generation development group

2019 Annual Report

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ascalon capital

Austock Financial Services

generation development group

Chairman's report

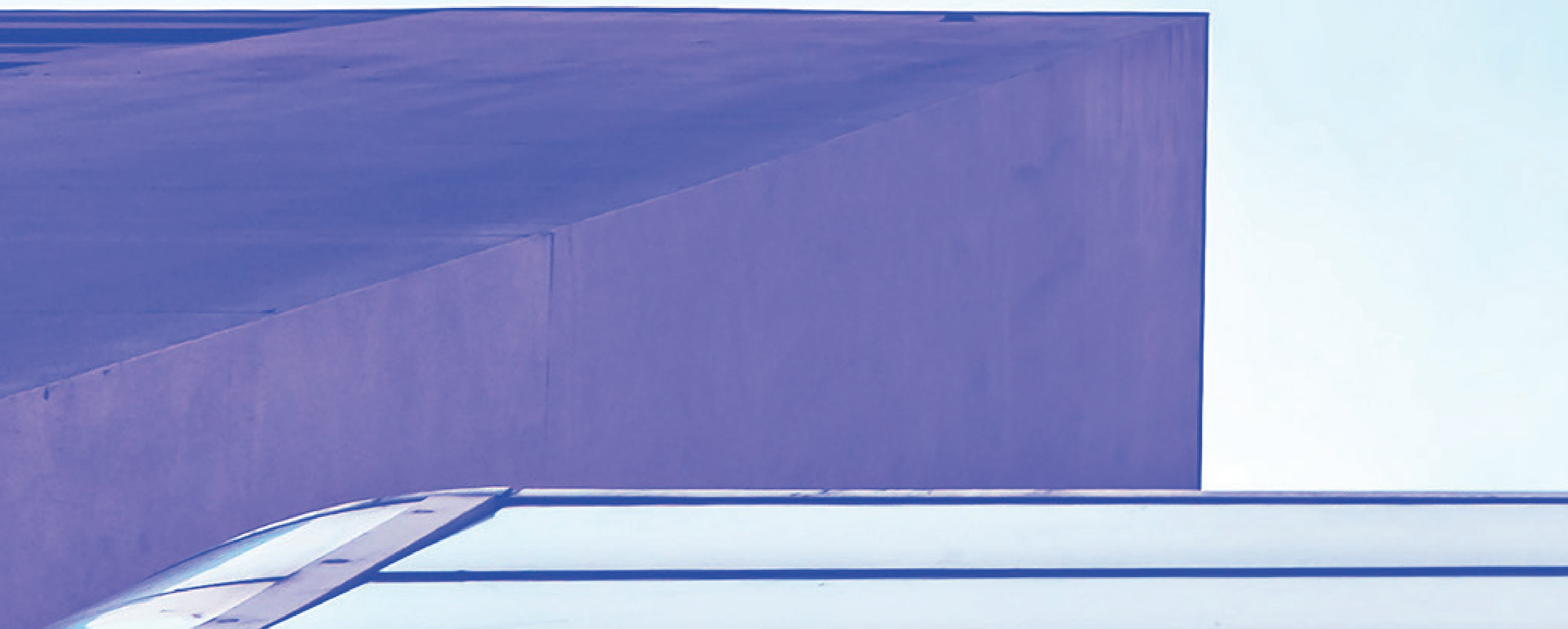
What we achieved this year

The 2019 financial year was a difficult year for many participants in financial services in Australia. There is no doubt that the Royal Commission into Financial Services impacted confidence in banking, superannuation and financial planning leading to the disruption of a number of business models. On top of this there was some volatility in financial markets and whilst the year finished strongly, the first half was impacted adversely by negative equity markets.

Notwithstanding this, Generation Life maintained similar new business flows as the prior year with $224 million in new sales. Importantly we maintained our number 1 position in new business flows and increased our overall market share position from No.5 in Funds under Management to No.2 at the end of the financial year[1]. It's also very encouraging to see that we have increased our active advisers to 928 up 21% from 765 in FY18. This recognises a growing market of financial advisers utilising our Products and combined with a strong start to FY20 post Federal Election, we would expect a positive sales trend in the 2020 financial year.

The 48% increase in underlying net profit after tax to $2.3 million reflected the maintenance of strong sales growth and the emergence of improved operational efficiences in our Investment Bond business. In addition, our investment in Ascalon Capital Managers delivered more than $4 million in cash and equivalent to Generation Development Group, with at least half used to establish an Asia Pacific hedge fund taking positions in emerging hedge funds in the region.

[1] Strategic Insight Actuaries & Researchers - March 2019



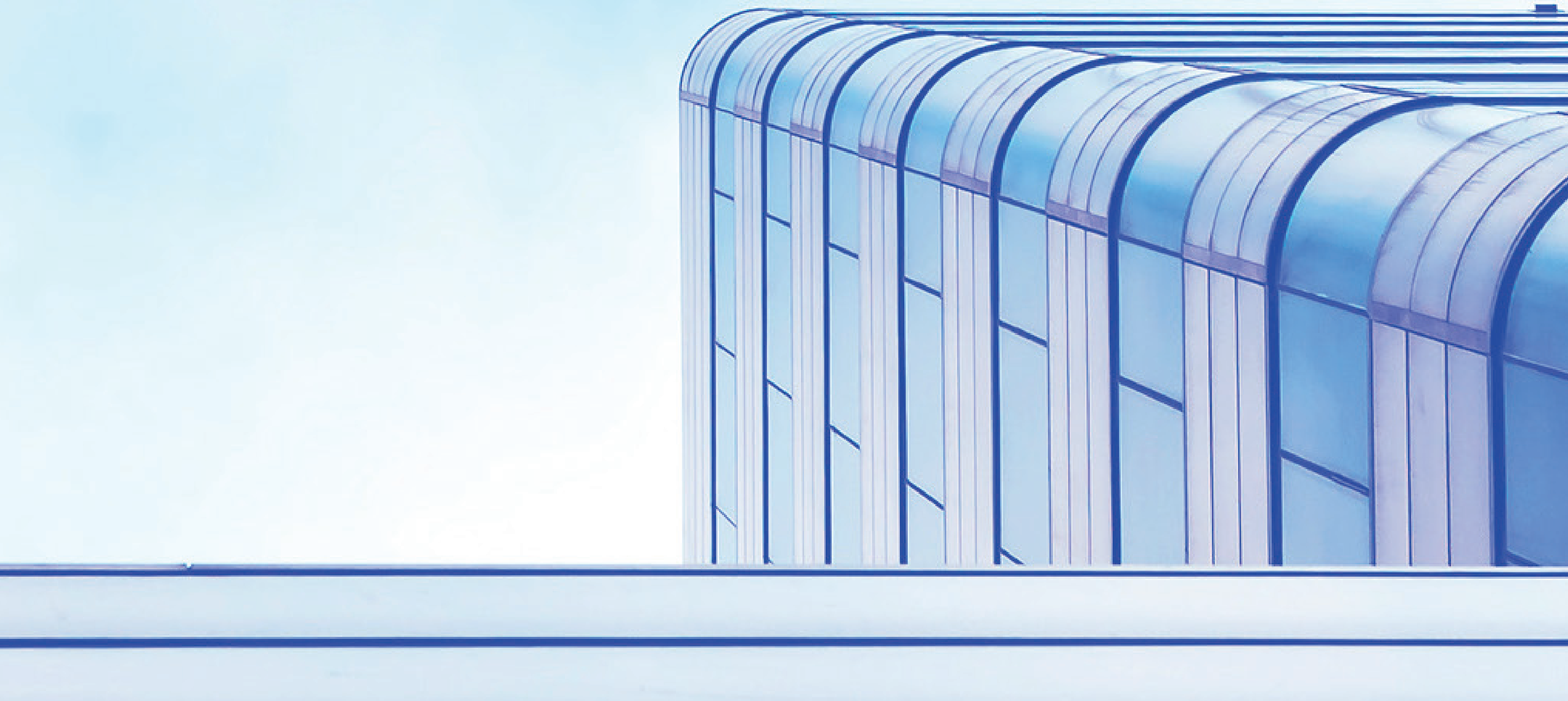
So what do we expect for the next financial year?

Whilst the flow on impact of the Royal Commission will continue over the foreseeable future, we expect business conditions to be more stable. As a result, we would expect the overall Investment Bond market to start to expand as its positioning as a tax effective alternative to superannuation starts to gain greater traction. To help maintain or increase our market position in a growing market we recently launched a new tax effective fund and are expecting to supplement this offer with more tax effective strategies in the coming year. With these types of products, we will maintain focus on distributing through financial advisers that concentrate on highly affluent and high net worth markets.

We remain attracted to the retirement income markets, however at this point in time we don't think that traditional annuities are the most efficient way of pursuing this opportunity. We also remain interested in growth through acquisition, particularly in businesses that we think will benefit from changes in the landscape in financial services or that are good value and need to be restructured to a more future proof business model. The investment in Ascalon Capital is a great example of the latter. Acquisitions of complementary businesses also remain high on our radar.

In closing, I would once again like to thank the hard working team at Generation Development Group and our subsidiaries for their effort and diligence through the year. We are a small team and as such need to cover many bases and "punch above our weight". For the efforts of the whole team, I remain extremely grateful and they can take a large amount of the credit for this year's extremely strong results and the momentum we take into the next financial year.

Robert Neil Coombe
Executive Chairman
17 September 2019



Summary of results

(Unaudited)

Generation Development Group recorded a consolidated statutory net profit after tax for the year of $5.3 million (2018: $388 thousand). Statutory net profit after tax has been prepared in accordance with the Corporation Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an underlying operating profit after tax of $2.3 million (2018: $1.5 million).

Underlying operating profit after tax excludes gain on acquisition of Ascalon and other items as reflected below:

	Notes	2019 $'000	2018 $'000	Change %
Life and services		10 561	9 085	16
Other income		1 524	916	66
Total revenue	**1**	**12 085**	**10 001**	**21**
Personnel		(5 820)	(5 624)	3
Occupancy		(618)	(565)	9
Communication		(121)	(127)	(5)
Finance		(23)	(18)	28
Dealing and settlement		(2 800)	(2 334)	20
Marketing and promotional		(524)	(375)	40
Depreciation and amortisation		(431)	(208)	107
Administration expenses		(2 746)	(2 285)	20
Total expenses	**1**	**(13 083)**	**(11 536)**	**13**
Underlying loss before income tax		**(998)**	**(1 535)**	**54**
Income tax benefit	**2**	3 248	3 053	6
Underlying profit after tax		**2 250**	**1 518**	**48**

Summary of results (unaudited) continued

	2019 $'000	2018 $'000	Change %
Underlying profit after tax (continued)	**2 250**	**1 518**	**48**
Ascalon operational costs	(1 150)	-	nm
Non recurring items (net of applicable tax)			
Deferred tax asset on carry forward losses	891	1 517	(41)
Ausdef remediation costs*	(68)	-	nm
Fixed assets impairment*	(534)	-	nm
Unsuccessful product development costs	(298)	-	nm
Gain on acquisition of Ascalon	4 195	-	nm
Share based payments	-	(2 302)	nm
Rebranding expense – Generation Life	-	(172)	nm
Termination benefits	-	(173)	nm
Statutory profit after tax	**5 286**	**388**	**nm**

*Tax effected

Notes:

1. Revenue and expenses reflected in the summary of results are attributable to the Shareholders of the Company and excludes the activities of the consolidated benefit funds.
2. 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.

Balance sheet summary

	2019 $'000	2018 $'000
Cash, cash equivalents and investments - term deposits	13 702	12 292
Income tax receivable	1 775	924
Trade and other receivables	1 764	612
Property, plant and equipment and software	1 000	1 477
Generation Life - goodwill	547	547
Deferred tax assets	3 448	2 558
Other assets	857	710
Total assets[1]	**23 093**	**19 120**
Trade and other payables	(558)	(384)
Provisions and other liabilities	(1 861)	(1 852)
Total liabilities[1]	**(2 419)**	**(2 236)**
Net assets	**20 674**	**16 884**
Comprising:		
Tangible assets	19 489	15 208
Intangible assets	1 185	1 676
	20 674	**16 884**
Weighted average number of shares used for NTA purposes	124 947 458	122 881 524
NTA per share (cents)	15.6	12.4

1. Assets and Liabilities reflected in the summary of results, pertain to the Shareholders of the Company and excludes the assets and liabilities attributable to the policy holders of the benefit funds.

Directors' report

The directors of Generation Development 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 2019. 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.

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
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	-	12 671 099
J J Tooth	9 084	8 974 127
J D Wheeler	7 510 000	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 14.

Chief Executive Officer

Mr Grant Hackett OAM

GradDipFinPlan, EMBA (First Class Honours)

Grant was appointed Chief Executive Officer of the Group on 25 October 2018.

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

Mr Terence Wong

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

Terence was appointed Chief Financial Officer of the Group on 19 March 2018.

Principal activities

The Group's principal activities in the course of the financial year were the marketing, management of life insurance and life investment products and services to the retail sector in Australia and the provision of administration services in the financial services industry.

Review of operations

The consolidated net profit attributable to members is $5.3 million (2018: profit $388 thousand). A review of operations for the Group is set out on pages 4 to 8 of this annual report, commencing with the Chairman's Report. For key risks affecting the Group, refer to notes 3, 23 and 24 of the financial statements.

Acquisition

On 8 February 2019, the Generation Development Group Limited completed its investment in Ascalon Capital Managers that was formerly owned by Westpac Financial Services Group Limited. Generation Development Group subscribed for all of the 86,077,152 shares in Ascalon Capital Managers Limited for consideration of $3 million.

Subsequent events

Other than those disclosed in note 26 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 to continue growing its Investment Bond business by increasing its market share and expanding its product suite. We expect to participate in further merger and acquisition opportunities in the financial services sector, while Ascalon Capital Managers will focus on launching a new Asia Pacific seeding vehicle to invest in alternative investment funds in the Asia Pacific region.

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 partially franked final 2018 dividend of $0.01 per ordinary share on 11 October 2018 and an unfranked 2019 interim dividend of $0.01 per ordinary share on 3 April 2019. A dividend reinvestment plan (DRP) was in operation for these dividends.

On 30 August 2019, the company declared a final 2019 dividend of $0.01 per ordinary share to be paid on 10 October 2019. 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 six Board meetings held.

Director	Eligible to attend	Attended
R N Coombe	6	6
W E Bessemer	6	6
J D Wheeler	6	6
J J Tooth	6	6

Corporate Governance Statement

The Company's Corporate Governance Statement together with the Appendix 4G, can be viewed at https://www.gendevelopmentgroup.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 2019, the Group engaged its external auditors to provide professional services in relation to general market and regulatory insights for $5,000. 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 28 of the financial report and forms part of the Directors' Report for the year ended 30 June 2019.

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 2019.

At the Company's last Annual General Meeting in October 2018, 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.
- Mr William Eric Bessemer, Non-Executive Director.
- Mr Jonathan James Tooth, Non-Executive Director.
- Mr John David Wheeler, Non-Executive Director.

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 Grant Hackett, Chief Executive Officer, Generation Development Group Limited (appointed 25 October 2018).
- Ms Catherine Louise van der Veen, Director, Generation Life Limited and Joint Chief Executive Officer, Generation Life Limited.
- Ms Lucy Ann Foster, Director, Generation Life Limited and Joint Chief Executive Officer, Generation Life Limited.
- Mr Terence Wong, Chief Financial Officer.

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.

Remuneration structure

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

1. 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 25 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)

2. 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 Generation Life Limited'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.

B. Remuneration Policies (continued)

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 target (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;
- 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.

B. Remuneration Policies (continued)

The total number of rights granted to senior management in the year to 30 June 2019 was 2,483,073 (2018: 153,370), details are as follows:

30 June 2019

Senior Executive	Number of Rights Granted in year to 30 June 2019	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Lucy Foster	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465
Catherine van der Veen	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465
Grant Hackett[1]	282 167	TSR	28 June 2019	30 June 2022	$0.265
	846 502	FUM CAGR	28 June 2019	30 June 2022	$0.465
Terence Wong	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465

The performance measurement period for these rights is 1 July 2019 to 30 June 2022. At 30 June 2019, no rights had vested, been exercised, or forfeited by any senior executive.

1. Appointed Chief Executive Officer on 25 October 2018.

B. Remuneration Policies (continued)

30 June 2018

Senior Executive	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	
Senior Executive	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%

B. Remuneration Policies (continued)

Other Share-Based Payments

On 5 November 2018, via a notice of Grant of Rights under the Generation Development Group Limited Rights Plan - FY19, Mr Robert Coombe was issued with 361,222 Performance Rights which were valued at $84,184. This was approved at a meeting of shareholders on 25 October 2018.

Consequences of performance on shareholder wealth

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

	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
FUM ($m)	481	587	636	720	887	1 073
Share price at start of year ($ per share)	0.17	0.23	0.43	0.46	0.66	1.16
Share price at end of year ($ per share)	0.23	0.43	0.46	0.66	1.16	0.53
Change in share price ($ per share)	0.06	0.20	0.03	0.20	0.49	(0.63)
Dividends paid ($'000s)	1 982	1 983	2 064	2 064	2 477	2 496
Profit attributable to owners of the Company ($'000s)	(434)	(731)	2 138	200	388	5 286
Basic EPS (cents per share)	(0.44)	(0.73)	2.07	0.19	0.32	4.23
Diluted EPS (cents per share)	(0.44)	(0.73)	2.07	0.19	0.32	4.23

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.

2019

Directors/ Executives	Class	Balance 1 July 2018	Shares Acquired	Shares Disposed	Balance 30 June 2019
R N Coombe	Ordinary	7 600 000	-	-	7 600 000
W E Bessemer	Ordinary	12 421 099	250 000	-	12,671,099
J J Tooth	Ordinary	8 758 437	224 774	-	8 983 211
J D Wheeler	Ordinary	10 010 000	500 000	-	10 510 000
G Hackett[1]	Ordinary	500 000	-	-	500 000
C van der Veen	Ordinary	23 644	607	-	24 251
L Foster	Ordinary	-	-	-	-
T Wong	Ordinary	-	-	-	-

1. Appointed Chief Executive Officer on 25 October 2018.

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[1]	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	-	-	-	-

1. J E Barr resigned as Chairman 18 July 2017 and as a director on 22 November 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.

2019

	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	-	-	-	-	-	-	84 184	-	84 184	-
W E Bessemer	-	-	-	-	-	-	-	-	-	-
J J Tooth	-	-	-	-	-	-	-	-	-	-
J D Wheeler	-	-	-	-	-	-	-	-	-	-
Sub total	**-**	**-**	**-**	**-**	**-**	**-**	**84 184**	**-**	**84 184**	**-**
Other Senior Executive										
L Foster	192 000	28 800	-	854	18 240	54 591	-	-	294 485	28.3%
C van der Veen	192 000	28 800	9 233	854	18 240	54 591	-	-	303 718	27.5%
G Hackett[1]	260 000	15 000	5 022	2 132	20 531	136 476	-	-	439 161	34.5%
T Wong	220 004	33 000	11 453	638	20 531	54 591	-	-	340 217	25.7%
Sub total	**864 004**	**105 600**	**25 708**	**4 478**	**77 542**	**300 249**	**-**	**-**	**1 377 581**	**29.5%**
Total	**864 004**	**105 600**	**25 708**	**4 478**	**77 542**	**300 249**	**84 184**	**-**	**1 461 765**	**22.3%**

1. Appointed Chief Executive Officer on 25 October 2018.

D. Remuneration of Key Management Personnel (continued)

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 Silverii[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.

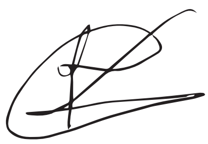
E. Key Terms of Employment Contracts

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



Robert Neil Coombe

Executive Chairman
17 September 2019

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 2019 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 Milum

Rachel Milum

Partner

Melbourne

17 September 2019

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 2019 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 2019
- 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 27 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:

- Gain on acquisition of Ascalon
- Valuation of intangible assets (Goodwill and Capitalised Software)

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.

Gain on acquisition of Ascalon - $5 million	
Refer to notes 5 (d) and 17 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group acquired Ascalon Capital Managers Limited ("ACML") during the year. The Group assessed the acquisition in accordance with AASB 3 *Business Combinations*, and the Group's valuation of the fair value of identifiable net assets acquired resulted in a bargain gain on acquisition of $5m, net of transaction costs. This bargain gain on acquisition is a Key Audit Matter due to the: • significant impact of the bargain gain on acquisition on the Group's profit; and • extent of audit effort required by us in assessing the Group's determination of the fair value of assets and liabilities acquired which directly impacts the measurement of the bargain gain on acquisition. In particular, we focused on the Group's determination of the fair value of underlying funds held by the equity accounted investees of ACML ("Investee Firm investments"), making up the majority of the assets of ACML. The Group's calculations of the fair value of Investee Firm investments is driven by the fee paying rate and forecasted Funds Under Management ("FUM"). These Investee Firm investments were subsequently sold by the equity accounted investees prior to the year ended 30 June 2019.	Our procedures included: • reading the acquisition agreement to: - understand the key terms and conditions of the acquisition; - assess the acquisition against the criteria of a business combination in the accounting standard; - assess the identification of the relevant assets and liabilities acquired against the recognition criteria of the accounting standard • evaluating the fair value of assets and liabilities allocated, with a focus on the Group's determination of the fair value of underlying funds held by the equity accounted investees of ACML by: - assessing the Group's methodology of determining the fair value of underlying funds for consistency with industry practices and against the criteria in the accounting standard; - assessing the forecast FUM used by the Group against historical FUM held by ACML's investee firms, for use in our further procedures; - checking the fee paying rate to the sale deed agreements between the equity accounted investees and their counterparts; - checking the mathematical accuracy of the underlying Group's calculations ; - comparing the fair value of the Investee Firm investments to subsequent sale deed agreements between the equity accounted investees and their counterparts; and - obtaining underlying documentation such as board minutes and offers correspondence from the sale tender process to check the subsequent sale of the Investee Firm investments is conducted at an arm's length transaction • checking the consideration paid for ACML to the Group's bank statements and the acquisition agreement; • recalculating the bargain gain on acquisition against the recorded amount disclosed by the Group; and • assessing the disclosures in the Financial Report using our understanding of the acquisition, and against the requirements of the accounting standard.

Valuation of intangible assets (Goodwill and Capitalised Software) - $1.2m	
Refer to note 11 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual impairment testing of its intangible assets which comprise goodwill and the Group's capitalised software. We focused on the key assumptions applied in the Group's value in use models, including the: • 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 for Goodwill and the expected incremental sales and revenue margin for the capitalised software intangible asset. The Group's value in use models are 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. We involved valuations specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • considering the appropriateness of the Group's value in use models 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; • challenging the Group's forecast cash flows, growth assumptions and incremental sales. 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 in the industry the Group operates in, adjusted by factors specific to the Group; • evaluating the Group's impairment calculations over capitalised software to consider the recoverable amount where there were impairment indicators; and • 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 2019 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 14 to 26 of the Directors' report for the year ended 30 June 2019.

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

KPMG

KPMG

Rachel Milum

Rachel Milum
Partner

Melbourne
17 September 2019

Directors' Declaration

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

The consolidated financial statements and notes that are set out on pages 34 to 102 and the Remuneration report on pages 14 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 2019 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.

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 2019.

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
17 September 2019

Consolidated statement of profit or loss and other comprehensive income

For the financial year ended 30 June 2019

	Notes	2019 $'000	Restated* 2018 $'000
Revenue			
Revenue from contracts with customers	5 (a)	11 048	9 385
Interest income	5 (b)	3 298	3 622
Revaluation of investments	5 (c)	32 834	18 727
Other income	5 (d)	6 545	760
Distribution income		41 004	34 681
Total Revenue		**94 729**	**67 175**
Expenses			
Personnel expenses	6 (a)	(7 032)	(8 166)
Occupancy expenses		(680)	(565)
Communication expenses		(137)	(127)
Finance expenses		(26)	(19)
Dealing and settlement expenses		(3 143)	(2 598)
Marketing and promotional expenses	6 (b)	(530)	(543)
Depreciation and amortisation expenses	6 (c)	(437)	(206)
Impairment expenses	6 (d)	(597)	(2)
Administration expenses	6 (e)	(4 142)	(2 409)
Management fees paid by benefit fund	6 (f)	(7 925)	(6 504)
Policyholder withdrawals - insurance		(166)	(145)
Total Expenses		**(24 815)**	**(21 284)**
Profit before income tax expense		**69 914**	**45 891**

* Restated - refer to Note 1 (q).

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income (continued)

For the financial year ended 30 June 2019

	Notes	2019 $'000	Restated* 2018 $'000
Income tax (expense) / benefit	8 (a)	(13 975)	(9 469)
Profit attributable to policyholders		(50 653)	(36 034)
Net profit attributable to shareholders of the Company		**5 286**	**388**
Total comprehensive income attributable to shareholders of the Company		**5 286**	**388**
Earnings Per Share			
Basic (cents per share)	15	4.23	0.32
Diluted (cents per share)	15	4.23	0.32

* Restated - refer to Note 1 (q).

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2019

	Notes	2019 $'000	Restated* 2018 $'000	Restated** 1 July 2017 $'000
Assets:				
Cash and cash equivalents		23 979	15 200	16 377
Income tax receivable	8 (c)	4 080	924	602
Trade receivables		1 523	615	544
Other assets	10	29 281	25 635	17 675
Financial assets	9	1 051 021	868 697	699 461
Plant and equipment		363	348	307
Deferred tax assets	8 (c)	3 975	5 892	3 567
Intangible assets	11	1 185	1 676	644
Total assets		**1 115 407**	**918 987**	**739 177**
Liabilities:				
Trade and other payables		1 264	984	648
Current tax liability		-	7 469	2 415
Other liabilities		1 183	1 479	578
Provisions	12	694	671	832
Deferred tax liabilities		21 080	7 259	5 810
Policyholder liabilities	23 (b) & 27	1 070 512	884 241	717 733
Total liabilities		**1 094 733**	**902 103**	**728 016**
Net assets		**20 674**	**16 884**	**11 161**

* Restated - refer to Note 1 (q).

** The Group has presented a third statement of financial position as at the beginning of the preceding period, because the retrospective changes in accounting policies have a material effect on the information in the statement.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

As at 30 June 2019

	Notes	2019 $'000	Restated* 2018 $'000	Restated** 1 July 2017 $'000
Equity:				
Issued capital	13	44 998	44 498	39 192
Share based payment reserve		2 946	2 507	-
Other reserve		61	-	-
Retained earnings	14	(27 331)	(30 121)	(28 031)
Total equity		**20 674**	**16 884**	**11 161**

* Restated - refer to Note 1 (q).

** The Group has presented a third statement of financial position as at the beginning of the preceding period, because the retrospective changes in accounting policies have a material effect on the information in the statement.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of changes in equity

For the financial year ended 30 June 2019

	Issued Capital $'000	Share based payment reserve $'000	Other reserve $'000	Retained Earnings $'000	Total $'000
Year End 30 June 2019:					
Balance at 1 July 2018	44 498	2 507	-	(30 121)	16 884
Net profit for the year	-	-	-	5 286	5 286
Total comprehensive income for the year	**-**	**-**	**-**	**5 286**	**5 286**
Transactions with owners					
Issue of ordinary shares	500	-	-	-	500
Share based payments	-	439	-	-	439
Dividend paid	-	-	-	(2 496)	(2 496)
Other items	-	-	61	-	61
Balance at 30 June 2019	**44 998**	**2 946**	**61**	**(27 331)**	**20 674**
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**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows

For the financial year ended 30 June 2019

	Notes	2019 $'000	Restated 2018 $'000
Cash Flows from Operating Activities:			
Receipts from customers		9 587	7 673
Distribution received		37 195	26 841
Payments to suppliers and employees		(23 029)	(17 555)
Finance and borrowing costs		(23)	(19)
Income tax received		2 477	2 879
Income tax paid		(11 342)	(8 494)
Payment for investment benefit funds		(154 559)	(143 921)
Contributions by investors		225 235	228 299
Withdrawals by investors		(87 240)	(95 742)
Net cash flow (used in) / from operating activities	**22**	**(1 699)**	**(39)**
Cash Flows from Investing Activities:			
Interest received		3 566	3 657
Investments		(3 000)	-
Other investments		(284)	(201)
Term deposit matured / (invested)		5 046	(6 118)
Purchase of property, plant and equipment		(512)	(182)
Proceeds / (losses) from sale of financial assets		4 226	(1 124)
Net cash flows from / (used in) investing activities		**9 042**	**(3 968)**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

For the financial year ended 30 June 2019

	Notes	2019 $'000	Restated 2018 $'000
Cash Flows from Financing Activities:			
Dividends paid		(2 496)	(2 478)
Issue of additional shares		500	5 307
Net cash flows (used in) / from financing activities		**(1 996)**	**2 829**
Net increase / (decrease) in cash held		5 347	(1 177)
Cash and cash equivalents at beginning of the year		18 632	16 377
Cash and cash equivalents at end of the year		**23 979**	**15 200**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Contents

1. Summary of significant accounting policies

About Generation Development Group

This consolidated financial report for the year ended 30 June 2019 was authorised for issue by the directors on 17 September 2019.

Generation Development 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 2019 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 issued 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 is 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 Company 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. These are AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments. Details of these new accounting standards that impacted the Company's financial report are included in the individual accounting policy notes set out below.

There are no other new standards applied in 2019 apart from those mentioned above.

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

AASB 16 replaces existing leases guidance including AASB 17 Leases , IFRIC 4 Determining whether an arrangement contains a Lease , SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease.

The Standard is effective for annual years beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of AASB 16.

Upon adoption of the new leasing standard effective 1 July 2019, using a modified retrospective approach, the management estimates that the most significant impact identified is that the Group will recognise a new Right of Use Asset and Lease Liability for its property leases within the range $840,000 to $850,000 with no impact to net assets. The nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

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 27 of these financial statements, and will also have a potential impact on the Deferred Acquisition Costs for Generation Life Limited. The Group is not yet able to reasonably estimate the impact of the adoption of this standard on its financial statements.

AASB Interpretation 23 'Uncertainty over Income Tax Treatments'

This interpretation clarifies the application of the recognition and measurement criteria where there is uncertainty over income tax treatments. It requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty will be reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements will be reassessed as and when new facts and circumstances are presented. Interpretation 23 will apply to the Group from 1 July 2019. The directors do not expect that the adoption of this interpretation will have a material impact to the Group.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2019 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, Generation Life Limited and any controlled entities.

The benefit funds are treated as statutory funds in accordance with Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the 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 20 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.

Business combinations

The Group accounts for business combination using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. The transaction costs incurred by the Group in connection with the business combination, such as finders' fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Significant 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.

AASB 9 Financial Instruments

On 1 July 2018 the Group adopted AASB 9, replacing the previous accounting standard, AASB 139 Financial Instruments.

Transition

The Group has taken advantage of the exemption from restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements. The hedge accounting requirements of AASB 9 have not been applied, as the group is not party to any hedging relationships.

Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 are recognised in retained earnings at 1 July 2018, and are de minimis for the Group. These relate solely to the recognition of expected credit losses (ECLs) as a result of the revised requirements for impairment of the new standard. The key changes to the Group's accounting policies and the impacts resulting from the adoption of AASB 9 are described below.

Classification & measurement of financial assets and financial liabilities

The basis of classification under AASB 9 results in financial assets being classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The held to maturity, loans and receivables and available for sale categories have been removed. The classification criteria for allocating financial assets between categories under AASB 9 requires the Group to assess the business models under which its assets are managed, distinguishing whether:

- its objective is to hold assets to collect contractual cash flows;
- its objective is both to collect contractual cash flows and to sell the asset; or
- it represents another type of business model (e.g. trading).

The group is also required to review contractual terms and conditions to determine whether the cash flows arising on these assets represent solely payments of principal and interest on the principal amount outstanding. All of the Group's financial assets as at 1 July 2019 were managed within business models whose objective is solely to collect contractual cash flows and are now classified as amortised cost, except for the financial instruments including cash and cash equivalents, term deposits and unlisted unit trusts within the Policyholder Benefit Funds, which are not held for trading and continue to be classified as fair value through profit or loss. The basis of classification for financial liabilities under the new standard remains unchanged.

Impairment

Under AASB 9, an expected credit loss (ECL) model replaces the incurred loss model, meaning there no longer needs to be a trigger event in order to recognise impairment losses against financial assets not recognised as FVTPL . A credit loss allowance must be made for the amount of any loss expected to arise, whereas under AASB 139, credit losses are only recognised when incurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Under the ECL model, a dual measurement approach applies whereby a financial asset will attract an ECL allowance equal to either 12 months of expected credit losses (losses resulting from possible defaults within the next 12 months), or lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset). The latter applies if there has been a significant deterioration in the credit quality of the asset since origination, albeit lifetime ECLs will always be recognised for assets without a significant financing component. AASB 9 also permits the Group to adopt a set of practical expedients, including that short duration trade receivables which do not contain a significant financing component will have minimal expected credit losses, and that debt instruments that are determined to have a low credit risk at the reporting date and credit risk has not increased significantly since origination have loss allowances measured as equivalent to 12 month ECLs.

ECLs are a probability weighted estimate of credit losses, measured as the present value of all cash shortfalls. This is the difference between the cash flows due to the entity in accordance with the contract, and the cash flows that the group expects to receive, discounted at the effective interest rate of the financial asset.

The Group's financial assets not recognised at FVTPL are represented by short term trade receivables, plus cash and cash equivalents and investments in term deposits with investment grade domestic bank counterparties, and therefore the impact of the new standard is considered minimal. Impairment allowances on financial instruments are presented under finance expenses and not presented separately in the condensed consolidated statement of profit or loss and other comprehensive income.

AASB 15 Revenue from Contracts with Customers

On 1 July 2018 the Group adopted AASB 15, replacing the previous accounting standard, AASB 118 Revenue. Under AASB 118, revenue is recognised when risks and rewards are transferred from the seller to the buyer. AASB 15 has introduced a single, principle-based five step recognition and measurement model for revenue. AASB 15 applies to contracts with customers except for revenues the Company earns from financial instruments, such as interest income, and insurance contracts.

The Group's accounting policy for revenue within the scope of AASB 15 has been updated to state that revenue is recognised as performance obligations are satisfied.

As a result of the above assessment, there has been no impact recognised in opening retained earnings, or impact of the new standard on the Group's statement of financial position as at 30 June 2019, statement of profit or loss and other comprehensive income, or statement of cash flows for the year ended 30 June 2019.

The Group adopted the standard using the cumulative effect method, with the effect of initially applying the standard recognised at 1 July 2018. Accordingly, there has been no restatement to the comparative period financial statements.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report and have been applied consistently to all periods presented:

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.

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. 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.

f. Software assets

Costs incurred in acquiring software and licenses that will contribute to future period financial benefit through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software, licenses over the estimated useful life, which is 5 years.

g. 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.

h. 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.

i. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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.

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.

j. 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.

k. 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.

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.

l. 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.

m. 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.

n. 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.

o. 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.

p. Benefit Funds

Under the Life Insurance Act 1995 (Life Act), the Group's Life Insurance and Life Investment business is conducted with external policyholders within separate statutory funds ('Benefit Funds'), which are distinguished from each other and from Shareholders' Funds ('the Management Fund'). Policyholder assets and liabilities are not attributable to shareholders.

The Benefit Funds and the Management Fund are presented as a single set of financial statements, with additional disclosures being presented in note 27 showing all major components of the financial statements disaggregated between the Benefit Funds and the Management Fund.

This financial report therefore comprises the Generation Life Limited Management Fund and 60 Benefit Funds. The Benefit Funds have been classified as either life investment or life insurance contracts according to the rules of the benefit funds (refer note 24), as required under AASB 1038 Life Insurance Contracts and other requirements of the Life Act. There are 58 life investment contract benefit funds and 2 life insurance contract benefit funds. The assets of each benefit fund are regarded as assets backing either life investment or life insurance contract liabilities according to the classification of the fund to which they belong.

The operating expenses of the benefit funds have been apportioned between contract acquisition, contract maintenance, investment management and other expenses according to the descriptions given in the Product Disclosure Statement (PDS) and the fund rules.

Assets backing Policyholder Liabilities

The assets of the Company 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.

The Company has determined that all financial assets held within its statutory funds are assets backing policy liabilities. The assets of one benefit fund cannot be used to support the liabilities of another. These financial assets include investment securities that 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.

Restriction on Use

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.

Classification of Benefit Funds

The 60 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).

q. Other significant accounting policies

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Changes in accounting policies

A subsidiary of the Company, Generation Life Limited ('GLL'), is a friendly society in accordance with the Life Insurance Act 1995 (the 'Act'). The funds operated by GLL, and any trusts controlled by those Funds, are treated as statutory funds in accordance with the Act. These statutory funds are consolidated in accordance with accounting standards. For the year ended 30 June 2019 and going forward, the assets, liabilities, income and expenses of these statutory funds have been included on a line by line basis on the primary financial statements and disclosure notes. Where relevant, comparative primary financial statements and disclosures have been restated to ensure consistency in presentation of financial information across the applicable comparative periods. This change has been made as it provides information on a basis consistent with broader industry, and does not give rise to a change in net profit or net assets of the Group.

In prior periods, the statutory funds' assets, liabilities, income and expenses were presented as a single line item, separately in the financial statements.

q. Changes in accounting policies (continued)

The table below shows the comparative balances of these statutory funds have been restated:

Consolidated statement of profit or loss and other comprehensive income

	Previously Reported 2018 $'000	Restated* 2018 $'000	Adjustments $'000
Revenue	10 001	67 175	57 174
Personnel expenses	(8 166)	(8 166)	-
Occupancy expenses	(565)	(565)	-
Communication expenses	(127)	(127)	-
Finance expenses	(18)	(19)	(1)
Dealing and settlement expenses	(2 334)	(2 598)	(264)
Marketing and promotion expenses	(543)	(543)	-
Depreciation and amortisation expenses	(208)	(206)	(2)
Impairment expenses	-	(2)	2
Administration expenses	(2 320)	(2 409)	(89)
Management fees paid	-	(6 504)	(6 504)
Member withdrawals	-	(145)	(145)
Profit attributable to policyholders, net of tax	36 034	-	(36 034)
Profit before income tax expense	**31 754**	**45 891**	**(14 137)**
Income tax benefit / (expense)	4 668	(9 469)	(14 137)
Profit after income tax expense	**36 422**	**36 422**	**-**
Profit attributable to policyholders	(36 034)	(36 034)	-
Total comprehensive income attributable to shareholders of the company	**388**	**388**	**-**

* Restated - refer to Note 1 (q).

q. Changes in accounting policies (continued)

Consolidated statement of financial position

	Previously Reported 2018 $'000	Restated* 2018 $'000	Adjustments $'000
Assets:			
Cash and cash equivalents	2 609	15 200	12 591
Investment - term deposits	9 683	-	(9 683)
Income tax receivable	924	924	-
Trade receivables	612	615	3
Other assets	710	25 635	24 925
Financial assets	-	868 697	868 697
Plant and equipment	348	348	-
Deferred tax assets	2 558	5 892	3 334
Intangible assets	1 676	1 676	-
Policyholder assets	899 867	-	(899 867)
Total assets	**918 987**	**918 987**	**-**
Liabilities:			
Trade and other payables	384	984	600
Current tax liability	-	7 469	7 469
Other liabilities	1 181	1 479	298
Provisions	671	671	-
Deferred tax liabilities	-	7 259	7 259
Policyholder liabilities	899 867	884 241	(15 626)
Total liabilities	**902 103**	**902 103**	**-**
Net assets	**16 884**	**16 884**	**-**
Equity:			
Issued capital	44 498	44 498	-
Share based payment reserve	2 507	2 507	-
Other reserve	-	-	-
Retained earnings	(30 121)	(30 121)	-
Total equity	**16 884**	**16 884**	**-**

* Restated - refer to Note 1 (q).

r. Segment reporting

The Group has the following two strategic divisions, which are its reportable segments. All segments' operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments

Investment Bonds Management and Fund Administration

The provision of administration and management services to the Benefit Funds of Generation Life Limited and administration services to institutional clients.

Other Businesses

This segment pertains to the newly acquired Ascalon Capital Managers Limited which is in the process of launching a new Asia Pacific seeding vehicle to invest in alternative investment funds in the Asia Pacific region.

Non-operating segment

Benefit funds represents the operating result and financial position of the Benefit Funds which are required to be consolidated in the Group's financial statements in accordance with the accounting standards.

Where relevant, comparative financial information has been restated to ensure consistency in presentation of financial information across the applicable comparative periods.

r. Segment reporting (continued)

The reportable segments are divisions engaged in providing either different products or services. The statutory benefit funds are classified as a non-operating segment. Details of the operating and non-operating segments are detailed below:

30 June 2019

	Operating Segments			Non-operating Segment	
	Investment Bonds Management & Funds Administration $ '000	Other Business $ '000	Operating Segment Total $ '000	Benefit Funds $ '000	Consolidated Total $ '000
Revenue					
External revenue	17 191	143	17 334	77 395	**94 729**
Segment revenue	**17 191**	**143**	**17 334**	**77 395**	**94 729**
Expenses	(14 973)	(1 295)	(16 268)	(8 547)	**(24 815)**
Income tax benefit / (expense)	4 219	1	4 220	(18 195)	**(13 975)**
Profit attributable to policyholders	-	-	-	(50 653)	**(50 653)**
Net profit / (loss) after tax	**6 437**	**(1 151)**	**5 286**	**-**	**5 286**
Segment assets and liabilities					
Segment total assets	15 575	7 518	23 093	1 099 349	**1 122 443**
Segment total liabilities	1 918	501	2 419	1 099 349	**1 101 769**
Segment net assets / (deficiency)	**13 657**	**7 017**	**20 674**	**-**	**20 674**
Other Segment Information					
Depreciation and amortisation	(1 017)	(16)	(1 033)	-	**(1 033)**

r. Segment reporting (continued)

30 June 2018

	Operating Segments			Non-operating Segment	
	Investment Bonds Management & Funds Administration $ '000	Other Business $ '000	Operating Segments Total $ '000	Benefit Funds $ '000	Consolidated Total $ '000
Revenue					
External revenue	10 001	-	10 001	57 174	**67 175**
Segment revenue	**10 001**	**-**	**10 001**	**57 174**	**67 175**
Expenses	(14 281)	-	(14 281)	(7 003)	**(21 284)**
Income tax benefit / (expense)	4 668	-	4 668	(14 137)	**(9 469)**
Profit attributable to policyholders	-	-	-	36 034	**(36 034)**
Net profit / (loss) after tax	**388**	**-**	**388**	**-**	**388**
Segment assets and liabilities					
Segment total assets	19 120	-	19 120	899 867	**918 987**
Segment total liabilities	2 236	-	2 236	899 867	**902 103**
Segment net assets / (deficiency)	**16 884**	**-**	**16 884**	**-**	**16 884**
Other Segment Information					
Depreciation and amortisation	(208)	-	(208)	-	**(208)**

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 11.

Capitalised 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 12 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.

Valuation of Financial Assets

The fair value of assets that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Valuation techniques commonly used by market practitioners are applied, including using discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Such techniques include using recent arm's length market transactions, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market.

Business combinations

Judgment is required in determining the fair value of assets acquired and liabilities assumed for each acquisition. Refer to Note 17 for details on the measurement of fair value of identifiable net assets.

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 27 for critical estimation assumptions for determining insurance policyholder liabilities and for disaggregated disclosures for each life insurance benefit fund.

3. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further qualitative disclosures are included throughout this financial report.

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 Chief Executive Officer 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.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and financial assets. The Group does not have any specific concentration of credit risk with a single counterparty.

Trade and other receivables

The credit risk for trade receivables for the Group is the risk that financial assets recognised on the statement of financial position exceed their carrying amount, net of any provisions for doubtful debts.

Financial assets

Given the strong credit ratings of external bank counterparties and Investments backing policyholder liabilities being invested with reputable counterparties in the managed funds sector, the Group is of the view that all counterparties are expected to meet their obligations.

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 reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of the Group's 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.

Currency risk

The Group is not exposed to currency risk is insignificant and immaterial.

Interest rate risk

Interest rate risk arises from the potential for changes 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 borrowed and/or held in high interest deposit accounts.

Equity price risk

The Group is exposed to equity price risk. Any overall downturn in the equities market may impact on the future results of the Group as a whole, however the risk is borne by policyholders.

Insurance risk

Insurance risk is the likelihood and financial impact of events which may occur that will expose the Company 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 Company receives advice from the Appointed Actuary, in accordance with APRA Prudential Standard LPS 310.

Solvency

Solvency margin requirements established by actuarial professional standards and by regulators are in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future payments to Policyholders. The solvency requirement establishes the required excess of the value of the insurers' assets (at a benefit fund level) over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the period, not just at period end. These solvency requirements take into account specific risks faced by the Company.

Terms and conditions of insurance business

The table below provides an overview of the key variables upon which the timing and uncertainty of the future cash flows of the various life insurance and investment contracts on issue are determined.

Type of contract	Details of contract workings	Nature of compensation for claims	Key variables affecting timing and uncertainty of future cash flows
Discretionary participating life insurance contracts	The sum insured is specified at inception and guaranteed. Bonuses are added annually, and can either be guaranteed or non guaranteed (based on actuarial advice). A further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the sum insured.	Mortality, surrenders, and market earnings on the assets backing the liabilities.
Discretionary participating investment contracts	Gross value of premiums received is invested and investment management fees are deducted monthly. Bonuses are added annually and a further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the account balance.	Surrenders, expenses and market earnings on the assets backing the liabilities.
Unit linked investment contracts	Gross value of premiums received is invested in units and investment management fees are deducted monthly.	Investment return is the earnings on the assets less any management fees.	Market risk, expenses, withdrawals.

4. Key management personnel

The Directors and other Key Management Personnel of the Group during 2019 were as follows.

Directors

Mr Robert Neil Coombe
Executive Chairman

Mr William Eric Bessemer
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

Mr John David Wheeler
Non-Executive Director

Key Management Personnel

Ms Catherine van der Veen
Director and Joint Chief Executive Officer Generation Life Limited

Ms Lucy Foster
Director and Joint Chief Executive Officer Generation Life Limited

Mr Terence Wong
Chief Financial Officer

Mr Grant Hackett OAM
Chief Executive Officer Generation Development Group Limited (appointed 25 October 2018)

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

	Consolidated	
	2019 $'000	2018 $'000
Short term employee benefits	970	836
Long term employee benefits	30	19
Long Term Incentives	300	64
Termination benefits	-	244
Post-employment benefits (superannuation contribution)	78	60
Other share based payments	84	2 302
	1 462	**3 525**

5. Revenue

The effect of initially applying AASB 15 on the Group's revenue from contracts with customers is described in Note 1. Due to the transition method chosen in applying AASB 15, comparative information has not been restated to reflect new requirements.

The Group's main revenue streams are fee revenues earned from contracts with customers for life investment management and investment administration services.

a. Revenue from contracts with customers

Disaggregation of revenue

In the following table, revenue is disaggregated by type of service, major service lines and timing of revenue recognition.

	2019 $'000	2018 $'000
Major service lines and type of service		
Placement fee	114	-
Fee income - Funds administration	388	357
Fee income - Life	7 398	6 321
Adviser fee	3 148	2 707
	11 048	**9 385**
Timing of revenue recognition		
Services transferred over time	10 304	8 785
Services transferred at a point of time	744	600
	11 048	**9 385**

b. Interest income

	2019 $'000	2018 $'000
Interest income	240	297
Interest income in benefit funds - investment contracts	2 876	3 142
Interest income in benefit funds - insurance contracts	182	183
	3 298	**3 622**

c. Revaluation income

	2019 $'000	2018 $'000
Realised gain / loss on sale of investments - management funds	7	-
Realised (loss) / gain on sale of investments - benefit funds	(22 450)	16 565
Unrealised gain / loss on assets designated as FVTPL - management funds	32	1
Unrealised gain / loss on assets designated as FVTPL - benefit funds	55 245	2 161
	32 834	**18 727**

d. Other income

	2019 $'000	2018 $'000
Other income	1 305	639
Revaluation of policyholders liabilities	134	121
Gain on acquisition of Ascalon	5 106	-
	6 545	**760**

6. Expenses

a. Personnel expenses

	2019 $'000	2018 $'000
Salaries and related expenses	6 593	5 396
Share based payments		
Issuance of shares	-	2 302
LTI arrangements	439	205
Termination benefits	-	263
	7 032	**8 166**

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. On the 28 June 2019, a total value of rights granted was $354,839. 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 recognised as an expense, with a corresponding increase in Share-based payment reserve.

On 5 November 2018, via a notice of Grant of Rights under the Generation Development Group Limited Rights Plan - FY19, Mr Robert Coombe was issued with 361,222 Performance Rights which were valued at $84,184. This was approved at a meeting of shareholders on 25 October 2018. The summary of key valuation assumptions for grants granted in the year ending 30 June 2019 is set out below:

Grant date	28 June 2019	5 November 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 2019	1 July 2018
Testing date	30 June 2022	30 June 2021
Measurement period	3 Years	3 Years
Value of rights granted	$354 839	$84 184

b. Marketing and promotional expenses

	2019 $'000	2018 $'000
Marketing and promotional	530	407
Rebranding expenses – Generation Life	-	136
	530	**543**

c. Depreciation and amortisation expenses

	2019 $'000	2018 $'000
Computer equipment	89	62
Other property plant and equipment	58	51
Capitalised software	290	93
	437	**206**

d. Impairment expenses

	2019 $'000	2018 $'000
Computer equipment	23	2
Other property plant and equipment	-	-
Capitalised software	574	-
	597	**2**

e. Administration expenses

	2019 $'000	2018 $'000
Administration expenses	4 028	2 321
Administration expenses in benefit funds - investment contracts	113	79
Administration expenses in benefit funds - insurance contracts	1	9
	4 142	**2 409**

f. Management fees paid by benefit funds

	2019 $'000	2018 $'000
Benefit funds - investment contracts *Ongoing management fees and expense recovery paid to Management Fund*	7 776	6 352
Benefit funds - insurance contracts *Ongoing management fees and expense recovery paid to Management Fund*	149	152
	7 925	**6 504**

7. Remuneration of Auditors

	Consolidated	
	2019 $'000	2018 $'000
Audit services		
Audit and review of financial reports of the Group and Controlled Entities	326	157
Other Audit - Related Services		
Assurance services	85	62
Non-Audit Services		
Other non-audit services	5	15
	416	**234**

8. Income Tax

At 30 June 2019 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

a. Income tax recognised in profit and loss

	Consolidated	
	2019 $'000	2018 $'000
Income tax expense comprises:		
Current Tax		
Current income tax (benefit) / expense	(1 760)	10 349
Deferred Tax expense / (benefit)		
Recognition / (derecognition) of tax losses	15 735	(880)
Origination and reversal of temporary differences	-	-
Total Income tax expense	**13 975**	**9 469**

b. Reconciliation of the prima facie income tax expense as pre-tax profit with the income tax expense charged to the income statement

	Consolidated	
	2019 $'000	2018 $'000
Profit / (Loss) before income tax attributable to shareholders	**69 914**	**45 891**
Income tax expense calculated at 30% (2018: 30%)	20 974	13 767
Non deductible expenses	3 550	2 804
Assessable income / (deductible expenses)	294	(527)
Non assessable income	(3 259)	(1 093)
Effect of 15% tax rate *	(1)	(1)
Tax losses (derecognised) / recognised as deferred tax assets	(870)	(1 517)
Franking dividends / foreign tax credits received	(6 570)	(3 965)
(Over) / under provisions in prior year	(143)	1
Income tax expense recognised in Profit and Loss	**13 975**	**9 469**

c. Deferred Tax Assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current tax assets comprise:		
Income tax receivable	4 080	924
Deferred tax assets comprise:		
Provision	74	51
Tax losses	3 901	5 841
	3 975	**5 892**

	Consolidated Opening Balance $'000	Consolidated Charged to Income $'000	Consolidated Closing Balance $'000
2019			
Provision	51	23	74
Tax losses	5 841	(1 940)	3 901
	5 892	**(1 917)**	**3 975**
2018			
Provision	103	(52)	51
Tax losses	4 324	1 517	5 841
	4 427	**1 465**	**5 892**

9. Financial Assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Financial assets carried at fair value through profit or loss		
Term deposits (a)	104 896	131 484
Investments (b)	946 125	737 213
Total financial assets	**1 051 021**	**868 697**
Current	1 051 021	868 697
Non current	-	-
	1 051 021	**868 697**

(a) The term deposits have maturities ranging from three to twelve months
(b) Investments are amounts invested by the benefit funds in unlisted externally managed funds and listed securities

10. Other Assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Accrued income	28 873	25 335
Goods and Services Tax receivable	138	117
Prepayment	270	183
	29 281	**25 635**

11. Intangible Assets

	Consolidated		
	Software $'000	Goodwill $'000	Total $'000
Gross Carrying Amount:			
Balance at 30 June 2017	**289**	**547**	**836**
Additions	1 124	-	1 124
Balance at 30 June 2018	**1 413**	**547**	**1 960**
Additions	372	-	372
Disposals	(308)	-	(308)
Balance at 30 June 2019	**1 477**	**547**	**2 024**
Accumulated amortisation and impairment losses:			
Balance at 30 June 2017	**(192)**	**-**	**(192)**
Amortisation expense	(93)	-	(93)
Amortisation reversal on write-offs	1	-	1
Balance at 30 June 2018	**(284)**	**-**	**(284)**
Amortisation expense	(290)	-	(290)
Amortisation reversal on write-offs	309	-	309
Impairment	(574)	-	(574)
Balance at 30 June 2019	**(839)**	**-**	**(839)**
Carrying Amount:			
As at 30 June 2019	**638**	**547**	**1 185**
As at 30 June 2018	**1 129**	**547**	**1 676**
As at 30 June 2017	**97**	**547**	**644**

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 15% (2018: 21%)
- A pre-tax discount rate of 12.5% (2018: 9%)
- Terminal growth rate of 0.1% (2018: 0.1%)

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $640 thousand. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. As at 30 June 2019, the recoverable amount of the CGU was most sensitive to changes in the average revenue growth rate and discount rate. Based on the sensitivity analysis performed, if the average growth rate fell below 14.7%, it would result in the carrying amount of the CGU to exceed the recoverable amount. Management notes that at a discount rate of 16.3%, the recoverable amount exceeds the carrying value. Management continues to monitor the estimates to assess whether there is any impact to the carrying value of the CGU.

Recoverability of capitalised software costs

Included in the carrying amount of software at 30 June 2019 is a balance amount of $243 thousand related to capitalised costs in relation to re-branding and re-launch of the Group as “Generation Life” under Project Clearwater. As at 30 June 2019, the recoverable amount of the capitalised software was estimated to be lower than its carrying amount due to technological change and decline in business performance. Consequently, an impairment loss of $574 thousand was booked. The recoverable amount was estimated based on its value in use. The estimate value in use was determined using a pre-tax discount rate of 15%, average incremental sales growth of $11 million and a margin of 0.80%.

12. 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(n).

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
2019:				
Balance at 1 Jul 2018	527	19	125	671
Made during the year	486	-	-	486
Used / released during the year	(460)	(3)	-	(463)
Total provisions at 30 June 2019	**553**	**16**	**125**	**694**
2018:				
Balance at 1 July 2017	683	24	125	832
Made during the year	468	-	-	468
Used / released during the year	(624)	(5)	-	(629)
Total provisions at 30 June 2018	**527**	**19**	**125**	**671**

13. Issued Capital

	Consolidated 2019		Consolidated 2018	
	Number	$'000	Number	$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	124 677 900	44 498	113 188 421	39 192
Issued during the year	611 973	500	11 489 479	5 306
Balance at end of the financial year	**125 289 873**	**44 998**	**124 677 900**	**44 498**

1. 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.
2. On the 19 October 2017, 121,664 shares were issued as ordinary shares at a price of $0.91 in accordance with the DRP.
3. On 5 April 2018, 135,762 shares were issued at a price of $1.13 in accordance with the DRP.
4. On the 11th October 2018, 250 354 shares were issued as ordinary shares at a price of $1.13 per share in accordance with the DRP.
5. On the 3rd April 2019, 361 619 shares were issued as ordinary shares at a price of $0.60 per share in accordance with the DRP.

14. Retained Earnings

	2019 Accumulated losses Total $'000	2018 Accumulated losses Total $'000
Opening accumulated losses	(30 121)	(28 031)
Net profit attributable to shareholders	5 286	388
Dividends paid	(2 496)	(2 478)
Closing accumulated losses	**(27 331)**	**(30 121)**

15. Earnings Per Share

	Consolidated	
	2019 Cents per Share	2018 Cents per Share
Earnings per Share:		
Basic	4.23	0.32
Diluted	4.23	0.32

	2019 $'000	2018 $'000
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	5 286	388
Weighted average number of ordinary shares for the purposes of basic EPS	124 947 458	122 881 524
Weighted average number of ordinary shares for the purposes of diluted EPS	124 971 578	123 091 383

16. Dividends

The company paid a final 2018 dividend of $0.01 per ordinary share on 11 October 2018. A 2019 interim dividend of $0.01 per ordinary share was paid on 3 April 2019. The DRP was in operation for both these dividends.

	Consolidated	
	2019 $'000	2018 $'000
Recognised Amounts:		
Dividends paid	2 496	2 478
	2 496	**2 478**

Franking credits

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

	2019 $'000	2018 $'000
Generation Development Group Limited	-	67
Austock Financial Services Pty Limited	14 266	14 266
Generation Life Limited	14	14
Bonds Custodian Pty Limited	24	24
	14 304	**14 371**

17. Acquisition

On 8 February 2019, the Group acquired 100% of the 86,077,152 ordinary shares and voting interests in Ascalon Capital Managers Limited ("ACML").

For the 5 months ended 30 June 2019, ACML contributed revenue of $143 thousand and a loss of $1.2 million to the Group's NPAT results. If the acquisition has occurred on 1 July 2018, management estimates that consolidated revenue would have been $94.8 million, and consolidated profit for the year would have been $4 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

a. Consideration transferred

The Group transferred consideration in cash of $3 million. There were no contingent considerations.

b. Acquisition-related costs

The Group has incurred acquisition-related costs of $910 thousand on investment advisory, tax and integration costs. These costs have been included in 'administration expenses'.

c. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amount of assets acquired and liabilities assumed at the date of acquisition.

	Total $ '000
Cash and cash equivalents	3 433
Receivables - sale of Investee Firm shares	3 710
Receivables	359
Income tax payable	(2)
Other assets	46
Investee Firm investments	917
Fixed assets	6
Rental security deposits	21
Payables	(330)
Other liabilities	(54)
Total identifiable net assets acquired	**8 106**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investee firm investments	Fair value for equity accounted investee firm investments is determined based on the fee paying rate multiplied by the forecasted Funds Under Management ("FUM") or fair value of discounted Net Tangible Assets ("NTA").

The fair values for the remaining identifiable net assets acquired is determined based on their carrying value. These investee firm investments were subsequently sold prior to the year ended 30 June 2019.

d. Gain on bargain purchases

	2019 $'000
Consideration transferred	(3 000)
Fair value of identifiable net assets	8 106
Gain on bargain purchase	**5 106**

18. Capital and Leasing Commitments

	Consolidated	
	2019 $'000	2018 $'000
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable not later than 1 year	344	327
Payable later than 1 year but not later than 5 years	330	673
Payable later than 5 years	-	-
Subtotal	**674**	**1 000**
Less amount recoverable not later than 1 year	(51)	(48)
Less amount recoverable later than 1 year but not later than 5 years	(48)	(99)
Subtotal	**(99)**	**(147)**
Total	**575**	**853**

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.

19. 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 (2018: $2,000,000) to be used for client's accounts as part of the Generation Life business; and

- Direct debit facility of $10,000 (2018: $10,000) to be used for client's accounts as part of the Bonds Custodian business.

- NAB credit card facilities of $80,000 (2018: $60,000) used by Senior Staff for business travel and client entertainment as part of Austock Financial Services business.

20. Controlled Entities

Name of Entity	Country of Incorporation	2019 Ownership Interest	2018 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%
Ascalon Capital Managers Limited	Australia	100%	-

21. Related Parties

a. Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 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 $3,642,446 (2018: $1,655,433).

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 $2,484,430 (2018: $1,280,442). 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 2019 (2018: $nil)

22. Notes to the Statement of Cash Flows

	Consolidated	
	2019 $'000	2018 $'000
Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
Profit / (loss) from ordinary activities after tax	55 939	36 422
Depreciation and amortisation	1 020	208
Share based payments	439	(1 008)
Interest income / term deposit	(3 566)	(142)
Revaluation of investment	(134)	(121)
Ongoing policyholder deduction	(2 407)	(2 104)
Net contribution by policyholders	138 159	132 699
Bargain purchase	(5 106)	-
Change in assets and liabilities		
Decrease / (increase) in receivables	130	(71)
(Increase) / decrease in other assets	(3 600)	(7 936)
(Increase) / decrease in financial assets	(187 342)	(162 648)
(Increase) / decrease in income tax asset	(3 157)	(322)
Decrease / (increase) in deferred tax asset	1 916	(2 326)
Decrease / (increase) in deferred tax liability	13 821	1 449
(Decrease) / increase in payables	(168)	335
Increase / (decrease) in provisions	23	(160)
(Decrease) / increase in other liabilities	(197)	632
(Decrease) / increase in income tax liability	(7 469)	5 054
Net cash flow (used) / provided in operating activities	**(1 699)**	**(39)**

23. Financial instruments

The effect of initially applying AASB 9 on the Group's financial instruments is described in Note 1. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

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.

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.

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	
	Note	2019 $'000	2018 $'000
Financial assets designated as fair value through profit and loss		946 125	736 944
Accrued income	10	28 873	25 335
Trade receivables		1 523	615
Cash and cash equivalents		23 979	15 200
Total		**1 000 500**	**778 094**

All receivables are denominated in Australian dollars and relate to Australian customers.

Impairment losses

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

	Consolidated	
	2019 $'000	2018 $'000
Not past due	1 523	615
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	**1 523**	**615**

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 of impaired receivables as at 30 June 2019 (2018: nil).

b. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, at reporting date:

As at 30 June 2019

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Investment Linked $'000
Trade and other payables	**1 264**	(1 264)	(1 264)	-	-	-	-	-
Subtotal	**1 264**							
Policyholder liabilities (investment) (a)	**1 063 067**	-	-	-	-	-	-	(1 063 067)
Policyholder liabilities (insurance) (b)	**7 445**	(7 404)	(169)	(169)	(319)	(871)	(5 876)	-
Subtotal	**1 070 512**							
Total	**1 071 776**	**(8 668)**	**(1 433)**	**(169)**	**(319)**	**(871)**	**(5 876)**	**(1 063 067)**

As at 30 June 2018

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Investment Linked $'000
Trade and other payables	**984**	(984)	(984)	-	-	-	-	-
Subtotal	**984**							
Policyholder liabilities (investment) (a)	**876 663**	-	-	-	-	-	-	(876 663)
Policyholder liabilities (insurance) (b)	**7 578**	(7 517)	(154)	(154)	(297)	(843)	(6 069)	-
Subtotal	**884 241**							
Total	**885 225**	**(8 501)**	**(1 138)**	**(154)**	**(297)**	**(843)**	**(6 069)**	**(876 663)**

(a) For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The owner has no direct exposure to any risk in those assets. Therefore, the tables in this section show the policyholder liability without any maturity profile analysis.

(b) Policyholder liabilities relating to insurance products are mostly due upon death of the policyholder and therefore an estimate of maturity has been made.

c. 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.

1. Currency risk

The Group's exposure to foreign exchange risk in relation to its foreign activities is insignificant and immaterial.

2. Interest rate risk

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 interest bearing financial instruments was:

	Consolidated	
	2019 $'000	2018 $'000
Fixed rate instruments		
Term deposits	104 896	131 484
	104 896	**131 484**
Variable rate instruments		
Cash and cash equivalents	23 979	15 200
	23 979	**15 200**

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have the following effect on the statement of comprehensive income:

	Consolidated	
	1% Increase $'000	1% Decrease $'000
30 June 2019		
Variable rate instruments	625	(625)
Total	**625**	**(625)**
30 June 2018		
Variable rate instruments	592	(592)
Net asset	**592**	**(592)**

3. Equity price risk

At the reporting date the carrying amount of the Group's assets exposed to equity price risk was:

	Consolidated	
	2019 $'000	2018 $'000
Financial assets at fair value through profit or loss		
Units in managed funds [1]	906 535	697 504
	906 535	**697 504**

[1] All risk relating to equity prices is borne by policyholders.

A change of 10% in equity prices would have the following effect on the statement of comprehensive income:

	Consolidated	
	10% Increase $'000	10% Decrease $'000
30 June 2019		
Units in managed funds [1]	90 654	(90 654)
	90 654	**(90 654)**
30 June 2018		
Units in managed funds [1]	69 750	(69 750)
	69 750	**(69 750)**

[1] All risk relating to equity prices is borne by policyholders.

d. Fair values

Classification and measurement

The Group classifies its financial assets into the following measurement categories: a) financial assets held at fair value through profit or loss, and b) amortised cost. Financial liabilities are classified as either held at fair value through profit or loss, or held at amortised cost.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

There are no financial assets and financial liabilities that are offset in the Group's statement of financial position, or are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

1. Fair value hierarchy - financial instruments at fair value

The table below shows financial instruments carried at fair value, by valuation method. The different levels in the fair value hierarchy have been defined as follows:

Level 1: Fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities. This comprises listed securities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This comprises Term Deposits, units in managed unlisted funds, and Policyholder Liabilities.

Level 3: Fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2019				
Listed Securities	231	-	-	231
Term Deposit	-	104 896	-	104 896
Units in externally managed unlisted funds	-	945 894	-	945 894
Financial assets at fair value through profit or loss	**231**	**1 050 790**	**-**	**1 051 021**
Policyholder Liabilities	-	(1 070 512)	-	(1 070 512)
Financial liabilities at a fair value through profit or loss	**-**	**(1 070 512)**	**-**	**(1 070 512)**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2018				
Term Deposit	-	131 484	-	131 484
Units in externally managed unlisted funds	-	736 944	-	736 944
Financial assets at fair value through profit or loss	**-**	**868 428**	**-**	**868 428**
Policyholder Liabilities	-	(884 241)	-	(884 241)
Financial liabilities at fair value through profit or loss	**-**	**(884 241)**	**-**	**(884 241)**

Reclassification between levels

We have reviewed the fair value of units in externally managed unlisted funds previously presented as Level 1. In line with broader industry practice these are now presented as Level 2.

24. Actuarial assumptions and methods - Life Insurance contracts

The effective date of the actuarial report on the policyholder liabilities and solvency reserves is 30 June 2019. The actuarial reports for Generation Life Limited were prepared by Allen Truslove, B.Sc, Ph.D, MBA, FIAA and are dated 23 August 2019. The actuarial reports indicate that Mr Truslove is satisfied as to the accuracy of the data upon which the policyholder liabilities have been determined.

Effects of Changes in Assumptions

	2019 $'000	2018 $'000
Assumption category:		
(a) discount rate	-	-
(b) future bonus rate	-	-
(c) mortality rates	-	-
(d) discontinuance rates	-	-
(e) maintenance expenses	-	-
Total effect on profit and retained earnings	-	-
Reconciliation of changes in life insurance liabilities		
Life insurance liability at the beginning of the year	7 578	7 699
Actuarial Revaluation	(150)	(167)
Payment of terminal bonus	-	-
Allocation of bonus	17	46
Life insurance liability at the end of the year	**7 445**	**7 578**

Please refer to Note 27 for further details of the policy liabilities of the 2 insurance funds.

Allocation of profits/losses

A Life Insurance contract profit of $nil (2018: $nil) and the allocation of bonus of $16,739 (2018: $45,759) has been provided for in the provision of final bonus to policyholders.

Insurance risks

Whilst Assurance Fund and Oddfellows are classified as insurance funds, these funds no longer carry any mortality insurance risk. The appointed actuary has calculated the best estimate liability arising from these contracts. The Company maintains sufficient assets to meet these liabilities. The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and future mortality, resignations and retirements. As at year end, these assumptions were as below.

	Oddfellows Fund		Assurance Fund	
	2019	2018	2019	2018
Discount rate	2.01%	2.44%	0.00%	0.00%
Mortality	Australian Life Tables 2010-2012 less 40%	Australian Life Tables 2010-2012 less 40%	n/a	n/a
Future maintenance and investment management expense	2.01%	2.07%	2.00%	2.00%
Taxation rates	0%	0%	30%	30%
Rates of discontinuance	0%	0%	0%	0%
Surrender values	n/a	n/a	Not provided for in rules	Not provided for in rules
Rates of future supportable participating benefits	Terminal bonus at $164.00 per member Bonus on sum assured at 0.01% p.a. compound	Terminal bonus at $164.00 per member Bonus on sum assured at 0.37% p.a. compound	Terminal bonus at $425.00 per member	Terminal bonus at $425.00 per member
Crediting policy adopted in determining future supportable participating benefits	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus

Note: Assurance Fund and Oddfellows Fund are now effectively contribution accumulation funds.

25. Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2019 the parent company of the Group was Generation Development Group Limited.

	2019 $'000	2018 $'000
Results of the Parent Entity		
Profit / (Loss) for the period	3 726	(266)
Total comprehensive income for the period	**3 726**	**(266)**
Financial Position of the Parent Entity at Year End		
Current assets	4 598	9 293
Total assets[1]	57 194	54 924
Current liabilities	(1 003)	(813)
Total liabilities	(1 183)	(973)
Net assets	**56 011**	**53 951**
Total equity of the parent entity comprising of:		
Share capital	44 998	44 499
Financial asset reserve	34 925	34 925
Share based payment	2 774	2 444
Accumulated losses	(26 686)	(27 917)
Total equity	**56 011**	**53 951**

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

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 2019 (2018: $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 2019 (2018: $nil).

Parent entity guarantees in respect of its subsidiaries

The Company has issued letters of support in respect of certain of its subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

26. Subsequent Events

The company declared a final 2019 dividend of $0.01 per ordinary share on 30 August 2019 to be paid on 10 October 2019. The company's Dividend Reinvestment Plan (DRP) has been activated for this dividend.

Apart from the above, the Board is not aware of any matter or circumstance arising since 30 June 2019 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

27. Disaggregated information by fund

The financial information by individual benefit funds are set out below. The solvency requirements are all nil as a result of the APRA Prudential Capital Requirements and Prudential Standard LPS 110 Paragraph 46.

	Assurance Fund $	Oddfellows Fund $	Total Life Insurance $	Funeral Fund $	Heritage Investment Bond Fund $	Investment Bond $	Cash Achiever $	Deferred Annuity 39 $	Deferred Annuity 46 $
				Non-Investment Linked ("N-IL")					
2019									
Financial assets	129,654	7,294,973	**7,424,627**	747,205	3,421,737	1,231,983	611,285	936,448	150,906
Other assets	1,381	34,917	**36,298**	2,183	16,455	2,341	3,595	5,487	743
Policy liabilities	129,896	7,314,780	**7,444,676**	747,121	3,421,543	1,228,591	612,340	939,456	150,076
Other liabilities	1,139	15,109	**16,248**	2,267	16,649	5,733	2,540	2,480	1,573
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	722	620	**1,342**	-	-	-	-	-	-
Investment income	3,007	179,442	**182,449**	18,181	88,872	31,888	12,537	24,921	2,272
Claims expense	40,455	125,195	**165,650**	-	-	-	-	-	-
Other expenses	2,668	148,387	**151,055**	15,748	27,311	10,558	2,881	16,850	2,912
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	39,990	93,522	**133,512**	-	-	-	-	-	-
Operating profit/(loss) before tax	595	1	**596**	2,432	61,562	21,330	9,656	9,465	(640)
Operating profit/(loss) after tax	-	1	**1**	2,432	35,131	11,993	5,895	8,044	(544)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2018									
Financial assets	169,985	7,392,485	**7,562,470**	772,660	4,005,957	1,491,600	587,156	1,068,351	151,294
Other assets	1,283	35,201	**36,484**	4,870	16,517	6,320	2,743	7,903	1,014
Policy liabilities	169,886	7,408,302	**7,578,188**	777,528	4,009,248	1,491,832	588,447	1,072,206	150,620
Other liabilities	1,382	19,383	**20,765**	2	13,226	6,088	1,452	4,048	1,689
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	861	1,175	**2,036**	-	-	-	-	-	-
Investment income	3,597	179,730	**183,327**	18,395	95,692	34,571	11,800	26,261	2,801
Claims expense	28,560	116,479	**145,039**	-	-	-	-	-	-
Other expenses	3,075	157,346	**160,421**	14,366	30,334	12,458	6,145	18,948	5,370
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	27,888	92,920	**120,808**	-	-	-	-	-	-
Operating profit/(loss) before tax	711	-	**711**	4,029	65,358	22,112	8,638	7,843	(1,367)
Operating profit/(loss) after tax	-	-	**-**	4,029	37,176	12,264	5,180	6,667	(1,162)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	Druids Funeral Fund $	Druids Flexi Fund $	No. 1 Cash & Deposits $	No. 2 Aust Fixed Interest $	No. 3 Aust Hybrid $	No. 4 Int'l Fixed Interest $	No. 5 Real Income $	No. 5A Int'l Prop. Securities $	No. 5B Global Infrastructure $
	N-IL		*Investment Linked*						
2019									
Financial assets	5,078,776	4,548,008	39,683,511	22,721,188	9,589,232	26,553,476	8,128,951	8,135,206	25,236,538
Other assets	30,101	23,039	167,063	1,516,637	175,731	1,341,955	450,923	8,848	395,436
Policy liabilities	5,102,530	4,551,235	39,779,419	23,740,978	9,707,235	27,029,544	8,213,754	7,826,395	24,613,187
Other liabilities	6,347	19,813	71,154	496,847	57,728	865,887	366,121	317,659	1,018,787
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	129,352	113,144	713,919	2,013,363	394,832	1,662,872	649,725	42,039	642,072
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	77,566	47,292	146,635	206,759	86,942	232,568	71,422	68,911	196,891
Realised gain/(loss)	-	-	-	27,661	(46,511)	(32,442)	901,628	124,437	61,359
Unrealised gain/(loss)	-	-	-	(109,945)	326,787	(55,716)	(402,289)	574,048	2,652,019
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	51,786	65,852	587,522	1,729,846	589,375	1,349,306	1,082,203	673,658	3,167,432
Operating profit/(loss) after tax	51,786	31,909	373,346	1,150,522	386,842	877,051	766,198	465,379	2,160,797
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2018									
Financial assets	5,198,914	4,862,567	39,829,508	21,180,446	9,267,817	23,588,440	7,178,031	6,864,427	15,325,868
Other assets	34,364	24,734	187,278	393,942	341,519	290,880	91,688	48,844	502,796
Policy liabilities	5,226,670	4,865,467	39,884,011	21,421,922	9,539,121	23,792,935	6,804,902	6,730,444	15,613,571
Other liabilities	6,608	21,834	132,774	152,466	70,215	86,385	464,818	182,827	215,093
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	131,336	117,607	682,351	539,267	389,193	460,737	292,465	129,072	601,491
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	81,246	49,204	155,304	195,913	88,813	204,192	69,111	55,391	111,172
Realised gain/(loss)	-	-	-	5,299	(80,602)	(17,666)	745,129	113,807	60,922
Unrealised gain/(loss)	-	-	-	(7,103)	4,504	1,723	(225,719)	173,231	188,751
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	50,090	68,402	552,673	352,452	226,196	252,525	745,060	361,532	746,832
Operating profit/(loss) after tax	50,090	33,117	347,966	191,212	132,259	119,185	502,342	249,426	524,758
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 6 Aust Shares $	No. 6A Aust Mkt Neutral $	No. 7 Aust Shares Small Cap. $	No. 8 Int'l Shares $	No. 8A Int'l Shares	No. 9 Int'l Shares Small Cap. $	No. 10 Sectoral Blend $	No. 10A Absolute Return Income	No. 10B Dynamic Markets
	Investment Linked								
2019									
Financial assets	43,255,713	901,013	16,360,361	71,191,981	1,271,710	11,151,378	27,354,945	5,163,734	1,510,406
Other assets	2,591,675	45,390	1,023,363	3,478,895	38,592	137,310	1,519,339	23,909	26,661
Policy liabilities	45,050,739	945,875	17,241,211	70,302,641	1,287,590	11,041,257	28,618,701	5,171,047	1,535,134
Other liabilities	796,649	528	142,513	4,368,236	22,712	247,431	255,583	16,596	1,933
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,382,495	39,516	1,123,988	3,479,779	38,598	179,576	1,603,787	99,557	96
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	383,346	8,804	147,602	582,913	6,968	97,533	251,939	39,745	16,060
Realised gain/(loss)	(843,936)	(87,923)	(1,337,878)	640,522	1,244	66,338	(1,609,821)	(1,130)	(49,041)
Unrealised gain/(loss)	1,022,495	(30,311)	(39,477)	7,260,045	37,480	(134,244)	1,577,047	26,520	(6,957)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	3,188,065	(87,083)	(393,934)	10,824,585	74,726	16,773	1,326,991	93,779	(68,687)
Operating profit/(loss) after tax	2,550,419	(60,607)	(135,596)	7,501,774	52,810	149	970,575	56,296	(51,916)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2018									
Financial assets	35,936,149	819,500	12,741,967	47,070,430	-	9,643,660	25,302,601	1,321,547	1,231,455
Other assets	1,124,586	69,811	1,077,025	3,595,547	-	65,085	1,143,132	13,481	41,231
Policy liabilities	36,578,853	875,132	13,570,767	48,460,146	-	9,434,816	25,781,937	1,329,871	1,263,522
Other liabilities	481,882	14,179	248,224	2,205,832	-	273,929	663,796	5,157	9,164
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	1,848,481	53,198	1,304,250	3,596,675	-	89,754	1,353,954	14,275	32,305
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	320,171	2,445	105,672	387,904	-	65,143	237,115	4,557	3,402
Realised gain/(loss)	1,505,628	-	754,429	160,102	-	(9,407)	1,657,718	-	-
Unrealised gain/(loss)	(1,023,278)	(56,266)	(306,516)	2,722,330	-	1,023,740	(1,185,654)	(9,542)	(32,968)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	2,023,332	(5,513)	1,650,666	6,105,977	-	1,041,008	1,591,979	1,975	(3,671)
Operating profit/(loss) after tax	1,632,618	(2,344)	1,251,963	4,228,800	-	720,048	1,113,854	556	(2,463)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 11 Aust Shares Index $	No. 11A Int'l Shares Index (Unhedged) $	No. 12 Int'l Shares Index (Hedged) $	No. 12A Aust Fixed Interest $	No. 12B Prop. Sec Index $	No. 12C Vanguard Conservativ e Index $	No. 12D Vanguard Growth Index $	No. 13 Schroder Hybrid $	No. 14 Mutual 50 Leaders $
					Investment Linked				
2019									
Financial assets	72,040,900	20,276,446	31,062,648	28,041,487	26,998,088	47,923,312	70,864,767	8,024,932	2,312,102
Other assets	3,283,542	1,116,215	1,386,378	296,485	473,136	163,080	964,572	44,977	81,781
Policy liabilities	72,725,895	20,827,206	31,190,461	27,819,249	26,324,252	47,281,114	70,504,413	8,042,476	2,339,371
Other liabilities	2,598,547	565,455	1,258,565	518,722	1,146,972	805,278	1,324,925	27,432	54,512
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,702,202	974,507	31,322	793,235	1,079,314	557,454	1,919,568	258,810	98,887
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	622,180	162,415	278,753	249,053	233,033	280,869	397,085	71,647	20,591
Realised gain/(loss)	(6,075,979)	(1,303,842)	(4,636,834)	9,358	(210,733)	(64,380)	47,531	(97,254)	41,403
Unrealised gain/(loss)	9,673,489	2,282,520	6,507,854	1,545,432	3,376,442	2,711,728	3,640,584	177,201	45,226
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	6,695,247	1,800,599	1,628,538	2,104,192	4,016,648	2,962,973	5,269,087	269,308	165,241
Operating profit/(loss) after tax	5,293,332	1,258,126	1,057,836	1,404,549	2,765,138	2,065,280	3,798,635	169,274	141,032
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2018									
Financial assets	54,328,123	10,973,720	27,027,132	23,109,483	20,270,566	27,380,455	34,458,246	7,913,517	2,568,025
Other assets	3,607,072	1,028,878	3,791,604	284,052	496,686	524,282	1,274,342	97,774	17,620
Policy liabilities	56,821,239	11,732,604	29,847,791	23,264,053	20,469,031	27,733,429	35,339,921	7,982,155	2,539,645
Other liabilities	1,113,955	269,994	970,945	129,482	298,222	171,308	392,666	29,136	45,999
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	5,145,638	910,927	3,529,658	638,444	957,217	719,925	1,523,362	254,718	67,097
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	508,827	65,120	259,968	218,261	182,033	132,098	146,087	72,692	22,170
Realised gain/(loss)	5,763,171	386,485	1,672,121	(223,396)	3,049,855	(3,687)	5,532	(90,555)	113,173
Unrealised gain/(loss)	(4,295,415)	(412,478)	(2,319,178)	189,910	(1,788,959)	9,034	44,727	17,771	88,922
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	6,118,492	825,134	2,626,757	395,463	2,044,242	628,951	1,460,197	113,647	247,325
Operating profit/(loss) after tax	4,782,426	584,392	1,826,636	216,112	1,382,245	434,025	1,051,048	60,785	191,742
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 14A Mutual Diversified Term Deposits $	No. 14B Mutual ADI/Bank Securities $	No. 15 Perpetual Aust Shares $	No. 16 Perpetual Geared Aust Shares $	No. 17 Perpetual Int'l Shares $	No. 18 Perpetual Mortgage * $	No. 19 Perpetual Balanced Growth $	No. 20 Perpetual Industrial Shares $	No. 21 Perpetual Ethical SRI $
	Investment Linked								
2019									
Financial assets	88,174,856	9,402,542	24,460,087	13,589,633	11,997,725	-	36,193,041	16,231,611	17,036,592
Other assets	728,843	86,499	1,390,999	2,149,267	289,523	-	3,043,627	1,162,267	933,441
Policy liabilities	88,448,781	9,469,211	25,468,101	15,260,931	11,407,772	-	39,027,352	17,110,926	17,704,265
Other liabilities	454,919	19,830	382,985	477,968	879,476	-	209,316	282,951	265,768
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,437,486	352,955	1,468,171	2,043,860	289,630	-	3,308,195	729,574	682,407
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	643,226	62,068	227,513	120,635	108,721	-	351,676	148,161	155,214
Realised gain/(loss)	-	53,393	(1,070,720)	(2,233,129)	959,837	-	(1,853,496)	(2,543,987)	(2,056,713)
Unrealised gain/(loss)	-	(41,860)	979,409	1,477,122	(165,756)	-	1,343,808	2,496,562	1,204,944
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	1,813,787	304,583	1,155,097	1,169,650	976,737	-	2,465,395	537,004	(323,800)
Operating profit/(loss) after tax	1,082,542	195,236	1,192,691	1,369,632	671,720	-	1,889,962	570,990	(46,036)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2018									
Financial assets	103,959,264	13,810,933	22,823,850	11,636,526	11,702,798	-	32,717,863	15,967,146	15,878,119
Other assets	588,121	95,213	563,318	1,276,098	50,936	-	2,273,546	973,933	739,463
Policy liabilities	104,090,678	13,825,569	23,299,762	12,737,749	10,895,227	-	34,531,084	16,928,263	16,533,168
Other liabilities	456,707	80,577	87,406	174,876	858,507	-	460,325	12,816	84,414
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,675,644	352,356	790,014	1,651,255	51,400	93	1,884,894	767,508	820,665
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	760,862	69,836	199,200	106,168	93,746	581	292,583	142,749	125,627
Realised gain/(loss)	-	23,651	(421,194)	(127,734)	213,852	-	180,050	(415,969)	(4,371)
Unrealised gain/(loss)	-	(48,831)	1,518,049	476,950	1,061,498	-	(75,634)	499,161	24,659
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	1,926,064	264,380	1,691,737	1,897,931	1,235,038	(488)	1,703,859	712,801	717,720
Operating profit/(loss) after tax	1,123,309	162,082	1,341,844	1,572,340	852,656	(515)	1,245,892	613,848	597,778
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

*this fund was closed during the previous financial year.

27. Disaggregated information by fund (continued)

	No 22. MLC Horizon 4 Balanced $	No 23. MLC Income Builder $	No 24. Dimensional World Allocation $	No 25. Equity Trustees Mortgage $	No 26. Conservative Growth $	No 27. LDI Connect 7 $	No 30. Diversified High Growth Index $	No.31 Diversified Balanced Index $	No. 32 MLC Horizon 2 Income $	No. 33 MLC Horizon 3 Conservative Growth $
	Investment									
2019										
Financial assets	70,992,628	8,213,983	91,116,087	3,282,072	4,366,216	516,892	6,101,987	4,203,249	119,303	1,136,769
Other assets	1,052,919	709,178	2,604,874	32,661	141,205	-	121,877	36,320	2,829	37,512
Policy liabilities	70,137,392	8,917,036	89,794,490	3,301,091	4,451,666	514,192	6,115,132	4,190,549	120,795	1,164,319
Other liabilities	1,908,154	6,125	3,926,472	13,642	55,755	2,700	108,732	49,020	1,336	9,961
Retained earnings	-	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-	-
Investment income	1,816,547	781,914	3,425,561	145,817	181,564	4	155,135	45,520	3,582	39,715
Claims expense	-	-	-	-	-	-	-	-	-	-
Other expenses	621,685	74,597	535,534	36,519	28,557	1,213	16,492	13,325	1,060	3,887
Realised gain/(loss)	577,695	(148,432)	356,351	-	(36,927)	-	4,470	12,002	33	970
Unrealised gain/(loss)	2,212,992	92,157	2,421,207	-	98,323	7,718	241,424	116,250	1,843	(4,589)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	3,997,770	651,792	5,679,499	110,236	216,131	7,008	390,646	167,625	4,898	33,357
Operating profit/(loss) after tax	3,079,069	561,096	4,114,088	66,491	155,324	4,691	281,608	119,372	3,445	24,571
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	-
2018										
Financial assets	64,451,296	8,111,823	73,182,107	4,186,686	1,784,472	-	-	-	-	-
Other assets	587,453	357,583	792,346	37,401	43,197	-	-	-	-	-
Policy liabilities	63,409,173	8,454,934	70,950,642	4,197,331	1,815,706	-	-	-	-	-
Other liabilities	1,629,576	14,472	3,023,811	26,755	11,963	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-	-
Investment income	1,061,845	406,129	1,612,291	148,928	42,407	-	-	-	-	-
Claims expense	-	-	-	-	-	-	-	-	-	-
Other expenses	514,023	64,363	446,646	38,841	10,973	-	-	-	-	-
Realised gain/(loss)	1,186,623	(110,902)	473,158	-	-	-	-	-	-	-
Unrealised gain/(loss)	2,079,435	(135,269)	3,984,402	-	(24,678)	-	-	-	-	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	3,833,367	100,151	5,635,232	110,686	13,016	-	-	-	-	-
Operating profit/(loss) after tax	2,614,974	118,288	4,028,804	66,007	9,534	-	-	-	-	-
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 34 MLC Horizon 6 Shares $	No. 35 Tax Effective Aust Shares $	No. 36 Emerging Markets $	No. 38 Aust Equities $	No. 39 Sustainable Aust Shares $	No. 40 World Allocation 50/50 $	No. 41 Sustainable Balanced $	Total Life Investment $	M'gmt Fund $
2019									
Financial assets	51,978	260,499	538,779	1,094,715	277,729	1,381,208	912,546	**1,054,133,100**	3,080,882
Other assets	3,346	1,100	3,949	14,653	9,063	41,911	16,759	**35,450,459**	15,127,458
Policy liabilities	53,411	258,531	537,828	1,099,742	281,971	1,395,957	923,963	**1,063,067,440**	-
Other liabilities	1,912	3,068	4,900	9,626	4,821	27,162	5,342	**26,516,115**	1,277,303
Retained earnings	-	-	-	-	-	-	-	**-**	9,608,645
Issued capital	-	-	-	-	-	-	-	**-**	7,149,985
Premium revenue	-	-	-	-	-	-	-	**-**	-
Investment income	3,346	1,068	3,959	15,431	11,483	49,168	15,965	**43,910,737**	-
Claims expense	-	-	-	-	-	-	-	**-**	-
Other expenses	656	365	1,624	6,071	987	5,957	3,289	**8,230,814**	10,351,285
Realised gain/(loss)	109	(767)	160	2,372	103	2,997	76	**(22,449,826)**	-
Unrealised gain/(loss)	2,663	8,296	11,207	23,837	13,448	48,994	(2,957)	**55,245,020**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	5,863	8,301	14,474	39,397	24,298	97,625	12,174	**68,847,380**	(1,429,334)
Operating profit/(loss) after tax	4,380	5,813	10,406	32,208	19,184	69,847	10,334	**50,652,551**	1,921,093
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	3,919
Solvency reserve ratio	-	-	-	-	-	-	-	-	133%
2018									
Financial assets	-	-	-	-	-	-	-	**863,682,495**	3,137,133
Other assets	-	-	-	-	-	-	-	**28,586,228**	11,253,255
Policy liabilities	-	-	-	-	-	-	-	**876,663,122**	-
Other liabilities	-	-	-	-	-	-	-	**15,605,600**	989,624
Retained earnings	-	-	-	-	-	-	-	**-**	7,687,552
Issued capital	-	-	-	-	-	-	-	**-**	5,649,987
Premium revenue	-	-	-	-	-	-	-	**-**	-
Investment income	-	-	-	-	-	-	-	**37,838,346**	-
Claims expense	-	-	-	-	-	-	-	**-**	-
Other expenses	-	-	-	-	-	-	-	**6,697,830**	8,142,769
Realised gain/(loss)	-	-	-	-	-	-	-	**16,565,222**	-
Unrealised gain/(loss)	-	-	-	-	-	-	-	**2,161,309**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	-	-	-	-	-	-	-	**50,169,830**	(995,983)
Operating profit/(loss) after tax	-	-	-	-	-	-	-	**36,033,793**	2,153,671
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	2,565
Solvency reserve ratio	-	-	-	-	-	-	-	-	148%

Additional Securities Exchange Information

As at 8 August 2019 (Unaudited)

Number of Holders of Equity Securities

Fully paid ordinary share capital

125,289,873 fully paid ordinary shares are held by 638 shareholders

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

Performance Rights (unquoted)

3,800,816 performance rights (issued under the Company's FY18 and FY19 Performance Rights Plan) are held by 6 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	47	0
1 001 - 5 000	172	0
5 001 - 10 000	100	0
10 001 - 100 000	219	0
100 001 and over	100	6
Total	**638**	**6**
Holdings less than a marketable parcel	**48**	**n/a**

Securities subject to voluntary escrow

Nil.

On Market Buy Back

There is no current on-market buy-back.

Substantial Shareholders

	Fully paid ordinary shares
Smith Peaco Nominees Pty Ltd	12 671 099
Mr John David Wheeler	10 510 000
Ellerston Capital Limited	10 311 422
Mrs Patricia Mary Tooth	8 983 211
Finmare Pty Ltd	7 749 143
Mr Robert Coombe	7 600 000

Twenty largest holders of quoted equity securities

Ordinary shareholders	Number	Fully paid percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19 838 523	15.83%
ELLERSTON CAPITAL LIMITED <ELLERSTON ESOP A/C>	8 734 500	6.97%
AUSTRALIAN SHAREHOLDER NOMINEES PTY LTD	7 948 014	6.34%
MRS PATRICIA MARY TOOTH	7 106 072	5.67%
ONEVER PTY LTD <THE BESSMER PROPERTY A/C>	6 639 100	5.30%
MR JOHN DAVID WHEELER AND MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C>	6 000 000	4.79%
CANDOORA NO 31 PTY LTD <BESSEMER SUPER FUND A/C>	5 425 717	4.33%
MR ROBERT COOMBE	4 800 000	3.83%
MR FRANK GERARD ZULLO	4 000 000	3.19%
MR DON LAZZARO AND MRS ANN LAZZARO <SUPER FUND A/C>	2 363 983	1.89%
MRS SUSAN HADDEN & MRS ABBY FALLA <HADDUPSUPER FUND A/C?>	2 000 000	1.60%
TDA SECURITIES PTY LTD <TDA SECURITIES A/C>	1 880 000	1.50%
GUERILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	1 868 055	1.49%
MR ROSS JAMES HIGGINS AND MRS BELINDA RAE HIGGINS	1 837 156	1.47%
MVH PTY LTD <HANMAN SUPERANNUATION A/C>	1 636 905	1.30%
MR JOHN DAVID WHEELER	1 500 000	1.20%
MR GOH GEOK KHIM	1 300 000	1.04%
BELABULA CONSOLIDATED PTY LTD <BELABULA A/C>	1 252 200	1.00%
MR ROSS JAMES HIGGINS AND MRS BELINDA RAE HIGGINS <R & B HIGGINS SUPER FUND A/C>	1 200 000	0.96%
MR PAUL MASI	1 152 339	0.92%
	88 482 564	**70.62%**

Corporate information

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
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Company Secretary

Amanda Gawne

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Melbourne VIC 3000

Auditor

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generation development group

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.

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