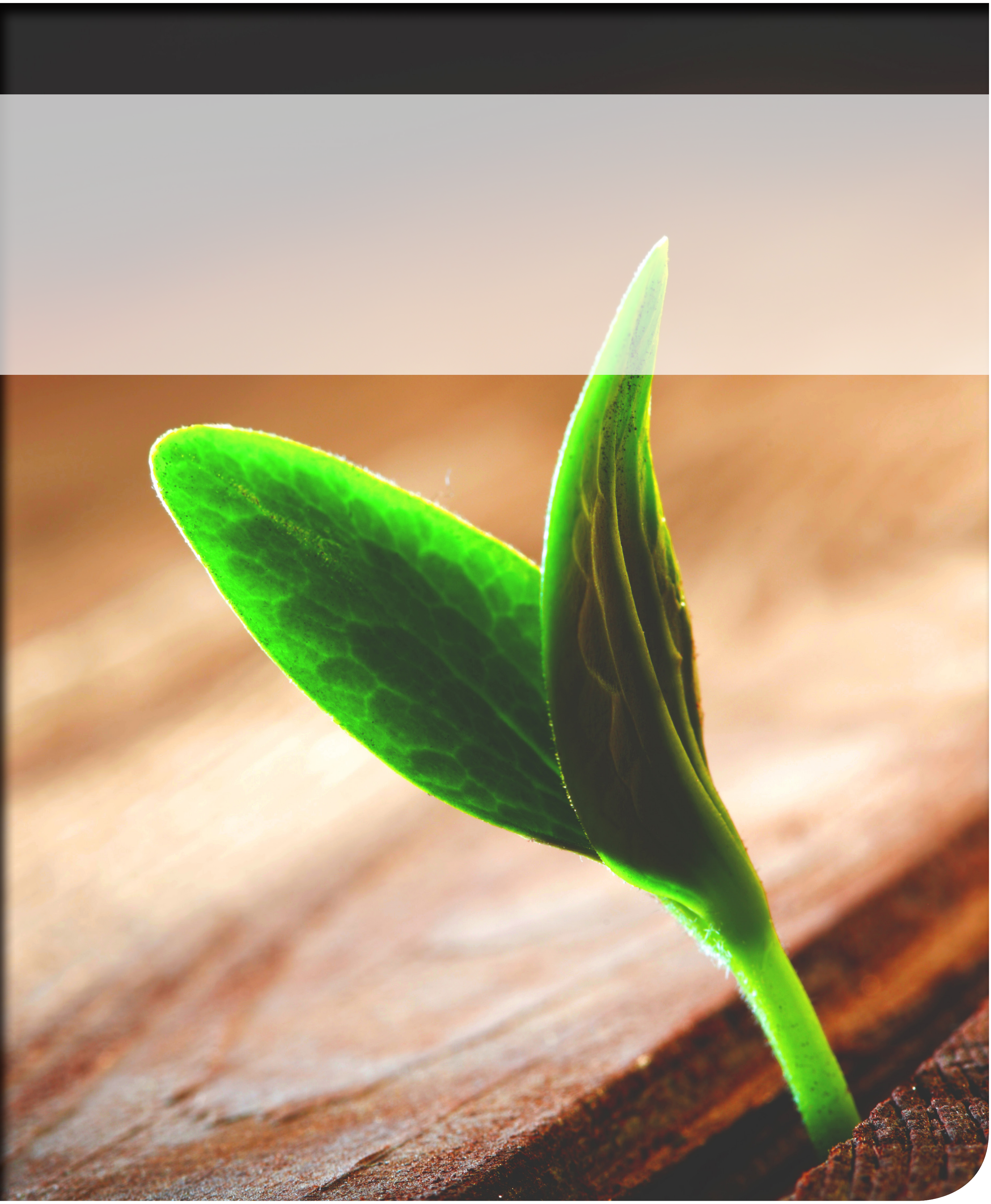

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CHAIRMAN'S REPORT

AUSTOCK GROUP CHAIRMAN'S REPORT

"In my report for 2012/13 I said that Austock was now a clearly focused business. This year confirms this. The positiveness I expressed in my Chairman's Report last financial year has been substantiated in the 2013/14 financial year. We finish the year with our operating cash position virtually unchanged, even after the predicted and substantial uplift in Austock Life's ("Life") distributional capabilities."

Our ability to scale up our operations has, as I predicted in my last report, clearly been achieved. The full year's result shows an improvement on that reported at the half year and we achieved the expected return to profitability and cash surplus in the second half.

Our existing operational capabilities now provide the opportunity to continue to scale up the business, and achieve substantial economies, at only a small incremental cost.

Life's performance has been outstanding and comprehensive details of that performance are given by its Managing Director in his report that follows. In summary Life increased its Bond Sales by 32% over the year and lifted its overall funds under management by 29% to $481 million. It has achieved a compound annual growth rate exceeding 25% over the past 3 years, significantly ahead of other participants in its market segment. Furthermore every Investment Bond Option achieved a positive result for the Bond holder.

On the Corporate side we have reduced corporate overheads and substantially improved and upgraded information technology. Our web capabilities and the ability to interface with our customers have substantially expanded. We have also reduced our risk profile. Our share price has increased from 16.5 to 23 cents between 30 June 2013 and 30 June 2014 and reached 29.5 cents at the date of this report. Further the franking of dividends has been restored with 2 cents in fully franked dividends paid in two tranches.

Austock's focus continues to be fixed on the emergence of economies and in achieving shareholder value through its share price and in a steady dividend program.

It is important to remind shareholders that Austock is a Pooled Development Fund and as such may offer unique tax benefits to its shareholders. Amongst these may be the exemption from capital gains on the sale of their shares and from income tax on dividends.

As we have done for the past two years we have included an unaudited "Summary of Results" on pages 6 to 9. This summary excludes the statutory benefit funds and more appropriately reflects what the shareholders earn and own.

Yours sincerely,

F.G. Beaumont

F. George. A Beaumont, QC
Independent Non-Executive Chairman
21 August 2014

SUMMARY OF RESULTS

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SUMMARY OF RESULTS

(UNAUDITED)

The Summary of Results excludes the statutory benefit funds of Austock Life Limited to reflect only the shareholders interest.

Austock reported a net loss after tax of $0.4 million for the financial year ended 30 June 2014. The profitability of the underlying business improved over the year with a breakeven performance achieved in the second half. This trend is due to the economies being generated from organic growth in funds under management (FUM).

	Notes	Half Year End 31 December 2013 Total $'000	Half Year End 30 June 2014 Total $'000	Full Year End 30 June 2014 Total $'000	Full Year End 30 June 2013 Total $'000
Life and Services	1	2 576	2 853	5 429	4 816
Other income		219	208	427	353
Total revenue		**2 795**	**3 061**	**5 856**	**5 169**
Personnel		(1 825)	(1 959)	(3 784)	(3 296)
Occupancy		(133)	(159)	(292)	(265)
Communication		(57)	(37)	(94)	(108)
Finance		(30)	16	(14)	(21)
Distribution costs		(820)	(946)	(1 766)	(1 602)
Marketing and promotional		(199)	(243)	(442)	(246)
Depreciation and amortisation		(40)	(54)	(94)	60
General administrative		(985)	(583)	(1 568)	(2 016)
Total expenses		**(4 089)**	**(3 965)**	**(8 054)**	**(7 494)**
Gross profit / (loss) before income tax		**(1 294)**	**(904)**	**(2 198)**	**(2 325)**
Austock life management fund benefit	2	869	921	1 790	1 319
Underlying profit / (loss) before tax		**(425)**	**17**	**(408)**	**(1 006)**
Gain on sale of property business	3	-	-	-	7 679
Impairment (expense)		(11)	-	(11)	(794)
Deferred tax (expenses)		(49)	14	(35)	(365)
One off benefit (expenses)	4	-	-	-	(1 103)
Profit / (loss) after tax continuing operations		**(485)**	**31**	**(454)**	**4 411**
Profit / (loss) after tax discontinuing operations	5	20	-	20	780
Statutory reported result after tax		**(465)**	**31**	**(434)**	**5 191**

BALANCE SHEET SUMMARY

	2014 $'000	2013 $'000
Cash and cash equivalents	9 891	10 791
Receivables	508	2 214
Property, plant and equipment	609	460
Life - goodwill	547	547
Other assets	327	629
Total assets	**11 882**	**14 641**
Payables	(221)	(253)
Provisions and other liabilities	(2 065)	(2 376)
Total liabilities	**(2 286)**	**(2 629)**
Net assets	**9 596**	**12 012**
Comprising:		
Tangible assets	8 877	11 405
Intangible assets	719	607
	9 596	**12 012**
Number of share used for NTA purposes	**99 188**	**99 188**
NTA per share (cents)	**8.9**	**11.5**

NOTES

Life revenue increased 25% due to another year of strong sales which saw Funds Under Management (FUM) grow by $107.4 million to $481million at 30 June 2014.

For income taxation purposes Austock Life is a single taxpayer comprising policyholder benefit funds and a central management or shareholder fund with all the company's assessable income, allowable deductions and tax offsets being pooled. The net tax position of the management fund component gives rise to this benefit.

The gain in the previous year represents the profit generated on the sale of the Property funds management business.

Various expenses incurred in the resolution and finalisation of outstanding issues, and in the rationalisation of remaining businesses.

The component of the group result contributed by the discontinued business of Property funds management which was sold in September 2012.

MANAGING DIRECTOR'S REPORT

As the Imputation Bond passes its 10th anniversary and its first Bond Owners begin enjoying their investments' most tax-effective post 10-year phase - 2014 also marks over $600 million being invested into this, our flagship product, since its inception in 2004. Amidst these achievements, we take great satisfaction that Austock Life is the driving force behind the rebirth of the insurance bond sector.

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AUSTOCK LIFE
MANAGING DIRECTOR'S REPORT

"Our 2013/14 financial year results cement and underpin the positive outlook for Austock Life with our funds under management (FUM) growing strongly by $107.4 million taking total assets to just over $480 million held on behalf of over 12,500 Bond Owners."

The year's closing FUM also positions the company well against our 2014 Strategic FUM Objective to get total assets to $500 million by the end of 2013/14. Importantly, it validates our strategy to build Austock Life's business by organic sales focused on the Financial Planning market and by investing into our nationally foot-printed Sales and Distribution Team.

In 2014, Austock Life made solid progress in meeting the challenges of it being Austock Group's sole business focus and its primary revenue source.

BUSINESS OVERVIEW & 2013/14 REVIEW

BUSINESS DESCRIPTION

Austock Life Limited is a life insurance company established in 2002. It is 100% owned by Austock Group. As a relatively new financial institution - the first life office of its kind in over 30 years – Austock Life has grown from zero FUM to assets of just over $480 million[1]. At 1 July 2014, the Company's FUM comprises:

- the Imputation Bond – a master insurance bond platform (including the break-out products, ChildBuilder and Tax-Paid Term Deposits) – $447 million; and
- $31.2 million in assets comprising the endowment, funeral and deferred annuity business of three small friendly societies acquired by Austock Life. **(Acquired Business)**

Austock Life has evolved to lead the field[2] as an independent and a specialist issuer of insurance bond investments.

Highlights of 2013/14

- $107.4 million uplift in total assets to $480.9 million (up 29%)
- $135.1 million record new business into the Imputation Bond and ChildBuilder
- Breakeven FUM / profitability reached
- Created the Bonds Custodian Trust
- 10th anniversaries of first issued Imputation Bonds nears

[1]Inclusive of Austock Life's Management Fund

[2] Since June 2010, the Imputation Bond has held Australia's No. 1 Investment Bond ranking by net funds flows. Source: Plan For Life Actuaries & Researchers "Investment Bonds Report".

BUSINESS OVERVIEW & 2013/14 REVIEW (CONTINUED)

AUSTOCK LIFE'S LICENCES

Austock Life operates under the Life Insurance Act 1995. Our life office licence was granted by the Australian Prudential Regulation Authority **(APRA)** in December 2002.

Although our life licence is unrestricted as to the classes of business that we can issue, our business is focused on only investment-based life policies. The company does however manage the run-off endowment, funeral and deferred annuity business of the Acquired Business.

The company also holds an Australian Financial Services Licence **(AFSL)** authorising it to be a dealer in "Investment Life Insurance Products" (both life investment and risk based) and to provide general financial product advice. Austock Life has no current (or historical) regulatory issues with its AFSL or Life Insurance Licence.

PROFITABILITY OUTLOOK

The primary driver of Austock Life's revenue, and in turn our profitability outlook is the growing level of our FUM.

Whilst our assets have grown considerably and 2013/14 sees the company pass its breakeven FUM / profitability level — in the context of creating a life insurance investment business from scratch, we are still very much in a formative FUM accumulation phase.

The company's business and product offerings centre on the Imputation Bond platform and its break-out products. This is a highly scalable and flexible platform, that operates entirely using "inhouse" administration, and importantly this is on a relatively fixed cost base.

As such, the future profitability outlook of the business is very much tied to the extent of the "investment" in growing FUM via building and expanding Austock Life's Sales and Distribution Team and by related variable marketing and product development costs.

BUSINESS VALUE FACTORS

Common valuation approaches, like applying FUM multiples to the investment management business of Financial Institutions, such as Austock Life's point to a wide range of potential value outcomes. These are generally linked to the quantum and quality (margin and longevity) of the business.

Higher FUM valuations generally attach to life insurance businesses, over pure funds management and property funds (retail being greater than wholesale) — and even more so as against the value of trustee businesses and financial planning advisory businesses. The latter are measured in terms of funds under trusteeship, administration and/or advice.

Higher multiples are usually reflected in the longer term nature of life office FUM as being "sticky" retail client originated monies. Better valuations generally apply to larger, mature life offices with a mix of life risk and life investment business.

Having just achieved our break-even FUM level, it is premature to apply earnings multiples and discounted cash / revenue flows measures to Austock Life's business. However, the key factors relevant to assessing its potential value include:

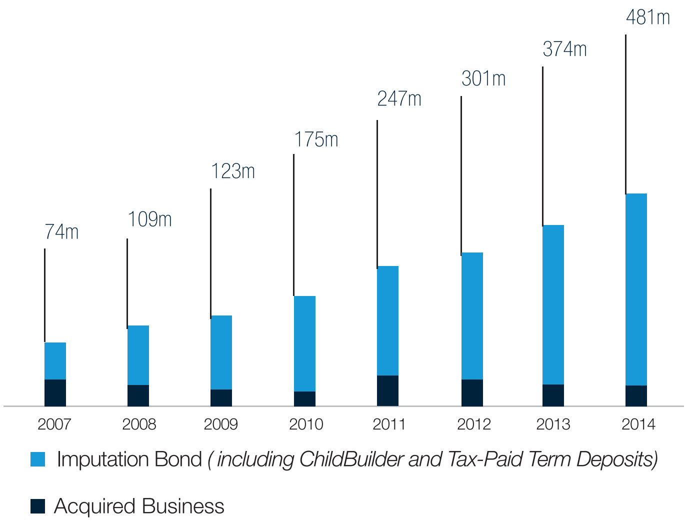
Austock Life is a leading player in a "renaissance" growth sector, and in an Industry with high barriers to entry in terms of licensing, entry capital, lead-time and intellectual property in creating products and distribution.

Imputation Bond and ChildBuilder are higher valued "retail" life insurance investment business, and generally written by licensed Financial Advisers as part of medium to long-term financial, tax or estate planning strategies.

The Imputation Bond product is our re-invention of the modern insurance bond — out of which we have created successful "break-out" products ChildBuilder™ and Tax-Paid Term Deposits that innovatively use its same framework and investment menu.

The Imputation Bond has now been over 10 years in the market, and its FUM base is beginning to generate material levels of valuable automatically recurring new business, often set to last for the full duration of the Bond. 125% Add-ons and savings plans (especially for ChildBuilder) are growing.

SALES, FUM & GROWTH



Since its inception in August 2004, the Imputation Bond has demonstrated continuous years of record new business inflows and had over $600 million (mostly Financial Adviser generated) invested across its menu.

Added sales impetus has followed the launch of three "break-out" products from the Imputation Bond's structure – ChildBuilder Bonds (July 2010), Tax-Paid Term Deposits (July 2010) and the BCT (March 2014).

Over the past three years, Austock Life has nearly doubled its size with total assets growing by $234 million, and the Imputation Bond platform recording an impressive 25% year-on-year growth.

	2008		2009		2010		2011		2012		2013		2014	
IB Sales	55m	72%	40m	-27%	66.2m	66%	80.1m	21%	88.8m	11%	105.4m	19%	135.1m	28%
FUM	109m	-	123m	-	175m	-	247	-	301m	-	374m	-	481m	-
Growth	35m	47%	14m	13%	52m	42%	72m	41%	53m	21%	73m	24%	107m	29%

ENTITY FUM MOVEMENTS FOR 2013/14

Austock Life grew by $107.4 million in overall balance sheet assets to close out the 2013/14 financial year at $480.9 million. Pleasingly, the year saw $22.9 million of investment growth added to the Imputation Bond's platform. ($20.6 million in 2012/13.)

We experienced slightly lower voluntary withdrawals of $16.7 million (2013 - $17.7 million) and although this can be a somewhat random result impacted by economic and investment market conditions, given our FUM has increased markedly during the financial year, this was a pleasing outcome.

The level of Imputation Bond death maturities also slightly fell to $32.4 million (2013 - $34.9 million). Again, our growing FUM base was impacted, however the product's death maturity profile is skewed to slightly higher levels due to its popularity for estate planning and aged care strategies. The other favourable factor was the average death maturity amount - which last year was $312,000, but in 2013/14 this fell to $268,000.

The Acquired Businesses, which comprise products in "run-off" mode experienced its predictable drop in FUM of - $1.5 million (2013 - $1.5 million) mainly due to death maturities.

	$ m
Opening FUM at 1 July 2013	**373.5**
Sales Inflows	135.1
Invest Growth	22.9
Acquired Businesses FUM movement	(1.5)
Withdrawals	(16.7)
Maturities	(32.4)
Closing FUM at 30 June 2014	**480.9**

PRODUCT REVIEW

IMPUTATION BONDS

Introduction

The Imputation Bond is our flagship product and is Australia's market leading insurance bond — a sector that is undergoing a "renaissance" of interest from investors and their Financial Advisers.

The product operates under an insurance bond "Tax-Paid"[3] and "Tax-Free"[3] distributing structure enabling investors to incorporate into their financial plans capital accumulations for "life-event" objectives, such as home ownerships, education funding, estate planning, and as an accessible alternative to superannuation.

Menu Investment Composition and Inflows

The Imputation Bond operates as a "fund-of-funds" insurance bond master platform with a unique product design, whereby one insurance bond (policy) is issued to each investor, who can select across a menu offering 30 investment options.[4]

New Business in 2013/14

In March 2014, the Imputation Bond passed the $400m FUM milestone, and closed the 2013/2014 financial year out at $447 million.

Investor (and Financial Adviser) confidence in the Imputation Bond continued to reflect high denomination lump sum new business written. 2013/14's average was $118,000 per Bond, which is in line with the product's long-term average of $115,000 since inception in 2004.

Also, a pleasing development was the product's 125% Add-On Investment and Savings Plan features which generated 6.3% of our inflows for the year.

First 10-Year Bond Anniversaries

The other noteworthy 2014 milestone is the 10-year anniversary of the first Imputation Bonds issued back in August 2004.

This is important because after 10 years these Bonds enter their most valuable tax-effective phase - where all of their proceeds (including all investment growth) are Tax-Free receipts in the hands of Bond Owners. This means that any withdrawals (at any future time) and also their Bond's end maturity value are free of personal income tax and capital gains tax.

Imputation Bond Menu FUM by Manager at 30 June 2014			2014 Inflows
Mutual Limited	$161.7m	36.2%	$67.6m
Perpetual	$62.3m	13.9%	$62.3m
Vanguard	$59.9m	13.4%	$15.3m
Macquarie	$47.9m	10.7%	$8.3m
MLC Investments	$26.8m	6.0%	$11.9m
PIMCO	$19.5m	4.4%	$5.2m
Dimensional	$13.3m	3.0%	$1.8m
UBS	$10.5m	2.4%	$1.9m
Investors Mutual	$8.5m	1.9%	$1.5m
Tyndall	$8.1m	1.8%	$1.4m
Magellan	$7.0m	1.6%	$1.9m
Fairview	$6.1m	1.4%	$1.0m
Schroders	$5.3m	1.2%	$1.3m
Equity Trustees	$4.9m	1.1%	$1.0m
Lazard	$3.2m	0.7%	$0.5m
AMP Capital	$2.0m	0.4%	$0.6m
Total	**$447.0m**	**100%**	**$135.1m**

Imputation Bonds — Activity in 2013/14

Product FUM increases to $447 million (up 32%)

$119.9 million of new business (2013 – 100.7)

665 Imputation Bonds issued (2013 – 580)

$107.8 million net platform gain (2013 – $73.3 million)

125% Add-On Investments and Savings Plans represented 6.3% of new business (2013 - 4%)

Savings Plans annually recurring business grows to $4.1 million (2013 - $2.2 million)

Average Bond size $118,000 (since inception (2004) – average $115,000).

[3] "Tax-Paid" and "Tax-Free" are explained in the Imputation Bond's current PDS available at www.austocklife.com.

[4] Over 2013/14 the menu comprised 28 investment options, this has been increased to 30 post June 30.

CHILDBUILDER™ BONDS

ChildBuilder is a modernisation of a traditional Children's Advancement Policy, and created by Austock Life as a "break-out" product from the Imputation Bond's structure. Innovatively, it uses the same taxation framework and the Imputation Bond's full menu of 30 investment options.

ChildBuilder's popularity with investors (and Financial Advisers) is on a strong growth path – so much so that over 2013/14 it has grown to represent more than 40% of our new business mix by product type. ChildBuilder is also an important "door opener" and relationship building tool used in our marketing to Financial Advisers.

ChildBuilder — Activity in 2013/14

- $11.4 million new business (2013 - $2.5m)
- 449 Childbuilder Bonds issued (2013 - 229)
- Average ChildBuilder Bond size increased to $25,000 (2013 – $11,000)
- ChildBuilder grows to represent 41% of our new business mix by product type (2013 – 28%)

Although ChildBuilder business is relatively small domination, it is very valuable FUM as individual Bond durations will generally be set in line with the Nominated Child's age and vesting date, and typically lasting between 5 and 25 years. The other real pleaser with ChildBuilder in 2013/14 was the shift to much higher denomination bonds with the average size more than doubling from $11,000 to $25,000.

ChildBuilder is a way for parents and grandparents to address a wide range of financial objectives for children and grandchildren. These include using ChildBuilder as a dedicated investment aimed at a child's financial head start with a first home deposit, meeting education funding challenges, a first car, overseas travel, wedding expenses, starting a family or business etc.

Importantly, with ChildBuilder during its pre-vesting phase, its initial Bond investor (e.g. parents or grandparents) can flexibly access it as their own tax-effective investment and for their own unspecified purposes – or optionally have ChildBuilder vest in their nominated child for specified (non-binding) "Intended Purposes".

ChildBuilder can also be used as a valuable estate planning tool (and as an alternative to testamentary trusts) to plan ahead with "peace-of-mind" over how, when and to whom an investor's estate wealth will be distributed to the next generation.

TAX-PAID TERM DEPOSITS (TDS)

Since inception in July 2010, the Tax-Paid TDs portfolio has grown to be the largest and most popular investment choice on the menu.

It is also Australia's first diversified and actively managed portfolio of TDs with the added innovation of being under a Tax-Paid insurance bond framework. It is a "low fee" option and structured as Option #14A of the Imputation Bond's menu.

Performance of Tax-Paid TDs is enhanced by our "portfolio" approach to investing into TDs and can also be increased due to competition and structural changes to bank funding favouring TDs. 2014's 2.04% after fees and after Portfolio Tax return outperformed the platform's Cash Option's 1.61% returned for 2014.

Tax-Paid TDs — Activity in 2013/14

- $67.0 million of new business inflows (2013 – $51.0 million)
- FUM in Option #14A grows to $158.9 million
- 3.8% p.a. average gross yield translating to 2.04% return after-fees and after Portfolio Tax

Apart from being one of the 30 options on the Imputation Bond's menu, Option #14A is also designed to independently operate with "product-like" stand-alone attractions. For higher taxed investors, besides the tax-effectiveness of investing into an internally taxed pool of TDs – by taking a portfolio approach they can:

- have the superior liquidity of a daily unit priced portfolio of TDs with flexible access at any time – and without early withdrawal costs sometimes applied to directly held TDs; and
- eliminate the hassle of personally managing TD maturities, rate shopping and benefit from the Imputation Bond's "Set-and-Forget" tax administration and reporting.

NEW BONDS CUSTODIAN TRUST (BCT)

The BCT is a new "umbrella" private trust structure invented by Austock Life and launched in March 2014. It is designed to streamline the cost effective production of multiple Bare Trusts ($100 per trust) with each independently constituted Bare Trust holding an Imputation Bond as an investment thereby enabling investors to benefit from various financial, tax and estate planning strategies centred on holding insurance bonds inside private trusts.

Since its launch the BCT has proved a successful vehicle for generating new Imputation Bond business and as a door-opener to new and dormant Financial Adviser relationships. Its main use has been in Aged Care and other new BCT strategies are emerging, such as establishing Imputation Bonds in a BCT to create tax-effective income streams. It is also being considered for use in areas where post the 2014 Federal Budget the Government is introducing income testing or tightening the rules.

BCT Activity in 2013/14

- Over the four months in market to 30 June — 25 BCT's were written totalling $12 million of new business
- Imputation Bonds held in BCTs averaged $480,000 per Bond

PRODUCT AND INDUSTRY SECTOR RATINGS

"Highly Recommended" – Zenith Product Rating

During 2013/14, the Imputation Bond (including ChildBuilder) retained its "Highly Recommended" rating from independent Research House, Zenith Investment Partners.

This Highly Recommended rating has been in place since August 2008 and has been instrumental in the product's successful distribution and our growing network of supporting Financial Advisers.

Zenith Insurance Bond Sector Review

Zenith's has also just released its inaugural Investment Bonds Sector Report.[5]

Besides positives to be drawn from a major Research House initiating coverage investments bonds and concluding that the sector is "undergoing a renaissance of interest" — most pleasingly, the Imputation Bond (including ChildBuilder) is the only Highly Recommended insurance bond in Zenith's ratings universe of 11 competing insurance bonds.

PRODUCT - INVESTMENT PERFORMANCE

Economic and Market Environment

Over 2013/14, Australia's domestic economy remained fairly flat and there are lingering political uncertainties despite a relatively new Federal Government.

Amidst this, generally favourable investment conditions prevailed over the financial year. We experienced a second successful year of strong investment performance across Australian and International equity markets and reasonable improvements in fixed interest asset classes. The property based options achieved solid returns in line with last year's results. We also saw nearly a full 12 months of a record low 2.5% cash rate.

Investment Menu Performance in 2013/14

- All 28 menu options achieved positive returns
- 16 of 28 options delivered 10% plus returns
- 2 options had returns in excess of 20%

Imputation Bond's Menu

2013/14 was another year of pleasing investment performances across the Imputation Bond (including ChildBuilder) menu. Those options that had exposure to Australian and International shares achieved the best "Tax-Paid" and "After-Fees" results ranging between 7.09% to 33.83%.

The menu's three property based options had improved performance with returns ranging between 8.29% to 10.66%, and the five fixed interest style options recovered markedly generating between 3.15% to 5.86% "Tax-Paid" and "After-Fees".

Importantly, all 28 investment options on the Bond's menu have achieved positive growth after Tax-Paid Portfolio Tax and after fees, over 3 and 5 year periods.

[5] Zenith Investment Partners "Sector Report — Investment Bonds." (August 2014).

DIRECTION & STRATEGY

A FOCUS ON ORGANIC SALES GROWTH

Austock Life's strategic direction is clearly focused on growing our FUM (and correspondingly the value of the business for Austock Group shareholders) by organic sales of the Imputation Bond, ChildBuilder and Tax-Paid TDs.

Our 2013/14 Business Plan adhered to this strategic direction with the Company's Management and the Sales and Distribution Team focused on our 2014 Strategic FUM Growth Objective to take total assets past $500 million by the end of 2013/14.

The 2013/14 year's $107.4 million growth and $480.9 million closing FUM positioned us reasonably well against achieving this goal.

SALES & DISTRIBUTION STRATEGY

Central to our FUM growth objective is achieving success with our sales and distribution strategy. This is predominantly directed to the Financial Adviser market - with our model based on making product sales by our Sales and Distribution Team.

With the Imputation Bond now in the market for over 10 years, Austock Life has built an established and growing Financial Adviser and Dealer Group support base. Over 2013/14, their numbers grew and we also achieved greater penetration into our existing Dealer Group relationships.

Growing inflows into the Imputation Bond - taking it to the verge of $450 million by year end - evidences that new era insurance bonds are recapturing the attention of Financial Advisers wanting to engage in life-events financial planning beyond superannuation.

During 2013/14, our Sales and Distribution Team completed its first year under Tony Gobbo as National Sales Manager. This team (which comprises three Sales Managers and five "in the field" Business Development Managers **(BDMs)**) was restructured over the year with new reporting lines and accountabilities for our key Dealer Groups, accounts and territories.

Sales & Distribution Team in 2013/14

- Approved Financial Adviser - Dealer Group List increased to 214 product supporters (2013 – 186)
- New business placed by 142 separate Dealer Groups (2013 – 110)
- "First time" new business from 24 Dealer Groups
- Sales and Distribution Team of BDMs restructured under new National Sales Manager

FUTURE OF FINANCIAL ADVICE (FoFA) STREAMLINING

The so called FoFA regime, which commenced in 2013 introduced statutory requirements upon Financial Advisers to act in the best interest of their clients and imposed bans on conflicted remuneration.

Following on, the new Federal Government (as from 1 July 2014) has made various FoFA "streamlining" modifications that pleasingly:

- remove requirements for investors to "opt-in" by re-signing contracts with Financial Advisers on a regular basis;
- simplify and streamline annual fee disclosure requirements if clients enter into ongoing fee arrangements after 1 July 2013; and
- clarify the Best Interest Duty, such that Advisers must prioritise their client's interests ahead of their own.

In this new FoFA world, independently issued and strategy-based products, such as Imputation Bonds and ChildBuilder, should increasingly be recognised by Financial Advisers' as adding real value, and should be considered in the context of their "Best Interest Duty" financial planning obligations to clients.

Also, the banning of Adviser commissions is a positive for Austock Life's distribution model because we are focused more on "independent" Advisers.

FoFA also suits our products because we have always operated with client / Adviser agreed fee arrangements, and not with in-built commissions.

ACQUISITIONS STRATEGY

Austock Life operates in a limited life office (including friendly societies) universe for potential acquisition, merger or alliance activity.

Although we have made three acquisitions – (each by zero consideration transfers of "run-off" endowment, funeral and deferred annuity business from small friendly societies) – our strategy is to only opportunistically pursue acquisition and merger activity provided they are not disruptive in terms of time, cost and business compatibility to our primary organic sales growth.

PRODUCT STRATEGY & MENU DEVELOPMENT

Product Development

Austock Life's product strategy is to use our life office licence and structure to create tax-effective insurance based investment products. We justifiably lay claim to being Australia's leading specialist issuer of life insurance-based investment business[4].

Austock Life has core capabilities and proven expertise in product development and manufacture. This is demonstrated by our successful break-out innovations with ChildBuilder™, Tax-Paid Term Deposits, and the BCT in March 2014.

Central to our future product development program is the Imputation Bond, which is a product development platform within itself. Going forward we will look to use it to develop other "break-out" products, such as innovating with non-superannuation annuities and income stream generated out of the Imputation Bond's flexible structure. Also, with the emerging rejuvenation of insurance bonds - there also comes increasing attraction and interest for product "badging" and distribution alliances.

Investment Menu Development

Since its launch in 2004 the Imputation Bond's investment menu has undergone considerable development from 14 Investment options to its present 30.

Post 30 June, two new investment options have been added to the menu. These are Option #5B – Global Infrastructure, which is to be invested into the Magellan Infrastructure Fund, and Option #14B – Mutual ADI/Bank Securities which will be invested into Mutual's MIF. (Product Updates can found on the website www.austocklife.com)

These new menu appointments have been made in keeping with our longstanding policy that takes a "sector-specific" approach to appointing underlying managed funds. This sectoral approach is to facilitate Financial Advisers being able to construct and manage their own client's investment mix within each individual client's Imputation Bond or ChildBuilder.

[4] See "Business Description" p.11.

MANAGEMENT & OPERATIONS REVIEW

Over 2013/14, Austock Life's Management Team continued its progress in meeting the challenges of it being Austock Group's sole business focus and its primary revenue source.

During the year, Management finalised the transitioning and assumption of numerous functions formally undertaken by Austock Group (including by divested businesses). The major undertaking was moving and upgrading the Information Technology platform (hardware and software) for both Austock Life and Austock Financial Services to our independent environment.

Austock Life - Management and Operations

Austock Life's Management Team and operations are well established. This team has considerable financial services experience with life insurance investment products, superannuation and managed funds.

The Company undertakes its own corporate and day-to-day management activities, has internal finance and accounting capabilities, and we undertake strategic planning, product development, marketing and provide technical product support to the Sales and Distribution Team that is employed by Austock Financial Services.

Our primary compliance and risk management responsibilities are undertaken. Internally, Austock Life also does a range of investment operation functions, including day-to-day investment placement and settlement functions for our directly invested Portfolios, investment transactions with our appointed managed funds and we operate an Investment Committee as a Board Sub-Committee.

Austock Group Intra - Group Functions

Austock Group provides (by agreement) Austock Life's operating infrastructure, including premises, fittings, furniture, computer hardware and computer software. Group level assistance is also provided with Austock Life's financial and capital management (via the Group CFO) and it also undertakes payroll services and information systems management functions.

Operations Activity in 2013/14

Created and recruited new positions – Marketing Manager, IT Developer & Digital Marketing Assistant

Regulatory and Compliance Manager appointed

New outsourcing arrangements with AFS to engage the Sales and Distribution Team

Information Technology upgraded and transitioned to an Austock Life / AFS independent environment

New Website developed with marketing materials

New secure Financial Adviser Portal developed

Austock Financial Services (AFS) Intra Group Functions

AFS is the other 100% owned subsidiary of Austock Group. It provides, under an outsourcing agreement (which is supervised by Austock Life) administration services, including unit pricing, fund valuation, investment and fund accounting, fund administration and business registry services for the Imputation Bond, ChildBuilder and Tax-Paid TDs. As from 1 July 2013, it also assumed responsibility for employing and managing the Sales and Distribution Team.

Since the Imputation Bond's inception in 2004, it has been administered by AFS using the Garradin Portfolio Manager platform. This is a state-of-the-art funds management system with daily unit pricing, unit registry and general ledger functionality specifically tailored for an Insurance Bond business.

AFS also undertakes administrative services for two external clients, Mutual Limited and Halidon Asset Management.

OUTSOURCED FUNCTIONS

Mutual Limited

Austock Life has outsourcing agreements with Mutual Limited to provide investment management and advisory services. These arrangements specify the retention of Martin Ryan as Austock Life's appointed investment manager – a role he has occupied since the businesses inception in 2002. Martin is also Austock's founder and a continuing director of Austock Group.

Mutual is a specialist money market and fixed interest manager for prudentially supervised institutions. It is independently owned with FUM/FUA currently exceeding $1.8 billion. (Mutual was formerly Austock Asset Management Limited and was fully divested by Austock Group in 2009). Mutual's investment management and advisory operations cover short-term securities, term deposits, fixed interest, Australian shares, hybrids and foreign exchange.

REGULATORY AND GOVERNANCE

APRA SUPERVISION OF AUSTOCK LIFE

As a prudentially supervised entity, Austock Life operates under an intensive APRA prudential framework with extensive monitoring and reporting to APRA. We have comprehensive policies and procedures designed to address APRA Prudential Standards and the risk management arrangements for our Investment Portfolios and management operations.

Austock Life must meet statutory capital requirements imposed by APRA under the Life Insurance Act 1995. These must be met for both our Management Fund and for our Investments Portfolios (Benefit Funds) that house Bond Owner assets. A Financial Condition Report must also be produced annually by the company's Appointed Actuary.

Over 2013/14 the Board and Senior Management, with the Appointed Actuary, devoted considerable time and attention to APRA's new Internal Capital Adequacy Assessment Process (ICAAP), which came into effect on 1 January 2013.

This included:

- producing (and the Board approving) a comprehensive ICAAP Summary Statement, and
- filing with APRA an ICAAP Annual Report.

The objective of Austock Life's ICAAP is to ensure that appropriate capital levels are maintained to meet the requirements of stakeholders including APRA, Bond Owners and shareholders.

Our ICAAP integrates risk and capital management processes, and provides the Board and Management with a framework within which business planning, business targets and day-to-day decision-making is made with consideration of maintaining statutory minimum and target buffer capital levels.

AUSTOCK LIFE'S BOARD AND GOVERNANCE

Austock Life operates with a separately constituted and well-credentialed Board, who are experienced in investment, funds management and life insurance.

As an APRA regulated life company, our corporate governance and compliance arrangements include:

- Board composition of at least five Directors, with a majority of non-executive Directors, and at least half being independent of Austock Group interests; and
- having separate Board Committees for Audit, Compliance, Investment and Remuneration.

REMUNERATION AND SUCCESSION PLAN

Austock Life is required to have a formal Remuneration Committee to oversee a Remuneration Policy that must be reviewed annually.

The Remuneration Policy covers the Managing Director, our Directors and all staff that undertake primary risk management, compliance, financial controls or whose roles or activities may affect the financial soundness of the business. The policy addresses remuneration guidelines on fixed remuneration and variable performance based components.

The operation and deliberations of Austock Life's Remuneration Committee also takes into account the Austock Group Remuneration Policy, and particularly arrangements in place for Senior Management.

In accordance with APRA requirements, Austock Life also has a Board approved (and annually reviewed) Succession Plan.

INDUSTRY AFFAIRS

Over 2013/14, Austock Life continued its lead role in Industry affairs, principally through its Managing Director being a member of APRA's Quarterly CEO's Forum and an Executive Director of the Friendly Societies Association. **(FSA)**

Major activities over 2013/14 were directed to our Industry's (and the FSA's) ongoing lobbying of the Federal Government to better the taxation arrangements for insurance bonds, to bring insurance bonds under the Significant Investor Visa eligible investor program, and by addressing the ongoing re-modelling and changes to our regulatory, risk and capital frameworks.

Yours sincerely,

Ross Higgins
Managing Director - Austock Life
21 August 2014

Contents

DIRECTORS' REPORT

The directors of Austock Group Limited (the "Company") present the annual financial report for the Group, being the Company and its subsidiaries for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mr Frederick George Albion Beaumont QC LL.B, Dip Com

Independent Non-Executive Chairman (appointed director on 12 April 2012)

George was appointed a director on 12 April 2012 and became Chairman on 9 May 2012. He has practised as a barrister for over 40 years. He has an extensive depth of commercial experience gained from advising financial institutions, including life companies and friendly societies, on membership, product development and regulatory matters. George's broader practice specialises in commercial law, taxation, company law, advocacy and advisory work in these areas. George has been a director of Austock Life Limited since July 2002.

Mr William Eric Bessemer MBA, B.Ec

Chief Executive Officer and Executive Director (appointed director on 9 February 2012)

Bill initially joined Austock in 1995 and became chairman of the Group in 1999 until 2010. Following a brief retirement, Bill resumed as a director on 9 February 2012 and became Chief Executive Officer on 29 May 2012. He has over 40 years' experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries.

Mr Martin Edward Ryan B.Com

Non-Executive Director (appointed director on 20 December 2011)

Martin was appointed a director on 20 December 2011. He is a founder, former director and substantial shareholder of Austock and brings with him over 35 years industry experience in stockbroking and funds management. Martin is presently an executive director of Mutual Limited, a specialist funds management business, and in that capacity advises Austock Life Limited as its Investment Manager.

Mr Jonathan James Tooth B.Ec

Non-Executive Director (appointed director on 1 May 2012)

Jonathan was appointed a director on 1 May 2012. Jonathan has over 20 years' experience in providing corporate advisory services to ASX listed and unlisted small cap companies. He is a Principal of Halcyon Corporate Pty Ltd providing specialist expertise in equity capital markets, strategy and planning, and mergers and acquisitions. Prior to that Jonathan was employed for 10 years as a director of Austock Corporate Finance. Jonathan is also a Non- Executive Director of Vita Life Sciences Limited.

Directorships of other listed companies

Directorships of other listed companies held by directors in the last 3 years immediately before the end of the financial year are as follows:

Director	Company	Period from	Period to
J J Tooth	Vita Life Sciences Limited	26 Jul 2012	Current

Directors' shareholdings

The following table sets out the number of each director's relevant interest in shares and options over shares or interest in contracts relating to shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares	Indirect interest in shares
F G A Beaumont	-	255 680
W E Bessemer	-	14 510 220
M E Ryan	5 892 692	5 030 000
J J Tooth	8 684	8 578 560

Remuneration of directors and senior management

Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report on pages 29 and 30.

Company Secretary

Mr Enzo Silverii CPA, F Fin, ANZIIF (Fellow)

Enzo was appointed Company Secretary on 23 April 2013. Enzo has extensive company secretarial experience gained in a range of organisations.

Principal activities

The Group's principal activity in the course of the financial year was as a pooled development fund. No significant change in the nature of this activity occurred during the year. More details on the Group's principal activities are set out on pages 1 to 21 of this annual report, commencing with the Chairman's Report.

Review of operations

The consolidated operating net loss after income tax attributable to members is $0.434 million (2013: profit of $5.196 million). A review of operations for the Group is set out on pages 1 to 21 of this annual report, commencing with the Chairman's Report.

Change in the state of affairs

There has been no significant change in the state of affairs during or since the end of the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than as disclosed in note 34 to the financial statements.

Future developments

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

Environmental regulation and performance

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

Dividends

The company paid a fully franked final 2013 dividend of $0.01 per ordinary share on 1 October 2013 and a fully franked 2014 interim dividend of $0.01 per ordinary share on 11 April 2014.

The company declared a final 2014 dividend of $0.01 per ordinary share fully franked to be paid on 24 September 2014.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors Messrs Beaumont, Bessemer, Ryan and Tooth. The purpose of the Deed is to:

confirm the indemnity provided by the Company in favour of Directors under the Company's Constitution;

include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and

confirm the right of access to certain documents under the Corporations Act 2001.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were 11 Board meetings held.

Director	Eligible to attend	Attended
F G A Beaumont (a)	11	11
W E Bessemer	11	11
M E Ryan	11	10
J J Tooth	11	9

(a) Mr Beaumont is Chairman of the Board of Directors.

Audit Committee

The Audit Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

Non-audit services

It is often in the interests of the Group to engage the services of its external auditor to assist in a range of related projects. The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts of interests in relation to the provision of non-audit related services by its external auditor.

No non-audit services were provided in either the current or prior year.

Auditor's independence declaration

The auditor's independence declaration is included on page 33 of the financial report and forms part of the Directors' Report for the year ended 30 June 2014.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

REMUNERATION REPORT

(AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Austock Group Limited's directors and other key management personnel for the financial year ended 30 June 2014.

At the Company's last Annual General Meeting in November 2013, more than 75% of votes cast on the resolution to adopt the Remuneration Report were in favour of its adoption.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and other executives for the Group, and include the most highly remunerated Group executives.

The prescribed details of each person covered by this report are detailed below under the following headings:

a. Director and senior management details

b. Remuneration policies

c. Remuneration of directors and senior management

d. Key terms of employment contracts

A - DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the Company during and since the end of the financial year:

> Mr Frederick George Albion Beaumont, Non-Executive Director.
>
> Mr William Eric Bessemer, Chief Executive Office and Executive Director.
>
> Mr Martin Edward Ryan, Non-Executive Director.
>
> Mr Jonathan James Tooth, Non-Executive Director.

In addition to the directors noted above, the following persons represent the senior management of the Group during or since the end of the year:

> Mr Ross James Higgins, Managing Director, Austock Life.
>
> Mr Enzo Silverii, Chief Financial Officer (appointed 26 September 2012).

As Managing Director of Austock Life Limited, Mr Higgins is subject to that company's remuneration policy which is overseen by its Remuneration Commitee.

B - REMUNERATION POLICIES

The performance of the Group depends upon the quality of its directors and executives.

The Board accepts responsibility for determining and reviewing compensation arrangements for the directors, chief executive officer (CEO) and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

As part of assessing these remuneration arrangements, the Board has in place agreed key performance indicators (KPIs), both financial and non-financial, for each member of the executive team that is duly considered during the performance evaluation process. The KPIs may differ amongst team members based on their area of expertise and the degree to which they have direct control over the outcomes. All KPIs are strategically aligned to advance the Group's business and are tailored to individual executive team members to ensure they each remain motivated and are rewarded within a performance based environment

Remuneration structure

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

Non-Executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Non-executive director fees are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting. The maximum amount for non-executive directors is $500,000 per annum.

Senior management and executive director remuneration

The Group's executive remuneration program comprises the following components:

Fixed remuneration component

Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Fixed remuneration

Fixed compensation consists of base compensation as well as employer contributions to superannuation. Compensation levels are reviewed annually through a process that considers individual performance and that of the overall Group.

Variable remuneration – short term incentive (STI)

A short term incentive (STI) is available to executives who achieve key financial targets. The Board of the employing company is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements. The quantum of STI arrangements is determined with reference to prevailing market conditions for comparable executives. Bonuses are payable in cash in the next financial year.

Variable remuneration – long term incentive (LTI)

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI entitlements are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long term performance hurdles.

By a deed dated 9 October 2012 between the Company and Mr Higgins, a non-share proprietary interest was created in favour of Mr Higgins entitling him to be paid consideration in the event of a full or partial transfer of business by or to Austock Life, a sale or disposal of Austock Life by the Company or a sale or transfer of a controlling interest in the share capital of the Company or Austock Life. The amount of consideration Mr Higgins will receive is equal to 7.5% of the difference between the transaction value and $9 million, subject to an agreed minimum (currently $450,000). Mr Higgins' entitlement to consideration will be extinguished upon lawful termination of employment due to serious misconduct.

In both 2014 and 2013, there were no amounts paid under the LTI program to key management personnel.

C - REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration shown below relates to the period in which the director or executive was a member of key management personnel.

	Short-Term Employee Benefits			Post Employment Benefits	Long-Term Employee Benefit	Share Based Payments				
	Salary & Fees	Cash Bonus	Other Benefits	Superannuation		Shares	Total	Performance Based Proportion	Annual Leave Entitlements	Long Service Leave Entitlements
2014										
Director										
F G A Beaumont	113 000	-	-	10 453	-	-	123 453	-	-	-
W E Bessemer	25 000	-	-	2 313	-	-	27 313	-	-	-
M E Ryan	25 000	-	-	2 313	-	-	27 313	-	-	-
J J Tooth	25 000	-	-	2 313	-	-	27 313	-	-	-
Sub total	**188 000**	**-**	**-**	**17 392**	**-**	**-**	**205 392**	**-**	**-**	**-**
Senior Executive										
R J Higgins	440 000	106 000	-	17 775	225 000	-	788 775	42.0%	77 617	105 333
E Silverii	151 070	10 000	-	13 974	-	-	175 044	5.7%	2 940	1 230
Sub total	**591 070**	**116 000**	**-**	**31 749**	**225 000**	**-**	**963 819**	**35.4%**	**80 557**	**106 563**
Total	**779 070**	**116 000**	**-**	**49 141**	**225 000**	**-**	**1 169 211**	**29.2%**	**80 557**	**106 563**

Continue to next page >>

	Short-Term Employee Benefits			Post Employment Benefits	Long-Term Employee Benefit	Share Based Payments				
	Salary & Fees	Cash Bonus	Other Benefits	Superannuation		Shares	Total	Performance Based Proportion	Annual Leave Entitlements	Long Service Leave Entitlements
2013										
Director										
F G A Beaumont	110 525	-	50 000	9 375	-	-	169 900	-	-	-
W E Bessemer	25 000	-	-	2 250	-	-	27 250	-	-	-
M E Ryan	25 000	-	-	2 250	-	-	27 250	-	-	-
J J Tooth	25 000	-	-	563	-	-	25 563	-	-	-
Sub total	**185 525**	**-**	**50 000**	**14 438**	**-**	**-**	**249 963**	**-**	**-**	**-**
Senior Executive										
R J Higgins	399 747	72 000	-	16 470	225 000	3 125	716 342	41.5%	51 185	91 121
N J Anagnostou	87 500	37 500	-	3 943	-	5 584	134 527	32.0%	-	-
E Silverii	136 156	20 000	-	11 979	-	-	168 135	11.9%	2 306	254
T Butcher	53 672	20 000	-	3 943	-	11 343	88 958	35.2%	-	-
Sub total	**677 075**	**149 500**	**-**	**36 335**	**225 000**	**20 052**	**1 107 962**	**33.8%**	**53 491**	**91 375**
Total	**862 600**	**149 500**	**50 000**	**50 773**	**225 000**	**20 052**	**1 357 925**	**27.6%**	**53 491**	**91 375**

Bonuses granted as compensation

In 2014, compensation has been paid to senior executives in the form of cash bonuses. Prior to 2014, compensation was in both cash and shares. Share based payment amounts pertain to the vesting of equity based entitlements allocated in prior years.

There were no new shares issued or allocated within the Austock Employee Share Plan (ESP) during the 2014 financial year. The ESP was wound up on 29 August 2013.

D - KEY TERMS OF EMPLOYMENT CONTRACTS

The Group has entered into service contracts with each key management person, excluding the CEO and non-executive directors, that are capable of termination with a notice period of between 1 to 12 months. The Group retains the right to terminate a contract immediately by making payment equal to the relevant 1 to 12 month period pay in lieu of notice. The key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified from year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the directors

F G Beaumont

F. George. A Beaumont, QC
Independent Non-Executive Chairman
21 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Austock Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

D M Scammell
Partner

Melbourne

21 August 2014

INDEPENDENT AUDIT REPORT

KPMG

Independent auditor's report to the members of Austock Group Limited

Report on the financial report

We have audited the accompanying financial report of Austock Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

INDEPENDENT AUDIT REPORT (CONTINUED)

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 31 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Austock Group Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

D M Scammell

D M Scammell
Partner

Melbourne

21 August 2014

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

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

the consolidated financial statements and notes that are set out on pages 38 to 90 and the Remuneration report on pages 27 to 31 in the Directors' report, are in accordance with the Corporations Act 2001, including:

giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

complying with Australian Accounting Standards and the Corporations Regulations 2001; and

there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.

The directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

On behalf of the directors

F G Beaumont

F. George. A Beaumont, QC
Independent Non-Executive Chairman
21 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Continuing Operations:			
Revenue	5	5 856	4 519
Personnel expenses	6 (a)	(3 784)	(4 223)
Occupancy expenses	6 (b)	(292)	(190)
Communication expenses	6 (c)	(94)	(109)
Finance expenses	6 (d)	(14)	(30)
Dealing and settlement expenses	6 (e)	(1 766)	(1 575)
Marketing and promotional expenses	6 (f)	(442)	(246)
Depreciation and amortisation expenses	6 (g)	(94)	(61)
General administration expenses	6 (h)	(1 567)	(2 266)
Impairment charges	6 (i)	(11)	(795)
Result attributable to policyholders, net of tax	19	21 715	20 686
Profit before income tax expense		**19 507**	**15 710**
Income tax benefit	7a	1 754	1 081
Profit after income tax		**21 261**	**16 791**
Discontinued Operations:			
Profit from discontinued operations, net of tax	32	20	9 091
Profit for the year		**21 281**	**25 882**
Profit/(loss) attributable to policyholders	19	(21 715)	(20 686)
Total comprehensive income/(loss) attributable to members of the company		**(434)**	**5 196**

Earnings Per Share

	Notes	2014 $'000	2013 $'000
Continuing and Discontinued Operations:			
Basic (cents per share)	23	(0.44)	4.75
Diluted (cents per share)	23	(0.44)	4.75
Continuing Operations:			
Basic (cents per share)	23	(0.46)	(3.56)
Diluted (cents per share)	23	(0.46)	(3.56)

The accompanying notes 1 to 35 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Assets:			
Cash and cash equivalents	30 (a)	9 891	10 791
Trade and other receivables	11	350	492
Income tax receivable	7 (c)	95	1 425
Other assets	12	204	305
Financial assets	13	-	305
Property, plant and equipment	14	438	399
Deferred tax assets	7 (c)	123	159
Intangible assets	15	719	607
Policyholder assets	19	487 668	379 221
Total assets		**499 488**	**393 704**
Liabilities:			
Trade and other payables	16	221	253
Other liabilities	18	1 019	1 329
Provisions	17	984	889
Policyholder liabilities	19	487 668	379 221
Total liabilities		**489 892**	**381 692**
Net assets		**9 596**	**12 012**
Equity:			
Issued capital	20	33 123	33 123
Reserves	21	-	-
Retained earnings	22	(23 527)	(21 111)
Total equity		**9 596**	**12 012**

The accompanying notes 1 to 35 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
Year End 30 June 2014:					
Balance at 1 July 2013	33 123	-	(21 111)	-	12 012
Total comprehensive income for the year:					
Net profit / (loss) for the year	-	-	(434)		(434)
Total comprehensive income for the year	**-**	**-**	**(434)**	**-**	**(434)**
Transfer from policy holder liabilities	-	-	-	-	
Equity settled benefits					
Post-acquisition equity movement on sale of property	-	-	-	-	
Transfer from treasury shares reserve	-	-	-	-	
Share cancellation	-	-	-	-	
Dividends paid	-	-	(1 982)	-	(1 982)
Total transactions with owners	-	**-**	**(2 416)**	**-**	**(2 416)**
Balance at 30 June 2014	**33 123**		**(23 527)**		**9 596**
Year End 30 June 2013:					
Balance at 1 July 2012	44 508	(4 293)	(27 156)	12	13 071
Total Comprehensive Income for the Year:					
Net profit / (loss) for the year	-	-	5 196	-	5 196
Total comprehensive income for the year	-	**-**	**5 196**	**-**	**5 196**
Transfer from policy holder liabilities	20	-	-	-	20
Equity settled benefits	-	-	(1 582)	-	(1 582)
Post-acquisition equity movement on sale of property	(273)	-	-	-	-
Transfer from treasury shares reserve	-	273	(4 293)	-	(4 293)
Share cancellation	(11 132)	-	7 712	(12)	588
Dividend paid	-	4 020	(988)		(988)
Total transactions with owners	**(11 385)**	**4 293**	**6 045**	**(12)**	**(1 059)**
Balance at 30 June 2013	**33 123**	**-**	**(21 111)**	**-**	**12 012**

The accompanying notes 1 to 35 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Cash Flows from Operating Activities:			
Receipts from customers		5 724	5 992
Payments to suppliers and employees		(8 297)	(9 025)
Proceeds from sale of trading shares		-	157
Finance and borrowing costs		(14)	(24)
Life management fund benefit received		3 214	499
Net cash flows generated from / (used in) operating activities	30 (c)	**627**	**(2 401)**
Cash Flows from Investing Activities:			
Interest received		403	414
Payment for property, plant and equipment		(142)	(321)
Payment for intangibles		(111)	-
Payment for share buy backs		-	(4 267)
Consideration recieved on sale of business		-	14,470
Net proceeds from transfer of assets and liabilities / discontinued operation		305	2 903
Net cash flows (used in) / from investing activities		**455**	**7 393**
Cash Flows from Financing Activities:			
Dividends paid		(1 982)	(988)
Net cash flows used in financing activities		**(1 982)**	**(988)**
Net increase / (decreased) in cash held		(900)	4 004
Cash and cash equivalents at beginning of the year		10 791	6 787
Cash and cash equivalents at end of the year		**9 891**	**10 791**
Cash and cash equivalents represented by:			
Cash at bank	30 (a)	9 891	10 791
Total cash and cash equivalents balance		**9 891**	**10 791**

The accompanying notes 1 to 35 form part of these financial statements

NOTES CONSOLIDATION FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report for the year ended 30 June 2014 was authorised for issue by the directors on 21 August 2014.

Austock Group Limited (the “Company”) is a public company listed on the Australian Securities Exchange (ASX: ACK) incorporated in Australia. The Company’s registered office and principal place of business is Level 12, 15 William Street, Melbourne, Victoria, Australia, 3000. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

Statement of compliance

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

Basis of accounting

The consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise stated, all amounts are presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

Use of estimates and judgements

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods. Refer to note 2 for a discussion of critical judgements in applying the Group’s accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

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

Standards and Interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but have a mandatory effective date for annual periods beginning after 30 June 2014. These have not been applied in preparing these consolidated financial statements and none of these are expected to have a significant effect on the consolidated financial statements. The Group does not plan to early adopt any of these new standards, amendments to standards and interpretations.

Comparatives

Comparative information has been reclassified to ensure relevance in understanding the current year financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The consolidated financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

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

Principles of consolidation

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

Control is achieved where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of control or up to the effective date of disposal, as appropriate.

A list of controlled entities appears in note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of their interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. This involves identifying the acquirer, which is the entity that obtains control of the other combining entities or businesses.

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

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

Any intra-group business combinations (“common control transactions”) are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation of benefit funds

Under Accounting Standard AASB 1038 Life Insurance Contracts, the consolidated financial statements of the Group, which include a life insurer, are required to recognise all the assets, liabilities, income and expenses of that life insurer, being Austock Life Limited. As AASB 1038 is an aggregation standard rather than a consolidation standard, some transactions between the management fund and the benefit funds are presented on the face of the financial statements, rather than being eliminated as would be expected on consolidation.

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

statement of profit or loss and other comprehensive income: the net result attributable to policyholders (net of tax) is presented as one line item with an additional line item of an equal amount that attributes this net result to policyholders. Additional details on the individual line items are disclosed in note 19.

statement of financial position: the total policyholder assets and policyholder liabilities are presented as separate one line items, respectively, in total assets and total liabilities. Additional details on the individual line items are disclosed in note 19.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks (net of outstanding bank overdrafts) that are short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a specific provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Receivables from related parties are recognised and carried at the nominal amount due.

(c) Impairment (excluding goodwill)

Financial assets

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

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

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is provided on property, plant and equipment and is calculated on either a straight line or diminishing value basis so as to write off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis. The rates used in the calculation of depreciation for the current and comparative period are as follows:

Category	Rate
Leasehold improvements	14% to 16%
Computer equipment	30% to 40%
Plant and equipment	12% to 40%

(e) Financial instruments

Financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. Settlement date accounting is adopted for all financial assets (including assets designated at fair value through profit or loss) and recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

(f) Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGUs) or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that goodwill might be impaired.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(g) Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Management rights

Management rights recognised by the Group are assessed to determine their useful life to the Group. Where management rights have a finite life, they are amortised over that life. Where management rights have been assessed to have an indefinite useful life, they are not amortised. Management rights that have been assessed to have an indefinite life have been assessed that way on the basis that they are not attributable to amounts invested in closed funds and are expected to continue in operation with no foreseeable limit to the period with which they are expected to generate future net cash flows for the Group.

Each period, management rights (both those with finite and indefinite useful lives) are reviewed to determine whether events and circumstances continue to support this assessment of useful life. Management rights are tested for impairment in accordance with the accounting policy stated in note 1(c) above. Their value is based on fair value in use and a multiple of funds under management and is consistent with externally sourced information. Any reasonably possible changes to assumptions used in management's assessment will not result in impairment.

Software

Software is capitalised by the Group and amortised over its useful life. It is recorded at cost less accumulated amortisation and impairment. Generally, a period of 3-5 years has been used in the calculation of amortisation for software for both the current and comparative periods.

(h) Trade and other payables

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

(i) Interest bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

(j) Issued capital

Ordinary issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue

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

Rendering of services

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

Distribution revenue

Distribution revenue from investments is recognised when the right to receive payment has been established.

Interest revenue

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

(l) Income tax

Current tax

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

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributable to that asset or liability for tax purposes.

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

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

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

Current and deferred tax for the period

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

(m) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(n) Leases

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

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

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

(o) Share based payments

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. With respect to options, fair value is measured by use of the black-scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

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 Group's estimate of shares that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to equity.

Equity-settled share based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currency

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences and borrowing costs are recognised in profit or loss in the period in which they arise.

(q) Provisions

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

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

(r) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been discontinued. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(s) Earnings per share

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

(t) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2. USE OF ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are the significant areas of estimation uncertainty and critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Intangible assets

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

Employee benefits

The liability for employee benefits (annual leave and long service leave) is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. A discount rate equal to the 10 year government bond rate has been used in determining the present value of the obligation.

Share based payments

The Group calculates the value of share based payments in accordance with the accounting policy stated in note 1(o). The value of the share based payment is measured at fair value of the equity instrument at the grant date. In determining fair value, these calculations require the use of assumptions to estimate future economic conditions and management judgement to determine key variables. Further details on share based payments are included in note 10.

Deferred tax assets

Management uses their judgement in determining the value of carry forward tax losses. Reference is made to forecasts and budgets to ensure the recoverability of tax losses remains probable over the foreseeable future. Tax losses have only been recognised as deferred tax assets to the extent that management considers it is probable that there will be future taxable profit available against which the tax losses can be utilised.

3. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from the use of financial instruments: Credit risk; Liquidity risk; Market risk; and Insurance risk. This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further disclosures are included in note 31.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has adopted a Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:2400). The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.

Day to day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The Chief Executive Officer and Chief Financial Officer are required to provide to the Board an annual certification that the Group's risk management system is operating efficiently and effectively in all material respects.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

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

Liquidity risk

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

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

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments. To further reduce liquidity risk, the Group maintains the following additional finance facilities:

Bank guarantee facility of $1,045,105 (2013: $1,045,105) primarily in respect of the lease of the Company's business premises;

Direct debit facility of $50,000 (2013: $50,000) to be used for client's accounts as part of the Austock Life business; and

Direct debit facility of $10,000 (2013: $nil) to be used for client's accounts as part of the Bonds Custodian business.

Market risk

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

Interest rate risk

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

The Group is exposed to equity price risk arising from movements in equity investments. Other than equity investments held at fair value through profit or loss, equity investments are generally held for strategic rather than trading purposes. The Group monitors equity price movements for any material impact on the Group's activities.

Insurance risk

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

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

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's capital structure consists of cash and cash equivalents as disclosed in note 30, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20, 21 and 22 respectively.

4. OPERATING SEGMENTS

The Group's operating business' are aggregated and reported upon as operating segments. These operating segments form the basis of decision making within the Group for the allocation of resources and assessing performance. These operating segments have been determined based on the information that is internally provided to the CEO, who is the Group's chief operating decision maker. The principal products and services within each segment are as follows:

(a) Life Insurance

This operating segment is a specialist issuer of insurance bond investments. The focus of this operating segment is on growing funds under both administration and management through the development of market leading product sold and distributed through independent financial advisers.

(b) Financial Services

This operating segment provides specialised administration for financial services providers; and sales force services for the sale and distribution of life insurance products. The focus of this operating segment is the delivery of specialised quality outsourced services.

(c) Unallocated services

This operating segment represents those operations within the Group that do not belong to any of the above key business segments.

Year End 30 June 2014	Life Insurance $'000	Financial Services $'000	Unallocated Services $'000	Eliminations $'000	Consolidated Total $'000	Discontinued Operations $'000	Continuing Operations $'000
Revenue:							
External revenue	5 250	3 263	639	(3 266)	5 886	30	5 856
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	**5 250**	**3 263**	**639**	**(3 266)**	**5 886**	**30**	**5 856**
Results:							
Segment results	**(230)**	**495**	**(300)**	**(2 153)**	**(2 188)**	**20**	**(2 208)**
Income tax expense	1 754	-	-	-	1 754	-	1 754
Net profit / (loss) after tax	**1 524**	**495**	**(300)**	**(2 153)**	**(434)**	**20**	**(454)**
Assets and liabilities:							
Segment total assets	5 042	1 607	23 289	(18 529)	11 409	-	11 409
Segment total liabilities	(887)	(320)	(1 345)	739	(1 813)	-	(1 813)
Segment net assets / (deficiency)	**4 155**	**1 287**	**21 944**	**(17 790)**	**9 596**	**-**	**9 596**
Other Segment Information:							
Depreciation and amortisation	-	8	97	-	105	-	105

Note: Prior year disclosures has been made to conform with current year presentation.

4. OPERATING SEGMENTS (CONTINUED)

Year End 30 June 2013	Life Insurance $'000	Financial Services $'000	Unallocated Services $'000	Eliminations $'000	Consolidated Total $'000	Discontinued Operations $'000	Continuing Operations $'000
Revenue:							
External revenue	4 437	391	26 744	(17 168)	14 404	9 450	4 954
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	**4 437**	**391**	**26 744**	**(17 168)**	**14 404**	**9 450**	**4 954**
Results:							
Segment results	(1 348)	152	18 615	(13 177)	4 242	9 218	(4 976)
Income tax expense	1 319	-	(365)	-	954	(127)	1 081
Net profit / (loss) after tax	**(29)**	**152**	**18 250**	**(13 177)**	**5 196**	**9 091**	**(3 895)**
Assets and Liabilities:							
Segment total assets	2 131	792	25 506	(15 616)	12 813	-	12 813
Segment total liabilities	-	-	(801)	-	(801)	-	(801)
Segment net assets / (deficiency)	2 131	792	24 705	(15 616)	12 012	-	12 012
Other Segment Information:							
Depreciation and amortisation	-	-	88	-	-	-	-

5. REVENUE

	2014 $'000	2013 $'000
Revenue:		
Operating activities		
Rendering of Services		
Property management	-	1 041
Funds management	286	257
Life office	5 144	4 366
	5 430	**5 664**
Interest Revenue		
Interest income on bank deposits	405	423
Other revenue		
Gain on sale of investment	-	7 679
Other income	51	638
Total revenue	**5 886**	**14 404**
Attributable To:		
Continuing operations	5 856	4 519
Discontinued operations	30	9 885
	5 886	**14 404**

6. EXPENSES AND LOSSES / (GAINS) INCLUDED IN PROFIT / (LOSS)

	2014 $'000	2013 $'000
(a) Personnel Expenses:		
Staffing cost	3 532	4 760
Defined contribution superannuation expense	252	253
Equity settled share based payments	-	17
	3 784	**5 030**
Attributable To:		
Continuing operations	3 784	4 223
Discontinued operations	-	807
	3 784	**5 030**
(b) Occupancy Expenses:		
Occupancy cost	292	233
Attributable To:		
Continuing operations	292	190
Discontinued operations	-	43
	292	**233**
(c) Communication Expenses:		
Communication cost	94	124
Attributable To:		
Continuing operations	94	108
Discontinued operations	-	16
	94	**124**
(d) Finance Expenses:		
Interest paid	2	9
Bank and other financing expenses	12	24
	14	**33**
Attributable To:		
Continuing operations	14	30
Discontinued operations	-	3
	14	**33**

6. EXPENSES AND LOSSES / (GAINS) INCLUDED IN PROFIT / (LOSS) (CONTINUED)

	2014 $'000	2013 $'000
(e) Dealing and Settlement Expenses:		
Dealing and settlement cost	1 766	1 653
Attributable To:		
Continuing operations	1 766	1 575
Discontinued operations	-	78
	1 766	**1 653**
(f) Marketing and Promotional Expenses:		
Marketing and promotional cost	442	280
Attributable To:		
Continuing operations	442	246
Discontinued operations	-	34
	442	**280**
(g) Depreciation and Amortisation Expenses:		
Depreciation of Non Current Assets		
Computer equipment	50	27
Furniture and fittings	1	1
Office equipment	22	-
	73	**28**
Amortisation of Non Current Assets		
Software intangibles	21	32
Management rights	-	28
		60
	21	**88**
Attributable To:		
Continuing operations	94	61
Discontinued operations	-	27
	94	**88**

6. EXPENSES AND LOSSES / (GAINS) INCLUDED IN PROFIT / (LOSS) (CONTINUED)

	2014 $'000	2013 $'000
(h) General Administrative Expenses:		
General administrative cost	1 578	2 358
Attributable To:		
Continuing operations	1 567	2 266
Discontinued operations	11	92
	1 578	**2 358**
(i) Impairment Charges / (Reversals):		
Trade and other receivables	11	360
Attributable To:		
Continuing operations	11	795
Discontinued operations	-	(435)
	11	**360**

Impairment

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

The recoverable amount of an asset held as fair value has been determined as the higher of its fair value less cost to sell and its value in use.

7. INCOME TAX

	Consolidated 2014 $'000	Consolidated 2013 $'000
(a) Income Tax Recognised in Profit and Loss:		
Income tax expense / (benefit) comprises:		
Current Tax		
Current income tax benefit	(1 790)	(1 160)
Deferred Tax		
Origination and reversal of temporary differences	**36**	**206**
Total tax benefit in the statement of comprehensive income	**(1 754)**	**(954)**
Attributable To:		
Continuing operations	(1 754)	(1 081)
Discontinued operations	-	127
	(1 754)	**(954)**
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit / (loss) from continuing operations	(2 207)	(4 975)
Profit / (loss) from discontinued operations	20	9 216
Profit / (loss) from operations	(2 187)	4 241
Income tax expense / (benefit) calculated at 30% (2013: 30%)	(656)	1 272
Non deductible expenses	3	68
Non assessable income	(997)	(2 770)
Assessable income	-	602
Deductible items	(121)	(135)
Tax losses not recognised as deferred tax assets	17	9
Income tax benefit	**(1 754)**	**(954)**

As at 30 June 2014, neither Austock Group Limited nor any of its controlled entities are members of a tax consolidated group.

7. INCOME TAX (CONTINUED)

	Consolidated	
	2014 $'000	2013 $'000
(c) Tax Assets:		
Current tax assets comprise:		
Income tax receivable	95	1 425
Deferred tax assets comprise:		
Provision	104	130
Accrued expenses	18	24
Other	1	5
Total	**123**	**159**

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

	Consolidated		
	Opening Balance $'000	Charged to Income $'000	Closing Balance $'000
2014			
Accrued expenses	130	(26)	104
Tax losses	24	(6)	18
Other	5	(4)	1
	159	**(36)**	**123**
2013			
Provision	253	(123)	130
Accrued expenses	91	(67)	24
Tax losses	179	(179)	-
Intangibles	68	(68)	-
Other	37	(32)	5
	628	**(469)**	**159**

8. KEY MANAGEMENT PERSONNEL

The directors and other members of key management personnel of the Group during the 2014 year were as follows.

Directors

Mr Frederick George Albion Beaumont QC, Independent Non-Executive Chairman.

Mr William Eric Bessemer, Executive Director and Chief Executive Officer.

Mr Martin Edward Ryan, Non-Executive Director.

Mr Jonathan James Tooth, Non-Executive Director.

Key Management Personnel

Mr Ross James Higgins, Managing Director, Austock Life

Mr Enzo Silverii, Chief Financial Officer (appointed 26 September 2012)

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2014 $	2013 $
Short term employee benefits	895 070	1 062 100
Post employment benefits	49 141	50 773
Long term employee benefits	225 000	225 000
Equity settled benefits	-	20 052
	1 169 211	**1 357 925**

9. REMUNERATION OF AUDITORS

	Consolidated	
	2014 $	2013 $
Auditor of the Parent Company		
Remuneration of the auditor for:		
Audit services		
Audit for financial report on the group	113 800	110 515
Other services		
Other assurance services	31 200	29 485
	145 000	**140 000**

The auditor of the Group is KPMG (2013: KPMG).

10. SHARE BASED PAYMENTS

The Group had an ownership based compensation scheme for executives and senior employees until its wind up on 29 August 2013.

There were no new shares issued or allocated within the Austock Employee Share Plan (ESP) during the 2014 financial year.

During the 2014 financial year, no shares vested (2013: 863,096 shares vested for a total of three executives and senior employees, two of who are no longer employed by the group).

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014 $	2013 $
Trade receivables	35	246
Amounts receivable from other related parties	315	246
	350	**492**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 31.

12. OTHER ASSETS

	Consolidated	
	2014 $	2013 $
Accrued income	128	138
Prepaid expenses	76	167
	204	**305**

13. FINANCIAL ASSETS

	2014 $'000	2013 $'000
(a) Financial assets at fair value through profit or loss:		
House position	-	8
Fixed term deposits	-	297
	-	**305**
(b) Loans and receivables:		
Total financial assets at fair value through profit or loss	-	305
Total financial assets	**-**	**305**
Current	-	305
Total financial assets	**-**	**305**

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Computer Equipment $'000	Furniture & Fittings $'000	Leasehold Improvement $'000	Land & Buildings $'000	Total $'000
Gross Carrying Amount:					
Balance at 1 Jul 2012	**222**	**7**	**479**	**267**	**975**
Additions	43	-	-	-	43
Disposals	(19)	(2)	(354)	-	(375)
Balance at 30 Jun 2013	**246**	**5**	**125**	**267**	**643**
Additions	114	-	-	-	114
Disposals	(3)	-	-	-	(3)
Balance at 30 Jun 2014	**357**	**5**	**125**	**267**	**754**
Accumulated Depreciation:					
Balance at 1 Jul 2012	**(170)**	**(2)**	**(299)**	**-**	**(471)**
Depreciation expense	(14)	(1)	242	-	227
Disposals	-	-	-	-	-
Balance at 30 Jun 2013	**(184)**	**(3)**	**(57)**	**-**	**(244)**
Depreciation expense	(50)	(1)	(22)	-	(73)
Disposals	1	-	-	-	1
Balance at 30 Jun 2014	**(233)**	**(4)**	**(79)**	**-**	**(316)**
Net Book Value:					
As at 30 Jun 2013	**62**	**2**	**68**	**267**	**399**
As at 30 Jun 2014	**124**	**1**	**46**	**267**	**438**

15. INTANGIBLE ASSETS

	Consolidated		
	Software $'000	Goodwill $'000	Total $'000
Gross Carrying Amount:			
Balance at 1 Jul 2012	**493**	**547**	**1 040**
Disposals	(387)	-	(387)
Balance at 30 Jun 2013	**106**	**547**	**653**
Additions	132	-	132
Balance at 30 Jun 2014	**238**	**547**	**785**
Accumulated Amortisation:			
Balance at 1 Jul 2012	**(352)**	**-**	**(352)**
Amortisation Expense	(13)	-	(13)
Disposals	319	-	319
Balance at 30 Jun 2013	**(46)**	**-**	**(46)**
Amortisation expense	(20)	-	(20)
Balance at 30 Jun 2014	**(66)**	**-**	**(66)**
Net Book Value:			
As at 30 Jun 2013	**60**	**547**	**607**
As at 30 Jun 2014	**172**	**547**	**719**

Impairment testing for cash - generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Austock Life business, which is designated as the Cash Generating Unit for the purposes of evaluating any potential impairment (the "CGU"). The recoverable amounts for the CGU have been calculated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Cash flow were projected for the life of the existing business assuming continuation of the present cost structure.

The key assumption used in the calculation of the value in used was discount rate. A pre-tax discount rate of 14% was applied in determining the recoverable amounts.

The key assumption described above may change as economic and market conditions change. The Group estimates that a reasonably possible change in the assumption is not expected to cause the recoverable amount of the CGU to decline below the carrying amount.

16. TRADE AND OTHER PAYABLES

	Consolidated 2014 $'000	2013 $'000
Trade payables	221	253
	221	**253**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 31.

17. PROVISIONS

	Consolidated 2014 $'000	2013 $'000
Employee entitlements	442	344
Claims	37	40
Office leasehold restoration	125	125
Transfer of assets and liabilities	380	380
	984	**889**

Employee entitlements

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

Claims

The provision for claims relates to the acquisition by Austock Life Limited of Manchester Unity Limited in the 2006 financial year. When Austock Life acquired Manchester Unity, Manchester Unity members were entitled to a $330 once off demutualisation benefit. The provision represents the estimated amounts owing to members who have not claimed their demutualisation benefit at balance date, as calculated by the independent appointed actuary.

Office leasehold restoration

The provision for office restoration represents the estimated cost to vacate and return the leased office premises to the property landlord in satisfaction of its lease agreement. It is expected that the provision will be utilised at lease expiry.

Transfer of assets and liabilities

The provision for transfer of assets and liabilities relates to the transfer of Druids Friendly Society benefit funds and management fund on 1 July 2011. Included in this balance is an amount of $267,000 relating to "Land and Buildings" in note 14, property, plant and equipment. As per the Heads of Agreement, this is required to be sold at the end of the five year period with the proceeds to be distributed to the members of the Funeral Benefit Fund.

17. PROVISIONS (CONTINUED)

	Consolidated				
	Employee Entitlements $'000	Claims $'000	Office Restoration $'000	Transfer of Assets / Liabilities $'000	Total $'000
2014					
Balance at 1 Jul 2013	**344**	**40**	**125**	**380**	**889**
Made during the year	280	-	-	-	280
Used during the year	(182)	(3)	-	-	(185)
Balance at 30 Jun 2014	**442**	**37**	**125**	**380**	**984**
Current	420	7	-	-	427
Non-current	22	30	125	380	557
Total provisions	**442**	**37**	**125**	**380**	**984**
2013:					
Balance at 1 Jul 2013	**708**	**42**	**479**	**393**	**1,622**
Made during the year	240	-	-	-	240
Used during the year	(604)	(2)	(354)	(13)	(973)
Balance at 30 Jun 2014	**344**	**40**	**125**	**380**	**889**
Current	312	10	-	-	322
Non-current	32	30	125	380	567
Total provisions	**344**	**40**	**125**	**380**	**889**

18. OTHER LIABILITIES

	Consolidated	
	2014 $'000	2013 $'000
Accrued expenses	1 082	1 486
GST liability (benefit)	(63)	(157)
	1 019	**1 329**

19. POLICYHOLDER BALANCES

	2014 $'000	2013 $'000
Assets:		
Cash and cash equivalents	19 649	12 766
Other assets	13 963	5 547
Financial assets	453 322	360 753
Deferred tax assets	734	155
Total Assets	**487 668**	**379 221**
Liabilities:		
Trade and other payables	349	267
Tax liabilities	3 933	2 989
Other liabilities	19	25
Deferred tax liabilities	6 649	3 724
Policyholder liabilities	476 718	372 216
Total Liabilities	**487 668**	**379 221**
Net Assets	-	-

Policyholder assets are restricted and not available to other members of the Group.

19. POLICYHOLDER BALANCES (CONTINUED)

	2014 $'000	2013 $'000
Revenue:		
Interest income	6 313	6 875
Distribution income	17 518	9 137
Revaluation increase of investments	7 908	16 878
Member contributions	2	2
Other revenue	4	2
Total Revenue	**31 745**	**32 894**
Expenses:		
Finance expenses	1	2
Dealing and settlement expenses	323	444
General administrative expenses	56	72
Management fees paid by benefit funds	3 365	2 693
Revaluation decrement	(41)	82
Realised losses	(2 480)	924
Member withdrawals	161	134
Total expenses	**1 385**	**4 351**
Net profit before tax	30 360	28 543
Income tax expense	(8 645)	(7 857)
Profit attributable to policyholders	**21 715**	**20 686**

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

These assumptions were:

	2014 $'000	2013 $'000
Discount rate	0% to 2.91%	0% to 3.91%
Mortality	Australian Life Tables 2005-2007 less 40%	Australian Life Tables 2005-2007 less 40%
Future maintenance and investment management expense	2% to 2.07%	2% to 2.07%
Taxation rates	30%	30%
Rates of discontinuance	0%	0%
Rates of future supportable participating benefits	**Terminal bonus of $152 to $330 per member and bonus on sum assured of 1.66% p.a. compound**	**Terminal bonus of $147 to $280 per member and bonus on sum assured of 1.66% p.a. compound**

19. POLICYHOLDER BALANCES (CONTINUED)

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

20. ISSUED CAPITAL

	Consolidated 2014		Consolidated 2013	
	Number	$'000	Number	$'000
Issued and Paid Up Capital				
Fully paid ordinary shares (a)	99 188 421	33 123	99 188 421	33 123
Partly paid ordinary shares (b)	-	-	-	-
Total provisions	**99 188 421**	**33 123**	**99 188 421**	**33 123**

	Consolidated 2014		Consolidated 2013	
	Number	$'000	Number	$'000
(a) Fully Paid Ordinary Shares				
Balance at beginning of financial year	99 188 421	33 123	133 928 412	44 166
Equity settled benefits	-	-	-	20
Transfer from treasury shares reserve	-	-	-	(273)
Cancellation of shares	-	-	(34 739 991)	(10 790)
Balance at end of the financial year	**99 188 421**	**33 123**	**99 188 421**	**33 123**

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

	Consolidated 2014		Consolidated 2013	
	Number	$'000	Number	$'000
(b) Partly Paid Ordinary Shares				
Balance at beginning of financial year	-	-	5 153 580	342
Cancellation of shares	-	-	(5 153 580)	(342)
Balance at end of the financial year	**-**	**-**	**-**	**-**

Partly paid ordinary shares carried one vote per share and had rights to dividends in the same proportion as to the amounts paid up on the ordinary share.

21. RESERVES

	Consolidated	
	2014 $'000	2013 $'000
(a) Share Buyback Reserve		
Balance at beginning of financial year	-	(4 325)
Movement arising on disposal of property business	-	4 325
Balance at end of the financial year	**-**	**-**

The share buy back reserve records the portion of share buy back payments not funded from retained earnings.

	2014 $'000	2013 $'000
(b) Treasury Shares Reserve		
Balance at beginning of financial year	-	(273)
Acquired during financial year	-	-
Balance at end of the financial year	**-**	**273**
(c) Share Based Payment Reserve		
Balance at beginning of financial year	-	305
Transfer to retained earnings	-	(305)
Balance at end of the financial year	**-**	**-**

The share based payments reserve represents the cumulative difference between the total share based payment expense in the statement of comprehensive income and the cash outflow made to acquire the underlying equity instruments. Once the equity instruments have been fully vested and are released from the equity compensation plans, any difference remaining is transferred to retained earnings.

22. RETAINED EARNINGS

	FY-2014			FY-2013		
	Losses S'000	Profit Reserve $'000	Total $'000	Losses S'000	Profit Reserve $'000	Total $'000
Opening accumulated losses	(30 510)	9 399	(21 111)	(27 156)	-	(27 156)
Net profit / (loss) attributable to members of the company	(1 005)	571	(434)	(4 203)	9 399	5 196
Transfer from issued capital and reserves	-	-	-	4 407	-	4 407
Impact from sale of property business	-	-	-	(2 570)	-	(2 570)
Dividends paid	-	(1 982)	(1 982)	(988)	-	(988)
Closing accumulated losses	**(31 515)**	**7 988**	**(23 527)**	**(30 510)**	**9 399**	**(21 111)**

23. EARNINGS PER SHARE

	Consolidated	
	2014 Cents per Share	2013 Cents per Share
Earnings per Share:		
Continuing operations	(0.46)	(3.56)
Discontinued operations	0.02	8.31
Total basic earnings per share	**(0.44)**	**4.75**
Diluted Earnings per Share:		
Continuing operations	(0.46)	(3.56)
Discontinued operations	0.02	8.31
Total diluted earnings per share	**(0.44)**	**4.75**

	2014 $'000	2013 $'000

Earnings Per Share:

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

Earnings used in basic EPS calculation:		
Earnings used for basic earnings per share calculation	(434)	5 196
Exclude the (profit) / loss for the period from discontinued operations	(20)	(9 091)
Earnings for the period from continuing operations	(454)	(3 895)
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of basic EPS	**99 188**	**109 360**

Diluted Earnings Per Share:

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

Earnings used in basic EPS calculation:		
Earnings used for basic earnings per share calculation	(434)	5 196
Exclude the (profit) / loss for the period from discontinued operations	(20)	(9 091)
Earnings for the period from continuing operations	(454)	(3 895)
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of basic EPS	99 188	109 360
Weighted average number of ordinary shares for the purposes of diluted EPS	**99 188**	**109 360**

24. DIVIDENDS

The company paid a fully franked final 2013 dividend of $0.01 per ordinary share on 1 October 2013 and a fully franked 2014 interim dividend of $0.01 per ordinary share on 11 April 2014.

	Consolidated	
	2014 $'000	2013 $'000
Recognised Amounts:		
Dividends paid	1 982	988
	1 982	**988**

In the previous year the company paid an unfranked special dividend of $0.01 per ordinary share on 19 April 2013.

Franking credits:

The existing franking credits available for subsequent financial years based on tax rate of 30% 2014 $18,170,253

(2013: $18,905,440)

25. CAPITAL AND LEASING COMMITMENTS

(a) Leased Premises

	Consolidated	
	2014 $'000	2013 $'000
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable not later than 1 year	838	807
Payable later than 1 year but not later than 5 years	794	1 634
Payable later than 5 years	-	-
Subtotal	**1632**	**2 441**
Less amount recoverable not later than 1 year	(630)	(539)
Less amount recoverable later than 1 year but not later than 5 years	(613)	(1 137)
	389	**765**

The property lease in respect of the Group's Melbourne premises is a non-cancellable lease which expires on 31 May 2016. Part of this lease was sublet to Intersuisse Holdings Pty Ltd. A further part of the lease was sublet to Austock Property Funds Management Pty Ltd, since renamed as Folkestone Funds Management Limited. Entitlements from both sub-leases are reflected above.

25. CAPITAL AND LEASING COMMITMENTS (CONTINUED)

(b) Investment Commitments

Part of the Company's investment in its 100% owned subsidiary, Austock Financial Services Pty Ltd (formerly Austock Securities Pty Limited), were 432,090 partly paid shares. On 28 September 2012 a call of $5.32 per share was made bringing the total amount paid to $5.33 per share.

The 432,090 partly paid shares were cancelled on 4 June 2013, thereby dissolving the residual investment commitment.

(c) ASX capital commitments

Austock Financial Services Pty Limited (formerly Austock Securities Pty Limited) is a market participant of the Australian Securities Exchange ("ASX"). Market participants are subject to the market integrity rules. These rules require a Market participant to maintain minimum core liquid capital of $100,000 at all times.

The market integrity rules define core liquid capital as the sum of:

- all ordinary issued shares to the extent they are paid up;
- all non-cumulative preference shares;
- all reserves excluding revaluation reserves; and
- opening retained profits/losses adjusted for all current year movements

On 1 August 2011 ASIC took over supervision of non-clearing market participants, of which Austock Financial Services Pty Limited is one. The above requirements remain the same under ASIC supervision.

Austock Financial Services Pty Limited discontinued the operations of its securities business on 12 March 2012 when the assets of the business were acquired by Intersuisse Holdings Pty Ltd. Following the sale of assets, Austock Financial Services Pty Limited was inadvertently in breach of the core liquid capital requirements. A significant breach report outlining the action to be taken to rectify this breach was lodged with ASIC.

On 16 May 2013, ASIC issued a warning letter advising that no further action will be taken in relation to the breach.

26. CONTINGENT LIABILITIES

Banking facilities

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

- Bank guarantee facility of $1,045,105 (2013: $1,045,105) in respect of the lease of the Company's business premises;
- Direct debit facility of $50,000 (2013: $50,000) to be used for client's accounts as part of the Austock Life business; and
- Direct debit facility of $10,000 (2013: $nil) to be used for client's accounts as part of the Bond Custodian business.

27. CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	2014 Ownership Interest	2013 Ownership Interest
Parent entity			
Austock Group Limited	Australia		
Controlled entities			
ACN 101 074 015 Pty Limited (a)	Australia	-	100%
Austock Capital Management Pty Limited	Australia	100%	100%
Austock Employee Share Custodian Pty Limited (b)	Australia	-	100%
Austock Employee Share Trust (c)	Australia	-	-
Austock Funds Management Limited (d)	Australia	-	-
Austock GET Management Pty Limited (e)	Australia	-	-
Austock GET USA Management Pty Limited (e)	Australia	-	-
Austock Insurance Brokers Pty Limited (f)	Australia	-	100%
Austock Life Limited	Australia	100%	100%
Austock Nominees Pty Limited	Australia	100%	100%
Austock Private Equity Pty Limited (g)	Australia	-	100%
Austock Property Funds Management Pty Limited (d)	Australia	-	-
Austock Property Investment Management Pty Limited (e)	Australia	-	-
Austock Property Management Limited (d)	Australia	-	-
Austock Property Services Pty Limited (h)	Australia	-	-
Austock RE Pty Limited (d)	Australia	-	-
Austock Real Estate Management Pty Limited (e)	Australia	-	-
Austock Financial Services Pty Limited (i)	Australia	100%	100%
Bonds Custodian Pty Limited (j)	Australia	100%	100%

Deregistered 27 October 2013
Deregistered 28 April 2014
Wound up 29 August 2013
Sold on 28 September 2012
Deregistered 2 December 2012
Sold 19 November 2013
Deregistered 21 July 2013
Deregistered 13 May 2012
Converted from a Public Company on 13 May 2012 and changed its name from Austock Securities Pty Ltd on 20 Jun 2013
Changed its name from Austock Services Pty Limited on 11 November 2013

28. RELATED PARTIES

(a) Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements.

(b) Transactions with key management personnel

Key management personnel compensation

Details of key management personnel compensation are disclosed in note 8 to the financial statements.

Directors and their family members have invested in the Imputation Bonds Benefit Funds managed by Austock Life Limited. These transactions are at arm's length. The value of these investments is $213,857 (2013: $196,922).

A director of a company that provides investment management services to Austock Life Limited is a director of Austock Group Limited . These transactions are at arm's length. The amount paid by Austock Life Limited for 2014 was $306,313 (2013: $275,933).

A director and Key Management Person is a director of the company providing investment management services to Austock Life Limited and received director's fees of $20,000 (2013: $20,000).

A director of a company that utilises administration services of Austock Financial Services Pty Limited is a director of Austock Group Limited . These transactions are at arm's length. The amount received by Austock Financial Services Pty Limited for 2014 was $223,017 (June 2013: $224,097).

(c) Transactions within the wholly owned group

The wholly owned group includes:

The ultimate parent entity in the wholly owned group; and

Wholly owned controlled entities.

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

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

The parent entity has provided general management assistance to its controlled entities on normal commercial terms and conditions no more favourable than those available to other parties dealing on an arm's length basis. The total value of the management assistance services provided was $493,870 (2013: $376,900).

The parent entity has made new investments of $511,000 (2013: $1,000,004) in controlled entities.

The parent entity reversed previously impaired debts owed to it totalling $nil (2013: $16,687,419, of this amount $9,540,000 was converted to equity).

The parent entity advanced a subordinated loan to Austock Financial Services Pty Limited (formerly Austock Securities Pty Limited) for $2,300,000 in 2012. This loan was approved by the Australian Securities and Investments Commission (ASIC). The loan was repaid by way of $1,281 in cash and the balance of $2,298,719 by a call on partly paid shares. The call was repaid on 28 September 2012.

The parent entity did not make any advances to controlled entities (2013: $498,835 was advanced and received repayment in 2014 of $498,385 (2013: $nil). As at 30 June 2014, the amount owing to the parent entity from controlled entities is $nil (2013: $498,835).

The parent entity has received advanced amounts from controlled entities totalling $nil (2013: $1,074,252) and has repaid advanced amounts totalling $405,624 (2013: $154,608). As at 30 June 2014, the amount owed by the parent entity to controlled entities is $668,628 (2013: $919,644).

Austock Group Limited executed debt forgiveness deeds for the year ending 30 June 2014 totalling $363,000 (2013: $9,199,199).

28. RELATED PARTIES (CONTINUED)

(d) Transactions with other related parties

Other related parties include:

Director related entities

A payment of $25,000 (2013: $nil) was made for consulting services provided by a director related entity on normal commercial terms and conditions.

29. BUSINESS ACQUISITION AND DISPOSAL

Business disposal

(a) Austock Insurance Brokers Pty Limited

On 19 November 2013, 100% of the equity in Austock Insurance Brokers Pty Limited was sold. The proceeds were only of a nominal value resulting in the Group recording a loss of $150 on disposal. The disposal represents discontinued operations of the Group and further details are disclosed in note 32.

(b) Austock Property

On 28 September 2012 the Austock Property business was sold to Folkestone Limited. The sale generated $14,470,000 cash which comprised consideration for the sale of $11,350,000 paid in two tranches of $7,500,000 on 28 September 2012 and the balance of $3,850,000 on 8 January 2013 . The balance of $3,120,000 was the return of working capital. The transaction resulted in a capital gain of $7,679,000.

The following were the results of the disposed business.

	2014 $'000	2013 $'000
Income Statement:		
Revenue	30	9 885
Expenses	(10)	(666)
Profit before income tax	**20**	**9 219**
Income tax expense	-	(127)
Net profit after income tax	**20**	**9 092**
Gain On Disposal:		
Consideration received	-	14 470
Fair value of net assets disposed	-	(6 791)
Gain on disposal	**-**	**7 679**

30. NOTES TO THE STATEMENT OF CASH FLOWS

	2014 $'000	2013 $'000
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents balances comprises:		
Cash at bank	9 891	10 696
Cash held on trust	-	95
Closing cash and cash equivalents balance	**9 891**	**10 791**
(b) Business disposal		
Details of the business disposal that occurred are as follows:		
Fair Value of Net Assets Disposed		
Net assets disposed	-	6 791
Gain on disposal	-	7 679
Total cash recieved	**-**	**14 470**
Net cash flow on disposal		
Cash considerations	-	14 470
Less cash disposed	-	-
Net cash received for business disposal	**-**	**14 470**

30. NOTES TO THE STATEMENT OF CASH FLOWS

	2014 $'000	2013 $'000
(c) Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
Profit / (loss) from ordinary activities after tax	(434)	5 196
Depreciation and amortisation	94	128
Investment income	(403)	(414)
Impairment charges / (reversals)	11	158
Change in assets and liabilities		
(Increase) / decrease in receivables	142	925
(Increase) / decrease in other assets	101	(82)
(Increase) / decrease in income tax asset	1 330	(666)
(Increase) / decrease in deferred tax assets	35	210
(Decrease) / increase in payables	(32)	(178)
(Decrease) / increase in provisions	94	(734)
(Decrease) / increase in other liabilities	(311)	(2 970)
Net cash flow used in operating activities	**627**	**(2 401)**

(d) Financing facilities

Secured bank guarantee facility:

Amount used	1 045	1 045
	1 045	**1 045**

31. FINANCIAL INSTRUMENTS

Financial instruments relating to policyholders are excluded from this note as there is no entitlement to shareholders.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Exposure to Credit Risk

The carrying amount of the Group's financial assets (net of impairment provisions) represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2014 $'000	2013 $'000
Cash and cash equivalents	9 891	10 791
Trade and other receivables	350	492
Financial assets	-	297
Cash and cash equivalents classified as held for sale	-	635
Total	**10 241**	**12 215**

The credit risk on liquid cash funds is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by reputable credit-rating agencies.

Impairment losses

The aging of the Group's trade and other receivables and loan assets (net of impairment provisions) at reporting date was:

	Consolidated	
	2014 $'000	2013 $'000
Not past due	350	492
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	**350**	**492**

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

31. FINANCIAL INSTRUMENTS (CONTINUED)

A reconciliation of the movement in the provision for impairment of loans and other receivables is presented below:

	Consolidated	
	2014 $'000	2013 $'000
Opening balance	-	752
Impairment	-	-
Write off	-	(752)
Total	**-**	**-**

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

	Consolidated					
	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	6 to 12 Months $'000	1 to 2 Years $'000	More than 2 Years $'000
2014:						
Trade and other payables	221	(221)	(221)	-	-	-
Total	**221**	**(221)**	**(221)**	**-**	**-**	**-**
2013:						
Trade and other payables	253	(253)	(253)	-	-	-
Total	**253**	**(253)**	**(253)**	**-**	**-**	**-**

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk

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

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group invest and borrow at both fixed and floating interest rates.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	2014 $'000	2013 $'000
Fixed Rate Instruments		
Financial assets	8 417	9 412
Financial liabilities	-	-
Net asset / (liability)	**8 417**	**9 412**
Variable Rate Instruments		
Financial assets	1 474	1 041
Financial assets classified as held for sale	-	635
Net asset / (liability)	**1 474**	**1 676**

* Cash flow sensitivity analysis for variable and fixed rate instruments

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

	Consolidated	
	1% Increase $'000	1% Decrease $'000
30 June 2014		
Variable rate instruments	16	(16)
	16	**(16)**
30 June 2013		
Variable rate instruments	17	(17)
	17	**(17)**

31. FINANCIAL INSTRUMENTS (CONTINUED)

II. Equity price risk

The Group is exposed to equity price risks arising from equity investments.

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

	Consolidated	
	2014 $'000	2013 $'000
Financial Assets at Fair Value Through Profit or Loss		
House positions	-	8
	-	**8**

* Equity price sensitivity analysis

A change of + / - 10% in equity prices would have the following impact on the statement of comprehensive income:

	Consolidated	
	Equity Price 10% Increase $'000	Equity Price 10% Decrease $'000
Financial Assets at Fair Value Through Profit or Loss		
30 June 2014:		
House positions	-	-
	-	**-**
30 June 2013:		
House position	1	(1)
	1	**(1)**

31. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair values

Fair values versus carrying amounts

The directors consider that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair value.

The fair values of financial assets and liabilities are determined as follows:

the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow;

Fair value hierarchy

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

Level 1: fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

	Consolidated			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2014				
Financial assets at fair value through profit or loss				
House positions	-	-	-	-
	-	**-**	**-**	**-**
30 June 2013				
Financial assets at fair value through profit or loss				
House positions	8	-	-	8
	8	**-**	**-**	**8**

The Group has determined that the carrying values of certain on-balance sheet financial instruments approximate fair values. These financial instruments are short term in nature or are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. Based on the above, there are no financial assets or liabilities measured at amortised cost on the balance sheet of the Group where the carrying amount is not reasonable approximation of fair value. Accordingly, the fair values and levelling in the fair value hierarchy have not been presented for financial instruments carried at amortised cost.

Offsetting financial assets and financial liabilities

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

32. DISCONTINUED OPERATIONS

On 28 September 2012, the Group sold the Property business to Folkestone Limited. The proceeds for the sale were $14,470,000 which was settled in two tranches of $7,500,000 on 28 September 2012 and $3,850,000 on 8 January 2013. That transaction resulted in a capital gain of $7,679,193.

On 19 November 2013, the Group sold the Insurance Broking Company . The proceeds on disposal was $100 resulting in the Group reporting a consolidated loss of $150.

The combined results of the discontinued operations which have been included in the statement of comprehensive income are as follows. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations as discontinued in the current period.

	Notes	2014 $'000	2013 $'000
Revenue	5	30	9 885
Expenses			
Personnel expenses	6 (a)	-	(807)
Occupancy expenses	6 (b)	-	(43)
Communication expenses	6 (c)	-	(16)
Finance expenses	6 (d)	-	(3)
Dealing and settlement	6 (e)	-	(78)
Marketing and promotional	6 (f)	-	(34)
Depreciation	6 (g)	-	(28)
General administrative expenses	6 (h)	(10)	(92)
Loss on assets at fair value through profit & loss	6 (i)	-	-
Loss on disposal of assets		-	-
Impairment charges	6 (j)	-	435
Profit / (loss) before income tax		**20**	**9 219**
Income tax (expense) / benefit	7 (a)	-	(127)
Profit/(loss) after income tax		**20**	**9 091**
Cash Flow from Discontinued Operations			
Net cash flows from operating activities		(305)	(2 903)
Net cash flows from investing activities		-	-
Net cash flows from financing activities		-	-
Net cash flow		**(305)**	**(2 903)**
Earnings per share			
Basic (cents per share)		0.02	8.31
Diluted (cents per share)		0.02	8.31

33. DISPOSAL GROUP HELD FOR SALE

As at 30 June 2014 there is no entity that is held for sale (2013: $nil).

34. SUBSEQUENT EVENTS

The company declared a final 2014 dividend of $0.01 per ordinary share fully franked to be paid on 24 September 2014.

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

35. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2014 the parent company of the Group was Austock Group Limited.

	Consolidated	
	2014 $'000	2013 $'000
Results of the Parent Entity		
Profit / (loss) for the period	76	9 247
Other comprehensive income		
Total comprehensive income for the period	**76**	**9 247**
Financial Position of the Parent Entity at Year End		
Current assets	6 497	8 979
Total assets[a]	**23 277**	**25 336**
Current liabilities	1 219	1 123
Total liabilities	**1 345**	**1 249**
Total equity of the parent entity comprising of:		
Share capital	**33 123**	**39 928**
Capital reserves	**12 363**	**12 613**
Accumulated losses	**(30 900)**	**(37 701)**
Profit reserve	**7 346**	**9 247**
Total equity	**21 932**	**24 087**

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

35. PARENT ENTITY DISCLOSURES (CONTINUED)

Parent entity contingencies

Other than the relevant contingent liabilities disclosed in note 26 to the financial statements, the parent entity does not have any contingencies at 30 June 2014 (2013: $nil).

Parent entity capital commitments for acquisition of property plant and equipment

The parent entity does not have any capital commitments to acquire property plant and equipment at 30 June 2014 (2013: $nil).

Parent entity guarantees in respect of its subsidiaries

The parent entity does not have any guarantees in respect of its subsidiaries at 30 June 2014 (2013: $nil).

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ADDITIONAL STOCK EXCHANGE INFORMATION

Contents

ADDITIONAL STOCK EXCHANGE INFORMATION

AS AT 4 AUGUST 2014 (UNAUDITED)

NUMBER OF HOLDERS OF EQUITY SECURITIES

Fully paid ordinary share capital

99,188,421 fully paid ordinary shares are held by 403 shareholders

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

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Number of shares held	Fully paid ordinary shares
1 - 1 000	17
1 001 - 5 000	149
5 001 - 10 000	58
10 001 - 100 000	114
100 001 and over	65
Total	**403**
Holdings less than a marketable parcel	25

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders	Fully paid ordinary shares
Smith Peaco Nominees Pty Ltd	14 510 220
Mr Martin Edward Ryan	10 922 692
Mr John David Wheeler	10 000 000
Aust Executor Trustees Ltd (Lanyon Aust Value Fund)	9 091 363
Mrs Patricia Mary Tooth	8 587 244
Mr Frank Zullo	5 000 000

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Ordinary shareholders	Number	Fully paid percentage
Aust Executor Trustees Ltd <Lanyon Aust Value Fund>	9 091 363	9.17
Mrs Patricia Mary Tooth	8 078 560	8.15
Mr John David Wheeler & Mr Glen Robert Wheeler <Wheelsup S/F A/C>	7 000 000	7.06
Smith Peaco Nominees Pty Ltd <The Bessemer Property A/C>	6 639 100	6.70
Mr Martin Edward Ryan	5 892 692	5.94
Forty Fifth Decbarb Pty Ltd <M E Ryan Super Fund A/C>	5 000 000	5.04
Mr Frank Gerard Zullo	5 000 000	5.04
National Nominees Limited	4 844 721	4.88
Mr Don Lazzaro & Mrs Ann Lazzaro <Super Fund A/C>	4 663 854	4.70
Candoora No 31 Pty Ltd <Bessemer Super Fund A/C>	4 500 000	4.54
Onever Pty Ltd	3 371 120	3.40
Mr Paul Masi	3 141 666	3.17
Mrs Susan Hadden & Mrs Abby Falla <Haddup Super Fund A/C>	3 000 000	3.02
Mr Goh Geok Khim	1 999 600	2.02
UBS Wealth Management Australia Nominees Pty Ltd	1 498 190	1.51
Mr Craig Russell Stranger	1 437 500	1.45
Mr Enzo Salvatore	1 321 539	1.33
Belhaven Inc	1 000 200	1.01
Mr Campbell Gordon Boag	1 000 000	1.01
Calare (Holdings) Pty Ltd <Gemac Super Fund A/C>	1 000 000	1.01
	79 480 105	**80.15**

ON MARKET BUY BACK

There is no current on-market buy-back.

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CORPORATE GOVERNANCE STATEMENT

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Company has sought to comply with the recommendations for each. This report is provided in relation to the second edition of the ASX Corporate Governance Council's recommendations.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1

LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

The Principle requires the Company to establish and disclose the respective roles and responsibilities of both the Board and Management.

ASX recommendation / disclosure obligation	Company's response
1.1 Establish functions reserved to Board and those delegated to senior executives	The Board has clear policies and processes to delineate the respective functions, roles and responsibilities of the Board and Management. The Board has adopted a charter that sets out the role, composition and responsibilities reserved by the Board, those delegated to the Chief Executive Officer, and those specific to the Chairman. The conduct of the Board is also governed by the Constitution of the Company. The Board has also adopted a Delegations Policy which formalises and discloses the functions delegated to senior management outside the Board.
1.2 Disclose process for evaluating performance of senior executives	There are 4 components to evaluating the performance of senior executives. Prior to the commencement of the financial year, a Budget/strategy session is held involving the Chief Executive Officer ("CEO") and the department heads and a business plan for each department for the forthcoming year is agreed with the CEO. Annual performance appraisals of each department head are conducted by the CEO in July and KPIs that have been agreed by the department head and CEO are filtered down to individual team members. Biannual reviews are conducted to provide formal feedback to department heads regarding their individual and team's performance and to plan for the next 6 months. Performance is regularly reviewed at monthly meetings between department heads and the CEO. Adopting this process, the performance of senior executives was evaluated during the financial year.
1.3 Availability of information	A copy of the Board Charter and Constitution is available on the Company's website. A copy of the Delegations Policy can be made available upon request.

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

The Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Board considers that individually and collectively the directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities and duties. All directors have extensive experience spanning a diverse range of activities and industries.

ASX recommendation / disclosure obligation	Company's response
2.1 Majority of Board should be independent directors	The current Board comprises four directors of whom only one – Mr George Beaumont – is independent. The other members of the Board are the Chief Executive Officer, Mr Bill Bessemer, and Non-Executive Directors Mr Martin Ryan and Mr Jonathan Tooth, all of whom are not considered to be independent as they are, or are closely associated with, a substantial shareholder of the Company. Mr Bessemer is also an executive of the Company. The Board is of the opinion that there is an adequate and broad mix of skills and experience amongst the directors such that each is capable of acting in an independent manner and in the best interests of the shareholders.
2.2 Chair should be an independent director	Mr George Beaumont assumed the position of Chairman on 9 May 2012 and is considered independent.
2.3 Roles of Chair and Chief Executive Officer should not be exercised by same individual	The roles of Chairman and Chief Executive Officer are not held by the same individual.
2.4 Establish a Nomination Committee	The Company does not presently have a Nomination Committee. A Remuneration and Nomination Committee was established in 2007 however its responsibilities and functions were assumed by the full Board on 24 October 2011 and it was formally abolished on 1 May 2012. Having regard to the downsizing of the Austock Group following the sale of the Securities and Property Funds Management businesses in 2012 and the current size and composition of the Board, a separate Committee structure is considered to be unnecessary.
2.5 Disclose process for performance evaluation of Board, its committees and individual directors	The Board has adopted a Board and Committee Performance Evaluation Policy. This policy outlines the process for evaluating the performance of the Board, its committees and individual directors. It is anticipated that a performance evaluation will be undertaken once the existing Board has been in office for some period of time.
2.6.1 Information on Directors	Details of each Director's relevant skills, experience and expertise, as well as their independence status and period in office are set out in the Directors' Report. The number of meetings held and attended during the year are also set out in the Directors' Report. The Company's materiality threshold in determining independence is also set out in the Directors' Report.
2.6.2 Independent professional advice	In fulfilling their duties, each Director and committee member may obtain independent professional advice at the expense of the Company, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.
2.6.3 Desired mix of skills and diversity in board membership	The Board seeks to evolve its membership by appointing non-executive directors with diverse and complementary skills, experience and perspectives.
2.6.4 Procedure for selection and appointment of new directors and re-election of incumbent directors / Board policy for nomination and appointment of directors	The Board has adopted a Selection and Appointment of Non-Executive Directors' Policy. This policy outlines the procedure for selecting and appointing non-executive directors and for re-appointing incumbent non-executive directors.
2.6.5 Availability of information	A copy of the Board and Committee Performance Evaluation Policy and Selection and Appointment of Non-Executive Directors' Policy is available on the Company's website.

PRINCIPLE 3

PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Principle requires that the Board should actively promote ethical and responsible decision-making.

ASX recommendation / disclosure obligation	Company's response
3.1 Establish a Code of Conduct	The Board believes that the success of the Company will be enhanced by a strong ethical culture within the organisation. The Board has adopted a Code of Conduct to ensure that all directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.
3.2 Establish a Diversity Policy	A Diversity Policy was adopted by the Board on 30 May 2011.
3.3 Disclose measurable objectives for achieving gender diversity and progress towards achieving them	The Board has not set any measurable objectives for achieving gender diversity. As part of its focus on returning the Company to profitability and restoring shareholder wealth, the number of employees has reduced significantly and are expected to remain stable. The Board does not consider it necessary or appropriate to set measurable objectives for achieving gender diversity while employee numbers remain low. However, as Board and employee vacancies are filled, attention will be given to identifying opportunities for improving gender diversity across the organisation.
3.4 Disclose proportion of women employed in whole organisation, in senior executive positions and on the board	The Company provides the following information in relation to the proportion of women employed within the Austock Group: **Women in organisation:** 34% **Women in senior executive positions:** 0% **Women on the Board:** 0%
3.5 Availability of information	A copy of the Code of Conduct and Diversity Policy is available on the Company's website.

PRINCIPLE 4

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

This Principle requires that the Company have a structure in place to independently verify and safeguard the integrity of its financial reporting.

ASX recommendation / disclosure obligation	Company's response
4.1 Establish an Audit Committee	The Company does not presently have an Audit Committee. An Audit Committee was established in 2007 however its responsibilities and functions were assumed by the full Board on 24 October 2011 and it was formally abolished on 1 May 2012. Having regard to the downsizing of the Austock Group following the sale of the Securities and Property Funds Management businesses in 2012 and the current size and composition of the Board, a separate Committee structure is considered to be unnecessary. In addition, the Company's main operating division Austock Life has its own audit committee which exercises financial oversight over that business.
4.2 Structure of Audit Commttee	n/a
4.3 Formal Charter	n/a
4.4.1 Information on Audit Committee members	n/a
4.4.2 Selection and appointment of external auditor and for rotation of external audit engagement partner	The Board is responsible for appointing the external auditor, subject to confirmation by shareholders at the Company's annual general meeting. In selecting an auditor, the Board will implement a selection and assessment process, which takes into account a number of key criteria, including audit approach and methodology, internal quality control procedures, resources, key personnel and cost. The Board will annually review the external auditor's performance and independence. In line with current professional standards, the external auditor is required to rotate Austock audit and review partners at least once every 5 years.

PRINCIPLE 5

MAKE TIMELY AND BALANCED DISCLOSURE

The Principle requires the Company to promote timely and balanced disclosure of all material aspects concerning the Company.

ASX recommendation / disclosure obligation	Company's response
5.1 Establish a Continuous Disclosure Policy	A Continuous Disclosure Policy has been adopted by the Board. This policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Company's securities is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.
5.2 Availability of information	A copy of the Continuous Disclosure Policy is available on the Company's website.

PRINCIPLE 6

RESPECT THE RIGHTS OF SHAREHOLDERS

The Principle requires the Company to respect the rights of shareholders and facilitate the exercise of those rights.

ASX recommendation / disclosure obligation	Company's response
6.1 Design a Communications Policy	A Communications Policy has been adopted by the Board, reflecting its policy that shareholders be informed of all significant developments affecting the Company's affairs. Information is communicated by: • dispatching annual reports to shareholders who request to receive it; and • maintaining a dedicated investor relations section on the Company's website to which it posts copies of all ASX announcements, Annual Reports, Half Yearly Reports, details of corporate governance practices, presentations to shareholders and other information of interest to shareholders. Shareholders are encouraged to attend the annual general meeting of the Company which is held in October or November each year. Having been requested by the Company to attend, the Company's auditor will be available to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.
6.2 Availability of information	A copy of the Communications Policy is available on the Company's website.

PRINCIPLE 7

RECOGNISE AND MANAGE RISK

This Principle requires the Company to establish a sound system of risk oversight and management and internal control.

ASX recommendation / disclosure obligation	Company's response
7.1 Establish policies for the oversight and management of material business risks	The Company has recently upgraded its Risk Management Program to comply with the requirements of the new Australian Standard on Risk Management (AS/NZ ISO 31000) and implemented a Compliance Program which meets the Australian Standard for Compliance Programs (AS/NZ 3806).
7.2 Design and implement a risk management and internal control system to manage material business risks and report thereon to Board	Day to day responsibility for risk management has been delegated to Management, with review occurring at Board level. In accordance with the Risk Management Program, Management undertakes an exercise of identifying and prioritising its material business risks. These risks are documented in a Risk Register and, where the level of risk is considered to be above the desired level, an action plan is developed to address and mitigate the risk. Management's risk management process is reviewed by an external consultant every two years, with a review currently underway. Risks, the effectiveness of mitigation strategies and the overall management system are regularly reviewed by Management to ensure changing circumstances do not alter the risk priorities. Management reports to the Board on the effectiveness of the Company's management of its material business risks.
7.3 Assurance from Chief Executive Officer and Chief Financial Officer	The Chief Executive Officer and Chief Financial Officer have certified in writing to the Board that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4 Availability of information	A summary of the Risk Management Program is available on the Company's website.

PRINCIPLE 8

REMUNERATE FAIRLY AND RESPONSIBLY

This Principle requires that the Company ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX recommendation / disclosure obligation	Company's response
8.1 Establish a Remuneration Committee	The Company does not presently have a Remuneration Committee. A Remuneration and Nomination Committee was established in 2007 however its responsibilities were assumed by the full Board on 24 October 2011 and it was formally abolished on 1 May 2012. Having regard to the downsizing of the Austock Group following the sale of the Securities and Property Funds Management businesses in 2012 and the current size and composition of the Board, a separate Committee structure is considered to be unnecessary. In addition, the Company's main operating division Austock Life has its own remuneration committee which makes recommendations in relation to the remuneration of the directors and employees of that business.
8.2 Structure of Remuneration Committee	n/a
8.3 Distinction between structure of non-executive directors' remuneration and remuneration of directors and senior executives	The Company distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash, non-cash benefits and superannuation contributions. They do not receive options or bonus payments from the Company, although they may receive shares. Non-executive directors do not normally participate in schemes designed solely for the remuneration of executives. Executive directors and senior executives' packages generally comprise fixed, performance-based and equity-based remuneration components. A Remuneration Report, which sets out information about the remuneration of the Company's directors and senior executives for the financial year is included in the Directors' Report.
8.4.1 Information on Remuneration Committee members	n/a.
8.4.2 Schemes for retirement benefits	The Company does not pay retirement benefits, other than superannuation, for its non-executive directors.
8.4.3 Policy on prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes	The Company's Share Trading Policy prohibits directors from entering into transactions that are designed or intended to hedge their exposure to a security in the Company that is subject to retention arrangements and/or unvested options.
8.4.4 Availability of information	A copy of the Share Trading Policy is available on the Company's website.

Austock Group

CORPORATE INFORMATION

Founded in 1991, Austock Group Limited is an ASX listed company that operates as a registered Pooled Development Fund specialising in providing development capital to financial sector businesses.

COMPANY DIRECTORS

Mr Frederick George Albion Beaumont
Independent Non-Executive Chairman

Mr William Eric Bessemer
Chief Executive Officer

Mr Martin Edward Ryan
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

COMPANY SECRETARY

Mr Enzo Silverii

REGISTERED OFFICE

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SHARE REGISTER

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BANKER

National Australia Bank
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Melbourne VIC 3000

AUDITOR

KPMG
147 Collins Street
Melbourne VIC 3000

APPOINTED ACTUARY FOR AUSTOCK LIFE

Allen L Truslove
Actuary and Statistician
570 Bourke Street
Melbourne VIC 3000