AUSTOCK GROUP LIMITED

(ABN 90 087 334 370)

Appendix 4E

Preliminary Final Report
For The Full Year Ended 30 June 2016

(Previous corresponding period: Full Year Ended 30 June 2015)

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

Results for Announcement to the Market

1.0 Revenue and Net Profit/(Loss)

		Percentage Change		Amount $'000
Revenues from ordinary activities	Up	8.8%	To	7,646
Profit / (loss) from ordinary activities after income tax attributable to members	Up	392.5%	To	2,138
Net profit / (loss) attributable to members	Up	392.5%	To	2,138

2.0 Dividends (Distributions)

	Amount per security	Franked amount per security
Current period		
Interim 2016 dividend	1 cent	100%
Final 2016 dividend	1 cent	100%
Ex-dividend date 5 September 2016		
Record date 6 September 2016		
Payment date 29 September 2016		
Previous corresponding period		
Interim 2015 dividend	1 cent	100%
Final 2015 dividend	1 cent	100%

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

A review of operations for the Group is set out in the attached document.

3.0 Financial Statements

Refer to the attached unaudited consolidated financial statements and notes of the Group which are in the process of being audited:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Cash Flows;
- Consolidated Statement of Changes in Equity; and
- Notes to the Consolidated Financial Statements

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4.0 Movements in Retained Earnings

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

5.0 Net Tangible Assets per Security

	Current period	Previous corresponding period
Net tangible assets backing per security	7.6 cents	7.8 cents

6.0 Entities over which control has been gained or lost

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

7.0 Dividend payments

	Date paid / payable	Amount per security	Total dividend $'000
Current period			
Final 2015 year dividend fully franked	30 September 2015	1 cent	1,032
Interim 2016 year dividend fully franked	31 March 2016	1 cent	1,032
Previous corresponding period			
Interim 2015 dividend fully franked	11 April 2015	1 cent	992
Final 2014 year dividend fully franked	24 September 2014	1 cent	991

Details of dividend reinvestment plans in operation

Currently there is no dividend reinvestment plan in operation

Last date for receipt of election notice to participate in dividend reinvestment plan N/A

8.0 Review of results

Earnings per security – Continuing and discontinued operations

	Current period	Previous corresponding period
Earnings per share, basic	2.07 cents	(0.73) cents
Earnings per share, diluted	2.07 cents	(0.73) cents

Earnings per security – Continuing operations

	Current period	Previous corresponding period
Earnings per share, basic	2.07 cents	(0.73) cents
Earnings per share, diluted	2.07 cents	(0.73) cents

Returns to shareholders
Refer to items 2.0 and 7.0 for details of dividends.

Operating performance, segments and performance trends
Refer to items 2.0 and 3.0 for a review of operating performance.

9.0 Audit

The Directors of Austock Group Limited confirm that the unaudited consolidated financial statements of the Group and the accompanying notes attached to this Appendix 4E are in the process of being audited. This information should be read in conjunction with Austock Group's 2016 Annual Report when released and lodged with the Australian Securities Exchange.

Summarised Review of Operations for FY16

This is a summarised review and presents an overall picture of Austock Group's businesses from both Funds Under Management and Administration (**FUMA**) perspectives for the 2015/16 Financial Year.

This is in line with conventional financial services annual reporting and combines:

- **Austock Life's Funds Under Management** (**FUM**) which comprises the assets of the Life business which increased to $638 million by year end, growing by $51.2 million (8.8%); and
- **Austock Financial Services** (which aside from operating as Life's administration and service entity) also administers funds for clients external to Austock Group. Its Funds Under Administration (**FUA**) reached $1,157 million by year end, growing by $437 million (61%).

The overall picture reveals impressive FUMA of $1,795 million. Importantly, though this should be viewed in the context of the Life business generating high value, high margin "retail" business accounting for around 95% of Group revenue, whereas Services FUA is derived from external, large mandates and is lower margin business.

Both businesses grew well this financial year strengthening the foundations for us to build a resilient and more profitable overall business with high quality recurring revenue base.

Organically growing Austock Life is a compellingly and financially attractive model, and accordingly, this is the Group's core strategic focus.

Indeed, over the four years since Austock fully completed its divestment program, our new Group Board has consistently re-invested most of the Group's emerging profit to underpin Austock Life's organic growth strategy.

This profit re-investment program has been directed to product development, to build a scale Sales and Distribution Team, create a new Investor and Financial Adviser Service Unit and enhance our administration platform to handle volume and scale and accommodate multiple product types.

This has also been a period during which Austock Life and the Services businesses (including the sales and marketing areas) have operationally and culturally been melded and become cohesive and integrated business.

Austock Group FUMA	2015/16	2014/15	2013/14
Opening FUMA	1,306.3m	1,080.8m	881.8m
Austock Life FUM growth	52.5m	107.3m	108.9m
Austock Services FUA growth	437.7m	119.5m	88.6m
Acquired Business FUM growth	(1.5m)	(1.5m)	(1.5m)
Closing FUMA	1,794.9m	1,306.3m	1,080.8m

Consolidated Statement of profit or loss and other Comprehensive Income for The Financial Year Ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue	5	7 646	7 030
Personnel expenses	6 (a)	(4 472)	(5 258)
Occupancy expenses		(353)	(346)
Communication expenses		(83)	(86)
Finance expenses	6 (b)	(10)	(14)
Dealing and settlement expenses		(2 072)	(2 062)
Marketing and promotional expenses		(319)	(277)
Depreciation and amortisation expenses	6 (c)	(134)	(136)
Administration expenses		(1 964)	(1 860)
Profit attributable to policyholders, net of tax	12	7 114	18 754
Profit before income tax expense		**5 353**	**15 745**
Income tax benefit	8 (a)	3 899	2 278
Profit after income tax		**9 252**	**18 023**
Profit for the year		9 252	18 023
Profit attributable to policyholders	12	(7 114)	(18 754)
Total comprehensive income/(loss) attributable to shareholders of the company		**2 138**	**(731)**

Earnings Per Share

Basic (cents per share)	15	2.07	(0.73)
Diluted (cents per share)	15	2.07	(0.73)

The accompanying notes 1 to 24 form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2016

	Notes	2016 $'000	2015 $'000
Assets:			
Cash and cash equivalents		3 125	2 153
Investments - term deposits		2 054	5 358
Income tax receivable	8 (c)	1 835	908
Trade and other receivables	9	521	556
Other assets		182	255
Plant and equipment		31	101
Deferred tax assets	8 (c)	1 727	135
Intangible assets	10	660	705
Policyholder assets	12	645 750	597 595
Total assets		**655 885**	**607 766**
Liabilities:			
Trade and other payables		159	147
Other liabilities		629	769
Provisions	11	798	780
Policyholder liabilities	12	645 750	597 595
Total liabilities		**647 336**	**599 291**
Net assets		**8 549**	**8 475**
Equity:			
Issued capital	13	34 716	34 716
Retained earnings	14	(26 167)	(26 241)
Total equity		**8 549**	**8 475**

The accompanying notes 1 to 24 form part of these financial statements

Consolidated Statement of Changes in Equity For the Financial Year Ended 30 June 2016

	Issued Capital $'000	Retained Earnings $'000	Total $'000
Year End 30 June 2016:			
Balance at 1 July 2015	34 716	(26 241)	8 475
Total comprehensive income for the year:			
Net profit for the year	-	2 138	2 138
Total comprehensive income for the year	**-**	**2 138**	**2 138**
Dividends paid	-	(2 064)	(2 064)
Total transactions with owners	**-**	**(2 064)**	**(2 064)**
Balance at 30 June 2016	**34 716**	**(26 167)**	**8 549**

	Issued Capital $'000	Retained Earnings $'000	Total $'000
Year End 30 June 2015:			
Balance at 1 July 2014	33 123	(23 527)	9 596
Total Comprehensive Income for the Year:			
Net loss for the year	-	(731)	(731)
Total comprehensive income for the year	**-**	**(731)**	**(731)**
Issue of ordinary shares	1 600	-	1 600
Shares issue costs	(7)	-	(7)
Dividend paid	-	(1 983)	(1 983)
Total transactions with owners	**1 593**	**(1 983)**	**(390)**
Balance at 30 June 2015	**34 716**	**(26 241)**	**8 475**

The accompanying notes 1 to 24 form part of these financial statements

Consolidated Statement of Cash Flows for The Financial Year Ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Cash Flows from Operating Activities:			
Receipts from customers		5 462	4 509
Payments to suppliers and employees		(7 326)	(6 920)
Finance and borrowing costs		(10)	(14)
Income tax benefit received		1 382	1 455
Net cash flows used in operating activities	**21**	**(492)**	**(970)**
Cash Flows from Investing Activities:			
Interest received		246	360
Proceeds from sale of property, plant and equipment		-	284
Payment for property, plant and equipment		(22)	(70)
Proceeds from investments - term deposits		3 304	3 058
Net cash flows from investing activities		**3 528**	**3 632**
Cash Flows from Financing Activities:			
Dividends paid		(2 064)	(1 983)
Net cash flows used in financing activities		**(2 064)**	**(1 983)**
Net increase in cash held		972	679
Cash and cash equivalents at beginning of the year		2 153	1 474
Cash and cash equivalents at end of the year		**3 125**	**2 153**

The accompanying notes 1 to 24 form part of these financial statements

Austock Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents

1 Summary of Significant Accounting Policies

Austock Group Limited (the "Company") is a for profit public company listed on the Australian Securities Exchange (ASX: ACK) 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 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primary involved in the provision of Life investment services.

Statement of compliance

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

Basis of accounting

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 has been rounded to the nearest thousand in accordance with ASIC class order 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods. Refer to note 2 for a discussion of critical estimates and judgements in applying the Group's accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

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

Standards and Interpretations issued but not yet adopted

AASB 9 Financial Instruments was issued and introduces changes to the classification and measurement of financial assets and financial liabilities, impairment of financial assets and new requirements for hedge accounting. This standard becomes mandatory for the Company's 30 June 2019 financial statements. The potential impact on adoption is currently being assessed. It is available for early adoption but has not been applied by the Company in this financial report.

AASB 15 Revenue with contracts with customers sets out the requirements for recognising revenue that apply to all contracts with customers, except for contracts that are within the scope of the accounting standards for leases, insurance contracts and financial instruments. AASB 15 outlines a single, principles based five-step model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires enhanced disclosures about revenue and provides guidance for transactions that were not previously addressed comprehensively. AASB 15 applies to an annual reporting period beginning on or after 1 January 2018 with early adoption permitted. The Company has started to consider the impact this standard will have on the Company's operations and its financial statements.

A number of other new standards, amendments to standards and interpretations have been issued but have a mandatory effective date for annual periods beginning after 30 June 2016. These have not been applied in preparing these financial statements and none of these are expected to have a significant effect on the consolidated financial statements. The Company does not plan to early adopt any of these new standards, amendments to standards and interpretations.

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.

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

Principles of consolidation

The consolidated financial statements incorporate the financial statements of Austock Group Limited (the "Company") and the entities controlled by the Company (referred to as the "Group" in these financial statements).

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

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

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

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

Austock Life Limited Benefit Funds

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

Under Accounting Standard AASB 1038 Life Insurance Contracts, the consolidated financial statements of the Group, which includes a life insurer, subsidary are required to recognise all the assets, liabilities, income and expenses of that insurer. This includes policy holders, assets and liabilities, which are not attributable to shareholders of Austock Group Limited.

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

- statement of profit or loss and other comprehensive income: the net result attributable to policyholders (net of $5.2m tax; 2015: $7.1m) is presented as one line item with an additional line item of an equal amount that attributes this net result to policyholders. Additional details on the individual line items are disclosed in note 12.
- statement of financial position: the total policyholder assets and policyholder liabilities are presented as separate one line items, respectively, in total assets and total liabilities. Additional details on the individual line items are disclosed in note 12.

(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)

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

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

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.

(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 equipments	33%
Computer software	20%
Furniture and fittings	20%

(e) Financial instruments

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

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

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

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.

1 Summary of Significant Accounting Policies (continued)

(f) Goodwill

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

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

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

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

(g) Software assets

Software is capitalised by the Group and amortised over its useful life. It is recorded at cost less accumulated amortisation and impairment. A period of three to five years is used in the calculation of amortisation.

(h) Trade and other payables

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

(i) Issued capital

Ordinary shares are clasified 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.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(j) Revenue

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

Rendering of services

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

Interest income

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

(k) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

(l) Employee benefits

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.

(m) Leases

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

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

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

Summary of Significant Accounting Policies (continued)

(n) Foreign currency

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

(o) Provisions

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

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

(p) Share based payments

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, Austock Group Limited.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

(q) Earnings per share

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

(r) Segment reporting

The Group operates only in the life insurance sector in Australia.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated in note 1(g). The recoverable amounts have been determined based on the higher of the value in use and fair value less costs to sell. In the absence of a binding sale agreement or an active market, fair value less costs to sell has been based on an assessment of the best information available to reflect the amount that the entity could obtain from the disposal of these intangible assets in an arm's length transaction between a knowledgeable and willing buyer and seller.

Employee benefits

The liability for employee benefits (annual leave and long service leave) 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 coporate bond rate has been used in determining the present value of the obligation.

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.

3 Financial Risk Management

The Group has exposure to the following risks from the use of financial instruments: Credit risk; Liquidity risk; Market risk; and Insurance risk. This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further disclosures are included in note 22.

Risk management framework

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

Day to day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The 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.

A subsidiary of the Group is a life insurer under the Life Insurance Act 1995 and is therefore regulated by the Australian Prudential Regulation Authority (APRA).

3 Financial Risk Management (continued)

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.

Austock Life has complied with all regulatory capital requirements during the current prior financial year.

4 Key Management Personnel

The Directors and other Key Management Personnel of the Group during 2016 were as follows.

Directors

- Mr Frederick George Albion Beaumont QC, Independent Non-Executive Chairman.
- Mr William Eric Bessemer, Executive Director and Chief Executive Officer.
- Mr Martin Edward Ryan, Non-Executive Director.
  (resigned 23 November 2015)
- Mr Jonathan James Tooth, Non-Executive Director.
- Mr Ross James Higgins, Executive Director and Managing Director, Austock Life Limited.
  (appointed 24 March 2016)

Key Management Personnel

- Mr Enzo Silverii, Chief Financial Officer and Company Secretary.

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

	Consolidated	
	2016 $	2015 $
Short term employee benefits	931 743	923 351
Post employment benefits	59 783	60 522
	991 526	**983 873**

5 Revenue

	2016 $'000	2015 $'000
Revenue:		
Operating activities		
Fee income - Fund administration	352	306
Fee income - Life	6 987	6 407
	7 339	**6 713**
Interest Revenue		
Interest income	187	310
Other income	120	7
Total revenue	**7 646**	**7 030**

6 Expenses

	2016 $'000	2015 $'000
(a) Personnel Expenses:		
Staffing cost	4 172	4 952
Defined contribution superannuation expense	300	306
	4 472	**5 258**
(b) Finance Expenses:		
Interest paid	-	4
Bank and other financing expenses	10	10
	10	**14**
(c) Depreciation and Amortisation Expenses:		
Depreciation of Property, Plant and Equipment		
Computer equipment	63	64
Office equipment	22	22
	85	**86**
Software Amortisation		
Capitalised software	49	50
	134	**136**

Impairment

During the year, the Group conducted a review of the carrying amounts of its assets to determine whether there was any indication that the assets have suffered an impairment loss, or whether there have been any reversals of impairment losses recorded in prior years.

7 Remuneration of Auditors

	Consolidated 2016 $	2015 $
Remuneration of the auditor for:		
Audit services		
Auditor review of financial reports of the Group and Group Entities	158 000	158 000
Other Audit - Related Services		
Assurance services	42 000	42 000
	200 000	**200 000**

The auditor of the Group is KPMG (2015: KPMG).

8 Income Tax

	Consolidated 2016 $'000	2015 $'000
(a) Income Tax Recognised in Profit and Loss:		
Income tax expense / (benefit) comprises:		
Current Tax		
Current income tax benefit	2 307	2 266
Deferred Tax		
Origination and reversal of temporary differences	1 592	12
Total Income tax benefit	**3 899**	**2 278**
(b) Reconciliation of the prima facie income tax expense as pre-tax profit with the income tax expense charged to the income statement:		
Profit / (loss) before income tax	1 761	3 009
Income tax expense / (benefit) calculated at 30% (2015: 30%)	528	902
Non deductible expenses	(566)	(230)
Non assessable income	1 488	1 286
Deductible expenses	1 072	1 043
Tax losses recognised as deferred tax assets	1 592	-
Tax losses not recognised as deferred tax assets	(215)	(723)
Income tax benefit recognised in Profit and Loss	**3 899**	**2 278**

8 Income Tax (continued)

	Consolidated 2016 $'000	Consolidated 2015 $'000
(c) Tax Assets:		
Current tax assets comprise:		
Income tax receivable	1 835	908
Deferred tax assets comprise:		
Provision	135	127
Tax losses	1 592	-
Accrued expenses	-	8
Total	**1 727**	**135**

The movement in deferred tax assets for each temporary difference is as follows:

	Consolidated Opening Balance $'000	Charged to Income $'000	Closing Balance $'000
2016			
Provision	127	8	135
Tax losses	-	1 592	1 592
Accrued expenses	8	(8)	-
	135	**1 592**	**1 727**
2015			
Provision	104	23	127
Accrued expenses	18	(10)	8
Other	1	(1)	-
	123	**12**	**135**

9 Trade and Other Receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade receivables	130	167
Amounts receivable from other related parties	391	389
	521	**556**

10 Intangible Assets

	Consolidated		
	Software $'000	Goodwill $'000	Total $'000
Gross Carrying Amount:			
Balance at 30 Jun 2014	238	547	785
Additions	36	-	36
Balance at 30 Jun 2015	**274**	**547**	**821**
Additions	6	-	6
Balance at 30 Jun 2016	**280**	**547**	**827**
Accumulated Amortisation:			
Balance at 30 Jun 2014	(66)	-	(66)
Amortisation expense	(50)	-	(50)
Balance at 30 Jun 2015	(116)	-	(116)
Amortisation expense	(51)	-	(51)
Balance at 30 Jun 2016	**(167)**	**-**	**(167)**
Carrying Amount:			
As at 30 Jun 2015	158	547	705
As at 30 Jun 2016	**113**	**547**	**660**

Impairment testing for cash - generating units containing goodwill

For the purpose of impairment testing, all goodwill is allocated to the Austock 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 calculated based on the value in use, determined by discounting the forcasted future cash flows to be generated from the continuing use of the CGU, covering a period of five years.

Cash flows were projected assuming continuation of the present cost structure.

The key assumptions used in the calculation of the value in use were the discount rate and the terminal value growth rate.

A pre-tax discount rate of 9.2% (2015: 9.7%) was adopted based on the Group's weighted average cost of capital. The terminal growth rate was based on management's estimate of the long term compound annual growth rate of 0.5% (2015: 0.5%). This is compared to an external GDP growth rate of 3.1%.

Changes in the assumptions on which the valuation is based could impact the assessments of the recoverable amount of the CGU. As at 30 June 2016, the impairment testing performed did not result in any impairment as the recorverable amount was estimated to be higher than its carriying amount.

11 Provisions

	Consolidated	
	2016 $'000	2015 $'000
Employee entitlements	644	510
Claims	29	32
Office leasehold restoration	125	125
Transfer of assets and liabilities	-	113
	798	**780**

Employee entitlements

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

Claims

The provisions for claims relates to the acquisition by Austock Life Limited of Manchester Unity Limited in the 2006 financial year. When Austock Life acquired Manchester Unity, Manchester Unity members were entitled to a $300 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.

Transfer of assets and liabilities

The provision for transfer of assets and liabilities relates to the transfer of Druids Friendly Society benefit funds and management fund on 1 July 2011.

In 2016, the provision for any future expenses was extinguished as management has determined that it is not longer required.

11 Provisions (continued)

	Employee Entitlements $'000	Claims $'000	Consolidated Office Restoration $'000	Transfer of Assets / Liabilities $'000	Total $'000
2016:					
Balance at 1 Jul 2015	510	32	125	113	780
Made during the year	370	-	-	-	370
Used during the year	(236)	(3)	-	(113)	(352)
Balance at 30 Jun 2016	644	29	125	-	798
Total provisions	**644**	**29**	**125**	**-**	**798**
2015:					
Balance at 1 Jul 2014	442	37	125	380	984
Made during the year	306	-	-	-	306
Released during the year	(238)	(5)	-	(267)	(510)
Balance at 30 Jun 2015	510	32	125	113	780
Total provisions	**510**	**32**	**125**	**113**	**780**

12 Policyholder Balances

	2016 $'000	2015 $'000
Assets:		
Cash and cash equivalents	5 540	9 708
Other assets	19 251	21 492
Financial assets	616 842	563 000
Deferred tax assets	4 117	3 395
Total Assets	**645 750**	**597 595**
Liabilities:		
Trade and other payables	400	434
Current tax liabilities	5 267	6 611
Other liabilities	19	27
Deferred tax liabilities	4 130	6 156
Policyholder liabilities	635 934	584 367
Total Liabilities	**645 750**	**597 595**
Net Assets	**-**	**-**

12 Policyholder Balances (continued)

	2016 $'000	2015 $'000
Revenue:		
Interest income	5 627	6 799
Distribution income	24 986	26 420
Unrealised (loss) on assets designated on fair value through profit/(loss)	(15 803)	(10 317)
Revaluation of policyholder liabilities	123	71
Realised gains on sale of investments	2 498	7 137
Premium revenue for Life insurance contracts	1	2
Other revenue	322	723
Total Revenue	**17 754**	**30 835**
Expenses:		
Finance expenses	1	1
Dealing and settlement expenses	292	439
Other expenses - benefit funds	57	70
Management fees paid by benefit funds	4 868	4 325
Policyholder withdrawals - insurance	178	162
Total expenses	**5 396**	**4 997**
Net profit before tax	12 358	25 838
Income tax expense	(5 244)	(7 084)
Profit attributable to policyholders	**7 114**	**18 754**

Insurance risk

Insurance risk is the risk that inadequate or inappropriate product design, pricing, underwriting, reserving, claims management or reinsurance management will expose the Group to financial loss and consequent inability to meet its liabilities.

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

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

12 Policyholder Balances (continued)

These assumptions were:

	2016 $'000	2015 $'000
Discount rate	0% to 2.86%	0% to 2.78%
Mortality	Australian Life Tables 2010-2012 less 40%	Australian Life Tables 2010-2012 less 40%
Future maintenance and investment management expense	2% to 2.07%	2% to 2.07%
Taxation rates	30%	30%
Rates of discontinuance	0%	0%
Rates of future supportable participating benefits	Terminal bonus of $164 to $370 per member and bonus on sum assured of 0.80% p.a. compound	Terminal bonus of $164 to $350 per member and bonus on sum assured of 0.72% p.a. compound

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

13 Issued Capital

	Consolidated 2016		Consolidated 2015	
	Number	$'000	Number	$'000
Issued and Paid Up Capital				
Fully paid ordinary shares	103 188 421	34 716	103 188 421	34 716
Total provisions	**103 188 421**	**34 716**	**103 188 421**	**34 716**

	Consolidated 2016		Consolidated 2015	
	Number	$'000	Number	$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	103 188 421	34 716	99 188 421	33 123
Issued during the year	-	-	4 000 000	1 593
Balance at end of the financial year	**103 188 421**	**34 716**	**103 188 421**	**34 716**

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

14 Retained Earnings

	2016			2015		
	Losses S'000	Profit Reserve $'000	Total $'000	Losses S'000	Profit Reserve $'000	Total $'000
Opening accumulated losses	(32 246)	6 005	(26 241)	(31 515)	7 988	(23 527)
Net profit/(loss) attributable to members of the company	-	2 138	2 138	(731)	-	(731)
Dividends paid	-	(2 064)	(2 064)	-	(1 983)	(1 983)
Closing accumulated losses	**(32 246)**	**6 079**	**(26 167)**	**(32 246)**	**6 005**	**(26 241)**

15 Earnings Per Share

	Consolidated	
	2016 Cents per Share	2015 Cents per Share
Earnings per Share:		
Basic	2.07	(0.73)
Diluted	2.07	(0.73)

	2016 $'000	2015 $'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	2 138	(731)
Weighted average number of ordinary shares for the purposes of basic and diluted EPS	**103 188 421**	**99 736 366**

16 Dividends

The company paid a fully franked final 2015 dividend of $0.01 per ordinary share on 30 September 2015 and a fully franked 2016 interim dividend of $0.01 per ordinary share on 31 March 2016.

	Consolidated	
	2016 $'000	2015 $'000
Recognised Amounts:		
Dividends paid	2 064	1 983
	2 064	**1 983**

In the previous year the company paid a fully franked final 2014 dividend of $0.01 per ordinary share on 24 September 2014 and a fully franked 2015 interim dividend $0.01 per share on 31 March 2015.

Franking credits:

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

	2016 $	2015 $
Austock Group Limited	1 263 023	1 718 923
Austock Financial Services Pty Limited	15 016 061	15 444 633
Austock Life Limited	13 867	13 867
Bonds Custodian Pty Limited	24 544	24 544
	16 317 495	**17 201 967**

17 Capital and Leasing Commitments

(a) Leased Premises

	Consolidated	
	2016 $'000	2015 $'000
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable not later than 1 year	290	794
Payable later than 1 year but not later than 5 years	1 285	-
Payable later than 5 years	-	-
Subtotal	**1 575**	**794**
Less amount recoverable not later than 1 year	(35)	(613)
Less amount recoverable later than 1 year but not later than 5 years	(254)	-
	1 286	**181**

The property lease in respect of the Group's Melbourne premises is a non-cancellable lease which expires on 31 May 2021. Part of this lease is sublet to Mutual Limited effective August 2016. Entitlements from the sub-leases are reflected above.

(b) ASX capital commitments

Austock Financial Services Pty Limited (formerly Austock Securities Pty Limited) was a market participant of the Australian Securities Exchange ("ASX") until 5 December 2014. This entity was subject to the market integrity rules, to maintain minimum core liquid capital of $100,000 at all times.

As at 30 June 2016, none of the Group's subsidiaries were ASX market participants.

18 Contingent Liabilities

Banking facilities

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

- Direct debit facility of $50,000 (2015: $50,000) to be used for client's accounts as part of the Austock Life business; and
- Direct debit facility of $10,000 (2015: $10,000) to be used for client's accounts as part of the Bonds Custodian business.
- NAB credit card facilities of $60,000 (2015: $nil) used by Senior Staff for business travel and client entertainment as part of Austock Financial Services business.

19 Controlled Entities

Name of Entity	Country of Incorporation	2016 Ownership Interest	2015 Ownership Interest
Parent entity			
Austock Group Limited	Australia		
Controlled entities			
Austock Life Limited	Australia	100%	100%
Austock Nominees Pty Limited	Australia	100%	100%
Austock Financial Services Pty Limited	Australia	100%	100%
Bonds Custodian Pty Limited	Australia	100%	100%
Austock Capital Management Pty Ltd	Australia	100%	100%

20 Related Parties

(a) Equity interests in related entities

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

(b) Transactions with key management personnel

Key management personnel compensation

Details of key management personnel compensation are disclosed in note 4 to the financial statements:

- Directors and their family members have invested in the Imputation Bonds Benefit Funds managed by Austock Life Limited. These investments were undertaken on commercial terms. The value of these investments is $88,749 (2015: $223,707).
- A Director of a company that provides investment management services to Austock Life Limited was a director of Austock Group Limited untill 23 November 2015. These services are provided on commercial terms and conditions. The amount paid by Austock Life Limited for 2016 was $361,590 (2015: $364,170).
- A Director and key management person of Austock Life Limited was a Director (ceased 28 October 2015) and Investment Committee member (ceased 30 June 2016) of the company providing investment management services to the company and received fees of $20,000 (2015: $20,000).
- Directors of a company that utilise administration services of Austock Financial Services Pty Limited were Directors of Austock Group Limited . These services are provided on commercial terms and conditions. The amount received by Austock Financial Services Pty Limited for 2016 was $285,273 (2015: $237,275).

(c) Transactions within the wholly owned group

The wholly owned group includes:

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

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

During the financial year, the following transactions occurred between the parent entity and its controlled entities:

- 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 $717,366 (2015: $622,337). This is eliminated on consolidation.
- The parent entity has made no new investments (2015: $1,000,000) in controlled entities.

(d) Transactions with other related parties

There were no other transations with related parties for the year ended 30 June 2016 (2015: $nil)

21 Notes to the Statement of Cashflows

	2016 $'000	2015 $'000
Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
Profit / (loss) after tax	2 138	(731)
Depreciation and amortisation	134	136
Investment income	(246)	(360)
Share based payment expense	-	1 593
Change in assets and liabilities		
(Increase) / decrease in receivables	35	(206)
(Increase) / decrease in other assets	74	(49)
(Increase) / decrease in income tax asset	(927)	(813)
(Increase) / decrease in deferred tax assets	(1 590)	(12)
(Decrease) / increase in payables	11	(74)
(Decrease) / increase in provisions	19	(204)
(Decrease) / increase in other liabilities	(140)	(250)
Net cash flow used in operating activities	**(492)**	**(970)**

22 Financial Instruments

Excluding policyholders 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, term deposits and trade payables, which are short term in nature or are floating rate instruments that are re-priced on or near the end of the reporting period. Accordingly, a fair value hierachy has not been presented.

Financial instruments relating to policyholder balances in the Austock Life Limited Benefit Funds are excluded from this note as there is no entitlement to shareholders of the Group. These are level 1 financial instruments.

(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 and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from default.

Exposure to Credit Risk

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

	Consolidated	
	2016 $'000	2015 $'000
Cash and cash equivalents	3 125	2 153
Term deposits	2 054	5 358
Trade and other receivables	521	556
Total	**5 700**	**8 067**

Trade and Other Receivables

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

	Consolidated	
	2016 $'000	2015 $'000
Not past due	521	556
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	**521**	**556**

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 2016 (2015: $nil).

(b) Market Risk

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

The Group's exposure is the financial risk of changes with respect to interest rates. The Group manages market risk through sensitivity analysis.

Interest rate risk

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

22 Financial Instruments (continued)

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

	Consolidated	
	2016 $'000	2015 $'000
Fixed Rate Instruments		
Term deposits	2 054	5 358
Net asset / (liability)	**2 054**	**5 358**
Variable Rate Instruments		
Cash and cash equivalents	3 125	2 153
Net asset / (liability)	**3 125**	**2 153**

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

	Consolidated	
	1% Increase $'000	1% Decrease $'000
30 June 2016		
Variable rate instruments	14	(14)
Total	**14**	**(14)**
30 June 2015		
Variable rate instruments	14	(14)
Total	**14**	**(14)**

(c) Liquidity Risk

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

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

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

The maximum exposure to liquidity risk at the reporting date was $158 thousand and expected to be settled in three months or less. Other liabilities recognised by the group have no specific maturity date.

23 Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2016 the parent company of the Group was Austock Group Limited.

	2016 $'000	2015 $'000
Results of the Parent Entity		
Profit / (loss) for the period	597	195
Total comprehensive income for the period	**597**	**195**
Financial Position of the Parent Entity at Year End		
Current assets	3 004	4 357
Total assets[a]	**38 152**	**35 127**
Current liabilities	183	187
Total liabilities	**319**	**317**
Net assets	**37 833**	**34 810**
Total equity of the parent entity comprising of:		
Share capital	34 716	34 716
Capital reserves	29 927	25 435
Accumulated losses	(30 900)	(31 095)
Profit reserve	4 090	5 754
Total equity	**37 833**	**34 810**

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

Parent entity contingencies

Other than the relevant contingent liabilities disclosed in note 18 to the financial statements, the parent entity does not have any contingencies at 30 June 2016 (2015: $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 2016 (2015: $nil).

Parent entity guarantees in respect of its subsidiaries

The parent entity does not have any guarantees in respect of its subsidiaries at 30 June 2016 (2015: $nil).

24 Subsequent Events

The company declared a final 2016 dividend of $0.01 per ordinary share, fully franked, to be paid on 29 September 2016.

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