generation development group

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2021 Financial Year Annual Report

Outthinking today.

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

Investment Opportunities
A trusted partner in providing smart and innovative tax effective investment solutions.

Outthinking today.

Chairman's report

Robert Neil Coombe
Non-Executive Chairman of
Generation Development Group

WHAT WE ACHIEVED THIS YEAR

Across all metrics, Generation Development Group had a very strong 2021 financial year. Sales were impressive, increasing 21% YOY and we grew active adviser numbers by 25%, the later number being a good indicator of future potential growth. This all translated into excellent financial performance with underlying NPAT of the investment bond business of $4.1m, up 44% YOY.

We both improved the quality of our existing products and launched some new ones during the year. Given our growth in funds under administration, we were able to move 15 existing products into a structure in which we hold the underlying investments directly as opposed to investing in a pooled or unitised vehicle, helping us better manage after tax returns for our investors.

We also added 9 options to our investment menu bringing the total number to 61 of the most highly regarded investment strategies in the market. An exciting innovation for the business was launching the tax effective equity income fund which we expect to get firm traction over time.

During the year, we raised the necessary capital to support the development of a new investment-linked lifetime annuity that we expect to launch in the next three to four months. We are particularly excited by this initiative because not only is it innovative in its features and has great investor outcomes, it will give us an entry point into the retirement income market. We have been ably assisted in this work by Optimum Pensions, who are leading experts in longevity retirement solutions. The size of this market is $566 billion and is growing at a rapid rate to $1.2 trillion[1] by 2030 due to the ageing population. It well and truly dwarfs the size of the investment bond market which currently stands at $9 billion.

In the 2021 year, we brought together the people and skills necessary to achieve our expanding objectives. We have upgraded our technology capability in preparation for the launch of our annuity business.

Finally, we made a strategic investment in Lonsec Holdings in October 2020, in which we now hold a 41% interest. Our thesis was that we should see very strong growth out of this business as it benefits from the regulatory and compliance environment post the Royal Commission into Financial Services. Pleasingly underlying earnings are up 14% for the year and the funds under administration in its managed account capability has grown from $659m to $1,955m over the year.

SO WHAT DO WE EXPECT FOR NEXT YEAR?

As mentioned above, we expect to launch our innovative investment-linked lifetime annuity soon. We can expect to see a continuation of strong growth in our investment bond business coinciding with the increase in active adviser numbers. We would expect Lonsec to continue its rapid growth in managed accounts from existing and new clients.

[1] Deloitte Dynamics of the Australian Superannuation System - November 2019 (Updated August 2020)

We remain alert for acquisition potentials whilst all the time continuing to expand our existing businesses given the size of the prize in getting it right, as well as the challenges of launching into a new market.

In conclusion, I'd like to thank everyone working at Generation Development Group throughout the year for their efforts, resilience and determination in what has again been a difficult period in Australia and internationally. I'd like to thank our shareholders for their on-going commitment and for getting behind our capital raise towards the end of last year.

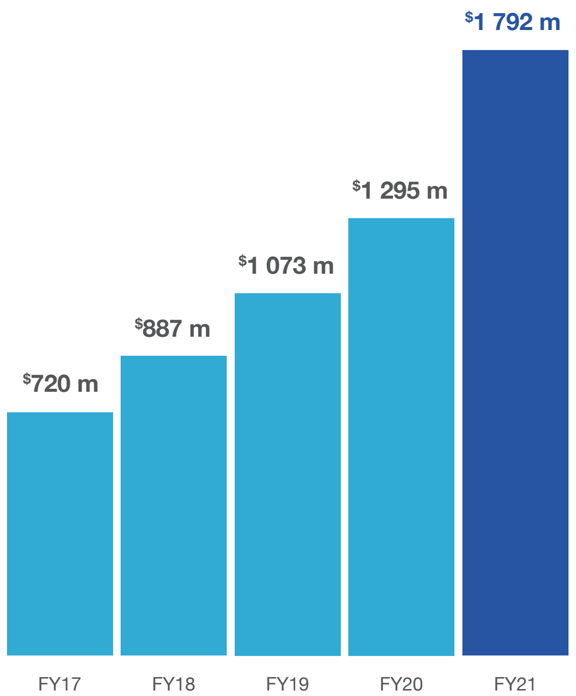
Our business is developing a strong reputation in the market for innovation, service and the capability of our sales, marketing, product and technical teams. This augurs well for future success in 2022.

Robert Neil Coombe
Non-Executive Chairman
25 August 2021

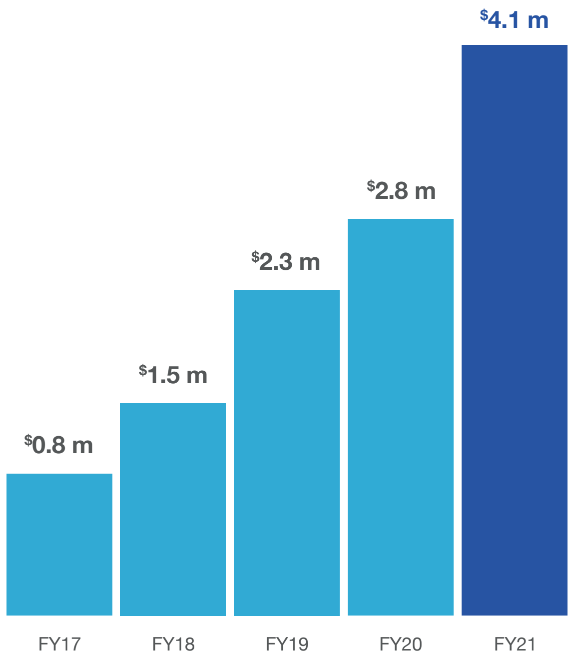
Group performance highlights

We are extremely proud to have achieved record sales for the year of $404m and closing Funds Under Management (FUM) of $1,792m. This is an increase in FUM of 38%, or $497m, on the previous year. In addition, underlying earnings of the investment bond business increased 44% to $4.1m.

FUNDS UNDER MANAGEMENT



NPAT (LIFE / ADMINISTRATION BUSINESS ONLY)



KEY HIGHLIGHTS

Life Product Sales

$404 m ↑ 21%

New Bond Numbers

14 603 ↑ 53%

Saving Plans

$50.0 m ↑ 40%

Approved Product List

505 ↑ 20%

Active Financial Advisers[1]

1 522 ↑ 25%

1. Rolling 12 month average

Summary of results

(Unaudited)

Generation Development Group recorded a consolidated statutory net profit after tax for the year of $2.5 million (2020: loss $1.6 million). Statutory net profit / (loss) after tax has been prepared in accordance with the Corporation Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an underlying operating profit after tax - Life / Administration business of $4.1 million (2020: $2.8 million).

Underlying operating profit after tax excludes income from associates, product development costs and other items as reflected below:

	Notes	2021 $'000	2020 $'000	Change %
Life and services		18 367	13 706	34
Other income		1 182	1 552	(24)
Total revenue	**1**	**19 549**	**15 258**	**28**
Personnel		(8 939)	(7 795)	(15)
Occupancy		(329)	(76)	(334)
Communication		(124)	(117)	(6)
Finance		(49)	(99)	52
Dealing and settlement		(5 097)	(4 208)	(21)
Marketing and promotional		(437)	(349)	(25)
Depreciation and amortisation		(919)	(814)	(13)
Administration expenses		(6 037)	(3 626)	(67)
Total expenses	**1**	**(21 931)**	**(17 084)**	**(28)**
Underlying loss before income tax		**(2 382)**	**(1 826)**	**31**
Income tax benefit - Life	2	6 494	4 642	40
Income tax expense - AFS	3	(62)	-	nm
Underlying profit after tax - Life / Administration business		**4 050**	**2 816**	**44**

Notes:

1. Revenue and expenses reflected in the summary of results are attributable to the Shareholders of the Company and excludes the activities of the consolidated benefit funds.

2. For income taxation purposes Generation Life Limited 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 other tax offsets being pooled.

3. Austock Financial Services Pty Limited (AFS) is in a tax payable position after utilising its carryforward revenue losses.

Summary of results (unaudited) continued

	Notes	2021 $'000	2020 $'000	Change %
Underlying profit after tax - Life / Administration business (continued)		**4 050**	**2 816**	**44**
Income from associates		580	-	nm
Product development costs (net of tax)*		(1 262)	-	nm
Underlying profit after tax		**3 368**	**2 816**	**20**
Other items (net of applicable tax)				
Ascalon operational costs		(929)	(2 349)	60
Deferred tax asset on carry forward losses recognised / (reversed)		578	(1 572)	nm
Transaction costs*		(484)	(456)	(1)
Termination benefits		-	(76)	nm
Statutory profit after tax		**2 533**	**(1 637)**	**255**

*Tax effected

Notes:

1. Revenue and expenses reflected in the summary of results are attributable to the Shareholders of the Company and excludes the activities of the consolidated benefit funds.

2. For income taxation purposes Generation Life Limited 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 other tax offsets being pooled.

3. For income taxation purposes Austock Financial Services Pty Limited (AFS) is a single taxpayer. In the financial year ended 30 June 2021, it is in a tax payable position after utilising all of his carryforward losses.

Balance sheet summary (unaudited)

	Notes	2021 $'000	2020 $'000
Cash, cash equivalents and investments - term deposits		21 903	11 678
Income tax receivable		3 895	2 210
Trade and other receivables		1 609	1 380
Right-of-use assets		4 969	478
Property, plant and equipment and software		1 811	1 278
Generation Life - goodwill		547	547
Deferred tax assets		2 654	1 947
Financial assets		-	471
Investment in associates		28 277	
Other assets		1 057	712
Total assets	**1**	**66 722**	**20 701**
Trade and other payables		(1 220)	(404)
Lease liabilities		(4 791)	(488)
Provisions and other liabilities		(9 257)	(2 438)
Total liabilities	**1**	**(15 268)**	**(3 330)**
Net assets		**51 454**	**17 371**
Comprising:			
Tangible assets		49 351	15 846
Intangible assets		2 103	1 525
		51 454	**17 371**
Weighted average number of shares used for NTA purposes		163 403 779	125 479 910
NTA per share (cents)		30.20	12.63

Notes:

1. Assets and Liabilities reflected in the summary of results, pertain to the Shareholders of the Company and excludes the assets and liabilities attributable to the policy holders of the benefit funds.

Directors’ report

The directors of Generation Development 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 2021. In order to comply with the provisions of the Corporations Act 2001, the directors’ report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are detailed on pages 10 and 11.

Mr Robert Neil Coombe LLB (Hons)
Non-Executive Chairman

Rob was appointed Executive Chairman of Generation Development Group on 18 July 2017 and assumed the position of Non-Executive Chairman on 1 July 2020.

He is presently Executive Chairman Elect at Colonial First State, Chairman of Tibra Capital and Deputy Chairman of Surfing Australia and the Australian Indigenous Education Foundation. He is also a director of CIMB Group, one of the largest universal banks in the ASEAN region. He is a former Chairman of National Wealth Management Services Limited, the head company of MLC Wealth, and a former member of the Advisory Board of 5V Capital Investors.

Between 2013 and 2019, Rob was Chairman and then CEO of Craveable Brands, the largest Australian owned quick service restaurant business.

Before joining Craveable Brands, Rob was responsible for all of Westpac’s Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent six years as the CEO of BT Financial Group, responsible for all of Westpac’s funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. In total, he has over 35 years corporate experience in both Australia and Asia.

In 2011, Rob was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.

Mr William Eric Bessemer MBA, B.Ec
Non-Executive Director

Bill initially joined the Group in 1995 and became chairman 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, a position he held until 18 July 2017. Bill remains on the Board of the Company as a Non-Executive Director. 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 Jonathan James Tooth BA
Non-Executive Director

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 Director, Corporate of Henslow 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 Sensera Limited.

Mr John David Wheeler
Non-Executive Director

John was appointed a director on 7 March 2017.

He has over 40 years' experience in stockbroking, commencing his career in London before moving to Australia in 1985 with AC Goode and Co. as head of Global Trading. In 1989 John set up his own client management business trading in options and futures. John then joined the Group in 1996, becoming its CEO in 1998 until retiring in 2007. He was involved in the corporate finance area, predominantly in capital raisings and marketing on behalf of major clients. Since then, he has been active in a number of private equity transactions involving capital raisings, deal structures and sale of businesses.

DIRECTORSHIP OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the last three 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 July 2012	28 May 2021
	Sensera Limited	6 July 2016	Current
R N Coombe	CIMB Group Holdings Berhad (Listed on Bursa Malaysia)	2014	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
R N Coombe	5 980 592	2 932 200
W E Bessemer	-	13 046 899
J J Tooth	251 089	9 252 942
J D Wheeler	8 750 000	3 750 000

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and key management personnel is set out in the remuneration report from page 15.

Mr Grant Hackett OAM, Chief Executive Officer, Generation Life Limited
GradDipFinPlan, EMBA (First Class Honours)

Grant was appointed Chief Executive Officer of the Group on 25 October 2018 and ceased on 1 February 2020, becoming the CEO and Managing Director of Generation Life Limited.

Ms Amanda Gawne, Company Secretary
LLB, BCom, Grad Dip CSP, FGIA, FCIS

Amanda was appointed Company Secretary on 27 February 2018. Amanda has extensive company secretarial experience gained in a range of organisations.

Mr Terence Wong, Chief Financial Officer
CA, BCom (Hons), LLB (Hons), Grad Dip FINSIA

Terence was appointed Chief Financial Officer of the Group on 19 March 2018.

Mr Felipe Araujo, General Manager of Distribution, Marketing, and Operations, Generation Life Limited
BBus, Economics and Finance

Felipe was appointed General Manager of Distribution, Marketing, and Operations of Generation Life Limited on 1 February 2020.

PRINCIPAL ACTIVITIES

The Group's principal activities in the course of the financial year were the marketing, management of life insurance and life investment products and services to the retail sector in Australia and the provision of administration services in the financial services industry.

Review of operations

The consolidated net profit attributable to shareholders is $2.5 million (2020: loss $1.6 million). A review of operations for the Group is set out on pages 4 to 9 of this annual report, commencing with the Chairman's Report. For key risks affecting the Group, refer to notes 3, 23 and 24 of the financial statements.

Subsequent events

Other than those disclosed in note 26 to the financial statements, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group.

Future developments

The Group's future developments will be to continue growing its investment bond business by increasing its market share and expanding its product suite. We expect to participate in further merger and acquisition opportunities in the financial services sector.

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 an unfranked final 2020 dividend of $0.01 per ordinary share on 1 October 2020 and an unfranked 2021 interim dividend of $0.01 per ordinary share on 12 April 2021. A dividend reinvestment plan (DRP) was in operation for these dividends.

On 25 August 2021, the company declared a fully franked final 2021 dividend of $0.01 per ordinary share to be paid on 6 October 2021. The company's DRP will continue to operate for this dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Equity raising

In September 2020, the Group raised $35.0 million of equity via an Institutional Placement, issuing 50.0 million ordinary shares at $0.70 per ordinary share. The proceeds were used to fund the acquisition of an effective 37% interest in Lonsec Holding Pty Ltd and the development of a new annuity product.

In addition, on 19 October 2020, the Group made a 20% investment in Claimfast Pty Ltd (trading as Remediator).

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 directors, officers, employees or auditor of the Company or of any related body corporate against a liability incurred.

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors Messrs. Coombe, Bessemer, Tooth and Wheeler. 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 nine board meetings held.

Director	Eligible to attend	Attended
R N Coombe	9	9
W E Bessemer	9	9
J D Wheeler	9	9
J J Tooth	9	9

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement together with the Appendix 4G, can be viewed at www.gendevelopmentgroup.com.au/corporate-governance and has been lodged with the ASX.

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

The Group's external auditor is KPMG who are engaged to provide audit and audit related services in relation to the Group's financial statements and regulatory reporting obligations.

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.

During the financial year ended 30 June 2021, the Group engaged its external auditors to provide professional services in relation to general consultancy for $5,000. The Company has considered these services and is satisfied that the provision of these services by the auditors is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 27 of the financial report and forms part of the Directors' Report for the year ended 30 June 2021.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, 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

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Generation Development Group Limited's directors and other key management personnel for the financial year ended 30 June 2021.

At the Company's last Annual General Meeting in November 2020, 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. Key Management Personnel Details

B. Remuneration Policies

C. Equity Holdings of Key Management Personnel

D. Remuneration of Key Management Personnel

E. Key Terms of Employment Contracts

A. Key Management Personnel Details

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

- Mr Robert Neil Coombe, Non-Executive Chairman (ceased as Executive Chairman on 1 July 2020).
- Mr William Eric Bessemer, Non-Executive Director.
- Mr Jonathan James Tooth, Non-Executive Director.
- Mr John David Wheeler, Non-Executive Director.

The following persons represent the senior management of the Group during or since the end of the year:

- Mr Robert Neil Coombe, Non-Executive Chairman (ceased as Executive Chairman on 1 July 2020).
- Mr Grant Hackett, Chief Executive Officer and Managing Director, Generation Life Limited.
- Mr Terence Wong, Chief Financial Officer.
- Mr Felipe Araujo, General Manager of Distribution, Marketing, and Operations, Generation Life Limited.

B. Remuneration Policies

The performance of the Group is highly dependent upon the quality of its directors and executives.

The Board accepts responsibility for determining and reviewing compensation arrangements for the directors and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors, CEO 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.

1. Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Details of the directors who have forfeited their director fees are reflected in page 24 of the Remuneration Report.

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 a general meeting. The maximum amount for non-executive directors is $500,000 per annum.

2. Senior management and executive director remuneration

Group Executives are subject to the Group's executive remuneration program which comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including both short-term incentives (STI) and long-term incentives (LTI).

In addition to this program, the CEO and Managing Director of Generation Life Limited, Mr Grant Hackett, the CFO of Generation Development Group Limited, Mr Terence Wong and the General Manager of Distribution, Marketing, and Operations, Mr Felipe Araujo are subject to Generation Life Limited's remuneration policy which is overseen by its Remuneration Committee.

B. Remuneration Policies (continued)

FIXED REMUNERATION

Fixed remuneration 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 STI is available to executives who achieve both financial and non-financial targets as determined by the Board of Directors. 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 available STI arrangements is determined with reference to prevailing market conditions for comparable executives. STIs are payable in cash in the next financial year.

Long-term incentive (LTI)

The Group initiated an LTI plan effective 13 October 2017 to reward senior executives 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.

The key elements of the Group's LTI plan are as follows:

- Eligible participants are granted rights over the Group's ordinary shares. Each right may be exercised if the performance conditions attached to that award are satisfied;
- For 2021, the Board has determined to retain the current two tranches of the performance hurdles. 50% of the rights are subject to performance hurdles measured using a market-based performance target (relative Total Shareholders Return ('TSR') against the ASX small Industrials benchmark index), and the remaining 50% of the rights are subject to Earnings per share growth (EPS) which is a non-market internal performance condition. In prior years the two tranches awarded were measured using TSR of 25% and 75% for the rights were subject to compound annual growth in funds under management ('FUM CAGR'), which is a non-market internal performance condition;
- The applicable measurement period is three years. The number of rights actually vesting will only be known at the end of the measurement period;
- The Company has sole discretion to award the vested tranches of LTI as shares or cash;
- Service conditions apply only to the extent that departure in the year of grant will see the number of granted rights retained for possible vesting pro-rated, based on days of service in that financial year. Full participation is retained if termination occurs after 12 months; and
- There is no cost to exercise the rights. Details of the key valuation assumptions are disclosed in note 7 of the financial statements.

Long-term incentive (LTI) – investment-linked lifetime annuity (GLI)

The Board has initiated a second LTI for the new GLI product. The performance measurement period for these rights is 1 July 2021 to 31 December 2024. The vesting of the performance rights will be determined by the Generation Life investment-linked lifetime annuity product achieving a target FUM of $700m, (Target FUM) during the first 3 years of the measurement period. The measurement period for the performance rights is 3.5 years from the date of the sale of the first Generation Life investment-linked lifetime annuity policy. Details of the valuation assumptions are disclosed in note 7 of the financial statements.

Tax Exempt Share Plan

The Board believes that greater employee ownership increases alignment with shareholders and accordingly encourages employee share ownership. The Tax-Exempt Share Plan provides permanent Australian employees a means to acquire GDG shares at no cost, and to participate in the future growth and performance of GDG. Eligible employees are offered $1,000 worth of fully paid GDG ordinary shares, subject to a three-year minimum holding period. On 24 June 2021, 62,699 ordinary shares with a value of $53,000 were issued to eligible employees.

LTI GRANT

The total number of rights granted to senior management in the year to 30 June 2021 was 1,234,570 (2020: 1,627,488), details are as follows:

30 JUNE 2021

Senior Executive	Number of Rights Granted in year to 30 June 2021	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Grant Hackett	246 914	TSR	30 June 2021	30 June 2024	$0.475
	246 914	EPS	30 June 2021	30 June 2024	$0.269
Terence Wong	246 914	TSR	30 June 2021	30 June 2024	$0.475
	246 914	EPS	30 June 2021	30 June 2024	$0.269
Felipe Araujo	123 457	TSR	30 June 2021	30 June 2024	$0.475
	123 457	EPS	30 June 2021	30 June 2024	$0.269

The performance measurement period for these rights is 1 July 2021 to 30 June 2024. At 30 June 2021, the rights vested from 2017 and 2018 grant were 223,724 and the rights that lapsed from the period were 281,429 all held by senior executive. The table below shows the performance measures for the two tranches of the LTI.

	TSR		EPS Growth	
Senior Executive	**Company's TSR Compared to the Small Industrials Total Return Index**	**Vesting % of Tranche**	**EPS During the Measurement Period**	**Vesting % of Tranche**
Stretch	≥200% of Index	100%	≥30%	100%
Between Target and Stretch	>150% & < 200% of Index	Pro-rata	>20% & <30%	Pro-rata
Target	150% of Index	50%	20%	50%
Between Threshold and Target	>100% &< 150% of Index	Pro-rata	>10% & <20%	Pro-rata
Threshold	=100% of Index	25%	10%	25%
Below Threshold	<100% of Index	0%	<10%	0%

B. Remuneration Policies (continued)

LTI GRANT (continued)

30 JUNE 2020

Senior Executive	Number of Rights Granted in year to 30 June 2020	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Grant Hackett[1]	361 664	TSR	30 June 2020	30 June 2023	$0.365
	361 664	EPS	30 June 2020	30 June 2023	$0.123
Terence Wong	180 832	TSR	30 June 2020	30 June 2023	$0.365
	180 832	EPS	30 June 2020	30 June 2023	$0.123
Felipe Araujo[2]	271 248	TSR	30 June 2020	30 June 2023	$0.365
	271 248	EPS	30 June 2020	30 June 2023	$0.123

The performance measurement period for these rights is 1 July 2020 to 30 June 2023. At 30 June 2020, the rights vested from 2018 grant were 223,724 and the rights that lapsed from the same period were 281,429 all held by senior executive. The table below shows the performance measures for the two tranches of the LTI.

	TSR		EPS Growth	
Senior Executive	Company's TSR Compared to the Small Industrials Total Return Index	Vesting % of Tranche	EPS During the Measurement Period	Vesting % of Tranche
Stretch	≥200% of Index	100%	≥30%	100%
Between Target and Stretch	>150% & < 200% of Index	Pro-rata	>20% & <30%	Pro-rata
Target	150% of Index	50%	20%	50%
Between Threshold and Target	>100% &< 150% of Index	Pro-rata	>10% & <20%	Pro-rata
Threshold	=100% of Index	25%	10%	25%
Below Threshold	<100% of Index	0%	<10%	0%

GENERATION LIFE INVESTMENT-LINKED LIFETIME ANNUITY (GLI) LTI GRANT

Senior Executive	Number of Rights Granted in year to 30 June 2021	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Grant Hackett	555 556	FUM	30 June 2021	31 Dec 2024	$0.166
Felipe Araujo	432 099	FUM	30 June 2021	31 Dec 2024	$0.166
Terence Wong	246 914	FUM	30 June 2021	31 Dec 2024	$0.166

The performance measurement period for these rights is 1 July 2021 to 31 December 2024. The Measurement Period for Performance Rights outlined in this Letter of Invitation is 3.5 years from the date of the sale of the first GLI policy. The vesting of the performance rights will be determined by the GLI product achieving a target FUM of $700m, (Target FUM) during the first 3 years of the measurement period. Should the Target FUM be achieved during the first 3 years of the Measurement Period, the Performance Rights will vest within 3 months of the Target FUM being achieved.

Should the Target FUM not be achieved within the first 3 years of the Measurement Period, the Performance Rights will reduce as follows:

- 25% reduction if Target FUM achieved within 3 months of the end of the first 3 years of the Measurement Period,
- 50% reduction if Target FUM achieved within 6 months of the end of the first 3 years of the Measurement Period,
- 100% reduction if Target FUM not achieved prior to the end of the Measurement Period unless the Board exercises its discretion to determine otherwise.

The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.

B. Remuneration Policies (continued)

OTHER SHARE-BASED PAYMENTS

No other share-based payments were issued during the period ending 30 June 2021.

Consequences of performance on shareholder wealth

In considering Generation Development Group's performance and benefits for shareholders wealth, the Board has regard to the following indices in respect of the current financial year and the previous five financial years.

	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
FUM ($m)	636	720	887	1 073	1 295	1 792
Share price at start of year ($ per share)	0.43	0.46	0.66	1.16	0.53	0.65
Share price at end of year ($ per share)	0.46	0.66	1.16	0.53	0.65	0.86
Change in share price ($ per share)	0.03	0.20	0.49	(0.63)	0.12	0.21
Dividends paid ($'000s)	2 064	2 064	2 477	2 496	2 508	3 017
Profit attributable to owners of the Company ($'000s)	2 138	200	388	5 286	(1 637)	2 533
Basic EPS (cents per share)	2.07	0.19	0.32	4.23	(1.30)	1.55
Diluted EPS (cents per share)	2.07	0.19	0.32	4.23	(1.30)	1.55

C. Equity Holdings of Key Management Personnel

Details of shareholdings of Directors and other Key Management Personnel (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below.

2021

Directors/Executives	Class	Balance 1 July 2020	Shares Acquired	Shares Disposed	Balance 30 June 2021
R N Coombe	Ordinary	7 600 000	1 067 169	-	8 667 169
W E Bessemer	Ordinary	12 671 099	375 800	-	13 046 899
J J Tooth	Ordinary	8 983 545	520 486	-	9 504 031
J D Wheeler	Ordinary	10 510 000	2 001 493	11 493	12 500 000
G Hackett	Ordinary	697 776	223 310	100 000	821 086
F Araujo	Ordinary	1 000	58 631	-	59 631
T Wong	Ordinary	-	-	-	-

2020

Directors/Executives	Class	Balance 1 July 2019	Shares Acquired	Shares Disposed	Balance 30 June 2020
R N Coombe	Ordinary	7 600 000	-	-	7 600 000
W E Bessemer	Ordinary	12 671 099	-	-	12 671 099
J J Tooth	Ordinary	8 983 211	334	-	8 983 545
J D Wheeler	Ordinary	10 510 000	-	-	10 510 000
G Hackett[1]	Ordinary	500 000	197 776	-	697 776
F Araujo[2]	Ordinary	1 000	-	-	1 000
T Wong	Ordinary	-	-	-	-

1. Appointed Chief Executive Officer and Managing Director of Generation Life Limited on 1 February 2020.
2. Appointed General Manager of Distribution, Marketing, and Operations on 1 February 2020.

D. Remuneration of Key Management Personnel

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

2021

	Salary and fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long-term incentives	Other share issue	Termination benefits	Total	Performance-based proportion
Directors										
R N Coombe[1]	-	250 000	-	-	-	-	-	-	250 000	100%
W E Bessemer	-	-	-	-	-	-	-	-	-	-
J J Tooth	-	-	-	-	-	-	-	-	-	-
J D Wheeler	-	-	-	-	-	-	-	-	-	-
Sub total	**-**	**250 000**	**-**	**-**	**-**	**-**	**-**	**-**	**250 000**	**100%**
Other Senior Executives										
G Hackett	326 406	244 800	40 719	15 079	21 694	275 775	-	-	924 473	56.3%
T Wong	250 004	12 500	27 389	6 863	21 694	224 618	-	-	543 068	43.7%
F Araujo	244 400	183 300	39 858	10 949	21 694	163 466	-	-	663 667	52.2%
Sub total	**820 810**	**440 600**	**107 966**	**32 891**	**65 082**	**663 859**	**-**	**-**	**2 131 208**	**51.8%**
Total	**820 810**	**690 600**	**107 966**	**32 891**	**65 082**	**663 859**	**-**	**-**	**2 381 208**	**56.9%**

1. Special exertion fee approved by the Board in recognition of his work on Lonsec.

2020

	Salary and fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long-term incentives	Other share issue	Termination benefits	Total	Performance-based proportion
Directors										
R N Coombe	-	-	-	-	-	-	-	-	-	-
W E Bessemer	-	-	-	-	-	-	-	-	-	-
J J Tooth	-	-	-	-	-	-	-	-	-	-
J D Wheeler	-	-	-	-	-	-	-	-	-	-
Sub total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Senior Executives										
L Foster[3]	97 920	-	-	-	9 302	-	-	-	107 222	0%
C van der Veen[2]	114 240	-	-	-	10 853	-	-	-	125 093	0%
G Hackett[1]	288 155	144 078	19 064	8 030	21 003	176 645	-	-	656 975	48.8%
T Wong	250 004	75 000	19 649	2 616	21 003	88 322	-	-	456 594	35.8%
F Araujo[4]	229 399	114 700	24 724	5 766	21 003	132 483			528 075	46.8%
Total	**979 718**	**333 778**	**63 437**	**16 412**	**83 164**	**397 450**	**-**	**-**	**1 873 959**	**39.0%**

1. Appointed Chief Executive Officer and Managing Director of Generation Life Limited on 1 February 2020.
2. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
3. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
4. Appointed General Manager of Distribution, Marketing, and Operations on 1 February 2020.

E. Key Terms of Employment Contracts

The Group has entered into service contracts with each senior executive, excluding the non-executive directors, that are capable of termination with a notice period of between 1 to 3 months. The Group retains the right to terminate a contract immediately by making payment equal to the relevant 1 to 3 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

Robert Neil Coombe
Non-Executive Chairman
25 August 2021

Auditor's Independence Declaration

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

To the Directors of Generation Development Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Generation Development Group Limited for the financial year ended 30 June 2021 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

KPMG

Dean Waters

Partner

Melbourne

25 August 2021

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Generation Development Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Generation Development Group Limited (the Company).

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

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statements of financial position as at 30 June 2021
- Consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverability of deferred tax assets - $3,268k	
Refer to Note 9(c) to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The recoverability of deferred tax assets is a key audit matter due to the degree of judgement required by us in assessing the Group's forecasts of future taxable profits, particularly when this extends beyond the normal business planning cycle. It is the Group's policy to recognise deferred tax assets in accordance with AASB 112 Income Taxes. These are primarily attributable to unused tax losses. The Group assesses whether sufficient future taxable profits are likely to be generated to enable the assets to be realised.	Our procedures included: • examining the nature and timing of the unused tax losses having regard to the relevant tax legislation as to their relevance in recognising an asset; • assessing the Group's forecast earnings growth against historic performance; • assessing the accuracy of previous forecasts to inform our evaluation of the forecasts incorporated in current models; • challenging the Group's forecast taxable profits and growth assumptions in light of the increased revenue forecasts. We compared growth rates to Board approved forecasts; • testing the consistency of forecasts used in making the recoverability assessments with those forecasts used for impairment testing; • assessing the disclosures in the Financial Report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Generation Development Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

Independent Auditor's Report

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf .This description forms part of our Auditor's Report.

Independent Auditor's Report

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Generation Development Group Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 15 to 26 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Dean Waters

Partner

Melbourne

25 August 2021

Directors' Declaration

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

The consolidated financial statements and notes that are set out on pages 33 to 100 and the Remuneration report on pages 10 to 25 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 2021 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 2021.

The directors draw attention to note 1 on 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

Robert Neil Coombe
Non-Executive Chairman
25 August 2021

Consolidated statement of profit or loss and other comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020* $'000
Revenue			
Revenue from contracts with customers	5 (a)	4 226	3 634
Interest income	5 (b)	610	1 764
Revaluation of investments	5 (c)	180 597	(76 050)
Other income	5 (d)	1 515	1 687
Distribution income		80 497	40 817
Total Revenue		**267 445**	**(28 148)**
Expenses			
Personnel expenses	7 (a)	(11 033)	(9 653)
Occupancy expenses		(391)	(211)
Communication expenses		(138)	(138)
Finance expenses		(51)	(105)
Dealing and settlement expenses		(5 461)	(4 250)
Marketing and promotional expenses		(610)	(349)
Depreciation and amortisation expenses	7 (b)	(832)	(816)
Impairment expenses	7 (c)	(89)	(110)
Administration expenses	7 (d)	(7 260)	(4 621)
Policyholder withdrawals - insurance		(156)	(141)
Total Expenses		**(26 021)**	**(20 394)**
Income from associates	6	580	-
Profit / (loss) before income tax expense		**242 004**	**(48 542)**

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

* Refer to Note 1(p).

Consolidated statement of profit or loss and other comprehensive income (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020* $'000
Income tax (expense) / benefit	9 (a)	(66 015)	15 449
(Profit) / loss attributable to policyholders		(173 456)	31 456
Net Profit / (loss) attributable to shareholders of the Company		**2 533**	**(1 637)**
Total comprehensive income attributable to shareholders of the Company		**2 533**	**(1 637)**
Earnings Per Share			
Basic (cents per share)	16	1.55	(1.30)
Diluted (cents per share)	16	1.55	(1.30)

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

* Refer to Note 1(p).

Consolidated statement of financial position

AS AT 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
Assets:			
Cash and cash equivalents		95 132	62 095
Income tax receivable	9 (c)	3 895	2 210
Trade receivables		1 669	1 383
Other assets	11	47 025	27 461
Financial assets	10	1 726 195	1 219 987
Investment in associates	6	28 277	-
Right-of-use assets	18 (a)	4 969	478
Plant and equipment		793	300
Deferred tax assets	9 (c)	3 268	11 578
Intangible assets	12	1 565	1 525
Total assets		**1 912 788**	**1 327 017**
Liabilities:			
Trade and other payables		4 700	1 958
Current tax liability		25 661	8 469
Lease liabilities	18 (b)	4 791	488
Other liabilities		8 144	1 702
Provisions	13	1 090	774
Deferred tax liabilities		41 828	5 893
Policyholder liabilities	23 (b) & 27	1 775 120	1 290 362
Total liabilities		**1 861 334**	**1 309 646**
Net assets		**51 454**	**17 371**

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

AS AT 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
Equity:			
Issued capital	14	79 118	45 207
Share-based payment reserve		4 112	3 370
Other reserve		104	222
Retained earnings	15	(31 880)	(31 428)
Total equity		**51 454**	**17 371**

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Issued Capital $'000	Share-based payment reserve $'000	Other reserve $'000	Retained Earnings $'000	Total $'000
Year End 30 June 2021					
Balance at 1 July 2020	**45 207**	**3 370**	**222**	**(31 428)**	**17 371**
Net profit for the year	-	-	-	2 533	2 533
Total comprehensive income for the year	-	-	-	2 533	2 533
Transactions with owners					
Issue of ordinary shares	33 911	-	-	-	33 911
Share-based payments	-	742	-	-	742
Dividend paid	-	-	-	(3 017)	(3 017)
Other items	-	-	(118)	32	(86)
Balance at 30 June 2021	**79 118**	**4 112**	**104**	**(31 880)**	**51 454**
Year End 30 June 2020					
Balance at 1 July 2019	44 498	2 946	61	(27 331)	20 674
Net profit for the year	-	-	-	(1 637)	(1 637)
Total comprehensive income for the year	**-**	**-**	**-**	**(1 637)**	**(1 637)**
Transactions with owners					
Issue of ordinary shares	209	-	-	-	209
Share-based payments	-	424	-	-	424
Dividend paid	-	-	-	(2 508)	(2 508)
Other items	-	-	161	48	209
Balance at 30 June 2020	**45 207**	**3 370**	**222**	**(31 428)**	**17 371**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities:			
Receipts from customers		16 871	13 515
Distribution received		60 927	40 817
Payments to suppliers and employees		(36 465)	(26 203)
Finance and borrowing costs		(48)	(38)
Income tax received		5 159	4 137
Income tax paid		(11 421)	(1 139)
Payment for investment benefit funds		(326 095)	(249 652)
Contributions by investors		530 551	426 131
Withdrawals by investors		(215 993)	(171 894)
Net cash flow from / (used in) operating activities	**22**	**23 486**	**35 674**
Cash Flows from Investing Activities:			
Interest received		930	1 791
Investments		(21 049)	(457)
Other investments		471	299
Term deposit matured / (invested)		-	4 637
Purchase of property, plant and equipment		(900)	(624)
Loss on impairment of computer equipment		(89)	(5)
Net cash flows (used in) / from investing activities		**(20 637)**	**5 641**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
Cash Flows from Financing Activities:			
Dividends paid		(2 888)	(2 508)
Payment of lease liabilities		(653)	(948)
Lease adjustment		-	48
Issue of additional shares		33 729	209
Net cash flows from / (used in) financing activities		**30 188**	**(3 199)**
Net increase / (decrease) in cash held		33 037	38 116
Cash and cash equivalents at beginning of the year		62 095	23 979
Cash and cash equivalents at end of the year		**95 132**	**62 095**

The accompanying notes 1 to 27 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Contents

1. Summary of significant accounting policies

ABOUT GENERATION DEVELOPMENT GROUP

This consolidated financial report for the year ended 30 June 2021 was authorised for issue by the directors on 25 August 2021.

Generation Development Group Limited (the "Company") is a for profit public company listed on the Australian Securities Exchange (ASX: GDG) incorporated in Australia. The Company operates as a Pooled Development Fund. The Company's registered office and principal place of business is Level 17, 447 Collins Street, Melbourne, Victoria, Australia, 3000.

The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is involved in the provision of Life investment services within the Australian Life Insurance sector.

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 issued by the International Accounting Standards Board (IASB).

BASIS OF PREPARATION

The consolidated financial report has been prepared on the basis of historical cost, except for assets recognised and measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The Statement of Financial Position is presented is order of liquidity. All amounts have been rounded to the nearest thousand in accordance with ASIC Corporations Instrument 2016/191. Unless otherwise stated, all amounts are presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

COVID-19

The COVID-19 pandemic globally and in Australia continued to impact the economy, how we work, how we conduct business and how we engage socially throughout the 2021 financial year. While the measures implemented by the Federal and State Governments were effective in reducing the impact of the virus in Australia, there may be ongoing outbreaks of COVID-19 which will require further government response.

To date there has been minimal impact to Group's operating performance or financial position. The Board will continue to monitor the situation by exercising judgement on the Group's activities and operations.

The Board does not believe the pandemic will have any significant impact on the Group's ability to continue as a going concern.

The Group will continue to maintain a disciplined focus on expense management while continuing to maintain an appropriate amount of investment to support growth initiatives through innovative digital marketing strategies and actively pursuing emerging acquisition opportunities that are complementary or well positioned for future growth in the financial services sector.

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. Refer to note 2 for a discussion of critical estimates and judgements in applying the Group's accounting policies and key sources of estimation uncertainty.

NEW STANDARDS, INTERPRETATIONS AND AMENDENTS ADOPTED

The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time during the year, but these did not have an impact on the Group's financial statements and hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1. Summary of significant accounting policies (continued)

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 17 Insurance Contracts

This standard was issued in July 2017 and replaces AASB 1038 Life Insurance Contracts, AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts. This standard will become effective for the Group's 30 June 2024 financial statements.

Under AASB 17, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. This will impact the Group's estimation of policyholder liabilities in the Generation Life Limited Benefit Funds, shown in note 27 of these financial statements, and will also have a potential impact on the Deferred Acquisition Costs for Generation Life Limited.The Group is not expected to early adopt the standard.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2021 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, Generation Life Limited and any controlled entities.

The benefit funds are treated as statutory funds in accordance with Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the financial statements.

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

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

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. The transaction costs incurred by the Group in connection with the business combination, such as finders' fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability and the provision for the restoration of the site, adjusted for, as applicable, any lease payment made at or before the commencement date net of any lease incentives received, and any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjustment for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with term of 12 months or less and lease of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price or a purchase option when exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost, using the effective interest method. The carrying amounts are measured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or profit or loss if the carrying amount of the right-of-use asset is fully written down.

AASB 9 Financial Instruments

The Group has initially adopted AASB 9 on 1 July 2018. The hedge accounting requirements of AASB 9 have not been applied, as the Group is not party to any hedging relationships.

Classification & measurement of financial assets and financial liabilities

The basis of classification under AASB 9 results in financial assets being classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The held to maturity, loans and receivables and available for sale categories have been removed. The classification criteria for allocating financial assets between categories under AASB 9 requires the Group to assess the business models under which its assets are managed, distinguishing whether:

- its objective is to hold assets to collect contractual cash flows;
- its objective is both to collect contractual cash flows and to sell the asset; or
- it represents another type of business model (e.g. trading).

1. Summary of significant accounting policies (continued)

The Group is also required to review contractual terms and conditions to determine whether the cash flows arising on these assets represent solely payments of principal and interest on the principal amount outstanding. All of the Group's financial assets as at 1 July 2019 were managed within business models whose objective is solely to collect contractual cash flows and are now classified as amortised cost, except for the financial instruments including cash and cash equivalents, and unlisted unit trusts within the Policyholder Benefit Funds, which are not held for trading and continue to be classified as fair value through profit or loss. Term deposits are valued at amortised costs. The basis of classification for financial liabilities under the new standard remains unchanged.

Impairment

Under AASB 9, an expected credit loss (ECL) model replaces the incurred loss model, meaning there no longer needs to be a trigger event in order to recognise impairment losses against financial assets not recognised as FVTPL. A credit loss allowance must be made for the amount of any loss expected to arise, whereas under AASB 139, credit losses are only recognised when incurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Under the ECL model, a dual measurement approach applies whereby a financial asset will attract an ECL allowance equal to either 12 months of expected credit losses (losses resulting from possible defaults within the next 12 months), or lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset). The latter applies if there has been a significant deterioration in the credit quality of the asset since origination, albeit lifetime ECLs will always be recognised for assets without a significant financing component. AASB 9 also permits the Group to adopt a set of practical expedients, including that short duration trade receivables which do not contain a significant financing component will have minimal expected credit losses, and that debt instruments that are determined to have a low credit risk at the reporting date and credit risk has not increased significantly since origination have loss allowances measured as equivalent to 12 month ECLs.

ECLs are a probability weighted estimate of credit losses, measured as the present value of all cash shortfalls. This is the difference between the cash flows due to the entity in accordance with the contract, and the cash flows that the group expects to receive, discounted at the effective interest rate of the financial asset.

The Group's financial assets not recognised at FVTPL are represented by short-term trade receivables, plus cash and cash equivalents and investments in term deposits with investment grade domestic bank counterparties, and therefore the impact of the new standard is considered minimal. Impairment allowances on financial instruments are presented under finance expenses and not presented separately in the condensed consolidated statement of profit or loss and other comprehensive income.

AASB 15 Revenue from Contracts with Customers

The Group's accounting policy for revenue within the scope of AASB 15 is to recognise revenue as performance obligations are satisfied.

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 Group's revenue consists of management fees for rendering of services, and distribution and dividends income from investments. Other sources of revenue include interest income from term deposit investments. 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 and Dividend revenue

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

Interest income

Interest income is recognised on an accruals 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.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report and have been applied consistently to all periods presented:

a. Cash and cash equivalents

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

b. Trade and other receivables

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

c. Equity accounting in associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost including acquisition related costs. After initial recognition, the consolidated financial statements include the Group's share of profit or loss of equity accounted investees. Dividends received or receivable reduce the carrying amount of the equity accounted investment. Details of investment made in associates are listed in note 6.

d. Impairment of non-financial assets (excluding goodwill)

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.

1. Summary of significant accounting policies (continued)

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

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.

e. Plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment.
Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on either a straight line or diminishing value basis so as to write off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The rates used in the calculation of depreciation for the current and comparative period are as follows:

Category	Rate
Leasehold improvements	20%
Computer equipment	33%
Computer software	14% - 20%
Furniture and fittings	20%

f. Goodwill

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

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

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

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

g. Software assets

Costs incurred in acquiring software and licenses that will contribute to future period financial benefit through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software, licenses over the estimated useful life, which is 5 years.

h. Trade and other payables

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

i. Issued capital

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

j. Income tax

Current tax

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

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

1. Summary of significant accounting policies (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

k. Employee benefits

Short-term employee benefits

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Share-based payment

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The equity instruments provided in these arrangements are equity instruments of the ultimate parent entity, Generation Development Group Limited.

The fair value determined at the grant date of the award is recognised over the vesting period, based on the Group's estimate of the value of the award that will eventually vest, with the corresponding increase to share-based payments reserve.

l. 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 Generation Development 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.

m. 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.

n. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

o. Benefit Funds

Under the Life Insurance Act 1995 (Life Act), the Group's Life Insurance and Life Investment business is conducted with external policyholders within separate statutory funds ('Benefit Funds'), which are distinguished from each other and from Shareholders' Funds ('the Management Fund'). Policyholder assets and liabilities are not attributable to shareholders.

1. Summary of significant accounting policies (continued)

The Benefit Funds and the Management Fund are presented as a single set of financial statements, with additional disclosures being presented in note 27 showing all major components of the financial statements disaggregated between the Benefit Funds and the Management Fund.

This financial report therefore comprises the Generation Life Limited Management Fund and 69 Benefit Funds. The Benefit Funds have been classified as either life investment or life insurance contracts according to the rules of the benefit funds (refer note 24), as required under AASB 1038 Life Insurance Contracts and other requirements of the Life Act. There are 67 life investment contract benefit funds and 2 life insurance contract benefit funds.The assets of each benefit fund are regarded as assets backing either life investment or life insurance contract liabilities according to the classification of the fund to which they belong.

The operating expenses of the benefit funds have been apportioned between contract acquisition, contract maintenance, investment management and other expenses according to the descriptions given in the Product Disclosure Statement (PDS) and the fund rules.

Assets backing Policyholder Liabilities

The assets of the Company are assessed under AASB 1038 Life Insurance Contracts to be assets that are held to back life insurance policy liabilities and assets that represent owners' funds.

The Company has determined that all financial assets held within its statutory funds are assets backing policy liabilities. The assets of one benefit fund cannot be used to support the liabilities of another. These financial assets include investment securities that are designated as fair value through profit or loss as they are managed and their performance evaluated on a fair value basis for internal and external reporting in accordance with the investment strategy.

Restriction on use

Assets held in the Benefit Funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the Benefit Funds and controlled trusts are held for the benefit of the Policyholders of those funds, and are subject to the constitution and rules of those funds.

Restrictions on the use of assets invested for policyholders in statutory funds include:

- Benefit fund rules;
- Life Insurance Act 1995 requirements;
- Prudential Standards;
- Actuarial Standards; and
- Company policies and procedures.

Classification of Benefit Funds

The 69 Benefit funds are classified as either Life Insurance or Life Investment contracts according to the Benefit Fund rules. Criteria considered in the classification process include the level of insurance risk accepted under the contract and the existence of discretionary participation features (such as discretion by the Board over the level of bonus).

p. Other significant accounting policies

Certain comparative amounts have been reclassified to conform with the current year's presentation.

q. Segment reporting

The Group has the following two strategic divisions, which are its reportable segments. All segments' operating results are regularly reviewed by the Group's Chief Financial Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

<u>Operating segments</u>

Investment Bonds Management and Fund Administration

The provision of administration and management services to the Benefit Funds of Generation Life Limited and administration services to institutional clients.

Other Businesses

This segment pertains to Ascalon Capital Managers Limited.

<u>Non-operating segment</u>

Benefit Funds represents the operating result and financial position of the Benefit Funds which are required to be consolidated in the Group's financial statements in accordance with the accounting standards.

Where relevant, comparative financial information has been restated to ensure consistency in presentation of financial information across the applicable comparative periods.

1. Summary of significant accounting policies (continued)

q. Segment reporting (continued)

The reportable segments are divisions engaged in providing either different products or services. The statutory benefit funds are classified as a non-operating segment. Details of the operating and non-operating segments are detailed below:

30 JUNE 2021

	Operating Segments			Non-operating Segment		
	Investment Bonds Management & Funds Administration $ '000	**Other Business $ '000**	**Operating Segment Total $ '000**	**Benefit Funds $ '000**	**Elimination* $'000**	**Consolidated Total $ '000**
Revenue						
External revenue	19 852	230	20 082	262 375	(15 012)	**267 445**
Segment revenue	19 852	**230**	20 082	**262 375**	(15 012)	**267 445**
Expenses	(24 459)	(1 159)	(25 618)	(15 415)	15 012	**(26 021)**
Income from associates	-	580	580	-	-	**580**
Income tax benefit / (expense)	7 489	-	7 489	(73 504)	-	**(66 015)**
Profit attributable to policyholders	-	-	-	(173 456)	-	**(173 456)**
Net profit / (loss) after tax	**2 882**	**(349)**	**2 533**	**-**	**-**	**2 533**
Segment assets and liabilities						
Segment total assets	66 184	539	66 723	1 846 065	-	**1 912 788**
Segment total liabilities	(15 212)	(57)	(15 269)	(1 846 065)	-	**(1 861 334)**
Segment net assets / (deficiency)	**50 972**	**482**	**51 454**	**-**	**-**	**51 454**
Other Segment Information						
Depreciation and amortisation	(919)	(3)	(922)	-	-	**(922)**

* Refer to note 1(p).

q. Segment reporting (continued)

30 JUNE 2020

	Operating Segments			Non-operating Segment		
	Investment Bonds Management & Funds Administration $ '000	Other Business $ '000	Operating Segment Total $ '000	Benefit Funds $ '000	Elimination* $ '000	Consolidated Total $ '000
Revenue						
External revenue	14 385	86	14 471	(32 947)	(9 672)	**(28 148)**
Segment revenue	**14 385**	**86**	**14 471**	**(32 947)**	**(9 672)**	**(28 148)**
Expenses	(16 743)	(2 435)	(19 178)	(10 888)	9 672	**(20 394)**
Income tax benefit / (expense)	3 070	-	3 070	12 379	-	**15 449**
Profit attributable to policyholders	-	-	-	31 456	-	**31 456**
Net profit / (loss) after tax	**712**	**(2 349)**	**(1 637)**	**-**	**-**	**(1 637)**
Segment assets and liabilities						
Segment total assets	17 959	2 742	20 701	1 306 316	-	**1 327 017**
Segment total liabilities	(3 116)	(214)	(3 330)	(1 306 316)	-	**(1 309 646)**
Segment net assets / (deficiency)	**14 843**	**2 528**	**17 371**	**-**	**-**	**17 371**
Other Segment Information						
Depreciation and amortisation	(816)	(110)	(926)	-	-	**(926)**

* Refer to note 1(p).

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:

COVID-19 PANDEMIC

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, clients, staffing and region in which the Group entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties which respect to events or conditions which may impact the Group entity unfavourably as at the reporting date or subsequent as a result of COVID pandemic.

LEASE TERM

The lease term is a significant component in the measurement of both the right-of use asset and lease liability. Judgement is exercised in determining whether there is reasonably certainty that an option to extend the lease or purchase the underlying asset will be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is significant event or significant change of circumstances.

INTANGIBLE ASSETS (GOODWILL & CAPITALISED SOFTWARE)

Management judgement is used to assess the recoverable value of goodwill and other intangible assets. The carrying amount of goodwill is based on assumptions including forecasts used for determining cashflows, available headroom, and the sensitivities of the recoverable amount to reasonably possible changes in assumptions. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on the balance sheet is impaired. Further details are disclosed in note 12.

Capitalised software and other intangible assets are assessed for indicators of impairment annually, including those assets not ready for use. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying value of the asset is written down immediately.

EMPLOYEE BENEFITS

The liability for employee benefits (annual leave and long service leave) disclosed in note 13 is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. A discount rate equal to the 10 year high-quality corporate bond rate has been used in determining the present value of the obligation.

VALUATION OF FINANCIAL ASSETS

The fair value of assets that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the balance sheet date.

For investments with no active market, fair values are determined using valuation techniques. Valuation techniques commonly used by market practitioners are applied, including using discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Such techniques include using recent arm's length market transactions, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market.

SHARE-BASED PAYMENTS

When determining the grant date fair value of share-based payments, the Group utilises standard market techniques for valuation, including a Monte-Carlo Simulation pricing model, which take into account performance hurdles. Further details of the significant assumptions employed are disclosed in note 6.

DEFERRED TAX ASSETS

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

POLICYHOLDER LIABILITIES

The appointed actuary of Generation Life Limited uses their judgement in determining the fair value of policyholder liabilities related to life insurance contracts and life investment contracts with discretionary participating features. Refer to note 24 for critical estimation assumptions for determining insurance policyholder liabilities and note 27 for disaggregated disclosures for each life insurance benefit fund.

3. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further qualitative disclosures are included throughout this financial report.

RISK MANAGEMENT FRAMEWORK

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

The Board recognises the broad range of risks that the Group faces as a participant in the financial services industry. Increasingly, the risk of climate change is being considered within the investment process. The Group considers the risk of climate change within its risk management framework and work to ensure that these risks are mitigated where possible. The Group is not currently materially exposed to climate risk.

Day-to-day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The Chief Executive Officer of Generation Life Limited and Chief Financial Officer of the Group 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.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's capital structure consists of cash, cash equivalents, investments and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 13 and 14 respectively.

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 and financial assets. The Group does not have any specific concentration of credit risk with a single counterparty.

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.

Financial assets

Given the strong credit ratings of external bank counterparties and investments backing policyholder liabilities being invested with reputable counterparties in the managed funds sector, the Group is of the view that all counterparties are expected to meet their obligations.

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 reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

MARKET RISK

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the income or the value of the Group's 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.

Currency risk

It is the Group's policy to minimise the exposure of all statement of financial position items to movement in foreign exchange rate.

Foreign currency exposure arises primarily as a result of investments in Euro Zone, United Kingdom, France, Hong Kong and United States, so currency risk therefore arises from fluctuations in the value of the Euro, Great Britain Pound, Swiss Francs, Hong Kong Dollar and US Dollar against the Australian Dollar.

Interest rate risk

Interest rate risk arises from the potential for changes 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 borrowed and/or held in high interest deposit accounts.

Equity price risk

The Group is exposed to equity price risk. Any overall downturn in the equities market may impact on the future results of the Group as a whole, however the risk is borne by policyholders.

INSURANCE RISK

Insurance risk is the likelihood and financial impact of events which may occur that will expose the Company to financial loss and consequently the inability to meet its liabilities. Life insurance contract liabilities are calculated in accordance with actuarial standards.

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

Solvency

Solvency margin requirements established by actuarial professional standards and by regulators are in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future payments to Policyholders. The solvency requirement establishes the required excess of the value of the insurers' assets (at a Benefit Fund level) over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the period, not just at period end. These solvency requirements take into account specific risks faced by the Company.

Terms and conditions of insurance business

The table set out on page 58 provides an overview of the key variables upon which the timing and uncertainty of the future cash flows of the various life insurance and investment contracts on issue are determined.

3. Financial risk management (continued)

Type of contract	Details of contract workings	Nature of compensation for claims	Key variables affecting timing and uncertainty of future cash flows
Discretionary participating life insurance contracts	The sum insured is specified at inception and guaranteed. Bonuses are added annually, and can either be guaranteed or non-guaranteed (based on actuarial advice). A further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carry forward surplus plus current year operating profit) and added to the sum insured.	Mortality, surrenders, and market earnings on the assets backing the liabilities.
Discretionary participating investment contracts	Gross value of premiums received is invested and investment management fees are deducted monthly. Bonuses are added annually, and a further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carry forward surplus plus current year operating profit) and added to the account balance.	Surrenders, expenses and market earnings on the assets backing the liabilities.
Unit linked investment contracts	Gross value of premiums received is invested in units and investment management fees are deducted monthly.	Investment return is the earnings on the assets less any management fees.	Market risk, expenses, withdrawals.

4. Key management personnel

The Directors and other Key Management Personnel of the Group during 2021 were as follows:

DIRECTORS

Mr Robert Neil Coombe
Non-Executive Chairman

Mr William Eric Bessemer
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

Mr John David Wheeler
Non-Executive Director

KEY MANAGEMENT PERSONNEL

Mr Grant Hackett OAM
Chief Executive Officer Generation Life Limited

Mr Terence Wong
Chief Financial Officer

Mr Felipe Araujo
General Manager of Distribution, Marketing, and Operations Generation Life Limited

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

	Consolidated	
	2021 $'000	**2020 $'000**
Short-term employee benefits	1 511	1 314
Long-term employee benefits	141	80
Long-term incentives	664	397
Post-employment benefits (superannuation contribution)	65	83
Other share-based payments	-	-
	2 381	**1 874**

5. Revenue

The Group's main revenue streams are fee revenues earned from contracts with customers for life investment management and investment administration services.

A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

In the following table, revenue is disaggregated by type of service, major service lines and timing of revenue recognition.

	2021 $'000	2020* $'000
Major service lines and type of service		
Placement fee	49	75
Fee income - Funds administration	410	397
Adviser fee	3 767	3 162
	4 226	**3 634**
Timing of revenue recognition		
Services transferred over time	3 707	3 234
Services transferred at a point of time	519	400
	4 226	**3 634**

B. INTEREST INCOME

	2021 $'000	2020 $'000
Interest income	44	95
Interest income in Benefit Funds - investment contracts	529	1 550
Interest income in Benefit Funds - insurance contracts	37	119
	610	**1 764**

* Refer to note 1(p).

C. REVALUATION INCOME

	2021 $'000	2020 $'000
Realised gain / (loss) on sale of investments - Management Funds	13	-
Realised gain / (loss) on sale of investments - Benefit Funds	27 661	9 379
Foreign exchange (loss) / gain	(1 325)	(68)
Unrealised (loss) / gain on assets designated as FVTPL - Management Funds	-	(15)
Unrealised gain / (loss) on assets designated as FVTPL - Benefit Funds - foreign	294	(166)
Unrealised gain / (loss) on assets designated as FVTPL - Benefit Funds	153 954	(85 180)
	180 597	**(76 050)**

D. OTHER INCOME

	2021 $'000	2020* $'000
Other income	1 231	1 421
Other income - Benefit Funds	44	32
Revaluation of policyholders liabilities	167	171
Lease rental income	73	63
	1 515	**1 687**

* Refer to note 1(p).

6. Investment in associates

On 14 October 2020, the Group acquired a 37% interest in Lonsec Holdings Pty Ltd (Lonsec), Australia's largest qualitative research firm whose research ratings are used by many fund managers, superannuation funds and dealer groups. Lonsec also has an investment solutions division. The investment is equity accounted. Total shares acquired from existing Lonsec vendors (preowned) was 11,082,175 and was split into two payments - an initial cash payment of $1.525 per share and a subsequent one of $0.20 per share. In addition, a cash consideration of $1,000,000 was made for the subscription of 500,000 new shares in Lonsec. Total consideration paid was $20,116,752.

In addition, deferred scrip consideration of up to 9,499,007 GDG shares are to be issued no later than 19 November 2021 contingent upon Lonsec's FY21 EBITDA performance. Based on the most recent unaudited business results of Lonsec, it is estimated that the fair value of deferred scrip consideration to be $6,649,305 based on the maximum number of GDG shares to be issued of 9,499,007. Should there be a material shortfall between the audited and unaudited business results, the scrip issued may be lower. This amount will be finalised once Lonsec's 30 June 2021 financial statements have been audited.

On 19 October 2020, the Group acquired 20% interest in Claimfast Pty Ltd (trading as Remediator). Total shares acquired 100,000 with a value of $100,000, while the subscription and shareholders deed contemplate further investment by existing shareholders based on Remediator's capital requirements until it achieves a cash flow positive position, there is no binding obligation on the Group or any existing shareholders to subscribe. Should the Group not subscribe to this pro-rata entitlement in future capital raises, its existing 20% shareholding will be diluted. Accordingly, no amount of deferred consideration has been recorded. No external transaction costs were incurred as part of this transaction, which is equity accounted.

A reconciliation of the carrying amount of investment in associates is provided below:

	2021 $'000	**2020 $'000**
Carrying amount of investment in associates at cost inclusive of deferred consideration and acquisition costs	27 697	-
Share of gain / (loss) in associates	580	-
Closing carrying value in associates	**28 277**	**-**

7. Expenses

A. PERSONNEL EXPENSES

	2021 $'000	2020 $'000
Salaries and related expenses	10 142	9 290
Share-based payments	806	363
Employee share scheme	53	-
LTI arrangements	32	-
	11 033	**9 653**

a. LTI ARRANGEMENTS

Under the executive LTI plan awards were made to executives and other key talent who are able to influence the generation of shareholders wealth and thus have a direct impact on the Group's performance against long-term performance hurdles. The eligible participants are granted rights to shares based on a percentage of their base salary. On 30 June 2021, total value of rights granted was $601,590. The number of rights actually vesting will only be known at the end of the measurement period once the performance hurdles reflected below are met. The Group has sole discretion to award the vested tranches of LTI as shares or cash. The share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in share-based payment reserve.

The summary of key valuation assumptions for grants granted in the year ending 30 June 2021 is set out below:

Grant date	30 June 2021	30 June 2020
Performance measure	50% TSR / 50% EPS	50% TSR / 50% EPS
Fair value methodology	Monte Carlo simulation	Monte Carlo simulation
Start of performance period	1 July 2021	1 July 2020
Testing date	30 June 2024	30 June 2023
Measurement period	3 years	3 years
Value of rights granted	$601,590	$423 947

7. Expenses (continued)

b. INVESTMENT-LINKED LIFETIME ANNUITY (GLI) - LTI ARRANGEMENT

The GLI-LTI plan operates in the same manner as the Group's LTI plan, for certain executive employees, dependent on their position in the Group's remuneration framework. The performance measures approved by the Board for these employees are determined by the Generation Life investment-linked lifetime annuity product achieving a target FUM of $700m (Target FUM) during the first 3 years of the measurement period. On 30 June 2021, total value granted was $204,630 the number of right actually vesting will be known at the end of the measurement period once the performance hurdle is met. The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the measurement period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate. The share-based payment granted to employees is recognised as an expense, with a corresponding increase in share-based payment reserve.

Valuation assumption for grant granted in the year ending 30 June 2021 is set out below:

Grant date	30 June 2021	30 June 2020
Performance measure	FUM	-
Start of performance period	1 July 2021	-
Testing date	30 June 2024	-
Measurement period	3.5 years	-
Value of rights granted	$204 630	-

B. DEPRECIATION AND AMORTISATION EXPENSES

	2021 $'000	2020 $'000
Computer equipment	121	99
Other property plant and equipment	54	58
Capitalised software	287	188
Depreciation - right of use assets (ROU)	465	471
Reversal of makegood – 15 William Street	(95)	-
	832	**816**

C. IMPAIRMENT EXPENSES

	2021 $'000	2020 $'000
Computer equipment	9	5
Other impairment	20	105
Capitalised software	60	-
	89	**110**

D. ADMINISTRATION EXPENSES

	2021 $'000	2020* $'000
Administration expenses	7 083	4 462
Administration expenses in Benefit Funds - investment contracts	178	154
Administration expenses in Benefit Funds - insurance contracts	(1)	5
	7 260	**4 621**

* Refer to note 1(p).

8. Remuneration of auditors

	Consolidated 2021 $'000	2020 $'000
Audit services		
Audit and review of financial reports of the Group and Controlled Entities	342	359
Other Audit - Related Services		
Assurance services	-	85
Non-Audit Services		
Other non-audit services	5	5
	347	**449**

9. Income tax

At 30 June 2021 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

A. INCOME TAX RECOGNISED IN PROFIT AND LOSS

	Consolidated 2021 $'000	2020 $'000
Income tax expense comprises:		
Current Tax		
Current income tax expense / (benefit)	21 771	7 340
Deferred tax expense / (benefit)		
Recognition / (derecognition) of tax losses	44 244	(22 789)
Total income tax expense	**66 015**	**(15 449)**

B. RECONCILIATION OF THE PRIMA FACIE INCOME TAX EXPENSE AS PRE-TAX PROFIT WITH THE INCOME TAX EXPENSE CHARGED TO THE INCOME STATEMENT

	Consolidated	
	2021 $'000	2020 $'000
(Loss) / profit before income tax attributable to shareholders	**242 003**	**(48 542)**
Income tax expense calculated at 30% (2020: 30%)	72 601	(14 563)
Non-deductible expenses	6 231	4 499
(Deductible expenses) / Assessable income	(1 871)	(918)
Non-assessable income	(4 447)	(3 166)
Effect of 15% tax rate*	2	-
Amount paid on behalf of FuneralBond holders	3	-
Change in unrecognised temporary differences	(1 274)	1 409
Franking dividends / foreign tax credits received	(5 230)	(5 166)
Tax losses utilised	-	2 456
Income tax expense recognised in Profit and Loss	**66 015**	**(15 449)**

* There are 2 complying funds that have a 15% tax rate.

At 30 June 2021 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

C. DEFERRED TAX ASSETS

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current tax assets comprise:		
Income tax receivable	3 895	2 210
Deferred tax assets comprise:		
Provision	695	144
Tax losses	2 573	11 434
	3 268	**11 578**

	Consolidated		
	Opening Balance $'000	Charged to Income $'000	Closing Balance $'000
2021			
Provision	144	551	695
Tax losses	11 434	(8 861)	2 573
	11 578	**(8 310)**	**3 268**
2020			
Provision	74	70	144
Tax losses	3 901	7 533	11 434
	3 975	**7 603**	**11 578**

10. Financial assets

	Consolidated 2021 $'000	2020 $'000
Financial assets carried at fair value through profit or loss		
Term deposits (a)	36 220	72 084
Investments (b)	1 689 975	1 147 903
Total financial assets	**1 726 195**	**1 219 987**
Current	1 726 195	1 219 987
Non-current	-	-
	1 726 195	**1 219 987**

(a) The term deposits have maturities ranging from three to twelve months

(b) Investments are amounts invested by the benefit funds in unlisted externally managed funds and listed securities

11. Other assets

	Consolidated 2021 $'000	2020 $'000
Accrued income	46 150	26 919
Goods and Services tax receivable	443	156
Prepayment	432	386
	47 025	**27 461**

12. Intangible assets

	Consolidated		
	Software* $'000	Goodwill $'000	Total $'000
Gross Carrying Amount:			
Balance at 30 June 2019	**903**	**547**	**1 450**
Additions	528	-	528
Disposals	-	-	-
Balance at 30 June 2020	**1 431**	**547**	**1 978**
Additions	387	-	387
Disposals	(198)	-	(198)
Balance at 30 June 2021	**1 620**	**547**	**2 167**
Accumulated amortisation and impairment losses:			
Balance at 30 June 2019	**(265)**	**-**	**(265)**
Amortisation expense	(188)	-	(188)
Amortisation reversal on write-offs	-	-	-
Impairment	-	-	-
Balance at 30 June 2020	**(453)**	**-**	**(453)**
Amortisation expense	(288)		(288)
Amortisation reversal on write-offs	139	-	139
Impairment	-	-	-
Balance at 30 June 2021	**(602)**	**-**	**(602)**
Carrying Amount:			
As at 30 June 2021	**1 018**	**547**	**1 565**
As at 30 June 2020	**978**	**547**	**1 525**
As at 30 June 2019	**638**	**547**	**1 185**

* Refer to note 1(p).

IMPAIRMENT TESTING FOR CASH - GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, all goodwill is allocated to the Generation 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 determined based on its value in use, determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGU, covering a period of five years. Cash flows were projected assuming the continuation of the present cost structure. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

The key assumptions used in the calculation of the value in use were the average revenue growth rate, discount rate and the terminal value growth rate. The assumptions employed represent the Group’s assessment of future trends and have been based on data from both internal and external sources:

- Average revenue growth rate of 25% (2020: 18%)
- A pre-tax discount rate of 12.5% (2020: 15%)
- Terminal growth rate of 3% (2020: 2%)

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. As at 30 June 2021, the recoverable amount of the CGU was most sensitive to changes in the average revenue growth rate and discount rate. Based on the sensitivity analysis performed, if the average growth rate fell below 8.42%, it would result in the carrying amount of the CGU to exceed the recoverable amount. Management notes that at a discount rate of 16.4%, the recoverable amount exceeds the carrying value. Management continues to monitor the estimates to assess whether there is any impact to the carrying value of the CGU.

13. Provisions

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(k).

CLAIMS

The provisions for claims relates to the acquisition by Generation Life Limited of Manchester Unity Limited in the 2006 financial year. When Generation 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.

	Consolidated			
	Employee Entitlements $'000	**Claims $'000**	**Office Restoration $'000**	**Total $'000**
2021:				
Balance at 1 Jul 2020	635	14	125	774
Made during the year	523	-	204	727
Used / released during the year	(282)	(4)	(125)	(411)
Total provisions at 30 June 2021	**876**	**10**	**204**	**1 090**
2020:				
Balance at 1 Jul 2019	553	16	125	694
Made during the year	613	-	-	613
Used / released during the year	(531)	(2)	-	(533)
Total provisions at 30 June 2020	**635**	**14**	**125**	**774**

14. Issued capital

	Consolidated 2021		Consolidated 2020	
	Number	$'000	Number	$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	125 644 887	45 207	125 289 873	44 998
Issued during the year	50 406 713	33 911	355 014	209
Balance at end of the financial year	**176 051 600**	**79 118**	**125 644 887**	**45 207**

15. Retained earnings

	2021 Accumulated losses Total $'000	2020 Accumulated losses Total $'000
Opening accumulated losses	(31 428)	(27 331)
Net profit / (loss) attributable to shareholders	2 533	(1 637)
Dividends paid	(3 017)	(2 508)
Other items	32	48
Closing accumulated losses	**(31 880)**	**(31 428)**

16. Earnings Per Share

	Consolidated 2021 Cents per Share	2020 Cents per Share
Earnings per Share:		
Basic	1.55	(1.30)
Diluted	1.55	(1.30)

	2021 $'000	2020 $'000
Earnings per share:		
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Earnings used for basic and diluted earnings per share calculations	2 533	(1 637)
Weighted average number of ordinary shares for the purposes of basic EPS	163 403 779	125 479 910
Weighted average number of ordinary shares for the purposes of diluted EPS	163 411 593	125 484 653

17. Dividends

A final unfranked dividend of $1,258,208 (one cent per ordinary share) for 2020 was paid on 1 October 2020. An interim unfranked dividend of $1,758,981 (one cent per ordinary share) for 2021 was paid on 12 April 2021. The DRP was in operation for both these dividends.

	Consolidated	
	2021 $'000	**2020 $'000**
Recognised Amounts:		
Dividends paid	3 017	2 508
	3 017	**2 508**

FRANKING CREDITS

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

	2021 $'000	**2020 $'000**
Generation Development Group Limited	3 429	857
Austock Financial Services Pty Limited	10 837	13 409
Generation Life Limited	14	14
Bonds Custodian Pty Limited	24	24
	14 304	**14 304**

18. Right-of-use assets / Lease liabilities

Information about leases for which the Group is a lessee is presented below:

A. RIGHT-OF-USE ASSETS

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2020	374	104	478
Depreciation charge for the year	(432)	(33)	(465)
Additions to right-of-use lease assets	4 956	-	4 956
Derecognition of right-of-use lease assets	-	-	-
Balance as at 30 June 2021	**4 898**	**71**	**4 969**

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2019	816	-	816
Depreciation charge for the year	(442)	(29)	(471)
Additions to right-of-use lease assets	-	133	133
Derecognition of right-of-use lease assets	-	-	-
Balance as at 30 June 2020	**374**	**104**	**478**

B. LEASE LIABILITIES

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2020	385	103	488
Cash lease payments	(423)	(34)	(457)
Finance lease interest	6	1	7
Additions to lease liabilities	4 753	-	4 753
Balance as at 30 June 2021	**4 721**	**70**	**4 791**

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2019	816	-	816
Cash lease payments	(438)	(31)	(469)
Finance lease interest	7	1	8
Additions to lease liabilities	-	133	133
Balance as at 30 June 2020	**385**	**103**	**488**

Included in the above totals are:

1. The Group entered into a new 7 year lease agreement with CBUS for part level 17/447 Collins Street with occupancy commencing on 18 June 2021.
2. The Group entered into a new 2 year lease agreement with CBRE for 2 office suites in Sydney with occupancy commencing on 1 February 2021.

19. Contingent liabilities

BANKING FACILITIES

The Group has the following finance facilities with National Australia Bank Limited:

- Direct debit facility of $10,000,000 (2020: $5,000,000) to be used for clients' accounts as part of the Generation Life business
- Electronic channel facility of $5,000,000 (2020: nil) to allow for transactions to be debited in the clearing account when funds are in the process of being cleared; and
- NAB credit card facilities of $150,000 (2020: $150,000) used by senior staff for business travel and client entertainment as part of Austock Financial Services business.

The above direct debit facility and the NAB credit card facility are backed by term deposits of $120,000 and $150,000 respectively.

The Company has issued a letter of support to its wholly owned subsidiary Generation Life Limited in the normal course of business. Under this letter, the Company undertakes to ensure that its subsidiary continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

BANK GUARANTEE

The Group has the following bank guarantees in respect of its office tenancies:

- Bank guarantee of $313,162 in respect of the office tenancy at Level 12, 15 William Street, Melbourne. This Tenancy has ceased, and the bank guarantee will be returned to the Company.
- Bank guarantee of $29,337 in respect of the office at Suite 111 and 116, Level 1, 165-167, Phillip Street, Sydney.
- Bank guarantee of $492,383 in respect of the office at Level 17, 447 Collins Street, Melbourne.

20. Controlled entities

Name of Entity	Country of Incorporation	2021 Ownership Interest	2020 Ownership Interest
Parent entity			
Generation Development Group Limited	Australia	-	-
Controlled entities			
Generation Life Limited	Australia	100%	100%
Austock Nominees Pty Limited	Australia	100%	100%
Austock Financial Services Pty Limited	Australia	100%	100%
Bonds Custodian Pty Limited	Australia	100%	100%
Austock Capital Management Pty Limited	Australia	100%	100%
Generation Development Services Pty Ltd (formerly Ascalon Capital Managers Pty Limited)	Australia	100%	100%

21. Related parties

A. EQUITY INTERESTS IN RELATED ENTITIES

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements.

B. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition, the following transactions occurred between the ultimate parent entity and the controlled entities of the Group and key management personnel:

- Directors and their family members have invested in the Benefit Funds managed by Generation Life Limited. These investments were undertaken on commercial terms. The value of these investments as at 30 June 2021 is $3,624,186 (2020: $2,565,627).

C. TRANSACTIONS WITHIN THE WHOLLY OWNED GROUP

The wholly owned group includes:

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

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

During the year 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 $3,070,770 (2020: $2,249,842). This is eliminated on consolidation.

D. TRANSACTIONS WITH OTHER RELATED PARTIES

There were no other transactions with related parties for the year ended 30 June 2021 (2020: $nil).

22. Notes to the Statement of Cash Flows

	Consolidated 2021 $'000	2020 $'000
Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
Profit / (loss) from ordinary activities after tax	175 988	(33 093)
Depreciation and amortisation	922	821
Share-based payments	743	363
Employee share scheme	53	-
Interest income / term deposit	(930)	(1 790)
Revaluation of investment	(167)	(67)
Ongoing policyholder deduction	(3 242)	(2 760)
Net contribution by policyholders	314 712	254 237
Investments	(3 905)	456
Change in assets and liabilities		
(Increase) / decrease in receivables	(220)	(400)
(Increase) / decrease in other assets	(19 534)	1 819
(Increase) / decrease in financial assets	(506 679)	(173 617)
(Increase) / decrease in income tax asset	(1 623)	1 870
Decrease / (increase) in deferred tax asset	8 310	(7 603)
Increase / (decrease) in deferred tax liability	35 935	(15 186)
Increase / (decrease) in payables	2 618	1 035
Increase / (decrease) in provisions	324	73
Increase / (decrease) in other liabilities	3 050	1 047
Increase / (decrease) in income tax liability	17 131	8 469
Net cash flow provided / (used) in operating activities	**23 486**	**35 674**

23. Financial instruments

Excluding policyholder assets and liabilities, there are no financial instruments recognised and measured at fair value. The Group has determined that the carrying values of financial instruments carried at amortised cost approximate fair value. These financial instruments are represented by cash and cash equivalents, trade receivables, interest in term deposits and trade payables, which are short term in nature or are floating rate instruments that are re-priced on or near the end of the reporting period.

Financial instruments relating to policyholder balances of assets and liabilities. These are level 1 and level 2 financial instruments carried at fair value through profit and loss in the Generation Life Limited Statutory Benefit Funds.

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 including the Group's bank counterparties.

Exposure to Credit Risk

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

		Consolidated	
	Note	**2021 $'000**	**2020 $'000**
Financial assets designated as fair value through profit and loss	10	1 689 975	1 147 903
Accrued income	11	46 150	26 919
Trade receivables		1 669	1 383
Cash and cash equivalents		95 132	62 095
Total		**1 832 926**	**1 238 300**

All receivables are denominated in Australian dollars and relate to Australian customers.

Impairment losses

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

	Consolidated	
	2021 $'000	**2020 $'000**
Not past due	1 669	1 383
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	**1 669**	**1 383**

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivable from the date recognised to balance sheet date. There are no past due of impaired receivables as at 30 June 2021 (2020: nil).

23. Financial instruments (continued)

B. LIQUIDITY RISK

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

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Investment Linked $'000
As at 30 June 2021								
Trade and other payables	**4 700**	(4 700)	(4 700)	-	-	-	-	-
Subtotal	**4 700**	**(4 700)**	**(4 700)**	-	-	-	-	-
Policyholder liabilities (investment) [a]	1 768 095	-	-	-	-	-	-	(1 768 095)
Policyholder liabilities (insurance) [b]	7 025	(7 022)	(292)	(292)	(446)	(1 180)	(4 811)	-
Subtotal	**1 775 120**	**(7 022)**	**(292)**	**(292)**	**(446)**	**(1 180)**	**(4 811)**	**(1 768 095)**
Total	**1 779 820**	**(11 722)**	**(4 992)**	**(292)**	**(446)**	**(1 180)**	**(4 811)**	**(1 768 095)**
As at 30 June 2020								
Trade and other payables	**1 958**	(1 958)	(1 958)	-	-	-	-	-
Subtotal	**1 958**	**(1 958)**	**(1 958)**	-	-	-	-	-
Policyholder liabilities (investment) [a]	**1 283 089**	-	-	-	-	-	-	(1 283 089)
Policyholder liabilities (insurance) [b]	**7 273**	(7 256)	(275)	(275)	(443)	(1 145)	(5 118)	-
Subtotal	**1 290 362**	**(7 256)**	**(275)**	**(275)**	**(443)**	**(1 145)**	**(5 118)**	**(1 283 089)**
Total	**1 292 320**	**(9 214)**	**(2 233)**	**(275)**	**(443)**	**(1 145)**	**(5 118)**	**(1 283 089)**

(a) For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The owner has no direct exposure to any risk in those assets. Therefore, the tables in this section show the policyholder liability without any maturity profile analysis. There is low liquidity risk for these Policyholder liabilities as these are considered long term investments by the policyholders and any redemptions by the policyholders are fully supported by the sale of the underlying investments of the benefit funds.

(b) Policyholder liabilities relating to insurance products are mostly due upon death of the policyholder and therefore an estimate of maturity has been made.

C. 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.

1. Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and purchases or investments are denominated and the respective functional currencies of the Company. The functional currency of the Company is primarily the AUD with certain investments denominated in US Dollar (USD), Swiss Francs (CHF), Euro (EUR), Great Britain Pound (GBP) and Hong Kong Dollar (HKD).

	USD $'000	CHF $'000	EUR $'000	GBP $'000	HKD $'000
30 June 2021					
Cash and cash equivalents	5 459	15	17	20	9
Financial Assets	81 791	8 105	8 292	6 102	5 052
Total exposure in AUD	**87 250**	**8 120**	**8 309**	**6 122**	**5 060**

	USD $'000	CHF $'000	EUR $'000	GBP $'000	HKD $'000
30 June 2020					
Cash and cash equivalents	13 705	15	15	18	10
Financial Assets	55 813	7 046	5 204	5 913	6 157
Total exposure in AUD	**69 517**	**7 061**	**5 220**	**5 931**	**6 167**

23. Financial instruments (continued)

Sensitivity analysis

A 10% change in the exchange rates will have the following effect on the financial statements for the financial year ended 30 June 2021:

Currency	Movement in variable against $	Change in Profit / (loss) $	Change in Equity $
30 June 2021			
USD	+ 10%	8 725	8 725
	- 10%	(8 725)	(8 725)
CHF	+ 10%	812	812
	- 10%	(812)	(812)
EUR	+ 10%	831	831
	- 10%	(831)	(831)
GBP	+ 10%	612	612
	- 10%	(612)	(612)
HKD	+ 10%	506	506
	- 10%	(506)	(506)
Total	**+ 10%**	**11 486**	**11 486**
	- 10%	**(11 486)**	**(11 486)**

Currency	Movement in variable against $	Change in Profit / (loss) $	Change in Equity $
30 June 2020			
USD	+ 10%	6 952	6 952
	- 10%	(6 952)	(6 952)
CHF	+ 10%	706	706
	- 10%	(706)	(706)
EUR	+ 10%	522	522
	- 10%	(522)	(522)
GBP	+ 10%	593	593
	- 10%	(593)	(593)
HKD	+ 10%	617	617
	- 10%	(617)	(617)
Total	**+ 10%**	**9 390**	**9 390**
	- 10%	**(9 390)**	**(9 390)**

23. Financial instruments (continued)

2. Interest rate risk

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

	Consolidated	
	2021 $'000	**2020 $'000**
Fixed rate instruments		
Term deposits	36 220	72 084
	36 220	**72 084**
Variable rate instruments		
Cash and cash equivalents	95 132	62 095
	95 132	**62 095**

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have the following effect on the statement of comprehensive income:

	Consolidated	
	1% Increase $'000	**1% Decrease $'000**
30 June 2021		
Variable rate instruments	183	6
Total	**183**	**6**
30 June 2020		
Variable rate instruments	782	(436)
Net asset	**782**	**(436)**

3. Equity price risk

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

	Consolidated	
	2021 $'000	**2020 $'000**
Financial assets at fair value through profit or loss		
Units in managed funds and equities [1]	1 652 660	1 104 099
	1 652 660	**1 104 099**

1. All risk relating to equity prices is borne by policyholders.

A change of 10% in equity prices would have the following effect on the statement of comprehensive income:

	Consolidated	
	10% Increase $'000	**10% Decrease $'000**
30 June 2021		
Units in managed funds and equities [1]	165 266	(165 266)
	165 266	**(165 266)**
30 June 2020		
Units in managed funds and equities [1]	110 410	(110 410)
	110 410	**(110 410)**

[1] All risk relating to equity prices is borne by policyholders.

23. Financial instruments (continued)

D. FAIR VALUES

Classification and measurement

The Group classifies its financial assets into the following measurement categories:
a) financial assets held at fair value through profit or loss, and b) amortised cost. Financial liabilities are classified as either held at fair value through profit or loss, or held at amortised cost.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Fair value hierarchy - financial instruments at fair value

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

Level 1: Fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities. This comprises listed securities.

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). This comprises of units in managed unlisted funds, and Policyholder Liabilities.

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

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2021				
Listed Securities	185 077	-	-	185 077
Units in externally managed unlisted funds	-	1 504 898	-	1 504 898
Financial assets at fair value through profit or loss	**185 077**	**1 504 898**	**-**	**1 689 975**
Policyholder Liabilities	-	(1 775 120)	-	(1 775 120)
Financial liabilities at a fair value through profit or loss	**-**	**(1 775 120)**	**-**	**(1 775 120)**
30 June 2020				
Listed Securities	115 938	-	-	115 938
Units in externally managed unlisted funds	-	1 031 965	-	1 031 965
Financial assets at fair value through profit or loss	**115 938**	**1 031 965**	**-**	**1 147 903**
Policyholder Liabilities	-	(1 290 362)	-	(1 290 362)
Financial liabilities at a fair value through profit or loss	**-**	**(1 290 362)**	**-**	**(1 290 362)**

24. Actuarial assumptions and methods - Life Insurance contracts

Ms Caroline Bennet, the Appointed Actuary, has reviewed and satisfied herself as to the accuracy of the data from which the amounts of the policyholder liabilities have been determined and that the amount of such liabilities is consistent with the relevant actuarial standards and legislation in Australia. Further, she has considered the requirements of LPS700 Paragraph 11 in relation to the proposed distribution of surplus and provided advice to the Board that the proposed bonus declaration has considered the relevant requirements.

EFFECTS OF CHANGES IN ASSUMPTIONS

	2021 $'000	2020 $'000
Assumption category:		
(a) discount rate	-	-
(b) future bonus rate	-	-
(c) mortality rates	-	-
(d) discontinuance rates	-	-
(e) maintenance expenses	-	-
Total effect on profit and retained earnings	-	-
Reconciliation of changes in life insurance liabilities		
Life insurance liability at the beginning of the year	7 273	7 445
Actuarial Revaluation	(167)	(172)
Payment of terminal bonus	-	-
Allocation of bonus	-	-
Payment of terminated fund	(81)	-
Life insurance liability at the end of the year	**7 025**	**7 273**

Please refer to Note 27 for further details of the policy liabilities of the 2 insurance funds.

ALLOCATION OF PROFITS/LOSSES

A Life Insurance contract profit of $nil (2020: $nil) and the allocation of bonus of $nil (2020: $nil) has been provided for in the provision of final bonus to policyholders.

INSURANCE RISKS

During the year, there were 2 funds classified as life insurance contracts per AASB 1038 Life Insurance Contracts, being the Oddfellows Fund and the Assurance Fund. Consequently, contributions to the funds are disclosed as premiums and benefits paid from the funds are disclosed as claims. Generation Life Limited has appointed an actuary to determine that the value of the policy liabilities and the solvency of the funds have been determined using methods and assumptions consistent with the actuarial standards and in accordance with the Life Insurance Act 1995.

The Assurance Fund was terminated in June 2021. Whilst the Oddfellows Fund is classified as an insurance fund, this fund no longer carries any mortality insurance risk. The appointed actuary has calculated the best estimate liability arising from these contracts. The Company maintains sufficient assets to meet these liabilities.

The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and future mortality, resignations and retirements. As at year end, these assumptions were:

	Oddfellows Fund		Assurance Fund	
	2021	2020	2021	2020
Discount rate	1.65%	1.25%	n/a	1.00%
Mortality	Australian Life Tables 2010-2012 less 40%	Australian Life Tables 2010-2012 less 40%		n/a
Future maintenance and investment management expense	2.00%	2.00%	n/a	1.00%
Taxation rates	0%	0%	n/a	30%
Rates of discontinuance	0%	0%	n/a	0%
Surrender values	n/a	n/a	n/a	Not provided for in rules
Rates of future supportable participating benefits	Terminal bonus at $164.00 per member	Terminal bonus at $164.00 per member	n/a	Terminal bonus at $425.00 per member
Crediting policy adopted in determining future supportable participating benefits	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	n/a	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus

Note: Oddfellows Fund is now effectively a contribution accumulation fund. Assurance Fund was terminated in June 2021.

25. Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2021 the parent company of the Group was Generation Development Group Limited.

	2021 $'000	2020 $'000
Results of the Parent Entity		
Profit / (Loss) for the period	8 352	1 036
Total comprehensive income for the period	**8 352**	**1 036**
Financial Position of the Parent Entity at Year End		
Current assets	15 239	2 704
Total assets	**102 235**	**55 763**
Current liabilities	(7 659)	(751)
Total liabilities	**(7 873)**	**(878)**
Net assets	**94 363**	**54 885**
Total equity of the parent entity comprising of:		
Share capital	79 119	45 208
Financial asset reserve	34 925	34 925
Share based payment	3 087	2 862
Accumulated losses	(22 768)	(28 110)
Total equity	**94 363**	**54 885**

25. Parent Entity Disclosures (continued)

PARENT ENTITY CONTINGENCIES

Other than the contingent liabilities disclosed in note 19 to the financial statements, the parent entity does not have any contingencies at 30 June 2021 (2020: $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 2021 (2020: $nil).

PARENT ENTITY GUARANTEES IN RESPECT OF ITS SUBSIDIARIES

The Company has issued letters of support in respect of certain of its subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

26. Subsequent Events

The Company declared a final fully franked 2021 dividend of $0.01 per ordinary share on 25 August 2021 to be paid on 6 October 2021. The Company's Dividend Reinvestment Plan (DRP) has been activated for this dividend.

Lonsec undertook a selective buy-back on 1 July 2021 and as a result, the Company's equity interest in Lonsec has increased to 41%.

The Company is expecting to divest its Hong Kong subsidiary of Generation Development Services Pty Ltd, Ascalon Capital Limited. The sale is expected to occur in the first half of FY22 subject to finalising a Share Sale Agreement and satisfaction of any Conditions Precedent. The gain and loss on sale is still to be finalised and will be determined when the completion date is finalised. The approval for sale was provided by the Securities and Futures Commission of Hong Kong on 14 July 2021.

The COVID pandemic and lockdowns subsequent to year end continues to create unprecedented economic uncertainty which is impacting the activity in many sectors. To date, there has been minimal impact to the Company and the Directors of the Group continue to monitor the situation.

To the best knowledge of the Directors, there have been no other matter or circumstances that have arisen since the end of year that have materially affected or may materially affect the financial status or results of the Company and which have not been separately disclosed in this report.

27. Disaggregated information by fund

The financial information by individual benefit funds are set out below. The solvency requirements are all nil as a result of the APRA Prudential Capital Requirements and Prudential Standard LPS 110 Paragraph 46.

	Assurance Fund $	Oddfellows Fund $	Total Life Insurance $	Funeral Fund $	Heritage Investment Bond Fund $	Investment Bond $	Cash Achiever $	Deferred Annuity 39 $	Deferred Annuity 46 $
				Non-Investment Linked ("N-IL")					
2021									
Financial assets	-	7,007,562	**7,007,562**	630,737	3,115,623	-	-	607,029	124,150
Other assets	-	17,866	**17,866**	-	804	-	-	1,156	795
Policy liabilities	-	7,025,428	**7,025,428**	629,767	3,106,403	-	-	607,437	120,493
Other liabilities	-	-	**-**	970	10,024	-	-	748	4,452
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	1,210	-	**1,210**	-	-	-	-	-	-
Investment income	221	36,694	**36,915**	3,320	16,226	4,854	2,807	3,782	325
Claims expense	10,425	145,238	**155,663**	-	-	-	-	-	-
Other expenses	6,789	44,519	**51,308**	13,803	24,093	25,736	14,871	12,084	3,296
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	14,282	153,063	**167,345**	-	-	-	-	-	-
Operating profit/(loss) before tax	(1,847)	1	**(1,846)**	(10,483)	(7,866)	(22,830)	(13,343)	(7,618)	(2,972)
Operating profit/(loss) after tax	-	1	**1**	(10,483)	(12,360)	(17,737)	(10,074)	(6,476)	(2,527)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	96,348	7,167,333	**7,424,627**	679,768	3,379,391	1,087,754	577,798	683,943	125,317
Other assets	575	29,962	**36,298**	3,463	15,092	3,168	1,100	3,109	765
Policy liabilities	94,964	7,178,491	**7,444,676**	679,907	3,381,925	1,086,458	576,437	682,912	123,020
Other liabilities	1,959	18,804	**16,248**	3,324	12,559	4,464	2,462	4,139	3,062
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	418	1,405	**1,342**	-	-	-	-	-	-
Investment income	897	117,985	**182,449**	11,184	51,616	16,962	7,961	12,767	2,404
Claims expense	34,175	106,448	**165,650**	-	-	-	-	-	-
Other expenses	2,090	149,231	**151,055**	14,879	25,125	9,349	2,935	15,787	3,920
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	34,932	136,289	**133,512**	-	-	-	-	-	-
Operating profit/(loss) before tax	(17)	-	**596**	(3,695)	26,491	7,612	5,026	(484)	(1,258)
Operating profit/(loss) after tax	-	-	**1**	(3,695)	11,370	2,887	2,638	(411)	(1,069)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

The Assurance Fund was terminated on 15 June 2021. Total amount of $80,682 was distributed to members, including a surplus amount of $3,019, as advised by the Appointed Actuary.

The Investment Bond was terminated on 15 June 2021. Total amount of $897,783 was distributed to members, including a surplus amount of $7,505, as advised by the Appointed Actuary.

The Cash Achiever was terminated on 15 June 2021. Total amount of $583,324 was distributed to members, including a surplus amount of $nil, as advised by the Appointed Actuary.

	Druids Funeral Fund $	Druids Flexi Fund $	No. 1 Cash & Deposits $	No. 2 Aust Fixed Interest $	No. 3 Aust Credit $	No. 4 Int'l Fixed Interest $	No. 5 Prop. Securities $	No. 5A Int'l Prop. Securities $	No. 5B Global Infrastructure $
	N-IL					*Investment Linked*			
2021									
Financial assets	4,572,436	4,188,588	37,532,899	33,166,512	8,691,231	41,194,008	11,750,807	12,075,941	42,244,609
Other assets	1,239	1,288	2,145	176,861	311,794	127,074	343,684	348,224	872,242
Policy liabilities	4,569,867	4,179,962	37,518,496	33,249,467	8,895,315	41,089,152	12,084,906	11,724,582	42,652,666
Other liabilities	3,808	9,914	16,548	93,906	107,710	231,930	9,585	699,583	464,185
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	25,273	21,259	34,116	457,388	350,615	1,009,703	449,687	504,720	1,665,151
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	47,159	42,904	148,625	290,070	81,951	358,849	92,619	96,986	349,036
Realised gain/(loss)	-	-	(166)	(34,704)	(15,294)	(31,721)	(372,894)	(53,486)	(241,973)
Unrealised gain/(loss)	-	-	121	(257,354)	(171,356)	103,250	1,475,753	2,403,149	1,390,485
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(21,886)	(21,645)	(60,680)	(114,566)	82,544	734,428	1,462,598	2,758,993	2,473,612
Operating profit/(loss) after tax	(21,886)	(28,023)	(70,901)	(164,165)	33,354	410,059	1,019,067	1,930,420	1,720,149
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	4,837,358	4,376,781	43,913,912	26,873,307	8,611,628	33,130,275	9,048,863	8,788,117	30,448,498
Other assets	20,683	14,127	32,988	642,818	172,470	1,007,751	857,851	214,530	1,051,030
Policy liabilities	4,876,842	4,375,650	43,916,570	27,334,239	8,743,588	33,877,425	9,900,019	8,996,682	31,297,182
Other liabilities	(18,800)	15,258	30,330	181,886	40,510	260,601	6,695	5,965	202,346
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	84,980	71,463	351,835	774,669	304,881	1,143,690	574,135	231,021	1,180,885
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	49,835	44,810	171,337	242,685	88,751	295,318	96,247	85,325	273,833
Realised gain/(loss)	-	-	-	(118,348)	(35,181)	(125,736)	(343,035)	(36,001)	(100,290)
Unrealised gain/(loss)	-	-	-	57,956	55,911	41,262	(2,280,190)	(1,501,804)	(3,937,691)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	35,145	26,653	214,061	477,066	239,742	772,431	(2,141,739)	(1,390,672)	(3,120,034)
Operating profit/(loss) after tax	35,145	5,214	108,510	262,783	142,059	454,745	(1,497,973)	(967,108)	(2,262,905)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	No. 6 Aust Shares $	No. 6A Aust Shares Long Short $	No. 7 Aust Shares Small Cap. $	No. 8 Int'l Shares $	No. 8A Int'l Shares Growth	No. 9 Int'l Shares Small Cap. $	No. 10 Diversified Growth $	No. 10A Absolute Return Income	No. 10B Diversified Balanced
					Investment Linked				
2021									
Financial assets	50,408,266	2,669,839	24,170,428	113,927,016	13,116,846	15,958,918	27,061,524	11,406,028	3,913,785
Other assets	2,198,520	59,459	170,810	77,412	464,158	541,157	2,816,671	397,794	72,929
Policy liabilities	52,150,796	2,636,845	23,889,651	110,301,297	13,030,305	15,283,197	28,774,959	11,682,913	3,925,080
Other liabilities	455,990	92,453	451,587	3,703,131	550,699	1,216,878	1,103,236	120,909	61,634
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,707,517	245	348,078	1,131,696	464,173	585,787	2,831,207	419,162	139,476
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	441,816	20,281	197,327	2,314,660	78,341	123,361	251,806	97,630	35,458
Realised gain/(loss)	(336,965)	340,358	(80,401)	1,090,129	(52,433)	(16,180)	(15,478)	(7,724)	1,096
Unrealised gain/(loss)	6,758,617	(115,896)	5,086,548	10,941,914	1,769,586	4,005,440	2,478,059	(232,154)	180,271
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	8,692,335	204,926	5,162,876	9,904,361	2,108,373	4,453,040	5,045,538	83,424	289,167
Operating profit/(loss) after tax	6,251,915	150,304	4,285,291	6,378,608	1,470,165	3,209,854	3,535,407	29,639	198,558
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	41,047,524	1,415,662	16,672,124	92,391,894	5,206,109	10,663,143	24,332,020	8,903,148	2,521,465
Other assets	4,068,600	156,613	740,031	71,798	439,963	129,492	1,496,754	73,636	79,021
Policy liabilities	44,927,962	1,551,854	17,398,183	86,874,181	5,557,942	10,785,570	25,503,900	8,953,659	2,597,372
Other liabilities	188,162	20,420	13,972	5,589,512	88,130	7,065	324,874	23,126	3,113
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,951,275	134,588	646,460	60,225	342,180	123,095	1,354,909	143,964	78,081
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	433,872	10,110	161,629	909,171	38,024	102,127	255,855	69,776	25,655
Realised gain/(loss)	(205,931)	(42,897)	(159,335)	17,946,564	(33,707)	(127,375)	(76,031)	(4,034)	14,387
Unrealised gain/(loss)	(8,477,354)	5,071	(3,308,000)	(10,979,366)	(363,459)	(850,283)	(2,224,215)	(117,967)	(67,092)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(6,152,316)	87,138	(2,977,145)	5,883,082	(89,810)	(955,592)	(1,192,959)	(41,018)	8,175
Operating profit/(loss) after tax	(4,028,663)	66,202	(2,577,351)	3,859,266	(65,278)	(683,246)	(830,586)	(47,607)	5,986
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 11 Aust Shares Index $	No. 11A Int'l Shares Index (Unhedged) $	No. 12 Int'l Shares Index (Hedged) $	No. 12A Aust Fixed Interest Index $	No. 12B Prop. Sec Index $	No. 12C Diversified Conservative Index $	No. 12D Diversified Growth Index $	No. 13 Credit Securities $	No. 14 Aust Large Companies Shares $
	Investment Linked								
2021									
Financial assets	123,636,748	49,520,997	45,941,348	31,371,087	33,502,217	101,420,897	186,039,940	13,073,971	1,604,783
Other assets	3,446,195	2,098,975	8,910,271	562,186	316,423	1,021,930	2,882,283	75,033	7,285
Policy liabilities	120,133,633	48,331,030	49,465,694	31,626,565	32,335,797	100,698,136	182,442,109	13,074,574	1,579,755
Other liabilities	6,949,310	3,288,942	5,385,925	306,708	1,482,843	1,744,691	6,480,114	74,430	32,313
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	4,976,935	2,095,907	8,948,585	963,621	747,372	6,084,632	9,504,403	342,809	16,287
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	1,026,350	396,113	416,935	314,842	270,537	689,444	1,122,260	104,309	18,088
Realised gain/(loss)	(114,065)	(82,729)	21,247	(70,728)	(243,185)	3,203,747	3,120,040	(24,885)	53,101
Unrealised gain/(loss)	20,950,741	7,916,849	4,464,706	(1,135,988)	7,499,333	(2,604,318)	14,425,734	7,894	236,192
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	24,817,640	9,548,303	13,025,638	(549,785)	7,739,583	6,029,347	25,963,823	226,512	287,867
Operating profit/(loss) after tax	17,788,482	6,647,663	9,068,027	(471,917)	5,343,650	4,123,896	18,229,984	129,985	203,734
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	81,338,916	29,545,046	36,690,190	30,431,267	23,348,466	75,027,259	113,840,314	9,402,383	1,938,461
Other assets	1,862,910	1,970,237	16,611	774,855	1,308,919	1,128,446	3,800,107	70,194	72,107
Policy liabilities	82,941,033	30,634,131	35,282,893	30,538,361	24,637,302	75,108,269	116,391,365	9,431,651	2,009,146
Other liabilities	260,792	881,152	1,423,908	667,761	20,082	1,047,436	1,249,056	40,927	1,422
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,332,115	1,970,329	28,842	1,266,336	1,049,806	1,723,534	5,367,407	291,032	64,296
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	787,534	263,573	302,286	303,307	266,297	457,201	649,053	82,238	20,223
Realised gain/(loss)	(298,875)	(29,129)	(54,307)	(10,477)	(607,361)	(296,827)	(19,591)	(50,510)	(7,473)
Unrealised gain/(loss)	(9,135,817)	(704,200)	534,979	(39,733)	(6,386,352)	20,917	(4,894,144)	(71,123)	(353,017)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(6,874,347)	978,485	211,032	916,466	(6,203,922)	1,018,243	(155,785)	91,939	(316,390)
Operating profit/(loss) after tax	(4,327,851)	671,622	58,178	557,555	(4,392,734)	669,913	(13,830)	41,736	(206,816)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	No. 14A Term Deposits $	No. 14B Short Term Fixed Interest $	No. 15 Aust Shares $	No. 16 Geared Aust Shares $	No. 17 Int'l Shares $	No. 18 Mortgage * $	No. 19 Diversified Growth $	No. 20 Industrial Shares $	No. 21 Aust Shares ESG $
	Investment Linked								
2021									
Financial assets	65,162,993	10,321,114	29,235,126	24,449,078	13,256,870	-	37,420,426	20,319,270	23,627,152
Other assets	63,612	59,223	141,886	476,436	-	-	4,076,225	49,725	-
Policy liabilities	65,105,771	10,318,828	27,203,296	22,662,027	11,653,868	-	40,220,542	18,423,281	21,924,125
Other liabilities	120,834	61,509	2,173,716	2,263,487	1,603,002	-	1,276,109	1,945,714	1,703,027
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	447,952	144,661	577,439	546,934	15	-	4,111,791	312,307	761,569
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	372,429	49,330	498,217	167,809	101,695	-	346,479	608,495	177,931
Realised gain/(loss)	-	(2,275)	549,508	(314,016)	61,396	-	(132,957)	1,208,691	(30,788)
Unrealised gain/(loss)	-	113,222	7,145,670	12,100,377	3,400,517	-	3,497,332	4,023,959	6,011,545
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	83,113	209,216	7,717,556	12,167,693	3,361,865	-	7,131,413	4,940,453	6,567,524
Operating profit/(loss) after tax	(51,273)	132,533	5,354,871	9,429,111	2,323,286	-	4,948,071	3,331,751	4,683,730
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	78,018,499	9,078,693	20,545,705	11,491,890	9,605,376	-	33,973,430	15,446,912	15,733,169
Other assets	335,883	50,168	1,173,337	1,541,480	75,419	-	3,363,345	384,850	637,039
Policy liabilities	78,096,596	9,114,241	21,713,861	13,024,193	9,106,665	-	36,805,746	15,226,366	16,358,953
Other liabilities	257,785	14,620	5,181	9,177	574,130	-	531,028	605,396	11,255
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	1,285,224	156,256	411,373	1,275,100	77,645	-	2,425,797	344,076	567,623
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	563,958	47,346	335,071	134,662	98,059	-	350,790	248,078	153,020
Realised gain/(loss)	-	(18,887)	(81,276)	(1,250,972)	71,908	-	(223,504)	(865,100)	(457,184)
Unrealised gain/(loss)	-	(42,338)	(2,594,879)	(6,176,828)	(584,203)	-	(3,171,649)	(1,185,093)	(1,506,575)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	730,099	51,902	(2,607,226)	(6,284,894)	(532,056)	-	(1,318,856)	(1,950,155)	(1,545,226)
Operating profit/(loss) after tax	344,532	23,393	(1,846,038)	(4,877,116)	(389,187)	-	(871,566)	(1,340,123)	(954,942)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

* This is a dormant fund.

	No 22. Diversified Growth $	No 23. Aust Income $	No 24. Diversified Growth $	No 25. Mortgages $	No 26. Diversified Conservative $	No 27. Growth ESG Model $	No 28 World Equity Trust	No 29 Worldwide Sustainability	No 30. Diversified High Growth Index $
	Linked								
2021									
Financial assets	76,138,239	8,914,949	135,771,149	2,664,663	8,867,678	312,215	436,448	174,314	94,219,858
Other assets	4,827,686	55,515	1,939,561	21,658	266,539	9,070	8,685	19,959	1,699,967
Policy liabilities	76,554,498	8,625,891	128,421,605	2,664,681	8,947,672	318,345	441,328	189,015	91,403,281
Other liabilities	4,411,427	344,573	9,289,105	21,640	186,545	2,940	3,805	5,258	4,516,544
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	5,190,518	269,791	8,890,969	86,333	319,733	9,212	8,685	16,782	3,805,565
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	684,644	141,470	800,941	24,019	75,181	1,319	814	903	536,591
Realised gain/(loss)	(77,369)	111,694	19,835,526	-	(2,830)	697	-	-	272,729
Unrealised gain/(loss)	8,870,937	885,040	(3,929,531)	-	424,290	(175)	4,536	(10,591)	10,373,418
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	13,304,814	1,125,248	24,006,524	62,928	667,274	9,405	12,796	6,114	13,999,276
Operating profit/(loss) after tax	9,286,915	659,894	16,659,960	37,028	451,409	6,721	9,247	4,257	9,874,373
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	68,071,182	6,730,492	100,435,768	2,633,755	5,509,302	-	-	-	36,166,076
Other assets	2,597,063	802,704	1,609,086	23,436	221,521	3,884	-	-	1,458,224
Policy liabilities	69,716,064	7,525,226	100,026,047	2,646,118	5,679,840	-	-	-	37,301,365
Other liabilities	952,181	7,970	2,018,808	11,072	50,983	3,884	-	-	322,935
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,152,643	313,029	2,726,652	113,504	214,421	27,842	-	-	1,395,173
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	669,113	80,420	668,301	29,444	48,360	4,700	-	-	177,814
Realised gain/(loss)	(253,371)	(1,943,875)	(185,240)	-	(12,166)	(20,664)	-	-	(3,750)
Unrealised gain/(loss)	(4,949,811)	(106,792)	(5,556,048)	-	(196,271)	-	-	-	(2,069,868)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(2,710,778)	(1,816,882)	(3,678,956)	85,042	(38,872)	2,478	-	-	(823,286)
Operating profit/(loss) after tax	(1,888,719)	(1,212,406)	(2,485,721)	50,991	(31,053)	1,496	-	-	(534,782)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	No.31 Diversified Balanced Index $	No. 32 Diversified Conservative $	No. 33 Diversified Balanced $	No. 34 Diversified High Growth $	No. 35 Tax Effective Equity $	No. 36 Int. Shares Emerging Mkts $	No. 37 Diversified Fixed Income $	No. 38 Aust Shares Concentrated $	No. 39 Aust Shares Sustainability $
2021									
Financial assets	90,202,645	2,062,047	5,737,439	3,973,096	16,688,838	5,994,484	1,536,073	30,332,246	3,920,331
Other assets	1,170,096	93,123	296,478	343,277	144,124	429,609	527	1,321,323	290,252
Policy liabilities	89,439,636	2,130,466	5,913,790	4,146,626	16,000,638	6,162,028	1,536,500	29,919,682	4,038,749
Other liabilities	1,933,105	24,704	120,127	169,747	832,324	262,065	100	1,733,887	171,834
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	4,476,658	86,203	323,861	343,282	313,331	429,617	-	1,321,349	506,302
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	519,409	12,709	45,009	29,469	119,186	37,225	100	193,073	26,972
Realised gain/(loss)	(178,007)	(2,664)	(9,339)	(8,790)	(368,845)	(3,039)	-	-	(2,445)
Unrealised gain/(loss)	3,547,981	35,959	337,645	441,396	2,264,447	452,477	(1,758)	4,793,017	212,309
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	7,395,085	106,789	608,547	747,498	2,095,518	844,104	(1,858)	5,934,978	690,670
Operating profit/(loss) after tax	5,158,924	72,548	422,535	528,140	1,496,680	587,973	(1,331)	4,189,148	497,903
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2020									
Financial assets	35,658,215	1,183,854	3,832,869	2,014,475	4,911,404	2,091,045	-	8,623,683	1,864,218
Other assets	1,134,627	75,728	183,434	189,018	78,373	28,095	-	334,157	63,569
Policy liabilities	36,533,761	1,257,774	3,987,175	2,170,501	4,895,468	2,117,448	-	8,903,137	1,926,286
Other liabilities	259,081	1,808	29,127	32,992	94,308	1,692	-	54,703	1,500
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	1,177,074	42,817	139,697	135,620	64,841	24,835	-	328,185	42,052
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	186,534	12,797	28,941	14,002	30,927	12,716	-	48,064	7,328
Realised gain/(loss)	(149,037)	(99,198)	(9,439)	-	(238,599)	(21,346)	-	(16,658)	(19,143)
Unrealised gain/(loss)	(1,164,823)	(80,082)	(221,616)	(180,674)	215,755	(11,395)	-	(153,450)	(96,167)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(272,937)	(147,356)	(116,975)	(57,928)	16,848	(20,099)	-	115,196	(79,743)
Operating profit/(loss) after tax	(184,815)	(103,555)	(82,043)	(35,192)	17,515	(13,466)	-	101,387	(46,408)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

27. Disaggregated information by fund (continued)

	No. 40 Diversified Balanced $	No. 41 Diversified ESG Balanced $	No. 42 Equity Income Fund $	UF47 Alternatives $	UF49 ESG Fixed Interest $	UF50 Diversified ESG Balanced $	UF52 International Shares (Hdged) $	UF53 International Shares $	Total Life Investment $	M'gmt Fund $
2021										
Financial assets	14,818,609	3,419,640	6,954,368	442,967	32,774	805,586	1,195,301	4,372,372	**1,792,419,566**	4,387,611
Other assets	153,292	375,265	38,993	493	2	12,489	168,083	-	**46,859,970**	25,988,599
Policy liabilities	14,647,545	3,684,725	6,747,992	443,340	32,757	814,718	1,325,594	4,241,885	**1,768,095,574**	-
Other liabilities	324,356	110,180	245,369	120	19	3,357	37,790	130,487	**71,183,962**	3,792,796
Retained earnings	-	-	-	-	-	-	-	-	**-**	14,752,422
Issued capital	-	-	-	-	-	-	-	-	**-**	11,149,992
Premium revenue	-	-	-	-	-	-	-	-	**-**	-
Investment income	231,639	399,631	135,846	333	-	12,068	131,209	-	**81,068,703**	-
Claims expense	-	-	-	-	-	-	-	-	**-**	-
Other expenses	59,947	24,015	23,579	21	380	684	385	3,028	**15,205,098**	20,488,241
Realised gain/(loss)	697,277	(17,309)	39,160	-	-	-	-	-	**27,660,712**	-
Unrealised gain/(loss)	371,829	97,366	621,633	(532)	(6)	(1,404)	(122,912)	415,872	**153,953,441**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	1,241,817	456,608	776,910	(220)	(34)	10,230	7,941	412,859	**246,961,908**	(4,741,822)
Operating profit/(loss) after tax	858,757	320,055	537,918	(160)	(32)	7,698	7,347	288,098	**173,455,747**	2,230,574
Solvency requirement ($'000)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	4,833
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	127%
2020										
Financial assets	6,043,137	1,728,048	-	-	-	-	-	-	**1,054,133,100**	6,174,465
Other assets	154,894	80,368	-	-	-	-	-	-	**35,450,459**	18,915,993
Policy liabilities	6,185,902	1,796,692	-	-	-	-	-	-	**1,063,067,440**	-
Other liabilities	12,129	11,724	-	-	-	-	-	-	**26,516,115**	3,101,222
Retained earnings	-	-	-	-	-	-	-	-	**-**	12,490,193
Issued capital	-	-	-	-	-	-	-	-	**-**	9,149,992
Premium revenue	-	-	-	-	-	-	-	-	**-**	-
Investment income	141,071	63,920	-	-	-	-	-	-	**43,910,737**	-
Claims expense	-	-	-	-	-	-	-	-	**-**	-
Other expenses	36,000	13,277	-	-	-	-	-	-	**8,230,814**	12,676,719
Realised gain/(loss)	(2,012)	-	-	-	-	-	-	-	**(22,449,826)**	-
Unrealised gain/(loss)	(274,232)	(97,277)	-	-	-	-	-	-	**55,245,020**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	(170,406)	(45,550)	-	-	-	-	-	-	**68,847,380**	(1,760,531)
Operating profit/(loss) after tax	(117,523)	(29,512)	-	-	-	-	-	-	**50,652,551**	2,881,548
Solvency requirement ($'000)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	3,736
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	166%

Additional Securities Exchange Information

As at 21 July 2021 (unaudited)

NUMBER OF HOLDERS OF EQUITY SECURITIES

Fully paid ordinary share capital

176,297,223 fully paid ordinary shares are held by 812 shareholders.

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

Performance Rights (unquoted)

7,522,385 performance rights (issued under the Company's FY19, FY20 and FY21 Performance Rights Plan) are held by 9 eligible participants.

Performance rights do not carry the right to vote or to receive dividends.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Number of shares held	Holders of fully paid ordinary shares	Holders of performance rights
1 - 1 000	75 (0.02%)	0
1 001 - 5 000	234 (0.35%)	0
5 001 - 10 000	108 (0.47%)	0
10 001 - 100 000	269 (5.13%)	1 (0.72%)
100 001 and over	126 (94.03%)	8 (99.28%)
Total	**812**	**9**
Holdings less than a marketable parcel	**45**	**n/a**

SECURITIES SUBJECT TO VOLUNTARY ESCROW

62,699 fully paid ordinary shares issued on 24 June 2021 pursuant to the Company's Employee Tax Exempt Share Plan. Escrowed until 23 June 2024.

ON MARKET BUY BACK

There is no current on-market buy-back.

SUBSTANTIAL SHAREHOLDERS

	Fully paid ordinary shares
Blackrock Group	19 116 562
Onever Pty Ltd	13 046 899
Mr John David Wheeler	12 500 000
Ellerston Capital Limited	12 332 317
Mrs Patricia Mary Tooth	9 504 931
Mr Robert Coombe	8 912 792

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Ordinary shareholders	Number	Fully paid percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28 853 585	16.37%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14 039 421	7.96%
CITICORP NOMINEES PTY LIMITED	13 502 958	7.66%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	9 759 349	5.54%
MR JOHN DAVID WHEELER AND MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C>	7 500 000	4.25%
MRS PATRICIA MARY TOOTH	7 106 072	4.03%
ONEVER PTY LTD <THE BESSMER PROPERTY A/C>	6 639 100	3.77%
BNP PARIBAS NOMS PTY LTD <DRP>	6 172 750	3.50%
MR ROBERT COOMBE	5 980 592	3.39%
CANDOORA NO 31 PTY LTD <BESSEMER SUPER FUND A/C>	5 782 860	3.28%
MR FRANK GERARD ZULLO	4 000 001	2.27%
MR DON LAZZARO AND MRS ANN LAZZARO <SUPER FUND A/C>	3 630 552	2.06%
MRS SUSAN HADDEN & MRS ABBY FALLA <HADDUPSUPER FUND A/C>	2 500 000	1.42%
BERNE NO 132 NOMINEES PTY LTD<W 1253672 A/C>	2 500 000	1.42%
NATIONAL NOMINEES LIMITED	2 184 443	1.24%
GUERILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	2 146 870	1.22%
TDA SECURITIES PTY LTD <TDA SECURITIES A/C>	1 880 000	1.07%
MR ANTHONY JOHN HUNTLEY	1 750 000	0.99%
MVH PTY LTD <HANMAN SUPERANNUATION A/C>	1 729 242	0.98%
DELUZO INVESTMENTS PTY LTD<NORTHCOTE FAMILY A/C>	1 388 834	0.79%
	129 046 439	**73.20%**

Corporate information

COMPANY DIRECTORS

Mr Rob Coombe
Non-Executive Chairman

Mr William Eric Bessemer
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

Mr John David Wheeler
Non-Executive Director

APPOINTED ACTUARY FOR GENERATION LIFE LIMITED

Deloitte Consulting Pty Ltd
477 Collins Street
Melbourne VIC 3000

COMPANY SECRETARY

Amanda Gawne

Registered Office
Level 17, 447 Collins Street
Melbourne VIC 3000

Telephone: +61 3 8601 2000
Facsimile: +61 3 9200 2270

SHARE REGISTER BOARDROOM PTY LIMITED

Level 12, 225 George Street
Sydney NSW 2000

BANKER

National Australia Bank
330 Collins Street
Melbourne VIC 3000

AUDITOR

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3008

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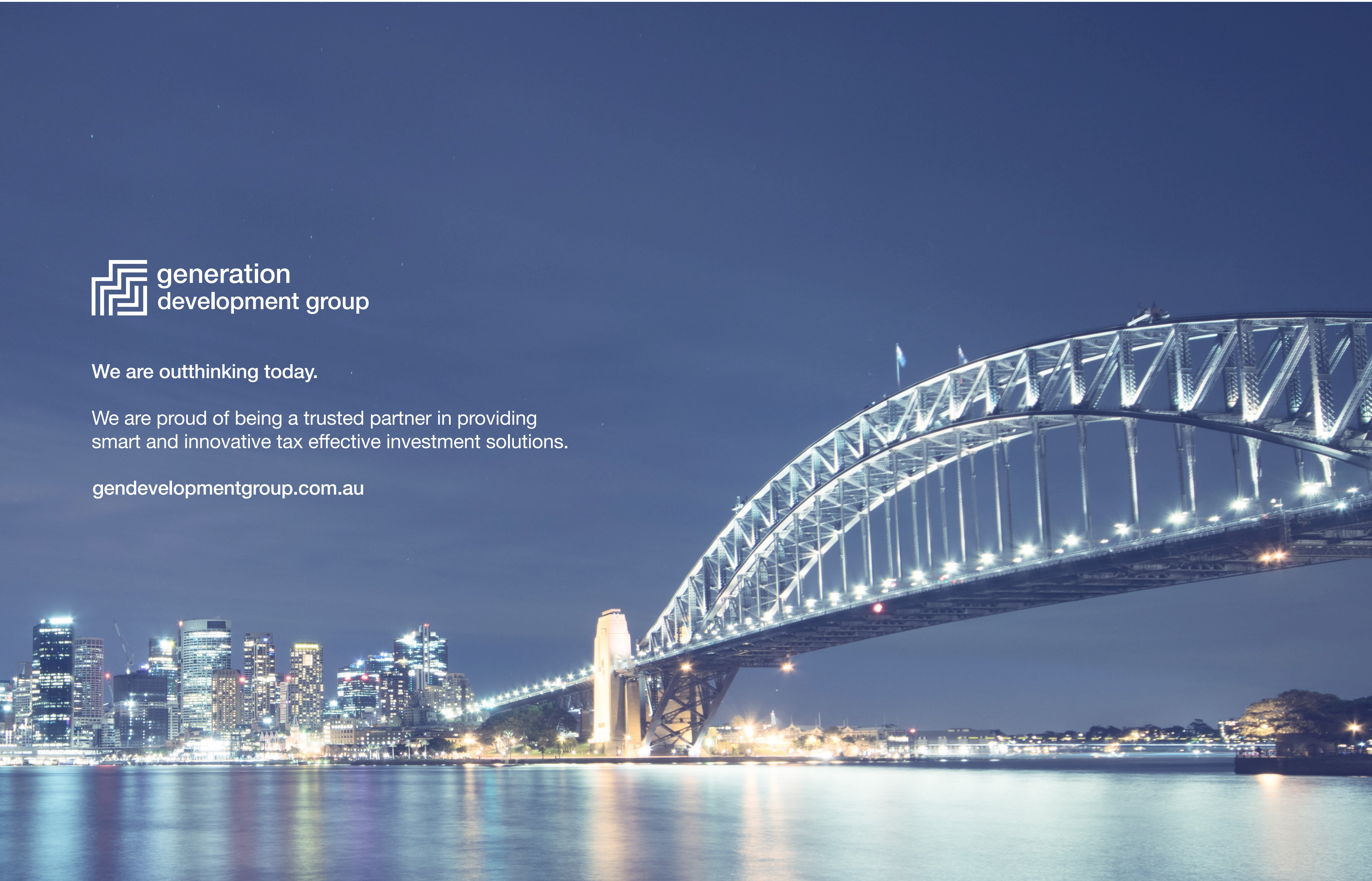

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