2020 ANNUAL REPORT

NobleOak Life Limited

FOR THE YEAR ENDED 30 JUNE 2020

NOBLEOAK

The smarter way to insure your life

NobleOak

NobleOak's overreaching purpose is to protect Australians and their families by acting with integrity and honesty and by always putting our clients' needs first.

As one of Australia's longest-standing life insurers the desire to help others is in our DNA.

We began life 140 years ago as the United Ancient Order of Druids Friendly Society of NSW with the motto 'united to assist'. We continue to live by the honour from our Druids past and always try to act nobly.

We also recognise the inherent nobility of our clients in taking out life insurance. After all, foregoing some of your own income to protect the ones you love is a selfless and noble act, and one that should be acknowledged.

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

It is also why we provide the best possible products and service to our clients and do our best to protect them from uncertainty.

WHO WE ARE

"One hundred and forty years later, we're still driven by the same desire to help protect Australians and their families."

NOBLE BEGINNINGS

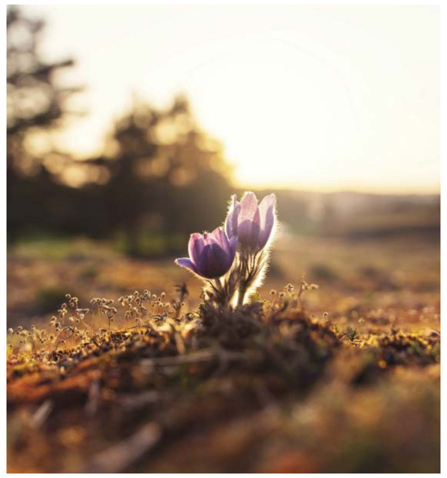
NobleOak traces its roots back to the first benevolent societies in Australia. These societies originated with a truly noble purpose – to help families when life threw its worst at them.

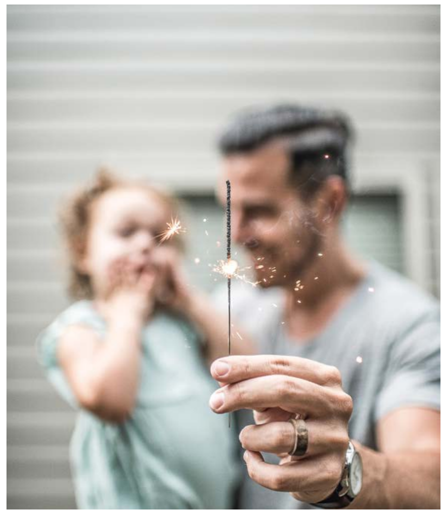
Members of the community each contributed a small weekly amount to a communal 'fund'. When a member of the community got seriously injured, or unfortunately died, the fund provided an essential safety net for their family.

One hundred and forty years later, we're still driven by the same desire to help protect Australians and their families. But we wouldn't exist without our customers. In fact, it's their noble purpose that inspires ours.

In a world that often seems increasingly self-centred, buying life insurance to protect those that you love – when you yourself won't benefit – is a beautiful, selfless act.

It's a truly noble deed that we believe deserves all the support we can give.





BRINGING THE NOBILITY BACK TO LIFE INSURANCE

Life insurance is a societal good – helping to protect families and future generations and reducing the burden on the state. But as the Royal Commission uncovered, Life Insurance has lost its way a little. This all contributes to a general lack of trust and the tendency of Australians to be significantly under insured by global standards.

At NobleOak, we're aiming to bring the nobility back to life insurance with a focus on four key areas:

Fully underwritten life insurance

We offer fully underwritten life insurance – so our customers know where they stand and what they're covered for before they pay a premium.

This transparent approach helps build the trust that is essential between NobleOak and our customers.

Direct insurance so it's more affordable

Our direct model reduces the costs of buying life insurance.

This means more Australians can afford to protect those that they love or increase their cover to provide better protection.

No hidden clauses

We don't believe in hidden clauses.

Just great value, award winning, comprehensive life insurance so our clients and ourselves can sleep more comfortably at night.

Great service from enquiry to claim

When your mission is to bring the nobility back to life insurance, every customer call, enquiry or claim is a moment of truth.

Our aim is to exceed expectations, especially during the stressful times surrounding a claim. It makes our service awards some of our most prized.

OUR VALUES

"Acting with integrity isn't just a line in an employment handbook, it becomes something you simply have to live by."

When you help a customer buy life insurance, you're helping them to buy a promise. A promise that you will be there for their loved ones, even when the customer themselves might not be around to make sure it happens. A promise to act with the compassion and integrity that they would want, all while their family is going through the hardest of times.

When you understand Life Insurance in these terms, you understand the enormity of the trust you're asking people to place in you. Acting with integrity isn't just a line in an employment handbook, it becomes something you simply have to live by. And you need to attract high performers with a genuine desire to make a difference and to put customers and their families first. We ask each team member at NobleOak to live by these values:

NOBILITY

We always put our clients first, we act with integrity. The idea of nobility draws from an earlier, more honourable era. A time when doing the right thing was not only expected, but the norm. It means always holding yourself to high standards and putting the interests of others above your own. It's about acting with integrity and why we're aiming to help more Australian's protect their loved ones with comprehensive, more accessible and affordable cover.

SIMPLICITY

We believe in simplicity. We use simple, clear communication, and avoid jargon, but when we have to use an unfamiliar term from the industry, we'll explain it in clear, easy to understand language. We aim to make getting Life Insurance and Income Protection easier and faster and explain the process clearly to our customers. Each PDS (Product Disclosure Statement) is written clearly with no fine print, so clients know exactly what they are covered for.

ADAPTABILITY

Life Insurance is inherently about the unpredictability of life. Whether that unpredictability comes from significant society-wide events like COVID-19, or the deeply personal ones in an individual's own life. Adaptability is not only how we prepare for unpredictability, but it's the way we can be most helpful to our customers. It also drives us to continually improve and learn to ensure our clients get the best service and products.

DELIVERY

A promise is just words without delivery. And delivery is the difference between dreamers and those that actually make a difference. Our promise is to deliver results, not excuses. To our clients and to each other. When we say we are going to do something, we do it. It sometimes makes things harder – like keeping our service team based in Australia, but it means we remain highly accessible to our clients and can maintain our standards for delivery.

OUR PRODUCTS

We continue to provide comprehensive cover at a lower cost, with award-winning personal service.

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

DIRECT

Our key direct product, Premium Life Direct, incorporates the following covers:

Life Cover

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

Income Protection Insurance

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

Trauma (Critical Illness) Insurance

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

Business Expenses Insurance

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

Total and Permanent Disability Insurance

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

RETAIL

Our products sold through financial advisers include:

- PPS SA, founded in 1941, is the only mutual financial services company in South Africa that focuses exclusively on graduate professionals, providing tailor-made insurance, investment and healthcare solutions to our members. It is the largest finance services company in South Africa operating as a mutual.
- NobleOak entered into a strategic alliance with PPS in 2013, to develop a unique product which was launched in early 2016 for the professional market.
- The comprehensive range of PPS products, distributed through quality financial advisers, incorporates a unique profit-share feature for its members.

- Avant is Australia's leading medical defence organisation and medical indemnity insurer. Operating as a mutual organisation, Avant now represents over 80,000 health practitioners and medical students. In addition to practitioner medical indemnity, Avant offers a range of insurance products tailored specifically to doctors.
- NobleOak entered into a strategic alliance with Avant in 2016, to develop a unique comprehensive product range for their members which was launched in February 2017.

- NEOS was created to significantly improve the way Life Insurance is delivered in Australia today. With fairer, more stable pricing, faster underwriting decisions and a commitment to a new level of customer service through a vast network of advisers. NobleOak launched the NEOS range in 2018.
- The NEOS product range is distributed through the Independent Financial Adviser (IFA) market with a strong service proposition.





OUR RECENT ACHIEVEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2020

>70%
Number of Policies
(Growth)

>80%
Inforce Annual Gross Premium
(Growth)

>70%
Normalised* Profit Before Tax
(Growth)

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

Satisfaction
95%
of our clients felt that the service provided during the quotation and application was '**good**' or '**excellent**'

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

Customer ratings
4.6/5
Customers rate us 4.6 via feefo

NobleOak Direct Income Protection (2016, 2017, 2018, 2019, 2020)
Awarded CANSTAR for
2020 Outstanding Value Award

NobleOak Direct Life Insurance (2016, 2017, 2018, 2019, 2020)
Awarded CANSTAR for
2020 Outstanding Value Award

Mozo
Back to back winner for
Life Insurer of the Year 2019 and 2020

Plan for Life
2019 Direct Life Insurance Customer Service Award
Direct Life Insurance Excellence Awards

Plan for Life
2019 Direct Life Insurance Overall Excellence Award
Direct Life Insurance Excellence Awards

Finder
Back to back Winner for Life Insurer of the Year
2019 and 2020. In addition to this, NobleOak also won '**Best Life Insurance 2020**' (for the second consecutive year) and '**Best Income Protection 2020**'.

Net Promoter Score (NPS)
30%
Market leading loyalty and advocacy score

Customer Satisfaction
>4.5/5
(Google)

Website Users
>68%
Increase in website users YOY

Growth
Premium Growth
In 2020, the in-force premium for our 'core' (NobleOak-branded) Life Insurance offering increased to $46 million. This represents an increase of 28% from 2019.

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

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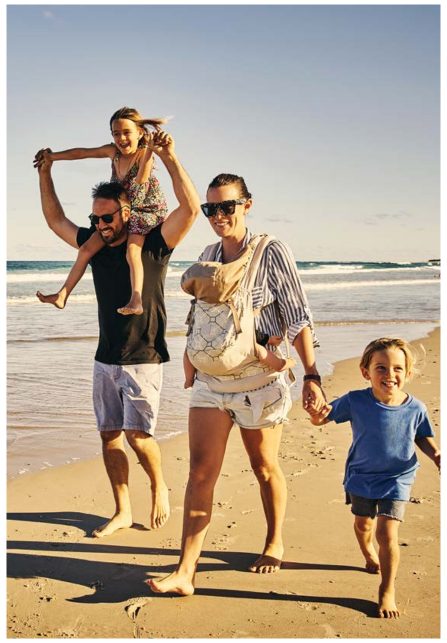


CHAIRMAN'S LETTER

On behalf of the Board, I am pleased to present the 2020 NobleOak Life Limited Annual Report. This report provides an overview of our performance in the 2020 financial year.

Our business has enjoyed another strong year of growth against a backdrop of ongoing transformation in the Australian Life Insurance Industry and the COVID-19 pandemic.

ECONOMIC AND REGULATORY ENVIRONMENT

The elevated levels of regulatory oversight, media scrutiny and industry change have continued throughout the year. This was driven by the ongoing fallout from the Royal Commission into Financial Services, and heightened concern around sustainability.

A key development in 2020 was APRA's sustainability directive to the industry, impacting covers, product design, management and governance. This was in response to the ongoing decline in profitability and viability of the Life Insurance industry which saw a loss of $1.6 billion in the 12 months to June 2020. While NobleOak has built a strong and sustainable business model, our response to this industry directive is important and is built into our plans. This includes activating the APRA mandated redesign of income protection products.

The impacts from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services continue, with a number of key changes being implemented across the industry.

In particular, greater funding for APRA and ASIC has increased the regulatory scrutiny of the industry. This is expected to result in better outcomes for consumers, but has also driven a greater need for all insurers to invest in compliance capabilities.

We believe that NobleOak's existing strategy, culture and business model positions us well to reduce the impact of the overall changes compared with many of the larger players. Nevertheless, we will continue to work with our business partners to carefully monitor and manage our risks – including reputational and compliance risk.

MANAGING RISK THROUGH COVID-19

Like all Australian companies, we've been impacted by the COVID-19 pandemic. Our focus has been on thoughtfully managing additional risks.

The NobleOak team quickly mobilised to enable working from home, and as a result, impacts on our customers were minimal.

Mental wellbeing is receiving an increased focus as the impacts of COVID-19 continue to be felt, and we will be carefully monitoring this for both our staff and customers.

"In 2020, NobleOak delivered strong growth in a low growth environment which was subject to widespread disintegration of community trust."

Our existing customers can rest assured that there is no pandemic exclusion clause in their NobleOak insurance policies and that we remain committed to their wellbeing during this uncertain time.

Additionally, NobleOak has supported customers experiencing financial hardship with assistance from our reinsurance partners.

CONSOLIDATION/ MARKET PERFORMANCE

The reshaping of the Life Insurance market continued throughout the year, with AIA and CommInsure entering a joint co-operation agreement on 1 November 2019, and AMP completing the sale of AMP Life to Resolution Life on 30 June 2020. The top four insurers now represent around 80% market share.

CONTINUATION OF DIRECT AND RETAIL STRATEGIES

Our strategy this year has continued to focus on delivering growth and building scale, while navigating the changing insurance landscape. I am pleased to advise that we achieved an increase in sales delivered from both our Core (NobleOak-branded) Direct business, and our Partnership (Avant, PPS and NEOS) business.

In 2020, the in-force premium for our 'Core' (NobleOak-branded) Life Insurance offering increased to $46 million. This represents an increase of 28% from 2019.

The total gross in-force premium for our active 'Partnership' business, increased from $24 million in June 2019 to $64 million as of 30 June 2020. This represents an increase of 162% as NEOS and PPS in particular, accelerated their distribution.

OUR PARTNERS

Our insurance and distribution Partners: NEOS, Avant and PPS, remain an important part of our business, and I would once again like to thank them for their ongoing commitment and partnership with NobleOak.

Through each Partner's focus on strong sustainable growth, they continue to contribute significantly to NobleOak's success.

GENUS ADMINISTRATION SERVICES

The completion of the integration of the Genus Administration Services business into the NobleOak group was a significant step for us in the second half of 2019, and we are pleased with how this business has performed since then.

We continue to work closely with our business partner, Swiss Re, to finalise the conduct remediation of the previous Freedom insurance policies. Through its subsidiary Genus Life Insurance Services Pty Limited, NobleOak will support the remediation by completing much of the administration activity required to deliver remediation funds to customers.

FINANCIAL PERFORMANCE

In 2020, we returned a normalised[1] profit before tax of $8.0 million. This represents an increase of over 70% from 2019. Reported Profit before tax (before normalising adjustment) was $10.6 million. This is a very pleasing result and reflects the significant business growth during the year and our focus on building shareholder value.

CAPITAL AND LISTING PLANS

As at June 2020, NobleOak maintains capital above its target level. NobleOak will look to raise capital by early 2021 as we to continue to invest in the ongoing growth of NobleOak. The Capital raise will proceed in conjunction with our preparation for listing the business, subject to market conditions.

RISK MANAGEMENT FRAMEWORK

NobleOak continues to monitor and manage our regulatory, strategic and operational risks carefully through the Management team and Board. We regularly engage with ASIC and APRA to ensure our relationships remain strong.

There is an active focus on mitigating key risks, including the impact of the COVID-19 pandemic, our capital position, the cost of acquisition as we grow our revenue in the core portfolio, as well as regulatory risks. Protection of the NobleOak brand remains a priority for the business.

The key material risks for NobleOak remain within our stated tolerances.

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

LOOKING AHEAD

NobleOak continues to grow from strength to strength in a very challenging market and we remain pleased with our progress.

In 2020, NobleOak delivered strong growth in a low growth environment which was subject to widespread disintegration of community trust.

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

The Board would also like to acknowledge and thank its employees who have remained dedicated and committed to the organisation throughout a very challenging period.

On behalf of the Board, I would like to thank our shareholders, our clients and our employees for their continued support and contribution.

Stephen Harrison
Chairman

BOARD OF DIRECTORS

STEPHEN HARRISON

Chairman and Non-Executive Director

Stephen has over 35 years of experience in financial services, funds management, 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 and unlisted public 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 the funds management company, Conscious Capital Limited and ASX listed, IncentiaPay Limited.

EMERY FEYZENY

Deputy Chairman and Non-Executive Director

Emery has over 46 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.

ANDREW BOLDEMAN

Non-Executive Director

Andrew was from 2013 until 2020 the Managing Director of Avant Mutual, Australia's largest doctor's organisation which includes Avant Insurance, Avant Law, Doctors Health Fund and several technology and financial services businesses. His tenure coincided with a period of growth for the business and strong service to Australia's doctors. From 2007 to 2013 Andrew was the CEO Group Life at TAL, which grew enormously over this leadership, ultimately insuring over 2 million Australians. He has spent his career in the Life Insurance and broader financial services industry in Australia, Asia and the UK, including time as an Appointed Actuary and in Management consulting. Andrew is a fellow of the Institute of Actuaries of Australia and holds a Bachelor of Economics.

KEVIN HAMMAN

Non-Executive Director

Kevin has over 32 years of experience in the financial services industry including senior management and Director roles in investment and private banking. Kevin currently holds several executive directorships in private companies in the financial services, property development and investment industries. Kevin holds a Bachelor of Commerce Degree, a Diploma in Financial Services and Finance, and the Associate Diploma with The Institute of Bankers. He is a Member and Graduate of the Australian Institute of Company Directors.

INESE KINGSMILL

Non-Executive Director

Over the course of a career spanning 25 years, Inese Kingsmill has earned a reputation as a growth focused and customer oriented business leader. Her end-to-end business experience has spanned leadership across a broad spectrum of accountabilities at Microsoft, Telstra and Virgin Australia. Transformation, turnaround and growth have been common themes that have underpinned her career. Formerly a Director and Chair of Australian Association of National Advertisers (AANA), Inese is currently a Non-Executive Director of Rhipe Limited and Spirit Telecom & IT, both ASX listed entities. She also serves on the board of WorkVentures Ltd. Inese holds a Bachelor of Business Degree in Marketing from the University of Western Sydney and 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 8 years. He has around 25 years of experience in marketing, strategy, operations and distribution. He was previously COO at AMP Capital, 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).

CEO'S REPORT

"NobleOak is the only life insurer to win five consecutive Canstar awards for outstanding value for Direct Life Insurance and Income Protection."

INVESTING IN GROWTH

I am pleased to report that 2020 was another year of strong growth for NobleOak in an extremely challenging environment. The results reflect our focused commitment to meeting our clients' needs in a market impacted by COVID-19, slow economic growth, and the tail of the Royal Commission. These challenges present opportunities for niche players with strong value propositions such as NobleOak, focussed on a fully underwritten product at competitive prices.

For 2020, the in-force premium of our 'Core' (NobleOak-branded) direct business increased by 28% through a focus on providing quality, affordable cover.

Our 'Partnership' business (PPS, Avant and NEOS) increased by 162%. This active partnership business excludes Freedom Insurance (Freedom). NobleOak discontinued issuing Freedom policies in July 2017.

The Australian Life Insurance market is continuing to experience ongoing volatility, which has been exacerbated by the COVID-19 pandemic and resultant downturn in the economy. Prior to the pandemic, APRA was paying particular attention to insurers as a result of the ongoing poor performance of the retail income protection market. We expect this to continue.

The heightened risk of mental health related TPD and income protection claims in the market also continues, with the economic downturn due to the pandemic expected to put further pressure on this sector. The market is now looking to innovation in product design and customer experience to combat these issues.

NobleOak is committed to sustainable growth and is well placed to modify our product portfolio to match market needs. We have invested in additional resources to strengthen our governance structure as our business grows, ensuring we meet community and regulatory expectations. We have also embarked on a project to accelerate the reform of NobleOak's products (including income protection) and mature our insurance governance processes, systems and data to contribute to a more sustainable and accessible Life Insurance industry.

INDUSTRY RECOGNITION

During the year, NobleOak's position as a leading direct life insurer was cemented with some important awards.

Canstar Outstanding Value Awards

In March, we were awarded the Canstar Outstanding Value Award for Direct Income Protection for 2020, and in June we also won the Canstar Outstanding Value Award for Direct Life cover. This is the fifth year in a row we have won these two awards.

NobleOak is the only life insurer to win five consecutive awards for outstanding value for Direct Life Insurance and Income Protection. This track record secures NobleOak's position as the pre-eminent direct insurer in providing outstanding value to clients and provides us with valuable marketing opportunities.

Mozo and Finder Product Awards

For the 2nd year in a row, NobleOak scooped the top Mozo awards for Life Insurance. Of the 25 Life Insurance providers the Mozo judging panel assessed, NobleOak received awards in every category. NobleOak took home seven Mozo Experts Choice Awards, including the award for Life Insurer of the Year for 2020.

NobleOak won Life Insurer of the Year for 2019 and 2020. In addition to this, NobleOak also won 'Best Life Insurance 2020' (for the second consecutive year) and 'Best Income Protection 2020'.

Feefo Gold Trusted Service Award

We continue to improve our already excellent customer satisfaction scores, with our rating on Feefo increasing to 4.6 out of 5, from 4.5 at the prior update. This was complemented by a rating of 4.5 out of 5 on Google Review. These scores are driven by the high quality of customer interactions with our sales, customer service and claims teams.

Grist

The NobleOak sales team has been recognized as the number one Life Insurance sales contact in Australia by Grist, an independent consulting group. NobleOak was also ranked number two out of 62 Australian contact centers across nine industries.

GROWTH WITH PARTNERS

Our established partnerships with PPS and Avant continued to deliver growth in sales in their respective target segments. We are also very pleased with the second-year performance of our most recent partner, NEOS Life.

"The key to our business is the efficient and timely payment of claims. At a time of great emotional and financial distress for our clients and their families, we strive to ensure that we pay these claims as quickly as possible."

PPS

The PPS in-force premium has now reached $24.5 million, as the momentum in their Professional Choice portfolio of Life products continues to build.

Avant

Avant, who specialise in providing a range of insurances to medical professionals, is both a distribution and equity partner for NobleOak. The Avant membership is continuing to show support for the range of tailored Life Insurance products including Life, TPD and Income Protection, with in-force premium now up to $4.6 million.

NEOS

NEOS has reached the end of their second full year of operation, with the positive early signs continuing strongly, and in-force premium reaching $34.8 million at 30 June 2020. NobleOak underwrites the NEOS Protection suite of Life Insurance cover types, sold through financial advisers.

CAPITAL GROWTH

During the year, NobleOak successfully raised $10 million mostly from our existing shareholders, which further confirmed their support of NobleOak's vision and strategic direction. Once again, a proportion of this capital has been used to fund the implementation of a new multi-channel marketing campaign to further fuel our growth and brand recognition.

BRAND BUILDING

We launched our new 'NobleMan' advertising campaign in September 2019 to boost our brand recognition and generate further leads and sales.

The campaign increased our brand appeal from 30.6% to 40.5%.

Building on the success of the initial launch, we have continued with the campaign in 2020 and 2021, focusing on reach and frequency.

INVESTING IN DIGITAL

NobleOak's leadership in digital innovation continues.

Over the course of the past year, we have accelerated our investment in and expansion of our digital marketing channels to support the growth of the business. Our continued focus on Paid Search and Organic Search, combined with Social channels, has seen a 68% increase in web users from 185,000 (FY19) to 312,000 (FY20).

As a result of the above initiatives, sales from our digital channels increased by over 29%.

NobleOak has also made substantial investments in technologies and systems to enhance our marketing, reporting and CRM (Customer Relationship Management). We have also invested significantly in building a market leading omni-channel (digital and phone based) quote and application process. This included enhancements to our underwriting platforms and customer facing digital interface.

When complete in early 2021, the customer will be able to purchase NobleOak products online, via a phone call, or using a mix of both channels.

INFRASTRUCTURE

As the business grew in 2019/2020, additional upgrades to our infrastructure and administration platform created further stability. These important investments made in early 2020 proved to be instrumental in our successful "work from home" implementation during COVID-19.

GROWTH OF STAFF

NobleOak continues to strengthen and develop its capabilities as we build our team.

The scale of our business had a step change in 2019 with staff numbers now approximately 130, a material increase from the approximately 65 we had prior to the integration of the Genus Administration business.

We have introduced regular "Pulse" (staff survey) checks to measure employee engagement, and these surveys have enabled us to address any issues swiftly, particularly during the transition to a work from home environment.

We recognise that our results have been driven by the NobleOak team and new and revised structures have been put into place to deliver on our Brand promise.

CLAIMS

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

Our total claims expenditure also continues to be within our estimates, indicating we are assessing risks effectively prior to issuing insurance.

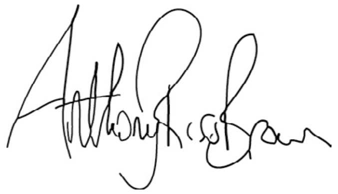
CUSTOMER SERVICE

With customers at the heart of our business, our customer service teams have maintained consistently high levels of service. This is reflected in our industry awards, and in our high customer retention rates, both of which have made a material contribution to our bottom line during a very challenging year, which was impacted by economic factors, the January fires and COVID-19.

SUMMARY

The last 12 months have seen another period of significant growth for NobleOak across all areas of our business: customers, distribution, infrastructure, our people and the way we manage and govern our business.

While we expect further change and challenge in 2021, we remain confident in our growth trajectory and strategy to build a more sustainable and valuable business, centred on the customer, while contributing to a more sustainable Life Insurance industry.



Anthony R Brown
Chief Executive Officer

LEADERSHIP TEAM

ANTHONY R BROWN Chief Executive Officer & Director

Anthony has been CEO of NobleOak for over 8 years. He has over 29 years of experience in marketing, strategy, operations and distribution. He was previously COO at AMP Capital, Head of Strategy and Marketing at AMP, Head of Commercial Insurance Marketing at Suncorp, and Manager at KPMG. Anthony has completed the General Management Program at Harvard Business School, Boston, has an MBA from the AGSM, and is a Chartered Accountant. He also holds a Bachelor of Economics degree (University of Sydney) and a Master of Commerce degree (University of NSW).

SCOTT PEARSON Chief Financial Officer

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

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 held Chief Underwriter roles with various Life offices over the past 30 years. He joined NobleOak in 2014 as Chief Underwriter and Claims Manager and was appointed as NobleOak's Head of Underwriting in 2016. He is a Senior Associate with the Australian and New Zealand Insurance Institute and holds a Diploma in Business Management. He is also a Senior Associate of the Australian Life Underwriters and Claims Association.

MATT MINNEY Head of Claims and Operations

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

TATYANA MARFENKO Head of Alliances

Tatyana has over 14 years of professional experience working in Australia, UAE and Russia. Tatyana brings her passion for direct marketing, relationship management and business development to driving new business and portfolio growth. Prior to joining NobleOak she worked for Omniyat in UAE, Dubai, as a Marketing Finance Executive, as well as working for REST Super Fund and AAS. Tatyana holds a Bachelor of Commerce (UNSW, Sydney).

MOANA KOLESI Head of Sales

Moana has over 12 years' experience managing and leading sales teams within the financial services sector. Prior to NobleOak, Moana gained extensive outsourced contact centre experience managing multi product programs for Macquarie Bank, Westpac & St George Insurance and Zurich Insurance. She is passionate in the development of her people, creating high performing sales teams.

RICK RUPPING Head of Marketing

Rick has over 15 years of marketing, brand and digital experience in driving growth through traditional, non-traditional and through the line. He was recently GM and Head of Marketing for 1Life (South Africa) as well as managing brands and marketing throughout the broader Telesure Group (Budget Direct) which included Virgin Money, AA, Budget Insurance, Auto & General, Hippo.co.za. Rick has a passion for results, performance, and marketing operational efficiencies.

JOEY YUSNANDA Head of People and Culture

Joey joined NobleOak in April 2019. He has held various senior Human Resources roles primarily in medium sized enterprises. A strategic generalist HR practitioner, Joey has worked on large projects with both State and Commonwealth governments, as well as ASX listed companies. Joey brings his passion for people and capability to drive high performing organisational culture, and successful business outcomes. Joey also holds a Bachelor of Business and Commerce.

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 2020.

NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS

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

Stephen J Harrison

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

Over 35 years of experience in the financial services, funds management, private equity and accounting fields.

Has held Director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Has been a founder and held directorships in a number of listed and unlisted public 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 the funds management company, Conscious Capital Limited and ASX listed, IncentiaPay Limited.

Certified Practicing Accountant, Bachelor of Economics, PS146 qualifications and a member and Graduate of the Australian Institute of Company Directors.

Chairman of the Board of Directors.

Member of the Risk Management Committee, the Board Audit Committee, the Committee, Product & Appraisal Committee and the Due Diligence Committee.

Age 63.

Emery Feyzeny

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

Over 46 years of experience in the Superannuation industry, including 15 years as a partner at KPMG. He established and headed KPMG Superannuation Services Pty Ltd for 18 years.

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

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

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

Deputy Chairman of the Board of Directors.

Chairman of the Risk Management Committee & Board Audit Committee.

Age 70.

NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS (CONT.)

Kevin Hamman

Non-Executive Director appointed on 27 January 2011.

Over 32 years of experience in the Financial Services industry including senior management and director roles in Investment and Private Banking.

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

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

Member and Graduate of the Australian Institute of Company Directors.

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

Member of the Board Audit Committee.

Age 59.

Anthony R Brown

Executive Director appointed on 31 July 2013.

Over 25 years of experience in marketing, strategy, operations and distribution, specialising in financial services.

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

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

Member and Graduate of the Australian Institute of Company Directors.

Chief Executive Officer of the Company.

Responsible Officer for the Company.

Member of the Product & Appraisal Committee and the Finance & Investment Committee

Age 53.

Inese I Kingsmill

Non-Executive Director appointed on 3 December 2019.

Over 25 years of experience in marketing, digital & e-commerce, sales, customer-facing and channel functions.

Currently Director at Breakfast Epiphanies Consulting Pty Ltd.

Other previous positions include Director, Partner Strategy, Marketing & Programs at Microsoft, Director of Consumer Marketing at Telstra, and Chief Marketing Officer at Virgin Australia.

Formerly a Director and Chair of Australian Association of National Advertisers (AANA) and currently serves on the board of WorkVentures. Also currently a Non Executive Director of Rhipe Limited, and Spirit Telecom & IT, both ASX listed entities.

Holds a Bachelor of Business Degree in Marketing from the University of Western Sydney and is a Member of the Australian Institute of Company Directors.

Member of the Board Audit Committee, the Remuneration & Nominations Committee and Due Diligence Committee.

Age 54.

Andrew J Boldeman

Non-Executive Director appointed on 3 June 2020.

30 years of experience in insurance, health and actuarial.

Andrew was until 4th September the Managing Director of Avant Mutual and a Director of Avant Insurance, The Doctors' Health Fund, Avant Law, Avant Law (South Australia), Doctors Financial Services, The Medical Defence Association of Victoria, Professional Insurance Australia, Medical Professional Liability Association and the Medical Indemnity Insurance Association of Australia.

Prior to this he was CEO of the Group Life division of TAL (formerly Tower Australia), currently Australia's largest life insurer by premium volume. Other previous positions include TAL's Chief Actuary and senior management consulting role at Tillinghast Towers Perrin.

He holds a Bachelor of Economics Degree from Macquarie University and is a Fellow of the Institute of Actuaries.

Member of the Risk Management Committee, Finance & Investment Committee, and Remuneration & Nominations Committee.

Age 48.

ii) Directors that retired during the year:

Mr M Edwards, appointed 26 October 2016, resigned 3 June 2020.

Directors that were appointed during the year:

Ms I I Kingsmill was appointed 2 December 2019,
Mr A J Boldeman was appointed 3 June 2020.

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

NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS (CONT.)

iii) During the financial year, 12 Directors' meetings, 4 Risk Management Committee meetings, 3 Board Audit Committee meetings, 4 Finance & Investment Committee meetings, 7 Remuneration & Nominations Committee meetings and 0 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**	
	Number eligible to attend	Number attended	Number eligible	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr E A Feyzeny[2]	12	9	4	4	3	3	-	-	6	6	-	-
Mr K Hamman[4]	12	12	-	-	3	2	4	4	7	7	-	-
Mr S J Harrison[1]	12	11	4	4	3	3	3	3	-	-	-	-
Mr A R Brown[5]	12	12	-	-	-	-	1	1	-	-	-	-
Mr M Edwards[3]	6	5	2	2	-	-	2	2	5	5	-	-
Ms I I Kingsmill[6]	6	6	-	-	-	-	-	-	2	2	-	-
Mr A J Boldeman[7]	7	7	2	2	-	-	2	2	2	2	-	-

Note

1. Mr S J Harrison was appointed Chairman of the Board of Directors 28 November 2018, he was Chairman of the Board Audit Committee until 12 December 2018 and member of the Risk Management Committee for the entire year. Ceased being a member of the Finance & Investment Committee on 1 April 2020.
2. Mr E Feyzeny was Chairman of the Risk Management Committee and member of the Board Audit Committee of which he became Chairman on 12 December 2018. He was appointed Chairman of the Product & Appraisal Committee on 1 April 2020 and ceased being a member of the Remuneration & Nominations Committee on 1 April 2020.
3. Mr M Edwards resigned as Director and committee member on 3 March 2020. He was excused (absent) for 1 director meeting due to a conflict of interest. Prior to his resignation he had Mr Boldeman attended 3 Directors' meetings, 2 Risk Management Committee meetings, 2 Finance & Investment Committee meetings, 2 Remuneration & Nominations Committee meetings.
4. Mr K Hamman was Chairman of the Finance & Investment Committee and a member of the Remuneration & Nominations Committee of which he became Chairman on 12 December 2018. He was appointed to the Product & Appraisal Committee and became Chairman on 31 October 2018. He ceased being a member of the Product & Appraisal Committee on 1 April 2020 and a member of Board Audit Committee on 1 July 2020.
5. Mr A R Brown was Chairman of the Product & Appraisal Committee until 31 October 2018 and was a member of the committee for the entire year.
6. Ms I I Kingsmill was appointed a Director on 2 December 2019. Ms I Kingsmill was appoint a member of the Remuneration and Nomination Committee on 1 April 2020 and a member of the Board Audit Committee on 1 July 2020.
7. Mr A J Boldeman was appointed a Director on 3 June 2020. Prior to being appointed Director he was Mr M Edwards' alternate and attended 3 Directors' meetings, 2 Risk Management Committee meetings, 2 Finance Committee meetings, 2 Remuneration and Nomination Committee meetings.

NAMES, PARTICULARS AND EXPERIENCE OF DIRECTORS (CONT.)

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

Name	Number of Ordinary Shares	Performance rights	Options Not yet Vested	Related entity holding the security (Where applicable)
Mr K Hamman	437,002			TK Consulting (Aust) Pty Ltd ATF The Hamman Family Trust
Mr K Hamman	136,364			KH Investments Pty Ltd ATF KH Development Trust
Mr K Hamman	227,273			Future Super KH Custodian Pty Ltd ATF Future Super Fund
Mr K Hamman	172,727			Future Super KH Pty Ltd ATF Future Super Fund
Mr K Hamman	153,000			
Mr E A Feyzeny	150,000			Emery and Judy Feyzeny ATF Pluvial Superannuation Fund
Mr E A Feyzeny	240,000			
Mr S J Harrison	148,667			Julie McConaghy, S J Harrison's wife
Mr S J Harrison	150,454			
Mr S J Harrison	635,579			Jasmah Investments Pty Limited ATF The Jasmah Investments Trust (Julie McConaghy, S J Harrison's wife)
Mr S J Harrison	38,000			MSJ Capital Pty Ltd ATF Harrison Superannuation Fund
Mr A R Brown*	1,270,000	154,024	351,327	
Mr A R Brown	3,750,000			Brohok Investment Co Pty Ltd
Mr A J Boldeman	15,122,195			Representative of Avant Group Holdings Limited

* Anthony Brown is a participant in the Performance Rights Plan (refer note 19d), from the 2017 plan that matures in 2020, 58,322 shares have accrued, of the 191,818 total share entitlement available. 2018 plan that matures in 2021, 58,548 shares have accrued, of the 281,062 total shares entitlement available. 2019 plan that matures in 2022, 37,154 shares have accrued, of the 208,064 total shares entitlement available. These shares will vest in in the relevant years if conditions are met over the full measurement periods.

Options available will only vest on the performance of specific events. Details of the options are shown in note 18(b).

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

Mr M Edwards	Board representative of Avant. Avant is a Partner of NobleOak and all transactions are carried out under normal commercial terms. Mr Edwards resigned on 3 June 2020 and was replaced by Mr AJ Boldeman.
Mr A J Boldeman	Board representative of Avant. Avant is a Partner of NobleOak and all transactions are carried out under normal commercial terms.

COMPANY SECRETARY

Mr A R Brown was appointed Company Secretary on 8 September 2017 and remained in office for the entire financial year. Mr R S Pearson was appointed as an additional Company Secretary on 25 March 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the year were manufacturing and distributing life insurance products including death, disability, trauma, income protection and business expenses insurance.

DIRECTORS & KEY PERSONNEL REMUNERATION

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

1) Non Executive Directors

Mr E A Feyzeny, appointed 24 February 2011
Mr K Hamman, appointed 27 January 2011
Mr S J Harrison, appointed 27 January 2011
Mr M Edwards, appointed 26 October 2016 resigned 3 June 2020
Ms I I Kingsmill, appointed 3 December 2019
Mr A J Boldeman, appointed 3 June 2020

2) Executive Director and Key Personnel

Mr A R Brown – Executive Director, Chief Executive Officer and Company Secretary, appointed 31 July 2013, 23 July 2012 and 8 August 2017 respectively.
Mrs P Priest – Chief Operations Officer, appointed 25 September 2017, resigned 12 December 2019.
Mr S Pearson – Chief Financial Officer and Company Secretary, appointed 11 February 2019 and 25 March 2020 respectively.
Mr M Wilson – Chief Risk Officer, appointed 1 October 2014.
Mr M Minney – Head of Claims and Operations, joined the Company in September 2016 and appointed as part of Key Management Personnel from 1 July 2019.

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

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non Executive Directors*				
Short-term employee benefits	457	213	418	213
Post-employment benefits	17	19	16	19
	474	232	434	232
Executive Directors and Key Personnel				
Short-term employee benefits	1,858	1,592	1,451	1,533
Post-employment benefits	74	57	48	57
	1,932	1,649	1,499	1,590
	2,406	1,881	1,933	1,822

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

OPERATING RESULTS AND REVIEW OF OPERATIONS

The Statement of Comprehensive Income of the Consolidated Group shows a profit for the current year before income tax of $10,621,026 ($7,414,023 for 2019 financial year).

In comparing the 2020 and 2019 results, the following is noted:

- The 2020 and 2019 profit was positively impacted by the reduction in interest rates during the year. The company's Actuarial estimate of policy liability reserves, including deferred acquisition costs, are discounted to present value using risk free interest rates. The impact of the change in interest rates on the valuation of deferred acquisition costs was a favourable $2.6m to profit before tax (2019: $2.7m). This has no impact on the NobleOak capital position.

  Normalised (underlying) profit before tax adjusting for this change in interest rate is $8.0m (2019: $4.7m) as set out in the following table.

	Consolidated	
	2020	**2019**
	$m	**$m**
Profit Before Tax	10.6	7.4
Add/(Less) – Impact of change in Interest rates on Deferred Acquisition Cost	(2.6)	(2.7)
Normalised Profit Before Tax	8.0	4.7
Earnings per share on normalised profit after tax		
Basic (cents per share)	10.38	6.42
Diluted (cents per share)	10.18	6.26

- The COVID-19 Pandemic has had a significant impact on Australia and the World, from both a health and economic perspective. NobleOak has and continues to manage the operational impacts, and the Appointed Actuary completed financial impact scenarios to assess the potential exposure on the business as the pandemic continues.

  To date, the Australian Government response to the pandemic appears to have been largely successful, despite our economy moving into recession. The results for the year ended 30 June 2020 include additional reserves for potential COVID-19 related claims. The additional Reserves reflect a best estimate of the implications that the pandemic could have on the mental health of on the community. Exposure however remains highly uncertain.

- The Company has continued to invest in order to deliver the growth in new sales premiums through its direct marketing and promotion activities and partnership channels. The investment has seen in-force premiums in open benefit funds of the Company grow by $50m to $110m (gross premiums), an increase of 83% above the 2019 year end in-force premiums.

- Our partnerships have continued to grow in the current year:

  - PPS benefit fund's Life insurance and Income protection products, called Professionals Choice, launched in June 2016. This product suite now has inforce premium of $24.5m growing by 92% in the year.

  - Avant benefit fund's Life insurance products were established in January 2017. This fund now has $4.6m in inforce premium and grew at 46% during the year.

  - The NEOS Life Benefit Fund established in June 2018 has completed its second full year with inforce premium reaching $34.8m, representing growth of over 300% during the year.

- Genus Life Insurance Services Pty Ltd (Genus) completed its first full year of supporting the administrative services of the Freedom and Rewards Benefit Funds previously administered by Freedom Insurance Group. Genus contributed positively to the financial performance of the group during the year. Included in the Genus results was a $1m provision for the full value of costs associated with supporting the conduct remediation of this portfolio.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

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

FUTURE DEVELOPMENTS

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

REGULATORY CHANGE IMPACTS

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

DIVIDEND PAYMENTS

No dividends have been paid or declared during the financial year (2019: Nil).

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

ENVIRONMENTAL ISSUES

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

PROCEEDINGS ON BEHALF OF COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 38 of the financial report.

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

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chairman

Sydney, 25 September 2020

DIRECTORS' DECLARATION

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

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

b) give a true and fair view of the financial position as at 30 June 2020 and the performance for the year ended on that date;

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

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

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

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

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chairman

Sydney, 25 September 2020

Deloitte.

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

25 September 2020

Dear **Board Members,**

Auditor's Independence Declaration to 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 report of NobleOak Life Limited for the financial year ended 30 June 2020, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Opinion

We have audited the financial reports of NobleOak Life Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statements of changes in equity and the statements 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 reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group and the Company's financial position as at 30 June 2020 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 Reports* 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports 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 directors of the Company (the "directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

(a) The directors are responsible for the other information. The other information comprises the information included in the Group and Company's Annual Report for

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the year ended 30 June 2020, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports 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 reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports 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.

Responsibilities of the Directors for the Financial Reports

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

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 the financial reports.

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 reports, 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.

- 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

INDEPENDENT AUDITOR'S REPORT

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purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 or the Company'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 reports 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 or the Company to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent 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 Group 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 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

Max Rt Murray

Max Murray
Partner
Chartered Accountants
Sydney, 25 September 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Continuing Operations					
Insurance premium revenue	3(a)	99,775	69,020	90,273	62,089
Reinsurance expenses	3(a)	(63,530)	(42,115)	(63,530)	(42,115)
Net insurance premium revenue		36,245	26,905	26,743	19,974
Investment income	3(a)	580	1,113	1,546	1,104
Net commissions from reinsurers	3(a)	2,738	458	2,738	458
Fees & other revenue	3(a)	8,681	1,777	6,852	4,469
Claims expense – net of reinsurance recoveries	3(b)	(3,816)	(2,322)	(3,816)	(2,322)
Policy acquisition costs	3(b)	(10,802)	(8,912)	(8,191)	(6,597)
Members liability revaluation	16	(1,395)	(1,177)	(1,395)	(1,177)
Salary & employee benefits		(10,564)	(4,464)	(4,238)	(3,347)
Administration expenses	3(b)	(10,920)	(5,964)	(9,934)	(5,349)
Operating Profit		10,747	7,414	10,305	7,213
Lease interest expense		(126)	-	(92)	-
Profit Before Tax		**10,621**	**7,414**	**10,213**	**7,213**
Income tax expense	4	(2,985)	(2,181)	(2,554)	(2,120)
Profit After Tax		7,636	5,233	7,659	5,093
Total Comprehensive Income		-	-	-	-
Total Comprehensive Income attributable to Owners of the Company		7,636	5,233	7,659	5,093
Earnings per share					
Basic (cents per share)	6	13.58	10.03		
Diluted (cents per share)	6	13.32	9.78		

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 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Assets					
Cash and cash equivalents	21	28,517	11,514	24,220	10,053
Receivables	7	10,888	6,108	12,113	4,010
Financial assets	8	11,858	12,979	11,872	12,993
Gross policy liabilities ceded under reinsurance	16	32,945	19,482	32,945	19,482
Other assets	9	892	548	529	319
Plant and equipment	10	827	1,135	214	185
Right-of-use assets	10	2,193	-	1,592	-
Deferred tax asset	11	1,789	1,197	1,156	1,063
Intangibles	12	150	150	-	-
Total assets		**90,059**	**53,112**	**84,641**	**48,105**
Liabilities					
Payables	13	23,294	13,662	19,634	9,173
Lease liabilities	14	2,281	-	1,660	-
Provisions	15	4,801	1,717	3,933	1,490
Gross policy liabilities	16	(4,337)	(8,353)	(4,337)	(8,353)
Total liabilities		**26,039**	**7,026**	**20,890**	**2,310**
Net assets		**64,020**	**46,087**	**63,751**	**45,795**
Equity					
Issued share capital	18(a)	47,120	37,122	47,120	37,122
Accumulated profits	17	16,395	8,759	16,126	8,467
Share based payment reserve	18(b)	505	206	505	206
Total equity		**64,020**	**46,087**	**63,751**	**45,795**

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

Statement of Cash Flows

For the Financial Year Ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Cash flows from operating activities					
Premium received		104,249	71,940	94,747	65,009
Reinsurance premium payments		(63,832)	(42,334)	(63,832)	(42,334)
Reinsurance recoveries received		14,005	14,888	14,005	14,888
Claims paid		(21,723)	(16,177)	(21,723)	(16,177)
Interest received		320	477	287	468
Dividends received		-	-	1,000	-
Fees and other income received		71,770	14,971	67,499	19,806
Marketing and policy acquisition costs		(64,575)	(34,617)	(61,964)	(34,617)
Payments to other suppliers and employees		(33,621)	(14,051)	(26,508)	(13,636)
Net cash from/(used in) operating activities	21(b)	6,593	(4,903)	3,511	(6,593)
Cash flows from investing activities					
Purchase of plant and equipment		(101)	(1,046)	(101)	(96)
Sale/(purchase) of financial assets		1,399	8,450	1,400	8,589
Acquisition & payment of subsidiary		-	-	-	(1)
Net cash from/(used in) investing activities		1,298	7,404	1,299	8,492
Cash flows from financing activities					
Repayment from borrowings and leasing liabilities		(761)	-	(550)	-
Lease interest paid		(126)	-	(92)	-
Amounts received from issue of shares	18(a)	10,154	821	10,154	821
Cost of issue of shares	18(a)	(155)	-	(155)	-
Net cash from financing activities		9,112	821	9,357	821
Net increase/(decrease) in cash and cash equivalents held		**17,003**	**3,322**	**14,167**	**2,720**
Cash and cash equivalents at the beginning of the financial year		**11,514**	**8,192**	**10,053**	**7,333**
Cash and cash equivalents at the end of the financial year	21(a)	**28,517**	**11,514**	**24,220**	**10,053**

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

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

Consolidated	Note	Issued share capital $'000	Accumulated profits $'000	Share based payment reserve $'000	Total equity $'000
Balance as at 1 July 2018		36,301	3,526	76	39,903
Share capital net of transaction cost		821	-	-	821
Profit for the year		-	5,233	-	5,233
Recognition of share based payments		-	-	130	130
Balance at 30 June 2019		37,122	8,759	206	46,087
Share capital net of transaction cost		9,998	-	-	9,998
Profit for the year		-	7,636	-	7,636
Recognition of share based payments		-	-	299	299
Balance at 30 June 2020	18(a)	**47,120**	**16,395**	**505**	**64,020**

The Company	Note	Issued share capital $'000	Accumulated profits $'000	Share based payment reserve $'000	Total equity $'000
Balance as at 1 July 2018		36,301	3,374	76	39,751
Share capital net of transaction cost		821	-	-	821
Profit for the year		-	5,093	-	5,093
Recognition of share based payments		-	-	130	130
Balance at 30 June 2019		37,122	8,467	206	45,795
Share capital net of transaction cost		9,998	-	-	9,998
Profit for the year		-	7,659	-	7,659
Recognition of share based payments		-	-	299	299
Balance at 30 June 2020	18(a)	**47,120**	**16,126**	**505**	**63,751**

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

1 Statement of Significant Accounting Policies

Noble Oak Life Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The Company's registered office is Level 7, 66 Clarence Street, Sydney NSW, 2000. These consolidated financial statements comprise the Company, its subsidiaries and controlled entities (together referred to as the "Group"),

The Group is a for-profit entity and is primarily involved in the sale and management of life insurance products.

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.

In 2020 the Company has adopted new guidance for the recognition of leases. The new Standard has been applied using the cumulative catchup approach, with the cumulative effect of adoption as at 1 July 2019 being recognised as a single adjustment and not impacting comparative figures.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars ('000), unless otherwise stated.

Controlled Entities

Controlled entities, which make up the Group are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. A list of controlled entities is summarised in Note 26.

Going concern

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

1 Statement of Significant Accounting Policies (cont.)

Change in accounting policy

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 – Leases.

The adoption of this new standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except those identified as low-value or having a remaining period of less than 12 months from the date of initial application.

The new Standard has been applied using the cumulative catchup approach, with the cumulative effect of adoption as at 1 July 2019 being recognised as a single adjustment and not impacting comparative figures.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and has not applied AASB 16 to arrangement that were previously not identified as a lease under IAS 17.

The Company has elected not to include initial direct cost in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being the 1 July 2019. As at this date the Group has elected to measure the right-of-use asset at an amount equal to the remaining lease liability.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemption to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease period.

On transition to AASB 16 the weight average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.8%.

The following is a reconciliation of the financial statement line items from IAS 17 to AASB 16 at 1 July 2019.

	Carrying amount 30 June 2019	**Reclassification**	**Remeasurement**	**AASB 16 Carrying amount 1 July 2019**
	$'000	**$'000**	**$'000**	**$'000**
Office Equipment	1,135	-	-	1,135
Right-of-use assets (Office Premises)	-	-	3,042	3,042
Lease Liability	-	-	(3,042)	(3,042)
Total Plant & Equipment	1,135	-	-	1,135

1 Statement of Significant Accounting Policies (cont.)

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019.

	$'000
Total Operating Lease commitments disclosed 30 June 2019	3,309
Operating Lease liability before discounting	3,309
Discounting using incremental borrowing rate	(267)
Total Lease liability recognised under AASB 16 at 1 July 2019	3,042

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial instruments' – The Company is taking the deferral approach and will be implement at the same time as AASB 17 'Insurance contracts'	1 January 2021	30 June 2023
AASB 17 'Insurance contracts' will replace AASB 1038.	1 January 2022	30 June 2023

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 for financial year ends beginning on 1 January 2022. The IASB originally proposed that this would be effective from 2021, however, in June 2019 tentatively agreed to delay the effective date by one year to periods beginning on or after 1 January 2022. The Directors of the Company anticipate that the application of IFRS 17 in the future is likely to have a material impact on the amounts reported and disclosures made in the company and consolidated financial statements. The Company is currently evaluating the standard and its impacts to determine the implementation roadmap. It is not possible to provide a reasonable estimate of the effect of IFRS 17 at this time.

AASB 9 'Financial Instruments'

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

1 Statement of Significant Accounting Policies (cont.)

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NobleOak Life Limited) and the subsidiaries. Subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary is provided in Note 26.

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

Business combinations

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

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

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

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

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

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.

1 Statement of Significant Accounting Policies (cont.)

(a) Goodwill (cont.)

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

Goodwill on acquisitions of subsidiaries is included in intangible assets.

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

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

(b) Cash and cash equivalents

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

(c) Employee benefits

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

(d) Fair value estimation

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

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

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

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

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

1 Statement of Significant Accounting Policies (cont.)

(e) Financial instruments

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

Financial assets

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

Financial liabilities

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

Financial instruments designated as fair value through profit or loss

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

(f) Policyholders' and members' funds

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

(g) Goods and services tax

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

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

(h) Impairment of assets

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

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

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

(i) Receivables

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

1 Statement of Significant Accounting Policies (cont.)

(j) Income tax

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

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

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

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

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

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

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

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

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

Tax Consolidation

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

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

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

1 Statement of Significant Accounting Policies (cont.)

(j) Income tax (cont.)

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

(k) Payables

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

(l) Financial statements presentation

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

(m) Plant and equipment

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

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

Depreciation

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

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

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

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets of the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

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

(n) Provisions

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

1 Statement of Significant Accounting Policies (cont.)

(o) Revenue recognition

Management fee revenue

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

Premium income

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

i) Life Insurance contracts

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

ii) Life investment contracts

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

Interest revenue

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

Commission revenue

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

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

(p) Loans and receivables

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

(q) Intangibles

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

1 Statement of Significant Accounting Policies (cont.)

(r) Leases

Accounting policy applicable from 1 July 2019

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has a right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has a right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct cost incurred by the Company and an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairments when such indications exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available of the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss on a straight line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant & equipment and lease liabilities have been included in lease liabilities.

1 Statement of Significant Accounting Policies (cont.)

(r) Leases (cont.)

Accounting policy applicable before 1 July 2019

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

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

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

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

(s) Claims expense

i) Life Insurance contracts

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

ii) Life investment contracts

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

(t) Basis of expense apportionment

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

The apportionment process is adopted by applying the following methodology:

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

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

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

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

1 Statement of Significant Accounting Policies (cont.)

(u) Life investment contract liabilities

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

i) Deposit component

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

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

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

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

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

ii) Revenue component

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

Accounting standards define this part as the Management Services Element.

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

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

(v) Life Insurance contract liabilities

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

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

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

1 Statement of Significant Accounting Policies (cont.)

(w) Policy acquisition costs

Life Insurance contracts

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

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

(x) Outward reinsurance expense

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

(y) Asset backing of policy liabilities

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

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

(z) Share-based payment arrangements

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

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

2 Critical accounting judgements and estimates

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

(a) Life insurance contract liabilities

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

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

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

(b) Assets arising from reinsurance contracts

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

(c) Fair value of financial instruments

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

2 Critical accounting judgements and estimates (cont.)

(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.

(e) Impairment of non-financial assets

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

(f) COVID-19

In response to COVID-19, NobleOak, with the support of our appointed actuary has prepared scenarios which consider the implications of unfavourable claims experience, reduced sales and increased lapses on the portfolio. In line with the rest of the industry, NobleOak expect that increases to income protection mental health claims will result due to the indirect effects of the pandemic.

The calculated stress testing scenarios which have been used are based on two possibilities. Scenario one is that the Federal Government's measures are highly successful, with the economy having a relatively swift return to strength, with Scenario Two being a more material impact to the economy.

The results for the year ended 30 June 2020 include additional best estimate reserves for potential COVID-19 related claims. The implications of the pandemic however remains highly uncertain.

3 Profit from continuing operation

	Consolidated		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
The profit from operations includes the following items of income and expense:				
(a) i) Net Insurance Premium Revenue				
Premium revenue from insurance contracts	105,567	71,675	96,065	64,744
Less: Deposits recognised as an increase in policy liabilities	(5,792)	(2,655)	(5,792)	(2,655)
	99,775	69,020	90,273	62,089
Less: Outward reinsurance expense	(63,530)	(42,115)	(63,530)	(42,115)
	36,245	26,905	26,743	19,974

NobleOak's in-force premium as at 30 June 2020 in active benefit funds was $109,546,568 ($59,946,121 as at 30 June 2019). In-force premiums in closed benefit funds as at 30 June 2020 was $18,856,993 ($22,134,517 as at 30 June 2019). NobleOak does not generate material net premium revenue from closed benefit funds, therefore the premium reduction shown does not impact on trading results. From 1 June 2019, NobleOak generated revenue from the closed benefit funds to support the administration cost of managing the run-off to these policies.

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

3 Profit from continuing operation (cont.)

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
ii) Investment Revenue				
Interest & investment revenue	303	438	269	429
Increase in market value of investments	277	675	277	675
Dividends received	-	-	1,000	-
	580	1,113	1,546	1,104
iii) Net commissions from reinsurers				
Commissions received from reinsurers	61,050	17,803	61,050	17,803
Commissions paid to distributors	(58,312)	(17,345)	(58,312)	(17,345)
	2,738	458	2,738	458
iv) Fees & Other Revenue				
Management fees & administration fees	8,681	1,777	6,852	4,469
	8,681	1,777	6,852	4,469

(b) Expenses

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

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
i) Claims Expenses				
Claims payments	21,800	16,214	21,800	16,214
Claims expense reserve	1,349	572	1,349	572
Less: Reinsurance claims recovery	(19,333)	(14,464)	(19,333)	(14,464)
	3,816	2,322	3,816	2,322

3 Profit from continuing operation (cont.)

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
ii) Policy Acquisition Costs				
Commission	8,747	9,536	6,136	7,221
Stamp duty	2,567	1,350	2,567	1,350
Underwriting & medical costs	2,152	1,314	2,152	1,314
Marketing & promotion	9,243	10,356	9,243	10,356
Salary & employee benefits	5,653	5,144	5,653	5,144
Printing, postage, stationery & IT expenses	696	567	696	567
Depreciation and amortisation	44	141	44	141
Other acquisition cost	377	419	377	419
Movement in deferred acquisition costs	(18,677)	(19,915)	(18,677)	(19,915)
	10,802	8,912	8,191	6,597
iii) Administration expenses				
Administration expenses include the following expenses:				
Depreciation	1,214	28	646	28
Amortisation	-	187	-	187
Payments regarding premises	290	559	28	513
Professional services & advisers	1,063	1,432	838	1,065
Marketing & Promotion	1,855	319	1,855	319
Printing, postage, stationery, telephone & IT expenses	3,681	1,718	1,546	1,232
Loss on disposal of assets	-	393	-	393
Board & committee costs	473	254	433	254
Insurance	235	114	138	114
Bank charges	502	475	341	342
Management fees	87	48	3,746	566
Other expenses	520	437	363	336
Remediation expenses provision	1,000		-	-
	10,920	5,964	9,934	5,349

Remediation expenses provision relate to the cost associated with remediation activities, in line with the Hayne Royal Commission, relating to the sales practices of Freedom Insurance Group, the administration of the Freedom and Rewards benefit funds between April 2014 and June 2017. NobleOak has an agreement with its partner that limits NobleOak's contribution to the cost of the remediation program.

4 Income taxes

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
(a) The components of tax expense comprise:				
Current tax	3,577	689	2,647	542
Deferred tax	(592)	1,492	(93)	1,578
	2,985	2,181	2,554	2,120
(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% (2019: 30%)	3,186	2,224	3,064	2,164
Add:				
Tax effect of:				
Members Liability	(137)	43	(137)	43
Non-deductible depreciation & amortisation	377	107	207	107
Non-deductible capital loss	0	78	-	78
Non-deductible expenses	25	10	15	10
Under/(over) provision of prior year income tax	-	-	-	-
	265	238	85	238
Less Tax Effect of:				
Deductible expenses	377	71	207	71
Non assessable other income	89	210	388	211
	466	281	595	282
Income tax expense attributable to profit for the year	2,985	2,181	2,554	2,120

Depreciation and amortisation are first written back as non-deductible until examined using taxation law principals. On examination if deductible they are included in Deductible expenses adjustment. In 2020 all amounts were deductible.

5 Remuneration of auditors

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Audit of the financial report – current year	165	154	141	118

The auditor of the Company is Deloitte Touche Tohmatsu.

6 Earnings per share

	Consolidated 2020	Consolidated 2019
Earnings per share (cents)		
Basic earnings (cents)	13.58	10.03
Diluted earnings (cents)	13.32	9.78

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:

	2020	2019
Profit for the year attributable to owners of the Company ($'000)	7,636	5,233
Earnings used in the calculation of basic earnings per share ($'000)	7,636	5,233
Weighted average number of ordinary shares for the purpose of basic earnings per share	56,211,247	52,180,564

Diluted earnings per share

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

	2020	2019
Profit for the year attributable to owners of the Company ($'000)	7,636	5,233
Earnings used in the calculation of total diluted earnings per share ($'000)	7,636	5,233

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:

	2020	2019
Weighted average number of ordinary shares used in the calculation of basic earnings per share	56,211,247	52,180,564
Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan	1,132,032	1,313,146
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	57,343,279	53,493,710

7 Receivables

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables	8,818	5,410	8,432	1,515
GST receivable	2,070	6,978	2,266	955
Other receivables – related party	-	-	1,415	1,540
	10,888	6,108	12,113	4,010
Maturity analysis:				
Current	10,888	6,108	12,113	4,010
Non-current	-	-	-	-
	10,888	6,108	12,113	4,010

8 Financial assets

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial assets held at cost:				
Shares in Subsidiary	-	-	151	151
Financial assets held at fair value through profit or loss:				
Bank bills and term deposits	7,865	9,263	7,728	9,126
Fixed interest investment	3,993	3,716	3,993	3,716
	11,858	12,979	11,872	12,993
Maturity analysis:				
Current	7,865	9,263	7,728	9,126
Non-current	3,993	3,716	4,144	3,867
	11,858	12,979	11,872	12,993
Level 1 Bank bills and term deposits	7,865	9,263	7,728	9,126
Level 2 Fixed interest Investment	3,993	3,716	3,993	3,716
Level 3	-	-	-	-
	11,858	12,979	11,721	12,842

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.

9 Other assets

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Prepayments	892	534	529	305
Other	-	14	-	14
	892	548	529	319
Maturity analysis:				
Current	892	548	529	319
Non-current	-	-	-	-
	892	548	529	319

10 Plant and equipment

	Consolidated			The Company		
	Office Premises (Subject to Operating Lease)	Office Equipment	Total Plant & Equipment	Office Premises (Subject to Operating Lease)	Office Equipment	Total Plant & Equipment
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at 1 July 2019	-	1,331	1,331	-	381	381
Introduction of right-of-use asset per IRS 16	3,042		3,042	2,209		2,209
Additions	-	101	101	-	101	101
Balance at 30 June 2020	3,042	1,432	4,474	2,209	482	2,691
Accumulated depreciation						
Balance at 1 July 2019	-	(196)	(196)	-	(196)	(196)
Depreciation expense	(849)	(409)	(1,258)	(617)	(72)	(689)
Balance at 30 June 2020	(849)	(605)	(1,454)	(617)	(268)	(885)
Net book value						
As at 30 June 2019	-	1,135	1,135	-	185	185
As at 30 June 2020	2,193	827	3,020	1,592	214	1,806

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.

There are no contractual commitments to acquire buildings subject to operating lease as at 30 June 2020 (2019: none)

Included in the net carrying amount of plant and equipment are right-of-use assets as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Office Premises	2,193	-	1,592	-
	2,193	-	1,592	-

11 Deferred tax asset

The balance comprises temporary difference attributable to:

	Consolidated		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Amounts recognised in profit & loss:				
Asset impairments	555	555	555	555
Accrued expenses	765	217	427	183
Employee entitlement provision	260	218	-	147
Prior year tax losses	29	29	-	-
Intangibles	84	119	78	119
Share capital issue costs	96	59	96	59
	1,789	1,197	1,156	1,063
Movement:				
Opening balance as at beginning of year	1,197	2,688	1,063	2,641
Charged to income statement	592	(1,492)	93	(1,578)
Tax loss transferred from subsidiary	-	-	-	-
Closing balance as at end of year	1,789	1,197	1,156	1,063

Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

12 Intangibles

	Consolidated $'000	The Company $'000
Gross carrying amount		
Balance at 1 July 2019	150	-
Write offs	-	-
Balance as at 30 June 2020	150	-
Accumulated amortisation		
Balance at 1 July 2019	-	-
Write offs	-	-
Amortisation expense	-	-
Balance at 30 June 2020	-	-
Net book value		
As at 30 June 2019	150	-
As at 30 June 2020	150	-

The Intangible represents goodwill in NobleOak Services Limited.

13 Payables

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Payables – Related parties	-	-	1,212	339
Sundry creditors	17,729	7,605	16,838	6,970
Accruals	3,025	2,174	1,338	1,864
Contract Liability	2,239	3,883	-	-
Other payables	301		246	
	23,294	13,662	19,634	9,173
Maturity analysis:				
Current	23,294	13,662	19,634	9,173
Non-current	-	-	-	-
	23,294	13,662	19,634	9,173

14 Lease Liabilities

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Lease liabilities	2,281	-	1,660	-
Maturity analysis:				
Current	826	-	600	-
Non-current	1,455	-	1,060	-
	2,281	-	1,660	-

The Company has leases for their office facility on Level 1 and 7, 66 Clarence Street Sydney. With the exception of short-term leases and leases of low value, each lease is reflected on the balance sheet as a right-of-use assets and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property plant and equipment (see Note 10). Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases have an option to extend to a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases of office facilities, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure aspects of the right-of-use asset and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	No. of right-of-use assets leased	Range of remaining terms	Average remaining lease term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office Facilities	2	2.5 years	2.5 years	2	-	2	-

14 Lease Liabilities (cont.)

The lease liabilities are secured by the related underlying assets and the bank guarantees listed as Contingent Liabilities in Note 2. Future minimum lease payments as 30 June 2020 were as follows.

30 June 2020	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	After 5 years $'000	Total $'000
Lease Payments	914	946	563	-	-	-	2,423
Finance Charges	(88)	(47)	(7)	-	-	-	(142)
Net present value	826	899	556	-	-	-	2,281
30 June 2019							
Lease Payments	887	914	946	563	-	-	3,310
Finance Charges	(126)	(88)	(47)	(7)	-	-	(268)
Net present value	761	826	899	556	-	-	3,042

Total cash outflows from leases for the year ended 30 June 2020 was $887,068.
Additional information on the right-of use assets by class of assets is as follows:

30 June 2020	Carrying amount (Note 10) $'000	Depreciation Expense $'000	Impairments $'000
Office Facilities	2,193	(849)	-

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

15 Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Provision for income tax	3,933	999	3,933	999
Employee benefits	868	718	-	491
	4,801	1,717	3,933	1,490
Maturity analysis:				
Current	4,536	1,465	3,933	1,344
Non-current	265	252	-	146
	4,801	1,717	3,933	1,490

16 Policy & member liabilities

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	(27,835)	(12,565)	(27,835)	(12,565)
Allocations to policyholders/members	(10,286)	(16,137)	(10,286)	(16,137)
(Decrease)/increase in value expensed in the financial year (pre tax) (i)	1,395	1,177	1,395	1,177
(Decrease)/increase in value expensed in the financial year (tax in relation to Profit Share)	(556)	(310)	(556)	(310)
Balance at end of financial year	(37,282)	(27,835)	(37,282)	(27,835)

(i) 2019 and 2020 increase/(decrease) in value expensed in the financial year relates to bonus and other benefits allocated to members.

Being:				
Gross policy liabilities	(4,337)	(8,353)	(4,337)	(8,353)
Less gross policy liabilities ceded under reinsurance	(32,945)	(19,482)	(32,945)	(19,482)
Net policy & members liability/(asset)	(37,282)	(27,835)	(37,282)	(27,835)

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

Value of future life insurance contract benefits net of reinsurance	8,379	7,134	8,379	7,134
Value of future acquisition expense net of reinsurance	(48,256)	(36,268)	(48,256)	(36,268)
Life insurance contract holders' bonus	2,595	1,299	2,595	1,299
Net policy members liability/(asset)	(37,282)	(27,835)	(37,282)	(27,835)

17 Accumulated profits

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	8,758	3,526	8,467	3,374
Net profit from operation after income tax	7,636	5,233	7,659	5,093
Balance at end of financial year	16,394	8,759	16,126	8,467

18 Share capital

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(a) Issued share capital				
Fully paid ordinary shares	47,120	37,122	47,120	37,122

Movement in issued share capital

Company & Consolidated

Ordinary Shares	**Number of Shares**	**Issue Price**	**$ Value ('000)**
Opening Balance 1 July 2018	51,571,096		36,301
Ordinary Share – Staff share scheme (i)	27,684	1.30	36
Ordinary Shares – Directors Options Exercised December 2018 (ii)	320,000	0.54	173
Ordinary Shares – Performance Options Exercised December 2018 (iii)	379,500	0.54	205
Ordinary Shares – Performance Options Exercised March 2019 (iv)	542,500	0.75	407
Less Transaction cost			-
Balance 30 June 2019	52,840,780		37,122
Ordinary Share – Sophisticated investors – Nov 19 (v)	3,877,735	1.55	6,009
Ordinary Shares – Staff share scheme (i)	68,370	1.55	106
Ordinary Shares – Sophisticated investors – Feb 20 (vi)	2,580,645	1.55	4,000
Ordinary Shares – Employee Options – Exercised March 2020 (vii)	50,000	0.75	38
Less Transaction cost			(155)
Balance 30 June 2020	59,417,530		47,120

(i) Ordinary Shares issued to employees under the Employee Share Purchase Plan, the shares were issued at the then market rate. A new Employee Share Plan issue was undertaken in Feb 2020, in addition to the issue in August 2018.
(ii) Options issued to Directors in the 2013 Premium Options plan have been exercised.
(iii) Options issued to Directors with Performance criteria in the 2013 Premium Options plan have been exercised.
(iv) Options issued to CEO with Performance criteria in the 2015 Premium Options plan have been exercised.
(v) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in November 2019.
(vi) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in February 2020.
(vii) Options issued to employees in the 2015 Premium Options Plan (staff) have been exercised.

18 Share capital (cont.)

(b) Share based payment reserve

	Number of Options/Rights	$ Value ('000)
Opening Balance 1 July 2018	1,384,692	77
2013 Premium Option Plan exercised – Performance based (i)	(922,000)	-
Ordinary Shares – 2017 Long Term Incentive Rights (ii)	(18,803)	(5)
2013 Premium Option Plan exercised – Directors (iii)	(320,000)	-
Ordinary Shares – 2018 Long Term Incentive Rights (iv)	58,333	104
Option Plan 2019 – IPO (v)	1,225,468	30
Balance 30 June 2019	1,407,690	206
2015 Premium Option Plan (Staff) exercised (vi)	(50,000)	(2)
Option Plan 2019 – IPO (v)	(294,808)	150
Ordinary Shares – 2017 Long Term Incentive Rights (iii)	19,424	20
Ordinary Shares – 2018 Long Term Incentive Rights (iv)	34,570	40
Ordinary Shares – 2019 Long Term Incentive Rights (vi)	58,710	91
Balance 30 June 2020	1,175,586	505

Options/rights plan	**Number**	**Grant date**	**Expiry date**	**Exercise price**
Expired				
(1) 2013 Premium Option Plan	699,500	19/12/2013	19/12/2018	0.54
(2) 2015 Premium Option Plan (CEO)	542,500	18/03/2015	11/03/2019	0.75
(3) 2015 Premium Option Plan (Staff)	50,000	18/03/2015	11/03/2020	0.75
Current				
(4) 2016 Premium Option Plan	35,000	01/12/2016	01/07/2020	1.045
(5) 2017 Performance Rights Plan	58,313	03/11/2017	n/a	Nil
(5) 2018 Performance Rights Plan	92,903	23/06/2019	n/a	Nil
(6) Senior Management & Leadership Team Option Plan (v)	1,225,468	01/06/2019	31/12/2022 & 31/12/2023	1.30
(7) 2019 Performance Rights Plan	58,710	20/12/2019	n/a	Nil

18 Share capital (cont.)

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

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

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

(iv) A 2018 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2021. This reserve is a provision for the potential shares earned to date based on current year's results. These rights were reviewed by the Board and reissued in line with an independent review (by AON) completed during the year. During the 2020 year the expected rights issue increased from that estimated in 2019.

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

(vi) A 2019 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2022. This reserve is a provision for the potential shares earned to date based on current year's results.

19 Related party disclosures

(a) Key management personnel remuneration

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

Non Executive Directors

Mr E A Feyzeny, appointed 24 February 2011

Mr K Hamman, appointed 27 January 2011

Mr S J Harrison, appointed 27 January 2011

Mr M Edwards, appointed 26 October 2016 resigned 3 June 2020

Ms I I Kingsmill, appointed 3 December 2019

Mr A J Boldeman, appointed 3 June 2020

Executive Director and Key Personnel

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

Mrs P Priest – Chief Operations Officer, appointed 25 September 2017, resigned 12 December 2019

Mr S Pearson – Chief Financial Officer and Company Secretary, appointed 11 February 2019 and 25 March 2020 respectively

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

Mr M Minney – Head of Claims and Operations, joined the Company in September 2016 and appointed as part of Key Management Personnel from 1 July 2019

19 Related party disclosures (cont.)

(a) Key management personnel remuneration (cont.)

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

	Consolidated		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non Executive Directors				
Short-term employee benefits	457	213	418	213
Post-employment benefits	17	19	16	19
	474	232	434	232
Executive Directors and Key Personnel				
Short-term employee benefits	1,858	1,592	1,451	1,533
Post-employment benefits	74	57	48	57
	1,932	1,649	1,499	1,590
Total	2,406	1,881	1,933	1,822

b) Shares issued to Directors or Associates of Directors

Details of the shares held by Directors or their Associates are included in the 2020 Directors Report.

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

The Company undertook 2 rounds of capital raising activities during the year seeking sophisticated investors In November 2019 and February 2020 issuing a total of 6,458,380 shares at $1.55 per share raising $10,010,489 in capital. Directors and their associates subscribed for the 1,880,606 shares in the November 2019 issue.

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

Directors Name	Related Entity (where applicable)	Nov 19 sophisticated investor capital raising
Mr A R Brown		17,231
Mr A R Brown	Brohok Investments Pty Ltd	217,927
Mr A J Boldeman	Representative of Avant Group Holdings Limited	1,645,448

19 Related party disclosures (cont.)

(c) Options issued to Directors

No new options were issued to Directors during the financial year ended 30 June 2020.

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

(d) Performance Rights Plan

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

Year	Full Entitlement	Accrued to balance date
2017	191,818	58,322
2018	281,062	58,548
2019	208,064	37,154

(e) Other transactions with Directors

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

20 After balance date events

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

COVID-19

In a COVID-19 context, the Group notes the recent developments in Victoria, including the declaration of a State of Disaster with effect from 2 August 2020, where the related business effects remain highly uncertain.

21 Notes to the statement of cash flow

(a) Reconciliation of cash and cash equivalents

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

	Consolidated		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash and cash equivalents (i)	28,517	11,514	24,220	10,053

(i) The Consolidated balance includes restricted cash held in the trust account of the subsidiary, as a Trustee of My Protection Plan of $423,302 (2019: $456,287)

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

Profit after tax	7,636	5,233	7,659	5,093
Depreciation of non-current assets	1,258	69	689	69
Amortisation of intangible assets	-	287	-	287
Loss on Sale or disposal of Investments	-	393	-	393
Expense related to Share Based Payment Reserve	298	130	298	130
Decrease/(increase) in market value of investments	(277)	(675)	(277)	(675)
(Decrease) in policy liabilities	(9,447)	(15,270)	(9,447)	(15,270)
Lease interest expense	126		92	-
Decrease in assets:				
Receivables	(4,781)	(2,919)	(8,103)	(1,397)
Other assets	(937)	1,403	(303)	1,517
Increase in liabilities:				
Payables	9,633	5,105	10,460	2,147
Provisions	3,084	1,341	2,443	1,113
Net cash from operating activities	6,593	(4,903)	3,511	(6,593)

22 Financial risk management

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

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

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

(a) Interest rate risk

The following table details the Consolidated Group's exposure to interest rate risk at 30 June 2020 and 2019:

2020	Weighted average effective rate	Less than 1 year	Between 1 & 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	1%	28,517	-	-	28,517
Bank bills and term deposits	2.5%	7,865	-	-	7,865
Fixed interest investments	5%	-	-	3,993	3,993
Trade receivables	0%	10,888	-	-	10,888
		47,270	-	3,993	51,263
Financial Liabilities					
Trade payables	0%	23,294	-	-	23,294
		23,294	-	-	23,294

22 Financial risk management (cont.)

(a) Interest rate risk (cont.)

2019	Weighted average effective rate	Less than 1 year	Between 1 & 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	1%	11,514	-	-	11,514
Cash on term deposit	2.5%	9,263	-	-	9,263
Fixed interest investments	5.4%	-	-	3,716	3,716
Trade receivables	0%	6,108	-	-	6,108
		26,885	-	3,716	30,601
Financial Liabilities					
Trade payables	0%	12,712	-	-	12,712
		12,712	-	-	12,712

(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.

22 Financial risk management (cont.)

(d) Liquidity risk

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

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

(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 2020, 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:

	2020 $'000	2019 $'000
Change in net profit		
- Increase in interest rate by 2%	242	374
- Decrease in interest rate by 2%	(242)	(374)
Change in Equity		
- Increase in interest rate by 2%	242	374
- Decrease in interest rate by 2%	(242)	(374)

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

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

(f) Capital risk management

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

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

22 Financial risk management (cont.)

(g) Life Insurance risk

Life insurance risk consists of all aspects of the risk arising from the underwriting of insurance risk. The Group ensures that the insurance risk is controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, effective claims management procedures and sound product terms and conditions due diligence. The Group purchases reinsurance to limit its exposure to accepted insurance risk. It cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provides protection against large losses. The reinsurers used are regulated by the Australian Prudential Regulation Authority (APRA) and are members of large international groups with sound credit ratings.

23 Information on the Company's operations

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

24 Additional information

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

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

25 Contingent liabilities

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

26 Interests in subsidiaries

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

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2020 %	2019 %
NobleOak Services Limited	Sydney, Australia	100%	100%
Genus Life Insurance Services Pty Ltd	Sydney, Australia	100%	100%
NobleOak Aspire Pty Ltd	Sydney, Australia	100%	100%

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

27 Details of Benefit Funds' income statements for the year ended 30 June 2020

	Management Fund	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	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue											
Insurance premium revenue	-	-	28,966	2,235	17,056	18,711	3,864	-	19,441	-	90,273
Less reinsurance payment	-	-	(18,210)	(1,495)	(11,689)	(10,912)	(1,896)	-	(19,328)	-	(63,530)
Net premium revenue	-	-	10,756	740	5,367	7,799	1,968	-	113	-	26,743
Investment income	1,045	295	143	1	4	35	14	1	8	-	1,546
Net commissions from reinsurers	-	-	203	(3)	(719)	589	-	-	2,668	-	2,738
Other Revenue	10,020	-	-	-	-	-	-	-	-	(3,168)	6,852
Claim expense – net of reinsurance recoveries	-	-	(3,544)	-	-	(83)	(97)	-	(92)	-	(3,816)
Acquisition costs	-	-	945	(286)	(1,220)	(4,769)	(1,357)	-	(1,503)	-	(8,190)
Members liability revaluation		458	-	-	-	(1,852)	-	(1)	-	-	(1,395)
Fees to management fund	-	(50)	(920)	(435)	(3,314)	(1,587)	(205)	-	(403)	3,168	(3,746)
Other expenses	(10,206)	-	-	(16)	(114)	(118)	(25)	-	(40)	-	(10,519)
Profit/(loss) before tax	859	703	7,583	1	4	14	298	-	751	-	10,213
Income tax expense	41	-	(2,275)	-	(1)	(5)	(89)	-	(225)	-	(2,554)
Profit/(loss) after tax	900	703	5,308	1	3	9	209	-	526	-	7,659
Unallocated surplus at 30 June 2019	(27,640)	549	34,410	2	23	328	341	-	454	-	8,467
Transfer to Benefit Funds	(7,330)	-	7,650	-	-	80	-	-	(400)	-	-
Unallocated surplus at 30 June 2020	(34,070)	1,252	47,368	3	26	417	550	-	580	-	16,126

PPS Benefit Fund members distribution recognition – There has been a voluntary change to how the total cost associated with the PPS benefit fund after tax bonus distribution is recognised in the operating results of the Group. The Company now recorded the grossed-up members bonus payment including the associated income tax expense as an operating cost of the benefit fund. (before it was the bonus payment without the associated tax cost). This change ensures a more accurate representation of the operating results of the fund and its impact on shareholders profits. This change to expense recognition increases the before tax profit by $556k in 2020 ($310k, 2019) and a reduces income tax expense by $556k in 2020 ($310k, 2019). Comparative figures below have been updated to account for this change. There is no impact to after tax profits, retained earnings or shareholders earning per share.

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

	Management Fund	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	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue											
Insurance premium revenue	-	-	23,079	2,371	20,285	10,879	2,496	-	2,979	-	62,089
Less reinsurance payment	-	-	(14,577)	(1,612)	(14,172)	(7,494)	(1,293)	-	(2,965)	-	(42,113)
Net premium revenue	-	-	8,502	759	6,113	3,385	1,203	-	14	-	19,976
Investment income	158	705	182	1	7	23	21	2	5	-	1,104
Net commissions from reinsurers	-	-	-	(46)	32	(445)	-	-	918	-	459
Other Revenue	7,036	-	(1)	-	-	-	-	-	-	(2.566)	4,469
Claim expense – net of reinsurance recoveries	-	-	(2,286)	-	-	912	(19)	-	(5)	-	(2,322)
Acquisition costs	-	-	1,796	(656)	(5,443)	(1,118)	(874)	-	(303)	-	(6,598)
Members liability revaluation	-	(142)	-	-	-	(1,034)	-	(1)	-	-	(1,177)
Fees to management fund	-	(100)	(1,797)	(37)	(532)	(666)	-	-	-	2,566	(566)
Other expenses	(7,825)	-	-	(20)	(170)	(86)	(21)	-	(10)		(8,132)
Profit/(loss) before tax	(631)	463	6,396	1	7	47	310	1	619	-	7,211
Income tax expense	95	-	(1,919)	-	(2)	(14)	(93)	(1)	(186)	-	(2,120)
Profit/(loss) after tax	(536)	463	4,477	1	5	33	217	-	433	-	5,091
Unallocated surplus at 30 June 2018	(14,904)	86	17,733	1	18	295	124	-	21	-	3,374
Transfer to Benefit Funds	(12,200)	-	12,200	-	-	-	-	-	-	-	-
Unallocated surplus at 30 June 2019	(27,640)	549	34,410	2	23	328	341	-	454	-	8,465

28 Details of Benefit Funds' balance sheet as at 30 June 2020

	Management Fund	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	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets											
Cash and cash equivalents	9,607	34	6,076	151	2,038	3,376	950	104	1,884	-	24,220
Receivables	9,366	4	617	77	279	5,936	39	-	3,587	(7,792)	12,113
Other assets	3,641	-	1	-	-	-	-	-	-	-	3,642
Bank Bills and Term Deposits	408	1,084	4,000	54	236	1,304	539	-	103	-	7,728
Fixed Interest Investment	-	3,993	-	-	-	-	-	-	-	-	3,993
Gross policy liabilities ceded under reinsurance	-	-	3,436	543	4,211	10,570	2,162	-	12,023	-	32,945
Total assets	23,022	5,115	14,130	825	6,764	21,186	3,690	104	17,597	(7,792)	84,641
Liabilities											
Payables	3,874	54	6,954	270	2,469	7,517	1,449	-	4,839	(7,792)	19,634
Other liabilities	5,593									-	5,593
Gross policy liabilities	-	3,809	(40,192)	552	4,269	13,252	1,691	104	12,178	-	(4,337)
Total liabilities	9,467	3,863	(33,238)	822	6,738	20,769	3,140	104	17,017	(7.792)	20,890
Net assets	13,555	1,252	47,368	3	26	417	550	-	580	-	63,751
Members' funds											
Issued capital	47,120	-	-	-	-	-	-	-	-	-	47,120
Share based payment reserve	505	-	-	-	-	-	-	-	-	-	505
Unallocated surplus	(34,070)	1,252	47,368	3	26	417	550	-	580	-	16,126
Total benefit members' funds	13,555	1,252	47,368	3	26	417	550	-	580	-	63,751

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

	Management Fund	Funeral Benefit Fund	Risk Fund No. I	Reward Insurance Benefit Fund	Freedom Insurance Benefit Fund	PPS Mutual Benefit Fund	Avant Benefit Fund	Blue Chip Endowment Assurance Fund	NEOS Benefit Fund	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets											
Cash and cash equivalents	1,825	30	2,318	58	1,256	2,367	831	104	1,266	-	10,054
Receivables	9,981	3	613	130	253	862	30	-	603	(8,462)	4,013
Other assets	1,716	-	-	-	-	-	-	-	-	-	1,716
Bank Bills and Term Deposits	400	1,106	6,163	53	231	546	526	-	100	-	9,125
Fixed Interest Investment	-	3,716	-	-	-	-	-	-	-	-	3,716
Gross policy liabilities ceded under reinsurance	-	-	6,605	436	4,054	5,901	852	-	1,634	-	19,482
Total assets	13,922	4,855	15,699	677	5,794	9,676	2,239	104	3,603	(8,462)	48,106
Liabilities											
Payables	2,744	-	8,090	229	1,642	2,106	1,394	-	1,430	(8,462)	9,173
Other liabilities	1,490	-	-	-	-	-	-	-	-	-	1,490
Gross policy liabilities	-	4,306	(26,801)	446	4,129	7,242	504	104	1,719	-	(8,352)
Total liabilities	4,234	4,306	(18,711)	675	5,771	9,348	1,898	104	3,149	(8,462)	2,311
Net assets	9,688	549	34,410	2	23	328	341	-	454	-	45,795
Members' funds											
Issued capital	37,122	-	-	-	-	-	-	-	-	-	37,122
Share based payment reserve	206	-	-	-	-	-	-	-	-	-	206
Unallocated surplus	(27,640)	549	34,410	2	23	328	341	-	454	-	8,467
Total benefit members' funds	9.688	549	34,410	2	23	328	341	-	454	-	45.795

29 Segment Information

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

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

Core

Partnership

Closed Funds

(a) 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.

(b) 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.

(c) 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Total revenue	21,246	14,080	13,193	5,124	5,687	7,572	40,126	26,776
Total expenses	(12,802)	(8,316)	(12,132)	(3,836)	(4,979)	(7,100)	(29,913)	(19,252)
Tax	(2,234)	(1,824)	(318)	(604)	(2)	(3)	(2,554)	(2,431)
Profit after tax	6,210	3,940	743	684	706	469	7,659	5,093

30 Capital Adequacy Requirements

2020	The Company $'000
(a) Capital Base	13,893
(b) Prescribed capital amount (1)	6,000
Capital in excess of prescribed capital amount = (a) - (b)	7,893
Capital adequacy multiple (%) (a) / (b)	231.55%
Capital Base comprises:	
Common Equity Tier 1 Capital	63,751
Regulatory adjustment applied in calculation of Tier 1 capital	(49,858)
(A) Common Equity Tier 1 Capital	13,893
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	13,893

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

30 Capital Adequacy Requirements (cont.)

2019	The Company $'000
(a) Capital Base	8,266
(b) Prescribed capital amount (1)	5,000
Capital in excess of prescribed capital amount = (a) - (b)	3,266
Capital adequacy multiple (%) (a) / (b)	165.32%
Capital Base comprises:	
Common Equity Tier 1 Capital	45,795
Regulatory adjustment applied in calculation of Tier 1 capital	(37,529)
(A) Common Equity Tier 1 Capital	8,266
Additional Tier 1 Capital	-
Regulatory adjustment applied in calculation of Additional Tier 1 capital	-
(B) Total Additional Tier 1 Capital	-
Tier 2 Capital	-
Regulatory adjustment applied in calculation of Tier 2 capital	-
(C) Total Tier 2 Capital	-
Total capital base	8,266

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

31 Capital Adequacy Requirements of Benefit Funds

2020	Risk Fund No. 1	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	PPS Mutual Benefit Fund	Avant Benefit Fund	Blue Chip Endowment Bond Fund	NEOS Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Management Fund
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Capital Base	2,488	276	53	469	690	-	756	1,253	5,986	7,906
(b) Prescribed capital amount	124	65	9	-	33	-	204	-	434	4,102
Capital in excess of prescribed capital amount = (a) - (b)	2,364	211	44	469	657	-	552	1,253	5,552	3,804
Capital adequacy multiple (%) = (a) / (b)	2006%	425%	589%		2091%		371%		1379%	193%
Capital Base comprises:										
Net Assets (including Seed Capital)	50,133	276	53	467	1,300	-	680	1,252	54,160	13,556
Regulatory adjustment applied in calculation of Tier 1 capital	(47,645)	-	-	2	(610)	-	76	1	(48,174)	(5,650)
(A) Net assets after applying any regulatory adjustments	2,488	276	53	469	690	-	756	1,253	5,986	7,906
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Regulatory adjustment applied in calculation of Tier 2 capital	-	-	-	-	-	-	-	-	-	-
(B) Total Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Total capital base	2,488	276	53	469	690	-	756	1,253	5,986	7,906
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	68	-	-	-	-	-	-	-	68	-
(D) Asset Risk Charge	92	65	9	-	33	-	203	-	402	628
(E) Asset Concentration Risk Charge	-	-	-	-	-	-	-	-	-	-
(F) Operational Risk Charge	-	-	-	-	-	-	-	-	-	3,474
(G) Aggregation benefit	35	-	-	-	-	-	-	-	35	-
(H) Combined scenario adjustment	-	-	-	-	-	-	-	-	-	-
(I) APRA approved transition amount under capital adequacy standards	-	-	-	-	-	-	-	-	-	-
Prescribed capital amount = (C) + (D) + (E) + (F) - (G) + (H) + (I)	125	65	9	-	33	-	203	-	435	4,102

31 Capital Adequacy Requirements of Benefit Funds (cont.)

2019	Risk Fund No. 1	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	PPS Mutual Benefit Fund	Avant Benefit Fund	Blue Chip Endowment Bond Fund	NEOS Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Management Fund
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Capital Base	1,353	273	52	379	671	-	630	551	3,909	4,356
(b) Prescribed capital famount	158	68	8	-	18	-	33	-	285	2,580
Capital in excess of prescribed capital amount = (a) - (b)	1,195	205	44	379	653	-	597	551	3,624	1,776
Capital adequacy multiple (%) = (a) / (b)	856%	398%	602%		3798%		1901%		1367%	169%
Capital Base comprises:										
Net Assets (including Seed Capital)	37,175	273	52	378	1,091	-	554	549	40,072	9,686
Regulatory adjustment applied in calculation of Tier 1 capital	(35,822)	-	-	1	(420)	-	76	2	(36,163)	(5,330)
(A) Net assets after applying any regulatory adjustments	1,353	273	52	379	671	-	630	551	3,909	4,356
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Regulatory adjustment applied in calculation of Tier 2 capital	-	-	-	-	-	-	-	-	-	-
(B) Total Tier 2 Capital	-	-	-	-	-	-	-	-	-	-
Total capital base	1,353	273	52	379	671	-	630	551	3,909	4,356
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	-	-	-	-	-	-	-	-	-	-
(D) Asset Risk Charge	158	69	8	-	18	-	33	-	286	595
(E) Asset Concentration Risk Charge	-	-	-	-	-	-	-	-	-	-
(F) Operational Risk Charge	-	-	-	-	-	-	-	-	-	1,985
(G) Aggregation benefit	-	-	-	-	-	-	-	-	-	-
(H) Combined scenario adjustment	-	-	-	-	-	-	-	-	-	-
(I) APRA approved transition amount under capital adequacy standards	-	-	-	-	-	-	-	-	-	-
Prescribed capital amount = (C) + (D) + (E) + (F) - (G) + (H) + (I)	158	69	8	-	18	-	33	-	286	2,580

32 Summary of Significant Actuarial Methods and Assumption

The effective date of the actuarial report on policy liabilities and solvency reserves calculation is 30 June 2020. The actuarial report was prepared by Ms. B. Cummings BEc (Hons) FIAA. The actuarial report indicates that Ms. B. Cummings is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

Valuation of Policy Liabilities

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

The policy liabilities for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund, the Neos Benefit Fund, the Freedom Fund and the Reward Fund have been calculated using an accumulation method. Under this method the policy liability is equal to the policies' Termination Value and an Acquisition Expense Recovery Component (which applies to Risk Fund No. 1 and the Avant Benefit Fund).

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 Acquisition Expense Recovery Component (also known as Deferred Acquisition Cost or DAC) refers to the costs incurred in order to acquire new business. As the benefits obtained from these costs are expected to be long term in nature, it is reasonable to defer the recognition of these costs to align with the benefits obtained. These acquisition costs are allocated to Risk Fund No. 1 and the Avant Benefit Fund in line with NobleOak's DAC Policy. The DAC is reduced by the amount of acquisition costs amortised and increased with acquisition costs incurred during the period. The amount of DAC amortised over the period is determined in accordance with Life Prudential Standard 340 issued by the Australian Prudential Regulation Authority and based upon the change in the present value of in-force premiums from the start of the period to the end of the period.

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.

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

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	1.78%
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	3.0%
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: 1.0%

Sensitivities

NobleOak conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. Interest rates sensitivities are discussed in note 22e. The valuations included in the reported results and best estimate of future performance are calculated using certain assumptions about these variables. The movement in any key variable may impact the reported results. The table below illustrates how outcomes during the financial year ended 30 June 2020 in respect of the key variables would have impacted on the net profit and shareholders equity.

	Change in Profit after Tax $'000	Change in Equity $'000
Claims Reserves		
- Increase by 10%	(182)	(182)
- Decrease by 10%	182	182
Maintenance Expenses		
- Increase by 10%	(1,602)	(1,602)
- Decrease by 10%	1,602	1,602
Lapse Rate		
- Increase by 10%	(338)	(338)
- Decrease by 10%	338	338
Policy Liability Discount Rate		
- Increase by 1%	(3,033)	(3,033)
- Decrease by 1%	3,033	3,033

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