# 2019 ANNUAL REPORT

NobleOak Life Limited

For the year ended 30 June 2019


NOBLEOAK

*The smarter way to insure your life*

*NobleOak*

At NobleOak, we believe in a more noble approach to providing Life Insurance. It's more than just in our name.

Many people believe that nobility is something that you're born into, but for us, it's the quality of being noble in character and conduct – and doing the right thing. It's why we provide the best possible products and service to our clients to protect them from uncertainty. Our organisation was founded more than 140 years ago as a mutual society with the motto 'United to Assist', so the desire to help others is woven into every strand of our DNA.

The nobility isn't just on our side of the table – we recognise the inherent nobility of our clients in deciding to take out Life Insurance. It's the ultimate selfless act, born out of the desire to protect the ones you love.

It's this appreciation that informs everything we do as a company – from fully underwriting our policies to our greater transparency and simplicity.

Our ambition is to create a product and service that adds value to your life. By putting our clients first, we aim to be the leading direct life insurer in Australia.

# WHO WE ARE

NobleOak's vision is to help Australians protect themselves and their loved ones by providing the best value Life and Income Protection insurance available on the market.

We are an independent life insurer, an unlisted public company in Australia.

NobleOak was established in 1877 as The United Ancient Order of Druids Friendly Society of NSW. We are a demutualised friendly society regulated by the Australian Prudential Regulation Authority (APRA), and our products are backed by global reinsurers for extra security. In 2012, NobleOak rebranded and launched its direct strategy to become a leading provider of Direct (non-advised) Life Insurance, with excellent client service and high-quality, comprehensive products. At NobleOak, we predominantly target self-directed mass-affluent Australians.

We also partner with a few select organisations and white-label our products for an ongoing fee to diversify our revenue. We select these partners carefully to ensure they are delivering unique value to their members or clients.

## WHAT WE BELIEVE

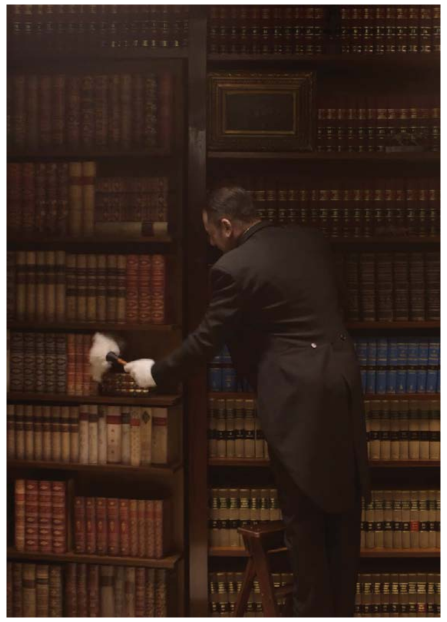
At NobleOak, we truly believe in providing the best for our clients and being the trusted insurer they deserve and need.

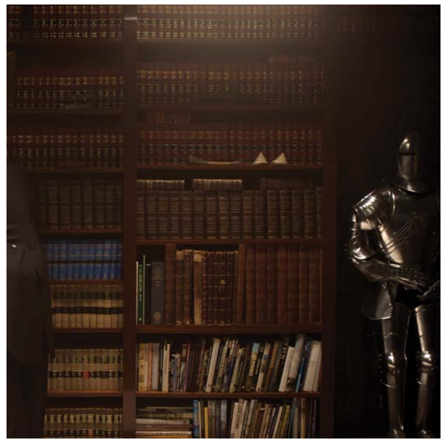
Our strategy has been built on the four core beliefs below:

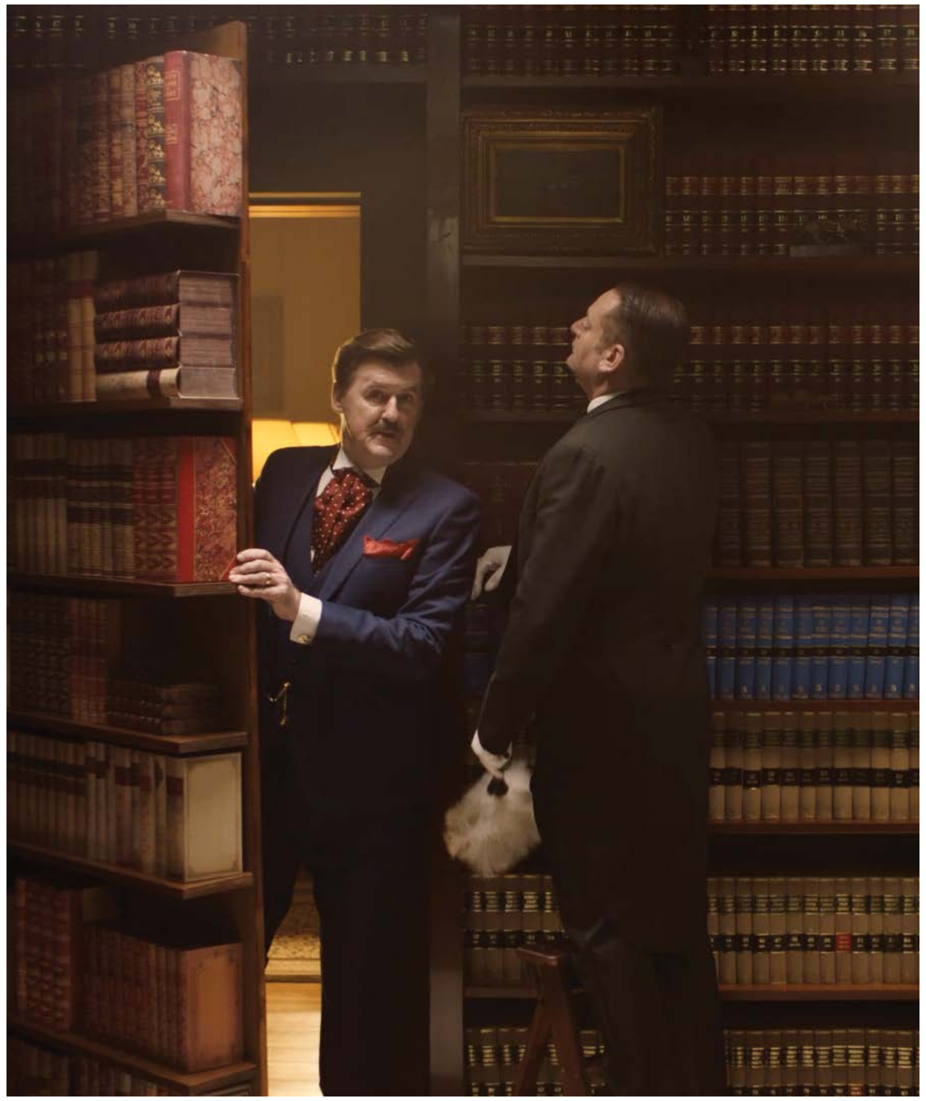
### We believe Australians deserve better

We believe Life Insurance is a need, not a want. For too long, Australians have had to pay too much for the quality Life Insurance they need to protect themselves and their family. NobleOak strips out unnecessary costs to provide more affordable cover backed with personal service.









Visuals: NobleOak's Nobleman campaign September 2019

### We believe Australians should feel confident at claim time

We believe Life Insurance should be done the right way from the start, and clients should know what they are covered for. We ask a few more health and lifestyle questions at application time, so clients have greater certainty at claim time.

### We believe in keeping our clients happy

We focus on exceeding customer expectations and limiting our marketing costs, so we can provide lower premiums, award-winning cover and better personal service. It's not rhetoric. We really do put clients first.

### We believe in a good night's sleep

Our products have no hidden clauses or tricks. We simply provide great value, comprehensive Life Insurance so our clients can sleep more comfortably at night.

# OUR VALUES

NobleOak recruits high performers with a genuine desire to make a difference and provide better protection to Australians.

Each team member at NobleOak lives by these values:

## NOBILITY

We put our clients first at all times. We act with integrity. We are here to protect Australians with better cover, by making Life Insurance more accessible and affordable.

## SIMPLICITY

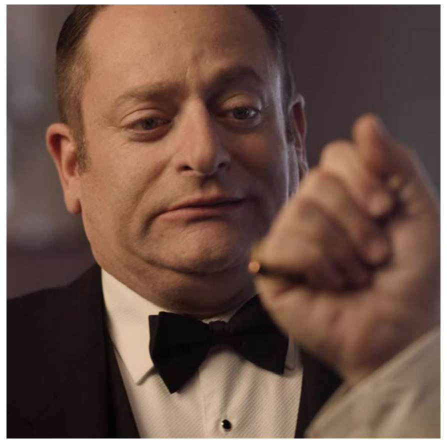
We use simple, clear communication and avoid jargon. We aim to make getting Life Insurance and Income Protection easier and faster and explain the process clearly to our clients. Each Product Disclosure Statement (PDS) is written clearly with no fine print, so clients know exactly what they are covered for. We provide professional, friendly, and fast service.

## ADAPTABILITY

We are responsive to, and drive, positive change to ensure our clients get the best service and products they can. We continually learn and improve.

## DELIVERY

We deliver results, not excuses. This includes both to our clients and to each other. When we say we are going to do something, we do it. Our Australian-based phone service team is highly accessible to our clients.



Visuals: NobleOak's Nobleman campaign September 2019


# OUR PRODUCTS

We continue to provide comprehensive cover at a lower cost, with award-winning personal service. As we do not pay large upfront commissions to advisers, we pass savings to our clients through lower premiums and invest in better service.

We offer a range of cover types to protect clients against the financial impacts of accidents, death and sickness without the need for financial advice.

### Life Cover

Death and terminal illness cover up to $15 million of cover.

### Trauma (Critical Illness) Insurance

Cover for 38 conditions up to $2 million of cover.

### Total and Permanent Disablement Insurance

Lump sum payment in the event of disablement due to sickness or injury up to $5 million of cover.

### Income Protection Insurance

Provides up to 75% of monthly income (up to $25,000 per month).

### Business Expenses Insurance

Provides protection for fixed business expenses up to $25,000 per month.

# OUR RECENT ACHIEVEMENTS

>50%
Number of Policies (Growth)

>60%
In-force Annual Gross Premium (Growth)

>14%
Normalised Profit Before Tax (Growth)*

* Normalised Profit Before Tax = Reported Profit Before Tax adjusted for the impact of the change in discount rate on the valuation of Deferred Acquisition Costs during the year



### Satisfaction
94.4%
of our clients felt that the service provided during the quotation and application was 'good' or 'excellent'

### Service
95%
of our clients felt that the service provided to date was 'good' or 'excellent'

### Referral
>90%
of our clients would recommend NobleOak's products and services to others

### Feefo Customer ratings website
'Gold Trusted Service Award'

### NobleOak Direct Income Protection Awarded CANSTAR for
'2019 Outstanding Value Award'

### NobleOak Direct Life Insurance Awarded CANSTAR for
'2019 Outstanding Value Award'

### Strategic Insights
'2018 Direct Life Insurance Customer Service Award'
Direct Life Insurance Excellence Awards

### Strategic Insights
'2018 Direct Life Insurance Overall Excellence Award'
Direct Life Insurance Excellence Awards

### Net Promoter Score (NPS)
23%
Market leading loyalty and advocacy score

### Website Traffic
>51%
Increase in website users YOY

### Customer Satisfaction
>4.5/5
Customer satisfaction (Google and Feefo)

### Digital
Enhanced Conversion Rate Optimisation
Around 20% improvement in Digital conversions

### Growth
Premium Growth
In 2019, the in-force premium for our 'core' (NobleOak-branded) Life Insurance offering increased to $36 million. This represents an increase of 30% from 2018.

### Diversification
Launch of Genus Life Insurance Services
Administration of over 80,000 clients

Visuals: NobleOak's Nobleman campaign September 2019

# CONTENTS

# CHAIRMAN'S LETTER

On behalf of the Board, I am pleased to present the 2019 NobleOak Life Limited Annual Report. This report provides an overview of our performance in the 2019 financial year.

It has been a year of transformational change for the Australian Life Insurance industry at large and another strong year of growth for our business.

## REGULATORY ENVIRONMENT

The financial services industry saw unprecedented levels of scrutiny and change throughout the year. This was driven largely by the Royal Commission into Financial Services and ASIC's review of Direct Life Insurance.

### Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has been a significant moment in time for the Life Insurance sector. A number of key changes will be implemented which will undoubtedly have a long-lasting effect on the industry. Such changes include the reduction of adviser commissions, the likely ASIC endorsement of the Life Code of Practice, changes to default superannuation, and the potential ban on 'hawking' (non-solicited outbound selling calls).

While many of these recommendations are generic in nature at this stage, with greater direction to be provided in the next 12 months, we believe NobleOak should not be materially impacted by these changes due to our long-standing business strategy and culture. We are pleased to have withstood the 2018 ASIC Direct Life Insurance review and the Royal Commission in good shape.

We will carefully monitor the findings to manage our reputational risk and continue to work with our team and business partners to ensure we limit our exposure and risk.

Some ramifications of the changes in the industry include greater funding of our regulators, APRA and ASIC, which in turn increases the scrutiny of the industry. While in some cases this is a positive move for the customer, it has also resulted in a greater need to invest in compliance across all insurers, including NobleOak.

## CONSOLIDATION

The landscape of Life Insurance continues to change with several major institutions deciding to exit their Life Insurance business. The market also continues to consolidate. Following recent transactions (TAL purchasing Suncorp Life, Zurich merging with OnePath, and AMP selling its Life business to Resolution Life), the top four insurers now represent 80% market share.

Our direct to customer model continues to be validated by these changes and the potential for further scaling remains as many competitors are distracted with large integration projects.

## CONTINUATION OF DIRECT STRATEGY

Our strategy this year has continued to focus on delivering growth and building scale for the business, while navigating the new insurance landscape. I am pleased to advise that we achieved an increase in sales delivered from both our 'core' (NobleOak-branded direct business) and 'partnership' business.

In 2019, the in-force premium for our 'core' (NobleOak-branded) Life Insurance offering increased to $36 million. This represents an increase of 30% from 2018.

The total gross in-force premium for our 'active partnership' business (PPS, Avant and NEOS), increased from $10 million in July 2018 to $24 million as of 30 June 2019. This represents an increase of 150% as NEOS in particular started to accelerate their distribution.

## OUR PARTNERS

We entered into partnership with NEOS Life in early 2018. NEOS Life focuses on distribution through the adviser/retail market. This strategic partnership further broadens our distribution footprint, providing greater top line diversification. The partnership has started well, with NEOS achieving substantial growth in the first year.

Our other partnerships, Avant and PPS, continue to build and deliver on their growth ambitions and I would like to thank their teams for their ongoing commitment and contribution to our growth.

## FREEDOM OPPORTUNITY

On 15 April 2019, Freedom Insurance Group announced to the market that it had accepted an offer from a third party in relation to the transition of its policy administration services to another service provider. NobleOak took on the administration of these policies from 1 June 2019. This is an important step for NobleOak. Taking on this business will strengthen our bottom line from 2020 through the administration fee arrangements and significantly lift the scale of our business as we transfer many of the former Freedom staff into our business. There are over 80,000 policies to be administered, which have been in run-off since Freedom ceased accepting new business in September 2018 and will continue to lapse over the next few years.

This development naturally comes with some risks. To manage these risks, we have structured the integration of the business to ensure we minimise the distraction to the core business, and importantly, maintain our strong customer-centric culture. We have taken on additional lease space on a separate floor in our current location at 66 Clarence St and have recruited specialist staff to run the operation.

We look forward to advising further on the success of this development in future updates.

## FINANCIAL PERFORMANCE

In 2019, we returned a normalised profit before tax of $5.0 million. This represents an increase of 14% from 2018. Reported Profit before tax (before normalising adjustment) was $7.7m. This is a very pleasing result and reflects the significant growth for the business during the year and our focus on implementing our strategy to build shareholder value.

## CAPITAL

As at June 2019, NobleOak maintains capital above its target level. NobleOak will look to raise capital in late 2019 to further accelerate growth of our in-force book and brand.

## RISK MANAGEMENT FRAMEWORK

The Royal Commission and ASIC's review of Direct Life Insurance have both reaffirmed our decision to strengthen our focus on our regulatory, strategic and operational risk management framework. The NobleOak Management Team and Board believe ongoing investment in managing risk is critical to our longer-term growth aspirations. To that end, we will continue to foster a culture that proactively addresses risks to ensure the sustainability of the business.

## LOOKING AHEAD

In 2019, NobleOak delivered growth in a low growth market environment that has seen widespread disintegration of trust within the community.

NobleOak is well positioned to take advantage of this disruption and further grow our business. No doubt more industry headwinds will emerge in the coming year, but the Board believes we are very well placed to deal with these while further building shareholder value.

**Stephen Harrison**
Chairman

# BOARD OF DIRECTORS

## STEPHEN HARRISON

Chairman and Non-Executive Director

Stephen has over 36 years of experience in financial services, funds management and private equity and accounting fields. He has held Director positions with Investec Funds Management and the Australian subsidiary of US-based fund manager Sanford C Bernstein. Stephen has been a founder and has held directorships in a number of listed companies, both in Australia and overseas. He was previously Director Financial Services for BDO Nelson Parkhill, Chartered Accountants. Stephen is currently Chairman and Director of Sinetech Limited, Chairman of Conscious Capital Funds Management and IncentiaPay Limited.

## EMERY FEYZENY

Deputy Chairman and Non-Executive Director

Emery has over 45 years of experience in the superannuation industry, including 15 years as a partner at KPMG. He established and headed KPMG Superannuation Services Pty Ltd for 18 years and advised the Superannuation Senate Select committee on the taxation of superannuation funds in Australia. He is currently a Director of REI Superannuation Fund and Chair of the Fund's Investment Committee. He holds a Bachelor of Science and is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance, a member of the Institute and Faculty of Actuaries and a member of the Australian Institute of Company Directors.



## KEVIN HAMMAN

Non-Executive Director

Kevin has over 31 years of experience in the financial services industry including senior management and Director roles in investment and private banking. Kevin currently holds several executive directorships in private companies in the financial services, property development and investment industries. Kevin holds a Bachelor of Commerce Degree, a Diploma in Financial Services and Finance, and the Associate Diploma with The Institute of Bankers. He is a Member and Graduate of the Australian Institute of Company Directors.

## ANTHONY R BROWN

Chief Executive Officer and Director

Anthony has been CEO of NobleOak for over 7 years. He has over 28 years of experience in marketing, strategy, operations and distribution. He was previously COO at AMP Capital, Head of Strategy and Marketing at AMP, Head of Commercial Insurance Marketing at Suncorp, and Manager at KPMG. Anthony has completed the General Management Program at Harvard Business School, Boston, has an MBA from the AGSM, and is a Chartered Accountant. He also holds a Bachelor of Economics degree (University of Sydney) and a Master of Commerce degree (University of NSW).

## MARTIN EDWARDS

Non-Executive Director

Martin is the CEO - Technology in Practice at Avant Mutual Group and a Director of Darjack Pty Ltd, MyPracticeManual Limited, and Hoxton MPM Pty Ltd. Martin has over 23 years of experience holding multiple General Manager roles in Treasury, Capital, Strategy and Insurance. Martin is a fellow of the Institute of Actuaries of Australia. Other previous positions include MBF's Group Treasurer and roles at Commonwealth Bank and Trowbridge Consulting. Martin attended the General Management Program at Harvard Business School and holds a Bachelor of Science. He is a Member and Graduate of the Australian Institute of Company Directors.

# CEO'S REPORT

I am pleased to report that 2019 was another year of strong growth for NobleOak in an extremely challenging environment.

## GROWTH

Throughout 2019, the in-force premium of our 'core' (NobleOak-branded) direct business increased by 30% through focusing on providing quality, affordable cover.

Our 'partnership' business (PPS, Avant and NEOS) increased by 150%. This active partnership business excludes Freedom Insurance (Freedom). NobleOak discontinued issuing Freedom policies in July 2017.

### Canstar Outstanding Value Awards

In March, we were again awarded the Canstar Outstanding Value Award for Direct Income Protection for 2019. This is our fourth award for Income Protection.

In June, we also won the Canstar Outstanding Value Award for Direct Life cover again, the fourth such award in a row.

NobleOak is the only life insurer to win four consecutive awards for outstanding value for Direct Life Insurance and Income Protection. These eight awards secure NobleOak's position as the pre-eminent direct insurer in providing outstanding value to clients and provide us with valuable marketing opportunities.


Visuals: NobleOak's Nobleman campaign September 2019

The results reflect our focused commitment to meeting our clients' needs in a market impacted by the revelations from the Royal Commission and falling consumer confidence in the financial services industry.

### Feefo Gold Trusted Service Award

We also received the Gold Trusted Service Award from Feefo for the second year in a row. This award is only provided to companies that have received consistent ratings for exceptional service from our customers.

### Finder Product Awards

In August, NobleOak received the Best Life Insurance Award for 2019. The Finder Awards recognise ground-breaking Australian products and innovations that are 'challenging the status quo'.

## GROWTH WITH PARTNERS

Our established partnerships with PPS and Avant delivered growth in sales in their respective target segments. We are also pleased with the first full year performance of NEOS Life.

### PPS

Since the launch of the PPS Professional Choice portfolio of Life products in mid-2016, sales growth continues as their unique product offering builds momentum. The PPS in-force premium has now grown to $12.7 million.

### Avant

Avant specialises in providing a range of insurances to medical professionals. Avant is also a major equity partner. The Avant membership is continuing to show support for the range of specialised Life Insurance products including Life, TPD and Income Protection. The Avant in-force premium has now grown to $3.1 million.

### NEOS

In early 2018, we entered into an agreement with NEOS Life to underwrite the NEOS Protection suite of Life Insurance cover types which was launched in June 2018. NEOS sells exclusively through financial advisers and manages the entire value chain. The NEOS portfolio is now being marketed through independent financial advisers with positive early signs. Inforce premium at the end of their first full year was $8.5 million.

## CAPITAL GROWTH

In February 2018, we raised $12 million from our existing shareholders and a new strategic shareholder, Private Portfolio Managers. The strong support from our investor base further confirmed their support of NobleOak's vision and strategic direction. A proportion of this capital has been used to fund the execution of a new multi-channel marketing campaign to further drive growth and start to build a more recognisable brand.

## GROWTH OF INVESTMENT

## MARKETING

We launched our new 'No Bull' advertising campaign in August 2018 in order to boost our brand recognition and generate further leads and sales. The campaign increased our brand awareness from 11.8% to 19.1%.

Building on the success of this campaign, we launched a 'nobility' campaign in September 2019.

## DIGITAL

### Investing in digital

Over the course of the past year, we have accelerated our investment in, and expansion of, our digital marketing channels to support the growth of the business. Our continued focus on Paid Search and Organic Search, combined with the introduction of Programmatic, Display and Social channels, has seen a 38% increase in web users from 134,000 (FY18) to 185,000 (FY19).

As a result of the above initiatives, sales from our digital channels increased by over 22%, representing 27% of sales for the financial year.

## INFRASTRUCTURE

As the business grew in 2019, it was necessary to invest in more scalable infrastructure. This includes upgrading our administration platform to a more stable version.

## GROWTH OF STAFF

Our workforce grew significantly (by around 120%) during the year, with the addition of the Genus team.

We continue to recruit people who not only have the necessary skills and experience to deliver on their role, but also fit with our 'customer-first' philosophy and can contribute to a high-performance culture. The increase in the number of full-time staff was driven both by the addition of the Genus team and by the growth in our core business, especially within our Sales and Service, Quality Assurance and Digital Marketing teams.

The NobleOak team is diverse, representing many nationalities, cultures, ages and genders.

## CLAIMS

The key to our business is the efficient and timely payment of claims. At a time of great emotional and financial distress for our clients and their families, we strive to ensure that we pay these claims as quickly as possible. Our published service standards have been set higher than those required under the FSC Code of Practice to ensure we provide the best service possible.

## SUMMARY

The last 12 months have seen significant growth across all areas of our business: customers, distribution, infrastructure and our people.

While we expect further regulatory change in 2020, we are confident we will continue our growth trajectory and build a more valuable business with the customer at the centre of everything we do.

I hope that you are pleased with our progress.

**Anthony R Brown**
Chief Executive Officer

# LEADERSHIP TEAM

## ANTHONY R BROWN Chief Executive Officer & Director

Anthony has been CEO of NobleOak for over 7 years. He has over 28 years of experience in marketing, strategy, operations and distribution. He was previously COO at AMP Capital, Head of Strategy and Marketing at AMP, Head of Commercial Insurance Marketing at Suncorp, and Manager at KPMG. Anthony has completed the General Management Program at Harvard Business School, Boston, has an MBA from the AGSM, and is a Chartered Accountant. He also holds a Bachelor of Economics degree (University of Sydney) and a Master of Commerce degree (University of NSW).

## SCOTT PEARSON Chief Financial Officer

Scott has 30 years of experience in the financial services industry covering health insurance, general insurance and reinsurance. He was previously Head of Finance at RGA Australia, Chief Financial Officer at Avant Mutual Group, Deputy CFO/Head of Group Finance & Reporting at MBF Australia Limited and has held other roles within Calliden Group Limited (formerly Reinsurance Australia Corporation) and CIC Insurance Limited. Scott is a Certified Practising Accountant and holds a Bachelor of Business (Accounting).



## PATRICIA PRIEST Chief Operating Officer

Patricia has worked in senior finance and strategy roles within the insurance industry across the world. Most recently Patricia was CFO of Munich Re based in Spain and Portugal. She also led finance teams in Zurich Australia and Aon in the UK. She is a Canadian Chartered Accountant, who commenced her career at Deloitte in Toronto. She holds the Diploma in Insurance from the Chartered Insurance Institute in the UK. Patricia changed roles from CFO to COO in March 2019.

## MATTHEW WILSON Chief Risk Officer

Matthew is an experienced corporate lawyer and risk governance practitioner with diverse corporate experience across financial services businesses in Australia and New Zealand. Matthew is a NSW legal practitioner and holder of an unrestricted practising certificate. He holds a Bachelor of Laws and Graduate Diploma of Legal Practice from UTS Sydney and is a member of the Law Society of NSW and the Risk Management Institute of Australia. He is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance and has a Diploma of Financial Planning.

## PHIL HILL Chief Underwriter

Phil has worked in the Life Insurance industry in Australia for over 40 years, both in reinsurance and with a number of major life offices including CommInsure and Tower. He has worked in Senior Management positions in all areas of risk insurance including Underwriting, Claims, Product Development and Risk Management. His primary area of responsibility has involved Underwriting and he has held Chief Underwriter roles with various Life offices over the past 30 years. He joined NobleOak in 2014 as Chief Underwriter and Claims Manager and was appointed as NobleOak's Head of Underwriting in 2016. He is a Senior Associate with the Australian and New Zealand Insurance Institute and holds a Diploma in Business Management. He is also a Senior Associate of the Australian Life Underwriters and Claims Association.

## MATT MINNEY Head of Claims, Operations & Partnerships

Matt is an experienced superannuation and Life Insurance manager who has worked within the financial services sector for organisations such as AMP and ClearView (previously NRMA, MBF and Bupa). Matt has expertise in administration, underwriting, claims, superannuation legislation and call centres. Matt holds a Diploma of Financial Services (Life Insurance) from the Australian and New Zealand Institute of Insurance and Finance. Matt joined NobleOak in September 2016.

## ROB TREACY Head of Digital

Rob joined NobleOak as Head of Digital in July 2019. He has 12 years of digital & marketing experience in driving growth through digital channels and assets. He was recently Senior Digital Marketing Team Leader at TAL Direct as well as working at digital agencies across CommBank, Westpac and Telstra accounts. Rob has a passion for driving digital transformational change to organisations and teams leveraging on technology and disruptive thinking to deliver positive business outcomes.

Visuals: NobleOak's Nobleman campaign September 2019

# DIRECTORS' REPORT

The Directors of NobleOak Life Limited (the Company) present their report, together with the Financial Statements of the Consolidated Group, being the Company and its controlled entity, for the financial year ended 30 June 2019.

## NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS

i) Particulars of the qualifications and experience of each Director as at the date of this report are as follows:

### Stephen J Harrison

Non-Executive Director appointed on 27 January 2011. Appointed as Deputy Chairman on 1 July 2011 until appointment as Chairman on the 28 November 2018.

Over 36 years of experience in the financial services, funds management, private equity and accounting fields.

Has held Director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Has been a founder and held directorships in a number of listed companies both in Australia and overseas. Previously was National Director, Financial Services for BDO Nelson Parkhill, Chartered Accountants. Was a non-executive Director of Blue Energy Limited, an ASX listed entity and Power Air Corporation, a US listed renewable energy company.

Former Director of Exoma Energy Limited, an ASX listed entity, and current Chairman and Director of Sinetech Limited, an ASX listed entity. Current Chairman of Conscious Capital Funds Management.

Certified Practicing Accountant, Bachelor of Economics, PS146 qualifications.

Chairman of the Board of Directors.

Member of the Risk Management Committee, the Board Audit Committee, the Finance & Investment Committee and Product & Appraisal Committee.

Age 62.

### Emery Feyzeny

Non-Executive Director appointed on 24 February 2011. Appointed as Chairman on 1 July 2011. Resigned as Chairman on 27 February 2013. Appointed as Deputy Chairman 28 November 2018.

Over 45 years of experience in the Superannuation industry, including 15 years as a partner at KPMG. He established and headed KPMG Superannuation Services Pty Ltd for 18 years.

Appointed by APRA to undertake remediation process for members superannuation under the trusteeship of Commercial Nominees and has advised the Superannuation Senate Select Committee on the taxation of superannuation funds.

Currently a Director of REI Superannuation Pty Ltd, a $1.5 billion industry Superannuation Fund and Chair of the Fund's Investment Committee.

Bachelor of Science, Senior Associate of the Australian and New Zealand Institute of Insurance and Finance, a member of the Institute and Faculty of Actuaries and a member of the Australian Institute of Company Directors.

Chairman of the Risk Management Committee & Board Audit Committee.

Member of Remuneration & Nominations Committee

Age 69.





### Kevin Hamman

Non-Executive Director appointed on 27 January 2011.

Over 31 years of experience in the Financial Services industry including senior management and director roles in Investment and Private Banking.

Currently holds several executive directorships in private companies in both the financial services industry and property development and investment industry.

Holds a Bachelor of Commerce Degree, a Diploma in Financial Services and Finance, and the Associate Diploma with The Institute of Bankers.

Member and Graduate of the Australian Institute of Company Directors.

Chairman of the Remuneration & Nominations Committee, Finance & Investment Committee and the Product & Appraisal Committee.

Member of the Board Audit Committee

Age 58.

### Anthony R Brown

Executive Director appointed on 31 July 2013.

Over 28 years of experience in marketing, strategy, operations and distribution, specialising in financial services.

Previously COO at AMP Capital, Head of Strategy and Marketing at Hillross (AMP); Head of Marketing and Product Development at Promina insurance; Head of Commercial Insurance Marketing at Suncorp and Manager at KPMG.

Completed the General Management Program at Harvard Business School (Boston), Holds a Masters of Business Administration (from the AGSM), is a Chartered Accountant and holds a Bachelor of Economics from the University of Sydney.

Chief Executive Officer of the Company.

Responsible Officer for the Company.

Member of the Product & Appraisal Committee

Age 52.

### Martin Edwards

Non-Executive Director appointed on 26 October 2016.

Over 23 years of experience holding multiple General Manager roles in Treasury, capital, strategy and insurance.

Currently the CEO Technology in Practice within the Avant Mutual Group and is a Director of My Practice Manual Limited, Hoxton MPM Pty Ltd and Darjack Pty Ltd.

Other previous positions include MBF's Group Treasurer and roles at Commonwealth Bank and Trowbridge Consulting.

Holds a Bachelor of Science Degree from the University of Sydney, attended the General Management Program at Harvard Business School and is a Fellow of the Institute of Actuaries of Australia. Member and Graduate of the Australian Institute of Company Directors.

Member of the Risk Management Committee, Finance & Investment Committee, Product & Appraisal Committee, Remuneration & Nominations Committee

Age 43.

ii) Directors that retired during the year: Mr P Sampson, appointed 6 February 2013, resigned 28 November 2018.
Directors that were appointed during the year: There were no new Directors appointed during the year.

All Directors have been in office since the start of the financial year to the date of this report unless otherwise indicated above.

iii) During the financial year, 13 Directors' meetings, 6 Risk Management Committee meetings, 4 Board Audit Committee meetings, 3 Finance & Investment Committee meetings, 6 Remuneration & Nominations Committee meetings and 3 Product Appraisal Committee meetings were held. Attendances were as follows:

| | Directors' Meetings | | Risk Management Committee | | Board Audit Committee | | Finance & Investment Committee Meeting | | Remuneration & Nominations Committee Meeting | | Product & Appraisal Committee Meeting[8] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mr EA Feyzeny[3] | 13 | 12 | 6 | 6 | 4 | 4 | - | - | 6 | 6 | - | - |
| Mr K Hamman[5] | 13 | 13 | - | - | 3 | 2 | 3 | 3 | 6 | 6 | 3 | 3 |
| Mr SJ Harrison[1] | 13 | 13 | 6 | 6 | 4 | 4 | 1 | 1 | - | - | 2 | 2 |
| Mr P Sampson[2] | 5 | 5 | 4 | 4 | 1 | 1 | 2 | 2 | 3 | 3 | - | - |
| Mr A R Brown[6] | 13 | 13 | - | - | - | - | - | - | - | - | 3 | 3 |
| Mr M Edwards[4] | 13 | 12 | 2 | 2 | - | - | 3 | 3 | 3 | 3 | 1 | 1 |

Note

1. Mr S J Harrison was appointed Chairman of the Board of Directors 28 November 2018, he was Chairman of the Board Audit Committee until 12 December 2018 and member of the Risk Management Committee for the entire year. Appointed to the Finance & Investment Committee on the 12 December 2018. Attended 2 Product & Appraisal Committee meeting as substitute for Mr Edwards due to Conflict of interest in the matters being discussed.
2. Mr P Sampson was Chairman of the Board of Directors and a member of the Board Audit Committee, Risk Management Committee, Finance & Investment Committee and Remuneration & Nominations Committee until his resignation from all appointments on the 28 November 2018.
3. Mr E Feyzeny was Chairman of the Risk Management Committee and member of the Board Audit Committee of which he became Chairman on 12 December 2018 and a member of the Remuneration & Nominations Committee for the entire year.
4. Mr M Edwards was a member of the Finance and Investment Committee and the Product & Appraisal Committee for the entire year and was appointed to the Risk Management Committee on the 12 December 2018. Appointed to the Remuneration & Nominations Committed on the 12 December 2018
5. Mr K Hamman was Chairman of the Finance & Investment Committee and a member of the Remuneration & Nominations Committee of which he became Chairman on 12 December 2018. He was appointed to the Product & Appraisal Committee and became Chairman on 31 October 2018 and appointed to the Board Audit Committee on the 12 December 2018.
6. Mr A R Brown was Chairman of the Product & Appraisal Committee until 31 October 2018 and was a member of the committee for the entire year.

iv) The Company keeps a register containing information about the Directors including each Director's or related entity of the Director's interest in securities issued by the Company or in a benefit fund of the Company.

| Name | Number of Ordinary Shares | Performance rights | Number of Options | Related entity holding the security (Where applicable) |
|---|---|---|---|---|
| Mr K Hamman | 437,002 | | | TK Consulting (Aust) Pty Ltd ATF The Hamman Family Trust |
| Mr K Hamman | 136,364 | | | KH Investments Pty Ltd ATF KH Development Trust |
| Mr K Hamman | 227,273 | | | Future Super KH Custodian Pty Ltd ATF Future Super Fund |
| Mr K Hamman | 172,727 | | | Future Super KH Pty Ltd ATF Future Super Fund |
| Mr K Hamman | 153,000 | | | |
| Mr E A Feyzeny | 150,000 | | | Emery and Judy Feyzeny ATF Pluvial Superannuation Fund |
| Mr E A Feyzeny | 240,000 | | | |
| Mr S J Harrison | 148,667 | | | Julie McConaghy, S J Harrison's wife |
| Mr S J Harrison | 150,454 | | | |
| Mr S J Harrison | 635,579 | | | Jasmah Investments Pty Limited ATF The Jasmah Investments Trust (Julie McConaghy, S J Harrison's wife) |
| Mr S J Harrison | 38,000 | | | MSJ Capital Pty Ltd ATF Harrison Superannuation Fund |
| Mr A R Brown * | 1,252,769 | 58,504 | 351,327 | |
| Mr A R Brown | 3,532,073 | | | Brohok Investment Co Pty Ltd |
| Mr M Edwards | 13,476,747 | | | Representative of Avant Group Holdings Limited |

* Anthony Brown is a participant in the Performance Rights Plan (refer note 19d), from the 2017 plan that matures in 2020, 29,415 shares have accrued, of the 191,818 total share entitlement available in the 2018 plan that matures in 2021, 29,089 shares have accrued, of the 281,062 total shares entitlement available. These shares will vest in in the relevant years if conditions are met over the full measurement periods.
Options issued during the year will only vest on the performance of specific events. Details of the options are shown in note 17(b).

(v) The following Directors have in the normal course of business, an interest in the Company as set out below:

| | |
|---|---|
| Mr M Edwards | Board representative of Avant. Avant is a white label partner of NobleOak and all transactions are carried out under normal commercial terms. |

## COMPANY SECRETARY

Mr Anthony Brown was appointed Company Secretary on 8 September 2017 and remained in office for the entire financial year.

## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the year were Life Insurance products including Death, Disability, Trauma, Income Protection and Business Expenses Insurance.

## DIRECTORS & KEY PERSONNEL REMUNERATION

The Directors and Key Personnel of NobleOak Life Limited during the year were:

1) Non Executive Directors

   Mr E A Feyzeny, appointed 24 February 2011

   Mr P Sampson, appointed 6 February 2013 resigned 28 February 2018.

   Mr K Hamman, appointed 27 January 2011

   Mr S J Harrison, appointed 27 January 2011

   Mr M Edwards, appointed 26 October 2016

2) Executive Director and Key Personnel

   Mr A R Brown – Executive Director, Chief Executive Officer and Company Secretary, appointed 31 July 2013, 23 July 2012 and 8 August 2017 respectively

   Mrs P Priest – Chief Operations Officer, appointed 25 September 2017

   Mr S Pearson – Chief Financial Officer, appointed 11 February 2019

   Mr S Balakrishnan – Former Chief Marketing Officer, appointed 5 June 2017, resigned 11 September 2018

   Mr M Wilson – Chief Risk Officer, appointed 1 October 2014

The compensation of the Directors and Key Personnel is set out below:

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| Non Executive Directors* | | | | |
| Short-term employee benefits | 213,186 | 265,360 | 213,186 | 265,360 |
| Post-employment benefits | 18,864 | 25,170 | 18,864 | 25,170 |
| | 232,050 | 290,530 | 232,050 | 290,530 |
| Executive Directors and Key Personnel | | | | |
| Short-term employee benefits | 1,591,743 | 1,501,940 | 1,532,775 | 1,501,940 |
| Post-employment benefits | 56,855 | 71,707 | 56,855 | 71,707 |
| | 1,648,598 | 1,573,647 | 1,589,630 | 1,573,647 |
| | 1,880,648 | 1,864,177 | 1,821,680 | 1,864,177 |

* Mr M Edwards is the Avant representative on the Board and does not receive director remuneration from NobleOak.



## OPERATING RESULTS AND REVIEW OF OPERATIONS

The Statement of Comprehensive Income of the Consolidated Group shows a profit for the current year before income tax of $7,724,276 ($4,300,164 for 2018 financial year).

In comparing the 2019 and 2018 results, the following is noted:

- The 2019 profit was positively impacted by the reduction in interest rates during the year. The company's Actuarial estimate of policy liability reserves, including deferred acquisition costs, are discounted to present value using risk free interest rates. The impact of the change in interest rates on the valuation of deferred acquisition costs was a favourable $2.7m to profit before tax. This has no impact to the NobleOak capital position.
- Normalised (underlying) profit before tax adjusting for this change in interest rated is $5.0m as set out in the following table.

| | Consolidated | |
|---|---|---|
| | **2019** | **2018** |
| | **$m** | **$m** |
| Profit Before Tax | 7.7 | 4.3 |
| Add/(Less) – Impact of change in Interest rates on Deferred Acquisition Cost | (2.7) | 0.1 |
| Normalised Profit Before Tax | 5.0 | 4.4 |

- The Company has continued to invest in order to deliver the growth in new sales premiums through its direct marketing and promotion activities and partnership channels. The investment has seen in-force premiums of the Company grow over $23m (gross premiums), an increase of 63% above the 2018 year end in-force premiums in the open benefit funds.
- Our partnerships have continued to grow in the current year:
  - PPS benefit fund's Life Insurance and Income Protection products called Professionals Choice, launched in June 2016. This product suite now has in-force premium of $12.7m growing by 63% in the year.
  - Avant benefit fund's Life Insurance products were established in January 2017. This fund now has $3.1m in in-force premium and grew at 69% during the year.
  - The NEOS Life Benefit Fund established in June 2018 has completed its first full year with in-force premium reaching $8.5m.
- During the year, NobleOak established a wholly owned subsidiary, Genus Life Insurance Services Pty Ltd (Genus). On 1 June 2019, Genus took over the administrative services of the Freedom and Rewards Benefit Funds previously administered by Freedom Insurance Group, who have ceased trading. Genus also entered into an agreement to administer a pool of policies insured by Swiss Re, also previously administered by Freedom. The new business activity contributed $0.2m to profit before tax in the year.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters disclosed above, there were no significant changes in the state of affairs of the Consolidated Group during the financial year.

## AFTER BALANCE DATE EVENTS

No matters or circumstances, other than that referred to in the financial statements or notes thereto, have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

## FUTURE DEVELOPMENTS

Disclosure of information regarding the likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

## REGULATORY CHANGE IMPACTS

During the year, there have been no regulatory changes that have impacted on the preparation and presentation of financial information or the capital structure of the company.

## DIVIDEND PAYMENTS

No dividends have been paid or declared during the financial year (2018: Nil).

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company, and its related entities against any liability which may be incurred by the Directors or Officers in carrying out their duties in good faith, to the extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related entities against a liability incurred as such an officer or auditor.

## ENVIRONMENTAL ISSUES

The Consolidated Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 14 of the financial report.

This report is made in accordance with the resolution of the Board of Directors.

On behalf of the Directors

**Anthony R Brown**
Director

**Stephen Harrison**
Chairman

Sydney, 18 September 2019



## DIRECTORS' DECLARATION

The Directors of the Company declare that the attached financial statements and notes are in accordance with the Corporations Act 2001 and:

a) comply with Accounting Standards and other mandatory professional reporting requirements, the Corporations Regulations 2001 and as stated in Note 1 to the financial statements, compliance with International Financial Reporting Standards (IFRS);

b) give a true and fair view of the financial position as at 30 June 2019 and the performance for the year ended on that date;

c) in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

d) the allocation and distribution of the surplus of the Benefit Funds of the Company have been made in accordance with Division 5 of Part 4 of the Life Insurance Act 1995 and the Benefit Fund Rules of each Benefit Fund; and

e) no assets of the Benefit Funds of the Company have been applied or invested in contravention of any relevant laws.

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

On behalf of the Directors

**Anthony R Brown**
Director

**Stephen Harrison**
Chairman

Sydney, 18 September 2019

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
NobleOak Life Limited
66 Clarence Street
SYDNEY NSW 2000

18 September 2019

Dear Directors

**NobleOak Life Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of NobleOak Life Limited.

As audit partner for the audit of the financial statements of NobleOak Life Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants







Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

## Independent Auditor's Report to the Members of NobleOak Life Limited

**Opinion**

We have audited the financial report of NobleOak Life Limited (the "Company") and its subsidiary (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

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

(i) giving a true and fair view of the Company and Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Board of Directors of the Company, would be in the same terms if given to the Board of Directors as at the time of this auditor's report.

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

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**The Board of Directors' responsibilities for the financial report**

The Board of Directors is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Board of Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 18 September 2019

## Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2019

| | Note | Consolidated 2019 $ | Consolidated 2018 $ | The Company 2019 $ | The Company 2018 $ |
|---|---|---|---|---|---|
| **Continuing Operations** | | | | | |
| Insurance premium revenue | 3(a) | 69,020,117 | 55,083,632 | 62,089,367 | 50,048,131 |
| Reinsurance expenses | 3(a) | (42,115,104) | (34,112,917) | (42,115,104) | (34,112,917) |
| Net insurance premium revenue | | 26,905,013 | 20,970,715 | 19,974,263 | 15,935,214 |
| Investment income | 3(a) | 1,113,490 | 629,696 | 1,104,394 | 624,086 |
| Net commissions from reinsurers | 3(a) | 458,428 | 1,161,234 | 458,428 | 1,161,234 |
| Fees & other revenue | 3(a) | 1,776,571 | 1,740,031 | 4,468,676 | 4,631,666 |
| Claims expense - net of reinsurance recoveries | 3(b) | (2,321,516) | (1,144,975) | (2,321,516) | (1,144,975) |
| Policy acquisition costs | 3(b) | (8,912,099) | (12,365,807) | (6,597,132) | (10,395,630) |
| Members liability revaluation | 15 | (867,179) | (736,929) | (867,179) | (736,929) |
| Salary & employee benefits | | (4,463,900) | (2,702,114) | (3,347,032) | (2,702,114) |
| Administration expenses | 3(b) | (5,004,353) | (2,410,452) | (4,105,059) | (2,386,452) |
| Other expenses | 3(b) | (960,179) | (841,235) | (1,244,381) | (686,421) |
| **Profit Before Tax** | | **7,724,276** | **4,300,164** | **7,523,462** | **4,299,679** |
| Income tax expense | 4 | (2,490,888) | (1,044,274) | (2,430,619) | (1,044,129) |
| **Profit After Tax** | | **5,233,388** | **3,255,890** | **5,092,843** | **3,255,550** |
| **Other Comprehensive Income** | | **-** | **-** | **-** | **-** |
| **Total Comprehensive income attributable to Owners of the Company** | | **5,233,388** | **3,255,890** | **5,092,843** | **3,255,550** |
| **Earnings per share** | | | | | |
| Basic (cents per share) | 6 | 10.03 | 7.17 | | |
| Diluted (cents per share) | 6 | 9.78 | 7.01 | | |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

## Statement of Financial Position

As at 30 June 2019

| | Note | Consolidated 2019 $ | Consolidated 2018 $ | The Company 2019 $ | The Company 2018 $ |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 21 | 11,513,929 | 8,191,586 | 10,053,353 | 7,333,460 |
| Receivables | 7 | 6,108,101 | 3,189,088 | 4,009,715 | 2,612,488 |
| Financial assets | 8 | 12,978,815 | 20,754,758 | 12,992,620 | 20,904,758 |
| Gross policy liabilities ceded under reinsurance | 15 | 19,481,690 | 15,547,998 | 19,481,690 | 15,547,998 |
| Other assets | 9 | 548,140 | 459,369 | 319,979 | 259,455 |
| Plant and equipment | 10 | 1,135,133 | 219,383 | 185,133 | 219,383 |
| Deferred tax asset | 11 | 1,196,644 | 2,688,304 | 1,062,677 | 2,640,602 |
| Intangibles | 12 | 150,000 | 769,109 | - | 619,109 |
| **Total assets** | | **53,112,452** | **51,819,595** | **48,105,167** | **50,137,253** |
| **Liabilities** | | | | | |
| Payables | 13 | 13,661,554 | 8,556,799 | 9,173,080 | 7,025,671 |
| Provisions | 14 | 1,717,339 | 376,807 | 1,490,287 | 376,807 |
| Gross policy liabilities | 15 | (8,353,192) | 2,982,965 | (8,353,192) | 2,982,965 |
| **Total liabilities** | | **7,025,701** | **11,916,571** | **2,310,175** | **10,385,443** |
| **Net assets** | | **46,086,751** | **39,903,024** | **45,794,992** | **39,751,810** |
| **Equity** | | | | | |
| Issued share capital | 17(a) | 37,121,794 | 36,301,200 | 37,121,794 | 36,301,200 |
| Accumulated profits | 16 | 8,758,522 | 3,525,134 | 8,466,763 | 3,373,920 |
| Share based payment reserve | 17(b) | 206,435 | 76,690 | 206,435 | 76,690 |
| **Total equity** | | **46,086,751** | **39,903,024** | **45,794,992** | **39,751,810** |

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

## Statement of Cash Flows

For the Financial Year Ended 30 June 2019

| | Note | Consolidated 2019 $ | Consolidated 2018 $ | The Company 2019 $ | The Company 2018 $ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Premium received | | 71,939,805 | 56,619,910 | 65,009,055 | 51,584,409 |
| Reinsurance premium payments | | (42,333,855) | (34,112,917) | (42,333,855) | (34,112,917) |
| Reinsurance recoveries received | | 14,887,986 | 12,887,121 | 14,887,986 | 12,877,121 |
| Claims paid | | (16,176,789) | (13,516,344) | (16,176,789) | (13,516,344) |
| Interest received | | 477,100 | 410,148 | 468,004 | 404,538 |
| Fees and other income received | | 14,970,841 | 5,503,091 | 19,806,450 | 8,613,272 |
| Marketing and policy acquisition costs | | (34,616,654) | (22,399,760) | (34,616,654) | (20,429,583) |
| Payments to other suppliers and employees | | (14,051,620) | (13,787,446) | (13,636,028) | (14,045,624) |
| Net cash from/(used in) operating activities | 21(b) | (4,903,186) | (8,856,197) | (6,591,831) | (8,625,128) |
| **Cash flows from investing activities** | | | | | |
| Purchase of plant and equipment | | (1,045,697) | (158,027) | (95,697) | (158,027) |
| Sale/(purchase) of financial assets | | 8,450,632 | (4,273,055) | 8,587,329 | (4,273,055) |
| Acquisition & payment of subsidiary | | - | - | (502) | - |
| Payment for intangible assets | | - | (148,374) | - | (148,374) |
| Net cash from/(used in) investing activities | | 7,404,935 | (4,579,456) | 8,491,130 | (4,579,456) |
| **Cash flows from financing activities** | | | | | |
| Amounts received from issue of shares | 17(a) | 820,594 | 12,013,784 | 820,594 | 12,013,784 |
| Cost of issue of shares | 17(a) | - | (85,727) | - | (85,727) |
| Net cash generated from financing activities | | 820,594 | 11,928,057 | 820,594 | 11,928,057 |
| **Net increase/(decrease) in cash and cash equivalents held** | | **3,322,343** | **(1,507,596)** | **2,719,893** | **(1,276,527)** |
| **Cash and cash equivalents at the beginning of the financial year** | | **8,191,586** | **9,699,182** | **7,333,460** | **8,609,987** |
| **Cash and cash equivalents at the end of the financial year** | 21(a) | **11,513,929** | **8,191,586** | **10,053,353** | **7,333,460** |

The above Statement of Cash Flows
should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Changes in Equity

For the Financial Year Ended 30 June 2019

| **The Company** | Note | Issued share capital $ | Accumulated profits $ | Share based payment reserve $ | Total equity $ |
|---|---|---|---|---|---|
| Balance as at 1 July 2017 | | 24,373,143 | 118,370 | 1,690 | 24,493,203 |
| Share capital net of transaction cost | | 11,928,057 | - | - | 11,928,057 |
| Profit for the year | | - | 3,255,550 | - | 3,255,550 |
| Recognition of share based payments | | - | - | 75,000 | 75,000 |
| Balance at 30 June 2018 | | 36,301,200 | 3,373,920 | 76,690 | 39,751,810 |
| Share capital net of transaction cost | | 820,594 | - | - | 820,594 |
| Profit for the year | | - | 5,092,843 | - | 5,092,843 |
| Recognition of share based payments | | - | - | 129,745 | 129,745 |
| **Balance at 30 June 2019** | 17(a) | **37,121,794** | **8,466,763** | **206,435** | **45,794,992** |

| **Consolidated** | Note | Issued share capital $ | Accumulated profits $ | Share based payment reserve $ | Total equity $ |
|---|---|---|---|---|---|
| Balance as at 1 July 2017 | | 24,373,143 | 269,244 | 1,690 | 24,644,077 |
| Share capital net of transaction cost | | 11,928,057 | - | - | 11,928,057 |
| Profit for the year | | - | 3,255,890 | - | 3,255,890 |
| Recognition of share based payments | | - | - | 75,000 | 75,000 |
| Balance at 30 June 2018 | | 36,301,200 | 3,525,134 | 76,690 | 39,903,024 |
| Share capital net of transaction cost | | 820,594 | - | - | 820,594 |
| Profit for the year | | - | 5,233,388 | - | 5,233,388 |
| Recognition of share based payments | | - | - | 129,745 | 129,745 |
| **Balance at 30 June 2019** | 17 (a) | **37,121,794** | **8,758,522** | **206,435** | **46,086,751** |

The above Statement of Changes in Equity
should be read in conjunction with the accompanying notes to the financial statements.

## 1 Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of NobleOak Life Limited and its controlled entities ("Consolidated Group" or "Group"), and the separate financial statements and notes of NobleOak Life Limited, the parent entity ("Company"). NobleOak Life Limited is a company limited by shares, incorporated and domiciled in Australia.

### Basis of Preparation

The financial report is a general purpose report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Life Insurance Act 1995 ("the Life Act") and the Corporations Act 2001. For the purpose of preparing the financial statements, the Company is a for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historic costs, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. The amounts presented in the financial report are in Australian dollars and have been rounded to the nearest dollar.

The Company operates predominantly in the financial services industry. As such, the assets and liabilities disclosed in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity.

### Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.





## 1 Statement of Significant Accounting Policies (cont.)

### Change in accounting policy

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 9 'Financial instruments' - The Company is taking the deferral approach and will be implement at the same time as AASB 17 'Insurance contracts' | 1 January 2021[2] | 30 June 2023 |
| AASB 16 'Leases' | 1 January 2019 | 30 June 2020 |
| AASB 17 'Insurance contracts' will replace AASB 1038. | 1 January 2021[2] | 30 June 2023 |

2 In June 2019 the IASB tentatively agreed to delay the effective date by one year to periods beginning on or after 1 January 2022

### Impact of changes to Australian Accounting Standards and Interpretation

### IFRS 17 'Insurance Contracts'

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. AASB 17 will supersede AASB 1038 Insurance Contracts as for financial year ends beginning on 1 January 2022. The IASB originally proposed that this would be effective from 2021; however, in June 2019, tentatively agreed to delay the effective date by one year to periods beginning on or after 1 January 2022. The Directors of the Company anticipate that the application of IFRS 17 in the future is likely to have a material impact on the amounts reported and disclosures made in the company and consolidated financial statements. The Company is currently evaluating the standard and its impacts to determine the implementation roadmap. It is not possible to provide a reasonable estimate of the effect of IFRS 17 at this time.

### AASB 9 'Financial Instruments'

AASB 9 Financial Instruments replaces AASB 139 Financial Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward guidance on recognition and de-recognition of financial instruments from AASB 139. The application of AASB 9 is not expected to have a material impact on the results of the Company. The majority of the Company's assets are assets backing policyholder liabilities and are currently designated at fair value through the profit or loss. The Company's other financial instruments (i.e. receivables and payables) are held at amortised cost. The Company is taking the deferral approach and has measured those liabilities which are within the scope of AASB 4 and these are greater than the 90% threshold of total liabilities required to take the deferral option. The impact of AASB 9 is currently being evaluated by the Company to consider the impact and implementation alongside AASB 17.

## 1 Statement of Significant Accounting Policies (cont.)

### AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019. The Company's only material lease is that of its premises and it will be treated accordingly, but no material impact is expected to the accounts.

**(a) Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NobleOak Life Limited) and the subsidiaries. Subsidiary is an entity the parent controls. The parent 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. Details of the subsidiary are provided in Note 26.

The assets, liabilities and results of a subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of a subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.





## 1 Statement of Significant Accounting Policies (cont.)

**Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

**(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments and bank overdrafts. Bank overdrafts are shown within liabilities on the consolidated statement of financial position.

**(c) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cashflows.

**(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments are measured by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(ii) 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) (level 2)

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

## 1 Statement of Significant Accounting Policies (cont.)

### (e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity and are recognised when the Consolidated Group become a party to the contractual provisions of the instrument.

*Financial assets*

The Company has identified the following classes of financial asset: cash and cash equivalents, financial assets and receivables. Financial assets comprise both assets held to fund policyholder liabilities and excess shareholder's assets. Financial assets are measured at fair value through profit or loss and include bank bills and term deposits, and Australian fixed interest bond.

*Financial liabilities*

The Company has identified the following classes of financial liability: Payables.

*Financial instruments designated as fair value through profit or loss*

The policy of management is to designate a group of financial assets or financial liabilities as fair value through profit or loss when that group is both managed and its performance evaluated on a fair value basis for both internal and external reporting in accordance with the Company's documented investment strategy.

### (f) Policyholders' and members' funds

Policyholders' funds are those financial assets which are held to fund the insurance provisions of the Company. The remaining financial assets, including equities, managed funds and investment in shares represent Shareholders' funds.

### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (h) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of both its tangible and intangible non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. An excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (i) Receivables

Trade accounts receivable are carried at amounts due and are generally settled within 30 days. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.





## 1 Statement of Significant Accounting Policies (cont.)

### (j) Income tax

The Company is subject to income tax on investment income less an appropriate proportion of administration and overhead expenses. Certain benefits are exempt from income tax under provision of the Income Tax Assessment Act.

The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax benefit (expense) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Even when the deferred tax asset is not shown on the consolidated statement of financial position, that benefit is still available to the Company and can be re-introduced onto the statement of financial position when it is probable that future taxable profits will be available.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

*Tax Consolidation*

NobleOak Life Limited is the head entity of the Tax Consolidated Group comprising of NobleOak Life Limited and its wholly owned entities. Under tax consolidation, the head entity assumes the following balances from controlled entities within the Tax Consolidated Group:

(i) current tax balances arising from external transactions recognised by entities in the tax consolidated group which occurred after implementation date; and

(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the Tax Consolidated Group which occurred after implementation date.

## 1 Statement of Significant Accounting Policies (cont.)

**(j) Income tax (cont.)**

Assets and liabilities which arise as a result of balances transferred from entities within the Tax Consolidated Group to the head entity are recognised as related party balances receivable and payable in the statement of financial position. The recoverability of balances arising from tax funding arrangements is based on the ability of the Tax Consolidated Group to utilise the amounts recognised by the head entity.

**(k) Payables**

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

**(l) Financial statements presentation**

The financial statements are prepared by combining the financial statements of the Company's Benefit Funds and Management Fund. A list of Benefit Funds appears in notes 27-28 of the financial statements.

**(m) Plant and equipment**

Plant and equipment is recorded at cost less any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

*Depreciation*

Depreciation is calculated using the straight line method over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Useful lives range between 3 to 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**(n) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.





## 1 Statement of Significant Accounting Policies (cont.)

**(o) Revenue recognition**

*Management fee revenue*

Management fee revenues are recognised in the period in which the services are performed and obligations satisfied.

*Premium income*

Premium income is recognised on a due basis subject to the rules governing each Benefit Fund.

**i) Life Insurance contracts**

Premiums on Life Insurance contracts are separated into their revenue and deposit components. Where it is not practicable to split out the two components, all premiums have been recognised as revenue. Where policies provide for the payment of amounts of premiums on specific due dates, such premiums are recognised as revenue when due. Unpaid premiums are recognised as revenue only during the days of grace or where secured by the surrender values of the policies concerned. Other premiums are recognised as revenue on a due basis.

**ii) Life investment contracts**

Under life investment contracts the life companies receive deposits from policyholders which are then invested on behalf of the policyholders. No premiums are recognised as revenue. Fees deducted from members accounts are accounted for as fee revenue. Life investment premiums are treated as a movement in life investment contract liabilities.

*Interest revenue*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

*Commission revenue*

Commission revenue is recognised when all service obligations are complete and revenue is received from customers.

All revenue is stated net of the amount of goods and services tax (GST).

**(p) Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

**(q) Intangibles**

Goodwill and other intangibles are initially recorded at the amounts by which the purchase price exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisitions. Goodwill and other intangibles are tested annually for impairments and carried at cost less accumulated impairment losses.

## 1 Statement of Significant Accounting Policies (cont.)

### (r) Leases

Leases of fixed assets where substantially all risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives, where it is likely that the Company will obtain ownership of the asset, or over the term of the lease.

Lease payments for operating leases, are charged as expenses on a straight line basis in the periods in which they are incurred.

### (s) Claims expense

#### i) Life Insurance contracts

Claims are recognised when the liability to a policyholder under a Life Insurance contract has been established or upon notification of the insured event. Claims are separated into their expense and withdrawal components. Claims on risk business are treated as an expense and are recognised when a liability to the policyholder is established.

#### ii) Life investment contracts

There is no claims expense in respect of investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities. Other claim amounts are similar to withdrawals and as such, do not relate to the provision of services or the bearing of risk. Accordingly, they are not expenses and are treated as movements in Life Insurance contract liabilities.

### (t) Basis of expense apportionment

All operating expenses in respect of Life Insurance or life investment contracts have been apportioned between policy acquisition, policy maintenance and investment management expenses with regard to the objective when incurring the expense and the outcome achieved.

The apportionment process is adopted by applying the following methodology:

(i) Expenses that can be directly identifiable and attributable to a particular class of business are allocated directly to that class of business. Expenses directly attributable to the ordinary and superannuation participating and non-participating classes of business that cannot be directly allocated to a particular class of business are apportioned based upon the appropriate cost drivers;

(ii) Commission expenses that cannot be allocated to a class of business, for example volume bonuses, are apportioned on the basis of new business and renewal commissions of each class, allowing for limits implied by the basis of adviser remuneration;

(iii) Investment expenses are apportioned to the classes of business on the mean balance of assets under management; and

(iv) Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units issued, mean balance of assets under management, average number of policies in-force and time and activity based allocations.





## 1 Statement of Significant Accounting Policies (cont.)

### (u) Life investment contract liabilities

Investment contract premiums are separated into their revenue and deposit components.

#### i) Deposit component

The deposit element is initially recognised at fair value. Fair value is determined by estimating the amount payable under the contract for any premiums received less any current or future exit penalties.

The fair value is measured as the higher of the current surrender value and an estimate of the discounted future maturity benefit payable in respect of that deposit.

The current surrender value is the amount which the contract holder is entitled to receive upon immediate surrender. This equates to the premiums received less any surrender penalties.

When calculating the discounted future maturity benefit, the surrender penalty is calculated per the terms of the contract. For regular premium contracts the calculation is based on a discounted cash flow that incorporates the ultimate total redemption less future deposits receivable. The resulting surrender penalty differs to the penalty that would be applied if the contract immediately lapsed leading to a different financial instrument liability.

The deposit element, or financial instrument liability, is subsequently measured at fair value, with any change in value being recognised in the statement of comprehensive income.

#### ii) Revenue component

Accounting standards contemplate a situation where there is a difference between the considerations (premiums) received from a policyholder and the sum of the fee revenue and financial liability recognised upon receipt.

Accounting standards define this part as the Management Services Element.

The difference between the consideration received and the fair value of the deposit element relates to future management services revenue and is initially recognised on the statement of financial position as Deferred Revenue Liability.

Fees received are deferred and recognised as revenue over the life of the contract.

### (v) Life Insurance contract liabilities

The financial reporting methodology used to determine the value of Life Insurance contract liability is referred to as Margin on Services (MoS).

Under MoS, the excess of premium received over claims and expenses ('the profit margin') is recognised over the life of the contract in a manner that reflects the pattern of risk accepted from the policyholder as services are provided ('the service'), hence the term Margin on Service. The movement in Life Insurance contract liability recognised in the statement of comprehensive income reflects the planned release of this margin.

The assumptions used in the calculation of the insurance contract policy liabilities are reviewed at each reporting date.

## 1 Statement of Significant Accounting Policies (cont.)

### (w) Policy acquisition costs

*Life Insurance contracts*

The Appointed Actuary, in determining the Life Insurance contract liabilities, takes account of the deferral and future recovery of acquisition costs which are capitalised by way of movement in Life Insurance contract liabilities, then amortised over the period in which they will be recovered.

Policy acquisition costs comprise the costs of acquiring new business, including commission, advertising, policy issue and underwriting costs, agency expenses and direct and indirect other sales costs. Acquisition costs are initially expensed in the statement of comprehensive income with any amounts to be deferred then taken to the statement of financial position as an adjustment to policy liabilities.

### (x) Outward reinsurance expense

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outward reinsurance expense and are recognised over the period of indemnity of the reinsurance contract.

### (y) Asset backing of policy liabilities

Each Benefit Fund of the Company is accounted for independently. Separate management accounts are maintained. Each Benefit Fund holds its own assets that provide the financial backing to ensure future policy liabilities can be met. The appointed actuary regularly reviews each Benefit Fund's financial information to ensure that assets are able to meet or exceed the requisite capital adequacy and solvency requirements.

In accordance with AASB 1038 'Life Insurance Contracts', financial assets backing policy liabilities are designated at fair value through profit or loss. Financial assets backing policy liabilities consist of high quality investments such as cash and fixed income securities.

### (z) Share-based payment arrangements

Equity-settled share-based payments to directors and employees are measured at the fair value of the equity instruments at the grant date.

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 equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, 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 such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.





## 2 Critical accounting judgements and estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates are applied are noted below.

### (a) Life Insurance contract liabilities

Life Insurance contract liabilities are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of Life Insurance business written. Deferred policy acquisition costs and present value of in-force business (PVIF) are connected with the measurement basis of Life Insurance contract liabilities and are equally sensitive to the factors that are considered in the liability measurement. The key factors that affect the estimation of these liabilities and related assets are:

- The estimated cost of providing benefits and administering these insurance contracts;
- Expected mortality and morbidity experience on Life Insurance products, including enhancements to policyholder benefits;
- Discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the expected life of the contracts; and
- The amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation and recoverability.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities. Details of specific actuarial policies and methods are set out in note 32.

### (b) Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Group may not receive amounts due to it and these amounts can be reliably measured.

### (c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques in accordance with the measurement hierarchy in Note 8. Assets that are not Level 1 assets are valued by using discounted cashflow techniques based on market observable inputs.

### (d) Deferred tax assets

Determining whether deferred tax assets are recognised requires an estimation of future taxable profits against which the assets can be released. This estimation process is based on relevant available information pertaining to the business and the exercise of management judgement.

Recognition therefore involves judgements and estimations regarding the future financial performance of the company and reflects a prudent regard, where considered appropriate, for the inherent uncertainties associated with making such estimations and judgements in relation to deferred tax assets. Details of the carrying amount of the deferred tax asset are set out in Note 11.

## 2 Critical accounting judgements and estimates (cont.)

### (e) Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is objective evidence that any non-financial asset not carried fair value is impaired. Such an asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as result of one or more events that have occurred after the initial recognition of the asset (the loss event) and that loss event has an impact on the estimated future cash flows of the asset that can be reliability estimated.

## 3 Profit from continuing operation

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| The profit from operations includes the following items of income and expense: | | | | |
| **(a) i) Net Insurance Premium Revenue** | | | | |
| Premium revenue from insurance contracts | 71,675,474 | 56,619,910 | 64,744,724 | 51,584,409 |
| Less: Deposits recognised as an increase in policy liabilities | (2,655,357) | (1,536,278) | (2,655,357) | (1,536,278) |
| | 69,020,117 | 55,083,632 | 62,089,367 | 50,048,131 |
| Less: Outward reinsurance expense | (42,115,104) | (34,112,917) | (42,115,104) | (34,112,917) |
| | 26,905,013 | 20,970,715 | 19,974,263 | 15,935,214 |

NobleOak's in-force premium as at 30 June 2019 in active benefit funds was $59,946,121 ($36,789,245 as at 30 June 2018). In-force premiums in closed benefit funds as at 30 June 2019 was $22,134,517 ($28,015,860 as at 30 June 2018). NobleOak does not generate net premium revenue from closed benefit funds, therefore the premium reduction shown does not impact on trading results. From 1 June 2019, NobleOak generated revenue from the closed benefit funds to support the administration cost of managing the run-off to these policies.

There is a difference between in-force premiums and the revenue recognised in the profit or loss statement due to timing of policy start dates (earned premium) and sales incentives offered with the policies (premium free periods). For core Life Insurance business, the gross premium (including base premium and fees) is collected by NobleOak Services Limited (the subsidiary company and the administrator). The base premium is paid to NobleOak Life Limited (the parent company and the insurer) which is recognised as insurance premium revenue in the company's statement of profit or loss. The fee component of the gross premium retained in the subsidiary company is recognised within the insurance premium revenue in the consolidated profit or loss statement.





## 3 Profit from continuing operation (cont.)

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| **ii) Investment Revenue** | | | | |
| Interest & investment revenue | 438,797 | 410,148 | 429,701 | 404,538 |
| Increase in market value of investments | 674,693 | 219,548 | 674,693 | 219,548 |
| | 1,113,490 | 629,696 | 1,104,395 | 624,086 |
| **iii) Net commissions from reinsurers** | | | | |
| Commissions received from/(clawback to) reinsurers | 17,803,381 | (30,334,846) | 17,803,381 | (30,334,846) |
| Commissions clawback from/(paid to) distributors | (17,344,953) | 31,496,080 | (17,344,953) | 31,496,080 |
| | 458,428 | 1,161,234 | 458,428 | 1,161,234 |

The balances change in 2018 and 2019 are a result of the fact that Freedom arrangement with NobleOak was placed in run off in 2017.

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| **iv) Fees & Other Revenue** | | | | |
| Management fees & administration fees | 1,777,263 | 59,847 | 4,469,368 | 2,951,482 |
| Other revenue | (692) | 1,680,184 | (692) | 1,680,184 |
| | 1,776,571 | 1,740,031 | 4,468,676 | 4,631,666 |
| **(b) Expenses** | | | | |
| Profit before income tax has been arrived at after charging the following expenses: | | | | |
| **i) Claims Expenses** | | | | |
| Claims payments | 16,213,729 | 13,534,065 | 16,213,729 | 13,534,065 |
| Claims expense reserve | 572,123 | 488,031 | 572,123 | 488,031 |
| Less: Reinsurance claims recovery | (14,464,336) | (12,877,121) | (14,464,336) | (12,877,121) |
| | 2,321,516 | 1,144,975 | 2,321,516 | 1,144,975 |

### 3 Profit from continuing operation (cont.)

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **ii) Policy Acquisition Costs** | | | | |
| Commission | 9,536,433 | 10,857,487 | 7,221,466 | 8,887,310 |
| Stamp duty | 1,350,398 | 907,858 | 1,350,398 | 907,858 |
| Underwriting & medical costs | 1,314,243 | 1,128,628 | 1,314,243 | 1,128,628 |
| Marketing & promotion | 10,355,768 | 5,010,294 | 10,355,768 | 5,010,294 |
| Salary & employee benefits | 5,143,765 | 4,508,627 | 5,143,765 | 4,508,627 |
| Printing, postage, stationery & IT expenses | 567,233 | 397,753 | 567,233 | 397,753 |
| Depreciation and amortisation | 140,976 | 117,279 | 140,976 | 117,279 |
| Other acquisition cost | 418,601 | 254,934 | 418,601 | 254,934 |
| Movement in deferred acquisition costs | (19,915,318) | (10,817,053) | (19,915,318) | (10,817,053) |
| | 8,912,099 | 12,365,807 | 6,597,132 | 10,395,630 |
| **iii) Administration expenses** | | | | |
| Administration expenses include the following expenses: | | | | |
| Depreciation | 27,609 | 19,192 | 27,609 | 19,192 |
| Amortisation | 187,383 | 214,860 | 187,383 | 214,860 |
| Payments under operating leases | 558,657 | 491,585 | 513,019 | 491,585 |
| Professional services & advisers | 1,431,692 | 539,317 | 1,064,833 | 515,317 |
| Marketing & promotion | 318,800 | 170,366 | 318,800 | 170,366 |
| Printing, postage, stationery, telephone & IT expenses | 1,719,259 | 591,739 | 1,232,462 | 591,739 |
| Loss on disposal of assets | 393,088 | - | 393,088 | - |
| Board & committee costs | 254,024 | 297,577 | 254,024 | 297,577 |
| Insurance | 113,841 | 85,816 | 113,841 | 85,816 |
| | 5,004,353 | 2,410,452 | 4,105,059 | 2,386,452 |
| **iv) Other expenses** | | | | |
| Other expenses include the following expenses: | | | | |
| Bank charges | 475,450 | 481,809 | 341,689 | 365,434 |
| Management fees | 48,344 | 37,518 | 566,191 | - |
| General expenses | 436,385 | 321,908 | 336,502 | 320,987 |
| | 960,179 | 841,235 | 1,244,382 | 2,386,452 |





### 4 Income taxes

| | | Consolidated | | The Company | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| | | $ | $ | $ | $ |
| (a) | The components of tax expense comprise: | | | | |
| | Current tax | 999,228 | - | 852,694 | - |
| | Deferred tax | 1,491,660 | 1,044,274 | 1,577,925 | 1,044,129 |
| | | 2,490,888 | 1,044,274 | 2,430,619 | 1,044,129 |
| (b) | The prima facie tax on profit from operations before income tax is reconciled to income tax as follows: | | | | |
| | Prima facie tax expense on profit from operations before income tax at 30% (2018: 30%) | 2,317,283 | 1,290,049 | 2,257,039 | 1,289,904 |
| | Add: | | | | |
| | Tax effect of: | | | | |
| | Deferred Revenue | - | (450,000) | - | (450,000) |
| | Members Liability | 260,154 | 221,079 | 260,154 | 221,079 |
| | Non-deductible depreciation & amortisation | 106,790 | 105,399 | 106,790 | 105,399 |
| | Non-deductible capital loss | 78,244 | 9,863 | 78,244 | 9,863 |
| | Non-deductible expenses | 10,422 | 12,902 | 10,422 | 12,902 |
| | Under/(over) provision of prior year income tax | 3 | 41,393 | (22) | 41,393 |
| | | 455,613 | (59,364) | 455,588 | (59,364) |
| | Less<br>Tax Effect of: | | | | |
| | Amortised tax benefits of capital items | - | 50,727 | - | 50,727 |
| | Deductible expenses | 70,545 | 60,056 | 70,545 | 60,056 |
| | Non assessable other income | 211,463 | 75,628 | 211,463 | 75,628 |
| | | 282,009 | 186,411 | 282,008 | 186,411 |
| | Income tax expense attributable to profit for the year | 2,490,888 | 1,044,274 | 2,430,619 | 1,044,129 |

### 5 Remuneration of auditors

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Audit of the financial report - current year | 153,750 | 131,250 | 117,500 | 107,250 |

The auditor of the Company is Deloitte Touche Tohmatsu.

## 6 Earnings per share

| | Consolidated | |
|---|---|---|
| | 2019 | 2018 |
| | $ | $ |
| Earnings per share (cents) | | |
| Basic earnings (cents) | 10.03 | 7.17 |
| Diluted earnings (cents) | 9.78 | 7.01 |

**Basic earnings per share**

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

| | | |
|---|---|---|
| Profit for the year attributable to owners of the Company | 5,233,388 | 3,255,890 |
| Earnings used in the calculation of basic earnings per share | 5,233,388 | 3,255,890 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 52,180,564 | 45,393,302 |

**Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows:

| | | |
|---|---|---|
| Profit for the year attributable to owners of the Company ($) | 5,233,388 | 3,255,890 |
| Earnings used in the calculation of total diluted earnings per share | 5,233,388 | 3,255,890 |

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | | |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 52,180,564 | 45,393,302 |
| Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan | 1,313,146 | 1,044,659 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures) | 53,493,710 | 46,437,961 |





## 7 Receivables

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Trade receivables | 5,410,168 | 2,885,374 | 1,514,500 | 2,298,255 |
| GST receivable | 697,933 | 303,714 | 955,447 | 301,020 |
| Other receivables – related party | - | - | 1,539,768 | 13,213 |
| | 6,108,101 | 3,189,088 | 4,009,715 | 2,612,488 |
| Maturity analysis: | | | | |
| Current | 6,108,101 | 3,189,088 | 4,009,715 | 2,612,488 |
| Non-current | - | - | - | - |
| | 6,108,101 | 3,189,088 | 4,009,715 | 2,612,488 |

## 8 Financial assets

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Financial assets held at cost: | | | | |
| Shares in Subsidiary | - | - | 150,502 | 150,000 |
| Financial assets held at fair value through profit or loss: | | | | |
| Bank bills and term deposits | 9,262,750 | 17,713,384 | 9,126,053 | 17,713,384 |
| Fixed interest investment | 3,716,065 | 3,041,374 | 3,716,065 | 3,041,374 |
| | 12,978,815 | 20,754,758 | 12,992,620 | 20,904,758 |
| Maturity analysis: | | | | |
| Current | 9,262,750 | 17,713,384 | 9,126,053 | 17,713,384 |
| Non-current | 3,716,065 | 3,041,374 | 3,866,567 | 3,191,374 |
| | 12,978,815 | 20,754,758 | 12,992,620 | 20,904,758 |

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Level 1 | 9,262,750 | 17,713,384 | 9,126,053 | 17,713,384 |
| Bank bills and term deposits | | | | |
| Level 2 | 3,716,065 | 3,041,374 | 3,716,065 | 3,041,374 |
| Fixed interest Investment | | | | |
| Level 3 | - | - | - | - |
| | 12,978,815 | 20,754,758 | 12,842,118 | 20,754,758 |

Fair value hierarchy

The investments carried at fair value have been classified under the three levels of the fair value hierarchy as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices)

(iii) Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

There have been no movements between levels during the year.



Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

## 9 Other assets

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Prepayments | 533,758 | 459,169 | 305,597 | 259,255 |
| Other | 14,382 | 200 | 14,382 | 200 |
| | 548,140 | 459,369 | 319,979 | 259,455 |
| Maturity analysis: | | | | |
| Current | 548,140 | 459,369 | 319,979 | 259,455 |
| Non-current | - | - | - | - |
| | 548,140 | 459,369 | 319,979 | 259,455 |

## 10 Plant and equipment

| | Consolidated Plant & Equipment | The Company Plant & Equipment |
|---|---|---|
| | $ | $ |
| **Gross carrying amount** | | |
| Balance at 1 July 2018 | 367,585 | 367,585 |
| Additions | 1,045,697 | 95,697 |
| Write offs | (82,211) | (82,211) |
| **Balance at 30 June 2019** | 1,331,071 | 381,071 |
| **Accumulated depreciation** | | |
| Balance at 1 July 2018 | (148,202) | (148,202) |
| Write offs | 21,203 | 21,203 |
| Depreciation expense | (68,939) | (68,939) |
| **Balance at 30 June 2019** | (195,938) | (195,938) |
| **Net book value** | | |
| As at 30 June 2018 | 219,383 | 219,383 |
| As at 30 June 2019 | 1,135,133 | 185,133 |

Depreciation is recognised as an expense during the year and is included in the depreciation expense disclosed in Note 3(b) to the financial statements.

## 11 Deferred tax asset

| The balance comprises temporary difference attributable to: | Consolidated | | The Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Amounts recognised in profit & loss: | **$** | **$** | **$** | **$** |
| Asset impairments | 555,000 | 555,000 | 555,000 | 555,000 |
| Accrued expenses | 215,802 | 130,722 | 182,204 | 112,249 |
| Employee entitlement provision | 218,441 | 113,042 | 147,325 | 113,042 |
| Prior year tax losses | 29,263 | 1,667,132 | - | 1,637,903 |
| Intangibles | 118,759 | 123,156 | 118,759 | 123,156 |
| Share capital issue costs | 59,389 | 99,252 | 59,389 | 99,252 |
| | 1,196,644 | 2,688,304 | 1,062,677 | 2,640,602 |
| **Movement:** | | | | |
| Opening balance as at beginning of year | 2,688,304 | 3,732,578 | 2,640,602 | 3,683,945 |
| Charged to income statement | (1,491,660) | (1,044,274) | (1,577,925) | (1,044,129) |
| Tax loss transferred from subsidiary | - | - | - | 786 |
| **Closing balance as at end of year** | 1,196,644 | 2,688,304 | 1,062,677 | 2,640,602 |



**Notes to the Financial Statements**
For the Financial Year Ended 30 June 2019

## 12 Intangibles

| | Consolidated | | | | The Company | | |
|---|---|---|---|---|---|---|---|
| | **Goodwill – NobleOak Services Limited** | **Product Development – NobleOak Life Limited** | **Administration Software Development – NobleOak Life Limited** | **Total Intangible** | **Product Development** | **Administration Software Development** | **Total Intangible** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **Gross carrying amount** | | | | | | | |
| Balance at 1 July 2018 | 150,000 | 1,118,780 | 776,865 | 2,045,645 | 1,118,780 | 776,865 | 1,895,645 |
| Write offs | - | (1,118,780) | (776,865) | (1,895,645) | (1,118,780) | (776,865) | (1,895,645) |
| **Balance as at 30 June 2019** | 150,000 | - | - | 150,000 | - | - | - |
| **Accumulated amortisation** | | | | | | | |
| Balance at 1 July 2018 | - | 737,150 | 539,386 | 1,276,536 | 737,150 | 539,386 | 1,276,536 |
| Write offs | - | (857,967) | (705,598) | (1,563,565) | (857,967) | (705,598) | (1,563,565) |
| Amortisation expense | - | 120,817 | 166,212 | 287,029 | 120,817 | 166,212 | 287,029 |
| **Balance at 30 June 2019** | - | - | - | - | - | - | - |
| **Net book value** | | | | | | | |
| As at 30 June 2018 | 150,000 | 381,631 | 237,478 | 769,109 | 381,631 | 237,478 | 619,109 |
| As at 30 June 2019 | 150,000 | - | - | 150,000 | - | - | - |

## 13 Payables

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Payables - Related parties | - | - | 339,327 | - |
| Sundry creditors | 7,604,291 | 7,259,358 | 6,969,519 | 5,960,047 |
| Accruals | 2,173,834 | 1,297,441 | 1,864,234 | 1,065,624 |
| Contract Liability | 3,883,428 | - | - | - |
| | 13,661,554 | 8,556,799 | 9,173,080 | 7,025,671 |
| Maturity analysis: | | | | |
| Current | 13,661,554 | 8,556,799 | 9,173,080 | 7,025,671 |
| Non-current | - | - | - | - |
| | 13,661,554 | 8,556,799 | 9,173,080 | 7,025,671 |

## 14 Provisions

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Provision for income tax | 999,204 | - | 999,204 | - |
| Employee benefits | 718,135 | 376,807 | 491,083 | 376,807 |
| | 1,717,339 | 376,807 | 1,490,287 | 376,807 |
| Maturity analysis: | | | | |
| Current | 1,465,332 | 274,937 | 1,344,083 | 274,937 |
| Non-current | 252,007 | 101,870 | 146,204 | 101,870 |
| | 1,717,339 | 376,807 | 1,490,287 | 376,807 |





## 15 Policy & member liabilities

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Balance at beginning of financial year | (12,565,033) | (3,669,161) | (12,565,033) | (3,669,161) |
| Allocations to policyholders/members | (16,137,028) | (9,632,801) | (16,137,028) | (9,632,801) |
| (Decrease)/Increase in value expensed in the financial year (i) | 867,179 | 736,929 | 867,179 | 736,929 |
| Balance at end of financial year | (27,834,882) | (12,565,033) | (27,834,882) | (12,565,033) |

(i) 2018 and 2019 increase/(decrease) in value expensed in the financial year relates to bonus and other benefits allocated to members.

| | | | | |
|---|---|---|---|---|
| Being: | | | | |
| Gross policy liabilities | (8,353,192) | 2,982,965 | (8,353,192) | 2,982,965 |
| Less gross policy liabilities ceded under reinsurance | (19,481,690) | (15,547,998) | (19,481,690) | (15,547,998) |
| Net policy & members liability/(asset) | (27,834,882) | (12,565,033) | (27,834,882) | (12,565,033) |

Life Insurance contract liability/(asset) using the accumulative best estimate method, net of reinsurance

| | | | | |
|---|---|---|---|---|
| Value of future Life Insurance contract benefits net of reinsurance | 7,134,182 | 6,143,655 | 7,134,182 | 6,143,655 |
| Value of future acquisition expense net of reinsurance | (36,267,820) | (19,283,521) | (36,267,820) | (19,283,521) |
| Life Insurance contract holders' bonus | 1,298,756 | 574,833 | 1,298,756 | 574,833 |
| Net policy members liability/(asset) | (27,834,882) | (12,565,033) | (27,834,882) | (12,565,033) |

## 16 Accumulated profits

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Balance at beginning of financial year | 3,525,134 | 269,244 | 3,373,920 | 118,370 |
| Net profit from operation after income tax | 5,233,388 | 3,255,890 | 5,092,843 | 3,255,550 |
| Balance at end of financial year | 8,758,522 | 3,525,134 | 8,466,763 | 3,373,920 |

## 17 Share capital

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **(a) Issued share capital** | | | | |
| Fully paid ordinary shares | 37,121,794 | 36,301,200 | 37,121,794 | 36,301,200 |

**Movement in issued share capital**

Company & Consolidated

| Ordinary Shares | Number of Shares | Issue Price | $ Value |
|---|---|---|---|
| Opening Balance 1 July 2017 | 42,329,724 | | 24,373,143 |
| Ordinary Share – Sophisticated Investor – March 2018 (i) | 9,241,372 | 1.30 | 12,013,784 |
| Less Transaction cost | - | | (85,727) |
| Balance 30 June 2018 | 51,571,096 | | 36,301,200 |
| Ordinary Share – Staff share scheme (ii) | 27,684 | 1.30 | 35,989 |
| Ordinary Shares – Directors Options Exercised December 2018 (iii) | 320,000 | 0.54 | 172,800 |
| Ordinary Shares – Performance Options Exercised December 2018 (iv) | 379,500 | 0.54 | 204,930 |
| Ordinary Shares – Performance Options Exercised March 2019 (v) | 542,500 | 0.75 | 406,875 |
| Less Transaction cost | - | | - |
| Balance 30 June 2019 | 52,840,780 | | 37,121,794 |

(i) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in March 2018.

(ii) Ordinary Shares issued to employees under the Employee Share Purchase Plan, the shares were issued at the then market rate.

(iii) Options issued to Directors in the 2013 Premium Options plan have been exercised.

(iv) Options issued to Directors with Performance criteria in the 2013 Premium Options plan have been exercised.

(v) Options issued to CEO with Performance criteria in the 2015 Premium Options plan have been exercised.





## 17 Share capital (cont.)

### (b) Share based payment reserve

| | Number of Options/Rights | $ Value |
|---|---|---|
| Opening Balance 1 July 2017 | 1,602,417 | 1,690 |
| NobleOak Premium Option Plan options no longer available for vesting (i) | (90,417) | - |
| NobleOak Premium Option Plan options no longer available for vesting (ii) | (185,000) | - |
| Ordinary Share – 2017 Long Term Incentive Rights (iii) | 57,692 | 75,000 |
| Balance 30 June 2018 | 1,384,692 | 76,690 |
| 2013 Premium Option Plan exercised – Performance based (i) | (922,000) | - |
| Ordinary Shares – 2017 Long Term Incentive Rights (iii) | (18,803) | (5,000) |
| 2013 Premium Option Plan exercised – Directors (iv) | (320,000) | - |
| Ordinary Shares – 2018 Long Term Incentive Rights (v) | 58,333 | 105,000 |
| Option Plan 2019 – IPO (vi) | 1,225,468 | 29,745 |
| Balance 30 June 2019 | 1,407,690 | 206,435 |

| Options/rights plan | Number | Grant date | Expiry date | Exercise price |
|---|---|---|---|---|
| **Expired** | | | | |
| (1) 2013 Premium Option Plan | 699,500 | 19/12/2013 | 19/12/2018 | 0.54 |
| (2) 2015 Premium Option Plan (CEO) | 542,500 | 18/03/2015 | 11/03/2019 | 0.75 |
| **Current** | | | | |
| (3) 2015 Premium Option Plan (Staff) | 50,000 | 18/03/2015 | 11/03/2020 | 0.75 |
| (4) 2016 Premium Option Plan | 35,000 | 01/12/2016 | 01/07/2020 | 1.045 |
| (5) 2017 Performance Rights Plan | 38,889 | 03/11/2017 | n/a | Nil |
| (5) 2019 Performance Rights Plan | 58,333 | 23/06/2019 | n/a | Nil |
| (6) Senior Management & Leadership Team Option Plan (vi) | 1,225,468 | 01/06/2019 | 31/12/2022 & 31/12/2023 | 1.30 |

(i) Vesting of NobleOak Premium Option Plan entitlements are dependant on long term performance. This option plan has finalised and resulted in 90,417 options being forfeited in 2018 and the total vested options of 922,000 exercised during the 2019 year.

(ii) Vesting and the ability to exercise vested options is depended on being employed at NobleOak. 185,000 options are no longer available due to terminated employment.

(iii) A 2017 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2020. This reserve is a provision for the estimate potential shares earned to date based on current year's results. During the 2019 year the expected rights issue reduced from that estimated in 2018.

(iv) Options issued under the 2013 Premium Option Plan with an expired dated of December 18 have been exercised and the plan has now expired.

(v) A 2018 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2021. This reserve is a provision for the potential shares earned to date based on current year's results. These rights were reviewed by the Board and reissued in line with an independent review (by AON) completed during the year.

(vi) Options issued on the 1 June 2019 are issued to executives and senior management and vest in 2020 and 2021 and are dependent on achieving the planed objectives.

## 18 Lease commitments

Operating leases relate to office space at Level 7, 66 Clarence Street Sydney for the company and Level 1 and Level 7, 66 Clarence Street Sydney for the consolidated group.

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Non-cancellable operating lease payments** | | | | |
| Not longer than 1 year | 887,068 | 618,596 | 641,148 | 618,596 |
| Longer than 1 year and not longer than 5 years | 2,422,382 | 2,404,000 | 1,762,852 | 2,404,000 |

## 19 Related party disclosures

### (a) Key management personnel remuneration

The Directors of NobleOak Life Limited during the year were:

Mr E A Feyzeny, appointed 24 February 2011

Mr P Sampson, appointed 6 February 2013, resigned 28 November 2018.

Mr K Hamman, appointed 27 January 2011

Mr S J Harrison, appointed 27 January 2011

Mr A R Brown, appointed 31 July 2013

Mr M Edwards, appointed 26 October 2016

The compensation of the Directors and Key Personnel is set out below:

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Non Executive Directors** | | | | |
| Short-term employee benefits | 213,186 | 265,360 | 213,186 | 265,360 |
| Post-employment benefits | 18,864 | 25,170 | 18,864 | 25,170 |
| | 232,050 | 290,530 | 232,050 | 290,530 |
| **Executive Directors and Key Personnel** | | | | |
| Short-term employee benefits | 1,591,743 | 1,501,940 | 1,532,775 | 1,501,940 |
| Post-employment benefits | 56,855 | 71,707 | 56,855 | 71,707 |
| | 1,648,598 | 1,573,647 | 1,589,630 | 1,573,647 |
| Total | 1,880,648 | 1,864,177 | 1,821,680 | 1,864,177 |





## 19 Related party disclosures (cont.)

### b) Shares issued to Directors or Associates of Directors

Details of the shares held by Directors or their Associates are included in the 2019 Directors Report.

The following shares were issued during the year to Directors or Associates of Directors:

699,500 options issued under the 2013 Premium Option plan have been exercised, there are no more available options under this plan. The exercise price was the standard issue prices for non-related investors at the time the options were issued.

542,500 options issued under the 2015 Premium Option Plan (CEO) have been exercised, these were issued based on performance criteria. There are no more available options under this plan. The exercise price was the standard issue prices for non-related investors at the time the options were issued.

In August 2018, staff members were each issued with 769 shares under the Employee Share Purchase Plan, Anthony Brown being an employee was entitled and issued the same number of shares as all other staff members.

All shares issued to Directors were issued on the same terms as all other shareholders in each share issue.

| Directors Name | 2013 Premium Option Plan options exercised (exercised price $0.54) | 2015 Premium Option Plan (CEO) options exercised (exercised price $0.75) | Employee Share Purchase Plan August 2018 (issue Price $1.30) |
|---|---|---|---|
| Mr A E Feyzeny | 120,000 | | |
| Mr S Harrison | 120,000 | | |
| Mr K Hamman | 40,000 | | |
| Mr A R Brown | 379,500 | 542,500 | 769 |

### (c) Options issued to Directors

The NobleOak Premium Option Plan was established in December 2013 to align the interests of Employees and Directors with that of Shareholders as well as providing a greater incentive for involvement in the long-term goals of the Company. Options issued in 2013 and 2015 to Directors have now been exercised or have expired.

A new option plan dated 1 June 2019 has been established for key personnel and is based on the achievement of specific goals, Anthony Brown was issued with 351,327 options under this plan that vest on achieving the specific events in 2020 and 2021.

## 19 Related party disclosures (cont.)

### (d) Performance Rights Plan

In November 2017, the Board established a Performance Rights Plan as a long term incentive program to align key management personnel to the performance of the company. This program issues performance rights each year to eligible personnel with each issue based on achieving the business plan objectives (in-force premium and earning) over a 3 year period. Issues under this program to Anthony Brown have been:

| Year | Full Entitlement | Accrued to balance date |
|---|---|---|
| 2017 | 191,818 | 29,415 |
| 2018 | 281,062 | 29,089 |

### (e) Other transactions with Directors

There has been no other revenue or expense that has arisen from transactions with any of the Directors or their related entities.

## 20 After balance date events

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, or the state of affairs of the Company in future financial years.





## 21 Notes to the statement of cash flow

### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and cash in money market accounts, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

| | Consolidated | | The Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Cash and cash equivalents (i) | 11,513,929 | 8,191,586 | 10,053,353 | 7,333,460 |

(i) The Consolidated balance includes restricted cash held in the trust account of the subsidiary, as a Trustee of My Protection Plan of $456,287 (2018: $531,207)

### (b) Reconciliation of profit for the year to net cash flows from operating activities

| | Consolidated 2019 $ | Consolidated 2018 $ | The Company 2019 $ | The Company 2018 $ |
|---|---|---|---|---|
| Profit after tax | 5,233,388 | 3,255,890 | 5,092,843 | 3,255,550 |
| Depreciation of non-current assets | 68,939 | 47,951 | 68,939 | 47,951 |
| Amortisation of intangible assets | 287,029 | 303,379 | 287,029 | 303,379 |
| Loss on Sale or disposal of Investments | 393,088 | 33,050 | 393,088 | 33,050 |
| Expense related to Share Based Payment Reserve | 129,745 | 75,000 | 129,745 | 75,000 |
| Decrease/(increase) in market value of investments | (674,693) | (219,548) | (674,693) | (219,548) |
| (Decrease) in policy liabilities | (15,269,845) | (8,895,872) | (15,269,845) | (8,895,872) |
| **Decrease in assets:** | | | | |
| Receivables | (2,919,013) | 18,635,966 | (1,397,227) | 18,958,240 |
| Other assets | 1,402,889 | 890,181 | 1,517,401 | 941,159 |
| **Increase in liabilities:** | | | | |
| Payables | 5,104,755 | (21,610,215) | 2,147,409 | (21,752,058) |
| Deferred revenue | - | (1,500,000) | - | (1,500,000) |
| Provisions | 1,340,532 | 128,021 | 1,113,480 | 128,021 |
| Net cash from operating activities | (4,903,186) | (8,856,197) | (6,591,831) | (8,625,128) |

## 22 Financial risk management

The Board of Directors has established an investment policy to ensure that assets are adequately protected and invested in accordance with the Group's primary objectives of safety, liquidity and yield. The principal goal of the investment policy is to maximise investment returns while growing the Group's asset base without putting at risk the capital adequacy and solvency obligation requirements stipulated by relevant laws and standards (such as those imposed by the Australian Prudential Regulation Authority). To assist with the implementation and management of the investment policy, the Board has established a Finance and Investment Committee (FIC).

The Group's financial instruments consist mainly of deposits with banks, fixed interest investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are set out below in the interest rate risk note at 22(a).

### (a) Interest rate risk

The following table details the Consolidated Group's exposure to interest rate risk at 30 June 2019 and 2018:

| 2019 | Weighted average effective rate | Less than 1 year | Between 1 & 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 1% | 11,513,929 | - | - | 11,513,929 |
| Bank bills and term deposits | 2.5% | 9,262,750 | - | - | 9,262,750 |
| Fixed interest investments | 5.4% | - | - | 3,716,065 | 3,716,065 |
| Trade receivables | 0% | 6,108,101 | - | - | 6,108,101 |
| | | 26,884,780 | - | 3,716,065 | 30,600,845 |
| **Financial Liabilities** | | | | | |
| Trade payables | 0% | 12,711,554 | - | - | 12,711,554 |
| | | 12,711,554 | - | - | 12,711,554 |




# Notes to the Financial Statements
For the Financial Year Ended 30 June 2019


## 22 Financial risk management (cont.)

### (a) Interest rate risk (cont.)

| 2018 | Weighted average effective rate | Less than 1 year | Between 1 & 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 1% | 8,191,586 | - | - | 8,191,586 |
| Cash on term deposit | 2.5% | 17,713,384 | - | - | 17,713,384 |
| Fixed interest investments | 5.4% | - | - | 3,041,374 | 3,041,374 |
| Trade receivables | 0% | 3,189,088 | - | - | 3,189,088 |
| | | 29,094,058 | - | 3,041,374 | 32,135,432 |
| **Financial Liabilities** | | | | | |
| Trade payables | 0% | 8,556,799 | - | - | 8,556,799 |
| | | 8,556,799 | - | - | 8,556,799 |

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amounts of financial assets recorded in the Group's financial statements represent the Group's maximum exposure to credit risk in relation to these assets.

The Group's investment policy sets out a minimum investment counter party grade (as measured by Standard & Poor's) for fixed interest and cash investments of at least BBB or better. The Group's Risk Appetite Statement sets out a minimum Financial Strength Rating (as measured by Standard & Poor's) for reinsurers of at least A or better.

### (c) Fair value of financial instruments

The net fair value of financial assets and liabilities approximates the amounts recorded in the financial statements. The fair value has been determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

The fair value for the government bonds are determined using valuation models based on market observable inputs. These instruments are included in level 2.

### (d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Funeral Fund holds a 30 year zero coupon bond maturing in 2035. As per the Appointed Actuary's advice, the bond will have to be realised before maturity, and this will be done at an opportune time over the next ten years.

A maturity analysis for the contractual remaining life of financial liabilities has been included in the interest rate risk note at 22(a).

## 22 Financial risk management (cont.)

### (e) Sensitivity analysis – Interest rate risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

*Interest Rate Sensitivity Analysis*

At 30 June 2019, the effect on net profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| Change in net profit | | |
| - Increase in interest rate by 2% | 373,653 | 207,416 |
| - Decrease in interest rate by 2% | (373,653) | (207,416) |
| Change in Equity | | |
| - Increase in interest rate by 2% | 373,653 | 207,416 |
| - Decrease in interest rate by 2% | (373,653) | (207,416) |

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Group has no exposure to fluctuations in foreign currency.

Sensitivities relating to Actuarial calculations in regards to insurance products is listed in Note 32

### (f) Capital risk management

The Group manages its capital requirements by assessing capital levels on a regular basis. Its objectives are to maintain an optimal capital structure to reduce the cost of capital whilst providing security, returns and benefits to policyholders and members.

Life companies are subject to externally imposed minimum capital requirements set and monitored by the Australian Prudential Regulation Authority. These requirements are in place to ensure sufficient solvency margins for the protection of policyholders and members.

### (g) Life Insurance risk

Life Insurance risk consists of all aspects of the risk arising from the underwriting of insurance risk. The Group ensures that the insurance risk is controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, effective claims management procedures and sound product terms and conditions due diligence.

The Group purchases reinsurance to limit its exposure to accepted insurance risk. It cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provides protection against large losses. The reinsurers used are regulated by the Australian Prudential Regulation Authority (APRA) and are members of large international groups with sound credit ratings.





## 23 Information on the Company's operations

The Company operates primarily in Life Insurance industry. The Company's operations are located in New South Wales and its customers are located in each State and Territory of Australia.

## 24 Additional information

NobleOak Life Limited is a public company limited by shares, incorporated in Australia. If the Company is wound up, shareholders will not be required to contribute further equity other than the balance of any partially paid shares.

Principal Place of Business & Registered Office
Level 7, 66 Clarence Street
SYDNEY, NSW 2000
Tel: 1300 041 494

## 25 Contingent liabilities

The Group has provided a bank guarantee of $520,998 to support the commercial lease on its office premises at Level 1 and Level 7, 66 Clarence Street, Sydney NSW 2000.

NobleOak Life Limited (NobleOak) was the insurer of policies sold by Freedom Insurance Group (Freedom) from April 2014 to June 2017. Following the findings of the Hayne Royal Commission into the actions of Freedom, an investigation has commenced to assess remediation actions that may be required to correct poor customer experiences. It is noted that the concerns relate solely to the actions of Freedom in selling insurance products to its customers, and in retaining these customers, not specific concerns about the insurance contracts it sold. In undertaking the investigation, NobleOak is working closely with other insurers that Freedom issued policies on behalf of.

In addition, the company has been actively working with its other business partners to review product features and their distribution and administration practices to ensure no similar issues exist.

The NobleOak Board believes that it is unlikely it will incur any remediation costs associated with the sale or retention of Freedom policies; however, any amount of remediation by the Company will be contingent upon a number of events, including the outcome of future investigations and agreements with administrations and distributions, the timing of which are currently uncertain.

## 26 Interests in subsidiaries

The subsidiary listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation or registration.

| Name of Subsidiary | Principal Place of Business | Ownership Interest Held by the Group | |
|---|---|---|---|
| | | 2019 % | 2018 % |
| NobleOak Services Limited | Sydney, Australia | 100% | 100% |
| Genus Life Insurance Services Pty Ltd | Sydney, Australia | 100% | 0% |
| NobleOak Aspire Pty Ltd (formerly NobleOak UMT Pty Ltd) | Sydney, Australia | 100% | 100% |

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

## 27 Details of Benefit Funds' income statements for the year ended 30 June 2019

| | Funeral Benefit Fund | Risk Fund No. 1 | Reward Insurance Benefit Fund | Freedom Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Assurance Fund | NEOS Benefit Fund |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | S | $ | $ | $ | $ |
| **Premium revenue** | | | | | | | | |
| Insurance premium revenue | - | 23,078,921 | 2,371,286 | 20,284,826 | 10,878,619 | 2,496,323 | - | 2,979,392 |
| Less reinsurance payment | - | (14,577,489) | (1,612,359) | (14,172,353) | (7,494,214) | (1,293,290) | - | (2,965,399) |
| **Net premium revenue** | - | 8,501,432 | 758,927 | 6,112,473 | 3,384,405 | 1,203,033 | - | 13,993 |
| Investment income | 704,878 | 182,382 | 1,373 | 6,915 | 22,730 | 21,166 | 1,766 | 5,029 |
| Net commissions from reinsurers | - | - | (46,407) | 31,710 | (444,882) | - | - | 918,007 |
| Other Revenue | - | (692) | - | - | - | - | - | - |
| Claim expense – net of reinsurance recoveries | - | (2,285,667) | - | - | (12,406) | (18,820) | - | (4,983) |
| Acquisition costs | - | 1,796,340 | (655,698) | (5,442,540) | (1,118,398) | (873,665) | - | (303,174) |
| Members liability revaluation | (142,020) | - | - | - | (723,923) | - | (1,236) | - |
| Fees to management fund | (99,995) | (1,796,951) | (36,757) | (532,391) | (666,397) | - | - | - |
| Other expenses | (1) | (120) | (20,067) | (169,252) | (82,976) | (21,209) | - | (9,945) |
| **Profit/(loss) before tax** | 462,862 | 6,396,724 | 1,371 | 6,915 | 358,513 | 310,505 | 530 | 618,927 |
| Income tax expense | - | (1,919,017) | (412) | (2,075) | (324,731) | (93,151) | (530) | (185,678) |
| **Profit/(loss) after tax** | 462,862 | 4,477,707 | 959 | 4,840 | 33,782 | 217,354 | - | 433,249 |
| **Unallocated surplus at 30 June 2018** | 86,287 | 17,732,643 | 1,154 | 18,437 | 294,509 | 124,052 | - | 21,107 |
| Transfer to Benefit Funds | - | 12,200,000 | - | - | - | - | - | - |
| **Unallocated surplus at 30 June 2019** | 549,149 | 34,410,350 | 2,113 | 23,277 | 328,291 | 341,406 | - | 454,356 |





## 27 Details of Benefit Funds' income statements for the year ended 30 June 2018

| | Funeral Benefit Fund | Risk Fund No. 1 | Reward Insurance Benefit Fund | Freedom Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Assurance Fund | NEOS Benefit Fund |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | S | $ | $ | $ | $ |
| **Premium revenue** | | | | | | | | |
| Insurance premium revenue | - | 16,904,342 | 2,557,909 | 23,312,294 | 5,872,550 | 1,400,979 | - | 57 |
| Less reinsurance payment | - | (11,362,619) | (1,737,470) | (16,174,668) | (4,119,535) | (718,585) | - | (40) |
| **Net premium revenue** | - | 5,541,723 | 820,439 | 7,137,626 | 1,753,015 | 682,394 | - | 17 |
| Investment income | 252,092 | 143,285 | 1,315 | 5,552 | 7,978 | 17,730 | 2,999 | - |
| Net commissions from reinsurers | - | - | (23,961) | 480,741 | 673,898 | - | - | 30,556 |
| Other Revenue | - | 9,886 | - | - | - | - | - | - |
| Claim expense – net of reinsurance recoveries | - | (1,117,420) | - | - | (12,177) | (15,378) | - | - |
| Acquisition costs | - | (710,182) | (783,689) | (7,380,793) | (990,607) | (530,359) | - | - |
| Members liability revaluation | (268,816) | - | - | - | (467,982) | - | (131) | - |
| Fees to management fund | (99,995) | (764,253) | 10,816 | (3,246) | (684,207) | - | (2,812) | - |
| Other expenses | (3) | (189) | (23,606) | (234,328) | (57,719) | (11,381) | - | (421) |
| **Profit/(loss) before tax** | (116,722) | 3,102,850 | 1,314 | 5,552 | 222,199 | 143,006 | 56 | 30,152 |
| Income tax expense | - | (930,855) | (394) | (1,665) | (207,054) | (42,902) | (56) | (9,045) |
| **Profit/(loss) after tax** | (116,722) | 2,171,995 | 920 | 3,887 | 15,145 | 100,104 | - | 21,107 |
| **Unallocated surplus at 30 June 2017** | 203,010 | 6,760,648 | 234 | 14,550 | 279,364 | 23,948 | - | - |
| Transfer to Benefit Funds | - | 8,800,000 | - | - | - | - | - | - |
| **Unallocated surplus at 30 June 2018** | 86,288 | 17,732,643 | 1,154 | 18,437 | 294,509 | 124,052 | - | 21,107 |

## 28 Details of Benefit Funds' balance sheet as at 30 June 2019

| | Funeral Benefit Fund | Risk Fund No. 1 | Reward Insurance Benefit Fund | Freedom Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Assurance Fund | NEOS Benefit Fund |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 29,680 | 2,318,490 | 57,627 | 1,255,739 | 2,367,013 | 831,260 | 103,259 | 1,265,659 |
| Receivables | 2,649 | 612,992 | 129,758 | 253,272 | 861,624 | 30,134 | - | 602,531 |
| Bank Bills and Term Deposits | 1,106,288 | 6,162,902 | 52,983 | 231,005 | 546,176 | 526,415 | - | 100,000 |
| Fixed Interest Investment | 3,716,065 | - | - | - | - | - | - | - |
| Gross policy liabilities ceded under reinsurance | - | 6,604,665 | 436,301 | 4,054,296 | 5,900,665 | 852,084 | - | 1,633,679 |
| **Total assets** | 4,854,682 | 15,699,049 | 676,699 | 5,794,312 | 9,675,478 | 2,239,893 | 103,259 | 3,601,869 |
| **Liabilities** | | | | | | | | |
| Payables | - | 8,090,195 | 228,155 | 1,642,174 | 2,105,439 | 1,394,932 | 530 | 1,428,036 |
| Gross policy liabilities | 4,305,533 | (26,801,496) | 446,401 | 4,128,861 | 7,241,748 | 503,555 | 102,729 | 1,719,477 |
| **Total liabilities** | 4,305,533 | (18,711,301) | 674,556 | 5,771,035 | 9,347,187 | 1,898,487 | 103,259 | 3,147,513 |
| **Net assets** | 549,149 | 34,410,350 | 2,113 | 23,277 | 328,191 | 341,406 | - | 454,356 |
| **Members' funds** | | | | | | | | |
| Unallocated surplus | 549,149 | 34,410,350 | 2,113 | 23,277 | 328,291 | 341,406 | - | 454,356 |
| **Total benefit members' funds** | 549,149 | 34,410,350 | 2,113 | 23,277 | 328,291 | 341,406 | - | 454,356 |





## 28 Details of Benefit Funds' balance sheet as at 30 June 2018

| | Funeral Benefit Fund | Risk Fund No. 1 | Reward Insurance Benefit Fund | Freedom Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Assurance Fund | NEOS Benefit Fund |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 10,273 | 1,457,923 | 304,649 | 818,057 | 1,637,157 | 551,371 | 30,908 | 224,621 |
| Receivables | 3,690 | 526,919 | 158,145 | 354,459 | 1,513,845 | 21,853 | 225 | 11 |
| Bank Bills and Term Deposits | 1,232,561 | 4,500,000 | 51,306 | 225,050 | 160,595 | 512,830 | 70,416 | - |
| Fixed Interest Investment | 3,041,374 | - | - | - | - | - | - | - |
| Gross policy liabilities ceded under reinsurance | - | 6,382,878 | 359,279 | 3,607,842 | 4,842,218 | 449,790 | - | (94,009) |
| **Total assets** | 4,287,898 | 12,867,720 | 873,379 | 5,005,408 | 8,153,815 | 1,535,844 | 101,549 | 130,623 |
| **Liabilities** | | | | | | | | |
| Payables | - | 6,227,147 | 501,252 | 1,278,332 | 2,414,578 | 1,164,638 | 56 | 109,078 |
| Gross policy liabilities | 4,201,610 | (11,092,070) | 370,973 | 3,708,639 | 5,444,728 | 247,154 | 101,493 | 438 |
| **Total liabilities** | 4,201,610 | (4,864,923) | 872,225 | 4,986,971 | 7,859,306 | 1,411,792 | 101,549 | 109,516 |
| **Net assets** | 86,288 | 17,732,643 | 1,154 | 18,437 | 294,509 | 124,052 | - | 21,107 |
| **Members' funds** | | | | | | | | |
| Unallocated surplus | 86,288 | 17,732,643 | 1,154 | 18,437 | 294,509 | 124,052 | - | 21,107 |
| **Total benefit members' funds** | 86,288 | 17,732,643 | 1,154 | 18,437 | 294,509 | 124,052 | - | 21,107 |

## 29 Segment Information

AASB 8 requires disclosure of operating segments that engage in business activities and whose results are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess performance.

The principal operating segments within the insurance operations of NobleOak are as follows:

Core

Partnership

Closed Funds

### (1) Core Book

The term 'Core' reflects the Life Insurance protection products that are sold directly to customers under the NobleOak brand. This umbrella group also includes the management fund, whose function is to recognise the expenses incurred in respect to this proposition as well as any fees from partnership funds.

Products sold under the Core branded Premium Life Direct or My Protection Plan include Term Life, Total and Permanent Disablement (TPD), Trauma, Income Protection and Business Expenses.

### (2) Partnerships

The term 'Partnerships' reflects the Life Insurance protection products which are sold to customers primarily through advisors under our partners brands. At the current date, NobleOak is the issuer of Life Insurance policies for PPS Mutual (established 2016), Avant Mutual (established 2017) and NEOS (established 2018). NobleOak retains a small level of risk as they are largely reinsured.

### (3) Closed Funds

The term 'Closed Funds' refers to the legacy book of NobleOak where the funds are closed for new members. The largest and most recent part of the closed funds is in relation to Freedom Insurance where NobleOak ceased being the issuer of life and funeral insurance protection products in 2017 (Freedom and Reward Funds). In 2018, NobleOak reflected $1.5m of settlement fees from Swiss Re in respect to the termination of this arrangement. The remaining two funds are much smaller components which are held for the Druids members (Blue Chip Endowment Assurance Fund and Funeral Benefit Fund).

| | Core | | Partnership | | Closed Funds | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2019 $ | 2018 $ | 2019 $ | 2018 $ | 2019 $ | 2018 $ | 2019 $ | 2018 $ |
| Total revenue | 14,079,996 | 11,289,255 | 5,123,481 | 3,165,588 | 7,571,635 | 8,676,803 | 26,775,112 | 23,131,646 |
| Total expenses | (8,316,154) | (7,275,131) | (3,835,538) | (2,770,233) | (7,099,957) | (8,786,603) | (19,251,649) | (18,831,967) |
| Tax | (1,824,042) | (783,013) | (603,560) | (259,001) | (3,017) | (2,115) | (2,430,619) | (1,044,129) |
| Profit after tax | 3,939,800 | 3,231,111 | 684,383 | 136,354 | 468,661 | (111,915) | 5,092,843 | 3,255,550 |





## 30 Capital Adequacy Requirements

| 2019 | The Company |
|---|---|
| (a) Capital Base | 8,266,148 |
| (b) Prescribed capital amount (1) | 5,000,000 |
| Capital in excess of prescribed capital amount = (a) - (b) | 3,266,148 |
| Capital adequacy multiple (%) (a) / (b) | 165.32% |
| Capital Base comprises: | |
| Common Equity Tier 1 Capital | 45,794,995 |
| Regulatory adjustment applied in calculation of Tier 1 capital | (37,528,848) |
| (A) Common Equity Tier 1 Capital | 8,266,148 |
| Additional Tier 1 Capital | - |
| Regulatory adjustment applied in calculation of Additional Tier 1 capital | - |
| (B) Total Additional Tier 1 Capital | - |
| Tier 2 Capital | - |
| Regulatory adjustment applied in calculation of Tier 2 capital | - |
| (C) Total Tier 2 Capital | - |
| Total capital base | 8,266,148 |

Explanatory Notes:

(1) The minimum level of assets required to be held in each statutory fund, prescribed by the solvency standard referred to in part 5 of the Life Insurance Act 1995.

| 2018 | The Company |
|---|---|
| (a) Capital Base | 17,335,459 |
| (b) Prescribed capital amount (1) | 4,500,000 |
| Capital in excess of prescribed capital amount = (a) - (b) | 12,835,459 |
| Capital adequacy multiple (%) (a) / (b) | 385.23% |
| Capital Base comprises: | |
| Common Equity Tier 1 Capital | 39,751,811 |
| Regulatory adjustment applied in calculation of Tier 1 capital | (22,416,352) |
| (A) Common Equity Tier 1 Capital | 17,335,459 |
| Additional Tier 1 Capital | - |
| Regulatory adjustment applied in calculation of Additional Tier 1 capital | - |
| (B) Total Additional Tier 1 Capital | - |
| Tier 2 Capital | - |
| Regulatory adjustment applied in calculation of Tier 2 capital | - |
| (C) Total Tier 2 Capital | - |
| Total capital base | 17,335,459 |

Explanatory Notes:

(1) The minimum level of assets required to be held in each statutory fund, prescribed by the solvency standard referred to in part 5 of the Life Insurance Act 1995.

## 31 Capital Adequacy Requirements of Benefit Funds

| 2019 | Risk Fund No. 1 | Freedom Insurance Benefit Fund | Reward Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Bond Fund | NEOS Benefit Fund | Funeral Benefit Fund | Total Benefit Funds | Management Fund |
|---|---|---|---|---|---|---|---|---|---|---|
| (a) Capital Base | 1,353,495 | 273,339 | 52,226 | 378,905 | 670,681 | - | 629,967 | 551,320 | 3,909,933 | 4,356,216 |
| (b) Prescribed capital amount | 158,027 | 68,630 | 8,669 | - | 17,658 | - | 33,134 | - | 286,118 | 2,579,715 |
| Capital in excess of prescribed capital amount = (a) - (b) | 1,195,468 | 204,709 | 43,557 | 378,905 | 653,023 | - | 596,833 | 551,320 | 3,623,815 | 1,776,500 |
| Capital adequacy multiple (%) = (a) / (b) | 856% | 398% | 602% | | 3798% | | 1901% | | 1367% | 169% |
| Capital Base comprises: | | | | | | | | | | |
| Net Assets (including Seed Capital) | 37,175,350 | 273,279 | 52,116 | 378,291 | 1,091,405 | - | 554,355 | 549,149 | 40,073,944 | 9,686,052 |
| Regulatory adjustment applied in calculation of Tier 1 capital | 35,821,855 | (61) | (110) | (614) | 420,724 | - | (75,612) | (2,172) | 36,164,011 | 5,329,836 |
| (A) Net assets after applying any regulatory adjustments | 1,353,495 | 273,339 | 52,226 | 378,905 | 670,681 | - | 629,967 | 551,320 | 3,909,932 | 4,356,216 |
| Tier 2 Capital | - | - | - | - | - | - | - | - | - | - |
| Regulatory adjustment applied in calculation of Tier 2 capital | - | - | - | - | - | - | - | - | - | - |
| (B) Total Tier 2 Capital | - | - | - | - | - | - | - | - | - | - |
| Total capital base | 1,353,495 | 273,339 | 52,226 | 378,905 | 670,681 | - | 629,967 | 551,320 | 3,909,932 | 4,356,216 |
| Prescribed capital amount comprises: | | | | | | | | | | |
| (C) Insurance Risk Charge | - | - | - | - | - | - | - | - | - | - |
| (D) Asset Risk Charge | 158,027 | 68,630 | 8,669 | - | 17,658 | - | 33,134 | - | 286,118 | 594,534 |
| (E) Asset Concentration Risk Charge | - | - | - | - | - | - | - | - | - | - |
| (F) Operational Risk Charge | - | - | - | - | - | - | - | - | - | 1,985,181 |
| (G) Aggregation benefit | - | - | - | - | - | - | - | - | - | - |
| (H) Combined scenario adjustment | - | - | - | - | - | - | - | - | - | - |
| (I) APRA approved transition amount under capital adequacy standards | - | - | - | - | - | - | - | - | - | - |
| Prescribed capital amount = (C) + (D) + (E) + (F) - (G) + (H) + (I) | 158,027 | 68,630 | 8,669 | - | 17,658 | - | 33,134 | - | 286,118 | 2,579,715 |





## 31 Capital Adequacy Requirements of Benefit Funds (cont.)

| 2018 | Risk Fund No. 1 | Freedom Insurance Benefit Fund | Reward Insurance Benefit Fund | PPS Mutual Benefit Fund | Avant Benefit Fund | Blue Chip Endowment Bond Fund | NEOS Benefit Fund | Funeral Benefit Fund | Total Benefit Funds | Management Fund |
|---|---|---|---|---|---|---|---|---|---|---|
| (a) Capital Base | 1,462,180 | 268,495 | 51,284 | 344,763 | 632,424 | - | 215,550 | 88,975 | 3,063,672 | 14,196,787 |
| (b) Prescribed capital famount | 135,046 | 59,512 | 8,635 | - | 10,796 | - | 950 | - | 214,937 | 1,883,511 |
| Capital in excess of prescribed capital amount = (a) - (b) | 1,327,134 | 208,983 | 42,650 | 344,763 | 621,628 | - | 214,601 | 88,975 | 2,848,734 | 12,313,277 |
| Capital adequacy multiple (%) = (a) / (b) | 1083% | 451% | 594% | | 5858% | | 22701% | | 1425% | 754% |
| Capital Base comprises: | | | | | | | | | | |
| Net Assets (including Seed Capital) | 20,497,643 | 268,438 | 51,154 | 344,509 | 874,052 | - | 121,106 | 86,288 | 22,243,190 | 21,398,621 |
| Regulatory adjustment applied in calculation of Tier 1 capital | 19,035,463 | (58) | (130) | (254) | 241,628 | - | (94,444) | (2,687) | 19,179,518 | 7,201,834 |
| (A) Net assets after applying any regulatory adjustments | 1,462,180 | 268,495 | 51,284 | 344,763 | 632,424 | - | 215,550 | 88,975 | 3,063,672 | 14,196,787 |
| Tier 2 Capital | - | - | - | - | - | - | - | - | - | - |
| Regulatory adjustment applied in calculation of Tier 2 capital | - | - | - | - | - | - | - | - | - | - |
| (B) Total Tier 2 Capital | - | - | - | - | - | - | - | - | - | - |
| Total capital base | 1,462,180 | 268,495 | 51,284 | 344,763 | 632,424 | - | 215,550 | 88,975 | 3,063,672 | 14,196,787 |
| Prescribed capital amount comprises: | | | | | | | | | | |
| (C) Insurance Risk Charge | - | - | - | - | - | - | - | - | - | - |
| (D) Asset Risk Charge | 135,046 | 59,512 | 8,635 | - | 10,796 | - | 950 | - | 214,937 | 153,197 |
| (E) Asset Concentration Risk Charge | - | - | - | - | - | - | - | - | - | - |
| (F) Operational Risk Charge | - | - | - | - | - | - | - | - | - | 1,730,314 |
| (G) Aggregation benefit | - | - | - | - | - | - | - | - | - | - |
| (H) Combined scenario adjustment | - | - | - | - | - | - | - | - | - | - |
| (I) APRA approved transition amount under capital adequacy standards | - | - | - | - | - | - | - | - | - | - |
| Prescribed capital amount = (C) + (D) + (E) + (F) - (G) + (H) + (I) | 135,046 | 59,512 | 8,635 | - | 10,796 | - | 950 | - | 214,937 | 1,883,511 |

## 32 Summary of Significant Actuarial Methods and Assumption

The effective date of the actuarial report on policy liabilities and solvency reserves calculation is 30 June 2019. The actuarial report was prepared by Ms. B. Cummings BEc (Hons) FIAA. The actuarial report indicates that Ms. B. Cummings is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

*Valuation of Policy Liabilities*

Policy liabilities for Life Insurance business have been determined in accordance with Life Prudential Standard 340 issued by the Australian Prudential Regulation Authority. The standard requires that the policyholder liabilities be calculated on the basis of best estimate assumptions and in a way that allows for the systematic release of planned margins as services are provided to policyholders or premiums are received.

The policy liabilities for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund, the NEOS Benefit Fund, the Freedom Fund and the Reward Fund have been calculated using an accumulation method. Under this method, the policy liability is equal to the policies' Termination Value.

The Termination Value has been calculated as the sum of the amount of unearned premium and the value of incurred claim liabilities not recognised elsewhere within the Balance Sheet. No explicit actuarial assumptions are required for the accumulation method except to estimate a provision for incurred but not reported claims and outstanding claim payments for Group Salary Continuance. The use of the accumulation method will result in profits emerging in proportion to premiums.

The policy liabilities for the Blue Chip Endowment Bond Fund have been calculated using the accumulation method. The policy liabilities are equal to the contributions made by members, net of contribution fees, together with bonus additions to date and uncredited surplus. The current bonus declaration simply results in a movement from unvested policyholder benefit liabilities to vested policy liability subject to the amount vesting being no more than the distributable portion of unvested policyholder benefit liabilities.

The policy liability for the Funeral Fund and the Blue Chip Death Fund have been calculated using the projection method. The projection method uses expected cash flows (premium, investment income, redemptions or benefit payments and expenses) to establish the value of policy liability. The value of expected future premiums is deducted from the value of expected future benefit and expense payments to arrive at the net obligation to policy owners.

*Disclosure of Assumptions*

| Required Assumption | Basis of Assumption | Assumption Adopted |
|---|---|---|
| Discount rate<br>– Funeral Fund | Yield on Australian Government bonds at the expected duration of policy liability & illiquidity premium | 2.10% |
| Mortality<br>– Funeral Fund | ALT2010-2012 table adjusted for Funeral Fund experience | 65% of ALT2010-2012 |
| Management Fees<br>– Risk Fund No. 1<br>(% of gross premium) | Based on expenses apportioned to Risk Fund, subject to the Benefit Fund rule that the prudential reserving requirement of Benefit Fund can be met | 4.0% |
| Management Fees<br>– other Benefit Funds<br>(% of net assets) | Based on same dollar management fee charged to Benefit Fund each year, subject to maximum fee permissible | Funeral Fund: 2.0% |





## 32 Summary of Significant Actuarial Methods and Assumption (cont.)

*Sensitivities*

NobleOak conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. Interest rates sensitivities are discussed in note 22e. The valuations included in the reported results and best estimate of future performance are calculated using certain assumptions about these variables. The movement in any key variable may impact the reported results. The table below illustrates how outcomes during the financial year ended 30 June 2019 in respect of the key variables would have impacted on the net profit and shareholders equity.

| | Change in Profit after Tax $ | Change in Equity $ |
|---|---|---|
| Claims Reserves | | |
| - Increase by 10% | (87,964) | (87,964) |
| - Decrease by 10% | 87,964 | 87,964 |
| Maintenance Expenses | | |
| - Increase by 10% | (796,490) | (796,490) |
| - Decrease by 10% | 796,490 | 796,490 |
| Lapse Rate | | |
| - Increase by 10% | (145,129) | (145,129) |
| - Decrease by 10% | 145,129 | 145,129 |
| Policy Liability Discount Rate | | |
| - Increase by 1% | (2,149,442) | (2,149,442) |
| - Decrease by 1% | 2,562,863 | 2,562,863 |

NobleOak Life Limited
ABN 85 087 648 708
AFSL No 247302

Telephone: 1300 041 494
Email enquiries: sales@nobleoak.com.au
Website: www.nobleoak.com.au
Head office address:
Level 7, 66 Clarence Street,
Sydney NSW 2000
GPO Box 4793, Sydney NSW 2001

NobleOak

*The smarter way to insure your life*