

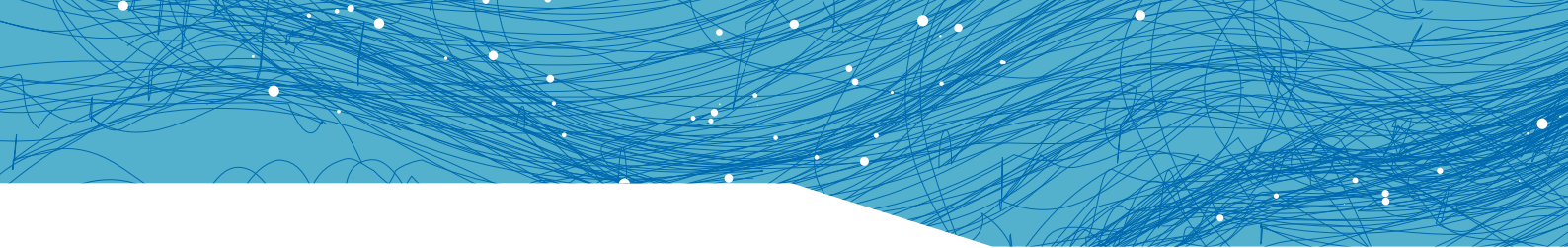
Annual Report Summary

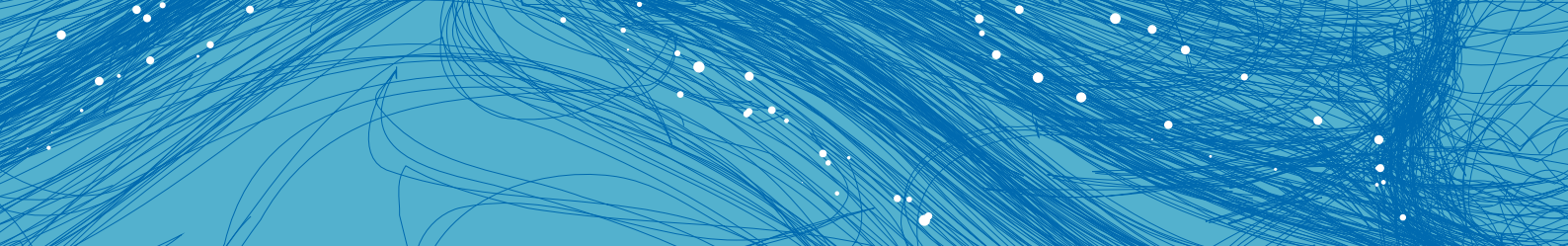
2016–2017



*Creating
greater
member
value*







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*Peace and Freedom by Kaysana Elap,
winner of the ASG Indigenous Art Award*

about ASG

We help families and individuals fulfil their education aspirations with savings plans that help cover the rising cost of education, and a range of resources to support learning.

We support children's education from early childhood, primary to secondary, and from post-secondary to professional development for upskilling or retraining for a new career.

We also advocate on the importance of education and lifelong learning to drive positive outcomes.

Since our inception in 1974, we have supported the education journey of more than 540,000 children, and have returned more than \$2.8 billion in education benefits and scholarship payments to members and their children.

We are a member owned organisation, which means profits are invested into the business to benefit our members and their children.

We operate in a well regulated environment that is overseen by the Australian Prudential Regulation Authority and the Australian Securities and Investment Commission, and the Financial Markets Authority in New Zealand.

Our **mission** and long-term strategic goals

ASG's mission is to support families and individuals to fulfil their education and lifelong learning aspirations.

We will achieve this mission by:

- » providing financial products that offset the cost of education and lifelong learning
- » providing individuals with a range of educational resources that support education and lifelong learning
- » advocating for the importance of education and lifelong learning in nation building.

Our long-term strategy is based on three pillars—financial products, educational resources and advocacy.

Over the past three years, we have grown in our enrolments and membership numbers through a combination of new products; new distribution channels; rebranding; and advocating on our members' behalf to deliver a more compelling membership value proposition.

This has positioned ASG well for the next stage of our development. This will entail growth in the Australian and New Zealand markets, diversification of our revenue base through new product and service development, expansion of our educational resources proposition, and strengthening our voice as an advocate on education related matters.



Advocacy

MISSION

ASG supports individuals to fulfil their **education** and **lifelong learning**

ASG



Educational resources



Financial products

- » Pathway Education Fund (PEF) assists families with the cost of education during all learning stages—offering flexibility around contributions and access to funds. This product was launched in New Zealand in August 2017.
- » Lifelong Education Fund (LEF) helps individuals save for their professional and personal development. This product was launched in New Zealand in August 2017.
- » The Education Fund (TEF) assists with basic secondary and post-secondary education costs.
- » The Supplementary Education Program (SEP) assists those who have specific education goals in mind—such as private schooling or those who want to plan comprehensively for their child’s future education.
- » ASG Funding Solutions allows parents to pay for their child’s school fees in manageable instalments.



Advocacy

ASG has been a leading advocate on the importance of education and learning for more than four decades. Our goal is to help achieve the best possible outcomes for education in the countries in which we operate.

We achieve this goal by speaking out and advocating on education issues on behalf of and with individuals, communities and policy makers.

We focus on creating awareness and stimulating national debates on issues such as equitable access to education; the cost of education; and the provision of a high quality education.

In order to achieve this goal we publish a wide range of evidence based research findings such as:

- » the ASG Planning for Education Index
- » the ASG Planning for University Index
- » The ASG Parents Report Card
- » White papers and policy submissions.

We also contribute to education through our support of The Smith Family and the annual ASG National Excellence in Teaching Awards (ASG NEiTA) program, which gives the community an opportunity to recognise teachers who have made an impact on children’s education in Australia and New Zealand.

Educational resources



- » *My ASG*, our member portal, provides parents with an expanding range of education, parenting and career content, tools and resources, as well as member discounts and special offers to support their children’s education.
- » ASG You Can Do It! Education (YCDI) is a social and emotional learning program for student achievement and wellbeing.
- » ASG Books: A range of educational books, which encourage the growth and use of the mind and have been written by specialists in their field.
- » Learning Games®: 200 individualised experiences or educational games developed by world leading early childhood development expert Professor Joseph Sparling.
- » Webinars: Presentations on topical issues that are relevant for parents.
- » Exclusive member discounts on educational resources.



Financial products

annual highlights for 2016/2017

ASG paid
\$260 million

in education benefits and scholarship payments to members

Growth of
21%
in the number of new children enrolled into ASG



Number of new members grew by

 **29%**

Grew

corporate partnerships 

with organisations such as Accumulate Loyalty, Nufarm, Credit Union Australia, Gateway Credit Union and NobleOak

Enhanced the member portal



My ASG

to allow members to do more online



Member satisfaction

grew by 10 per cent

Launched My Knowledge

a hub where members can access a range of useful educational content



Cost savings of

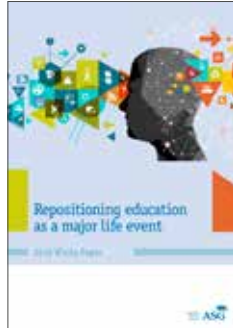
\$350,000

generated through employee continuous improvement program

Launched new member benefits

in Australia and New Zealand

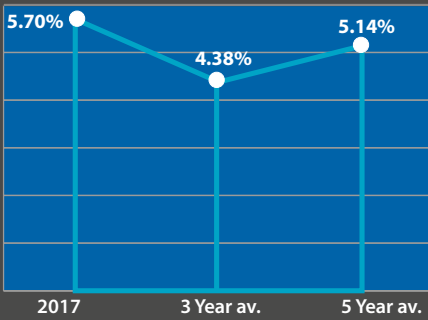
- » Launched new product—Lifelong Education Fund Australia to support individuals' education aspirations.
- » Launched ASG Funding Solutions in Australia to help parents manage school related costs in fortnightly or monthly payments.
- » Simplified the scholarships claim process to make transactions quicker and easier for members.



- » Published *Repositioning education as a major life event*—a whitepaper that created a national conversation about the importance of treating education as a major life event.

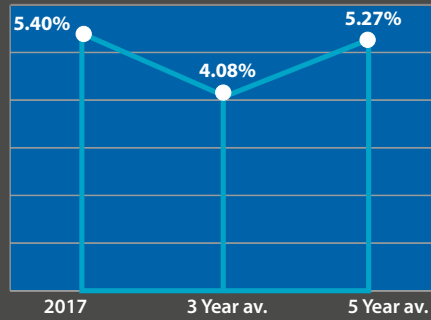
The Education Fund (Australia)

Annual bonus rates



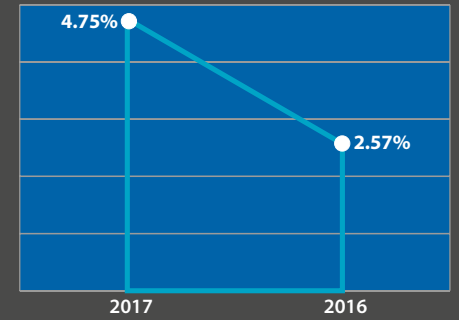
Supplementary Education Program (Australia)

Annual bonus rates



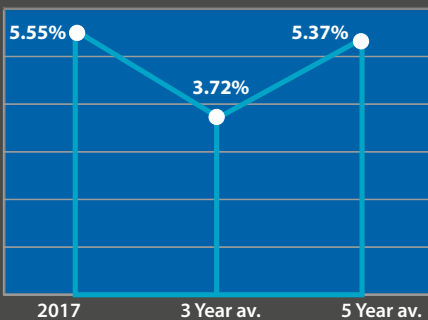
The Pathway Education Fund

Annual bonus rate



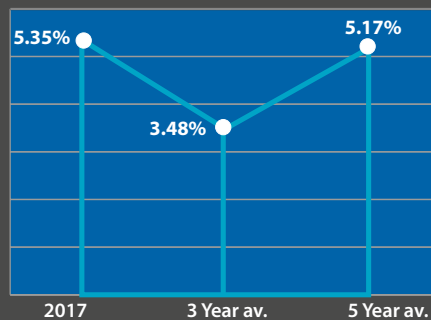
The Education Fund (New Zealand)

Annual bonus rates



Supplementary Education Program (New Zealand)

Annual bonus rates



chairman's report

ASG's Board and management continue to challenge the organisation and advance its impact in the three key areas of strategic importance—advocacy, financial products and educational resources to support improved education outcomes for our members and the society.

We aim to be a holistic education services provider focusing not only on traditional secondary and post-secondary education, but also recognising the growing demand for services and products that help individuals and companies support lifelong learning.

This report provides an overview of ASG's strategic, social and financial performance. As Chairman of ASG I am very proud of what the staff and management have achieved over the course of the year and congratulate everyone involved. In the following sections of my report I would like to particularly highlight some of the impact we are having from an advocacy point of view, point out our adoption of an important global social policy and recognise some changes at Board.

The education **landscape**

ASG's role in the provision of education services in Australia and New Zealand continues to highlight the importance of supporting the education sector through advocacy. The education sectors in these countries are constantly balancing the need to get strong educational outcomes in a challenging economic and political environment. This means that our education systems must address one of the biggest challenges we face—of managing a transition from a manufacturing economy to a knowledge based and innovative one.

We have actively responded to government measures such as budget announcements to ensure that we present our concerns and goals for a better education sector. In New Zealand, education continues to garner attention with the government providing new funding pledges over the next four years. In Australia, the federal budget made a new offer of funding to states and territories, and stepped away from the controversial university fee deregulation.

However, our research¹ continually shows that Australian and New Zealand parents are worried about the cost of education, which continues to increase significantly. We will continue to call on all levels of government to work together in a bipartisan manner to ensure that they are placing the recipients of education at the heart of everything they do.

Our research also shows that not only are parents worried about their children's education, they can also see that the rapidly changing employment landscape poses challenges to their children's future.

Today's world demands that we prepare children and adults for major career changes and a future that will be shaped by the expansion of automation and technology. The reality is that education has become a constant and ongoing aspect in our lives. It is no longer something we acquire once in our youth, but rather something that is linked to many parts of our lives.

ASG has advocated that the government generate considerable savings by helping parents to save for their children's education. ASG's white paper: *Repositioning education as a major life event*, found that 85 per cent of parents support a co-contribution savings scheme where the government would provide parents and families with incentives to save for education. This is supported by further research², which shows approximately 60 per cent of students rely on their parents for financial support while at university. This creates further financial strain on the family budget with students now required to fund 46 per cent of their course costs—up from 42 per cent.

We will continue to monitor legislative changes in both countries and also advocate strongly to achieve the best possible outcomes that support the education aspirations of our members.

¹ ASG Planning for Education Index, 2016, 2015, 2014

² ASG Higher Education Student Survey 2015

Signing up to the **United Nations Global Compact**

Towards the end of the financial year we made a decision to sign up to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. ASG will continue to follow and improve its performance against the UNGC principles to support future sustainability by building linkages between our business operations and our environmental, social and governance practices. We look forward to sharing evidence of our commitment towards this important goal in next year's annual report.

Board update

Vale Terry O'Connell

We are saddened with the passing of Terry O'Connell, an ASG Board director, on 28 August 2017, after a protracted illness. Terry's long association with the Australian Scholarships Group (ASG) began in 1983. During his time at ASG he was its CEO, managing director, chairman, and non-executive director.

Under his leadership, ASG gained recognition as not-for-profit organisation, which encouraged parents to save for their children's future education. Terry was also the pioneer of the ASG National Excellence in Teaching Awards (NEITA)—which he initiated in 1994. Now in its 23rd year the ASG NEITA acknowledges the great work teachers do in our communities, both in Australia and New Zealand.

Terry was also a significant influence in the Friendly Societies movement. He was appointed to the Friendly Societies of Australia (FSA) as a committee member in 2006 and appointed its president in October 2011 until his retirement in November 2013.

For ASG's Board and staff, Terry's passion, drive and belief for ASG and its impact in helping to improve educational outcomes was an inspiration to all, including his mentorship of many individuals.

New participating consultant

During the year we recruited a new participating consultant—André Carstens—to provide specialist advice to the Board. André, a chartered accountant by profession, has a strong interest in corporate governance, improving business productivity, and mergers and acquisitions. We welcome André to ASG and look forward to working with him.

Thank you

ASG remains a great organisation we can all be proud of and this is thanks to the support we receive from our members, our employees and management, and the Board. I look forward to working with you all to keep delivering on our strategy and generating long-term value to our members.



Craig Dunstan
Chairman

85% of parents

*support a government co-contribution savings scheme for education expenses**

* Repositioning education as a major life event, ASG white paper, 2016.

This year has been a strong one as we made positive inroads in building a powerful member value proposition. We saw strong evidence of a considerable momentum in the modernisation of the organisation and awareness of ASG in the market. It has been a year that has seen ASG generating greater value for our members.

ceo's report

Business performance

Funds under management remained strong at \$1.48 billion as we continued to refine our strategic asset allocation to drive sound returns in an increasingly challenging external environment.

In Australia, the bonus rate for The Education Fund was 5.70 per cent, the Supplementary Education Program was 5.40 per cent, and the Pathway Education Fund was 4.75 per cent. In New Zealand, The Education Fund (NZ) was 5.55 per cent and the Supplementary Education Program (NZ) was 5.35 per cent.

Our ability to attract more members was enhanced as we now provide potential members with more opportunities to engage with ASG through our existing and new channels—thus providing more choice.

We also introduced a corporate partnership initiative and worked with various organisations to introduce the ASG offering to their employees or members. These partnerships included Accumulate Loyalty; Nufarm—a global agricultural chemical organisation; Ramsay Health; Credit Union Australia—a member owned national credit union; Gateway Credit Union, and NobleOak Friendly Society.

This multi-faceted approach saw a growth of 21 per cent in the number of new children enrolled into ASG compared to last year, and the number of new members introduced grew by 29 per cent.

Improving the member experience

We considerably enhanced our member service with the introduction of new systems and processes that enabled us to respond more effectively to member requests. This change also meant that when members call us we can answer their questions promptly—minimising paperwork and delays.

The enhancements to the member service also saw significant improvements in how we do things. We released the annual member benefit payments six weeks earlier than in previous years; simplified the claim process for tertiary students to receive their scholarship benefit payments; and paid benefit and scholarship payments electronically. We made close to a record 40,000 payments to members and beneficiaries between January and March this year.

During the year we also introduced a new product—Lifelong Education Fund. The new product caters specifically for those individuals who want to proactively plan for their future education beyond post-secondary studies and as part of their professional development.

We also introduced new member only benefits and discounts for school related items, insurance and home loans.

The year also saw ASG stepping up its communication with members. We redeveloped our member portal, *My ASG*, to enable members to do more online—from viewing their account information, updating their membership details and that of their children, to accessing an expanding range of special offers, information, and educational resources.

We also developed more education resources and introduced a series of webinars to provide members with useful information on educational topics.

Thank you

Our new growth momentum and strong culture of continuous improvement will need to be maintained to ensure we perform strongly into the future. As we continue to improve our efficiencies, we will also need to manage our costs and innovate strongly to ensure we are continually improving every element of our business and the value we provide to members.

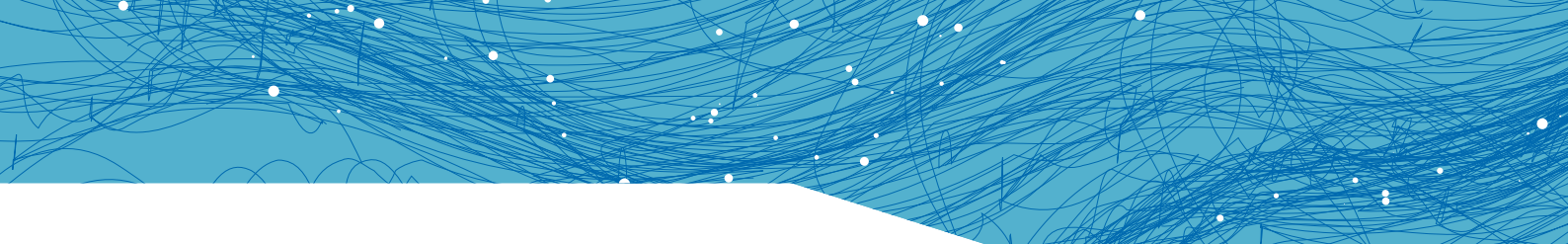
I would like to thank the ASG board of directors, employees and our members for the support and encouragement to continuously improve each year.



John Velegrinis
Chief Executive Officer

*It has been a year
that has seen
ASG generating
greater value
for our members.*





our members

Historically, the typical ASG members were parents saving for their children’s education. Thanks to our expanded mission we now support the educational aspirations of adults. Some of our members have been with us for generations—parents who saved for their children’s education and are now supporting their grandchildren’s education.

Our growing partnership with corporate organisations such as Nufarm, Ramsay Health and Accumulate Loyalty has also brought in new members who are saving for their children’s or their own education.

“It was a great incentive for the boys to know that the cost of their education would not be a burden to us.”

Deb de Boer
ASG member, Australia



"I know their future is safe when they decide to pursue higher education."

Raman Singh
ASG member, New Zealand



"We knew education costs were rising and we didn't want our children to be burdened with a student loan early in their careers."

Tony Rogers
ASG member, New Zealand

Financial products

Enno and Deb de Boer—members since 1993—enrolled their sons, Zennon and Jasper, in ASG when they were toddlers.

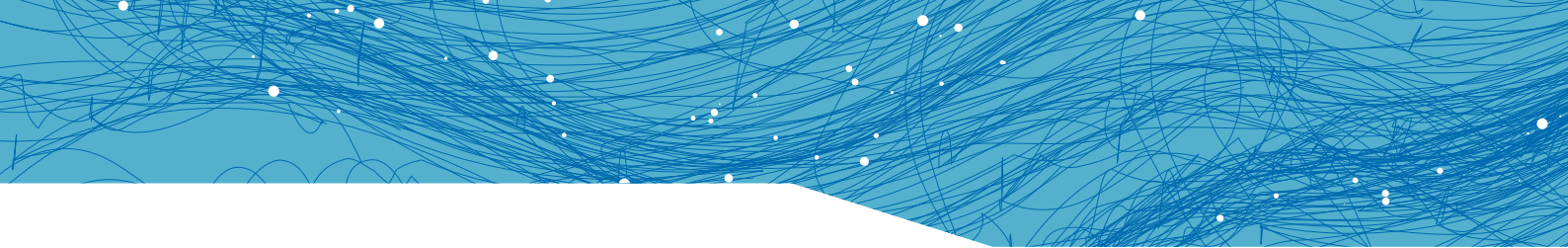
"It was a great incentive for the boys to know that the cost of their education would not be a burden to us," says Deb. "Their certificates were displayed to remind them of how much importance we placed in education."

Tony Rogers from Wellington enrolled his children to fund their tertiary education.

"We knew education costs were rising and we didn't want our children to be burdened with a student loan early in their careers," he says.

"The best part of enrolling them in ASG was telling them that some of their education costs are covered for tertiary study. The big smile and hug you receive shortly after is an added bonus!"

"Enrolling my children in ASG is about investing in their future education," says **Raman Singh** from Auckland. "I know their future is safe when they decide to pursue higher education."



our members

Financial products... continued

Abdul Rahim Mohammed wants to combine his passion for STEM with his future career and study aeronautical engineering at university. "I want to be a pilot and follow my dad's footsteps," he says.

Abdul is also a leading cadet at the Australian Air League, represents his school and local club in sports, debates, and cooks for the St. Vincent's soup van.

Nineteen year old, **Liyana Farabi** was the first member to enrol in ASG's Lifelong Education Fund. Initially convinced to save for education by her father, Liyana is looking forward to the benefits the fund will provide.

"Along with encouraging me to save for my education, I plan to use the fund to pay off my HECS quickly and also use it for future education purposes," says Liyana.

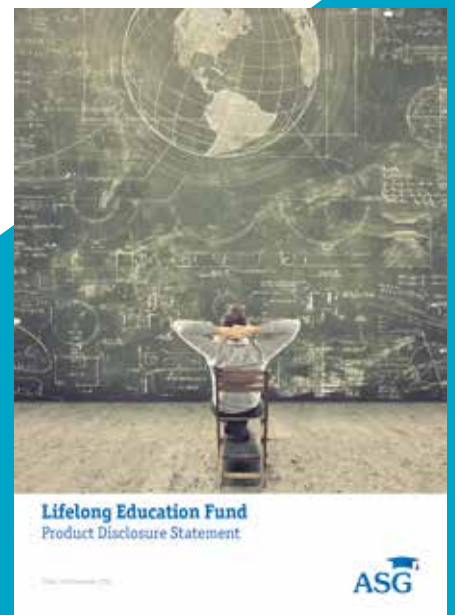


"I want to be a pilot and follow my dad's footsteps."

Abdul Rahim Mohammed
ASG student, Australia

"I hope to use the fund to pay off my HECS quickly and also use it for future education purposes."

Liyana Farabi
ASG member, Australia





For grandmother **Raja Sam** "education earns respect". Her son, Edward, was enrolled in the Scholarship Benefit Fund more than 25 years ago, and Raja has now enrolled her grandchildren in ASG.

"Our grandchildren need our support so that they can have a secure future," says Raja. "I am ensuring that both have the financial support and encouragement they need for a good education."

ASG Funding Solutions allows parents to pay for their child's school fees, uniforms, books and other education items in manageable weekly, fortnightly or monthly instalments over the year. It makes managing the costs associated with education easy.

"ASG Funding Solutions allows me to pay the school fees monthly instead of upfront to the school," says **Anna Green**.

"When my children do extra school activities these are added to my membership. Without ASG's Funding Solutions I couldn't afford to send my three children to private school without getting a bank loan."

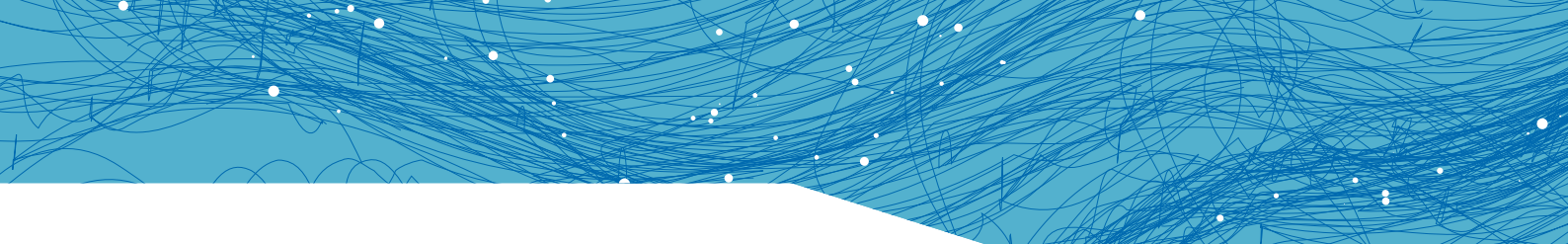
"I am ensuring that my grandchildren have the financial support and encouragement they need for a good education."

Raja Sam with her grandchildren
ASG member, Australia

"ASG Funding Solutions allows me to pay the school fees monthly instead of upfront to the school."

Anna Green
ASG Funding Solutions customer, Australia





our members

Financial products... continued

“Education and personal development—not just for our employees—but for their families is important to us, which is why Nufarm specifically chose to partner with ASG,” says **James Royle** of Nufarm Limited.

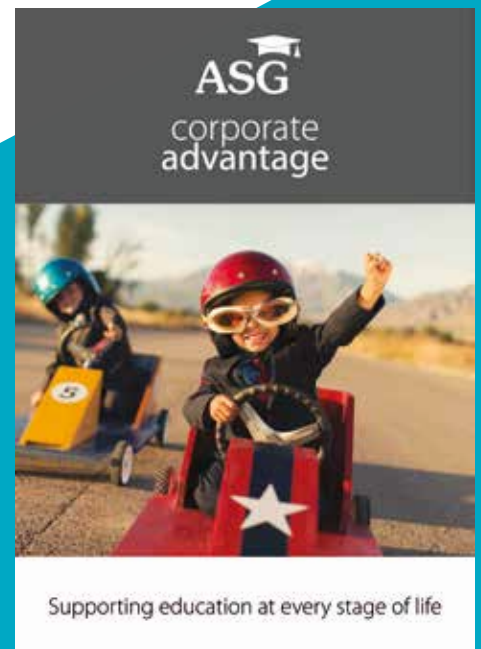
“ASG’s services support our employees and their families to plan, save and structure their individual education journeys.”

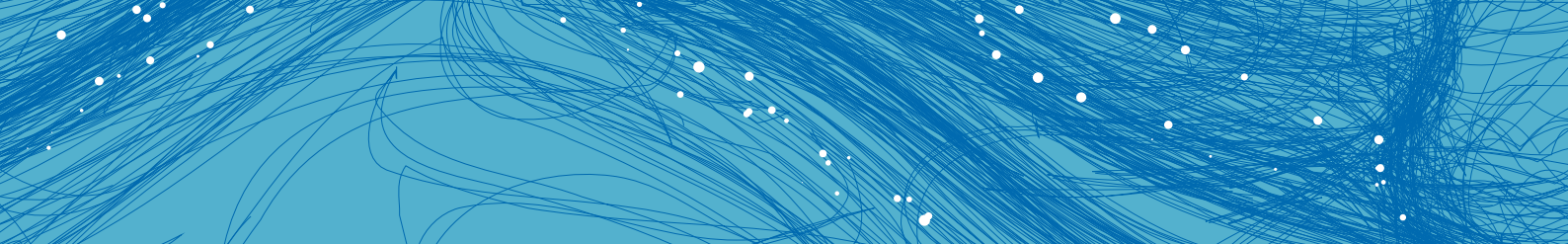
“ASG’s services support our employees and their families to plan, save and structure their individual education journeys.”

James Royle
Nufarm Limited, an ASG corporate partner



We also introduced a corporate partnership initiative and worked with various organisations to introduce the ASG offering to their employees or members. These partnerships included Accumulate Loyalty; Nufarm—a global agricultural chemical organisation; Ramsay Health; Credit Union Australia—a member owned national credit union; Gateway Credit Union, and NobleOak Friendly Society.





Education resources

Through the year we added services and system functionality to our member portal, My ASG, to enhance the member experience.

One of the new services we introduced were a series of webinars on the impact of digitalisation on education and young people.

For members **Darion** and **Marina Teoh** “the webinars were not only informative, but also useful to start conversations with our children on device usage and screen time.”

ASG You Can Do It! Education is a social and emotional learning program for young people.

Participating in sports is a normal in their lives for most children. But for **Zoe**—battling Epidermolysis Bullosa—achieving her orange belt in karate was anything but normal.

Zoe and her parents attribute her resilience, persistence and success to the **ASG You Can Do It! Education** program. “The program has taught Zoe amazing resilience,” says Zoe’s mum, Melanie.



“The webinars were not only informative, but also useful to start conversations with our children on device usage and screen time.”

Darion and Marina Teoh
ASG members, Australia

“You Can Do It! has taught Zoe amazing resilience.”

Melanie (Zoe’s mother) and ASG You Can Do It! Education customer



creating greater member value

As a member owned organisation we continuously focus on providing valuable benefits and opportunities to our members. This year too has been another example of our focus on creating greater value for our members.

We enhanced our members' experience by introducing new technology and improved processes. These changes achieved the following benefits for our members:

- » an enhanced member portal—*My ASG*—that allows members to have easy access to their accounts and transact online
- » a knowledge section with useful educational resources, including webinars
- » a range of special offers and discounts available only to ASG members
- » call recordings allowed employees to make on the spot confirmations with the member, eliminating the need to ask for written confirmations and minimised paperwork for both members and employees
- » significant improvements in first call resolution for members through a service education program for employees, which empowered them to resolve member enquiries as efficiently as possible
- » early payment of annual member benefit payments by up to six weeks, giving members access to their money sooner
- » faster and simpler process for students who have completed their secondary schooling to claim their scholarship benefit payments allowing more than 25,000 ASG beneficiaries to claim their scholarship benefit payments in a quick and seamless manner
- » payment of benefit and scholarship payments to members and beneficiaries electronically, rather than by cheque, giving members quicker access to funds, with close to 40,000 payments made to members and beneficiaries between January and March this year.

More for members

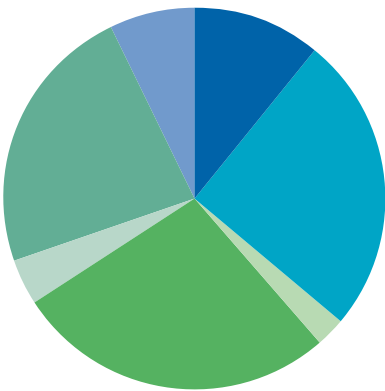
We launched the Lifelong Education Fund to help members plan for their own learning and professional development. We also encouraged our members to take up additional education funds by waiving the enrolment fee.

We launched ASG Funding Solutions Australia—a program which helps parents and guardians pay school fees in fortnightly or monthly instalments and also covers purchase of school uniforms and books.

Our Australian members enjoyed new member benefits from NobleOak and Gateway Credit Union, and our New Zealand members gained exclusive member discounts from JB Hi-Fi Group (NZ) and OfficeMax New Zealand.

We also introduced two new publications to support children's education: *Noonie and the Missing Bone* by ASG NEiTA recipient Casey Hawkins and *What's The Hurry* (Second Edition) by parenting and education expert Kathy Walker.

investment returns



2016-17 total asset allocation for ASG funds

■ Australian Equities	11.03%
■ Global Equities	23.26%
■ Property	6.99%
■ Australian Fixed Interest	25.31%
■ New Zealand Fixed Interest	2.39%
■ Global Fixed Interest	3.87%
■ Cash	27.16%

It was a satisfactory year for ASG's investments, despite sustained volatility in markets often caused by geopolitical events. We continued to develop our strategic asset allocation to ensure that the long-term investment objectives of members are met. Accordingly, we switched selected assets to new investment managers and continued investing into the unlisted Australian commercial property asset class.

We also enjoyed a strong rebound in emerging market equity assets and received additional returns from cash investments, which have each positively contributed to the investment returns.

The returns to our members this financial year have been strong despite the volatile investment markets. Global equity market returns have been firm and higher than expected, while fixed interest markets have seen yields remain low, but above the all-time lows seen last financial year. Going forward this 'lower for longer' return environment may impact upon medium-term outcomes.

ASG's investment of member funds performed well particularly when compared to other balanced funds, terms deposits and cash investment. ASG's net investment returns are allocated to each member's account as a bonus rate return. This return is calculated by taking into account the gross investment returns, expenses of the fund, taxation, and any applicable prudential requirements.

The total funds under management, as at 30 June 2017, were \$1.48 billion. During the year we paid out \$260 million in education benefits and scholarship payments to our members.

In Australia, the bonus rate return was 5.70 per cent for The Education Fund (TEF) and 5.40 per cent for the Supplementary Education Program (SEP) members. The bonus rate return for the Pathway Education Fund (PEF) in Australia was annualised at 4.75 per cent. In New Zealand the bonus rate of return for TEF was 5.55 per cent and 5.35 per cent for SEP.

This result was positively influenced by investment returns for growth assets such as domestic and global equities and unlisted Australian property assets. We caution that after such a strong few years, growth asset returns may soften as a means of averaging out performance over the medium-term.

our
people

Our people work hard at ASG to support our members, but we also understand the importance of supporting a healthy, happy lifestyle and doing our part to build our communities. Our people's skills, passion, diversity, innovation and desire to make a difference have helped make ASG a workplace that is friendly and supportive.

Engaging our people

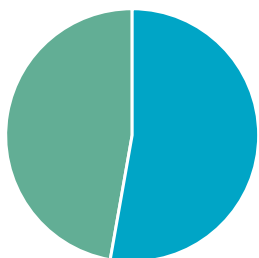
Eighty six per cent of staff participated in the 2016 engagement survey with a significant increase in highly engaged staff (up by four per cent), and the reduction of disengaged staff (down by six per cent).

The results also showed an improvement in the areas of brand (pride and credibility), change management, client focus, and communication. However, we still need to continue on improving our brand and reputation, providing staff with more career opportunities, and strengthening our rewards and recognition system.

Vrinda Avasare, Centre Manager, Auburn, NSW leads a team of 17 education planning consultants who work together to make the centre a success.

"I am blessed that I get to help parents build dreams for their children, and I feel good when they share their child's success story with me. This for me has been the highlight of working at ASG. It's been a rewarding career."





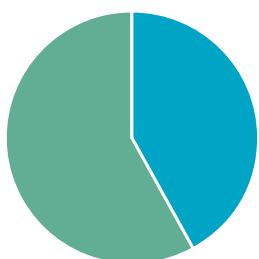
Gender split in management roles

47%

Female

53%

Male



Gender split at ASG

58%

Female

42%

Male

Diversity, inclusion and innovation

We value the strength that diversity brings to ASG. Our diversity and inclusion approach recognises that true diversity is not just about the workforce we recruit, but also how we work with a diverse community.

Our employees reflect the diversity that is Australia and New Zealand. We have team members from different parts of the world—Australia, New Zealand, Chile, China, Croatia, UK, India, Indonesia, New Zealand, Somalia, South Africa, Sri Lanka, Venezuela, Vietnam, and the USA among others.

Our diversity and inclusion focus also fostered different ways of thinking and problem solving by encouraging a growing culture of innovation. During the year our continuous improvement saved the business about \$350,000— demonstrating the value add of innovation in the workplace.

“I love the diversity of my job and no two days are the same. My colleagues are passionate about ASG and I love working with them.”

Stephen Ward
Payroll & Reporting Officer, ASG

Supporting and developing our people

This year we introduced a development planning framework—*My Development*—to assist our staff to identify goals that contribute to their personal and professional development and shape the future of their careers.

The focus on staff development continued to show how it improves our business outcomes. This was particularly noticeable in our face-to-face sales channel where we focused on developing relationship building skills. This enabled us to optimise the local area marketing initiatives and drastically improved our interaction with existing and potential members.

making a
difference

ASG has been an advocate on education issues for more than four decades. We are committed to making a difference by positively contributing to the communities in which we operate. While there are many programs that we run directly, we also understand that we can achieve more through partnerships. Our focus is on creating as much impact as possible to benefit our members and the general public.

Advocacy

The topics of the cost of education and funding allocation to educational institutions continued to be at the forefront of national conversations and ASG is recognised as an authority on these matters. In Australia, we published a whitepaper—*Repositioning education as a major life event*—to stimulate a national conversation about the importance of treating education as a major life event.

Our annual research based Planning for Education Index and Planning for University Education Index continued to provide the public with a guide to the cost of school and university education. The findings were widely shared and contributed to the national conversations on the cost of education.

The second edition of the *ASG Parents Report Card* provided parents with the opportunity to share their perceptions on the state of education in Australia and New Zealand. The main findings highlighted the importance of striking the right balance in uniting home and school life, and academic and social growth.

Supporting educational excellence

During the year we continued our partnership with Monash University's Faculty of Education and implemented the mentoring program for the second year. The program, which links up the ASG National Excellence in Teaching Awards (ASG NEITA) recipients with Monash University student teachers, provided the students with an invaluable opportunity to learn about 'real classroom' experiences from expert teachers. The mentors also reported that they had a meaningful opportunity to make a contribution to education.

"The program allows us to tell our story. It gives pre-service teachers an opportunity to hear that we all start at the bottom, we all fail and that is okay. Ultimately, it is our passion to educate and to see students grow that drives us to be the best teachers we can be."

Drew Roberts, an ASG NEITA recipient and a mentor for pre-service teachers at Monash University

Supporting **children's** education

We are particularly passionate about children's education and believe it is the prerequisite for opportunity and success.

We signed another three year agreement to support The Smith Family's *Learning for Life* program to support 70 disadvantaged students in primary, secondary and tertiary education.

"I used the money to buy books and stationery, as well as using it for immunisation and accommodation while on placement," says Shane, a *Learning for Life* recipient.

Our support of children's education extended to giving children opportunities to learn beyond the classroom. The ASG's International Space Camp competition gave ASG students Lauren Reynoldson-Ross and Meth Prathapasinghe the opportunity to attend a space camp at the International Space & Rocket Center in Alabama, USA.

During the year we also continued our sponsorship of the ASG's Literary and Art Awards, which is part of Children's Charity Network's writing and art program. The program fosters the imagination, literacy and creativity of young people.



The winning ASG Art Award:
Fox and the stars by Rohan Ganta

"I love to write, and this would be a great way to be creative and use my mind."

Eleven year old Jordan Varghese, winner of ASG's Literary Award for poetry, wants to be a writer when he grows up

Our popular ASG NEITA program, now in its 23rd year, nationally recognised 12 teachers in Australia and six teachers in New Zealand.

Over the years we have recognised and awarded more than 1000 teachers and disbursed \$940,000 in professional grants, prizes, and endowments to support the ongoing development of teachers and schools.



board of directors and participating consultants



Craig Dunstan

B Com, LLB, MBA, F Finsia, MAICD

Craig is the chairman and a non-executive independent director. He was appointed by the Board in 2009 as a consultant and joined the Board as director in 2011. He was appointed as chairman of the Board in October 2015. Craig has extensive experience in the financial services industry in Australia, Asia and the United States. He is currently the managing director of Vasco Investment Managers Limited, and non-executive director of Federated Investors Australia Services Limited and LaTrobe Health Services Limited.

Craig is a member of the Investment Committee and the chairman of the Nominations and Remuneration Committee and the Innovations Committee. He was the founder and former managing director of ASX listed Macarthur Cook Limited, former executive director of Australian Unity Funds Management Limited, and a former board member of the Asia Public Real Estate Association.



Allen Blewitt

BA (Hons), MEd, FAICD, FAIM

Allen is the deputy chairman and a non-executive independent director. Allen was appointed as a participating consultant to the ASG Board in October 2012 and as a director on 23 July 2015. He is a director of Cambridge English Language Assessment in Australia and New Zealand and a director of Cambridge Box Hill Language Assessment.

He is an independent consultant advising organisations on governance, strategic planning, education and business strategy. Allen was global CEO of the Association of Chartered Certified Accountants (ACCA) in London and was deputy CEO and director of Education and Professional Development with the Institute of Chartered Accountants (ICAA). He has also been a secondary school teacher, university lecturer and teacher educator.

Allen is the chairman of the Education Advisory Panel and was appointed chairman of the ASG National Excellence in Teaching Awards Foundation in April 2014. He is also a member of the Audit Committee and the Nominations & Remuneration Committee.



Tony Brain

B Com, Cert. Superannuation Management, CA, GAICD, FAIST

Tony was appointed as a participating consultant to the ASG Board in February 2014 and joined the Board as a non-executive independent director on 1 January 2016. Tony joined the Risk Committee in February 2016 and in September 2016 was appointed as chairman of the Risk Committee. Tony is a chartered accountant with 30 years experience both in Australia and the United Kingdom with a Big 4 international chartered accounting firm—12 of those as a partner. This experience has involved a mixture of assurance advice and financial and regulatory audit work along with regulatory and risk consulting in the financial services sector.

Tony was previously Head of Risk at AustralianSuper. He is a fellow of the Australian Institute of Superannuation Trustees and has experience as a director of the Trustee Board of the Royal Australian College of General Practitioners Superannuation Fund, chairman of the Trustee Board of the Deloitte Superannuation Fund and chairman of a superannuation fund Acting Trustee through formal appointment by APRA.



Dr Jacqueline Jennings

B Met, M Mgt, PhD Mgt, GAICD

Jacqueline is a non-executive independent director, appointed by the Board in 2011 as a consultant and joined the Board as a director in March 2012. She is also chair of the Investment Committee and a member of the Audit Committee.

Jacqueline has extensive executive experience in sales, marketing, business development and strategy, and financial management. Jacqueline is chair of the Alpine Resorts Management Board Mt Buller and Mt Stirling, where she is a member of the Audit and Risk Committee and Remuneration Committee. She also has experience as a director of Peoplecare Health Insurance, and was a member of the Finance and Risk Committee within that Board, and a director of the non-health fund subsidiary of that company.



Leon Nash

B Bus, MBA, FCPA, FAICD

Leon is a non-executive independent director, who first joined the Board in 2006 and was last re-elected on 28 October 2014. Leon has extensive experience in general management, accounting, business, economics, human resources and corporate finance. He has acted as the financial controller (Australia and New Zealand) of a multinational fast moving consumer goods company (FMCG).

His executive experience has been across many sectors including manufacturing, construction, FMCG and land development at a local and multinational level. Leon also has past experience as a director and company secretary for Australian Timken Pty Ltd and Australian Timken Superannuation Pty Ltd. He is the chairman of the Audit Committee and a member of the Risk Committee.



Terry O'Connell

FAICD

Terry was a non-executive independent director. His association with ASG began 1983. He first joined the Board in 1988, was re-elected on 26 October 2012 and was chairman of the Board up to October 2015.

Terry was also chairman of the NEITA Foundation for many years. The Foundation recognises gifted teachers in Australia and New Zealand. Terry also has experience as CEO and managing director of ASG, and has extensive experience in business administration and the friendly society movement.

Terry retired from the Board with effect from 31 July 2017.



Monique Sasson

B Ed, GAICD, Certificate in Governance and Risk Management

Monique is a non-executive independent director who first joined the Board in 2002, and was last re-elected on 25 October 2016. Monique has a diverse background in the performing arts and education, and has extensive experience in reputation management, media relations, corporate communications and property investment advice. She is the author of two books on property investment and a frequent media contributor.

In addition to her directorship of ASG, Monique is the principal of Career Eye, a career mentoring service for professional women. Monique is currently a member of the Nominations and Remuneration Committee, and a member of the Risk Committee.



André Carstens

B Com(Hons), FCA, MAICD

André Carstens was appointed as a participating consultant to the Board in March 2017.

André is a Chartered Accountant (Fellow) and a member of the Australian Institute of Company Directors. He has extensive leadership experience having held chief executive and chief financial officer positions with a number of multinational businesses including Colonial First State Group, Aviva Australia, Spotless Group and the Gribbles Group.

André has also served as a non-executive director and Audit Committee chairman of Praemium Limited. He is currently executive officer of Colonial Foundation and a member of the Board Finance and Audit Committee of Trinity College.

On 1 August 2017, André was appointed as a director to fill the casual vacancy created by the retirement of Terry O'Connell with effect from 31 July 2017.



Jen Storey

M Arts, PG Dip, B.Ed

Jen Storey was appointed as a participating consultant to the Board in April 2016. Jen is a highly successful leader with more than 20 years digital experience across a variety of industries including extensive involvement in financial services.

She is presently director of Outside Insights Consulting Pty Ltd as well as global director of the Innovation Garage for Computershare. She was formerly partner and chief marketing officer at Edgelabs. She has also worked with and consulted to numerous organisations such as Australia Post, Suncorp and NAB.

Jen has a Bachelor of Education, post-graduate diploma in Information Services and a Masters in Public Relations.

She is a member of the Innovation Committee.

governance statement

Australian Scholarships Group
Friendly Society Limited

Governance statement

The Australian Scholarships Group Friendly Society Limited (ASG) is a member owned mutual organisation, which at 30 June 2017 had more than 130,000 children enrolled.

ASG's mission

ASG supports individuals to fulfil their education and lifelong learning aspirations.

Board of directors

The role of the Board is to provide leadership and strategic guidance for ASG and its related bodies corporate (ASG Group) in addition to overseeing management's implementation of ASG's strategic initiatives. The Board is accountable to members for the performance of the ASG Group's businesses. In performing its role, the Board aspires to excellence in governance standards.

For the full reporting period, the ASG Board consisted of seven members, each with specific expertise and experience relevant to ASG's activities.

ASG's Board comprises of directors who are non-executive and assessed by the Board to be independent and free of material relationships that might influence their ability to act in the best interests of ASG and its members.

ASG's Board values and supports diversity in all areas, including gender and race. The Board regularly reviews the skills represented by the directors against the strategic objectives of ASG and has a Board renewal program, ensuring that the Board consists of directors with a broad range of skills and relevant experience. The names and particulars of the directors of ASG during the financial year are on pages 24 and 25.

Board role and responsibilities

The key responsibilities of ASG's Board include:

- » approval of the strategic direction of ASG, annual budget and business plan, and monitoring of performance against them for the ASG Group; and
- » approving and monitoring the effectiveness of risk management by the ASG Group, including satisfying itself through appropriate reporting and oversight that internal control mechanisms are in place and are being implemented in accordance with regulatory requirements.

Role of chairman

The chairman, an independent non-executive director, is responsible to members for the sound leadership of ASG's Board and its meetings, setting the agenda, facilitating the work of the Board at its meetings, and ensuring that the procedures and standards of the Board and ASG's Constitution are observed.

Director emeritus

Director emeritus is an honorary position created initially for ASG's founders Mr Harry Tyler and Mr Gary Bickerton. ASG's Board may confer the title on those retiring directors who have made an outstanding contribution to ASG over many years.

The current directors emeriti are:

Mr Gary R Bickerton, MAICD

As a founding member, Gary first joined the ASG Board in 1974. He was the founding president of the Independent Provident Society of Victoria (Friendly Society); IPSV Services Pty Ltd (Scholarship marketing

company); Australian Scholarship Trust (Trustee) now collectively known as the Australian Scholarships Group Friendly Society Limited. Gary retired from ASG's Board in March 2011 and was appointed Director Emeritus in the same month.

Mr Colin Evans, MISA (Snr), AFAMI, MIICA, FAICD

Colin has been associated with ASG for more than 30 years and has been an active member since the early 1980s when he enrolled his children in ASG. Colin joined the ASG Board in 1984 and was elected deputy chairman in 2009. Colin retired from his position of deputy chair of ASG in December 2015 and was appointed director emeritus in the same month.

Board participating consultants

Board participating consultants are independent consultants who are engaged to provide specialist and technical advice to ASG's Board.

During the year the following people served as Board participating consultants:

Ms J Storey was a consultant for the full reporting period.

Mr A Carstens was appointed as a consultant from 15 March 2017 onwards.

Meetings of the Board

The ASG Board meets one day each month during the year (other than in January) with an additional one day strategic offsite meeting normally scheduled in May. There is an additional two day strategic planning meeting normally scheduled in November of each year.

Election of directors

Directors are elected by the members at the Annual General Meeting (AGM) for a term of not more than three years.

Directors can offer themselves for election at the end of each term subject to them satisfying APRA's fit and proper requirements. If a casual vacancy occurs during the year, ASG's Board has the power to appoint an interim director who satisfies APRA's fit and proper requirements and whose appointment must end at the next AGM.

Conflicts of interest

To avoid any possible conflicts of interest, directors and participating consultants must declare any specific conflicts of interest arising from the business of any particular meeting at each meeting. On an annual basis, each director provides a detailed declaration of interests.

Regulators

ASG's business operations in Australia are primarily and extensively regulated by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC). In New Zealand ASG is regulated by the Financial Markets Authority of New Zealand (FMA).

ASG is required to comply with a wide range of regulations that apply across all of its business activities, including for example, APRA Prudential Standards on governance and risk management.

Remuneration

ASG is committed to providing a remuneration framework, which is designed to recruit, motivate and retain high quality employees who will ensure ASG's success, and support:

- » ASG's long term financial soundness
- » ASG's risk management framework
- » Delivery of ASG's holistic member support strategy.

Our remuneration policy is based on aligning remuneration outcomes with our strategy, encouraging and rewarding strong delivery against this strategy while ensuring rewards remain appropriate and proportionate compared within ASG, market practice and our risk profile.

Our remuneration framework is maintained and reviewed annually against market trends and business needs. The Nominations and Remuneration Committee of the Board reviews annual performance and remuneration outcomes to ensure that there is no bias in respect to gender or control roles which may expose us to undue risk.

governance statement

Continued

Committees

ASG's Board establishes committees to assist it in its role of overseeing the corporate governance practices of ASG.

ASG's Board appoints the chairs and members of these committees and determines each committee's 'Terms of Reference'.

The following committees were in place for the relevant period.

Audit Committee

The Audit Committee:

- » oversees statutory and financial reporting requirements
- » reviews the annual financial statements prior to their approval by ASG's Board
- » ensures the adequacy and independence of the internal and external audit functions
- » reviews the internal and external audit plans to ensure they address all material risks, internal controls and reporting requirements prior to submission to ASG's Board for approval
- » reviews audit findings to ensure issues are appropriately managed and rectified.

The Audit Committee generally invites the chief financial officer, internal audit manager, external auditors and actuary to the meetings. The committee provides a forum for the effective communication between ASG's Board and ASG's Actuary, internal and external auditors.

The members of the Audit Committee as at 30 June 2017 were:

Mr L G Nash	Non-Executive Independent Director (Chair)
Dr J A Jennings	Non-Executive Independent Director
Mr A Blewitt	Non-Executive Independent Director

Education Advisory Panel

The Education Advisory Panel was established to advise ASG's Board on educational trends, issues and developments, which may have relevance for ASG, its services and products.

With the exception of the chair, members of the panel are external to ASG and drawn from all states of Australia and New Zealand. All members are chosen on the basis of recognised educational expertise and experience.

The members of the panel as at 30 June 2017 were:

Mr A Blewitt	Non-Executive Independent Director (Chair)
Ms P Roberts	Western Australia educational representative
Ms C Driver	Queensland educational representative
Ms S Fenton	Victoria educational representative
Mr P Walsh	New Zealand educational representative
Dr N McCulla	New South Wales educational representative
Dr J Rimes	Tasmania educational representative
Mrs R Shepherd	South Australia educational representative
Mr K Willis	ACT educational representative

Investment Committee

The Investment Committee was established to advise ASG's Board on investment management matters and in particular asset allocation and the performance of the investment managers engaged by ASG.

The members as at 30 June 2017 were:

Dr J A Jennings	Non-Executive Independent Director (Chair)
Mr C M Dunstan	Non-Executive Independent Director
Mr J Velegrinis	Chief Executive Officer
Mr K Brown	Chief Financial Officer
Mr P Taubman	Head of Investments

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible to ASG's Board for advising on remuneration matters and for recommending candidates for the roles of director and participating consultant.

The members as at 30 June 2017 were:

Mr C M Dunstan	Non-Executive Independent Director (Chair)
Mr A Blewitt	Non-Executive Independent Director
Ms M K Sasson	Non-Executive Independent Director

Risk Committee

The Risk Committee:

- » provides an institution-wide view of ASG's risk position relative to its risk appetite and capital strength
- » oversees the implementation of the risk management strategy
- » challenges proposals and activities on risk management aspects
- » reviews and advises the Board on the Risk Management Framework and its elements, including the risk appetite, risk management strategy, risk register and ICAAP
- » attends to various internal control responsibilities
- » establishes, maintains and oversees procedures for employees to submit confidentially information about accounting, internal control, compliance, audit and other matters about which the employee has concerns.

The members of the Risk Committee as at 30 June 2017 were:

Mr T Brain	Non-Executive Independent Director (Chair)
Mr L G Nash	Non-Executive Independent Director
Ms M K Sasson	Non-Executive Independent Director

The Risk Committee generally invites ASG's Chief Risk Officer, members of ASG's management, external auditors and actuary to meetings.

Innovations Committee

The Innovations Committee is established for a period of time determined by the Board to provide additional oversight and risk management for key selected strategic initiatives.

The Innovations Committee:

- » reviews the progress of the strategic initiatives
- » reports to the Board on the strategic initiatives
- » identifies risks in the strategic initiatives and ensures that those risks are mitigated appropriately, and
- » assists with implementing the strategic initiatives across ASG.

The members of the Innovations Committee as at 30 June 2017 were:

Mr C M Dunstan	Non-Executive Independent Director (Chair)
Mr L G Nash	Non-Executive Independent Director
Ms J Storey	Board Participating Consultant
Mr J Velegrinis	Chief Executive Officer
Mr B Hawkins	Chief Operating Officer
Mr K Brown	Chief Financial Officer

governance statement

Continued

External Audit

Deloitte Touche Tohmatsu (Deloitte) has been appointed to conduct an audit of the financial report and to report to members in accordance with the requirements set out in the *Corporations Act 2001*.

A representative from Deloitte attends the AGM and is available to answer questions from members on the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted in the preparation of the financial statements, and Deloitte's independence in relation to the conduct of the audit of ASG's financial statements.

Internal Audit

The Internal Audit department assesses whether ASG's risk management, internal controls, governance and compliance processes are efficient and effective for the appropriate identification, reporting and management of risks, and for compliance with policies, standards, procedures and applicable laws and regulations.

Actuary

K Yoganandan Mercer Consulting (Australia) Pty Ltd
(up to 15 May 2017)

B Cummings KPMG (from 15 May 2017)

Asset Consultant

ASG has engaged Willis Towers Watson to provide investment management consulting services.

directors' report

The directors of the Australian Scholarships Group Friendly Society Limited submit herewith the annual directors' and financial report for the financial year ended 30 June 2017.

Directors

The following persons were directors of ASG during the financial year and up to the date of this report:

Mr C M Dunstan	Chairman
Mr A Blewitt	Deputy Chairman
Mr T Brain	Director
Dr J A Jennings	Director
Mr L G Nash	Director
Mr T P M O'Connell*	Director
Ms M K Sasson	Director

* Mr T O'Connell retired as a director with effect from 31 July 2017. Mr André Carstens was appointed to fill the vacancy with effect from 1 August 2017.

Company secretary

Ms F Ferro

Joined ASG in June 2013 in the role of general counsel and company secretary.

Principal activities

The Australian Scholarships Group Friendly Society Limited operates in Australia and New Zealand. The principal activities of ASG and its subsidiaries in the course of the financial year were the provision of financial products that offset the cost of education and lifelong learning, the provision of a range of education resources that support education and lifelong learning, and the advocacy for the importance of education and lifelong learning in nation building.

Operating results

The profit of the Group for the financial year was:

	2017 \$'000	2016 \$'000
Operating profit after income tax from continuing operations	328	452

Review of operations

The report of our 43rd year of operations has been compiled and audited. The directors are pleased to report a sound performance for the year.

The financial year 2017 has produced strong investment returns, most of which have been derived from growth assets, which performed well post the US elections. This has been driven by an expectation of stronger economic growth and the possible re-emergence of inflation. The strong investment returns for our open funds have translated into declared bonus rates above projected amounts this year.

The management fund reports an operating loss, which was in line with budget expectations, as ASG continues to invest in future business growth and an improved member experience. Enrolments into our open funds increased by more than 30 per cent year on year, for the second year in a row, providing us with the opportunity to support more individuals to fulfil their education and lifelong learning.

The following are some of the key figures from the year:

	2017 \$'000	2016 \$'000	Movement %
Total Assets of the Benefit Funds	1,391,822	1,488,028	-6.47
Consolidated Management Fund	88,086	88,385	-0.34
Controlled Entities	3,721	3,340	11.41
Total Assets	1,483,629	1,579,753	-6.08

directors' report

Continued

Details of benefit funds open to new members are as follows.

	2017	2016	2017	2016
	Member Funds	Member Funds	Declared Bonus	Declared Bonus
	\$'000	\$'000	%	%
Benefit Funds open to new members				
The Education Fund	341,217	317,949	5.70	2.80
Supplementary Education Program	309,641	279,871	5.40	2.55
Pathway Education Fund	31,520	9,600	4.75	2.57
The Education Fund (New Zealand)	19,971	17,210	5.55	1.15
Supplementary Education Program (New Zealand)	9,397	7,985	5.35	0.95

The following bonus rates for the Pathway Education Fund were approved and declared by the Board:

	June 2017	March 2017	December 2016	September 2016
Pathway Education Fund	1.00%	1.40%	1.15%	1.10%

This equates to an annual bonus rate of 4.75 per cent.

The bonus rates for benefit funds closed to new members can be found in Note 29 of the Annual Report.

Significant changes in principal activities

During the financial year, there was no significant change in the principal activities of the Group.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the reports, financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' interests and benefits

Since the end of the previous financial year and to the date of signing this report, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in Note 27: Related Party Disclosures forming part of the Group's financial statements in the Full Annual Report) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest.

Directors' meetings

Each director and participating consultant attended the following meetings and board committee meetings during the year while they were a director, participating consultant or committee member.

Directors:	Board of Directors		Investment Committee		Audit Committee		Risk Committee		Education Advisory Panel		Remuneration Committee		Innovations Committee		Strategy Offsite	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr A Blewitt ¹	11	11			5	5			2	2	3	3			3	3
Mr C M Dunstan (Chairman)	11	11	12	9							5	5	3	3	3	3
Dr J A Jennings	11	10	12	12	5	4									3	3
Mr L G Nash	11	10			5	5	6	6					3	3	3	3
Mr T P M O'Connell ²	11	5									2	1			3	2
Ms M K Sasson	11	8					6	5			5	5			3	3
Mr T Brain	11	10					6	6							3	3
Mr André Carstens ^{3,4}	4	4													1	1
Ms J Storey ⁵	11	11											3	2	3	3

1 Allen Blewitt replaced Terry O'Connell on the Nominations & Remuneration Committee in October 2016.

2 Terry O'Connell was granted leave of absence by the Board from February 2017 and subsequently retired on 31 July 2017.

3 André Carstens was appointed as participating consultant on 15 March 2017 and from 1 August 2017 was appointed as a director to fill the vacancy arising from Terry O'Connell's retirement on 31 July 2017.

4 André Carstens was appointed alternate for Tony Brain at June 2017 Board meeting from 1 August 2017 to fill the vacancy arising from Terry O'Connell's retirement on 31 July 2017.

5 Jen Storey was appointed alternate for Monique Sasson at the August 2016 board meeting, alternate for Leon Nash at September 2016 board meeting, and alternate for Terry O'Connell for the board meetings from February 2017 to June 2017 inclusive.

Indemnification and insurance of directors and officers

During the financial year, ASG paid a premium for a contract insuring the directors, participating consultants, company secretary and executive officers of ASG to the extent permitted by the *Corporations Act 2001*. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities covered and the amount of the premium.

In accordance with the Constitution of ASG and under a separate deed, the directors, participating consultants and officers are indemnified to the extent permitted by law against any liability incurred by them in connection with the proper discharge of their duties, other than for conduct involving a lack of good faith.

Rounding off of amounts

ASG is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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



C M Dunstan
Chairman

Melbourne, 27 September 2017

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

Continuing operations

Revenue

Investment income	
Net gains/(loss) on financial assets held at fair value through profit and loss	
Premium revenue - life investment contracts	
Premium revenue - life insurance contracts	
Revenue from benefit funds	
Other revenue	

Total revenue

Expenses

Commission expenses	
Policy acquisition expenses - life investment contracts	
Policy maintenance expenses - life investment contracts	
Investment management expenses	
Claims expense - life insurance contracts	
Depreciation & amortisation	
Staff expenses	
Office expenses	
Communication expenses	
Marketing expenses	
General expenses	
Member & scholarship grants	
Other operating expenses	

Total expenses

Operating profit

Policy liability revaluation	
Investment income allocated to policyholders	

Profit before income tax expense

Income tax expense	
--------------------	--

Profit for the year

Other comprehensive income, net of income tax

Items that will not be reclassified subsequently to profit or loss:

Gain on property revaluation	
Remeasurement of defined benefit obligations	
Income tax relating to items not reclassified subsequently	

Total items that will not be reclassified subsequently to profit or loss

Items that will be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations	
Income tax relating to items reclassified subsequently	

Total items that will be reclassified subsequently to profit or loss

Other comprehensive income for the year, net of tax

Total comprehensive income for the year

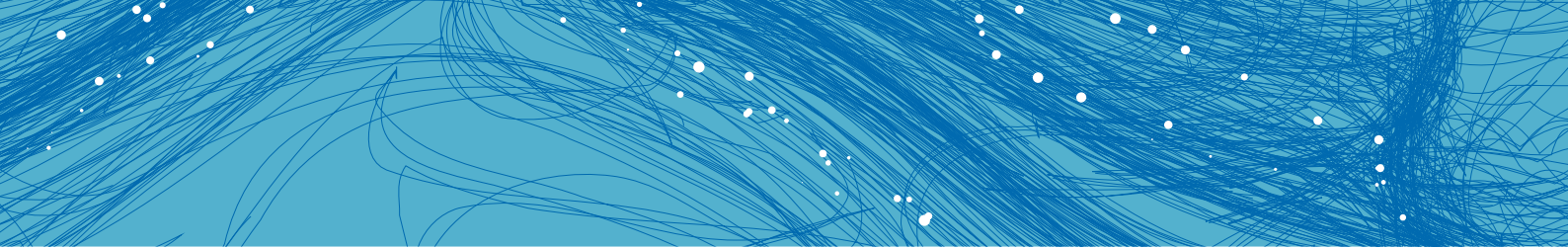
Profit attributable to:

Members of ASG

Total comprehensive income attributable to:

Members of ASG

Consolidated	
2017	2016
\$'000	\$'000
86,477	79,290
26,718	(14,215)
5,402	5,568
826	948
19,191	20,900
2,346	2,332
140,960	94,823
(672)	(713)
(1,330)	(1,512)
(4,071)	(4,056)
(13,839)	(14,610)
(430)	(362)
(1,254)	(1,163)
(17,969)	(16,845)
(2,125)	(2,730)
(771)	(704)
(1,050)	(1,881)
(3,573)	(3,302)
(2,117)	(2,019)
(869)	(1,256)
(50,070)	(51,153)
90,890	43,670
(752)	641
(73,309)	(39,526)
16,829	4,785
(16,501)	(4,333)
328	452
389	292
(166)	(108)
(117)	(87)
106	97
19	180
(6)	(54)
13	126
119	223
447	675
328	452
328	452
447	675
447	675





Australian Scholarships Group Friendly Society Limited

ABN 21 087 648 879 | AFSL No. 236665 | FSP 53922

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