ClearView

ANNUAL REPORT 2012

Momentum Under Way

CONTENTS

FINANCIAL CALENDAR

Annual General Meeting
26 November 2012

Half Year End
31 December 2012

Half Year Result Announcement
February 2013

Year End
30 June 2013

Annual Report
August 2013

Dates are subject to change.

ClearView has undergone a significant transformation over the last two years. It has laid the foundation for growth with modern systems, experienced people and distribution partners, and the successful launch of LifeSolutions and WealthSolutions.

Foundation laid and sales momentum underway

Distribution

- Recruiting experienced and successful advisers to ClearView's dealer group
- Establishing distribution agreements with IFAs
- Developing alliances with new strategic partners

Products

- Launch of LifeSolutions, our new suite of life advice products and services
- Launch of super and IDPS wrap platform, WealthSolutions

Systems

- Successful integration of acquired BUPA business and achievement of cost savings
- Achieved early upgrade of life administration platform for direct products
- Development of systems and processes for life advice market

2012 Financial Highlights

$19.2m Underlying NPAT[1]

4.53 CENTS PER SHARE[4] Underlying NPAT[1]

$66m Surplus Capital[2]

$0 Debt

$22.3m Reported NPAT

1.8 CENTS PER SHARE Fully Franked Dividend

63.7 CENTS PER SHARE[3] Net assets

64.2 CENTS PER SHARE[3, 5] Embedded value

Profit & loss

YEAR ENDED 30 JUNE, $ MILLION	2012	2011	% CHANGE
Life insurance	11.1	9.0	24
Wealth management	7.5	11.0	(32)
Financial advice	(0.6)	(1.2)	52
Listed / other	1.2	0.5	148
Underlying NPAT	19.2	19.3	0
Amortisation	(6.8)	(7.4)	(9)
Other adjustments	9.9	(3.2)	403
Reported NPAT	22.3	8.7	158

Key statistics

$44.1m[6] IN FORCE LIFE INSURANCE PREMIUMS

$2.9bn[6] FUNDS UNDER MANAGEMENT AND ADVICE (FUMA)

86[7] FINANCIAL ADVISERS ACROSS AUSTRALIA

1 Underlying net profit is the Board's key measure of profitability and the basis on which dividend payments are determined. It consists of profit after tax adjusted for amortisation, the effect of changing discount rates on insurance policy liabilities, and in the prior year it reflects restructure, transition and system upgrade costs considered unusual to the Group's ordinary activities.
2 Surplus capital reported is surplus capital above internal benchmarks as at 30 June 2012. Internal benchmarks exceed regulatory requirements. Surplus capital reduced by $19m post balance date on adoption of the Board approved three year business plan. The reduction is due to the need for ClearView's life insurance subsidiary to cater for the anticipated growth in LifeSolutions new business volumes. Surplus capital prior to FY12 final dividend.
3 Adjusted for Executive Share Plan (ESP) loan of $17.4m (2011:$12.0m) and 31.1m (2011: 20.7m) ESP shares.
4 Underlying net profit after tax is adjusted for after tax interest on the Executive Share Plan (ESP) loan of $17.4m (2011:$12.0m) and the weighted average ESP shares on issue.
5 Embedded Value represents the discounted present value of the future cash-flows (after tax) anticipated to arise from the in-force life policies and investment client balances as at 30 June 2012. The Embedded Value excludes any value for future growth, potential value of franking credits, costs associated with being listed on ASX and short term growth and development costs. Consistent discount rate assumptions have been maintained with the prior period despite a reduction in long term market discount rates during FY2012.
6 As at 30 June 2012.
7 As at 8 August 2012.

2012 Operational Highlights

ClearView has expanded into the advised insurance segment and sophisticated wealth product segment with the following growth initiatives:

December 2011 – launch of LifeSolutions

ClearView's life advice products

- Full suite of competitively priced life insurance products sold by financial advisers
- "Best of" features
- Includes life cover, total and permanent disability (TPD), trauma, income protection and business expenses cover
- Cover can also be purchased via a ClearView "risk super" version called LifeSolutions Super

December 2011 – launch of WealthSolutions

ClearView's wrap platform

- High end offering for Superannuation, Retirement Income and Investor Directed Portfolio Service (IDPS) accounts
- Includes 250 managed funds, ASX (Top 300) listed securities, term deposits, 7 new ClearView managed funds and 8 ClearView run model portfolios
- ClearView has full ownership of product
- Ability to capture revenue on existing, externally managed FUA

Recruiting experienced and successful advisers to ClearView Financial Advice (CFA) – our dedicated dealer group

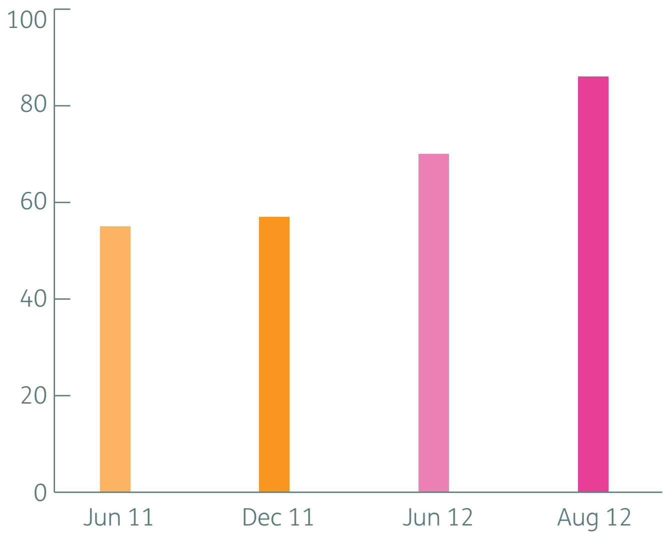
13 advice practices have joined CFA including leading life insurance advisers. This increased the number of ClearView advisers in CFA to **86** at 8 August 2012.

Establishing distribution agreements with independent financial advisers

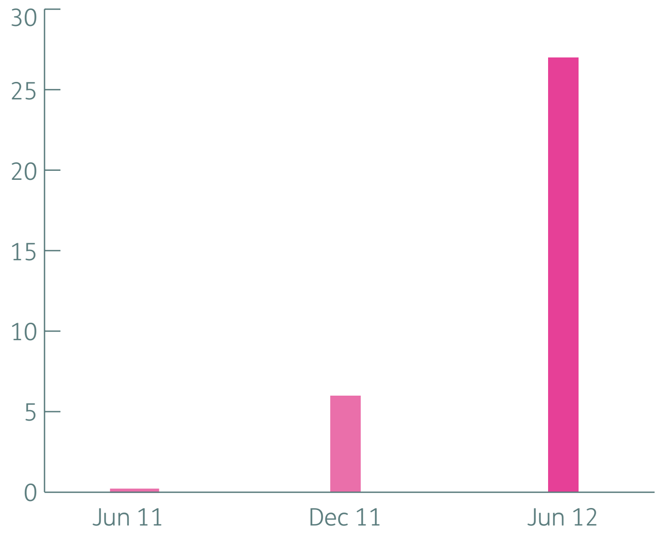
LifeSolutions has been added to **27** dealer group Approved Product Lists (APLs), increasing ClearView's access to **over 2,000** independent financial advisers across Australia.

Access to relationship driven service with products that are innovative, flexible and deliver great value.

NUMBER OF CFA ADVISERS*



NUMBER OF APLS



* These are net figures and take into account changes as a result of the restructuring of CFA in 2012

Chairman's Letter

Dear Shareholders

"Much has been achieved since the acquisition of the businesses in June 2010. In 2012 we continued to build on these achievements with the creation of new successful products and commenced establishing the distribution networks that position the Company very well for the future. We are delivering on our strategy and are now seeing the benefits with sales in the second half increasing by 540% over the first half."

Introduction

ClearView is a well established Australian financial services company with integrated businesses that specialise in life insurance, wealth management and financial advice solutions. The Company has established a multi-channel distribution footprint through its own expanding adviser network and its penetration of the independent financial adviser industry.

ClearView advises on approximately $2.9 billion of client assets and has in force life insurance premiums of $44.1 million. In 2012, ClearView has significantly increased its distribution footprint and entered the broader advice market, as evidenced by our second half sales results - this has positioned Clearview extremely well for the future.

Financial Overview

For the year ended 30 June 2012, we reported an underlying net profit after tax of $19.2 million. This is a sound result in what should be considered a transition year for ClearView, as much time and investment during the period went into developing Clearview's new, industry leading suite of life insurance and wealth management products. Additionally, the current result should also be viewed in the context of prevailing weak investment markets and economic conditions. Fully diluted underlying earnings per share were 4.53 cents per share.

Further details on the financial result are in the Managing Director's Report.

Dividend

The Directors have declared a fully franked dividend of 1.8 cents per share which will be paid on 27 September 2012. This maintains our dividend level and represents a payout ratio of approximately 40% of underlying profit in line with the stated dividend policy.

As evidenced by our second half sales, Clearview is experiencing strong growth in life insurance sales. As previously outlined to the market, life insurance new business growth is capital intensive. The Board will continue to evaluate the Group's capital position and dividend policy on a regular basis, especially in light of the capital intensity and growth trajectory of its life insurance business.

Delivering to Plan

It has been two years since the ClearView business was acquired and relaunched as ClearView Wealth and I am pleased to report that we continue to be well on track to achieve our strategic objectives. We have established the platform for our future growth and achieved the following results since acquisition:

- Cost savings of $6.5 million per annum identified prior to acquisition;
- Successfully acquired and integrated the Bupa businesses into our stand alone listed entity;
- Upgraded our systems and created new products for our direct life distribution channel;
- Established the life advice business with upgraded and expanded systems and product development;
- Created a single corporate brand that differentiates ClearView from our institutional competitors; and
- Expanded our distribution with the recruitment of experienced and successful advisers.

As a result of these achievements ClearView for the first time has:

- The capability to operate across the key segments of the life insurance and wealth management value chain;
- A scalable distribution capability in both the advice and non-advice (direct) life and wealth markets;
- The combination of an outbound call centre capability and participation in full advice making ClearView well positioned to pursue scaled advice opportunities;
- A strong financial position with no debt and $66 million[1] of assets in excess of internal capital management benchmarks at 30 June 2012; and
- A dedicated and experienced management team that has both depth and breadth of experience in life insurance and wealth management which has been gained both locally and internationally.

The Company now has the underlying business infrastructure upon which to successfully pursue sales growth. Sales in the second half of FY12 demonstrated the early success of the plan we have been following – our life insurance sales increased significantly with sales in the second half increasing by 540% over the first half and importantly with sales accelerating in the last quarter of the financial year.

Take Over Bid Subsequent to Balance Date

On 12 July 2012, a conditional, unsolicited takeover offer was received by ClearView from CCP BidCo Pty Ltd, an entity owned and controlled by Crescent Capital Management Pty Ltd. The Board considers that the offer price of $0.50 cents per share is inadequate and materially undervalues ClearView. The Board (other than John Murphy who has absented himself due to his association with a member of the CCP consortium) has unanimously recommended that shareholders reject the offer. The reasons for rejecting the offer are outlined in the Target's Statement which has been lodged with the ASX. We will keep shareholders informed of developments as and when they occur.

Conclusion

ClearView today has the foundations in place to execute on its growth strategy. Much hard work has been done and excellent results are now becoming evident demonstrating the potential of the Company. From our staff to our strategic partners and suppliers there has been a great commitment to ClearView. On behalf of the Board I would like to express our thanks to everyone who has contributed to the many achievements this year. We will continue to work with the senior management team to realise the significant potential of our Company.

Ray Kellerman
Chairman

17 August 2012

1 Surplus capital reported is surplus capital above internal benchmarks as at 30 June 2012. Internal benchmarks exceed regulatory requirements. Surplus capital reduced by $19m post Balance date on adoption of the Board approved 3 year business plan. The reduction is due to the need for ClearView's life insurance subsidiary to cater for the anticipated growth in LifeSolutions new business volumes. Surplus capital prior to FY12 final dividend.

Managing Director's Report

"The successful launch this year of our new life insurance and wealth management products and services has significantly broadened ClearView's market opportunity in the life insurance and wealth management markets. These products and services have enabled us to extend our reach into the broader financial advice market. We are already seeing the impact, with sales of our advised life insurance products materially increasing in the June quarter and momentum continuing into the new financial year."

Financial Results

At the end of the last financial year, we had integrated the businesses we had acquired and had a platform from which to grow. We set about creating an innovative and expanded range of products and services that would appeal to financial advisers and thus extend our market reach.

Having focused intensively on new product development in the first part of the year, the latter half of the year provided tangible evidence of the attractiveness of the newly launched products and services.

As previously outlined we have delivered an underlying net profit after tax of $19.24 million, marginally below the prior year, notwithstanding very challenging market conditions. In many respects ClearView's performance in FY12 is a story of two halves illustrating the expansion of our market opportunity and entry into the broader advice market. Fully diluted underlying earnings per share were 4.53 cents, down 1.3% on the previous year.

Reported net profit after tax was $22.3 million, an increase of 158% on the prior year, largely attributable to a significant positive impact on the life insurance contract liabilities from the reduction in long term discount rates over the reporting period.

The strength of our Balance Sheet is evident with the following key metrics as at 30 June 2012:

- Net assets of $263.3 million representing an increase of 6.2% over the prior year;
- Net tangible assets of $209.2 million representing an increase of 9.4% over the prior year;
- Net asset value per share of 63.7 cents per share representing an increase of 5.4% over the prior year;
- Net tangible asset value per share of 51.5 cents per share representing an increase of 8.9% over the prior year; and
- No debt and $66 million[1] of assets in excess of internal capital management benchmarks as at 30 June 2012.

1 Surplus capital reported is surplus capital above internal benchmarks as at 30 June 2012. Internal benchmarks exceed regulatory requirements. Surplus capital reduced by $19m post Balance date on adoption of the Board approved 3 year business plan. The reduction is due to the need for ClearView's life insurance subsidiary to cater for the anticipated growth in LifeSolutions new business volumes. Surplus capital prior to FY12 final dividend.

I am pleased to report that the Embedded Value of ClearView (excluding the potential value of franking credits) increased to $265 million at year end. This represents an embedded value per share of 64.2 cents representing an increase of 6% over the prior comparable period excluding the $7.7m dividend payment related to the FY2011.

While the Embedded Value is determined in the context of the Group's business as a going concern, it does not include any additional value in respect of future new business that may be written after the valuation date. It also ignores the Group's listed overhead costs incurred by ClearView (primarily costs associated with being listed on the ASX and the remuneration of Directors) as well as short term anticipated growth and development costs.

Surplus Capital

At 30 June 2012, surplus capital above internal benchmarks was $66 million, an increase of $13 million on the prior year. Under the APRA capital requirements, and our internal capital management plan, our life insurance business is required to reserve capital to fund our anticipated new business growth in accordance with the Company's three year plan. Since year end, a three year business plan has been adopted which reflects the recent strong life insurance sales momentum. As a result, subsequent to year end, the Company has set aside $19 million of the $66 million to satisfy this requirement. New business growth above the anticipated level would likely absorb increased capital reserving.

Operational Highlights

Operational highlights during the financial year include:

- Expanding the market opportunity for ClearView with the creation and launch in December 2011 of our new product range of:
    - ClearView LifeSolutions; and
    - ClearView WealthSolutions
- Extending distribution of our products and services into the broader financial adviser market with:
    - Recruitment of experienced and successful financial advisers to the ClearView dealer group; and
    - Establishment of distribution agreements with third party dealer groups including independent financial advisers;
- Achieving investment returns in the top or second quartile for all ClearView investment products.

During the year we put together the products and structure that sets us up to realise our long term ambitions.

LifeSolutions includes a suite of competitively priced products and services with attractive features, and includes life cover, total and permanent disability, trauma, income protection and business expenses cover. Already, LifeSolutions has received high ratings by industry research houses. These products have enabled us to expand our distribution from the non-advice life segment to the advised life segment, more than quadrupling our potential market.

WealthSolutions is our modern, competitive, investment wrap platform – a suite of high end products for financial advisers for superannuation, retirement income and investor portfolio accounts. It includes a number of new ClearView managed funds and model portfolios on the platform. Our Funds Under Management (FUM), declined by 8.9% in FY2012 to $1.38 billion. Net outflow of the historical book was impacted by the expected run-off, weak capital market conditions and a lack of inflows given the WealthSolutions product was not available until the second half of the year.

The ability to offer products across both life and wealth is attractive to financial advisers, with customers often purchasing life and wealth products at the same time. Today ClearView has a full set of retail life and wealth products. We have the capability to engage in both the advised and non-advised sub-segments of our markets, markets with excellent long term fundamentals.

Managing Director's Report
CONTINUED

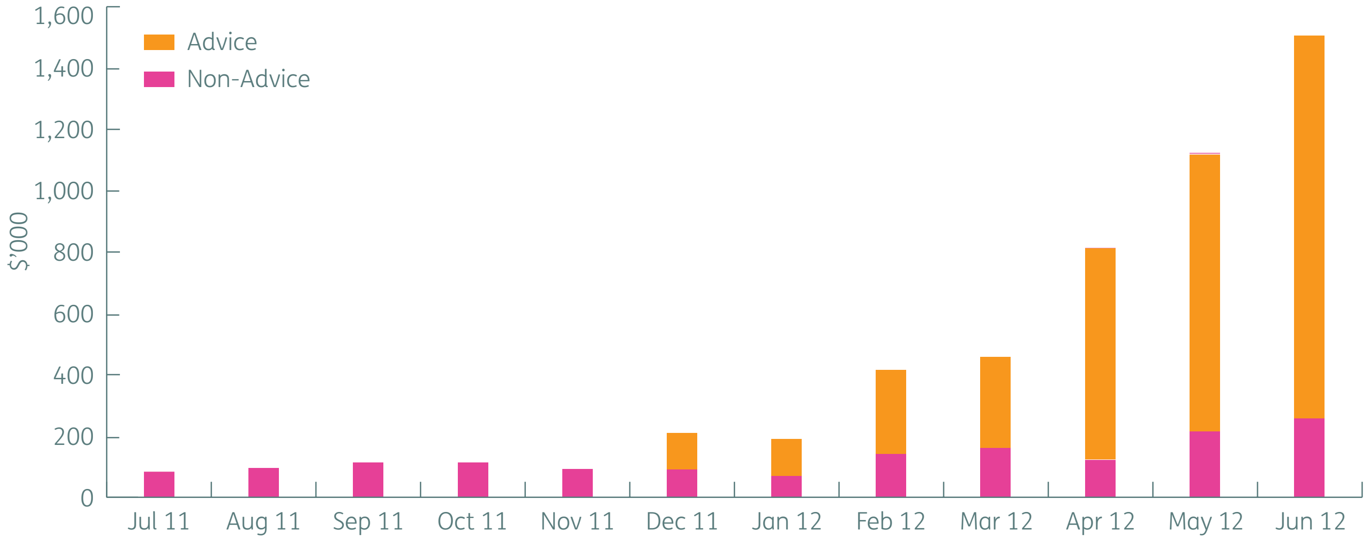
Outlook

The recruitment of experienced and successful financial advisers represent a significant growth opportunity for ClearView in both the life insurance and wealth management segments. In addition to being one of the few non bank owned participants in the market, ClearView is able to offer these financial advisers the opportunity to join the ClearView dealer group and participate in the overall performance of ClearView through share ownership in the company.

These advantages were reflected in the growth in the number of ClearView advisers in the ClearView dealer group to 86. Since its launch, LifeSolutions has been added to 27 dealer group approved product lists which provides access to more than 2,000 independent financial advisers, significantly increasing our market reach across Australia.

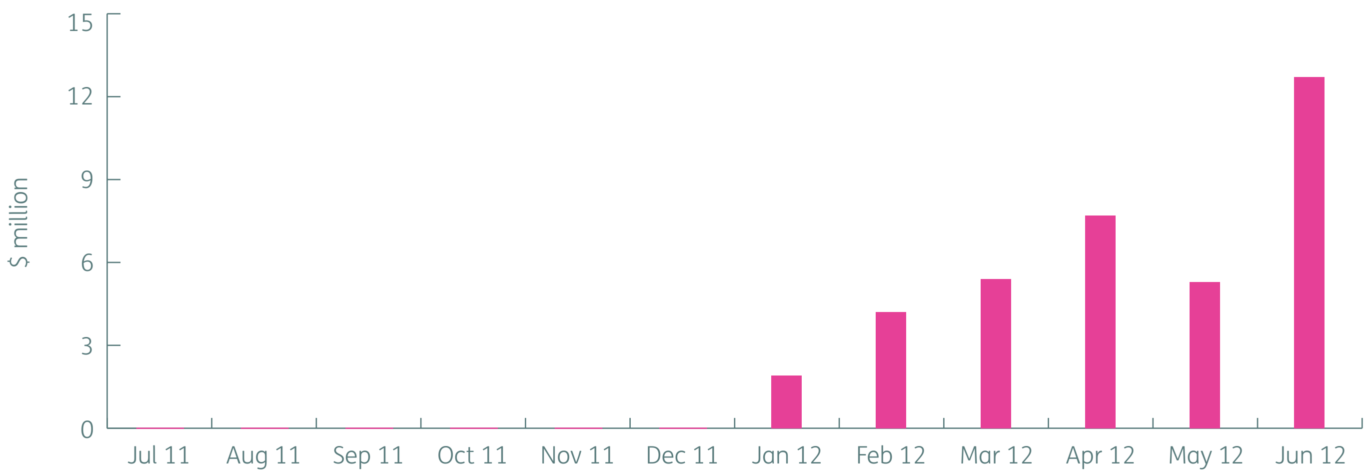
It has been immensely gratifying to see sales building throughout the second half of the year, with new life insurance business premiums of $5.2 million. This is more than triple the new business written in the whole of FY 2011. Nearly two thirds of these sales were completed in the June quarter, providing strong momentum into the new financial year.

MONTHLY NEW PREMIUM WRITTEN



The establishment of WealthSolutions was another critical milestone for the business. The current equity market environment and negative investor sentiment has not been favourable to investment product inflows. As a result, WealthSolutions has been slower to gain traction but is starting to attract clients and related inflows.

WEALTHSOLUTIONS FUND INFLOWS



Our focus in the near term is to maintain our momentum and capitalise on the work that has been done in the past two years. We will do this by building on the initial success of LifeSolutions, recruiting more advisers to our financial advice business, establishing more distribution agreements with independent financial advisers, and rolling out our WealthSolutions platform.

With products and distribution in place and sales momentum building, we are entering the growth phase of our long term strategy.

ClearView can continue to grow by providing a fresh, innovative and compelling offer to our customers and advisers using our strategic advantages.

Both the life insurance and wealth management industries remain robust, with strong long term growth potential as a result of underinsurance and the proposed increase in mandated superannuation contributions.

ClearView is a great company; vertically integrated, in a strong financial position, well placed to adapt to economic uncertainty and to respond to the regulatory reforms that have been announced for the financial services industry.

I am optimistic about the future for ClearView. We have a strong team of whom I am very proud. We are all looking forward to reaping the benefits, adding to shareholder value and realising the potential of the business we have built.

Simon Swanson
Managing Director

17 August 2012

Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2012 (the financial year).

Directors

The following persons were Directors of ClearView during the whole of the financial year and since the end of the financial year unless otherwise noted:

- Ray Kellerman (Chairman)
- Anne Keating
- Anthony Eisen
- David Goodsall
- John Murphy
- Michael Jefferies (resigned and appointed Alternate Director to Anthony Eisen on 27 July 2011)
- Simon Swanson
- Susan Thomas
- Peter Wade (resigned 27 July 2011)

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

Current Directors

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

Ray has a legal background, significant experience in corporate and structured finance 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 advisery 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, Fidelity Australia, FKP Funds Management, Invesco Australia 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. He was appointed a Director on 5 April 2007 and Chairman on 4 November 2008. Age 48.

Anne Keating
Independent Non-executive Director

Anne has 18 years' experience as a director including 7 on the NRMA Insurance Board along with significant marketing and governance experience. Anne is currently a director of Ardent Leisure Group Limited, GI Dynamics Inc, Goodman Group, the Garvan Institute of Medical Research and REVA Medical Inc. Anne is also a member of the Advisory Council of the Royal Bank of Scotland Australia, and a Governor of Cerebral Palsy Alliance Research Foundation. Her former directorships include Insurance Australia Group (formerly NRMA Insurance), STW Communications Group, WorkCover Authority of NSW, Spencer Street Station Redevelopment Holdings, Radio 2CH, Easy FM China and Victor Chang Cardiac Research Institute. Anne has previously served as a Trustee of Centennial Park and Moore Park Trust. From 1993 to 2001, Anne was the General Manager of Australia for United Airlines.

Anne is a member of the Nomination and Remuneration Committee. She was appointed to the Board on 29 November 2010. Age 58.

Anthony Eisen B.COM, CA
Non-executive Director

Anthony has 18 years' experience in finance and investment. He is currently an executive director of Guinness Peat Group (Australia) Pty Limited (GPG) and is Chief Investment Officer of the GPG group. As GPG is a substantial shareholder of ClearView shares, Anthony is not considered independent by the Board. Prior to joining GPG, Anthony was involved in the investment banking industry in Australia and the United States. Anthony commenced his professional career as an accountant and is a member of the Institute of Chartered Accountants in Australia. Anthony currently represents the interests of GPG on the board of Capral Limited. Anthony was previously a GPG representative director on the boards of Tower Australia Group Limited, eServGlobal Limited, Tower Limited and Turners & Growers Limited.

Anthony is a member of the Audit, Risk and Compliance Committee. He was appointed a Director on 12 November 2007. Age 40.

David Goodsall B.A, FIAA, ASA, CERA, MAICD
Independent Non-executive Director

David has in-depth knowledge and experience in life insurance and funds management. He has held a number of 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 consulting firm, Synge & Noble, where he is a director. He is also the President of the Institute of Actuaries of Australia.

David is Chairman of the Audit, Risk and Compliance Committee. He was appointed a Director on 9 June 2010. Age 57.

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

John was the founder and until October 2011 the Managing Director of Investec Wentworth Private Equity (Investec). As Investec is a substantial shareholder of ClearView shares, John is not considered independent by the Board. 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 a member of the bank's Investment and Audit Committees. He sits on the boards of many of Investec'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 the Board on 9 June 2010. Age 59.

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

Simon is an internationally experienced financial services executive who has worked for over 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 successfully started a broad range of businesses covering life insurance, health insurance and funds management.

Simon is a director of the Australian Literacy and Numeracy Foundation.

Simon was appointed as Managing Director on 26 March 2010. Age 54.

Susan Thomas B.Com, LLB
Independent Non-executive Director

Susan has expertise in technology and law in the financial services industry. Susan is currently a director of National E-Conveyancing Development Limited and Grant Thornton Australia Limited and a former director of IWL Limited and Landgate. Susan founded and was the Managing Director at FlexiPlan Australia, an investment administration platform sold to MLC and now operating under the MLC/NAB banner as MasterKey Custom.

Susan is a member of the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. She was appointed to the Board on 29 November 2010. Age 54.

Michael Jefferies B.COM, CA
Alternate Director

Mike has been an executive of GPG for the past 19 years. As GPG is a substantial shareholder of ClearView shares, Mike is not considered independent by the Board. He currently represents the interests of GPG as Chairman of Touch Holdings Limited and a non-executive director of Tower Limited and Capral Limited. He is also a director of Ozgrowth Limited. Mike was previously a director of Tower Australia Group Limited, Australian Wealth Management Limited, Metals X Limited and an alternate director of eServGlobal Limited.

Mike was appointed a Director on 4 November 2008. On 27 July 2011 he resigned and was appointed an alternate Director to Anthony Eisen on the same day. Age 56.

Former Directors

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

Peter has worked in the Australian and international equity markets for 30 years. His most recent role was as a consultant to the Commonwealth Bank. Prior to that he worked for Goldman Sachs JBWere (GSJBW, previously known as JBWere) in Melbourne, London, New York and Sydney and at JP Morgan. He sat on the Board and Management Committee of both JBWere and GSJBW and was on the management committee at JP Morgan.

Peter has served on the boards and committees of a number of security industry related organisations. Peter was a member of the Board from 31 October 2007 until his resignation on 27 July 2011. Age 55.

Directorships of other Listed Companies

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

NAME	COMPANY	PERIOD OF DIRECTORSHIP
Anne Keating	Ardent Leisure Group Limited	30 March 1998 – Ongoing
	Goodman Group	23 January 2004 – Ongoing
	REVA Medical Inc.	1 October 2010 – Ongoing
	STW Communications Group	17 May 1995 – 10 February 2011
	GI Dynamics	1 June 2011 - Ongoing
Anthony Eisen	Capral Limited[1]	29 August 2008 – Ongoing
	eServGlobal Limited	20 March 2009 - 24 October 2011
	Tower Limited[2]	12 December 2006 – 11 November 2011
	Turners & Growers Limited	24 February 2011 – 1 August 2011
John Murphy	Ariadne Australia Limited	6 December 2006 – Ongoing
	Gale Pacific Limited	24 August 2007 – Ongoing
	Specialty Fashion Group Limited	20 February 2005 – 28 October 2010
	Staging Connections Group Limited	7 March 2003 – Ongoing
	Vocus Communications Limited	7 March 2003 – Ongoing
Michael Jefferies[2]	Capral Limited	6 November 2008 – Ongoing
	eServGlobal Limited[2]	13 March 2009 – 24 October 2011
	Metals X Limited	14 June 2004 – 10 May 2012
	OzGrowth Limited	31 October 2007 – Ongoing
	Tower Limited	19 December 2006 – Ongoing

1 Alternate Director from 19 October 2006 to 29 August 2008.
2 Alternate Director.

Company Secretaries

Chris Robson B.A, LLB (Hons), LLM was appointed Company Secretary on 4 April 2011. He is also General Counsel at ClearView. Chris has over 20 years' experience in the financial services industry. Prior to joining ClearView, Chris was General Counsel and Group Company Secretary for Challenger Limited. Chris previously held legal roles in the financial services industry, as well as in the public sector and private practice. He is a member of the Law Society of NSW and the Society of Notaries of NSW.

Athol Chiert, B.Com, B.Acc, CA was appointed Company Secretary on 4 November 2008. He is also the Chief Financial Officer at ClearView. 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 15 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 B.A, FIAA, FFin, FAICD was retained as the Appointed Actuary of ClearView Life Assurance Limited on 5 July 2010, and became an employee of ClearView on 1 March 2011 in the role of Chief Actuary and Risk Officer. Greg 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 has been a member of the Life Insurance Actuarial Standards Board, a member of two advisery panels to the Australian Accounting Standards Board and a member of multiple committees of the Institute of Actuaries of Australia. Greg has a wealth of experience in the areas of risk and capital management, financial management and reporting, and product pricing and management.

Principal activities

ClearView is an Australian financial services company with businesses that specialise in life insurance, wealth management and financial advice solutions. The Group advises on and/or manages approximately $2.9 billion[1] of client assets, has in force premiums of $44.1 million[1] and 86 financial planners across Australia[2].

ClearView generates its revenue through the provision and distribution of life insurance, superannuation, investment products and financial advice.

Review of operations and activities

The key focus of the Group during the financial year was the successful launch in December 2011 of its expanded product range, namely, ClearView LifeSolutions (LifeSolutions) and ClearView WealthSolutions (WealthSolutions) and expansion of its distribution footprint. LifeSolutions is a full suite of life advice products and services. WealthSolutions is a wrap platform for superannuation, retirement income and Investor Directed Portfolio Service (IDPS) accounts, and includes a number of new ClearView managed funds and model portfolios.

ClearView's range of new life insurance and wealth management products and services enables the Group to penetrate the broader financial adviser market, improve the product and service offering for ClearView financial advisers, grow its financial advice and dealer group business, and significantly broaden the Group's exposure to the wealth management and life insurance markets.

As part of the Group's strategy to increase distribution of its products and services, the Group has recruited a number of experienced and successful financial advisers to join the ClearView Financial Advice Pty Limited (CFA) dealer group. As part of this initiative, 13 financial advice practices, representing 38 advisers have joined CFA, significantly increasing ClearView's distribution capability. The number of advisers in CFA has increased from 55 at 30 June 2011 to 86 today, reflecting 56% growth in adviser numbers over the period.

The Group is further developing its presence in the broader financial adviser market through establishing distribution agreements with third party dealer groups, including independent financial advisers. LifeSolutions has been added to 27 dealer group Approved Product Lists (APLs) since the launch of the product in December 2011. This significantly increases the Group's access to independent advisers across Australia.

The successful launch of LifeSolutions and execution of its distribution strategy has enabled the Group to grow in force life insurance premiums by 9.2%[3] during the year to $44.1 million by issuing life insurance new business premiums of $5.2 million representing a significant increase of 206% over 2011. Nearly two thirds of these sales were completed in the June quarter, providing strong momentum for ClearView leading into the new financial year. The majority of the sales momentum, being $3.6 million of life insurance new written annual premiums has come from the LifeSolutions suite of products which reflects the early success of ClearView's strategy in the retail life advice market.

1 As at 30 June 2012

2 As at the date of this report

3 Excludes Group broken bone policy of $0.6 million that terminated on 1 July 2011

Review of operations and activities continued

Operating Results for the year ended 30 June 2012

The Group has achieved the following results for the year ended 30 June 2012:

- Statutory profit attributable to shareholders of ClearView for the year ended 30 June 2012 was $22.34 million (2011: $8.67 million) representing an increase of 158% over the prior comparable period;
- Basic earnings per share for the full year on a statutory basis of 5.46 cents per share (2011: 2.12 cents per share) representing an increase of 158% over the prior comparable period;
- Fully diluted earnings per share on a statutory basis of 5.24 cents per share (2011: 2.10 cents per share) representing an increase of 149% over the prior comparable period;
- Underlying net profit after tax of $19.2 million (2011:$19.3 million) representing a decrease of 0.4% over the prior comparable period;
- Basic underlying earnings per share for the full year of 4.70 cents per share (2011: 4.72 cents per share) representing a decrease of 0.4% over the prior comparable period; and
- Fully diluted underlying earnings per share of 4.53 cents per share (2011: 4.59 cents per share) representing a decrease of 1.2% over the prior comparable period.

The increase in statutory profit after tax of 158% reflects the following:

- A significant positive impact of $13.9 million pre tax from the impact on the life insurance contract liability (based on AIFRS[1]) of the reduction in long term discount rates over the reporting period;
- No restructure, transition and acquisition type related costs (considered unusual to the Groups ordinary activities) being incurred during the current reporting period; and
- The factors impacting underlying net profit after tax as reported below.

Underlying net profit after tax (underlying NPAT) is the Board's key measure of profitability and the basis on which dividends are determined. It consists of net profit after tax adjusted for amortisation, the effect of changing discount rates on the insurance policy liability and in the prior comparable period, restructure, transition and system upgrade costs considered unusual to the Groups ordinary activities. Underlying NPAT is in line with the prior year and is reflective of the following:

- Favourable claims experience for the financial year (including an incremental reinsurance profit share);
- The negative impact of investment markets on fee income and net investment flows. Fee income continues to be impacted by global developments and sentiment in the short term. In addition, a general deferral of retirement plans of clients (and related investment into retirement products) has disproportionately impacted ClearView owing to its historic participation in the retiree market. Fee income is likely to remain under pressure in the short term until such time as sentiment and market conditions improve;
- The negative impact of life insurance lapses exceeding the rates assumed in the life insurance policy liability (determined at 30 June 2011), albeit with a significant improvement in the second half of the financial year;
- The cost of recent investment in the business (and related increase in the cost base) to develop the Group's range of new products and infrastructure to expand the business; and
- A higher effective tax rate in the current financial year.

1 Australian IFRS (International Financial Reporting Standards)

RECONCILIATION OF REPORTED NET PROFIT AFTER TAX TO UNDERLYING NPAT	30 JUNE 2012 $'000	30 JUNE 2011 $'000	CHANGE FROM PREVIOUS YEAR
Reported profit	**22,336**	**8,665**	**158%**
Adjusted for:			
AIFRS policy liability adjustment	(13,895)	568	(2,546%)
Amortisation of intangibles	6,749	7,401	(9%)
Transition and restructure costs	-	3,705	(100%)
Systems upgrade	-	660	(100%)
Income tax effect	4,051	(1,682)	341%
Underlying net profit after tax	**19,241**	**19,317**	**(0.4%)**

- The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying cash earnings;
- The amortisation of the intangibles is associated with the acquisition of ClearView Group Holdings Pty Limited (CVGH) and CFA (formerly ComCorp Financial Advice Pty Limited) and is separately reported to remove the non cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised intangible software is reported as part of underlying net profit after tax;
- Transition and restructure costs in the prior comparable period predominantly related to the transition off the Bupa Australia Pty Limited (Bupa) IT Infrastructure and the termination and related salary costs associated with the organisational restructure and termination of employees; and
- System upgrade costs in the prior comparable period related to the upgrade to the latest version of the life administration platform acquired as part of the acquisition of CVGH. The extent of the upgrade (catchup) was such that it was considered as unusual to the ordinary activities of the Group. All subsequent costs incurred on system upgrades are either reported as part of underlying profit or capitalised in accordance with the ClearView capitalisation policy. As outlined above any amortisation associated with the capitalised software is reported as part of underlying net profit after tax.

Balance Sheet

The Balance Sheet of the Group as set out on page 43 reflects the following key metrics as at 30 June 2012:

- Net assets of $263.3 million (2011: $247.9 million) representing an increase of 6.2% over the prior comparable period;
- Net tangible assets of $209.2 million (2011: $191.2 million) representing an increase of 9.4% over the prior comparable period;
- Net asset value per share of 63.7 cents per share (2011: 60.5 cents per share) representing an increase of 5.4% over the prior comparable period; and
- Net tangible asset value per share of 51.5 cents per share (2011: 47.3 cents per share) representing an increase of 8.9% over the prior comparable period.

The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis as ClearView ESP Shares have been issued to employees and contractor participants as at 30 June 2012 (in accordance with the ClearView ESP Rules). The ClearView ESP Shares on issue have a corresponding non-recourse loan from ClearView to facilitate the purchase of ClearView ESP Shares by the participants. The shares and loans are not reflected in the statutory accounts as they are accounted for as an option in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP Shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

ClearView is in a strong capital position with no debt and $66 million of net assets in excess of its internal benchmarks as at 30 June 2012. Internal benchmarks exceed regulatory requirements. This is prior to the reduction of $19 million post the three year business plan adopted by the Board subsequent to year end and prior to declared dividend of $8.011 million. Refer to capital management section for further detail.

Review of operations and activities continued

Embedded Value

Life insurance and wealth management businesses are long term businesses that involve long term contracts with customers and complex accounting treatments. An Embedded Value calculation is used as one of a number of measures to assess the performance of the business from period to period.

The Embedded Value represents the discounted value of the future net of tax cash-flows anticipated to arise from the in force life policies and investment client balances as at the valuation date. It is determined as the sum of:

- The present value of future after tax profits and capital[1] releases expected to emerge from the in force business of the Group, valued at appropriate risk-adjusted discount rates (the "value of the in force"); plus
- The balance sheet value of the net tangible assets of the Group not included (not required) to support the regulatory and economic capital requirements[1] of the in force business (the "net worth").

The Embedded Value of the Group reflects the following as at 30 June 2012:

- Embedded Value excluding the potential value of imputation credits of $265 million (2011: $259 million) representing an increase of 6% over the prior comparable period (after excluding the FY11 dividend);
- Embedded Value per share excluding the potential value of franking credits of 64.2 cents per share (2011: 63.0 cents per share) representing an increase of 6% over the prior comparable period (after excluding the FY11 dividend); and
- A potential value of franking credits of $35.5 million or 8.1 cents per share as at 30 June 2012, representing additional potential value for shareholders.

While the Embedded Value is determined in the context of the Group's business as a going concern, it does not include any additional value in respect of future new business that may be written after the valuation date. It also ignores the Group's listed overhead costs (primarily costs associated with being listed on the ASX and the remuneration of Directors) and excludes any short term development and growth related costs. The Embedded Value uses assumptions related to the future experience.

The movement in the Embedded Value between 30 June 2011 to 30 June 2012 is as a result of:

- The emergence of the net cash flows over the year;
- Payment of the final dividend for the financial year ended 30 June 2011;
- The claims, client discontinuance and expense rate experience relative to expectations;
- The material costs incurred in developing the business, its infrastructure and new products over the year;
- The value added by new business written over the year;
- The investment returns (net interest) earned on the net tangible assets over the year in the current environment;
- The utilisation of the carried forward revenue tax losses (positive impact);
- The net investment performance on the funds under management and advice over the year that resulted in lower fee income relative to expectations over the year and lower fee income outlook as at 30 June 2012; and
- Changes made to the assumptions about the future cash-flows assessed.

Rather than use a current discount rate, no change has been made in the risk-adjusted discount rates applied to the cash flows which remain consistent with prior reporting periods, notwithstanding a reduction in long term market discount rates over the year.

1 The capital includes the capital specifically held in respect of the in force business. It does not include overhead capital amounts or capital held in respect of new business production (current or prospective)

Executive Share Plan (ESP or the Plan)

Extension of the ESP rules

Experienced and successful financial advisers represent a significant growth opportunity for ClearView in both the life insurance and wealth management segments. In addition to being one of the few non bank-aligned participants in the market, the Group is able to offer such financial advisers the opportunity to join the CFA dealer group and participate in the overall performance of ClearView through share ownership in the Company. In November 2011, the ESP rules were extended to allow financial advisers that joined the CFA dealer group to participate in the Plan (as contractor participants). ClearView has approved up to 4% of total issued shares that may be issued to such contractor participants. As at the date of this report, ClearView has issued a total of 11.725 million ESP shares (4.6 million were issued subsequent to year end in accordance with an ASX waiver) to select financial advisers that have joined CFA and has at the date of this report an intention to issue further shares representing up to 4% of the total issued share capital. For details of the Plan see note 28 of the notes to the financial statements.

Issue of shares under the revised ESP rules

In accordance with the provisions of the ESP, during the year shares were issued with the following grant dates:

SERIES SENIOR MANAGEMENT	GRANT DATE	NO OF SHARES ISSUED	REALLOCATED	TOTAL GRANTED
Series 15[1]	1 July 2011	-	3,000,000	3,000,000
Series 16[2]	1 September 2011	3,200,000	750,000	3,950,000
Series 17[3]	1 March 2012	1,150,000	1,000,000	2,150,000
Total (Senior Management)		4,350,000	4,750,000	9,100,000
Series 18	10 February 2012	2,500,000	-	2,500,000
Series 19	15 March 2012	600,000	-	600,000
Series 20	3 April 2012	700,000	-	700,000
Series 21	7 May 2012	2,325,000	-	2,325,000
Series 22[4]	29 June 2012	-	1,000,000	1,000,000
Series 23[5]	6 August 2012	4,600,000	-	4,600,000
Total (Contractor Participants)		10,725,000	1,000,000	11,725,000
Total		15,075,000	5,750,000	20,825,000

1 On 18 August 2011, 3 million shares were reallocated from Series 5 and 8 to Series 15 (Senior Management) due to the departure of the CEO Wealth Management and Advice. Series 15 has a grant date of 1 July 2011.

2 On 12 September 2011, 500,000 shares were reallocated from Series 7 to Series 16 (Senior Management) and 250,000 shares were reallocated from Series 9 (Chairman) to Series 16 (Senior Management). The Chairman's shares were reallocated due to a change in the rules of the ESP which precludes non executive directors from participating in the Plan.

3 On the 1 March 2012, 1,000,000 shares were reallocated from Series 14 to form part of Series 17 due to the departure of a member of Senior Management.

4 On the 29 June 2012, 1,000,000 shares were reallocated from Series 14 to form part of Series 22 due to the departure of a member of Senior Management.

5 On the 6 August 2012, 4,600,000 shares were issued to Contractor Participants that joined the CFA dealer group subsequent to year end in accordance with the ASX waiver relating to the issue of shares during a takeover offer.

Review of operations and activities continued

Dividends

The Directors have declared a fully franked dividend in 2012 of $8.011 million (2011: $7.727 million). This maintains the 1.8 cent per share dividend rate from 2011 and represents approximately 40% of the 2012 underlying net profit after tax and is in line with the Company's dividend policy (see below). No interim dividend was paid during the year (2011: nil).

Dividend Policy

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, business growth and regulation. Accordingly, no assurance can be given as to the timing, extent and payment of dividends.

As evidenced by our second half sales, ClearView is experiencing strong growth in life insurance sales. As previously outlined to the market, life insurance new business growth is capital intensive. The Board will continue to evaluate the Group's capital position and dividend policy on a regular basis, especially in light of the capital intensity and growth trajectory of its life insurance business.

Capital Management

As previously announced to the market, ClearView will not be materially impacted by the new regulatory capital regime APRA is introducing for life insurers from 1 January 2013. Equally, based on our understanding of the draft APRA prudential standards we anticipate meeting the proposed Strong Super capital regime for registered superannuation entities from 1 July 2013 without a material impact on our regulatory capital position (or excess assets above requirements).

Nonetheless, under the APRA requirements for life insurers, we are obliged to earmark any net capital usage anticipated under our three year business projections. As a consequence of the current business growth now emerging for ClearView and the three year plan adopted by the Board for the Group, we anticipate that our capital requirements in respect of new business growth will exceed the cash-flow released from the in force business over the next three years.

We are required to set aside the implied net capital usage, estimated as circa $19 million, as capital to fund that growth. Our capital requirements have increased subsequent to year end (after the adoption of the three year business plan) and our excess assets over internal benchmarks has reduced correspondingly.

New business growth above the anticipated level would likely absorb increased capital and require increased capital reserving, and possibly require additional capital.

ClearView however remains soundly capitalised and well placed to fund the anticipated new business growth over the short to medium term.

Events subsequent to balance date

Take Over Bid subsequent to balance date

On 12 July 2012, a conditional, unsolicited takeover offer was received by ClearView from CCP BidCo Pty Ltd, an entity owned and controlled by Crescent Capital Management Pty Ltd. The Board (other than John Murphy who has absented himself due to his association with members of the CCP consortium) considers the offer price of $0.50 cents per share is inadequate and materially undervalues ClearView. The Board has unanimously recommended that shareholders reject the offer. The reasons for rejecting the offer is outlined in the Target's Statement which has been lodged with the ASX. We will keep shareholders informed of developments as and when they occur.

Further to the conditional, unsolicited take over offer, the Board has engaged financial and legal advisers on commercial terms normal to a transaction of this nature. Furthermore, the Board intends to implement retention arrangements with the senior executive team in order to assist in providing continuity of management, and to align the amount of the benefits that might be paid to executives with those received by shareholders under a successful transaction. The retention arrangements will be payable in the event of a change of control of ClearView, and will be payable only if the individual does not voluntarily resign within six months from the date of announcement of the CCP BidCo Offer. Further details on the retention arrangements have been provided in the Target's Statement released to the ASX.

Dividend

On 17 August 2012, the Group proposed a final dividend of $8.011 million representing 1.8 cents per share fully franked. The record date for determining entitlement to the dividend is 14 September 2012 and the dividend will be paid on 27 September 2012. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

Other than the above, or elsewhere in this report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Rights to future income (RTFI)

As previously outlined in the half year report, ClearView had lodged a request of amendment to the Australian Taxation Office (ATO) in respect of the 2010 consolidated income tax return to include an additional deduction of $5.8 million (being the write off over 10 years of a $58 million deductible amount for 'rights to future income').

Tax Laws Amendment (2012 Measures No. 2) Act 2012 received Royal Assent on 29 June 2012 which includes the amendments to modify consolidation tax cost setting and rights to future income (RTFI) rules. The measures reverse certain amendments enacted by Tax Laws Amendment (2010 Measures No. 1) Act 2010 (the 2010 amendments) relating to the residual cost setting and RTFI rules that make the tax outcomes for consolidated groups more consistent with those that arise when assets are acquired outside the consolidation regime. Consequently, the deductions (including losses in the prior year and future deductions) in respect of the 'rights' are unlikely to be available to the Company and its tax consolidated group and accordingly no Deferred Tax Asset has been recognised in the Financial Statements for the year ended 30 June 2012.

Significant changes in the state of affairs

Other than enclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group during the year ended 30 June 2012.

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 2012, and the numbers of meetings attended by each Director were as follows:

	BOARD		AUDIT, RISK AND COMPLIANCE COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Ray Kellerman	12	11	7	6	5	5
Anne Keating	12	12	-	-	5	5
Anthony Eisen*	12	12	7	7	-	-
David Goodsall	12	11	7	7	-	-
John Murphy	12	12	7	7	-	-
Simon Swanson	12	12	-	-	-	-
Susan Thomas	12	12	7	7	5	5
Peter Wade	-	-	-	-	-	-
Total number of meetings	**12**	**-**	**7**	**-**	**5**	**-**

* Anthony Eisen appointed Michael Jefferies as his alternate Director. Mr Jefferies attended two Board and two Audit, Risk and Compliance meetings on behalf of Mr Eisen during the year.

Directors' shareholdings

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

	FULLY PAID ORDINARY SHARES INCLUDING EXECUTIVE SHARE PLAN	EXECUTIVE SHARE PLAN
DIRECTORS	NUMBER	NUMBER
Ray Kellerman	300,000	-
Anne Keating	-	-
Anthony Eisen[1]	-	-
David Goodsall	100,000	-
John Murphy[2]	5,606,766	-
Michael Jefferies[1]	-	-
Simon Swanson	12,000,000	10,000,000
Susan Thomas	1,527,035	-

1 Anthony Eisen and Mike Jefferies represent the interests of GPG that holds 210,699,272 shares.

2 John Murphy was a director of Investec Wentworth Private Equity until 20 September 2011. Investec Wentworth Private Equity and Investec Bank (Australia) Limited collectively holds 39,688,239 shares. John Murphy has an interest in Investec Wentworth Private Equity Fund 3A (relevant interest by virtue of section 608(3) of the Corporations Act 2001). John Murphy further holds 315,000 shares in his superannuation fund, through Tuwele Pty Limited.

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 officers' 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.

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 32.

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 10 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 10 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 comply with the ClearView audit independence policy and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Remuneration Report

This report sets out information about the remuneration of ClearView's Directors and its Key Management Personnel (KMP) for the financial year ended 30 June 2012 and includes the following:

- Details of the Directors and KMP
- A discussion of ClearView's Remuneration Policy
- Relationship between the Remuneration Policy and company performance
- Non-executive Directors' remuneration
- KMP remuneration
- Key terms of employment contracts

Details of Directors and KMP

The Directors of the Group and Company during or since the end of the financial year were:

Ray Kellerman
Chairman, Independent Non-executive Director

Anne Keating
Independent Non-executive Director

Anthony Eisen
Non-executive Director

David Goodsall
Independent Non-executive Director

John Murphy
Non-executive Director

Michael Jefferies
Alternate Director
(resigned and appointed Alternate Director to Anthony Eisen on 27 July 2011)

Peter Wade
Former Independent Non-executive Director
(Resigned 27 July 2011)

Simon Swanson
Managing Director

Susan Thomas
Independent Non-executive Director

The KMP of the Group and the Company in addition to the Directors during or since the end of the financial year were:

Simon Swanson
Managing Director

Athol Chiert
Chief Financial Officer

Barry Odes
Chief Operating Officer (commenced on 23 January 2012)

Chris Robson
General Counsel and Company Secretary

Clive Levinthal
Head of Product and Underwriting

Greg Martin
Chief Actuary and Risk Officer

Justin McLaughlin
Chief Investment Officer

Remuneration policy

ClearView's current remuneration policy was updated in June 2011. The Board has approved this policy and retains overall responsibility for all remuneration decisions in respect to persons relevant to each entity. The policy is reviewed at least once every three years. Any changes to this policy must also be approved by the Board.

ClearView has established a Group Nomination and Remuneration Committee which, among other things, is responsible for overseeing the remuneration and human resources and practices for the ClearView group.

ClearView's remuneration policy is in place to:

- outline employee obligations and ClearView's obligations;
- set out roles, responsibilities and accountabilities of the KMP;
- set out clear reporting requirements and controls; and
- define various terms to ensure a common understanding.

The relationship between remuneration policy and Company performance

The primary objectives of the remuneration policy are to ensure that remuneration is competitive, aligned with the Company's business objectives in both the short term and the long term, and appropriate for the results delivered by the individual. In accordance with this objective, the Company has structured remuneration packages to provide an appropriate mix of fixed and performance based pay components which are based on both the individual's performance and Company performance. By adopting a robust approach to remuneration, the Company aims to attract and retain top talent.

The remuneration framework is also designed to reward prudent risk-taking, support effective risk management and prioritise the long term financial soundness of the business and its shareholders.

Remuneration policy continued

Total KMP remuneration is made up of three components:

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

Fixed remuneration

The Fixed Remuneration is based on each employee's experience, qualifications, capability and responsibility and not to specific performance conditions. An employee's responsibility includes accountabilities, delegations, KPIs and risk profiles. To ensure an employee's Fixed Remuneration is competitive, it is benchmarked against median salary survey results from a group of comparable Australian financial service companies. Benchmarking of Fixed Remuneration for KMP for the 2012 financial year was performed utilising data provided by an independent external research house.

Short term incentive (STI) plan

The STI plan aims to motivate the employee to reach or exceed individual as well as company goals for the financial year. It is based on rewarding an employee with a bonus calculated as a percentage of fixed remuneration. Individual performance targets are set for each KMP by the Nomination and Remuneration Committee.

The STI component is dependent on the respective overall contribution to, or responsibility for, both set company targets and specific key individual responsibilities. Accordingly the maximum STI potential for each member of the KMP will also differ. The resultant potential maximum STI awards for KMP range from 66% to 92% of fixed remuneration and include both individual and company performance targets, however these were heavily weighted towards company performance targets in the current year given the nature and development of the business.

The individual performance targets are linked to an employee's position and/or team objectives and reflect the level of risk that ClearView is exposed to by the individual's actions. The company performance targets are based on sales results, deliverables related to the implementation of projects, and achieving budgeted underlying net profit after tax for the financial year. The underlying net profit for 2012 represents ClearView's consolidated net profit after tax adjusted for amortisation, and the life insurance policy liability (based on AIFRS). This is the Board's key measure of profitability and the basis on which the Board determines the dividend.

The Managing Director is responsible for assessing the performance of KMP 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 payable. In 2012, KMP received an STI bonus of 33% of their fixed remuneration representing 22% of their total remuneration.

Long term incentive (LTI) plan

ClearView has an ownership-based compensation scheme for executives and senior employees of the Group to assist in the recruitment, rewarding, retention and motivation of employees of the Company. The ESP is designed to encourage a focus on the long term results of the Company. Shares issued under the ESP will only vest provided the performance and vesting conditions are achieved. Further details of the ESP are on page 89.

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%.

Consequences of ClearView's performance on shareholder wealth

The following tables set out the summary information about the consolidated entity's earnings and movements in shareholder wealth for five years to June 2012.

	30 JUNE 2012	30 JUNE 2011	30 JUNE 2010	30 JUNE 2009	30 JUNE 2008
Revenue ($'000)	143,182	136,019	45,368[1]	3,865[1]	17,662
Net profit / (loss) before tax ($'000)	36,946	14,658	7,102[2]	(3,092)[2]	(48,639)
Net profit / (loss) after tax ($'000)	22,336	8,665	2,408[2]	(2,269)[2]	(42,767)
Dividend (interim) (cents)	-	-	-	-	4.0
Dividend (final) (cents)	1.8	1.8	-	-	-

	30 JUNE 2012	30 JUNE 2011	30 JUNE 2010	30 JUNE 2009	30 JUNE 2008
Basic Statutory EPS (cents)[2]	5.46	2.12	1.33	(2.70)	(17.24)
Fully diluted Statutory EPS (cents)	5.24	2.10	1.33	(2.68)	(17.24)
Fully diluted Underlying EPS (cents)	4.53	4.59	-	-	-
Share Price at the beginning of the year	$0.50	$0.52	$0.42	$0.58	$0.92
Share Price at the end of the year	$0.46	$0.50	$0.52	$0.42	$0.58

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

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 $750,000 including superannuation (2011: $750,000). Directors' fees can be paid as superannuation contributions.

During the year, the Board amended the rules of the Company's ESP so as to make Non-executive Directors ineligible to participate in the plan. This had been implemented for new directorship appointments since the acquisition of the Clearview businesses. As a consequence of the change in the rules of the Plan, the shares allocated to the Chairman under the ESP were reallocated to Senior Management. This leaves the fee pool as the only source of remuneration for Non-executive Directors.

The remuneration of each Non-executive Director for the year ended 30 June 2012 is set out below:

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
2012	SALARY & FEES $	BONUS $	NON-MONETARY	TERMINATION PAYMENT $	SUPER-ANNUATION $	EXECUTIVE SHARE PLAN OF TOTAL REMUNERATION $	PERFORMANCE BASED %	$
Non-Executive Directors								
R Kellerman	128,440	-	-	-	11,560	-	-	140,000
A Eisen[1]	-	-	-	-	-	-	-	-
D Goodsall	82,568	-	-	-	7,432	-	-	90,000
J Murphy[2]	51,512	-	-	-	4,637	-	-	56,149
M Jefferies[3]	-	-	-	-	-	-	-	-
P Wade[4]	5,753	-	-	-	518	-	-	6,271
S Thomas[5]	47,934	-	-	-	36,000	-	-	83,934
A Keating[5]	77,004	-	-	-	6,930	-	-	83,934
Total	**393,211**	**-**	**-**	**-**	**67,077**	**-**	**-**	**460,288**

1 A Eisen has agreed that he will receive no fee for his services as a director and GPG Limited have agreed to receive no directors fees in respect of A Eisen's directorship.
2 J Murphy agreed that he would receive director's fees for his service as a director of $75,000 effective from 1 October 2011.
3 M Jefferies has agreed that he will receive no fee for his services as a director and GPG Limited have agreed to receive no directors fees in respect of M Jefferie's directorship. M Jefferies resigned as a director on 27 July 2011 and was appointed an alternate director to A Eisen on the same date.
4 P Wade resigned as a director on 27 July 2011.
5 S Thomas and A Keating's director's fees increased from $70,000 to $85,000 on 27 July 2011.

Non-executive Directors remuneration continued

The remuneration of each Non-executive Director for the year ended 30 June 2011 is set out below:

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
2011	SALARY & FEES $	BONUS $	NON-MONETARY	TERMINATION PAYMENT $	SUPER-ANNUATION $	EXECUTIVE SHARE PLAN[9] OF TOTAL REMUNERATION $	PERFORMANCE BASED %	$
Non-Executive Directors								
R Kellerman[1]	113,150	-	-	-	10,183	5,807	4.5	129,140
A Eisen[2]	73,750	-	-	-	-	-	-	73,750
D Goodsall[3]	73,012	-	-	-	6,571	-	-	79,583
J Murphy[4]	70,833	-	-	-	-	-	-	70,833
M Jefferies[5]	76,667	-	-	-	-	-	-	76,667
P Wade[6]	74,159	-	-	-	6,674	-	-	80,833
S Thomas[7]	-	-	-	-	41,328	-	-	41,328
A Keating[8]	37,916	-	-	-	3,412	-	-	41,328
Total	**519,487**	**-**	**-**	**-**	**69,168**	**5,807**	**-**	**593,462**

1 R Kellerman's directors' fees increased from $100,000 to $140,000 from 1 December 2010.
2 A Eisen has agreed that he will receive no fee for his services as a director although fees are paid to GPG Limited of which he is an employee. Directors' fees increased from $65,000 to $80,000 from 1 December 2010.
3 D Goodsall's directors' fees increased from $65,000 to $90,000 from 1 December 2010.
4 J Murphy has agreed that he will receive no fee for his service as a director although fees are paid to Investec Wentworth Private Equity Limited of which he is a director. Directors' fees increased from $65,000 to $75,000 from 1 December 2010.
5 M Jefferies has agreed that he will receive no fee for his services as a director although fees are paid to GPG Limited of which he is an employee. Directors' fees increased from $65,000 to $85,000 from 1 December 2010. M Jefferies resigned as a director on 27 July 2011 and was appointed an alternate director to A Eisen on the same date.
6 P Wade's directors' fees increased from $75,000 to $85,000 from 1 December 2010. P Wade resigned as a director on 27 July 2011.
7 S Thomas was appointed as a director on 29 November 2010.
8 A Keating was appointed as a director on 29 November 2010.
9 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.

KMP remuneration

The compensation of each member of the KMP of the Group for the year ended 30 June 2012 is set out below:

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
2012	SALARY & FEES $	BONUS $	NON-MONETARY $	TERMINATION PAYMENT $	SUPER-ANNUATION $	EXECUTIVE SHARE PLAN[1]	PERFORMANCE BASED %	$
S Swanson	551,321	233,690	11,399	-	48,679	237,227	43.5	1,082,316
A Chiert	293,225	94,565	-	-	15,775	-	23.4	403,565
B Odes[2]	174,672	56,753	3,250	-	15,721	20,278	28.5	270,674
C Robson	284,225	91,663	-	-	15,775	32,712	29.3	424,375
C Levinthal	284,225	89,531	9,439	-	15,775	22,531	26.6	421,501
G Martin	301,424	100,370	11,399	-	25,576	65,424	32.9	504,193
J McLaughlin	286,424	107,760	-	-	22,576	-	25.9	416,760
Total	**2,175,516**	**774,332**	**35,487**	**-**	**159,877**	**378,172**	**32.7**	**3,523,384**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Commenced on 23 January 2012.

The compensation of each member of the KMP of the Group for the year ended 30 June 2011 is set out below:

	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
2011	SALARY & FEES $	BONUS $	NON-MONETARY $	TERMINATION PAYMENT $	SUPER-ANNUATION $	EXECUTIVE SHARE PLAN[1]	PERFORMANCE BASED %	$
S Swanson	557,063	390,514	11,628	-	42,937	466,364	58.4	1,468,506
A Hutchison[2]	402,642	138,975	109,861[4]	396,881	37,943	-	12.8	1,086,302
A Chiert	285,470	113,196	-	-	23,530	-	26.8	422,196
C Robson	69,010	27,923	-	-	3,507	-	27.8	100,440
C Levinthal	264,367	97,519	11,144	-	21,787	14,836	27.4	409,653
G Martin[3]	102,654	40,035	3,876	-	6,765	-	26.1	153,330
J McLaughlin	285,470	108,521	-	-	23,530	-	26.0	417,521
Total	**1,966,676**	**916,683**	**136,509**	**396,881**	**159,999**	**481,200**	**34.4**	**4,057,948**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Resigned as an employee on 1 July 2011.
3 Prior to Greg Martin being employed by ClearView as Chief Actuary, Greg was a partner of KPMG. During the period until Greg was employed by ClearView, ClearView paid KPMG fees totalling $818,046.
4 Non-monetary fee for Alex Hutchison includes $98,211 of annual leave entitlements paid out on resignation.

Share-based payments granted as compensation

Executive Share Plan (ESP or Plan)

ClearView operates an ESP for executives and senior employees of the consolidated entity. In accordance with the provisions of the Plan, as approved by shareholders at the Annual General Meeting held on 7 October 2009, 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 (‘Shares’) at the time of issue. Since the capital raising was completed in June 2010, no shares have been issued below 50 cents per share (the share price at which the capital was raised).

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.

The following tables outline the ESP loans above $100,000 made to Directors and KMP or to their related entities as at 30 June 2012 and 2011.

2012	BALANCE AT BEGINNING	LOANS GRANTED	INTEREST CHARGED	REPAYMENTS	LOAN CANCELLED	BALANCE AT END	HIGHEST IN PERIOD
R Kellerman	137,619	-	-	-	137,619	-	137,619
S Swanson	6,222,897	-	296,786	96,300	-	6,423,383	6,423,383
A Hutchinson[1]	1,679,829	-	-	-	1,679,829	-	1,679,829
A Chiert	811,279	-	38,726	14,445	-	835,560	835,560
B Odes		1,000,000	14,877	-	-	1,014,877	1,014,877
C Levinthal	516,507	-	24,576	9,630	-	531,453	531,453
G Martin	-	1,000,000	40,629	19,260	-	1,021,369	1,021,369
C Robson	-	500,000	20,315	9,630	-	510,685	510,685
J McLaughlin	835,353	-	25,750	9,630	-	851,473	851,473
Total	**8,523,655**	**2,500,000**	**461,659**	**158,895**	**137,619**	**11,188,800**	

2011	BALANCE AT BEGINNING	LOANS GRANTED	INTEREST CHARGED	REPAYMENTS	LOAN CANCELLED	BALANCE AT END	HIGHEST IN PERIOD
R Kellerman	131,066	-	6,553	-	-	137,619	137,619
S Swanson	5,926,569	-	296,328	-	-	6,222,897	6,222,897
A Hutchison	1,628,735	-	51,094	-	-	1,679,829	1,679,829
A Chiert	772,647	-	38,632	-	-	811,279	811,279
C Levinthal	-	500,000	16,507	-	-	516,507	516,507
G Martin	-	-	-	-	-	-	-
C Robson	-	-	-	-	-	-	-
J McLaughlin	809,598	-	25,755	-	-	835,353	835,353
Total	**9,268,615**	**500,000**	**434,869**			**10,203,484**	

1 A Hutchison’s loan was cancelled on the termination of his employment on 1 July 2011 and his ESP shares were reallocated.

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 (excluding series 6) was revised and approved by shareholders at the Extraordinary General Meeting (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). The Board considers that a market based interest rate is more appropriate for the circumstances of the Company.

Any after tax equivalent of dividends paid on the ESP 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.

Executives 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 for employees 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 previously outlined).

No Invitation can be made to an Eligible Employee (as defined under the Plan Rules) if the total number of Shares issued under this Plan, and Shares issued during the past five (5) years under any executive share scheme of the Company, exceeds six per cent (6%) of the total number of issued Shares of the Company, at the time the Invitation is made, provided that an Invitation can be made where that limit is exceeded if the Invitation:

- Is made only to an Eligible Employee who will become a Contractor Participant if the Invitation is accepted; and
- Will not, if accepted, result in the total number of Shares on issue under this Plan, exceeding ten percent (10%) of the total number of issued Shares of the Company, at the time the Invitation is made.

Share-based payments granted as compensation continued

The following table summarises the performance and vesting conditions for shares issued to Eligible Employees under the ESP as at the date of this report:

SERIES	VESTING CONDITIONS	PERFORMANCE CONDITIONS
Series 6 – 30 June 2008 Issue	Nil[1]	Nil
Series 7 – 29 September 2009 Issue	Nil[1]	Nil
Series 10 – 25 June 2010 Issue	Nil[2]	Nil
Series 11 – 25 June 2010 Issue	Nil[3]	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
Series 14 – 1 November 2010 Issue	2 years and 343 days from date of issue	Nil
Series 15 – 18 August 2011 Issue	2 years and 317 days from date of issue	Nil
Series 16 – 6 October 2011 Issue	2 years and 330 days from date of issue	Nil
Series 17 – 1 March 2012 Issue	3 years from date of issue	Nil

1 Change in control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%.

2 Shares vested 1 year from date of commencement of employment on 26 March 2011.

3 Shares vested 2 years from date of commencement of employment on 26 March 2012.

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 (vested);

Series 11:
4 million shares at an issue price of 58 cents vesting on 26 March 2012 (vested); and

Series 12:
4 million shares at an issue price of 65 cents vesting on 26 March 2013.

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.

The use of derivatives over ClearView Securities could distort the proper functioning of performance and vesting conditions of the ESP. Accordingly, derivatives over ClearView shares are not permitted to be held in relation to any ClearView shares that are unvested or the subject of a holding lock under the ESP.

Total Shares Issued to Eligible Employees under the Executive Share Plan

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

SERIES	CLASS OF SHARES	GRANT DATE	ISSUE AND EXERCISE PRICE $	FAIR VALUE AT GRANT DATE $	FIRST VESTING DATE	FINAL EXERCISE DATE
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 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
Series 14	Ordinary	25/10/2010	0.500	0.067	01/10/2013	01/10/2015
Series 15	Ordinary	01/07/2011	0.500	0.098	01/07/2014	01/07/2016
Series 16	Ordinary	01/09/2011	0.500	0.106	01/09/2014	01/09/2016
Series 17	Ordinary	01/03/2012	0.500	0.091	01/03/2015	01/03/2017

Shares granted to KMP

During and since the end of the financial year an aggregate of 5,000,000 shares (2011: 3,000,000) were granted by the Company to KMP under the ESP.

Interest-bearing loans have been granted by the Company to the following KMP 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 6 that was issued prior to the revised ESP Rules and this Series accrues 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	KMP TO WHICH THE SERIES RELATES	FAIR VALUE AT GRANT DATE $	EXERCISE PRICE PER SHARE $	AGGREGATE VALUE AT GRANT DATE $	EXPIRY DATE
Series 6[1]	Justin McLaughlin	0.103	0.589	51,500	30/06/2013
Series 7[1]	Athol Chiert / Justin McLaughlin	0.065	0.488	98,057	29/09/2014
Series 10[2]	Simon Swanson	0.112	0.500	224,074	26/03/2015
Series 11[3]	Simon Swanson	0.081	0.580	323,295	26/03/2015
Series 12	Simon Swanson	0.060	0.650	241,927	26/03/2015
Series 14	Clive Levinthal	0.067	0.500	67,000	1/10/2015
Series 15	Greg Martin / Chris Robson	0.098	0.500	294,000	01/07/2016
Series 17	Barry Odes	0.091	0.500	182,000	01/03/2017

1 A change in control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%. As a result, the vesting conditions for employees that were issued shares prior to the date of change of control were accelerated. 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.

2 Shares vested 1 year from date of commencement of employment on 26 March 2011.

3 Shares vested 2 years from date of commencement of employment on 26 March 2012.

All unvested Shares will automatically vest in accordance with the rules of the Plan upon a change in control. The change of control relating to Mr Swanson's unvested shares is dealt within the terms entered into with Mr Swanson in his Employment Agreement dated 26 March 2010.

Accordingly shares issued under Series 6, 7,10 and 11 have met the vesting conditions up to the date of this report.

Directors and KMP equity holdings

Fully paid ordinary shares of the Company (including those held under the ESP) owned by the KMP as at 30 June are outlined below and in Note 35.

2012	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 CHANGES 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.
R Kellerman	-	300,000	550,000	-	(250,000)	300,000	-	-	-	-
D Goodsall	-	100,000	100,000	-	-	100,000	-	-	-	-
J Murphy	-	5,606,766	5,606,766	-	-	5,606,766	-	-	-	-
S Thomas	-	1,527,035	800,000	-	727,035	1,527,035	-	-	-	-
S Swanson	4,000,000	8,000,000	12,000,000	-	-	12,000,000	4,000,000	6,000,000	6,000,000	-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
B Odes	2,000,000	-	-	2,000,000	-	2,000,000	2,000,000	-	-	-
C Robson	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-
C Levinthal	1,000,000	55,000	1,000,000	-	55,000	1,055,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	2,000,000	75,000	75,000	2,000,000	-	2,075,000	2,000,000	-	-	-
2011										
R Kellerman	250,000	201,600	451,600	-	98,400	550,000	250,000	-	-	-
D Goodsall	-	-	100,000	-	-	100,000	-	-	-	-
J Murphy	-	-	-	-	5,606,766	5,606,766	-	-	-	-
P Wade	-	139,682	139,682	-	100,000	239,682	-	-	-	-
S Thomas	-	-	-	-	800,000	800,000	-	-	-	-
S Swanson	8,000,000	4,000,000	12,000,000	-	-	12,000,000	8,000,000	2,000,000	2,000,000	-
A Hutchison	-	3,000,000	3,000,000	-	-	3,000,000	-	3,000,000	3,000,000	-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
C Robson	-	-	-	-	-	-	-	-	-	-
C Levinthal	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	-	75,000	-	-	75,000	75,000	-	-	-	-

Key terms of employment contracts

The following contractual and other arrangements are in place in respect of the KMP as at the date of this report.

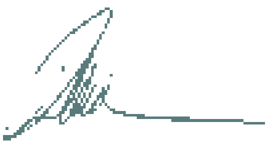
All current Directors are subject to re-election by shareholders at least every 3 years.

KMP	TERM	NOTICE PERIOD BY EITHER THE EMPLOYEE OR THE COMPANY	OTHER
Simon Swanson	Ongoing	6 months notice	If, in the 6 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 6 months' base salary plus the maximum short term incentive amount for that calendar year.
Athol Chiert	Ongoing	6 months notice for the first 3 years of employment, 3 months notice after 3 years	For all terminations after the first 3 years of employment an additional 26 week payment is payable.
Barry Odes	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).
Chris Robson	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).
Clive Levinthal	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).
Greg Martin	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).
Justin McLaughlin	Ongoing	12 months notice for the first 3 years of employment, 6 months notice after 3 years	For all terminations after the first 3 years of employment an additional 26 week payment is payable.

All current KMP contracts provide for an annual review of fixed remuneration.

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, 17 August 2012

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
ClearView Wealth Limited
Level 12, 20 Bond Street
Sydney, NSW 2000

17 August 2012

Dear Board Members

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 2012, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

Corporate Governance

The Board and management of ClearView Wealth Limited (ClearView, the Company or the Group) are committed to achieving high corporate governance standards and to following the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 amendments.

The Board and management are likewise committed to following the Australian Prudential Regulation Authority (APRA) standards that relate to the Group. ClearView owns an APRA regulated Life Insurance company, ClearView Life Assurance Limited, which is subject to a regulatory regime prescribed under the Life Insurance Act 1995. ClearView has also been registered as a Non Operating Holding Company under that regime and as such is subject to the Life Prudential Standards issued by APRA.

As part of the governance process, the Board and management regularly review the Group's policies and practices to ensure that they meet the interests of stakeholders and that the Group continues to maintain and improve its governance standards.

The key Group charters and policies are available on the ClearView website at www.clearview.com.au under the investors section. These documents are updated and reviewed regularly by the Board recognising that corporate governance is about continual improvement.

A description of the Group's main corporate governance practices is set out below under the eight principles that the ASX Corporate Governance Council believes underlie good corporate governance.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board

As representatives of the shareholders, the Board is responsible for the performance and overall governance of ClearView. 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 for detailed consideration of matters and making recommendations. The Board currently has two committees – the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee.

Key Responsibilities of the Board

The Board's key responsibilities are outlined in the Board Charter. The primary functions of the Board includes:

- Strategic and financial performance – determine strategic objectives, capital management and the Company's dividend policy, and approve all accounting policies, financial reports and material external communications by the Group;
- Executive management – approve the appointment and where appropriate the termination and remuneration of the Managing Director and senior executives;
- Audit and risk management – ensure effective audit, risk management and compliance systems are in place and manage its material business risks;
- Strategic planning – oversee the development, monitoring and the execution of ClearView's corporate strategy;
- Corporate governance – ensure the Company has effective corporate governance policies in place including continuous disclosure standards;
- Delegations – approve and monitor delegations of authority at the Board and management levels;
- Human resource and remuneration – actively oversee the design of the Group's remuneration system and monitoring its effectiveness; and
- Performance evaluation – review and evaluate the performance of the Board, each Board Committee and each individual director.

Meetings of the Board

In accordance with the Board Charter, the Board meets at least six times a year and more frequently if required. During the financial year, the Board held 12 Board meetings. The number of meetings attended by each director is disclosed in the Directors' Report on page 19.

Principle 1 – Lay solid foundations for management and oversight continued

Performance evaluation of the senior management team

At least once a year, the Board, assisted by the Nomination and Remuneration Committee, monitors the performance of senior executives and the implementation of their objectives against measurable and qualitative targets. The Board also reviews and approves the objectives and targets of senior executives set annually.

Principle 2 – Structure the Board to add value

Board size and composition

The Board, with assistance from the Nomination and Remuneration Committee, determines the size and composition of the Board subject to the needs of the business, the Company's Constitution and regulatory requirements. Based on the current Board Charter, the Board must have a minimum of five directors at all times, a majority of independent directors (as defined by the ASX Corporate Governance Principles and Recommendations), and a majority of directors who are Australian residents. The Board should also comprise a mix of executive and non-executive directors as well as directors with a broad range of appropriate skills, expertise and experience.

As at 30 June 2012, the Board consisted of:

- 4 independent Non-executive Directors
  - Ray Kellerman (Chairman)
  - Anne Keating
  - David Goodsall
  - Susan Thomas
- 2 non-independent Non-executive Directors; and
  - Anthony Eisen (alternate Director Michael Jefferies – resigned and appointed as an alternate director to Anthony Eisen on 27 July 2011)
  - John Murphy
- one Executive Director
  - Simon Swanson.

Information concerning each Director's qualifications and experience is disclosed on pages 10 to 12 of the Directors' Report.

Criteria for an independent director

An independent director is a non-executive director who is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

Circumstances in which a director will not be considered independent include if the director:

i. is a substantial shareholder (as defined in the Corporations Act) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

ii. is employed, or has previously been employed in an executive capacity by the Company or another entity within the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

iii. has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another entity within the Group, or an employee materially associated with the service provided;

iv. is a material supplier or customer of the Company or another entity within the Group, or an officer of or otherwise materially associated directly or indirectly with a material supplier or customer; or

v. has a material contractual relationship with the Company or another entity within the Group other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence and should be disclosed by directors to the Board.

The Board regularly assesses whether a non-executive director is 'independent' in accordance with the above criteria.

Meeting the "Fit and Proper" Test

ClearView has put in place a policy and comprehensive measures to ensure that individuals who are appointed to senior positions including board positions have the appropriate fitness and propriety to effectively discharge their responsibilities and duties.

Conflicts of interest

Directors must, where possible, avoid conflicts of interest except in those circumstances permitted by the Corporations Act 2001. Directors are required to disclose any conflicts of interest in matters considered by the Board and unless the Board resolves otherwise, must not participate in Board discussion or vote on the matter.

The Chairman

The Chairman of the Board is an independent non-executive director appointed by the Directors. The role of the Chairman and the Managing Director are separate. The responsibilities of the Chairman include:

- Chair Board meetings;
- Establish the agenda for Board meetings, in consultation with the Managing Director and the Company Secretary;
- Chair meetings of shareholders, including the Annual General Meeting of the Company;
- Be the primary spokesperson for the Company at any Annual General Meeting;
- Represent the views of the Board to shareholders, the general public, governmental authorities, regulators and other stakeholders;
- Develop and maintain key strategic relationships; and
- Be available to meet with APRA on request.

Board Appointments

Recommendations and nominations for new directors are made by the Nomination and Remuneration Committee and approved by the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board but must stand for election by shareholders at the next Annual General Meeting. On appointment, new directors receive a Letter of Appointment, which sets out their duties, terms and conditions of appointment and their remuneration. The Company also enters into a Deed of Indemnity with each director and the Company Secretary.

In appointing directors, the Board considers:

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

Access to Information and Independent Advice

All Directors are given unrestricted access to all records and information relating to ClearView and are encouraged to speak with members of senior management at any time to request relevant information. Directors are also entitled to seek independent advice or information concerning any aspect of ClearView at the Company's expense. However, prior approval from the Chairman is required, which is not to be withheld unreasonably.

Performance Evaluation

At least once a year the Board will, with the advice and assistance of the Nomination and Remuneration Committee, review and evaluate the performance of the Board, each Board Committee and each individual Director against the relevant charters, corporate governance policies and agreed goals and objectives. Following each review and evaluation, the Board will consider how to improve its performance. The Board will agree and set the goals and objectives each year and, if necessary, amend the relevant charters and policies.

In 2012, a performance evaluation for the Board, its committees and Directors took place and was in accordance with the process described in the previous paragraph.

Succession

The Board, with assistance from the Nomination and Remuneration Committee, considers the succession of its members as required. Any Director who has been in office for more than three years since his or her last election, or who has been appointed to fill a casual vacancy, is required to retire at the next Annual General Meeting and may be eligible for re-election.

Principle 2 – Structure the Board to add value continued

Board Committees

The Board has established committees to assist in the execution of its duties and responsibilities, and to allow matters to be discussed and considered in greater detail. The Board Committee structure also enables the Board to utilise the skills and experience of ClearView's Directors to its best advantage.

Current committees of the Board are the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. Management regularly attends the committee meetings at the invitation of the relevant committee. Each Committee has its own charter, which must be approved by the Board, outlining the composition, responsibilities and administration of the Committee. Minutes of Committee meetings are prepared by the appointed secretary and the Chair of each Committee reports back on the Committee meeting to the Board at the next Board meeting.

Membership of each Committee as at the date of the report is set out in the table below:

COMMITTEE	NOMINATION & REMUNERATION	AUDIT, RISK & COMPLIANCE
Ray Kellerman (Chairman, Independent)	Chair	X
Anne Keating (Independent)	X	
Anthony Eisen		X
David Goodsall (Independent)		Chair
John Murphy		X
Susan Thomas (Independent)	X	X

Details regarding the experience and tenure of the members and the attendance at Committee meetings are included in the Directors' Report starting on page 10.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises the Board on matters related to the appointment, succession and remuneration of directors and senior executives, as well as the composition and performance of the Board. The Chairman of this Committee is an independent director and the Committee has a majority of independent directors. The Nomination and Remuneration Committee meets at least annually in accordance with the Board approved charter.

Specific responsibilities of the Nomination and Remuneration Committee include reviewing:

- The performance of the Board, each Board Committee and each individual director;
- The remuneration arrangements of the directors, the Managing Director and his direct reports;
- Remuneration by gender;
- Major changes and developments in the Company's recruitment, retention and termination policies and procedures for senior management;
- Major changes and development in the Company's remuneration policy with a formal review at least every three years; and
- Facilitating shareholder and other stakeholder engagements in relation to the company's remuneration policies and practices.

The Nomination and Remuneration Committee has the authority, at any time, to conduct or direct any investigation it considers necessary to fulfil its responsibilities.

Investment Committee

The Investment Committee was disbanded with effect from 27 July 2011.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee assists the Board with ensuring that effective internal controls, risk management and corporate governance exist within the Group. 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. The Audit, Risk and Compliance Committee meets at least three times a year in accordance with the Board approved charter.

Specific responsibilities of Audit, Risk and Compliance Committee include:

- Risk management – ensuring that the Group has the appropriate risk management framework to identify and deal with material business risks and maintain compliance with statutory and regulatory requirements by the ClearView Companies. This framework includes a documented Risk Management Strategy and a formal whistleblower policy and procedure;
- Financial reporting – reviewing and overseeing the integrity of ClearView's accounting and financial reporting processes, the Group's financial statements and any other material regulatory documents before they are approved by the Board;

- Taxation – reviewing and approving significant taxation issues and taxation treatment policies;
- Internal controls – monitoring the effectiveness of the internal controls systems of the ClearView Group (including information technology security and control);
- Auditors – appointing and overseeing of the internal and external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- Compliance – monitoring the effectiveness of the Group's compliance with laws and regulations as well as internal company policies and the results of any instances of non-compliance.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

ClearView has established a Code of Conduct (the Code) which sets out the standards of ethical, honest and law-abiding behaviour expected by ClearView's Directors and employees. The Code requires its Directors and employees to conduct themselves in an ethical, honest and legal manner in accordance with both the Code and ClearView's policies and values. It also encourages employees and Directors to report breaches of the Code to management or the Board and provides protection for those who report breaches.

Securities Trading Policy

The Securities 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 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 trading window is open;

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 are two types of trading windows that may be open:

i. Regular trading window – the six week period commencing on the business day after any of the following:
   - the date of release of the half year announcement to the ASX;
   - the date of release of the preliminary final results to the ASX;
   - the date of the Annual General Meeting.

ii. Board-discretionary trading window – any trading period opened by the Board by notice. This would generally occur only if there had been some disclosure document released to the market, such as a prospectus.

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

EMPLOYEE	DESIGNATED APPROVING OFFICER
Chairman	MD or CFO
MD	Chairman
All other Directors	MD or CFO
All other employees	MD or CFO

Principle 3 – Promote ethical and responsible decision making continued

Diversity

ClearView aspires to develop and foster a strong culture of diversity where every employee is respected for who they are and their skills and expertise. On 1 June 2011, the Board adopted a Diversity Policy which addresses the ASX Corporate Governance Principles and Recommendations in relation to diversity.

ClearView's approach to diversity is underpinned by key principles including:

- That a diverse Board, senior management team and workforce is critical to the delivery of ClearView's strategy;
- A commitment to the promotion of a culture of diversity is necessary to achieve success;
- The workforce selection processes is the foundation of achieving meaningful diversity;
- The development of structured programs and the implementation of such programs at appropriate career stages for employees will support ClearView's diversity aspirations; and
- Effective measurement and reporting in respect of diversity will allow the Board to actively recruit and manage a diverse workplace.

The Board has committed to measurable diversity targets which include:

- At least one female Director should be on the Board at all times;
- The proportion of women in leadership roles should be at least 33% of the total ClearView full time workforce. Leadership roles is the proportion of women (permanent and fixed term) who are no more than two direct reports from the Managing Director, who have direct reports of their own (i.e. they are in a management role) or who are in senior roles of influence; and
- Female representation of the total workforce should meet or exceed industry benchmarks to be obtained from the Equal Opportunity for Women in the Workplace Agency (financial services sector) on an annual basis.

ClearView Workforce Diversity – Women Representation

	2012			2011		
	WOMEN	TOTAL	% WOMEN	WOMEN	TOTAL	% WOMEN
Board	2	7	29%	2	7	29%
Leadership Group	12	30	40%	12	28	43%
Other workforce	83	158	53%	76	137	55%
Total	97	195	50%	90	172	52%

Proportion of Employees by Age

AGE	NUMBER	PERCENTAGE OF WORKFORCE
<25	21	11%
25-34	60	31%
35-44	53	27%
45-54	40	20%
55+	21	11%
Total	195	100%

Principle 4 – Safeguard integrity in financial reporting

Board Audit, Risk and Compliance Committee (BARCC)

The BARCC is in place to assist the Board with safeguarding the integrity in financial reporting, risk management and ensuring that effective internal controls exist within the Group. More information on this Committee, its responsibilities and members are outlined in Principle 2 on page 34.

External Auditors

The BARCC invite the external auditors to attend committee meetings. The external auditors can also meet privately with the BARCC. The engagement partner of Deloitte Touche Tohmatsu was appointed as the external auditor of ClearView Wealth Limited in 2009. The partner managing the audit will be rotated after a maximum of five years in line with Deloitte's policy and the Corporations Act requirements. The BARCC ensures the independence of the external auditors who also provide an annual declaration of their independence to the 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 not only made in a timely manner but 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.

ClearView's approach to communicating with shareholders and the market is set out in its Continuous Disclosure Obligation Policy which reflects its obligations under the ASX Listing Rules and the Corporations Act. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and posting material information to the ASX. Any material information, once disclosed to the ASX, is then posted to the ClearView website.

Principle 6 – Respect the rights of shareholders

The Board aims to ensure that shareholders are informed of all material information necessary to assess the performance of the Group. Information is communicated to the shareholders through:

- ASX announcements and market releases;
- The Company's website, on which all investor documents are posted;
- The annual and interim reports; and
- The Annual General Meeting (AGM) and any other shareholder meetings.

ClearView encourages all shareholders to attend, participate and vote at its Annual General Meeting (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.

Principle 7 – Recognise and manage risk

Risk management strategy, roles and responsibilities

Risk management is an integral part of the Company's management process. The Board has adopted a formal Risk Management Strategy (RMS) and structured risk management framework (RMF) to identify and manage the key risks that have the potential to significantly impact its business operations, capital or customer entitlements. The RMS and RMF are fundamental to the business decisions of the Company, including resource allocation decisions and prioritisation of activities, and are reviewed annually.

The BARCC, on behalf of the Board, monitors the operation of the RMF and facilitates review of the key process and procedures underlying the RMF. Management is responsible for designing and implementing the risk management and internal control systems and reporting on the effectiveness of the risk management controls to the BARCC and the Board. The Board has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporation Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The internal auditors monitor key risks in accordance with the internal audit plan and report to the BARCC as part of the risk assessment process. KPMG are retained to provide outsourced internal audit services.

The RMS and RMF consider the key stakeholders in the Company beyond the shareholders including:

- the benefit, security and expectations of policyholders and investment product and advice clients;
- risk impacts on and from ClearView's staff, distribution partners, and suppliers and counterparties; and
- requirements and objectives of the Company's regulators.

The RMS specifies the Board's risk appetite and tolerance standard which guides the Company in its decisions as to the acceptance, management and rejection of risks. A risk register is maintained that identifies the key risks of the Company by type, impact and likelihood, and indicates the key processes and mechanisms to control, mitigate or transfer those risks within the allowed tolerances. The RMS and RMF include suitable monitoring mechanisms.

As part of the RMS and RMF, the Company has adopted a Capital Management Plan (CMP) with respect to supporting the residual risk exposures and the ongoing capital needs of the Company.

Key risks which may affect ClearView

The Company's activities expose it to a variety of risks, both financial and non-financial. Key risks include:

- Asset risks, including market risk (interest rate risk and price risk), credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risks;
- Expense risks and client discontinuance (lapses, withdrawals and lost client) risks; and
- Compliance risk, operational risk and strategic risk.

One of the Company's most significant risks is insurance risk. To limit its exposure to accepted insurance risk, ClearView Life purchases reinsurance. 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. The reinsurers used are regulated by the Australian Prudential Regulation Authority (APRA) and are members of large international groups with sound credit ratings.

A more detailed discussion on the Company's key risks and how they are monitored is found in Note 5 of the Financial Statements on pages 65 to 70.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee as set out under Principle 2 on page 34 to ensure the directors, management and employees are remunerated fairly and responsibly.

The Nomination and Remuneration Committee reviews the remuneration of senior executives and non-executive directors annually. ClearView employee remuneration is based on experience, capability and responsibility as well as performance targets on both a company and individual level. Senior employees and executives of the Group participate in an ownership-based compensation scheme. The objective of the ownership-based compensation is to encourage participants to focus on the long term results of the Company. The total annual remuneration paid to non-executives may not exceed the limit set by shareholders at the AGM. For further details in relation to director and senior executive remuneration see the Remuneration Report on pages 21 to 31.

2012 Financial Report Contents

Notes to the financial statements

The Financial Report was authorised for issue by the Directors on 17 August 2012

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED		COMPANY	
	NOTE	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Continuing operations					
Revenue from continued operations					
Premium revenue from insurance contracts		40,873	40,303	-	-
Outward reinsurance expense		(2,791)	(3,759)	-	-
Net life insurance premium revenue		**38,082**	**36,544**	**-**	**-**
Fee and other revenue	8	43,532	45,670	-	-
Investment income	9	61,568	53,805	6,141	44,521
Operating revenue before net fair value gains on financial assets		**143,182**	**136,019**	**6,141**	**44,521**
Net fair value (losses) / gains on financial assets		(2,738)	89,123	40	30
Net operating revenue		**140,444**	**225,142**	**6,181**	**44,551**
Claims expense		(11,527)	(17,575)	-	-
Reinsurance recoveries revenue		1,408	3,021	-	-
Commission expense		(9,938)	(5,430)	-	-
Operating expenses	10	(46,259)	(48,420)	(968)	(2,684)
Depreciation and amortisation expense	10	(7,680)	(7,834)	-	-
Loss from disposal of property, plant and equipment		(453)	-	-	-
Change in life insurance policy liabilities	26	19,680	563	-	-
Change in reinsurers' share of life insurance liabilities	26	(199)	(232)	-	-
Change in life investment policy liabilities	26	(47,001)	(121,986)	-	-
Share of profit of associate	34	-	21	-	-
Movement in liability of non-controlling interest in controlled unit trusts		(1,529)	(12,612)	-	-
Profit before income tax expense		**36,946**	**14,658**	**5,213**	**41,867**
Income tax expense / (benefit)	11	14,610	5,993	141	(647)
Total comprehensive income for the year		**22,336**	**8,665**	**5,072**	**42,514**
Attributable to:					
Equity holders of the parent		22,336	8,665	5,072	42,514
Earnings per share	14				
From continuing operations					
Basic (cents per share)		5.46	2.12	-	-
Diluted (cents per share)		5.24	2.10	-	-

To be read in conjunction with the accompanying notes.

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED		COMPANY	
	NOTE	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Assets					
Cash and cash equivalents	15	193,371	185,822	11,820	16,240
Investments	16	1,178,840	1,417,658	225,877	220,336
Receivables	17	9,591	7,205	11,676	6,851
Fixed interest deposits	18	91,991	22,021	21,093	21,392
Reinsurers' share of life insurance policy liabilities	26	1,901	2,447	-	-
Deferred tax asset	25	14,418	24,297	877	8,542
Property, plant and equipment	21	1,776	1,288	-	-
Investment in associate	34	163	163	-	-
Goodwill	19	4,858	4,858	-	-
Intangible assets	20	49,177	51,883	-	-
Total assets		**1,546,086**	**1,717,642**	**271,343**	**273,361**
Liabilities					
Payables	23	12,656	11,569	461	1,038
Current tax liabilities		544	-	544	-
Provisions	24	2,724	5,070	81	100
Provision for deferred consideration	30	28	686	-	-
Life insurance policy liabilities	26	(83,687)	(62,728)	-	-
Life investment policy liabilities	26	1,219,068	1,367,887	-	-
Liability to non-controlling interest in controlled unit trusts		131,064	147,018	-	-
Deferred tax liabilities	25	408	157	-	-
Total liabilities		**1,282,805**	**1,469,659**	**1,086**	**1,138**
Net assets		**263,281**	**247,983**	**270,257**	**272,223**
Equity					
Issued capital	27	276,565	276,565	276,565	276,565
Retained losses	12	(15,034)	(29,631)	(47,905)	(47,905)
Profit reserve	12	-	-	39,847	42,514
Executive Share Plan Reserve	12	1,750	1,049	1,750	1,049
Equity attributable to equity holders of the parent		263,281	247,983	270,257	272,223
Total equity		**263,281**	**247,983**	**270,257**	**272,223**

To be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	SHARE CAPITAL	EXECUTIVE SHARE PLAN RESERVE	PROFIT RESERVE	RETAINED LOSSES	ATTRIBUTABLE TO OWNERS OF THE PARENT
CONSOLIDATED	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2010	**276,565**	**518**	**-**	**(38,296)**	**238,787**
Profit for the year	-	-	-	8,665	8,665
Total comprehensive income for the year	**-**	**-**	**-**	**8,665**	**8,665**
Recognition of share based payments	-	531	-	-	531
Balance at 30 June 2011	**276,565**	**1,049**	**-**	**(29,631)**	**247,983**
Profit for the year	-	-	-	22,336	22,336
Total comprehensive income for the year	**-**	**-**	**-**	**22,336**	**22,336**
Recognition of share based payments	-	502	-	-	502
Dividend paid	-	-	-	(7,739)	(7,739)
ESP loans settled through dividend	-	199	-	-	199
Balance at 30 June 2012	**276,565**	**1,750**	**-**	**(15,034)**	**263,281**

COMPANY	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2010	**276,565**	**518**	**-**	**(47,905)**	**229,178**
Profit for the year	-	-	42,514	-	42,514
Total comprehensive income for the year	**-**	**-**	**42,514**	**-**	**42,514**
Recognition of share based payments	-	531	-	-	531
Balance at 30 June 2011	**276,565**	**1,049**	**42,514**	**(47,905)**	**272,223**
Profit for the year	-	-	5,072	-	5,072
Total comprehensive income for the year	**-**	**-**	**5,072**	**-**	**5,072**
Recognition of share based payments	-	502	-	-	502
Dividend paid	-	-	(7,739)	-	(7,739)
ESP loans settled through dividend	-	199	-	-	199
Balance at 30 June 2012	**276,565**	**1,750**	**39,847**	**(47,905)**	**270,257**

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED		COMPANY	
	NOTE	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash flows from operating activities					
Receipts from client and debtors		440,512	353,094	-	-
Payments to suppliers and other creditors		(66,805)	(75,388)	(278)	(857)
Receipts from / (payments to) Group entities		-	-	5,552	(1,403)
Withdrawals paid to life investment clients		(557,525)	(427,925)	-	-
Dividends and trust distributions received		18,687	21,537	-	-
Interest received		25,654	27,740	625	964
Income taxes paid		(3,128)	(1,922)	(3,128)	(24)
Loans granted to affiliates		(270)	-	-	-
Net cash (utilised) / generated by operating activities	32	**(142,875)**	**(102,864)**	**2,771**	**(1,320)**
Cash flows from investing activities					
Net cash movement due to subsidiary acquisition	22	-	(9,658)	(5,500)	(13,908)
Payments for investment securities		(1,920,189)	(3,241,003)	-	(629)
Proceeds from sales of investment securities		2,168,784	3,384,255	-	87
Acquisition of property, plant and equipment		(1,607)	(431)	-	-
Acquisition of capitalised software		(4,312)	-	-	
Transaction costs paid		-	(1,170)	-	(1,170)
Fixed interest deposits (invested) / redeemed		(65,741)	(21,662)	1,349	(21,033)
Loans granted to affiliates		(279)	-	-	-
Acquisition of client book / business		-	(449)	-	-
Settlements made against deferred consideration		(617)	(1,067)	-	-
Loans redeemed from associate		-	50	-	-
Dividends received from group entities		-	-	4,500	43,500
Net cash generated by investing activities		**176,039**	**108,865**	**349**	**6,847**
Cash flows from financing activities					
Net movement in liability of non-controlling interest in unit trusts		(18,075)	(17,341)	-	-
Repayment of ESP loans		199	-	199	-
Dividends paid		(7,739)	-	(7,739)	-
Net cash utilised in financing activities		**(25,615)**	**(17,341)**	**(7,540)**	**-**
Net increase / (decrease) in cash and cash equivalents		7,549	(11,320)	(4,420)	5,527
Cash and cash equivalents at the beginning of the financial year	15	185,822	197,142	16,240	10,713
Cash and cash equivalents at the end of the financial year		**193,371**	**185,822**	**11,820**	**16,240**

To be read in conjunction with the accompanying notes.

1 General information

ClearView Wealth Limited (the Company or Consolidated Entity) is a limited company incorporated in Australia. The address 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 Application of new and revised accounting standards

The following new and revised Australian Accounting Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

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.

Amendments to AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 123 (revised December 2009) has been revised on the following two aspects: a) AASB 123 (revised December 2009) has changed the definition of a related party and b) AASB 124(revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in AASB 124 (revised December 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised Standard whilst such entities were not treated as related parties of the Group under the previous Standard. The related party disclosures set out in note 35 to the consolidated financial statements have been changed to reflect the application of the revised Standard. Changes have been applied retrospectively.

AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses: when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments to Interpretation 114 has not had material effect on the Group's consolidated financial statements. The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures' (2009). The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2009-12 has not had any material effect on amounts reported in the Group's consolidated financial statements.
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Group's consolidated financial statements.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures of Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognized but the transferor retains some level of continuing exposure in the asset. To date, the Group has not entered into any transfer arrangements of financial assets that are derecognized but with some level of continuing exposure in the asset. Therefore, the application of the amendments has not had any material effect on the disclosures made in the consolidated financial statements.

2 Application of new and revised accounting standards continued

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following Standards and Interpretations, including those Standards or Interpretations issued by the IASB or IFRS Interpretations Committee where an equivalent Australian Standard or Interpretation has not been made by the AASB, were on issue but not yet effective.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Seperate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards Remove Individual KMP Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS32)	1 January 2014	30 June 2015
Disclosures - Ofsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

3 Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

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

The financial statements were authorised for issue by the Directors on 17 August 2012.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally 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 98/100, 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). 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing 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 the 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed 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.

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 net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3 Significant accounting policies continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when 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.

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 above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

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 at the acquisition date – and is subject to a maximum of one year.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

(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. 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.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see (b) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, 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 (Life Act) 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 investments held in the particular investment-linked fund. While the underlying assets are registered in the name of ClearView Life Assurance Limited (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 investment performance. A component of the life investment contracts includes a minimum unit price guarantee. 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).

3 Significant accounting policies continued

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 policy liabilities. Financial assets backing policy liabilities consist of high quality investments such as cash, equities, fixed income securities, property trusts and infrastructure assets.

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 the policy liabilities.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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; and
- 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.

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 Life Insurance premium in advance (part of Payables) in the statement of financial position.

Premiums and contributions on life investment contracts are treated as deposits and are reported as a movement in life investment contract liabilities.

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, but before the unit price is declared. The fee is treated as a reduction in the investment contract liabilities.

Financial advice revenue

Financial advice revenue is recognised on an accrual 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 to be effective.

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. The liability in respect of claims includes an allowance (estimate) for incurred but not reported claims and an allowance (estimate) for expected declinature of notified claims. 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 as at the date of redemption of policy units, which occurs once all documentation has been provided and completed.

(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 reinsurance premium payment due date.

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, and related 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 incurred by ClearView Life and 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 ClearView Life shareholder's fund or a particular statutory fund are allocated directly to the respective funds. Such expenses are apportioned between policy acquisition costs and policy maintenance costs with reference to the objective when each expense is incurred and the outcome achieved.
- Other expenses are subject to apportionment under section 80 of the Life Act and 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 time, head counts and business volumes.

Life investment contracts are held within statutory funds No.2 and No.4. Life insurance contracts are principally held within statutory fund No.1, except for a small, closed book of rider insurance covers held in statutory fund No.2. The allocation of expenses between the primary 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 Liabilities).

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 systemically released over the term of the policies in line with the pattern of services to be provided. The future planned profit margins are deferred and recognized over time by including the value of the future planned profit margins within the value of the 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 assets held within the unitised investment linked policy investment pools.

(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.

(n) Employee benefits

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

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 a present value.

3 Significant accounting policies continued

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 the 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 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 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 based on the bid price determined at 7:00pm in accordance with the policy adapted by the custodian on the reporting date.

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 that are traded in an active market are classified as Available For Sale (AFS) and are stated at fair value. Investments in unlisted shares that are not traded in an active market can be classified as AFS financial assets and stated at fair value where the directors consider that fair value can be reliably measured. Fair value is determined based on the bid price at reporting date.

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 in the consolidated income statement.

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.

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.

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.

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 payable.

3 Significant accounting policies continued

(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 as equal to the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified 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 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.

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.

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 cash flows 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) 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.

(t) 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.

(u) 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, 3 years (33% p.a. amortisation) and furniture & fittings 5 years (20% p.a. amortisation). 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.

The cost of improvements to, or on, leasehold properties is amortised over the unexpired term of the lease. These are subject to impairment reviews at least annually or more frequently where there is an indication of impairment.

3 Significant accounting policies continued

(v) Intangible assets – software development

An internally generated asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to use the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and use the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis intangible assets that are aquired separately.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over periods generally ranging from 3 to 5 years. Management reviews the appropriateness of the amortisation period on an annual 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 via option pricing, using 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 28.

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.

(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 the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the 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 the 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 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.

(y) Leases

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

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 circumstances, 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 and key sources of estimation uncertainty

The critical judgments that management has made in the process of applying the Group's accounting policies and in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates include:

- Life insurance policy liabilities, including the actuarial methods and assumptions and allocation of expenses between acquisition and maintenance costs;
- Assets arising from reinsurance contracts;
- Recoverability of intangible assets;
- Impairment of goodwill; and
- Deferred tax assets.

Life insurance policy liabilities

Life insurance policy liabilities are, in the majority of cases, determined using an individual policy-by-policy calculation. Where material 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;
- The costs incurred in acquiring the policies, including commisions, underwriting and policy issue costs;
- 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 term 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 below.

4 Critical accounting judgments and key sources of estimation uncertainty continued

Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are computed using the same methods as used for insurance policy liabilities. 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 reinsurer 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 acquired intangible assets

The carrying amount of acquired intangible assets at the financial position date was $45.1 million (2011: $51.9 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.

At each reporting date ClearView is required to assess whether there is any indication that the intangibles may be impaired. Triggers for impairment have historically been identified and approved for each cash generating unit (CGU). Further details have been provided in each relevant section below.

Cornerstone software system (CWT)

The intangible assets arose on the acquisition of ComCorp Financial Advice Pty Limited (CCFA) and primarily represent the value of acquired CWT.

The value of the CWT system is amortised on a straight line basis over a five year period which the Directors assess as the intangible asset's useful life.

Client Book – Intangible

The intangible assets arose on the acquisition of CVGH and CCFA. The intangibles represent the value of the in force insurance and investment contracts, and value of the existing financial advice and funds management revenues (the client book).

Each client book has its own assessment of useful life depending on the nature of the clients in each segment and their relative characteristics, based on age, demographics and type of product to which it relates. The policy adopted to write-off the client books resembles the anticipated ageing profile of the revenue stream. ClearView has historically identified its CGUs at the segment reporting level (lowest level of cash generating units). The CGUs identified are as follows:

- Life Insurance;
- Wealth Management; and
- Financial Planning.

As a result of the integration of the ClearView Financial Management Limited (CFML) and CCFA businesses which were subsequently renamed ClearView Financial Advice Pty Limited (CFA), and the integration of the employees, systems and processes, there was a reorganisation of the financial advice CGU. Effective 1 July 2011, all the ClearView advisers now operate under the CFA licence and as a result, the client book intangibles relating to the financial advice segments are treated as one intangible encompassing both client books.

The life insurance client book is written off on a straight line basis over 12 years. Triggers that need to be considered in testing for annual impairment for the life insurance contracts are as follows:

- Mortality and morbidity (claims);
- Maintenance costs;
- Persistency (lapse); and
- Discount rates.

The wealth management client book is written off at 15% per annum on a reducing balance method. Triggers that need to be considered in testing for annual impairment for the wealth client book are as follows:

- Investment returns;
- Outflows;
- Discount rates; and
- Maintenance costs.

During the current reporting period, the useful life of the financial advice client book intangible was changed to reflect a remaining useful life of 10 years (effective 1 July 2011) – reduced from 15 years previously. Triggers that need to be considered in testing for annual impairment for the planning client book are as follows:

- Investment returns;
- Outflows;
- Discount rates; and
- Maintenance costs.

Management prepare an embedded value for the ClearView Group at each reporting period. The embedded value is prepared at a reportable segment level (CGUs). The embedded value methodology is used to test the acquired intangibles for any impairment triggers. As at 30 June 2012, no impairment was required to the carrying value of the intangibles.

Further information about the intangible assets is detailed in note 20.

Impairment of Goodwill

The carrying amount of goodwill at the reporting date was $4.9 million (2011: $4.9 million).

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which the 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 determined the present value of those cash flows.

Goodwill

CFA acquired the business of CCFA on 9 April 2009.

Goodwill arose in respect of the amount of consideration paid in that related to the expected cost synergies, revenue growth, improved referral source penetration, future market development and the assembled work force and ingrained experience of personnel. These assets are not recognised separately from goodwill as the future economic benefits arising from them are not capable of being measured separately.

CCFA was acquired in 2009 as the first major step of the Group in developing a presence in the wealth management and financial advice industry. The goodwill that arose on the acquisition has at the reporting date been allocated to the financial advice cash generating unit.

The Group tests for impairment at each reporting date. 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.

The Future of Financial Advice reform package (FOFA) includes changes that involve (inter alia) a prospective ban on conflicted remuneration structures, including commissions and volume based payments, in relation to the distribution of and advice on retail investment products including managed investments, superannuation and margin loans. Under the Government's proposed amendments to the FOFA legislation, it will commence on 1 July 2013 unless the licensee elects to comply earlier. The progress of the proposed regulatory reforms will be monitored and their impact assessed as further information and legislation is released.

Further information about the goodwill is detailed in note 19.

Deferred tax asset – Timing Differences

The Board has considered that it is probable that sufficient taxable income will be available against which deductible temporary differences can be utilised.

The Group has fully utilised the carried forward revenue losses as at the reporting date.

Deferred tax asset – Capital Losses

ClearView Life has amounts of realised and unrealised capital losses within its superannuation business in its No. 2 and No.4 Statutory Funds. The Board has considered the likelihood of the recovery of these losses and their fair value, and has concluded that it is appropriate to reduce the deferred tax asset (DTA) held in respect of those capital losses below the nominal full recovery amount. This has been implemented via placing a cap on the recognised DTA. The DTA relating to capital losses are estimated to be utilised in the foreseeable future and is expressed as a percentage of the value of investments held. The same methodology has been adopted for unit pricing purposes and this financial report.

In addition to the above, the group has accumulated capital losses that arose within the parent entity related to the losses realised on the historic disposal of a subsidiary entity. At the current time, no DTA is recognised in respect of these losses. This is discussed further in Note 25.

4 Critical accounting judgments and key sources of estimation uncertainty continued

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 2012. The actuarial report was prepared by the ClearView Life Appointed Actuary, Greg Martin. The actuarial report indicates that the Appointed Actuary is satisfied as to the accuracy of the data upon which the 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'.

These life insurance and life investment policy liability determinations are also consistent with the requirements of 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 Legacy Lump Sum	Projection	Premiums
Fund 2 Legacy Lump Sum	Projection	Premiums
Fund 1 Legacy Income Protection	Accumulation	N/A
Fund 1 Non-advice Lump Sum	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Ordinary	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Super	Projection	Premiums
Fund 1 LifeSolutions Income Protection Ordinary	Projection	Premiums
Fund 1 LifeSolutions Income Protection Super	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) plus a reserve for expected future profits. The policy liabilities for life investment contracts are determined as the fair value of the policyholders' accounts under the accumulation method with no future profit reserve.

(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:

Discount rates: Discount rates are based on a yield curve derived from Commonwealth Government bond market yields as at the valuation date, plus an illiquidity adjustment based on the difference between these yields and BBSW swap rates as at the valuation date. As an indication, the resulting average effective discount rate adopted was 4.0% (2011: 6.0%).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual expenses for the 12 months to 30 June 2012.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the per policy unit costs implied by ClearView Life's 2013 business plan (2011: Based on the 2012 business plan). Expense inflation of 2.5% p.a. (2011: 2.5% p.a.) was assumed.

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

Mortality: Rates adopted vary by product, age, gender, and smoking status and have been based on ClearView Life's mortality experience. The underlying mortality table used was IA95-97, including allowance for selection.

Morbidity (TPD and Trauma): Rates adopted vary by age, gender, and smoking status and have been based on known industry experience plus advice from ClearView Life's reinsurers.

(c) Effects of changes in actuarial assumptions (over 12 months ended June)

	12 MONTHS TO 30 JUNE 2012	
ASSUMPTION CATEGORY	INCREASE / (DECREASE) ON PROFIT MARGINS $'000	INCREASE / (DECREASE) ON POLICY LIABILITIES $'000
Discount rates and inflation	17,844	(13,895)
Lapses	(14,367)	-
Mortality and morbidity	14,466	-
Total	17,943	(13,895)

(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 discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations. The discount rate is based on Commonwealth Government bond rates adjusted for the value of the illiquidity of the policy liability. The effect of this approach is unchanged from that adopted last year.

Maintenance expenses and inflation

Maintenance expenses are set having regard to the cost base in the three year Board adopted business plan excluding short term growth and development costs.

Per policy maintenance expenses are assumed to increase in the future with inflation, at a rate that allows for basic price increases (CPI).

Acquisition expenses

Per policy acquisition expenses were derived from the analysis of acquisition expenses adopted for this financial report.

Taxation

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

Mortality and morbidity

Appropriate base tables of mortality and morbidity are chosen for the type of products written. An investigation into the actual experience of the insurance portfolio over recent years is performed and the Company's mortality and morbidity experience is compared against the rates in the base tables. Where the data is sufficient to be fully statistically credible, the base table is adjusted to reflect the portfolio's experience. Where data is insufficient to be fully statistically credible, the base table is adjusted having regard to the extent of the credibility of the portfolio's experience, the overall experience of the industry experience known and advise from ClearView's reinsurers.

Lapse

An investigation into the actual lapse experience of 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.

4 Critical accounting judgments and key sources of estimation uncertainty continued

(e) Sensitivity analysis

The Company conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables such as discount rates, expenses, mortality, morbidity and lapses. 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 may 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 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. The change in interest rates would also impact the emerging profit via its impact on the investment returns on the assets held to back the liabilities.
Expense Risk	An increase in the level (or inflation) of expenses over the assumed levels will decrease emerging profit. However, a change in the base expense assumptions adopted for the policy liability is unlikely to impact the current policy liability determination as such a change is absorbed into the policy liability profit margin reserve in the first instance.
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 emerging profit. However, a change in the mortality assumptions adopted for the policy liability is unlikely to directly impact the current policy liability determination as such a change is absorbed into the policy liability profit margin reserve in the first instance.
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. The impact on the policy liability of a change in morbidity assumptions is as per mortality above.
Lapses	Lapse risk represents the extent to which policyholders choose not to renew their policy, and allow it to lapse. An increase in the lapse rates will have a negative effect on emerging profit owing to the loss of future revenue, including that required to recover acquisition costs. The impact on the policy liability of a change in lapse assumptions is as per mortality above.

The table below illustrates how outcomes during the financial year ended 30 June 2012, in respect of the 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 AND SHAREHOLDER EQUITY	
VARIABLE	CHANGE IN VARIABLE*	GROSS OF REINSURANCE $'000	NET OF REINSURANCE $'000	GROSS OF REINSURANCE $'000	NET OF REINSURANCE $'000
Interest rates	+100 bp	7,006	6,948	(4,904)	(4,864)
	-100 bp	(7,006)	(6,948)	4,904	4,864
Mortality & morbidity	110 %	-	-	(807)	(708)
	90 %	-	-	807	708
Lapses	110 %	-	-	(646)	(643)
	90 %	-	-	646	643
Maintenance expenses	110 %	-	-	(580)	(580)
	90 %	-	-	580	580

* Note: The interest rate sensitivities show the change to policy liabilities and profit from a change in the discount rate by adding or subtracting 1% from the yield curve adopted. The other sensitivities show how different the policy liabilities and reported profit would have been if the ClearView Life experience in the current year in relation to those variables had been higher or lower by 10% of that experienced.

5 Risk management

The Company's activities expose it to a variety of risks, both financial and non-financial. Key risks include:

- Asset risks, including market risk (interest rate risk and price risk), credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risks;
- Expense risks and client discontinuance (lapses, withdrawals and lost client) risks; and
- Non-financial risks, including compliance risk, operational risk and strategic risk.

Risk management strategy, roles and responsibilities

Risk management is an integral part of the Company's management process. The Company's Board has adopted a formal Risk Management Strategy (RMS) and structured risk management framework (RMF) to assist it in identifying and managing the key risks to achieving the Company's objectives. The RMS and RMF are fundamental to the business decisions of the Company, including resource allocation decisions and prioritisation of activities.

The Audit, Risk and Compliance Committee, on behalf of the Board, monitors the operation of the RMF and facilitates review of the key process and procedures underlying the RMF. Internal audit activities are focused on key risks and on the key risk controls identified as part of the risk assessment process. KPMG is retained to provide outsourced internal audit services.

The RMS and RMF considers the key stakeholders in the Company, beyond the shareholders, including:

- The benefit security and expectations of policyholders and investment product and advice clients.
- Risk impacts on and from our staff, our distribution partners and suppliers and counterparties.
- Requirements and objectives of our regulators.

The RMS specifies the Board's risk appetite and tolerance standard which guides the Company in its decisions as to the acceptance, management and rejection of risks. A risk register is maintained that identifies the key risks of the Company by type, impact and likelihood, and indicates the key process and mechanisms to control, mitigate or transfer those risks within the allowed tolerances. The RMS and RMF includes suitable monitoring mechanisms.

As part of the RMS and RMF, the Company has adopted a Capital Management Plan (CMP) with respect to supporting the residual risk exposures retained by the Company and the ongoing capital needs of the Company.

5 Risk management continued

Asset risks

The primary asset risks borne by the Company relate to the financial assets of the Company and its operating subsidiaries excluding those in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 (referred to below as ClearView assets). The primary financial risks related to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders as the investment performance on those assets is passed through, in full, to the policyholders (referred to below as Policyholder assets). Nonetheless, the Company has a secondary exposure to the Policyholder assets and off-balance sheet client funds, via the impact on the fees charged by the Company which vary with the level of Policyholder and client funds under management and under administration, as well as related reputational exposure.

(a) Market risk

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

Interest rate risk

Interest rate risk arises on ClearView's assets which are invested in fixed interest funds and cash. Interest rate risk is managed by the Company through:

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMS;
- Investing ClearView's assets in accordance with the Board approved Investment Policy and Guidelines; and
- By holding capital reserves in accordance with the Company's CMP with respect to the residual interest rate risk exposure retained, in addition to the regulatory capital reserves held within ClearView Life in respect of interest rate risk.

Equity 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 2012, ClearView's assets included only a small portfolio of equities exposed to such risk.

In contrast to this, the Policyholder assets and other client funds under management and under administration, involve significant investment in equities. As noted above, the Policyholder asset risks are borne by the policyholders. The Company is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

The investment of the Policyholder assets and client moneys controlled by ClearView is undertaken in accordance with the Investment Policy and Guidelines approved by the Board, which inter alia stipulates the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives. To the extent required, capital reserves are held in accordance with the CMP with respect to the Company's residual fee risk exposure.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposures arising from investment activities are assessed by the Company's internal investment management committee (the ClearView Investment Committee (CIC) appointed by the Board) prior to investing ClearView assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC, with the CIC charged to maintain the credit quality of ClearView assets within the Board's investment guidelines.

The large majority of debt assets invested in by the Company on behalf of policyholders and clients (including Policyholder assets) are managed under mandates with appointed funds managers. Those mandates include credit rating, diversification and maximum counterparty exposure rules and standards that are to be met. The funds managers' adherence to those requirements are subject to ongoing monitoring by the funds managers, and are separately monitored by the Company's custodian. Formal compliance reporting is monitored monthly by the CIC.

Credit risk arising from other third party transactions, such as reinsurance recovery exposures and exposure to outsource service providers, are assessed prior to entering into financial transactions with those parties, are approved by the Board where material, and are monitored by appropriate mechanisms on an ongoing basis (for example a quarterly monitoring and compliance reporting process in respect of the Company's outsourced custodian).

The Company does not expect any of its material counterparties to fail to meet their obligations and does not require collateral or other security to support these credit risk exposures.

Specific capital reserves are held against credit risk under the regulatory solvency and capital adequacy standards of ClearView Life, with credit risk also considered with the Company's CMP reserves.

(c) Liquidity risk

Liquidity risk is primarily the risk that the Company will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders and clients. A secondary risk relates to the risk of the illiquidity of the external (including off Balance Sheet) funds its clients invest in, which may result in restricted fee flows to the Company and/or reputational damage via association.

The primary risk is controlled through focusing the Company's assets, as well as Policyholder assets and the investment of client funds controlled by the Company, into assets which are highly marketable and readily convertible into cash. In addition, the Company maintains suitable cash holdings at call and an appropriate overdraft facility.

The Company's cash flow requirements are reviewed and forecast daily for a one week forward period. This assessment takes into account the timing of expected cash flows, the likelihood of significant benefit outflows over the short term and known significant one-off payments.

Under the terms of the Company's products (issued via ClearView Life and ClearView Financial Management) the payment of unit fund redemptions to policyholders and unit trust investors may be delayed, if necessary, until funds are available. To date no such delays have been imposed.

The risks in respect of external (third party) funds are controlled via the Company's Approved Product List, which restricts the external funds available for use by the Company's advisers and planners to investment platform providers that are assessed to be reputable and financially sound.

Fair Value Hierarchy

The table below summarises 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 the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
2012				
Equity securities	376,850	-	-	376,850
Fixed interest securities	-	486,904	-	486,904
Unit trusts	315,086	-	-	315,086
Total	691,936	486,904	-	1,178,840
2011				
Equity securities	469,817	-	-	469,817
Fixed interest securities	-	576,764	-	576,764
Unit trusts	371,077	-	-	371,077
Total	840,894	576,764	-	1,417,658

5 Risk management continued

Insurance risk

The risks under the life insurance contracts written by the Company are exposure to various key variables. The table below provides an overview of the key insurance contract types and exposure variables.

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 Discontinuance rates Expenses Policy Terms Premium Rates

Insurance risks are controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, appropriate reinsurance arrangements, effective claims management procedures and sound product terms and conditions due diligence.

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

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 manage insurance risk. The Company's RMS summarises its approach to insurance risk management.

(b) Methods to limit, manage or transfer insurance risk exposures

Reinsurance

ClearView Life purchases reinsurance to limit its 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. The reinsurers used are regulated by the Australian Prudential Regulation Authority (APRA) and are members of large international groups with sound credit ratings.

ClearView Life periodically reviews its reinsurance arrangements and retention levels.

Underwriting procedures

Underwriting decisions are made using the underwriting procedures reflected in ClearView Life's underwriting systems and detailed in ClearView Life's underwriting manual. Such procedures include limits as to delegated authorities and signing powers. The underwriting process is subject to ClearView Life's internal control processes and are subject to review by the reinsurers from time to time.

Claims management

Strict claims management procedures help ensure the timely and correct payment of claims in accordance with policy conditions, as well as limiting exposure to inappropriate and fraudulent claims.

(c) Concentration of insurance risk

The insurance business of the Company is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, the residual risk exposure is reduced through the use of reinsurance.

(d) Pricing risk, and terms and conditions of insurance contracts

The key risk controls in respect of pricing and policy terms and conditions include:

- Review of product pricing by the Appointed Actuary of ClearView Life, including annual analysis of experience and product line profitability in the annual ClearView Life Financial Condition Report;
- Formal Appointed Actuary Board reporting on new product pricing, reinsurance and terms and conditions;
- Assessment by the Company's reinsurers of the pricing adopted, including the offer of corresponding reinsurance terms;
- Formal internal policy document and Product Disclosure Statement due diligence review and sign-off processes; and
- The ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience.

It is noted that similar processes and controls apply to the pricing and terms and conditions applicable to the investment products issued by the Company.

Asset-Liability Mismatch Risk

Asset-liability mismatch risk arises to the extent to which the assets held by the Company to back its liabilities (especially its policy liabilities and investment contract liabilities) do not closely match the nature and term of those liabilities. In practice, the market risk and credit risk exposures of the Company primarily relate to the extent that the Company retains a net exposure with respect to these risks – that is the extent to which the liabilities and their values do not mirror the variation in asset values. In this context it is noted:

- The investment linked liabilities of the Company directly link the underlying assets held to support those liabilities, with the primary market risks and credit risks passed on to the policyholder and unit trust investors (as discussed above).
- The assets held to support the capital guaranteed units in the ClearView Life No.2 and No.4 statutory funds are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash. Asset-liability risk is substantially reduced via this means.
- Similarly, assets held to support the policy liabilities and risk capital of the ClearView Life No.1 statutory fund are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash that closely match those policy liabilities and capital reserves.

Expense And Discontinuance Risks

Expense risks and discontinuance risks involve:

- The extent to which the expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition; and
- The extent to which the rate of loss of policyholders, investment clients and other customers exceed benchmark standards and pricing targets, resulting in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.

The Company principally manages its risks via:

- Budgeting and expense management reporting and management processes;
- Modelling of anticipated client loss rates and ongoing monitoring of discontinuance rates;
- Adoption of appropriate business retention strategies; and
- Maintaining strong distribution partner relationships.

Non-Financial Risks – Compliance, Operational And Strategic Risks

The Company has exposure to a number of operational, compliance and strategic risks. The management of these risks forms a substantial part of the focus of the RMS and RMF. Key elements of the RMF include:

- Formal internal executive compliance and risk management functions within the Company;
- A specific focus area of the Board Audit, Risk and Compliance Committee;
- Detailed compliance registers, reporting timetables, incidence reporting and due diligence processes;
- Internal audit, whistleblowing policy and facilities, detailed financial reconciliations and unit pricing checking processes, detail IT development and implementation processes;
- Maintain sound process documentation and process automations, and monitoring of outsource service provider service performance and standards;
- Comprehensive internal management information reporting and monitoring, emerging risk exposures reporting, staff training programs, staff recruitment standards (including fit and proper standards); and
- Maintaining an appropriate risk culture within the business, including executive focus, and including risk management as a formal part of all key business decisions, and appropriate risk management supporting remuneration structures. Within this content the business initiated a Risk Management Committee with representatives across the business.

5 Risk management continued

Capital management and reserving

In terms of regulatory requirements:

- ClearView Life is subject to minimum regulatory capital requirements, as determined by the Appointed Actuary in accordance with APRA Life Insurance Prudential Standards, in respect of the principal financial risks exposures retained by ClearView Life.
- ClearView Financial Management and ClearView Financial Advice are also required to maintain minimum regulator capital as required by ASIC.
- ClearView Life Nominees Pty Limited (CLN) is also required to maintain minimum regulatory capital as required by APRA

Nonetheless, the Company maintains additional capital reserves in accordance with its Board adopted CMP that retains capital reserves to support its retained risk exposures, ensures there is a low likelihood that the Company (and its regulated) subsidiaries will breach their regulatory requirements, and has sufficient capital to manage its near term business plans and provide a buffer (capital and time) to take action to deal with reasonably foreseeable adverse events that may impact the businesses. These additional reserves are partly held within the subsidiaries where the key risks reside, and partly in a central reserve within the parent entity.

6 Solvency requirements of the statutory funds

The distribution of the retained profits shown in the financial statements is limited by the regulatory capital requirements (APRA and ASIC) applicable to the Company and its subsidiaries. The APRA Prudential Standard LPS 2.04 *Solvency Standard* prescribes the minimum capital requirements (solvency requirements), for each statutory fund of ClearView Life. The solvency reserve ratios, as defined by APRA, are as follows:

	STATUTORY FUND NO. 1	STATUTORY FUND NO. 2	STATUTORY FUND NO. 4	STATUTORY FUND TOTAL
Solvency reserve %[1]	18.0	0.5	0.2	0.6
Coverage of reserve[2]	2.9	13.0	10.4	5.8

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.

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.

7 Segment information

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.

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 Insurance;
- Wealth Management;
- Financial Advice; and
- Listed Entity / Other.

(a) Life Insurance ("protection" products)

ClearView provides life insurance protection products through its wholly owned subsidiary ClearView Life Assurance Limited (CLAL). The products provided by ClearView Life include:

- A comprehensive range of life protection products provided via both ClearView financial advisers and third party, external advisers ("IFAs"). The product suite, LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, child cover, accident covers, income protection and business expense covers. Policies can be issued directly or via the ClearView Retirement Plan as superannuation;
- A range of non-advice life protection products distributed via direct marketing, telemarketing and "over-the-counter" to customers, clients and supporters of strategic partners of ClearView. Products include term life, accidental death, injury covers, trauma and critical illness, and funeral insurance.

(b) Wealth Management ("investment" products)

ClearView provides investment products via three primary avenues:

- Life investment contracts issued by ClearView Life. Products include ordinary savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan. This business represents the majority of the in force wealth business;
- Managed Investment Schemes (MIS) Products issued via CFML as the ASIC licensed responsible entity, including by providing MIS products to ClearView's WealthSolutions platform; and
- A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS) wrap (provided by CFML) offered via the WealthSolutions platform which was launched in December 2011.

ClearView's wealth products are distributed primarily via ClearView financial planners and advisers.

(c) Financial advice

ClearView provides financial advice services through its wholly owned subsidiary CFA. CFA employs a number of salaried financial advisers and as well as providing dealer group services to a number of franchised financial advisers, including a growing group of highly experienced and successful financial advisers that specialise in life insurance.

(d) Listed Entity / Other

This represents the investment earnings on the cash and investments held in the listed and central services entities and in the shareholders fund of ClearView Life, less the costs associated with maintaining a listed entity. The Company manages capital at the listed entity level in accordance with its capital management plan.

Asset segment information has not been disclosed because the allocation of assets is not used for evaluating segment performance and deciding the allocation of resources to segments.

Asset segment information is critical to the performance of each company and their respective regulatory obligations and is managed at a company level.

Information regarding these segments is provided below. The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3.

7 Segment information continued

	EXTERNAL REVENUE		INTER-SEGMENT		TOTAL	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Segment revenue						
Life Insurance	39,820	37,891	-	-	39,820	37,891
Wealth Management	87,891	84,827	-	-	87,891	84,827
Financial Advice	12,633	11,390	9,142	7,760	21,775	19,150
Listed entity / Other	2,838	1,911	-	-	2,838	1,911
Consolidated segment revenue	**143,182**	**136,019**	**9,142**	**7,760**	**152,324**	**143,779**

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. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

2012	LIFE INSURANCE	WEALTH MANAGEMENT	FINANCIAL ADVICE	LISTED ENTITY/ OTHER	TOTAL
Underlying net profit / (loss) after tax	**11,137**	**7,537**	**(587)**	**1,154**	**19,241**
Amortisation of acquired intangibles	(1,417)	(4,469)	(863)	-	(6,749)
AIFRS policy liability adjustment	13,895	-	-	-	13,895
Income tax effect	(4,169)	-	90	28	(4,051)
Reported profit / (loss)	**19,446**	**3,068**	**(1,360)**	**1,182**	**22,336**
2011					
Underlying net profit / (loss) after tax[1]	**8,975**	**11,109**	**(1,232)**	**465**	**19,317**
Amortisation of acquired intangibles	(1,418)	(5,250)	(733)	-	(7,401)
Systems upgrade	(326)	(334)	-	-	(660)
Transition costs	(389)	(767)	(1,223)	(1,326)	(3,705)
AIFRS policy liability adjustment	(568)	-	-	-	(568)
Income tax effect	385	331	452	514	1,682
Reported profit / (loss)	**6,659**	**5,089**	**(2,736)**	**(347)**	**8,665**

1 The Wealth Management and Financial Advice profit has been restated to show profit from ClearView Managed Investment Schemes in Wealth Management due to a structural reorganisation of reportable segments.

8 Fee and other revenue

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial advice fees	12,469	11,260	-	-
Management fees	30,439	34,127	-	-
Other	624	283	-	-
Total fee and other revenue	43,532	45,670	-	-

9 Investment income

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Interest income	29,895	10,426	1,641	1,021
Dividend income	18,687	39,011	4,500	43,500
Distribution income	12,986	4,368	-	-
Total investment income	61,568	53,805	6,141	44,521

10 Operating expenses

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Administration expenses				
Administration and other operational costs	13,596	12,327	306	546
Custody and investment management expenses	6,312	6,707	-	-
Total administration expenses	19,908	19,034	306	546
Employee costs and directors' fees				
Employee expenses	23,124	21,479	37	20
Share based payments	502	531	(10)	6
Employee termination payments	156	276	-	-
Directors' fees	560	666	460	611
Total employee costs and directors' fees	24,342	22,952	487	637
Other expenses				
Restructuring and transition expenses[1]	-	4,449	-	1,428
Professional fees	2,009	1,985	175	73
Total other expenses	2,009	6,434	175	1,501
Total operating expenses	**46,259**	**48,420**	**968**	**2,684**
Depreciation and amortisation expenses				
Depreciation expenses	662	433	-	-
Amortisation expenses	7,018	7,401	-	-
Total amortisation and depreciation expenses	**7,680**	**7,834**	**-**	**-**

1 Included in restructuring and transition expenses in the prior year are termination payments made to terminated employees as part of the transition of the CVGH businesses as well as provision for the restructuring of the financial advice business.

10 Operating expenses continued

	CONSOLIDATED		COMPANY	
	2012 $	2011 $	2012 $	2011 $
Remuneration of auditors				
Auditor of the parent entity				
Audit and review of financial reports	288,750	312,500	92,500	157,812
Audit of APRA and ASIC regulatory returns	91,150	198,000	-	-
Audit of Managed Investment Schemes	105,100	92,000	-	-
Total remuneration for audit services	485,000	602,500	92,500	157,812
Preparation and lodgement of tax returns	91,500	73,500	-	-
Other non-audit services - taxation advice	63,150	43,500	-	-
Other non-audit services - compliance	31,000	30,000	32,500	30,000
Other non-audit services - consulting	21,750	283,700	-	-
Total remuneration for non-audit services	207,400	430,700	32,500	30,000
Total remuneration	692,400	1,033,200	125,000	187,812

11 Income tax

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
a) Income tax recognised in profit or loss				
Income tax (benefit) / expense comprises:				
Current tax expense	5,721	1,255	(145)	(1,116)
Deferred tax expense	9,879	5,631	356	542
Over provided in prior years – Current tax expense	(1,241)	(774)	(99)	(73)
Under / (over) provided in prior years – Deferred tax expense	251	(119)	29	-
Income tax expense / (benefit)	14,610	5,993	141	(647)
Deferred income tax expense / (benefit) included in income tax expense comprises:				
Decrease / (increase) in deferred tax asset	9,879	5,355	141	(647)
Increase in deferred tax liability	251	157	-	-
	10,130	5,512	141	(647)
b) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	149,710	120,004	32,671	32,689
Potential tax benefit	21,511	18,538	9,801	9,807

The prima facie income tax expense / (benefit) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
c) Reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	36,946	14,658	5,213	41,867
Prima facie tax calculated at 30%	11,084	4,397	1,564	12,560
Tax effect of amounts which are non deductible / assessable in calculating taxable income:				
Differences in tax rate for the life company policyholders	(209)	107	-	-
Franking credits on dividends and distributions received	(3,413)	(5,083)	(1,350)	(13,050)
Non-deductible transaction costs	(3)	2	(3)	2
Difference in realised profit / (loss)	3,658	(3,392)	-	(42)
Accrued benefits on acquisition	(85)	-	-	-
Non allowable expenses	2,107	2,692	-	-
Non assessable / deductible premiums	73	6,465	-	-
Under provision in prior years	(986)	(893)	(70)	(74)
Other	2,384	1,698	-	(43)
Income tax expense / (benefit)	14,610	5,993	141	(647)

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.

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.	3,813	4,180	3,813	4,180

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

11 Income tax continued

Relevance of tax consolidation to the Group

ClearView Wealth Limited and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 February 2007 and are therefore taxed as a single entity from that date. The members in the ClearView tax consolidated group are identified in note 33.

Under the Tax Act, ClearView being the head company of the tax consolidated group is treated as a life insurance company for income tax purposes as one of the subsidiary members of the tax consolidated group is a life insurance company.

Entities within the tax consolidated group have entered into a tax sharing and funding agreement with the head entity. This agreement has been amended to reflect the changes in the structure of the tax consolidated group and a life insurer becoming part of the group. These amendments were executed on 20 August 2010.

Under the terms of the tax funding arrangement, ClearView and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax funding agreement also provides for the head entity to make payments for tax losses of a group member that is determined in accordance with the provisions of the agreement. Settlement for these amounts is based on the extent to which the losses are utilised.

The tax sharing arrangement between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

12 Movements in reserves

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Retained losses				
Balance at the beginning of the financial year	(29,631)	(38,296)	(47,905)	(47,905)
Net profit attributable to members of the parent entity	22,336	8,665	-	-
Dividend paid during the year	(7,739)	-	-	-
Balance at the end of the financial year	(15,034)	(29,631)	(47,905)	(47,905)
Executive share plan reserve				
Balance at the beginning of the financial year	1,049	518	1,049	518
Arising on share based payments	502	531	502	531
ESP loans settled through dividend	199	-	199	-
Balance at end of the financial year	1,750	1,049	1,750	1,049
Profit Reserve				
Balance at the beginning of the financial year	-	-	42,514	-
Net profit attributable to the parent entity	-	-	5,072	42,514
Dividend paid during the year	-	-	(7,739)	-
Balance at end of the financial year	-	-	39,847	42,514

13 Sources of profit

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Components of profit related to movements in life insurance liabilities				
Planned profit margins released	8,661	10,556	-	-
Profit / (loss) arising from difference between actual and expected experience	1,256	(2,515)	-	-
Impact of IFRS change in economic assumptions	9,726	(398)	-	-
One-off expenses	-	(502)	-	-
Life insurance	19,643	7,141	-	-
Components of profit related to movements in life investment liabilities				
Expected profit margin	5,719	9,021	-	-
One-off expenses	-	(771)	-	-
One-off tax adjustment	-	(331)	-	-
Life investment	5,719	7,919	-	-
Investment earnings on assets in excess of life insurance and investment contract liabilities	2,430	2,565	-	-
Profit for the statutory funds	27,792	17,625	-	-
Profit for the shareholders fund	519	360	-	-
Profit for ClearView Life Assurance Limited	28,311	17,985	-	-

14 Earnings per share

	CONSOLIDATED	
	2012 CENTS	2011 CENTS
Earnings per share		
Basic earnings	5.46	2.12
Diluted earnings	5.24	2.10

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:

Profit for the year attributable to owners of the Company	22,336	8,665
Earnings used in the calculation of basic earnings per share	22,336	8,665
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000's)	409,312	409,312

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

Profit for the year attributable to owners of the Company	22,336	8,665
Interest on ESP loans after tax	419	353
Earnings used in the calculation of total diluted earnings per share	22,755	9,018

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:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	409,312	409,312
Shares deemed to be dilutive in respect of the employee share plan	24,741	19,631
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	434,053	428,943

15 Cash and cash equivalents

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash at bank	193,371	185,294	11,820	16,240
Deposits at call	-	528	-	-
Total cash and cash equivalents	193,371	185,822	11,820	16,240

16 Investments

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Equity securities				
Investment in Group Companies	-	-	225,542	220,041
Held directly	376,850	469,817	335	295
Held indirectly via unit trust	160,002	161,552	-	-
	536,852	631,369	225,877	220,336
Debt securities / fixed interest securities				
Held directly	450,403	576,764	-	-
Held indirectly via unit trust	36,501	38,395	-	-
	486,904	615,159	-	-
Property				
Held indirectly via unit trust	155,084	171,130	-	-
	155,084	171,130	-	-
Total investments	1,178,840	1,417,658	225,877	220,336

The listed shares held by the Company represent the 3.35 million shares in Nexbis Limited held at 30 June 2012 (3.35 million at 30 June 2011). On the 5 July 2012, Nexbis Limited announced that a scheme of arrangement had been implemented and all the ordinary shares in Nexbis Limited had been transferred to Aseana One Corp. Accordingly on the 10 July 2012, the company received $0.10 per share and no longer holds any listed shares.

The fair value of securities is their value at last bid price as determined at 7:00pm on the reporting date in accordance with the policies of the custodian.

17 Receivables

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade receivables	459	186	-	-
Provision for doubtful receivables	(270)	-	-	-
Premium receivable	1,021	951	-	-
Provision for outstanding life insurance premiums	(424)	(352)	-	-
Accrued dividends	2,605	2,297	-	-
Investment income receivable	908	632	-	56
Outstanding settlements	2,210	1,098	-	-
Prepayments	1,582	1,439	-	-
Other debtors	1,067	884	6	560
Loans receivable	279	-	-	-
Receivables from controlled / associated entities	154	70	11,670	6,235
Total receivables	9,591	7,205	11,676	6,851

Life insurance premiums have a 65 day grace period before the policy is lapsed and therefore a provision for outstanding life insurance premiums is maintained. Loans bear interest and have fixed terms of repayment in accordance with loan agreements. Outstanding settlements usually require payment within three days of the date of the transaction.

18 Fixed interest deposits

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fixed interest bank term deposits	91,991	22,021	21,093	21,392

Fixed interest term deposits, held at year end, yield a weighted average fixed interest rate of 5.3% (2011: 6.4%).

19 Goodwill

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Gross carrying amount				
Balance at the beginning of the financial year	4,858	4,187	-	-
Additional amount recognised through acquisition of business	-	777	-	-
Reversal of deferred consideration	-	(106)	-	-
Balance at the end of the financial year	4,858	4,858	-	-
Net book value				
Balance at the beginning of the financial year	4,858	4,187	-	-
Balance at the end of the financial year	4,858	4,858	-	-

20 Intangible assets

	CONSOLIDATED			
	CAPITALISED SOFTWARE	CWT SOFTWARE	CLIENT BOOK	TOTAL
2012	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at the beginning of the financial year	-	1,500	58,596	60,096
Acquired directly during the year	4,312	-	-	4,312
Balance at the end of the financial year	4,312	1,500	58,596	64,408
Accumulated amortisation and impairment losses				
Balance at the beginning of the year	-	668	7,545	8,213
Amortisation expense in the current year	269	300	6,449	7,018
Balance at the end of the financial year	269	968	13,994	15,231
Net book value				
Balance at the beginning of the financial year	-	832	51,051	51,883
Balance at the end of the financial year	4,043	532	44,602	49,177
2011	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at the beginning of the financial year	-	1,500	58,467	59,967
Acquired directly during the year	-	-	129	129
Balance at the end of the financial year	-	1,500	58,596	60,096
Accumulated amortisation and impairment losses				
Balance at the beginning of the year	-	368	444	812
Amortisation expense in the current year	-	300	7,101	7,401
Balance at the end of the financial year	-	668	7,545	8,213
Net book value				
Balance at the beginning of the financial year	-	1,132	58,023	59,155
Balance at the end of the financial year	-	832	51,051	51,883

The intangible assets are amortised over their expected useful lives. As required under accounting standards at each reporting date the Company assesses whether there is an indication of impairment. Further details have been provided in note 4.

21 Property, plant and equipment

						CONSOLIDATED
	OFFICE FURNITURE	OFFICE EQUIPMENT	COMPUTER HARDWARE	COMPUTER SOFTWARE	LEASEHOLD IMPROVEMENTS	TOTAL
2012	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at the beginning of the financial year	718	32	553	12	850	2,165
Additions	405	2	53	-	1,147	1,607
Written off	(661)	(12)	(11)	-	(1)	(685)
Balance at the end of the financial year	462	22	595	12	1,996	3,087
Accumulated depreciation / amortisation and impairment						
Balance at the beginning of the financial year	148	16	256	6	451	877
Depreciation expense	167	6	158	3	328	662
Written off	(220)	(2)	(5)	-	(1)	(228)
Balance at the end of the financial year	95	20	409	9	778	1,311
Net book value						
Balance at the end of the financial year	367	2	186	3	1,218	1,776
2011	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at the beginning of the financial year	740	103	285	5	369	1,502
Additions	120	-	242	4	297	663
Reclassifications	(142)	(71)	26	3	184	-
Balance at the end of the financial year	718	32	553	12	850	2,165
Accumulated depreciation / amortisation and impairment						
Balance at the beginning of the financial year	46	49	44	1	80	220
Depreciation expense	108	6	119	2	198	433
Additions	3	-	91	3	127	224
Reclassifications	(9)	(39)	2	-	46	-
Balance at the end of the financial year	148	16	256	6	451	877
Net book value						
Balance at the end of the financial year	570	16	297	6	399	1,288

No property, plant and equipment is held in the Company.

22 Business acquisitions

ClearView Group Holdings Pty Limited

The initial accounting for the acquisition of ClearView Group Holdings Pty Limited (CVGH) was finalised in the prior comparable reporting period.

On 7 January 2011, ClearView and Bupa finalised the adjustment amount relating to the CVGH acquisition. The final amount was $9.7 million and represented the increase in the net assets acquired between 31 December 2009 and 9 June 2010. This resulted in a total acquisition purchase price of $204.7 million, which was $3.9 million above that estimated on 30 June 2010 as a result of completion adjustments. This led to a $3.5 million reduction to the profit on acquisition reported at 30 June 2010. The finalisation of the net asset adjustment resulted in an increase in the payment due to Bupa from $5.8 million to $9.7 million which was paid to Bupa on 7 January 2011.

23 Payables

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables	3,595	4,062	79	137
Reinsurance creditors	-	761	-	-
Employee entitlements	3,450	3,793	65	45
Life insurance premiums in advance	401	356	-	-
Life investment premium deposits	845	729	-	-
Other creditors	535	400	2	-
Lease incentive in advance	1,557	-	-	-
Outstanding investment settlements	2,273	1,468	-	-
Amounts in controlled entities	-	-	315	856
Total payables	12,656	11,569	461	1,038

Payables are non-interest bearing and unsecured. Trade payables relate to accrued expenses, management fees, financial advice payables and accrued commission payable to financial planners.

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

Outstanding investment settlements usually require payment within three days of the date of the transaction.

24 Provisions

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Current and non current				
Make good provision	227	384	–	–
Provision for restructuring	–	1,427	–	–
Employee leave provisions	2,063	2,111	–	–
Other provisions	434	1,148	81	100
Total	2,724	5,070	81	100
Make good provision				
Balance at the beginning of the financial year	384	352	–	–
Provision acquired in a business combination	–	48	–	–
Additional provisions raised	30	–	–	–
Utilised during the period	(187)	(16)	–	–
Balance at the end of the financial year	227	384	–	–
Provision for restructuring[1,2]				
Balance at the beginning of the financial year	1,427	864	–	1,962
Additional provisions raised[1,2]	–	2,039	–	–
Utilised during the period	(1,427)	(1,437)	–	(1,962)
Unutilised provisions reversed during the period	–	(39)	–	–
Balance at the end of the financial year	–	1,427	–	–
Employee leave provision				
Balance at the beginning of the financial year	2,111	2,330	–	–
Additional provisions raised	546	377	–	–
Utilised during the period	(594)	(596)	–	–
Balance at the end of the financial year	2,063	2,111	–	–
Other provisions				
Balance at the beginning of the financial year	1,148	2,819	100	125
Additional provisions raised	121	1,208	121	152
Utilised during the period	(786)	(2,578)	(91)	(177)
Unutilised provisons reversed during the period	(49)	(301)	(49)	–
Balance at the end of the financial year	434	1,148	81	100

1 The provision for restructuring arose on the acquisition of CVGH as detailed in note 22. Restructuring provisions were raised in accordance with the approved restructuring plan for the CVGH business. These restructuring costs relate to termination payments and outplacement costs. The restructure was completed in November 2010.

2 An additional provision of $1.4 million was raised in June 2011 as a result of an approved restructuring plan for the financial advice business unit to further improve performance and reduce costs. The restructure was completed by 31 August 2011.

25 Deferred tax balances

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax assets				
Non-current	14,418	24,297	877	8,542
Deferred tax assets	14,418	24,297	877	8,542
Deferred tax liabilities				
Non-current	408	157	-	-
Deferred tax liabilities	408	157	-	-
Deferred tax assets				
Amounts recognised in profit or loss				
Tax losses carried forward	-	7,279	-	7,279
Accruals not currently deductible	928	1,610	48	74
Depreciable and amortisable assets	71	(59)	-	-
Provisions	1,560	1,587	-	-
Unrealised losses	11,046	12,966	228	282
Other	813	914	601	907
Deferred tax assets	14,418	24,297	877	8,542
Deferred tax liabilities				
Amounts recognised in profit or loss				
Unrealised gains on investments	87	157	-	-
Other	321	-	-	-
Deferred tax liabilities	408	157	-	-

25 Deferred tax balances continued

				CONSOLIDATED
	OPENING BALANCE	TRANSFERS FROM SUBSIDIARIES	(CHARGE) / CREDIT TO INCOME	CLOSING BALANCE
2012	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	(157)	-	(251)	(408)
Gross deferred tax assets	24,297	-	(9,879)	14,418
Total	24,140	-	(10,130)	14,010
2011				
Gross deferred tax liabilities	-	-	(157)	(157)
Gross deferred tax assets	29,652	-	(5,355)	24,297
Total	29,652	-	(5,512)	24,140

				COMPANY
2012				
Gross deferred tax assets	8,542	(7,524)	(141)	877
2011				
Gross deferred tax assets	12,282	(4,387)	647	8,542

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Unused tax losses for which no deferred tax assets have been recognised are attributable to tax losses of a capital nature of $150 million (tax effected $21.5 million) consolidated and $32.7 million (tax effected $9.8 million) for the company.

26 Policy liabilities

(a) Reconciliation of movements in policy liabilities

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Life investment policy liabilities				
Opening gross life investment policy liabilities	1,367,887	1,405,415	-	-
Net increase in life investment policy liabilities reflected in the income statement	47,001	121,986	-	-
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(27,516)	(30,785)	-	-
Life investment policy contributions recognised in policy liabilities	220,723	261,105	-	-
Life investment policy withdrawals recognised in policy liabilities	(389,027)	(389,834)	-	-
Closing gross life investment policy liabilities	1,219,068	1,367,887	-	-
Life insurance policy liabilities				
Opening gross life insurance policy liabilities	(62,728)	(62,918)	-	-
Movement in outstanding claims	(1,279)	753	-	-
Decrease in life insurance policy liabilities reflected in the income statement	(19,680)	(563)	-	-
Closing gross life insurance policy liabilities	(83,687)	(62,728)	-	-
Total gross policy liabilities	**1,135,381**	**1,305,159**	**-**	**-**
Reinsurers' share of life insurance policy liabilities				
Opening balance	(2,447)	(2,015)	-	-
Movement in outstanding reinsurance	347	(664)	-	-
Decrease / (increase) in reinsurance assets reflected in the income statement	199	232	-	-
Closing balance	(1,901)	(2,447)	-	-
Net policy liabilities at balance date	**1,133,480**	**1,302,712**	**-**	**-**
Current	1,217,081	1,369,587	-	-
Non-current	(83,601)	(66,875)	-	-

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 $151.9 million (2011: $134.3 million).

26 Policy liabilities continued

(b) Components of net life insurance policy liabilities

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Future policy benefits	150,680	157,123	-	-
Future expenses and commissions	48,352	44,524	-	-
Less future revenues	(409,744)	(379,253)	-	-
Best estimate liability	(210,712)	(177,606)	-	-
Present value of future planned profit margins	125,124	112,431	-	-
Net life insurance policy liabilities	(85,588)	(65,175)	-	-

(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 for that fund. The shareholder can only receive a distribution from a fund if the capital adequacy requirements continue to be met after the distribution.

27 Issued capital

	COMPANY			
	2012 NO. OF SHARES	2012 $'000	2011 NO. OF SHARES	2011 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the financial year	409,312,192	276,565	409,312,192	276,565
Balance at the end of the financial year	409,312,192	276,565	409,312,192	276,565
Executive share plan				
Balance at the beginning of the year	20,650,000	-	17,650,000	-
Shares granted under executive share plan (note 28)	10,475,000	-	3,000,000	-
Executive Balance at the end of the year	31,125,000	-	20,650,000	-

In accordance with AASB 2, Share-Based Payments the shares issued under the executive share plan are treated as options and are accounted for as set out in note 3(w).

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.

28 Share-based payments

ClearView operates the ClearView Executive Share Plan (ESP or Plan). The ownership-based compensation scheme allows participation of executives, senior employees and contractor participants of the Group. In November 2011, the ESP rules were extended to allow financial advisers (as contractor participants) to participate in the Plan and to make Non-executive Directors ineligible to participate.

(a) Details of the ESP

Objectives

The objective of the ESP is to assist in the recruitment of highly skilled individuals and successful financial advisers and to reward, retain and motivate eligible employees (which, as defined in the ESP Rules, may include employee participants and contractor participants) (**Eligible Employees**) of the Company and its associated bodies corporate.

Through participation in an ownership type arrangement, experienced and successful advisers are offered a direct equity interest in ClearView through participation in the ESP.

Offer

Under the ESP, the Board may invite Eligible Employees to participate in an offer (**Offer**) of fully paid ordinary shares in ClearView (**Shares**), subject to the terms of conditions of the ESP.

Consideration

Each Share is issued at a price to be determined by the Board prior to making an Offer and this price is set out in the invitation (**Invitation**) to Eligible Employees to participate in the ESP. This price may be the market price of a share (as defined in the ESP Rules) on the date of the Invitation.

Limits on issue of Shares

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

Further, no Invitation can be made to an Eligible Employee if the total number of Shares issued under the ESP, and Shares issued during the past five (5) years under any executive share scheme of the Company, exceeds six per cent (6%) of the total number of issued Shares of the Company, at the time the Invitation is made, provided that an Invitation can be made where that limit is exceeded if the Invitation:

- Is made only to an Eligible Employee who will become a contractor participant if the Invitation is accepted; and
- Will not, if accepted, result in the total number of Shares on issue under this Plan, exceeding ten percent (10%) of the total number of issued Shares of the Company, at the time the Invitation is made.

Financial assistance

The Company may provide financial assistance to an Eligible 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 60 days after the 5th anniversary of the grant of the financial assistance. The financial assistance will become immediately repayable in the event of certain “disqualifying circumstances” including failure to meet performance or vesting conditions, cessation of the employee participant’s employment in circumstances defined in the ESP Rules or termination of the contractor participant’s contract with a Group Company for the provision of services. For employee participants, the financial assistance is secured over the Shares and rights attached to the Shares.

The interest rate on the financial assistance is the interest rate specified in the Invitation (if any). If no interest rate is specified in the Invitation the interest rate will be the Reserve Bank of Australia cash rate plus a margin of 25 basis points per annum, calculated annually. Interest is capitalised and treated as part of the limited recourse principal, except that after tax dividends on Shares issued under the ESP will be applied towards reduction of the loan.

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.

28 Share-based payments continued

Restrictions

The Shares granted under the ESP to participants will be subject to a holding lock restricting the holder from dealing with the shares. This holding lock will cease to have effect if:

a. The Board accepts a disposal request (as defined in the ESP Rules) **(Disposal Request)**;

b. 5 years have passed from the Acquisition Date; or

c. If the participant:

   i. is an employee participant, their employment with the Group ceases, or

   ii. is a contractor participant, their contractor agreement is terminated; or

d. The ESP is terminated, or

e. The holding lock period otherwise ceases,

provided that the financial assistance and any interest that has accrued has been repaid.

The holding lock is imposed through the share registry and in accordance with the ASX Listing Rules. Participants will not be able to sell their shares on ASX or have an off-market transfer registered (and are also otherwise prohibited from dealing in the shares) while the holding lock is in place.

Change of control

Under the ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an employee participant are deemed to have been satisfied upon a change of control. A change of control is defined under the ESP Rules as being when an acquirer and its related bodies corporate holds more than 50% of the Shares in ClearView.

As the performance and vesting conditions are deemed to have been met, such employee participants are entitled under the ESP Rules to make a Disposal Request. The holding lock applicable to their Shares will cease to have effect upon the Board (in its absolute discretion) accepting the Disposal Request. ClearView must then dispose of these Shares on behalf of the employee participant in one or more of the following ways (in the discretion of the Board):

- reallocate the Shares to give effect to acquisitions by other Eligible Employees under the ESP;
- sell to ClearView in accordance with buy-back provisions of the Corporations Act; or
- offer or sell to buyers on ASX.

The amount payable by these employee participants to ClearView following such a disposal is the amount outstanding in relation to the financial assistance, including accrued interest. The employee participants may retain any surplus proceeds.

The above provisions concerning change of control apply only to employee participants and not contractor participants under the ESP.

(b) Proposed issues of shares under the ESP

As outlined above, it is part of ClearView's business strategy to expand its financial advice and distribution capabilities by recruiting financial advisers to its dealer group and establishing distribution agreements with third party dealer groups, including financial advisers.

As announced to ASX on 22 February 2012 in the release of ClearView's half year results, ClearView has previously approved the allocation of up to 4% of its share capital to eligible advisers joining the ClearView dealer group. At the time of announcement, this represented a total of 17,617,488 Shares.

As at the date of this Report, 11,725,000 Shares have been issued under the ESP to advisers that joined ClearView's dealer group since 1 January 2012. Accordingly, this leaves a total of a further 5,892,488 Shares that may be issued by ClearView within the 4% cap.

Administration of the ESP

The ESP is 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 pays all costs and expenses of operating the ESP. Employees are liable for any brokerage and tax payable associated with their participation in the ESP.

Amendment of the ESP

Subject to the ASX Listing Rules and its undertakings to individual employees in respect of issued shares, 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 for the issue of shares in future.

Share-based payment arrangements

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 $
Series 5 – 16 April 2008 Issue[1]	1,000,000	16/04/2008	16/04/2013	0.60	0.10
Series 6 – 30 June 2008 Issue	500,000	30/06/2008	30/06/2013	0.59	0.10
Series 7 – 29 September 2009 Issue[2]	3,500,000	29/09/2009	29/09/2014	0.49	0.07
Series 8 – 8 October 2009 Issue[1]	2,000,000	08/10/2009	08/10/2014	0.49	0.07
Series 9 – 28 October 2009 Issue[3]	250,000	28/10/2009	28/10/2014	0.50	0.07
Series 10 – 25 June 2010 Issue	2,000,000	25/06/2010	26/03/2015	0.50	0.11
Series 11 – 25 June 2010 Issue	4,000,000	25/06/2010	26/03/2015	0.58	0.08
Series 12 – 25 June 2010 Issue	4,000,000	25/06/2010	26/03/2015	0.65	0.06
Series 13 – 25 June 2010 Issue	400,000	25/06/2010	01/06/2015	0.53	0.10
Series 14 – 1 November 2010 Issue[4]	3,000,000	25/10/2010	01/10/2015	0.50	0.07
Series 15 – 18 August 2011 Issue	3,000,000	01/07/2011	01/07/2016	0.50	0.10
Series 16 – 6 October 2011 Issue	3,950,000	01/09/2011	01/09/2016	0.50	0.10
Series 17 – 1 March 2012 Issue	2,150,000	01/03/2012	01/03/2017	0.50	0.09
Series 18 – 1 March 2012 Issue	2,500,000	10/02/2012	10/02/2017	0.50	0.12
Series 19 – 3 April 2012 Issue	600,000	15/03/2012	15/03/2017	0.50	0.12
Series 20 – 3 April 2012 Issue	700,000	03/04/2012	03/04/2017	0.50	0.13
Series 21 – 25 May 2012 Issue	2,325,000	07/05/2012	07/05/2017	0.50	0.13
Series 22 – 29 June 2012 Issue	1,000,000	29/06/2012	29/06/2017	0.50	0.13

SHARE SERIES	TYPE OF ARANGEMENT	FIRST VESTING DATE	FINAL VESTING DATE
Series 5 – 16 April 2008 Issue[1]	Shares reallocated to Series 15	Shares reallocated	Shares reallocated
Series 6 – 30 June 2008 Issue	KMP	30/06/2008	30/06/2013
Series 7 – 29 September 2009[2]	KMP and Senior Management	23/10/2009	29/09/2014
Series 8 – 8 October 2009 Issue[1]	Shares reallocated to Series 15	Shares reallocated	Shares reallocated
Series 9 – 28 October 2009 Issue[3]	Shares reallocated to Series 16	Shares reallocated	Shares reallocated
Series 10 – 25 June 2010 Issue	Managing Director	26/03/2011	26/03/2015
Series 11 – 25 June 2010 Issue	Managing Director	26/03/2012	26/03/2015
Series 12 – 25 June 2010 Issue	Managing Director	26/03/2013	26/03/2015
Series 13 – 25 June 2010 Issue	Senior Management	0 1/06/2013	01/06/2015
Series 14 – 1 November 2010 Issue[4]	Senior Management	01/10/2013	01/10/2015
Series 15 – 18 August 2011 Issue	Senior Management	01/07/2014	01/07/2016
Series 16 – 6 October 2011 Issue	Senior Management	01/09/2014	01/09/2016
Series 17 – 1 March 2012 Issue	Senior Management	01/03/2015	01/03/2017
Series 18 – 1 March 2012 Issue	Contractor Participants	10/02/2015	10/02/2017
Series 19 – 3 April 2012 Issue	Contractor Participants	15/03/2015	15/03/2017
Series 20 – 3 April 2012 Issue	Contractor Participants	03/04/2015	03/04/2017
Series 21 – 25 May 2012 Issue	Contractor Participants	07/05/2015	07/05/2017
Series 22 – 29 June 2012 Issue	Contractor Participants	29/06/2015	29/06/2017

1 These shares were reallocated to senior management and formed part of Series 15

2 500,000 shares were reallocated to senior management and formed part of Series 16

3 These shares were reallocated to senior management and formed part of Series 16

4 2,000,000 shares were reallocated to senior management and formed part of Series 17 and Series 22

28 Share-based payments continued

INPUTS INTO THE MODEL	SERIES 5	SERIES 6	SERIES 7	SERIES 8	SERIES 9
Grant date share price ($)	0.60	0.59	0.49	0.49	0.50
Anticipated vesting price ($)	0.60	0.59	0.55	0.55	0.62
Expected volatility (%)	24.12	25.26	30.24	30.43	25.64
Anticipated option life (years)	3.00	3.00	1.75	1.73	2.95
INPUTS INTO THE MODEL	**SERIES 10**	**SERIES 11**	**SERIES 12**	**SERIES 13**	**SERIES 14**
Grant date share price ($)	0.50	0.58	0.65	0.53	0.50
Anticipated vesting price ($)	0.57	0.66	0.74	0.61	0.59
Expected volatility (%)	28.78	28.78	28.78	28.78	29.71
Anticipated option life (years)	2.75	2.75	2.75	2.94	2.94
INPUTS INTO THE MODEL	**SERIES 15**	**SERIES 16**	**SERIES 17**	**SERIES 18**	**SERIES 19**
Grant date share price ($)	0.50	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.59	0.57	0.57	0.63	0.64
Expected volatility (%)	31.49	35.35	36.70	37.06	36.47
Anticipated option life (years)	3.03	2.91	3.00	4.95	4.95

INPUTS INTO THE MODEL	SERIES 20	SERIES 21	SERIES 22
Grant date share price ($)	0.50	0.50	0.50
Anticipated vesting price ($)	0.63	0.61	0.60
Expected volatility (%)	36.61	36.94	37.33
Anticipated option life (years)	5.00	4.95	5.00

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

	2012		2011	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance at the beginning of the financial year	20,650,000	0.55	17,650,000	0.56
Issued during the financial year	10,475,000	0.50	3,000,000	0.50
Cancelled during the year	-	-	-	-
Balance at the end of the financial year	31,125,000	0.53	20,650,000	0.55

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

16.225 million shares were issued during the year of which 5.75 million were reallocated from other series existing at the beginning of the year. The net shares issued on the ASX were therefore 10.475 million shares.

A further 4.6 million shares have been issued subsequent to year end in accordance with the ASX waiver.

Shares issued to Eligible Employees

NUMBER OF SHARES	CLASS OF SHARES	GRANT DATE	ISSUE AND EXERCISE PRICE $	FAIR VALUE ATGRANT DATE $	FIRST VESTING DATE	FINAL EXERCISE DATE
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 9	Ordinary	28/10/2009	0.500	0.070	28/10/2013	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
Series 14	Ordinary	25/10/2010	0.500	0.067	01/10/2013	01/10/2015
Series 15	Ordinary	01/07/2011	0.500	0.098	01/07/2014	01/07/2016
Series 16	Ordinary	01/09/2011	0.500	0.106	01/09/2014	01/09/2016
Series 17	Ordinary	01/03/2012	0.500	0.091	01/03/2015	01/03/2017

Shares issued to Contractor Participants

SERIES	VESTING CONDITIONS	PERFORMANCE CONDITIONS
Series 18 – 1 March 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target	No
Series 19 – 3 April 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target	No
Series 20 – 3 April 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 21 – 25 May 2012 Issue	4 years and 347 days from the date of issue and achievement of specific sales target	No
Series 22 – 29 June 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 23 – 6 August 2012 Issue	5 years from the date of issue and achievement of specific sales target (issued subsequent to year ending 30 June 2012)	No

Shares that vested in the current period

The vesting conditions in the ESP stipulate that shares issued in terms of the Plan to employees will automatically vest with a change of control of the Company. The change in control provisions do not apply to shares issued in terms of the plan to contractor participants. 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 which had been issued prior to the change of control. The shares issued subsequent to this, were issued after the change of control and thus the normal vesting conditions of the ESP still apply. On completion of the capital raising GPG reduced its holding below 50%.

The first and second tranches of 2 and 4 million shares respectively, issued to the managing director vested in the prior and current year in accordance with his employment contract. No other shares vested during the current financial year.

Shares that were cancelled during the year

No shares were cancelled during the year.

29 Shares granted under the Executive Share Plans

Executive Share Plan

In accordance with the provisions of the ESP, as at 30 June 2012, executives, senior employees and contractor participants have acquired 31,125,000 (2011: 20,650,000) ordinary shares that will vest if certain conditions are met. Shares granted under the ESP carry rights to dividends and voting rights. Financial assistance amounting to $17,410,584 (2011: $12,001,456) was made available to executives, senior employees and contractor participants to fund the acquisition of shares under the ESP. For details of the ESP refer to note 28.

30 Provision for deferred consideration

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Provision for Deferred Consideration – Current	28	653	-	-
Provision for Deferred Consideration – Non-current	-	33	-	-
Total	28	686	-	-

31 Dividends

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fully paid ordinary shares				
Interim dividend per share: nil cents (2011: nil cents)	-	-	-	-
Final dividend per share: 1.8 cents (2011: 1.8 cents)	8,011	7,739	8,011	7,739
Total	8,011	7,739	8,011	7,739

The Directors declared that there will be a final fully franked dividend paid for the year ended 30 June 2012 of $8.011 million (2011 : $7.739 million).

32 Reconciliation of net profit for the year to net cash flows from operating activities

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Net profit for the year	**22,336**	**8,665**	**5,072**	**42,513**
Fair value losses / (gains) on financial assets at fair value through profit and loss	2,778	(89,093)	-	-
Realised gains on disposal of securities (shareholder)	-	(27)	-	(27)
Unrealised gains on investments (shareholder)	(40)	(3)	(40)	(3)
Loss on disposal of property, plant and equipment	458	-	-	-
Depreciation on property plant and equipment	662	433	-	-
Amortisation of intangibles	7,018	7,401	-	-
Interest and dividend received from controlled entity	-	-	(4,500)	(43,500)
Other non cash items	465	-	-	-
Reinvested trust distribution income	(17,227)	(3,960)	(1,050)	-
Gain from associate	-	(21)	-	-
Movements in liabilities to non-controlling interest in controlled unit trust	1,529	12,612	-	-
Employee share plan expense	502	530	502	530
Increase in receivables	(445)	(2,441)	(4,825)	(2,762)
Decrease in deferred tax asset	10,178	5,353	7,665	3,741
Decrease in payables	(3,333)	(2,905)	(597)	(101)
Decrease in policy liabilities	(168,300)	(37,854)	-	-
Increase / (decrease) in current tax liability	544	(1,554)	544	(1,711)
Net cash (utilised) / generated by operating activities	**(142,875)**	**(102,864)**	**2,771**	**(1,320)**

33 Subsidiaries

		OWNERSHIP INTEREST	
NAME OF ENTITY	COUNTRY OF INCORPORATION	2012 %	2011 %
Parent entity			
ClearView Wealth Limited	Australia		
Subsidiaries			
ClearView Group Holdings Pty Limited	Australia	100	100
ClearView Life Assurance Limited	Australia	100	100
ClearView Financial Management Limited	Australia	100	100
ClearView Life Nominees Pty Limited	Australia	100	100
ClearView Administration Services Pty Limited	Australia	100	100
ClearView Financial Advice Pty Limited (formerly ComCorp Financial Advice Pty Limited)	Australia	100	100
Affiliate Financial Planning Pty Limited	Australia	100	100
Controlled unit trusts			
International Fixed Interest Fund	Australia	95	95
Fund of Funds Australian Equity Fund	Australia	81	81
Bond Fund	Australia	92	92
Fund of Funds International Equity Fund	Australia	93	93
Property Fund	Australia	92	93
Money Market Fund	Australia	95	94
Infrastructure Fund	Australia	92	93
Emerging Markets Fund	Australia	91	92

ClearView Administration Services Pty Limited was incorporated 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.

34 Investment in associate

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Investment in associate	163	163	-	-
Reconciliation of investment in associate:				
Balance at the beginning of the financial year	163	142	-	-
Share of profit / (loss) for the year	-	21	-	-
Balance at the end of the financial year	163	163	-	-

			OWNERSHIP INTEREST	
NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	2012 %	2011 %
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:

	2012 $'000	2011 $'000
Financial position		
Total assets	47	40
Total liabilities	148	150
Net assets	(101)	(110)
Group's share of associate's net assets	(40)	(44)
Financial performance		
Total revenue	222	282
Total profit for the year	1	52
Group's share of associate's profit	-	21

Dividends received from associate

Nil

Contingent liabilities and capital commitments

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

35 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 33 to the financial statements.

(b) Transactions with KMP

KMP compensation

Details of KMP and Director's compensation are disclosed in the Directors' Report on pages 23 to 25 of the annual report. The aggregate compensation made to KMP of the Company and the Group is set out below:

	CONSOLIDATED	
	2012 $	2011 $
Short-term employee benefits	3,378,545	3,539,355
Post-employment benefits	226,955	625,048
Share based payments	378,171	487,007
Total	3,983,671	4,651,410

(c) Directors and KMP equity holdings

Fully paid ordinary shares of ClearView Wealth Limited (including those held under the ESP owned by the Directors and KMP are outlined below:

2012	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 CHANGES 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.
R Kellerman	-	300,000	550,000	-	(250,000)	300,000	-	-	-	-
D Goodsall	-	100,000	100,000	-	-	100,000	-	-	-	-
J Murphy	-	5,606,766	5,606,766	-	-	5,606,766	-	-	-	-
S Thomas	-	1,527,035	800,000	-	727,035	1,527,035	-	-	-	-
S Swanson	4,000,000	8,000,000	12,000,000	-	-	12,000,000	4,000,000	6,000,000	6,000,000	-
B Odes	2,000,000	-	-	2,000,000	-	2,000,000	2,000,000			-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
C Levinthal	1,000,000	55,000	1,000,000	-	55,000	1,055,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	2,000,000	75,000	75,000	2,000,000	-	2,075,000	2,000,000	-	-	-
C Robson	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-

2011	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 CHANGES 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.
R Kellerman	250,000	201,600	451,600	-	98,400	550,000	250,000	-	-	-
D Goodsall	-	-	100,000	-	-	100,000	-	-	-	-
J Murphy	-	-	-	-	5,606,766	5,606,766	-	-	-	-
P Wade	-	139,682	139,682	-	100,000	239,682	-	-	-	-
S Thomas	-	-	-	-	800,000	800,000	-	-	-	-
S Swanson	8,000,000	4,000,000	12,000,000	-	-	12,000,000	8,000,000	2,000,000	2,000,000	-
A Hutchison	-	3,000,000	3,000,000	-	-	3,000,000	-	3,000,000	3,000,000	-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
C Levinthal	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	-	75,000	-	-	75,000	75,000	-	-	-	-
C Robson	-	-	-	-	-	-	-	-	-	-

All shares granted as compensation to KMP were made in accordance with the provisions of the ESP.

(d) Transactions between the Group and its related parties

Other related parties include:

- Entities with significant influence over the Group
- Associates; and
- Subsidiaries.

Balances and transaction between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties during the financial year ended 30 June 2012 are disclosed below:

- Berry Investments Pty Limited charged ClearView Financial Advice Pty Limited a management fee of $80,000 (2011: nil) in respect of services provided to ClearView Financial Advice.

35 Related party transactions continued

(e) Outstanding balances between the group and its related parties

2012	CLEARVIEW WEALTH LIMITED $	CLEARVIEW LIFE ASSURANCE LIMITED $	CLEARVIEW FINANCIAL MANAGEMENT LIMITED $	CLEARVIEW FINANCIAL ADVICE PTY LIMITED $	CLEARVIEW ADMIN SERVICES PTY LIMITED $	CLEARVIEW LIFE NOMINEES PTY LIMITED $	TOTAL $
ClearView Wealth Limited	-	11,146,139	139,863	(315,293)	383,196	579	11,354,484
ClearView Life Assurance Limited	(11,146,139)	-	(142,524)	(1,289,282)	(1,852,851)	1,000	(14,429,796)
ClearView Financial Management Limited	(139,863)	142,524	-	(40,338)	(36,700)	4,590	(69,787)
ClearView Financial Advice Pty Limited	315,293	1,289,282	40,338	-	(149,062)	(646)	1,495,205
ClearView Admin Services Pty Limited	(383,196)	1,852,851	36,700	149,062	-	-	1,655,417
ClearView Life Nominees Pty Limited	(579)	(1,000)	(4,590)	646	-	-	(5,523)

2011	$	$	$	$	$	$	$
ClearView Wealth Limited	-	5,212,877	(636,386)	(219,561)	1,021,799	-	5,378,729
ClearView Life Assurance Limited	(5,212,877)	-	(1,354,416)	-	(1,676,429)	-	(8,243,722)
ClearView Financial Management Limited	636,386	1,354,416	-	(2,385)	(2,179,445)	-	(191,028)
ClearView Financial Advice Pty Limited	219,561	-	2,385	-	(375,544)	-	(153,598)
ClearView Admin Services Pty Limited	(1,021,799)	1,676,429	2,179,445	375,544	-	-	3,209,619
ClearView Life Nominees Pty Limited	-	-	-	-	-	-	-

(f) Transactions other than financial instrument transactions

No director has entered into a material contract with the Company or the ClearView Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. Other transactions with directors, executives and their related parties are conducted on arm's length terms and conditions, and are deemed trivial or domestic in nature. These transactions are in the nature of personal investment, life insurance and superannuation.

	30 JUNE 2012 $	30 JUNE 2011 $
Loans to related parties		
Loans to KMP in respect of ESP Shares	11,188,800	8,386,037
Loans to Associated Companies	70,000	70,000
Total	11,258,800	8,456,037

36 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 and term deposits 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

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 12 and 27). The capital structure remains unchanged from the previous financial period.

(d) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with the fair value hierarchy detailed in note 5.

(e) Categories of financial instruments

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

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets				
Investment in group companies	-	-	225,542	220,041
Available for sale assets	335	295	335	295
Cash and cash equivalents	193,371	185,822	11,820	16,240
Fixed interest deposits	91,991	22,021	21,093	21,392
Life insurance investment assets	1,178,505	1,417,363	-	-
Reinsurers' share of life insuarnce Policy liabilities	1,901	2,447	-	-
Loans and receivables	9,591	7,205	11,676	6,851
Total	1,475,694	1,635,153	270,466	264,819
Financial liabilities				
Policyholder liabilities	1,133,480	1,302,712	-	-
Payables	12,656	11,569	459	1,038
Current tax liabilities	544	-	544	-
Provisions	2,724	5,070	81	100
Provisions for deferred consideration	28	686	-	-
Total	1,149,432	1,320,037	1,084	1,138

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.

36 Financial instruments continued

(f) Financial risk management objectives

The primary asset risks borne by the Company relate to the financial assets of the Company and its operating subsidiaries excluding those in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 (referred to below as ClearView assets). The primary financial risks related to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders as the investment performance on those assets is passed through, in full, to the policyholders (referred to below as Policyholder assets). Nonetheless, the Company has a secondary exposure to the Policyholder assets and off-balance sheet client funds, via the impact on the fees charged by the Company which vary with the level of Policyholder and client funds under management and under administration, as well as related reputational exposure.

(g) Market risk

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

Interest rate risk

Interest rate risk arises on ClearView's assets which are invested in fixed interest funds and cash. Interest rate risk is managed by the Company through:

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMS;
- Investing ClearView's assets in accordance with the Board approved Investment Policy and Guidelines; and
- By holding capital reserves in accordance with the Company's CMP with respect to the residual interest rate risk exposure retained, in addition to the regulatory capital reserves held within ClearView Life in respect of interest rate risk.

Equity 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 2012, ClearView's assets were not exposed to equity price risk pre June 2012 as the only listed investment that the Group held directly, Nexbis Limited, announced on 5 July 2012 that a Scheme of Arrangement had been implemented following approval of Nexbis sharholders at the Scheme meeting held on 18 June 2012 and by the Federal Court at Australia on 22 June 2012.

Accordingly, on 2 July 2012 the Group received $0.10 cash per fully paid share.

In contrast to this, the Policyholder assets and other client funds under management and under administration, involve significant investment in equities. As noted above, the Policyholder asset risks are borne by the policyholders. The Company is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

The investment of the Policyholder assets and client moneys controlled by ClearView is undertaken in accordance with the Investment Policy and Guidelines approved by the Board, which inter alia stipulates the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives.

To the extent required, capital reserve are held in accordance with the CMP with respect to the Company's residual fee risk exposure.

	EFFECT ON OPERATING PROFIT		EFFECT ON SECURITIES		EFFECT ON OPERATING PROFIT		EFFECT ON SECURITIES	
	CONSOLIDATED		CONSOLIDATED		COMPANY		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Equity price risk - 0% change (2011: 9%)								
Australia	-	±17	-	±17	-	±17	-	±17

In the prior year, the methodology used to prepare the sensitivity analysis was to determine the beta of the listed investment (0.89) and multiply a 9% movement in the value of the investment by the portfolio beta.

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposures arising from investment activities are assessed by the Company's internal investment management committee (the ClearView Investment Committee (CIC) appointed by the Board) prior to investing ClearView assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC, with the CIC charged to maintain the credit quality of ClearView assets within the Board's investment guidelines.

The large majority of debt assets invested in by the Company on behalf of policyholders and clients (including Policyholder assets) are managed under mandates with appointed funds managers. Those mandates include credit rating, diversification and maximum counterparty exposure rules and standards that are to be met. The funds managers adherence to those requirements are subject to ongoing monitoring by the funds managers, and are separately monitored by the Company's custodian. Formal compliance reporting is monitored monthly by the CIC.

Credit risk arising from other third party transactions, such as reinsurance recovery exposures and exposure to outsource service providers, are assessed prior to entering into financial transactions with those parties, are approved by the Board where material, and are monitored by appropriate mechanisms on an ongoing basis (e.g. a quarterly monitoring and compliance reporting process in respect of the Company's outsourced custodian).

The Company does not expect any of its material counterparties to fail to meet their obligations and does not require collateral or other security to support these credit risk exposures.

Specific capital reserves are held against credit risk under the regulatory solvency and capital adequacy standards of ClearView Life, with credit risk also considered with the Company's CMP reserves.

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.

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash and cash equivalents and debt securities / fixed interest securities				
Rating				
AAA to AA-	733,557	765,876	32,913	37,632
A+ to A-	29,098	39,689	-	-
BBB+ to BBB-	9,610	17,436	-	-
	772,265	823,001	32,913	37,632

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 advice 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.

36 Financial instruments continued

(i) Liquidity risk

Liquidity risk is primarily the risk that the Company will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders and clients. A secondary risk relates to the risk of the illiquidity of the external (including off balance sheet) funds its clients invest in, which may result in restricted fee flows to the Company and/or reputational damage via association.

The primary risk is controlled through focusing the Company's assets, as well as Policyholder assets and the investment of client funds controlled by the Company, into assets which are highly marketable and readily convertible into cash. In addition, the Company maintains suitable cash holdings at call and an appropriate overdraft facility.

The Company's cash flow requirements are reviewed and forecast daily for a 1 week forward period. This assessment takes into account the timing of expected cash flows, the likelihood of significant benefit outflows over the short term and known significant one-off payments. In addition, the Company ensures that it has cash in excess of the base level financial requirements of its AFSL license.

Under the terms of the Company's products (issued via ClearView Life and ClearView Financial Management) the payment of unit fund redemptions to policyholders and unit trust investors may be delayed, if necessary, until funds are available. To date no such delays have been imposed.

The risks in respect of external (third party) funds are controlled via the Company's Approved Product List, which restricts the external funds available for use by the Company's advisers and planners to investment platform providers that are assessed to be reputable and financially sound.

The following tables summarise 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	3 TO 6 MONTHS	6 MONTHS TO A YEAR	1 TO 5 YEARS	TOTAL
2012	$'000	$'000	$'000	$'000	$'000
Receivables	3,466	-	-	-	3,466
Amounts from controlled / associated entities	84	-	-	70	154
Outstanding life insurance premiums net of provision	597	-	-	-	597
Accrued dividends	2,605	-	-	-	2,605
Investment income and distribution income	908	-	-	-	908
Reinsurance receivable[1]	1,141	418	209	133	1,901
Loans	35	34	66	144	279
Prepayments	1,405	18	36	123	1,582
Total	10,241	470	311	470	11,492
2011					
Trade receivables	2,155	4	9	-	2,168
Loans to associate	-	-	-	70	70
Outstanding life insurance premiums net of provision	599	-	-	-	599
Accrued dividends	2,297	-	-	-	2,297
Investment income and distribution income	632	-	-	-	632
Reinsurance receivable[1]	1,450	544	272	181	2,447
Prepayments	1,034	190	64	151	1,439
Total	8,237	738	345	332	9,652

					COMPANY
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO A YEAR	1 TO 5 YEARS	TOTAL
2012	$'000	$'000	$'000	$'000	$'000
Trade receivables	6	-	-	-	6
Amounts from controlled / associated entities	11,670	-	-	-	11,670
Total	11,676	-	-	-	11,676
2011					
Trade receivables	560	-	-	-	560
Amounts from controlled / associated entities	6,235	-	-	-	6,235
Investment income and distribution income	56	-	-	-	56
Total	6,851	-	-	-	6,851

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

The following tables summarise the maturity profile of the Group and the Company's financial liabilities all of which are non-interest bearing. 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
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO A YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2012	$'000	$'000	$'000	$'000	$'000	$'000
Payables	10,843	232	377	1,204	-	12,656
Current tax liabilities	-	544	-	-	-	544
Provisions	194	169	279	1,154	928	2,724
Provision for deferred consideration	28	-	-	-	-	28
Total	11,065	945	656	2,358	928	15,952
2011						
Payables	8,410	2,713	138	308	-	11,569
Provisions	-	100	2,475	1,534	961	5,070
Provision for deferred consideration	654	-	-	32	-	686
Total	9,064	2,813	2,613	1,874	961	17,325

36 Financial instruments continued

						COMPANY
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO A YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2012	$'000	$'000	$'000	$'000	$'000	$'000
Payables	461	-	-	-	-	461
Current tax liabilities	-	544	-	-	-	544
Provisions	-	81	-	-	-	81
Total	461	625	-	-	-	1,086
2011						
Payables	1,038	-	-	-	-	1,038
Provisions	-	100	-	-	-	100
Total	1,038	100	-	-	-	1,138

(j) Financing facilities

		CONSOLIDATED		COMPANY
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
The Group has access to the following facilities:				
Bank Guarantees				
– amount used	511	1,103	-	-
Overdraft and credit				
– amount used	-	-	-	-
– amount unused	2,000	5,250	-	-

ClearView Life Assurance Limited has a $2 million overdraft facility with National Australia Bank at a benchmark interest rate of 10.76% p.a calculated daily. Any overdrawn balance in excess of the overdraft will incur an additional margin of 1.5% p.a above the benchmark interest rate. The bank overdraft is short-term in nature and was unutilised at 30 June 2012.

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		COMPANY	
	WEIGHTED AVERAGE INTEREST RATE	LESS THAN 3 MONTHS	WEIGHTED AVERAGE INTEREST RATE	LESS THAN 3 MONTHS
2012	%	$'000	%	$'000
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	3.73	30,713	3.94	11,820
Fixed interest securities	5.30	91,991	5.47	21,093
Total		122,704		32,913
2011				
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	5.25	97,082	5.47	16,240
Fixed interest securities	5.99	22,021	5.99	21,392
Total		119,103		37,632

Interest rate sensitivity analysis for floating rate financial instruments

The sensitivity analysis below has 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 1% (2011: 0.25%) 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 SECURITIES		EFFECT ON OPERATING PROFIT		EFFECT ON SECURITIES	
	CONSOLIDATED		CONSOLIDATED		COMPANY		COMPANY	
CHANGE IN VARIABLE	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
±1.0% (2011: ±0.25%)	±548	±291	±548	±291	±329	±90	±329	±90

The Group's sensitivity to interest rates has increased during the current period due to the sensitivity analysis being performed with a higher change in variable. The method used to prepare the sensitivity analysis has not changed in the year. Based on the market exposure management believe that the interest rate variation above is considered appropriate in the current environment.

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.

36 Financial instruments continued

(k) 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 AUD RELATIVE TO FOREIGN CURRENCY	EFFECT ON NET ASSETS/INV RETURN ($)
		$'000
USD	(5%)	–
GBP	(18%)	–
EUR	8%	–
YEN	(6%)	–

Forward foreign exchange contracts

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

37 Disaggregated information by fund

Abbreviated income statement

	CLEARVIEW LIFE ASSURANCE LIMITED (COMPANY)				
	SHAREHOLDERS FUND	STATUTORY FUND NO.1	STATUTORY FUND NO.2	STATUTORY FUND NO.4	TOTAL
2012	$'000	AUSTRALIAN NON-PARTICIPATING $'000			$'000
Life insurance premium revenue	-	40,488	385	-	40,873
Outwards reinsurance expense	-	(2,754)	(37)	-	(2,791)
Fee revenue	-	-	1,529	25,881	27,410
Investment revenue	501	1,740	4,565	66,266	73,072
Net fair gains / (losses) on financial assets at fair value	241	-	(108)	(18,487)	(18,354)
Net revenue and income	**742**	**39,474**	**6,334**	**73,660**	**120,210**
Claims expense	-	(11,278)	(248)	-	(11,526)
Reinsurance recoveries	-	1,400	7	-	1,407
Total administration expenses	-	(19,373)	(1,079)	(19,250)	(39,702)
Change in life insurance policy liabilities	-	19,461	20	-	19,481
Change in life investment policy liabilities	-	-	(3,288)	(43,714)	(47,002)
Profit for the year before income tax	**742**	**29,684**	**1,746**	**10,696**	**42,868**
Income tax expense	(223)	(8,905)	(777)	(4,652)	(14,557)
Net profit attributable to members of ClearView Life Assurance Limited	**519**	**20,779**	**969**	**6,044**	**28,311**

Abbreviated statement of financial position

	CLEARVIEW LIFE ASSURANCE LIMITED (COMPANY)				
	SHAREHOLDERS FUND	STATUTORY FUND NO.1	STATUTORY FUND NO.2	STATUTORY FUND NO.4	TOTAL
2012	$'000	AUSTRALIAN NON-PARTICIPATING $'000			$'000
Investments in controlled unit trusts	-	-	92,376	1,121,440	1,213,816
Policy liabilities ceded under reinsurance	-	1,411	490	-	1,901
Other assets	11,186	40,899	5,811	36,727	94,623
Total assets	**11,186**	**42,310**	**98,677**	**1,158,167**	**1,310,340**
Gross policy liabilities – Life insurance contracts	-	(83,735)	48	-	(83,687)
Gross policy liabilities – Investment insurance contracts	-	-	91,348	1,127,721	1,219,069
Other liabilities	189	10,661	1,330	5,320	17,500
Total liabilities	**189**	**(73,074)**	**92,726**	**1,133,041**	**1,152,882**
Net assets	**10,997**	**115,384**	**5,951**	**25,126**	**157,458**
Shareholder's retained profits					
Opening retained profits	(2,947)	63,905	1,282	3,482	65,722
Operating profit	519	20,779	969	6,044	28,311
Dividend paid	(4,500)	-	-	-	(4,500)
Shareholder's retained profits	(6,928)	84,684	2,251	9,526	89,533
Shareholder's capital	17,925	30,700	3,700	15,600	67,925
Total equity	**10,997**	**115,384**	**5,951**	**25,126**	**157,458**

37 Disaggregated information by fund continued

Abbreviated income statement

	CLEARVIEW LIFE ASSURANCE LIMITED (COMPANY)				
	SHAREHOLDERS FUND	STATUTORY FUND NO.1	STATUTORY FUND NO.2	STATUTORY FUND NO.4	TOTAL
		AUSTRALIAN NON-PARTICIPATING			
2011	**$'000**			**$'000**	**$'000**
Life insurance premium revenue	-	39,933	370	-	40,303
Outwards reinsurance expense	-	(3,709)	(50)	-	(3,759)
Fee revenue	-	-	1,495	29,292	30,787
Investment revenue	333	884	5,094	69,654	75,965
Net fair gains / (losses) on financial assets at fair value	216	463	(540)	52,152	52,291
Net revenue and income	**549**	**37,571**	**6,369**	**151,098**	**195,587**
Claims expense	-	(16,362)	(1,213)	-	(17,575)
Reinsurance recoveries	-	2,120	901	-	3,021
Total administration expenses	(1)	(12,615)	(1,329)	(20,077)	(34,022)
Change in life insurance policy liabilities	-	344	(13)	-	331
Change in life investment policy liabilities	-	-	(3,481)	(118,505)	(121,986)
Profit for the year before income tax	**548**	**11,058**	**1,234**	**12,516**	**25,356**
Income tax expense	(188)	(2,981)	(432)	(3,770)	(7,371)
Net profit attributable to members of ClearView Life Assurance Limited	**360**	**8,077**	**802**	**8,746**	**17,985**

Abbreviated statement of financial position

	CLEARVIEW LIFE ASSURANCE LIMITED (COMPANY)				
	SHAREHOLDERS FUND	STATUTORY FUND NO.1	STATUTORY FUND NO.2	STATUTORY FUND NO.4	TOTAL
2011	$'000			AUSTRALIAN NON-PARTICIPATING $'000	$'000
Investments in controlled unit trusts	–	–	86,977	1,240,010	1,326,987
Policy liabilities ceded under reinsurance	–	1,449	998	–	2,447
Other assets	10,818	35,678	4,340	67,792	118,628
Total assets	**10,818**	**37,127**	**92,315**	**1,307,802**	**1,448,062**
Gross policy liabilities – Life insurance contracts	–	(62,762)	34	–	(62,728)
Gross policy liabilities – Investment insurance contracts	–	–	86,331	1,281,556	1,367,887
Other liabilities	340	5,284	968	7,164	13,756
Total liabilities	**340**	**(57,478)**	**87,333**	**1,288,720**	**1,318,915**
Net assets	**10,478**	**94,605**	**4,982**	**19,082**	**129,147**
Shareholder's retained profits					
Opening retained profits	(69)	64,996	353	26,448	91,728
Operating profit	360	8,077	802	8,746	17,985
Capital transfer between funds	41,262	(9,179)	98	(32,181)	–
Finalisation of acquisition accounting	–	11	29	469	509
Dividend paid	(44,500)	–	–	–	(44,500)
Shareholder's retained profits	(2,947)	63,905	1,282	3,482	65,722
Shareholder's capital	13,425	30,700	3,700	15,600	63,425
Total equity	**10,478**	**94,605**	**4,982**	**19,082**	**129,147**

38 Investment in controlled unit trusts

		CONSOLIDATED			
			2012		2011
NAME	TYPE	$'000	%	$'000	%
International Fixed Interest Fund	Debt	33,380	3	32,906	2
Fund of Funds Australian Equity Fund	Equities	249,804	21	296,364	23
Bond Fund	Debt	276,429	23	309,481	23
Fund of Funds International Equity Fund	Equities	159,439	13	176,819	13
Property Fund	Property	52,112	4	52,601	4
Money Market Fund	Debt	284,964	23	286,148	22
Infrastructure Fund	Property	94,320	8	100,598	8
Emerging Markets Fund	Equities	63,368	5	72,070	5
Total		1,213,816	100	1,326,987	100

39 Leases

Leasing arrangements

Operating leases relate to:

- Premises leases (for financial advice offices) with lease terms that extend to 30 November 2016. The Group does not have an option to purchase the leased asset at expiry of the lease.
- ClearView Administration Services Pty Limited has entered into a lease agreement to lease premises for its Sydney head office at 20 Bond Street with effect from 1 December 2011 with a lease term that extends to 30 November 2016.
- Tools of trade cars utilised by employees in the performance of their work responsibilities. The Group does not have an option to purchase the leased assets at expiry of the leases.
- Printers and copiers utilised in the business. The Group does not have an option to purchase the leased assets at expiry of the leases.

Non-cancellable operating lease commitments

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not longer than 1 year	1,842	1,667	-	-
Longer than 1 year and not longer than 5 years	4,522	4,492	-	-
Total	6,364	6,159	-	-

In respect of non-cancellable operating leases the following liabilities have been recognised:

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Make good provision (note 24)				
Current	68	384	-	-
Non-current	159	-	-	-
Total	227	384	-	-

40 Contingent liabilities and contingent assets

The Group has entered into an agreement which an outsourced service provider for its Wrap platform. The fee payable to this service provider is based on a percentage of assets under management on the platform. If these fees are less than $1.05 million at the end of three years (November 2014), then ClearView will be liable to make good on the shortfall relative to the fees paid over that period.

The Group has term deposits that back financial guarantees issued by National Australia Bank in favour of landlords for leased premises in relation to rental deposits of $287,055 (2011: $379,314).

The Group has a term deposit to back financial guarantees issued by Westpac Bank in favour of the landlord of the new Sydney Bond Street premises in relation to rental deposits of $655,798 (2011: $624,443).

41 Subsequent events

On 17 August 2012, the Group proposed a final dividend of $8.011 million representing 1.8 cent per share fully franked. The record date for determining entitlement to the dividend is 14 September 2012 and the dividend will be paid on 27 September 2012. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

On 12 July 2012, a conditional, unsolicited takeover offer was received by ClearView from CCP BidCo Pty Ltd, an entity owned and controlled by Crescent Capital Management Pty Ltd. The Board considers the offer price of $0.50 cents per share is inadequate and materially undervalues ClearView. The Board has unanimously recommended (other than John Murphy who has absented himself due to his association with a member of the CCP consortium) that shareholders reject the offer. The reasons for rejecting the offer have been outlined in the Target's Statement which has been lodged with the ASX. We will keep shareholders informed of developments as and when they occur.

Further to the conditional, unsolicited take over offer, the Board has engaged financial and legal advisers on commercial terms normal to a transaction of this nature. Furthermore, the Board intends to implement retention arrangements with the senior executive team in order to assist in providing continuity of management, and to align the amount of the benefits that might be paid to executives with those received by shareholders under a successful transaction. The retention arrangements will be payable in the event of a change of control of ClearView, and will be payable only if the individual does not voluntarily resign within 6 months from the date of announcement of the CCP BidCo Offer. Further details on the retention arrangements have been provided in the Target's Statement released to the ASX.

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.

42 Capital commitments

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

	CONSOLIDATED		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Life Administration System	–	1,300	–	–
Premises fit-out	–	1,574	–	–
Technology projects	–	358	–	–
Total	–	3,232	–	–

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 its 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 the 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, 17 August 2012

Independent Auditor's Report

Deloitte.

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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 consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows 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 42 to 114.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 Company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of ClearView Wealth Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date;

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 31 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of ClearView Wealth Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Philip Hardy
Partner
Chartered Accountants

Sydney, 17 August 2012

Shareholders' Information

AS AT 31 JULY 2012

Ordinary Share Capital

There are 445,037,192 fully paid ordinatry shares held by 2,334 shareholders. All the shares carry one vote per share.

Substantial shareholders

As at the date of this Annual Report, the following entities have notified ClearView that they hold a substantial holding in shares.

RANK	NAME	NO OF SHARES AS PER NOTICE	% OF ISSUED CAPITAL
1	Guinness Peat Group plc	210,699,272	47.34
2	CCP BidCo and its Associates[1]	54,221,364	12.19
3	Investec Bank (Australia) Limited and Investec Wentworth Private Equity Limited	39,688,239	8.92
4	Paradice Investment Management Pty Ltd	27,178,246	6.11

1 This relates to a relevant interest in relation to a number of shareholdings.

Twenty largest shareholders

RANK	NAME	UNITS	% OF UNITS
1	GPG Nominees Pty Limited	194,073,002	43.61
2	IWPE Nominees Pty Limited	26,458,826	5.95
3	National Nominees Limited	20,275,813	4.56
4	J P Morgan Nominees Australia Limited	19,276,633	4.33
5	Citicorp Nominees Pty Limited	18,054,702	4.06
6	Portfolio Services Pty Ltd	12,983,125	2.92
7	HSBC Custody Nominees (Australia) Limited	12,490,051	2.81
8	Mr Simon Swanson	10,000,000	2.25
9	VBS Investments Pty Ltd	9,750,380	2.19
10	Bell Potter Nominees Ltd	8,839,120	1.99
11	Investec Bank (Australia) Ltd	7,937,647	1.78
12	GPG Australia Nominees Limited	7,787,150	1.75
13	IWPE Nominees Pty Limited	5,291,766	1.19
14	Gannet Capital Pty Ltd	4,875,191	1.10
15	RBC Dexia Investor Services Australia Nominees Pty Limited	3,018,527	0.68
16	Mr Ronald James Lambert	2,500,000	0.56
17	Mr Gerard Sherlock	2,325,000	0.52
18	HSBC Custody Nominees (Australia) Limited	2,257,414	0.51
19	Baniar Group Pty Ltd	2,000,000	0.45
19	Experien Insurance Services Pty Ltd	2,000,000	0.45
19	Manyata Holdings Pty Limited	2,000,000	0.45
19	Greg Martin	2,000,000	0.45

Distribution of shareholders

The distribution of Shareholders as at 8 August 2012 is as follows:

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	292	97,037	0.02
1,001 - 5,000	735	2,316,205	0.52
5,001 - 10,000	423	3,365,568	0.76
10,001 - 100,000	755	22,113,566	4.97
100,001 and over	129	417,144,816	93.73
Total	**2,334**	**445,037,192**	**100.00**

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500.00 parcel at $0.50 per unit	1,000	252	66,880

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2012.

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Directory

Directors

Ray Kellerman (Chairman)

Anne Keating

Anthony Eisen
(alternate Michael Jefferies)

David Goodsall

John Murphy

Simon Swanson

Susan Thomas

Former Director

Peter Wade

Managing Director

Simon Swanson

Company Secretaries

Chris Robson

Athol Chiert

Registered Office and Contact Details

Level 12, 20 Bond Street
Sydney NSW 2000

GPO Box 4964
Sydney NSW 2001

Telephone: 02 8095 1300
Facsimile: 02 9233 1960
Email: ir@clearview.com.au
Website: www.clearview.com.au

Share Registry

For all enquiries relating to shareholdings, dividends and related matters, please contact the 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

Auditors

Deloitte Touche Tohmatsu

Accounting and Custodian Services

BNP Paribas Services Australasia Pty Limited

Stock Listing

ClearView Wealth Limited is listed on the Australian Securities Exchange (ASX) under the ASX code 'CVW'.

ClearView Wealth Limited
ABN 83 106 248 248
www.clearview.com.au