

2018 ANNUAL REPORT

NobleOak Life Limited
For the year ended 30 June 2018



NOBLEOAK

The smarter way to insure your life

The Noble Oak Tree

The oak tree is the symbol of our company and we use it in our name and logo. It embodies many of the principles that underpin our values, such as strength, wisdom and nobility, and links to our heritage with the Ancient Order of Druids.

The Druids of Ancient Britain revered nature and the oak tree was held sacred to them. They believed that eating acorns would give them prophetic powers. The meaning of Druid is thought to relate to the Celtic word for 'knowledge or wisdom of the oak'.

These majestic trees can live up to 1,000 years and reach heights of 25m or more.

In a world of ongoing change and instability within the Australian financial services industry, NobleOak is proud that after 140 years, we are standing tall and delivering the protection Australians deserve.

WHO WE ARE

At NobleOak, our vision is to help Australians protect themselves and their loved ones by providing the best value Life and Income Protection insurance available.

We are an independent life insurer, and public unlisted Australian company. We do not own any distribution channels or adviser networks.

NobleOak was established in 1877 as The Druids Friendly Society of NSW. We are a demutualised friendly society regulated by APRA, and our products are backed by global reinsurers for extra security. In 2012 NobleOak rebranded and launched its new direct strategy to become a leading provider of direct (non-advised) better value Life insurance, with excellent client service and high quality comprehensive products. At NobleOak we predominately target self-directed mass-affluent Australians. We also partner with a few 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 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.



WE BELIEVE AUSTRALIANS SHOULD FEEL CONFIDENT AT CLAIM TIME

We believe Life insurance should be done right 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 better personal service, award-winning cover and lower premiums. 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 person 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 explain the process clearly to our clients. Our PDSs (Product Disclosure Statements) are 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 continually to ensure our clients get the best service and products they can. We continually improve and learn.

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 service team is highly accessible to our clients.





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 & Permanent Disability 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 income (up to \$25,000 per month).



Business Expenses Insurance

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



SMSF Insurance

Life Cover up to \$15 million and TPD Insurance up to \$5 million of cover.

OUR RECENT ACHIEVEMENTS

>120%

Number of Policies (Core)

>110%

Inforce Annual Gross Premium (Core)

>105%

Sales (Core)

>90%

Profit before Tax

>220%

Net Assets

*Growth from 2016 to 2018

Satisfaction

96.4%

Of our clients felt that the service provided during the quotation and application was 'good' or 'excellent'

Service

95.8%

Of our clients felt that the service provided to date was 'good' or 'excellent'

Recommendation

>90%

Of our clients would recommend NobleOak's products and services to others

Feefo Customer ratings website

'Gold Trusted Service Award'



Strategic Insights

'2017 Direct Life Insurance Customer Service Award Finalist'

Direct Life Insurance Excellence Awards



Strategic Insights

'2017 Direct Life Insurance Term Life Award Finalist'

Direct Life Insurance Excellence Awards



NobleOak Direct Life Insurance Awarded Canstar for

'2018 Outstanding Value Award'



NobleOak Direct Income Protection Awarded Canstar for

'2018 Outstanding Value Award'



Net Promoter Score (NPS)

27%

Market leading loyalty and advocacy score

Website Traffic

>86%

Increase in website users YOY

Growth in Digital

>200%

Revenue growth through Digital YOY (excluding Online Partners)

Digital

New Online Quote Tool launch

Real time quotes for customers

Systemisation

New Cloud Contact Centre launch

Improve call flows and customer service

Product

Launch of new NEOS product range

To target NEOS members



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CHAIRMAN'S LETTER

On behalf of the Board, I am pleased to present the 2018 NobleOak Life Limited Annual Report.

This Report provides an overview of our performance in the 2018 financial year, another pivotal year in the growth of our business.

This year will undoubtedly be looked back on as transformational for financial services and in particular, the life insurance industry.

REGULATORY ENVIRONMENT

The financial services industry saw unprecedented levels of change and review throughout the year. This was driven largely through 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 hearings commenced in February 2018, following several instances of misconduct in the banking and financial advice sectors. Revelations during the hearings indicate a failure in the implementation of past reforms and underpinning company cultures that do not always put their customers' interests first.

While I believe this environment validates NobleOak's positioning in the Australian market place, as well as our focus on corporate culture and conduct, we will carefully monitor the findings and manage our reputation risk. While NobleOak has not been asked to participate in the Royal Commission investigation at this stage, we continue to work with our team and business partners to ensure we limit our exposure and risk.

ASIC Review of Direct Life Insurance

On 30 August 2018, ASIC released findings from its investigation into direct life insurance. This review looked at sales practice, including outbound selling, claims experiences, lapse rates, product design, policy documentation, procedures, and sales incentives.

NobleOak participated in this review and has provided ASIC with all requirements. NobleOak continues to reply to all of ASIC's requests. Their key industry findings appear to have limited impact on NobleOak, as we do not outbound call or offer the types of products highlighted as poor value in their review.

We will of course, continue to respond to any requests or changes required from this review, and continue to support any initiatives that will ultimately benefit our customers.

CONSOLIDATION

The landscape of life insurance continues to change with several major institutions deciding to exit their life insurance business. The industry is unquestionably moving away from vertically integrated arrangements. Our direct to customer model continues to be validated by these changes and the potential for scaling further remains as many competitors are distracted with large integration projects.

IMPLEMENTATION OF STRATEGY FOR GROWTH

Our strategy this year has been to focus on delivering growth and building scale for the business. I am pleased to advise that we achieved a significant increase in sales delivered from both our Core (NobleOak branded direct business) and Partnership business.

In 2018, in-force premium for our "core" (NobleOak branded) life insurance offering, increased to \$27 million. This represents an increase of 45% from 2017.

Total gross in-force premium including our "active partnership" business (PPS, Avant and new partnership NEOS), increased from \$22 million in July 2017 to \$37 million as at 30 June 2018. This represents an increase of 65% as Avant and PPS started to accelerate their distribution.

CAPITAL

In March 2018, NobleOak raised \$12 million in capital from existing investors and a new strategic investor, Private Portfolio Managers. The funds raised will continue to be deployed to drive growth and invest in scalable business systems.

OUR PARTNERS

In early 2018, we entered into an arrangement with NEOS Life, an Australian Life Insurance business focused solely on distribution through the adviser/retail market. This strategic partnership, whereby NobleOak underwrites life insurance, TPD, Trauma and Income Protection cover, further broadens our distribution footprint, providing greater top line diversification.

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.

FINANCIAL PERFORMANCE

In 2018, we returned a profit before tax of \$4.3 million. This represents an increase of 55% from 2017. This is a very pleasing result and reflects the significant growth for the business during the year and our relentless focus on implementing on our core strategy to build shareholder value.

RISK MANAGEMENT FRAMEWORK

The Royal Commission and ASIC Direct Life Insurance Review have 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 2018, 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 head winds may emerge in the coming year, but the Board believes we are very well placed to deal with these while further building shareholder value.



A handwritten signature in dark ink, appearing to read "P. Sampson".

Paul Sampson
Chairman

BOARD OF DIRECTORS



PAUL SAMPSON

Chairman and Non-Executive Director

Paul has over 28 years of experience in Life Insurance and wealth management. He was previously CEO of AXA Life Insurance Co. Japan, Non-Executive Director of AXA Asia Pacific Holdings, and Chairman of National Mutual Funds Management. Paul is currently a Non-Executive Director of SouthPeak Investment Management Pty Ltd and Adam Smith Asset Management. Paul has been successful in turnaround management, implementing customer-centric strategies, and developing alternate distribution channels. He holds a Bachelor of Business Degree from NSW Institute of Technology and has been a member of the Certified Practising Accountant (CPA)



EMERY FEYZENY

Non-Executive Director

Emery has over 44 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 30 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 of the Australian Institute of Company Directors.



ANTHONY R BROWN

Chief Executive Officer and Director

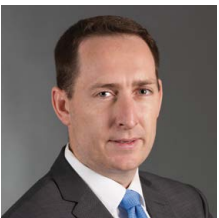
Anthony has been CEO of NobleOak for over 6 years. He has over 27 years of experience in marketing, strategy, operations and distribution. He was previously COO at AMP Capital, Head of Strategy and Marketing at AMP, Head of Commercial Insurance Marketing at Suncorp, and Manager at KPMG. Anthony has completed 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).



STEPHEN HARRISON

Deputy Chairman and Non-Executive Director

Stephen has over 35 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 and Chairman of Conscious Capital Funds Management.



MARTIN EDWARDS

Non-Executive Director

Martin is the General Manager – New Ventures, Avant Mutual Group and a Director of Doctors Financial Services Pty Limited, MyPracticeManual Limited, and Hoxton MPM Pty Ltd. Martin has over 22 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 leadership roles at Commonwealth Bank and Trowbridge Consulting. Martin attended the General Management Program at Harvard Business School and holds a Bachelor of Science.

CEO'S REPORT

I am pleased to report that 2018 was another year of strong growth for NobleOak. The results reflect the commitment and focus on meeting our customers' needs in a market marred by the revelations from the Royal Commission and falling consumer confidence in the financial services industry.

GROWTH

NobleOak continues to grow strongly. Throughout 2018, the in-force premium of our "core" (NobleOak branded) direct business increased by 45%. This represented an increase in sales of 43% year on year, through focusing on providing quality and affordable cover.

Our relatively new "active partnership" business (PPS, Avant and new partnership NEOS) increased by 165%. This "active partnership" business now excludes Freedom Insurance (Freedom) and Freedom was discontinued by NobleOak in July 2017 as shown in last year's Annual Report. All of Freedom's new business was transferred to and is now issued directly by Swiss Re. The premium from Freedom Insurance shown in these accounts is in run off, reducing each year.

CANSTAR OUTSTANDING VALUE AWARDS

In March, we were again awarded the Canstar Outstanding Value Award for Direct Income Protection for 2018. This is our third award for Income Protection. In June we also won the Canstar Outstanding Value Award for Direct Life cover, again, the third such award in a row.

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



“NobleOak continues to grow strongly. Throughout 2018, the in-force premium of our “core” (NobleOak branded) direct business increased by 45%. This represented an increase in sales of 43% year on year, through focusing on providing quality and affordable cover.”

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.

GROWTH WITH PARTNERS

Our established partnerships with PPS and Avant delivered growth in sales in their respective target segments. We are also pleased to welcome our new partnership with NEOS Life. NobleOak ceased to be the issuer for Freedom policies in 2017 with new business transferring to Swiss Re from 1 July 2017.

PPS

Our relationship with PPS commenced in 2013 and since the launch of 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 \$7.8 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, Income Protection. The Avant in-force premium has now grown to \$1.9 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. 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.

CAPITAL GROWTH

In 2018, we raised \$12 million from our existing shareholders and a new strategic shareholder, Private Portfolio Managers. The strong support from our investor base has further confirmed their support for the vision and strategic direction for NobleOak. 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 MARKETING INVESTMENT

A new pilot advertising campaign was developed by Young and Rubicam (Y&R) advertising agency in June 2017 promoting our “a smarter way to insure your life” tagline. This tagline is designed to position NobleOak as a challenger brand with our unique business model and strong value proposition of quality, affordable cover.

Learnings from this pilot have been incorporated into our new “No Bull” advertising campaign which launched in August 2018. This is the most significant “above the line” advertising campaign NobleOak has invested in to boost our brand recognition and generate further leads and sales. The initial response from this campaign is pleasing, and results will be closely monitored on an ongoing basis.

GROWTH IN DIGITAL

Over the course of the past year we have accelerated our investment 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 an 86% increase in web users from 72,000 (FY17) to 134,000 (FY18).

In October 2017, NobleOak launched our online quote tool. Customers are now able to obtain a live quote for all our covers with just a few clicks. Since then 19,000 online quotes have been completed, streamlining the customer experience and improving contact rates for all digital channels.

As a result of the above initiatives, sales from our digital channels increased by over 200%, representing 22% of sales for the financial year. By June 2018, digital share of sales for the month had increased to 35% and we expect this trend to continue

INFRASTRUCTURE

As the business grew in 2018, it was necessary to invest in more scalable infrastructure. This included investment in additional functionality in our workflow and CRM systems as well as the implementation of a more robust management reporting system that provides better metrics across the business.

We also invested in a new telephone auto dialler to streamline processes within our sales team by automatically contacting customers who have requested call backs for quotes. The auto dialler integrates with our CRM system for a more seamless customer experience.

GROWTH OF STAFF

Our workforce grew by 35% during the year.

We continue to recruit people that 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 by the growth in our 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.

During 2018, our strategy to develop a high performance team was implemented with key highlights as follows:

- Workshops with staff to identify areas of improvement in service delivery.
- Regular product training for all staff.
- Leadership training across all people leaders.
- Refinement of our performance management and career development process.
- Refinement of our reward and recognition programmes, linked to our values of Nobility, Simplicity, Adaptability and Delivery.

CLAIMS

The key to our business is paying claims. In 2018 we paid 100% of genuine claims. At a time of great emotional and financial distress, we strive to ensure 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 in our business, in line with our strategic intent. This has been across all areas of our business: customers, distribution, infrastructure and our people.

While we expect further regulatory change in 2019, 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.

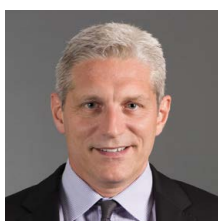
I hope you are pleased with progress.



A handwritten signature in black ink, appearing to read 'Anthony R Brown', written in a cursive style.

Anthony R Brown
Chief Executive Officer

LEADERSHIP TEAM



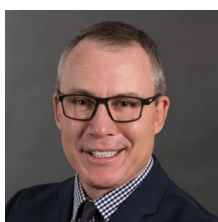
ANTHONY R BROWN Chief Executive Officer and Director

Anthony has been CEO of NobleOak for over 6 years. He has over 27 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).



PATRICIA PRIEST Chief Financial 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.



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.

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 2018.

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:

Paul Sampson

Non-Executive Director appointed on 6 February 2013.

Appointed as Chairman on 27 February 2013.

Over 28 years' experience in the Life Insurance and Wealth Management industry as CEO, Non-Executive Director and consultant.

Currently a Non-Executive Director of SouthPeak Investment Management Pty Ltd and Non-Executive Director of Adam Smith Asset Management.

Previously Non-Executive Director of AXA Asia Pacific Holdings and Chairman of National Mutual Funds Management.

Formerly President and CEO of AXA Life Insurance Co. Japan.

Holds a Bachelor of Business Degree from NSW Institute of Technology and has been a member of the Certified Practising Accountants (CPA)

Chairman of Board of Directors

Member of the Board Audit and Risk Management Committees and Remuneration & Nominations Committee

Member of the Finance & Investment 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.

Over 44 years' 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

Member of the Board Audit Committee.

Chairman of the Remuneration & Nominations Committee

Age 68.

Anthony R Brown

Executive Director appointed on 31 July 2013.

Over 27 years' experience in marketing, strategy, operations and distribution specialising in financial services.

Previously COO at AMP Capital, Head of Strategy and Marketing at Hillcross (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.

Chairman of the Product & Appraisal Committee

Age 51.

NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS (CONT.)

Stephen J Harrison

Non-Executive Director appointed on 27 January 2011. Appointed as Deputy Chairman on 1 July 2011.

Over 35 years' 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 Practising Accountant, Bachelor of Economics, PSI46 qualifications.

Deputy Chairman of the Board of Directors. Chairman of the Board Audit Committee and Member of the Risk Management Committee.

Age 61.

Kevin Hamman

Non-Executive Director appointed on 27 January 2011.

Over 30 years' of experience in 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 of the Australian Institute of Company Directors.

Chairman of the Finance & Investment Committee.

Member of the Remuneration & Nominations Committee and Product & Appraisal Committee

Age 57.

Martin Edwards

Non-Executive Director appointed on 26 October 2016.

Over 22 years' of experience holding multiple General Manager roles in Treasury, capital, strategy and insurance.

Is currently the General Manager of New Ventures of the Avant Mutual Group and is a Director of Doctors Financial Services Pty Ltd, My Practice Manual Limited, and Hoxton MPM Pty Ltd.

Previously he has held leadership roles with Commonwealth Bank, MBF Group 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 of the Finance & Investment Committee and Product & Appraisal Committee

Age 42.

ii) Directors that retired during the year: Mr K C Cohen, appointed 24 February 2016, resigned 12 September 2017.

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, 12 Directors' meetings, 4 Risk Management Committee meetings, 4 Board Audit Committee meetings, 4 Finance & Investment Committee meetings, 5 Remuneration & Nominations Committee meetings and 2 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 to attend	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	12	12	4	4	5	5	-	-	5	5		
Mr K Hamman ⁶	12	11	-	-	-	-	4	4	5	5	2	2
Mr SJ Harrison ¹	12	10	4	3	5	4	-	-	-	-		
Mr P Sampson ²	12	12	4	4	5	5	4	4	5	5		
Mr A R Brown ⁷	12	12	-	-	-	-	-	-	-	-	2	2
Mr K C Cohen ⁵	1	1	-	-	-	-	-	-	-	-		
Mr M Edwards ⁴	12	12	-	-	-	-	4	4			2	2

- Note
1. Mr S J Harrison was Deputy Chairman of the Board of Directors, Chairman of the Board Audit Committee and member of the Risk Management Committee for the entire year.
 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 for the entire year.
 3. Mr E Feyzeny was Chairman of the Risk Management Committee and member of the Board Audit Committee and Remuneration & Nominations Committee for the entire year.
 4. Mr M Edwards was a member of the Finance and Investment Committee for the entire year and was appointed to the Product & Appraisal Committee on the 25 October 2017 when it was formed.
 5. Mr K C Cohen resigned as a Non-Executive Director on 12 September 2017.
 6. Mr K Hamman was Chairman of the Finance & Investment Committee and a member of the Remuneration & Nominations Committee for the entire year. He was appointed to the Product & Appraisal Committee on 25 October 2017 when it was formed.
 7. Mr A R Brown was appointed Chairman of the Product & Appraisal Committees on the 25 October 2017 when it was formed.
 8. The Product & Appraisal Committee was formed on the 25 October 2017. Its objective is to review, assess and approve key product development initiatives with the authorisation of the Board.

- 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	Number of Options	Related entity holding the security (Where applicable)
Mr P Sampson	733,979		Sampson Family Holdings Pty Ltd ATF Sampson Superannuation Fund
Mr P Sampson	80,000	40,000	
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	113,000	40,000	
Mr E A Feyzeny	150,000		Emery and Judy Feyzeny ATF Pluvial Superannuation Fund
Mr E A Feyzeny	120,000	120,000	
Mr S J Harrison	148,667		Julie McConaghy, S J Harrison's wife
Mr S J Harrison	30,454	120,000	
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 *	330,000	922,000	
Mr A R Brown	3,532,073		Brohok Investment Co Pty Ltd
Mr M Edwards	12,105,711		Representative of Avant Group Holdings Limited

* Anthony Brown is a participant in the Performance Rights Plan (refer note 20d), in the current year 29,262 shares have been accrued in the share based payment reserve based on current year performance. These shares will vest in 2020 if conditions are met over the full measurement period up to 30 June 2020.

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

Mr P Sampson	Insurance cover in Risk Fund No. 1.
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

Ms Kiran Gill was company Secretary from 29 June 2016. Ms Gill resigned as Company Secretary on 11 August 2017 and Mr Anthony Brown was appointed Company Secretary on 8 September 2017.

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:

Non Executive Directors	Executive Directors and Key Personnel
Mr E A Feyzeny, appointed 24 February 2011	Mr A R Brown – Chief Executive Officer and Company Secretary, appointed 23 July 2012 and 8 August 2017 respectively
Mr P Sampson, appointed 6 February 2013	Mrs P Priest – Chief Financial Officer, appointed 25 September 2017
Mr K Hamman, appointed 27 January 2011	Ms K Gill – Company Secretary, appointed 29 June 2016, resigned 11 August 2017
Mr S J Harrison, appointed 27 January 2011	Mr S Hitchcock – Chief Operating Officer, appointed 24 October 2016, resigned 25 January 2018
Mr A R Brown, appointed 31 July 2013	Mr S Balakrishnan – Chief Marketing Officer, appointed 5 June 2017
Mr K C Cohen, appointed 24 February 2016, resigned 12 September 2017	Mr M Wilson – Chief Risk Officer, appointed 1 October 2014
Mr M Edwards, appointed 26 October 2016	

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

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Non Executive Directors*				
Short-term employee benefits	265,360	317,930	265,360	317,930
Post-employment benefits	25,170	28,385	25,170	28,385
	290,530	346,315	290,530	346,315
Executive Directors and Key Personnel				
Short-term employee benefits	1,501,940	911,354	1,501,940	911,354
Post-employment benefits	71,707	43,566	71,707	43,566
	1,573,647	954,920	1,573,647	954,920
	1,864,177	1,301,235	1,864,177	1,301,235

*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 \$4,300,164. (\$2,775,658 for 2017 financial year)

In comparing the 2018 and 2017 results, the following is noted:

- The Company has continued to invest in order to deliver the growth in new sales premiums through its direct marketing and promotion activities, increased personnel to support the direct sales strategy and systemisation across all areas of the business. Reflective of the financial discipline, NobleOak has maintained very strong growth while maintaining profitability.
- The investment in sales and marketing efforts along with personnel has seen in-force premiums of the Company grow over \$14m (gross premiums), an increase of 65% above the 2017 year end in-force premiums in the open benefit funds.
- The gross profit from sales of insurance products, net of direct costs generated during the 2018 financial year has increased by over \$7.8m, representing a 59% increase on the 2017 results. This is the 5th year of continued growth in gross profit inline with the growth from sales of insurance products.
- Our partnerships continue to grow in the current year:
 - We have seen growing success from PPS life insurance and Income protection products called Professionals Choice, which launched in June 2016. This product suit has generated over \$6.3m in gross premiums collections during 2018 with in force premiums growing by over 160%.
 - The Company in partnership with Avant established a new benefit fund for the distribution of Life insurance products in January 2017. This fund generated over \$1.5m in gross premium collections during the year with in-force premiums growing by over 170%.
 - In the current year, a new partnership was established the NEOS Life Benefit Fund. This product launched in June 2018 and to date is meeting expected launch growth rates. We are looking forward to this fund's contributions to our insurance product pool in the future.
- Earnings reflect that NobleOak secured a payment of \$2,000,000 from Swiss Re as part of the finalisation of the Freedom alliance partnership in March 2017, of which \$500,000 was realised as revenue in 2017, and \$1,500,000 was realised in 2018.
- During the year, the company secured additional capital of over \$12m. This capital is being used to fund the significant marketing and promotion investment in 2019.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters disclosed, 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.

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 in the financial report.

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

On behalf of the Directors



Paul Sampson

Director



Stephen Harrison

Director

Sydney, 6 September 2018

DIRECTORS' DECLARATION

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

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);

give a true and fair view of the financial position as at 30 June 2018 and the performance for the year ended on that date;

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;

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

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



Paul Sampson

Director



Stephen Harrison

Director

Sydney, 6 September 2018

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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

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

6 September 2018

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 2018, 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



Stuart Alexander
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu
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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 2018, 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 2018 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.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT



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

Deloitte.

- 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

Stuart Alexander
Partner
Chartered Accountants
Sydney, 6 September 2018

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	Consolidated		The Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
Continuing Operations					
Insurance premium revenue	3(a)	55,083,632	33,119,511	50,048,131	29,585,273
Reinsurance expenses	3(a)	(34,112,917)	(19,948,234)	(34,112,917)	(19,948,234)
Net insurance premium revenue		20,970,715	13,171,277	15,935,214	9,637,039
Investment income	3(a)	629,696	114,768	624,086	107,936
Net commissions from reinsurers	3(a)	1,161,234	2,901,247	1,161,234	2,901,247
Fees & other revenue	3(a)	1,740,031	562,498	4,631,666	2,465,469
Claims expense - net of reinsurance recoveries	3(b)	(1,144,975)	(579,090)	(1,144,975)	(579,090)
Policy acquisition costs	3(b)	(12,365,807)	(7,533,873)	(10,395,630)	(6,010,065)
Members liability revaluation	16	(736,929)	279,267	(736,929)	279,267
Salary & employee benefits		(2,702,114)	(2,869,926)	(2,702,114)	(2,869,926)
Administration expenses	3(b)	(2,410,452)	(2,615,010)	(2,386,452)	(2,591,010)
Other expenses		(841,235)	(655,195)	(686,421)	(495,351)
Profit Before Tax		4,300,164	2,775,658	4,299,679	2,845,516
Income tax expense	4	(1,044,274)	(1,117,493)	(1,044,129)	(1,139,041)
Profit After Tax		3,255,890	1,658,165	3,255,550	1,706,475
Other Comprehensive Income		-	-	-	-
Total Comprehensive income attributable to Owners of the Company		3,255,890	1,658,165	3,255,550	1,706,475
Earnings per share					
Basic (cents per share)	6	7.17	4.07		
Diluted (cents per share)	6	7.01	4.01		

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 2018

	Note	Consolidated		The Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	22	8,191,586	9,699,182	7,333,460	8,609,987
Receivables	7	3,189,088	21,825,054	2,612,488	21,570,728
Financial assets	8	20,754,758	16,262,175	20,904,758	16,412,175
Gross policy liabilities ceded under reinsurance	16	15,547,998	13,788,856	15,547,998	13,788,856
Other assets	9	459,369	305,276	259,455	157,271
Plant and equipment	10	219,383	113,950	219,383	113,950
Deferred tax asset	11	2,688,304	3,732,578	2,640,602	3,683,945
Intangibles	12	769,109	952,501	619,109	802,501
Total assets		51,819,595	66,679,572	50,137,253	65,139,413
Liabilities					
Payables	13	8,556,799	30,167,014	7,025,671	28,777,729
Deferred revenue	14	-	1,500,000	-	1,500,000
Provisions	15	376,807	248,786	376,807	248,786
Gross policy liabilities	16	2,982,965	10,119,695	2,982,965	10,119,695
Total liabilities		11,916,571	42,035,495	10,385,443	40,646,210
Net assets		39,903,024	24,644,077	39,751,810	24,493,203
Equity					
Issued share capital	18(a)	36,301,200	24,373,143	36,301,200	24,373,143
Accumulated profits	17	3,525,134	269,244	3,373,920	118,370
Share based payment reserve	18(b)	76,690	1,690	76,690	1,690
Total equity		39,903,024	24,644,077	39,751,810	24,493,203

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 year ended 30 June 2018

	Note	Consolidated		The Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		40,437,205	69,918,123	38,961,885	68,533,789
Payments to suppliers and employees		(40,070,749)	(60,050,420)	(38,358,750)	(58,661,558)
Interest received		410,148	393,010	404,538	386,178
Amounts allocated to members		(9,632,801)	(6,029,936)	(9,632,801)	(6,029,936)
Net cash generated from/(used in) operating activities	22(b)	(8,856,197)	4,230,777	(8,625,128)	4,228,473
Cash flows from investing activities					
Purchase of plant and equipment		(158,027)	(82,866)	(158,027)	(82,866)
Purchase of financial assets		(4,273,055)	(9,109,733)	(4,273,055)	(9,109,733)
Payment for intangible assets		(148,374)	(403,101)	(148,374)	(403,101)
Net cash used in investing activities		(4,579,456)	(9,595,700)	(4,579,456)	(9,595,700)
Cash flows from financing activities					
Amounts received from issue of shares	18(a)	12,013,784	10,988,755	12,013,784	10,988,755
Cost of issue of shares	18(a)	(85,727)	(258,837)	(85,727)	(258,837)
Net cash generated from financing activities		11,928,057	10,729,918	11,928,057	10,729,918
Net (decrease)/increase in cash and cash equivalents held		(1,507,596)	5,364,995	(1,276,527)	5,362,691
Cash and cash equivalents at the beginning of the financial year		9,699,182	4,334,187	8,609,987	3,247,296
Cash and cash equivalents at the end of the financial year	22(a)	8,191,586	9,699,182	7,333,460	8,609,987

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 year ended 30 June 2018

The Company		Issued share capital	Accumulated profits	Share based payment reserve	Total equity
	Note	\$	\$	\$	\$
Balance as at 1 July 2016		13,643,225	(1,588,105)	1,690	12,056,810
Share capital issued		10,729,918	-	-	10,729,918
Profit for the year		-	1,706,475	-	1,706,475
Balance at 30 June 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	18(a)	36,301,200	3,373,920	76,690	39,751,810

Consolidated		Issued share capital	Accumulated profits	Share based payment reserve	Total equity
	Note	\$	\$	\$	\$
Balance as at 1 July 2016		13,643,225	(1,388,921)	1,690	12,255,994
Share capital issued		10,729,918	-	-	10,729,918
Profit for the year		-	1,658,165	-	1,658,165
Balance at 30 June 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	18(a)	36,301,200	3,525,134	76,690	39,903,024

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

Notes to the Financial Statements

For the year ended 30 June 2018

1 Statement of Significant Accounting Policies

The financial report was authorised for issue on 6 September 2018 by the Board of Directors.

This financial report includes the consolidated financial statements and notes of NobleOak Life Limited and its controlled entity ("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.

Notes to the Financial Statements

For the year ended 30 June 2018

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 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-5 Classification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)	1 January 2018	30 June 2019
AASB 2016-6 applying to AASB 9 and AASB 4 so as to align profit recognition to AASB 139	1 January 2018	30 June 2019
AASB 17 'Insurance contracts' will replace AASB 1038	1 January 2021	30 June 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 2021. 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 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. Having met the criteria, the application of AASB 9 Financial Instruments has been deferred to 1 January 2021 at the latest.

Notes to the Financial Statements

For the year ended 30 June 2018

1 Statement of Significant Accounting Policies (cont.)

AASB 15 'Revenue from Contracts with Customers'

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 15 applies to annual periods beginning on or after 1 January 2018. Revenues derived under the Insurance Contracts standards, which represents bulk of the Company's revenue, are excluded from AASB 15. For the balance of revenue, the standard has been considered and does not have a material impact.

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 subsidiary. 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 is provided in note 27.

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.

Notes to the Financial Statements

For the year ended 30 June 2018

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)

Notes to the Financial Statements

For the year ended 30 June 2018

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 its tangible and intangible 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.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

Notes to the Financial Statements

For the year ended 30 June 2018

1 Statement of Significant Accounting Policies (cont.)

(j) Income tax (cont.)

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.

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 28-29 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.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

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 it becomes due.

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 is initially recorded at the amount by which the purchase price for the business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Notes to the Financial Statements

For the year ended 30 June 2018

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 but 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.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

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 33.

(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. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance date.

(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.

Notes to the Financial Statements

For the year ended 30 June 2018

3 Profit from continuing operation

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
The profit from operations includes the following items of income and expense:				
(a) i) Net Insurance Premium Revenue				
Premium revenue from insurance contracts	56,619,910	34,342,075	51,584,409	30,807,837
Less: Deposits recognised as an increase in policy liabilities	(1,536,278)	(1,222,564)	(1,536,278)	(1,222,564)
	55,083,632	33,119,511	50,048,131	29,585,273
Less: Outward reinsurance expense	(34,112,917)	(19,948,234)	(34,112,917)	(19,948,234)
	20,970,715	13,171,277	15,935,214	9,637,039

NobleOak's in-force premium as at 30 June 2018 in active benefit funds was \$36,789,245 (\$22,306,809 as at 30 June 2017). In-force premiums in closed benefit funds as at 30 June 2018 was \$28,015,860 (\$52,368,937 as at 30 June 2017). NobleOak does not generate any revenue from these closed benefit funds, as such the reduction in in-force premiums has no impact on the trading results.

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 profit or loss statement. 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.

ii) Investment Revenue

Interest & investment revenue	410,148	393,010	404,538	386,178
Increase in market value of investments	219,548	(278,242)	219,548	(278,242)
	629,696	114,768	624,086	107,936

Notes to the Financial Statements

For the year ended 30 June 2018

3 Profit from continuing operation (cont.)

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
iii) Net commissions from reinsurers				
Commissions received from/(clawback to) reinsurers	(30,334,846)	29,367,804	(30,334,846)	29,367,804
Commissions clawback from/(paid to) distributors	31,496,080	(26,466,557)	31,496,080	(26,466,557)
	1,161,234	2,901,247	1,161,234	2,901,247

The balances change is as a result of the fact that Freedom arrangement was placed in run off in 2017.

iv) Fees & Other Revenue

Management fees & administration fees	59,847	62,498	2,951,482	1,965,469
Other	1,680,184	500,000	1,680,184	500,000
	1,740,031	562,498	4,631,666	2,465,469

Included in Other Revenue is \$1.5m from the termination of the Freedom Alliance Partnership in February 2017 (2017: \$0.5m).

Expenses

Profit before income tax has been arrived at after charging the following expenses:

i) Claims Expenses

Claims payments	13,534,065	11,687,780	13,534,065	11,687,780
Claims expense reserve	488,031	32,022	488,031	32,022
Less: Reinsurance claims recovery	(12,877,121)	(11,140,712)	(12,877,121)	(11,140,712)
	1,144,975	579,090	1,144,975	579,090

Notes to the Financial Statements

For the year ended 30 June 2018

3 Profit from continuing operation (cont.)

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
ii) Policy Acquisition Costs				
Commission	10,857,487	6,456,307	8,887,310	4,932,194
Stamp duty	907,858	640,220	907,858	640,220
Underwriting & medical costs	1,128,628	669,704	1,128,628	669,704
Marketing & promotion	5,010,294	2,695,806	5,010,294	2,695,806
Salary & employee benefits	4,508,627	1,987,226	4,508,627	1,987,226
Printing, postage, stationery & IT expenses	397,753	210,310	397,753	210,310
Depreciation and amortisation	117,279	77,196	117,279	77,196
Other acquisition cost	254,934	120,175	254,934	120,175
Deferred acquisition costs	(10,817,053)	(5,322,766)	(10,817,053)	(5,322,766)
	12,365,807	7,534,178	10,395,630	6,010,065
iii) Administration expenses				
Administration expenses include the following expenses:				
Depreciation	19,192	20,256	19,192	20,256
Amortisation	214,860	173,417	214,860	173,417
Payments under operating leases	491,585	254,296	491,585	254,296
Professional services & advisers	539,317	603,727	515,317	579,727
Marketing & Promotion	170,366	679,390	170,366	679,390
Printing, postage, stationery, telephone & IT expenses	591,739	484,984	591,739	484,984
Board & committee costs	297,577	330,871	297,577	330,871
Insurance	85,816	68,069	85,816	68,069
	2,410,452	2,615,010	2,410,452	2,615,010

Notes to the Financial Statements

For the year ended 30 June 2018

4 Income taxes

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(a) The components of tax expense/(benefit) comprise:				
Current tax	-	-	-	-
Deferred tax	1,044,274	1,117,493	1,044,129	1,139,041
	1,044,274	1,117,493	1,044,129	1,139,041
(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% (2017: 30%)	1,290,049	832,697	1,289,904	853,655
Add:				
Tax effect of:				
Deferred Revenue	(450,000)	450,000	(450,000)	450,000
Members Liability	221,079	(83,780)	221,079	(83,780)
Non-deductible depreciation & amortisation	105,399	46,280	105,399	46,280
Non-deductible capital loss	9,863		9,863	
Non-deductible expenses	12,902	13,111	12,902	13,111
Under provision of prior year income tax	41,393	-	41,393	-
	(59,364)	425,611	(59,364)	425,611
Less				
Tax Effect of:				
Amortised tax benefits of capital items	50,727	45,747	50,727	45,157
Deductible expenses	60,056	166,733	60,056	166,733
Non assessable other income/(loss)	75,628	(71,665)	75,628	(71,665)
	186,411	140,815	186,411	140,225
Income tax expense attributable to profit for the year	1,044,274	1,117,493	1,044,129	1,139,041

5 Remuneration of auditors

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Audit of the financial report - current year	131,250	99,750	107,250	75,750

The auditor of the Company is Deloitte Touche Tohmatsu.

Notes to the Financial Statements

For the year ended 30 June 2018

6 Earnings per share

	Consolidated	
	2018	2017
Earnings per share (cents)		
Basic earnings (cents)	7.17	4.07
Diluted earnings (cents)	7.01	4.01

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 (\$)	3,255,890	1,658,165
Earnings used in the calculation of basic earnings per share (\$)	3,255,890	1,658,165
Weighted average number of ordinary shares for the purpose of basic earnings per share	45,393,302	40,767,767

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 (\$)	3,255,890	1,658,165
Earnings used in the calculation of total diluted earnings per share (\$)	3,255,890	1,658,165

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	45,393,302	40,767,767
Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan	1,044,659	600,773
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	46,437,961	41,368,540

Notes to the Financial Statements

For the year ended 30 June 2018

7 Receivables

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accrued receivables	2,885,374	21,455,075	2,298,255	21,100,443
GST receivable	303,714	369,979	301,020	371,242
Other receivables – Subsidiary (NobleOak Services Limited)	-	-	13,213	99,043
	3,189,088	21,825,054	2,612,488	21,570,728
Maturity analysis:				
Current	3,189,088	21,825,054	2,612,488	21,570,728
Non-current	-	-	-	-
	3,189,088	21,825,054	2,612,488	21,570,728

Notes to the Financial Statements

For the year ended 30 June 2018

8 Financial assets

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets held at cost:				
NobleOak Services Limited Shares	-	-	150,000	150,000
Financial assets held at fair value through profit or loss:				
Bank bills and term deposits	17,713,384	13,440,346	17,713,384	13,440,346
Australian fixed interest	3,041,374	2,821,829	3,041,374	2,821,829
	20,754,758	16,262,175	20,904,758	16,412,175
Maturity analysis:				
Current	17,713,384	13,440,346	17,713,384	13,440,346
Non-current	3,041,374	2,821,829	3,191,374	2,971,829
	20,754,758	16,262,175	20,904,758	16,412,175

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Level 1	17,713,384	13,440,346	17,713,384	13,440,346
Bank bills and term deposits				
Level 2	3,041,374	2,821,829	3,041,374	2,821,829
Australian fixed interest				
Level 3	-	-	-	-
	20,754,758	16,262,175	20,754,758	16,262,175

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 year ended 30 June 2018

9 Other assets

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Prepayments	459,169	305,076	259,255	157,071
Other	200	200	200	200
	459,369	305,276	259,455	157,271
Maturity analysis:				
Current	459,369	305,276	259,455	157,271
Non-current	-	-	-	-
	459,369	305,276	259,455	157,271

10 Plant and equipment

	Consolidated	The Company
	Plant & Equipment	Plant & Equipment
	\$	\$
Gross carrying amount		
Balance at 1 July 2017	237,341	237,341
Additions	158,027	158,027
Disposals	(27,783)	(27,783)
Balance at 30 June 2018	367,585	367,585
Accumulated depreciation		
Balance at 1 July 2017	(123,391)	(123,391)
Disposals	23,140	23,140
Depreciation expense	(47,951)	(47,951)
Balance at 30 June 2018	(148,202)	(148,202)
Net book value		
As at 30 June 2017	113,950	113,950
As at 30 June 2018	219,383	219,383

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.

Notes to the Financial Statements

For the year ended 30 June 2018

11 Deferred tax asset

The balance comprises temporary difference attributable to:

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Amounts recognised in profit & loss:				
Asset impairments	555,000	555,000	555,000	555,000
Accrued expenses	130,722	82,448	112,249	63,068
Employee entitlement provision	113,042	74,636	113,042	74,636
Prior year tax losses	1,667,132	3,205,035	1,637,903	3,175,782
Intangibles	123,156	140,959	123,156	140,959
Deferred revenue	-	(450,000)	-	(450,000)
Share capital issue costs	99,252	124,500	99,252	124,500
	2,688,304	3,732,578	2,640,602	3,683,945
Movement:				
Opening balance as at beginning of year	3,732,578	4,850,136	3,683,945	4,802,103
Charged to income statement	(1,044,274)	(1,117,558)	(1,044,129)	(1,139,041)
Tax loss transferred from subsidiary	-	-	786	20,883
Closing balance as at end of year	2,688,304	3,732,578	2,640,602	3,683,945

Notes to the Financial Statements

For the year ended 30 June 2018

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 2017	150,000	1,205,855	711,835	2,067,690	1,205,855	711,835	1,917,690
Disposals	-	(170,419)	-	(170,419)	(170,419)	-	(170,419)
Additions	-	83,344	65,030	148,374	83,344	65,030	148,374
Balance as at 30 June 2018	150,000	1,118,780	776,865	2,045,645	1,118,780	776,865	1,895,645
Accumulated amortisation							
Balance at 1 July 2017	-	723,395	391,794	1,115,189	723,395	391,794	1,115,189
Disposals	-	(142,032)	-	(142,032)	(142,032)	-	(142,032)
Amortisation expense (a)	-	155,787	147,592	303,379	155,787	147,592	303,379
Balance at 30 June 2018	-	737,150	539,386	1,276,536	737,150	539,386	1,276,536
Net book value							
As at 30 June 2017	150,000	482,460	320,041	952,501	482,460	320,041	802,501
As at 30 June 2018	150,000	381,631	237,478	769,109	381,631	237,478	619,109

Goodwill – NobleOak Services Limited

Goodwill relates to the purchase of NobleOak Services Limited on 1 July 2008. The goodwill has been tested for impairment at 30 June 2018, the Directors have assessed the carrying value of goodwill as unchanged at \$150,000.

Product Development and Administration Software Development Costs

Product Development and Administration Software Development Costs relate to capitalised costs incurred to develop new risk products and the implementation of our Ebix administration platform for Risk Fund No. 1. Costs associated with the development of the NobleOak website and Oakey CRM system designed to help manage the sales process have also been included.

(a) Amortisation relates to the write-down of cost with regards to the establishment of the new Risk Benefit Fund No.1, Freedom Benefit Fund, Administration Software Development and Website and CRM Development. The cost associated with the Freedom Benefit Fund was written off during the year as the fund no longer generates revenue for NobleOak (write-off net value \$28,387). The cost associated with the development of the administration software is being written off over 7 years. The cost associated with the Website and CRM development is being written off over 4 years. These periods have been determined based on estimated useful life.

Notes to the Financial Statements

For the year ended 30 June 2018

13 Payables

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Sundry creditors and accruals	8,556,799	30,167,014	7,025,671	28,777,729
Maturity analysis:				
Current	8,556,799	30,167,014	7,025,671	28,777,729
Non-current	-	-	-	-
	8,556,799	30,167,014	7,025,671	28,777,729

14 Deferred revenue

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Deferred revenue	-	1,500,000	-	1,500,000
Maturity analysis:				
Current	-	1,500,000	-	1,500,000
Non-current	-	-	-	-
	-	1,500,000	-	1,500,000

NobleOak secured a payment of \$2,000,000 from Swiss Re as part of the finalisation of the Freedom Alliance Partnership in March 2017, of which \$500,000 was realised as revenue in 2017, and \$1,500,000 was realised in 2018. This treatment reflects the terms of the original Freedom distribution agreement and matches revenue realisation with future expenditure.

15 Provisions

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employee benefits	376,807	248,786	376,807	248,786
Maturity analysis:				
Current	274,937	175,823	274,937	175,823
Non-current	101,870	72,963	101,870	72,963
	376,807	248,786	376,807	248,786

Notes to the Financial Statements

For the year ended 30 June 2018

16 Policy & member liabilities

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance at beginning of financial year	(3,669,161)	2,640,042	(3,669,161)	2,640,042
Allocations to members	(9,632,801)	(6,029,936)	(9,632,801)	(6,029,936)
(Decrease)/Increase in value expensed in the financial year (i)	736,929	(279,267)	736,929	(279,267)
Balance at end of financial year	(12,565,033)	(3,669,161)	(12,565,033)	(3,669,161)

(i) 2017 and 2018 increase/(decrease) in value expensed in the financial year relates to bonus and other benefits allocated to members.

Being:

Gross policy liabilities	2,982,965	10,119,695	2,982,965	10,119,695
Less gross policy liabilities ceded under reinsurance	(15,547,998)	(13,788,856)	(15,547,998)	(13,788,856)
Net policy & members liability	(12,565,033)	(3,669,161)	(12,565,033)	(3,669,161)

17 Accumulated profits

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance at beginning of financial year	269,244	(1,388,921)	118,370	(1,588,105)
Net profit from operation after income tax	3,255,890	1,658,165	3,255,550	1,706,475
Balance at end of financial year	3,525,134	269,244	3,373,920	118,370

Notes to the Financial Statements

For the year ended 30 June 2018

18 Share capital

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(a) Issued share capital				
Fully paid ordinary shares	36,301,200	24,373,143	36,301,200	24,373,143

Movement in issued share capital

Company & Consolidated

Ordinary Shares	Number of Shares	Issue Price	\$ Value
Opening Balance 1 July 2016	31,820,006		13,643,225
Ordinary Share – Sophisticated Investor – August 2016 (i)	5,963,556	1.045	6,231,916
Ordinary Share – Existing Shareholders (ii)	1,338,190	1.045	1,398,409
Ordinary Share – Sophisticated Investors – August 2016 (iii)	661,810	1.10	727,991
Ordinary Shares - Institutional Investor February 2017 (i)	2,486,162	1.045	2,598,039
Ordinary Share – NobleOak Premium Options Exercised (iv)	60,000	0.54	32,400
Less Transaction cost			(258,837)
Balance 30 June 2017	42,329,724		24,373,143
Ordinary Share – Sophisticated Investor – March 2018 (v)	9,241,372	1.30	12,013,784
Less Transaction cost			(85,727)
Balance 30 June 2018	51,571,096		36,301,200

(i) Ordinary Shares issued to sophisticated investors under a share purchase memorandum. Share issued in two stages, on signing of the memorandum (August 2016) and then on APRA approval to hold more than 15% in the company (February 2017).

(ii) Ordinary Shares offered and issued to existing shareholders August 2016,

(iii) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in August 2016.

(iv) Ordinary Shares issued to Directors in February 2017 on Exercising Vested Option per the NobleOak Premium Option Plan of December 2013.

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

Notes to the Financial Statements

For the year ended 30 June 2018

18 Share capital (cont.)

(b) Share based payment reserve

	Number of Options/Rights	\$ Value
Opening Balance 1 July 2016	1,528,668	1,690
NobleOak Premium Option Plan options Exercised by Directors (ii)	(60,000)	-
NobleOak Premium Option Plan options granted December 2016 (iii)	200,000	-
NobleOak Premium Option Plan options no longer available for vesting (i)	(66,251)	-
Balance 30 June 2017	1,602,417	1,690
NobleOak Premium Option Plan options no longer available for vesting (iv)	(185,000)	-
NobleOak Premium Option Plan options no longer available for vesting (i)	(90,417)	-
Ordinary Share – Long Term Incentive Rights (v)	57,692	75,000
Balance 30 June 2018	1,384,692	76,690

Options/rights plan	Number	Grant date	Expiry date	Exercise price
(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
(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	57,692	03/11/2017	n/a	nil

- (i) Vesting of NobleOak Premium Option Plan entitlements are dependant on long term performance. Of the 1,012,417 (2017: 1,078,668) options available, 90,417 (2017: 66,251) were forfeited and 922,000 (2017: 754,083) have vested to date. There are Nil (2016: 700,001) options that may vest in the future dependant on performance.
- (ii) Options that had vested and were exercised by Directors in February 2017.
- (iii) Additional issue of options under the NobleOak Premium Option Plan granted in December 2016 with a vesting date of July 2018.
- (iv) Vesting and the ability to exercise vested option is depended being employed at Noble Oak. 185,000 are not longer available due to terminated employment.
- (v) A Long-term incentive plan was established for the executives. The plan is based on the outcome of 3 years results ending 30 June 2020. This reserve is a provision for the potential shares earned to date based on current year's results.

19 Lease commitments

Operating leases relate to office space at Level 7, 66 Clarence Street Sydney.

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Non-cancellable operating lease payments				
Not longer than 1 year	618,596	146,400	618,596	146,400
Longer than 1 year and not longer than 5 years	2,404,000	-	2,404,000	-

Notes to the Financial Statements

For the year ended 30 June 2018

20 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

Mr K Hamman, appointed 27 January 2011

Mr S J Harrison, appointed 27 January 2011

Mr A R Brown, appointed 31 July 2013

Mr K C Cohen, appointed 24 February 2016, resigned 13 September 2017

Mr M Edwards, appointed 26 October 2016

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

	Consolidated		The Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Non Executive Directors				
Short-term employee benefits	265,360	317,930	265,360	317,930
Post-employment benefits	25,170	28,385	25,170	28,385
	290,530	346,315	290,530	346,315
Executive Directors and Key Personnel				
Short-term employee benefits	1,501,940	911,354	1,501,940	911,354
Post-employment benefits	71,707	43,566	71,707	43,566
	1,573,647	954,920	1,573,647	954,920
	1,864,177	1,301,235	1,864,177	1,301,235

Notes to the Financial Statements

For the year ended 30 June 2018

20 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 2018 Directors Report.

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

There was 1 round of capital raising activities seeking new sophisticated investors during the year, being:

March 2018 Ordinary shares were offered at \$1.30 each to sophisticated investors.

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

Directors Name	Related Entity holding the Security (where applicable)	March 2018 Ordinary shares purchased at \$1.30
Mr P Sampson	Sampson Family Holdings Pty Ltd ATF Sampson Superannuation Fund	100,000
Mr A E Feyzeny	Emery and Judy Feyzeny ATF Pluvial Superannuation Fund	20,000
Mr M Edwards	Avant Group Holdings Pty Ltd	2,167,190
Mr A R Brown	Brohok Investment Pty Ltd	368,887

(c) Options issued to Directors and Key Personnel

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 terms goals of the Company. Options issued are exercisable by the Directors and Employees in tranches over a period of three years based on their continued involvement with the Company. In the case of Anthony Brown the options are also subject to meeting performance goals. As at the end of June 2018 all option issued have either vested or expired.

(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 is based on achieving the business plan at the end of a 3 year period in terms of sales and earnings beginning with the financial year 2017/2018.

(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.

Notes to the Financial Statements

For the year ended 30 June 2018

21 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 Company, or the state of affairs of the Company in future financial years.

22 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and cash equivalents (i)	8,191,586	9,699,182	7,333,460	8,609,987

(i) The Consolidated balance includes restricted cash held in the trust account of the subsidiary, as a Trustee of My Protection Plan of \$531,207 (2017: \$673,630)

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

Profit for the year	3,255,890	1,658,165	3,255,550	1,706,475
Depreciation of non-current assets	47,951	40,546	47,951	40,546
Amortisation of intangible assets	303,379	230,168	303,379	230,168
Loss on Sale or disposal of Investments	33,050	-	33,050	-
Expense related to Share Based Payment Reserve	75,000	-	75,000	-
Decrease/(increase) in market value of investments	(219,548)	278,242	(219,548)	278,242
(Decrease) in policy liabilities	(8,895,872)	(6,309,203)	(8,895,872)	(6,309,203)
Decrease in assets:				
Receivables	18,635,966	2,572,295	18,958,240	2,605,104
Other assets	890,181	976,882	941,159	1,016,007
Increase in liabilities:				
Payables	(21,610,215)	3,208,806	(21,752,058)	3,086,258
Deferred revenue	(1,500,000)	1,500,000	(1,500,000)	1,500,000
Provisions	128,021	74,876	128,021	74,876
Net cash from operating activities	(8,856,197)	4,230,777	(8,625,128)	4,228,473

Notes to the Financial Statements

For the year ended 30 June 2018

23 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 23(a).

(a) Interest rate risk

The following table details the Consolidated Group's exposure to interest rate risk at 30 June 2018 and 2017:

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

Notes to the Financial Statements

For the year ended 30 June 2018

23 Financial risk management (cont.)

(a) Interest rate risk (cont.)

2017	Weighted average effective rate %	Less than 1 year \$	Between 1 & 5 years \$	Over 5 years \$	Total \$
Financial Assets					
Cash and cash equivalents	1%	9,699,182	-	-	9,699,182
Cash on term deposit	2.5%	13,440,346	-	-	13,440,346
Fixed interest investments	5.4%	-	-	2,821,829	2,821,829
Trade receivables	0%	21,825,054	-	-	21,825,054
		44,964,582	-	2,821,829	47,786,411
Financial Liabilities					
Trade payables	0%	30,167,014	-	-	30,167,014
		30,167,014	-	-	30,167,014

(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.

Notes to the Financial Statements

For the year ended 30 June 2018

23 Financial risk management (cont.)

(d) Liquidity risk (cont.)

A maturity analysis for the contractual remaining life of financial liabilities has been included in the interest rate risk note at 23(a).

(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 2018, 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:

	2018	2017
	\$	\$
Change in net profit		
- Increase in interest rate by 2%	207,416	226,183
- Decrease in interest rate by 2%	(207,416)	(226,183)
Change in Equity		
- Increase in interest rate by 2%	207,416	226,183
- Decrease in interest rate by 2%	(207,416)	(226,183)

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.

(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 approached, 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 provide 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.

Notes to the Financial Statements

For the year ended 30 June 2018

24 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.

25 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

26 Contingent liabilities

The Company has provided a bank guarantee of \$384,931 to support the commercial lease on its office premises at Level 7, 66 Clarence Street, Sydney NSW 2000.

27 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	
		2018 %	2017 %
NobleOak Services Limited	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.

Notes to the Financial Statements

For the year ended 30 June 2018

28 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	Total Benefit Funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Premium revenue									
Insurance premium revenue	-	16,904,342	2,557,909	23,312,294	5,872,550	1,400,979	-	57	50,048,131
Less reinsurance payment	-	(11,362,619)	(1,737,470)	(16,174,668)	(4,119,535)	(718,585)	-	(40)	(34,112,917)
Net premium revenue	-	5,541,723	820,439	7,137,626	1,753,015	682,394	-	17	15,935,214
Investment income	252,092	143,285	1,315	5,552	7,978	17,730	2,999	-	430,951
Net commissions from reinsurers	-	-	(23,961)	480,741	673,898	-	-	30,556	1,161,234
Other Revenue	-	9,886	-	-	-	-	-	-	9,886
Claim expense – net of reinsurance recoveries	-	(1,1117,420)	-	-	(12,177)	(15,378)	-	-	(1,144,975)
Acquisition costs	-	(710,182)	(783,689)	(7,380,793)	(990,607)	(530,359)	-	-	(10,395,630)
Members liability revaluation	(268,816)	-	-	-	(467,982)	-	(131)	-	(736,929)
Fees to management fund	(99,995)	(764,253)	10,816	(3,246)	(684,207)	-	(2,812)	-	(1,543,697)
Other expenses	(3)	(189)	(23,606)	(234,328)	(57,719)	(11,381)	-	(421)	(327,647)
Profit/(loss) before tax	(116,722)	3,102,850	1,314	5,552	222,199	143,006	56	30,152	3,388,407
Income tax expense	-	(930,855)	(394)	(1,665)	(207,054)	(42,902)	(56)	(9,045)	(1,191,971)
Profit/(loss) after tax	(116,722)	2,171,995	920	3,887	15,145	100,104	-	21,107	2,196,436
Unallocated surplus at 30 June 2017	203,010	6,760,648	234	14,550	279,364	23,948	-	-	7,281,754
Transfer to Benefit Funds	-	8,800,000	-	-	-	-	-	-	8,800,000
Unallocated surplus at 30 June 2018	86,288	17,732,643	1,154	18,437	294,509	124,052	-	21,107	18,278,190

Notes to the Financial Statements

For the year ended 30 June 2018

28 Details of Benefit Funds' income statements for the year ended 30 June 2017

	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	Total Benefit Funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Premium revenue									
Insurance premium revenue	-	11,375,739	2,258,822	14,257,471	1,490,527	202,714	-	-	29,585,273
Less reinsurance payment	-	(8,118,954)	(1,475,618)	(9,285,242)	(1,015,937)	(52,483)	-	-	(19,948,234)
Net premium revenue	-	3,256,785	783,204	4,972,229	474,590	150,231	-	-	9,637,039
Investment income	(238,882)	75,265	334	5,933	2,681	6,678	5,329	-	(142,662)
Net commissions from reinsurers	-	-	95,366	2,495,856	310,025	-	-	-	2,901,247
Claim expense – net of reinsurance recoveries	-	(565,294)	-	-	(11,151)	(2,645)	-	-	(579,090)
Acquisition costs	-	(565,843)	(676,374)	(4,434,468)	(215,520)	(117,860)	-	-	(6,010,065)
Members liability revaluation	387,223	-	-	-	(106,851)	-	(1,105)	-	279,267
Fees to management fund	(99,995)	(556,360)	(176,550)	(2,807,863)	(6)	-	(3,750)	-	(3,644,524)
Other expenses	(1)	(120)	(25,646)	(225,755)	(8,916)	(2,191)	-	-	(262,629)
Profit before tax	48,345	1,644,433	334	5,932	444,852	34,213	474	-	2,178,583
Income tax expense	-	(493,330)	(100)	(1,780)	(165,511)	(10,265)	(474)	-	(671,460)
Profit after tax	48,345	1,151,103	234	4,152	279,341	23,948	-	-	1,507,123
Unallocated surplus at 30 June 2016	154,665	1,609,545	-	10,398	23	-	-	-	1,774,631
Transfer to Benefit Funds	-	4,000,000	-	-	-	-	-	-	4,000,000
Unallocated surplus at 30 June 2017	203,010	6,760,648	234	14,550	279,364	23,948	-	-	7,281,754

Notes to the Financial Statements

For the year ended 30 June 2018

29 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	Total Benefit Funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Cash & liquid assets	10,273	1,457,923	304,649	818,057	1,637,157	551,371	30,908	224,621	5,034,959
Accrued receivables	3,690	526,919	158,145	354,459	1,513,845	21,853	225	11	2,579,147
Short term securities	1,232,561	4,500,000	51,306	225,050	160,595	512,830	70,416	-	6,752,758
Long term securities	3,041,374	-	-	-	-	-	-	-	3,041,374
Gross policy liabilities ceded under reinsurance	-	6,382,878	359,279	3,607,842	4,842,218	449,790	-	(94,009)	15,547,998
Total assets	4,287,898	12,867,720	873,379	5,005,408	8,153,815	1,535,844	101,549	130,623	32,956,236
Liabilities									
Creditors and other liabilities	-	6,227,147	501,252	1,278,332	2,414,578	1,164,638	56	109,078	11,695,081
Gross policy liabilities	4,201,610	(11,092,070)	370,973	3,708,639	5,444,728	247,154	101,493	438	2,982,965
Total liabilities	4,201,610	(4,864,923)	872,225	4,986,971	7,859,306	1,411,792	101,549	109,516	14,678,046
Net assets	86,288	17,732,643	1,154	18,437	294,509	124,052	-	21,107	18,278,190
Members' funds									
Unallocated surplus	86,288	17,732,643	1,154	18,437	294,509	124,052	-	21,107	18,278,190
Total benefit members' funds	86,288	17,732,643	1,154	18,437	294,509	124,052	-	21,107	18,278,190

Notes to the Financial Statements

For the year ended 30 June 2018

29 Details of Benefit Funds' balance sheet as at 30 June 2017

	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	Total Benefit Funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Cash & liquid assets	17,181	1,470,916	391,987	4,129,112	932,209	438,406	32,153	-	7,411,964
Accrued receivables	4,568	351,655	408,415	19,782,364	636,768	12,067	649	-	21,196,486
Short term securities	1,358,889	2,056,781	50,000	219,556	50,794	503,252	168,071	-	4,407,343
Long term securities	2,821,829	-	-	-	-	-	-	-	2,821,829
Gross policy liabilities ceded under reinsurance	-	4,947,228	360,427	4,685,788	3,637,352	158,061	-	-	13,788,856
Total assets	4,202,467	8,826,580	1,210,829	28,816,820	5,257,123	1,111,786	200,873	-	49,626,478
Liabilities									
Creditors and other liabilities	334	5,137,377	839,212	24,032,162	1,219,391	996,079	474	-	32,225,029
Gross policy liabilities	3,999,123	(3,071,445)	371,383	4,770,108	3,758,368	91,759	200,399	-	10,119,695
Total liabilities	3,999,457	2,065,932	1,210,595	28,802,270	4,977,759	1,087,838	200,873	-	42,344,724
Net assets	203,010	6,760,648	234	14,550	279,364	23,948	-	-	7,281,754
Members' funds									
Unallocated surplus	203,010	6,760,648	234	14,550	279,364	23,948	-	-	7,281,754
Total benefit members' funds	203,010	6,760,648	234	14,550	279,364	23,948	-	-	7,281,754

Notes to the Financial Statements

For the year ended 30 June 2018

30 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 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 disability, 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	11,289,255	9,136,282	3,165,588	944,205	8,676,803	8,119,369	23,131,646	18,199,856
Total expenses	(7,275,131)	(6,824,916)	(2,770,233)	(465,140)	(8,786,603)	(8,064,284)	(18,831,967)	(15,354,340)
Tax	(783,013)	(960,911)	(259,001)	(175,776)	(2,115)	(2,354)	(1,044,129)	(1,139,041)
Profit after tax	3,231,111	1,350,455	136,354	303,289	(111,915)	52,731	3,255,550	1,706,475

Notes to the Financial Statements

For the year ended 30 June 2018

31 Capital Adequacy Requirements

2018	The Company
(a) Capital Base	17,335,459
(b) Prescribed capital amount (l)	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:

- (l) 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.

2017	The Company
(a) Capital Base	11,206,666
(b) Prescribed capital amount (l)	2,500,000
Capital in excess of prescribed capital amount = (a) - (b)	636,681
Capital adequacy multiple (%) (a) / (b)	125.47%
Capital Base comprises:	
Common Equity Tier 1 Capital	12,056,826
Regulatory adjustment applied in calculation of Tier 1 capital	(8,920,145)
(A) Common Equity Tier 1 Capital	3,136,681
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	11,206,666

Explanatory Notes:

- (l) 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.

Notes to the Financial Statements

For the year ended 30 June 2018

32 Capital Adequacy Requirements of Benefit Funds

	Risk Fund No. 1	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	PPS Mutual Benefit Fund	Avant Benefit Fund	Blue Chip Endowment Assurance Fund	NEOS Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Management Fund
2018										
(a) Capital Base	1,462,180	268,495	51,284	344,763	632,424	-	215,550	88,975	3,063,672	14,271,787
(b) Prescribed capital amount	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	12,388,277
Capital adequacy multiple (%) = (a) / (b)	1083%	451%	594%		5858%		22701%		1425%	758%
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	21,473,621
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	14,271,787
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	14,271,787
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

Notes to the Financial Statements

For the year ended 30 June 2018

32 Capital Adequacy Requirements of Benefit Funds (cont.)

	Risk Fund No. 1	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	PPS Mutual Benefit Fund	Avant Benefit Fund	Blue Chip Endowment Assurance Fund	NEOS Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Management Fund
2017										
(a) Capital Base	788,167	264,623	50,365	329,388	695,047	-	-	205,511	2,333,101	8,873,563
(b) Prescribed capital amount	111,430	77,306	9,365	138,121	224,563	-	-	-	560,785	1,388,321
Capital in excess of prescribed capital amount = (a) - (b)	676,737	187,317	41,000	191,267	470,484	-	-	205,511	1,772,317	7,485,243
Capital adequacy multiple (%) = (a) / (b)	707%	342%	538%	238%	310%				416%	639%
Capital Base comprises:										
Net Assets (including Seed Capital)	9,525,648	264,552	50,234	329,365	773,949	-	-	203,011	11,146,758	17,661,448
Regulatory adjustment applied in calculation of Tier 1 capital	8,737,481	(71)	(131)	(23)	78,902	-	-	(2,500)	8,813,657	8,787,885
(A) Net assets after applying any regulatory adjustments	788,167	264,623	50,365	329,388	695,047	-	-	205,511	2,333,101	8,873,563
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Regulatory adjustment applied in calculation of Tier 2 capital	-	-	-	-	-	-	-	-	-	-
(B) Total Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Total capital base	788,167	264,623	50,365	329,388	695,047	-	-	205,511	2,333,101	8,873,563
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	-	-	-	22,583	122,913	-	-	-	145,496	-
(D) Asset Risk Charge	111,430	77,306	9,365	-	6,974	-	-	-	205,075	134,517
(E) Asset Concentration Risk Charge	-	-	-	-	-	-	-	-	-	-
(F) Operational Risk Charge	-	-	-	-	-	-	-	-	-	1,253,804
(G) Aggregation benefit	-	-	-	-	5,392	-	-	-	5,392	-
(H) Combined scenario adjustment	-	-	-	115,538	100,068	-	-	-	215,605	-
(I) APRA approved transition amount under capital adequacy standards	-	-	-	-	-	-	-	-	-	-
Prescribed capital amount = (C) + (D) + (E) + (F) - (G) + (H) + (I)	111,430	77,306	9,365	138,121	224,563	-	-	-	560,785	1,388,321

Notes to the Financial Statements

For the year ended 30 June 2018

33 Summary of Significant Actuarial Methods and Assumption

The effective date of the actuarial report on policy liabilities and solvency reserves calculation is 30 June 2018. The actuarial report was prepared by Ms. B. Cummings BEd (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 has 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 – Funeral Fund	Yield on Australian Government bonds at the expected duration of policy liability	3.28%
Mortality – Funeral Fund	ALT2010-2012 table adjusted for Funeral Fund experience	65% of ALT2010-2012
Management Fees – Risk Fund No. 1 (% 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	3.5%
Management Fees – other Benefit Funds (% of net assets)	Based on same dollar management fee charged to Benefit Fund each year, subject to maximum fee permissible	Funeral Fund: 3.0%

Notes to the Financial Statements

For the year ended 30 June 2018

33 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 23e. 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 2018 in respect of the key variables would have impacted on the net profit and shareholders equity.

	Gross of Reinsurance \$	Net of Reinsurance \$
Change in net profit		
- Increase in claims reserves by 10%	(957,018)	(47,915)
- Decrease in claims reserves by 10%	957,018	47,915
Change in Equity		
- Increase in claims reserves by 10%	(957,018)	(47,915)
- Decrease in claims reserves by 10%	957,018	47,915
	Gross of Reinsurance \$	Net of Reinsurance \$
Change in net profit		
- Increase in maintenance expenses by 10%	(416,766)	(416,766)
- Decrease in maintenance expenses by 10%	416,766	416,766
Change in Equity		
- Increase in maintenance expenses by 10%	(416,766)	(416,766)
- Decrease in maintenance expenses by 10%	416,766	416,766
	Gross of Reinsurance \$	Net of Reinsurance \$
Change in net profit		
- Increase in lapse rate by 10%	(35,380)	(35,380)
- Decrease in lapse rate by 10%	35,380	35,380
Change in Equity		
- Increase in lapse rate by 10%	(35,380)	(35,380)
- Decrease in lapse rate by 10%	35,380	35,380

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