



Annual Report 2008

Austock Group Limited

ABN: 90 087 334 370

We are pleased to present Austock Group Limited's first annual report as a listed company and to highlight our performance for the 2008 financial year.

Austock Group

Austock Group is an independent, publicly listed diversified investment and financial services group. It has a culture and track record of being prepared to invest to build sustainable returns for its clients and shareholders.

Founded in 1991, the company now comprises corporate and securities, private wealth and investment management businesses. Austock has offices in Melbourne, Sydney, Brisbane and Perth along with international affiliations.

Austock is a Pooled Development Fund that invests in and develops financial services businesses under a tax-efficient structure.

Austock seeks to maximise shareholder returns via long-term, tax-free capital growth and dividends.

Our Values

Performance culture

We strive for mutual wealth creation for clients, shareholders and staff

Client commitment

We are driven by our clients' needs

Teamwork

United we are stronger. The whole is always greater than the sum of the parts

Progressive and dynamic

Pushing for new levels of excellence – responsive to new ideas and prepared to invest in them

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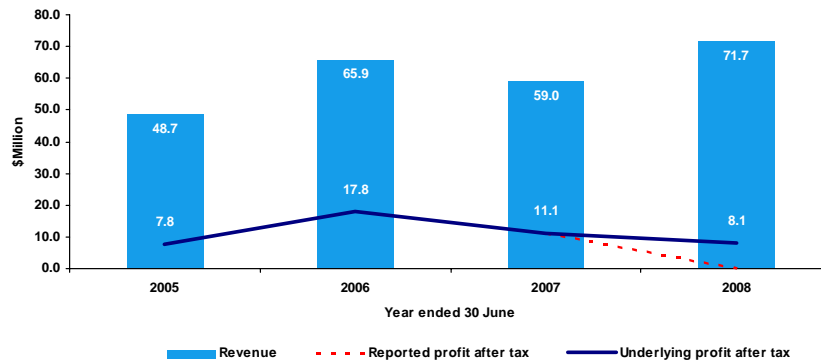
Financial summary

- Revenue of \$71.7 million (excluding Life benefit funds), an increase of 22% on the previous corresponding year.
- An underlying¹ profit before tax of \$9.8 million, a decline of 12% from \$11.1 million in the previous corresponding year.
- An underlying profit after tax of \$8.1 million, a decline of 27% from \$11.1 million in the previous corresponding year.
- Underlying EPS was 7.0 cents, a decline from 10.8 cents.
- A \$0.1 million reported net profit and reported EPS were 0.1 cents.
- FUM has remained stable despite declining markets.
- Annuity revenue streams grew to \$10.6 million, a 36% increase on the previous year.
- Net assets grew to \$49.7 million, an increase of 9% from \$45.6 million.
- Cash reserves remain strong at \$33.4 million (excluding Life benefit funds).
- Total dividend for the year of 3 cents per share.

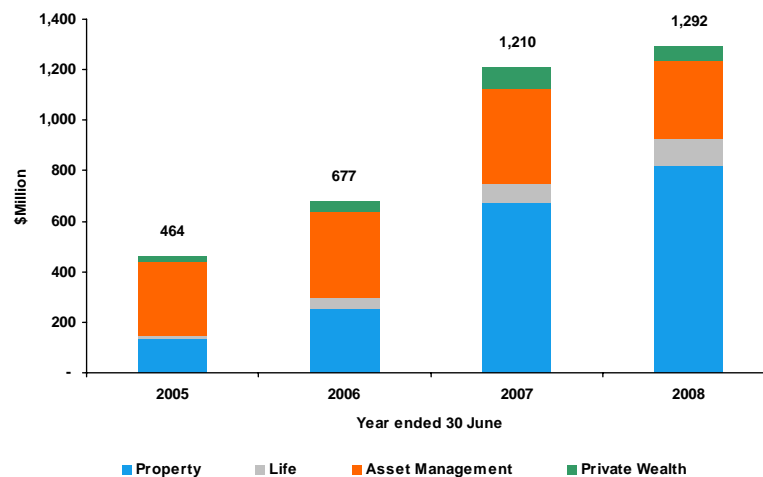
Operating result <i>(excluding Life benefit funds)</i>			
Year ended 30 June	2008	2007	Change
	(\$m)	(\$m)	(%)
Total revenue	71.7	59.0	22
Personnel costs	(45.6)	(35.7)	(28)
Other costs	(16.1)	(12.2)	(32)
Profit before income tax	9.8	11.1	(12)
Tax	(1.7)	(0.0)	
Profit after tax	8.1	11.1	(27)
Losses from discontinued operations	(5.3)	-	
Impairment charges	(2.7)	-	
Net profit	0.1	11.1	

¹ Underlying earnings excludes discontinued operations, impairment losses and Life benefit funds.

Underlying revenue and profit



Funds under management



Looking forward

“Austock remains well capitalised. It has strong cash reserves, a strong management team, a structure and a strategy for long-term growth.

Austock will continue to review alternative strategies to maximise the value of its investments and build a portfolio of robust financial service businesses to carry it through current market conditions.

The directors continue to believe that Austock is well positioned to fulfill its future growth potential.”

– Tim Boyle, Managing Director

Chairman and Managing Director's report

The significance of presenting Austock Group Limited's first annual report as a listed company has been tempered by a disappointing result flowing from the extent of the global market turmoil.

Austock's ASX listing in December 2007 was an important milestone. It followed a period of growth in the Investment Management business to provide diversified, recurring revenue streams to complement the established Corporate and Securities business. This occurred in tandem with considerable and ongoing investment in the firm's people and infrastructure.

The result reflected the broader market, in which Austock had a solid first six months – exceeding earnings forecasts – before the deterioration in investment markets had a significant negative effect on the second-half result and our business model which was leveraged for growth.

To counter the difficult market conditions we have implemented an ongoing restructuring program. With a strong balance sheet and a conservative approach to risk management, the Group will be in a position to take advantage of strategic and investment opportunities as they occur.

Results overview

Revenue for the year was \$71.7 million (excluding benefit funds), an increase of 22% on the \$59.0 million generated in the previous year. Significantly, annuity revenues increased to \$10.6 million (excluding benefit funds) from \$6.7 million. This represents 15% of total revenue, up from 11% in the previous year. The Group considers annuity revenue to be those revenues received primarily in the form of management fees of FUM. These fees are received in both the Investment Management and Corporate and Securities divisions.

Underlying profit before tax was \$9.8 million, a decline of 12% from \$11.1 million in the previous corresponding year.

The Group continues to benefit from its PDF status which is reflected in the Group's effective tax rate for the year ended 30 June 2008 being 17% of underlying profit before tax. This is higher than the previous year due to timing differences largely attributable to the treatment of tax losses.

Underlying profit after tax was \$8.1 million, a decline of 27% from \$11.1 million in the previous corresponding year. After including all non-recurring items, reported profit after tax was \$0.1 million.

Reconciliation of underlying to reported earnings	
Year ended 30 June	2008 (\$m)
Underlying profit before tax	9.8
Tax	(1.7)
Profit after tax	8.1
Losses from discontinued operations – Property USA	(5.3)
<i>Impairment charges:</i>	
APX	(1.6)
Listed investments	(1.1)
Net profit	0.1

As at 30 June 2008, the Group had decided to discontinue its property operations in the USA. As a result, reported profit after tax includes a number of items relating to this business that are not recurring. These items are:

- operating costs of \$1.9 million incurred during the year ended 30 June 2008;
- an impairment provision of \$2.5 million relating to costs incurred that have previously been capitalised; and
- a provision for \$0.9 million for the costs still to be incurred as part of the closure of this business.

Additionally, the Group took the view that its investment in Australia Pacific Exchange Limited (APX) is impaired. APX holds a financial market licence and whilst Austock believes this licence has value which may be realised in the future, APX's recent performance and outlook does not support Austock's investment to date of \$1.6 million and this investment has now been written off.

Finally, the Group has also decided that two legacy investments in listed entities are also impaired, incurring a loss of \$1.1 million. These investments are:

- a holding of shares in ABC Learning Centres that were given to the Group in lieu of Director's fees; and
- a holding of units in API Fund that the Group acquired as part of the acquisition of Ceramic Funds Management Limited in 2007.

Austock does not actively engage in the business of principal trading. The Group occasionally enters into principal holdings for strategic reasons however, the two above investments are not examples of principal trading.

The total of all discontinued operations and impairment provisions is \$8.0 million.

Basic underlying EPS of 7.0 cents, a decline from 10.8 cents.

Total FUM is now \$1.3 billion, an increase of 7%.

Net assets increased from \$45.6 million to \$49.7 million, an increase of 9%.

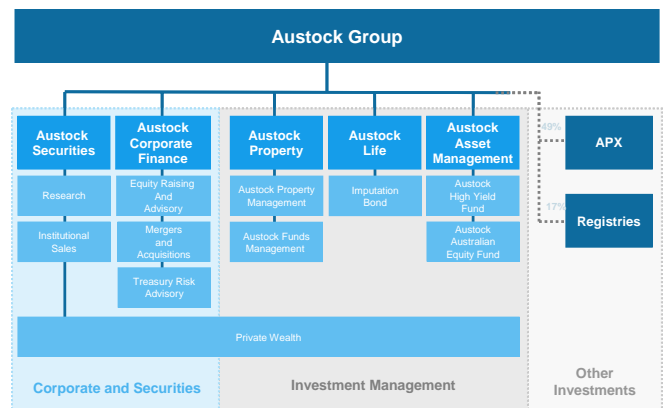
Dividend

The Group has declared a final, unfranked dividend of 1 cent per share. Additionally, the Group paid an interim dividend of 2 cents per share on 31 March 2008. Austock's PDF status allows shareholders to elect to take this dividend as tax free.

Operational review

The recent market turbulence has highlighted the need to reassess Austock's investment philosophy. The company has, and will, continue to critically assess and restructure its operations and investments and will take positive actions as and when it deems necessary.

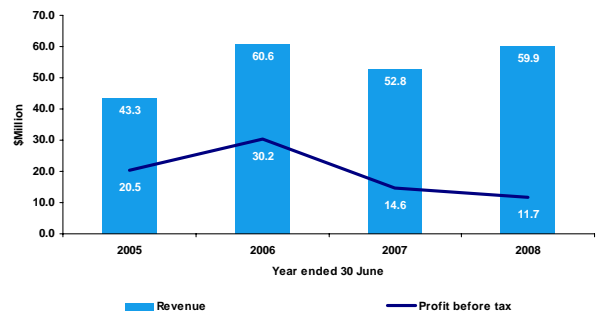
Austock's business currently comprises its Corporate and Securities Business and its Investment Management Business.



Corporate and Securities

The Corporate and Securities division comprises Corporate Finance, Institutional Sales, Research and Private Wealth.

Segment result



Corporate Finance

Current market conditions have impacted Corporate Finance with several transactions being either postponed or cancelled. The broader equity capital markets downturn has also resulted in substantially reduced activity. Despite this environment, Corporate Finance has continued its strategic build-out, focusing on the expansion of the Sydney office which has already delivered positive returns.

Additionally, a treasury risk advisory team has been established to respond to a need in the emerging company space for specialist support in relation to treasury risk management.

Research

The research division has undergone a review of their market positioning, resulting in the continued strengthening of our research capabilities. Our team of dedicated industry specialists now cover 130 stocks across our core competencies of resources, infrastructure, emerging, agribusiness, energy and financial services.

In the face of weak equity markets Austock research recommendations performed very strongly in 2008. Our team was rated #1 for both stock recommendations and accuracy of earnings predictions in FY08 according to the internationally recognised Starmine analyst ratings¹ and highest outside of the global banks in the 2008 BRW Survey.

Institutional Sales

The domestic institutional sales desk has also been directly affected by market conditions, in particular by lower trading volumes. Returns from the hedge fund, Asian and European desks continue to improve, albeit from a low base, despite the market downturn.

In line with the Group's broader restructure focus, Institutional Sales has developed a greater focus on client prioritisation and key account management.

Private Wealth

Private Wealth continues to implement its strategy to provide a full-service investment solution to its clients with a suite of new and refreshed product offerings.

Private Wealth has been restructured into four key businesses: Private Portfolio Management, Adviser Broking Services, Private Clients and the new comprehensive Financial Planning business. This allows for the growth of transactional and annuity income to create a more sustainable and resilient business.

Integral to this strategy is the significant enhancement of IT infrastructure that has been undertaken and due for completion in the 2009 financial year. This development will allow Private Wealth to increase service and scalability to our clients and advisers.

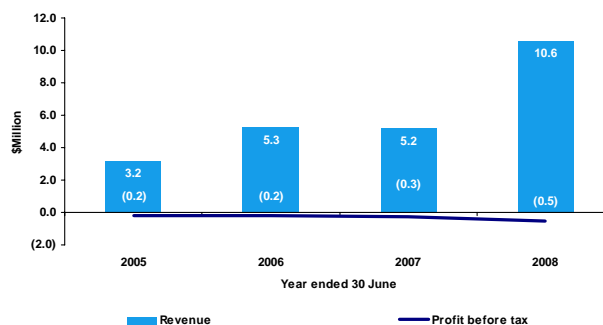
¹ by 4 and 5 star analysts, versus 19 brokers considered like size and peers by Starmine

Investment Management

The company's Investment Management division comprises Austock Property, Austock Life and Austock Asset Management.

Despite the Group's investment in the Investment Management business, the growth of the business has suffered as a result of continuing challenging market conditions. We remain positive about the long-term future of Investment Management. To ensure we continue to strategically extract value in the current environment, management remain focused on assessing the short-term performance of each business unit and the division as a whole.

Underlying segment result



Austock Property

Austock Property was positioned for growth, but due to a difficult global property market and restrictive capital market conditions, the business has been unable to execute its growth strategy.

In light of the changing environment we have undertaken a restructure of the business which has so far resulted in appointing new senior management and closing our Chicago office. We continue to review the business and are confident that our property group can generate improved returns.

Despite these adverse conditions, the business has recorded an increase in FUM of 21% from \$675 million to \$817 million.

Austock Life

Austock Life's growth plans are based on new product development of its successful Imputation Bond platform and sourcing third-party distribution and co-branding opportunities.

The strategy continues to reap benefits with Austock Life FUM reaching \$108 million, an increase of 44% from \$75 million in the previous year. Most pleasing was over \$55 million of new contributions into the Imputation Bond, representing an increase of 77% over the previous year and the addition of six new investment options to its investment menu. The Imputation Bond's FUM increased 73% over the financial year ended 30 June 2007.

Austock Asset Management

Despite Asset Management's flagship High Yield and Australian Equity funds consistently outperforming their peer group and receiving favourable industry ratings, this has not translated into increased FUM.

FUM declined from \$373 million to \$308 million. This reflects a combination of net outflows and a decline in the overall market.

In order to counter this, the Group is striving to offer a range of new, niche products that will differentiate the business from its much larger competitors.

Other investments and developments

The Group continues to use its Pooled Development Fund (PDF) status in searching for new opportunities to participate in niche investments. While the Group accepts that this strategy will always contain an element of risk, Austock has tightened its investment criteria and will be even more demanding about the risks and returns required from these investments in particular the time lag on cashflow and profits considering the environment we are presently in.

Newreg Pty Ltd

Austock owns a 16.7% interest in Newreg Pty Ltd which owns 100% of Registries Limited, the third-largest share registry in Australia. This investment has performed in line with expectations and is well positioned for continuing growth over the coming year.

Registries (founded in 1983) provides specialists registry, voting and communication management services to more than 250 entities. Clients of Registries include a large number of listed and unlisted public companies and funds, as well as government agencies.

Austock Agribusiness

Austock Agribusiness is a new business to the Group. It is seeking to commercialise a range of agricultural opportunities including farm land, listed and unlisted companies, infrastructure and new agribusiness funds. Overall, the agricultural sector is attracting strong global interest driven by deregulation, corporatisation and strong fundamentals for agricultural commodities.

Australia Pacific Exchange Limited (APX)

Austock holds a minority interest in APX. However, despite substantial investment, APX has failed to gain any real market footing and consequently Austock is looking to exit this investment and has written down the value of this investment to nil.

Beneficial tax structure and advantages

As a registered PDF, Austock and its shareholders enjoy favourable tax benefits. Shareholders are exempt from income and capital gains tax from the sale of their shares and are also exempt from income tax on unfranked dividends. For franked dividends, they can choose to be either exempt from income tax or assess the income in the customary manner.

PDFs are taxed on 15% of their income and gains from investments in small to medium enterprises instead of the regular 30% corporate tax rate. PDFs are taxed 25% on other income and gains.

Our people

Austock continues to invest considerable time and effort into building an experienced and highly motivated team that have joined in order to be part of a locally owned and managed group.

Austock's remuneration process links performance-based remuneration to shareholder value through the use of two key shareholder return drivers: total shareholder return and earnings per share. Additional detail is provided in the Remuneration Report.

Austock's management acknowledges the contribution from all staff during the company's first year as a listed company.

Strategy and outlook

With the recent market turbulence Austock began a restructuring program earlier this calendar year to better deal with the current global environment. Such initiatives have included:

- a restructure of management in the Property business and the closure of its operations in the US;
- the internal redeployment of Austock Private Equity resources;
- a restructure of the Corporate and Securities business;
- the Securities business ending their Brisbane presence and their UK joint venture agreement;
- the Group assessing exit strategies for its APX investment; and
- a reduction of the Group's overhead costs.

The initiatives and others identified and to be completed in coming months, will result in annualised savings to the underlying businesses in excess of \$5 million, in addition to the discontinued operations.

Austock's strategy remains to develop a portfolio of financial services businesses whilst continuing to invest in our current businesses to create value via a platform of robust, diversified revenue streams. New businesses include:

- Austock Treasury Risk Advisory; and
- Austock Financial Planning.

Taking into account the current environment, which we believe will not show signs of improvement until well into 2009, Austock will look to achieve greater scale and preserve our strong cash position through:

- sharing the risk on future investments; and
- diversifying our risk on current investments in ways that make sense strategically, financially and culturally.

The Group has committed itself to a number of strategies at both group and business unit level and now that our restructure is well advanced our focus has shifted to the implementation of these strategies.

Austock will continue to be leveraged to on-going market conditions. Whilst this makes organic growth difficult, it does provide merger and acquisition opportunities that Austock is well placed to take advantage of as it has strong cash reserves and solid underlying businesses.



Bill Bessemer
Executive Chairman



Tim Boyle
Managing Director

Corporate governance statement

This Statement outlines the main corporate governance practices adopted by Austock Group Limited (the “Company” or “AGL”) as at 30 June 2008. Throughout this statement, references to “Group” refers to the Company and its controlled entities. The Company was admitted to the official list of ASX Limited on 7 December 2007 and official quotation of its securities commenced on 11 December 2007. Unless otherwise stated, this Statement reflects the practices in place throughout the financial year since listing and the extent to which these practices comply with the ASX Corporate Governance Council’s best practice recommendations (1st edition).

Board of Directors - Role and Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board’s responsibilities include:

- formulating the strategic objectives of the Group and establishing goals designed to promote the achievement of those strategic objectives;
- ensuring that they maintain and inform themselves of the Group’s business and financial status at all times;
- approving investments and ongoing evaluation of those investments, including regularly assessing the operational and financial risks in respect of investments;
- guiding and maintaining the Group’s affairs and policies based on adequate and accurate information;
- obtaining expert advice on matters outside the expertise of the Group’s internal resources;
- at all times exercising due care and diligence and sound business judgement in the performance of their duties;
- considering and approving proposals for the Group’s annual budgets;
- ensuring that there are appropriate internal controls and ethical standards of behaviour adopted and met within the Company;
- ensuring that the business risks facing the Group are, wherever possible, identified and that appropriate monitoring and reporting controls are in place to manage these risks;
- appointing the Remuneration and Nomination Committee, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, remuneration and succession planning; and
- monitoring the performance of management against the goals and objectives established by the Board.

The Board has adopted a charter that sets out the role, composition and responsibilities reserved by the Board, those delegated to the Managing Director, and those specific to the Chairman. The conduct of the Board is also governed by the Constitution of Austock. The Board has also adopted a Delegations Policy which formalises and discloses the functions delegated to senior management outside the Board.

Board of Directors – Composition, Structure and Remuneration

The current membership of the Board is set out below.

Director	Board Membership	Date of Appointment	Term of Office
Bill Bessemer	Executive Chairman	29 April 1999	Indefinite
Tim Boyle	Managing Director	29 May 2007	Indefinite
Victor Cottren	Independent Director	29 April 1999	Indefinite
Michael McFarlane	Independent Director	26 June 2007	Indefinite
Chris Sadler	Independent Director	18 January 2008	Indefinite

Details of each Director’s relevant skills, experience and expertise are set out in the Director’s Report.

The Board considers that individually and collectively the directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities. All directors have an understanding of financial services. The extensive financial services experience within the Board spans involvement in managing a diverse range of asset management, financing and corporate advisory activities. The Board considers the directors' diverse range of skills and experience is appropriate to discharge their responsibilities and duties.

The Board comprises 5 directors, three of whom are independent. The other two members of the Board are the Chairman and the Managing Director, who hold executive roles and are not considered independent.

In determining the independence of directors, the Board has had regard to the criteria set out in the ASX Corporate Governance Council's best practice recommendations (1st edition). The Board has regard to AASB Standard 1031 – *Materiality* to determine levels of materiality. Accordingly, a relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of group revenue during a 12 month period in the absence of evidence or convincing argument to the contrary. The Board takes into account the strategic value and other aspects, including non-quantitative aspects, of the relationship in question. For the purpose of assessing the materiality of relationships between a non-executive director and Austock (other than as a director), the threshold is set according to the significance of that relationship to the director in the context of their activities as a whole.

The Board notes the ASX Corporate Governance Council's best practice recommendation that the Chairman should be an independent director.

The current Chairman, Mr Bill Bessemer, is not considered independent. Mr Bessemer has been Chairman of Austock since 1999. Prior to listing, the Board decided that the interests of the Company and its shareholders would be better served if Mr Bessemer continued as Chairman during the important transition from unlisted public company to listed public company. It is the current intention of the Board that the next Chairman of the Board will be an independent director.

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 remuneration must not exceed in aggregate the maximum amount determined by the Company in general meeting. Currently it has been determined that such remuneration will not exceed \$500,000 per annum, to be apportioned among the non-executive directors as the Board determines in its absolute discretion. The Board acknowledges that as the Company grows, the demands on the directors will increase and the directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Board and approved by the members.

For the 2009 financial year, the non-executive directors' fees are not expected to exceed \$180,000 in total.

Trading in Shares of the Company

The Board has adopted a policy in relation to Trading in Shares of the Company which governs dealing in shares of the Company by Austock staff and directors. This includes restricting dealings in Austock shares to designated trading windows during the year.

Board Committees

The Board is served by the following sub-committees:

Audit Committee

The purpose of the Audit Committee is to review and monitor the financial affairs of the Company.

The members of the Audit Committee and their qualifications are set out below.

Member	Committee Membership	Qualifications
Victor Cottren	Independent Chairman	BCom, FCPA, FAICD
Michael McFarlane	Independent Director	BBus, MMgt, FAICD
Chris Sadler	Independent Director	BCA, MBA

Mr Sadler was appointed a member of the Audit Committee on 18 August 2008, replacing Mr Bessemer.

At the discretion of the committee, the external auditor and other members of the Board and management will be invited to Audit Committee meetings. The Audit Committee will consider any matters relating to the financial affairs of the Company and any other matter referred to it by the Board.

The Audit Committee's responsibilities are governed by its charter and include:

- financial reporting - to oversee the Group's financial reporting process on behalf of the Board;
- internal controls – to assess the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures;
- risk management – to assess, monitor, and manage the Company's business risk;
- compliance – to assess and monitor the Company's legal and ethical compliance programs;
- audit – to oversee the relationship with the external auditors and ensure that the independence of the external auditor is maintained.

Going forward, the Committee will meet at least four times each year. Details of meetings held during the year and members' attendance are as follows:

Member	Number of meetings member eligible to attend	Number of meetings attended
Victor Cottren	2	2
Michael McFarlane	2	2
Bill Bessemer	2	2
Chris Sadler	Nil	Nil

The Managing Director and Chief Financial Officer have certified in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and the operational results are in accordance with relevant accounting standards.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Mr Michael McFarlane (Chairman), Mr Victor Cottren and Mr Bill Bessemer.

The purpose of the Remuneration and Nomination Committee is to ensure that the Board has an appropriate structure and composition and to ensure the Company attracts and retains the right people by offering competitive remuneration packages. The committee's responsibilities are governed by its charter and include monitoring and reviewing:

- the remuneration arrangements for the Managing Director and other senior management;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive scheme;
- the remuneration arrangements for non-executive members of the Board;
- the size and composition of the Board, and criteria for Board membership; and
- the membership of the Board and propose candidates for consideration by the Board.

The Committee meets at least three times each year and usually once each quarter. Details of meetings held during the year and members' attendance are as follows:

Member	Number of meetings member eligible to attend	Number of Meetings attended
Michael McFarlane	3	3
Victor Cottren	3	3
Bill Bessemer	3	3

The Board notes the ASX Corporate Governance Council's best practice recommendation that the process for evaluating the Board, its committees, individual directors and key executives be disclosed.

The Board has directed the Remuneration and Nomination Committee to develop a formal policy which outlines the process for performance evaluation of the Board, its committees, individual directors and key executives. That policy has yet to be adopted by the Board and implemented.

Remuneration Policies

A Remuneration Report, which sets out information about the remuneration of the Company's directors and senior management for the financial year ended 30 June 2008, is included in the Directors' Report.

Continuous Disclosure

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

Independent professional advice

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the expense of the Company, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

Shareholder Communication

A Communications Policy has been adopted by the Board, reflecting its policy that shareholders be informed of all significant developments affecting the Company's affairs.

Information is communicated by:

- dispatching annual reports to shareholders who request to receive it; and
- maintaining a dedicated investor relations section on the Company's website to which it posts copies of all ASX announcements, annual reports and half-yearly financial statements, details of dividends and other information of interest to investors.

Shareholders are encouraged to attend the annual general meeting of the Company at which the external auditor will be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the Independent Audit Report.

Code of Conduct

The Board believes that the success of the Company will be enhanced by a strong ethical culture within the organisation. As the Company grows, the need to ensure that ethical standards remain consistent has led the Board to adopt a code of conduct to ensure that all directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.

Risk Management

The Board has adopted a Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:2004). The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.

Day to day responsibility for risk management has been delegated to executive management, with review occurring at both Committee level (by the Audit Committee) and at Board level. The Managing Director and the Chief Financial Officer are required to provide to the Board an annual certification that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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Directors' report

The directors of Austock Group Limited (the "Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Mr William Eric Bessemer

Executive Chairman

Bill has over 40 years experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries. Bill joined Austock in 1995 and became executive chairman of the Group in 1999. Prior to this, Bill was a shareholder and director of a boutique corporate advisory business, involved in all areas of investment banking. Previously, Bill held several senior management roles and directorships with companies owned by the ANZ Bank.

Mr Timothy David Boyle

Managing Director and Chief Executive Officer

Tim has 20 years financial services experience and significant international investment banking and asset management experience. Prior to joining Austock, Tim was an executive director and operating committee member for Fidelity Investments with responsibility for European sales, global relationship management and alternative investments. Whilst with Fidelity, Tim also had specific responsibility for Switzerland, Luxembourg, Belgium and the Netherlands, as well as a \$100 billion international mutual fund business in Luxembourg.

Tim Boyle has also held senior management roles within Bankers Trust International, based in London and New York, including being global chief of staff – corporate risk. Mr Boyle was previously on the advisory board of Unisuper and was chairman of the Self Insurance Association of Australia, as well as being on the capital steering committee for the European Asset Managers Association and secretary of the London Bankers Risk Forum.

Mr Victor David Cottren

Non Executive Director

Victor has over 50 years industry experience, with an extensive background in share broking, financial planning, life insurance, superannuation and investment management gained with AMP, Australian Eagle Insurance Company, Norwich Union, The Investors Life Group and National Australia Bank. Victor held various senior posts including chief executive and director within these companies and their subsidiaries. Since 1995, Victor has worked as a consultant to financial service companies in relation to investment, superannuation and financial planning. Within the Group, Victor is also a director of Austock Life and Austock's property companies. Externally, he is chairman of Pilgrim Capital Ltd and Patriot Asset Management Ltd.

Mr Michael Edward McFarlane

Non Executive Director

Michael is currently a director of Facilitators Pty Ltd, an independent consultant to the investment banking, funds management and property industries. Michael was an executive director of Macquarie Bank Limited from which he resigned in 2002 after nearly 17 years. During that period he held a number of senior management and director roles in Macquarie's banking and property group with a particular focus on property related investment banking and property trust management. Michael was the initiator and a founding director of Macquarie Property Trust in 1987 and Macquarie Countrywide Trust in 1995. Michael was also a director or alternate director for many of the Macquarie stable of listed property and early infrastructure trusts.

Mr Christopher Alan Sadler

Non Executive Director (appointed 18 January 2008)

Chris has over 20 years experience in international investment banking. Chris was formerly Managing Director of Deutsche Bank – Corporate Finance and has also worked for other leading investment banks, including JP Morgan, Citigroup, SG Warburg and Salomon Brothers. He has an extensive track record of leading major mergers and acquisitions and corporate restructurings including equity and debt financing. Chris is also a director of Austock Securities Limited. Externally, he is director of Mitre 10 Australia Limited, Allomak Limited and Gloucester Coal Limited, as well as Chairman of Alpha Asia Pacific Foundation and a director on the Alpha International Board in London. Chris has an MBA from the University of Rochester, New York and has studied at the Victoria University of Wellington, New Zealand.

Mr Warner Kenneth Bastian*Non Executive Director (resigned 29 August 2007)*

Warner is the former Managing Director of The Pharmacy Guild of Australia's insurance and financial services subsidiaries with over 50 years experience in insurance and financial services.

Directorships of other listed companies

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

Director	Company	Period from	Period to
W E Bessemer	A.B.C. Learning Centres Limited	13 Mar 2001	22 Apr 2008
W E Bessemer	Timbercorp Limited	7 Nov 2001	22 Feb 2007
C A Sadler	Allomak Limited	28 Feb 2008	Current
C A Sadler	Gloucester Coal Limited	16 Apr 2008	Current

Directors' shareholdings

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

Director	Fully paid ordinary shares	Partly paid ordinary shares	Share Rights	Share options
W E Bessemer	12,510,220	-	-	-
T D Boyle	376,700	482,220	1,000,000	2,400,000
V D Cottren	27,700	-	-	-
M E McFarlane	600,000	-	-	-
C A Sadler	111,100	-	-	-

Remuneration of directors and senior management

Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report on page 21.

Share options granted to directors and senior management

During and since the end of the financial year, an aggregate of 5,250,000 share options were granted to the following directors and to the five highest remunerated officers of the Company as part of their remuneration:

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
T D Boyle	2,400,000	Austock Group Limited	2,400,000
M J Walsh	500,000	Austock Group Limited	500,000
R J Whitelegg	850,000	Austock Group Limited	850,000
J D Kirkwood	1,000,000	Austock Group Limited	1,000,000
A D Sheen	250,000	Austock Group Limited	250,000
R J Higgins	250,000	Austock Group Limited	250,000

Company Secretary**Ms Amanda Jane Gawne***Company Secretary*

Amanda was appointed Company Secretary in July 2003. Amanda has over 14 years legal and company secretarial experience gained from working in private legal practice and large private and publicly listed organisations.

Principal activities

The Group's principal activity in the course of the financial year was as a pooled development fund. No significant change in the nature of this activity occurred during the year. More details on the Company's principal activities are included in the Chairman and Managing Director's Report on pages 6 to 10 of this annual report.

Review of operations

The consolidated operating net profit after income tax attributable to members is \$119 thousand (2007: \$11.073 million). A review of operations for the Group is set out in the Chairman and Managing Director's Report on pages 6 to 10 of this annual report.

Change in the state of affairs

The Company was listed on the Australian Securities Exchange (ASX) on 11 December 2007. Prior to that, the Company was a public company operating in an unlisted environment. At the time of listing, the Company issued 6,000,000 fully paid ordinary shares at \$1.80 each raising gross proceeds of \$10.8 million. The proceeds of the issue have been used to expand key operating business segments through investment in product development and distribution capabilities.

Subsequent events

Other than the subsequent events as disclosed in note 33 to the financial statements, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

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

Environmental regulation and performance

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

Dividends

In respect of the financial year ended 30 June 2007:

- An interim fully franked dividend of 1.5 cents per share was declared on 29 January 2007 and paid to holders of fully paid ordinary shares on 12 February 2007; and
- A final unfranked dividend of 2.8 cents per share was declared on 31 July 2007 and paid to holders of fully paid ordinary shares on 24 August 2007.

In respect of the financial year ended 30 June 2008:

- An interim unfranked dividend of 2.0 cents per share was declared on 28 February 2008 and paid to holders of fully paid ordinary shares on 31 March 2008; and
- A final unfranked dividend of 1.0 cent per share declared on 28 August 2008 and payable to holders of fully paid ordinary shares on 30 September 2008.

As the final dividend for the year ended 30 June 2008 has been declared after the end of the reporting period, it has not been provided for as a liability in the financial statements but is disclosed in this report. The dividend will be recognised in the subsequent year's financial report.

Share options

(a) Shares under option

Since year end, there have been 1,200,000 (2007: 33,000) options cancelled. As at the date of this report, there were 9,997,440 unissued ordinary shares of Austock Group Limited under options as follows:

Unlisted

- 234,000 options exercisable on or before 30 June 2010 at a price of \$1.00 per option; held by 5 optionholders;
- 147,600 options exercisable on or before 30 June 2010 at a price of \$0.6768 per option; held by 1 optionholder;
- 255,000 options exercisable on or after 1 July 2008 but on or before 30 June 2010 at a price of \$1.00 per option; held by 6 optionholders;
- 166,440 options exercisable on or after 1 July 2008 but on or before 30 June 2010 at a price of \$1.2083 per option; held by 3 optionholders;
- 44,400 options exercisable on or after 1 July 2008 but on or before 30 June 2010 at a price of \$1.2083 per option; held by 1 optionholder;
- 600,000 options exercisable after 1 July 2009 but on or before 31 December 2010, subject to the achievement of set performance hurdles, at a price of \$1.2083 per option; held by 1 optionholder;
- 300,000 options exercisable on or before 31 October 2010 at a price of \$1.25 per option; held by 1 optionholder; and
- 5,850,000 options exercisable on a date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, at a price of \$0.7131 subject to the satisfaction of service and performance conditions. The options will expire at the conclusion of 4 weeks commencing 3 business after the announcement of the Group's financial results for the financial year ended 30 June 2012. The options are held by 11 optionholders.
- 2,400,000 options exercisable on a date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, at a price of \$0.7131 subject to the satisfaction of service and performance and share price hurdles conditions. The options will expire at the conclusion of 4 weeks commencing 3 business after the announcement of the Group's financial results for the financial year ended 30 June 2012. The options are held by 1 optionholder.

(b) Shares issued on exercise of options

During the year ended 30 June 2008, a total of nil (2007: 240,000) fully paid ordinary shares and nil (2007: 7,745,880) partly paid ordinary shares were issued by Austock Group Limited as a result of exercised options for a total consideration of \$nil (2007: \$116,883).

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

Directors' meeting

The following table sets out the number of directors' and committee meetings held during the financial year and the number of meetings attended by each director (while they were a director or member of a committee). During the financial year, there were 21 Board meetings; 3 Remuneration and Nomination Committee meetings; and 2 Audit Committee meetings.

Director	Board of directors		Remuneration and Nomination Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
W E Bessemer (a)	21	17	3	3	2	2
T D Boyle	21	21	n/a	n/a	n/a	n/a
V D Cottren (b)	21	21	3	3	2	2
M E McFarlane (c)	21	20	3	3	2	2
C A Sadler	12	10	n/a	n/a	n/a	n/a
W K Bastian	2	2	n/a	n/a	n/a	n/a

- (a) Mr W E Bessemer was chairman of the board of directors throughout the year.
 (b) Mr V D Cottren was chairman of the Audit Committee throughout the year.
 (c) Mr M E McFarlane was chairman of the Remuneration and Nomination Committee throughout the year.

Non-audit services

For a company of the size and complexity of Austock Group Limited, it is often in the interests of the Company 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.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 9 to the financial statements. The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 9 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 26 of the financial report and forms part of the Directors' Report for the year ended 30 June 2008.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration report (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Austock Group Limited's directors and other key management personnel for the financial year ended 30 June 2008.

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

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

- a) Director and senior management details
- b) Remuneration policies
- c) Remuneration of directors and senior management
- d) Key terms of employment contracts

a) Director and senior management details

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

- Mr William Eric Bessemer, Executive Chairman
- Mr Tim David Boyle, Managing Director and Chief Executive Officer
- Mr Victor David Cottren, Non Executive Director
- Mr Michael Edward McFarlane, Non Executive Director
- Mr Christopher Alan Sadler, Non Executive Director (appointed 18 January 2008)
- Mr Warner Kenneth Bastian, Non Executive Director (resigned 29 August 2007)

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

- Mr Matthew James Walsh, Chief Financial Officer
- Mr Ryan James Whitelegg, Chief Operating Officer
- Mr Jeremy David Kirkwood, Managing Director, Austock Corporate Finance
- Mr Vincent Gerard Harink, Managing Director, Austock Property (resigned position on 28 July 2008)
- Mr Alan David Sheen, Managing Director, Austock Asset Management (appointed 24 September 2007)
- Mr Ross James Higgins, Managing Director, Austock Life

b) Remuneration policies

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. During the year, a review of the reward structures was conducted and as a result, a number of changes have been incorporated into the remuneration arrangements for existing directors and executives.

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

Remuneration structure

In line with best practice corporate governance, the structure of non executive director, executive director and senior manager remuneration is separate and distinct.

i) Non executive director remuneration

Fees and payments to non executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Non executive director fees are reviewed annually by the board. The Constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board which remuneration must not exceed in aggregate the maximum amount determined by the Company in general meeting.

ii) Senior management and executive director remuneration

The executive remuneration program comprises the following components:

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

Fixed remuneration

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

Variable remuneration – short term incentive (STI)

If the Group achieves a pre-determined profit target, a short term incentive (STI) pool is available to executives. The Remuneration Committee is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements. The aggregate of annual STI payments available for executives is usually delivered in the form of a combination of cash and shares. Cash bonuses are payable at the conclusion of the financial year. The vesting period for any shares granted will be over a 3 year period, with one third of the shares vesting on each anniversary of the date of grant.

Variable remuneration – long term incentive (LTI)

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

In the 2008 year, a total of 630,717 (2007: 178,570) shares and 2,850,000 options (2007: 4,293,500) have been allocated under the LTI program to key management personnel.

Since 17 May 2008, options issued under the LTI plan in the 2008 year have the following minimum terms and conditions:

- Options vest on a date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, subject to satisfaction of service and performance conditions outlined below.
- Options expire at the conclusion of 4 weeks commencing 3 business days after the announcement of the Group's financial results for the financial year ended 30 June 2012.
- Option exercise price is set at \$0.7131 per option, being the volume weighted average price of ordinary shares in the Company during the 1 week period up to and including the grant date.
- There are two performance conditions each applying to 50% of each grant of options:
 1. Relative total shareholder return (TSR) performance measured over the period 17 May 2008 to 30 June 2010 against a comparator group comprised of the companies ranked 50 places immediately above and below the Company (by market capitalisation) as at 17 May 2008. No options will vest if the Company is ranked below the 51st percentile. All options will vest for a ranking at or above the 51st percentile.
 2. EPS growth target over the period 1 July 2008 through 30 June 2010, with 50% of the options becoming exercisable if the average annual EPS growth over the period is 6% through to 100% vesting for average annual EPS growth at or above 10%.
- Each performance condition may be retested once, over a longer performance period (to 30 June 2011). Any options which do not then vest will lapse.

c) Remuneration of directors and senior management

	Short term employee benefits		Post employment benefits	Share based payments			Total	Proportion of remuneration that is performance based %	Option value as a % of total remuneration
	Salary & fees \$	Cash bonus \$	Superannuation \$	Shares \$	Options \$	Rights \$			
2008									
<i>Non Executive</i>									
V D Cottren	4,583	-	93,969	-	-	-	98,552	-	-
M E McFarlane (i)	76,154	-	6,853	-	-	-	83,007	-	-
C A Sadler (ii)	34,135	-	3,071	-	-	-	37,206	-	-
W K Bastian (iii)	8,750	-	35,788	-	-	-	44,538	-	-
Sub total	123,622	-	139,681	-	-	-	263,303	-	-
<i>Executive</i>									
W E Bessemer (a)	212,333	-	21,129	-	20,780	-	254,242	1.5%	8.2%
T D Boyle (a)	400,000	240,625	13,129	-	79,383	25,000	758,137	4.8%	10.5%
M J Walsh	250,871	128,125	49,129	1,000	29,046	12,500	470,671	0.2%	6.2%
R J Whitelegg (b)	286,871	128,125	13,129	1,000	73,541	3,750	506,416	12.9%	14.5%
J D Kirkwood (b)	300,000	390,625	-	83,333	32,902	18,500	825,360	4.0%	4.0%
V G Harink (iv)	286,871	-	25,818	1,000	6,499	6,250	326,438	1.2%	2.0%
A D Sheen (v)	230,538	196,875	10,542	209,336	375	-	647,666	0.1%	0.1%
R J Higgins	286,871	46,875	13,129	1,000	375	6,250	354,500	0.1%	0.1%
Sub total	2,254,355	1,131,250	146,005	296,669	242,901	72,250	4,143,430	3.5%	5.9%
Total	2,377,977	1,131,250	285,686	296,669	242,901	72,250	4,406,733	3.3%	5.5%

(a) Subsequent to year end, a total of 1,200,000 options were cancelled on 29 July 2008.

(b) On 29 May 2008, a total of 1,500,000 options were cancelled.

	Short term employee benefits		Post employment benefits	Share based payments			Total	Proportion of remuneration that is performance based %	Option value as a % of total remuneration
	Salary & fees \$	Cash bonus \$	Superannuation \$	Shares \$	Options \$	Rights \$			
2007									
<i>Non Executive</i>									
V D Cottren	23,750	-	61,430	-	-	-	85,180	-	-
M E McFarlane (i)	-	-	-	-	-	-	-	-	-
W K Bastian (iii)	30,000	-	17,700	-	-	-	47,700	-	-
Sub total	53,750	-	79,130	-	-	-	132,880	-	-
<i>Executive</i>									
W E Bessemer	185,218	-	102,686	-	42,920	-	330,824	2.1%	13.0%
T D Boyle	250,000	-	12,686	-	10,079	-	272,765	1.4%	3.7%
M J Walsh	223,241	-	36,686	-	3,122	-	263,049	-	1.2%
R J Whitelegg	236,760	-	12,686	-	16,958	-	266,404	-	6.4%
J D Kirkwood (vi)	137,500	100,000	-	6,944	1,598	-	246,042	0.6%	0.6%
V G Harink (iv)	256,158	-	21,408	-	16,958	-	294,524	2.4%	5.8%
A D Sheen (v)	-	-	-	-	-	-	-	-	-
R J Higgins	250,000	-	12,686	-	-	-	262,686	-	-
Sub total	1,538,877	100,000	198,838	6,944	91,635	-	1,936,294	1.0%	4.7%
Total	1,592,627	100,000	277,968	6,944	91,635	-	2,069,174	0.9%	4.4%

(i) Mr M E McFarlane was appointed to the board on 27 June 2007.

(ii) Mr C A Sadler was appointed to the board on 18 January 2008 and as such, has no prior year comparative.

(iii) Mr W K Bastian resigned from the board on 29 August 2007.

(iv) Mr V G Harink stepped down from his senior management position on 28 July 2008.

(v) Mr A D Sheen was appointed to the senior management team on 24 September 2007 and as such, has no prior year comparative.

(vi) Mr J D Kirkwood commenced as an advisor on 15 January 2007 and was appointed to the senior management team on 8 June 2007.

Bonuses payments granted as compensation in the current year

Mr Sheen was entitled to receive a sign on bonus of \$150,000 at the commencement of his employment on 24 September 2007. The sign on fee was payable in cash over two tranches. Firstly, 50% was paid upon the commencement of employment and the remaining 50% was paid at the successful completion of his probationary period which was 6 months.

Share based payments granted as compensation in the current year

Austock Group Limited operates an ownership based scheme for executives and senior employees of the Group. Each employee share option converts into one ordinary share of Austock Group Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following grants of share-based payment compensation to directors and senior management were in existence during the year:

Name	Option series	Options held on 1 Jul 2007	During the year					% of compensation comprising options
			Number granted	Number vested	Number cancelled	% of grant vested	% of grant forfeited	
2008								
W E Bessemer	Series 7b	600,000	-	-	-	-	-	8.2%
T D Boyle	Series 8a	600,000	-	-	-	-	-	10.5%
M J Walsh	Series 12	-	500,000	-	-	-	-	6.2%
R J Whitelegg	Series 7b, 8c, 12	1,000,000	850,000	-	1,000,000	-	-	14.5%
J D Kirkwood	Series 8b, 12	250,000	1,000,000	-	250,000	-	-	4.0%
V G Harink	Option series 7a	600,000	-	-	-	-	-	2.0%
A D Sheen	Option series 12	-	250,000	-	-	-	-	0.1%
R J Higgins	Option series 12	-	250,000	-	-	-	-	0.1%

Name	Option series	Options held on 1 Jul 2006	During the year					% of compensation comprising options
			Number granted	Number vested	Number cancelled	% of grant vested	% of grant forfeited	
2007								
W E Bessemer	Series 7b	-	600,000	-	-	-	-	13.0%
T D Boyle	Series 8a	-	600,000	-	-	-	-	3.7%
R J Whitelegg	Series 7b, 8c	-	1,000,000	-	-	-	-	6.4%
J D Kirkwood	Series 8b	-	250,000	-	-	-	-	0.6%
V G Harink	Option series 7a	-	600,000	-	-	-	-	5.8%

During the year, the following occurred:

- the directors and senior management did not exercise any options that were granted to them as part of their compensation;
- there were no options exercised by directors and senior management for any value; and
- on 29 May 2008 a total number of 1,250,000 options were cancelled for nil consideration representing 1,000,000 options held by R J Whitelegg (option series 7b and 8c) and 250,000 options held by J D Kirkwood (option series 8b).

As at 30 June 2008, details of outstanding options are as follows.

Option series	Grant date	Expiry date	Exercise price	Fair value on grant date	Vesting date
Option series 7a	30 Jan 2007	31 Dec 2010	\$1.2083	\$0.031	Vests on 1 Jul 2009
Option series 7b	31 Jan 2007	31 Dec 2010	\$1.2083	\$0.031	Vests on 1 Jul 2009
Option series 8a	29 May 2007	31 Dec 2010	\$1.4000	\$0.130	Vests on 1 Jul 2009
Option series 12 (i)	17 May 2008	after 30 Jun 2012	\$0.7131	\$0.041	Vests after 30 Jun 2012
Option series 13 (i)	30 Jun 2008	after 30 Jun 2012	\$0.7131	\$0.018	Vests after 30 Jun 2012

- (i) Option series 12 and 13 have an expiry date at the conclusion of 4 weeks commencing 3 business days after the announcement of the Group's financial results for the year ended 30 June 2012. The options have a vesting date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, subject to the satisfaction of service and performance conditions.

d) Key terms of employment contracts

The Company has entered into service contracts with each key management person, excluding non-executive directors, that are capable of termination with a notice period of between 3 to 6 months. The Company retains the right to terminate a contract immediately by making payment equal to the relevant 3 to 6 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.

Mr Tim Boyle, chief executive officer, has a contract of employment with the Company dated 10 August 2005 that was last updated on 24 October 2007. The basis of employment provides that the duties and obligations to be fulfilled by the chief executive officer will be agreed upon between the board and chief executive officer culminating in performance objectives for achievement during the year. The service contract is for an unlimited term and is capable of termination by either the Company or the chief executive officer providing six month's notice.

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



Mr William Eric Bessemer
Chairman

Melbourne, 28 August 2008

Auditor's independence declaration



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

To: the directors of Austock Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 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.

A handwritten signature in black ink, appearing to read 'Mitch Craig'.

KPMG

A handwritten signature in black ink, appearing to read 'Mitch Craig'.

Mitch Craig
Partner

Melbourne

28 August 2008

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Independent audit report



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

Report on the financial report

We have audited the accompanying financial report of Austock Group Limited (the "Company"), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 40 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Independent audit report (continued)



Independence

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

Auditor's opinion

In our opinion:

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

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Austock Group Limited for the year ended 30 June 2008, complies with Section 300A of the Corporations Act 2001.

KPMG

Mitch Craig
Partner

Melbourne
28 August 2008

Directors' declaration

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

- (a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:
 - o giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the financial year ended on that date;
 - o complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - o the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
 - o the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr William Eric Bessemer
Chairman

Melbourne, 28 August 2008

Income statement for the financial year ended 30 June 2008

	Notes	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>Continuing operations:</i>					
Revenue	5	77,116	66,327	20,440	20,381
Personnel expenses	6(a)	(45,550)	(35,653)	(7,533)	(8,237)
Occupancy expenses	6(b)	(1,676)	(1,419)	(290)	(1,350)
Communication expenses	6(c)	(1,109)	(854)	(727)	(724)
Finance expenses	6(d)	(946)	(698)	(194)	(157)
Dealing and settlement expenses		(3,993)	(3,445)	(90)	-
Marketing and promotional expenses	6(e)	(2,233)	(2,428)	(560)	(936)
Depreciation and amortisation expenses	6(f)	(1,192)	(800)	(849)	(791)
General administrative expenses	6(g)	(6,922)	(3,728)	(1,221)	(1,685)
Revaluation decrease attributable to policyholders	6(h)	(14,356)	(71)	-	-
Member withdrawals attributable to policyholders		(170)	(169)	-	-
Impairment charges	6(i)	(2,729)	-	(6,010)	-
Share of profit of equity accounted investee's, net of tax	15	15	27	-	-
Profit/(Loss) before income tax expense		(3,745)	17,089	2,966	6,501
Income tax (expense)/benefit	7	1,683	(1,685)	(1,685)	839
Profit/(Loss) after income tax		(2,062)	15,404	1,281	7,340
<i>Discontinued operations:</i>					
Profit/(Loss) from discontinued operations, net of tax	37	(5,265)	-	-	-
Profit/(Loss) for the year		(7,327)	15,404	1,281	7,340
Profit attributable to minority interests		-	(1)	-	-
(Profit)/Loss attributable to policyholders		7,446	(4,330)	-	-
Net profit/(loss) attributable to members of the company		119	11,073	1,281	7,340
Earnings per share					
<i>Continuing and discontinued operations:</i>					
Basic (cents per share)	27	0.10	10.77		
Diluted (cents per share)	27	0.10	10.75		
<i>Continuing operations:</i>					
Basic (cents per share)	27	4.64	10.77		
Diluted (cents per share)	27	4.61	10.75		

The accompanying notes 1 to 40 form part of these financial statements.

Balance sheet as at 30 June 2008

	Notes	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Assets					
Cash and cash equivalents	35(a)	36,146	38,363	5,011	5,690
Trade and other receivables	12	100,377	143,392	3,283	1,185
Income tax receivable	7(d)	922	-	-	-
Other assets	13	2,472	3,262	330	246
Financial assets	14	108,234	73,103	145,613	162,661
Investments - equity accounted	15	511	1,536	-	-
Property, plant and equipment	16	1,808	1,874	1,808	1,760
Deferred tax assets	7(d)	8,065	2,591	339	1,050
Intangible assets	17	15,934	17,198	788	687
Total assets		274,469	281,319	157,172	173,279
Liabilities					
Trade and other payables	18	94,872	139,765	1,620	1,420
Tax liabilities	7(e)	-	73	949	-
Borrowings	23	7,160	7,758	660	758
Other liabilities	20	10,456	11,354	1,448	2,680
Provisions	19	4,298	2,626	1,025	996
Deferred tax liabilities	7(e)	59	479	16,125	19,572
Policyholder liability - life investment contracts	21	101,030	67,213	-	-
Policyholder liability - life insurance contracts	22	6,903	6,452	-	-
Total liabilities		224,778	235,720	21,827	25,426
Net assets		49,691	45,599	135,345	147,853
Equity					
Issued capital	24	43,343	31,142	43,343	31,142
Reserves	25	(5,272)	(4,378)	90,704	111,164
Retained earnings	26	11,201	16,976	1,298	5,547
Policyholder equity – life insurance contracts	40	419	757	-	-
Minority interests		-	1,102	-	-
Total equity		49,691	45,599	135,345	147,853

The accompanying notes 1 to 40 form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2008

Consolidated	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Policyholder equity \$'000	Minority interest \$'000	Total \$'000
Year end 30 Jun 2008						
Balance at 1 Jul 2007	31,142	(4,378)	16,976	757	1,102	45,599
Equity raising	10,891	-	-	-	-	10,891
Equity settled benefits	2,032	-	-	-	-	2,032
Share buy back	(142)	-	-	-	-	(142)
Capital raising costs, net of tax	(580)	-	-	-	-	(580)
Net profit/(loss) for the year	-	-	119	(338)	-	(219)
Dividends provided or paid for	-	-	(5,530)	-	-	(5,530)
Transfer to/(from) reserves	-	364	(364)	-	-	-
Transfer to income statement on impairment	-	311	-	-	-	311
Revaluation increment/(decrement), net of tax	-	(561)	-	-	-	(561)
Acquisition of treasury shares	-	(1,008)	-	-	-	(1,008)
Derecognised during the period	-	-	-	-	(1,102)	(1,102)
Balance at 30 Jun 2008	43,343	(5,272)	11,201	419	-	49,691
Year end 30 Jun 2007						
Balance at 1 Jul 2006	22,129	(4,325)	7,518	2,011	-	27,333
Equity raising	10,802	-	-	-	-	10,802
Payment on partly paid shares	2,401	-	-	-	-	2,401
Exercise of options	70	-	-	-	-	70
Equity settled benefits	328	-	-	-	-	328
Share buy back	(4,554)	-	-	-	-	(4,554)
Capital raising costs	(34)	-	-	-	-	(34)
Revaluation increment	-	(53)	-	-	-	(53)
Net profit for the year	-	-	11,073	58	-	11,131
Dividends provided or paid for	-	-	(1,615)	-	-	(1,615)
Bonus allocation	-	-	-	(1,312)	-	(1,312)
Recognised during the year	-	-	-	-	1,102	1,102
Balance at 30 Jun 2007	31,142	(4,378)	16,976	757	1,102	45,599

The accompanying notes 1 to 40 form part of these financial statements.

Statement of changes in equity (continued)

Company	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Policyholder equity \$'000	Minority interest \$'000	Total \$'000
Year end 30 Jun 2008						
Balance at 1 Jul 2007	31,142	111,164	5,547	-	-	147,853
Equity raising	10,891	-	-	-	-	10,891
Equity settled benefits	2,032	-	-	-	-	2,032
Share buy back	(142)	-	-	-	-	(142)
Capital raising costs, net of tax	(580)	-	-	-	-	(580)
Net profit for the year	-	-	1,281	-	-	1,281
Dividends provided or paid for	-	-	(5,530)	-	-	(5,530)
Transfer to income statement on impairment	-	551	-	-	-	551
Revaluation increment/(decrement), net of tax	-	(21,011)	-	-	-	(21,011)
Balance at 30 Jun 2008	43,343	90,704	1,298	-	-	135,345
Year end 30 Jun 2007						
Balance at 1 Jul 2006	22,129	43,164	(178)	-	-	65,115
Equity raising	10,802	-	-	-	-	10,802
Payment on partly paid shares	2,401	-	-	-	-	2,401
Exercise of options	70	-	-	-	-	70
Equity settled benefits	328	-	-	-	-	328
Share buy back	(4,554)	-	-	-	-	(4,554)
Capital raising costs	(34)	-	-	-	-	(34)
Revaluation increment	-	68,000	-	-	-	68,000
Net profit for the year	-	-	7,340	-	-	7,340
Dividends provided or paid for	-	-	(1,615)	-	-	(1,615)
Balance at 30 Jun 2007	31,142	111,164	5,547	-	-	147,853

The accompanying notes 1 to 40 form part of these financial statements.

Cash flow statement for the financial year ended 30 June 2008

	Notes	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts from customers		74,599	72,453	17,740	30,108
Payments to suppliers and employees		(65,496)	(58,170)	(10,008)	(14,847)
Proceeds from sale of trading shares		988	2,987	-	-
Payments for trading shares		(427)	(1,037)	-	-
Finance and borrowing costs		(946)	(698)	(194)	(157)
Income tax paid		(5,739)	(8,284)	-	-
Net cash flows used in operating activities	35(c)	2,979	7,251	7,538	15,104
Cash flows from investing activities					
Interest received		3,173	2,334	365	232
Dividends received		302	81	237	1,771
Payment for property, plant and equipment		(580)	(1,009)	(509)	(924)
Payment for intangibles		(1,554)	(644)	(378)	(644)
Payment for benefit fund investments		(45,804)	(27,289)	-	-
Payment for investments		(1,516)	(4,436)	(2,105)	(9,891)
Payment for development costs		(483)	(1,712)	-	-
Payment for business combinations	35(b)	-	(10,586)	-	-
Payment for treasury shares		(1,008)	-	-	-
Proceeds from return of capital of investments		1,500	-	1,500	-
Amounts advanced to related entities		(4,673)	(270)	(11,868)	(14,974)
Net cash flows used in investing activities		(50,643)	(43,531)	(12,758)	(24,430)
Cash flows from financing activities					
Proceeds from issue of securities		10,891	13,273	10,891	13,273
Payment for share buy back		(142)	(9,554)	(142)	(4,554)
Payment for capital raising costs		(580)	(34)	(580)	(34)
Dividends paid		(5,530)	(1,615)	(5,530)	(1,615)
Proceeds from borrowings		-	7,873	-	873
Repayment of borrowings		(598)	(116)	(98)	(116)
Contributions by investors in benefit funds		55,138	31,346	-	-
Withdrawals by investors in benefit funds		(13,732)	(6,142)	-	-
Net cash flows from financing activities		45,447	35,031	4,541	7,827
Net increase in cash held		(2,217)	(1,249)	(679)	(1,499)
Cash at beginning of the year		38,363	39,612	5,690	7,189
Cash at the end of the year	35(a)	36,146	38,363	5,011	5,690

The accompanying notes 1 to 40 form part of these financial statements.

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1. Summary of significant accounting policies

This financial report for the year ended 30 June 2008 was authorised for issue by the directors on 28 August 2008.

Austock Group Limited (the "Company") is a public company listed on the Australian Securities Exchange (ASX: ACK) incorporated in Australia. The Company's registered office and principal place of business is at Level 1, 350 Collins Street, Melbourne, Victoria, Australia, 3000. The consolidated financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and controlled entities.

Statement of compliance

The financial report is a general purpose financial report 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 and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of accounting

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

The Group has decided to adopt the liquidity approach for the presentation of the balance sheet and comparatives have also been presented using this approach. The directors believe this approach provides information that is more reliable and relevant than the current/non-current presentation.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollar, unless otherwise indicated.

Use of estimates and judgements

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

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

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period. Details of these new accounting standards that impacted the Group's financial report are included in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted the Group's financial statements with respect to disclosure:

- AASB 101 Presentation of Financial Statements (revised October 2006)
- AASB 7 Financial Instruments: Disclosure

1. Summary of significant accounting policies (continued)

Standards and Interpretations issued but not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

- *Revised AASB 3 Business Combinations*

The revised AASB 3 changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- *Revised AASB 101 Presentation of Financial Statements (September 2007)*

The revised AASB 101 introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions or events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

- *Revised AASB 123 Borrowing Costs*

The revised AASB 123 removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions, the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Group has not yet determined the potential effect of the revised standard on future earnings.

- *Revised AASB 127 Consolidated and Separate Financial Statements*

The revised AASB 127 changes the accounting for investment in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- *AASB 2008-1 Amendments to AAS – Share Based Payment: Vesting Conditions and Cancellation*

These amendments change the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

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 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.

1. Summary of significant accounting policies (continued)

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

(a) Principles of consolidation

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

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

A list of controlled entities appears in note 31 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.

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

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination. In the separate financial statements of the Company, intra-group business combinations ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the costs of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured by the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Consolidation of Benefit Funds

Friendly Societies are now required to comply with Accounting Standard AASB 1038 Life Insurance Contracts. This has meant that the benefit funds and the management fund are presented on a single set of financial statements, with some additional information being presented in a disaggregated format. As AASB 1038 is an aggregation standard rather than a consolidation standard, some transactions between the management fund and the benefits fund are presented on the face of the financial statements, rather than being eliminated as would be expected on consolidation.

(b) Cash and cash equivalents

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

1. Summary of significant accounting policies (continued)

(c) Trade and other receivables

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

(d) Impairment of non-financial assets excluding goodwill

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

Where a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified. 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 of impairment, that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 or other revalued amount 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.

The following depreciation rates are used in the calculation of depreciation:

Depreciation rates are:	2008	2007
Leasehold improvements	14% to 16%	14% to 16%
Computer equipment	30% to 40%	30% to 40%
Plant and equipment	12% to 40%	12% to 40%
Office equipment	12% to 40%	12% to 40%

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Summary of significant accounting policies (continued)

(f) Financial assets

Investments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Subsequent to initial recognition, investments in subsidiaries are measured at fair value and changes therein, other than impairment losses and foreign exchange gains or losses are recognised directly in a separate component of equity. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and at fair value in the company financial statements.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those classified as available for sale.

Classification of financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss; held to maturity investments; available for sale financial assets; and loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as "financial assets at fair value through profit or loss" where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit making; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interests earned on the financial assets. Fair value is determined in the manner described in note 36.

All benefit fund assets represent assets backing life insurance and life investment liabilities. The financial assets belonging to the life insurance or life investment contracts are classified as financial assets at fair value through the profit and loss.

(ii) *Held to maturity investments*

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

(iii) *Available-for-sale financial assets*

Certain investments held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 36. Gains or losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

1. Summary of significant accounting policies (continued)

(iv) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through the profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses in respect of an available-for-sale asset are calculated by reference to its fair value.

The carrying amount of the financial asset including uncollectable trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a liability for the proceeds received.

(g) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

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

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

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

1. Summary of significant accounting policies (continued)

(h) Intangible assets

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

Management rights

Management rights recognised by the Group are assessed to determine their useful life to the Group. Where management rights have a finite life, they are amortised over that life. Where management rights have been assessed to have an indefinite useful life, they are not amortised. Each period, management rights (both finite and infinite useful lives) are reviewed to determine whether events and circumstances continue to support this assessment of useful life. Management rights are tested for impairment in accordance with the accounting policy stated in note 1(d) above.

Development costs

Expenditure incurred as a result of the development of overseas business operations in accordance with specifically authorised mandates are capitalised and then expensed over the effective useful life of the mandate. This asset is tested for impairment in accordance with the accounting policy stated in note 1(d) above.

Trading licence

A trading licence to operate a stock exchange under the Corporations Act has been recognised by the Group to have an indefinite useful life and is not amortised. Each period, the useful life of this intangible asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. This asset is tested for impairment in accordance with the accounting policy stated in note 1(d) above.

(i) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with AASB 5 Non-current Assets Held For Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any loan term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately to profit or loss.

Where a group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

(j) Trade and other payables

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

1. Summary of significant accounting policies (continued)

(k) Interest Bearing Liabilities

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

(l) Issued capital

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

(m) Revenue recognition

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

Rendering of services

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

Dividend revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue

Interest revenue is accrued on a time 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.

(n) Income tax

Current tax

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

Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

1. Summary of significant accounting policies (continued)

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, 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.

(o) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as 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.

(p) Leases

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

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

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

(q) Share based payments

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

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

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

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

1. Summary of significant accounting policies (continued)

(r) Goods and service tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Foreign currency

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet 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 are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit and loss in the period in which the foreign operation is disposed.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. Summary of significant accounting policies (continued)

(u) 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 recognized 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.

(v) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

- *Financial liabilities 'at fair value through profit or loss'*

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in profit or loss. The net gain or loss in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 36.

- *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

(w) Discontinued operations

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

(x) Classification of benefit funds

Benefits 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).

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

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

Assets belonging to the life insurance funds back life insurance liabilities and assets belonging to all other benefit funds back life investment contract liabilities. The assets of one benefit fund cannot be used to support the liabilities of another.

1. Summary of significant accounting policies (continued)

(i) Life insurance contracts

Oddfellows Funeral and Assurance funds, being a risk product, have been classified as life insurance contracts under the meaning given in AASB 1038 Life Insurance Contracts. Consequently, contributions to the fund are disclosed as premiums and benefits paid from the funds are disclosed as claims.

In accordance with the Life Insurance Act 1995, Austock Life Limited has appointed an actuary to determine that the value of the policy liabilities and the solvency have been determined using methods and assumptions consistent with the actuarial standards.

The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and the future mortality, resignations and retirements. Details of these key assumptions are disclosed in note 2.

(ii) Life Investment contracts

The following funds are classified as investment products:

- Heritage Investment Bond Fund
- Investment Bond Fund
- Cash Achiever Bonds
- Deferred Annuity Achiever (DA39)
- Funeral Plan Fund
- Select Mortgage Annuity (DA46)

For these investment account products, the policy liability is the accumulation of amounts invested by policy holders less fees specified in the policy plus investment earnings allocated as a bonus. Where exit fees are payable, no reduction in the accumulation is made because exit fees are a liability to the management fund.

The following funds are also classified as investment products:

- 25 unit linked benefit funds

For these investment linked products, the policy liability is the accumulation of amounts invested by policyholders less fees specified in the policy plus investment earnings allocated. Where exit fees are payable, no reduction in the accumulation is made, because exit fees are a liability to the management fund. No annuity in possession has become payable from either deferred annuity fund.

No investment linked policy is subject to any investment guarantee. Surrender value of investment account policies is \$17.061 million (2007: \$17.757 million).

2. Use of estimates and judgement

The preparation of 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:

- **Financial assets**

Management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. 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. The estimation of fair value of unlisted shares includes some assumptions not supportable by observable market prices or rates. As disclosed in note 14, the carrying amount of such shares at the Group level is \$2.592 million (2007: \$2.338 million) and at the Company level is \$121.656 million (2007: \$146.187 million).

- **Intangible assets**

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated in note 1(d). The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of assumptions to estimate future cash flows expected to arise and a suitable discount rate in order to calculate present value. As disclosed in note 17, the carrying amount of such intangible assets at the Group level is \$15.934 million (2007: \$17.198 million) and at the Company level is \$0.788 million (2007: \$0.687 million).

- **Employee entitlements**

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

- **Share based payments**

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

- **Policy holder liability calculation for life insurance contracts**

As disclosed in note 1(x), the key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and the future mortality, resignations and retirements. As at year end, these assumptions are detailed below.

2. Use of estimates and judgement (continued)

	Oddfellows Fund		Assurance Fund	
	2008	2007	2008	2007
Discount rate	6.56%	6.26%	6.56%	6.26%
Inflation rate	n/a	n/a	n/a	n/a
Profit carries used for each major product group	n/a	n/a	n/a	n/a
Mortality	Australian Life Tables 2000-2002 less 20%	Australian Life Tables 2000-2002 less 20%	Australian Life Tables 2000-2002 less 20%	Australian Life Tables 2000-2002 less 20%
Future maintenance and investment management expense	2.31%	2.31%	2.0%	2.0%
Taxation rates	0%	0%	30%	30%
Rates of discontinuance	0%	0%	0%	0%
Surrender values	n/a	n/a	Not provided for in rules	Not provided for in rules
Rates of growth of unit prices in respect of unit linked benefits	n/a	n/a	n/a	n/a
Rates of future supportable participating benefits	Terminal bonus at \$140 per member Bonus on sum assured at 5.0% p.a. compound	Terminal bonus at \$140 per member Bonus on sum assured at 3.0% p.a. compound	Terminal bonus at \$140 per member Bonus on sum assured at 0.0% p.a. compound	Terminal bonus at \$140 per member Bonus on sum assured at 0.0% p.a. compound
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	Allocation of surplus above statutory requirements as non guaranteed terminal bonus	Allocation of surplus above statutory requirements as non guaranteed terminal bonus

Sensitivity Analysis

Policy liabilities are not sensitive to changes in variables within a moderate range.

3. Financial risk management

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and 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.

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

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

Credit risk

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

Trade and other receivables

The credit risk for trade receivables for the Group is the risk that financial assets recognised on the balance sheet exceed their carrying amount, net of any provisions for doubtful debts. In relation to clients' debtors, the Group's credit risk concentration is minimised as transactions are settled on a delivery versus payment basis with a settlement regime of trade plus three days.

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. Included in note 30 is a listing of additional finance facilities that the Company/Group has at its disposal to further reduce liquidity risk.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments. The Group maintains the following lines of credit:

- \$10 million overdraft facility that is secured to be used for working capital requirements. Use of the facility requires interest to be paid monthly in arrears and repayment in full to occur prior to the expiry date of the facility on 31 October 2008. The rate of interest is calculated based on a customer margin over the bank's base indicator rate.
- \$20 million facility that is secured to be used for capital liquidity requirements as part of the securities broking business. Any drawings under this facility are to be repaid in full within 6 banking days of original draw down. The facility expires on 31 October 2008. The rate of interest is a floating rate that is determined at the time of drawdown, taking into account the prevailing market conditions, with reference to the bid rate on bank bills.

3. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, 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.

Currency risk

The Group is exposed to currency risk on monetary assets and liabilities held in a currency other than the respective currency of the Group, which is Australian dollars (AUD). The Group monitors currency movements to ensure there is no material impact on the Group's activities.

Interest rate risk

Interest rate risk arises from the potential for change in interest rates to have an adverse effect on the net earnings of the Group. The Group's earnings are affected by movements in market interest rates due to funds borrowed and/or held in high interest deposit accounts. Interest on borrowings is based on a margin above the negotiated bank base rate. The Group is subject to changes to interest rates to the extent that they impact upon changes to the bank base rate. The Group monitors the movements in interest rates and is in regular communication with borrowers whenever there is a change in the Company's rate of interest charged.

Equity price risk

The Group is exposed to equity price risk arising from movements in equity investments. Other than equity investments held at fair value through profit or loss, equity investments are generally held for strategic rather than trading purposes. The Group monitors equity price movements to ensure there is no material impact on the Group's activities.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's capital structure consists of debt, which comprises borrowing as disclosed in note 23, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 24, 25 and 26 respectively.

4. Segment information

The Group operates in two key operating segments that form the basis of decision making for the allocation of resources and assessing performance.

(a) Corporate and Securities

This operating segment provides an integrated range of stockbroking, research and corporate advisory services in the equity capital markets for emerging growth enterprises. The focus on emerging companies in both a listed and unlisted corporate environment has allowed this operating segment to grow with their client base by providing a specifically tailored service approach to solving clients needs.

(b) Investment Management

This operating segment provides specialised investment management services in fixed interest and equity markets; direct and indirect property funds management; and life insurance based products within a tax paid investment environment. The focus of this operating segment is to build a platform of funds under management as the basis for solid and sustainable returns using innovative and proven management investment strategies.

(c) Unallocated services

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

4. Segment information (continued)

For year ended 30 June 2008	Corporate and Securities \$'000	Investment Management \$'000	Unallocated services \$'000	Eliminations \$'000	Consolidated total \$'000	Discontinued operations \$'000	Continued operations \$'000
Revenue							
External revenue	59,889	16,075	1,152	-	77,116	-	77,116
Inter-segment revenue	-	-	10,205	(10,205)	-	-	-
Segment revenue	59,889	16,075	11,357	(10,205)	77,116	-	77,116
Result							
Segment result	11,712	(17,675)	(3,047)	-	(9,010)	(5,265)	(3,745)
Income tax benefit					1,683	-	1,683
Policyholders loss					7,446	-	7,446
Consolidated net profit/(loss) after tax					119	(5,265)	5,384
Assets and liabilities							
Segment total assets (a)	127,230	162,933	170,848	(186,542)	274,469	-	274,469
Segment total liabilities	110,024	143,811	35,406	(64,463)	224,778	895	223,883
Segment net assets	17,206	19,122	135,442	(122,079)	49,691	(895)	50,586
Other segment information							
Investment in associates	-	-	511	-	511	-	511
Share of profit from associates	-	-	15	-	15	-	15
Depreciation and amortisation	108	265	849	-	1,222	30	1,192
Impairment losses	-	3,683	1,575	-	5,258	2,529	2,729
Equity settled benefits	1,527	227	278	-	2,032	-	2,032
For year ended 30 June 2007							
	Corporate and Securities \$'000	Investment Management \$'000	Unallocated services \$'000	Eliminations \$'000	Consolidated total \$'000	Discontinued operations \$'000	Continued operations \$'000
Revenue							
External revenue	52,754	12,502	1,071	-	66,327	-	66,327
Inter-segment revenue	-	-	9,463	(9,463)	-	-	-
Segment revenue	52,754	12,502	10,534	(9,463)	66,327	-	66,327
Result							
Segment result	14,648	5,704	(3,263)	-	17,089	-	17,089
Income tax expense					(1,685)	-	(1,685)
Minority interest profit					(1)	-	(1)
Policyholders profit					(4,330)	-	(4,330)
Consolidated net profit after tax					11,073	-	11,073
Assets and liabilities							
Segment total assets (a)	164,325	99,142	174,071	(156,219)	281,319	-	281,319
Segment total liabilities	146,039	85,497	26,086	(21,902)	235,720	-	235,720
Segment net assets	18,286	13,645	147,985	(134,317)	45,599	-	45,599
Other segment information							
Investment in associates	-	-	1,536	-	1,536	-	1,536
Share of profit from associates	-	-	27	-	27	-	27
Business combination assets	-	12,335	1,617	-	13,952	-	13,952
Depreciation and amortisation	-	8	792	-	800	-	-
Impairment losses	-	-	-	-	-	-	-
Equity settled benefits	-	-	328	-	328	-	328

(a) Included in total assets are investments in controlled entities that are subsequently eliminated.

5. Revenue

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Revenue				
Operating activities				
<i>Rendering of services</i>				
Corporate activities	23,138	12,453	-	-
Brokerage and commission	34,695	36,573	-	-
Property management	6,617	2,986	-	-
Fund management	1,758	2,966	-	-
Life office	1,983	1,162	-	-
	68,191	56,140	-	-
<i>Interest revenue</i>				
Interest income	3,173	2,334	365	232
<i>Benefit Funds revenue</i>				
Distribution income & contribution – policyholders	4,031	4,913	-	-
<i>Other revenue</i>				
Other income	1,562	1,839	101	170
	76,957	65,226	466	402
Non operating activities				
<i>Dividend revenue</i>				
Dividend income	65	81	237	1,771
<i>Other revenue</i>				
Management fees	94	130	19,737	18,208
Revaluation increase of investments	-	890	-	-
	159	1,101	19,974	19,979
Total revenue	77,116	66,327	20,440	20,381

6. Expenses and losses/(gains) included in profit/(loss)

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Personnel expenses				
Staffing costs	42,215	33,836	5,138	7,380
Defined contribution superannuation expense	1,694	1,489	363	529
Equity settled share based payments	2,032	328	2,032	328
	<u>45,941</u>	<u>35,653</u>	<u>7,533</u>	<u>8,237</u>
<i>Attributable to:</i>				
Continued operations	45,550	35,653	7,533	8,237
Discontinued operations	391	-	-	-
	<u>45,941</u>	<u>35,653</u>	<u>7,533</u>	<u>8,237</u>
(b) Occupancy expenses				
Occupancy costs	<u>1,777</u>	<u>1,419</u>	<u>290</u>	<u>1,350</u>
<i>Attributable to:</i>				
Continued operations	1,676	1,419	290	1,350
Discontinued operations	101	-	-	-
	<u>1,777</u>	<u>1,419</u>	<u>290</u>	<u>1,350</u>
(c) Communication expenses				
Communication costs	<u>1,152</u>	<u>854</u>	<u>727</u>	<u>724</u>
<i>Attributable to:</i>				
Continued operations	1,109	854	727	724
Discontinued operations	43	-	-	-
	<u>1,152</u>	<u>854</u>	<u>727</u>	<u>724</u>
(d) Finance costs				
Interest paid	673	377	50	70
Bank and other financing costs	279	321	144	87
	<u>952</u>	<u>698</u>	<u>194</u>	<u>157</u>
<i>Attributable to:</i>				
Continued operations	946	698	194	157
Discontinued operations	6	-	-	-
	<u>952</u>	<u>698</u>	<u>194</u>	<u>157</u>
(e) Marketing and promotional expenses				
Marketing and promotional costs	<u>2,398</u>	<u>2,428</u>	<u>560</u>	<u>936</u>
<i>Attributable to:</i>				
Continued operations	2,233	2,428	560	936
Discontinued operations	165	-	-	-
	<u>2,398</u>	<u>2,428</u>	<u>560</u>	<u>936</u>

6. Expenses and losses/(gains) included in profit/(loss) (continued)

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Expenses				
(f) Depreciation and amortisation				
<i>Depreciation of non current assets</i>				
Computer equipment	318	242	318	242
Furniture and fittings	249	237	220	233
Office equipment	70	19	25	16
Leasehold improvements	9	51	9	51
	<u>646</u>	<u>549</u>	<u>572</u>	<u>542</u>
<i>Amortisation of non current assets</i>				
Software intangibles	385	251	277	249
Management rights	191	-	-	-
	<u>576</u>	<u>251</u>	<u>277</u>	<u>249</u>
	<u>1,222</u>	<u>800</u>	<u>849</u>	<u>791</u>
<i>Attributable to:</i>				
Continued operations	1,192	800	849	791
Discontinued operations	30	-	-	-
	<u>1,222</u>	<u>800</u>	<u>849</u>	<u>791</u>
(g) General administrative expenses				
General administrative costs	<u>8,027</u>	<u>3,728</u>	<u>1,221</u>	<u>1,685</u>
<i>Attributable to:</i>				
Continued operations	6,922	3,728	1,221	1,685
Discontinued operations	1,105	-	-	-
	<u>8,027</u>	<u>3,728</u>	<u>1,221</u>	<u>1,685</u>
(h) Revaluation decrease				
Change in fair value of benefit fund financial assets	<u>14,356</u>	<u>71</u>	<u>-</u>	<u>-</u>
(i) Impairment charges				
Investment in associated entities	15,14	1,405	-	1,625
Financial assets fair value through profit or loss	14	258	-	-
Available for sale financial assets	14	896	-	-
Loan to controlled entities	14	-	-	4,215
Loan to associated entities	14	170	-	170
Business asset write down	37	2,529	-	-
	<u>5,258</u>	<u>-</u>	<u>6,010</u>	<u>-</u>
<i>Attributable to:</i>				
Continued operations	2,729	-	6,010	-
Discontinued operations	2,529	-	-	-
	<u>5,258</u>	<u>-</u>	<u>6,010</u>	<u>-</u>

7. Income Tax

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Income tax recognised in profit or loss				
Income tax expense/(benefit) comprises:				
<i>Current tax</i>				
Current income tax expense	2,807	3,340	951	-
Adjustments in relation to current tax of prior years	1,336	-	-	-
<i>Deferred tax</i>				
Origination and reversal of temporary differences	(5,826)	(1,655)	734	(839)
Total tax expense/(benefit) in the income statement	(1,683)	1,685	1,685	(839)
Attributable to:				
Continuing operations	(1,683)	1,685	1,685	(839)
Discontinued operations (note 37)	-	-	-	-
	(1,683)	1,685	1,685	(839)
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit from continuing operations	(3,745)	17,089	2,966	6,501
Profit from discontinued operations	(5,265)	-	-	-
Profit/(loss) from operations	(9,010)	17,089	2,966	6,501
Income tax expense calculated at 30% (2007: 30%)	(2,703)	5,127	890	1,950
Non deductible expenses	4,108	454	2,520	173
Non assessable income	(2,086)	(348)	-	-
Assessable income	135	10,022	20	613
Deductible items	(53)	(9,408)	(3)	-
Tax losses recognised as deferred tax assets	260	(476)	-	(168)
Previously unrecognised deferred tax assets	-	(651)	-	(541)
Effect of reduced tax rates	(1,385)	(2,624)	(1,654)	(2,866)
Other	41	(411)	(88)	-
Income tax expense/(benefit)	(1,683)	1,685	1,685	(839)
(c) Income tax recognised directly in equity				
Financial assets	86	-	3,549	-
Total tax expense/(benefit) recognised in equity	86	-	3,549	-

Neither Austock Group Limited nor any of its controlled entities are members of a tax consolidated group.

7. Income Tax (continued)

(d) Tax assets

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current tax assets comprise:				
Income tax receivable	922	-	-	-
Attributable to:				
Continuing operations	922	-	-	-
Discontinued operations	-	-	-	-
	922	-	-	-
Deferred tax assets comprise:				
Fair value adjustment	4,252	269	-	-
Provisions	1,016	559	137	98
Accrued expenses	1,547	99	202	102
Tax losses	1,206	1,664	-	850
Other	44	-	-	-
	8,065	2,591	339	1,050
Attributable to:				
Continuing operations	8,065	2,591	339	1,050
Discontinued operations	-	-	-	-
	8,065	2,591	339	1,050

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

	Consolidated					Company				
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Other \$'000	Closing balance \$'000	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Other \$'000	Closing balance \$'000
2008										
Fair value adjustment	269	3,983	-	-	4,252	-	-	-	-	-
Provisions	559	465	-	(8)	1,016	98	(12)	-	51	137
Accrued expenses	99	1,458	-	(10)	1,547	102	151	-	(51)	202
Tax losses	1,664	62	-	(520)	1,206	850	(850)	-	-	-
Other	-	44	-	-	44	-	-	-	-	-
	2,591	6,012	-	(538)	8,065	1,050	(711)	-	-	339
2007										
Fair value adjustment	126	143	-	-	269	-	-	-	-	-
Provisions	275	284	-	-	559	126	(28)	-	-	98
Accrued expenses	40	59	-	-	99	40	62	-	-	102
Tax losses	926	738	-	-	1,664	495	355	-	-	850
Other	5	(5)	-	-	-	-	-	-	-	-
	1,372	1,219	-	-	2,591	661	389	-	-	1,050

7. Income Tax (continued)

(e) Tax liabilities

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current tax liabilities comprise:				
Income tax liabilities	-	73	949	-
Attributable to:				
Continuing operations	-	73	949	-
Discontinued operations	-	-	-	-
	-	73	949	-
Deferred tax liabilities comprise:				
Fair value gain	55	479	16,121	19,572
Accrued interest income	4	-	4	-
	59	479	16,125	19,572
Attributable to:				
Continuing operations	59	479	16,125	19,572
Discontinued operations	-	-	-	-
	59	479	16,125	19,572

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

	Consolidated				Company			
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
2008								
Fair value gain	479	(435)	11	55	19,572	-	(3,451)	16,121
Accrued interest income	-	4	-	4	-	4	-	4
	479	(431)	11	59	19,572	4	(3,451)	16,125
2007								
Fair value gain	156	323	-	479	7,572	-	12,000	19,572
Dividend receivable	450	(450)	-	-	450	(450)	-	-
Unrealised gain	93	(93)	-	-	-	-	-	-
	699	(220)	-	479	8,022	(450)	12,000	19,572

8. Key management personnel

The directors and other members of key management personnel of the Group during the 2008 year were as follows.

Directors

- Mr William Eric Bessemer, Executive Chairman
- Mr Tim David Boyle, Managing Director and Chief Executive Officer
- Mr Victor David Cottren, Non Executive Director
- Mr Michael Edward McFarlane, Non Executive Director
- Mr Christopher Alan Sadler, Non Executive Director (appointed 18 January 2008)
- Mr Warner Kenneth Bastian, Non Executive Director (resigned 29 August 2007)

Key Management Personnel

- Mr Matthew James Walsh, Chief Financial Officer
- Mr Ryan James Whitelegg, Chief Operating Officer
- Mr Jeremy David Kirkwood, Managing Director, Austock Corporate Finance
- Mr Vincent Gerard Harink, Managing Director, Austock Property (resigned position on 28 July 2008)
- Mr Alan David Sheen, Managing Director, Austock Asset Management (appointed 24 September 2007)
- Mr Ross James Higgins, Managing Director, Austock Life

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

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short term employee benefits	3,509,227	3,230,839	1,685,989	1,635,026
Post employment benefits	285,686	158,657	179,128	75,330
Equity settled benefits	611,820	141,392	175,334	88,946
	4,406,733	3,530,888	2,040,451	1,799,302

Group totals in respect of the year ended 30 June 2007 do not necessarily equal the sums of amounts disclosed in this year's Remuneration Report on page 21, as there were different individuals that comprised key management personnel.

The compensation of each member of the Group's 2008 key management personnel for the current and prior year is as set out in the Remuneration Report on page 21 as part of the Director's Report.

9. Remuneration of auditors

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Auditor of the parent company				
Remuneration of the auditor for:				
<i>Audit services</i>				
Auditing the financial report	190,750	-	95,750	-
<i>Other services</i>				
Taxation services	13,750	-	13,750	-
Investigating accountant's report	260,206	-	260,206	-
	464,706	-	369,706	-
Other auditors				
Auditing the financial report - parent company	-	96,500	-	18,500
Auditing the financial report - other	-	58,000	-	-
	-	154,500	-	18,500

The auditor of the parent company, Austock Group Limited, is KPMG (2007: Smith, Peacock & Henshaw, Chartered Accountants).

10. Share based payments

The Group has an ownership based compensation scheme for executives and senior employees. In accordance with the provisions of the scheme, the following share based payments were made in the form of options over ordinary shares and fully paid ordinary shares

Options over ordinary shares

The following modifications to existing options on issue at the start of the year were accounted for during the 2008 year:

- Option series 4, 5 and 6 were modified to extend the expiry date of the options from 31 December 2009 to 31 December 2010. The fair value of option series 4, 5 and 6 before the modification was \$0.094, \$0.047 and \$0.047 respectively, and after the modification was \$0.107, \$0.060 and \$0.060 respectively. Any increase in the fair value of the options series as a result of the modification has been recognised in the income statement of the 2008 financial year.
- Option series 1, 2, 4, 5 and 6 were modified to allow for the early exercise of the options into partly paid ordinary shares. The fair value of option series 1, 2, 4, 5 and 6 before the modification were \$0.107, \$0.240, \$0.107, \$0.060, and \$0.031 respectively, and after the modification was \$0.038, \$0.038, \$0.038, \$0.038, and nil respectively. Any increase in the fair value of the options series as a result of the modification has been recognised in the income statement.

The following share based payments were made during the year, in the form of options over ordinary shares:

- On 21 September 2007, a total of 250,000 executive options were granted to a key employee at an issue price of nil and an exercise price of \$1.2083 per option. The options vest on 1 July 2009 and have an expiry date of 31 December 2010. The options hold no voting or dividend rights. The options are subject to performance criteria of achieving certain key performance indicators within certain timeframes and the service condition that they remained employed over the vesting period at the time of exercising the options.
- On 21 September 2007, a total of 250,000 options were granted to a key employee at an issue price of nil and an exercise price of \$1.40 per option. The options vest on 1 July 2009 and have an expiry date of 31 December 2010. The options hold no voting or dividend rights. The options are subject to performance criteria of achieving certain key performance indicators within certain timeframes and the service condition that they remained employed over the vesting period at the time of exercising the options.
- On 29 October 2007, a total of 300,000 options were granted to a key employee at an issue price of nil and an exercise price of \$1.25 per option. The options vest immediately and have an expiry date of 31 October 2010. The options hold no voting or dividend rights.
- On 17 May 2008, a total of 5,350,000 options were granted to senior executives in accordance with the Group's Executive Long Term Incentive Plan. The options were issued at a price of nil and an exercise price of \$0.7131 being the 5 day volume weighted average price prior to grant date. The options vest on a date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, subject to the satisfaction of service and performance conditions. The options will expire at the conclusion of 4 weeks commencing 3 business days after the announcement of the Group's financial results for the financial year ended 30 June 2012. The options hold no voting or dividend rights. A further service condition applies that the executives remained employed over the vesting period at the time of exercising the options.
- On 30 June 2008, a total of 500,000 options were granted to a senior executive under the Group's Executive Long Term Incentive Plan on the exact same terms and conditions as those options granted previously on 17 May 2008.

10. Share based payments (continued)

	Consolidated 2008		Consolidated 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	3,960,440	\$1.2200	46,690	\$40.6100
Option split during the year	-	-	2,754,710	\$0.9489
Granted during the financial year	6,650,000	\$0.7818	11,264,300	\$1.1820
Exercised during the financial year	-	-	(7,838,280)	\$0.0089
Cancelled during the financial year	(1,813,000)	\$1.2962	(2,266,980)	\$1.1431
Balance at the end of the financial year	8,797,440	\$0.8730	3,960,440	\$1.2200
Exercisable at the end of the financial year	-	-	-	-

Included under personnel expenses in the income statement is \$626 thousand (2007: \$266 thousand) relating to equity settled share based payment transactions in the form of options over ordinary shares. There were nil options (2007: 9,606,300) exercised during the year ended 30 June 2008 that had a weighted average exercise price of \$nil (2007: \$0.0073).

The options outstanding at 30 June 2008 had a weighted average exercise price of \$0.873 (2007: \$1.220) and a weighted average remaining contractual life of 3.45 years (2007: 3.39 years). Exercise prices range from \$0.6768 to \$1.4000 in respect of options outstanding at 30 June 2008 (2007: \$0.6768 to \$1.4000). The weighted average fair value of the options granted during the year was \$0.0711 (2007: \$0.0806).

The price was calculated by using the binomial valuation option pricing model applying the following inputs:

Exercise price range	:	\$0.6768 to \$1.4000
Life of options range	:	2 to 5 years
Underlying share price	:	\$0.6768 to \$1.7000
Expected share price volatility	:	20%
Risk free interest rate	:	10 year T-bond rate at the time of issue

Historical volatility has been the basis for determining expected share price volatility as it assumes that this is indicative of future tender, which may not eventuate. When applicable, market conditions have been built into the option pricing model to reflect the likelihood of those conditions being met. Expected dividends have been incorporated into the valuation model by reference to the payout ratio.

Fully paid ordinary shares

The following share based payments were made during the year, in the form of ordinary shares:

- On 26 October 2007, a total number of 352,940 fully paid ordinary shares were granted to a key employee at an issue price of nil per ordinary share. The ordinary shares have an effective 48 month vesting period commencing from 1 November 2007 to 31 October 2011. In the absence of an active market, the fair value of the shares has been based on an assessment of the best information available to reflect the amount that, at the time of issue, would be paid between a knowledgeable and willing buyer and seller. This assessment has determined the fair value to be \$1.70 per ordinary share.
- On 29 October 2007, a total number of 160,000 fully paid ordinary shares were granted to certain employees at an issue price of nil per ordinary share. The ordinary shares have an effective 36 month vesting period commencing from 1 November 2007 to 31 October 2010. In the absence of an active market, the fair value of the shares has been based on an assessment of the best information available to reflect the amount that, at the time of issue, would be paid between a knowledgeable and willing buyer and seller. This assessment has determined the fair value to be \$1.70 per ordinary share.
- On 25 Nov 2007, a total of 100,000 fully paid ordinary shares were granted to a key employee at an issue price of nil per ordinary share. The ordinary shares have an effective 36 month vesting period commencing from 1 December 2007 to 30 November 2010. In the absence of an active market, the fair value of the shares has been based on an assessment of the best information available to reflect the amount that, at the time of issue, would be paid between a knowledgeable and willing buyer and seller. This assessment has determined the fair value to be \$1.80 per ordinary share.

10. Share based payments (continued)

- On 28 May 2008, a total of 762,948 fully paid ordinary shares were granted to key employees at an issue price of nil per ordinary share. The fair value of the shares has been determined based on the ASX closing market price on grant date, being \$0.665 per ordinary share. The vesting details with respect to the grant of fully paid ordinary shares are as follows:
 - 115,207 shares have an effective 48 month vesting period commencing from the grant date to 27 May 2012;
 - 51,428 shares have an effective 25 month vesting period commencing from the grant date to 30 June 2010;
 - 5,714 shares have an effective 7.5 month vesting period commencing from the grant date to 13 January 2009;
 - 310,599 shares have an effective 36 month vesting period commencing from the grant date to 27 May 2011; and
 - 280,000 shares have an effective 44 month vesting period commencing from the grant date to 3 February 2012.

Included under personnel expenses in the income statement is \$1,144 thousand (2007: \$62 thousand) relating to equity settled share based payment transactions in the form of ordinary shares.

Share Rights

During the prior year, a total number of 10,500,000 share rights were granted to key employees at an issue price of nil per share right. The share rights have an effective vesting period commencing 1 July 2007 and have an expiry date of 31 December 2008. The share rights hold no voting or dividend rights. The share rights are not subject to a performance criteria but the terms and conditions of the grant require the employee to remain employee at the time of exercise and that all ordinary shares received upon exercise are subject to a 3 year vesting period.

Included under personnel expenses in the income statement is \$262 thousand (2007: \$nil) relating to equity settled share based payment transactions in the form of share rights.

11. Option plans

The following reconciles the outstanding options granted at the beginning and end of the financial year.

	<u>2008 Number</u>	<u>2007 Number</u>
Balance at beginning of the financial year (i)	3,960,440	46,690
Option split (ii)	-	2,754,710
Equity settled based payments during the financial year (iii)	6,650,000	11,264,300
Exercised during the financial year (iv)	-	(7,838,280)
Cancelled during the year (v)	(1,813,000)	(2,266,980)
Balance at the end of the financial year (vi)	<u>8,797,440</u>	<u>3,960,440</u>

(i) Balance at beginning of the financial year

<u>Option series</u>	<u>Number</u>	<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price</u>
Option series 1	267,000	7 Jul 2005	30 Jun 2010	\$1.0000
Option series 2	147,600	7 Jul 2005	30 Jun 2010	\$0.6768
Option series 4	285,000	22 Jul 2006	30 Jun 2010	\$1.0000
Option series 5	166,440	22 Jul 2006	30 Jun 2010	\$1.2083
Option series 6	44,400	22 Jul 2006	30 Jun 2010	\$1.2083
Option series 7a	600,000	30 Jan 2007	31 Dec 2010	\$1.2083
Option series 7b	1,200,000	31 Jan 2007	31 Dec 2010	\$1.2083
Option series 8a	600,000	29 May 2007	31 Dec 2010	\$1.4000
Option series 8b	250,000	12 Jun 2007	31 Dec 2010	\$1.4000
Option series 8c	400,000	29 Jun 2007	31 Dec 2010	\$1.4000
2008 total	3,960,440			

(ii) Option split

<u>Option series</u>	<u>Pre split Number</u>	<u>Option split Number</u>	<u>Post split Number</u>	<u>Post split Exercise price</u>
Option series 1	39,310	2,319,290	2,358,600	\$1.0000
Option series 2	7,380	435,420	442,800	\$0.6768
2007 total	46,690	2,754,710	2,801,400	

On 11 July 2006, an options split occurred for Austock Group Limited options. The basis of the split was 60 options for 1 option.

11. Option plans (continued)

(iii) Equity settled based payments during the financial year

Option series	Number	Grant date	Expiry date	Exercise price	Fair value received
Option series 9	250,000	21 Sep 2007	31 Dec 2010	\$1.2083	-
Option series 10	250,000	21 Sep 2007	31 Dec 2010	\$1.4000	-
Option series 11	300,000	29 Oct 2007	31 Oct 2010	\$1.2500	-
Option series 12	5,350,000	17 May 2008	after 30 Jun 2012	\$0.7131	-
Option series 13	500,000	30 Jun 2008	after 30 Jun 2012	\$0.7131	-
2008 total	6,650,000				
Option series 3	240,000	3 Jul 2006	30 Jun 2010	\$0.2917	-
Option series 4	1,518,000	22 Jul 2006	30 Jun 2010	\$1.0000	-
Option series 5	5,172,060	22 Jul 2006	30 Jun 2010	\$1.2083	-
Option series 6	1,284,240	22 Jul 2006	30 Jun 2010	\$1.2083	\$288,954
Option series 7a	600,000	30 Jan 2007	31 Dec 2010	\$1.2083	-
Option series 7b	1,200,000	31 Jan 2007	31 Dec 2010	\$1.2083	-
Option series 8a	600,000	29 May 2007	31 Dec 2010	\$1.4000	-
Option series 8b	250,000	12 Jun 2007	31 Dec 2010	\$1.4000	-
Option series 8c	400,000	29 Jun 2007	31 Dec 2010	\$1.4000	-
2007 total	11,264,300				

(iv) Exercised during the financial year

Option series	Number of options exercised	Grant date	Exercise date	Expiry date	Exercise price	Number of shares issued	Fair value received
<i>Fully paid</i>							
Option series 3	240,000	3 Jul 2006	4 Jul 2006	30 Jun 2010	\$0.2917	240,000	\$70,000
	<u>240,000</u>					<u>240,000</u>	<u>\$70,000</u>
<i>Partly paid</i>							
Option series 1	1,711,800	7 Jul 2005	29 Jan 2007	30 Jun 2010	-	1,711,800	-
Option series 2	295,200	7 Jul 2005	29 Jan 2007	30 Jun 2010	-	442,800	-
Option series 4	903,000	22 Jul 2006	29 Jan 2007	30 Jun 2010	-	903,000	-
Option series 5	3,892,860	22 Jul 2006	29 Jan 2007	30 Jun 2010	\$0.0100	3,892,860	\$38,929
Option series 6	795,420	22 Jul 2006	29 Jan 2007	30 Jun 2010	\$0.0100	795,420	\$7,954
	<u>7,598,280</u>					<u>7,745,880</u>	<u>\$46,883</u>
2007 total	7,838,280					7,985,880	\$116,883

Fair value received is measured as the nominal value of cash receipts on conversion. On 23 January 2007, the terms of the option series 1, 2, 4, 5 and 6 were varied to allow option holders to exercise their options earlier than the original vesting date, and have them converted into partly paid ordinary shares, paid up to a value of \$0.01 per share. On 1 February 2007, partly paid ordinary shares were issued to option holders. The calls to be made on the partly paid shares would be determined in accordance with the terms of variation provided to option holders on 23 January 2007.

11. Option plans (continued)

(v) Cancelled during the financial year

	<u>2008 Number</u>	<u>2007 Number</u>
Option series 1	33,000	379,800
Option series 4	30,000	330,000
Option series 5	-	1,112,760
Option series 6	-	444,420
Option series 7b	600,000	-
Option series 8b	250,000	-
Option series 8c	400,000	-
Option series 9	250,000	-
Option series 10	250,000	-
2008 total	<u>1,813,000</u>	<u>2,266,980</u>

(vi) Balance at the end of the financial year

<u>Option series</u>	<u>Total number</u>	<u>Vested number</u>	<u>Unvested number</u>	<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price</u>
Option series 1	234,000	-	234,000	7 Jul 2005	30 Jun 2010	\$1.0000
Option series 2	147,600	-	147,600	7 Jul 2005	30 Jun 2010	\$0.6768
Option series 4	255,000	-	255,000	22 Jul 2006	30 Jun 2010	\$1.0000
Option series 5	166,440	-	166,440	22 Jul 2006	30 Jun 2010	\$1.2083
Option series 6	44,400	-	44,400	22 Jul 2006	30 Jun 2010	\$1.2083
Option series 7a	600,000	-	600,000	30 Jan 2007	31 Dec 2010	\$1.2083
Option series 7b	600,000	-	600,000	31 Jan 2007	31 Dec 2010	\$1.2083
Option series 8a	600,000	-	600,000	29 May 2007	31 Dec 2010	\$1.4000
Option series 11	300,000	-	300,000	1 Nov 2006	31 Oct 2010	\$1.2500
Option series 12 (i)	5,350,000	-	5,350,000	17 May 2008	after 30 Jun 2012	\$0.7131
Option series 13 (i)	500,000	-	500,000	30 Jun 2008	after 30 Jun 2012	\$0.7131
2008 total	<u>8,797,440</u>	<u>-</u>	<u>8,797,440</u>			

(i) Option series 12 and 13 have an expiry date at the conclusion of 4 weeks commencing 3 business days after the announcement of the Group's financial results for the year ended 30 June 2012. The options have a vesting date shortly after the release of the Group's financial results for the financial year ended 30 June 2010, subject to the satisfaction of service and performance conditions.

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation.

Consideration received on the exercise of options is recognised in contributed equity. During the financial period, an amount of \$nil (2007: \$116,883) was recognised in contributed equity arising from the exercise of options.

12. Trade and other receivables

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	96,707	143,032	-	108
Less provision for doubtful debts	-	(4)	-	-
Net trade receivables	96,707	143,028	-	108
Other receivables	2,225	-	23	-
Amounts receivable from controlled entities	-	-	3,256	1,077
Amounts receivable from other related parties	1,712	364	4	-
Impairment charge on other related parties receivable (a)	(267)	-	-	-
	100,377	143,392	3,283	1,185

- (a) As at 30 June 2008, the Company has undertaken a review to determine whether there is any indication that the receivables from other related parties have suffered any impairment loss. As a result of this review, the Company has determined that one related party did not have the capacity to repay the amount to the Company. This has resulted in the value of the loan being in excess of its recoverable amount to the Company. In accordance with accounting policy note 1(d), the Company has recognised an impairment charge of \$267 thousand (2007: nil) relating to the write down of business assets from its discontinued operations (note 37).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 36.

13. Other assets

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accrued income	2,142	2,034	23	4
Prepaid expenses	364	1,228	196	242
Impairment loss on prepayments (a)	(34)	-	-	-
GST receivable	-	-	111	-
	2,472	3,262	330	246

- (a) As at 30 June 2008 and further to note 37, the Company has undertaken a review of the class of other assets and the underlying items that it represents. The Company has assessed the probability of expected future economic benefits derived from this prepayment account, using reasonable assumptions that represent management's best estimate of the economic conditions. As a result of the assessment, the Company has determined that it is not probable that any future economic benefits would flow to the Company from this prepayment account. In accordance with accounting policy note 1(d), the Group has recognised an impairment charge of \$34 thousand (2007: nil) relating to the write down of business assets from its discontinued operations (note 37).

14. Financial assets

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Financial assets at fair value through profit or loss				
Shares in listed corporations (i)	262	777	-	-
<i>Benefit Funds</i>				
Bills and deposits (ii)	22,497	19,495	-	-
Investments (ii)	77,149	45,269	-	-
Mortgages and bonds (ii) (iii)	625	4,227	-	-
	<u>100,271</u>	<u>68,991</u>	<u>-</u>	<u>-</u>
(b) Available for sale financial assets				
Shares in listed corporations (iv)	104	727	-	-
Investment in unlisted controlled entities (v)	-	-	118,579	142,887
Investment in unlisted associated entities (v)	-	-	1,462	1,500
Impairment of investment in associated entities (vi)	-	-	(977)	-
Investment in other related entities (v)	2,592	2,338	2,592	1,800
	<u>2,696</u>	<u>3,065</u>	<u>121,656</u>	<u>146,187</u>
(c) Loans and receivables				
Loans to controlled entities	-	-	26,070	14,986
Impairment loss on loans to controlled entities (vii)	-	-	(4,215)	-
Loans to associated entities	332	270	502	270
Impairment loss on loans to associated entities (vii)	-	-	(170)	-
Loans to other related entities	4,673	-	1,770	1,218
	<u>5,005</u>	<u>270</u>	<u>23,957</u>	<u>16,474</u>
Total financial assets at fair value through profit or loss	100,533	69,768	-	-
Total available for sale financial assets	2,696	3,065	121,656	146,187
Total loans financial assets	5,005	270	23,957	16,474
Total financial assets	<u>108,234</u>	<u>73,103</u>	<u>145,613</u>	<u>162,661</u>

- (i) The fair value of listed shares classified as financial assets at fair value through profit or loss has been determined directly by reference to published price quotations in an active market.
- (ii) Austock Life Limited benefit funds.
- (iii) In 2007, includes a \$750,000 fidelity fund relating to the business of Australia Pacific Exchange Limited.
- (iv) The fair value of listed shares classified as available for sale financial assets has been determined directly by reference to published price quotations in an active market. As at 30 June 2008, the Group has undertaken a review to determine whether there is any indication that the shares in listed corporations have suffered any impairment loss. In accordance accounting policy note 1(f), the Group has recognised an impairment charge of \$1.154 million (2007: nil) relating to the write down of these financial assets as disclosed in note 6(i).
- (v) The fair value of unlisted available for sale investments has been determined by the directors with reference to their assessment of the probability of expected future economic benefits derived from these investment assets, using reasonable assumptions that represent the directors' best estimate of the economic conditions at the time. As a result of the assessment, the directors have determined the value of future economic benefits is equal to the carrying amount and that the disclosure in the balance sheet is appropriate.
- (vi) As at 30 June 2008, the Company has reviewed all investments in associated companies together with the underlying assets that they represent to assess the recoverable amount from each investment. As a result of this assessment, the Company has determined that it is not probable that any future economic benefits will flow to the Company from its investment in Australia Pacific Exchange Limited on the basis that the investment is not supported by projections of incremental future cash flows attributable to the investment. In accordance accounting policy note 1(f), the Group has recognised an impairment charge of \$1,625 thousand (2007: nil) relating to the write down of its investment as disclosed in note 6(i). The total impairment charge of \$1,625 thousand comprises a financial asset of \$977 thousand and \$648 thousand reversal of a negative asset revaluation reserve.

14. Financial assets (continued)

(vii) As at 30 June 2008, the Group and the Company have undertaken a review to determine whether there is any indication of impairment charge to loan financial assets. As a result of this review, the following outcomes have been determined:

- o an impairment charge of \$170 thousand (2007: nil) has been recognised at the Company and Group level to reflect the present value of the \$500 thousand loan receivable due from Australia Pacific Exchange Limited ("APX"), as associated company. Whilst the Company has requested repayment of the loan, APX does not have the financial capacity to repay loan at any time before 7 years. The timeframe of 7 years represents our assessment of when existing funds that are part of APX's fidelity fund are released and become available for distribution to settle any amounts due to debt and equity holders. The extent of the funds release for distribution will only be the net funds remaining after any claims from the APX market participants.

In assessing the recoverable amount of this loan in 7 years time, an discount rate has been applied, being the current market risk adjusted rate of interest. It has been assessed that the present value of this loan is \$330 thousand (2007: \$500 thousand) with an impairment loss of \$170 thousand (2007: nil) as disclosed in note 6(i).

- o an impairment loss of \$4.215 million has been recognised at the Company level to reflect the recoverable amounts due from loans to controlled entities. Further to note 37, the total amounts advanced from the Company to its controlled entity to fund the working capital requirements of the USA property business amounted to an intercompany loan account of \$4.215 million. As at 30 June 2008, a review of this intercompany account loan account was performed and it was concluded that the controlled entity did not have the capacity to repay the loan to the Company, thereby resulting in the value of the loan being in excess of its recoverable amount to the Company.

The Company has assessed the probability of expected future economic benefits derived from this loan account, using assumptions that represent management's best estimate of the economic conditions. As a result of the assessment, the Company has determined that it is not probable that any future economic benefits would flow to the Company from this loan account, and accordingly, an impairment charge of \$4.215 million as disclosed in note 6(i) has been recorded to reflect a nil recoverable amount.

15. Investments accounted for using equity method

Name of entity	Principal activity	Country of incorporation	Ownership interest		Investment book value	
			2008 %	2007 %	2008 \$'000	2007 \$'000
AG Fund Pty Ltd	Investment services	Australia	50%	50%	-	1,536
Australia Pacific Exchange Limited	Stock Exchange	Australia	49%	-	-	-
Austock Private Equity Pty Ltd	Investment services	Australia	50%	-	34	-
Pemeca Pty Ltd	Investment services	Australia	25%	-	477	-
Future Capital Investment Company Limited	Holding company	Australia	20%	-	-	-

On 29 January 2007, the parent company subscribed for and was issued a 50% interest in AG Fund Pty Ltd and from that date, the parent company accounts for its investment using the equity method.

On 6 June 2007, the parent company held a 49.3% controlling interest in Australia Pacific Exchange Limited. From that date, the investment in Australia Pacific Exchange Limited is not accounted for using the equity method, but is instead accounted for on a consolidation basis. From 1 July 2007, the parent company's holding in Australia Pacific Exchange Limited was not a controlling interest and from that date, is accounted for using the equity method.

On 21 August 2007, the parent company subscribed for and was issued 10,000 shares in Austock Private Equity Pty Ltd (previously known as Future Capital Management Company Limited) representing a 50% interest and from that date accounts for its investment using the equity method. Austock Private Equity Pty Ltd provides value added management services to investment funds and other business structures.

On 22 October 2007, the parent company subscribed for and was issued a 25% interest in Pemeca Pty Ltd and from that date, the parent company accounts for its investment using the equity method. Pemeca Pty Ltd holds an investment in a services business operating in the education and learning industry.

On 30 May 2008, the parent company subscribed for and was issued with a 20% interest in Future Capital Investment Company Limited and from that date, accounts for its investment using the equity method. Future Capital Investment Company Limited is a holding company with an investment in the education and learning industry.

15. Investments accounted for using equity method (continued)

(a) Movements during the year in equity accounted investment in associated companies

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year	1,536	674	-	-
<i>add</i> Investment made	2,102	2,088	-	-
<i>add</i> Share of associate's profit after income tax	15	27	-	-
<i>less</i> Investment value no longer equity accounted	-	(1,253)	-	-
<i>less</i> Return of capital	(1,500)	-	-	-
<i>less</i> Dividends	(237)	-	-	-
<i>less</i> Impairment loss (i)	(1,405)	-	-	-
Balance at end of the year	511	1,536	-	-

- (i) As at 30 June 2008, the Group reviewed all investments in associated companies together with the underlying assets that they represent to assess the recoverable amount from each investment. As a result of this assessment, the Group has determined that it is not probable that any future economic benefits will flow to the Group from its investment in Australia Pacific Exchange Limited on the basis that the investment is not supported by projections of incremental future cash flows attributable to the investment. In accordance accounting policy note 1(f), the Group has recognised an impairment charge of \$1,405 thousand (2007: nil) relating to the write down of its investment as disclosed in note 6(i).

(b) Equity accounted associates profits/(losses) are broken down as follows

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Share of associate's profit/(loss) before income tax	17	(142)	-	-
Share of associate's income tax benefit/(expense)	(2)	169	-	-
Share of associate's profit/(loss) after income tax	15	27	-	-

(c) Summarised presentation of aggregate assets, liabilities and performance of associates

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<i>Financial position</i>				
Current assets	1,213	464	-	-
Non current assets	4,953	2,941	-	-
Total assets	6,166	3,405	-	-
Current liabilities	155	64	-	-
Non current liabilities	2,274	270	-	-
Total liabilities	2,429	334	-	-
Net assets	3,737	3,071	-	-
<i>Financial performance</i>				
Total revenue	1,142	151	-	-
Net profit/(loss) after income tax expense	31	71	-	-

16. Property, plant and equipment

	Consolidated				Total \$'000
	Computer equipment \$'000	Furniture and fittings \$'000	Office equipment \$'000	Leasehold improvement \$'000	
<i>Gross carrying amount</i>					
Balance at 1 Jul 2006	864	1,048	70	340	2,322
Business combination addition	-	64	59	-	123
Additions	653	247	109	-	1,009
Disposals	-	-	-	-	-
Balance at 30 Jun 2007	1,517	1,359	238	340	3,454
Additions	305	97	178	143	723
Impairment loss (a)	-	-	(173)	-	(173)
Balance at 30 Jun 2008	1,822	1,456	243	483	4,004
<i>Accumulated depreciation</i>					
Balance at 1 Jul 2006	(389)	(395)	(38)	(122)	(944)
Business combination addition	-	(31)	(56)	-	(87)
Depreciation expense	(242)	(237)	(19)	-	(498)
Amortisation expense	-	-	-	(51)	(51)
Balance at 30 Jun 2007	(631)	(663)	(113)	(173)	(1,580)
Depreciation expense	(318)	(249)	(70)	(9)	(646)
Impairment loss charged to profit (a)	-	-	30	-	30
Balance at 30 Jun 2008	(949)	(912)	(153)	(182)	(2,196)
<i>Net book value</i>					
As at 30 Jun 2007	886	696	125	167	1,874
As at 30 Jun 2008	873	544	90	301	1,808

- (a) Further to the disclosures in note 37 to discontinue certain business operations, the Group has reviewed the probability of expected future economic benefits derived from property, plant and equipment, using assumptions that represent management's best estimate of the economic conditions. As a result of this assessment, the Group has determined that it is not probable that any future economic benefits will flow to the Group from this asset, office equipment. In accordance with accounting policy note 1(d), the Company has recognised an impairment charge of \$143 thousand (2007: nil) relating to the write down of business assets from its discontinued operations (note 37).

16. Property, plant and equipment (continued)

	Company				Total \$'000
	Computer equipment \$'000	Furniture and fittings \$'000	Office equipment \$'000	Leasehold improvement \$'000	
<i>Gross carrying amount</i>					
Balance at 1 Jul 2006	864	1,048	70	340	2,322
Additions	653	247	24	-	924
Disposals	-	-	-	-	-
Balance at 30 Jun 2007	1,517	1,295	94	340	3,246
Additions	305	97	75	143	620
Disposals	-	-	-	-	-
Balance at 30 Jun 2008	1,822	1,392	169	483	3,866
<i>Accumulated depreciation</i>					
Balance at 1 Jul 2006	(389)	(395)	(38)	(122)	(944)
Depreciation expense	(242)	(233)	(16)	-	(491)
Amortisation expense	-	-	-	(51)	(51)
Balance at 30 Jun 2007	(631)	(628)	(54)	(173)	(1,486)
Depreciation expense	(318)	(220)	(25)	(9)	(572)
Amortisation expense	-	-	-	-	-
Balance at 30 Jun 2008	(949)	(848)	(79)	(182)	(2,058)
<i>Net book value</i>					
As at 30 Jun 2007	886	667	40	167	1,760
As at 30 Jun 2008	873	544	90	301	1,808

17. Intangible assets

	Consolidated					Total \$'000
	Software \$'000	Goodwill \$'000	Management rights \$'000	Development costs \$'000	Trading licence \$'000	
<i>Gross carrying amount</i>						
Balance at 1 Jul 2006	449	2,962	-	-	-	3,411
Additions	721	547	10,825	1,602	500	14,195
Disposals	-	-	-	-	-	-
Balance at 30 Jun 2007	1,170	3,509	10,825	1,602	500	17,606
Additions	537	-	1,500	483	-	2,520
Impairment charge (a)	-	-	-	(2,085)	-	(2,085)
Loss of control of subsidiary	(76)	(547)	-	-	(500)	(1,123)
Balance at 30 Jun 2008	1,631	2,962	12,325	-	-	16,918
<i>Accumulated amortisation</i>						
Balance at 1 Jul 2006	(157)	-	-	-	-	(157)
Amortisation expense	(251)	-	-	-	-	(251)
Balance at 30 Jun 2007	(408)	-	-	-	-	(408)
Amortisation expense	(385)	-	(191)	-	-	(576)
Balance at 30 Jun 2008	(793)	-	(191)	-	-	(984)
<i>Net book value</i>						
As at 30 Jun 2007	762	3,509	10,825	1,602	500	17,198
As at 30 Jun 2008	838	2,962	12,134	-	-	15,934

- (a) Further to the disclosures in note 37 to discontinue certain business operations, the Group has reviewed the probability of expected future economic benefits derived from this intangible asset, using reasonable assumptions that represent management's best estimate of the economic conditions. As a result of this assessment, the Group has determined that it is not probable that any future economic benefits will flow to the Group from this intangible asset, development costs, and accordingly, an impairment charge of \$2.085 million has been recorded to reflect a nil recoverable amount. In accordance with accounting policy note 1(d), the Company has recognised an impairment charge of \$2.085 million (2007: nil) relating to the write down of business assets from its discontinued operations (note 37).

17. Intangible assets (continued)

	Company					Total \$'000
	Software \$'000	Goodwill \$'000	Management rights \$'000	Development costs \$'000	Trading licence \$'000	
<i>Gross carrying amount</i>						
Balance at 1 Jul 2006	449	-	-	-	-	449
Additions	644	-	-	-	-	644
Disposals	-	-	-	-	-	-
Balance at 30 Jun 2007	1,093	-	-	-	-	1,093
Additions	378	-	-	-	-	378
Disposals	-	-	-	-	-	-
Balance at 30 Jun 2008	1,471	-	-	-	-	1,471
<i>Accumulated amortisation</i>						
Balance at 1 Jul 2006	(157)	-	-	-	-	(157)
Amortisation expense	(249)	-	-	-	-	(249)
Balance at 30 Jun 2007	(406)	-	-	-	-	(406)
Amortisation expense	(277)	-	-	-	-	(277)
Balance at 30 Jun 2007	(683)	-	-	-	-	(683)
<i>Net book value</i>						
As at 30 Jun 2007	687	-	-	-	-	687
As at 30 Jun 2008	788	-	-	-	-	788

18. Trade and other payables

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables	94,809	139,765	1,590	1,420
Amounts payable to other related parties	63	-	30	-
	94,872	139,765	1,620	1,420

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 36.

19. Provisions

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee entitlements (a)	2,892	2,021	601	656
Claims (b)	87	265	-	-
Office leasehold restoration (c)	424	340	424	340
Business closure (d)	895	-	-	-
	4,298	2,626	1,025	996

19. Provisions (continued)

	Consolidated				Company			
	Employee entitlement \$'000	Claims \$'000	Office restoration \$'000	Business closure \$'000	Employee entitlement \$'000	Claims \$'000	Office restoration \$'000	Business closure \$'000
2008								
Balance at 1 Jul 2007	2,021	265	340	-	656	-	340	-
Made during the year	1,589	-	111	895	461	-	111	-
Used during the year	(718)	(178)	(27)	-	(516)	-	(27)	-
Balance at 30 Jun 2008	2,892	87	424	895	601	-	424	-
2007								
Balance at 1 Jul 2006	1,594	610	340	-	501	-	340	-
Made during the year	1,589	-	-	-	463	-	-	-
Used during the year	(1,162)	(345)	-	-	(308)	-	-	-
Balance at 30 Jun 2007	2,021	265	340	-	656	-	340	-

(a) 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(o).

(b) Claims

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

(c) Office 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.

(d) Business closure

The provision represents the estimated cost to close the business of the discontinued operations as disclosed in note 37, in an orderly and planned manner. This estimate reflects the costs as determined by the extinguishment of existing obligations and settling of other commitments made.

20. Other liabilities

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accrued expenses	9,618	10,692	1,448	1,620
GST liability	838	662	-	1,060
	10,456	11,354	1,448	2,680

21. Life investment contracts

Consolidated	
2008	2007
\$'000	\$'000

The consolidated assets, liabilities and policyholder equity for the life investment products of Austock Life Limited are as follows:

Assets

Cash and liquid assets	2,627	4,192
Receivables	2,081	3,305
Securities	92,463	61,383
Deferred tax assets	4,051	252
Loans and advances	625	63

Total assets	101,847	69,195
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Liabilities

Other liabilities

Payable to management fund	-	80
Creditors and other liabilities	55	63
Deferred tax liabilities	44	361
Provision for income tax	718	1,478

Total other liabilities	817	1,982
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Policyholder liabilities

Opening balance	67,213	37,737
Contributions	55,138	31,346
Withdrawals	(13,934)	(6,101)
Regulation 27	-	(1)
Unallocated surplus movement	32	(17)
Provision for terminal bonus payments	(11)	(10)
Allocation of surplus during the year	(7,408)	4,259

Total policyholder liabilities	101,030	67,213
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Total liabilities	101,847	69,195
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Net assets

-	-
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Policyholder equity

-	-
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22. Life insurance contracts

Consolidated	
2008	2007
\$'000	\$'000

The consolidated assets, liabilities and policyholder equity for the life insurance products of Austock Life Limited are as follows:

Assets

Investment assets backing life insurance liabilities:

Cash and liquid assets	109	355
Receivable from management fund	44	22
Securities	7,183	6,859
Deferred tax assets	1	-

Total assets	<u>7,337</u>	<u>7,236</u>
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Liabilities

Life insurance liabilities – policy holder benefit:

Creditors and other liabilities	8	14
Deferred tax liabilities	-	1
Provision for income tax	7	12

Total life insurance liability	15	27
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Policyholder liability

Policyholder liability	6,903	6,452
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Total policyholder liability	6,903	6,452
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Total liabilities	<u>6,918</u>	<u>6,479</u>
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Net assets

	419	757
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Policyholder equity

Equity at the start of the year	757	2,011
Bonus allocation	(240)	(1,312)
Profit for the year	(98)	58

Equity at the end of the year	<u>419</u>	<u>757</u>
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23. Borrowings

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Bank loans	6,500	7,000	-	-
Hire purchase liabilities	660	758	660	758
	<u>7,160</u>	<u>7,758</u>	<u>660</u>	<u>758</u>

On 2 March 2007, Austock Property Funds Management Limited entered into a Facility Agreement with Bank of Western Australia Limited (BankWest) for a facility limit of \$7,000,000 of which the total amount was drawn down on that date. Since then, principal repayments of \$500,000 have been made to leave a remaining outstanding balance due of \$6,500,000.

The collateral security provided on the facility agreement is as follows:

- a) First ranking registered fixed and floating charge in favour of BankWest from:
 - Austock Property Funds Management Limited;
 - Austock Property Management Limited
 - Austock Real Estate Management Limited; and
 over the whole of their assets and undertaking.
- b) Guarantee and indemnity of Austock Property Funds Management Limited's obligations to BankWest, given by:
 - Austock Property Management Limited
 - Austock Real Estate Management Limited; and
- c) Subordination agreement between BankWest, Austock Property Funds Management Limited and Austock Group Limited.

The banking facilities require compliance with the additional covenants and undertakings that have been met throughout the year to the satisfaction of BankWest.

24. Issued capital

	Consolidated 2008		Consolidated 2007	
	Number	\$'000	Number	\$'000
Issued and paid up capital				
Fully paid ordinary shares (a)	119,702,129	41,980	112,413,833	30,634
Partly paid ordinary shares (b)	5,513,580	342	5,273,580	343
Options (c)	8,797,440	791	3,960,440	165
Share rights (d)	9,220,000	230	10,500,000	-
		43,343		31,142

Changes in the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. On 11 July 2006, a share and option split occurred for Austock Group Limited shares and options. In both cases, the split was 60 shares/options for 1 share/option.

	Consolidated 2008		Consolidated 2007	
	Number	\$'000	Number	\$'000
(a) Fully paid ordinary shares				
Balance at beginning of financial year	112,413,833	30,634	1,790,970	22,129
Share split	-	-	105,667,230	-
Equity raising	6,053,588	10,891	6,453,920	10,520
Equity settled benefits	1,457,728	1,144	835,713	62
Share buy back	(223,020)	(141)	(5,046,300)	(4,554)
Transfer from partly paid ordinary shares	-	-	2,472,300	2,441
Exercise of options	-	-	240,000	70
Exercise of share rights	-	32	-	-
Capital raising costs	-	(580)	-	(34)
Balance at the end of the financial year	119,702,129	41,980	112,413,833	30,634

On 11 July 2006, a share split occurred for Austock Group Limited shares. The basis of the split was 60 shares for 1 share. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Consolidated 2008		Consolidated 2007	
	Number	\$'000	Number	\$'000
(b) Partly paid ordinary shares				
Balance at beginning of financial year	5,273,580	343	-	-
Share buy back	(120,000)	(1)	-	-
Exercise of options	-	-	7,745,880	383
Transfer to fully paid ordinary shares	-	-	(2,472,300)	(2,441)
Payments made during the year	-	-	-	2,401
Balance at the end of the financial year	5,153,580	342	5,273,580	343

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

	Consolidated 2008		Consolidated 2007	
	Number	\$'000	Number	\$'000
(c) Options				
Balance at beginning of the financial year	3,960,440	165	46,690	-
Option split	-	-	2,754,710	-
Issue of options	-	-	3,042,240	282
Equity settled benefits	6,650,000	626	8,222,060	266
Exercise of options	-	-	(7,838,280)	(383)
Cancelled during the year	(1,813,000)	-	(2,266,980)	-
Balance at the end of the financial year	8,797,440	791	3,960,440	165

24. Issued capital (continued)

On 11 July 2006, an options split occurred for Austock Group Limited options. The basis of the split was 60 options for 1 option. Optionholders do not have the right to receive dividends and are not entitled to vote at a meeting of the Company. Options may be exercised at any time from the date they vest to the date of their expiry. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

	Consolidated 2008		Consolidated 2007	
	Number	\$'000	Number	\$'000
(d) Share rights				
Balance at beginning of the financial year	10,500,000	-	-	-
Issue of rights	-	-	10,500,000	-
Exercise of rights	(1,280,000)	-	-	-
Equity settled benefits	-	230	-	-
Balance at the end of the financial year	9,220,000	230	10,500,000	-

25. Reserves

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial asset reserve (a)	61	(53)	90,704	111,164
Share buy back reserve (b)	(4,325)	(4,325)	-	-
Treasury shares reserve (c)	(1,008)	-	-	-
Balance at the end of the financial year	(5,272)	(4,378)	90,704	111,164
(a) Financial asset reserve				
Balance at beginning of financial year	(53)	-	111,164	43,164
Additions during the financial year	-	(17)	-	-
Net revaluation movement on investments, net of tax	(561)	(36)	(21,011)	68,000
Transfer from retained earnings	364	-	-	-
Transfer to income statement on impairment	311	-	551	-
Balance at end of financial year	61	(53)	90,704	111,164
The financial asset reserve records revaluations of financial assets held, namely of investments held in controlled entities and associate companies.				
(b) Share buy back reserve				
Balance at beginning of financial year	(4,325)	(4,325)	-	-
Movement during the financial year	-	-	-	-
Balance at end of financial year	(4,325)	(4,325)	-	-
The share buy back reserve records the portion of share buy back payments not funded from retained earnings.				

25. Reserves (continued)

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(c) Treasury shares reserve				
Balance at beginning of financial year	-	-	-	-
Acquired during the financial year	(1,008)	-	-	-
Balance at end of financial year	(1,008)	-	-	-

The treasury shares reserve represents the cost of shares held by the trustee of an equity compensation plan that the Group is required to include in the consolidated financial statements. At 30 June 2008, the Group held 720,000 (2007: nil) of the Company's shares. This reserve will be reversed with any surplus or deficit on sale shown as an adjustment to share capital when the underlying shares are no longer held. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

26. Retained earnings

	Consolidated		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening retained profits/(accumulated losses)	16,976	7,518	5,547	(178)
Net profit attributable to members of the parent entity	119	11,073	1,281	7,340
Dividends provided for or paid (note 28)	(5,530)	(1,615)	(5,530)	(1,615)
Transfer to financial asset reserve	(364)	-	-	-
Closing retained profits/(accumulated losses)	11,201	16,976	1,298	5,547

27. Earnings per share

	Consolidated	
	2008	2007
	Cents per share	Cents per share
Basic earnings per share		
Continuing operations	4.64	10.77
Discontinued operations	(4.54)	-
Total basic earnings per share	0.10	10.77
Diluted earnings per share		
Continuing operations	4.61	10.75
Discontinued operations	(4.51)	-
Total diluted earnings per share	0.10	10.75

Basic earnings per share

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

	\$'000	\$'000
<i>Earnings used in basic EPS calculation</i>		
Earnings used for basic earnings per share calculation	119	11,073
Exclude the loss for the period from discontinued operations	5,265	-
Earnings for the period from continuing operations	5,384	11,073
	Number '000	Number '000
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares for the purposes of the basic EPS calculation	116,022	102,851

Diluted earnings per share

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

	\$'000	\$'000
<i>Earnings used in diluted EPS calculation</i>		
Earnings used for diluted earnings per share calculation	119	11,073
Exclude the loss for the period from discontinued operations	5,265	-
Earnings for the period from continuing operations	5,384	11,073
	Number '000	Number '000
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares for the purposes of the basic EPS calculation	116,022	102,851
Adjustments to the weighted average number of ordinary shares	885	198
Weighted average number of ordinary shares for the purposes of the diluted EPS calculation	116,907	103,049

28. Dividends

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Recognised amounts				
Unfranked dividend of 2.0 cents per share declared on 28 Feb 2008 and paid on 31 Mar 2008.	2,383	-	2,383	-
Unfranked dividend of 2.8 cents per share declared on 31 July 2007 and paid on 24 August 2007.	3,147	-	3,147	-
Fully franked dividend at a 30% tax rate of 1.5 cents per share declared on 30 January 2007 and paid on 12 February 2007	-	1,615	-	1,615
	5,530	1,615	5,530	1,615
(b) Unrecognised amounts				
Unfranked dividend of 1.0 cent per share declared on 28 August 2008 and payable on 30 September 2008	1,198	-	1,198	-
(c) Franking account balance				
The franking credits available for the subsequent financial year are:				
Franking account balance at the end of the year			593	593
Payment of income tax payable as at reporting date			949	-
			1,542	593

29. Capital and leasing commitments

(a) Leased premises

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Operating lease commitments				
Non cancelable operating leased contracted for but not capitalised in the financial statements:				
Payable not later than 1 year	1,590	1,274	1,530	1,218
Payable later than 1 year but not later than 5 years	3,264	2,451	3,064	2,162
Payable later than 5 years	-	336	-	323
	4,854	4,061	4,594	3,703

The property lease in respect of the Company's Melbourne premises is a non cancelable lease with a six year term, with rent payable in advance. Contingent rental provisions within the lease agreement require minimum lease payments shall be increased by 3.75% per annum. Current lease has been renewed until November 2010.

The property lease in respect of the Company's Sydney premises is a non cancelable lease with a five year term, with rent payable in advance. Contingent rental provisions within the lease agreement require minimum lease payments shall be increased by 4% per annum. The current lease will expire in July 2012. No option exists to renew the lease at the end of the current lease period.

The property lease in respect of the Company's Brisbane premises is a non cancelable lease with a five year term, with rent payable in advance. Contingent rental provisions within the lease agreement require minimum lease payments shall be increased by 4% per annum. The current lease will expire in September 2010. No option exists to renew the lease at the end of the current lease period.

The property lease in respect of the Group's premises in Chicago, USA is for a five year term with rent payable in advance. The lease agreement requires minimum instalment payments to be made in accordance with the specified lease schedule included in the lease agreement. The schedule specifies the monthly amounts to be paid over the five year term and on average, represents a 2.5% to 3.0% increase per annum. The current lease will expire in August 2012. There is an option to renew the lease at the end of the current lease period for one additional and consecutive five year period.

(b) Hire purchase liabilities

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Payable not later than 1 year	431	321	431	321
Payable later than 1 year but not later than 5 years	279	502	279	502
Payable later than 5 years	-	-	-	-
	710	823	710	823

(c) Investment commitments

Austock Group Limited has an investment commitment with one of its controlled entities, Austock Securities Limited. Part of the Company's investment in its 100% owned subsidiary, Austock Securities Limited, are 432,090 partly paid shares that are paid up to \$0.01 per share. The issue of the partly paid shares is governed by an investment agreement between the Company and investee company such that any calls made on the uncalled capital must be by mutual agreement and consent. The amount of the uncalled capital is \$29.996 million (2007: \$29.996 million) that is payable at a time that is mutually agreeable between the parent entity and investee company.

30. Contingent liabilities

Banking facilities

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

- Bank guarantees totaling \$910,000 (2007: \$799,586) in respect of the lease of the Company's business premises;
- Guarantee and Indemnity totaling \$2,000,000 (2007: \$2,000,000) given to the National Australia Bank Limited as security for banking facilities provided to Austock Securities Limited;
- Debit facility of \$50,000 (2007: \$50,000) to be used for client's accounts as part of the Austock Life business;
- Overdraft facility of \$10,000,000 (2007: nil) to be used for working capital purposes; and
- Facility of \$20,000,000 to be used for capital liquidity requirements as part of the Austock Securities business.

The banking facilities require compliance with the additional covenants and undertakings that have been met throughout the year to the satisfaction of National Australia Bank Limited.

Share of controlled entities' contingent liabilities

a) Austock Securities Limited

A registered mortgage debenture has been given to National Australia Bank Limited over the whole of the assets and undertakings of Austock Securities Limited.

This registered mortgage debenture secures:

- a \$1,000,000 within the day facility provided by the National Australia Bank Limited so as to meet the requirements of the CHESS settlement system
- a \$1,000,000 Direct Entry System limit in respect of the company's on line banking facilities

b) Austock Property Funds Management Limited

A first ranking registered fixed and floating charge has been given to Bank of Western Australia Limited as part of a Facility Agreement entered into on 2 March 2007. Further details are provided in note 23 above.

31. Controlled entities

Name of entity	Country of incorporation	2008		2007	
		Ownership interest	Investment \$'000	Ownership interest	Investment \$'000
Parent entity					
Austock Group Limited	Australia				
Controlled entities					
A.C.N. 119 504 148 Limited (a)	Australia	100%	-	100%	-
A.C.N. 129 762 358 Limited (b)	Australia	100%	-	100%	-
Austock Alternative Investments Limited (c)	Australia	-	-	100%	-
Austock Agribusiness Pty Ltd (d)	Australia	100%	-	-	-
Austock Agribusiness Management Pty Ltd (d)	Australia	100%	-	-	-
Austock Asset Management Limited	Australia	100%	1,994	100%	7,000
Austock Corporate Finance Pty Ltd (e)	Australia	100%	28,010	100%	10,000
Austock Custodians Pty Ltd	Australia	100%	-	100%	-
Austock Executive Services Pty Ltd	Australia	100%	-	100%	-
Austock Financial Planning Pty Ltd (f)	Australia	100%	400	-	-
Austock Fixed Interest Exchange Limited	Australia	100%	-	100%	-
Austock Funds Management Limited (a)	Australia	100%	-	100%	-
Austock GET Management Pty Ltd	Australia	100%	-	100%	-
Austock GET UK Management Pty Ltd (g)	Australia	100%	-	-	-
Austock GET USA Management Pty Ltd	Australia	100%	-	100%	-
Austock Insurance Brokers Pty Ltd (h)	Australia	100%	122	100%	85
Austock Life Limited	Australia	100%	7,280	100%	10,000
Austock Nominees Pty Ltd	Australia	100%	-	100%	-
Austock Property Funds Management Limited	Australia	100%	24,550	100%	-
Austock Property Investment Management Pty Ltd (i)	Australia	100%	-	100%	-
Austock Property Management Limited	Australia	100%	-	100%	-
Austock Property Services Pty Limited (j)	Australia	100%	-	-	-
Austock RE Limited	Australia	100%	12,161	100%	4,000
Austock Real Estate Management Pty Ltd (k)	Australia	100%	-	100%	-
Austock Securities Limited	Australia	100%	43,990	100%	110,739
Austock Services Pty Ltd (l)	Australia	100%	71	100%	85
Austock (SRPR) Pty Ltd	Australia	100%	-	100%	-
Austock Super Pty Ltd	Australia	100%	-	100%	-
Australia Pacific Exchange Limited (m)	Australia	49%	-	49%	977
Employee Share Ownership Plan (n)	Australia	-	-	-	-
Life Care Homes Pty Ltd	Australia	100%	-	100%	-

(a) Control from 2 March 2007 through business combination.

(b) Incorporated on 19 February 2008.

(c) On 15 August 2007, the company changed its name from Murray Darling Management Limited to Austock Alternative Investment Limited. On 1 April 2008, the company was deregistered.

(d) Incorporated on 4 March 2008.

(e) On 26 March 2008, the company was converted to a proprietary company, now named Austock Corporate Finance Pty Ltd.

(f) Incorporated on 28 March 2008.

(g) Incorporated on 25 January 2008.

(h) On 19 March 2008, the company was converted to a proprietary company, now named Austock Insurance Brokers Pty Ltd.

(i) On 12 March 2008, the company was converted to a proprietary company, now named Austock Property Investment Management Pty Ltd.

(j) Incorporated on 26 July 2007

(k) On 12 March 2008, the company was converted to a proprietary company, now named Austock Real Estate Management Pty Ltd.

(l) On 4 April 2008, the company was converted to a proprietary company, now named Austock Services Pty Ltd.

(m) On 6 June 2007, the parent company held a 49.3% controlling interest in Australia Pacific Exchange Limited. Prior to that date, the parent company did not hold a controlling interest and its investment was accounted for using the equity method as disclosed in note 15 to the financial statements. As at 30 June 2008, Australia Pacific Exchange Limited is no longer a controlled entity.

(n) The Company has effective control of this trust entity.

32. Related party disclosures

1. Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.

Details of the percentage of ordinary shares held in associated entities are disclosed in note 15 to the financial statements.

2. Transactions with key management personnel

(i) Key management personnel compensation

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

(ii) Loans to key management personnel

The following loan balances are in respect of loans made to key management personnel of the Group or to their related entities. These balances do not include loans that are in substance options and are non-recourse to the Group.

Loans to key management personnel	Balance at beginning \$	Interest charged \$	Repayment \$	Write off \$	Balance at end \$	Number in group
2008	138,101	8,512	(103,895)	-	42,718	1
2007	214,914	15,987	(92,800)	-	138,101	1

Key management personnel with loans above \$100,000 in the reporting period:

	Balance at beginning \$	Interest charged \$	Repayment \$	Write off \$	Balance at end \$	Highest in period \$
2008						
V G Harink	138,101	8,512	(103,895)	-	42,718	139,337
2007						
V G Harink	214,914	15,987	(92,800)	-	138,101	214,914

Key management personnel are charged interest on loans provided by the Group at 10.5% p.a. (2007: 10.5% p.a.), which is comparable to the average commercial rate of interest.

32. Related party disclosures (continued)

3. Transactions within the wholly owned group

The wholly owned group includes:

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

The ultimate parent company in the wholly owned group is Austock Group Limited. Amounts receivable from and payable to entities in the wholly owned group are disclosed in note 12 and note 18 to the financial statements. Investments in controlled entities are disclosed in note 13 to the financial statements.

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

- The parent entity has provided general management assistance to its controlled entities on normal commercial terms and conditions no more favourable than those available to other parties dealing on an arm's length basis. The total value of the management assistance services provided was \$19,643,290 (2007: \$18,207,811).
- The parent entity received dividends of \$nil (2007: \$1,771,000) from its controlled entities.
- The parent entity has made new investments of \$400,008 (2007: \$6,004,321) in controlled entities.
- The parent entity forgave debts of \$900,000 (2007: \$nil) owed from its controlled entities.
- The parent entity has advanced amounts totaling \$11,868,000 (2007: \$14,974,000) to controlled entities which are repayable on terms and conditions as determined by the parent entity.

4. Transactions with other related parties

Other related parties include:

- the parent entity
- associates
- joint ventures in which the entity is a venturer
- director related entities
- other related parties

(i) Transaction between Austock Group Limited and its associated entities

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

- Austock Group Limited has provided general management assistance to its associated 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 \$94,005 (2007: \$130,549).
- Austock Group Limited has made new investments of \$485,000 (2007: \$2,087,385) in associated entities.
- Austock Group Limited has made new investments of \$2,520,000 (2007: \$nil) in other related entities
- Austock Group Limited has advanced amounts totaling \$nil (2007: \$270,000) to associated entities which are repayable on terms and conditions as determined by Austock Group Limited.

(ii) Transaction with director related entities

During the financial year, the following transactions occurred with director related entities:

- Mr W Bessemer was a director of A.B.C. Learning Centres Limited and has held this position from 15 August 1997 to 22 April 2008. During Mr Bessemer's time as a director, the Group has performed corporate advisory and other services to A.B.C. Learning Centres Limited on commercial arm's length terms for a total value of \$8,490,237 (2007: \$2,566,940).

32. Related party disclosures (continued)

i. Transaction with other related parties

During the financial year, the following transactions occurred with other related parties:

- The parent entity employs Mr Ryan Bessemer, the son of the Executive Chairman, Mr William Bessemer, in the position of the company's Chief Information Officer on arm's length commercial terms.
- The Group derived interest income from loans provided to shareholders. Details of the interest income are disclosed in note 2 to the financial statements. Amounts receivable from shareholders are disclosed in note 9 to the financial statements.
- The Group subscribed for and was issued with a 20% interest in Future Capital Investment Company Limited as disclosed in note 15, an associate entity that is accounted for using the equity method. The Group's chief operating officer also has a 20% interest in Future Capital Investment Company Limited that is held for his own investment purposes and is not within the Group's capacity to control.
- The Group has provided a short term advance of \$2,903,346 (2007: nil) to Pinnacle Agriculture Fund, a fund that is currently owned by an employee of the Group. The fund is currently owned by an employee for their own investment purposes and is not within the Group's capacity to control. A company within the Group, Austock RE Limited, is the appointed responsible entity for the Pinnacle Agriculture Fund.

33. Subsequent events

On 29 July 2008, a total of 1,200,000 options were cancelled in accordance with the terms and conditions of the option series that provides for such cancellation. As a result of the cancellation, there were 7,597,440 options over ordinary shares on issue, further details of which are included in the Director's Report.

On 5 August 2008, 2,400,000 options were issued to the chief executive officer in accordance with shareholder approval granted at the Extraordinary Shareholder's Meeting held on 18 July 2008. As disclosed in the Notice of Meeting, the options are subject to the satisfaction of service and performance conditions and will have a vesting date shortly after the release of the Group's financial results for the year ended 30 June 2010. As a result of the issue of options and as at the date of this report, there are 9,997,440 options over ordinary shares on issue, further details of which are included in the Director's Report.

34. Business combinations

Name of business	Principal activity	Date of combination	Proportion of shares issued	Cost of investment \$'000
2008				
Not applicable	-	-	-	-
2007				
Austock Funds Management Limited ("AFML")	Responsible entity	2 March 2007	100%	12,335
Australia Pacific Exchange Limited ("APX")	Stock exchange	6 June 2007	49.3%	1,617

2008

There were no business combinations in the 2008 year.

2007

In the 2007 year, there were two business combinations. The purchase consideration for both these business combinations consisted of cash which the Group has funded from either its existing cash reserves and/or external bank debt. In each business combination, the Group has paid a premium for the business combination as it believes there are additional synergies from the combined operations.

	AFML \$'000	APX \$'000	TOTAL \$'000
<i>Consideration</i>			
Cash and cash equivalents	11,250	587	11,837
Acquisition costs	1,085	-	1,085
Investment carrying value	-	1,030	1,030
Total consideration	12,335	1,617	13,952
<i>Fair value of net assets acquired</i>			
Cash and cash equivalents	845	406	1,251
Trade and other receivables	202	27	229
Financial assets	585	370	955
Property, plant and equipment	51	284	335
Deferred tax assets	13	265	278
Trade and other payables	(138)	(269)	(407)
Provisions	(37)	(13)	(50)
Deferred tax liabilities	(11)	-	(11)
Net assets acquired	1,510	1,070	2,580
Management rights on acquisition	10,825	-	10,825
Goodwill on acquisition	-	547	547
Total	12,335	1,617	13,952

Further details of the business combinations during the financial year are disclosed in note 35(b).

35. Notes to the cash flow statement

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Reconciliation of cash				
Cash balance comprises:				
- cash at bank	36,146	38,363	5,011	5,690
- bank overdraft	-	-	-	-
Closing cash balance	36,146	38,363	5,011	5,690
(b) Business combinations				
During the financial year, there were nil (2007: two) business combinations (refer note 31). Details of these are as follows:				
<i>Consideration</i>				
Cash and cash equivalents	-	11,837	-	-
Acquisition costs	-	1,085	-	-
Investment carrying value	-	1,030	-	-
Total consideration	-	13,952	-	-
<i>Fair value of net assets acquired</i>				
Cash and cash equivalents	-	1,251	-	-
Trade and other receivables	-	229	-	-
Financial assets	-	955	-	-
Property, plant and equipment	-	335	-	-
Deferred tax assets	-	278	-	-
Trade and other payables	-	(407)	-	-
Provisions	-	(50)	-	-
Deferred tax liabilities	-	(11)	-	-
Net assets acquired	-	2,580	-	-
Management rights on acquisition	-	10,825	-	-
Goodwill on acquisition	-	547	-	-
	-	13,952	-	-
<i>Net cash flow on acquisition</i>				
Cash and cash equivalents consideration	-	11,837	-	-
less Cash and cash equivalents acquired	-	(1,251)	-	-
Net cash payment for business combinations	-	10,586	-	-

35. Notes to the cash flow statement (continued)

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(c) Reconciliation of the operating profit/(loss) after tax to the net cash flows from operations				
Profit/(Loss) from ordinary activities after tax	(2,062)	15,404	1,281	7,340
Depreciation and amortisation	1,192	800	849	791
Unrealised (gain)/loss on shares	14,356	71	-	-
Interest on preference shares	272	45	-	-
Share of (profit)/loss of associated companies	(15)	(27)	-	-
Net proceeds/(payments) from trading shares	561	1,950	-	-
Equity settled share based payments	2,032	328	2,032	328
Impairment charges	2,729	-	6,010	-
Policyholder deduction	(279)	-	-	-
Interest and dividend income	(4,444)	(2,415)	(602)	(2,003)
Change in assets and liabilities				
(Increase)/Decrease in receivables	(43,015)	10,615	(2,098)	11,901
(Increase)/Decrease in other assets	790	(1,129)	(84)	-
(Increase)/Decrease in deferred tax assets	(5,474)	(1,219)	711	(389)
(Increase)/Decrease in investments	-	1,772	-	-
(Decrease)/Increase in payables	29,514	(1,654)	3,140	1,128
(Decrease)/Increase in income tax payable	(995)	(5,116)	949	-
(Decrease)/Increase in provisions	1,672	(2,309)	29	(5,169)
(Decrease)/Increase in other liabilities	(881)	(5,314)	(1,232)	1,627
(Decrease)/Increase in deferred tax liabilities	(420)	(220)	(3,447)	(450)
Net (profit)/loss attributable to policyholders	7,446	(4,330)	-	-
Net (profit)/loss attributable to outside interests	-	(1)	-	-
Net cash flow from/(used in) operating activities	2,979	7,251	7,538	15,104
(d) Financing facilities				
Secured bank overdraft facility:				
• Amount used	-	-	-	-
• Amount unused	30,000	-	30,000	-
	30,000	-	30,000	-

36. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23; cash and cash equivalents; and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 24, 25 and 26 respectively.

The Group's only long term borrowing facility relates to a specific business acquisition. It also has access to short term fluctuating facilities for working capital purposes. Accordingly, due to its cash holdings, it does not have a net debt position.

(b) Credit risk management

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

Exposure to Credit Risk

The carrying amount of the Group and Company's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash and cash equivalents	35(a)	36,146	38,363	5,011	5,690
Receivables	12	100,377	143,392	3,283	1,185
Financial assets at fair value through profit or loss	14(a)	100,533	69,768	-	-
Available for sale financial assets	14(b)	2,696	3,065	121,656	146,187
Loans financial assets	14(c)	5,005	270	23,957	16,474
Total		244,757	254,858	153,907	169,536

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

The credit risk on available for sale financial assets and loans is limited where such financial assets represent either shares listed on the ASX or investments with counterparties where the Group has undertaken a detailed assessment of their credit worthiness and set defined investment limits. Included in the Group's year end receivables, \$5.7 million is due from one counterparty.

Impairment losses

The aging of the Group and Company's trade and other receivables at reporting date was:

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Not past due	86,975	140,949	3,283	1,135
Past due 1 to 30 days	12,964 ⁽ⁱ⁾	1,796	-	-
Past due 31 to 90 days	-	3	-	-
Past due more than 91 days	438	644	-	50
Total	100,377	143,392	3,283	1,185

(i) As at the date of this report, 99.1% of this amount has been recovered and is no longer subject to credit risk

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

36. Financial instruments (continued)

A reconciliation of the movement in the provision for impairment is presented below:

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening balance	-	-	-	-
Impairment	437	-	4,385	-
Write off	(267)	-	(4,215)	-
Total	170	-	170	-

(c) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 35(d) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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

Consolidated	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 to 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000	Investment linked \$'000
2008								
Secured bank loans	6,500	(7,784)	(1,088)	(1,052)	(1,994)	(3,650)	-	-
Finance lease liabilities	660	(926)	(214)	(214)	(269)	(229)	-	-
Trade and other payables	94,872	(94,872)	(94,872)	-	-	-	-	-
Policyholder liabilities - investment (a)	101,030	-	-	-	-	-	-	101,030
Policyholder liabilities - insurance (b)	6,903	(7,158)	(91)	(91)	(219)	(730)	(6,027)	-
Total	209,965	(110,740)	(96,265)	(1,357)	(2,482)	(4,609)	(6,027)	101,030
2007								
Secured bank loans	7,000	(9,800)	(280)	(676)	(1,304)	(3,528)	(4,012)	-
Finance lease liabilities	758	(817)	(162)	(162)	(322)	(171)	-	-
Trade and other payables	139,765	(139,765)	(139,765)	-	-	-	-	-
Policyholder liabilities - investment (a)	67,213	-	-	-	-	-	-	67,213
Policyholder liabilities - insurance (b)	6,452	(7,223)	(73)	(73)	(179)	(665)	(6,233)	-
Total	221,188	(157,605)	(140,280)	(911)	(1,805)	(4,364)	(10,245)	67,213

- (a) Investment linked liabilities to policyholders are linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any risk in these assets. Therefore, the tables in this section show the policyholder liability without any maturity profile analysis.
- (b) Policyholder liabilities relating to insurance products are mostly due upon the death of the policyholder and therefore, an estimate of maturity has been made.

Company	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
2008							
Finance lease liabilities	660	(926)	(214)	(214)	(269)	(229)	-
Trade and other payables	1,590	(1,590)	(1,590)	-	-	-	-
Total	2,250	(2,516)	(1,804)	(214)	(269)	(229)	-
2007							
Finance lease liabilities	758	(817)	(162)	(162)	(322)	(171)	-
Trade and other payables	1,420	(1,420)	(1,420)	-	-	-	-
Total	2,178	(2,237)	(1,582)	(162)	(322)	(171)	-

36. Financial instruments (continued)

(d) Market risk

The Group's exposure is the financial risk of changes with respect to foreign currency rates, interest rates and equity prices. At both a Group and Company level, market risks are managed through sensitivity analysis.

(i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within policy and set parameters.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows.

	Assets		Liabilities	
	2008 000	2007 000	2008 000	2007 000
Carrying amounts in US dollars	59	49	804	-
Carrying amounts in UK pounds	-	-	97	-

Foreign currency sensitivity analysis

A change of +/- 10% in the exchange rates would have the following increase/(decrease) effect on profit:

Note	Assets		Liabilities	
	Exchange rate 10% increase \$'000	Exchange rate 10% decrease \$'000	Exchange rate 10% increase \$'000	Exchange rate 10% decrease \$'000
30 June 2008				
Sensitivity to US dollar exposure	(6)	7	68	(115)
Sensitivity to UK pound exposure	-	-	18	(22)
	(6)	7	86	(137)
30 June 2007				
Sensitivity to US dollar exposure	(5)	6	-	-

36. Financial instruments (continued)

(ii) Interest rate risk management

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

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

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fixed rate instruments					
Financial assets (a)		23,122	23,722	-	-
Financial liabilities		660	758	660	758
Net asset/(liability)		22,462	22,964	(660)	(758)
Variable rate instruments					
Financial assets (a)		36,146	38,363	5,011	5,690
Financial liabilities		6,500	7,000	-	-
Net asset/(liability)		29,646	31,363	5,011	5,690

(a) Financial assets belonging to Life Benefit Funds.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have the following increase/(decrease) effect on profit:

	Note	Consolidated		Company	
		100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
30 June 2008					
Variable rate instruments		355	(355)	65	(65)
30 June 2007					
Variable rate instruments		318	(318)	51	(51)

(iii) Equity price risk management

The Group is exposed to equity price risks arising from equity investments. Other than equity investments classified as financial assets at fair value through profit or loss, equity investments are generally held for strategic rather than trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity prices risks at the reporting date with a +/- 10% movement.

36. Financial instruments (continued)

(ii) Equity price risk management (continued)

	Note	Consolidated		Company	
		Equity price 10% increase \$'000	Equity price 10 10% decrease \$'000	Equity price 10% increase \$'000	Equity price 10% decrease \$'000
Financial assets at fair value through profit or loss					
<i>30 June 2008</i>					
Units in managed funds (a)		6,491	(6,491)	-	-
Listed securities		25	(25)	-	-
		<u>6,516</u>	<u>(6,516)</u>	<u>-</u>	<u>-</u>
<i>30 June 2007</i>					
Units in managed funds (a)		4,644	(4,644)	-	-
Listed securities		78	(78)	-	-
		<u>4,722</u>	<u>(4,722)</u>	<u>-</u>	<u>-</u>
Available for sale financial assets					
<i>30 June 2008</i>					
Listed securities (b)		46	(10)	-	-
<i>30 June 2007</i>					
Listed securities (b)		126	(126)	-	-

(a) All risk relating to equity prices is borne by the policyholders.

(b) Available for sale assets includes an investment that has been written down to nil.

(e) Fair values

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives;
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair value.

37. Discontinued operations

As at 30 June 2008, the Group had decided to discontinue its property business in the USA. This decision has been made in light of the economic outlook of the property market in that geographical location and the changing nature of its authorised mandate. Since that date, the Group has actively implemented a plan to exit this market in an orderly manner, taking the necessary steps to realise the value of assets that have been invested into the business. As a consequence of this process, the Group has recognised an impairment loss of \$2.529 million as disclosed in note 6(i) following the write down of business assets on the balance sheet.

The impairment losses that appear throughout this financial report as a result of the write down of assets is related to the discontinued operations are:

	Note	Consolidated	
		2008 \$'000	2007 \$'000
Write down of business assets			
Trade and other receivables	12	267	-
Other assets	13	34	-
Property, plant and equipment	16	143	-
Intangible assets	17	2,085	-
Impairment loss as part of discontinued operations		<u>2,529</u>	-

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

	Note	Consolidated	
		2008 \$'000	2007 \$'000
Profit for the year from discontinued operations:			
Revenue		-	-
Expenses			
Personnel expenses	6(a)	(391)	-
Occupancy expenses	6(b)	(101)	-
Communication expenses	6(c)	(43)	-
Finance expenses	6(d)	(6)	-
Marketing and promotional	6(e)	(165)	-
Depreciation	6(f)	(30)	-
General administrative expenses	6(g)	(1,105)	-
Impairment charges	6(i)	(2,529)	-
Provision for business closure		<u>(895)</u>	-
Loss before income tax expense		(5,265)	-
Income tax benefit		-	-
Loss after income tax expense		<u>(5,265)</u>	-
Cash flow from discontinued operations:			
Net cash flows from operating activities		(1,066)	-
Net cash flows from investing activities		(549)	(1,907)
Net cash flows from financing activities		-	-
Net cash flows		<u>(1,615)</u>	<u>(1,907)</u>

38. Additional benefit fund disclosures

(a) Insurance Risk

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

The Company'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 and in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future claims payments. 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 below 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.

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 bonuses may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the account balance.	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 bonuses may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward 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.

38. Additional benefit fund disclosure (continued)

(b) Reconciliation of changes in life insurance liabilities

	2008	2007
	\$'000	\$'000
Life insurance liability at the beginning of the year	6,452	5,255
Actuarial Revaluation	243	(90)
Declared bonus	241	1,312
Payment of terminal bonus	(33)	(25)
Life insurance liability at the end of the year	6,903	6,452

Guaranteed components of participating policies are:

- Oddfellows Fund \$3.600 million (2007: \$3.518 million)
- Assurance Fund \$373 thousand (2007: \$394 thousand)

Allocation of profits/losses

Life Insurance contract loss of \$98 thousand (2007: profit \$58 thousand) has been allocated as follows:

- Policyholder Liability is allocated nil (2007: nil); and
- Policyholder Equity is allocated \$98 thousand (2007: \$58 thousand).

Insurance risks

The insurance risks faced by the Company arise from the Oddfellows and Assurance Funds. The appointed actuary has calculated the best estimate liability arising from these contracts. The Company maintains sufficient assets to meet these liabilities.

(c) Solvency requirements

The appointed actuary has reviewed the solvency position of the benefit funds and management fund and concluded that the regulatory solvency requirements have been met.

(d) Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and solvency reserves is 30 June 2008. The actuarial reports for Austock Life Limited were prepared by Allen Truslove, B.Sc, Ph.D, MBA, FIA, FIAA. The actuarial reports indicate that Mr Truslove is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

39. Life investment contracts financial statements

	Portfolio No. 1		Portfolio No. 2		Portfolio No. 3	
	Cash and deposits		Australian Fixed Interest		Australian Hybrid	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
INCOME STATEMENT						
Income						
Interest income	455,000	339	1,531	137	2,415	685
Distribution income	-	73,777	221,643	74,832	164,540	215,543
Fees received from investors	135,025	17,468	65,895	27,829	48,112	22,649
Revaluation of investments	1,072	1,061	-	-	-	-
Realised gains	-	3,468	-	-	-	-
Other income	-	16	-	-	-	-
Total income	591,097	96,129	289,069	102,798	215,067	238,877
Expenses						
Fees paid to management fund	154,113	28,275	97,568	37,389	82,761	43,386
Other expenses	-	-	-	-	-	-
Revaluation of investments	-	-	57,776	38,546	337,044	82,474
Realised losses	-	-	13,800	278	144,331	993
Total expenses	154,113	28,275	169,144	76,213	564,136	126,853
Profit/(loss) before income tax	436,984	67,854	119,925	26,585	(349,069)	112,024
Income tax expense /(benefit)	136,822	23,541	45,478	10,775	(103,253)	30,575
Net profit/(loss) after tax	300,162	44,313	74,447	15,810	(245,816)	81,449
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	300,162	44,313	74,447	15,810	(245,816)	81,449
Allocated to investors	300,162	44,313	74,447	15,810	(245,816)	81,449
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	-	-	1,385	14,804	-	9,581
Receivables	221,851	13,615	122,508	55,202	2,147	107,106
Securities / Deposits / Bills	14,083,299	2,102,298	4,832,850	1,775,342	3,675,739	2,832,667
Deferred tax assets	-	322	33,277	15,943	132,009	30,895
Receivable from management fund	-	-	-	-	-	-
Total assets	14,305,150	2,116,235	4,990,020	1,861,291	3,809,895	2,980,249
Liabilities						
<i>Other liabilities</i>						
Overdraft	401,939	89,766	-	-	25,876	-
Payable to management fund	7,903	1,154	4,389	3,039	2,743	4,514
Creditors and other liabilities	21,466	531	2,247	3,660	34	2,081
Deferred tax liabilities	-	-	-	-	-	-
Provision for income tax	136,500	23,280	62,812	22,408	-	56,118
Total other liabilities	567,808	114,731	69,448	29,107	28,653	62,713
<i>Policyholder liability</i>						
Opening balance	2,001,504	657,324	1,832,184	609,570	2,917,536	1,630,617
Contributions	13,911,410	1,334,963	3,694,180	1,305,044	2,554,468	1,834,062
Withdrawals	(2,475,734)	(35,096)	(680,239)	(98,240)	(1,444,946)	(628,592)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	300,162	44,313	74,447	15,810	(245,816)	81,449
Total policyholder liabilities	13,737,342	2,001,504	4,920,572	1,832,184	3,781,242	2,917,536
Total liabilities	14,305,150	2,116,235	4,990,020	1,861,291	3,809,895	2,980,249
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 4 Int'l Fixed Interest		Portfolio No. 5 Property Securities		Portfolio No. 5A Int'l Property Securities	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	892	52	2,763	559	-	-
Distribution income	106,024	30,420	233,747	706,872	932	-
Fees received from investors	16,960	10,167	44,417	51,023	-	-
Revaluation of investments	-	-	-	-	-	-
Realised losses	-	-	-	25,572	-	-
Other income	-	-	-	-	-	-
Total income	123,876	40,639	280,927	784,026	932	-
Expenses						
Fees paid to management fund	26,378	13,765	90,308	79,568	15	-
Other expenses	-	-	-	-	-	-
Revaluation of investments	91,246	18,839	3,197,409	155,235	3,299	-
Realised losses	21,025	291	316,477	-	-	-
Total expenses	138,649	32,895	3,604,194	234,803	3,314	-
Profit/(loss) before income tax	(14,773)	7,744	(3,323,267)	549,223	(2,382)	-
Income tax expense/(benefit)	(1,646)	3,396	(982,970)	168,550	(758)	-
Net profit after tax	(13,127)	4,348	(2,340,297)	380,673	(1,624)	-
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(13,127)	4,348	(2,340,297)	380,673	(1,624)	-
Allocated to investors	(13,127)	4,348	(2,340,297)	380,673	(1,624)	-
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	4,524	3,576	-	20,517	19	-
Receivables	67,522	23,810	127,306	514,909	932	-
Securities / Deposits / Bills	1,105,169	592,321	3,496,458	4,468,986	19,417	-
Deferred tax assets	35,752	8,378	1,003,348	44,126	990	-
Receivable from management fund	-	-	-	-	-	-
Total assets	1,212,967	628,085	4,627,112	5,048,538	21,358	-
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	7,964	-	-	-
Payable to management fund	874	908	3,801	7,201	14	-
Creditors and other liabilities	2	864	2,337	2,763	-	-
Deferred tax liabilities	-	-	-	-	-	-
Provision for income tax	25,677	9,004	-	215,584	232	-
Total other liabilities	26,553	10,776	14,102	225,548	246	-
<i>Policyholder liability</i>						
Opening balance	617,309	197,871	4,822,990	1,299,918	-	-
Contributions	960,212	519,697	3,356,283	3,351,707	22,736	-
Withdrawals	(377,980)	(104,607)	(1,225,966)	(209,308)	-	-
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(13,127)	4,348	(2,340,297)	380,673	(1,624)	-
Total policyholder liabilities	1,186,414	617,309	4,613,010	4,822,990	21,112	-
Total liabilities	1,212,967	628,085	4,627,112	5,048,538	21,358	-
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 6 Australian Shares		Portfolio No. 7 Aust Shares Small Cap.		Portfolio No. 8 International Shares	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	1,733	786	229	495	606	12
Distribution income	368,658	568,333	48,203	234,305	49,438	19,861
Fees received from investors	47,150	22,323	7,500	5,934	11,469	9,807
Revaluation of investments	-	255,171	-	145,172	-	59,376
Realised gains	58,931	29,086	-	23,189	13,688	14,117
Other income	-	-	271	-	-	-
Total income	476,472	875,699	56,203	409,095	75,201	103,173
Expenses						
Fees paid to management fund	104,352	52,732	24,908	18,318	32,448	22,581
Other expenses	-	-	-	-	-	-
Revaluation of investments	1,332,478	-	142,435	-	561,143	-
Realised losses	-	-	329,913	-	-	-
Total expenses	1,436,830	52,732	497,256	18,318	593,591	22,581
Profit/(loss) before income tax	(960,358)	822,967	(441,053)	390,777	(518,390)	80,592
Income tax expense/(benefit)	(332,431)	221,326	(137,511)	105,673	(146,942)	23,662
Net profit after tax	(627,927)	601,641	(303,542)	285,104	(371,448)	56,930
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(627,927)	601,641	(303,542)	285,104	(371,448)	56,930
Allocated to investors	(627,927)	601,641	(303,542)	285,104	(371,448)	56,930
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	7,035	27,512	248	6,824	-	6,370
Receivables	243,691	507,857	102,037	214,285	49,438	17,774
Securities / Deposits / Bills	6,168,668	4,295,483	1,707,772	1,606,866	2,126,021	1,879,041
Deferred tax assets	335,696	-	17,116	-	144,688	-
Receivable from management fund	-	-	-	-	-	-
Total assets	6,755,090	4,830,852	1,827,173	1,827,975	2,320,147	1,903,185
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	13,947	-
Payable to management fund	5,859	8,784	1,393	5,825	1,816	2,084
Creditors and other liabilities	2,070	1,533	9	34	79	1,028
Deferred tax liabilities	-	64,048	-	25,614	-	23,654
Provision for income tax	67,141	148,057	-	65,864	15,710	4,507
Total other liabilities	75,070	222,422	1,402	97,337	31,552	31,273
<i>Policyholder liability</i>						
Opening balance	4,608,430	2,259,877	1,730,638	958,321	1,871,912	1,021,987
Contributions	3,388,579	2,027,107	520,225	614,377	1,079,693	859,064
Withdrawals	(689,062)	(280,195)	(121,550)	(127,164)	(291,562)	(66,069)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(627,927)	601,641	(303,542)	285,104	(371,448)	56,930
Total policyholder liabilities	6,680,020	4,608,430	1,825,771	1,730,638	2,288,595	1,871,912
Total liabilities	6,755,090	4,830,852	1,827,173	1,827,975	2,320,147	1,903,185
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 9 Int'l Shares Small Cap.		Portfolio No. 10 Sectoral Blend		Portfolio No. 11 Australian Shares Index	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	198	835	2,588	3,062	569	55
Distribution income	6,245	187,946	669,736	1,235,093	216,531	112,050
Fees received from investors	3,159	2,463	99,892	98,783	25,009	13,065
Revaluation of investments	-	-	-	-	-	375,737
Realised gains	-	-	-	-	23,564	32,084
Other income	-	-	2,890	1,057	-	-
Total income	9,602	191,244	775,106	1,337,995	265,673	532,991
Expenses						
Fees paid to management fund	8,563	6,778	214,710	145,495	59,759	30,866
Other expenses	-	-	-	-	-	-
Revaluation of investments	149,335	32,468	3,190,929	126,805	866,790	-
Realised losses	42,331	105,918	519,436	168,485	-	-
Total expenses	200,229	145,164	3,925,075	440,785	926,549	30,866
Profit/(loss) before income tax	(190,627)	46,080	(3,149,969)	897,210	(660,876)	502,125
Income tax expense/(benefit)	(54,174)	12,079	(956,099)	236,093	(220,168)	140,832
Net profit after tax	(136,453)	34,001	(2,193,870)	661,117	(440,708)	361,293
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(136,453)	34,001	(2,193,870)	661,117	(440,708)	361,293
Allocated to investors	(136,453)	34,001	(2,193,870)	661,117	(440,708)	361,293
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	-	1,126	24,768	64,667	-	7,800
Receivables	17,731	59,640	402,607	908,292	112,624	58,817
Securities / Deposits / Bills	494,898	491,939	12,483,475	8,785,997	4,186,288	2,772,722
Deferred tax assets	68,055	23,254	1,043,306	86,027	129,738	-
Receivable from management fund	-	-	-	-	-	-
Total assets	580,684	575,959	13,954,156	9,844,983	4,428,650	2,839,339
Liabilities						
<i>Other liabilities</i>						
Overdraft	129	-	-	-	8,767	-
Payable to management fund	422	2,284	10,767	10,622	3,330	2,818
Creditors and other liabilities	67	5	4,608	21,011	226	219
Deferred tax liabilities	-	-	-	-	-	130,299
Provision for income tax	-	23,116	-	273,211	39,516	26,669
Total other liabilities	618	25,405	15,375	304,844	51,839	160,005
<i>Policyholder liability</i>						
Opening balance	550,554	358,794	9,540,139	3,164,974	2,679,334	1,093,397
Contributions	258,111	224,064	7,728,342	6,136,598	2,353,385	1,308,789
Withdrawals	(92,146)	(66,305)	(1,135,830)	(422,550)	(215,200)	(84,145)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(136,453)	34,001	(2,193,870)	661,117	(440,708)	361,293
Total policyholder liabilities	580,066	550,554	13,938,781	9,540,139	4,376,811	2,679,334
Total liabilities	580,684	575,959	13,954,156	9,844,983	4,428,650	2,839,339
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 12 International Shares index		Portfolio No. 12A Aust. Fixed Interest Index		Portfolio No. 12B Property Securities index	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	386	105	82	-	-	-
Distribution income	399,150	194,463	557	-	47	-
Fees received from investors	21,251	10,664	282	-	-	-
Revaluation of investments	-	40,587	-	-	-	-
Realised gains	23,014	44,419	-	-	-	-
Other income	-	-	-	-	-	-
Total income	443,801	290,238	921	-	47	-
Expenses						
Fees paid to management fund	47,580	22,878	356	-	3	-
Other expenses	-	-	-	-	-	-
Revaluation of investments	818,895	-	667	-	501	-
Realised losses	-	-	-	-	-	-
Total expenses	866,475	22,878	1,023	-	504	-
Profit/(loss) before income tax	(422,674)	267,360	(102)	-	(457)	-
Income tax expense/(benefit)	(120,269)	79,572	(8)	-	(138)	-
Net profit after tax	(302,405)	187,788	(94)	-	(319)	-
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(302,405)	187,788	(94)	-	(319)	-
Allocated to investors	(302,405)	187,788	(94)	-	(319)	-
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	7,735	35,422	749	-	480	-
Receivables	399,150	166,534	557	-	47	-
Securities / Deposits / Bills	2,722,559	1,947,979	60,948	-	2,186	-
Deferred tax assets	236,217	-	200	-	150	-
Receivable from management fund	-	-	-	-	-	-
Total assets	3,365,661	2,149,935	62,454	-	2,863	-
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	-	-
Payable to management fund	2,658	3,228	46	-	2	-
Creditors and other liabilities	548	53	-	-	-	-
Deferred tax liabilities	-	9,452	-	-	-	-
Provision for income tax	120,839	67,135	192	-	12	-
Total other liabilities	124,045	79,868	238	-	14	-
<i>Policyholder liability</i>						
Opening balance	2,070,067	825,692	-	-	-	-
Contributions	1,599,441	1,236,613	62,333	-	3,168	-
Withdrawals	(125,487)	(180,026)	(23)	-	-	-
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(302,405)	187,788	(94)	-	(319)	-
Total policyholder liabilities	3,241,616	2,070,067	62,216	-	2,849	-
Total liabilities	3,365,661	2,149,935	62,454	-	2,863	-
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 13 Austock High Yield		Portfolio No. 14 Austock Australian Equity		Portfolio No. 15 Perpetual Australian Shares	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	343	126	144	189	602	253
Distribution income	94,994	75,498	102,707	141,851	177,693	250,207
Fees received from investors	14,640	10,551	12,055	17,225	54,066	28,345
Revaluation of investments	-	-	-	46,823	-	-
Realised gains	-	9,006	-	32,481	972	4,405
Other income	3,157	1,567	-	-	-	-
Total income	113,134	96,748	114,906	238,569	233,333	283,210
Expenses						
Fees paid to management fund	27,171	17,118	25,893	26,208	91,699	38,916
Revaluation of investments	203,862	2,290	287,105	-	752,132	9,347
Realised losses	30,023	-	12,174	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	261,056	19,408	325,172	26,208	843,831	48,263
Profit/(loss) before income tax	(147,922)	77,340	(210,266)	212,361	(610,498)	234,947
Income tax expense/(benefit)	(42,349)	16,159	(74,138)	58,429	(223,699)	60,297
Net profit after tax	(105,573)	61,181	(136,128)	153,932	(386,799)	174,650
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(105,573)	61,181	(136,128)	153,932	(386,799)	174,650
Allocated to investors	(105,573)	61,181	(136,128)	153,932	(386,799)	174,650
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	683	4,387	11,736	2,599	2,176	11,338
Receivables	31,431	38,918	75,715	127,766	89,197	234,005
Securities / Deposits / Bills	1,332,010	1,011,136	1,363,740	1,287,280	5,731,764	2,166,754
Deferred tax assets	61,309	151	77,530	-	238,040	12,400
Receivable from management fund	-	-	-	-	-	-
Total assets	1,425,433	1,054,592	1,528,721	1,417,645	6,061,177	2,424,497
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	-	-
Payable to management fund	1,268	2,170	1,243	3,631	6,799	3,276
Creditors and other liabilities	685	211	106	-	6,439	2,927
Deferred tax liabilities	-	-	-	8,601	-	-
Provision for income tax	16,086	19,595	14,026	45,955	1,241	62,511
Total other liabilities	18,039	21,976	15,375	58,187	14,479	68,714
<i>Policyholder liability</i>						
Opening balance	1,032,616	413,836	1,359,458	451,246	2,355,783	281,702
Contributions	942,888	650,464	633,937	897,011	4,168,460	1,936,427
Withdrawals	(462,537)	(92,865)	(343,921)	(142,731)	(90,746)	(36,996)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(105,573)	61,181	(136,128)	153,932	(386,799)	174,650
Total policyholder liabilities	1,407,394	1,032,616	1,513,346	1,359,458	6,046,698	2,355,783
Total liabilities	1,425,433	1,054,592	1,528,721	1,417,645	6,061,177	2,424,497
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 16		Portfolio No. 17		Portfolio No. 18	
	Perpetual Geared Aust. Shares		Perpetual Int'l Shares		Perpetual Mortgage	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
INCOME STATEMENT						
Income						
Interest income	163	308	270	2	2,048	49
Distribution income	39,414	125,159	9,832	5,761	226,692	76,917
Fees received from investors	22,937	15,882	11,436	12,924	38,730	37,607
Revaluation of investments	-	263,952	-	-	35,134	-
Realised gains	1,956	14,773	-	1,639	546	12
Other income	-	-	-	-	-	-
Total income	64,470	420,074	21,538	20,326	303,150	114,585
Expenses						
Fees paid to management fund	45,726	25,241	21,043	17,151	71,363	47,828
Other expenses	-	-	-	-	-	-
Revaluation of investments	1,042,779	-	229,273	14,916	-	5,262
Realised losses	-	-	28,176	-	-	-
Total expenses	1,088,505	25,241	278,492	32,067	71,363	53,090
Profit/(loss) before income tax	(1,024,035)	394,833	(256,954)	(11,741)	231,787	61,495
Income tax expense/(benefit)	(351,739)	101,196	(75,067)	(2,568)	79,327	21,360
Net profit after tax	(672,296)	293,637	(181,887)	(9,173)	152,460	40,135
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(672,296)	293,637	(181,887)	(9,173)	152,460	40,135
Allocated to investors	(672,296)	293,637	(181,887)	(9,173)	152,460	40,135
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	55,394	4,855	164,691	5,694	2,696	10,910
Receivables	54	116,907	16,464	5,720	27,310	13,361
Securities / Deposits / Bills	2,445,189	1,682,992	941,435	947,518	4,830,307	2,526,744
Deferred tax assets	244,457	-	73,789	5,008	-	1,609
Receivable from management fund	-	-	-	-	-	-
Total assets	2,745,094	1,804,754	1,196,379	963,940	4,860,313	2,552,624
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	-	-
Payable to management fund	2,438	2,060	781	1,312	4,454	2,579
Creditors and other liabilities	1,088	231	59	1,294	2,489	1,284
Deferred tax liabilities	-	68,378	-	-	8,931	-
Provision for income tax	-	19,909	-	1,874	68,786	23,093
Total other liabilities	3,526	90,578	840	4,480	84,660	26,956
<i>Policyholder liability</i>						
Opening balance	1,714,176	271,227	959,460	132,030	2,525,668	24,589
Contributions	1,771,922	1,283,376	688,685	868,065	2,983,872	2,475,448
Withdrawals	(72,234)	(134,064)	(270,719)	(31,462)	(886,347)	(14,504)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(672,296)	293,637	(181,887)	(9,173)	152,460	40,135
Total policyholder liabilities	2,741,568	1,714,176	1,195,539	959,460	4,775,653	2,525,668
Total liabilities	2,745,094	1,804,754	1,196,379	963,940	4,860,313	2,552,624
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 19		Portfolio No. 20		Portfolio No. 21	
	Perpetual Balanced Growth		Perpetual Industrial Shares		Perpetual Ethical SRI	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
INCOME STATEMENT						
Income						
Interest income	613	35	39	-	68	-
Distribution income	156,065	128,609	1,711	-	972	-
Fees received from investors	34,164	37,059	513	-	239	-
Revaluation of investments	-	-	-	-	-	-
Realised gains	-	2,424	-	-	-	-
Other income	-	-	-	-	-	-
Total income	190,842	168,127	2,263	-	1,279	-
Expenses						
Fees paid to management fund	60,978	44,381	596	-	301	-
Other expenses	-	-	-	-	-	-
Revaluation of investments	477,327	77,315	4,094	-	8,897	-
Realised losses	16,500	-	-	-	-	-
Total expenses	554,805	121,696	4,690	-	9,198	-
Profit/(loss) before income tax	(363,963)	46,431	(2,427)	-	(7,919)	-
Income tax expense/(benefit)	(111,503)	11,614	(1,245)	-	(2,731)	-
Net profit after tax	(252,460)	34,817	(1,182)	-	(5,188)	-
Opening unallocated funds	-	-	-	-	-	-
Total available for allocation	(252,460)	34,817	(1,182)	-	(5,188)	-
Allocated to investors	(252,460)	34,817	(1,182)	-	(5,188)	-
Closing unallocated funds	-	-	-	-	-	-
BALANCE SHEET						
Assets						
Cash and liquid assets	-	9,928	185,758	-	1,219	-
Receivables	97,645	120,782	1,728	-	1,034	-
Securities / Deposits / Bills	3,179,201	2,095,040	53,109	-	45,514	-
Deferred tax assets	166,538	23,340	1,228	-	2,669	-
Receivable from management fund	-	-	-	-	-	-
Total assets	3,443,384	2,249,090	241,823	-	50,436	-
Liabilities						
<i>Other liabilities</i>						
Overdraft	22,563	-	-	-	-	-
Payable to management fund	3,591	2,749	172	-	39	-
Creditors and other liabilities	2,561	2,935	240	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Provision for income tax	31,481	34,805	-	-	-	-
Total other liabilities	60,196	40,489	412	-	39	-
<i>Policyholder liability</i>						
Opening balance	2,208,601	14,969	-	-	-	-
Contributions	1,866,562	2,192,271	242,618	-	55,604	-
Withdrawals	(439,515)	(33,456)	(25)	-	(19)	-
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	-	-	-	-	-	-
Allocation of surplus/(deficiency)	(252,460)	34,817	(1,182)	-	(5,188)	-
Total policyholder liabilities	3,383,188	2,208,601	241,411	-	50,397	-
Total liabilities	3,443,384	2,249,090	241,823	-	50,436	-
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Portfolio No. 22 MLC Horizon 4 Balanced		Cash Achiever Bond		Annuity Achiever Fund 39	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	156	-	8,892	23,463	10,355	12,604
Distribution income	8,088	-	-	-	-	-
Fees received from investors	2,058	-	7,582	9,490	2,441	3,179
Revaluation of investments	-	-	-	22,561	-	57,818
Realised gains	-	-	69,886	23,821	152,777	66,394
Other income	-	-	-	-	-	-
Total income	10,302	-	86,360	79,335	165,573	139,995
Expenses						
Fees paid to management fund	2,127	-	27,175	31,407	40,816	45,509
Revaluation of investments	12,006	-	9,565	-	26,382	-
Realised losses	-	-	-	-	-	-
Other expenses	-	-	2,668	1,743	1,755	3,421
Total expenses	14,133	-	39,408	33,150	68,953	48,930
Profit/(loss) before income tax	(3,831)	-	46,952	46,185	96,620	91,065
Income tax expense/(benefit)	(1,234)	-	19,965	20,429	14,493	12,574
Net profit after tax	(2,597)	-	26,987	25,756	82,127	78,491
Opening unallocated funds	-	-	52,395	96,830	17,377	81,156
Total available for allocation	(2,597)	-	79,382	122,586	99,504	159,647
Allocated to investors	(2,597)	-	41,056	70,191	75,318	142,270
Closing unallocated funds	-	-	38,326	52,395	24,186	17,377
BALANCE SHEET						
Assets						
Cash and liquid assets	2,831	-	64,570	115,519	48,151	29,570
Receivables	8,088	-	-	-	-	-
Securities / Deposits / Bills	101,214	-	896,900	985,682	1,873,922	2,051,705
Deferred tax assets	3,602	-	73	-	37	-
Receivable from management fund	-	-	-	-	-	-
Total assets	115,735	-	961,543	1,101,201	1,922,110	2,081,275
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	-	-
Payable to management fund	499	-	2,080	2,389	3,328	4,185
Creditors and other liabilities	1,364	-	245	-	245	4,795
Deferred tax liabilities	-	-	5,864	8,733	5,196	9,153
Provision for income tax	2,368	-	22,906	13,661	18,487	4,987
Total other liabilities	4,231	-	31,095	24,783	27,256	23,120
<i>Policyholder liability</i>						
Opening balance	-	-	1,076,418	1,263,635	2,058,155	2,298,986
Contributions	114,120	-	119,042	214,698	3,475	5,064
Withdrawals	(19)	-	(289,308)	(426,518)	(245,625)	(322,318)
Regulation 27	-	-	-	(116)	-	(617)
Movement in unallocated surplus	-	-	(14,069)	(44,435)	6,809	(63,779)
Allocation of surplus/(deficiency)	(2,597)	-	38,365	69,154	72,040	140,819
Total policyholder liabilities	111,504	-	930,448	1,076,418	1,894,854	2,058,155
Total liabilities	115,735	-	961,543	1,101,201	1,922,110	2,081,275
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Annuity Achiever Fund 46		Funeral Plan Bond		Heritage Investment Bond Fund	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Interest income	73,495	71,129	14,265	11,058	140,066	181,290
Distribution income	-	-	-	-	-	-
Fees received from investors	624	600	-	-	-	-
Revaluation of investments	-	15,146	-	18,320	7,743	-
Realised gains	42,457	15,517	76,565	46,025	425,869	492,945
Other income	-	-	9,457	6,017	62,463	44,810
Total income	116,576	102,392	100,287	81,420	636,141	719,045
Expenses						
Fees paid to management fund	37,234	36,328	24,133	24,013	59,524	66,729
Revaluation of investments	2,581	-	8,497	-	-	82,401
Realised losses	-	-	-	-	-	-
Other expenses	1,658	3,544	918	8,908	640	(42,242)
Total expenses	41,473	39,872	33,548	32,921	60,164	106,888
Profit/(loss) before income tax	75,103	62,520	66,739	48,499	575,977	612,157
Income tax expense/(benefit)	11,266	9,257	-	-	171,912	190,583
Net profit after tax	63,837	53,263	66,739	48,499	404,065	421,574
Opening unallocated funds	5,685	60,589	10,115	2,022	132,504	29,391
Total available for allocation	69,522	113,852	76,854	50,521	536,569	450,965
Allocated to investors	46,899	108,167	52,483	40,406	384,669	318,461
Closing unallocated funds	22,623	5,685	24,371	10,115	151,900	132,504
BALANCE SHEET						
Assets						
Cash and liquid assets	219,476	685,490	27,955	202,206	2,223,279	2,094,787
Receivables	-	-	-	41	-	41
Securities / Deposits / Bills	1,700,118	1,224,735	1,178,674	998,461	5,900,182	6,788,480
Deferred tax assets	37	-	-	-	591	-
Receivable from management fund	-	-	7,325	4,317	57,445	38,584
Total assets	1,919,631	1,910,225	1,213,954	1,205,025	8,181,497	8,921,892
Liabilities						
<i>Other liabilities</i>						
Overdraft	-	-	-	-	-	-
Payable to management fund	2,998	2,983	-	-	-	-
Creditors and other liabilities	245	-	1,942	4,800	1,969	5,200
Deferred tax liabilities	2,006	2,393	-	-	4,225	1,902
Provision for income tax	11,690	7,106	-	-	170,180	215,303
Total other liabilities	16,939	12,482	1,942	4,800	176,374	222,405
<i>Policyholder liability</i>						
Opening balance	1,897,743	1,896,632	1,200,225	1,241,800	8,699,487	10,048,562
Contributions	5,147	8,448	6,082	8,742	33,434	47,967
Withdrawals	(62,989)	(60,600)	(59,052)	(95,044)	(1,116,457)	(1,793,929)
Regulation 27	-	-	-	-	-	-
Movement in unallocated surplus	16,938	(54,904)	14,256	8,093	19,396	103,113
Payment of terminal bonus	-	-	(1,400)	(2,800)	(4,760)	(3,920)
Allocation of surplus/(deficiency)	45,853	108,167	51,901	39,434	374,023	297,694
Total policyholder liabilities	1,902,692	1,897,743	1,212,012	1,200,225	8,005,123	8,699,487
Total liabilities	1,919,631	1,910,225	1,213,954	1,205,025	8,181,497	8,921,892
Net assets	-	-	-	-	-	-
Policyholder equity	-	-	-	-	-	-

39. Life investment contracts financial statements (continued)

	Investment Bond Fund		TOTAL Life Investment	
	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT				
Income				
Interest income	41,281	5,606	761,792	313,234
Distribution income	-	-	3,303,619	4,457,497
Fees received from investors	-	-	727,606	465,037
Revaluation of investments	29,078	89,315	-	745,141
Realised gains	252,022	226,545	-	831,957
Other income	34,042	24,476	112,280	77,943
Total income	356,423	345,942	4,905,297	6,890,809
Expenses				
Fees paid to management fund	56,470	62,039	1,536,073	984,899
Other expenses	690	10,035	8,329	(14,591)
Revaluation of investments	-	-	13,741,418	-
Realised losses	-	-	331,939	-
Total expenses	57,160	72,074	15,617,759	970,308
Profit/(loss) before income tax	299,263	273,868	(10,712,462)	5,920,501
Income tax expense/(benefit)	96,508	93,430	(3,364,300)	1,648,834
Net profit after tax	202,755	180,438	(7,348,162)	4,271,667
Opening unallocated funds	52,948	18,243	271,024	288,231
Total available for allocation	255,703	198,681	(7,077,138)	4,559,898
Allocated to investors	214,123	145,733	(7,380,125)	4,288,874
Closing unallocated funds	41,580	52,948	302,987	271,024
BALANCE SHEET				
Assets				
Cash and liquid assets	50,979	906,471	2,627,352	4,192,187
Receivables	-	41	2,062,086	3,305,423
Securities / Deposits / Bills	4,389,145	4,065,010	93,088,215	61,383,178
Deferred tax assets	591	-	4,051,033	251,453
Receivable from management fund (net)	29,649	20,075	18,712	62,976
Total assets	4,470,364	4,991,597	101,847,398	69,195,217
Liabilities				
<i>Other liabilities</i>				
Overdraft	-	-	-	-
Payable to management fund	-	-	-	79,795
Creditors and other liabilities	1,969	5,200	55,339	62,659
Deferred tax liabilities	17,852	9,128	44,074	361,355
Provision for income tax	88,376	94,675	717,574	1,478,427
Total other liabilities	108,197	109,003	816,987	1,982,236
<i>Policyholder liability</i>				
Opening balance	4,882,594	5,319,834	67,212,981	37,737,390
Contributions	9,859	6,099	55,138,275	31,346,165
Withdrawals	(718,702)	(614,458)	(13,933,940)	(6,101,242)
Regulation 27	-	-	-	(733)
Movement in unallocated surplus	(11,368)	34,705	31,963	(17,207)
Payment of terminal bonus	(4,480)	(3,220)	(10,640)	(9,940)
Allocation of surplus/(deficiency)	204,264	139,634	(7,408,228)	4,258,548
Total policyholder liabilities	4,362,167	4,882,594	101,030,411	67,212,981
Total liabilities	4,470,364	4,991,597	101,847,398	69,195,217
Net assets	-	-	-	-
Policyholder equity	-	-	-	-

40. Life insurance contracts financial statements

	Assurance Fund		Oddfellows Fund		TOTAL Life Insurance	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
INCOME STATEMENT						
Income						
Premium income:						
Contributions from members	4,326	4,231	-	-	4,326	4,231
Investment income:						
Changes in net market value	31,341	30,716	227,307	106,363	258,648	137,079
Interest income	2,875	1,940	204,576	145,327	207,451	147,267
Other income:						
Actuarial revaluations	14,048	(5,148)	(296,280)	95,375	(282,232)	90,227
Other	3,748	2,481	53,315	33,656	57,063	36,137
Total income	56,338	34,220	188,918	380,721	245,256	414,941
Expenses						
Claims expense:						
Benefit payments to members	28,600	37,951	141,610	130,685	170,210	168,636
Other operating expenses:						
Fees paid to management fund	7,550	7,818	150,100	144,721	157,650	152,539
Other expenses	4,691	10,869	4,631	14,139	9,322	25,008
Total expenses	40,841	56,638	296,341	289,545	337,182	346,183
Profit/(loss) before income tax	15,497	(22,418)	(107,423)	91,176	(91,926)	66,758
Income tax expense/(benefit)	5,886	10,808	-	-	5,886	10,808
Net profit/(loss) after tax	9,611	(33,226)	(107,423)	91,176	(97,812)	57,950
Opening unallocated surplus	63,575	96,801	405,709	314,533	469,284	411,334
Total available for allocation	73,186	63,575	298,286	405,709	371,472	469,284
Surplus allocated to members	1,792	-	239,039	-	240,831	-
Closing unallocated funds	71,394	63,575	59,247	405,709	130,641	469,284
BALANCE SHEET						
Assets						
Assets backing life insurance liabilities:						
Cash and liquid assets	52,619	26,631	56,712	328,096	109,331	354,727
Receivables	-	75	-	109	-	184
Receivable from management fund	3,104	1,847	40,784	20,412	43,888	22,259
Securities / Deposits / Bills	442,519	484,900	6,740,139	6,373,961	7,182,658	6,858,861
Deferred tax assets	1,009	-	-	-	1,009	-
Total assets	499,251	513,453	6,837,635	6,722,578	7,336,886	7,236,031
Liabilities						
Life insurance liabilities:						
Overdraft	-	-	-	-	-	-
Payable to management fund	-	-	-	-	-	-
Creditors and other liabilities	3,364	6,220	4,847	8,500	8,211	14,720
Deferred tax liabilities	348	196	-	-	348	196
Provision for income tax	6,744	12,074	-	-	6,744	12,074
Total life insurance liabilities	10,456	18,490	4,847	8,500	15,303	26,990
Policyholder liability	417,401	431,388	6,485,672	6,020,500	6,903,073	6,451,888
Total liabilities	427,857	449,878	6,490,519	6,029,000	6,918,376	6,478,878
Net assets	71,394	63,575	347,116	693,578	418,510	757,153
Policyholder equity						
Equity at the start of the year	63,575	96,801	693,578	1,914,533	757,153	2,011,334
Bonus	(1,792)	-	(239,039)	(1,312,131)	(240,831)	(1,312,131)
Profit/(loss) for the year	9,611	(33,226)	(107,423)	91,176	(97,812)	57,950
Equity at the end of the year	71,394	63,575	347,116	693,578	418,510	757,153

Additional stock exchange information as at 19 August 2008 (unaudited)

Number of holders of equity securities

Fully paid ordinary share capital

119,702,119 fully paid ordinary shares are held by 878 shareholders

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

Partly paid ordinary share capital

5,153,580 partly paid ordinary shares are held by 39 shareholders

Partly paid ordinary shares carry voting and dividend entitlements on a pro-rata basis according to the amount paid up on each share (as a proportion of \$0.95)

Share rights

9,220,000 share rights are held by 61 holders

Share rights do not carry the right to vote or receive a dividend

Options

9,997,440 options (with entitlements to 9,997,440 ordinary shares) are held by 28 optionholders

Options do not carry the right to vote.

Distribution of holders of equity securities

Number of shares held	Fully paid ordinary shares	Partly paid ordinary shares	Share rights	Options
1 - 1,000	147	0	0	0
1,001 - 5,000	324	0	0	0
5,001 - 10,000	128	2	10	0
10,001 - 100,000	183	23	27	11
100,001 and over	96	14	24	17
Total	878	39	61	28
Holdings less than a marketable parcel	123	n/a	n/a	n/a

Substantial shareholders

Substantial shareholders	Number
Smith Peaco Nominees Pty Ltd	14,510,220
Martin Edward Ryan	14,212,980
John David Wheeler	11,875,200
Patricia Mary Tooth	8,078,560
Goh Geok Khim	7,999,600

Twenty largest holders of quoted equity securities

Ordinary shareholders	Number	Fully paid percentage
Mr Martin Edward Ryan	12,092,692	10.102
Mr Garry Eather<Austock Employee Share A/C>	9,220,000	7.702
Mr John David Wheeler	7,768,800	6.490
Smith Peaco Nominees Pty Ltd <The Bessemer Property A/C>	6,639,100	5.546
Ms Patricia Mary Tooth	6,578,560	5.496
Onever Pty Ltd	5,871,120	4.905
Mr Edmund Stuart Groves	5,000,000	4.177
Mr Alexander Llewellyn Smith	4,065,600	3.396
Mr Peter Geoffrey Hollick	3,525,140	2.945
Solanum Investment Pte Ltd	3,500,000	2.924
Mr Ryan James Whitelegg	3,051,920	2.550
Future Equity Investments Limited	2,500,000	2.089
Mr Vincent Gerard Harink	2,162,740	1.807
Robcharta Nominees (NSW) Pty Ltd	2,000,400	1.671
Mr Goh Geok Khim	1,999,600	1.670
Mr Don Lazzaro & Mrs Ann Lazzaro <Super Fund A/C>	1,647,396	1.376
Mr John David Wheeler<Wheelsup Super Fund A/C>	1,631,200	1.363
ADBO Group Pty Ltd<ADBO Unit A/C>	1,396,191	1.166
Sandhurst Trustees Ltd<JM Asset Management A/C>	1,300,000	1.086
Mrs Penelope Clarkson	1,150,000	0.961
	83,100,459	69.423

Securities subject to voluntary escrow

Escrow release date	Number of escrowed shares
1 October 2008	4,914,169
25 November 2008	33,334
29 November 2008	22,010,663
5 December 2008	260,748
13 January 2009	5,714
3 February 2009	60,000
28 May 2009	132,322
30 June 2009	17,143
1 July 2009	596,666
14 August 2009	17,863
1 October 2009	1,699,649
25 November 2009	33,333
29 November 2009	3,999,562
5 December 2009	260,740
3 February 2010	60,000
28 May 2010	132,322
1 June 2010	535,713
30 June 2010	17,142
1 July 2010	596,656
14 August 2010	17,859
1 October 2010	141,567
25 November 2010	33,333
5 December 2010	260,732
16 December 2010	63,940
3 February 2011	60,000
28 May 2011	132,321
1 October 2011	88,235
3 February 2012	60,000
28 May 2012	28,801
Pursuant to rules of ESOP	9,220,000
Pursuant to rules of partly paid share plan	5,153,580
Pursuant to rules of SOP	30,192
	50,674,299

On market buy back

There is no current on-market buy-back.

Corporate information

Company Directors

Mr William (Bill) Eric Bessemer

Mr Timothy (Tim) David Boyle

Mr Victor (Vic) David Cottren

Mr Michael (Mike) Edward McFarlane

Mr Christopher (Chris) Alan Sadler

Executive Chairman

Managing Director and Chief Executive Officer

Non Executive Director

Non Executive Director

Non Executive Director

Company Secretary

Ms Amanda Jane Gawne

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Share Register

Registries Limited

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Sydney NSW 2000

Bankers

National Australia Bank

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BankWest

Level 5, 600 Bourke Street

Melbourne VIC 3000

Auditor

KPMG

147 Collins Street

Melbourne VIC 3000

Appointed Actuary

Allen L Truslove

Actuary and Statistician

570 Bourke Street

Melbourne VIC 3000