ClearView Wealth Limited

> annual report
2010

ABN 83 106 248 248

ClearView Wealth Limited

Content

Financial Calender

Annual General Meeting
28 October 2010, at 10am

Half Year End
31 December 2010

Half year result announced
February 2011

Year End
30 June 2011

Annual Report
August 2011

Dates are subject to change.

"ClearView's strategy in the growing life and wealth management industry, strong capital position (no debt) and supportive shareholder base ensure the Company is well placed for the future."

Chairman's Report – 2010 Annual Report

Following the successful completion of the acquisition, our company name was changed to ClearView Wealth Limited (formerly MMC Contrarian Limited) and we believe this better reflects the new direction of the Group.

To reflect the transformational changes that have occurred, a new corporate identity for ClearView has been created and the logo is shown above. The pattern of the logo is about the interweaving, collaboration and support between ClearView, our partners and our customers. The colours reflect the warmth, vibrancy, reliability and approachability of what our partners and customers have come to expect from ClearView.

The identity also heralds the expansion of the ClearView range of products and services as we will now offer in addition to advice, superannuation, retirement solutions, investments and life insurance to better meet the needs of our customers.

The new identity will be officially launched on 9 September, 2010.

Chairman's Report

Dear Shareholder

In March 2010 ClearView Wealth Limited (ClearView), formerly known as MMC Contrarian Limited, entered into agreements to acquire the life insurance business of MBF Life and the wealth management business of ClearView Retirement Solutions from Bupa Australia (the Acquisition), and we successfully completed this transaction on 9 June 2010.

Transformational Year

This transformational acquisition is a major step for your company, and has positioned ClearView as a highly focused life insurance and wealth management business with excellent distribution capabilities.

I would like to thank our shareholders for supporting our capital raising efforts which enabled us to fund the cash purchase price for the Acquisition. We successfully raised $135 million in new shares through an institutional placement of approximately $62 million (the Placement), and a 1 for 1 non-renounceable entitlement offer for approximately $73 million (the Rights Issue). Together with ClearView's existing cash reserves, the Company was able to fully fund the $204 million required for the Acquisition and its associated costs. The new shares were issued and commenced trading on the Australian Securities Exchange (ASX) on 5 May 2010.

ClearView operates its newly acquired life operations through ClearView Life Assurance Limited (formerly MBF Life Limited). This is a successful niche life insurance business focused on the attractive segment of term life products, and has manufactured and distributed life protection products since 1976. ClearView Retirement Solutions has been providing wealth management services and manufacturing and distributing managed investment and superannuation products since 1990, and has historically been focused on the retiree market and people transitioning into retirement.

These businesses are consistent with ClearView's stated strategy and provide ClearView with attractive entry points into the Australian life insurance and wealth management industry. ClearView Retirement Solutions further strengthens ComCorp's existing wealth management offering. In addition, we have secured an exclusive alliance agreement to market ClearView's services to Bupa Australia's private health insurance member base for a ten year period, positioning ClearView on a potentially significant growth path. This platform will allow us to build a highly competitive business in the Australian life insurance and wealth management industry.

Financial Summary

The results for the year ended 30 June 2010 reflect a net profit after tax of $8.0 million compared to a loss after tax of $4.7 million in the prior year. The results include a one off profit on acquisition of $15.3 million due to the accounting for business combinations under the accounting standards, partially offset by one off costs associated with the Acquisition, restructure and integration of the newly acquired businesses. The results for the year are therefore not reflective of the future performance of ClearView. Further detailed analysis on the results for the year have been provided in the Managing Director's Report.

Cornerstone Shareholder

As a result of the Placement, ClearView's largest shareholder, Guinness Peat Group (GPG) reduced its shareholding from 68% to approximately 48%. GPG continues to support the Board's initiatives and subscribed in full for its entitlements under the Rights Issue. GPG continues to have two representatives on the ClearView Board and has historically had a very successful track record in the life and wealth management industry. We continue to value their strategic insights and support.

Growth Segments

ClearView operates in the life insurance and wealth management industry where confidence in future growth prospects and in market dynamics remains strong. These dynamics are driven through an underinsurance gap and government mandated superannuation. We remain positive that market growth will continue at healthy levels consistent with long term industry growth forecasts of above 9% per annum. Further details on these segments are provided in the Managing Director's Report.

People Behind Our Success

ClearView has been fortunate to attract a top level management team.

We welcomed Simon Swanson as the new Managing Director in March 2010. Simon brings a considerable depth of industry knowledge and experience. My thanks go to Simon for his efforts during the transformation and to his Management Team and all their staff for the support and effort during a year of significant change.

I would also like to extend a sincere thank you to my Board colleagues. David Goodsall and John Murphy joined the Board on completion of the Acquisition and we look forward to their expertise and input to assist in achieving the desired outcomes for the business. We are in the process of seeking an additional Independent Director in order to further strengthen our Board and to comply with regulatory guidelines. Further information will be provided to shareholders in due course.

The Year Ahead

After a transformational year, ClearView is well positioned to leverage its alliance partnerships and distribution capability through the Bupa and credit union referral networks. ClearView operates in a high growth industry that provides a valuable financial protection product in the market that remains significantly underinsured. The Board looks forward to integrating the business operations of the Acquisition and seeking to maximise the opportunities that exist in the growing life insurance and wealth management industry.

The regulatory landscape is not without its challenges for participants in the financial services industry. ClearView continues to work hard in the assessment of such challenges and is responding by positioning the Group's business activities to participate in the provision of a broad array of financial services. ClearView's strategy in the growing life and wealth management industry, strong capital position (no debt) and supportive shareholder base ensure the Company is well placed for the future. ClearView looks forward to executing its growth strategies and thereby growing shareholder value.

Ray Kellerman
Chairman

Sydney, 25 August 2010

Managing Director's Report

Dear Shareholder

Last year was a particularly volatile one for the global economy as it recovered from the global financial crisis.

For ClearView the year has been transformational.

Strategic Developments

In our 2009 Annual Report we clearly articulated our wish to further develop our advice business and the possibility of taking advantage of any opportunities that may arise in other segments of the financial services industry. The acquisition of MBF Life and ClearView Retirement Solutions from Bupa is clearly consistent with our strategy and now puts us in an excellent position to take advantage of the growth in the life insurance and wealth management industry.

Today, ClearView participates in advice through both ComCorp advisers and ClearView advisers, in life insurance through ClearView Life and in the broader wealth management industry through ClearView Investments and ClearView Superannuation. All segments have strong long term growth characteristics driven by complexity in financial markets and the general population searching for quality informed advice and protection for their financial future.

Financial Results

The results for the year ended 30 June 2010 reflect a net profit after tax of $8.0 million compared to a loss after tax of $4.7 million in the prior year. The results include a one off profit on acquisition of $15.3 million due to the accounting for business combinations under the accounting standards, partially offset by one off costs associated with the Acquisition, restructure and integration of the newly acquired businesses. The one off costs include transaction costs of $4.8 million, redundancy costs of $2.3 million, and restructure and integration costs of $2.1 million. The results for the year are therefore not reflective of the future performance of ClearView.

The total costs associated with the Acquisition including the costs of the capital raising are $9.4 million. The capital raising costs of $4.6 million were charged directly to equity.

The Direct Investments segment has been reflected as a discontinued operation to reflect the impact of the loss of interest income through utilisation of the $69.4 million of internal cash resources to fund the Acquisition and the financial impacts of the legacy listed share portfolio which has now been substantially realised. We expect the profit from discontinued operations of $2.1 million to be replaced by the profitability of the acquired businesses in future periods.

The balance sheet as at 30 June 2010 shows net assets of $242.3 million. This reflects a net asset value per share of 59.1 cents on a fully diluted basis.

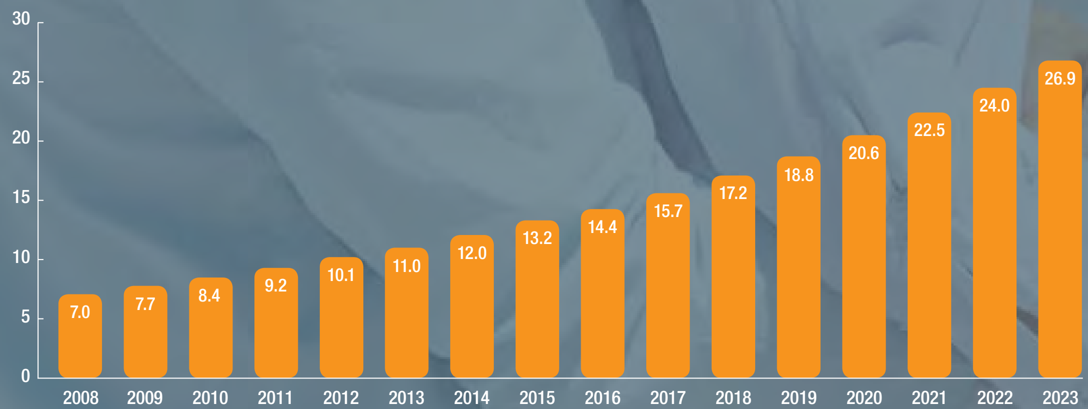
Industry Growth

The Australian Life Insurance Industry has grown strongly over the last decade and, according to Rice Warner (Risk Projections Report, 2009), the Australian Life insurance market annual premium income is expected to reach $27 billion over the 15 years to June 2023 compared with $7 billion as at June 2008. This represents an annual compound growth rate of 9.4% over the period.

There are a number of factors driving growth in the industry:

– **Ageing population:** Most life insurance products in Australia are sold on a yearly renewable basis and premiums increase with age and consequently risk. Industry growth in premiums will partly be driven by Australia's ageing population looking to secure their dependants' future.

Australian life insurance market annual premium projected growth
($ billion)

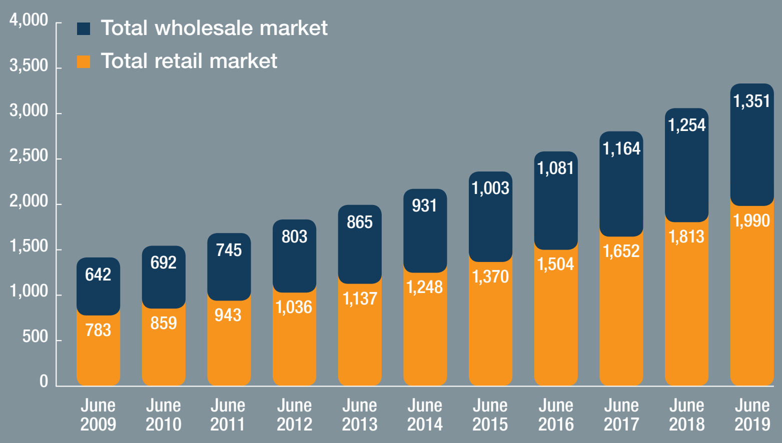


Source: Rice Warner February 2009.

Managing Director's Report continued

DEXX&R (Market Projections Report, 2009) projects total assets to grow at an average compound annual growth rate of 8.9%, reaching $3,341 billion by June 2019.

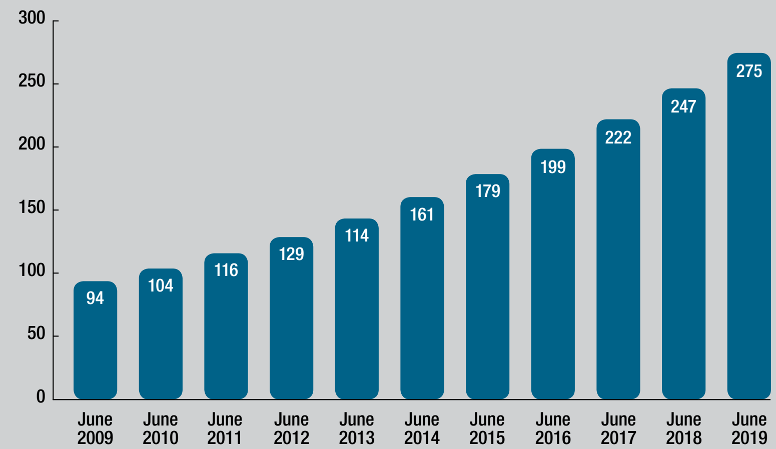
Australian total assets in financial services market projected growth
($ billion)



Source: DEXX&R November 2009. *Note: excluding consolidation of wholesale investment in retail products.

The wealth management industry in Australia has grown substantially over the last ten years, with total assets in the Australian financial services market in excess of $1,500 billion.

Australian total retirement income assets projected growth
($ billion)



Source: DEXX&R November 2009.

- **Increased focus on wealth protection:** Insurers have experienced increased life insurance sales as consumers become more aware of their financial risks.
- **Australian underinsurance:** Australia has low life insurance levels compared to other developed economies, represented by its comparatively low life insurance penetration ratios (total in force premiums as a percentage of GDP). Swiss Re Sigma figures indicate that as at 2007, Australia had a life insurance penetration ratio of 3.8% as compared to the United Kingdom with a penetration ratio of 15.3% and a global average penetration ratio of 4.6%.
- **Superannuation reforms:** Reform in the Australian superannuation industry has also driven growth in the industry. Recent government initiatives that have underpinned growth include mandated minimum insurance requirements for all superannuation funds and the removal of the reasonable benefit limit which has allowed premiums to be paid from pre-tax income.

The wealth management industry is more fragmented than the life insurance industry, particularly within the unitised wholesale funds segment. The top ten participants in the retail managed funds sector hold approximately 80.8% of total market share by Funds Under Management (FUM); and the top ten participants in the unitised wholesale funds segment only hold approximately 60.8% of total market share by FUM.

Not only are the industries that ClearView operates in growing, but they also meet profitability expectations from a shareholder perspective. While the business has its own particular risks (e.g. claims rate variation) and its reported annual profit can be impacted by other short term factors (e.g. assets that are marked to market value), the underlying business, especially the life insurance business, is based on long-term, ongoing customer relationships and contracts. If managed properly, these provide for multi-year recurrent premiums and fee income to the business that underpins its longer term resilience and sustainability.

Managing Director's Report continued

In wealth management we will not participate in capital intensive products which require an excessive amount of capital for the amount of risk undertaken relative to other opportunities.

Prospective Regulatory Changes

During the term of the Labor Government there have been a number of Reports completed concerning both advice and the life insurance and wealth management industry. While the Reports are far reaching in their potential impact, ClearView believes it is well positioned should the recommendations of the Reports be implemented following the recent federal election.

APRA has also announced plans to revisit the capital standards for life insurers in 2012. It is not yet clear what impact this will have and we are participating fully in the industry consultation process.

Strategic Alliances

As part of the Acquisition, we have entered into a ten year alliance to sell life insurance and wealth management products to Bupa's large customer base of approximately 2.9 million members. This is an excellent opportunity for ClearView as it allows us access to one of the most attractive client segments in the markets in which we operate.

As outlined in last year's Report, we have a number of alliances with credit unions which provide us with access to over 800,000 credit union members. Our offering to these members has been enhanced by our ability to manufacture our own life insurance and wealth management products but, just as importantly, the ability to offer Bupa's health insurance products to our credit union member base.

Our strategic alliances are a major point of differentiation for ClearView which, when combined with a management team that has unrivalled experience in managing strategic alliances, means we are well positioned for growth.

In the last three months the management team has been further strengthened from what was already a strong base and we now believe we have the capacity to build a strategically successful and very profitable life insurance and wealth management business.

I would particularly like to record my appreciation of our previous Managing Director, Alex Hutchison for the way he managed the business and for his support in the transition. I look forward to working with Alex, in his role as Chief Executive Officer of Wealth Management and Advice, in building a larger - and more profitable - broadly based financial services group.

Summary

The 2010 financial year has been a transformational year for our business and we enter the 2011 year with a business that is profitable, has a strong capital position (no debt) and is poised for growth.

Simon Swanson
Managing Director

Sydney, 25 August 2010

Corporate Governance

Corporate Governance

This report reflects ClearView Wealth Limited (ClearView or the Company) (formerly MMC Contrarian Limited) and its controlled entities' (the Group) Corporate Governance policies and practices as at the date of this report.

Further details about ClearView's corporate governance policies and procedures are available on the ClearView website (www.clearview.com.au). These documents are updated and reviewed regularly recognising that corporate governance is an evolving process.

Principle 1 - Lay solid foundations for management and oversight

The Board of Directors of ClearView is responsible for the oversight of the Group's corporate governance.

The Board guides and monitors the business and affairs of the Group on behalf of shareholders, by whom they are elected and to whom they are accountable. In practice this is achieved through formal delegation to the Managing Director for day to day management of the Group and to its Board Committees - Audit, Risk and Compliance Committee, Investment Committee and the Nomination and Remuneration Committee - for detailed consideration of matters and making recommendations.

The Board responsibilities are outlined in the Board Charter. Broadly, the primary functions of the Board include:

- Determining strategic objectives and approving the annual operating plans, financial targets and capital expenditure plans;
- Overseeing the Group including its controls and accounting systems;
- Ensuring that the Group has implemented adequate systems of internal control and risk management policies and procedures;
- Monitoring systems of risk management, internal controls, legal compliance and codes of conduct within the Group;
- reviewing the effectiveness, composition and charter of the Board Committees;
- approving all changes to the corporate structure, including tax and financial, which are of strategic importance to the Group;
- approval of the half yearly and annual financial reports;
- declaring the interim and final dividends;
- reviewing the investment performance of the Group;
- approving all transactions relating to major business and company acquisitions, mergers and divestments;
- ensuring effective external disclosure policies so that the market is fully informed on all matters that may influence the share price or a reasonable person would expect to have a material effect on the price or value of the shares; and
- approving the appointment and remuneration of the Managing Director and senior executives.

The process for evaluating the performance of senior executives has been disclosed in the remuneration report. This process has been amended as a result of the evolution in business strategy and the significant changes in the nature of the business. The new performance structures were not fully operational in 2010.

The Board is committed to the highest standards of ethical behaviour and corporate governance.

Principle 2 - Structure the board to add value

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

As of the date of this report, the Board is comprised of seven directors as follows:

- 3 Independent Non Executive Directors- Mr Kellerman, Mr Wade and Mr Goodsall are considered Independent Directors, as defined by the ASX Corporate Governance Council (CGC);
- 3 Non Executive Directors– Mr Jefferies, Mr Eisen and Mr Murphy who are not considered independent as the they are associated with substantial shareholders in the Company; and
- 1 Executive Director- Mr Swanson is the Managing Director.

Mr Kellerman is the Chairman and the roles of Chair and Managing Director are not exercised by the same individual.

The size and composition of the Board has been reviewed in light of the significant change in affairs post the acquisition of ClearView Group Holdings Pty Limited and its subsidiaries (together Acquired Entities). This process includes a review taking into account the needs of the business and to ensure that there is an appropriate blend of commercial skills and experience to govern and add value to the ClearView businesses. In appointing Directors, the Board considers:

- The current size and composition of the Board;
- The strategic needs of ClearView and its subsidiaries;
- Regulatory requirements; and
- The skills, knowledge and independence of the potential director.

The Board does not currently have a majority of Independent Directors at the date of this report.

Prior to the acquisition of the Acquired Entities, the Board has historically considered its composition and that the participation of two Independent Directors was appropriate for the Group. However, on completion of the acquisition of the Acquired Entities two further appointments were made and the Board is in the process of seeking an additional Independent Director to ensure that there is a majority of Independent Directors. The Company intends to apply for registration as a life Non Operating Holding Company regulated by APRA.

ClearView is in the process of implementing a Group Fit and Proper policy post the acquisition of the Acquired Entities. ClearView Life Nominees Pty Limited (ClearView Nominees) and ClearView Life Assurance Limited (ClearView Life) both have appropriate Fit and Proper policies in place at the date of this report.

ClearView has put in place measures to help ensure that individuals who are appointed as Directors or to senior positions within the Group have the appropriate fitness and propriety to effectively discharge their responsibilities and duties.

On appointment, new directors receive a Letter of Appointment which sets out their duties, the terms and conditions of their appointment and their remuneration. The Company also enters into a Deed of Indemnity with each Director and the Company Secretary at the time of appointment.

Details regarding the experience and tenure of the Directors are included in the Directors' Report.

The Company has established a Nomination and Remuneration Committee. As at the date of this report the Nomination and Remuneration Committee consisted of the following Directors:

R Kellerman (Chairman)

P Wade

A Eisen

The functions of the Nomination and Remuneration Committee include:

- reviewing the composition of the Board and making recommendations to the Board;
- evaluating the performance of the Board;
- assessing the necessary and desirable competencies of Board members;
- reviewing Board succession plans; and
- reviewing the remuneration framework for directors and executives and making recommendations to the Board.

ClearView Life, in accordance with relevant prudential requirements, has established appropriate remuneration arrangements.

The Board meets formally at least 8 times a year. It also meets whenever it is necessary between these scheduled meetings to carry out its responsibilities.

The Board performance review will include discussions with each Director specifically addressing performance criteria, the effectiveness of the Board and other related issues.

Corporate Governance
continued

The Nomination and Remuneration Committee has the authority to at any time conduct or direct any investigation it considers necessary to fulfil its responsibilities. The Nomination and Remuneration Committee has the authority to, at any time retain, at the expense of ClearView, such legal, accounting or other advisers, consultants or experts, as the Committee considers appropriate to assist it in meeting its responsibilities.

All Directors have the right to seek independent legal and financial advice, at the expense of the Company, concerning any aspect of the Company. However, prior approval of the Chairman is required, which is not to be withheld unreasonably.

Principle 3: Companies should actively promote ethical and responsible decision making

ClearView has established a Code of Conduct that is available on the Company's website (www.clearview.com.au). ClearView believes that its Directors and employees should conduct themselves in an ethical manner at all times. Ethical conduct relates to standards of behaviour characterised not only by complying with the law but also by acting honestly and fairly. Employees and Directors are encouraged to make the Company aware of any unlawful or unethical behaviour.

All ClearView Directors and employees are expected to comply with the Code of Conduct.

The ClearView Employee Trading Policy has been established to govern the trading in shares and securities by its Directors, officers and employees. This policy is designed to raise awareness and minimise any potential for breach of the prohibitions on insider trading, either in substance or appearance. All Directors, officers and employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the individual's personal interests and those of the Group and its clients.

All Directors, officers and employees are prohibited from trading in the Company's securities at any time if they are in possession of non-public price sensitive information regarding the Group and its securities or any other listed company and its securities which are included on an excluded list. Directors, officers and employees may only trade in Group securities if all of the following requirements are met:

(a) The black out period does not apply;

(b) They are not in possession of price sensitive information;

(c) They have followed the notice procedure set out in the policy; and

(d) The relevant approving officer has given consent to trade.

There may be 2 types of black out periods imposed, either 6 weeks before the release of the half year and full year results announcement to the ASX or a Board-imposed black out period.

(i) All Directors, officers and employees must give written notification, in accordance with the table set out below:

Employee	Designated Approving Officer
Chairman	MD & CFO/Company Secretary
MD	Chairman
All other Directors	MD & CFO/Company Secretary
All other Employees	MD & CFO/Company Secretary

Principle 4 - Safeguard integrity in financial reporting

It is the Board's ultimate responsibility to ensure that effective internal controls exist within the Group.

To assist the Board in this regard it has established an Audit, Risk and Compliance Committee. As at the date of this report, the Committee consisted of the following non-executive Directors:

P Wade (Chairman)

R Kellerman

M Jefferies

J Murphy

D Goodsall

The Chairman of this Committee is an independent director and the Committee has a majority of independent directors. The Chairman of this Committee is not chair of the Board. Audit, Risk and Compliance Committee meetings are held at least three times a year in accordance with the Board approved charter. Details regarding the experience and tenure of the members and the attendance at Audit, Risk and Compliance Committee meetings are included in the Directors' report.

The functions of the Audit, Risk and Compliance Committee include:

- considering the half yearly and annual financial reports before they are approved by the Board;
- ensuring the effectiveness of management information systems and systems of internal control;
- reviewing the appointment of the internal and external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- ensuring that the Group has implemented adequate risk management policies and procedures;
- establishing and maintaining the framework of internal control; and
- ensuring compliance with statutory, Australian Securities Exchange and other reporting requirements.

The Audit, Risk and Compliance Committee invite the auditors to attend committee meetings.

The auditors can meet privately with the Audit, Risk and Compliance Committee. The partner managing the audit was appointed in 2009 and will be rotated after a maximum of five years. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit, Risk and Compliance Committee.

Principle 5 - Make timely and balanced disclosures

ClearView is committed to providing timely and relevant information about its business operations to all shareholders and potential investors to enable them to make informed decisions about their investments.

ClearView strives to ensure that all disclosures are;

- made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner to allow an investor to assess the impact of the information when making investment decisions.

All material information relating to ClearView is accessible on the ClearView website (www.clearview.com.au) as soon as it is disclosed to the ASX.

ClearView's approach to communicating with shareholders and the market is set out in its Continuous Disclosure Obligation Policy which was updated in May 2010 and is available on the ClearView website.

Principle 6 - Respect the rights of shareholders

The Board aims to ensure that shareholders, on whose behalf they act, are informed of all information necessary to assess the performance of the Group. Information is communicated to the shareholders through:

- compliance with Australian Securities Exchange reporting and disclosure requirements;
- the Company's website, on which all Australian Securities Exchange announcements are posted;
- the annual and interim reports; and
- the Annual General Meeting (AGM) and any other shareholder meetings called to obtain approval for Board action as appropriate.

The Company Secretary is responsible for lodging communications with the Australian Securities Exchange.

ClearView encourages all shareholders to attend, participate and vote at its AGM. The Notice of AGM is accompanied by explanatory notes on the items of business to assist shareholders to understand the business that will be considered at the meeting.

The Board also requests that the Company's external auditor attends the meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate Governance
continued

Principle 7 - Recognise and manage risk

The Board is responsible for ensuring the risk management systems are effective.

As a result of the acquisition of the Acquired Entities and the significant change in the nature of the business, the Group is engaged in a process of reviewing and assessing the Risk Management Frameworks, for all Group companies to ensure applicability and consistency across the Group and ongoing compliance with all regulatory requirements.

The Board has delegated authority to the Audit, Risk and Compliance Committee of the Company.

The Board has received and considered the annual certification from the Managing Director and the Chief Financial Officer that states that the risk management system is operating effectively in all material aspects in relation to financial reporting risks.

The Company has established an Investment Committee. As at the date of this report, the Investment Committee consists of the following Directors:

A Eisen (Chairman)

R Kellerman

P Wade

The objectives of the Investment Committee include:

- the development of investment policies and procedures;
- the development within the investment policies of an asset allocation for the investment portfolios based on the needs of the organisation and its risk tolerance;
- the review of proposals for investments (and investment managers/firms), unless such duties are assigned to other committees by the Board, so as to determine the type of investments (and the investment managers/firm) that may best suit the Company;
- the monitoring of all areas of the investment program, including the performance of the investment portfolio (and the investment managers/firm), and recommend any changes that may need to be made from time to time.

The Investment Committee did not meet regularly post the sale of MMC Asset Management Limited in July 2009, and the sell down of the listed entity's legacy investment portfolio.

As a result of the change in nature of the business and the acquisition of the Acquired Entities, the Investment Committee will meet at least 4 times per annum.

Principle 8 - Remunerate fairly and responsibly

The Company has established a Nomination and Remuneration Committee. The composition, functions and responsibilities of the Committee have been included under Principle 2.

Details regarding the experience and tenure of the members and attendance at Nomination and Remuneration Committee meetings are included in the Directors' report.

Directors' Report

Directors' Report
for the year ended 30 June 2010

The Directors of ClearView Wealth Limited (ClearView or the Company) (formerly MMC Contrarian Limited) submit herewith the annual financial report of the consolidated entity (referred to hereafter as the Group) for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors Details

Current Directors	Former Directors
Ray Kellerman	Alexander Hutchison
Simon Swanson	Peter Constable
Anthony Eisen	
Michael Jefferies	
Peter Wade	
John Murphy	
David Goodsall	

The biographies for both current and former Directors of ClearView are detailed below.

Current Directors

Ray Kellerman **B.EC, LLB, MBA, ACIA**
Non-executive Chairman

Ray is an independent director as defined by the ASX Corporate Councils Principles. Ray has a legal background and was head of compliance services at the Corporate Trust division of Perpetual Trustees Australia where he spent 10 years before establishing his own compliance consulting and advisory business in 2001. Ray currently acts as a director and audit, risk and compliance committee member for a number of major fund managers and financial institutions including Goodman Funds Management Australia, Certitude Global Investments, Macquarie Bank, Deutsche Asset Management, Aberdeen Asset Management and Alliance Bernstein Investment Management Australia. He is an owner and Director of Quentin Ayers Pty Limited, an independent asset consultant firm in the alternative assets sector.

Ray is the Chairman of the Nomination and Remuneration Committee and a member of the Audit, Risk and Compliance Committee and Investment Committee. He was appointed to these committees on 18 April 2007. He was appointed Chairman of the Nomination and Remuneration Committee on 26 November 2008.

Ray was appointed a Director on 10 April 2007 and Chairman on 4 November 2008. Age 46.

Simon Swanson **B.EC, B.Bus, ANZIIF (Fellow) CIP, CPA**
Managing Director

Simon is one of Australia's most skilled and experienced insurance executives having worked for 30 years across life, general and health insurance as well as funds management. He has successfully led the largest life insurer (CommInsure, Sovereign and Colonial) in three countries and has spent half of his career in the Asia Pacific region. Apart from running large insurance companies, he has also successfully started a broad range of businesses covering life insurance, health insurance and funds management.

Simon was appointed as Managing Director on 26 March 2010. Age 52.

Anthony Eisen **B.COM, CA**
Non-executive Director

Anthony has over 16 years experience in finance and investment. He is currently an executive of GPG. Prior to joining GPG, Anthony was an investment banker in Australia and the United States. Anthony commenced his professional career as an accountant with Price Waterhouse. Anthony currently represents the interests of GPG on the boards of Capral Limited, eServGlobal Limited and Tower Limited. Anthony previously represented the interests of GPG on the board of Tower Australia Group Limited.

Anthony is a member of the Nomination and Remuneration Committee and Chairman of the Investment Committee. He was appointed to the Investment Committee on 28 November 2007 and to the Nomination and Remuneration Committee on 26 November 2008. He was appointed Chairman of the Investment Committee on 26 November 2008.

Anthony was appointed a Director on 12 November 2007. Age 38.

Michael Jefferies **B.COM, CA**
Non-executive Director

Mike has been an executive of GPG for the past 18 years. He currently represents the interests of GPG as Chairman of Touch Holdings Limited and a Non-executive Director of Tower Limited, Capral Limited, Metals X Limited and an alternate Director of eServGlobal Limited. He is also a director of Ozgrowth Limited. Mike was previously a director of Tower Australia Group Limited and Australian Wealth Management Limited.

Mike is a member of the Audit, Risk and Compliance Committee. He was appointed to this Committee on 26 November 2008.

Mike was appointed a Director on 4 November 2008. Age 54

Peter Wade B.EC, ASIA, MSDIA
Non-executive Director

Peter is an independent director as defined by the ASX Corporate Councils Principles. For the past 30 years, Peter has worked in the Australian and international equity markets. Peter worked for Goldman Sachs JB Were (GSJBW) (previously known as JB Were) in Melbourne, London, New York and Sydney. At the time of his departure from GSJBW, Peter was the Joint Head of the Equities Products Group and was on the Board and Management Committee. In 2005, Peter joined JP Morgan where he became Managing Director, Head of Australian Equities and a member of the management committee before retiring from full time employment. He is currently working with the Commonwealth Bank of Australia. Peter has served on boards and committees of a number of security industry related organisations.

Peter is Chairman of the Audit, Risk and Compliance Committee and a member of the Nomination and Remuneration Committee and the Investment Committee. He was appointed to these committees on 28 November 2007. He was appointed Chairman of the Audit, Risk and Compliance Committee on 26 November 2008.

Peter was appointed a Director on 31 October 2007. Age 53.

David Goodsall BA, FIAA, ASA, CERA, MAICD
Non-executive Director

David is an independent director as defined by the ASX Corporate Councils Principles. David is a Fellow of the Institute of Actuaries of Australia and a Chartered Enterprise Risk Analyst. David has in-depth knowledge and experience in life insurance and funds management having held a number Appointed Actuary positions and led the Actuarial practice of Ernst & Young where he was also a partner until he retired from the firm in 2009.

In 2009, David established a new consulting firm, Synge & Noble, where he is a director. He is also the Vice President of the Institute of Actuaries of Australia.

David is a member of the Audit, Risk and Compliance Committee. He was appointed to the committee on 8 July 2010.

David was appointed a Director on 9 June 2010. Age 55.

John Murphy B.COM, M.COM, CA, FCPA
Non-executive Director

John is the founder and Managing Director of Investec Wentworth Private Equity. John has over 30 years experience in private equity, turnarounds, corporate finance and accounting. Prior to entering private equity in 1998, John spent over 25 years, including 14 as a senior partner, in the corporate finance and recovery division of a global accounting firm. John is a director of Investec Bank (Australia) Limited and Chairman of the bank's Investment Committee.

John sits on the Boards of many of Investec Wentworth Private Equity's portfolio companies and has extensive public company board experience.

John is a member of the Audit, Risk and Compliance Committee. He was appointed to this Committee on 8 July 2010.

John was appointed to the board on 9 June 2010. Age 57.

Former Directors

Alexander Hutchison LLB, MSDIA, AACI

Alex is a solicitor with over 17 years experience in the financial services sector. Prior to joining ClearView Wealth Limited, Alex was the Chief Executive Officer of Bridges Financial Services. Alex began his financial services career at the Australian Securities Commission and later the State Bank of NSW, Colonial Limited and Credit Union Services Corporation Australian Limited.

Alex resigned as a Director on 26 March 2010. Age 45.

Peter Constable B. EC

Peter has over 17 years experience in funds management, investment and finance. He is the Managing Partner of Ryder Capital (Ryder). Prior to establishing Ryder, Peter was an executive of MMC Asset Management where he was Chief Investment Officer until 1 July 2008. Peter began his career in London working for The United Bank of Kuwait and later Royal Sun Alliance.

Peter resigned as a Director on 19 August 2009. Age 40.

Directors' Report
for the year ended 30 June 2010 continued

The directors named in the previous page, held office during the whole of the financial year and since the end of the financial year except for:

Simon Swanson - appointed 26 March 2010

David Goodsall – appointed 9 June 2010

John Murphy – appointed 9 June 2010

Alexander Hutchison- resigned 26 March 2010

Peter Constable - resigned 19 August 2009

Company Secretary

Athol Chiert, B Com, B Acc, CA was appointed Company Secretary on 4 November 2008. Athol has a life insurance and private equity background. Athol was previously the CFO of PrefSure Holdings Limited and PrefSure Life Limited (formerly Lumley Life Limited). Athol also served as part of the Global Capital Group both in Australia and South Africa and has over 13 years experience in the finance industry. Athol commenced his professional career as an accountant with Arthur Andersen.

Appointed Actuary of ClearView Life Assurance Limited

Greg Martin (BA, FIAA, FFin, MAICD) was appointed as the Appointed Actuary of ClearView Life Assurance Limited (formerly MBF Life Limited) (ClearView Life) on 5 July 2010.

Greg is a Fellow of the Institute of Actuaries of Australia and a partner of KPMG. He has over 25 years' experience specialising in life insurance and funds management and has held a number of other Appointed Actuary roles during his career. Greg was the 2008 President of the Institute of Actuaries Australia (IAA), a previous member of the Life Insurance Actuarial Standards Board and a member of multiple committees of the IAA. Greg brings a wealth of experience to ClearView in the areas of risk and capital management, financial management and reporting, and insurance product pricing.

Directorships of other Listed Companies

Directorships of other listed companies held by Directors in the 3 years preceding the end of the financial year are as follows:

Name	Company	Period of Directorship
Anthony Eisen	Tower Limited	12 December 2006 - Ongoing
	Capral Limited (2)	29 August 2008 - Ongoing
	eServeGlobal Limited	20 March 2009 - Ongoing
	Tower Australia Group Limited (1)	19 December 2006 - 8 August 2008
Michael Jefferies	Tower Limited	19 December 2006 - Ongoing
	Metals X Limited	14 June 2004 - Ongoing
	Ozgrowth Limited	31 October 2007 - Ongoing
	Capral Limited	6 November 2008 - Ongoing
	eServeGlobal Limited (1)	13 March 2009 - Ongoing
	Tower Australia Group Limited	8 August 2006 - 8 August 2008
	Australian Wealth Management Limited	29 October 2004 - 24 April 2007
John Murphy	Ariadne Australia Limited	6 December 2006 - Ongoing
	Staging Connections Group Limited	7 March 2003 - Ongoing
	Gale Pacific Limited	24 August 2007 - Ongoing
	Vocus Communications Limited	7 March 2003 - Ongoing
	Australian Pharmaceutical Industries Limited	7 August 2004 - 8 August 2007
	Speciality Fashion Group Limited	20 February 2005 - Ongoing

(1) Alternate director.

(2) Alternate director from 19 October 2006 to 29 August 2008.

Principal Activities

The consolidated entity's principal activities in the course of the financial year were that of a vertically integrated financial services company, with a focus on the life insurance and wealth management industry.

On 26 March 2010, the Group announced that it had signed agreements to acquire ClearView Group Holdings Pty Limited (CVGH) (formerly MBF Management Pty Limited), Bupa Australia's life insurance and wealth management business (the Acquisition).

Review of operations and activities

Strategy Update

The Acquisition is consistent with ClearView's stated strategy and provides ClearView an attractive entry point into the wealth management and life insurance industry. The Acquisition further strengthens ComCorp's existing wealth management offering. On Completion of the Acquisition, ClearView signed an exclusive Distribution Alliance Agreement (DAA) with Bupa Australia. The exclusive arrangement granted under the DAA provides for ClearView Life and ClearView Financial Management Limited (CFML) to market life insurance and wealth management products to Bupa Australia's member base. The DAA positions ClearView on a potentially significant growth path.

The Acquisition transforms ClearView into a highly focused life insurance and wealth management business with excellent distribution capabilities. This base will allow ClearView potentially to build a highly competitive business in the Australian life insurance and wealth management industry.

On Completion of the Acquisition, the Company changed its name to ClearView Wealth Limited to reflect its new focus and applied to the ASX to have its ASX code changed to CVW. The shares commenced trading under the ASX code CVW on 17 June 2010.

Discontinued Operation

Following the application of the internal cash resources to fund the Acquisition and the realisation of the legacy share portfolio in the current financial year, the Direct Investment segment as previously reported as a segment of the consolidated entity is considered a discontinued operation – see note 9 for further details.

Capital Raising

Following the announcement of the Acquisition in March 2010, ClearView announced a $135 million capital raising by way of a conditional placement of $62 million, subject to shareholder approval (Conditional Placement), and a 1 for 1 entitlement offer for $73 million (Entitlement Offer). The Capital Raising was fully underwritten by Commonwealth Securities Limited (Commsec). ClearView successfully raised $135 million from its Conditional Placement and Entitlement Offer pursuant to the Prospectus dated 26 March 2010. The Conditional Placement was approved by shareholders at the EGM held on 30 April 2010 and the new shares from the Conditional Placement and Entitlement Offer were issued on 5 May 2010 and commenced trading on the ASX on that date.

GPG Takeover Bid

On 8 September 2009, Ecurb Australia Pty Limited (GPG), a wholly owned subsidiary of Guinness Peat Group plc (Guinness Peat), launched an on-market takeover offer for all ClearView shares, at a bid price of $0.48 per ClearView share. The offer price was subsequently increased to $0.50 per ClearView share on 16 October 2009. The offer closed at the end of trading on 6 November 2009. On 9 November 2009, GPG announced that its holding had increased to 68%.

On completion of the $135 million capital raising, GPG reduced its holding in ClearView to 47.8%. GPG participated in the Entitlement Offer but was diluted through the issue of shares in the Conditional Placement.

ClearView Group Holdings

The purchase consideration for the Acquisition was $195 million excluding transaction and capital raising costs (Acquisition Costs) of $9.4 million and calculation of the adjustment amount. The purchase consideration and Acquisition Costs were settled in cash, funded by internal cash resources of $69.4 million and the balance was funded by a Conditional Placement of $62 million and a 1 for 1 Entitlement Offer for $73 million. The Acquisition was approved by shareholders at the Extraordinary General Meeting (EGM) held on 30 April 2010 and completed on 9 June 2010.

Directors' Report
for the year ended 30 June 2010 continued

As at the date of this report the process to determine the adjustment amount in accordance with the share sale agreement has yet to be finalised. The estimated adjustment amount is $5.8 million and is represented by the increase in the net assets acquired between 31 December 2009 and the completion date.

Other Acquisitions

On 6 November 2009 the Group acquired the business of MBT Financial Services Pty Limited (MBT). MBT was previously a franchised planner of ComCorp.

Subsequent to year end, on 13 July 2010, the Group acquired the business of a franchised planner, Suntrip Financial Services Pty Limited for $0.8 million.

The acquisition of these businesses is consistent with ClearView's stated strategy of developing its presence in the wealth management industry and represents bolt on acquisitions.

The acquired ClearView wealth management business is in the process of being integrated with the Group's existing ComCorp business. However, the businesses will operate under two separate brands with ComCorp focused on the credit union and related segment of the market while the ClearView brand will focus on the Bupa health member base.

The Group is an established provider of wealth management services to member based organisations, particularly credit unions, representing approximately 800,000 members Australia wide and through the Bupa network representing approximately 2.9 million health members.

As at 30 June 2010, the Group has funds under management and advice of approximately $3.1 billion.

The Group's systems provide a scalable opportunity to build an advice focused wealth management business model around key referral partners. The Group is now well positioned for growth and is seeking to expand its geographic presence.

Employee Share Plan

In accordance with the provisions of the ClearView Wealth Employee Share Plan (ESP), during the year 16,150,000 shares were issued in accordance with the ESP rules with the following grant dates:

Series	Date	No of shares
Series 7 (Senior Management)	29 September 2009	3,500,000
Series 8 (CEO Wealth Management and Advice)	08 October 2009	2,000,000
Series 9 (Chairman)	28 October 2009	250,000
Series 10 (Managing Director)	25 June 2010	2,000,000
Series 11 (Managing Director)	25 June 2010	4,000,000
Series 12 (Managing Director)	25 June 2010	4,000,000
Series 13 (Senior Management)	25 June 2010	400,000
		16,150,000

The vesting conditions in the ESP stipulate that all shares issued in terms of the Plan will automatically vest with a change of control of ClearView. Effective 23 October 2009, GPG obtained control of ClearView which resulted in accelerating the vesting of the shares in the ESP at that time, including Series 7 and 8 which had been issued prior to the change of control. The shares issued in Series 9,10,11,12 and 13 were issued subsequent to the change of control and thus the normal vesting conditions of the ESP still apply.

The Company issued 2,000,000 shares to Alexander Hutchison, a former director, in accordance with shareholder approval obtained at the 2009 AGM.

The Company had issued 250,000 shares to RK Sydney Pty Limited, an associate of the Chairman, Mr Raymond Kellerman, in accordance with the Plan Rules. In accordance with shareholder approval obtained at the 2009 AGM, it was resolved that the 250,000 shares issued to the associate of Mr Kellerman be bought back in accordance with the provisions of the ESP Rules, and thereafter, the same number of shares be issued to the associate of Mr Kellerman in order for the terms to be amended to those consistently applied for Series 7 and Series 8. Furthermore, a further 50,000 shares issued to a former employee were cancelled in terms of the ESP Rules and therefore 300,000 shares were cancelled during the year.

As outlined in the prospectus and approved at the EGM held on the 30 April 2010, 10 million shares were issued to Simon Swanson (Series 10,11 and 12) in accordance with his employment contract.

Operating Results for the year ended 30 June 2010 from continuing operations

The Directors report a consolidated profit from continuing operations for the year as follows:

	30 June 2010 $'000	30 June 2009 $'000	Change from previous year %
Net profit / (loss) for the year	**5,921**	(2,269)	361%
Net profit / (loss) recognised directly in equity	**–**	–	–
Total recognised income and expense for the year	**5,921**	(2,269)	361%

The net profit for the year includes premium income, financial planning income, profits and losses from the sale of listed securities, management fee income from the external funds, trust distributions, dividends and interest income. The results from the Acquisition have been included from the completion date, being 9 June 2010.

Included in the net profit for the year from continuing operations is:

(a) transaction costs of $4.8 million relating to the Acquisition (nil tax effect).

(b) a profit on acquisition of $15.3 million (nil tax effect) as a result of the purchase of CVGH in accordance with AASB 3; and

(c) one off expenses of $4.4 million ($3.1 million net of tax) which relate to the termination, transition and restructuring costs associated with the Acquisition.

Capital raising costs of $4.6 million ($3.2 million net of tax) were debited against the share capital account in terms of the accounting standards.

Investment Portfolio

ClearView retains one listed investment on its Balance Sheet from its legacy listed share portfolio. It is the intention of the Board to dispose of this investment in the near term.

Dividends

The Directors have declared that there will be no final dividend (2009: nil). No interim dividend was paid during the year (2009: nil).

Following completion of the capital raising and the Acquisition, ClearView has no debt and a strong capital position.

As outlined in the prospectus, subject to available profits and financial position, the Board's expectation is to pay an annual dividend representing 20% to 40% of underlying profit, subject to regulatory requirements and available capital. ClearView's ability to pay a dividend will depend upon factors including its profitability, the availability of franking credits, and its funding requirements which in turn may be affected by trading, general economic conditions and regulation. Accordingly, no assurance can be given as to the timing, extent and payment of dividends.

The Board will continue to review its dividend policy in light of the significant change in the state of affairs of the Company.

Capital Management

ClearView Life holds surplus capital in excess of its regulatory requirements of $39 million at 30 June 2010. CFML holds surplus capital in excess of its regulatory requirements of $1.5 million at 30 June 2010.

The parent entity has $10.7 million of available cash resources at 30 June 2010 before settlement of the estimated adjustment amount.

ClearView dividend policy and factors which will impact on the ability to pay a dividend have been outlined above.

The Dividend Reinvestment Plan has been suspended since 26 February 2008 and the Board will continue to evaluate the Group's capital position on a regular basis.

Directors' Report
for the year ended 30 June 2010 continued

Events subsequent to balance date

The directors are not aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations or the state of the affairs of the consolidated entity in future financial years.

Significant changes in the state of affairs

ClearView Acquisition

On the 26 March 2010 ClearView signed an agreement to acquire Bupa Australia's Life Insurance and Wealth Management businesses for $195 million plus an adjustment amount as noted above. The Acquisition completed on 9 June 2010.

Disposal of MMC Asset Management

As previously outlined, ClearView entered into a Share Sale and Purchase Agreement with Valuestream Investment Management Limited (VIML) on 17 July 2009 to effect the sale and purchase of 100% of the shares in MMC Asset Management.

Prior to Completion, MMC Asset Management completed a $6.0 million capital reduction to ClearView by the settlement of cash. ClearView also entered into a Share Subscription Deed with Huon Capital Pty Limited (Huon) on 17 July 2009 such that ClearView owns a passive 10% interest in a new boutique fund manager. The 10% equity stake was issued to ClearView on Completion of the sale of MMC Asset Management to VIML. Completion occurred on 31 July 2009.

On exit of MMC Asset Management from the tax consolidated group on 31 July 2009, a realised capital loss in the amount of $30 million was made. The tax effect of the capital loss has not been raised as a deferred tax asset in the reported results as the Board is of the view that it is not probable that the Group will utilise the capital losses in the foreseeable future.

Included in the following table are the effects of the various transactions highlighted above:

	2010 %	2009 %
MMC Asset Management Limited	–	100
ClearView Administration Services Pty Limited (formerly MMC Service Co Pty Limited)	**100**	100
ComCorp Financial Advice Pty Limited	**100**	100
ClearView Group Holdings Pty Limited (formerly MBF Management Pty Limited)	**100**	–
ClearView Financial Management Limited	**100**	–
ClearView Life Assurance Limited (formerly MBF Life Limited)	**100**	–
ClearView Life Nominees Pty Limited	**100**	–
Affiliate Financial Planning Pty Limited	**100**	100
Huon Capital Pty Limited	**10**	–

Future developments

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

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2010, and the numbers of meetings attended by each Director were as follows:

	Board		Audit, Risk and Compliance Committee		Investment Committee		Nomination and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ray Kellerman	22	22	3	3	–	–	2	2
Anthony Eisen	19	15	–	–	–	–	2	2
Simon Swanson	4	4	–	–	–	–	–	–
John Murphy	1	1	–	–	–	–	–	–
David Goodsall	1	1	–	–	–	–	–	–
Peter Wade	22	21	3	3	–	–	2	1
Michael Jefferies	19	16	3	3	–	–	–	–
Alexander Hutchison	18	17	–	–	–	–	–	–
Peter Constable	2	2	–	–	–	–	–	–
Total number of meetings	22		3		–		2	

Director's shareholdings

The following table sets out 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.

Directors	Fully paid ordinary shares including Employee Share Plan Number	Employee Share Plan Number
Ray Kellerman	451,600	250,000
Simon Swanson	12,000,000	10,000,000
Anthony Eisen [(1)]	199,328,980	–
Michael Jefferies [(1)]	199,328,980	–
Peter Wade	139,682	–
David Goodsall	100,000	–
John Murphy [(2)]	39,088,239	–

[(1)] Shares held by Guinness Peat Group of which Anthony Eisen and Mike Jefferies are executives.

[(2)] Shares held by Investec Wentworth Private Equity of which John Murphy is a director.

Indemnification of directors and officers

During the period, the Company purchased Directors' and Officers' Liability Insurance to provide cover in respect of claims made against the Directors and Officers in office during the financial period and as at the date of this report, as far as is allowable by the Corporations Act 2001.

The total amount of insurance premium paid and the nature of the liability are not disclosed due to a confidentiality clause within the contract.

As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above. Directors' and Officer's liability insurance contributed a proportion of the total insurance premium.

The Company has not during or since the financial period, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as an auditor.

Directors' Report
for the year ended 30 June 2010 continued

Rounding of amounts
The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor independence and non audit services
The Directors have received an independence declaration from the auditors, a copy of which is on page 33.

Non-audit services
Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 12 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor 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 12 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk and Compliance 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 auditors for the Company or lead to joint sharing of economic risks and rewards.

Remuneration report
The Remuneration Report provides an overview of the consolidated entity's remuneration policies and practices and explains the links between Company performance and rewards. The report also provides details about the remuneration of Directors and Key Management Personnel.

Principles of Remuneration

The remuneration strategy seeks to align interests of shareholders and Key Management Personnel of the Group and the Company. The principles underlying the proposed remuneration framework are based on clearly structured and transparent rewards and incentives that work to drive heightened levels of individual and overall Company performance. Performance is based on achieving outcomes that meet or exceed the Company's business objectives, demonstrate its core values and increase the Company's shareholder returns.

The remuneration philosophy provides remuneration packages that allow for market conditions and recognise the qualities and value that an individual brings to their role. By adopting a robust approach to remuneration, the Company aims to attract and retain top talent.

The primary objective is to ensure that rewards paid for performance are competitive and appropriate for the results that are delivered. In accordance with this objective, the Company has structured remuneration packages to provide an appropriate mix of fixed and performance based variable pay components.

The remuneration strategy and structure for employees was amended as a result of the transition of the Company to an operating entity through the acquisition of ComCorp in the June 2009 financial year.

Components of Key Management Personnel Total Remuneration

Total remuneration is made up of 3 components:

- Fixed Remuneration;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI)

The Fixed Remuneration is based on each employee's experience, capability and responsibility and not to specific performance conditions. The Fixed Remuneration is benchmarked against market data provided by external consultants when considered necessary. The Company seeks to position its Fixed Remuneration component competitively, with the market median used as a guide. An external consultant has been used to provide benchmarking of Fixed Remuneration for Key Management Personnel for the June 2011 financial year.

STI is set based on achieving agreed performance targets and measures. Each Key Management Personnel is set company and individual performance targets and objectives. The performance measures reflect the primary business drivers and measures.

Performance targets are set at a business and individual level as follows:

- **Business level** - the performance measures are based on the underlying profit performance of the Company; and
- **Individual level** - the performance measures are tailored to each individual and their respective role in the Company.

The STI is based on a range calculated as a percentage of Fixed Remuneration.

The Managing Director is responsible for assessing the performance of Key Management Personnel and for recommending the total STI to be paid. The Managing Director may also recommend STI payments over and above target bonus amounts for exceptional performance. The Managing Director's recommendations are presented to the Nomination and Remuneration Committee for consideration and recommendations are made to the Board for approval. It is only when Board approval has been obtained that STI bonuses are approved and payable.

The above mentioned STI plan was not formally implemented during the June 2010 financial year (including setting the individual level key performance indicators) given the focus of management on the investment opportunities culminating in the Acquisition. Therefore, for the 2010 financial year the STI bonuses for Key Management Personnel were based on the recommendation of the Managing Director and Board discretion for achieving performance targets as set out by the Board. An external consultant was appointed to benchmark bonuses for the year in light of the performance and restructuring of the business during the course of the year. These discretionary bonuses were based on the benchmarks provided by an external consultant and approved by the Board. These have been separately disclosed in the relevant section below.

The Company entered into an Employment Agreement with its new Managing Director, Mr Simon Swanson with effect from 26 March 2010 and he joined the Board in that capacity.

Mr Swanson's base salary is $600,000 per annum (inclusive of superannuation) as Managing Director, with annual reviews. In addition, there is the possibility of a short term incentive of up to $400,000 per annum based on defined performance criteria to be designed by ClearView in consultation with Mr Swanson. These key performance indicators will be agreed concurrently with the roll out of the individual performance targets for Key Management Personnel by the end of the second quarter of the new financial year.

ClearView has an ownership-based compensation scheme for directors, executives and senior employees of the Group. The objective of the LTI is to assist in the recruitment, rewarding, retention and motivation of employees of the Company and its associated bodies corporate. The ESP is designed to encourage a focus on the long term results of the Company and forms part of the LTI plan for employees of the Company.

In accordance with the provisions of the revised ESP Rules, as approved by shareholders at the general meeting held on 7 October 2009, directors, executives and senior employees may be issued parcels of ordinary shares at an issue price as defined under the plan, which will generally be at or around the market price of ClearView Shares at the time of issue.

Limited recourse loan

The Company may provide financial assistance to an employee for the purposes of subscribing for Shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the Shares, repayable within 5 years. The financial assistance will become immediately repayable in the event of "disqualifying circumstances" including failure to meet performance or vesting conditions, or upon cessation of the employee's employment in circumstances defined in the ESP Rules. The employee will only be entitled to repay the loan and obtain the benefit of the shares if the applicable vesting conditions and performance conditions are met.

For shares issued, it is a term of the loan that interest accrues at the Reserve Bank of Australia official cash rate (RBA Rate) plus a margin of 0.25% (reset each year in December and June). This is intended to act as an in-built performance hurdle. For this reason, additional performance hurdles are not imposed. The interest rate was revised and approved by shareholders at the EGM on 30 April 2010. Prior to this approval interest was charged on the loans at 8% per annum (as approved at the 2009 AGM).

Directors' Report
for the year ended 30 June 2010 continued

The Board considers that a market based interest rate is more appropriate for the new circumstances of the Company, given the significant change in nature of the Company going forward.

Any after tax equivalent of dividends paid on the Plan Shares will be applied to repayment of any outstanding loan.

The ESP provides for Shares to be bought back by the Company in full satisfaction of outstanding loans (including accrued interest) in circumstances where an employee does not wish to, or is not entitled to, repay the loan and obtain unencumbered title to the Shares.

Restrictions and holding lock

The Shares granted under the ESP are subject to a holding lock restricting the holder from dealing with the Shares without the consent of the Board until the earlier of:

- the 5th anniversary of the issue date;
- the date the employee ceases employment; or
- termination of the ESP.

An executive may make a Disposal Request to the Board that their Shares be sold on their behalf, and that the excess sale proceeds (if any) over the amount of the loan be paid to them. However, an executive can only make a Disposal Request for their Shares when the performance and vesting conditions are satisfied for those Shares, and approval of the Disposal Request is always subject to the approval of the Board.

Change in Control provisions

The ESP Rules include an accelerated vesting provision on a change in control. Unless the terms of a particular grant provide otherwise, all performance conditions and vesting conditions in relation to particular ESP Shares will be deemed to have been satisfied if:

- a person who did not control ClearView at the date of issue of the Shares gains control of the Company (but only if the person is not itself Controlled by another person who Controlled the Company at the date of issue); or
- other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of performance conditions and/or vesting conditions.

"Control" is defined as where a person and its related bodies corporate (as defined in the Corporations Act) together hold more than 50% of the ClearView Shares then on issue.

Restrictions on Offer

Shares may not be offered under the ESP to an employee if that employee would hold, after issue of the shares, an interest in more than 5% of the issued shares or be able to control the right to vote of more than 5% of the votes that may be cast at a general meeting of the Company.

Shares issued under the ESP will only vest provided the performance and vesting conditions are achieved (unless there is a change in control provision event as outlined above).

The following table summarises the performance and vesting conditions for shares issued under the LTI plan as at the date of this report:

Series	Vesting Conditions	Performance Conditions
Series 5 - 16 April 2008 Issue	Nil	Nil
Series 6 - 30 June 2008 Issue	Nil	Nil
Series 7 - 29 Sept 2009 Issue	Nil*	Nil
Series 8 - 8 Oct 2009 Issue	Nil*	Nil
Series 9 - 28 Oct 2009 Issue	2 years and 345 days from date of issue	Nil
Series 10 - 25 June 2010 Issue	1 year from date of commencement of employment	Nil
Series 11 - 25 June 2010 Issue	2 years from date of commencement of employment	Nil
Series 12 - 25 June 2010 Issue	3 years from date of commencement of employment	Nil
Series 13 - 25 June 2010 Issue	2 years and 341 days from date of issue	Nil

* Change in control provision triggered by GPG takeover bid.

In accordance with Mr Swanson's employment contract, Mr Swanson is entitled to a long term incentive comprising 10 million Shares in accordance with the ESP, and vesting progressively over three years from the commencement date of his contract as follows:

- Series 10: 2 million shares at an issue price of 50 cents vesting on 26 March 2011;
- Series 11: 4 million shares at an issue price of 58 cents vesting on 26 March 2012; and
- Series 12: 4 million shares at an issue price of 65 cents vesting on 26 March 2013.

Shareholder approval was obtained at the EGM on 30 April 2010 and completion of the Acquisition occurred on 9 June 2010.

The Board understands that there is limited liquidity in derivatives for the Company shares. The Directors believe that there is no risk in Key Management Personnel limiting his or her exposure in relation to shares issued under the plan and accordingly there is no specific policy in relation to Key Management Personnel hedging his or her exposure to the Company's shares.

The Company also has a Deferred Share Plan (DSP) in place. Under the DSP, employees, including directors, may choose to receive part of their remuneration (including bonuses) in the form of shares. Shares in respect of the DSP are purchased on the market and are held in the employee's name, but are generally subject to a holding lock until he or she leaves the employment of the Company.

No shares have been acquired under the DSP as at the date of this report.

Non-executive Directors' remuneration

Non-executive Directors are remunerated by fees within the aggregate limit approved by shareholders. The present limit on aggregate remuneration for non-executive Directors is $450,000. Directors' fees can be paid as superannuation contributions and may also be directed to the DSP.

Shares issued under the Employee Share Plan

Shares granted to Directors and Key Management Personel

During and since the end of the financial year an aggregate 15,000,000 shares (2009: Nil shares) were granted by the Company to the Directors and Key Management Personnel of the Company and the consolidated entity under the ESP.

Interest-bearing loans have been granted by the Company to the following Directors and Key Management Personnel to fund the acquisition of shares under the ESP. The loans bear interest at the RBA rate plus a margin of 0.25% other than Series 5 and 6 that were issued prior to the revised ESP Rules and these accrue interest at the lower of the dividends paid on the shares and the statutory interest rate.

Until vesting and performance conditions are achieved, the shares are subject to a holding lock. If the conditions are met, the loans must be repaid before the holding lock is released.

Series	Director, KMP, to which the series relates	Fair value at grant date $	Exercise price per share $	Aggregate value at grant date $	Expiry date
Series 5	Alexander Hutchison	0.095	0.597	94,764	16/04/2013
Series 6	Justin McLaughlin	0.103	0.589	51,283	30/06/2013
Series 7	Athol Chiert	0.065	0.488	98,057	29/09/2014
Series 7	Justin McLaughlin	0.065	0.488	65,371	29/09/2014
Series 7	Donna McKell	0.065	0.488	32,685	29/09/2014
Series 8	Alexander Hutchison	0.067	0.485	133,171	08/10/2014
Series 9	Ray Kellerman	0.070	0.500	17,422	28/10/2014
Series 10	Simon Swanson	0.112	0.500	224,074	26/03/2015
Series 11	Simon Swanson	0.081	0.580	323,295	26/03/2015
Series 12	Simon Swanson	0.060	0.650	241,927	26/03/2015

Directors' Report
for the year ended 30 June 2010 continued

As a result of the GPG takeover bid and subsequent increase in GPG's shareholding to 68%, the vesting conditions for employees that were issued shares prior to the date of change of control were accelerated as the Shares are granted prior to the date of GPG increasing its holding to above 50% as a result of the takeover bid. As previously outlined to shareholders, the change in control only affects any performance or vesting conditions applicable to particular ESP Shares. It does not affect the in-built performance condition in the form of the annual RBA interest rate plus a margin of 0.25%, nor does it automatically release ESP Shares from the disposal restrictions and holding lock.

The Shares issued to Mr Swanson will vest progressively each year as outlined above. Unvested Shares will be immediately forfeited in accordance with the terms of the Plan if Mr Swanson terminates his employment (other than because of a breach by the Company of its obligations, or because of a reduction in remuneration or status following a change of control). If Mr Swanson's employment is terminated by the Company for any other reason then the Shares in the next unvested tranche will vest automatically, and the remaining unvested Shares will be forfeited.

All unvested Shares will automatically vest in accordance with the rules of the Plan upon a change in control, subject to the definition of change in control for this purpose being that in the Employment Agreement entered into with Mr Swanson on 26 March 2010.

The shares previously issued to Mr Hutchison and Mr McLaughlin (Series 5 and Series 6) can vest at the discretion of those executives. The Board considered that to attract executives with such experience it was necessary to offer flexible share issues which still align shareholder interests with executives of the Company.

Accordingly shares issued under Series 5, 6, 7 and 8 have met the vesting conditions up to the date of this report.

Full details of the ESP are available from the Company's website.

Total Shares Issued under the Employee Share Plan

Details of all shares issued by the Company under the ESP as at the date of this report are:

Number of shares	Class of shares	Grant date	Issue and exercise price $	Fair value at grant date $	First vesting date	Final vesting date
Series 5	Ordinary	16/04/2008	0.597	0.095	16/04/2008	16/04/2013
Series 6	Ordinary	30/06/2008	0.589	0.103	30/06/2008	30/06/2013
Series 7	Ordinary	29/09/2009	0.488	0.065	23/10/2009	29/09/2014
Series 8	Ordinary	08/10/2009	0.485	0.067	23/10/2009	08/10/2014
Series 9	Ordinary	28/10/2009	0.500	0.070	28/10/2012	28/10/2014
Series 10	Ordinary	25/06/2010	0.500	0.112	26/03/2011	26/03/2015
Series 11	Ordinary	25/06/2010	0.580	0.081	26/03/2012	26/03/2015
Series 12	Ordinary	25/06/2010	0.650	0.060	26/03/2013	26/03/2015
Series 13	Ordinary	25/06/2010	0.533	0.101	01/06/2013	01/06/2015

Details of Directors and Key Management Personnel

The Directors of the Group and Company during the year were:

Ray Kellerman	Chairman, Independent Non-executive director	
Simon Swanson	Managing Director	Appointed 26 March 2010
Anthony Eisen	Non-executive director	
Michael Jefferies	Non-executive director	
Peter Wade	Independent Non-executive director	
David Goodsall	Independent Non-executive director	Appointed 9 June 2010
John Murphy	Non-executive director	Appointed 9 June 2010
Peter Constable	Non-executive director	Resigned 19 August 2009
Alex Hutchison	CEO Wealth Management and Advice	Resigned 26 March 2010

The Key Management Personnel of the Group and the Company during the year were:

Simon Swanson	Managing Director
Alexander Hutchison	CEO Wealth Management and Advice
Athol Chiert	Chief Financial Officer and Company Secretary
Justin McLaughlin	Chief Investment Officer
Donna McKell	Head of Advice Support

The following contractual and other arrangements are in place in respect of the Directors and executives in office at the date of this report.

Ray Kellerman	subject to re-election by shareholders at least each three years.
Anthony Eisen	subject to re-election by shareholders at least each three years.
Michael Jefferies	subject to re-election by shareholders at least each three years.
Peter Wade	subject to re-election by shareholders at least each three years.
David Goodsall	subject to re-election by shareholders at least each three years.
John Murphy	subject to re-election by shareholders at least each three years.
Simon Swanson	The contract is not for a fixed term, and may be terminated by either party giving six months' notice. If, in the six months following a change in control, Mr Swanson's remuneration or his duties and responsibilities are reduced through no fault of his own, then Mr Swanson will have a right to terminate the contract with immediate effect. In this case, and in addition to vesting of Mr Swanson's ESP Shares, the Company will be obliged to pay Mr Swanson six months' base salary plus the maximum short term incentive amount for that calendar year. Contract provides for an annual review of Fixed Remuneration.
Alexander Hutchison	no fixed term, notice generally required until 9 June 2012 of 12 months by either the employee or the Company. Post the Acquisition this was extended by a further year. After 9 June 2012, notice generally required 6 months by either the employee or the Company. In the case of redundancy an additional 52 week payment is payable. Contract provides for an annual review of Fixed Remuneration.
Justin McLaughlin	no fixed term, notice generally required for the first three years of employment of 12 months by either the employee or the Company. After three years, notice generally required 6 months by either the employee or the Company. In the case of redundancy an additional 52 week payment is payable. Contract provides for an annual review of Fixed Remuneration.
Athol Chiert	no fixed term, notice generally required for the first three years of employment of 6 months by either the employee or the Company. After three years, notice generally required 3 months by either the employee or the Company. In the case of redundancy an additional 26 week payment is payable. Contract provides for an annual review of Fixed Remuneration.
Donna McKell	no fixed term, notice generally required for the first three years of employment of 12 months by either the employee or the Company. After three years, notice generally required 6 months by either the employee or the Company. In the case of redundancy an additional 52 week payment is payable. Contract provides for an annual review of Fixed Remuneration.

Directors' Report
for the year ended 30 June 2010 continued

Key management personnel compensation

The compensation of each member of the Key Management Personnel of the Group for the year ended 30 June 2010 is set out below:

	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT	SHARE BASED PAYMENTS		TOTAL
2010	**Salary & Fees $**	**Bonus $**	**Non-monetary $**	**Termination Payment $**	**Super-annuation $**	**Employee Share Plan (1) of Total remuneration $**	**% Performance (6) based**	**$**
Non Executive Directors								
R Kellerman (2)	96,743	–	–	–	8,257	3,898	3.6	108,898
A Eisen (3)	65,000	–	–	–	–	–	–	65,000
M Jefferies (4)	65,000	–	–	–	–	–	–	65,000
P Wade	68,807	–	–	–	6,193	–	–	75,000
J Murphy (5)	3,740	–	–	–	–	–	–	3,740
D Goodsall	3,479	–	–	–	313	–	–	3,792
P Constable	–	–	–	–	8,726	–	–	8,726
Executive Directors								
S Swanson	146,286	–	–	–	13,166	6,388	3.9	165,840
A Hutchison	395,008	115,596	7,532	–	24,992	133,172	36.8	676,300
Key Management Personnel								
J McLaughlin	275,229	82,569	–	–	24,771	65,371	33.0	447,940
A Chiert	250,000	125,000	–	–	22,500	98,057	45.0	495,557
D McKell	206,422	61,927	–	–	18,578	32,685	29.6	319,612
TOTAL	1,575,714	385,092	7,532	–	127,496	339,571	29.8	2,435,405

(1) Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.

(2) R Kellerman was until the date of sale on 31 July 2009, an independent member of the MMC Asset Management Compliance Committee for which a fee of $5,000 was paid to Kellerman & Co Consulting Pty Limited of which he is the sole director and shareholder.

(3) A Eisen has agreed that he will receive no fee for his services as a director although a fee of $65,000 was paid to GPG of which he is an employee.

(4) M Jefferies has agreed that he will receive no fee for his services as a director although a fee of $65,000 was paid to GPG of which he is an employee.

(5) J Murphy has agreed that he will receive no fee for his services as a director although a fee of $3,740 was paid to Investec of which he is a director.

(6) The ratio of performance based component of remuneration to the non-performance based component of remuneration is 29.9%.

The directors who received the highest remuneration for the year listed in descending order are:

1) Alex Hutchison, CEO Wealth Management & Advice, $676,300 (Alex resigned as a director on 26 March 2010)
2) Simon Swanson, Managing Director, $165,840
3) Ray Kellerman, Chairman, $108,898

The fees paid to Directors or their associated entities are included in the table above.

The STI plan as outlined in the June 2009 Annual Report was not formally implemented during the June 2010 financial year (including setting the individual level key performance indicators) given the focus of management on the investment opportunities culminating in the Acquisition. Management were focused on the turnaround of the business, the integration of ComCorp and the execution of the investment opportunity. Therefore, for the 2010 financial year the STI bonuses for Key Management Personnel were based on the recommendation of the Managing Director and Board discretion for achieving performance targets as set out by the Board. An external consultant was appointed to benchmark bonuses for the year in light of the performance and restructuring of the business during the course of the year. These discretionary bonuses were based on the benchmarks provided by an external consultant and approved by the Board.

The amount of bonus forfeited by employees cannot be determined because the STI depends on the performance for the Company. An estimate of the amount the Company may have earned cannot be determined.

No bonuses were paid in 2009.

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT	SHARE BASED PAYMENTS		TOTAL
2009	**Salary & Fees $**	**Bonus $**	**Non-monetary $**	**Termination Payment $**	**Super-annuation $**	**Employee Share Plan(1) of Total remuneration $**	**% Performance(6) based**	**$**
Non Executive Directors								
R Kellerman (2)	79,633	–	–	–	5,367	3,125	3.5	**88,125**
A Eisen (5)	65,000	–	–	–	–	–	–	**65,000**
M Jefferies (6)	42,829	–	–	–	–	–	–	**42,829**
P Wade	59,633	–	–	–	5,367	–	–	**65,000**
P Constable	59,633	–	–	–	5,367	–	–	**65,000**
K Eley (4)	28,333	–	–	–	–	–	–	**28,333**
Executive Directors								
A Hutchison	351,290	–	12,877	–	55,833	–	–	**420,000**
Key Management Personnel								
J McLaughlin	277,346	–	–	–	26,009	–	–	**303,355**
A Chiert	168,269	–	–	–	15,144	–	–	**183,413**
D McKell	196,895	–	–	–	17,721	–	–	**214,616**
B Wright (3)	92,165	–	–	–	16,684	(7,813)	(7.7)	**101,036**
TOTAL	**1,421,026**	**–**	**12,877**	**–**	**147,492**	**(4,688)**		**1,576,707**

(1) Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.

(2) R Kellerman was an independent member of the MMC Asset Management Compliance Committee for which a fee of $20,000 was paid to Kellerman & Co Consulting Pty Limited of which he is the sole director and shareholder.

(3) These shares lapsed on resignation.

(4) K Eley has agreed that he will receive no fee for his services as a director although a fee of $28,333 was paid to HGL Limited of which he is a director.

(5) A Eisen has agreed that he will receive no fee for his services as a director although a fee of $65,000 was paid to GPG of which he is an employee.

(6) M Jefferies has agreed that he will receive no fee for his services as a director although a fee of $42,829 was paid to GPG of which he is an employee.

(7) The ratio of performance based component of remuneration to the non-performance based component of remuneration is minimal as no shares were issued during the year.

Directors' Report
for the year ended 30 June 2010 continued

Discussion of relationship between remuneration policy and Company performance

The table below sets out the summary information about the consolidated entity's earnings and movements in shareholder wealth for five years to June 2010. Short Term Incentives are based on key performance measures that reflect the primary business drivers and measures. Short term employee benefits are therefore aimed at achieving growth whereas long term incentives are aimed at creating shareholder wealth thereby not limiting the group's long term goals due to short term decision making. The LTI is based on achieving agreed performance targets. The objective of the LTI is to assist in the recruitment, reward, retention and motivation of employees of the consolidated entity.

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Revenue ($'000)	**45,368** (1)	3,865 (1)	17,662	34,196	33,211
Net profit / (loss) before tax ($'000)	**7,102** (2)	(3,092) (2)	(48,639)	29,422	29,243
Net profit / (loss) after tax ($'000)	**5,921** (2)	(2,269) (2)	(42,767)	20,325	20,977
Dividend (Interim) (cents)	**–**	–	4.0	4.0	3.0
Dividend (final) (cents)	**–**	–	–	4.0	3.0
Basic EPS (cents)	**4.44**	(2.70)	(17.24)	8.87	9.47
Diluted EPS (cents)	**4.39**	(2.68)	(17.24)	8.86	9.47
Share Price at the beginning of the year	**$0.42**	$0.58	$0.92	$0.79	$0.83
Share Price at the end of the year	**$0.52**	$0.42	$0.58	$0.92	$0.79

(1) Revenue from continuing operations excludes net fair value losses in financial assets in the current and prior year.
(2) From continuing operations.

For the 2010 financial year the STI bonuses were based on Board discretion for achieving performance targets as set out by the Board. As a result of the performance of the Company, Key Management Personnel received 29.8% proportion of their remuneration as performance based in 2010. The LTI performance and vesting criteria include a service component as well as an in built performance hurdle through an interest rate that has been set at the RBA rate plus a margin of 0.25%.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Ray Kellerman
Chairman

Sydney, 25 August 2010

Deloitte.

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Auditor's Independence Declaration

The Board of Directors
ClearView Wealth Limited
Level 24, 2 Chifley Square
Sydney NSW 2000

25 August 2010

Dear Directors

CLEARVIEW WEALTH LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of ClearView Wealth Limited.

As lead audit partner for the audit of the financial statements of ClearView Wealth Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

2010 Financial Report
Contents

The Financial Report was authorised for issue by the Directors on 25 August 2010.

2010 Financial Report

Consolidated income statement
for the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
Continuing operations			
Revenue from continuing operations			
Premium revenue from insurance contracts		**2,624**	–
Outward reinsurance expense		**(238)**	–
Net life insurance premium revenue		**2,386**	–
Fee and other revenue	11	**11,617**	2,646
Investment income	10	**31,365**	1,219
Operating revenue before net fair value gains on financial assets		**45,368**	3,865
Net fair value losses on financial assets		**(49,492)**	–
Net operating revenue		**(4,124)**	3,865
Claims expense		**(912)**	–
Reinsurance recoveries revenue		**115**	–
Change in life insurance policy liabilities	30	**1,001**	–
Changes in reinsurers' share of life insurance liabilities	30	**29**	–
Change in life investment policy liabilities	30	**19,778**	–
Commission expense		**(5,309)**	(941)
Other expenses	12	**(20,634)**	(6,530)
Profit on acquisition of subsidiary	25	**15,325**	–
Share of loss of associate	37	**(59)**	–
Realised capital gains		**–**	778
Depreciation and amortisation expense	12e	**(745)**	(176)
Reversal of impairments / (impairments)		**20**	(88)
Movement in liability of non-controlling interest in controlled unit trust		**2,617**	–
Profit / (loss) before income tax expense		**7,102**	(3,092)
Income tax expense / (benefit)	13	**1,181**	(823)
Net profit / (loss) for the year from continuing operations		**5,921**	(2,269)
Profit / (loss) from discontinued operations	9	**2,110**	(2,445)
PROFIT / (LOSS) FOR THE YEAR		**8,031**	(4,714)
Attributable to:			
Equity holders of the parent		**8,031**	(4,776)
Non-controlling interest		**–**	62
		8,031	(4,714)
Earnings per share	16		
From continuing and discontinued operations			
Basic (cents per share)		**4.44**	(2.70)
Diluted (cents per share)		**4.39**	(2.68)
From continuing operations			
Basic (cents per share)		**3.28**	(1.30)
Diluted (cents per share)		**3.26**	(1.30)

To be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
for the year ended 30 June 2010

	Consolidated 2010 $'000	2009 $'000
Profit for the year	**8,031**	(4,714)
Other comprehensive income		
Available-for-sale financial assets		
Net loss arising on revaluation of available-for-sale financial assets during the year	**(569)**	(150)
	7,462	(4,864)
Income tax relating to components of other comprehensive income	**170**	45
Total comprehensive income for the year	**7,632**	(4,819)
Total comprehensive income attributable to:		
Owners of the Company	**7,632**	(4,881)
Non-controlling interests	**–**	62
	7,632	(4,819)

To be read in conjunction with the accompanying notes.

Consolidated statement of financial position
at 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
Assets			
Cash and cash equivalents	17	**197,142**	27,923
Financial assets	21	**1,429,932**	–
Receivables	18	**46,474**	1,338
Fixed interest deposits	19	**359**	50,989
Securities	20	**353**	4,290
Reinsurers share of life insurance policy liabilities	30	**(3)**	–
Deferred tax asset	29	**28,997**	11,784
Property, plant and equipment	24	**1,282**	75
Investment in associate	37	**142**	198
Goodwill	22	**4,187**	3,976
Intangible assets	23	**59,155**	6,728
Total assets		**1,768,020**	107,301
Liabilities			
Payables	27	**30,072**	955
Current tax liabilities		**1,713**	84
Provisions	28	**6,063**	951
Provision for deferred consideration	32	**1,392**	2,581
Life insurance policy liabilities	30	**(71,607)**	–
Life investment policy liabilities	30	**1,405,415**	–
Liability to non-controlling interest in controlled unit trust		**152,672**	–
Finance leases	43	**–**	28
Deferred tax liabilities	29	**–**	147
Total liabilities		**1,525,720**	4,746
Net assets		**242,300**	102,555
Equity			
Issued capital	31	**276,565**	144,816
Retained losses	14	**(34,783)**	(42,814)
Reserves	14	**518**	553
Equity attributable to equity holders of the parent		**242,300**	102,555
Non-controlling interest	14	**–**	–
Total equity		**242,300**	102,555

To be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2010

	Share capital $'000	Equity-settled employee benefits reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Attributable to owners of the parent $'000
Balance at 1 July 2008	220,233	121	504	(38,038)	182,820
Loss for the year	–	–	–	(4,776)	(4,776)
Other comprehensive income for the year	–	–	(105)	–	(105)
Total comprehensive income for the year	–	–	(105)	(4,776)	(4,881)
Shares cancelled under Share Buy-back	(75,009)	–	–	–	(75,009)
Share Buy-back costs, net of tax	(408)	–	–	–	(408)
Recognition of share based payments	–	33	–	–	33
Balance at 30 June 2009	144,816	154	399	(42,814)	102,555
Profit for the year	–	–	–	8,031	8,031
Other comprehensive income for the year	–	–	(399)	–	(399)
Total comprehensive income for the year	–	–	(399)	8,031	7,632
Issue of shares	135,000	–	–	–	135,000
Recognition of share-based payments	–	364	–	–	364
Share issue costs, net of tax	(3,251)	–	–	–	(3,251)
Balance at 30 June 2010	**276,565**	**518**	**–**	**(34,783)**	**242,300**

To be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from clients and debtors		**68,532**	2,400
Payments to suppliers and other creditors		**(22,212)**	(7,193)
Withdrawals paid to life investment clients		**(59,165)**	–
Dividends and trust distributions received		**1,696**	1,571
Interest received		**7,176**	5,391
Income taxes paid		**(312)**	190
Other receipts		**643**	829
Net cash (utilised) / generated by operating activities	35	**(3,642)**	3,188
Cash flows from investing activities			
Net cash movement due to subsidiary acquisition	25	**(195,000)**	–
Cash and cash equivalents acquired as part of business combination	25	**182,376**	–
Payments for listed securities		**(63,472)**	(147)
Acquisition of Property, Plant and Equipment		**(1,115)**	(13)
Transaction costs paid		**(3,673)**	–
Proceeds from sale of securities		**76,304**	54,582
Proceeds from sale of subsidiary	26	**20**	–
Proceeds from fixed interest deposits redeemed		**50,631**	30,482
Acquisition of client book / business	25	**(408)**	(88)
Settlements made against deferred consideration		**(1,081)**	(23)
Payments for acquisition of business		**(52)**	(7,945)
Acquisition of interest in associate		**(2)**	(198)
Loans to associate		**(120)**	–
Net cash generated by investing activities		**44,408**	76,650
Cash flows from financing activities			
Proceeds from capital raising		**135,000**	–
Payment for share buy back		**–**	(75,417)
Payment to minorities		**–**	(549)
Capital raising costs paid net of tax		**(3,251)**	–
Net movement in liability of non-controlling interest in unit trusts		**(3,296)**	–
Net cash generated / (utilised) in financing activities		**128,453**	(75,966)
Net increase in cash and cash equivalents		**169,219**	3,872
Cash and cash equivalents at the beginning of the financial year		**27,923**	24,051
Cash and cash equivalents at the end of the financial year		**197,142**	27,923

To be read in conjunction with the accompanying notes.

Notes to the financial statements
for the year ended 30 June 2010
continued

1 General information

ClearView Wealth Limited (formerly MMC Contrarian Limited) (the Company or Consolidated Entity) is a limited company incorporated in Australia. The addresses of its registered office is disclosed in the Directory at the back of the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in note 7.

2 Adoption of new and revised Accounting Standards

The following new and revised Australian Accounting Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section below.

Standards affecting presentation and disclosure

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
AASB 8 Operating Segments	AASB 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 7).
AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments	The amendments to AASB 7 *Financial Instruments: Disclosure* expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in these amendments.
Amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations (adopted in advance of effective date of 1 January 2010)	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project that the disclosure requirements in Standards other than AASB 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.

AASB 3 Business Combinations (as revised in 2008)

AASB 3 *Business Combinations* has been adopted in the current year. Its adoption has affected the accounting for business combinations in the current period.

Notes to the financial statements
for the year ended 30 June 2010
continued

2 Adoption of new and revised Accounting Standard cont.

In accordance with the relevant transitional provisions, AASB 3(2008) has been applied prospectively to business combinations for which the acquisition date is on or after 1 July 2009. The impact of the adoption of AASB 3(2008) Business Combinations has been:

- To change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

In the current period, these changes in policies have affected the accounting for the acquisition of ClearView Group Holdings Pty Limited (ClearView Group Holdings) (formerly MBF Management Limited) and MBT Financial Services Pty Limited as follows:

Income statement and statement of financial position

	2010 $'000
Acquisition-related costs expensed	**4,843**

AASB 3(2008) has also required additional disclosures in respect of the business combinations in the period (see note 25). Results in future periods may be affected by future impairment write-downs relating to the increased intangibles recognised and the resultant profit on acquisition.

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-7 Amendments to Australian Accounting Standards– Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting A-IFRS for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
AASB 2008-1 Amendments to Australian Accounting Standard -Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
AASB 123 Borrowing Costs (as revised in 2007) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123	The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to AASB 132 Financial Instruments: Presentation amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
AASB 2008-8 Amendments to Australian Accounting Standards– Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Interpretation 16 Hedges of a Net Investment in a Foreign Operation	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
Interpretation 17 Distributions of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
Interpretation 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with AASB 118 Revenue.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In addition to the changes affecting amounts reported in the financial statements, the amendments have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In addition to the amendments to AASB 5 and AASB 107 described earlier in this section, and the amendments to AASB 117, the amendments have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The effect of this statement is the early adoption of changes to AASB 1, 7, 101, 134 and Interpretation 13.

Notes to the financial statements

for the year ended 30 June 2010
continued

2 Adoption of new and revised Accounting Standard cont.

Standards and Interpretations in issue not yet adopted

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

3 Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 25 August 2010.

Basis of preparation

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. All amounts are presented in Australian dollars, unless otherwise noted.

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 dollars, unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company 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 profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at 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. Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Notes to the financial statements

for the year ended 30 June 2010
continued

3 Significant accounting policies cont.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(c) Investments 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 statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-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 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 acquisition, after reassessment, is recognised immediately in profit or loss.

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

(d) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at (c) above.

(e) Goods and services tax

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

i. 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

ii. 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 within operating cash flows.

(f) Principles underlying the conduct of life insurance business

The life insurance operations of the Group are conducted within separate statutory funds as required by the *Life Insurance Act 1995* and are reported in aggregate with the shareholders' funds in the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows. The life insurance operations consist of the provision of life insurance and life investment contracts.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if, and only if, an insured event could cause an insurer to pay significant benefits in any scenario, excluding scenarios that lack commercial substance. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is not linked to the market value of the investments held by the Group, and the financial risks are substantially borne by the Group. Any contracts issued by the Group and regulated under the *Life Act* that do not meet the definition of a life Insurance contract are classified as life investment contracts.

Life investment contracts include investment-linked contracts where the benefit is directly linked to the market value of the investment held in the particular investment-linked fund. While the underlying assets are registered in the name of ClearView Life and the investment-linked policy owner has no direct access to the specific assets, the contractual arrangements are such that the investment-linked policy owner bears the risks and rewards of the fund's investments performance. ClearView Life derives fee income from the administration of investment-linked funds. Life investment contracts do not contain any discretionary participation features (i.e. those where the amount or timing of allocation of the profit from the underlying investments is at the discretion of the insurer).

In accordance with AASB 1038 *Life Insurance Contracts*, financial assets backing policy liabilities are designated at fair value through profit and loss. ClearView Life has determined that all assets held within the statutory funds back life policy liabilities. Financial assets backing policy liabilities consist of high quality investments such as cash, equities, fixed income securities and property trusts.

The management of financial assets and policy liabilities is closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from policy liabilities.

(g) Revenue

Fee revenue is recognised when:

- the amount can be measured reliably
- it is probable that the future economic benefit associated with transactions will flow to the entity
- the stage of completion can be measured reliably.

Premium revenue

Premium revenue only arises in respect of life insurance contracts. Premiums with a regular due date are recognised as revenue on a due basis. Premiums with no due date are recognised as revenue on a cash received or receivable basis.

Notes to the financial statements

for the year ended 30 June 2010 continued

3 Significant accounting policies cont.

Unpaid premiums are only recognised as revenue during the days of grace and are included as "Premiums Receivable" (part of "Receivables") in the statement of financial position. Premiums due after, but received before, the end of the financial year are shown as "Premium Deposits" (part of "Trade and other payables") in the Statement of Financial Position.

Management fee revenue

Fee revenue comprising management fee revenue with respect to life investment contracts is recognised in the statement of comprehensive income on an accrual basis as the services are provided. A single management fee is applied for each Investment Option, which is based on the value of the assets held in each Investment Option. The fee is calculated each time an Investment Option is valued, before the unit price is declared. The fee is treated as a reduction in the investment contract liabilities.

Financial planning revenue

Financial planning revenue is recognised on an accruals basis to the extent that it is probable that the income benefit will flow to the Group and the revenue can be reliably measured. Ongoing trail revenue is recorded over the effective period in which customers' funds are invested in products.

Dividend and interest revenue

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

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at 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 on initial recognition.

Investment Income

Income on investment units and shares is deemed to accrue on the date the distributions are declared.

Distribution income

Distribution income from investments in unit trusts is recognised on a receivable basis as of the date the unit value is quoted ex-distribution.

(h) Claims

Life insurance contracts

Claims incurred relate to life insurance contracts and are treated as expenses. Claims are recognised upon notification of the insured event. Claims are shown gross of reinsurance recoverable. Any reinsurance recoveries applicable to the claims are included in receivables.

Life investment contracts

There is no claims expense in respect of life investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities.

Surrenders and withdrawals are recognised when the policyholder provides notification of their intention to end the policy.

(i) Reinsurance

Amounts paid to reinsurers under life insurance contracts held by the Company are recorded as an outward reinsurance expense and are recognised in the statement of comprehensive income from the attachment date over the period of indemnity of the reinsurance contract.

Reinsurance recoveries receivable on claims incurred are recognised as revenue. Recoveries are assessed in a manner similar to the assessment of life insurance contract liabilities. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the life insurance contract liabilities.

(j) Policy acquisition costs

The policy acquisition costs incurred are recorded in the statement of comprehensive income and represent the fixed and variable costs of acquiring new business. The policy acquisition costs include commission, policy issue and underwriting costs, agency expenses, management service fees and sale costs. The acquisition costs incurred in relation to life insurance contracts are capitalised in the valuation of policy liabilities.

(k) Basis of expense apportionment

All expenses of the life insurance business charged to the statement of comprehensive income have been apportioned in accordance with Part 6, Division 2 of the *Life Act*.

The basis is as follows:

- Expenses relating specifically to either the shareholder's fund or the statutory funds are allocated directly to the respective funds;
- where they can be directly identified, policy acquisition costs and policy maintenance costs are apportioned with reference to the objective when each expense is incurred and the outcome achieved; and
- Expenses subject to apportionment under section 80 of the *Life Act* are allocated between the funds in proportion to the activities to which they relate. They are apportioned between policy acquisition costs and policy maintenance costs in relation to their nature as either acquisition or maintenance activities. Activities are based on direct measures such as transactions processed and business volumes.

Life investment contracts and life insurance contracts are held within separate statutory funds therefore the allocation of expenses to either life investment or life insurance contracts is inherent in the allocation to the statutory funds, as described above. The apportionment basis is in line with the principles set in the Life Insurance Prudential Standard valuation standard (Prudential Standard LPS1.04 *Valuation of Policy Liability*).

All expenses relate to non-participating business as the Company only writes this category of business.

(l) Policy liabilities

Policy liabilities consist of life insurance policy liabilities and life investment policy liabilities.

Life insurance contracts

The value of life insurance policy liabilities is calculated using the Margin on Services methodology. Under this methodology, planned profit margins and an estimate of future liabilities are calculated separately for each related product group, with future cash flows determined using best estimate assumptions and discounted to the reporting date. Profit margins are released over the financial period in line with the services that have been provided. The balance of the planned profits is deferred by including it in the value of policy liabilities. Further details of the actuarial assumptions used in these calculations are set out in note 4.

Life investment contracts

Life investment policy liabilities are valued at fair value, which is based on the valuation of the linked assets, subject to a minimum of the current surrender value.

(m) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents 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.

Notes to the financial statements
for the year ended 30 June 2010
continued

3 Significant accounting policies cont.

(n) Employee benefits

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

A liability and expense for bonuses is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. A liability for termination benefits is recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits 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.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(o) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'net fair value gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 4.

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 measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as Available For Sale (AFS) and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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 any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 affected.

Notes to the financial statements
for the year ended 30 June 2010
continued

3 Significant accounting policies cont.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS 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 that 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 AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Reclassification of financial assets

The Group has reclassified certain non-derivative financial assets out of held for trading (part of the FVTPL category) to AFS financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 risks 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 collateralised borrowing for the proceeds received.

(p) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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 recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at (g) above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 *Financial Instruments*: *Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 4.

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 recognised on an effective yield basis.

Notes to the financial statements
for the year ended 30 June 2010
continued

3 Significant accounting policies cont.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

(r) Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(s) 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.

(t) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(u) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews its tangible and intangible 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, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of 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 that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 (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 loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Property Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment. Property, plant and equipment is amortised over its expected useful life being, office equipment 33% and furniture & fittings 33%. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. 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.

(w) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of a binomial 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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38.

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 equity instruments that will eventually vest. At the end of each reporting period, 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 such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share plan reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognised in the financial statements in respect of other equity-settled shared-based payments.

Notes to the financial statements

for the year ended 30 June 2010 continued

3 Significant accounting policies cont.

(x) 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 tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by 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 balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed 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 the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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 asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/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.

Leased assets

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.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased 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.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies management is required to make judgments, 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 various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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 revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The critical judgments (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts that are recognised in the financial statements are discussed in further detail below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in further detail below. The resulting accounting estimates will, by definition, seldom equal the actual results.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates are:

- Life insurance policy liabilities;
- Assets arising from reinsurance contracts;
- Recoverability of intangible assets;
- Deferred tax assets; and
- Available for sale financial assets.

Notes to the financial statements

for the year ended 30 June 2010 continued

4 Critical accounting judgments and key sources of estimation uncertainty cont.

Life insurance policy liabilities

Life insurance policy liabilities are, in the majority of cases, determined using an individual policy-by-policy calculation. Where liabilities are not determined by individual policy valuation, they are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability were calculated for each contract. The calculations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written.

The key factors that affect the estimation of these liabilities and related assets are:

- The cost of providing benefits and administering these insurance contracts;
- Mortality and morbidity experience on life insurance products; and
- Discontinuance experience, which affects ClearView Life's ability to recover the cost of acquiring new business over the lives of the contracts.

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

Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk.

Impairment is recognised where there is objective evidence that the Company may not receive amounts due to it and these amounts can be reliably measured.

Recoverability of intangible assets

The carrying amount of intangible assets at the financial position date was $59.2 million (2009: $6.7 million).

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

ComCorp Client Book - Intangible

The intangible assets arose on the acquisition of ComCorp and represent the Cornerstone Software System (CWT) and Client Book.

Expected synergies, growth and the ingrained experience of personnel were recognised as part of goodwill as the fair values of these intangible assets cannot be reliably estimated.

The Client Book is amortised on a straight line basis over a period of 15 years which the Directors assess as the intangible assets useful life. The CWT system is amortised on a straight line basis over a period of 5 years which the Directors assess as the intangible asset's useful life.

There were no impairment indicators identified in the current financial year. The fair value of identifiable intangible assets acquired in the Group was determined by estimating the future cash flows to be derived by these assets and discounting the cash flows with a post-tax discount rate.

ClearView Group Holdings Client Book – Intangible

The intangibles arose on the acquisition of ClearView Group Holdings and represent the in force risk and investment contracts, financial planning and funds management Client Book. The valuation of these assets were performed by suitably qualified personnel on the basis of recognised actuarial methods or independent valuation.

The individual intangibles are amortised over their expected useful lives at annual rates reflective of their expected utilisation.

Further information about the intangible assets are detailed in note 23.

Impairment of goodwill

The carrying amount of goodwill at the balance sheet date was $4.2 million (2009: $4 million).

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Goodwill has been allocated for impairment testing purposes to the financial planning cash-generating units.

ComCorp - Goodwill

ComCorp acquired the business of Community and Corporate Financial Services Pty Limited on 9 April 2009.

Goodwill arose in the business combination because the cost of the business combination included a control premium paid to acquire the business assets and assume certain liabilities. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of: expected synergies; revenue growth; improved referral source penetration; future market development and the assembled work force and ingrained experience of personnel. These benefits are not recognised separately from goodwill as the future economic benefits arising from them are not capable of being measured separately.

The Group tests for impairment at each reporting date whenever there is an indication that the asset may be impaired. There were no impairment indicators identified in the current period. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Further information about the goodwill is detailed in note 22.

Available for sale financial assets

The Board has considered whether shares held had a prolonged or significant decrease in value below cost. This determines whether the unrealised loss recognised in the asset revaluation reserve should be recycled through the profit and loss in accordance with AASB 139. Consistent with the policy adopted at 30 June 2009, it was decided to take the unrealised loss from these shares through profit and loss account. As at 30 June 2010, the investment held in the listed share portfolio is considered impaired and accordingly any unrealised loss was recycled through the profit and loss account.

Deferred tax asset

The Board has considered 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.

Notes to the financial statements
for the year ended 30 June 2010
continued

4 Critical accounting judgments and key sources of estimation uncertainty cont.

The unrealised losses (once crystallised) and the realised investment disposal losses are considered by the Board to be revenue in nature and represent Group consolidated losses that are subject to the continuity of ownership test. Based on tax advice, the Group continues to pass the continuity of ownership test as at the date of this report. Therefore losses can be recouped by the tax consolidated Group against all income of the Group – including income of a newly joining subsidiary (from the date of joining) including the newly acquired entities. The Board is therefore of the view that it is probable that the tax consolidated group will utilise the losses against the profits of acquired entities in the foreseeable future. This will continue to be monitored and assessed by the Board at each reporting date and to the extent there is a change in circumstance or strategy any impairment will be recognised accordingly.

Actuarial methods and assumptions

The effective date of the actuarial report on life insurance policy liabilities, life investment policy liabilities and solvency reserves is 30 June 2010. The actuarial report was prepared by the Appointed Actuary, Greg Martin. The actuarial report indicates that Appointed Actuary is satisfied to the accuracy of the data upon which policy liabilities have been determined.

(a) Methods used in the valuation of policy liabilities

The policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 *Life Insurance Contracts*, whereas policy liabilities for life investment contracts are valued in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

Life Insurance and life investment policy liabilities have been calculated in accordance with the relevant Prudential Standards and the Life Insurance Act 1995. Life insurance policy liabilities have been calculated in a way which allows for the systematic release of planned margins as services are provided to policyholders and premiums are received.

The methods used for the major product groups are as follows:

Related product group	Method	Profit carrier
Fund 1 Advice lump sum insurance	Projection	Premiums
Fund 1 Non-advice lump sum insurance	Projection	Premiums
Fund 1 Accidental death	Projection	Premiums
Fund 1 Income protection	Accumulation	N/A
Fund 1 Integrated products	Accumulation	N/A
Fund 2 Super term	Projection	Premiums
Fund 2 Investments	Accumulation	N/A
Fund 4 Investments	Accumulation	N/A

The projection method uses the discounted value of future policy cash flows (premiums, expenses and claims) with a reserve for expected future profits. The policy liabilities for life investment contracts are determined as the fair value of the policy holders' accounts under the accumulation method with no profit carrier.

(b) Actuarial assumptions used in the valuation of life insurance policy liabilities

Key assumptions used in the calculations of life insurance policy liabilities are as follows:

Life insurance policy liabilities

Risk free discount rate: Average effective rate is 5.49% being the annualised yields on government bonds as at the valuation date adjusted for shallow market and liquidity premium, net of investment management expenses.

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual expenses for the 6 months to 30 June 2010.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the budgeted level of expenses. Expense inflation of 3.5% p.a. was assumed.

Lapses: Rates used vary by product, duration, age and premium frequency, and have been based on an analysis of the ClearView Life's experience over recent years with allowance for expected trends.

Mortality: Rates used vary by product, age, sex, and smoker status and have been based on the ClearView Life's mortality experience. The underlying mortality table used was IA95-97 allowing for selection. The assumptions for this valuation are the same as at December 2009.

Morbidity (TPD and Trauma): Rates varying by age, sex, and smoking status based on the industry experience observed by the ClearView Life's reinsurer.

Tax: 30% of expected gross operating result.

(c) Effects of changes in actuarial assumptions (over 1 month June)

	Effect on profit margins increase / (decrease) $'000	Effect on policy liabilities increase / (decrease) $'000
Assumption category	–	–
Economic	2,758	(1,727)
Maintenance expenses	–	–
Lapses	–	–
Mortality & morbidity	–	–
Other assumptions	–	–
Total	2,758	(1,727)

(d) Processes used to select assumptions

Discount rate

Benefits under life insurance contracts are not contractually linked to the performance of the assets held. As a result, the life insurance policy liabilities are discounted for the time value of money using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations. The risk free discount rate is based on government bond rates adjusted for the shallow market premium of government bonds and adjusted for the liquidity margin between highly liquid government bonds and an illiquid policy liability asset.

Maintenance expenses and inflation

The budgeted level of maintenance expenses was taken as an appropriate expenses base per policy.

Per policy maintenance expenses are assumed to increase in the future at a rate which is a combination of wage and consumer price inflation (CPI) assumptions. The future CPI assumption was derived from the Reserve Bank of Australia expectation of future inflation. The future wage increase assumption is assumed to be 1% higher than CPI.

Per policy acquisition expenses were derived from the analysis of acquisition expenses in the general ledger and management accounts.

Notes to the financial statements
for the year ended 30 June 2010
continued

4 Critical accounting judgments and key sources of estimation uncertainty cont.

Taxation

It has been assumed that current tax legislation and rates continue unaltered.

Mortality and morbidity

An appropriate base table of mortality and morbidity is chosen for the type of product being written. An investigation into the actual experience of the Company over recent years is performed and the Company's mortality experience is compared against the rates in the base table. Where data is sufficient to be statistically credible, the statistics generated by the data are used with reference to an industry table. Where data is insufficient to be statistically credible, the basis chosen is the industry experience as advised by the ClearView Life's reinsurers.

Lapse

An investigation into the actual lapse experience of the ClearView Life over the most recent years is performed and statistical methods are used to determine appropriate lapse rates. An allowance is then made for any trends in the data to arrive at a best estimate of future lapse rates.

(d) Sensitivity analysis

The Company conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables such as interest rates, expenses, mortality, morbidity and lapse. The valuations included in the reported results and ClearView Life's best estimate of future performance are calculated using certain assumptions about these variables. The movement in any key variable will impact the reported performance and net assets of ClearView Life and the consolidated entity, and as such represents a risk.

Variable	Impact of movement in underlying variable
Interest Rate Risk	The life insurance policy liabilities are calculated using a risk-free discount rate that is derived from market interest rates. Changes in market interest rates will affect the present value of cash flows and profit margins in the policy liabilities, which in turn will affect the profit and shareholder equity.
Expense Risk	An increase in the level (or growth) of expenses over assumed levels will decrease profit and shareholder equity.
Mortality Rates	For life insurance contracts providing death benefits, increased rate of mortality would lead to higher levels of claims, increasing associated claims cost and thereby reducing profit and shareholder equity.
Morbidity Rates	The cost of claims under TPD and trauma cover depends on the incidence of policyholders becoming totally and permanently disabled or suffering a "trauma" event such as a heart attack or stroke. Higher incidence would increase claim costs, thereby reducing profit and shareholder equity.
Lapses	Lapse risk represents the extent to which policyholders choose not to renew their policy, allowing it to lapse. An increase in the lapse rates will have a negative effect on profit and net assets, because of the loss of future revenue to recover acquisition costs.

The table below illustrates how outcomes during financial year ended 30 June 2010 (1 month) in respect of key actuarial variables would have impacted the reported life insurance policy liabilities, profit and equity for that financial period.

		Impact on policy liabilities		Impact on net profit	
Variable	Change in variable*	Gross of reinsurance $'000	Net of reinsurance $'000	Gross of reinsurance $'000	Net of reinsurance $'000
Interest rates	+100 bp	6,431	6,467	(4,501)	(4,527)
	- 100 bp	(7,571)	(7,609)	5,300	5,326
Mortality & morbidity	110.0%	–	–	(87)	(76)
	90.0%	–	–	87	76
Lapses	110.0%	56	56	(40)	(40)
	90.0%	(56)	(56)	40	40
Maintenance expenses	110.0%	–	–	(42)	(42)
	90.0%	–	–	42	42

* Note: Interest rate sensitivities show the change to policy liabilities and profit from a change in the risk-free discount rate average of 5.49%, if the discount rate was increased by 1% to an average of 6.49%, or decreased by 1% to 4.49%. The other sensitivities show how different the policy liabilities and reported profit would have been if the ClearView Life's experience in the current year in relation to those variables had been higher or lower by 10% of that experienced in the Company's actual during the period.

5 Risk management

ClearView Life's activities expose it to a variety of risks, both financial and non-financial.

Key financial risks include market risk (interest rate risk and price risk), credit risk and liquidity risk.

Non-financial risks include compliance risk and operational risk.

Risk management roles and responsibilities

Risk management is an integral part of the management process. Management has a structured framework to assist in identifying and managing key risks in achieving the company's strategic vision. This is fundamental in resource allocation decisions and prioritisation of activities to achieve the Company's business objectives.

The Audit, Risk and Compliance Committee, on behalf of the Board, periodically reviews the risk management process in place.

Internal audit activities are focused on key risks and on the key risk controls identified as part of the risk assessment process. As at the date of this report, the Company was in the process of appointing an appropriate provider to perform an outsourced internal audit function.

Financial risk

Financial risk borne by ClearView Life relates to the Shareholder's Fund and working capital within the Statutory Funds only. Financial risk borne by policyholders relates to policyholder funds within the Statutory Funds. Therefore financial risks associated with fluctuations in investment-linked financial assets are passed on to policyholders.

(a) Market risk

Market risk is the risk that financial instruments will be affected by changes in interest rates, foreign exchange rates and equity prices.

Notes to the financial statements
for the year ended 30 June 2010
continued

5 Risk management cont.

(i) Interest rate risk

Interest rate risk borne by ClearView Life arises on the Shareholder's Fund and working capital within the Statutory Funds which are invested in fixed interest funds and cash. Interest rate risk is managed by ClearView Life pursuant to the Capital Management Plan which governs the investment of capital.

(ii) Price risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. As at 30 June 2010, ClearView Life had no equity price risk exposure from the Shareholder's Fund and working capital within the Statutory Funds. All equity price risk is borne by the policy holder.

Investment activity is undertaken in accordance with the investment philosophy, approved by the Board, which amongst other things stipulates the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives.

(b) Credit risk

Credit risk exposures arising from investment activities are calculated prior to entering into any significant financial transaction with another third party. These are compared to authorised credit limits before further transactions are undertaken with each counterparty. ClearView Life does not expect any of these counterparties to fail to meet their obligations, and therefore does not require collateral or other security to support these credit risk exposures.

Specific reserves are held under regulatory capital adequacy and solvency standards against credit risk. The credit quality of debt financial assets is managed by the appointed managers using rating categories of major research houses in accordance with the investment mandate of the fund. The fund's exposure in each grade is monitored on a daily basis. This review process allows assessment of the potential loss as a result of risks and corrective action can be taken in a timely manner.

(c) Liquidity risk

Liquidity risk is the risk that ClearView Life will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the fund's investment in assets which are readily convertible into cash.

ClearView Life is exposed to liquidity risk via daily calls in cash resources from benefit payments for claims, surrenders and maturity of policies.

The assets backing policy liabilities for Statutory Funds 1 and 2 are invested in unit trusts that invest in cash securities, thereby minimising liquidity risk. The shareholder's assets are invested in cash via unit trusts. In addition, the Shareholder's Fund has access to a $5 million overdraft facility.

ClearView Life maintains a level of cash in its trading account to manage liquidity. The level of liquidity required is reviewed daily and forecast twice weekly, taking into account the timing of expected cash flows, the likelihood of significant benefit outlays over the short term and known significant one off payments.

To control liquidity risk, ClearView Life invests in financial instruments which, under normal market conditions, are readily convertible to cash. In addition, ClearView Life operates within established limits to ensure that there is no concentration of risk. This is done via the diversification of underlying Investment Managers and/or asset classes.

Under the terms of the Product Disclosure Statements and Constitutions for the related registered schemes, CFML has the ability to manage liquidity risk by delaying redemptions to policyholders if necessary, until funds are available. To date, CFML has continued to meet redemptions without imposing delays.

Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 2 that are observable for asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Equity securities	481,779	–	–	**481,779**
Fixed interest securities	–	496,307	–	**496,307**
Unit trusts	451,846	–	–	**451,846**
	933,625	496,307	–	**1,429,932**

Insurance risk

The life insurance risk activities of ClearView Life are concerned with the pricing, acceptance and management of the mortality and morbidity risks of policy holders.

Insurance risks are controlled through the use of underwriting procedures, appropriate premium rates and policy charges and appropriate reinsurance arrangements. The Appointed Actuary provides advice to the Board of Directors on product pricing, premium rates, policy changes, terms and conditions of products and reinsurance arrangements. Controls are also maintained over claims management practices to help ensure the correct and timely payment of insurance claims.

(a) Risk management objectives and policies for mitigating insurance risk

Portfolio of risks

ClearView Life issues term life insurance contracts and disability insurance contracts. The performance of the Company and its continuing ability to write business depends on its ability to pre-empt and control risks. ClearView Life has a risk strategy that has been approved by the Board. It summarises ClearView Life's approach to risk and risk management.

Risk Strategy

In compliance with contractual and regulatory requirements, a strategy is in place to ensure that the risks underwritten satisfy policyholders' risk and reward objectives whilst not adversely affecting ClearView Life's ability to pay benefits and claims when due. The strategy involves the identification of risks by type, impact and likelihood, the implementation of processes and controls to mitigate the risks, the continuous monitoring and improvement of the procedures in place to minimise the chance of an adverse compliance or operational risk event occurring. Included in this strategy is the process for underwriting and product pricing to ensure products are appropriately priced. Capital management is also a key aspect of ClearView Life's risk management strategy. Capital requirements are managed in accordance with the Board approved Capital Management Policy and the relevant Prudential Standards.

Notes to the financial statements

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5 Risk management cont.

Allocation of Capital

Capital is allocated by ClearView Life to the portfolios of contracts or is held in a central reserve based on management's assessment of the risks to which each line of business is exposed and its view of the profitability of the products that are sold.

Solvency margin requirements established by the Prudential Standards are in place to reinforce safeguards for policyholders' interests, that are primarily the ability to meet future claims payments to policyholders. The solvency margins measure the excess of the value of the insurer's assets over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the year, not just at year end.

Management reporting

ClearView Life reports monthly financial and operational results to the Board. The information, the process by which it is gathered and the controls over the process will be subject to annual review by ClearView Life's internal auditors that are in the process of being appointed.

In addition, annual detailed investigations are performed on the mortality, morbidity and persistency experience of the business.

(a) Methods to limit or transfer insurance risk exposures

Reinsurance

ClearView Life purchases reinsurance to manage the exposure to accepted insurance risk. ClearView Life cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provide protection against large losses. These reinsurance companies are regulated by Australian Prudential Regulatory Authority ("APRA") and have strong credit ratings.

ClearView Life periodically reviews reinsurance and retention levels.

Underwriting procedures

Strategic underwriting decisions are put into effect using the underwriting procedures detailed in ClearView Life's underwriting manual. Such procedures include limits to delegated authorities and signing powers. The underwriting process is subject to monitoring by ClearView Life's internal auditors to ensure adequate controls are in place over the underwriting process and that the controls are effective in accordance with the current risk based audit methodologies.

Claims management

Strict claims management procedures help ensure the timely and correct payment of claims in accordance with policy conditions. This is particularly necessary for disability business where claims are paid as an income source for policy holders.

Statutory capital adequacy requirements

ClearView Life's insurance operations are subject to minimum regulatory capital requirements as determined by the Appointed Actuary, in accordance with the relevant Life Insurance Prudential Standards.

Asset and liability management techniques

Assets are allocated to different classes of business using a risk-based approach. For life insurance products management of market risk is generally less critical as the amounts and timing of claims do not vary significantly with interest rates or other market conditions that affect the underlying investments. Premiums received and returns obtained from investments provide the liquidity to meet claims payments and associated expenses as they arise.

For investment-linked products, the interest and market risks are passed on to the policyholder. For the guaranteed cash options, assets are backed by cash securities, and as such risk in effectively matched.

(b) Concentration of insurance risk

The Company writes individual insurance business providing mortality and morbidity benefit payments. The type of business written would not be expected to provide significant exposure to concentrations of risk.

Any concentrations of risk are managed through the holding of capital (above statutory requirements) in accordance with ClearView Life's Capital Management Policy; there is a specific allowance in the Target Surplus Policy that holds target surplus capital against insurance risk concentration.

Risk on individual lives is limited through the use of surplus reinsurance arrangements whereby ClearView Life's maximum exposure to an individual life is capped.

Age exposure is mitigated through a policy of maximum ages of entry for products. Premium rates generally rise with age to reflect higher claims likelihood.

(c) Terms and conditions of insurance contracts

The nature of the terms of the life insurance contracts written are such that certain external variables can be identified on which related cash flows for claims payments depend. The table below provides an overview of the key variables upon which the amount of related cash flows are dependent.

Type of contract	Detail of contract workings	Nature of compensation for claims	Key variables that affect the timing and uncertainty
Non-participating life insurance contracts with fixed terms (Term Life and Disability)	Benefits paid on death or ill health that are fixed and not at the discretion of the issuer	Benefits defined by the insurance contract are determined by the contract obligation of the issuer and are not directly affected by the performance of the underlying assets or the performance of the contracts as a whole	Mortality Morbidity Market earning rates Interest rates Discontinued rates Expenses

6 Solvency requirements of the statutory funds

Distribution of the retained profits shown is limited by the prudential capital requirements pursuant to the Life Insurance Act 1995, the detailed provisions of which are specified by prudential standards. The APRA Prudential Standard LPS 2.04 *Solvency Standard* prescribes a minimum capital requirement, the solvency requirement, for each statutory fund of the Company. The solvency reserves are as follows:

	Statutory Fund No. 1	Statutory Fund No. 2	Statutory Fund No. 4	Statutory Fund Total
Solvency reserve % (1)	2.3	0.8	1.4	1.4
Coverage of reserve (2)	27.7	5.3	2.1	2.8

Explanatory Notes

(1) The solvency reserve is the amount by which the solvency requirement exceeds the sum of the minimum termination value of life and investment contracts and other non-policy liabilities. The solvency reserve % shown is the amount of the solvency reserve expressed as a percentage of the sum of the minimum termination value of life insurance and investment contracts and other non-policy liabilities. A smaller percentage indicates a smaller solvency reserve (relative to the liabilities of the fund).

(2) The coverage of the solvency reserve is the number of times the solvency reserve is covered by the assets in excess of the solvency requirement. A number greater than 1 indicates that a fund has assets in excess of the solvency requirement. All of ClearView Life's statutory funds have assets in excess of the solvency requirements.

Notes to the financial statements

for the year ended 30 June 2010
continued

6 Solvency requirements of the statutory funds cont.

Capital management

ClearView Life is required to maintain minimum levels of capital to meet both solvency and capital adequacy requirements.

The Solvency Standard sets out the level of capital required to ensure that under a range of adverse circumstances ClearView Life can meet its existing obligations to members and creditors. This is essentially based on ensuring sufficient capital is available to meet accrued liabilities and obligations if there were an orderly termination of the fund.

The Capital Adequacy Standard sets out the level of capital required, based on a going concern basis where the requirement is for ClearView Life to demonstrate that it has sufficient capital to accept premiums and investments from new and existing policyholders, fund its business plans, absorb short term adverse experience from time to time, and continue to remain solvent.

ClearView Life is required to comply with these standards on a continuous basis and reports results to APRA on a quarterly basis.

The Board of ClearView Life has established a capital target in excess of the prudential capital adequacy requirements to cover both investment and non-investment risks. This buffer further protects against adverse variations in experience that could reduce retained earnings and/or increase the statutory minimum capital adequacy requirement in order to reduce the likelihood of a breach of the capital adequacy requirements.

7 Segment information

The Group has adopted AASB 8 *Operating Segments* (and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009). AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The adoption of AASB 8 by the Group has not resulted in any change of the identification of the Group's reportable segments.

The information reported to the Group's Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance is focused on the products and services of each reporting segment. The principal activities and the Group's reportable segments under AASB 8 are as follows:

- Life Risk
- Life Investment
- Funds Management; and
- Financial Planning

Life Risk - The Group operates in the life risk industry through its recently acquired wholly owned subsidiary, ClearView Life. The acquisition of ClearView Life was the first key step in developing a presence in the life risk industry and represented a transformational change for the Company. Clearview Life provides risk based life insurance cover and the range of protection choices offer flexibility in both the type and amount of cover the policy holder can apply for. ClearView Life operates as a specialist life protection business that encompasses the manufacture and distribution of life protection products.

Life Investment - The Group operates in the life investment industry through ClearView Life. The acquisition of ClearView Life represents an investment product manufacturing capability whose products have historically been distributed by ClearView Financial Management Limited (CFML).

Financial Planning - The Group operates in the wealth management industry through its wholly owned subsidiaries, ComCorp and CFML. CFML is an established superannuation and retirement specialist, principally providing managed investments and superannuation services under the “ClearView” brand name. The acquisition of CFML complemented the wealth management business of ComCorp. The Group is now an established provider of wealth management services to member based organisations, individuals and has an exclusive distribution alliance agreement to distribute life and wealth products to Bupa Australia’s 2.9 million member base.

Funds Management - CFML is the responsible entity (RE) of the ClearView retail trusts and this segment therefore relates to the management fees earned for managing third party funds that have been invested in the retail funds. In future periods the results arising out of the RE responsibility will be reported formally to the chief operating decision maker, however, in the current period it is included in the results of financial planning.

Direct Investments - During the current financial year, the balance of ClearView’s legacy listed share portfolio (other than one listed investment) was sold and a significant portion of ClearView’s internal cash resources was utilised to acquire the share in ClearView Group Holdings. As a result of the investment of the cash prior to year-end, this segment represents a discontinued operation as there will be no earnings and related costs relative to this segment in future periods. For the purposes of segment reporting interest income on the cash retained post acquisition has been grouped in “Other”.

Information regarding these segments is provided below. Amounts reported for the prior period have required restatement to conform to the requirements of AASB 8. The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 3.

	External sales		Inter-segment		Total	
	2010 $’000	2009 $’000	**2010 $’000**	2009 $’000	**2010 $’000**	2009 $’000
Segment Revenue						
Life Risk	**2,663**	–	**–**	–	**2,663**	–
Life Investment	**32,165**	–	**–**	–	**32,165**	–
Financial Planning	**9,737**	1,617	**4,184**	–	**13,921**	1,617
Fund Management	**80**	3,423	**–**	–	**80**	3,423
Other	**723**	424	**–**	–	**723**	424
Total of all segments	**45,368**	5,464	**4,184**	–	**49,552**	5,464
Eliminations	–	–	**–**	–	**–**	–
Consolidated segment revenue	**45,368**	**5,464**	**4,184**	–	**49,552**	5,464

Notes to the financial statements

for the year ended 30 June 2010 continued

7 Segment information cont.

Segment profit or loss represents the profit or loss earned by each segment including the allocation of directly attributable costs of each segment and an allocation of central services costs according to an expense allocation model which allocates costs across each segment on a reasonable basis. The allocation excludes the allocation of investment revenue and profit from associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	2010 $'000	2009 $'000
Segment Profit		
Life Risk	**934**	–
Life Investment	**2,094**	–
Financial Planning	**(1,079)**	(689)
Fund Management	**28**	(1,687)
Other	**(8,513)**	564
Total for continuing operations	**(6,536)**	(1,812)
Profit on acquisition of subsidiary	**15,325**	–
Eliminations	**(1,687)**	(1,832)
Profit / (loss) before tax from continuing operations	**7,102**	(3,644)
Income tax (expense) / benefit	**(1,181)**	1,375
Profit / (loss) for the year from continuing operations	**5,921**	(2,269)

The following is an analysis of the Group's assets by reportable operating segment:

	Segment assets		Segment liabilities	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Life Risk	**53,628**	–	**(59,068)**	–
Life Investment	**1,650,259**	–	**1,569,177**	–
Financial Planning	**28,798**	12,251	**11,485**	5,215
Fund Management	**100**	6,169	**–**	111
Other	**51,215**	–	**20,120**	–
Total segment assets	**1,784,000**	18,420	**1,541,714**	5,326
Unallocated	**–**	1,247	**–**	1,252
Eliminations	**(15,980)**	–	**(15,994)**	–
Consolidated	**1,768,020**	19,667	**1,525,720**	6,578

8 Parent entity disclosure

	Parent 2010 $'000	Parent 2009 $'000
(a) Financial Position		
Assets		
Current	**15,513**	78,907
Non-current	**223,717**	24,590
Total	**239,230**	103,497
Liabilities		
Current	**10,051**	786
Total	**10,051**	786
Net Asset Value	**229,179**	102,711
Equity		
Issued capital	**276,565**	144,816
Retained earnings	**(47,904)**	(42,656)
Employee share plan reserve	**518**	154
Asset revaluation reserve	**–**	397
Total	**229,179**	102,711
(b) Financial Performance from continued operations		
Loss for the year	**(7,358)**	(280)
Total comprehensive income	**(7,358)**	(280)

(c) The parent has guaranteed the deferred consideration obligation of $1.3 million (2009: $ 2.6 million) of its subsidiary, ComCorp, in respect of the Business Sale Agreement entered into on 9 April 2009 to acquire the business of ComCorp and guaranteed the obligations for the lease of Bridge Street entered into by its subsidiary, ClearView Administration Services. The parent has further guaranteed the employment obligations for employees employed by ClearView Administration Services in accordance with the Share Sale Agreement entered into with Bupa Australia.

(d) There are no contingent liabilities in the parent entity.

9 Discontinued operations

During the current financial year, the remainder of ClearView's listed investment portfolio was sold (other than one listed investment) and a significant portion of ClearView's internal cash resources was utilised to acquire the shares in ClearView Group Holdings. As a result of the investment of the cash prior to year-end, this segment represents a discontinued operation as there will be no earnings and related costs relative to this segment in future periods.

Notes to the financial statements
for the year ended 30 June 2010
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9 Discontinued operations cont.

The combined results of discontinued operations (that is direct investment) included in the income statement are set out below. The comparative profit from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	2010 $'000	2009 $'000
Profit for the year from discontinued operations		
Revenue	**3,810**	4,300
Other losses on disposal / impairment of investments	**(498)**	(7,919)
	3,312	(3,619)
Expenses	**(298)**	(647)
Profit before tax	**3,014**	(4,266)
Attributable income tax (expense) / benefit	**(904)**	1,821
	2,110	(2,445)
Profit for the year from discontinued operations (attributable to owners of the Company)	**2,110**	(2,445)

10 Investment Income

	Consolidated	
	2010 $'000	2009 $'000
Investment Income		
Interest income	**1,370**	1,041
Dividend income	**2,429**	178
Distribution income	**27,566**	–
	31,365	1,219

11 Fee and other revenue

Financial planning fees	**11,553**	1,617
Management fees	**68**	1,043
Other	**(4)**	(14)
	11,617	2,646

12 Other expenses

	Consolidated 2010 $'000	Consolidated 2009 $'000
12a Administration Expenses		
Administration, marketing and other operational costs	**1,607**	589
Share registry and mailing costs	**51**	134
Custody and accounting fees	**488**	318
Listed compliance costs	**179**	120
Rent	**570**	182
	2,895	1,343
12b Employee Costs and Directors' fees		
Employee expenses	**6,218**	3,341
Share based payments	**364**	–
Employee termination payments	**2,288**	150
Directors' fees	**333**	337
	9,203	3,828
12c Other Expenses		
Research expenses	**44**	303
Restructuring expenses	**2,140**	754
Professional fees	**134**	–
Other expenses	**277**	1
Interest expense	**113**	2
Investment fees and other related expenses	**526**	–
Transaction costs	**4,843**	–
	8,077	1,060
12d Remuneration of Auditors of the parent entity		
Audit and review of financial reports	**315**	257
Preparation of the tax return	**42**	15
Other non-audit services - taxation advice	**102**	8
Other non-audit services - compliance	**–**	11
Other non-audit services - remuneration advice	**–**	8
	459	299
Capitalised due diligence costs	**–**	45
	459	344
Total operating expenses	**20,634**	6,530
12e Amortisation and Depreciation expenses		
Depreciation expense	**80**	29
Amortisation expense	**665**	147
	745	176

Notes to the financial statements

for the year ended 30 June 2010
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13 Income tax

(a) Income tax recognised in profit or loss

	Consolidated 2010 $'000	Consolidated 2009 $'000
Income tax expense / (benefit) comprises:		
Current tax expense	**1,324**	(209)
Over provided in prior years - Current tax expense	**(299)**	(78)
Under provided in prior years - Deferred tax expense	**231**	–
Deferred tax expense	**(75)**	(536)
Income tax expense	**1,181**	(823)
Deferred income tax expense / (benefit) included in income tax expense comprises:		
(Increase) / Decrease in deferred tax asset	**(1,110)**	7,223
(Decrease) / Increase in deferred tax liability	**(155)**	35
	(1,265)	7,258

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:

	Consolidated 2010 $'000	Consolidated 2009 $'000
Profit / (Loss) before income tax expense	**7,102**	(3,092)
Prima facie tax calculated at 30%	**2,130**	(928)
Tax effect of non deductible / assessable amounts in calculating taxable income:		
Differences in tax rate for the life company policyholders	**(515)**	–
Franking credits on dividends received	**(323)**	–
Non-deductible transaction costs	**1,453**	–
Difference in realised profit/loss	**4,213**	–
Accrued benefits on acquisition	**166**	–
Non allowable expenses	**135**	
Other	**(1,517)**	105
Profit on acquisition	**(4,495)**	–
Under provision in prior years	**(66)**	–
Income tax expense / (benefit)	**1,181**	(823)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated 2010 $'000	2009 $'000
(b) Income tax recognised directly in equity		
Current Tax		
Share Buy Back Expenses	**–**	(35)
Capital raising costs	**(278)**	–
Deferred Tax		
Arising on income and expenses taken directly to equity	**–**	(140)
Arising on capital raising costs charged against share capital	**(1,115)**	–
Revaluation of available for sale financial assets	**(170)**	170
Total tax benefit	**(1,563)**	(5)
Franking account		
The balance of the franking account after allowing for tax payable in respect of the current year's profit, the receipt of franked dividends recognised as receivables and the payment of any dividends recognised as a liability at the reporting date.	**3,772**	3,380

The ability of the Company to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company itself paying tax.

14 Movements in reserves

	2010 $'000	2009 $'000
Retained losses		
Balance at the beginning of the financial year	**(42,814)**	(38,038)
Net profit / (loss) attributable to members of the parent entity	**8,031**	(4,776)
Balance at the end of the financial year	**(34,783)**	(42,814)
Asset revaluation reserve		
Balance at the beginning of the financial year	**399**	504
Revaluation of securities	**(569)**	221
Deferred tax asset / (liability) arising on revaluation of securities	**170**	(326)
Balance at the end of the financial year	**–**	399
Employee share plan reserve		
Balance at the beginning of the financial year	**154**	121
Arising on share based payments	**364**	33
Balance at end of the financial year	**518**	154
Non-controlling interest		
Balance at the beginning of the financial year	**–**	462
Contributions during the year	**–**	(524)
Recognised profit attributable to non-controlling interest	**–**	62
Balance at end of the financial year	**–**	–

Notes to the financial statements
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15 Sources of profit

	Consolidated 2010 $'000	Consolidated 2009 $'000
Components of profit related to movements in life insurance liabilities		
Planned profit margins released	519	–
Profits arising from difference between actual and expected experience	10	–
Impact of IFRS change in economic assumptions	887	–
One-off expenses	(923)	–
Components of profit related to movements in life investment liabilities		
Other policy holder movements	412	–
One-off expenses	(790)	–
One-off tax adjustment	(220)	–
Capitalisation of expected future losses	(6)	–
Investment earnings on assets in excess of life insurance and investment contract liabilities	283	–
Profit for the statutory funds	172	–
Loss for the shareholders fund	(140)	–
Profit for ClearView Life Assurance Limited	32	–

16 Earnings per share

	Company 2010 cents per share	Company 2009 cents per share
Basic earnings per share		
From continuing operations	3.28	(1.30)
From discontinued operations	1.16	(1.40)
Total basic earnings per share	4.44	(2.70)
Diluted earnings per share		
From continuing operations	3.26	(1.30)
From discontinued operations	1.13	(1.38)
Total diluted earnings per share	4.39	(2.68)

16.1 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:

	2010 $'000	2009 $'000
Profit for the year attributable to owners of the Company	8,031	(4,776)
Earnings used in the calculation of total basic earnings per share	8,031	(4,776)
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	2,110	(2,445)
Earnings used in the calculation of basic earnings per share from continuing operations	5,921	(2,331)
Weighted average number of ordinary shares for the purpose of basic earnings per share	180,737	174,384

	Company 2010 cents per share	Company 2009 cents per share
16.2 Diluted earnings per share		
The earnings used in the calculation of diluted earnings per share are as follows:		
Earnings used in the calculation of total basic earnings per share	**8,031**	(4,776)
Interest on ESP loans	**158**	–
Earnings used in the calculation of total diluted earnings per share	**8,189**	(4,776)
Profit for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**2,110**	(2,445)
Earnings used in the calculation of diluted earnings per share from continuing operations	**6,079**	(2,331)

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2010	2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**180,737**	174,384
Shares deemed to be dilutive in respect of the executive share plan	**5,988**	2,404
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	**186,725**	176,788

17 Cash and cash equivalents

	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash at Bank	**184,008**	2,096
Deposits at call	**13,134**	25,827
	197,142	27,923

18 Receivables

	2010	2009
Trade receivables	**228**	206
Outstanding life insurance premiums	**704**	–
Accrued dividends	**3,361**	–
Investment income and distribution receivable	**39,714**	59
Outstanding settlements	**–**	635
Reinsurance receivable	**2,018**	–
Loan to Associate	**120**	–
Prepayments	**673**	438
Provision for doubtful receivables	**(344)**	–
	46,474	1,338

Receivables are non interest bearing and unsecured. Trade receivables relate to management fees, life insurance premiums, financial planning receivables and accrued income. Outstanding settlements usually require payment within three days of the date of the transaction.

Notes to the financial statements
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	Consolidated 2010 $'000	2009 $'000

19 Fixed interest deposits

	2010 $'000	2009 $'000
Fixed interest bank term deposits	**359**	50,989

Fixed interest term deposits, held at year end, yield a fixed interest rate of 6.4% (2009:4.22%).

20 Securities

	2010 $'000	2009 $'000
Listed shares	**353**	4,290

The listed shares represent the 4.058 million shares in Nexbis Limited held by the Company at 30 June 2010. Securities are classified as available-for-sale financial assets. The fair value of securities is their value at last bid price.

21 Financial assets

	2010 $'000	2009 $'000
Equity securities		
Held directly	**481,779**	–
Held indirectly via unit trust	**258,214**	–
	739,993	–
Debt securities / Fixed interest securities		
Held directly	**496,307**	–
Held indirectly via unit trust	**129,565**	–
	625,872	–
Property		
Held directly	**–**	–
Held indirectly via unit trust	**64,067**	–
	64,067	–
Total financial assets	**1,429,932**	–

22 Goodwill

	2010 $'000	2009 $'000
Gross carrying amount		
Balance at beginning of financial year	**3,976**	–
Additional amounts recognised during the period	**211**	3,976
Balance at end of financial year	**4,187**	3,976
Accumulated impairment losses		
Balance at beginning of financial year	**–**	–
Impairment losses for the year	**–**	–
Balance at end of financial year	**–**	–
Net book value		
At the beginning of the financial year	**3,976**	–
At the end of the financial year	**4,187**	3,976

Additional amounts recognised in the current year relate to the goodwill of ComCorp as the accounting for the Comcorp business combination was only provisionally determined at the end of last financial year.

In note 25 details of the acquisition are disclosed and further details on the calculation of goodwill is provided.

23 Intangible assets

	Software $'000	Client Book $'000	Management rights $'000	Total $'000
	Consolidated			
2010				
Gross carrying amount				
Balance at beginning of financial year	1,500	5,375	2,711	**9,586**
Acquired directly during the year	–	102	–	**102**
Acquired in a business combination	–	52,990	–	**52,990**
Balance at end of financial year	1,500	58,467	2,711	**62,678**
Accumulated amortisation and impairment losses				
Balance at the beginning of the period	68	79	2,711	**2,858**
Amortisation Expense in the current year	300	365	–	**665**
Balance at the end of the financial year	368	444	2,711	**3,523**
Net Book Value				
At the beginning of the financial year	1,432	5,296	–	**6,728**
At the end of the financial year	1,132	58,023	–	**59,155**
2009				
Gross carrying amount				
Balance at beginning of financial year	–	–	2,711	**2,711**
Acquired directly during the year	–	375	–	**375**
Acquired in a business combination	1,500	5,000	–	**6,500**
Balance at end of financial year	1,500	5,375	2,711	**9,586**
Accumulated amortisation and impairment losses				
Balance at the beginning of the period	–	–	2,711	**2,711**
Amortisation Expense in the current year	68	79	–	**147**
Balance at the end of the financial year	68	79	2,711	**2,858**
Net Book Value				
At the beginning of the financial year	–	–	–	–
At the end of the financial year	1,432	5,296	–	**6,728**

The intangible assets acquired in the current year arose on the acquisition of ClearView Group Holdings Pty Limited and represent the value of the risk, investment, financial planning and fund management Client Book intangibles.

The intangible assets are amortised over their expected useful lives. As required under accounting standards at each reporting date ClearView assesses whether there is an indication of impairment. After considering various external and internal sources of information such as current economic conditions and anticipated future cash flows to be derived from these assets it has been assessed that there are no indicators of impairment at 30 June 2010.

Notes to the financial statements
for the year ended 30 June 2010
continued

24 Property, plant and equipment

	Consolidated					
	Office furniture $'000	Office equipment $'000	Computer hardware $'000	Computer software $'000	Leasehold improve-ments $'000	Total $'000
2010						
Gross carrying amount						
Balance at beginning of financial year	30	60	58	–	67	**215**
Additions	17	31	21	5	34	**108**
Acquisitions through business combinations	693	12	206	–	268	**1,179**
Balance at end of financial year	740	103	285	5	369	**1,502**
Accumulated depreciation/amortisation and impairment						
Balance at beginning of financial year	21	29	31	–	59	**140**
Depreciation expense	25	20	13	1	21	**80**
Balance at end of financial year	46	49	44	1	80	**220**
Net book value						
Balance at end of financial year	694	54	241	4	289	**1,282**
2009						
Gross carrying amount						
Balance at beginning of financial year	18	15	46	–	67	**146**
Additions	–	3	12	–	–	**15**
Acquisitions through business combinations	12	42	–	–	–	**54**
Balance at end of financial year	30	60	58	–	67	**215**
Accumulated depreciation/amortisation and impairment						
Balance at beginning of financial year	9	12	31	–	59	**111**
Depreciation expense	12	17	–	–	–	**29**
Balance at end of financial year	21	29	31	–	59	**140**
Net book value						
Balance at end of financial year	9	31	27	–	8	**75**

25 Business Acquisitions

Name of subsidiary acquired	Principal activity	Date of acquisition	Proportions of shares acquired (%)	Cost component of business combination	Cost of acquisition $'000
ClearView Group Holdings Pty Limited	Non operating holding company	9-June-10	100%	Cash	195,000
				Payable	5,809
				Total	200,809
Including the following subsidiaries:					
ClearView Life Assurance Limited	Life Insurance and Investment	9-June-10	100%		
ClearView Financial Management Limited	Financial Planning and Responsible Entity	9-June-10	100%		
MBT Financial Services Pty Limited	Financial Planning	6-Nov-09	N/A	Upfront cash payment	408
				Deferred consideration	106
					514

ClearView Group Holdings Pty Limited (formerly MBF Management Pty Limited)

On the 26 March 2010 ClearView signed agreements to acquire ClearView Group Holdings Pty Limited (ClearView Group Holdings) representing Bupa Australia's life insurance and wealth management business for a purchase consideration of $195 million plus the difference between the completion net assets and the net assets of ClearView Group Holdings as at 31 December 2009 (estimated adjustment amount of $5.8 million).

The deal completed on 9 June 2010 following approval of the acquisition from APRA. Transaction costs incurred of $4.8 million have been recognised as an expense in the current financial year and capital raising costs incurred in the amount of $4.6 million were charged against the share capital account net of tax.

Notes to the financial statements

for the year ended 30 June 2010 continued

25 Business Acquisitions cont.

Assets acquired and liabilities assumed at the date of completion

	Consolidated CVGH excl unit trusts $'000	Consolidation of unit trusts $'000	Consolidated CVGH incl unit trusts $'000	Fair value adjustments $'000	Fair value on acquisition $'000
Cash and liquid assets	4,216	178,160	182,376	–	182,376
Receivables	6,102	3,812	9,914	–	9,914
Other financial assets	1,520,546	(22,817)	1,497,729	–	1,497,729
Deferred tax assets	14,644	–	14,644	–	14,644
Deferred tax on leave assumed	693	–	693	–	693
Policy holder tax receivable	2,173	–	2,173	–	2,173
Property, plant and equipment	1,179	–	1,179	–	1,179
Intangible assets	–	–	–	52,990	52,990
Total assets	**1,549,553**	**159,155**	**1,708,708**	**52,990**	**1,761,698**
Liabilities					
Payables	17,181	869	18,050	–	18,050
Leave and bonus provisions	2,310	–	2,310	–	2,310
Deferred tax liabilities	10	–	10	–	10
Life insurance policy liabilities	(70,198)	–	(70,198)	–	(70,198)
Liability to non-controlling interest in controlled unit trust	–	158,286	158,286	–	158,286
Life investment policy liabilities	1,437,827	–	1,437,827	–	1,437,827
Total liabilities	**1,387,130**	**159,155**	**1,546,285**	**–**	**1,546,285**
Net Assets as at 31 May 2010	**162,423**	**–**	**162,423**	**52,990**	**215,413**
Pro rata profit to 8 June 2010	721	–	721	–	721
Net Assets on Completion	**163,144**	**–**	**163,144**	**52,990**	**216,134**

The initial accounting for the acquisition has only been provisionally determined at the reporting date. For the purposes of AASB 3 the fair value of identifiable assets acquired and liabilities assumed have to be determined to account for the business combination. As at the reporting date these calculations had not been finalised and therefore the adjustments to assets and liabilities have not been completed. The adjustment amount has yet to be finalised with Bupa and at the date of this report is subject to change. The amounts disclosed in the financial statements represents the directors best estimate of the likely fair values of the assets acquired and liabilities assumed.

Had this business combination been affected at 1 July 2009, the revenue of ClearView Group Holdings would have been $191.2 million and the net profit for the year from continuing operations would have resulted in a profit of $12.9 million. These proforma numbers do not take into account any cost saving opportunities as outlined in the Prospectus.

The Directors of the Group consider these pro-forma numbers to present an approximate measure of the performance of ClearView Group Holdings on an historical annualised basis. The pro-forma amounts were based on aggregating the results of ClearView Group Holdings for the 6 months ended 31 December 2009 to the results for the 6 months ended 30 June 2010.

The acquisition of ClearView Group Holdings resulted in a profit on acquisition of $15.3 million as the business combination in which the consideration transferred is less than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with AASB 3. The profit on acquisition arose as the purchase consideration represented a discount to the embedded value of the businesses acquired. The life insurance and wealth management businesses were considered non core by the vendor and additionally a strategic long term alliance was entered into as part of the acquisition.

Profit on Acquisition	**ClearView Group Holdings Pty Limited $'000**
Fair value of identifiable net assets acquired	216,134
Less: Purchase consideration	200,809
Profit arising on acquisition	15,325
Net cash flow on acquisition	
Total purchase consideration	200,809
Less consideration payable in future periods (estimated adjustment amount)	5,809
Consideration Paid in Cash	**195,000**
Net cash acquired on acquisition	
Cash and cash equivalents in acquired entities	4,216
Cash and cash equivalents from consolidation of unit trusts	178,160
Net consolidated cash acquired	**182,376**

MBT Financial Services Pty Limited

On the 6 November 2009 ComCorp Financial Advice Pty Limited (Comcorp) acquired the business of MBT Financial Services Pty Limited (MBT).

MBT was previously a franchised planner of ComCorp and the acquisition of the MBT business is consistent with ClearView stated strategy of developing its presence in the wealth management industry.

The liabilities assumed by ComCorp on the acquisition of MBT for the deferred purchase consideration payments are limited to $105,778 in accordance with the Business Purchase Deed (BPD). There is a mechanism in the BPD for the deferred consideration to be reduced should the clients or FUA be reduced from the levels on which the business was acquired. The amounts disclosed in the financial statements represents the Directors best estimate of the likely fair values of the assets acquired and liabilities assumed.

Acquisition-related transaction costs amounting to $28,843 have been excluded from the consideration paid and were recognised as an expense in the period in which they were incurred being the 2010 financial year.

The purchase consideration for the business combination is $513,642, to be settled in cash of which $105,778 has been withheld for a period of 12 months post completion. Settlement of the $105,778 is subject to MBT meeting certain target which have been agreed upon in the BPD.

Goodwill arose in the business combination because the cost of the business combination included a control premium paid to acquire the core business assets and assume certain liabilities. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of: revenue growth; improved referral partner penetration; future market development and the assembled work force and ingrained experience of personnel of MBT. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be measured reliably.

Notes to the financial statements

for the year ended 30 June 2010 continued

25 Business Acquisitions cont.

Had this business combination been affected at 1 July 2009, the revenue of ComCorp would not change and the net profit for the year from continuing operations would have increased by $90,271. The revenue would not change since MBT was a franchised planner prior to the acquisition and ComCorp recognised the full amount of their revenue and withheld a dealer service fee on revenue generated. Subsequent to the acquisition, ComCorp will retain the full margin. The Directors of the group consider these pro-forma numbers to present an approximate measure of the performance of ComCorp on an annualised basis and to provide a reference point for comparison in future periods. The pro-forma amounts were determined by including the net amount paid to MBT for the period from 1 July 2009 to the end of the reporting period.

In determining the pro-forma revenue and profit of the Group had MBT been acquired at the beginning of the current reporting period, the Directors have:

- calculated the net amount paid to MBT for the period prior to the completion date
- added the amount paid to MBT back to profit from continuing operations

	Book value $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Non-Current Assets			
Client book	–	100	100
Current Liabilities			
Provisions for long service leave and annual leave	(15)	–	(15)
Fair value of identifiable net assets			85
Goodwill on acquisition			429
	–	–	514
Net cash flow on acquisition			
Total purchase consideration			514
Less consideration payable in future periods (current)			106
Consideration Paid in Cash			**408**

26 Disposal of subsidiaries

ClearView entered into a Share Sale and Purchase Agreement (SPA) with Valuestream Investment Management Limited (VIML) on 17 July 2009 to effect the sale and purchase of 100% of the shares in MMC Asset Management. Prior to Completion, MMC Asset Management completed a $6.05 million capital reduction to ClearView by the settlement of cash. Completion occurred on 31 July 2009. In accordance with the SPA, a post completion adjustment payment in the amount of $20,000 was received by ClearView in November 2009.

ClearView also entered into a Share Subscription Deed with Huon on 17 July 2009 such that ClearView owns a passive 10% interest in a new boutique fund manager. The 10% equity stake was issued to ClearView on completion of the sale of MMC Asset Management to VIML. Completion occurred on 31 July 2009.

	1 Month ended 31 July 2009 $'000's
The profit for the period from the MMC Asset Management operation is analysed as follows:	
Profit of MMC Asset Management operations for the period	7
Gain on disposal of MMC Asset Management	5
	12
The following were the results of MMC Asset Management for the period:	
Total Income	80
Operating expense	(52)
Profit before income tax	28
Income Tax [1]	(21)
Profit after income tax	7

(1) Reversal of the deferred tax timing differences on exit of MMC Asset Management from the ClearView tax consolidated Group.

The net assets of MMC Asset Management Limited at the date of disposal were as follows:

	31 July 2009 $'000's
Net Assets disposed of (excluding goodwill)	15
Attributable goodwill	–
	15
Gain on disposal	5
Total consideration received	20

The disposal resulted in a capital loss of approximately $30 million for which future capital gains may be offset. The deferred tax asset relating to this capital loss has not been recognised.

27 Payables

	Consolidated	
	2010 $'000	2009 $'000
Trade Payables	**7,106**	386
Reinsurance creditors	**687**	–
Outstanding life policy settlements	**8,689**	–
Custody and accounting fees	**–**	8
Other employee entitlements	**2,422**	195
Life premiums in advance	**201**	–
Vendor liability (adjustment amount)	**5,877**	–
Other creditors	**5,090**	366
	30,072	955

Payables are non interest bearing and unsecured. Trade payables relate to management fees and financial planning payables and accrued commission payable to financial planners. Outstanding settlements usually require payment within three days of the date of the transaction.

Other creditors usually require payment within 10 to 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Notes to the financial statements
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continued

28 Provisions

	Consolidated 2010 $'000	Consolidated 2009 $'000
Provision for lease make good	**50**	80
Provision for restructuring	**864**	509
Employee benefits provisions	**2,330**	276
Other provisions	**2,819**	86
	6,063	951
Make Good Provision		
Balance at the beginning of the financial year	**80**	–
Provision acquired in a business combination	**–**	6
Additional provisions made	**–**	74
Amounts used in the current year	**(30)**	–
Balance at the end of the financial year	**50**	80
Provision for restructuring (i)		
Balance at the beginning of the financial year	**509**	–
Provision acquired in a business combination	**–**	109
Additional provisions recognised	**864**	509
Payments made	**(509)**	(109)
Balance at the end of the financial year	**864**	509
Employee benefits provision		
Balance at the beginning of the financial year	**276**	–
Provision acquired in a business combination	**2,310**	–
Additional provisions made	**209**	296
Amounts utilised during the current year	**(419)**	(15)
Unutilised provisions reversed during the current year	**(46)**	(5)
Balance at the end of the financial year	**2,330**	276
Other provisions (ii)		
Balance at the beginning of the financial year	**86**	–
Additional provisions made	**4,265**	542
Amounts utilised during the current year	**(1,343)**	(456)
Unutilised provisions reversed during the current year	**(189)**	–
Balance at the end of the financial year	**2,819**	86

(i) The provision for restructuring arose on the acquisition of ClearView Group Holdings as detailed in note 25. Restructuring provisions have been raised in accordance with an approved restructuring plan for the ClearView Group Holdings business. These restructuring costs relate to termination payments and outplacement costs. The restructure is expected to be completed by 31 December 2010.

(ii) Other provisions relating to the acquisition of ClearView Group Holdings that do not form part of the approved restructuring plan. These provisions are expected to be settled before 31 December 2010.

29 Deferred tax balances

	Consolidated 2010 $'000	Consolidated 2009 $'000
Deferred tax assets		
Non-current	**28,997**	11,784
	28,997	11,784
Deferred tax liabilities		
Non-current	**–**	(147)
	–	(147)
(i) Deferred tax assets		
Amounts recognised in profit or loss:		
Tax Losses carried forward	**10,478**	9,728
Accruals not currently deductible	**495**	–
Depreciable and amortisable assets	**(42)**	–
Provisions	**1,743**	–
Unrealised losses (policyholder)	**15,092**	–
Other	**1,231**	536
Arising on share issue costs	**–**	140
Valuation of listed securities	**–**	1,380
Deferred tax asset	**28,997**	11,784
(ii) Deferred tax liabilities		
Amounts recognised in profit or loss:		
Deferred acquisition costs	**–**	–
Unrealised gains on investments	**437**	–
Other	**(437)**	(147)
Deferred tax liability	**–**	(147)

Consolidated	Opening balance $'000	Unused carried forward losses $'000	Acquisition through business combination/transfers from subsidiaries $'000	Charge (credit) to income $'000	Charge (credit) to equity $'000	Closing balance $'000
2010						
Gross deferred tax liabilities	(147)	–	(8)	155	–	–
Gross deferred tax assets	11,784	–	14,540	1,110	1,563	28,997
Total	**11,637**	**–**	**14,532**	**1,265**	**1,563**	**28,997**
2009						
Gross deferred tax liabilities	(112)	–	–	(35)	–	(147)
Gross deferred tax assets	9,274	9,728	–	(7,223)	5	11,784
Total	**9,162**	**9,728**	**–**	**(7,258)**	**5**	**11,637**

Deferred income tax assets are recognised for tax losses carried forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Notes to the financial statements
for the year ended 30 June 2010 continued

30 Policy liabilities

	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Reconciliation of movements in policy liabilities		
Life investment policy liabilities		
Opening gross life investment policy liabilities	–	–
Acquisition of business	1,437,827	–
Net increase / (decrease) in life investment policy liabilities reflected in the income statement	(19,778)	–
Net movement relating to acquisition date adjustment	(7,191)	–
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(2,559)	–
Life investment policy contributions recognised in policy liabilities	56,281	–
Life investment policy withdrawals recognised in policy liabilities	(59,165)	–
Closing gross life investment policy liabilities	**1,405,415**	–
Life insurance policy liabilities		
Opening gross life insurance policy liabilities	–	–
Acquisition of business	(70,242)	–
Increase / (decrease) in life insurance policy liabilities reflected in the income statement	(1,001)	–
Net movement relating to acquisition date adjustment	(364)	–
Closing gross life insurance policy liabilities	(71,607)	–
Total Gross policy liabilities	**1,333,808**	–
Reinsurers' share of life insurance policy liabilities		
Opening balance	–	–
Acquisition of business	43	–
Decrease in reinsurance assets reflected in the income statement	(29)	–
Net movement relating to acquisition date adjustment	(11)	–
Closing balance	3	–
Net policy liabilities at balance date	**1,333,805**	–

Included in life investment policy liabilities are contracts for which there is a guarantee that the unit price will not fall. The amount of the gross policy liabilities for such contracts is $89.3 million.

(b) Components of net life insurance policy liabilities

	2010 $'000	2009 $'000
Future policy benefits	181,274	–
Future expenses and commissions	52,515	–
Less future revenues	(434,257)	–
Best estimate Liability	(200,468)	–
Planned margin over future expenses	128,864	–
Net life insurance policy liabilities	**(71,604)**	–

(c) Disclosures on asset restrictions, managed assets and trustee activities

Restrictions on assets

Investments held in the life statutory funds ("funds") can only be used within the restrictions imposed under the *Life Insurance Act 1995*. The main restrictions are that the assets in a fund can only be used to meet the liabilities and expenses of that fund, to acquire investments to further the business of the fund or as a distribution when solvency and capital adequacy requirements are met. The shareholder can only receive a distribution from a fund if the capital adequacy requirements continue to be met after the distribution.

31 Issued capital

	2010 No. of shares	2010 $'000	2009 No. of shares	2009 $'000
Issued and fully paid ordinary shares				
Balance at beginning of financial year	**139,312,192**	**144,816**	245,107,825	220,233
Shares issued pursuant to Private placement*	**123,437,808**	**61,719**	–	–
Shares issued pursuant to 1 for 1 Entitlement Offer*	**146,562,192**	**73,281**	–	–
Shares cancelled under Share Buy-back	**–**	**–**	(105,795,633)	(75,009)
Share Buy-back costs, net of tax	**–**	**(3,251)**	–	(408)
Balance at end of financial year	**409,312,192**	**276,565**	139,312,192	144,816
Employee share scheme balance at the beginning of the period	**1,800,000**	**–**	3,300,000	–
Shares granted under employee share plan (note 38)	**16,150,000**	**–**	–	–
Shares cancelled under the employee plan	**(300,000)**	**–**	(1,500,000)	–
Employee share scheme balance at the end of the period	**17,650,000**	**–**	1,800,000	–

In accordance with AASB 2, Share-Based Payments the shares issued under the employee share plan are treated as options and are accounted for as set out in note 1(w).

Changes to 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.

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

* During the financial year, the Company executed a shareholder approved private placement for $62 million and a 1 for 1 entitlement offer for $73 million in order to raise the $135 million required for the purposes of the acquisition of ClearView Group Holdings Pty Limited. The private placement was approved by shareholders at the extraordinary meeting held on 30 April 2010.

32 Provision for deferred consideration

	Consolidated 2010 $'000	Consolidated 2009 $'000
Provision for Deferred Consideration - Current	**1,093**	1,354
Provision for Deferred Consideration - Non-current	**299**	1,227
Total	**1,392**	2,581

33 Shares granted under the employee share plans

Executive share plan

In accordance with the provisions of the executive share plan, as at 30 June 2010, executives and senior employees have acquired 17,650,000 (2009 : 1,800,000) ordinary shares that will vest if certain conditions are met. Shares granted under the executive share plan carry rights to dividends and voting rights. Financial assistance amounting to $9,838,645 (2009 : $1,184,626) was made available to executives and senior employees to fund the acquisition of shares under the executive share plan. For details of the executive share plan refer to note 38.

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33 Shares granted under the employee share plans cont.

Deferred share plan

In accordance with the provisions of the deferred share plan, employees have the right to have part of their salary directed towards the acquisition of shares in ClearView Wealth Limited. Shares acquired under the deferred share plan carry rights to dividends and voting rights. As at 30 June 2010 there were no shares issued under the DSP. In light of the proposed budget changes this scheme is currently under review.

34 Dividends

	Consolidated	
	2010 $'000	2009 $'000
Fully paid ordinary shares		
Interim dividend per share:		
$nil cents (2009: $nil cents)	–	–
Final dividend per share:		
$nil cents (2009: $nil)	–	–
	–	–

The Directors declared that there will be no final dividend paid for the year ended 30 June 2010 (2009 : $nil).

35 Reconciliation of net profit / (loss) for the year to net cash flows from operating activities

	Consolidated	
	2010 $'000	2009 $'000
Net profit / (loss) for the year	8,031	(4,714)
Realised gains on disposal of securities	(134)	(1,600)
Increase in current tax liability	3,875	79
Decrease in deferred tax	(73)	(2,476)
Increase in payables	8,100	262
Depreciation on property plant and equipment	80	29
Amortisation costs	665	147
Unrealised loss on investments	640	10,060
Reversal of impairment in subsidiary	(20)	–
Profit on acquisition of subsidiary	(15,325)	–
Bad debts written off	58	49
Employee share plan expense	364	33
Fair value losses on financial assets at fair value through profit & loss	49,492	–
Increase in deferred tax asset	(433)	–
(Increase) / decrease in receivables	(28,748)	1,319
Reinvested trust distribution income	(410)	–
Movement in liabilities to non-controlling in controlled unit trust	(3,601)	–
Decrease in policy liabilities	(26,262)	–
Loss from associate	59	–
Net cash (utilised) / generated by operating activities	(3,642)	3,188

36 Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2010 %	2009 %
Parent entity			
ClearView Wealth Limited (formerly MMC Contrarian Limited)	Australia		
Subsidiaries			
MMC Asset Management Limited	Australia	–	100
ClearView Group Holdings Pty Limited (formerly MBF Management Pty Limited)	Australia	100	–
ClearView Life Assurance Limited (formerly MBF Life Limited)	Australia	100	–
ClearView Financial Management Limited	Australia	100	–
ClearView Life Nominees Pty Limited	Australia	100	–
ClearView Administration Services Pty Limited (formerly MMC Service Co Pty Limited)	Australia	100	100
ComCorp Finance Advice Pty Limited	Australia	100	100
Affiliate Financial Planning Pty Limited	Australia	100	100
Controlled Unit Trusts			
International Fixed Interest Fund	Australia	95	–
Fund of Funds Australian Equity Fund	Australia	83	–
Bond Fund	Australia	91	–
Fund of Funds International Equity Fund	Australia	93	–
Property Fund	Australia	91	–
Money Market Fund	Australia	97	–

During the year the Company acquired 100% of the shares in ClearView Group Holdings Pty Limited which in turn held 100% of the shares in ClearView Life Assurance Limited and ClearView Financial Management Limited.

ClearView Administration Services Pty Limited was incorporated in the prior financial year to centralise the administrative responsibilities of the group which include salary disbursements and settling all non directly attributable overhead expenditure. ClearView Administration Services Pty Limited recoups all expenditure by virtue of a management fee from the various group companies and operates on a cost recovery basis.

ComCorp Financial Advice Pty Limited was formed in the prior financial year as a wholly owned subsidiary of the Company to obtain a licence from ASIC to carry on a financial services business to provide financial product advice under AFS Licence No. 331367. The business commenced trading on 9 April 2009.

Affiliate Financial Planning was formed as a wholly owned subsidiary of ComCorp Financial Advice Pty Limited to be registered as an authorised representative of ComCorp.

Notes to the financial statements

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37 Investment in associate

	Consolidated 2010 $'000	Consolidated 2009 $'000
Investment in associate	**142**	198
Reconciliation of Investment in associate:		
Balance at the beginning of financial year	**198**	–
Share of profit for the year	**(59)**	–
Dividends	**–**	
Additions	**3**	198
Balance at the end of financial year	**142**	198

Name of entity	Country of incorporation	Principal activity	Ownership interest 2010 %	Ownership interest 2009 %
Associates				
Berry Financial Services Pty Ltd	Australia	Financial Planning	**40**	40

Summarised financial information in respect of the Group's associate is set out below:

	Consolidated 2010 $'000	Consolidated 2009 $'000
Financial position:		
Total assets	**21**	17
Total liabilities	**169**	17
Net assets	**(148)**	–
Group's share of associate's net assets	**(59)**	–
Financial performance:		
Total revenue	**90**	219
Total profit for the year	**(148)**	5
Group's share of associate's loss	**(59)**	–

Dividends received from associates

Nil

Contingent liabilities and capital commitments

There are no capital commitments and other expenditure commitments of associates and jointly controlled entities.

38 Share-based payments

The Group has an ownership-based compensation scheme for Directors, executives and senior employees of the Group, namely the employee share plan (ESP). In accordance with the provisions of the plan, as approved by shareholders at the general meeting held on 7 October 2009, Directors, executives and senior employees may be issued parcels of ordinary shares at an exercise price as defined under the plan per ordinary share.

Objectives

The objective of the ESP is to assist in the recruitment of highly skilled individuals and to reward, retain and motivate employees of the Company and its associated body corporate.

Consideration

Each share will be issued at a price to be determined by the Board prior to making an offer to an employee. If no price is set, the price per share will be the weighted average price at which shares are traded on the ASX during the week prior to and including the day of offer or if no shares have traded in that time period the last price at which an offer to buy is made on the ASX.

Eligibility

Under the ESP, the Directors may invite employees to participate in the ESP and receive shares subject to performance and vesting conditions determined by the Board. Shares may not be offered under the ESP to an employee if that employee would hold, after issue of the shares, an interest in more than 5% of the issued shares or be able to control the right to vote of more than 5% of the votes that might be cast at a general meeting of the Company. The number of shares granted under the ESP when aggregated with the number of shares issued under any other employee incentive share plan in the last 5 years must not exceed 6% of the issued shares at the time an offer to acquire shares under the ESP is made.

Financial assistance

The Company may provide financial assistance to an employee for the purposes of subscribing for shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the shares repayable within 5 years. The financial assistance will become immediately repayable in the event of "disqualifying circumstances" including failure to meet performance or vesting conditions, or upon cessation of the employee's employment in circumstances defined in the ESP Rules. The financial assistance are secured over the shares and rights attached to the shares.

Rights

Shares issued under the ESP will rank equally with all other issued shares even if subject to a holding lock.

Quotation

The Company will apply to the ASX for official quotation of shares issued under the ESP.

Restrictions

The shares granted under the ESP will be subject to a holding lock restricting the holder from dealing with the shares without the consent of the Board until generally the earlier of:

(a) the 5th anniversary of the issue date;

(b) the date the employee ceases employment; or

(c) termination of the ESP.

If performance and vesting conditions are not met, then the shares will be cancelled.

Administration of the ESP

The ESP is to be administered by the Board. The Board may make rules and regulations for its operation that are consistent with the rules of the ESP. The Company will pay all costs and expenses of operating the ESP. Employees will be liable for any brokerage and tax payable associated with their participation in the ESP.

Notes to the financial statements
for the year ended 30 June 2010
continued

38 Share-based payments cont.

Amendment of the ESP
Subject to the ASX Listing Rules, the Board may at any time amend any provision of the rules of the ESP.

Termination of the ESP
The Board may resolve at any time to terminate, suspend or reinstate the operation of the ESP.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Share series	Number	Grant date	Expiry date	Fair value at Exercise price $	Fair value at grant date $
2 Series - 27 July 2007 Issue	4,425,000	27/07/07	1/06/12	1.04	0.03
4 Series - 26 October 2007 Issue	250,000	26/10/07	26/10/12	1.04	0.03
5 Series - 16 April 2008 Issue	1,000,000	16/04/08	16/04/13	0.60	0.10
6 Series - 30 June 2008 Issue	500,000	30/06/08	30/06/13	0.59	0.10
7 Series - 29 September 2009 Issue	3,500,000	29/09/09	29/09/14	0.49	0.07
8 Series - 8 October 2009 Issue	2,000,000	8/10/09	8/10/14	0.49	0.07
9 Series - 28 October 2009 Issue	250,000	28/10/09	28/10/14	0.50	0.07
10 Series - 25 June 2010 Issue	2,000,000	25/06/10	26/03/15	0.50	0.11
11 Series - 25 June 2010 Issue	4,000,000	25/06/10	26/03/15	0.58	0.08
12 Series - 25 June 2010 Issue	4,000,000	25/06/10	26/03/15	0.65	0.06
13 Series - 25 June 2010 Issue	400,000	25/06/10	1/06/15	0.53	0.10

Share series	Type of arrangement	First vesting date	Final vesting date
Series 2 - 27 July 2007 Issue	Shares cancelled	Shares cancelled	Shares cancelled
Series 4 - 26 October 2007 Issue	Shares cancelled	Shares cancelled	Shares cancelled
Series 5 - 16 April 2008 Issue	Key Management Personnel	16/04/08	16/04/13
Series 6 - 30 June 2008 Issue	Key Management Personnel	30/06/08	30/06/13
Series 7 - 29 September 2009 Issue	Key Management Personnel and Senior Management	23/10/09	29/09/14
Series 8 - 8 October 2009 Issue	CEO Wealth Management and Advice	23/10/09	8/10/14
Series 9 - 28 October 2009 Issue	Chairman	28/10/12	28/10/14
Series 10 - 25 June 2010 Issue	Managing Director	26/03/11	26/03/15
Series 11 - 25 June 2010 Issue	Managing Director	26/03/12	26/03/15
Series 12 - 25 June 2010 Issue	Managing Director	26/03/13	26/03/15
Series 13 - 25 June 2010 Issue	Senior Management	1/06/13	1/06/15

Inputs into the model	Series 2	Series 4	Series 5	Series 6
Grant date share price ($)	1.04	1.04	0.60	0.59
Anticipated vesting price ($)	1.38	1.38	0.60	0.59
Expected volatility (%)	21.29	21.29	24.12	25.26
Anticipated option life (years)	2.00	2.00	3.00	3.00

Inputs into the model	Series 7	Series 8	Series 9	Series 10	Series 11	Series 12	Series 13
Grant date share price ($)	0.49	0.49	0.50	0.50	0.58	0.65	0.53
Anticipated vesting price ($)	0.55	0.55	0.62	0.57	0.66	0.74	0.61
Expected volatility (%)	30.24	30.43	25.64	28.78	28.78	28.78	28.78
Anticipated option life (years)	1.75	1.73	2.95	2.75	2.75	2.75	2.94

The shares were priced using a binomial option pricing model with volatility based on the historical volatility of the share price.

	2010		2009	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at beginning of the financial year	**1,800,000**	**0.67**	3,300,000	–
Granted during the financial year	**16,150,000**	**0.55**	–	–
Cancelled during the year	**(300,000)**	**1.04**	(1,500,000)	1.04
Balance at end of the financial year	**17,650,000**	**0.56**	1,800,000	0.67

The above reconciles the outstanding shares granted under the executive share plan at the beginning and end of the financial year:

Shares that were granted in the current year:

16.1 million shares were issued during the year as follows:

- 5.5 million shares were issued to employees in accordance with their employment contracts executed at the time of their recruitment on finalisation of setting the performance and vesting criteria in accordance with the rules of the plan, of which 2 million were approved by shareholders at the AGM in October 2009;
- 10 million shares to the Managing Director in accordance with approvals at the 30 April 2010 AGM;
- 0.25 million shares to an associate of the Chairman as approved at the 2009 AGM; and
- 0.4 million to senior management in June 2010.

Shares that vested in the current period:

The vesting conditions in the ESP stipulate that all shares issued in terms of the Plan will automatically vest with a change of control of the Company. Effective 23 October 2009, GPG obtained control of ClearView which resulted in accelerating the vesting of the shares in the ESP at that time, including Series 7 and 8 which had been issued prior to the change of control. The shares issued subsequent to Series 8, were issued subsequent to the change of control and thus the normal vesting conditions of the ESP still apply.

No other shares vested in the current financial year.

Shares that were cancelled during the year:

The Company had issued 250,000 shares to RK Sydney Pty Limited, an associate of the Chairman, Mr Raymond Kellerman, in accordance with the Plan Rules. In accordance with shareholder approval obtained at the 2009 AGM, it was resolved that the 250,000 shares issued to the associate of Mr Kellerman be bought back in accordance with the provisions of the ESP Rules, and thereafter, the same number of shares be issued to the associate of Mr Kellerman in order for the terms to be amended to those consistently applied for Series 7 and Series 8. Furthermore, a further 50,000 shares issued to a former employee were cancelled in terms of the ESP Rules and therefore 300,000 shares were cancelled during the year.

Notes to the financial statements
for the year ended 30 June 2010 continued

39 Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 36 to the financial statements.

(b) Transactions with key management personnel

I. Key management personnel compensation

Details of key management personnel compensation are disclosed in the Directors' Report on page 30 of the annual report. The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated 2010	Consolidated 2009
Short-term employee benefits	**1,968,338**	1,433,903
Post-employment benefits	**127,496**	147,492
Share based payments	**339,571**	(4,688)
	2,435,405	1,576,707

II. Directors and key management personnel equity holdings

Fully paid ordinary shares of ClearView Wealth Limited including those held under the Employee Share Plan.

	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other change No.	Balance end of financial year No.	balance held subject to Vesting Conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
2010										
R Kellerman	250,000	100,800	350,800	–	100,800	451,600	250,000	–	–	–
P Wade	–	19,841	19,841	–	119,841	139,682	–	–	–	–
S Swanson	–	–	–	10,000,000	2,000,000	12,000,000	10,000,000	–	–	–
A Hutchison	1,000,000	–	1,000,000	2,000,000	–	3,000,000	3,000,000	3,000,000	3,000,000	–
J McLaughlin	500,000	–	500,000	1,000,000	–	1,500,000	1,500,000	1,500,000	1,500,000	–
A Chiert	–	–	–	1,500,000	–	1,500,000	1,500,000	1,500,000	1,500,000	–
D McKell	–	–	–	500,000	–	500,000	500,000	500,000	500,000	–
P Constable	–	1,499,503	1,499,503	–	(1,499,503)	–	–	–	–	–

Fully paid ordinary shares of ClearView Wealth Limited including those held under the Employee Share Plan (cont.).

	Shares subject to vesting conditions	Shares not subject to vesting conditions	Balance at beginning of financial year	Granted as compensation	Net other change	Balance end of financial year	balance held subject to Vesting Conditions	Balance vested at year end	Vested but not yet exercisable	Vested and exercisable
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
2009										
R Kellerman	250,000	57,669	307,669	–	43,131	350,800	250,000	–	–	–
A Hutchison	1,000,000	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000	–	1,000,000
P Wade	–	50,000	50,000	–	(30,159)	19,841	–	–	–	–
J McLaughlin	500,000	–	500,000	–	–	500,000	500,000	500,000	–	500,000
A Chiert	–	–	–	–	–	–	–	–	–	–
D McKell	–	–	–	–	–	–	–	–	–	–
P Constable	–	4,240,392	4,240,392	–	(2,740,889)	1,499,503	–	–	–	–
K Eley	–	200,000	200,000	–	(200,000)	–	–	–	–	–
B Wright	500,000	20,000	520,000	–	(520,000)	–	–	–	–	–

All shares granted as compensation to directors and key management personnel were made in accordance with the provisions of the executive share plan.

(c) Transactions between the Group and its related parties

Other related parties include:
– entities with significant influence over the Group
– associates
– subsidiaries
– other

During the financial year ended 30 June 2010, the following transactions occurred between the Company and its other related parties:

– MMC Asset Management Limited received a management fee of $68,000 (2009: $1,224,802) for providing asset management services to the Company.
– ClearView Administration Services Limited received a management fee of $10,032,337 (2009: $1,056,190) a recoupment of expenditure (including salary disbursements) from various group companies.
– The Company recognised tax payable in respect of the tax liabilities of its wholly-owned subsidiaries. Payments to/from the Company are made in accordance with the terms of the tax funding arrangement.
– ClearView Wealth Limited settled litigation related expenses on behalf of Berry Financial Services Pty Limited of $286,419.
– Berry Financial Services Pty Limited charged ComCorp Financial Advice Pty Limited a management fee of $80,000 in respect of services provided to ComCorp.
– ComCorp Financial Services Pty Limited loaned Berry Financial Services $120,000 on an interest free basis.
– ClearView Life Assurance Limited paid commission of $4,183,829 to ClearView Financial Management Limited.
– The Company subscribed and paid for an additional 3,089,073 shares in ComCorp for a cash consideration of $ 3,089,073.
– During the year GPG followed its rights in terms of the 1 for 1 entitlement offer and acquired a further 99,664,490 shares in the Company for a cash consideration of $49,832,245.

(d) Parent entity

The parent entity in the Group is ClearView Wealth Limited which is incorporated in Australia.

Notes to the financial statements
for the year ended 30 June 2010
continued

40 Financial Instruments

(a) Management of financial Instruments

The financial assets of the Group are managed by specialist investment managers who are required to invest the assets allocated in accordance with directions from the Board. BNP Paribas acts as master custodian on behalf of the Group and, as such, provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions. Daily operating bank accounts are managed within the Group by the internal management and finance department.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in notes 3(o) and 3(p) to the financial statements respectively.

(c) Capital risk management

Following the announcement of the Acquisition in March 2010, the Company also announced a $135 million capital raising by way of a Conditional Placement of $62 million, subject to shareholder approval (Conditional Placement) and a 1 for 1 entitlement offer for $73 million (Entitlement Offer). The Capital Raising was fully underwritten by Commonwealth Securities Limited (Commsec). The Company successfully raised $135 million from its Conditional Placement and Entitlement Offer pursuant to the prospectus dated 26 March 2010. The Conditional Placement was approved by shareholders at the EGM held on 30 April 2010 and the new shares from the Conditional Placement and Entitlement Offer were issued on 5 May 2010 and commenced trading on the ASX on that date.

The Group has executed on its strategy of utilising its strong Balance Sheet and cash reserves to develop a broader presence in the life insurance and wealth management industry.

The Group maintains capital to protect customers, creditors and shareholders against unexpected losses to a level that is consistent with the Group's risk appetite. The Group's capital structure consists of ordinary equity comprising issued capital, retained earnings and reserves (as detailed in notes 31 and 14). The capital structure remains unchanged from the previous financial period.

The Group, through its subsidiary ClearView Life, is subject to external capital solvency requirements prescribed by the *Life Act of 1995* and discharged by the Australian Prudential Regulatory Authority (APRA). APRA Prudential Standards LPS2.04 *Solvency*, LPS3.04 *Capital Adequacy* and LPS6.03 *Management Capital* govern the various aspects of capital management.

The Group assesses the adequacy of its capital requirements through regulatory capital review. The Group targets a level of capital resources to satisfy these capital measures. The Group's capital management strategy forms part of the broader strategic planning process.

Regulatory Capital

The shareholder minimum regulatory capital requirement (MRR) is the amount of shareholder capital required by ClearView Life as set by APRA.

ClearView Life targets a level of capital equal to the capital adequacy as defined in LPS3.04 *Capital Adequacy* plus a target surplus. ClearView Life has complied with the externally imposed capital requirements throughout the period.

ClearView Life held a level of capital above its MRR of $39 million as at 30 June 2010. The MRR coverage ratio will vary throughout the year due to investment market movements, dividend payments and the retention of profits.

CFML is required to hold $5 million of regulatory capital in accordance with its Australian Financial Services Licence (AFSL). At 30 June 2010 CFML held $1.5 million above these regulatory requirements.

ComCorp is required to hold capital based on a percentage of the total cash outflow for the projected 3 months under its AFSL.

(d) Fair value of financial instruments

The fair values of financial assets and financial 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 and 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.

(e) Categories of financial instruments

The Company has investments in the following categories of financial assets and liabilities:

	Consolidated	
	2010 $'000	**2009 $'000**
Financial Assets		
Available for sale assets	**353**	4,290
Cash and cash equivalents	**197,501**	78,912
Life insurance investment assets	**1,429,932**	–
Loans and receivables	**46,474**	1,338
Total financial assets	**1,674,260**	84,540
Financial Liabilities		
Policyholder liabilities	**1,333,808**	–
Payables	**30,072**	955
Current tax liabilities	**1,713**	84
Provisions	**6,063**	951
Provision for deferred consideration	**1,392**	2,581
Finance leases	**–**	28
Total financial liabilities	**1,373,048**	4,599

These financial assets and liabilities are recognised in accordance with the accounting policies detailed in note 3(o) and 3(p) to the financial statements respectively.

Notes to the financial statements

for the year ended 30 June 2010
continued

40 Financial Instruments cont.

(f) Financial risk management objectives

The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management and investment policies, approved by the Board, seek to minimise the potential adverse effects of these risks on the Group's financial performance. These policies may include the use of certain financial derivative instruments.

The Group employs specialist investment managers, who monitor and invest the investments, co-ordinate access to domestic and international financial markets, and manage the financial risks relating to the operations of the Group in accordance with the guidelines set out by the Board.

The Group does not enter into or trade derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to change the Group's exposure to particular assets. Derivatives are not used to gear the Group and the Group's effective market exposure should not exceed its market value. Compliance with policies and exposure limits is reviewed by the Board on a continuous basis.

(g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from default. The Group measures credit risk on a fair value basis. The Group's exposure and the credit ratings of its counterparties are continuously monitored by the Board.

Credit risk arising on investments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least 'BBB' or better as determined by Standard and Poor's. The following table details the aggregate investment grade of the cash instruments in the portfolio, as rated by well known rated agencies approved by the Board. The Group has not made use of the government guarantee over bank deposits.

The Group does have significant credit risk exposure to counterparties but these counterparties have a high credit rating. The table below shows the maximum exposure to credit risk at the reporting date. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date. The table reflects the credit risk exposure facing the Group.

Cash and cash equivalents and Debt securities / Fixed interest securities	Consolidated 2010 $'000	Consolidated 2009 $'000
Rating		
AAA to AA-	**671,300**	–
A+ to A-	**126,088**	78,911
BBB+ to BBB-	**25,985**	–
	823,373	78,911

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to trust distributions, receivables from funds managers in the financial planning business and for premiums receivable. Other receivables balances relate predominantly to management fees from external unit trusts. The concentration is spread across the various debtors with no single significant debtor.

(h) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities. The Company has significant cash assets and the listed securities that are considered to be readily realisable. Liquidity Risk is monitored on a continuance basis by the Board. In line with the previously outlined change in the Group's strategy the significant cash reserves have been reduced through the utilisation of internal cash resources of $69.4 million. As a result, turning the cash reserves into operating cash flows will allow the short term liquidity requirements of the Group to be met as they become due.

The following tables summarises the realisation profile of financial assets at the reporting date. There were no financial assets past due or impaired at the reporting date.

	Consolidated				
	Less than 3 months $'000	**3 to 6 months $'000**	**6 Months to a year $'000**	**1 to 5 years $'000**	**Total $'000**
2010					
Trade receivables	228	–	–	–	228
Loans to associate	120	–	–	–	120
Outstanding life insurance premiums net of provision	360	–	–	–	360
Accrued dividends	3,361	–	–	–	3,361
Investment income and distribution receivable	39,714	–	–	–	39,714
Reinsurance receivable (i)	1,084	449	288	197	2,018
Prepayments	167	167	339	–	673
Total	**45,034**	**616**	**627**	**197**	**46,474**

(i) Reinsurance receivables are reflected in accordance with the likely settlement of the underlying claims to which they relate.

Notes to the financial statements
for the year ended 30 June 2010 continued

40 Financial Instruments cont.

The following tables summarise the maturity profile of the Company's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principle cash flows.

	Consolidated						
	Weighted average interest rate $'000	Less than 3 months $'000	3 to 6 months $'000	6 Months to a year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2010							
Payables (i)	0%	25,565	1,808	1,125	1,574	–	30,072
Current tax liabilities (i)	0%	1,713	–	–	–	–	1,713
Provisions (i)	0%	3,733	–	1,108	1,222	–	6,063
Provision for deferred consideration (i)	0%	1,093	–	–	299	–	1,392
Total		**32,104**	**1,808**	**2,233**	**3,095**	**–**	**39,240**
2009							
Payables (i)	0%	955	–	–	–	–	955
Current tax liabilities (i)	0%	84	–	–	–	–	84
Provisions (i)	0%	890	–	–	61	–	951
Provision for deferred consideration (i)	0%	758	434	162	1,227	–	2,581
Finance leases	7.3%	7	7	14	–	–	28
Total		**2,694**	**441**	**176**	**1,288**	**–**	**4,599**

(i) Non-interest bearing.

	Consolidated	
	2010 $'000	2009 $'000
Financing facilities		
The Group has access to the following facilities:		
Bank Guarantees		
– amount used	**340**	340
– amount unused	**–**	–
Overdraft and credit		
– amount used	**16**	150
– amount unused	**5,134**	134

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Group manages these risks via employing its investment professionals. This is consistent with the prior period.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. Exposure to interest rate risk arises in the normal course of ClearView Wealth Limited's business. Interest rate risk is managed on a consolidated basis.

Interest rate risk management

The Group's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Group to cash flow risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Board monitors the Group's exposures to interest rate risk.

The tables below detail the Group's exposure to interest rate risk at the balance sheet date by the earlier of contractual maturities or re-pricing.

	Consolidated	
	Weighted average interest rate %	Less than 3 months $'000
2010		
Financial assets		
Variable interest rate instruments:		
Cash and cash equivalents	4.66%	197,142
Fixed interest securities	5.40% (i)	359
Total		**197,501**
2009		
Financial assets		
Variable interest rate instruments:		
Cash and cash equivalents	3.25%	27,923
Fixed interest securities	4.22%	50,989
Total		**78,912**

(i) For the financial year.

Interest rate sensitivity analysis for floating rate financial instruments

The sensitivity analysis below have been determined based on the Group's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 150 basis point increase or decrease is used when reporting interest risk internally to key management personal and represents management's assessment of the reasonably possible change in interest rates.

The following table illustrates the effect for the Group from possible changes in market risk that were reasonably possible based on the risk the Group was exposed to at reporting date:

	Effect on operating profit		Effect on cash and cash equivalents and fixed interest deposits	
	Consolidated		Consolidated	
Change in Variable	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**
±1.5% (2009: 1%)	±1,574	±778	±1,574	±778

The Group's sensitivity to interest rates has increased during the current period mainly due to the acquisition of ClearView Life and the increased exposure to financial assets. The methods and assumptions used to prepare the sensitivity analysis have not changed in the year. Based on the market exposure management believe that interest rate variation of 1.5% is considered appropriate.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does account for fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in long term interest rates at reporting date would affect profit and loss.

Notes to the financial statements

for the year ended 30 June 2010 continued

40 Financial Instruments cont.

(b) Foreign currency risk management

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group undertakes certain investments denominated in foreign currencies, hence is exposed to the effects of exchange rate fluctuations. However, the foreign currency risk is borne by the policyholder and the shareholder has no exposure to foreign currency.

	Change in AUS relative to foreign currency	Effect on net assets $'000
USD	5%	–
GBP	16%	–
EUR	21%	–
YEN	(3%)	–

Forward foreign exchange contracts

The Group currently does not make use of forward foreign exchange contracts.

(c) Equity price risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Group has investments in equity instruments, which exposes it to price risk. The Board manages other price risk on a continual basis.

The following table illustrates the effect on recognised income and expense and securities from a possible change in other market risk that were reasonably possible based on the risk the Group was exposed to at reporting date:

	Effect on operating profit Consolidated		Effect on securities Consolidated	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Equity price risk - ±16% change				
Australia	±56	±303	±56	±303

The methodology used to prepare the sensitivity analysis was to determine the weighted average beta of the portfolio (0.71) and multiply a 16% movement in the value of the portfolio by the portfolio beta.

Based on the market exposure management believe that the market variation of 16% is considered appropriate.

41 Disaggregated information by fund

	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	ClearView Life
	2010	Australian non-participating 2010	Australian non-participating 2010	Australian non-participating 2010	2010
Abbreviated income statement					
Life Insurance premium revenue	–	2,602	22	–	2,624
Outward reinsurance expense	–	(224)	(14)	–	(238)
Fee revenue	–	–	91	1,785	1,876
Investment revenue	158	285	1,147	43,104	44,694
Net fair gains (losses) on financial assets at fair value	(121)	(219)	(872)	(59,635)	(60,847)
Net revenue and income	**37**	**2,444**	**374**	**(14,746)**	**(11,891)**
Claims expense	–	(912)	–	–	(912)
Reinsurance recoveries	–	115	–	–	115
Deferred Acquisition Costs	–	–	–	–	–
Change in life insurance policy liabilities	–	1,001	–	–	1,001
Change in life investment policy liabilities	–	–	(57)	19,835	19,778
Change in reinsurers' share of life insurance liabilities	–	29	–	–	29
Other expenses	(237)	(1,744)	(251)	(3,058)	(5,290)
Profit for the year before income tax	**(200)**	**933**	**66**	**2,031**	**2,830**
Income tax benefit / (expense)	**60**	**(281)**	**(161)**	**(2,416)**	**(2,798)**
Net profit attributable to members of ClearView Life Assurance Limited	**(140)**	**652**	**(95)**	**(385)**	**32**
Abbreviated statement of financial position					
Unit trusts	12,538	22,543	91,197	1,293,240	1,419,518
Total Investment Assets	12,538	22,543	91,197	1,293,240	1,419,518
Other assets	1,566	14,087	3,941	72,903	92,497
Total assets	14,104	36,630	95,138	1,366,143	1,512,015
Life insurance policy liabilities	–	(71,528)	(76)	–	(71,604)
Life investment policy liabilities	–	–	89,290	1,316,125	1,405,415
Other liabilities	748	12,464	1,872	7,965	23,049
Total liabilities	748	(59,064)	91,086	1,324,090	1,356,860
Net assets	**13,356**	**95,694**	**4,052**	**42,053**	**155,155**

Notes to the financial statements
for the year ended 30 June 2010 continued

41 Disaggregated information by fund cont.

	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	ClearView Life
		Australian non-participating	Australian non-participating	Australian non-participating	
	2010	2010	2010	2010	2010
Abbreviated statement of financial position					
Shareholder's retained profits:					
Opening retained profits	71	64,342	447	26,838	91,698
Operating profit	(140)	652	(95)	(385)	32
Capital transfer between funds	–	–	–	–	–
Prior year adjustment	–	–	–	–	–
Dividend paid	–	–	–	–	–
Shareholder's retained profits	(69)	64,994	352	26,453	91,730
Shareholder's capital	13,425	30,700	3,700	15,600	63,425
Total equity	**13,356**	**95,694**	**4,052**	**42,053**	**155,155**

42 Investment in controlled unit trusts

Name	Type	Consolidated 30 June 2010 $'000	%
International Fixed Interest Fund	Debt	121,559	9
Fund of Funds Australian Equity Fund	Equities	394,568	28
Bond Fund	Debt	255,625	18
Fund of Funds International Equity Fund	Equities	243,069	17
Property Fund	Property	56,969	4
Money Market Fund	Debt	347,728	24
Total		**1,419,518**	**100**

43 Finance leases

Leasing arrangements

The Group has no finance lease arrangements as a result of all liabilities for finance lease liabilities being discharges in the current financial year.

Finance lease liabilities

	Minimum future lease payments Consolidated		Present value of minimum future lease payments Consolidated	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
No later than 1 year	**–**	28	**–**	28
Later than 1 year and not later than 5 years	**–**	–	**–**	–
Later than five years	**–**	–	**–**	–
Minimum future lease payments*	**–**	28	**–**	28
Less future finance charges	**–**	–	**–**	–
Present value of minimum lease payments	**–**	28	**–**	28
Included in the financial statements as:				
Current borrowings			**–**	28
Non-current borrowings			**–**	–

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

Leasing arrangements

Operating leases relate to:

- Premises leases with lease terms that extend to 30 June 2012. The Group does not have an option to purchase the leased asset at expiry of the lease.
- Tool of trade cars utilised by employees in the performance of their work responsibilities. The Group does not have an option to purchase the leased asset at expiry of the lease.

Non-cancellable operating lease commitments

	Consolidated	
	2010 $'000	2009 $'000
Not longer than 1 year	**1,709**	261
Longer than 1 year and not longer than 5 years	**1,704**	–
Longer than 5 years	**–**	–
	3,413	261
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Make good provision (note 28)		
Current	**50**	80
Non-current	**–**	–
	50	80

Notes to the financial statements for the year ended 30 June 2010 continued

44 Contingent liabilities and contingent assets

The Group has term deposits that back financial guarantees issued by National Australia Bank in favour of the landlord of the Sydney premises in relation to rental deposits of $341,000.

ClearView has guaranteed the obligations of ComCorp under the terms of the BSA.

45 Subsequent events

On 13 July 2010, the Group acquired the business of a franchised planner, Suntrip Financial Services Pty Limited for $0.8 million.

The Group took out a term deposit at Westpac Banking Corporation in the amount of $0.6 million that serves as security for guarantees issued by Westpac in favour of the landlord of the new Sydney Bridge Street premises.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations or the state of the affairs of the consolidated entity in future financial years.

46 Capital commitments

The Group has committed to the following capital expenditures subsequent to the year end.

	Consolidated $'000
– System upgrade	500
– Infrastructure expenditure	245
	745

Directors' Declaration

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable;

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the consolidated entity;

c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 3; and

d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

Ray Kellerman
Chairman

Sydney, 25 August 2010

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report
to the Members of ClearView Wealth Limited

Report on the Financial Report

We have audited the accompanying financial report of ClearView Wealth Limited which comprises the statement of financial position as at 30 June 2010, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 109.

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 a 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 3, the directors also state, in accordance with the Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting ensures that the financial report, comprising financial statements and notes, complies with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Deloitte.

Independent Auditor's Report
to the Members of ClearView Wealth Limited cont.

Auditor's Opinion

In our opinion,

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 32 of the directors' report for the year ended 30 June 2010. 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 Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of ClearView Wealth Limited for the year ended 30 June 2010 complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

Sydney, 25 August 2010

Shareholders' Information

directory

On 30 July 2010 there were 2,788 shareholders. All the shares in the Company are ordinary and fully paid carrying one vote.

Substantial shareholders

The following information is extracted from the Company's register of top shareholders as at 30 July 2010.

Rank	Name	No of share as per notice	% of issued capital
1	Guinness Peat Group Plc and its Subsidiaries	199,328,980	47.85
2	Investec Bank (Australia) Limited and Investec Wentworth Private Equity	39,688,239	9.53
3	Westpac Banking Corporation BT Investment Management Limited	23,525,216	5.65

The following information is extracted from the Company's register of top shareholders as at 30 July 2010.

Twenty largest shareholders

Rank	Name	Units	% of Units
1	Ecurb Australia Pty Limited	116,401,964	27.26
2	Guinness Peat Group (Australia) Pty Ltd	65,151,458	15.26
3	HSBC Custody Nominees (Australia) Limited	27,032,377	6.33
4	IWPE Nominees Pty Limited	26,458,826	6.20
5	J P Morgan Nominees Australia Limited	19,389,044	4.54
6	Gannet Capital Pty Ltd	16,575,647	3.88
7	National Nominees Limited	15,378,247	3.60
8	Gibsbourne Pty Ltd	10,000,000	2.34
9	Mr Simon Swanson	10,000,000	2.34
10	Citicorp Nominees Pty Limited	9,825,173	2.30
11	Bell Potter Nominees Ltd	8,839,120	2.07
12	Investec Bank (Australia) Ltd	7,937,647	1.86
13	GPG Australia Nominees Limited	7,787,150	1.82
14	Morgan Stanley Australia Securities (Nominee) Pty Limited	5,929,804	1.39
15	IWPE Nominees Pty Limited	5,291,766	1.24
16	RBC Dexia Investor Services Australia Nominees Pty Limited	3,682,186	0.86
17	ANZ Nominees Limited	3,623,487	0.85
18	Mr Alexander Paul Hutchison	2,000,000	0.47
19	Manyata Holdings Pty Ltd	2,000,000	0.47
20	Queensland Investment Corporation	2,000,000	0.47

Distribution of shareholders

Range	Total holders	Units	% of Issued Capital
1 - 1,000	303	115,965	0.03
1,001 - 5,000	907	2,839,241	0.66
5,001 - 10,000	570	4,520,352	1.06
10,001 - 100,000	918	25,345,573	5.94
100,001 and over	90	394,141,061	92.31
Total	**2,788**	**426,962,192**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.45 per unit	1,112	332	146,928

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2010.

Directory

Directors
Ray Kellerman, Chairman
Simon Swanson
Anthony Eisen
Michael Jefferies
Peter Wade
David Goodsall
John Murphy

Managing Director
Simon Swanson

Secretary
Athol Chiert

Registered Office and Contact Details
Level 24, 2 Chifley Square
Sydney NSW 2000

GPO Box 4964, Sydney NSW 2001

Telephone: 02 9224 0700
Facsimile: 02 9233 2275
Email: enquiries@clearview.com.au
Website: www.clearview.com.au

Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

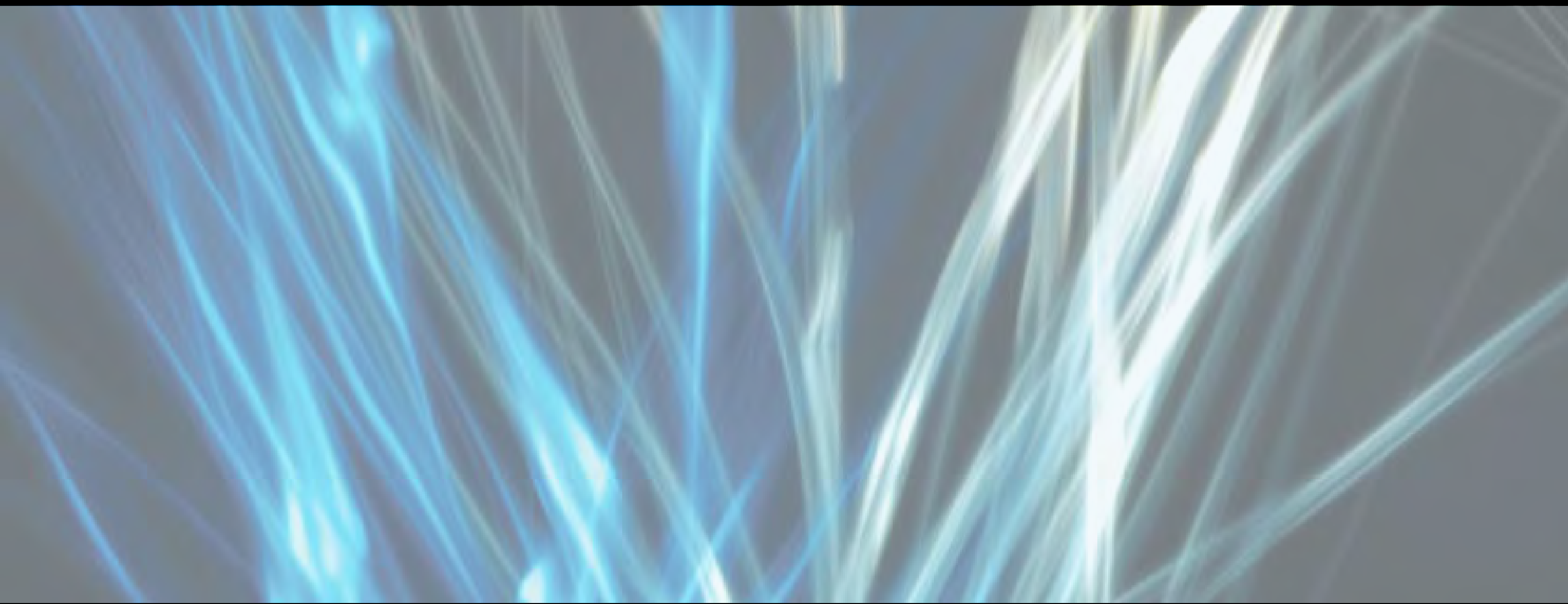
Telephone: 1300 855 080
03 9415 4000
Facsimile: 03 9473 2500

For all enquiries relating to shareholdings, dividends and related matters please contact the share registry.

Auditors
Deloitte Touche Tohmatsu

Accounting and Custodial Services
BNP Paribas Services Australasia Pty Limited

Australian Securities Exchange Share Code
CVW



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