter of overall flows. Based on trends, we believe that the June market share report will show us moving up from the 5th largest player in the Investment Bond market to number 3 with \$887m in funds under management, up from \$720m where we finished last year.

So what do we expect for the next financial year?

This impressive sales performance has resulted in underlying profit after tax increasing by over 82% over the year to \$1.518m. As flagged last year, we have reached a funds under management point in which we are really starting to benefit from economies of scale.

Having developed such great traction in investment bond sales, we will continue to focus on growing our market share in this segment by servicing existing financial advisers and building awareness of our offering through new financial advisers. We increased active adviser numbers over the last year by 70% and we expect a continuation of that trend as the market becomes better informed of the many benefits of investment bonds.

We will also continue product development in the bond space to provide more tailored and innovative solutions targeted at the High Net Worth market.

This should all result in another strong year of sales growth.

As flagged last year, we will continue to explore opportunities to develop products in the retirement income space. With over \$60 billion per annum leaving superannuation accumulation phase to retirement, not only is this sector attractive to participate in, but it will be rapidly growing given the aging population. We have done a lot of research and development in this area in 2018 and are well placed to launch products into this space over the next 12-18 months.

We will also look to opportunities to acquire businesses that are either complementary or strategically aligned with either our bond business or our move into retirement income products.

In closing I would like to thank the whole team at Generation Development Group and Generation Life for rolling their sleeves up and helping us achieve so much in the past year. We effectively brought forward a number of years work into this year and could not have achieved the outcomes that we have without the hard work and diligence of our employees.

I look forward to the business continuing to drive great results in the financial year 2019 for our customers and shareholders.



Robert Neil Coombe

Executive Chairman
22 August 2018



Summary of results (unaudited)

The Summary of Results excludes the statutory Benefit Funds of Generation Life Limited to reflect only the shareholders' interest.

Generation Development Group reported a statutory profit of \$388 thousand for the financial year ended 30 June 2018.

	Notes	2018 \$'000	2017 \$'000	Change %
Life and services		9 085	8 213	11
Other income		916	194	372
Total revenue		10 001	8 407	19
Personnel		(5 624)	(4 515)	(25)
Occupancy		(565)	(522)	(8)
Communication		(127)	(89)	(43)
Finance		(18)	(16)	(13)
Dealing and settlement		(2 334)	(2 263)	(3)
Marketing and promotional		(375)	(300)	(25)
Depreciation and amortisation		(208)	(133)	(56)
Administration expenses		(2 285)	(2 056)	(11)
Total expenses		(11 536)	(9 894)	(17)
Loss before income tax		(1 535)	(1 487)	(3)
Income tax benefit	1	3 053	2 319	32
Underlying profit after tax		1 518	832	82
Other items (net of applicable tax)				
Deferred tax on carry forward losses	2	1 517	(632)	340
Termination benefits		(173)	-	nm
Share based payments		(2 302)	-	nm
Rebranding expense – Generation Life		(172)	-	nm
Statutory profit after tax		388	200	94

Balance sheet summary

	2018 \$'000	2017 \$'000
Cash, cash equivalents and investments - term deposits	12 292	9 293
Income tax receivable	924	602
Trade and other receivables	612	542
Property, plant and equipment and software	1 477	404
Generation Life - goodwill	547	547
Deferred tax assets	2 558	1 093
Other assets	710	198
Total assets	19 120	12 679
Trade and other payables	(384)	(120)
Provisions and other liabilities	(1 852)	(1 398)
Total liabilities	(2 236)	(1 518)
Net assets	16 884	11 161
Comprising:		
Tangible assets	15 208	10 517
Intangible assets	1 676	644
	16 884	11 161
Weighted average number of shares used for NTA purposes	122 881 524	104 010 339
NTA per share (cents)	12.4	10.1

Notes to revenue:

- For income taxation purposes Generation Life Limited is a single taxpayer comprising policyholder Benefit Funds and a central management or shareholder fund with all the Company's assessable income, allowable deductions and other tax offsets being pooled. The net tax receivable position of the management fund gives rise to a benefit of \$3.053m (2017:\$2.319m).
- Refer also notes 1(k) and 8 of the financial statements.

New management team



“It is with great pleasure that I introduce the new management and distribution team that joined us this financial year. Each member brings with them deep and complementary experience and skills that will support our growth agenda in 2019 and beyond.”

Robert Neil Coombe
Executive Chairman

Mr Coombe's biography is on page 11.



Catherine van der Veen and Lucy Foster

Chief Executive Officer and Managing Director of Generation Life Limited

Catherine van der Veen joined Generation Life as Chief Executive Officer (CEO) in January 2018. Catherine is an experienced Executive with 15 years of financial services experience.

Catherine held a variety of roles within the Westpac and CBA Banking groups, and affiliates, including product management, project management, distribution, marketing, strategy and business management across retail banking, wealth management and investment management based in Sydney, Boston, London and Singapore. She has a demonstrated track record in leadership, product development and driving commercial and customer outcomes. Prior to joining Generation Life as CEO, Catherine was the General Manager of Strategic Projects for the Wealth Management arm of the Commonwealth Bank of Australia, in a successful job-share partnership with Lucy Foster.

Lucy Foster joined Generation Life in January 2018 as CEO. Lucy has extensive experience in strategy and execution having worked for global financial services companies, predominantly in the Wealth Management arm of the Commonwealth Bank of Australia and for various financial services organisations in the UK (Standard Life UK, KPMG FS Consulting UK).

Having spent nearly a decade at Commonwealth Bank, Lucy has a depth of knowledge and understanding across product development, distribution, operations, strategy and business transformation. Recently, Lucy has led various transformation agendas across customer/channel/product to drive significant consumer and financial upside. Lucy is recognised for her ability to engage and influence to implement sustainable change in a people-focused, commercially-aware and agile manner.



Terence Wong
Chief Financial Officer

Terence was appointed Chief Financial Officer on 19 March 2018, after being employed within the Group in its corporate finance division between 2007 and 2011. Terence previously held positions with EnergyAustralia, Credit Suisse and Deloitte where he was largely involved in merger and acquisitions deals, strategy, corporate finance, and investor relations. Over the course of his career, Terence has advised on over a dozen domestic and international transactions with an aggregate value in excess of A\$10bn. Terence brings to the Group significant strategic, commercial, and project finance experience and expertise.

Sales and distribution



Grant Hackett OAM
General Manager of Distribution

Grant joined the Group in September 2017 as General Manager of Distribution. With over 12 years of experience, Grant has held many senior positions across marketing, distribution and wealth management for Westpac and BT Financial Group.

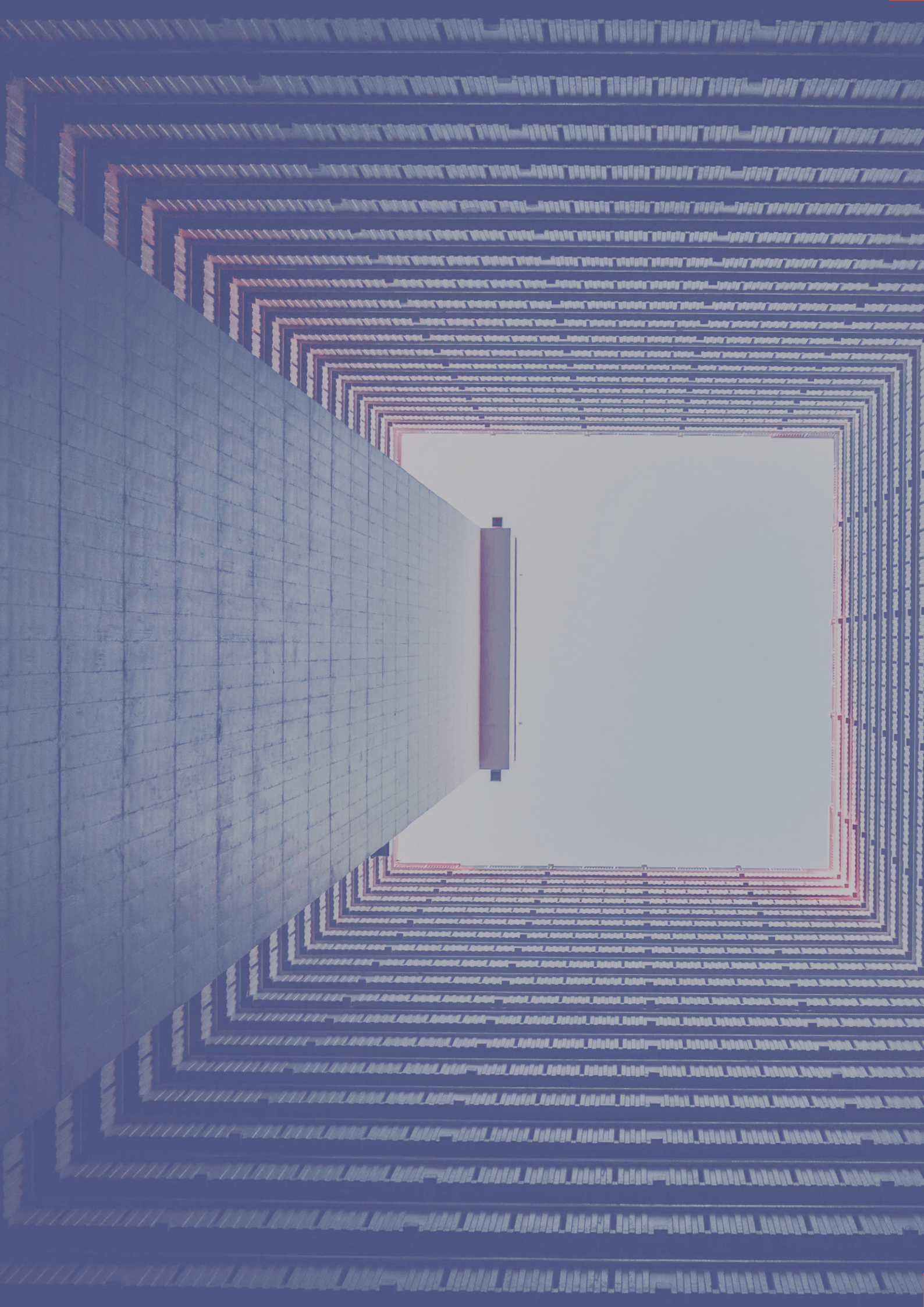
Prior to his corporate career, Grant was a multiple Olympic and world champion representing Australia in swimming and has held 16 world records.

Further to this Grant has been awarded an Order of Australia (OAM), Australian Sports Medal (ASM), Centenary Medal (CM) and has also been awarded the most prestigious award in Australian Sport, The Sir Donald Bradman Award. Grant has also been a board member for Youth Mental Health Foundation – Headspace, a member of the AOC athletes commission and executive board member of the Australian Swimmers Association.



Felipe Araujo
Head of National Key Accounts

Felipe joined the Group in October 2017 as new Head of National Key Accounts. Felipe joined the Group from Westpac Bank where he held several leadership and national strategy positions, most recently as Director of the Westpac Premium Vic team, responsible for the first acquisition focused team. He has 9 years' experience in financial services across Australia and Brazil. Previously, Felipe has held key positions at Accenture Group & Investmentos XP based in Brazil and is currently a Director of the Australia Brazil Chamber of Commerce.



Directors' report

The directors of Generation Development Group Limited (formerly known as Austock Group Limited) (the "Company") present the annual financial report for the Group, being the Company and its subsidiaries for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mr Robert Neil Coombe

LLB (Hons)

Executive Chairman

Rob was appointed Executive Chairman of Generation Development Group on 18 July 2017.

He is also Chairman of Craveable Brands, the largest Australian owned Quick Service Restaurant business. He was the CEO of Craveable Brands between 2013 and 2017.

Before joining Craveable Brands, Rob was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent six years as the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. In total, he has over 35 years corporate experience in both Australia and Asia.

In addition to Chairing Craveable Brands, Rob is the Deputy Chair of the Australian Indigenous Education Foundation ("AIEF"), Deputy Chair of Surfing Australia, Director of CIMB Group, one of the largest universal banks in the ASEAN region, and a member of the Advisory Board of 5V Capital Investors.

In 2011, Rob was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.

Mr William Eric Bessemer

MBA, B.Ec

Non-Executive Director

Bill initially joined the Group in 1995 and became chairman in 1999 until 2010.

Following a brief retirement, Bill resumed as a director on 9 February 2012 and became Chief Executive Officer on 29 May 2012, a position he held until 18 July 2017. Bill remains on the Board of the Company as a Non-Executive Director. He has over 40 years' experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries.

Mr Jonathan James Tooth

BA

Non-Executive Director

Jonathan was appointed a director on 1 May 2012.

Jonathan has over 20 years experience in providing corporate advisory services to ASX listed and unlisted small cap companies. He is a Director, Corporate of Henslow Pty Ltd providing specialist expertise in equity capital markets, strategy and planning, and mergers and acquisitions.

Prior to that Jonathan was employed for 10 years as a director of Austock Corporate Finance. Jonathan is also a Non-Executive Director of Vita Life Sciences Limited and Sensera Limited.

Mr John David Wheeler**Non-Executive Director**

John was appointed a Non-Executive Director of Generation Development Group on 7 March 2017.

He has over 40 years' experience in stockbroking, commencing his career in London before moving to Australia in 1985 with AC Goode and Co. as head of Global Trading. In 1989 John set up his own client management business trading in options and futures. John then joined the Group in 1996, becoming its CEO in 1998 until retiring in 2007. He was involved in the corporate finance area, predominantly in capital raisings and marketing on behalf of major clients. Since then, he has been active in a number of private equity transactions involving capital raisings, deal structures and sale of businesses.

Mr Ross James Higgins

LL.M LL.B B Ec.

Executive Director and Managing Director of Generation Life

Ross was appointed a director of the Company on 24 March 2016 and resigned on 22 November 2017. He ceased as Managing Director of Generation Life Limited on 8 January 2018 and remained a Non-Executive Director of Generation Life Limited until 27 June 2018.

Ross founded Generation Life in 2002 and was instrumental in establishing the life office's business, systems and its marketing and distribution capabilities. He also originated the Imputation Bond and ChildBuilder products. Ross has over 30 years financial services experience at senior executive levels, including 12 years with IOOF.

He has specialist experience with product development, distribution, marketing, taxation and the regulation of life insurance, superannuation and managed funds. His career also includes over 10 years as a financial services lawyer and he has considerable ongoing involvement in legislative reviews and government lobbying relevant to financial services.

Mr (James) Eric Barr

CA

Independent Non-Executive Director

Eric was appointed a director and Chairman on 7 March 2017. He resigned as Chairman on 18 July 2017 and as a director on 22 November 2017.

He is a Chartered Accountant who retired from PricewaterhouseCoopers in 2000 after 20 years service as a partner providing multi-disciplinary services (including tax services) to numerous clients. He is experienced in providing tax-expert forensic reports to the Commonwealth and to defendants in major tax litigation and other matters. He has been a director of public and private companies in the United States and Australia and was lead director of listed Reading Entertainment Inc in Los Angeles for 10 years. Eric is currently Deputy Chairman of Beacon Lighting Group Limited. He has been a director of Generation Life Limited since March 2015 and is Chairman of its Risk and Compliance Committee, Audit Committee and Remuneration Committee.

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the last three years immediately before the end of the financial year are as follows:

Director	Company	Period from	Period to
J J Tooth	Vita Life Sciences Limited	26 Jul 2012	Current
	Sensera Limited	6 July 2016	Current
J E Barr	Beacon Lighting Group Limited	2014	Current
R N Coombe	CIMB Group Holdings Berhad (Listed on Bursa Malaysia)	2014	Current

Directors' Shareholdings

The following table sets out the number of each director's relevant interest in shares and options over shares or interest in contracts relating to shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares	Indirect interest in shares
R N Coombe	4 800 000	2 800 000
W E Bessemer	-	12 421 099
J J Tooth	8 857	8 749 580
J D Wheeler	7 010 000	3 000 000

Remuneration of Directors and Senior Management

Information about the remuneration of directors and key management personnel is set out in the remuneration report from page 17.

Company Secretary

Ms Amanda Gawne

LLB, BCom, Grad Dip CSP, FGIA, FCIS

Amanda was appointed Company Secretary on 27 February 2018. Amanda has extensive company secretarial experience gained in a range of organizations.

Chief Financial Officer and Company Secretary

Mr Enzo Silverii

CPA, F Fin, ANZIIIF (Fellow)

Enzo was appointed Chief Financial Officer and Company Secretary on 22 September 2012, and resigned on 22 February 2018.

Chief Financial Officer

Mr Terence Wong

CA, BCom (Hons), LLB (Hons), Grad Dip FINSIA

Terence was appointed Chief Financial Officer of the Group on 19 March 2018. Refer to page 9 for his biography.

Principal activities

The Group's principal activity in the course of the financial year was as a pooled development fund.

Review of operations

The consolidated net profit attributable to members is \$388 thousand (2017: profit \$200 thousand). A review of operations for the Group is set out on pages 4 to 7 of this annual report, commencing with the Chairman's Report. For key risks affecting the Group, refer to notes 3, 12 and 22 of the financial statements.

Change in the state of affairs

During the current financial year, the Group transitioned into a fully integrated national business, including the important step of rebranding Austock Group and Austock Life to Generation Development Group and Generation Life. Our financial performance in the second half of the financial year has improved considerably with a clearer focus on costs and the efficiency of integration in our business.

Key strategies of the Group's rebranding (Project Clearwater) included:

- Renaming and launching the new brand of Generation Life;
- Developing and launching of a series of Product enhancements;
- Recruiting experienced professionals into the management team with broad industry experience including new CEO's, sales, marketing and product roles;
- Modernising and refreshing the website with improved navigation and content;
- Developing the adviser and customer portals with enhanced self-service functionality;
- Delivering an online application form; and
- Industrialising the operations function in readiness for business growth.

Subsequent events

Other than those disclosed in note 24 to the financial statements, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group.

Future developments

The Group's future developments will be underpinned by seeking continued growth in Funds Under Management while expanding the Group's product suite.

Environmental regulation and performance

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

Dividends

The company paid a fully franked final 2017 dividend of \$0.01 per ordinary share on 11 October 2017 and a fully franked 2018 interim dividend of \$0.01 per ordinary share on 5 April 2018. A dividend reinvestment plan (DRP) was in operation for these dividends.

On 22 August 2018, the company declared a final 2018 dividend of \$0.01 per ordinary share to be paid on 11 October 2018. The company's DRP will continue to operate for this dividend.

Indemnification and Insurance of Officers and Auditors

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify directors, officers, employees or auditor of the Company or of any related body corporate against a liability incurred.

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors Messrs. Coombe, Bessemer, Tooth and Wheeler. The purpose of the Deed is to:

- confirm the indemnity provided by the Company in favour of directors under the Company's Constitution;
- include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and
- confirm the right of access to certain documents under the Corporations Act 2001.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were eight Board meetings held.

Director	Eligible to attend	Attended
R N Coombe	8	8
J E Barr (a)	4	4
W E Bessemer	8	8
R J Higgins (a)	4	4
J J Tooth	8	8
J D Wheeler	8	8

(a) Mr Barr and Mr Higgins were Directors during the financial year until 22 November 2017.

Corporate Governance Statement

The Company's Corporate Governance Statement together with the Appendix 4G, can be viewed at <https://www.gendevdevelopmentgroup.com.au/corporate-governance> and has been lodged with the ASX.

Audit Committee

The Audit Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

Non-audit services

The Group's external auditor is KPMG who are engaged to provide audit and audit related services in relation to the Group's financial statements and regulatory reporting obligations.

It is often in the interests of the Group to engage the services of its external auditor to assist in a range of related projects. The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts of interests in relation to the provision of non-audit related services by its external auditor.

During the financial year ended 30 June 2018, the Group engaged its external auditors to provide professional services in relation to general market and regulatory insights for \$14,809. The Company has considered these services and is satisfied that the provision of these services by the auditors is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001.

Auditor's independence declaration

The auditor's independence declaration is included on page 27 of the financial report and forms part of the Directors' Report for the year ended 30 June 2018.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that Class Order amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration report



This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Generation Development Group Limited's directors and other key management personnel for the financial year ended 30 June 2018.

At the Company's last Annual General Meeting in October 2017, more than 75% of votes cast on the resolution to adopt the Remuneration Report were in favour of its adoption.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and other executives for the Group, and include the most highly remunerated Group executives.

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

- A. Key Management Personnel Details**
- B. Remuneration Policies**
- C. Equity Holdings of Key Management Personnel**
- D. Remuneration of Key Management Personnel**
- E. Key Terms of Employment Contracts**

A. Key Management Personnel Details

The following persons acted as directors of the Company during and since the end of the financial year:

- Mr Robert Neil Coombe, Executive Chairman (appointed 18 July 2017).
- Mr William Eric Bessemer, Chief Executive Officer and Non-Executive Director (resigned as Chief Executive Officer 18 July 2017).
- Mr Jonathan James Tooth, Non-Executive Director.
- Mr John David Wheeler, Non-Executive Director.
- Mr James Eric Barr, Chairman and Non-Executive Director (appointed 7 March 2017, resigned as Chairman 18 July 2017, resigned as Non-Executive Director 22 November 2017).
- Mr Ross James Higgins, Executive Director and Managing Director, Generation Life Limited (resigned as Executive Director of the Company on 22 November 2017, appointed Non-Executive Director of Generation Life Limited on 22 November 2017 and resigned as Non-Executive Director of Generation Life Limited on 27 June 2018).

The following persons represent the senior management of the Group during or since the end of the year:

- Mr Robert Neil Coombe, Executive Chairman.
- Mr William Eric Bessemer, Chief Executive Officer and Executive Director.
- Ms Catherine Louise van der Veen, Director, Generation Life Limited (appointed 27 June 2018) and Joint Chief Executive Officer, Generation Life Limited (appointed 8 January 2018).
- Ms Lucy Ann Foster, Director, Generation Life Limited (appointed 27 June 2018) and Joint Chief Executive Officer, Generation Life Limited (appointed 8 January 2018).
- Mr Ross James Higgins, Managing Director, Generation Life Limited.
- Mr Terence Wong, Chief Financial Officer (appointed 19 March 2018).
- Mr Enzo Silverii, Chief Financial Officer and Company Secretary (resigned 22 February 2018).

B. Remuneration Policies

The performance of the Group is highly dependent upon the quality of its directors and executives.

The Board accepts responsibility for determining and reviewing compensation arrangements for the directors and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors, CEOs and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

As part of assessing these remuneration arrangements, the Board has in place agreed key performance indicators (KPIs), both financial and non-financial, for each member of the executive team that is duly considered during the performance evaluation process. The KPIs may differ amongst team members based on their area of expertise and the degree to which they have direct control over the outcomes. All KPIs are strategically aligned to advance the Group's business and are tailored to individual executive team members to ensure they each remain motivated and are rewarded within a performance based environment.

In FY18 the Group engaged remuneration consultants Godfrey Remuneration Group to assist the Board review the amount and composition of senior management remuneration. No recommendation was made in relation to any of the senior management personnel for the Group.

Remuneration structure

In line with good corporate governance principles, non-executive directors do not receive performance based pay.

i. Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Details of the directors who have forfeited their director fees are reflected in page 24 of the Remuneration Report. Non-executive director fees are reviewed annually by the Board. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

The Constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in a general meeting. The maximum amount for non-executive directors is \$500,000 per annum.

**B. Remuneration Policies
(continued)****ii. Senior management and executive director remuneration**

Group Executives are subject to the Group's executive remuneration program which comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including both short term incentives (STI) and long term incentives (LTI).

In addition to this program, as Joint CEOs and Managing Directors of Generation Life Limited, Ms Lucy Foster and Ms Catherine van der Veen are subject to that company's remuneration policy which is overseen by its Remuneration Committee.

Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation. Compensation levels are reviewed annually through a process that considers individual performance and that of the overall Group.

Variable remuneration***Short term incentive (STI)***

A STI is available to executives who achieve both financial and non-financial targets as determined by the Board of Directors. The Board of the employing company is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements. The quantum of available STI arrangements is determined with reference to prevailing market conditions for comparable executives. STIs are payable in cash in the next financial year.

Long term incentive (LTI)

The Group initiated an LTI plan effective 13 October 2017 to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI entitlements are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long term performance hurdles. The key elements of the Group's LTI plan are as follows:

- Eligible participants are granted rights over the Group's ordinary shares. Each right may be exercised if the performance conditions attached to that award are satisfied;
- For the rights granted to each executive, two tranches are awarded. 25% of the rights are subject to performance hurdles measured using a market-based performance targets (relative Total Shareholder Return ('TSR') against the ASX Small Industrials benchmark index), while 75% of the rights are subject to compound annual growth in funds under management targets ('FUM CAGR'), which is a non-market internal performance condition;
- The applicable measurement period is three years. The number of rights actually vesting will only be known at the end of the measurement period;
- The Company has sole discretion to award the vested tranches of LTI as shares or cash;

B. Remuneration Policies (continued)

- Service conditions apply only to the extent that departure in the year of grant will see the number of granted rights retained for possible vesting pro-rated, based on days of service in that financial year. Full participation is retained if termination occurs after 12 months; and
- There is no cost to exercise the rights. Details of the key valuation assumptions are disclosed in note 6 of the financial statements.

The rights granted to senior management in the year to 30 June 2018 (2017: nil) are as follows:

	Number of Rights Granted in year to 30 June 2018	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Lucy Foster	19 171	TSR	27 June 2018	30 June 2020	\$0.67
	57 514	FUM CAGR	27 June 2018	30 June 2020	\$0.33
Catherine van der Veen	19 171	TSR	27 June 2018	30 June 2020	\$0.67
	57 514	FUM CAGR	27 June 2018	30 June 2020	\$0.33

The performance measurement period for these rights is 1 July 2017 to 30 June 2020. At 30 June 2018, no rights had vested, been exercised, or forfeited by either senior executive. The table below shows the performance measures for the two tranches of the LTI.

	TSR		FUM	
	Company's TSR Compared to the Small Industrials Total Return Index	Vesting % of Tranche	CAGR in Funds Under Management During the Measurement Period	Vesting % of Tranche
Stretch	≥200% of Index	100%	≥45%	100%
Between Target and Stretch	>150% & < 200% of Index	Pro-rata	>25% & <45%	Pro-rata
Target	150% of Index	50%	25%	50%
Between Threshold and Target	>100% & < 150% of Index	Pro-rata	>15% & <25%	Pro-rata
Threshold	=100% of Index	25%	15%	25%
Below Threshold	<100% of Index	0%	<15%	0%

Other historic LTI awards

The LTI award that was granted in May 2015 in favour of Mr Ross Higgins was terminated following his resignation dated 8 January 2018. Mr Higgins was entitled to the entire number of shares held in escrow. There was no impact on the Group's financial statements in the current or prior year in relation to this award, with the value of the award being fully recognised in the financial statements for the year ended 30 June 2015.

Other Share-Based Payments

Pursuant to a subscription agreement dated 1 May 2017 between Mr Robert Coombe and Generation Development Group Limited, 10,000,000 ordinary shares at 40 cents per share were issued by the Company to Mr Coombe and his nominees on 17 August 2017. Of the 10,000,000 ordinary shares, 7,600,000 were taken up by Mr Coombe and the balance of 2,400,000 taken up by the nominees. This was approved by a meeting of shareholders on 18 July 2017, with Mr Coombe also being elected as Executive Chairman of the Group.

There are no performance conditions attached to these shares for Mr Coombe given this was a subscription agreement entered into prior to Mr Coombe becoming Executive Chairman of the Group, however the difference between the subscription price and the fair value of the shares at the grant date of 18 July 2017 has been accounted for as a share based payment.

Consequences of performance on shareholder wealth:

In considering the Generation Development Group's performance and benefits for shareholders wealth, the Board have regard to the following indices in respect of the current financial year and the previous five financial years.

	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18
FUM (\$m)	374	481	587	636	720	887
Share price at start of year (\$ per share)	0.11	0.17	0.23	0.43	0.46	0.66
Share price at end of year (\$ per share)	0.17	0.23	0.43	0.46	0.66	1.16
Change in share price (\$ per share)	0.06	0.06	0.20	0.03	0.20	0.49
Dividends paid (\$'000s)	992	1 982	1 983	2 064	2 064	2 477
Profit attributable to owners of the Company (\$'000s)	5 196	(434)	(731)	2 138	200	388
Basic EPS (cents per share)	4.75	(0.44)	(0.73)	2.07	0.19	0.32
Diluted EPS (cents per share)	4.75	(0.44)	(0.73)	2.07	0.19	0.32

C. Equity Holdings of Key Management Personnel

Details of shareholdings of Directors and other Key Management Personnel (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below.

2018

Directors/ Executives	Class	Balance 1 July 2017	Shares Acquired	Shares Disposed	Balance 30 June 2018
R N Coombe	Ordinary	-	7 600 000	-	7 600 000
J E Barr	Ordinary	445 409	-	-	445 409
W E Bessemer	Ordinary	14 510 220	-	2 089 121	12 421 099
J J Tooth	Ordinary	8 587 244	171 193	-	8 758 437
R J Higgins	Ordinary	4 047 156	-	1 000 000	3 047 156
J D Wheeler	Ordinary	12 000 000	10 000	2 000 000	10 010 000
C van der Veen	Ordinary	-	23 644	-	23 644
L Foster	Ordinary	-	-	-	-
T Wong	Ordinary	-	-	-	-

2017

Directors/ Executives	Class	Balance 1 July 2016	Shares Acquired	Shares Disposed	Balance 30 June 2017
J E Barr	Ordinary	445 409	-	-	445 409
W E Bessemer	Ordinary	14 510 220	-	-	14 510 220
J J Tooth	Ordinary	8 587 244	-	-	8 587 244
R J Higgins	Ordinary	4 147 851	-	100 695	4 047 156
J D Wheeler	Ordinary	10 000 000	2 000 000	-	12 000 000
F G A Beaumont*	Ordinary	273 180	-	-	273 180

*resigned on 7 March 2017

D. Remuneration of Key Management Personnel

Remuneration shown below relates to the period in which the director or executive was a member of key management personnel.

2018

	Salary And fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long term incentives	Other share issue	Termination benefits	Total	Performance based proportion
Director										
R N Coombe ¹	-	-	-	-	-	-	2 302 378	-	2 302 378	-
J E Barr ²	47 808	-	-	-	4 542	-	-	-	52 350	-
W E Bessemer ³	-	-	-	-	-	-	-	-	-	-
J J Tooth ³	9 872	-	-	-	938	-	-	-	10 810	-
R J Higgins ⁴	351 646	25 000	-	-	16 707	-	-	243 717	637 070	3.9%
J D Wheeler ⁵	-	-	-	-	-	-	-	-	-	-
Sub total	409 326	25 000	-	-	22 187	-	2 302 378	243 717	3 002 608	0.8%
Other Senior Executive										
L Foster ⁶	92 308	18 721	6 750	128	10 548	31 613	-	-	160 068	31.4%
C van der Veen ⁶	94 769	18 721	8 383	127	10 782	31 613	-	-	164 395	30.6%
E Silveri ⁷	113 889	-	-	-	10 820	-	-	-	124 709	-
T Wong ⁸	63 461	-	3 668	65	6 029	-	-	-	73 223	-
Sub total	364 427	37 442	18 801	320	38 179	63 226	-	-	522 395	19.3%
Total	773 753	62 442	18 801	320	60 366	63 226	2 302 378	243 717	3 525 003	3.6%

1. Appointed Executive Chairman on 18 July 2017 and elected to forfeit the chairman fee.
2. Resigned as Chairman 18 July 2017, director fees ceased effective 22 November 2017.
3. WE Bessemer and JJ Tooth forfeited their director fees effective 1 March 2017.
4. RJ Higgins resigned as Executive Director on 18 July 2017 and as Managing Director of Generation Life Limited on 8 January 2018.
5. Appointed Director on 7 March 2017 and forfeited his director fees.
6. Appointed as Joint Chief Executive Officer of Generation Life 8 January 2018 and Director of Generation Life 27 June 2018.
7. Resigned as Chief Financial Officer and Company Secretary effective 22 February 2018.
8. Appointed Chief Financial Officer on 19 March 2018.

2017

	Salary And fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long term incentives	Other share issue	Termination benefits	Total	Performance based proportion
Director										
J E Barr ¹	48 530	-	-	-	4 610	-	-	-	53 140	-
W E Bessemer ²	17 167	-	-	-	1 631	-	-	-	18 798	-
J J Tooth ²	25 500	-	-	-	2 422	-	-	-	27 922	-
R J Higgins	543 410	-	72 877	155 305	19 616	-	-	-	791 208	-
F G A Beaumont ³	93 255	-	-	-	8 859	-	-	75 000	177 114	-
J D Wheeler ⁴	-	-	-	-	-	-	-	-	-	-
Sub total	727 862	-	72 877	155 305	37 138	-	-	75 000	1 068 182	-
Other Senior Executive										
E Silverii	168 000	4 566	8 255	11 834	16 394	-	-	-	209 049	2.2%
Sub total	168 000	4 566	8 255	11 834	16 394	-	-	-	209 049	2.2%
Total	895 862	4 566	81 132	167 139	53 532	-	-	75 000	1 277 231	0.4%

1. Appointed Chairman 7 March 2017.

2. Forfeited director fees effective 1 March 2017.

3. Resigned 7 March 2017.

4. Appointed Director 7 March 2017 and forfeited director fees.

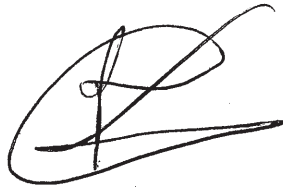
E. Key Terms of Employment Contracts

The Group has entered into service contracts with each senior executive, excluding the non-executive directors, that are capable of termination with a notice period of between 1 to 3 months. The Group retains the right to terminate a contract immediately by making payment equal to the relevant 1 to 3 month period pay in lieu of notice. The key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified from year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a small loop at the end.

Robert Neil Coombe

Executive Chairman
22 August 2018

Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Generation Development Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Generation Development Group Limited for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Rachel Mil

Rachel Milum

Partner

Melbourne

22 August 2018



Independent Auditor's Report

To the shareholders of Generation Development Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Generation Development Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Group** consists of the Company and the entities it controlled at the year end and from time to time during the financial year.

The **Financial Report** comprises the:

- consolidated statement of financial position as at 30 June 2018
- consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- notes 1 to 24 including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Recoverability of deferred tax assets
- Valuation of goodwill

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.


Recoverability of deferred tax assets – \$2,558k

Refer to note 8(c) to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The recoverability of deferred tax assets is a key audit matter due to the degree of judgement required by us in assessing the Group's forecasts of future taxable profits, particularly when this extends beyond the normal business planning cycle.</p> <p>It is the Group's policy to recognised deferred tax assets in accordance with <i>AASB 112 Income Taxes</i>. These are primarily attributable to unused tax losses.</p> <p>The Group assesses whether sufficient future taxable profits are likely to be generated to enable the assets to be realised. As a result of the change in the Group's strategy over the financial year to 30 June 2018, the Group increased its revenue forecasts. This has resulted in additional audit effort, as this change increases the risk of inaccurate forecasts being used to assess recoverability of the deferred tax assets.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • examining the nature and timing of the unused tax losses having regard to the relevant tax legislation as to their relevance in recognising an asset; • assessing the Group's forecast earnings growth against historic performance; • assessing the accuracy of previous forecasts to inform our evaluation of the forecasts incorporated in current models; • challenging the Group's forecast taxable profits and growth assumptions in light of the increased revenue forecasts. We compared growth rates to Board-approved forecasts; • testing the consistency of forecasts used in making the recoverability assessments with those forecasts used for impairment testing; • assessing the disclosures in the Financial Report against the requirements of the accounting standards.

Valuation of goodwill - \$547k

Refer to note 10 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the Group's annual testing of goodwill for impairment.</p> <p>We focused on the key assumptions applied in the Group's value in use model, including the:</p> <ul style="list-style-type: none"> • discount rate; • terminal growth rate; and • the assumptions underlying forecast cash flows, in particular, the expected growth in revenue derived from the projected growth in policyholder assets under management. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • considering the appropriateness of the Group's value in use model against the requirements of the accounting standards; • assessing the integrity of the value in use model used, including the accuracy of the calculation formulas; • assessing the impact of the new strategy on the Group's key assumptions, for indicators of bias and inconsistent application, using our industry knowledge and the Group's past performance; • testing the sensitivity of the model by varying the key assumptions within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures;



As a result of the change in the Group's strategy over the financial year to 30 June 2018, the Group has increased its forecast cash flows used in the value in use model. This model is highly sensitive to small changes in the forecast growth rates, a key assumption in the value in use model, which has resulted in additional audit effort.

- challenging the Group's forecast cash flows and growth assumptions in light of the increased revenue forecasts. We compared growth rates to Board-approved forecasts and the terminal growth rate to publically available GDP data adjusted by factors specific to the Group;
- analysing the Group's discount rate against publicly available data for a group of comparable entities. We independently developed a discount rate range using publicly available discount rates for comparable entities in the industry the Group operates in, adjusted by factors specific to the Group;
- assessing the disclosures in the Financial Report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Generation Development Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Generation Development Group Limited for the year ended 30 June 2018 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

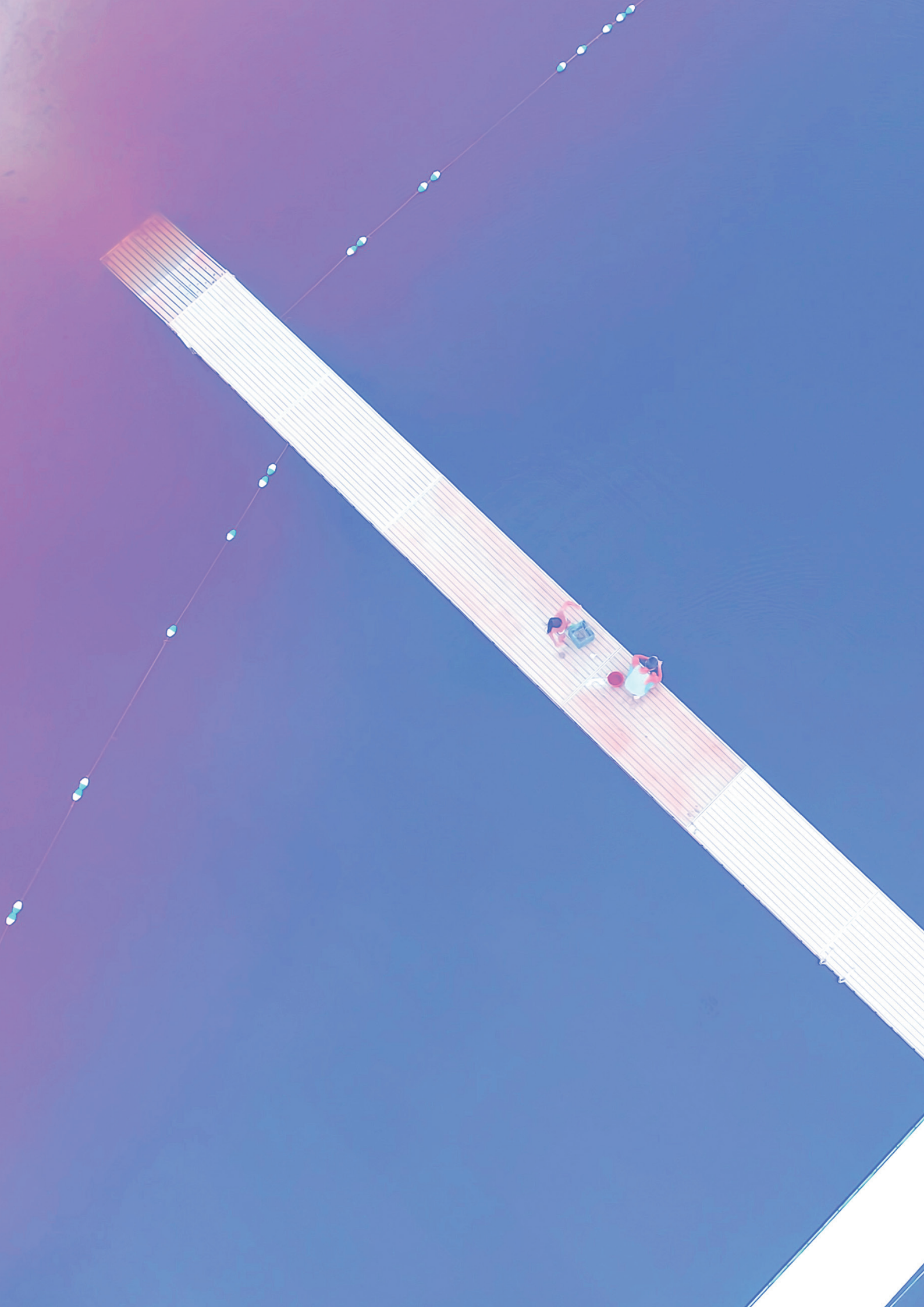
We have audited the Remuneration Report included in pages 17 to 26 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Rachel Milum
Partner

Melbourne
22 August 2018



Directors' Declaration



In the opinion of the directors of Generation Development Group Limited (the "Company"):

1. The consolidated financial statements and notes that are set out on pages 34 to 71 and the Remuneration report on pages 17 to 26 in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the joint chief executive officers and chief financial officer for the financial year ended 30 June 2018.
3. The directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

On behalf of the directors

Robert Neil Coombe

Executive Chairman
22 August 2018

Consolidated statement of profit or loss and other comprehensive income

For the financial year ended
30 June 2018

	Notes	2018 \$'000	2017 \$'000
Revenue [^]	5	10 001	8 407
Personnel expenses	6 (a)	(8 166)	(4 515)
Occupancy expenses		(565)	(522)
Communication expenses		(127)	(89)
Finance expenses		(18)	(16)
Dealing and settlement expenses		(2 334)	(2 263)
Marketing and promotional expenses	6 (b)	(543)	(300)
Depreciation and amortization expenses	6 (c)	(208)	(133)
Administration expenses		(2 320)	(2 056)
Profit attributable to policyholders, net of tax [^]	12	36 034	29 899
Profit before income tax expense		31 754	28 412
Income tax benefit	8 (a)	4 668	1 687
Profit after income tax		36 422	30 099
Profit attributable to policyholders	12	(36 034)	(29 899)
Total comprehensive income attributable to shareholders of the company		388	200
Earnings Per Share			
Basic (cents per share)	15	0.32	0.19
Diluted (cents per share)	15	0.32	0.19

[^] A subsidiary of the Company, Generation Life Limited, is a Friendly Society. The funds operated by Generation Life Limited are treated as statutory Benefit Funds in accordance with the Life Insurance Act 1995. These funds are required to be presented in the Group's consolidated financial statements in accordance with Accounting Standards and the Policyholder assets, liabilities and profits attributable to policyholders are presented separately from shareholders' funds. Included within shareholder revenue is \$6.504m (2017: \$5.577m) of fee revenues from the management of these fund by Generation Life Limited. The corresponding expense is included within profits attributable to policyholders.

Consolidated statement of financial position

As at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Assets:			
Cash and cash equivalents		2 609	5 728
Investments - term deposits		9 683	3 565
Income tax receivable	8 (c)	924	602
Trade and other receivables	9	612	542
Other assets		710	198
Plant and equipment		348	307
Deferred tax assets	8 (c)	2 558	1 093
Intangible assets	10	1 676	644
Policyholder assets ^^	12	899 867	729 330
Total assets		918 987	742 009
Liabilities:			
Trade and other payables		384	120
Other liabilities		1 181	566
Provisions	11	671	832
Policyholder liabilities ^^	12	899 867	729 330
Total liabilities		902 103	730 848
Net assets		16 884	11 161
Equity:			
Issued capital	13	44 498	39 192
Share based payment reserve		2 507	-
Retained earnings	14	(30 121)	(28 031)
Total equity		16 884	11 161

^^ A subsidiary of the Company, Generation Life Limited, is a Friendly Society. The funds operated by Generation Life Limited are treated as statutory Benefit Funds in accordance with the Life Insurance Act 1995. These funds are required to be presented in the Group's consolidated financial statements in accordance with Accounting Standards and the Policyholder assets, liabilities and net profits attributable to policyholders are presented separately from shareholders' funds.

Consolidated statement of changes in equity

For the financial
year ended
30 June 2018

	Issued Capital \$'000	Share based payment reserve \$'000	Retained Earnings \$'000	Total \$'000
Year End 30 June 2018:				
Balance at 1 July 2017	39 192	-	(28 031)	11 161
Net profit for the year	-	-	388	388
Total comprehensive income for the year	-	-	388	388
Transactions with owners				
Issue of ordinary shares	5 385	-	-	5 385
Share based payments	-	2 507	-	2 507
Share issue costs	(79)	-	-	(79)
Dividend paid	-	-	(2 478)	(2 478)
Balance at 30 June 2018	44 498	2 507	(30 121)	16 884

	Issued Capital \$'000	Share based payment reserve \$'000	Retained Earnings \$'000	Total \$'000
Year End 30 June 2017:				
Balance at 1 July 2016	34 716	-	(26 167)	8 549
Net profit for the year	-	-	200	200
Total comprehensive income for the year	-	-	200	200
Transactions with owners				
Issue of ordinary shares	4 500	-	-	4 500
Share issue costs	(24)	-	-	(24)
Dividend paid	-	-	(2 064)	(2 064)
Balance at 30 June 2017	39 192	-	(28 031)	11 161

Consolidated statement of cash flows

For the financial year ended
30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities:			
Receipts from customers		7 357	6 033
Payments to suppliers and employees		(8 683)	(7 584)
Finance and borrowing costs		(18)	(16)
Income tax received		2 879	3 552
Net cash flow from / (used in) operating activities	21	1 535	1 985
Cash Flows from Investing Activities:			
Interest received		142	107
Payment for property, plant and equipment		(182)	(390)
Computer software		(1 124)	-
Term deposit reinvested		(6 118)	(1 511)
Other investments		(201)	-
Net cash flows (used in) / from investing activities		(7 483)	(1 794)
Cash Flows from Financing Activities:			
Proceeds from share issue		5 307	4 476
Dividends paid		(2 478)	(2 064)
Net cash flows from / (used in) financing activities		2 829	2 412
Net (decrease) / increase in cash held		(3 119)	2 603
Cash and cash equivalents at beginning of the year		5 728	3 125
Cash and cash equivalents at end of the year		2 609	5 728

Notes To The Consolidated Financial Statements



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1. Summary of Significant Accounting Policies

About Generation Development Group

This consolidated financial report for the year ended 30 June 2018 was authorized for issue by the directors on 22 August 2018.

Generation Development Group Limited, formerly known as Austock Group Limited (the “Company”) is a for profit public company listed on the Australian Securities Exchange (ASX: GDG) incorporated in Australia. The Company operates as a Pooled Development Fund. The Company’s registered office and principal place of business is Level 12, 15 William Street, Melbourne, Victoria, Australia, 3000.

The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is involved in the provision of Life investment services within the Australian Life Insurance sector.

Statement of compliance

The consolidated financial report is a general purpose financial report (Tier 1) which has been prepared in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial report has been prepared on the basis of historical cost, except for assets recognised and measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The Statement of Financial Position is presented in order of liquidity. All amounts have been rounded to the nearest thousand in accordance with ASIC Corporations Instrument 2016/191. Unless otherwise stated, all amounts are presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

Use of estimates and judgements

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Refer to note 2 for a discussion of critical estimates and judgements in applying the Group’s accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period. Details of these new accounting standards that impacted the Group’s financial report are included within the individual accounting policy notes set out below.

Standards and Interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 30 June 2018, and have not been applied by the Group in preparing these financial statements. The Group has identified four standards which will be relevant to the Group and further details are set out below. These standards are available for early adoption.

**Standards and
Interpretations issued
but not yet adopted
(continued)*****AASB 15 Revenue from Contracts with Customers***

This standard was issued in December 2014 and provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations, replacing AASB 118 Revenue (and related interpretations). This standard becomes mandatory for the Group's 30 June 2019 financial statements, the Group having adopted the new standard on 1 July 2018. AASB 15 provides a new five-step revenue recognition model for determining the recognition and measurement of revenue from contracts with customers. New disclosure requirements including estimate and judgment thresholds will also be introduced. The Group has performed an impact assessment and concluded that AASB 15 will not have a significant impact on its financial statements.

AASB 9 Financial Instruments

AASB 9 was issued in December 2014 and introduces changes to certain classification and measurement requirements for financial assets and financial liabilities, introduces a new impairment model for financial assets, and changes to hedge accounting requirements. This standard becomes mandatory for the Group's 30 June 2019 financial statements, the Group having adopted the new standard on 1 July 2018. While the standard is applied retrospectively, the Group will not restate comparative information. The Group has performed an impact assessment and concluded that AASB 9 will not have a significant impact on its financial statements. The Group's financial instruments are represented by cash and cash equivalents, trade receivables, interest in term deposits with domestic bank counterparties and trade payables, which are all short term in nature or are floating rate instruments that are re-priced on or near end of the reporting period. Assets backing policyholder liabilities held within the Generation Life Limited statutory Benefit Funds will continue to be fair valued through profit or loss.

AASB 16 Leases

This standard was issued in February 2016 and replaces the operating/finance lease distinction and accounting requirements prescribed in AASB 117 Leases for the Group as a lessee. This standard will become mandatory for the Group's 30 June 2020 financial statements. It requires a lessee to recognise a right-of-use asset representing its rights to use the underlying leased asset and a corresponding lease liability representing its obligations to make lease payments. The potential effect of adoption of this standard are currently being assessed and the Group is not yet able to reasonably estimate the impact on its financial statements.

AASB 17 Insurance Contracts

This standard was issued in July 2017 and replaces AASB 1038 Life Insurance Contracts. This standard will become mandatory for the Group's 30 June 2022 financial statements. Under AASB 17, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. This will impact the Group's estimation of policyholder liabilities in the Generation Life Limited Benefit Funds, shown in note 12 of these financial statements. The Group is not yet able to reasonably estimate the impact of the adoption of this standard on its financial statements.

Summary of
Significant Accounting
Policies

**Principles of
consolidation**

The consolidated financial statements incorporate the financial statements of Generation Development Group Limited (the “Company”) and the entities controlled by the Company (referred to as the “Group” in these financial statements).

Control is achieved where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of controlled entities appears in note 19 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non- controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. Transaction costs incurred by the Group in connection with a business combination, such as finders’ fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

**Generation Life Limited
Benefit Funds**

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995.

The financial statements of the Group, which includes Generation Life Limited, recognises all the assets, liabilities, income and expenses of that insurer under the requirements of AASB 1038. This includes policyholder, assets and liabilities held in separate statutory Benefit Funds, which are not attributable to shareholders of Generation Development Group Limited. As a result, some transactions between the Generation Life Limited management fund and the statutory Benefit Funds are presented on the face of the financial statements, rather than being eliminated.

To ensure the consolidated financial statements of the Group continue to give a fair presentation and promote greater relevance to the Group’s shareholders, the assets, liabilities, income and expenses of the Benefit Funds are disclosed as separate line items on the face of the financial statements:

- Statement of profit or loss and other comprehensive income: the net result attributable to policyholders is presented as one line item with an additional line item of an equal amount that attributes this net result fully to policyholders. Additional details on the items contributing to the results are disclosed in note 12.
- Statement of financial position: policyholder assets and policyholder liabilities are presented as separate line items, respectively, within total assets and total liabilities. Additional details on the items comprising the policyholder assets and liabilities are disclosed in note 12.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The consolidated financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

The following significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

a. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks (net of outstanding bank overdrafts) and other cash equivalents that are short term, highly liquid investments, readily convertible to known amounts of cash subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of recognition.

b. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a specific provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

c. Impairment of non financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Summary of
Significant Accounting
Policies

**Accounting policies
(continued)**

d. Plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on either a straight line or diminishing value basis so as to write off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis. The rates used in the calculation of depreciation for the current and comparative period are as follows:

Category	Rate
Leasehold improvements	20%
Computer equipment	33%
Computer software	14% - 20%
Furniture and fittings	20%

e. Financial instruments

The Group initially recognises trade receivables and term deposits on the date that they are originated as loans and receivables. These are subsequently measured at amortised cost.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets, other than those at fair value through the profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against the assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Accounting policies
(continued)****f. Goodwill**

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Goodwill is not amortised and subsequently measured at its cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating unit (CGU) Generation Life. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in subsequent periods.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

g. Software assets

Software is capitalised by the Group and amortised over its useful life. It is recorded at cost less accumulated amortisation and impairment. A period of five to seven years is used in the calculation of amortisation, which is amortised in a straight-line basis.

h. Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods or services. The carrying value of payables are assumed to approximate their fair values due to their short term nature.

i. Issued capital

Ordinary shares are classified as equity. Ordinary issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

j. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the rendering of services is recognised in the statement of comprehensive income when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

**Accounting policies
(continued)****Interest income**

Interest income is recognised on an accrual basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

k. Income tax**Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributable to that asset or liability for taxation purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

l. Employee benefits**Short term employee benefits**

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Summary of
significant accounting
policies

Accounting policies (continued)

Share-based payment

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The equity instruments provided in these arrangements are equity instruments of the ultimate parent entity, Generation Development Group Limited.

The fair value determined at the grant date of the award is recognised over the vesting period, based on the Group's estimate of the value of the award that will eventually vest, with the corresponding increase to share based payments reserve.

m. Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. Finance lease assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

n. Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Generation Development Group Limited and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences and borrowing costs are recognised in profit or loss in the period in which they arise.

Summary of
significant accounting
policies

**Accounting policies
(continued)**

o. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation, its carrying amount and the present value of those cash flows.

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

p. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There are currently no potential ordinary shares in existence.

q. Segment reporting

The Group operates in the financial services industry and undertakes the provision of life insurance and life investment products and services to the retail sector in Australia.

2. Use of estimates and judgement

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The following are the significant areas of estimation uncertainty and critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Intangible assets (Goodwill & Capitalised Software)

Management judgement is used to assess the recoverable value of goodwill and other intangible assets. The carrying amount of goodwill is based on assumptions including forecasts used for determining cashflows, available headroom, and the sensitivities of the recoverable amount to reasonably possible changes in assumptions. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on the balance sheet is impaired. Further details are disclosed in note 10.

Software and other intangible assets are assessed for indicators of impairment annually, including those assets not ready for use. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying value of the asset is written down immediately.

Employee benefits

The liability for employee benefits (annual leave and long service leave) disclosed in note 11 is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. A discount rate equal to the 10 year high quality corporate bond rate has been used in determining the present value of the obligation.

Share based payments

When determining the grant date fair value of share based payments, the Group utilises standard market techniques for valuation, including a Black-scholes pricing model, which take into account performance hurdles. Further details of the significant assumptions employed are disclosed in note 6.

Deferred tax assets

Management uses their judgement in determining the value of carry forward tax losses. Reference is made to forecasts and budgets to ensure the recoverability of tax losses remains probable over the foreseeable future. Tax losses are only recognised as deferred tax assets to the extent that management considers it is probable that there will be future taxable profit available against which the tax losses can be utilised.

Policyholder liabilities

The appointed actuary of Generation Life Limited uses their judgement in determining the fair value of policyholder liabilities related to life insurance contracts and life investment contracts with discretionary participating features. Refer to note 12 for key assumptions for determining the valuation of insurance policyholder liabilities.

3. Financial risk management

The Group has exposure to Credit risk, Liquidity risk and Market risk from the use of financial instruments. This note presents information about the Group's objectives, policies and processes for measuring and managing risk, and the management of capital. The Group has exposure to Insurance risk for the management of insurance contract liabilities in the Benefit Funds of Generation Life Limited. Further disclosures are included in note 12 and 22.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has adopted an approved Risk Management Plan, which reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.

Day to day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The Joint Chief Executive Officers and Chief Financial Officer are required to provide to the Board an annual certification that the Group's risk management system is operating efficiently and effectively in all material respects.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's capital structure consists of cash, cash equivalents, investments and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 13 and 14 respectively.

A subsidiary of the Group, Generation Life Limited is a life insurer and friendly society under the Life Insurance Act 1995 ('the Act') and is therefore regulated by the Australian Prudential Regulation Authority (APRA). Generation Life Limited has complied with all regulatory capital requirements during the current and prior financial year. Capital adequacy requirements are determined in accordance with Prudential Standard LPS 110 issued by APRA 230 A (1) (a) of the Act. For detailed capital adequacy information, users of the financial statements should refer to the financial statements of Generation Life Limited.

4. Key management personnel

The Directors and other Key Management Personnel of the Group during 2018 were as follows.

Directors

Mr Robert Neil Coombe

Executive Chairman (appointed 18 July 2017)

Mr James Eric Barr

Chairman (Resigned 18 July 2017) and Non-Executive Director (resigned 22 November 2017)

Mr William Eric Bessemer

Executive Director and Chief Executive Officer (resigned as Chief Executive Officer 08 July 2017)

Mr Jonathan James Tooth

Non-Executive Director

Mr John David Wheeler

Non-Executive Director

Mr Ross James Higgins

Executive Director (resigned 22 November 2017) and Managing Director, Generation Life Limited. (resigned 08 January 2018)

Key Management Personnel

Ms Catherine van der Veen

Joint Chief Executive Officer Generation Life Limited (appointed 8 January 2018) and Director, Generation Life Limited (appointed 27 June 2017)

Ms Lucy Foster

Joint Chief Executive Officer Generation Life Limited (appointed 8 January 2018) and Director, Generation Life Limited (appointed 27 June 2017)

Mr Terence Wong

Chief Financial Officer (appointed 19 March 2018)

Mr Enzo Silverii

Chief Financial Officer and Company Secretary (resigned 22 February 2018)

The aggregate compensation made to Directors and other Key Management Personnel of the Group is set out below:

	Consolidated	
	2018 \$'000	2017 \$'000
Short term employee benefits	836	900
Long term employee benefits	19	248
Long Term Incentives	64	-
Termination benefits	244	75
Post-employment benefits (superannuation contribution)	60	54
Other share based payments	2 302	-
	3 525	1 277

5. Revenue

	2018 \$'000	2017 \$'000
Operating activities		
Fee income - Life	8 727	7 830
Fee income - Fund administration	358	383
	9 085	8 213
Interest Revenue		
Interest income on bank deposits	297	141
Other income	619	53
Total revenue	10 001	8 407

6. Expenses

a. Personnel expenses

	2018 \$'000	2017 \$'000
Salaries and related expenses	5 396	4 515
Share based payments		
Issuance of shares	2 302	-
LTI arrangements	205	-
Termination benefits	263	-
	8 166	4 515

Issuance of shares

Pursuant to a subscription agreement dated 1 May 2017 between Mr. Robert Coombe and Generation Development Limited 10,000,000 ordinary shares at 40 cents per share were issued by the Company to Mr. Coombe and his nominees on 17 August 2017. Of the 10,000,000 ordinary shares, 7,600,000 were taken up by Mr. Coombe and the balance 2,400,000 was taken up by the nominees. This was approved by a meeting of shareholders on 18 July 2017, with Mr. Coombe also being elected as Executive Chairman of the Group. The difference between the subscription price of 40 cents and the fair value of the shares at the grant date of 18 July 2017 which was 70 cents has been accounted for as a share based payment.

LTI arrangements

Under the executive LTI plan, awards were made to executives and other key talent who are able to influence the generation of shareholders wealth and thus have a direct impact on the Group's performance against long term performance hurdles. The eligible participants are granted rights to shares based on a percentage of their base salary. The vesting period will only be known at the end of the measurement period with shares released when certain restrictions are lifted. The Group has sole discretion to award the vested tranches of LTI as shares or cash. The Share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in Share-based payment reserve. The summary of key valuation assumptions for grants granted in the year ending 30 June 2018 is set out below:

Grant date	27 November 2017	27 June 2018
Performance measure	25% TSR/ 75%FUM	25% TSR/ 75% FUM
Fair value methodology	Monte Carlo simulation	Monte Carlo simulation
Start of performance period	1 July 2017	1 July 2017
Testing date	30 June 2020	30 June 2020
Measurement period	3 Years	3 Years
Value of rights granted	\$141,428	\$63,226

Termination benefits

\$244k of the termination benefits pertain to Mr. Ross Higgins.

**b. Marketing and
promotional
expenses**

	2018 \$'000	2017 \$'000
Marketing and promotional	407	300
Rebranding expenses – Generation Life	136	-
	543	300

**c. Depreciation
and amortisation
expenses**

	2018 \$'000	2017 \$'000
Computer equipment	63	48
Other property plant and equipment	52	35
Capitalised software	93	50
	208	133

7. Remuneration of Auditors**Remuneration of the
auditor**

	2018 \$'000	2017 \$'000
Audit services		
Audit and review of financial reports of the Group and Controlled Entities	157	163
Other Audit - Related Services		
Assurance services	62	43
Non-Audit Services		
Other non-audit services	15	-
	234	206

8. Income Tax

At 30 June 2018 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

	Consolidated	
	2018 \$'000	2017 \$'000
a. Income tax recognised in profit and loss		
Income tax benefit / (expense) comprises:		
Current Tax		
Current income tax benefit	3 202	2 319
Deferred Tax benefit / (expense)		
Recognition / (derecognition) of tax losses	1 517	(602)
Origination and reversal of temporary differences	(51)	(30)
Total Income tax benefit	4 668	1 687
b. Reconciliation of the prima facie income tax expense as pre-tax profit with the income tax expense charged to the income statement		
Loss before income tax attributable to shareholders	(4 279)	(1 487)
Income tax benefit calculated at 30% (2017: 30%)	1 284	446
Non deductible expenses	(815)	(564)
Non assessable income	1 946	1 666
Deductible expenses	1 720	796
Tax losses recognised / (derecognised) as deferred tax assets	1 517	(602)
Tax losses utilised	(984)	(55)
Income tax benefit recognised in Profit and Loss	4 668	1 687

Income tax

Note 9

Trade and other
receivables**c. Tax assets**

	Consolidated	
	2018 \$'000	2017 \$'000
Current tax assets comprise:		
Income tax receivable	924	602
Deferred tax assets comprise:		
Provision	51	103
Tax losses	2 507	990
	2 558	1 093

	Opening Balance \$'000	Consolidated Charged to Income \$'000	Closing Balance \$'000
2018			
Provision	103	(52)	51
Tax losses	990	1 517	2 507
	1 093	1 465	2 558
2017			
Provision	135	(32)	103
Tax losses	1 592	(602)	990
	1 727	(634)	1 093

9. Trade and Other Receivables

	Consolidated	
	2018 \$'000	2017 \$'000
Trade receivables	43	37
Amounts receivable from related parties	569	505
	612	542

10. Intangible Assets

	Consolidated		
	Software \$'000	Goodwill \$'000	Total \$'000
Gross Carrying Amount:			
Balance at 30 Jun 2016	280	547	827
Additions	33	-	33
Written off not in use	(24)	-	(24)
Balance at 30 Jun 2017	289	547	836
Additions	1 124	-	1 124
Balance at 30 Jun 2018	1 413	547	1 960
Accumulated Amortisation:			
Balance at 30 Jun 2016	(167)	-	(167)
Amortisation expense	(49)	-	(49)
Amortisation reversal on write-offs	24	-	24
Balance at 30 Jun 2017	(192)	-	(192)
Amortisation expense	(92)	-	(92)
Balance at 30 Jun 2018	(284)	-	(284)
Carrying Amount:			
As at 30 June 2018	1 129	547	1 676
As at 30 June 2017	97	547	644
As at 30 June 2016	113	547	660

Impairment testing for cash - generating units containing goodwill

For the purpose of impairment testing, all goodwill is allocated to the Generation Life business, which is designated as the Cash-Generating Unit for the purposes of evaluating any potential impairment (the "CGU"). The recoverable amounts for the CGU have been determined based on its value in use, determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGU, covering a period of five years. Cash flows were projected assuming the continuation of the present cost structure. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

The key assumptions used in the calculation of the value in use were the average revenue growth rate, discount rate and the terminal value growth rate. The assumptions employed represent the Group's assessment of future trends and have been based on data from both internal and external sources:

- Average revenue growth rate of 21% (2017: 17%)
- A pre-tax discount rate of 9% (2017: 9.4%)
- Terminal growth rate of 0.1% (2017: 0.1%)

Changes in the assumptions on which the valuation is based could impact the assessments of the recoverable amount of the CGU. As at 30 June 2018, the recoverable amount of the CGU was most sensitive to changes in the average revenue growth rate. Based on the sensitivity analysis performed, if the average growth rate fell below 14%, it would result in the carrying amount of the CGU to exceed the recoverable amount. Management continues to monitor the estimates to assess whether there is any impact to the carrying value of the CGU.

11. Provisions

Employee entitlements

The provision for employee entitlements represents the total benefits accrued to employees for annual leave and long service leave. The calculation of this provision has been performed in accordance with accounting policy note 1(l).

Claims

The provisions for claims relates to the acquisition by Generation Life Limited of Manchester Unity Limited in the 2006 financial year. When Generation Life acquired Manchester Unity, Manchester Unity members were entitled to a \$330 once off demutualisation benefit. The provision represents the estimated amounts owing to members who have not claimed their demutualisation benefit at balance date, as calculated by the independent appointed actuary.

Office leasehold restoration

The provision for office restoration represents the estimated cost to vacate and return the leased office premises to the property landlord in satisfaction of its lease agreement. It is expected that the provision will be utilised at lease expiry.

	Consolidated			
	Employee Entitlements \$'000	Claims \$'000	Office Restoration \$'000	Total \$'000
2018:				
Balance at 1 Jul 2017	683	24	125	832
Made during the year	468	-	-	468
Used / released during the year	(624)	(5)	-	(629)
Total provisions at 30 Jun 2018	527	19	125	671
2017:				
Balance at 1 Jul 2016	644	29	125	798
Made during the year	366	-	-	366
Used / released during the year	(327)	(5)	-	(332)
Total provisions at 30 Jun 2017	683	24	125	832

12. Policyholder Balances

Assets backing Policyholder Liabilities

The policyholder assets of Generation Life Limited are assessed under AASB 1038 Life Insurance Contracts to be assets that are held to back life insurance policy liabilities and assets that represent owners' funds. All financial assets held within its statutory Benefit Funds are assets backing policy liabilities. The assets of one Benefit Fund cannot be used to support the liabilities of another. These financial assets are designated as fair value through profit or loss as they are managed and their performance evaluated on a fair value basis for internal and external reporting in accordance with the investment strategy. These comprise term deposits and investments in externally managed funds recognized and measured in accordance with the Group's accounting policy in note 1(e).

Assets held in the Benefit Funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the Benefit Funds and controlled trusts are held for the benefit of the Policyholders of those funds, and are subject to the constitution and rules of those funds. Restrictions on the use of assets invested for policyholders in statutory funds include:

- Benefit Fund rules;
- Life Insurance Act 1995 requirements;
- Prudential Standards;
- Actuarial Standards; and
- Company policies and procedures.

The Benefit Funds are classified as either Life Insurance or Life Investment contracts according to the Benefit Fund rules.

Criteria considered in the classification process include the level of insurance risk accepted under the contract and the existence of discretionary participation features (such as discretion by the board over the level of bonus).

**Benefit Funds balance
sheet summary**

	2018 \$'000	2017 \$'000
Assets:		
Cash and cash equivalents	12 701	11 413
Other assets	25 289	19 547
Financial assets	858 544	695 897
Deferred tax assets	3 333	2 473
Total Assets	899 867	729 330
Liabilities:		
Trade and other payables	600	528
Current tax liabilities	7 469	2 415
Other liabilities	298	2 844
Deferred tax liabilities	7 259	5 810
Policyholder liabilities	884 241	717 733
Total Liabilities	899 867	729 330
Net Assets	-	-

Policyholder Balances

Benefit Funds profit attributable to policy holders

	2018 \$'000	2017 \$'000
Revenue:		
Interest income	3 325	4 394
Distribution income	34 681	24 812
Unrealised gain / (losses) on assets designated at fair value through profit / (loss)	2 161	18 628
Realised gains / (losses) on sale of investments	16 565	(3 195)
Revaluation of policyholder liabilities	121	119
Premium revenue for Life insurance contracts	2	4
Other revenue	319	316
Total policyholder revenue	57 174	45 078
Expenses:		
Finance expenses	1	1
Dealing and settlement expenses	264	292
Other expenses - Benefit Funds	89	33
Management fees paid by Benefit Funds	6 504	5 577
Policyholder withdrawals - insurance	145	163
Total policyholder expenses	7 003	6 066
Net profit before tax	50 171	39 012
Income tax expense	(14 137)	(9 113)
Profit attributable to policyholders	36 034	29 899

Insurance risk and policyholder liabilities

Insurance risk is the likelihood and financial impact of events which may occur that will expose the Group to financial loss and consequently the inability to meet its liabilities. Life insurance contract liabilities are calculated in accordance with actuarial standards.

The Group's objective is to satisfactorily manage these risks in line with the Risk Management Statement approved by the board. In addition, the Group receives advice from its Appointed Actuary, in accordance with APRA Prudential Standard LPS 310.

For life investment contracts, the policy liability is the accumulation of amounts invested by less fees specified in the policy plus investment earnings allocated.

The key assumptions for the calculations of its policyholder liabilities of life insurance contract have been a discount rate based on the expected future earning and future mortality, resignations and retirements.

	2018	2017
Discount rate	0% to 2.44%	0% to 2.45%
Mortality	Australian Life Tables 2010 - 2012 less 40%	Australian Life Tables 2010-2012 less 40%
Future maintenance and investment management expense	2% to 2.07%	2% to 2.07%
Taxation rates	0% - 30%	0% - 30%
Rates of discontinuance	0%	0%
Surrender values	n/a	n/a
Rates of future supportable participating benefits	Terminal bonus of \$164 to \$425 per member and bonus on sum assured of 0.37% p.a. compound	Terminal bonus of \$164 to \$400 per member and bonus on sum assured of 0.38% p.a. compound
Crediting policy adopted in determining future supportable participating benefits	Allocation of surplus above statutory requirements as non-guaranteed terminal value bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal value bonus

13. Issued Capital

	Consolidated 2018		Consolidated 2017	
	Number	\$'000	Number	\$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	113 188 421	39 192	103 188 421	34 716
Issued during the year	11 489 479	5 306	10 000 000	4 476
Balance at end of the financial year	124 677 900	44 498	113 188 421	39 192

1. In a Subscription Agreement dated 1 May 2017 with Mr Coombe and Generation Development Group, 10,000,000 ordinary shares at 40 cents per share were issued on 17 August 2017.
2. On 11 October 2017, 1,232,053 shares were issued as ordinary shares at a price of \$0.91 in accordance with the DRP agreement

3. On the 19 October 2017, 121,664 shares were issued as ordinary shares at a price of \$0.91 in accordance with the DRP.
4. On 5 April 2018, 135,762 shares were issued at a price of \$1.13 in accordance with the DRP.

14. Retained Earnings

	2018 Accumulated losses Total \$'000	2017 Accumulated losses Total \$'000
Opening accumulated losses	(28 031)	(26 167)
Net profit attributable to shareholders	388	200
Dividends paid	(2 478)	(2 064)
Closing accumulated losses	(30 121)	(28 031)

15. Earnings Per Share

	2018 Cents per Share	2017 Cents per Share
Earnings per Share:		
Basic	0.32	0.19
Diluted	0.32	0.19

	2018 \$'000	2017 \$'000
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Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Earnings used for basic and diluted earnings per share calculations	388	200
Weighted average number of ordinary shares for the purposes of basic EPS	122 881 524	104 010 339
Weighted average number of ordinary shares for the purposes of diluted EPS	123 091 383	104 010 339

16. Dividends

The company paid a fully franked final 2017 dividend of \$0.01 per ordinary share on 11 October 2017. A fully franked 2018 interim dividend of \$0.01 per ordinary share was paid on 5 April 2018. The DRP was in operation for both these dividends.

	Consolidated	
	2018 \$'000	2017 \$'000
Recognised Amounts:		
Dividends paid	2 478	2 064
	<u>2 478</u>	<u>2 064</u>

Franking credits available to the Group and subsidiaries based on the tax rate of 30% are as follows:

Franking credits

	2018 \$'000	2017 \$'000
Generation Development Group Limited	67	1 129
Austock Financial Services Pty Limited	14 266	14 266
Generation Life Limited	14	14
Bonds Custodian Pty Limited	24	24
	<u>14 371</u>	<u>15 433</u>

17. Capital and Leasing Commitments

	Consolidated	
	2018 \$'000	2017 \$'000
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable not later than 1 year	327	311
Payable later than 1 year but not later than 5 years	673	1 001
Payable later than 5 years	-	-
Subtotal	1 000	1 312
Less amount recoverable not later than 1 year	(48)	(46)
Less amount recoverable later than 1 year but not later than 5 years	(99)	(147)
Subtotal	(147)	(193)
Total	853	1 119

Included in the above totals is the property lease in respect of the Group's Melbourne premises, which is a non-cancellable lease which expires on 31 May 2021. Part of this lease is sublet to a third party. Entitlements from the sub-leases are reflected above.

18. Contingent Liabilities

Banking facilities

A registered mortgage debenture has been given to National Australia Bank Limited over the whole of the assets and undertakings of the Company. The registered mortgage secures the following financing facilities:

- Direct debit facility of \$2,000,000 (2017: \$500,000) to be used for client's accounts as part of the Generation Life business; and
- Direct debit facility of \$10,000 (2017: \$10,000) to be used for client's accounts as part of the Bonds Custodian business.
- NAB credit card facilities of \$60,000 (2017: \$60,000) used by Senior Staff for business travel and client entertainment as part of Austock Financial Services business.

19. Controlled Entities

Name of Entity	Country of Incorporation	2018 Ownership Interest	2017 Ownership Interest
Parent entity			
Generation Development Group Limited	Australia	-	-
Controlled entities			
Generation Life Limited	Australia	100%	100%
Austock Nominees Pty Limited	Australia	100%	100%
Austock Financial Services Pty Limited	Australia	100%	100%
Bonds Custodian Pty Limited	Australia	100%	100%
Austock Capital Management Pty Ltd	Australia	100%	100%

20. Related Parties

a. Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 19 to the financial statements.

b. Transactions with key management personnel

In addition, the following transactions occurred between the ultimate parent entity and the controlled entities of the Group and key management personnel:

- Directors and their family members have invested in the Benefit Funds managed by Generation Life Limited. These investments were undertaken on commercial terms. The value of these investments is \$1,655,433 (2017: \$1,042,275).

c. Transactions within the wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly owned group; and
- Wholly owned controlled entities.

The ultimate parent entity in the wholly owned group is Generation Development Group Limited.

During the year the parent entity has provided general management assistance to its controlled entities on normal commercial terms and conditions no more favourable than those available to other parties dealing on an arm's length basis. The total value of the management assistance services provided was \$1,280,442 (2017: \$1,027,654). This is eliminated on consolidation.

d. Transactions with other related parties

There were no other transactions with related parties for the year ended 30 June 2018 (2017: \$nil)

21. Notes to the Statement of Cash Flows

Leased Premises

	Consolidated	
	2018 \$'000	2017 \$'000
Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
Profit after tax	388	200
Depreciation and amortisation	208	133
Share based payments	2 507	-
Interest received	(142)	(107)
Change in assets and liabilities		
(Increase) / decrease in receivables	(69)	(22)
(Increase) / decrease in other assets	(287)	(15)
(Increase) / decrease in income tax asset	(322)	1 233
(Increase) / decrease in deferred tax assets	(1 466)	632
Increase / (decrease) in payables	263	(38)
(Decrease) / increase in provisions	(160)	37
Increase / (decrease) in other liabilities	615	(68)
Net cash flow used in operating activities	1 535	1 985

22. Financial instruments

Excluding policyholder assets and liabilities, there are no financial instruments recognised and measured at fair value. The Group has determined that the carrying values of financial instruments carried at amortised cost approximate fair value. These financial instruments are represented by cash and cash equivalents, trade receivables, interest in term deposits and trade payables, which are short term in nature or are floating rate instruments that are re-priced on or near the end of the reporting period. Accordingly, a fair value hierarchy has not been presented.

Financial instruments relating to policyholder balances of assets and liabilities. These are level 1 and level 2 financial instruments carried at fair value through profit and loss in the Generation Life Limited Statutory Benefit Funds and are excluded from this note as there is no entitlement to shareholders of the Group.

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties including the Group's bank counterparties.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk:

	Consolidated	
	2018 \$'000	2017 \$'000
Cash and cash equivalents	2 609	5 728
Term deposits	9 683	3 565
Trade and other receivables	612	542
Total	12 904	9 835

The aging of the Group's trade and other receivables and loan assets at balance sheet date was:

	Consolidated	
	2018 \$'000	2017 \$'000
Not past due	612	542
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	612	542

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivable from the date recognised to balance sheet date. There are no past due or impaired receivables as at 30 June 2018 (2017: \$nil).

b. Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to changes in respect to interest rates.

Interest rate risk arises from the potential for a change in interest rates to have an adverse effect on the net earnings of the Group. The Group's earnings are affected by movements in market interest rates due to funds held in interest deposit accounts. Interest on borrowings is based on a margin above the negotiated bank base rate.

The Group is exposed to interest rate risk as entities in the Group invests at both fixed and floating interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	2018 \$'000	2017 \$'000
Fixed Rate Instruments		
Term deposits	9 683	3 565
Net asset	9 683	3 565
Variable Rate Instruments		
Cash and cash equivalents	2 609	5 728
Net asset	2 609	5 728

A change of +/- 1% in interest rates would have increased/(decreased) profit by the amounts shown below:

	Consolidated	
	1% Increase \$'000	1% Decrease \$'000
30 June 2018		
Variable rate instruments	19	(19)
Total	19	(19)
30 June 2017		
Variable rate instruments	13	(13)
Net asset	13	(13)

c. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves, banking facilities and by continuously monitoring forecast and actual cash flows.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments.

The maximum exposure to liquidity risk at the reporting date was payable and expected to be settled in three months or less. Other liabilities recognised by the group have no specific maturity date.

23. Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2018 the parent company of the Group was Generation Development Group Limited.

a. Total assets include the value of investments in subsidiaries which are classified as available-for-sale financial assets.

	2018 \$'000	2017 \$'000
Results of the Parent Entity		
(Loss) / Profit for the period	(266)	1 563
Total comprehensive income for the period	(266)	1 563
Financial Position of the Parent Entity at Year End		
Current assets	9 293	6 809
Total assets ^a	54 924	47 213
Current liabilities	813	262
Total liabilities	973	405
Net assets	53 951	46 808
Total equity of the parent entity comprising of:		
Share capital	44 499	39 193
Financial asset reserve	34 925	34 925
Share based payment	2 444	-
Accumulated losses	(27 917)	(27 310)
Total equity	53 951	46 808

**Parent entity
contingencies**

Other than the contingent liabilities disclosed in note 18 to the financial statements, the parent entity does not have any contingencies at 30 June 2018 (2017: \$nil).

**Parent entity capital
commitments for
acquisition of property
plant and equipment**

The parent entity does not have any capital commitments to acquire property plant and equipment at 30 June 2018 (2017: \$nil).

**Parent entity
guarantees in respect
of its subsidiaries**

The parent entity does not have any guarantees in respect of its subsidiaries at 30 June 2018 (2017: \$nil).

24. Subsequent Events

The company declared a final 2018 dividend of \$0.01 per ordinary share, to be paid on 11/10/2018. The company's Dividend Reinvestment Plan (DRP) has been activated for this dividend.

Apart from the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Additional Securities Exchange Information

As at 31 July 2018 (Unaudited)

Number of Holders of Equity Securities

Fully paid ordinary share capital

124,677,900 fully paid ordinary shares are held by 675 shareholders

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

Performance Rights (unquoted)

505,153 performance rights (issued under the Company's FY18 Performance Rights Plan) are held by 4 employee participants

Performance rights do not carry the right to vote or to receive dividends

Distribution of Holders of Equity Securities

Number of shares held	Holders of fully paid ordinary shares	Holders of performance rights
1 - 1 000	65	0
1 001 - 5 000	194	0
5 001 - 10 000	100	0
10 001 - 100 000	230	2
100 001 and over	86	2
Total	675	4
Holdings less than a marketable parcel	22	n/a

Substantial Shareholders

	Fully paid ordinary shares
Smith Peaco Nominees Pty Ltd	12 421 099
Ellerston Capital Limited	10 311 422
Mr John David Wheeler	10 010 000
Mrs Patricia Mary Tooth	8 758 437
Lanyon Asset Management Pty Ltd	7 028 614
Finmare Pty Ltd	8 249 143
Mr Robert Coombe	7 600 000

Twenty largest holders of quoted equity securities

Ordinary shareholders	Number	Fully paid percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18 566 097	14.89%
ELLERSTON CAPITAL LIMITED <ELLERSTON ESOP A/C>	8 890 000	7.13%
AUSTRALIAN SHAREHOLDER NOMINEES PTY LTD	7 749 143	6.22%
MR JOHN DAVID WHEELER & MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C>	7 000 000	5.61%
MRS PATRICIA MARY TOOTH	6 928 267	5.56%
SMITH PEACO NOMINEES PTY LTD <THE BESSEMER PROPERTY A/C>	6 639 100	5.33%
CANDOORA NO 31 PTY LTD <BESSEMER SUPER FUND A/C>	5 425 717	4.35%
MR ROBERT COOMBE	4 800 000	3.85%
MR FRANK GERARD ZULLO	4 000 000	3.21%
CITICORP NOMINEES PTY LIMITED	3 433 691	2.75%
MRS SUSAN HADDEN & MRS ABBY FALLA <HADDUP SUPER FUND A/C>	3 000 000	2.41%
MR ROSS JAMES HIGGINS	2 237 156	1.79%
TDA SECURITIES PTY LTD <TDA SECURITIES A/C>	1 880 000	1.51%
GUERRILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	1 821 313	1.46%
MVH PTY LTD <HANMAN SUPERANNUATION A/C>	1 614 159	1.30%
MR DON LAZZARO & MRS ANN LAZZARO <SUPER FUND A/C>	1 541 387	1.24%
AUSTRAL CAPITAL PTY LTD <AUSTRAL EQUITY FUND A/C>	1 500 000	1.20%
MR GOH GEOK KHIM	1 300 000	1.04%
MR PAUL MASI	1 270 973	1.02%
TRUEBELL CAPITAL PTY LTD <TRUEBELL INVESTMENT FUND>	1 250 000	1.00%
	90 847 003	72.87%

Securities subject to voluntary escrow

Nil.

On Market Buy Back

There is no current on-market buy-back.

Corporate information



Founded in 1991, Generation Development Group Limited is an ASX listed company that operates as a registered Pooled Development Fund specialising in providing development capital to financial sector businesses.

Company Directors

Mr Rob Coombe

Executive Chairman

Mr William Eric Bessemer

Non-Executive Director

Mr Jonathan James Tooth

Non-Executive Director

Mr John David Wheeler

Non-Executive Director

Appointed Actuary for Generation Life Limited**Allen L Truslove**

Actuary and Statistician
Level 2, 710 Collins Street
Melbourne VIC 3000
Collins Street

Company Secretary**Amanda Gawne****Registered Office**

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Melbourne VIC 3000
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Share Register Boardroom Pty Limited

Level 12, 225 George Street
Sydney NSW 2000

Banker**National Australia Bank**

330 Collins Street
Melbourne VIC 3000

Auditor**KPMG**

Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3008