ClearView

ANNUAL REPORT 2018

ClearView results FY18 v FY17

Group

7%
$32.4m
Underlying NPAT

6%
$701m
Embedded value

Life Insurance

5%
Advised sales
$42.4m
including
$33.8m
from IFA chanel

APLS
419
22%

$26.1m
UNPAT
5%

Wealth Management

$5.2m
UNPAT
31%

$2.79b
FUM
12%

$207m
Net inflows

Financial Advice

ClearView Financial Advice

MATRIX PLANNING SOLUTIONS

$1.8m
UNPAT
20%

$270m
Premiums under advice

$9.6b
FUMA

233
Financial advisers

Contents

Financial calendar

FY18 dividend payment

28 September 2018

Annual General Meeting

8 November 2018

Half year end

31 December 2018

Half year result announcement

February 2019

Year end

30 June 2019

Annual Report

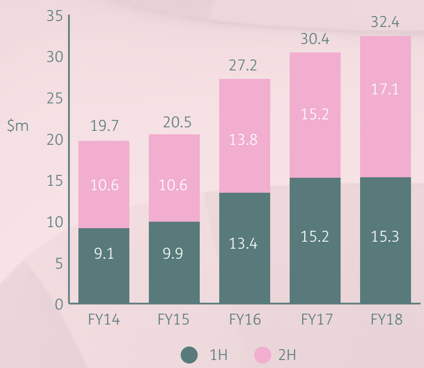
August 2019

Dates are subject to change.

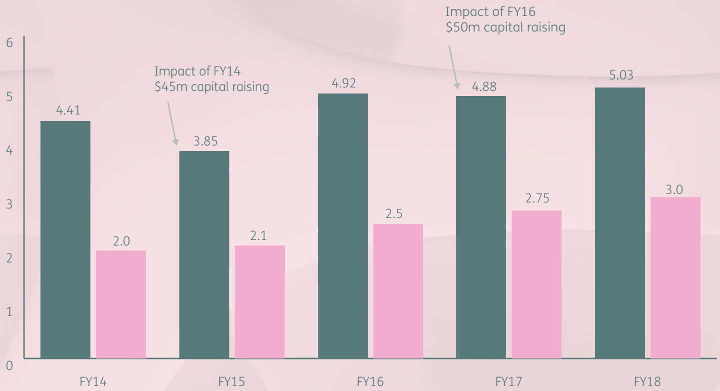
2018 Financial highlights

After tax profit by segment, $m	FY18	FY17	% change[1]
Life Insurance	26.1	24.9	5%
Wealth Management	5.2	3.9	31%
Financial Advice	1.8	2.2	(20%)
Listed entity and other	(0.7)	(0.7)	NM
Underlying NPAT[2]	**32.4**	**30.4**	**7%**
Other adjustments[3]	(1.8)	(9.0)	Large
NPATA[4]	**30.6**	**21.4**	**43%**
Amortisation[5]	(4.0)	(8.2)	Large
Reported NPAT[6]	**26.6**	**13.2**	**102%**
Embedded value[7]	701.1	661.9	6%
Value of new business[8]	12.0	16.7	(28%)
Net asset value[9]	444.3	415.6	7%
Reported diluted EPS (cps)[10]	4.14	2.11	95%
Underlying diluted EPS (cps)[10]	5.03	4.88	3%
DPS (cps)[11]	3.00	2.75	9%

Underlying NPAT[1] ($m)



Fully diluted Underlying EPS and DPS[7] (cps)

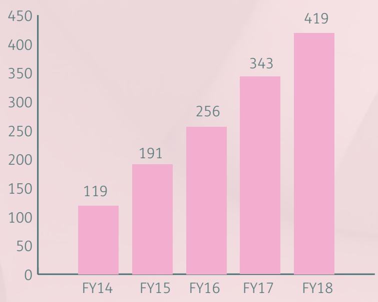


1. % movement, FY17 to FY18 unless otherwise stated.
2. Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3. Other adjustments include costs considered unusual to normal activities (includes $0.8m strategic review costs) and changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods).
4. NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).
5. Amortisation is amortisation of acquired intangibles (not including depreciation and amortisation of software).
6. Reported NPAT of $26.6m, up 102%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
7. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
8. Value of New Business (VNB) at 4% discount rate margin. Adversely impacted in 2H by the hybrid commission model under the LIF reforms (noting VNB will improve as the commission cap reduces from 80% to 60% over the next few years).
9. Net Asset Value as at 30 June 2018 excluding ESP Loans; % movement FY17 to FY18.
10. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period partially offset by a decrease in the number of ESP shares 'in the money' given the decrease in ClearView's share price period on period.
11. DPS is dividend per share.

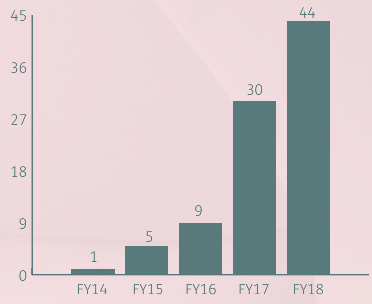
FY18 Results summary

Growth in distribution footprint broadening out via the IFA market

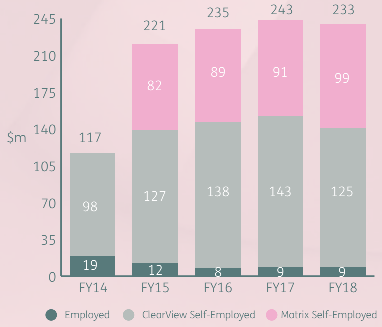
Active Life APLs with ClearView products



Active Wealth APLs with ClearView products

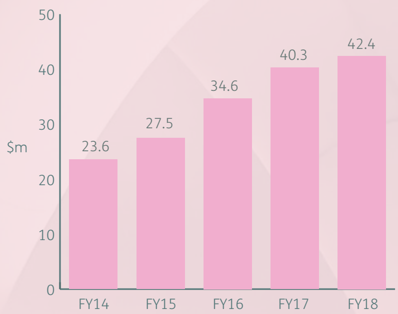


Aligned financial advisers

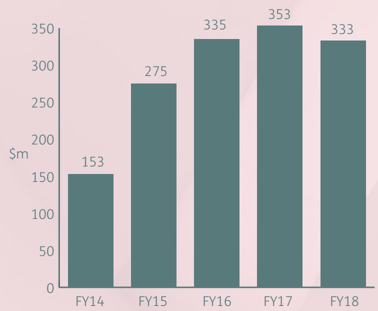


Growth and diversity in sales of contemporary product

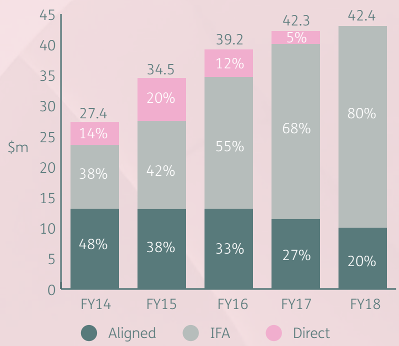
Life Insurance contemporary new business[2]



Wealth contemporary product net flows[1]

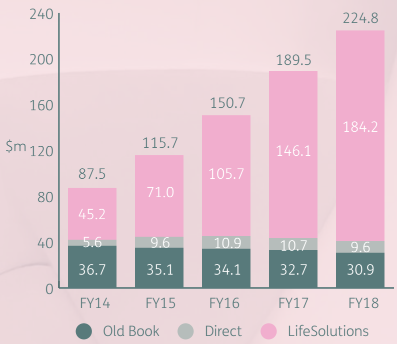


Total Life new business by channel

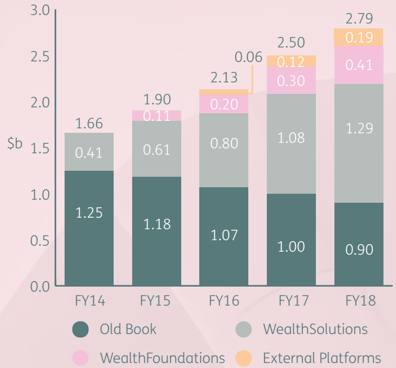


Growth in the in-force base underpinning growth profile

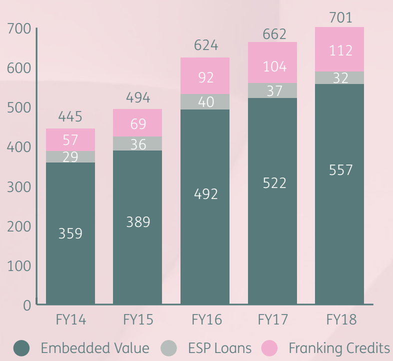
Life in-force premium[4]



Wealth Management FUM[3]



Embedded Value ($M)[5]



1. Wealth contemporary product net flows is defined as inflows less redemptions into FUM but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
2. LifeSolutions contemporary new business or sales represents the amount of new annual written premium sold during the period, net of policies cancelled from inception and excludes age based/CPI increases.
3. FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
4. In-force premium is defined as annualised premium in-force at the balance date.
5. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.

Chairman's address

Bruce Edwards
Chairman

To our customers and shareholders:

In the last financial year, ClearView's management team and staff continued to execute the company's strategic plan, despite the uncertainty around the group's ownership.

Both ClearView and Sony Life enjoyed some early benefits from our Cooperation Agreement which was in place for most of 2017/18, however, we concurrently pursued other strategies to position ClearView for the next phase of growth.

The financial services industry is experiencing revolutionary change and this creates both opportunities and challenges. ClearView is able to respond quickly because it does not have a substantial legacy portfolio and because it has built strong relationships with financial advisers.

Looking ahead we see opportunities to build on current products and existing relationships.

We continue investing heavily in technology to facilitate these opportunities. Two areas of focus include:

- Strengthening our ties with independent financial advisers by offering them access to our excellent licensee support services. This will provide the scale to enable us to further enhance our dealer services for the benefit of existing and new users; and
- Leveraging the convergence of life insurance and wealth management through the release of significant product enhancements.

You will hear more on these initiatives over the next twelve months.

Technology investment

ClearView sharpened its focus on driving efficiencies across the business in 2018 by simplifying and streamlining processes, consolidating technology platforms and increasing automation.

This strategy supports our mission to partner with financial advisers to help more Australians grow and protect their wealth. It positions ClearView for future growth with the ability to scale up and meet the increasing demands and expectations of advisers and their clients.

Some benefits can already be seen.

For example, from the launch of the revamped AQUA life insurance platform in January to the end of May, 805 health and lifestyle questionnaires had been completed over the phone, making it faster and more convenient for customers to apply for, and secure, cover.

This tele-interview service and other AQUA features, including enhanced eQuote and eApplication functionality, are reducing the administration burden on financial advisers.

In April we merged all our wealth business on to a single platform so we are now in the enviable position of having one platform for all our wealth business, one platform for all our life insurance business and one platform for all our advice business. This simplifies future product development.

Financial results

In FY18, ClearView's management team and employees continued to execute the company's strategic plan, leading to a solid full year result notwithstanding some claims and lapse volatility.

Underlying Net Profit After Tax (NPAT), the Board's key measure of Group profitability and also used for dividend payment decisions, increased 7% to $32.4 million (FY17: $30.4 million). The 2H Underlying NPAT increased 12% to $17.2 million, reflecting the strong fundamentals in the underlying operating businesses and further emergence of sustainable growth, offset by the adverse claims and lapse experience.

The Embedded Value (EV) has increased by 6% to $701 million or $1.05 per share (including ESP loans and franking credits). The EV was negatively impacted in FY18 by the claims and lapse experience.

The FY18 result reflects material growth in funds under management (FUM) and inforce premium, underpinning ClearView's future prospects.

Dividends and capital

The Board has declared a fully franked final dividend of 3 cents per share for FY18 up 9% on FY17. This reflects a full year 2018 dividend payout ratio of just over 60% of underlying NPAT and is in line with the company's dividend policy.

Shares under the Dividend Reinvestment Plan (DRP) will be issued at a fixed price of $1.05, consistent with ClearView's DRP rules, and represents a 9% discount of the 90 day volume weighted average price of $1.14.[1]

Substantial shareholders have committed to participate in the DRP at a fixed price of $1.05 per share as follows:

- Crescent Capital and its associates for its entire share of the dividend; and
- Sony Life for its share of the dividend to the extent that its holding does not exceed 14.9% (given regulatory approvals are required for Sony Life to increase its holding above 15%).

As at 30 June 2018, the Group held $14.7 million of capital reserves above our internal benchmarks.

ClearView is fully-capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium-term growth.

Industry and regulatory changes

The past year has been characterised by an extraordinary level of merger, demerger and acquisition activity, intense media scrutiny and ongoing digital disruption, against the backdrop of the current Royal Commission.

On 1 January 2018, the Life Insurance Framework (LIF) legislation came into effect, with changes to life insurance commission payments and advisers' remuneration being progressively implemented over the next two years.

A key objective of LIF is to ensure better consumer outcomes. As such, ClearView is working hard to enhance its products and services, and maintain effective systems and processes, to deliver an excellent customer experience.

The industry is also currently preparing for the introduction of higher professional education and training standards as well as significant superannuation changes.

I am proud of the way the management team has remained focused on core business activities despite all of the distractions.

Sony Life

During the year, ClearView terminated its Cooperation Agreement with Sony Life. This decision was made by the Board acting in the best interests of the company, after Sony Life failed to make a takeover offer for ClearView by the April 25 option deadline, under the terms of its arrangement with Crescent Capital.

Despite the end of our Cooperation Agreement, Sony Life remains a committed shareholder in ClearView, noting that under the terms of the Option Agreement entered into with Crescent Capital they are not permitted to dispose of their shareholding. Their participation in the DRP is testament to their commitment to their shareholding in ClearView.

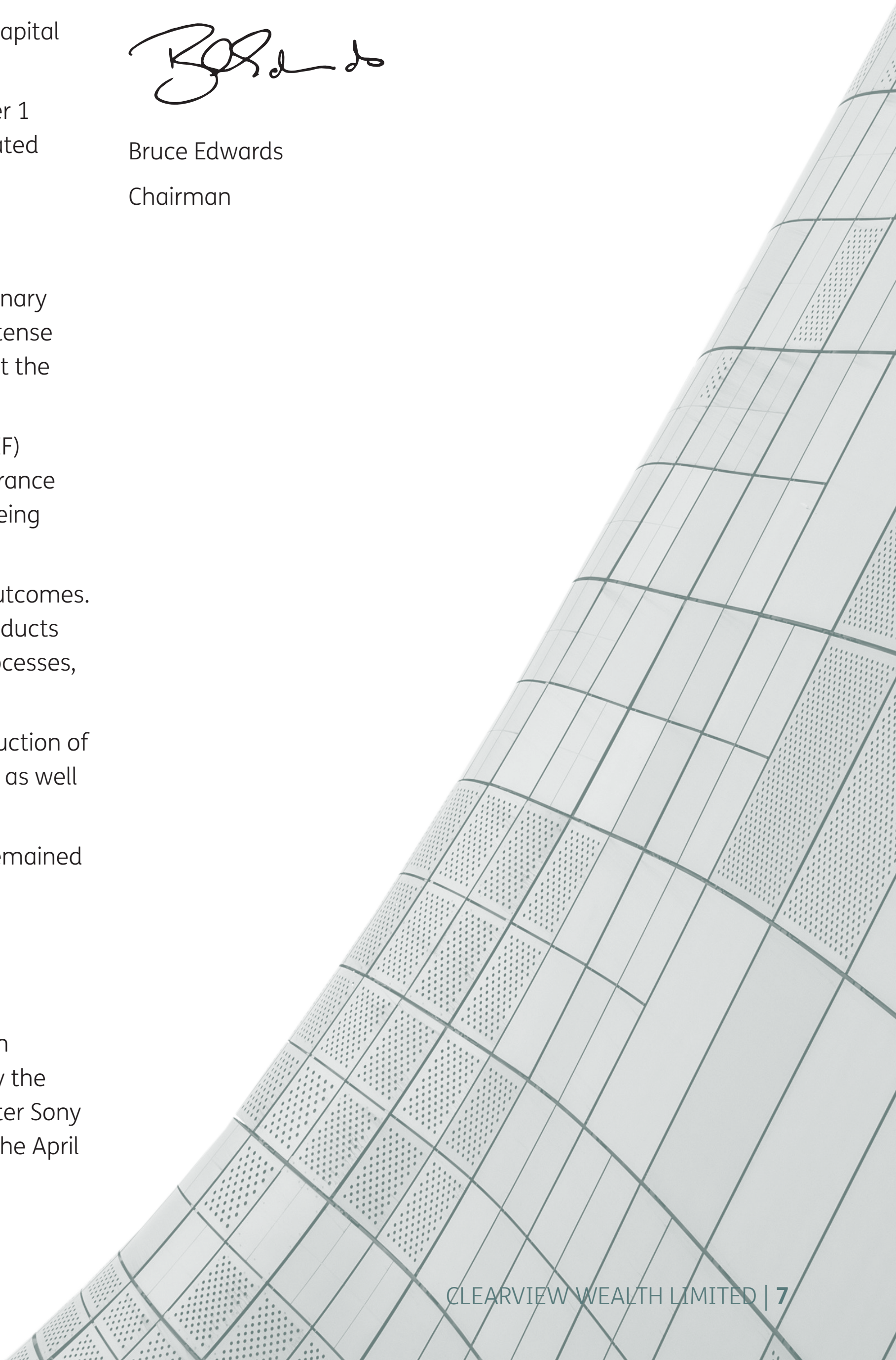
Acknowledgements

On behalf of the Board, I would like to acknowledge Simon and his team for their hard work and contribution to ClearView's strong FY18 result. I would also like to thank our customers, financial advice partners and shareholders for their ongoing support.

Personally, I would like to recognise my fellow Directors for their counsel and support throughout the year.

Bruce Edwards

Chairman



1 As at 17 August 2018

Managing Director's report

Simon Swanson
Managing Director

To our shareholders, customers and advisers:

ClearView passed a number of important milestones this year.

We continued to serve customers in partnership with financial advisers, grew funds under management by $295 million and paid around $94 million in claim entitlements.

Our flagship LifeSolutions product is on 419 Approved Product Lists (APLs) and our wealth management solutions are on 44 APLs.

This year, a key focus for the business was streamlining systems and processes, and ensuring the right product mix.

As a company, we are committed to only manufacturing and distributing products that represent a fair deal for customers and shareholders. With fairness as our guide, we don't offer products with a low pay-out ratio such as funeral insurance or consumer credit insurance.

On the systems and technology front, significant enhancements to our life insurance platform, AQUA, were rolled out in January including an intuitive new-look front-end and integrated quote and application tools to fast-track the LifeSolutions application process and implement Tele-Underwriting and Tele-Interviewing.

The AQUA upgrade, which formed part of a broader ongoing technology program, has resulted in more than 40 tele-interviews conducted per week and a 30 per cent reduction in paper applications.

In April, we completed our multi-year Wealth Migration program on schedule. This transition united all of ClearView's wealth customers on a single, scalable platform, providing richer online functionality, greater investment choice and the option to self-service.

The success of AQUA and the Wealth Migration program position ClearView strongly for future growth with further developments in the pipeline.

To ensure all our projects align with the company's broader strategic goals and priorities, this year ClearView established a formal prioritisation committee to determine the most effective use of resources. This committee, which I chair, is responsible for ensuring our resources are directed to projects that will drive our long-term profitability.

Big four inquiries

The financial services industry is at a 20-year inflection point.

As the subject of ongoing reform for many decades the industry has almost become numb to regulatory change but the current level of scrutiny is not normal. It is extremely unusual.

This unparalleled regulatory activity will most certainty lead to once in a generation change and it's being driven by four landmark inquiries and reports:

- Banking and Financial Services Royal Commission
- Parliamentary Joint Committee (PJC) Report on the life insurance industry
- Superannuation Productivity Commission
- APRA Prudential Inquiry into the Commonwealth Bank of Australia

The financial services industry is currently adjusting to increasing disintermediation as the financial link between product manufacturers and financial advisers is eroded with commissions on investment and superannuation products banned, life insurance commissions ratcheting down and pressure for grandfathered rebates and other sales incentives to go. Yet product manufacturers still need to support financial advisers to run more efficient businesses and see more clients, as a vibrant advice industry is in the nation's best interests.

Our focus remains on partnering with financial advisers to help more Australians grow and protect their wealth and achieve their goals.

We are committed to helping advisers adapt to change, achieve efficiency gains in their practices and identify trends and opportunities.

Changing economic conditions

An emerging trend throughout Australia is poor job security and the casualisation of the workforce.

Part-time workers now account for 1 in 3 workers, up 2 per cent since 2012, while the under-employment rate has risen to 9.1% over the same period, according to the Australia Institute.

This development has the potential to derail the retirement dreams of many Australians.

Furthermore, young people joining the workforce today are likely to change careers multiple times, yet the current superannuation system was designed at a time when workers often had full-time employment in a single industry, if not for a single employer, for their whole lives.

The changing nature of work highlights the enormous need for Australians to plan ahead and seek professional advice to protect and grow their wealth for the future. This will also require companies like ClearView to adapt both their product and services to this changing environment.

Corporate culture

In light of current regulatory activity, I would like to touch briefly on corporate culture.

The 'Big four' inquiries have been a public relations disaster for the banking and financial services sector, showing the need for sensible reform to better protect consumers.

It has also highlighted the importance of culture.

A strong, positive culture that champions the client and strives for continuous improvement is a great asset that drives performance.

But poor culture destroys brands, relationships and businesses.

As a relatively young company, ClearView has had a unique opportunity to build and nurture a dynamic, innovative culture - backed by a recruitment policy that is set on attracting skilful, highly-motivated people with a growth mindset. Similarly, in our advice business, the focus is on building a network of passionate like-minded professionals who are committed to providing quality advice in the best interest of clients.

In the past eight years, ClearView has grown rapidly to employ 333 staff. The Dealer Group partners with 233 aligned financial advisers.

According to our latest employee engagement survey, conducted in June, our employees strongly support the clear set of values in place at ClearView. Our people are energised by our customer focus, capacity for change and market disruptor strategy.

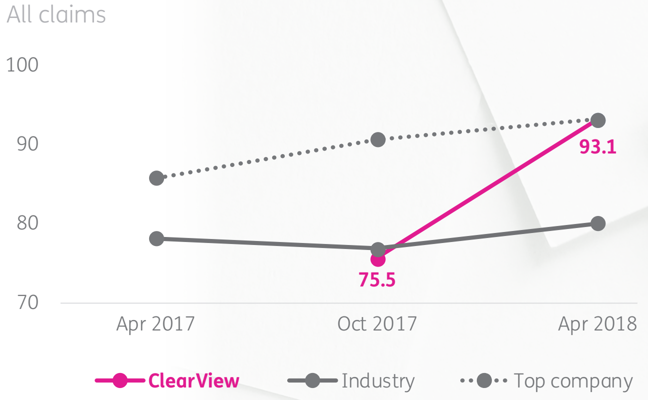
Our internal research is validated and supported by external research.

No. 1 in claims customer satisfaction

ClearView achieved the highest overall client satisfaction rating for claims management in Beddoes Institute's May 2018 Claims Journey Study Report; a considerable improvement on our already strong performance in 2017.

The report, which tracked and benchmarked the journey of around 500 income protection, trauma and total and permanent disablement (TPD) claims customers, found ClearView delivers a superior customer experience, particularly in application and assessment speed, accurate and timely payment, and clear communications.

In terms of claims staff, the report commended ClearView for being a "standout" company with a "high-performing culture". Customers described the team as responsive, knowledgeable and easy to deal with.



Licensee of the Year Award

Matrix Planning Solutions was named the 2018 Licensee of the Year by data insights company, CoreData Research, with ClearView Financial Advice also performing strongly.

This is the second year in a row that Matrix has received this Award, which recognises excellence in licensee services based on responses from around 1,500 advisers across the industry.

CoreData cited the Dealer Group's unified and stable culture as a key point of difference that allowed advisers to flourish in the midst of regulatory change and disruption.

No. 1 in overall adviser satisfaction

ClearView received the highest overall adviser satisfaction rating in the 2018 Investment Trends Planner Risk Report for the second consecutive year.

ClearView was also ranked first in six out of 12 categories including underwriting, brand/reputation, BDM support and product.

Strategic opportunities

At ClearView, we are not afraid to try new things.

Acquiring established licensee Matrix in 2014 was a calculated risk which has been highly successful and rewarding. Despite thorough due diligence, there is always a chance with any merger that there'll be a cultural mismatch and quality practices will leave.

It is extremely pleasing that almost four years after the Matrix deal not a single original practice has left to join another licensee.

In 2018/19, ClearView will continue exploring and capitalising on growth opportunities, including:

1. Self-licensing trend and demand for licensee support

ClearView will launch a Dealer-to-Dealer (D2D) offering in the first half of 2018/19 to provide a range of services such as audits and compliance, investment research, technology and ongoing training and professional development, to the growing number of advice firms that hold their own AFSL.

The D2D unit will also provide specialist assistance to aligned advisers who want to gain their own AFSL.

2. Rise of non-institutional platforms and managed accounts

Independently-owned platform providers continue to grab the lion's share of platform inflows and take market share from the institutional incumbents, with Strategic Insights listing Hub24, Netwealth and ClearView as the three fastest growing superannuation and investment administration providers^.

Our WealthFoundations and WealthSolutions platforms, which feature a range of internally-managed model portfolios/managed accounts, are currently supported by a small but growing number of boutique AFSLs in addition to our aligned dealer group. Furthermore, ClearView managed accounts are now on a small number of external platforms including Hub24.

3. LifeSolutions upgrade

The intended upgrade of our flagship LifeSolutions product series in the first half of FY19 will include a raft of enhancements. These include a market first Relapse Benefit feature along with redefining several income protection definitions to remove the barriers of customers returning to work. It also includes a full review of medical definitions and continues ClearView's tradition of adding significant value to customers and making it easier to do business with ClearView.

4. Promoting sensible financial services reform

ClearView continues to advocate for sensible public policy, particularly in relation to:

- Unrestricted life insurance APLs;
- Extending the opt-in requirements for group life insurance inside superannuation to all fund members;
- The introduction of a cut-off date for grandfathered platform rebates to remove any incentive to keep clients in legacy products; and
- Australian Financial Services Licensing (AFSL) reforms.

ClearView has consistently engaged key policy makers for sensible customer-centric reforms. We are pleased that our advocacy efforts have contributed to positive changes including to group life insurance introduced in the Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018.

Outlook

Unfortunately, Sony Life – which acquired a 14.9 per cent stake in ClearView from Crescent Capital Partners in 2016 - was unable to make a takeover bid for ClearView by the April 25 option deadline, however, Sony Life remains a committed strategic shareholder.

Looking forward, we know that a key measure of our success will be the customer and shareholder value we create over the long term. This value will be a result of our ability to execute our strategy and meet our medium-to-long term goals.

I am extremely proud of what ClearView has achieved in the past year and I'm excited about the future. Our strong performance in FY18 is a reflection of the quality of our people, strategy, priorities and processes.

Simon Swanson

Managing Director

Directors' report

The Directors of ClearView Wealth Limited (ASX:CVW, ClearView or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2018 (the financial year):

Directors

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

- **Bruce Edwards** (Chairman)
- **Andrew Sneddon** (Resigned as Director on 1 March 2018)
- **David Brown**
- **Gary Burg**
- **Michael Alscher** (Resigned as Director and appointed as Alternate to Mr Thomson on 1 March 2018)
- **Michael Lukin** (Alternate to Mr Alscher until revocation on 1 March 2018)
- **Nathanial Thomson**
- **Satoshi Wakuya**
- **Simon Swanson** (Managing Director)
- **Susan Young**

The biographies for the Directors of ClearView are detailed below.

Current directors

Bruce Edwards BSc, MA, FIAA

Independent non-executive Chairman

Bruce is a qualified actuary with over 25 years in actuarial consulting, including five years as Managing Director of KPMG Actuaries. In recent years, Bruce has held directorships with a number of life and general insurance companies and superannuation fund trustees, and has acted as Chairman for three life insurance distribution companies. Bruce is a director of Munich Re in Australia (a life and general reinsurance business and a direct general insurance company). Bruce also lectures in actuarial studies at Macquarie University and is a past President and active member of the Rotary Club of Sydney.

Bruce was appointed to the Board on 22 October 2012 and was the Chairman of the ClearView Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee, up until his appointment as Chairman of the Board on 18 May 2016. Bruce remains a member of the Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee.

David Brown BCom, MSc, Dip Inv, Dip Mktg, ASIP, MAICD, F Fin

Independent non-executive Director

David has significant experience in investment management and asset allocation of superannuation and insurance funds. He is the Chief Investment Officer for National Superannuation Fund Ltd in Papua New Guinea and recently stepped down from being a Director of the PNG Institute of Directors. He is the former Head of Private Markets for Victorian Funds Management Corporation and former Senior Funds Manager for Queensland Investment Corporation. David is a former Director of LifeHealthcare Pty Limited and a former Chairman of the Australian Private Equity and Venture Capital Association Limited.

David was appointed to the Board on 22 October 2012 and currently serves as a member of the Board Audit Committee and the Board Risk and Compliance Committee.

Gary Burg B.ACC (Wits), MBA (Wits)

Independent non-executive Director

Gary has significant experience in building life insurance businesses in South Africa and in Australia. Gary is Chairman of UCW Limited, an ASX listed company and is also a director of Alinta Energy Limited and Global Capital Holdings (Australia) Pty Limited, a company which manages principal investments on behalf of various investors. He is a former director of, and investor in, 3Q Holdings Limited and South African listed Capital Alliance Holdings Limited (which owned Capital Alliance Life Limited and Capital Alliance Bank Limited). Gary is also a former director and investor in a number of Australian based financial services businesses, including PrefSure Life Limited and Insurance Line Holdings Pty Limited.

Gary was appointed to the Board on 22 October 2012, and currently serves as a member of the Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee.

Michael Alscher BCom

Alternate non-executive Director

Michael is the Managing Partner and founder of Crescent Capital Partners Management Pty Limited. Prior to founding Crescent Capital Partners, Michael was a consultant at Bain International and the LEK Partnership where he spent considerable time working across banking and insurance clients. After leaving consulting, Michael was the Chief Operating Officer and a Director of Gowings Bros Limited. Michael is the current Chairman of Cardno Limited, Australian Clinical Laboratories Pty Limited, National Media Services Group Pty Limited and National Dental Care Pty Limited. He is also a former Chairman and Director of Cover-More Group Limited and LifeHealthCare Group Limited and a former Director of Metro Performance Glass Limited.

Michael was appointed Alternate Director to Nathanial Thomson on 22 October 2012. His appointment as Alternate was revoked and he was appointed as a Director on 1 July 2013 until 1 March 2018. Michael has since then been appointed as Alternate Director to Nathanial Thomson effective 1 March 2018.

Nathanial Thomson BCom (Hons), LLB (Hons)

Non-executive Director

Nathanial is a partner of Crescent Capital Partners Management Pty Limited. Nathanial has significant consulting experience for financial institutions at McKinsey & Co. He is the former deputy Chairman of Cover-More Group Limited prior to its listing on the ASX, a former director of Metro Performance Glass Limited, prior to its listing on the ASX, and is currently a director of Cardno Limited, National Dental Care Pty Limited, Australian Clinical Labs and National Home Doctor Service Pty Limited.

Nathanial was appointed to the Board on 22 October 2012 and currently serves as a member of the Nomination and Remuneration Committee. Nathanial has previously served as a member of the Audit, Risk and Compliance Committee up until 30 June 2014.

Satoshi Wakuya Bachelor of Liberal Arts

Non-executive Director

Satoshi is the General Manager, Head of Business Development Division for Sony Life. Satoshi has over 10 years' experience in the life insurance industry in Japan and has held a number of senior management positions within Sony Life's ultimate parent company, Sony Corporation. Prior to joining Sony, Satoshi held roles within the Japanese Ministry of Foreign Affairs and Sumitomo Mitsui Banking Corporation in which he engaged in Japan's governmental loan aid and forex operations that developed his financial business background.

Satoshi was appointed to the Board on 14 December 2016.

Simon Swanson BEC, BBus, ANZIIF (Fellow), CIP, FCPA

Managing Director

Simon is an internationally experienced financial services executive having worked for over 35 years across life insurance, funds management, general insurance and health insurance. He has successfully led the largest life insurer (CommInsure, Sovereign and Colonial) in three countries and spent half of his career in the Asia Pacific region. Simon is a former Chairman of ANZIIF's Life, Health and Retirement Income Faculty Advisory Board and former director of the Australian Literacy and Numeracy Foundation.

Simon led the team that founded ClearView in its current form and was appointed as Managing Director on 26 March 2010.

Susan Young BA (Hons), MA, FGIA, FCIS, MAICD, JP

Independent non-executive Director

Susan has over 30 years' experience in senior executive roles internationally, with 15 years of experience in investment banking, followed by senior management roles in the corporate and professional services sector. She retired as a Partner of Spencer Stuart, and previously held operational management roles as both a divisional CFO and Joint Venture CEO/ President for a Lend Lease Group company. Susan currently serves on the board of the Westmead Institute for Medical Research and is a Governor of WWF Australia. She has served as a non-executive Director on ClearView's superannuation trustee board over the last 7 years, including holding the position as its Chairperson for two years.

Susan was appointed to the Board on 14 December 2016 and is a member of each of the Board Committees. She was appointed Chairperson of the Nomination and Remuneration Committee and Board Risk and Compliance Committee on 1 July 2017, and Chairperson of the Board Audit Committee on 25 August 2017.

Former Directors

Andrew Sneddon BEC, CA

Former independent non-executive Director

Andrew was a Partner with PricewaterhouseCoopers for 18 years before retiring in 2008. He has worked across a broad range of industries and has extensive experience in mergers and acquisitions, business and strategic planning, audit, valuation and capital raising, with particular focus on fast growth and emerging technology companies.

Andrew was the former Chairman of TGR BioSciences Pty Limited, Elastagen Pty Limited, Traditional Therapy Clinics Limited, Fusion Payments Limited and ServiceRocket Inc. Andrew was also the former non-executive Director of Innate Immunotherapeutics Limited.

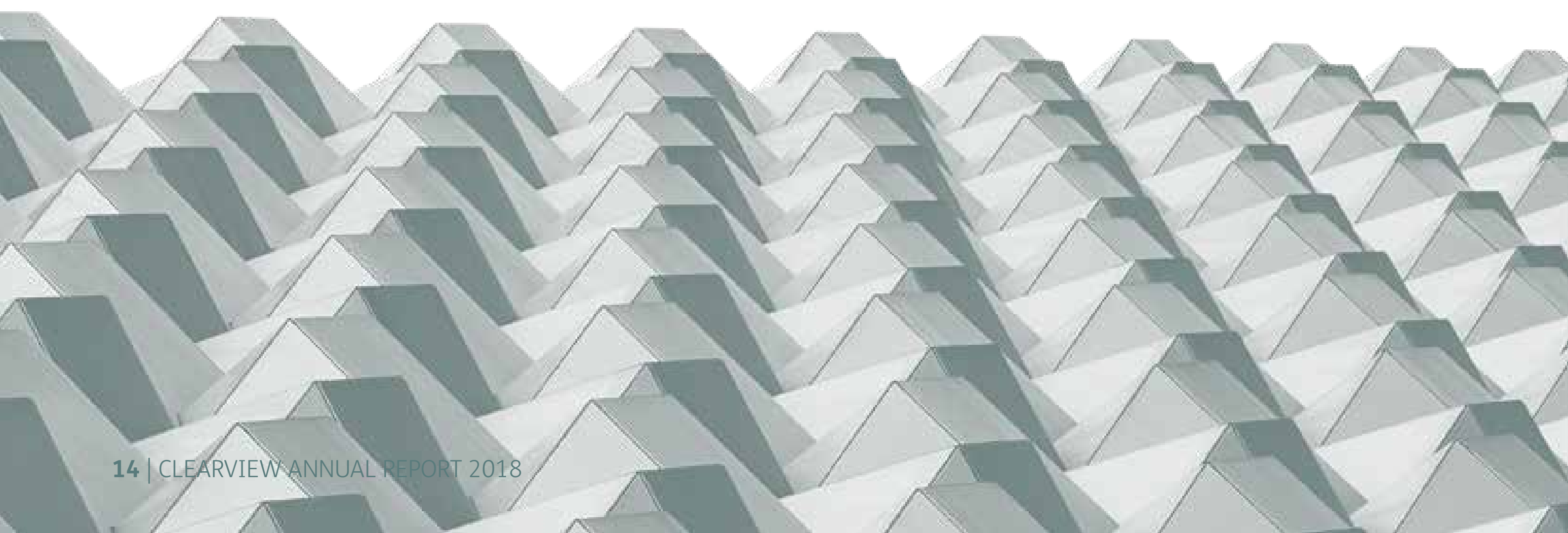
Andrew was a member and Chairperson of the Board Audit Committee, Board Risk and Compliance Committee and the Nomination and Remuneration Committee during his tenure and resigned from the Board on 1 March 2018.

Michael Lukin BSc (AppMaths) (Hons), CFA, AIAA

Former alternate non-executive Director

Michael is the Managing Partner of ROC Partners Pty Limited. Prior to this, Michael was the Managing Director of the Macquarie Investment Management Private Market business in Sydney. Michael has 18 years of private equities investment experience and serves on the advisory boards of five Australian private equity fund managers, and is a current Australian Private Equity and Venture Capital Association Limited (AVCAL) Council member. He is a Chartered Financial Analyst (CFA) and an Associate of the Institute of Actuaries of Australia. Before joining Macquarie, Michael was an asset consultant with Towers Perrin, providing advice on investment matters and manager selection to superannuation funds and master trust clients.

Michael served as Alternate Director to Jennifer Newmarch and Mr Alscher during his tenure and his appointment as Alternate Director to Mr Alscher was revoked on 1 March 2018.



Company Secretary

Athol Chiert, BCOM, BACC, 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 and was part of the team that founded ClearView in its current form. He was previously the CFO of PrefSure Holdings Limited and PrefSure Life Limited and also served as a director and executive of the Global Capital Group both in Australia and South Africa. Athol has over 20 years experience in the finance industry including holding directorships on investee and subsidiary entities. Athol commenced his professional career as an accountant with Arthur Andersen. Athol is a supporter and contributor to a number of not for profit organisations.

Elizabeth Briggs, BMedia LLB was appointed Company Secretary on 4 April 2018. She is also the General Counsel of ClearView. Elizabeth has over 10 years' experience working in financial services working across the life insurance, superannuation, wealth management and financial advice sectors. Elizabeth joined ClearView in 2012 and prior to this worked in funds management and in private practice. Her experience extends to advising multinational organisations across Europe and the United States.

Elizabeth is a member of the Law Society of NSW and ASFA, a mentor of junior lawyers through the NSW Law Society and supporter and contributor to a number of not for profit organisations.

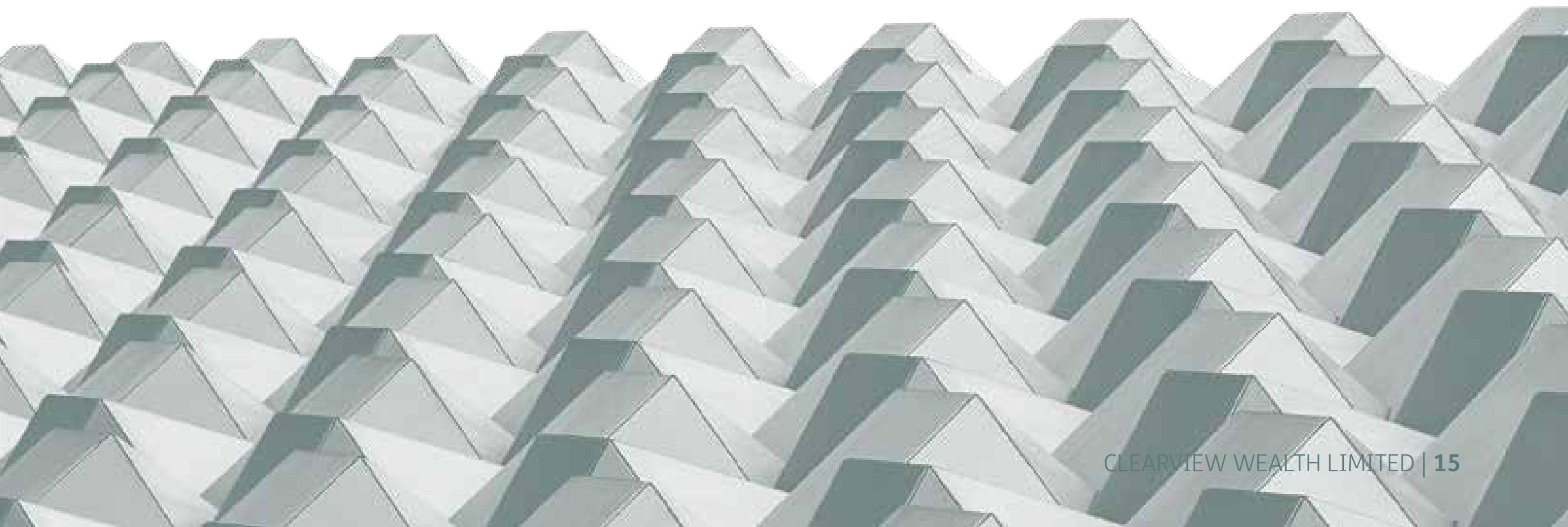
Appointed Actuary of ClearView Life Assurance Limited

Ashutosh Bhalerao B.Ec, FIAA is the Appointed Actuary of ClearView Life Assurance Limited (ClearView Life). Ashutosh joined ClearView as Deputy Appointed Actuary in January 2014 and was appointed to his current role on 5 June 2014. Ashutosh has over 20 years experience in the financial services industry, specialising in life insurance. In the five years prior to joining ClearView, Ashutosh was the Appointed Actuary for Swiss Re Life & Health Australia Limited. Ashutosh has also held other senior actuarial roles with TAL Limited, Challenger Limited and AMP Limited. He has a wide range of experience in financial management and reporting, product pricing, capital management, asset-liability management, risk management and reinsurance.

Chief Actuary and Risk Officer

Greg Martin B.A, FIAA, FFIN, FAICD, CERA is the Chief Actuary and Risk Officer of ClearView. Greg has over 30 years' experience specialising in life insurance and funds management and has held a number of Appointed Actuary roles during his career.

Greg has fellowships with the Institute of Actuaries of Australia, FINSIA and the AICD, and is a Chartered Enterprise Risk Actuary. He has been a member of various regulatory, industry and professional committees and Boards, including past and ongoing membership of committees of the Institute of Actuaries of Australia and the International Actuarial Association, and has advised regulators and published a number of professional and industry papers and articles. Greg has a wealth of experience in the areas of risk and capital management, financial management and reporting, and product pricing and management.



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
Andrew Sneddon (Resigned 1 March 2018)	Traditional Therapy Clinics Limited Innate Immunotherapeutics Limited	24 February 2015 – 4 August 2016 19 September 2013 – 4 May 2018
Gary Burg	UCW Limited	24 March 2016 - current
Michael Alscher	Cover-More Group Limited LifeHealthCare Group Limited Metro Performance Glass Limited Cardno Limited	14 November 2013 – 30 April 2015 8 November 2013 – 23 February 2015 31 March 2015 – 10 June 2016 6 November 2015 – current
Nathanial Thomson	Cardno Limited	6 November 2015 – 28 January 2016; and 24 May 2016 – current

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2018, and the number of meetings attended by each Director are as follows:

	Board		Board Audit Committee		Board Risk and Compliance Committee		Nomination and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bruce Edwards	8	8	5	5	4	4	4	4
Andrew Sneddon[1]	4	3	4	3	3	2	3	2
David Brown	8	6	5	3	4	2	-	-
Gary Burg	8	8	5	5	4	4	4	4
Michael Alscher[2, 3]	4	4	-	-	-	-	-	-
Nathanial Thomson	8	8	-	-	-	-		
Satoshi Wakuya	8	7	-	-	-	-	-	-
Susan Young	8	8	5	5	4	4	4	4
Simon Swanson	8	8	-	-	-	-	-	-

1 Mr Sneddon resigned as a non-executive director effective 1 March 2018.

2 Mr Alscher resigned as non-executive director effective 1 March 2018 and his attendance as non-executive director has been included in the table above. Mr Alscher was appointed as Alternate Director for Mr Thomson effective 1 March 2018 and he did not attend any meetings on behalf of Mr Thomson in the financial year.

3 Mr Lukin's appointment as Alternate Director for Mr Alscher was revoked effective 1 March 2018 and he did not attend any meetings on behalf of Mr Alscher in the financial 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.

Director	Fully Paid Ordinary Shares	Executive Share Plan Shares
Bruce Edwards	599,900	-
David Brown	-	-
Gary Burg	10,918,090	-
Michael Alscher[1]	-	-
Nathanial Thomson[1]	-	-
Satoshi Wakuya[2]	-	-
Susan Young	80,783	-
Simon Swanson	4,639,019	10,000,000

1 Mr Alscher and Mr Thomson represent the interests of CCP Bidco Pty Limited and its Associates that non-beneficially hold 257,900,632 shares.

2 Mr Wakuya represents the interest of Sony Life Insurance Co., Ltd that hold 99,326,068 shares.

Shares issued under the Executive Share Plan

The following table sets out the shares issued under the Executive Share Plan (ESP) during the year ended 30 June 2018.

Series	Participant	Grant date	No. of shares issued	No. of shares forfeited/ exercised	No. of shares total
					56,207,077
Forfeited			-	(2,521,437)	(2,521,437)
Exercised			-	(4,682,045)	(4,682,045)
			-	**(7,203,482)**	**49,003,595**

For details of the ESP see Note 27 of the notes to the financial statements.

As at the date of this report, ClearView has a total of 49,003,595 ESP shares on issue of which 23,522,207 have been issued to select financial advisers. No new shares were granted to financial advisers in the year ended 30 June 2018.

During the financial year, 4,682,045 vested ESP shares were exercised with the outstanding ESP loan balance proceeds being received by the Company. During the financial year, the forfeited 2,521,437 ESP shares were sold via an off-market transfer with the full proceeds of the sale being received by the Company.

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 cover provided 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 insurance, other than the premium referred to above. Directors' and Officers' Liability Insurance contributed a proportion of the total Group professional indemnity 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Corporations Instrument amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor's independence declaration and non-audit services

The Directors have received an independence declaration from the auditors, a copy of which is on page 75.

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 Board Audit 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 reward.

Annual Corporate Governance Statement

ClearView is committed to achieving high corporate governance standards. In accordance with the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the Company's annual Corporate Governance Statement, as approved by the Board, is published and available on the Company's website at: www.clearview.com.au/about-clearview/corporate-governance.

Operating and financial review

Business overview

ClearView Wealth Limited is an ASX-listed diversified financial services company which partners with financial advisers and strategic partners to help Australians protect and grow their wealth, and achieve their financial goals.

ClearView's current operating structure which comprises of three core business segments: Life Insurance, Wealth Management and Financial Advice, was established in 2010 but the origins of the company date back to 1976.

Life Insurance

ClearView **LifeSolutions**

ClearView manufactures products for the advised life insurance market which refers to life insurance products placed by financial advisers.

ClearView competes in a subset of Australia's $16.2bn[1] life (risk) insurance market, namely the $9.8bn[1] individual risk market (excluding group life). ClearView has to date, chosen intentionally not to participate in the group life insurance market.

Our product suite is branded LifeSolutions. Policies are issued by ClearView Life or via the ClearView Retirement Plan (ClearView's superannuation fund).

In FY17, ClearView exited the non-advice (direct) market segment, which represented only a small percentage of sales and revenue, allowing us to focus on the advised life insurance market.

Wealth Management

ClearView **WealthSolutions** ClearView **WealthFoundations**

ClearView is a provider of wealth management products in Australia's $1.1+ trillion[2] retail funds management industry. Our product suite includes:

WealthSolutions – a comprehensive superannuation and retirement income investment and administration platform issued via the ClearView Retirement Plan and an IDPS. The platform's investment menu includes a Separately Managed Account option.

WealthFoundations – a simple superannuation and retirement income investment and administration solution issued by the ClearView Retirement Plan and underwritten by ClearView Life. WealthFoundations offers a range of model portfolios.

Managed investments - actively-managed pooled investment funds issued by ClearView Financial Management Limited (CFML) as the ASIC-licenced responsible entity. These funds are available on WealthSolutions and selected external platforms.

Financial Advice

ClearView Financial Advice MATRIX PLANNING SOLUTIONS

ClearView operates two Australian financial services licences ClearView Financial Advice (CFA) and Matrix Planning Solutions (Matrix).

CFA and Matrix provide licensing services and business support to 233 financial advisers. In turn, they provide quality financial advice to retail clients.

For the second year in a row, Matrix was named the 2018 Licensee of the Year by independent research house CoreData.

In FY17, ClearView began work on a Strategic Advice program, designed to help practices implement a holistic advice proposition. This program aims to coach advisers to better look after their clients' total financial needs and meet their ongoing regulatory obligations while diversifying and increasing their revenue.

1 Plan for Life data as at 31 March 2018.
2 ABS 5655.0 data as at March 2017 (unconsolidated). Retail segment based on management estimates.

Business strategy

ClearView generates its revenue by manufacturing and distributing life insurance, superannuation and investment products, and providing licensing and support services to financial advisory practices.

ClearView's growth strategy is focused on building a quality life insurance, wealth management and financial advice business, to help customers manage, grow and protect their financial well being.

Goals

1. 5% of the long-term life insurance profit pool
2. Building a material wealth management business
3. Building a high quality financial advice business providing strategic advice to clients

We will achieve our goals by providing advisers and the clients they serve with:

- Fair products - for customers and shareholders;
- Personalised, efficient and effective service; and
- Strong and empathetic relationships.

Our Strategy is focused on:

Strategy

Win market share within profitable niches by delivering innovative products and exceptional service.

Expanding distribution presence

Expand our distribution footprint in the IFA market

- Build awareness of ClearView's brand and capabilities
- Demonstrate competitiveness of products and services
- Expand existing IFA relationships and increase penetration of existing APLs[1]
- Develop new IFA relationships and see ClearView products placed on new APLs[1]
- Cross-sell products

Increase profitability

Target profitable market segments with innovative products

- Capitalise on structural competitive advantage by offering life insurance through superannuation to leverage convergence of product offerings
- Expand dealer group offering with a focus on holistic advice and improved adviser business efficiency with the potential to provide back-end services in the dealer group market (D2D offering)

Improve efficiency and reach

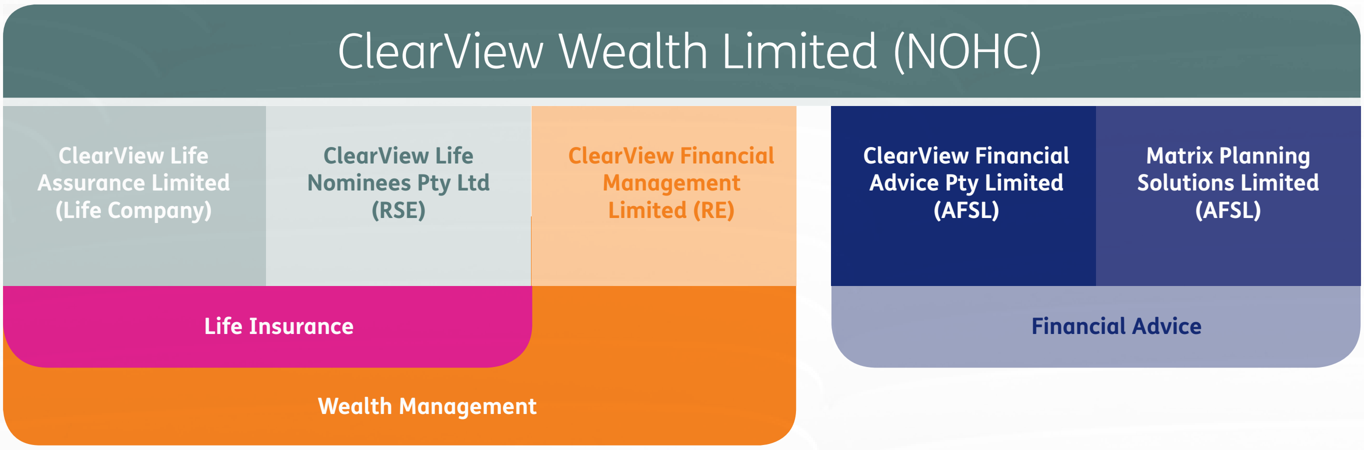
Enhance margins over time

- Ensure staff and advisers are highly engaged
- Enhance back-office to increase automation and drive efficiency
- Enhance life insurance front-end to improve customer service and adviser efficiency

1 Approved Product Lists.

Group overview

Regulated Group entities are shown in the diagram below. ClearView is regulated as a Non-Operating Holding Company (NOHC) by APRA under the Life Insurance Act 1995 and, via its subsidiaries, it holds an APRA life insurance licence, an APRA registrable superannuation entity (RSE) licence, an ASIC funds manager responsible entity (RE) licence and operates two Australian Financial Services Licensees (AFSLs).



Life insurance and superannuation regulatory changes

Four major inquiries are driving unprecedented regulatory activity:

- Banking and Financial Services Royal Commission
- Parliamentary Joint Committee (PJC) Report on the life insurance industry
- Superannuation Productivity Commission
- APRA Prudential Inquiry into the Commonwealth Bank of Australia

ClearView is supportive of any reform agenda designed to boost competition, drive efficiency and deliver improved consumer outcomes. We believe open Approved Product Lists (APLs) should be mandated as an important step to ensure conflicts of interest are properly managed.

ClearView also fully supports changes to group life insurance inside superannuation contained in the Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018.

We believe that the reforms will help ensure young workers and those with low account balances don't pay for cover they don't want or need.

However, we believe the reforms should be extended to require all members to consciously opt-in for group insurance. This would result in a substantial improvement in members understanding what they are and aren't covered for, and lead to more Australians seeking professional advice, either via their super fund or a third party.

ClearView also maintains that there are additional areas that need to be addressed to ensure good public policy outcomes, including:

1. Unrestricted life insurance APLs

Good progress was made this year in relation to our advocacy efforts for open life insurance APLs.

Open APLs must be mandated to give financial advisers the ability to recommend the most appropriate client solution, based on all life insurance products issued by APRA-regulated insurance companies.

They are a first and important step for vertically-integrated financial services companies to manage conflicts of interest, better protect consumers and champion professional advice.

2. Sunset clause on grandfathered rebates

ClearView has pushed for an end to grandfathered platform rebates, which still form a significant proportion of licensee remuneration and act as an incentive to keep clients in outdated platforms.

While we supported the grandfathering relief contained in the Future of Financial Advice (FoFA) Act, we believe a deadline should have been applied. We believe this should be implemented by 2020 with a three-year sunset clause.

3. Higher education requirements

ClearView broadly supports the Financial Adviser Standards and Ethics Authority's (FASEA) higher education requirements. Greater guidance is still required in a number of areas including bridging courses, government traineeships and the professional year.

4. Life Code of Conduct

More work must be done to get the Life Code of Conduct approved in accordance with RG 183 to ensure that it is meaningful and contractually enforceable by consumers. This would lead to critical behavioural change in the financial services industry and go a long way to improving the industry's reputation.

Material business risks

ClearView's operations expose it to a variety of financial and non-financial risks. Risk management is an integral part of the Group's management processes and the Board continuously reviews material business risks.

The Board has adopted a formal Risk Management and Capital Strategy (RMCS) and a structured Risk Management Framework (RMF) to ensure the early identification of risks and adequate management of key risks, particularly those with the potential to impact the Company's future financial prospects and strategic imperatives.

The RMCS and RMF are fundamental to business decisions including resource allocation and prioritisation of activities.

Details of the Group's risk management practices including risk mitigation strategies are set out in Note 5 of the 30 June 2018 Annual Report.

Competitive strengths

Integrated business model

As a relatively young diversified financial services company, with an integrated business structure that encompasses Life Insurance, Wealth Management and Financial Advice, ClearView is differentiated from other newcomers, the majority of whom focus on a single area.

Strong IFA relationships

ClearView has a sharp focus on the Independent Financial Adviser (IFA) market. It has developed strong IFA relationships by consistently delivering smart, customer-centric products and excellent service.

Non-institutional ownership

As dissatisfaction with, and distrust of, large financial institutions grows, consumers and financial advisers alike are increasingly seeking to form relationships with customer-centric non-bank organisations.

ClearView is ideally-positioned to attract advisers and customers looking for objective service and advice.

Nimble size and no material legacy issues

ClearView stands to gain from market disruption, particularly around life insurance reforms with a stepped change in distribution profile expected to occur if institutionally-aligned licensees are forced to adopt open APLs and with the introduction of a ban on shelf-space fees.

Furthermore, an extended period of consolidation in the Australian life insurance and wealth management industry, has created the need for a fresh, innovative entrant focused on servicing IFAs.

Legacy issues such as multiple administration platforms; out-dated, expensive products; and older, higher margin in-force portfolios in run-off often stifle the ability of larger institutional competitors to innovate and adapt to change. This creates opportunities for ClearView given our relatively small size and differentiated business model with limited legacy issues.

Awards

ClearView was recognised by a number of leading research and ratings agencies in 2017/2018 including Canstar, Investment Trends, CoreData, Money Magazine, Dexx&r and Money Management.

Investment Trends WINNER
2017 Planner Risk Report
Overall Satisfaction: Insurer
Clearview

Investment Trends WINNER
2018 Planner Risk Report
Overall satisfaction: Insurer
ClearView

2018 OVERALL WINNER LICENSEE OF THE YEAR AWARD WINNER CORE DATA Professional

2017 OVERALL WINNER LICENSEE OF THE YEAR AWARD WINNER CORE DATA Professional

1 Investment Trends 2017 and 2018 Planner Risk Report.
2 CoreData 2017 and 2018 Licensee Report.
3 Rated Number 1 in claims customer satisfaction in the Beddoes Institute's Industry Claims Journey Study which tracked the experience of 500 customers across the industry who have had an income protection, trauma or TPD claim.
4 AQUA launched in January 2018.
5 Chant West 2018 rating of 4 Apples for ClearView WealthFoundations Super and Pension, and ClearView WealthSolutions Super and Pension. A 4 Apples rating reflects a "high quality fund".

FY18 Results overview

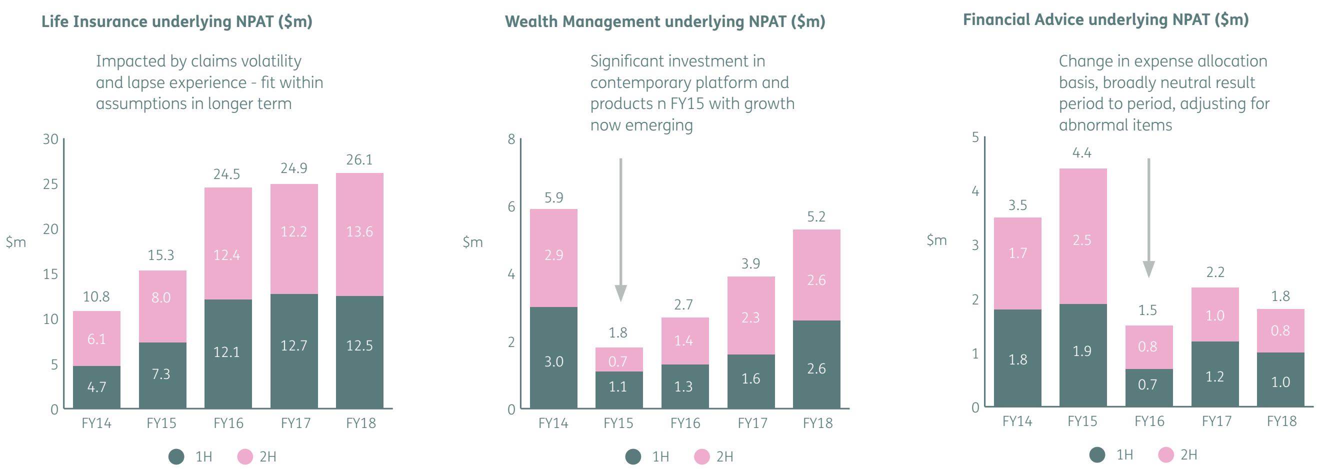
Overview of result

The ClearView Group achieved the following results for the year ended 30 June 2018:

After tax profit by segment, $M	FY18 $M	FY17 $M	% change[1]
Life Insurance	26.1	24.9	5%
Wealth Management	5.2	3.9	31%
Financial Advice	1.8	2.2	(20%)
Listed entity and other	(0.7)	(0.7)	0%
Underlying NPAT[2]	**32.4**	**30.4**	**7%**
Other adjustments[3]	(5.8)	(17.2)	66%
Reported NPAT[4]	**26.6**	**13.2**	**102%**
Embedded Value[5]	701.1	661.9	6%
Value of new business[6]	12.0	16.7	(28%)
Net asset value[7]	444.3	415.6	7%
Underlying diluted EPS (cps)[8]	5.03	4.88	3%
DPS (cps)[9]	3.00	2.75	9%

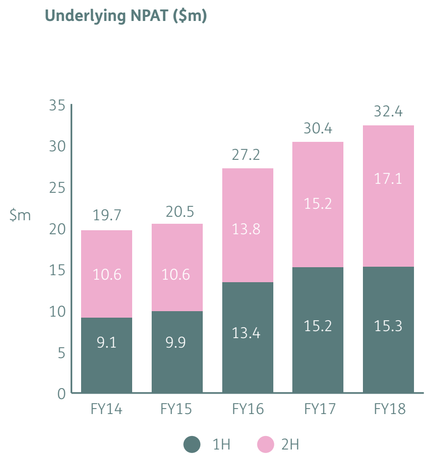
Underlying NPAT, Reported NPAT, earnings per share (EPS) and dividends per share (DPS)

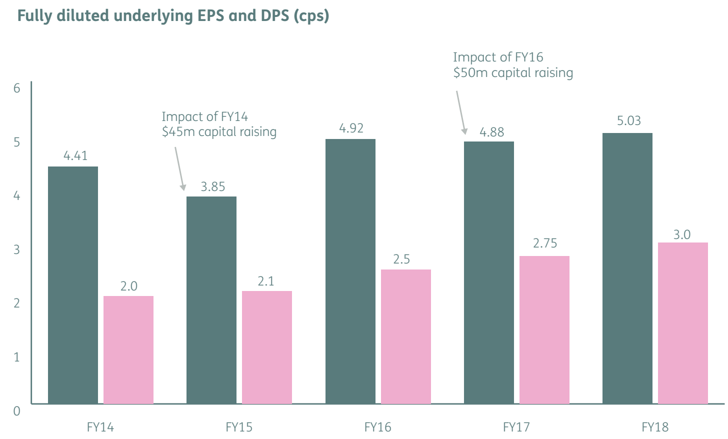
Chart 1: Segment performance FY14-FY18



1. % movement, FY17 to FY18 unless otherwise stated.
2. Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3. Other adjustments include non-cash amortisation, costs considered unusual to normal activities (includes $0.8m strategic review costs) and changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods).
4. Reported NPAT of $26.6m, up 102%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
5. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
6. Value of New Business (VNB) at 4% discount rate margin. Adversely impacted in 2H by the hybrid commission model under the LIF reforms (noting VNB will improve as the commission cap reduces from 80% to 60% over the next few years).
7. Net Asset Value as at 30 June 2018 excluding ESP Loans.
8. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period partially offset by a decrease in the number of ESP shares 'in the money' given the decrease in ClearView's share price period on period.
9. DPS is dividend per share.

Chart 2: Underlying NPAT, EPS and DPS performance FY14-FY18





Underlying NPAT, the Board's key measure of Group profitability and basis for dividend payment decisions increased 7% to $32.4 million (FY17: $30.4 million), 2H FY18 Underlying NPAT up 12% to $17.1 million (HY17:$15.2 million):

- **Life Insurance Underlying NPAT up 5% to $26.1 million (FY17: $24.9 million):**
  - In FY18, there was an adverse claims experience of $5.5 million (FY17: $1.9 million). Adopting a longer term view, overall net adverse claims performance is mainly attributed to the income protection (IP) portfolio, with the lump sum portfolio having a net neutral experience over the same five-year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that overall claims performance will fit within best estimate claims assumptions (as at 30 June 2018) over the longer term. Due to the small size and nature of the portfolio, volatility has a material short-term impact on profitability.
  - In FY18, there was an adverse lapse experience of $2.1 million (FY17: $2.0 million). LifeSolutions has been broadly neutral over a five-year period, with the more recent adverse experience driven by the LifeSolutions lump sum portfolio. The repositioning and repricing of the LifeSolutions lump sum product in 1H FY19, coupled with the impact of the life insurance (LIF) reforms, is expected to improve lapse performance so it is in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term.
  - Life Insurance remains the key profit driver. Our expanding distribution footprint and strong new business volumes led to a material increase in the in-force portfolio which underpins the growth profile.
  - The in-force book has grown 19% in FY18 and LifeSolutions sales are up 5%. The IFA distribution footprint continues to expand, diversifying sales and creating embedded growth.
- **Wealth Management Underlying NPAT up 31% to $5.2 million (FY17: $3.9 million)**
  - Wealth Management is a strong, net flow positive business with material growth in earnings. The business will continue to benefit from the shift away from larger institutions and banks, along with increasing demand for competitive investment administration platforms and products, albeit with some competitive pricing pressures in response to industry scrutiny.
  - Growth in earnings follows material investment in the contemporary wealth platform and products in FY15.
  - FUM increased 12% in FY18 with net flows of $333 million into new contemporary products (material relative to FUM). Material net flows will lead to comparable market share growth in FUM which is a key profit driver.
- **Financial Advice Underlying NPAT down 20% to $1.8 million (FY17: $2.2 million)**
  - Committed to building a high quality aligned advice business and assisting advisers run more efficient and profitable practices.
  - Underlying NPAT is down 20%, but the prior year result includes the recovery of certain compliance costs incurred. Adjusting for this item recognised in FY17, Underlying NPAT has remained broadly neutral year-on-year.

ClearView has strong growth embedded in its expanding distribution footprint and product range – this underpins the growth profile:

- Maturation of existing Life Insurance approved product lists (APLs) and gaining access to new APLs. If the transition to open APLs occurs through regulatory change, the addressable market will expand materially for the LifeSolutions product; and
- Continued significant investment in building a wealth platform and products (since FY15), with the ability to leverage off the Life Insurance distribution network over time.

Reported NPAT increased to $26.6 million (FY17: $13.2 million) and reported diluted EPS increased by 95% to 4.14 cps (FY17: 2.11 cps). Underlying NPAT increased to $32.4 million (FY17: $30.4 million) and fully diluted Underlying EPS increased by 3% to 5.03 cps (FY17: 4.88 cps). EPS calculations have been impacted by:

- Growth in Underlying NPAT of 7%;
- Positive swing of $5.0 million (after-tax) from the impact of changes to the long-term discount rates on policy liabilities between periods;
- Reduction in amortisation of the intangibles associated with the acquisition of businesses from Bupa in 2010 given certain client books acquired have now been written off;
- Reduction in the number of ESP shares given the decrease in ClearView's share price since June 2017; and
- Dilutive effect of shares issued under the DRP and ESP shares vested/forfeited during the period.

The Board declared a fully franked FY18 dividend of $20.0 million (2017: $18.1 million). This equates to 3.00 cents per share (2017: 2.75 cents per share), representing just over 60% of 2018 UNPAT in line with the company's dividend policy (+9% increase).

Other adjustments and amortisation

The following additional items impacted the statutory NPAT and comprised the reconciled items outlined in the following table.

- Amortisation of intangibles ($4.0 million) is associated with the acquisition of wealth management and life insurance businesses from Bupa, ComCorp and Matrix Planning Solutions. These are reported separately to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of Underlying NPAT.
- The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine 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 earnings. This movement in policy liability creates a cash flow tax effect. The increase in long-term discount rates over FY18 caused an adverse after-tax impact of -$0.9 million (FY17: -$5.9 million).
- Costs that are considered unusual to ClearView's ordinary activities and therefore not reflected as part of Underlying NPAT predominantly include expenses incurred as ongoing costs associated with the Cooperation Agreement between ClearView and Sony Life. These costs are expected to cease from the end of July 2018, being the date of termination of the Cooperation Agreement.

Operating expenses

The chart below shows a 4% increase in the operating cost base from $77.1 million in FY17 to $80.2 million in FY18.

Chart 3: Operating expense analysis FY17 vs FY18 cost base

Key components of the movements include:

- **Functional costs** – costs increased in functional areas that support business growth including administration, the call centre, claims and underwriting. This reflects underlying volume growth in both new business and the in-force base.
- **Direct Life Insurance exit** – the closure of the direct business has reduced costs by $3.8 million vs the prior comparable period. This is driven by a reduction in the fixed cost base, coupled with the volume-based cost structure (call centre agents and related costs).
- **Distribution costs** – increased business development costs reflect a larger Life Insurance distribution presence to support the broader independent financial adviser (IFA) footprint. Investment in Wealth Management distribution to support business growth remains broadly consistent between periods.
- **Financial Advice support costs** – driven by the increase in operational and compliance head count, system costs and investment in strategic advice and dealer licensee services model, partially offset by lower conference costs. Dealer group overheads include staff, marketing, rent, professional indemnity insurance and shared services allocation.
- **Project costs and software amortisation** – software amortisation costs have increased as projects are delivered. For example, a project to migrate the Master Trust product onto a contemporary wealth platform was completed in 2H FY17. Cost benefits and efficiencies from the migration are expected to flow into FY19.
- **Shared services/Listed entity** – increased shared services and business support costs should reduce on a per customer basis as the business grows and achieves further scale. Listed entity costs increased given higher investor relations costs incurred coupled with the allocation of insurance costs in FY18 to the listed segment.

The table below reconciles the operating expenses analysed in Chart 3 (page 27) with reported operating expenses in the annual financial statements.

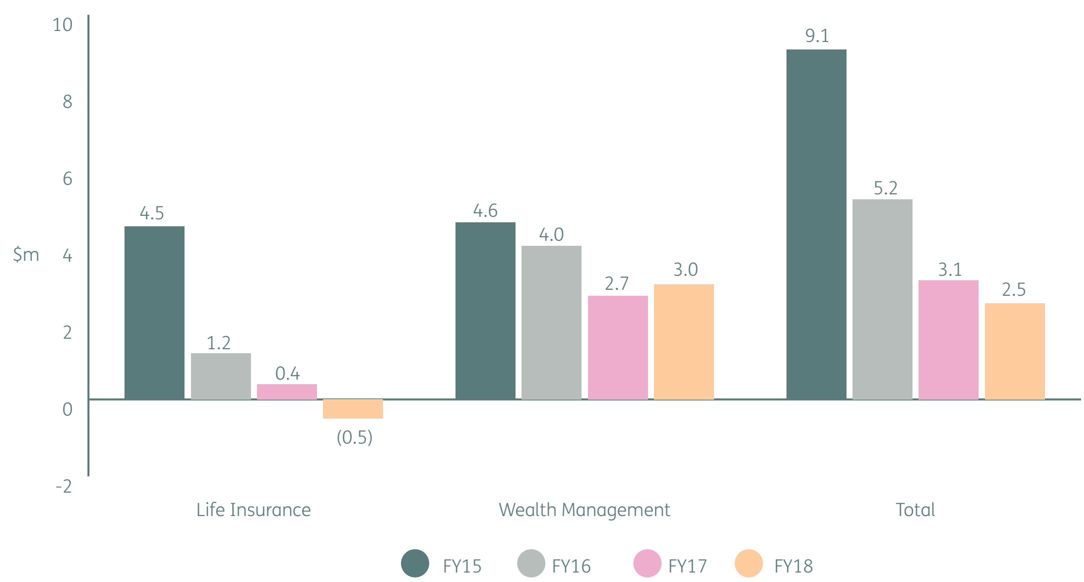
Reconciliation of operating expenses to reported operating expenses per financial statements	FY18 $M	FY17 $M
Operating expenses per chart	**80.2**	**77.1**
Custody and investment management expenses	9.5	8.1
Depreciation and software amortisation	(6.4)	(5.3)
Reinsurance technology costs	0.5	1.2
Stamp duty	8.8	6.7
Medical costs	2.1	1.7
Interest expense	0.4	0.3
Strategic review costs	1.1	1.0
Direct closure provision	-	3.4
Recoverable adviser related costs	3.6	1.8
Other expenses on consolidation of unit trusts	1.9	1.6
	101.7	**97.6**

Expense Overruns

ClearView has consistently invested in operations ahead of revenue to support growth. This includes prioritising incremental costs above those required for ClearView's scale (expense overruns) to build capability for the future. In this context, initial start-up costs and business investment costs are being incurred prior to achieving scale. As ClearView continues to grow, the remaining expense overruns are likely to be absorbed.

Expense overruns initially lower reported profits but this reverses as scale is achieved, the in-force portfolio increases and underlying profit is realised. In FY18, the non-deferred expense overruns across the Life Insurance and Wealth Management 'manufacturing' businesses had a negative impact on UNPAT of $2.5 million (FY17: $3.1 million). The movements between segments are shown in the corresponding graph.

Chart 5: Non-deferred expense overruns FY15-FY18



The increase in the Life Insurance in-force premium over time has progressively reduced expense overruns with the actual Life Insurance non-deferred overruns reflecting an experience profit of $0.5 million for the year.

Investment in WealthFoundations and the contemporary wealth platform is however causing overruns in the Wealth Management segment. WealthSolutions continues to build scale (FUM +12%) with WealthFoundations now contributing to growth and development costs (FUM +37%). Expense overruns marginally increased in FY18 as a result of costs incurred on the Wealth migration project completed in 2H FY18. This situation should improve now that costs associated with the migration project have been incurred and the costs of the contemporary platform now being shared.
A driver is also that the expense allowances for the Master Trust are higher than contemporary products, in particular WealthSolutions where IT and administration is outsourced. As the Master Trust business runs off, this will impact expense overruns until WealthFoundations can support its cost base.

The elimination of expense overruns along with achieving the business' growth ambitions remains a key focus of management and the Board.

Operating segment review

Life Insurance

Approach

ClearView set out to create a customer-focused business with a reputation for excellent customer service, innovative products and professional advisers. ClearView has built a firm foundation for ongoing growth in the advised life insurance market:

- LifeSolutions, launched in 2011, is ClearView's core life insurance product with features that compare favourably with competitors;
- Continuous product upgrades has ensured LifeSolutions is consistently ranked in the first and second industry quartiles for features and price;
- A sharp focus on relationships combined with a service-oriented approach has resulted in strong adviser support;
- Recognised as a customer-focused challenger, largely due to a leadership position on open APLs and a deliberate decision not to pay material shelf space fees or volume bonuses for inclusion on APLs; and
- Making system enhancements that are designed to speed up the application process, drive operational efficiencies and boost productivity.

Where are we today?

The Life Insurance growth strategy is focused on capturing 5% of the long-term profit pool by delivering competitive products and services, primarily to the IFA market.

LifeSolutions

Established in 2011

Highly-rated by Investment Trends, DEXX&R/Money Management/Canstar/Money Magazine/Beddoes Institute

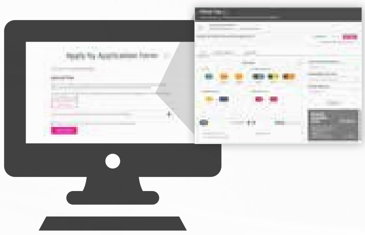
2017 Planner Risk Report – Investment Trends – Overall Satisfaction: Insurer – WINNER – Clearview

2018 Planner Risk Report – Investment Trends – Overall satisfaction: Insurer – WINNER – ClearView

FINALIST – Adviser Choice Risk

Beddoes Institute

AQUA integrated eQuote and eApp platform



Ranked first and second quartile on iress

Established infrastructure and distribution

The core of ClearView's success has been its strong growth in life insurance new business flows and in-force premiums. However, it takes some time for this to be reflected in the financial results. When ClearView was established in 2011, it was effectively a start up in the life advice market. As a new player, it has laid a solid foundation for future success by building competitive products (with some innovation) and establishing a distribution network.

Increasing new business flows and market share was the next step. Over the period from 2013, ClearView's share of new policies written in the IFA channel rose steadily from a standing start, just over 8%, which resulted in material growth in the in-force portfolio over time.

ClearView's distribution universe currently consists of two national aligned dealer groups and a rapidly growing network of IFAs. The Life Insurance distribution strategy has shifted over time to incorporate the valued IFA channel which is an important lever to grow and diversify sales:

- The aligned adviser network (CFA and Matrix) provides a solid distribution base, but the IFA market represents ClearView's largest, fastest growing sales channel.
- Growth in sales since 2014 has been the result of building out the IFA footprint:
- ClearView is still relatively early in the process of penetrating the IFA channel;
- ClearView continues to increase its wallet share of existing APLs over time; and
- LifeSolutions sales growth continues to outperform the market (+5% growth in a declining market).

It is evident there is a significant lag time in relation to the profitability cycle when building a distribution network. ClearView will continue to gain market share from the maturation of current APLs and by accessing new APLs. A step-change in ClearView's addressable market is expected if open APLs are implemented by the industry (regulatory change is required in this regard).

In summary it is expected organic growth opportunities will be derived from three sources:

- The maturation of relatively recent APLs;
- Access to new APLs; and
- The potential opening up of APLs (should this be implemented).

ClearView has recently completed significant enhancements to its life insurance quote and application system. These include a new-look user face that is supported by an integrated eQuote and eApplication system. This means that the application process and related tele-interviewing and tele-underwriting processes have been streamlined. These enhancements (launched in January 2018) underpin our life insurance platform, AQUA – which stands for Adviser Quote Underwriting and Apply.

Looking forward

ClearView has strong momentum embedded in its expanding distribution footprint which will drive future growth. In FY19, key focus areas will include:

- Maturation of the existing Life Insurance APLs and gaining access to new APLs;
- Lobbying for change and opening up of competition - if the transition to open APLs occurs, the addressable market will expand materially for ClearView;
- Further investment in systems and product upgrades to improve competitiveness, back-office services, efficiency and automation;
- Capturing opportunities from the convergence of life and wealth by providing products that improve adviser efficiency and customer experience;
- Completion of the direct remediation program that commenced in FY18 ; and
- In line with ClearView's regular program of review and enhancement, ClearView is undergoing a product and pricing review which will be completed in 1H FY19. The competitiveness of premium rates (in particular for part of the lump sum portfolio) have changed over time and will be addressed with price changes as part of the product review.

Financial Performance

The FY18 financial performance is discussed below.

Life Insurance financial result:

12 Months to 30 June 2018 ($M)[1]	2017 1H	2017 2H	FY17	2018 1H	2018 2H	FY18	% Change[2]
Gross life insurance premiums	84.4	93.3	177.7	104.7	110.5	215.2	21%
Interest income	1.2	1.1	2.3	1.1	1.2	2.3	(2%)
Net claims incurred	(11.8)	(13.2)	(25.0)	(16.9)	(16.0)	(32.9)	32%
Reinsurance premium expense	(20.3)	(24.0)	(44.3)	(27.2)	(30.0)	(57.2)	29%
Commission and other variable expenses	(27.8)	(29.9)	(57.7)	(33.7)	(30.0)	(63.7)	10%
Operating expenses	(24.2)	(23.7)	(47.9)	(24.3)	(24.9)	(49.2)	3%
Movement in policy liabilities	16.7	13.8	30.5	14.2	8.9	23.1	(24%)
Underlying NPBT	**18.2**	**17.4**	**35.6**	**17.9**	**19.6**	**37.5**	**6%**
Income tax (expense) / benefit	(5.5)	(5.2)	(10.7)	(5.4)	(6.0)	(11.4)	7%
Underlying NPAT	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**5%**
Amortisation of intangibles	(1.4)	(1.4)	(2.8)	(1.4)	(1.4)	(2.8)	0%
Policy liability discount rate effect (after tax)	(6.9)	1.0	(5.9)	(0.7)	(0.2)	(0.9)	(85%)
Reported NPAT	**4.4**	**11.8**	**16.2**	**10.4**	**12.0**	**22.4**	**39%**

Analysis of Profit ($M)	2017 1H	2017 2H	FY17	2018 1H	2018 2H	FY18	% Change[2]
Expected Underlying NPAT[3]	**14.2**	**15.1**	**29.3**	**16.0**	**16.2**	**32.2**	**10%**
Claims experience	(0.6)	(1.3)	(1.9)	(3.2)	(2.3)	(5.5)	Large
Lapse experience	(0.7)	(1.3)	(2.0)	(0.8)	(1.3)	(2.1)	8%
Expense experience	(0.3)	(0.1)	(0.4)	0.2	0.3	0.5	Large
Other	0.1	(0.2)	(0.1)	0.2	0.7	0.9	Large
Underlying NPAT	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**5%**

Key Statistics And Ratios ($M)	2017 1H	2017 2H	FY17	2018 1H	2018 2H	FY18	% Change[2]
New business	**22.1**	**20.2**	**42.3**	**22.6**	**19.7**	**42.4**	**0%**
LifeSolutions	20.6	19.7	40.3	22.6	19.7	42.4	5%
Non-Advice	1.5	0.5	2.0	0.0	0.0	0.0	(99%)
In-force premium	**171.0**	**189.5**	**189.5**	**209.9**	**224.8**	**224.8**	**19%**
LifeSolutions	126.1	146.1	146.1	167.5	184.2	184.2	26%
Non-advice (closed to new business)	44.9	43.4	43.4	42.4	40.6	40.6	(7%)
Cost to income ratio	**28.7%**	**25.4%**	**27.0%**	**23.2%**	**22.5%**	**22.9%**	

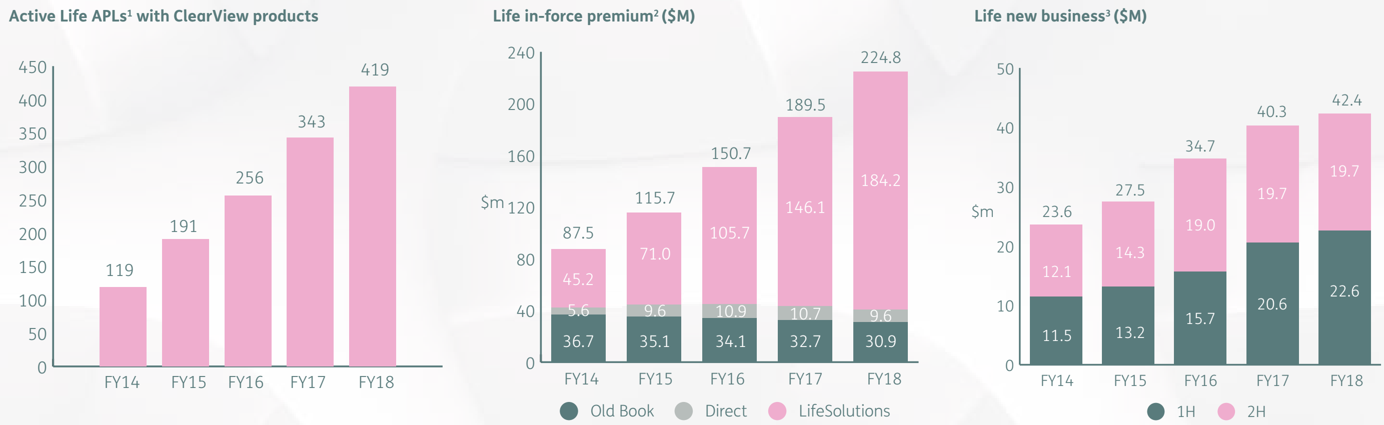
1 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2 % change represents the movement from FY17 to FY18.
3 Expected Underlying NPAT of $32.2 million (+10% FY17 to FY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.

ClearView has generated solid Underlying NPAT growth (adjusting for claims volatility between periods) driven by growth across in-force life insurance portfolios. ClearView also generates positive cash flows from its in-force portfolio which are subsequently reinvested into new business generation.

ClearView reinvests these cash flows each year at an appropriate ROE hurdle but given the quantum of new business written relative to the size of the in-force book to date, the cash flows generated have been insufficient to fund new business growth, known as upfront capital strain. This strain has reduced materially since the 'start up' phase with ClearView now approaching self-funding capability from the in-force portfolio flows.

The following graphs illustrate the performance of the Life Insurance business and the growth profile of the business.

Chart 1: Life Insurance key performance indicators



The fundamentals of the business continue to be strong with gross premiums up 21% to $215.2 million and Life Insurance sales of contemporary products up 5% at $42.4 million:

- There has been further broadening of the IFA footprint (sales of $33.8 million; +17%) with 80% of new Life business originating from the IFA channel (68% in FY17);
- LifeSolutions is now available on 419 APLs, up 22%; and
- Further embedded growth in the distribution footprint.

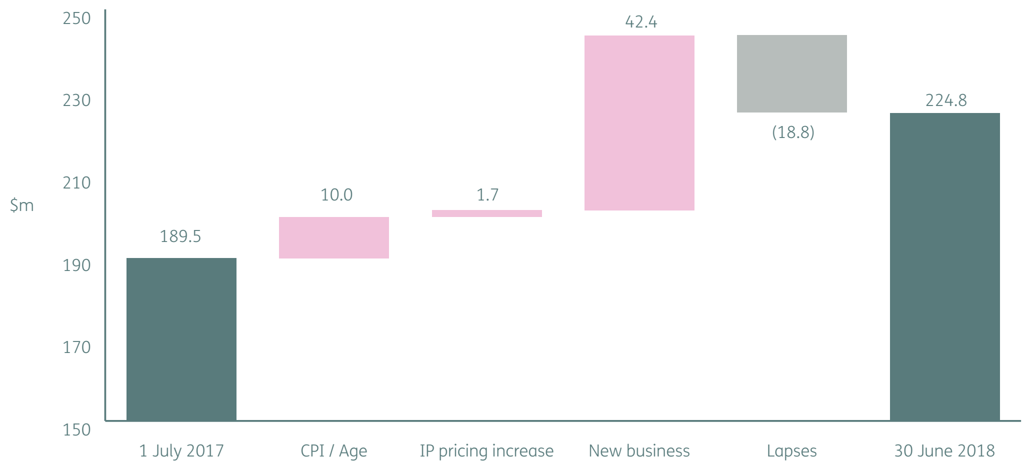
As expected, the closure of the direct business impacted the overall growth rate of Life Insurance sales. Direct sales receded from the 2H of FY17, as new business was slowed intentionally, marking the exit from direct sales ($2.0 million of sales was achieved in FY17).

In the short-term, the impacts of regulatory reforms and media scrutiny have resulted in an industry slowdown in overall new business volumes. Despite this, ClearView continues to outperform the market with continued growth in contemporary new business sales (+5% in a declining market), albeit at a slower rate than previous years given the overall context of the market. This is expected to unwind over the longer term as the regulatory focus shifts back to a more normalised environment.

In-force premiums increased 19% to $224.8 million in FY18. The Life Insurance in-force movement is driven by the net impacts of new business, price increases, lapse and CPI/aged-based variances. This is reflected in the chart on the next page.

1 Approved Product Lists.
2 In-force premium is defined as annualised premium in-force at the balance date.
3 Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age-based/ CPI increases.

Chart 2: Life insurance in-force movement ($M)



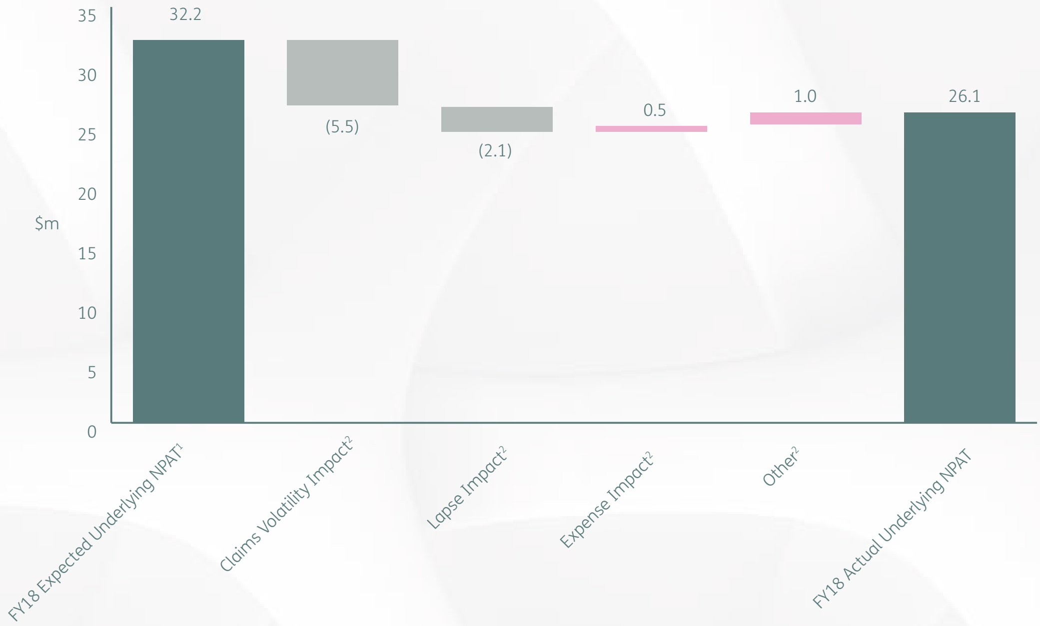
The Life Insurance in-force portfolio at 30 June 2018 is made up of LifeSolutions, ($184.2 million; +26%); non-advice ($9.6 million; -10%) and the Old Life Book ($30.9 million -5%):

- The mix of products making up the in-force portfolio has changed materially with LifeSolutions now representing 82% of total in-force premiums. This links to the margin shifts across the portfolio;
- IP price increases were implemented in HY17 and increased the in-force book by $1.7 million for policies that subsequently renewed in 1H FY18;
- The direct business was closed to new business in 2H FY17 which means in-force portfolios are in run off; and
- The increased scale of the in-force premium (+19%) is driven by sales of new contemporary products. This has progressively reduced expense overruns with actual non-deferred overruns reflecting an experience profit of $0.5 million in FY18.

FY18 Life Insurance earnings

The Life Insurance segment result for the year ended 30 June 2018 is shown in the chart below:

Chart 3: Life Insurance Underlying NPAT analysis



Underlying NPAT for Life Insurance was $26.1 million (+5%) compared to the expected Underlying NPAT of $32.2 million. The expected Underlying NPAT reflects the anticipated FY18 profit margin release from the in-force life insurance portfolios, based on best estimate long-term actuarial assumptions. The negative variance in performance can be broadly explained by material claims volatility and adverse lapse experience.

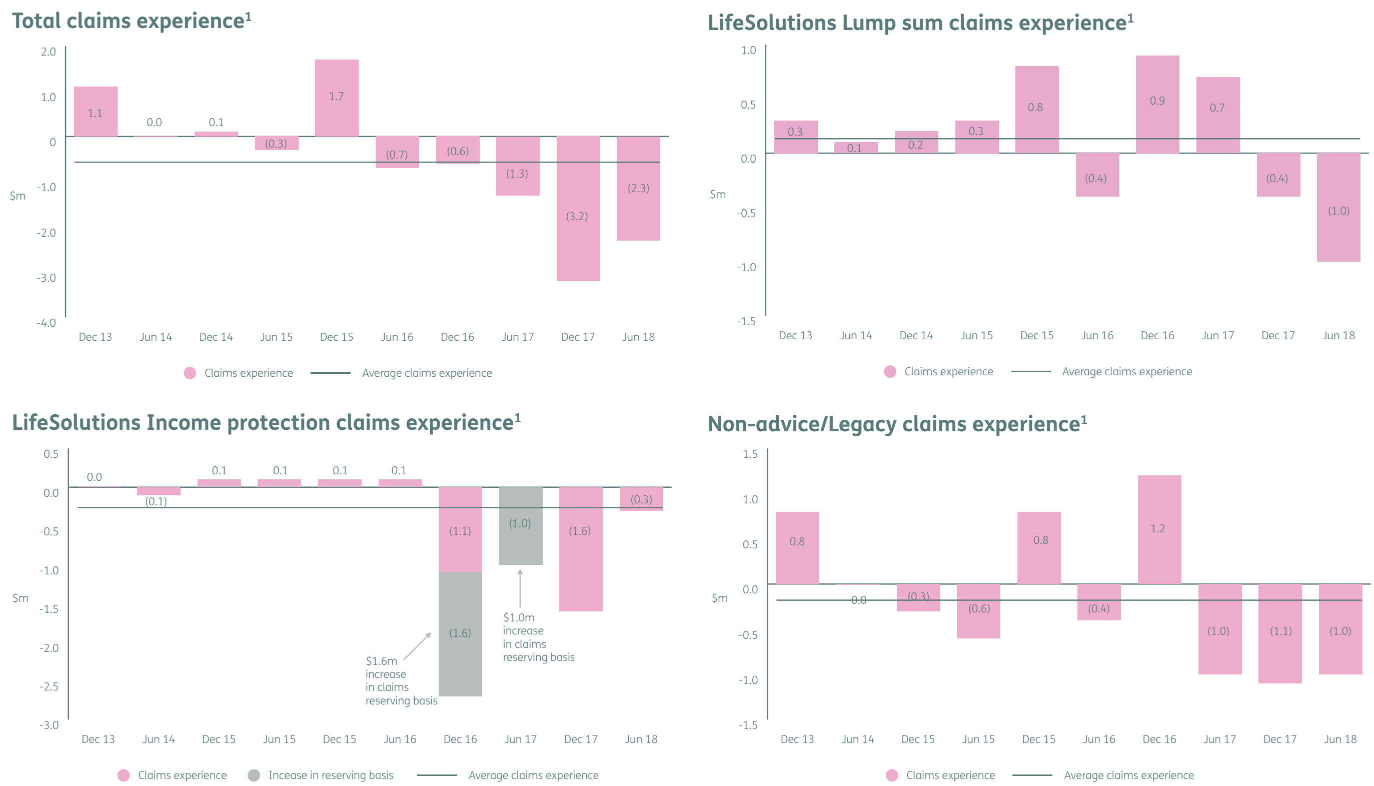
Net claims of $32.9 million were up 32% on the prior year. The poor claims experience (relative to the claims assumptions in the life insurance policy liability determined at 30 June 2017) across products resulted in an experience loss in FY18 of $5.5 million (FY17: $1.9 million loss). This is broken down by product as follows:

- LifeSolutions Lump Sum portfolio reflects adverse experience in FY18 of $1.4 million (FY17: $1.6 million positive experience);
- LifeSolutions IP portfolio reflects adverse experience of $1.9 million in FY18 (FY17: $1.1 million adverse experience after adjusting for enhanced reserving basis – see below); and
- Direct portfolios (closed to new business) reflects adverse experience in FY18 of $2.1 million (FY17: $0.2 million positive experience).

1 Expected Underlying NPAT of $32.2 million (+10% FY17 to FY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions adopted 30 June 2017.
2 Reflects actual experience for relevant item in the FY18 result and the difference between actual and expected experience for the relevant period.

The following graphs reflect the claims experience over the last five-years:

Chart 4: Claims experience ($M)



Key observations of the claims experience data are as follows:

- Adopting a longer term view, overall net claims performance has an average $0.6 million adverse impact per half year that is mainly attributed to the IP book, with the lump sum portfolio having a net neutral experience over the same five-year period. Actuarial best-estimate assumptions adopt a long-term view and are based on expectations that claims experience will average out over time;
- The claims experience on the LifeSolutions lump sum portfolio has been profitable over the last five-years (average annual experience profits of $0.3 million), albeit with some volatility between periods, in particular 2H FY18. Given the size of the portfolio and reinsurance arrangements in place, some statistical volatility is normal;
- Overall, the direct portfolios, including the book that was closed to new business in FY17, has an average annual experience loss of $0.3 million over the preceding five-years. This offsets the profits made on the LifeSolutions lump sum portfolio. It should also be noted that the surplus reinsurance program of the Old Book (acquired in 2010) retains more risk than LifeSolutions products but has historically reflected claims profits over a long period of time, albeit with some volatility between periods; and
- An enhanced actuarial reserving basis was adopted for IP claims in FY17 resulting in a $2.6 million loss in the prior year. The poor IP experience in the first half of FY17 and FY18 was driven predominantly by the incidence of claims (relative to the enhanced basis adopted) with an improvement in performance in the second half of both financial years. Actuarial claims assumptions have been further updated at June 2018 reflecting the longer term performance of the IP portfolio, with an increase (+15%) in the projected claims costs of the IP portfolio that is expected to reduce the adverse experience over time. This had an adverse impact of $5.4 million on Embedded Value at 30 June 2018.

Notwithstanding this however, the IP portfolio remains profitable and earns an appropriate ROE.

1 Experience measured against the assumptions applicable at each reporting date.

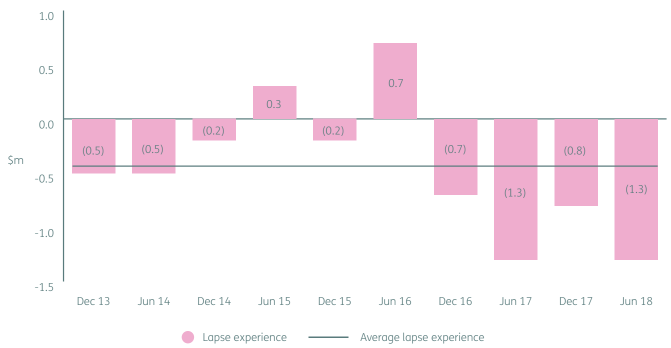
The adverse lapse experience (relative to the lapse assumptions in the Life Insurance policy liability determined at 30 June 2017) across products resulted in an experience loss in FY18 of $2.1 million (FY17: $2.0 million loss). This is broken down by product as follows:

- LifeSolutions lump sum portfolio reflects adverse experience in FY18 of $1.4 million (FY17: $0.5 million adverse experience);
- LifeSolutions IP portfolio reflects adverse experience in FY18 of $0.4 million (FY17: $1.2 million adverse experience); and
- Direct portfolios (closed to new business) reflects adverse experience in FY18 of $0.3 million (FY17: $0.3 million adverse experience).

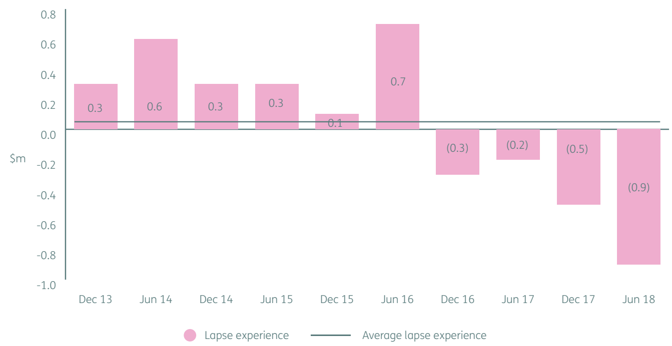
The following graphs reflect the lapse experience over the last five years:

Chart 5: Lapse experience ($M)

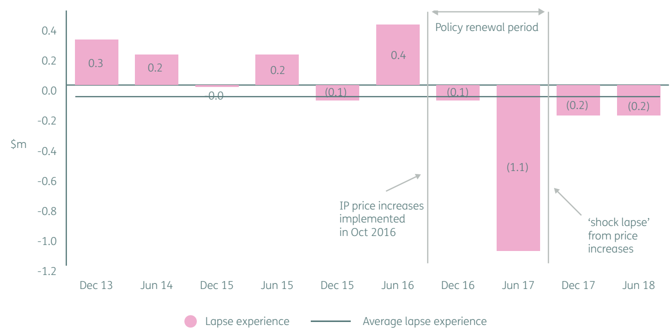
Total lapse experience[1]



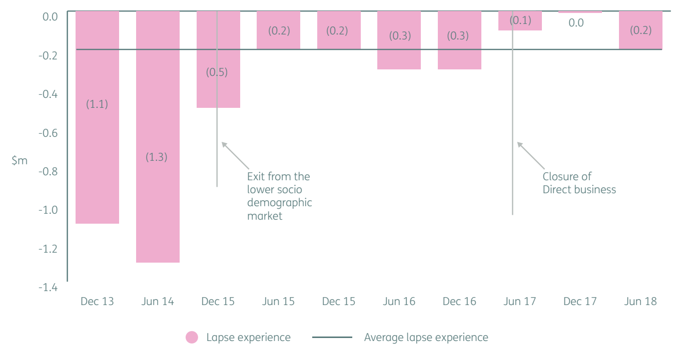
LifeSolutions Lump sum lapse experience[1]



LifeSolutions Income protection lapse experience[1]



Non-advice/Legacy lapse experience[1]



Key observations from the lapse data are as follows:

- Adopting a longer term view, overall lapse experience has an average $0.4 million adverse impact per half year over a five-year period. LifeSolutions has been broadly neutral across products over the five-year period, albeit with more recent losses from the LifeSolutions lump sum portfolio;
- LifeSolutions IP price increases were implemented in October 2016 to help manage the product's ongoing margin. Lapse rates trended upwards after the IP price increase for both lump sum and IP policies. This occurred because lump sum and IP policies renewed on the new rates. Furthermore these policies are generally sold together and are therefore likely to lapse at the same time. This response had largely washed through the portfolio by December 2017 with an improvement in IP lapses in FY18;
- There are suggestions of some heightened lapses in the lead up to the LIF reforms which went live on 1 January 2018, in particular for policies with upfront commission. Prima facie, this is likely to be a short-term effect, but it is unlikely to have immediately ceased post the implementation date, with some flow through into the 2H FY18 result;
- The repositioning and repricing of the LifeSolutions lump sum product in CY18, coupled with the impact of the LIF reforms, is expected to improve lapse performance so it is in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term. The LIF reforms include a two-year responsibility period whilst there are indications that the competitiveness of LifeSolutions' lump sum premium rates have changed over time which has adversely impacted lapse rates; and

1 Experience measured against the assumptions applicable at each reporting date.

- ClearView made a strategic decision to exit the Direct business in FY17. Over time, lapse experience improved significantly as ClearView exited the direct business and is likely to further recede with the run-off of the book. In the shorter term, lapses may be impacted by the direct remediation program that is underway.

Operating expenses increased in the Life Insurance segment by 3% and is substantiated by:

- Activities that support business growth and require an increase in front-end costs. This includes initiatives like broadening the IFA footprint;
- An increase in life insurance administration and back-end costs due to the growth in the in-force portfolio (+19%). These administration costs include underwriting, claims, administration and contact centre costs; and
- The closure of the Direct business has reduced costs by $3.8 million. This includes a reduction in the fixed cost base of the business combined with the volume-based cost structure (i.e., call centre sales and quality assurance agents). The retention team has been retained and integrated into the centralised operations to manage the in-force book.

Although expense overruns initially depressed reported profits, they have been eliminated in Life Insurance as scale is achieved, thereby increasing underlying profit on the growing in-force portfolio. Non-deferred expense experience improved from a $0.4 million loss in FY17 to a $0.5 million profit in FY18, demonstrating that expense overruns are being absorbed as scale is achieved.

Other key points to note in the FY18 Life Insurance result:

- Investment earnings are impacted by the reallocation of shareholder cash to the Life Insurance segment (given the growth in the business and related capital requirements).
- The increased reinsurance expense is aligned to the growth in in-force portfolios and reflects the upfront reinsurance support provided in the first year of a policy by the reinsurer.
- Growth in Life Insurance initial commission in FY18 was driven by the upfront variable commission cost related to higher new business volumes in LifeSolutions. These acquisition costs are deferred and amortised within the policy liability over the expected life of the policies, in accordance with accounting standards. From 1 January 2018, life insurance reforms have been implemented with caps on upfront commission.
- In the short-term, the implementation of the LIF reforms will reduce profit margins given the shift to a hybrid commission model but will unwind and improve as the upfront commission cap reduces from 80% to 60% over the next few years. Lapse rates are likely to improve (post implementation of the reforms) given the increased clawback period. Furthermore, the return on capital will also increase given the reduced capital requirements via lower upfront commissions paid to advisers.
- Increased variable expenses relate to stamp duty and medical policy acquisition costs driven by increased new business volumes.
- The strong growth in the in-force portfolios of contemporary products is partially offset by the run-off of the higher margin Old Life insurance book. This has more recently become less of an impact given the proportion of LifeSolutions portfolio to the overall in-force base (82%).

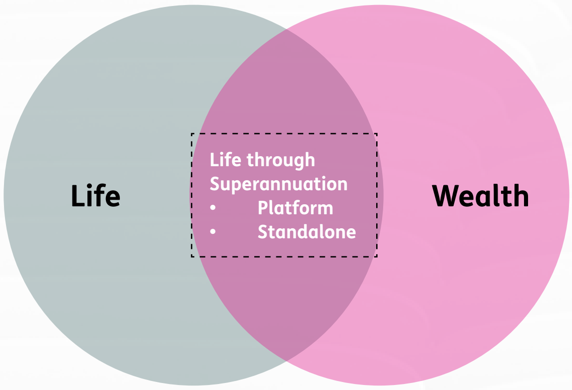
1 Life insurance framework.

Operating segment review

Wealth Management

Approach

While Life Insurance has been the key value driver, ClearView continues to invest significantly in Wealth Management product development and systems given the opportunities ahead. ClearView has a relatively new status in Wealth Management but we believe that convergence of life insurance and superannuation will be a significant driver of shareholder value creation over the medium term.



Advisers sell both life insurance and wealth management products to customers, they are a natural fit. Manufacturers that have products in both markets have a clear advantage by maximising individual adviser relationships, and facilitating both life insurance and superannuation sales. Life insurance (risk products) can be sold via superannuation on two common bases:

- Platform-linked life insurance is life insurance that is sold as a benefit on a superannuation wealth account; and
- Standalone life insurance sold within superannuation.

Both can provide the policyholder with a tax-effective way to buy life insurance:

- Platform-linked sales require superannuation wealth products to be provided.
- Tax credits on standalone life insurance requires both superannuation wealth accounts to generate the tax benefits and administration flexibility to pay the credit.

ClearView is able to do both. Competitors (especially those with material legacy issues or those that are divesting their businesses) cannot offer both easily (or at all), providing ClearView with a significant competitive advantage.

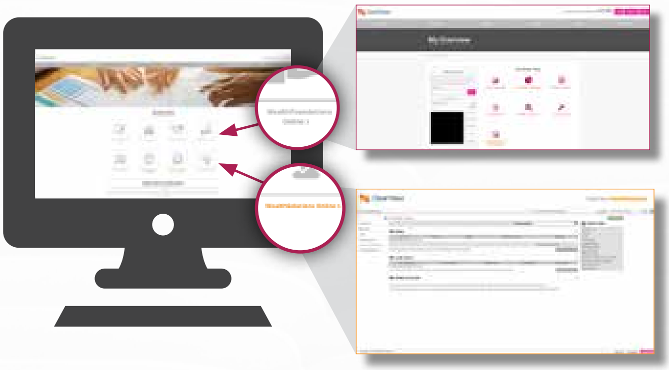
ClearView has intentionally chosen not to participate in the group life insurance market and will provide these products on an individual basis through superannuation.

Where are we today?

ClearView's strategy is to build a material Wealth Management business by manufacturing and distributing contemporary platforms and products, and leveraging existing Life Insurance relationships:

New contemporary technology platform for WealthFoundations; Private label for WealthSolutions

(Wealth migration of Master Trust Product onto new platform completed in FY18)



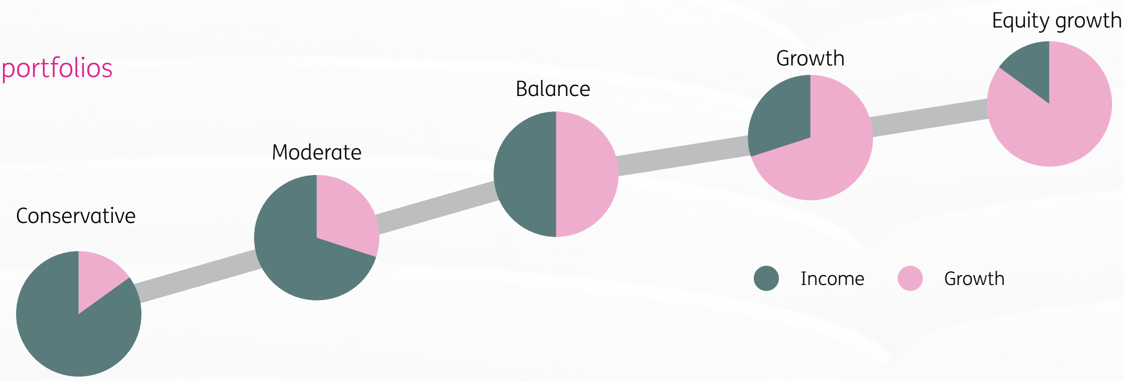
Highly Rated by Chant West

Chant West 2018 rating of 4 Apples for ClearView WealthFoundations Super and Pension, and ClearView WealthSolutions Super and Pension. A 4 Apples rating reflects a "high quality fund".

ClearView **WealthFoundations**

ClearView **WealthSolutions**

Model portfolios



ClearView offers a range of contemporary wealth products, which are available through financial advisers:

- WealthSolutions: A full service wrap platform that allows sophisticated clients to invest in various asset classes including direct shares, access tax and portfolio performance reports, and efficiently manage their client's accounts;
- WealthFoundations: A slimmed-down platform for mid-level clients based on 14 multi-manager model portfolios that are constructed and managed internally by ClearView's in-house investment research team who leverage the expertise of third-party fund managers. This product is ideally suited to traditional risk advisers looking to expand into wealth management; and
- External platforms: ClearView MIS platform funds are available on selected third-party platforms.

ClearView continues to maintain the Master Trust product that includes life investment contracts issued by ClearView Life. The product is in run-off as it is no longer marketed to new customers.

ClearView's Wealth Management business includes an in-house research and investment arm that builds and actively manages a range of implemented model portfolios including Separately Managed Accounts (SMAs). ClearView's model portfolios invest in various independent asset manager funds.

Key benefits of model portfolios include:

- Advisers can efficiently meet the investment needs of clients by recommending well-researched, well-constructed diversified multi-manager portfolios that target clearly defined investment objectives (for example, asset protection, retirement income, moderate risk and high growth);
- Advisers gain access to specialist asset managers who are not directly available to retail clients;
- ClearView charges a model portfolio fee and earns a margin on Wealth Management FUM by using our scale to negotiate wholesale asset management fees from underlying managers; and
- Sharper focus on asset allocation, manager selection and portfolio management, as ClearView does not directly manage investments in underlying assets (this is outsourced to third-party asset managers).

ClearView has followed a program of ongoing development and refinement of wealth products over time with contemporary products including SMA capabilities to support both aligned and third-party advisers. ClearView also has the ability to place in-house model portfolios on external platforms. Further system and product development is required to broaden out the product offering to IFA market.

Looking forward

To capitalise on the Group's significant investment in Wealth Management, key focus areas in FY19 include:

- Increasing penetration of the aligned network (CFA[4] and Matrix[4]) by delivering excellent service;
- Leveraging the Life Insurance IFA distribution network to gain inclusion on additional third-party APLs;
- Marketing ClearView platform funds in the external platform market to allow further participation in the funds management margin;
- Further investment in the contemporary platform and product in FY19 to improve competitiveness (including analysis of fee rates in light of recent competitor price reductions), back office services, efficiency and automation to allow the broader roll out to the IFA market over time. This will ensure that the product rating and pricing improves its competitiveness; and
- Capturing opportunities from the convergence of Life Insurance and Wealth Management by providing products that improve adviser efficiency, customer experience and reinforce ClearView's competitive advantage in licensing solutions.

Financial Performace

Wealth Management financial result:

12 Months to June ($M)[1]	2017 1H	2017 2H	FY17	2018 1H	2018 2H	FY18	% Change[2]
Fund management fees	16.3	16.5	32.8	18.0	18.2	36.2	10%
Interest income	0.2	0.2	0.3	0.2	0.2	0.5	49%
Variable expense[3]	(3.3)	(3.2)	(6.5)	(3.3)	(3.2)	(6.4)	(1%)
Funds management expenses	(4.1)	(4.0)	(8.1)	(4.7)	(4.8)	(9.5)	17%
Operating expenses	(7.0)	(6.8)	(13.8)	(7.0)	(7.5)	(14.5)	5%
Underlying NPBT	**2.1**	**2.6**	**4.6**	**3.3**	**3.0**	**6.2**	**34%**
Income tax (expense)/benefit	(0.4)	(0.3)	(0.7)	(0.7)	(0.4)	(1.1)	54%
Underlying NPAT	**1.6**	**2.3**	**3.9**	**2.6**	**2.6**	**5.2**	**31%**
Amortisation of intangibles	(2.6)	(1.8)	(4.4)	0.0	(0.1)	(0.1)	(98%)
Reported NPAT	**(0.9)**	**0.4**	**(0.5)**	**2.6**	**2.5**	**5.1**	**Large**

Key Statistics And Ratios ($M)	2017 1H	2017 2H	FY17	2018 1H	2018 2H	FY18	% Change[2]
Net Flows	**59.5**	**145.4**	**204.9**	**163.6**	**43.6**	**207.2**	**1%**
Master Trust	(81.5)	(66.3)	(147.8)	(65.6)	(60.4)	(126.0)	(15%)
WealthSolutions	86.6	112.5	199.1	103.9	58.6	162.5	(18%)
WealthFoundations	42.1	45.7	87.8	66.0	32.8	98.8	12%
External platforms	12.3	53.5	65.8	59.3	12.6	71.9	9%
Total FUM ($b)	**2.28**	**2.50**	**2.50**	**2.73**	**2.79**	**2.79**	**12%**
Master Trust	1.03	1.00	1.00	0.96	0.90	0.90	(9%)
WealthSolutions	0.93	1.08	1.08	1.22	1.29	1.29	19%
WealthFoundations	0.25	0.30	0.30	0.38	0.41	0.41	37%
External Platforms	0.07	0.12	0.12	0.18	0.19	0.19	58%
Cost to Income Ratio	**42.9%**	**41.4%**	**42.1%**	**38.9%**	**41.2%**	**40.0%**	

1 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2 % change represents the movement from FY17 to FY18.
3 Variable expense include the platform fee payable on WealthSolutions and the internal advice fee payable to the Financial Advice segment on the Master Trust product

ClearView has started to generate strong Underlying NPAT growth driven by strong net flows in contemporary products and growth in FUM balances. ClearView began investing significantly in its Wealth Management business in FY15:

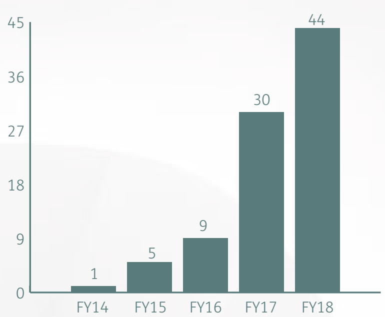
- The launch of new, client-focused products and the placement of in-house model portfolios on external platforms.
- Material investment in FY15 to build a compliant and functional platform coinciding with the launch of WealthFoundations. This resulted in an adverse $3.2 million (after tax) impact on Underlying NPAT in FY15.
- Stronger inflows and scale benefits for WealthSolutions with continued support for WealthFoundations.

ClearView now has a competitive product suite and a growing distribution network. As in Life Insurance, steadily increasing net flows will lead to comparable market share growth in FUM which is a key profit driver.

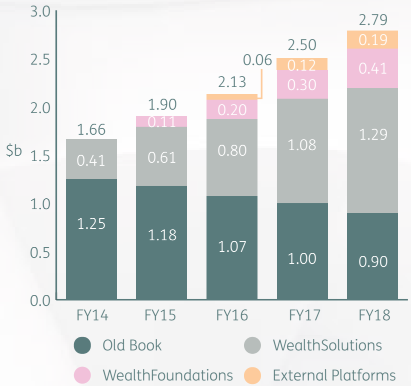
The following graphs illustrate the performance and growth profile of the Wealth Management business.

Chart 1: Wealth Management key performance indicators

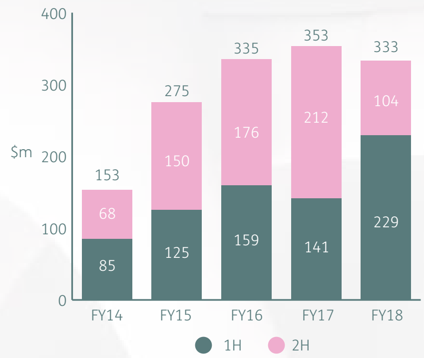
Active Wealth APLs[1] with ClearView Products



Wealth In-Force FUM[2] ($B)



Wealth Contemporary Net Flows[3] ($M)



ClearView is a positive net flow business. The proportion of the new contemporary product suites as a percentage of FUM balances are starting to outweigh the decline of the very profitable Master Trust product. Wealth Management fees are up 10% to $36.2 million and net flows in contemporary products are up 1% to $207 million, including an improvement in Master Trust outflows:

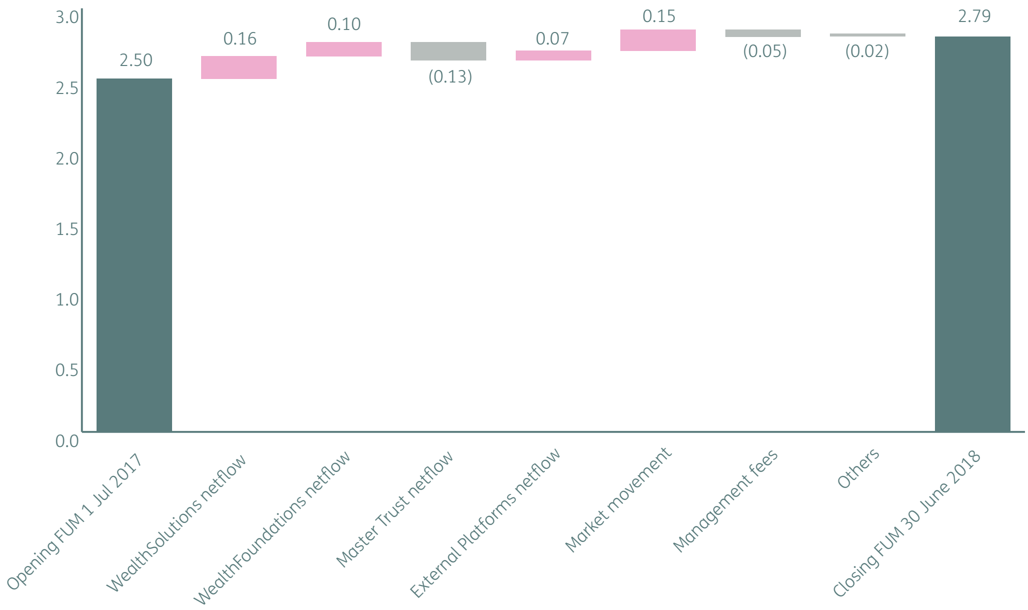
- WealthSolutions recorded net inflows of $163 million (-18%).
- WealthFoundations recorded net inflows of $99 million (+12%).
- External platform net inflows of $72 million (+9%).
- Master Trust net outflows of $126 million (-15%).

Inflows represent a material portion of overall FUM balances. Gross inflows of $568.8 million was achieved in FY18 predominantly into contemporary products (+11%). Furthermore, the number of Wealth Management APLs has increased to 44, up 42% by leveraging the Advised Life Insurance distribution network. To date, WealthSolutions and WealthFoundations have primarily been distributed by aligned advisers with efforts to expand the distribution footprint having commenced in FY17.

1 APLs are where ClearView products that are placed on third-party dealer group approved product lists.
2 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
3 Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.

FUM balances are up 12% to $2.79b at 30 June 2018. Wealth Management FUM movement is driven by the net impacts of net flows, funds management fees and investment market movement-based variances. This is shown in the following graph.

Chart 2: Wealth Management FUM movement FY17 – FY18 ($B)



Wealth Management FUM is made up of WealthSolutions ($1.3 billion; +19%), WealthFoundations ($0.4 billion; +37%), External Platforms ($0.2 billion; +57%) and Master Trust ($0.9 billion;-9%):

- The mix of products making up the portfolio has changed materially with contemporary products (including ClearView platform funds on external platforms) now representing 68% of total FUM. This links to the margin shifts across the portfolio; and
- Performance of investment markets remains key to attracting flows and supporting the Master Trust FUM given the product is not actively marketed to new customers. Performance has lagged in the shorter term given the defensive positioning of the portfolios that are currently under review.

FY18 Wealth Management earnings

The profitability of the Wealth Management segment is largely driven by fees earned from FUM less expenses incurred.

One of the key differences between Wealth Management and Life Insurance is the way costs are accounted for. In Wealth Management, the customer acquisition costs are all expensed up front so any increase in wealth acquisition, distribution and related upfront costs acts reduce reported earnings. However, the profit pool of Wealth Management is similar to Life Insurance and as ClearView's share of FUM starts to approach its share of net flows, its share of the industry profit pool will increase significantly.

Underlying NPAT in FY18 was $5.2 million (+31%) and includes the positive impact on net fee income from FUM growth (+12%). Investment market performance of 6% was achieved compared to a 5% investment return in FY17.

The Master Trust product is effectively a closed book with a portion of FUM in pension phase. The FY18 result includes impacts from the margin compression of the gradual run-off of the Master Trust product that is being replaced by lower margin new business written for new contemporary products (fee income +10% overall). The net flows of the new contemporary product suites are starting to outweigh the profit drag of pension outflows with the above factors assumed in Embedded Value (EV) calculations.

The decrease in variable expenses (-1%) can be attributed to a reduction in the inter-segment advice fee (50bps) paid to Financial Advice on Master Trust FUM (in line with average Master Trust FUM). This reduction was partially offset by higher platform fees payable on the WealthSolutions portfolio (in line with growth in average WealthSolutions FUM). Funds management expenses increased in line with the expanded wealth product range (WealthFoundations launch and MIS growth on platforms) and increased FUM between periods.

The increase in operating expenses (+5%) can be attributed to the costs incurred to migrate the Master Trust product to the new platform along with further investment to enhance the contemporary platform and product (including increased technology and software amortisation costs). The front-end costs to support business growth have remained broadly consistent (notwithstanding an 11% increase in contemporary product new flows). Distribution will expand further in the IFA market after additional system and product upgrades are completed. There has been a reduction in wealth administration costs due to greater efficiencies from the increased scale of business and migration of the Master Trust product onto a single administration platform (completed at end of FY18), albeit with the cost benefits expected to flow through from FY19.

Expense overruns (after tax) increased to $3.0 million in FY18 (FY17: $2.7 million). The current overruns reflects the investment in the contemporary platform and WealthFoundations product that is yet to achieve scale relative to initial system and ramp up costs.

The tax expense includes a tax benefit of $0.8 million in FY18 (FY17: $0.7 million) comprising exempt fees in the Master Trust product range ($0.2 million), the positive impact from a tax benefit arising from superannuation insurance premium deductions ($0.6 million) and the prior year's favourable tax adjustments ($0.1 million).

Investment earnings are impacted by the reallocation of shareholder cash between segments and movement in market interest rates between periods.

Operating segment review

Financial Advice

Approach

ClearView has focused on building an aligned financial adviser network with high quality IFAs. In its early years, ClearView was precluded from participating in the IFA market through restricted APLs and prohibitive shelf space fees. ClearView therefore chose to build its own dealer group with an open life insurance APL that allowed its new contemporary products to be distributed to customers. ClearView focused carefully on recruiting high quality advisers into the network.

The institutional model of vertical integration within the banks became out of favour with consumers and financial advisers. This created an opportunity for a client-centric, non-institutional challenger with a competitive dealer service that offered an holistic advice framework, to partner with advice practices.

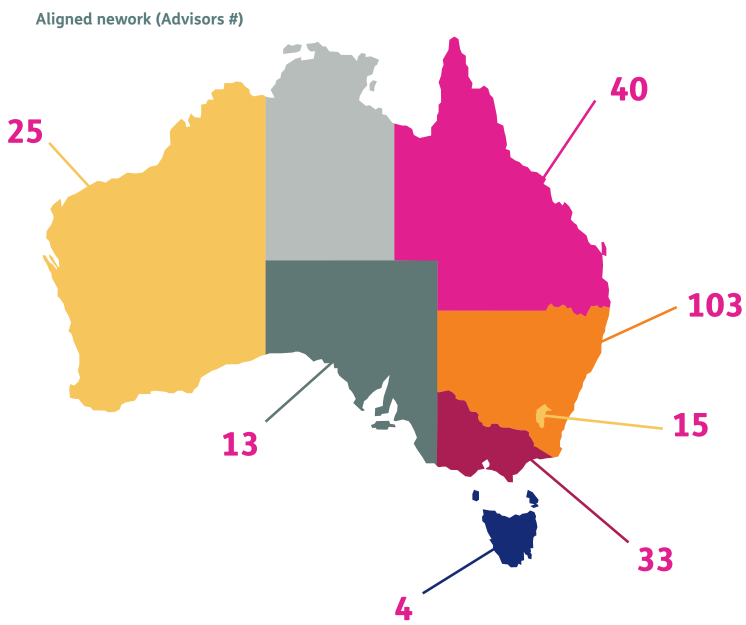
The ClearView dealer groups have, over time, developed into businesses that support advisers to transition from transactional product-based advice, to holistic strategic advice which considers a client's total financial needs and goals. Alongside traditional dealer services, it provides practice management solutions, coaching and technology-based tools - helping advisers shape, sell and price their value proposition - to achieve sustainable profit and growth.

Consolidation, regulatory uncertainty and increasing dissatisfaction among institutionally-aligned dealer groups is creating further opportunities. However, ClearView remains focused on selectively recruiting high quality advisers who have the right cultural fit for the ClearView and Matrix dealer groups.

It should also be noted that the current licensing regime is under the spotlight, with self-licensing gaining popularity in the adviser market. ClearView is therefore positioning itself as a participant in the D2D model given it has the infrastructure, services and systems for compliance, supervision and monitoring for those businesses that choose to self-license or join boutique dealer groups. This is likely to expand the revenue base and services within the financial advice segment.

Where are we today?

ClearView has focused on building an aligned financial adviser network with high quality IFAs.



ClearView's national dealer groups, ClearView Financial Advice (CFA) and Matrix Planning Solutions (MPS) segment their advisers and operations into the following categories:

- **CFA employed advisers:** These are the employed, salaried advisers. ClearView retains 100% of the fees charged to clients and pays the advisers in accordance with Clearview's remuneration policy. The number of employed advisers has steadily declined over time with many transitioning to the self-employed model. ClearView has 9 employed advisers to date of this report.
- **CFA self-employed advisers:** These advisers pay CFA a fee to operate under its AFSL and utilise the Group's support services. CFA provides a range of services to these advisers including compliance, practice management solutions, IT support and software. Traditionally, CFA advisers have focused on life insurance advice but there is emerging growth in wealth management. CFA has 125 financial advisers at the date of this report.
- **MPS self-employed advisers:** These advisers pay MPS a fee to operate under the Matrix AFSL and utilise the Group's support services. MPS provides a range of services to these advisers including compliance, practice management solutions, IT support and software. Traditionally, MPS advisers have focused on wealth management advice. Matrix advisers received shares as consideration for the acquisition of MPS in 2014. The performance-based shares vested in FY18, noting that the shares are no longer held in trust and have been issued to the vendors MPS. MPS has 99 financial advisers at the date of this report.

The following represents the graphical representation of ClearView's aligned adviser network:

Looking forward

Key measures in Financial Advice include:

- The retention of compliant practices and attracting quality firms to join the business with a continued focus on quality not quantity;
- The training and development of advisers including helping them transition to the new financial education standards; and
- In light of regulatory changes, broaden out the back-end service offering to the independent dealer group market by entering the D2D market.

Financial Performance

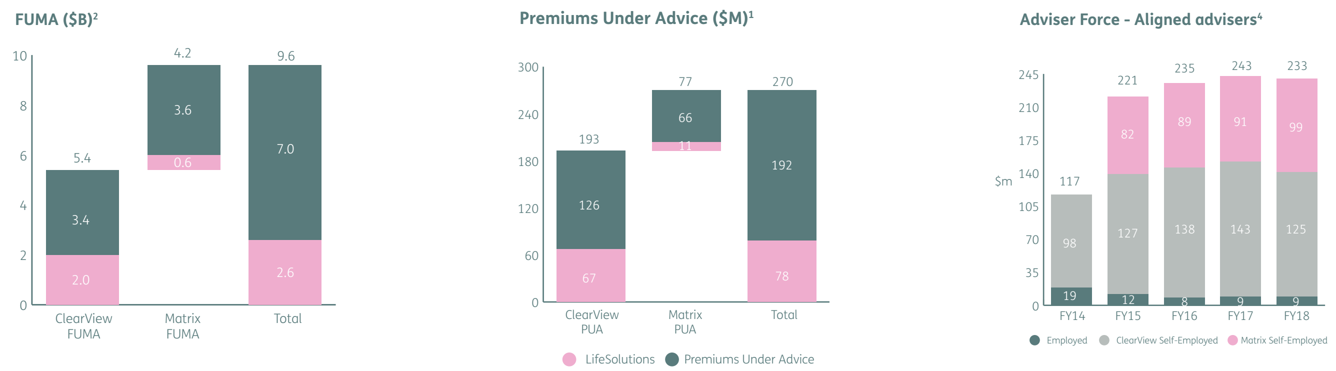
Financial Advice financial result:

	2017			2018			%
12 months to June ($M)[1]	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**Change[2]**
Net financial planning fees	8.6	8.3	16.9	8.8	8.7	17.4	3%
Interest and other income	0.5	0.1	0.6	0.2	0.3	0.5	(26%)
Operating expenses	(7.4)	(7.0)	(14.4)	(7.6)	(7.7)	(15.3)	6%
Underlying NPBT	**1.7**	**1.5**	**3.2**	**1.3**	**1.3**	**2.6**	**(20%)**
Income tax (expense) / benefit	(0.5)	(0.4)	(0.9)	(0.4)	(0.4)	(0.8)	(18%)
Underlying NPAT	**1.2**	**1.0**	**2.2**	**1.0**	**0.8**	**1.8**	**(20%)**
Amortisation of intangibles	(0.5)	(0.5)	(1.0)	(0.6)	(0.5)	(1.1)	14%
Reported NPAT	**0.7**	**0.5**	**1.2**	**0.4**	**0.3**	**0.7**	**(47%)**

	2017			2018			%
Key statistics ($M)	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**Change[2]**
FUMA ($b)[4]	8.5	8.9	8.9	9.3	9.6	9.6	7%
PUA ($m)[3]	233	237	237	247	270	270	14%
Financial advisers	243	243	243	246	233	233	(4%)

1 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2 % change represents the movement from FY17 to FY18.
3 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium
4 FUMA includes FUM[5] and funds under advice that are externally managed and administered.
5 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.

Chart 1: FY18 - Key performance indicators



The FUMA movement in the dealer group is driven by the net impacts of net flows, funds management fees and investment market movement-based variances. Premiums under advice (PUA) is driven by the net impacts of new life insurance business, price increases, lapse and CPI/aged-based variances. Financial Advice FUMA is $9.6 billion at 30 June 2018, up 7% with PUA of $270 million, up 14%:

- FUMA was positively impacted by the movement in investment markets, change in adviser numbers and composition period to period (including changes in underlying practices licenced by the dealer groups);
- PUA is impacted by the net impact of adviser recruitment, composition and changes in underlying practices;
- Of the $9.6 billion in FUMA, $1.9 billion was in contemporary in-house products and $0.9 billion was in the Master Trust product (FY17: $9.3 billion, $1.5 billion);
- Of the $270 million PUA in-force, $78 million was in LifeSolutions (FY17: $237 million, $70 million); and
- Financial advisers decreased 4% to 233 with a continued focus on selectively recruiting high quality advisers that have the right cultural fit.

FY18 Financial Advice earnings

Key drivers of financial performance in the Financial Advice segment are as follows:

- Net adviser service fees and membership fees earned;
- Financial support from ClearView's manufacturer businesses;
- Grandfathered platform rebates; and
- Dealer service fees (DSF) earned on the new contemporary platforms. (As the FUM increases on these platforms this is expected to continue to grow as grandfathered rebates run off).

Underlying NPAT was $1.8 million (-20%) but would have been broadly flat period-to-period if the abnormal other income items are excluded. Notable items include:

- Growth in net financial planning fees (+3%) with marginal increases across all key revenue line items;
- Increased operating expenses of $15.3 million in FY18 (+6%) which was driven by the increase in operational and compliance head count, system costs and investment in strategic advice and D2D services model, partially offset by lower conference costs. Dealer group overheads include staff, marketing, rent, professional indemnity insurance and shared services allocation; and
- Interest relates reflect the reallocation of shareholder cash between segments and changes in market interest rates between periods.

1 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.
2 FUMA includes FUM[3] and funds under advice that are externally managed and administered.
3 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
4 Aligned advisers are licenced by the ClearView Financial Advice Pty Ltd and Matrix Planning Solutions Ltd dealer group.

Operating segment review

Listed Entity/Other

Approach

This segment includes the Investment earnings on cash and investments held in the listed and central services entities and in the shareholders' fund of ClearView Life, less costs associated with maintaining a listed entity. The Company manages capital at the listed entity level in accordance with its Internal Capital Adequacy Assessment Process (ICAAP) policy.

FY18 Listed Entity/Other Earnings

Listed Entity/Other financial result:

	2017			2018			%
12 months to June 2018 ($M)[1]	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**Change[2]**
Interest income	0.2	0.1	0.3	0.1	0.2	0.3	9%
Operating expenses	(0.4)	(0.6)	(1.0)	(0.7)	(0.5)	(1.2)	18%
Operating earnings NPBT	**(0.2)**	**(0.5)**	**(0.7)**	**(0.6)**	**(0.2)**	**(0.8)**	**22%**
Income tax (expense) / benefit	(0.1)	0.3	0.2	(0.1)	0.5	0.4	152%
Operating earnings NPAT	**(0.3)**	**(0.2)**	**(0.5)**	**(0.7)**	**0.3**	**(0.4)**	**(23%)**
Interest expense on corporate debt (after tax)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	65%
Underlying NPAT	**(0.4)**	**(0.3)**	**(0.7)**	**(0.8)**	**0.1**	**(0.7)**	**(0%)**
Strategic review costs	(0.5)	(0.1)	(0.6)	(0.3)	(0.5)	(0.8)	34%
Direct closure provision	0.0	(2.4)	(2.4)	0.0	0.0	0.0	Large
Reported NPAT	**(0.9)**	**(2.8)**	**(3.7)**	**(1.1)**	**(0.4)**	**(1.5)**	**(60%)**

The Listed segment financial results for the year ended 30 June 2018 are shown in the previous table. Underlying NPAT was -$0.7 million (broadly flat).

Notable items include:

- Investment earnings which are broadly in line between periods, albeit with some reallocation of physical cash between segments;
- Higher expenses given the increased investor relations costs coupled with the allocation of insurance costs in FY18 to the listed segment, noting changes to Board composition between periods;
- Interest on corporate debt relating to loan establishment and line fees on the $60 million NAB debt facility that was refinanced in June 2017. This reflects the increased costs of the facility given the movement in interest rates; and
- Tax benefits (+$0.6m) driven by the research and development grant and a deferred tax benefit arising from the tax deduction of costs associated with the performance rights issued to the Senior Management Team (SMT) in FY18.

1 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2 % change represents the movement from FY17 to FY18.

Statement of financial position

The Group's Statement of financial position, which is set out on page 78, reflects the key metrics below.

- Net assets at 30 June 2018 increased to $444.3 million (June 2017: $415.6 million) comprising:
  - Reported profit of $26.6 million;
  - FY17 net cash dividend (-$6.0 million);
  - Movements in the Share Based Payments Reserve due to the treatment of the ESP in accordance with the accounting standards (+$2.2 million), ESP loans settled through the FY17 final dividend (+$0.8 million); and
  - The proceeds from ESP shares sold via off-market transfer, including repayment of ESP loans and the impact of the sale of vested shares (+$5.0 million).
- Net tangible assets increased to $399.1 million ($431.4 million including ESP loans) (June 2017: $371.0 million);
- Net asset value per share (including ESP loans) of 71.3 cents per share (June 2017: 68.6 cents per share); and
- Net tangible asset value per share (including ESP loans) of 62.2 cents per share (June 2017: 61.8 cents per share).

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 2018 (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.

Embedded Value

Life Insurance and Wealth Management are long-term businesses that involve long-term contracts with customers and complex accounting treatments. Embedded Value (EV) represents the discounted value of the future net cash flows anticipated to arise from the in-force life policies, investment client balances and advice client recurrent revenue as at the valuation date.

EV calculations at a range of risk discount margins (DM) is shown below.

Risk margin over risk free rate: ($M), (unless stated otherwise)	3% DM	4% DM	5% DM
Life Insurance	429.4	404.2	381.9
Wealth Management	70.6	66.7	63.2
Financial Advice	27.1	24.9	23.0
Value of In-Force (VIF)	**527.0**	**495.8**	**468.1**
Net Worth	60.8	60.8	60.8
Total EV	**587.9**	**556.6**	**528.9**
ESP Loans	32.3	32.3	32.3
Total EV Incl. ESP Loans	**620.2**	**588.9**	**561.2**
Franking Credits:			
Life Insurance	70.1	65.9	62.3
Wealth Management	19.0	18.0	17.1
Financial Advice	8.4	7.7	7.2
Net Worth	20.7	20.7	20.7
Total EV Incl. Franking Credits and ESP Loans	**738.3**	**701.1**	**668.4**
EV per Share Incl. ESP Loans (cents)	**92.8**	**88.1**	**84.0**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**110.5**	**104.9**	**100.0**

The key movement in EV between FY17 and FY18 is described in detail below. Net capital applied (+$1.3 million) driven by:

- FY17 final cash dividend (-$18.1 million) paid in September 2017 with $12.2 million reinvested as part of the Dividend Reinvestment Plan;
- Movements in the Share Based Payments Reserve including ESP shares sold via off-market transfer (+$5.0 million), treatment of the ESP in accordance with the accounting standards (+$2.2 million), and ESP loans settled through the FY17 final dividend (+$0.8 million); and
- Costs considered unusual to the ordinary activities predominantly related to expenses incurred in relation to the associated Cooperation Agreement between ClearView and Sony Life. These costs are expected to cease from the end of July 2018, being the date of termination of the Cooperation Agreement (-$0.8 million).

Expected gain (+$36.2 million):

- Expected gain represents the expected unwind of the discount rate within the value of in-force and investment earnings on net worth.

VNB added (+$12.0 million):

- The value added by new business written (Life insurance and Wealth Management products) over the period. The current value of new business is suppressed by the growth costs incurred. The acquisition cost overruns should decrease as the business grows, providing it with operating leverage. LifeSolutions continues to be the key driver of VNB given increased scale and volumes, albeit in the short term VNB has been adversely impacted due to the aquisition costs incurred and the hybrid commission model under the LIF reforms (noting VNB will improve as the upfront commission cap reduces from 80% to 60% over the next few years).

The claims experience (-$5.5 million):

- Adverse claims experience loss (relative to planned margins) across all products. The loss for the second half of FY18 of -$2.3 million was lower than the first half loss of -$3.2 million;
- Adopting a longer term view, the overall net adverse claims performance is mainly attributed to the IP portfolio, with the lump sum portfolio having a net neutral experience over a five-year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that overall claims performance will fit within best estimate claims assumptions (as at 30 June 2018) over the longer term.

The impact of lapses on the life insurance book and FUMA discontinuances (-$3.5 million):

- Life Insurance lapse impact of -$2.9 million was mainly driven by higher-than-expected lapses for LifeSolutions arising from heightened lapses in lead up to the 1 January 2018 regulatory changes, the tail-end of the effect of income protection price increases implemented in HY17 and a drift in the competitive position of LifeSolutions lump sum premium rates. LifeSolutions lapse rates have been broadly neutral over a five-year period. The repositioning and repricing of the LifeSolutions lump sum product in CY18, coupled with the impact of the LIF reforms (given the increased clawback period), is expected to improve lapse performance to be in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term.
- For the Wealth Management business, discontinuance rates overall were slightly higher than expected overall resulting in a -$0.6 million impact.

FUMA mark to market and business mix (+$2.2 million):

- The EV increased by $2.2 million due to the business mix and net investment performance on FUMA, which resulted in higher fee income relative to expectations over the period and a higher present value of future fees at the end of the period.

Maintenance, listing and interest expenses (-$1.4 million):

- Maintenance expense overruns versus the long-term unit costs assumed. Emerging life insurers invest and incur overhead costs ahead of "getting to scale". The maintenance expense rates assumed in the EV are based on longer term unit costs, as opposed to current "expense overrun" levels. As the business gets to scale, it is expected that the expense overruns will be eliminated, thereby increasing underlying profit margins on the in-force portfolio and removing the drag on the EV.
- Listing and interest expenses were impacted by the Group's listed overhead costs and line fee on corporate debt which are not allowed for in the EV

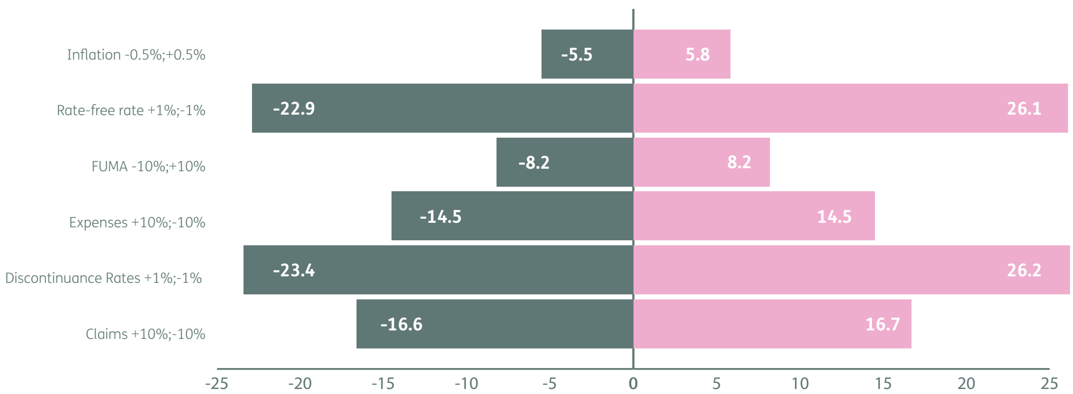
Change in assumptions (-$6.5 million):

- This includes a -$5.4 million impact due to claims assumption changes mainly to reflect higher expected claims cost for LifeSolutions IP and non-advice business. Significant product upgrade and pricing repositions planned for 1HFY19. This will include updated reinsurance terms and inforce policy pricing changes. Actuarial assumptions updated reflected in current prospective profit margins and EV for inforce. Objective for pricing and reinsurance on inforce is to have a broadly neutral impact. In addition, this includes a -$1.1 million impact due to expected pricing changes on the Funeral Plan business to provide better value at older ages.

ESP loans/franking credits and other items (+$4.4 million):

- Reflects the net movement in ESP loans and franking credits between periods. The balance includes modelling enhancements, one-off reinsurance impacts, restatements, timing effects and tax impacts of the policy liability discount rate effect in the period.

Chart 2: Embedded Value movement analysis @ 4%DM



Dividends

The Board has declared a fully franked dividend in 2018 of $20.05 million (2017: $18.14 million). This equates to 3.00 cents per share (2017: 2.75 cents per share), representing approximately 60% of FY18 Underlying NPAT in line with the company's dividend policy (+9% increase in the dividend per share).

The Board seeks to pay dividends at sustainable levels and has a target payout ratio of between 40% and 60% of Underlying NPAT. Furthermore, it is the Company's intention to maximise the use of its franking account by paying fully franked dividends.

The Company's DRP (Dividend Reinvestment Plan) will operate for the FY18 dividend in accordance with the DRP rules below:

- Shareholders will have the opportunity to reinvest into the Company while retaining capital within the Group;
- Given Clearview's preference to retain capital, it is not considered appropriate to minimise the dilutive impact of the DRP through the on-market purchase of the number of shares to satisfy the DRP participation; and
- It is the intention to seek support for any shortfall in shareholder participation by underwriting the shortfall to maintain the capital base within the group. This will be reconsidered in future years given the cash flow profile of the business.

Substantial shareholders have committed to participate in the DRP at a fixed price of $1.05 per share as follows:

- Crescent Capital and its associates for its entire share of the dividend; and
- Sony Life for its share of the dividend to the extent that its holding does not exceed 14.9% (given regulatory approvals are required for Sony Life to increase its shareholding above 15%).

No interim dividend was paid during the year (2017: Nil). To date, the ability to pay an interim dividend has been limited by the effect on tax paid of the changes in the long-term discount rates used to determine the insurance policy liabilities between the half-year and year-end. As a sufficient franking credit balance has been progressively established, the payment of interim dividend can be considered in future periods.

ClearView's ability to pay a franked dividend depends upon factors including its profitability, the availability of franking credits and its funding requirements which in turn may be affected by trading and general economic conditions, business growth, and regulation. Accordingly, no assurance can be given as to the timing, extent and payment of dividends.

Capital position

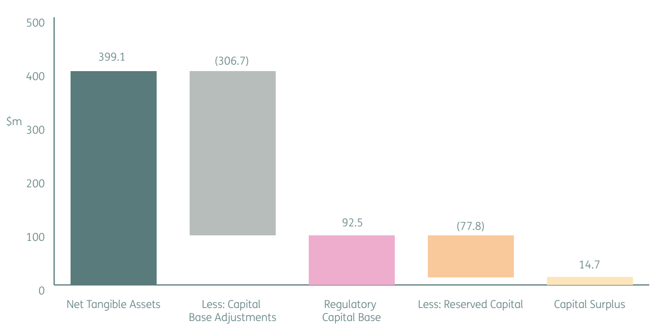
ClearView is fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium-term growth.

The Company entered into a three-year, $60 million Debt Facility Agreement with National Australia Bank in July 2017 for the following key reasons:

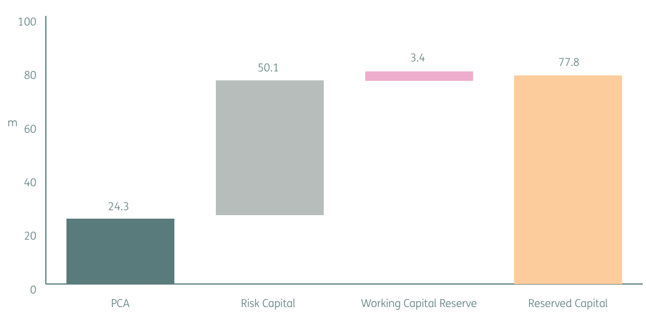
- To provide future capital funding in the event that growth is materially above what is currently anticipated; and
- To meet the liquidity needs of the Group or to capitalise on other opportunities should they arise. This replaced the $50 million facility that was due to expire in December 2017.

Chart 1: Capital Position as at 30 June 2018

Capital Position ($m) – 30 June 2018



Reserved capital ($m)[1] – 30 June 2018



1 Reserved capital includes the minimum regulatory capital, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve held to support the capital needs of the business beyond the risk reserving basis.

Chart 2: Capital Position as at 30 June 2018 by Regulated Entities and Segment

	Life Insurance	Wealth Management	Other	APRA Regulated Entities	Wealth Management	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC[2]/Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net Assets	373.2	12.2	4.0	389.5	7.8	17.3	25.1	414.6	29.7	444.3
Goodwill & Intangibles	(13.5)	(4.8)	0.0	(18.3)	0.0	(7.8)	(7.8)	(26.1)	(19.1)	(45.2)
Net Tangible Assets	**359.8**	**7.4**	**4.0**	**371.1**	**7.8**	**9.5**	**17.3**	**388.5**	**10.7**	**399.1**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(304.7)	0.0	0.0	(304.7)	0.0	0.0	0.0	(304.7)	0.0	(304.7)
Other Adjustments to Capital Base	(1.6)	(0.0)	0.0	(1.7)	0.0	0.0	0.0	(1.7)	(0.3)	(2.0)
Regulatory Capital Base	**53.5**	**7.4**	**4.0**	**64.8**	**7.8**	**9.5**	**17.3**	**82.1**	**10.3**	**92.5**
Prescribed Capital Amount	(11.8)	(3.4)	(3.4)	(18.6)	(5.0)	(0.7)	(5.7)	(24.3)	0.0	(24.3)
Available Enterprise Capital	**41.6**	**3.9**	**0.6**	**46.2**	**2.8**	**8.8**	**11.7**	**57.8**	**10.3**	**68.2**
Enterprise Capital Benchmark (ECB)										
Working Capital	(5.7)	0.0	0.0	(5.7)	0.0	0.0	0.0	(5.7)	2.3	(3.4)
Risk Capital	(35.9)	(2.7)	0.0	(38.6)	(2.3)	(3.1)	(5.4)	(44.0)	(6.0)	(50.1)
Net Capital position as at 30 June 2018	**0.0**	**1.2**	**0.6**	**1.8**	**0.5**	**5.7**	**6.2**	**8.1**	**6.6**	**14.7**

Under the APRA capital standards, adjustments are made to the capital base for various asset amounts that are deducted, for example, intangibles, goodwill and deferred tax assets (net of deferred tax liabilities). ClearView's capital is currently rated Common Equity Tier 1 in accordance with APRA capital standards.

The regulated entities had $8.1 million of net assets in excess of internal benchmarks as at 30 June 2018.

Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position for risk outcomes where the regulatory capital cannot be readily accessed and to protect the various regulated entities' regulatory licences.

Furthermore, a working capital reserve is the capital held to support the capital needs of the business beyond the risk-reserving basis. This includes the net capital that may be required to support the medium-term new business plans (in accordance with the Internal Capital Adequacy Process).

Internal benchmarks include a working capital reserve of $3.4 million as at 30 June 2018 to fund anticipated new business growth over the medium-term. The Group has $14.7 million of net assets in excess of internal benchmarks at 30 June 2018.

1 As at 30 June 2018, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC[2].
2 NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.

The net capital position of the Group as at 30 June 2018 represents a decrease of $1.8 million since 30 June 2017. This decrease reflects the following key items:

- The Underlying NPAT for the year (+$32.4 million);
- The net capital absorbed by the growth of the business over the period (-$33.6 million);
- The decrease in the working capital reserve (+$13.6 million) reflecting capital set aside to fund the anticipated new business growth over the medium-term;
- Increase in regulatory and risk capital reserved due to increasing new business volumes (-$7.5 million), and the net impacts of capitalised software, acquired intangibles and deferred tax (-$6.0 million);
- Decrease in asset concentration risk reserve given reinsurance asset concentration limits have changed over the period (+$1.4 million);
- The net impacts of the movements in the Share Based Payments reserve due to the treatment of the ESP in accordance with accounting standards, ESP loans settled through the FY17 dividend and the proceeds from ESP shares sold via off market transfer, including the repayment of ESP loans (+$8.0 million);
- The after tax costs predominantly associated with the Sony Life Cooperation Agreement and after tax interest cost on debt (-$1.1 million);
- The net impacts of the tax effect on the change in policy liability discount rate (+$0.4 million); and
- The net impact of the final FY17 cash dividend paid in September 2017 (-$6.0 million).

Share buyback

The Board continues to believe that buying back shares in circumstances where the share price is below the Company's view of intrinsic value is in the best interests of shareholders.

The Board has determined to extend its share buyback (which has been in place since 19 December 2014) until December 2018. Existing buyback arrangements continue to apply. Since 30 June 2015, 83,572 shares have been bought back under the scheme. No shares were bought back in the year ended 30 June 2018.

Outlook

Market outlook

- **Long-term market growth fundamentals remain sound** driven by population increases, inflation and real GDP growth and underpinned by a compulsory retirement savings regime (superannuation).
- **Short-term challenges and opportunities** include:
- **Life Insurance Reforms (LIF) implemented on 1 January 2018** - changes include reduced commissions and new clawback provisions that will have a short term impact on profit margins, but overall will increase return on equity and improve margins as upfront commission caps reduce to 60% over the next few years.
- **Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018** – features fee caps and changes to group life insurance inside superannuation. ClearView does not participate in group life but continues to advocate for reforms requiring all members to consciously opt-in for group insurance.
- **Banking and Financial Services Royal Commission** – ongoing hearings and potential recommendations likely to create further disruption to existing revenue streams and industry structures. Industry-wide reputational damage is impacting financial services.
- **Parliamentary Joint Committee (PJC) Report on the life insurance industry** - the reform agenda is designed to boost competition, drive efficiency and deliver improved consumer outcomes. ClearView has advocated for open life insurance APLs as an important step to ensuring conflicts of interest are properly managed. This would lead to a step-change in ClearView's distribution profile if open life insurance APLs are mandated.
- **Heightened M&A activity** - as banks refocus on their core business lines, there has been an emergence of foreign institutions investing in the Australian life insurance industry along with a trend towards banks demerging their wealth operations. This is likely to drive investment in the industry and boost competition leading to improved consumer outcomes.
- **Retail Income Protection** - industry participants have progressively increased prices driven by losses on IP portfolios. ClearView increased prices in HY17 (10% on average) to manage margins, resulting in some short-term elevated lapses which is subsiding. The broader industry pricing cycle and performance of IP portfolios continues to be closely monitored.

- **Scrutiny on Direct Life Insurance Sales Practices** - ClearView closed its Direct Life operation to new business in FY17 given a number of issues associated with the direct distribution (non-advice) channel. ClearView is currently undertaking a Direct Remediation Program to compensate a number of Direct Life insurance customers who may have been affected by inappropriate sales practices. Provision for the remediation program has already been made and it is not expected to have a material further financial impact on the Group.

Business outlook

- Life Insurance remains the key profit driver. The underlying performance remains strong with the expanding distribution footprint and strong new business volumes leading to a material increase in the in-force portfolios which underpins the growth profile, noting:
  - Maturation of existing Life Insurance APLs and gaining access to new APLs. If transition to open life insurance APLs occurs, addressable market will expand materially.
- ClearView is focused on offering both life insurance and wealth management products that can maximise adviser relationships and further cementing its position with quality advisers by offering dealer group services to third party dealer groups (D2D):
  - Positioning itself as a participant in the D2D market given it has infrastructure, services and systems for compliance, supervision and monitoring for those third party dealer groups that choose to self license or currently have their own licence; and
  - Continued significant investment in building a contemporary wealth management platform and products (noting competitive pricing pressures) with ability to leverage off ClearView's Life Insurance distribution network over time.
- The Group maintains a positive outlook and is well positioned to outperform the market and generate material growth in Group FY19 Underlying NPAT (versus FY18), noting:
  - There can be some claims volatility between periods and shorter term lapse impacts; and
  - Difficult regulatory backdrop with increased media scrutiny – Royal Commission hearings to take place in September may impact on consumer sentiment in short to medium term (including overall industry sales volumes).

Changes in state of affairs

There were no other significant changes in the state of affairs of the Group apart from than those discussed above, during the year ended 30 June 2018.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of ClearView's Directors and its Key Management Personnel (KMP) for the financial year ended 30 June 2018.

The term "KMP" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of the consolidated entity.

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

- Details of the Directors and KMP;
- Overview of Remuneration Strategy and Objectives;
- Remuneration Framework;
- Remuneration of Directors and KMP including share based payments granted as compensation; and
- Key terms of employment contracts.

Details of the Directors and KMP

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

- **Bruce Edwards**
  (Chairman, Independent Non-executive Director)
- **Andrew Sneddon (Resigned 1 March 2018)**
  (Independent Non-executive Director)
- **David Brown**
  (Independent Non-executive Director)
- **Gary Burg**
  (Independent Non-executive Director)
- **Michael Alscher**
  (Alternate Non-executive Director to Mr Thomson)
- **Michael Lukin (Revoked 1 March 2018)**
  (Alternate Non-executive Director to Michael Alscher)
- **Nathanial Thomson**
  (Non-executive Director)
- **Satoshi Wakuya**
  (Non-executive Director)
- **Susan Young**
  (Independent Non-executive Director)

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

Managing Director

- **Simon Swanson**
  Managing Director

Other Executive KMP

- **Christopher Blaxland-Walker**
  General Manager, Distribution
- **Athol Chiert**
  Chief Financial Officer and Company Secretary
- **Todd Kardash**
  Chief Executive Officer, Matrix Planning Solutions and ClearView Financial Advice
- **Deborah Lowe**
  General Manager, People and Operations
- **Greg Martin**
  Chief Actuary and Risk Officer
- **Justin McLaughlin**
  Chief Investment Officer
- **Elizabeth Briggs (Appointed 4 April 2018)**
  General Counsel and Company Secretary
- **Louise Hulley (Appointed 4 April 2018)**
  General Manager, Technology

Former Executive KMP

- **Sarah Cummings (Ceased 31 January 2018)**
  General Manager, Development

Overview of Remuneration Strategy and Objectives

ClearView's remuneration approach has the following objectives:

- Attract, retain and motivate skilled employees;
- Reward and recognise employees for strong performance;
- Reward employees in a way that aligns remuneration with prudent risk-taking and the long-term financial soundness of the business, and with gains to its shareholders;
- Maintain a competitive, yet financially-viable salary structure; and
- Clarify responsibilities and decision-making authority in relation to remuneration at ClearView.

Remuneration Framework

Remuneration Governance

ClearView's Remuneration Policy (Policy) was updated on 1 July 2017 and is compliant with the obligations set out by the Australian Prudential Regulatory Authority (APRA) under Prudential Standards CPS 510 'Governance' and SPS 510 'Governance'. It also forms part of ClearView's Risk Management System and overall Risk Management Framework (in accordance with the Prudential Standards). 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 the Policy must also be approved by the Board.

ClearView has an established Group Nomination and Remuneration Committee (Remuneration Committee) which, among other things, is responsible for overseeing the remuneration and human resource practices for the Group. Key responsibilities of the Remuneration Committee are as follows:

- Reviewing and recommending to the Board ClearView's Remuneration Policy, including its effectiveness and compliance with legal and regulatory requirements;
- Identifying any material deviations of remuneration outcomes from the intent of the Remuneration Policy, including any unreasonable or undesirable outcomes that flow from existing remuneration arrangements;
- Reviewing and making annual recommendations to the Board on the remuneration of the Managing Director, Senior Management Team (SMT) members (all of whom are KMP listed above) and other persons whose activities may, in the Remuneration Committee's opinion, affect the financial soundness of ClearView;
- Reviewing and making annual recommendations to the Board on the remuneration structures, including risk-adjusted performance targets, for those persons or categories of persons which, in the Board's opinion, could individually or collectively affect the financial soundness of ClearView, ensuring that due regard is given to the balance between the achievement of business objectives and the associated risk;
- Reviewing and making annual recommendations to the Board on the remuneration structures of external persons retained directly by ClearView under contract whose activities, individually or collectively, may affect the financial soundness of ClearView;
- Reviewing compliance with the relevant regulatory and prudential requirements;
- Ensuring it has the necessary experience and expertise in setting remuneration and sufficient industry knowledge and/or external advice to allow for effective alignment of remuneration with prudent risk-taking, supplementing its expertise with appropriate external expert advice;
- Reviewing and recommending to the Board (and if required to shareholders) any short-term and long-term incentive payments for the Managing Director and Senior Management Team (SMT); and
- Reviewing and providing recommendations to the Board (and if required to shareholders) in relation to any termination benefits for Non-executive Directors, Managing Director, other SMT members and key persons which exceed one year's average base salary as defined in the Corporations Act 2001.

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 and controls;
- Define various terms to ensure a common understanding; and
- Clarify what happens if this policy or associated procedures are breached.

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 Group performance. By adopting a robust approach to remuneration, the Group 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.

Total KMP remuneration is made up of three components:

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

The design of remuneration structures and performance conditions will reflect ClearView's key risks, as relevant to particular roles by:

- Ensuring that the components of remuneration appropriately balance risk and business outcomes, having regard to the percentage of "at risk" to "not at risk" remuneration that is, variable to fixed remuneration;
- Using appropriate risk-adjusted objectives in ClearView's incentive awards for key persons and categories of persons;
- Appropriate use of long-term incentives to ensure performance can be suitably validated and the consequence of the risk to which ClearView has been exposed can be fully assessed; and
- Ensuring any sign-on and termination payments with respect to Directors, SMT members and other key personnel, comply with legislative requirements, are appropriate and prudent and contain suitable hurdles.

Fixed Remuneration

Fixed Remuneration is made up of base remuneration and superannuation. Base salary includes cash salary and any salary sacrifice items. The Group provides employer superannuation contributions of 10% of each KMP's base salary, capped at the relevant maximum contribution base.

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, Key Performance Indicators (KPI's) 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.

Fixed Remuneration is reviewed annually, following the end of the 30 June performance year.

Independent market remuneration data was purchased from two independent sources and reviewed to benchmark the Fixed Remuneration for KMP for the 2018 financial year. The sources were the Financial Industry Remuneration Group (FIRG) and Aon Hewitt reports. Both are primary providers of data and the most appropriate for roles in the industry in which ClearView operates. The benchmarking reports were used as a guide, and were not a substitute for thorough consideration of all the issues by the Remuneration Committee.

No formal consulting advice was sought from independent external research houses and Remuneration Consultants in setting the 2018 Fixed Remuneration.

Any increase to individual remuneration for the Managing Director, SMT and any other person whose activities may, in the Remuneration Committee's opinion, affect the financial soundness of ClearView, must be approved by the Board on the recommendation of the Remuneration Committee after engaging and taking advice, where appropriate.

Short Term Incentive (STI) plan

The STI plan for KMP aims to provide a common motivation to act in the best interests of the Company to reach or exceed Company goals for the financial year. They are based on rewarding an individual with a bonus calculated as a percentage of Fixed Remuneration. Company performance targets are set for the KMP by the Board (on recommendation of the Remuneration Committee).

For FY18, the award of the STI component for KMP is based on the achievement of three company goals weighted, as on the table on the following page.

For FY19, personal targets and objectives will be set for the KMP by the Managing Director, in addition to Company goals.

Company Goal	Description	Min %	Target %	Max %	% Achieved FY18
1. Underlying Net Profit after Tax (UNPAT)[1]	UNPAT is the Board's key measure of group profitability and the basis on which dividend payments are determined. It consists of reported net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs which are considered unusual to the Group's ordinary activities.	0%	50%	60%	0%
2. Embedded Value Growth	Life insurance and wealth management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value calculations are used as key measures to assess the performance of the business from period to period. An Embedded Value represents the discounted value of the future cash flows anticipated to arise from the in-force life policies and investment client balances as at the valuation date.	0%	25%	30%	0%
3. Value of New Business (VNB)	The VNB is the measure of the economic value of the profits expected to emerge for new business net of the cost of supporting capital. VNB is the increase in Embedded Value over the period due to new business written over the relevant period.	0%	25%	30%	0%
		0%	**100%**	**120%**	**0%**

1 UNPAT for the purposes of bonus calculations excludes the after tax interest on corporate debt.

Overall 0% of the target STI range was achieved based on the range of outcomes. The result may vary from reported Underlying NPAT, Embedded Value and VNB given that for STI calculations the impacts of net capital raised, cash dividend payments, assumption and model changes between periods and any impacts of key longer term decisions made by the Board are excluded.

The FY18 STI was based on financial outcomes that were adversely impacted by the poor claims and lapse experience across each of the key contributors to the STI calculation. This resulted in no STI being made payable to the SMT. However, this does not reflect the numerous achievements made in FY18 that will underpin the future financial results. The underlying performance remains strong with the expanding distribution footprint and strong new business volumes leading to a material increase in the in-force portfolios which underpins the growth profile.

Sound risk management practices acts as a gateway qualifying condition to the STI. Furthermore, underpinning the achievement of the financial goals is sound business strategy, leadership, client focus, product development, superior services and continuous improvement of systems and processes. Given that the target STI component is considered moderate in the industry in which the Group operates it has to date not been considered appropriate to introduce deferral provisions for the STI component.

As outlined in the table, STI outcomes fall within a range of 0% to 120% of the Target STI with 100% pegged to achieving target performance (as set out in the Board approved Business Plan). The resultant potential maximum STI awards for KMP range from 0% to 60% of Fixed Remuneration as follows:

SMT Member	Target STI %	Maximum STI %	Minimum STI %	Actual Achieved %
Simon Swanson	50%	60%	0%	0%
Athol Chiert	30%	36%	0%	0%
Christopher Blaxland-Walker	30%	36%	0%	0%
Elizabeth Briggs	30%	36%	0%	0%
Louise Hulley	30%	36%	0%	0%
Deborah Lowe	30%	36%	0%	0%
Gregory Martin	30%	36%	0%	0%
Justin McLaughlin	30%	36%	0%	0%
Sarah Cummings	30%	36%	0%	0%
Todd Kardash	30%	36%	0%	0%

Long Term Incentive Plan (LTIP)

Existing Employee Share Plan (ESP)

The Company has previously used its Employee Share Plan as a long term incentive for key employees and contractor participants.

ClearView in its current form was created by the acquisition and successful integration of the life insurance, wealth management and financial advice businesses acquired from MBF Holdings Pty Limited (Bupa Australia) on 9 June 2010 (the Acquisition).

Key attributes of the Acquisition were as follows:

- Potential to use the platform acquired to create a new non-bank owned life insurance and wealth management company that could bring innovation to the market and challenge the incumbents;
- No material legacy issues, enabling speed to market; and
- No material exposure to group life, pre global financial crisis income protection or capital guaranteed products.

ClearView was required to undertake a significant transformation to:

- Build out a new management team with a track record in growing life insurance, wealth management and financial advice businesses;
- Develop and launch advice based products providing access to new market segments;
- Utilise the strong cash flow generated by the in-force portfolios at the time of the Acquisition to fund the initial growth phase in the Advice Life market and stem the outflows in the acquired Wealth Management in-force portfolios;
- Expand into the independent financial advice market, with products having the quality to be included on the Approved Product Lists of third party dealer groups; and
- Raise sufficient capital to fund the next phase of growth for the business.

ClearView was therefore required to undergo a significant transformation, that has been achieved over the last seven years with the development of systems, launch of LifeSolutions (full suite of life insurance advice products), WealthSolutions (ClearView Wrap platform) and WealthFoundations (wealth mid-market product), the recruitment of employees, experienced self employed financial advisers and distribution partners.

ClearView has an existing ownership-based compensation scheme for the Senior Management Team (SMT), key management and revenue generators of the Group to assist in the recruitment, rewarding, retention and motivation of employees. This scheme was designed to recognise leaders and reward those decisions and actions which have a direct and positive impact on the results that ClearView delivers for shareholders, at the time and in the future.

The Executive Share Plan (ESP) was established to assist in the recruitment of the SMT and employees with deep life insurance and wealth management experience, to execute on a core strategy and thereby to show ClearView's recognition of the employees' contribution, by providing an opportunity to share in the future growth and profitability of ClearView. The ESP was set up in the context of the "start up phase" and the nature of the ClearView business at the time when the scope and the timing of any future success of the business was still unknown and uncertain. The ESP aligns the interests of participants more closely with the interests of shareholders including the extension of the ESP to financial advisers in November 2011.

Benchmarking of the LTI for the SMT was originally performed by PricewaterhouseCoopers (PwC), an independent Remuneration Consultant, in February 2013.

The Board subsequent to this review decided in February 2013 to:

- Remove any cap on the issue of shares under the ESP to retain the flexibility to use it as a recruitment tool for both employees and financial advisers;
- Remove the interest on the loans that had until this date been capitalised and treated as part of the limited recourse principal, except that after tax dividends on Shares issued under the ESP was applied towards reduction of the loan; and
- Issue further grants to participants where considered appropriate (aligned to the overall remuneration review of the SMT members by PwC). These further LTI grants were issued in a "lump sum" rather than on the basis of an annual grant and were aligned to the achievement of an increase in the share price of ClearView.

The interest rate on the limited recourse loans had to that point effectively acted as an in built performance hurdle. The Board decided to remove the interest rate on the loans for all participants given that the interest imposed was significantly diluting the efficacy of the ESP as an employee recruitment and retention tool, in particular for those staff receiving the earlier grants of ESP shares and to achieve its purpose given the start up phase of the business at the time. The Board believed, notwithstanding the removal of the interest rate on the loans, that the long term interests are aligned given that value is only attributed to participants through an increase in the share price and that a key component of the STI component is also aligned to the longer term, being the Embedded Value and Value of New Business (refer to STI section above).

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

Overview of the Existing Executive Share Plan (ESP or Plan)

In accordance with the provisions of the Plan, as approved by shareholders at the 2015 Annual General Meeting, the ownership-based compensation scheme allows participation in the Plan of:

- Employee Participants - These participants are key managers, members of the Senior Management Team and the Managing Director; and
- Contractor Participants - These participants are financial advisers.

Eligible Employees under the Plan Rules therefore include both Employee Participants and Contractor Participants of the Company and its related body corporates.

Non-executive Directors are ineligible to participate in the Plan in accordance with the Plan Rules.

Offer and consideration

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

Each ClearView 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. This price may be the market price of a Share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView Shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the Volume Weighted Average Price (VWAP) over a 3 month period to determine the market value of the ClearView Shares for the purposes of ESP issues. This has been implemented for all ESP Share issues since that date. Prior to this, no ESP Shares were issued at a price below 50 cents per share, being the price at which the original capital raising was completed in June 2010.

Restrictions on offer

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 of ClearView or be able to control the voting rights of more than 5% of the votes that might be cast at a general meeting of ClearView.

As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan. The Board or Board Authorised Delegates approve the issue of new ESP shares and monitors the overall quantum of ESP shares on issue, relative to the interests of existing shareholders and the overall objectives of the business.

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 and is repayable in accordance with the terms of the accompanying Invitation or as follows:

- For Share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- immediately 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 Board has delegated authority to Mr Swanson, Mr Chiert and Mr Thomson to approve granting an extension to the loan term of all ESP participants who remain employees at the expiration of their loan term for a period until a Change in Control of the Company (as defined in the ESP Rules).

Holding lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares, unless otherwise provided under the Invitation. Where all performance conditions and/or vesting conditions (if any) attaching to the Shares issued prior to 14 February 2013 have been satisfied (or waived) a holding lock will cease to have effect if:

- The Board accepts a disposal request (as defined in the ESP Rules) (Disposal Request); or
- 5 years have passed from the Acquisition Date; or
  If the Participant:
  - is an Employee Participant, their employment with the Group ceases, or
  - is a Contractor Participant, their contractor agreement is terminated; or
- The ESP is terminated, or
- The holding lock period otherwise ceases;

provided that the Financial Assistance and any interest that has been accrued have been repaid.

For Share issues from 14 February 2013 the Holding Lock ceases on vesting or forfeiture of Shares.

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 ESP 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.

If the participant is a Contractor Participant, following the removal of the holding lock over the Shares of the participant, the participant may not sell, or otherwise deal with, any such Shares without the prior written consent of the Company, which consent the Company may give or withhold in its absolute discretion and which consent may be given subject to conditions.

Eligible Employees are entitled under the ESP Rules to make a Disposal Request provided the performance and vesting conditions have been met (or waived). The holding lock applicable to their ESP shares will cease to have effect upon the Board (in its absolute discretion) accepting the Disposal Request. ClearView may dispose of these ESP shares on behalf of the participant in one or more of the following ways (at the discretion of the Board):

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

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

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 unless stated otherwise in the participants Invitation Offer. A Change of Control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan 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 holds more than 50% of the Shares in ClearView.

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- 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 Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

(c) After 1 July 2015:

- For ESP Shares issued to employee participants after 1 July 2015, unless stated otherwise in the participants Invitation Offer, all performance and vesting conditions in relation to these shares, are not deemed to have been met upon a Change of Control.
- "Control" is defined as Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

The above provisions concerning change of control apply only to Employee Participants and not Contractor Participants under the ESP.

Services from consultants - 2018 review and new LTIP

The Remuneration Committee seeks and considers advice from independent, external remuneration consultants where appropriate. Remuneration consultants are engaged directly by and report to the Remuneration Committee.

Given ClearView's recent growth, it was considered appropriate for the Remuneration Committee to engage AON Hewitt Associates Pty Ltd. (Aon Hewitt) in 2017 to benchmark overall remuneration for the SMT and non-executive Directors, with the intended implementation of these recommendations for the 2018 and future financial years (with effect from 1 July 2017). The advice from Aon Hewitt was used as a guide, and was not a substitute for a thorough consideration of all the issues by the Remuneration Committee.

An outcome of the Aon Hewitt review highlighted that the existing LTIP for the SMT is primarily vested and as such it was necessary to consider what would represent an appropriate new LTI, as part of the overall remuneration structure for SMT members. The value of the existing LTIP rested in the interest free component of the ESP loan backed plan, and receiving dividends on the ESP shares that are financed by these ESP loans. In considering a new LTI scheme, three key objectives were focused on:

1. Provides appropriate remuneration to the SMT to ensure a component of remuneration remains delivered in equity and is focused on longer term performance;
2. Acts as an incentive to remain employed at ClearView (a delayed vesting mechanism); and
3. Alignment of the interests of the key management with the interests of shareholders.

PricewaterhouseCoopers (PwC) was engaged by the Remuneration Committee in 2017, to implement a new LTIP structure for the SMT.

Taking into account current market practice the Board felt that an LTI structure delivered via a grant of Performance Rights would be the most appropriate structure to achieve the key objectives. The LTI structure was approved by the Board, on recommendation of the Remuneration Committee, on 21 June 2017. The first awards under the new LTI were made in FY18. The key terms of the LTIP plan are set out in the table below.

Performance rights granted as compensation

The number of performance rights granted as compensation to each participant, as per the Board approvals and is accordance with the LTIP (as noted earlier in the Report), is as follows:

SMT Member	2018 issue	2019 issue[2]
Simon Swanson[1]	1,142,857	718,899
Athol Chiert	357,143	224,656
Christopher Blaxland-Walker	285,714	179,725
Deborah Lowe	114,286	71,890
Gregory Martin	428,571	269,587
Justin McLaughlin	250,000	157,259
Todd Kardash	285,714	179,725
Elizabeth Briggs	44,643	129,897
Louise Hulley	44,643	129,897
Total	**2,953,571**	**2,061,533**

Key Scheme Details	Description
1. Instruments	Performance Rights – being a right to receive one share for no consideration, contingent on the vesting conditions being met. The awards also have the ability to be cash settled in certain circumstances.
2. Eligibility	Open to nominated SMT members.
3. Quantum	Each participant will have set LTI dollar value determined as part of their remuneration package. This dollar value will be converted into a set number of Performance Rights based on an agreed VWAP share price, being the share price at grant date and a notional value applied to the award, based on typical performance or valuation discounts derived from remuneration consultants research.
4. Performance Period	The Performance Rights are be subject to a performance period that ends on 30 June 2019.

1 Performance rights to be granted to Simon Swanson can be satisfied by the on-market purchase of ClearView ordinary shares. If these shares cannot be purchased on-market, shareholder approval may be required for the grant of the performance rights at the Annual General Meeting.

2. Number of performance rights approved to be issued to participants in July 2018 but not yet granted.

Key Scheme Details	Description

5. Vesting Conditions	The participants must remain employed by the ClearView Group as at the vesting date (30 June 2019), in addition to meeting performance based vesting conditions.
	The specifics of the vesting conditions include:
	• 50% of the Performance Rights will be measured against an Embedded Value target as set out in the FY18 Business Plan and measured immediately after the financial year 30 June 2019. At 90% achievement of embedded value, 50% of the awards will vest with straight line vesting between 90% and 100%.
	• 50% of the Performance Rights will be measured against a relative Total Shareholder Return target, based on an agreed basket of peer companies (ranked against the S&P ASX 200 Diversified Financials Index). To measure the performance against the TSR condition:
	  • The TSR of the companies in the peer group is calculated for the relevant period, with the share price at the start and end based on a 5 day VWAP price; and
	  • The companies in the peer group are ranked according to their TSR performance. CleaView's TSR is calculated for the relevant period and ranked based on its percentile performance against the peer group. The number of rights that vest are determined according to a vesting scale: at less than the 50th percentile no rights vest, at the 50th percentile 50% vests and at the 75th percentile 100% vests. Straight line vesting applies between the 50th and 75th percentiles.

6. Change of Control	If there is a change of control event then the unvested Performance Rights will remain on foot and continue to be tested against the Embedded Value performance hurdle and a continuing employment service condition as noted above. The TSR falls away in these circumstances.

Sales of ESP Shares

From August 2018, the Board resolved that interest would only be charged on vested shares. The Board further resolved and acknowledged, given the length of time between the initial ESP share issues, that management are likely to start selling vested shares on the ASX during the appropriate trading windows going forward.

Retention Plan

Given the decision to end the Collaboration Agreement with Sony Life, the Board has taken into consideration that there is a period of uncertainty and there may be external competition for key ClearView employees. Retaining skilled and dedicated employees is paramount to maintaining momentum in the business and navigating the industry maelstrom. As such, the Board has agreed to a retention plan to retain key individuals to:

- Ensure ClearView retains its existing senior management team as this is considered critical to the continuation of the outperformance of ClearView in the medium term;
- Maintain momentum and navigate the industry disruption that will inevitably now take time to settle given the level of change and uncertainty that has been generated; and
- Alleviate uncertainty and counter external competition.

The terms of the retention plan are as follows:

- Retention pool of $1.8 million for KMP;
- Payable on 1 September 2018; and
- A Clawback agreement will be put in place (prior to payment) prorated over a two year period to 31 August 2020.

The proposed retention payments to KMP employees is as follows:

SMT Member	Retention Payment
Simon Swanson	300,000
Athol Chiert	210,000
Greg Martin	210,000
Justin McLaughlin	180,000
Christopher Blaxland-Walker	200,000
Todd Kardash	200,000
Deborah Lowe	180,000
Elizabeth Briggs	160,000
Louise Hulley	160,000
Total	**1,800,000**

The Board also endorsed retention payments for a small number of key individuals which will also be paid on 1 September 2018 with clawback agreement to 31 August 2019. This amounts to a further payment of $0.3 million. The full retention cost of $2.1 million will be a cost that will be incurred in FY19, and as it is a cost considered unusual to the ordinary activities will be reported as such, below the line in the FY19 financial result.

Consequences of ClearView's performance on shareholder wealth

The following tables set out the summary information about the Group's earnings and movements in shareholder wealth for five years to 30 June 2018:

	30 Jun 18	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14
Revenue[1] ($'000)	372,207	333,503	295,828	253,640	190,301
Net profit after tax ($'000)	26,596	13,150	23,615	12,572	13,880
Underlying Net Profit after Tax	32,353	30,362	27,235	20,533	19,738
Dividend (Final) (cents)	3.00	2.75	2.50	2.10	2.00
Basic EPS (cents)	4.33	2.20	4.39	2.43	3.13
Diluted EPS (cents)	4.14	2.11	4.27	2.36	3.10
Fully diluted Underlying EPS (cents)	5.03	4.88	4.92	3.85	4.41
Embedded Value[2] ($m)	701	662	624	494	445
Embedded Value per share (cents)[2]	104.9	100.6	94.8	84.7	81.6
Share Price at the beginning of the year (cents)	145.0	95.0	95.0	80.0	59.0
Share Price at the end of the year (cents)	116.0	145.0	95.0	95.0	80.0

1 Revenue from continuing operations excludes net fair value gains/losses in financial assets.

2 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans. Franking credits have been included in the net worth and prior periods have been restated to reflect this.

Remuneration of Directors and KMP

Non-executive Directors' remuneration

Non-executive Directors are remunerated by way of one base fee (inclusive of Superannuation Guarantee) that is based on market rates for comparable companies for the time commitment and responsibilities undertaken by Non-executive Directors. The level of remuneration for each Non-executive Director is set by the Remuneration Committee, within the total annual remuneration limits approved by the shareholders at a general meeting. Any increase to individual Non-executive Director remuneration must be approved by the Board on the recommendation of the Remuneration Committee after engaging and taking advice, where appropriate. All reasonable out of pocket expenses incurred in connection with a Director's duties on behalf of ClearView Wealth are reimbursed. There is no direct link between Non-executive Directors' remuneration and the annual results of ClearView Wealth or its related entities. The Non-executive Director remuneration is based on the role of the individual director, their membership on Board Committees, and directorships of other ClearView entities.

Non-executive Directors are not entitled to participate in equity schemes of the Company, and are not entitled to receive performance-based bonuses. Non-executive Directors are not entitled to retirement benefits other than in respect of any superannuation entitlements.

The present limit on aggregate remuneration for Non-executive Directors is $1,000,000 including superannuation (2017: $1,000,000). Directors' fees can be paid as superannuation contributions. The fee pool is the only source of remuneration for Non-executive Directors.

As noted earlier in the report AON Hewitt benchmarked the Non-executive Directors fees as part of their review. It was concluded that notwithstanding that the comparable cost in total was considered appropriate, given the size and composition of the Board, that on average ClearView pays a lower Board fee per Director. No change to Directors fees was recommended. The fees per Board member would be reconsidered at the appropriate time.

The compensation of each Non-executive Director for the year ended 30 June 2018 is set out below:

2018	Short term employee benefits Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Post employment Superannuation $	Share based payments Executive Share Plan of total remuneration $	Total $
Non-executive Directors							
B Edwards	150,000	-	-	-	-	-	150,000
D Brown	77,626	-	-	-	7,374	-	85,000
G Burg	85,000	-	-	-	-	-	85,000
M Lukin [1]	-	-	-	-	-	-	-
N Thomson [2]	85,000	-	-	-	-	-	85,000
A Sneddon [3]	58,145	-	-	-	-	-	58,145
M Alscher [4]	53,333	-	-	-	-	-	53,333
S Wakuya [5]	80,000	-	-	-	-	-	80,000
S Young	86,758	-	-	-	8,242	-	95,000
	675,862	**-**	**-**	**-**	**15,616**	**-**	**691,478**

1 Mr Lukin received no fees as an Alternate Director. Mr Lukin's appointment as Alternate Director for Mr Alscher was revoked 1 March 2018.
2 Mr Thomson has agreed that he will receive no fees as a Director although fees are payable to Crescent Partners Pty Limited of which he is an employee.
3 Mr Sneddon resigned as a Director on 1 March 2018.
4 Mr Alscher resigned as a Director and was appointed as an Alternate Director to Mr Thomson on 1 March 2018. During he tenure as a Director Mr Alscher agreed that he will receive no fees as a Director although fees are payable to Crescent Partners Pty Limited of which he is an employee. Mr Alscher receives no fees as an Alternate Director.
5 Mr Wakuya has agreed he will receive no fees as a Director although fees are payable to Sony Life Insurance Co., Ltd

The compensation of each Non-executive Director for the year ended 30 June 2017 is set out below:

2017	Short term employee benefits Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Post employment Superannuation $	Share based payments Executive Share Plan of total remuneration $	Total $
Non-executive Directors							
B Edwards	150,000	-	-	-	-	-	150,000
D Brown	77,626	-	-	-	7,374	-	85,000
G Burg	77,626	-	-	-	7,374	-	85,000
M Lukin [1]	-	-	-	-	-	-	-
N Thomson [1]	85,000	-	-	-	-	-	85,000
A Sneddon	95,000	-	-	-	-	-	95,000
M Alscher [1]	80,000	-	-	-	-	-	80,000
S Wakuya [2]	43,870	-	-	-	-	-	43,870
S Young [3]	67,334	-	-	-	6,397	-	73,731
	676,456	**-**	**-**	**-**	**21,145**	**-**	**697,601**

1 Mr Lukin is an alternate Director to Mr Alscher. Mr Thomson and Mr Alscher have agreed they will receive no fees as a Director although fees are payable to Crescent Partners Management Pty Ltd of which they are employees.
2 Mr Wakuya was appointed as a Director on 14 December 2016. Mr Wakuya has agreed he will receive no fees as a Director although fees are payable to Sony Life Insurance Co., Ltd.
3 Ms Young was appointed as a Director on 14 December 2016. Ms Young was also a Director of subsidiary ClearView Life Nominees Pty Limited for which $31,124 fees were received during the financial year.

Managing Director and Senior Management Team remuneration

The compensation of each member of the KMP of the Group for the year ended 30 June 2018 is set out below:

	Short term employee benefits			Post employment		Share based payments			Total
2018	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan[1] $	Long Term Incentive Plan $	Performance based %	$
S Swanson	678,756	-	14,635	-	20,032	-	352,859	33.1%	1,066,282
A Chiert	398,456	-	11,476	-	20,032	48,300	110,269	26.9%	588,533
G Martin	414,564	-	14,635	-	20,032	48,300	132,322	28.7%	629,853
J McLaughlin	337,897	-	-	-	26,833	-	77,188	17.5%	441,918
T Kardash	344,160	-	11,476	-	20,032	19,564	88,215	22.3%	483,447
C Blaxland-Walker	347,566	-	11,476	-	20,032	8,697	88,215	20.4%	475,986
D Lowe	303,577	-	4,764	-	23,432	16,100	35,286	13.4%	383,159
S Cummings[2]	178,314	-	-	144,976	13,092	13,496	-	3.9%	349,878
E Briggs[3]	264,673	22,321	-	-	20,032	4,830	5,333	10.2%	317,189
L Hulley[4]	255,732	21,657	-	-	21,347	-	5,333	8.9%	304,069
	3,523,695	**43,978**	**68,462**	**144,976**	**204,896**	**159,287**	**895,020**	**21.8%**	**5,040,314**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Ceased General Manager, Development on 31 January 2018.
3 Appointed as General Counsel and Company Secretary on 4 April 2018. Bonus relates to period from 1 July 2017 to 3 April 2018.
4 Appointed as General Manager, Technology on 4 April 2018. Bonus relates to period from 1 July 2017 to 3 April 2018.

The compensation of each member of the KMP of the Group for the year ended 30 June 2017 is set out below:

	Short term employee benefits			Post employment		Share based payments		Total
2017	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan[1] $	Performance based %	$
S Swanson	635,610	292,121	13,980	-	19,616	-	30.4%	961,327
A Chiert	380,556	104,915	10,876	-	19,616	48,300	27.2%	564,263
G Martin	385,204	110,425	13,980	-	34,991	48,300	26.8%	592,900
J McLaughlin	328,732	92,504	-	-	26,417	-	20.7%	447,653
T Kardash	300,136	87,013	10,876	-	34,943	19,564	23.6%	452,532
D Charlton[2]	269,262	-	-	141,692	18,861	21,680	4.8%	451,495
C Blaxland-Walker	315,841	86,857	10,876	-	19,616	8,697	21.6%	441,887
D Lowe	274,168	79,160	-	-	32,631	16,100	23.7%	402,058
S Cummings	285,456	78,736	-	-	19,616	13,592	23.2%	397,400
	3,174,965	**931,731**	**60,588**	**141,692**	**226,307**	**176,233**	**23.5%**	**4,711,516**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Ceased General Manager, Direct on 16 June 2017. A termination payment of $141,692 was paid in July 2017.

Share Based Payments Granted As Compensation

Limited recourse loans have been granted by the Company to the ESP Participants to fund the acquisition of shares under the ESP.

The following tables outlines the ESP loans made to KMP or their related entities as at 30 June 2018 and 30 June 2017:

2018	Balance at beginning	Loans Granted $	Interest charged[1,2] $	Repay-ments $	Loan Cancelled $	Balance at end $	Highest in period $
S Swanson	5,998,853	-	100,700	(145,750)	-	5,953,803	5,998,853
A Chiert	2,026,710	-	47,018	(36,438)	-	2,037,290	2,037,290
G Martin	2,526,710	-	61,385	(43,725)	-	2,544,370	2,544,370
J McLaughlin	1,268,824	-	29,972	(21,863)	-	1,276,933	1,276,933
T Kardash	1,263,355	-	30,578	(21,863)	-	1,272,070	1,272,070
C Blaxland-Walker	1,244,192	-	30,564	(18,183)	-	1,256,573	1,256,574
D Lowe	493,325	-	8,356	(7,630)	-	494,051	494,051
S Cummings	358,728	-	6,056	(6,754)	-	358,030	358,728
E Briggs	147,998	-	1,067	(2,289)	-	146,776	147,998
L Hulley	69,628	-	494	(2,186)	-	67,936	69,628
	15,398,323	**-**	**316,190**	**(306,681)**	**-**	**15,407,832**	

2017	Balance at beginning	Loans Granted[2] $	Interest charged[1] $	Repay-ments $	Loan Cancelled $	Balance at end $	Highest in period $
S Swanson	6,126,353	-	-	(127,500)	-	5,998,853	6,126,353
A Chiert	1,316,012	742,573	-	(31,875)	-	2,026,710	2,026,710
G Martin	1,480,008	1,084,952	-	(38,250)	-	2,526,710	2,526,710
J McLaughlin	792,832	495,117	-	(19,125)	-	1,268,824	1,268,824
T Kardash	746,664	535,816	-	(19,125)	-	1,263,355	1,263,355
D Charlton	509,707	-	-	(10,584)	-	499,123	509,707
C Blaxland-Walker	724,282	550,493	-	(30,583)	-	1,244,192	1,244,192
D Lowe	500,000	-	-	(6,675)	-	493,325	500,000
S Cummings	364,636	-	-	(5,908)	-	358,728	364,636
	12,560,494	**3,408,951**	**-**	**(289,625)**	**-**	**15,679,820**	

1 In February 2013 the Board removed the interest payable on the limited recourse loans granted in relation to the ESP. The interest rate had until that point effectively acted as a performance hurdle. The Board decided to remove the interest rate on the loans for all participants given that the interest imposed was significantly diluting the efficacy of the ESP shares and to achieve its purpose given the start up phase of the business at the time. The Board believed, notwithstanding the removal of the interest rate on the loans, that the long term interests are aligned given that value is only attributed to participants through an increase in the share price and that a key component of the STI component is also aligned to the longer term, being the Embedded Value and Value of New Business.

2 Limited recourse loans were granted to KMP ESP participants in May 2017. This limited recourse loan facility is secured by the ESP shares held and became interest bearing from 30 November 2017 at 3 year month rate plus a margin of 1%. This limited recourse facility is reflected as loans on balance sheet of the listed entity.

Shares granted to KMP and equity holdings

During and since the end of the financial year no shares (2017: Nil) were granted by the Company to KMP under the ESP.

The following table outlines the ESP shares issued to KMP or their related entities as at the date of this report:

Share series	Director, KMP, to which the series relates	Fair value at grant date (pre-modification[1])	Fair value at grant date (post-modification[1])	Exercise price per share ($)	Aggregate value at grant date ($)	Expiry date
Series 6[1,2,6,8]	Justin McLaughlin	0.10	0.10	0.59	51,500	30/06/2013
Series 7[1,2,6,8]	Athol Chiert / Justin McLaughlin	0.07	0.10	0.49	98,057	29/09/2014
Series 10[1,3,6,8]	Simon Swanson	0.11	0.11	0.50	224,074	26/03/2015
Series 11[1,4,6,8]	Simon Swanson	0.08	0.08	0.58	323,295	26/03/2015
Series 12[1,5,6,8]	Simon Swanson	0.06	0.06	0.65	241,927	26/03/2015
Series 15[1,5,6,8]	Greg Martin	0.10	0.13	0.50	196,271	01/07/2015
Series 16[1,5,6,8]	Todd Kardash	0.10	0.13	0.50	127,366	01/09/2016
Series 16[1,5,6,8]	Chris Blaxland-Walker	0.10	0.13	0.50	127,366	01/09/2016
Series 16 [1, 8,6,10]	Louise Hulley	0.10	0.13	0.50	19,105	01/09/2016
Series 26[7]	Athol Chiert	0.29	n/a	0.57	289,798	Change in control
Series 26[7]	Greg Martin	0.29	n/a	0.57	289,798	Change in control
Series 26[7]	Todd Kardash	0.29	n/a	0.57	144,899	Change in control
Series 43[8]	Chris Blaxland-Walker	0.20	n/a	1.01	16,718	25/11/2018
Series 44[8]	Chris Blaxland-Walker	0.23	n/a	1.01	19,372	25/11/2019
Series 45[8]	Chris Blaxland-Walker	0.27	n/a	1.01	21,883	25/11/2020
Series 51a[9]	Deborah Lowe / Sarah Cummings/ Elizabeth Briggs	0.19	n/a	0.96	86,453	23/12/2020
Series 51b[9]	Deborah Lowe / Sarah Cummings/ Elizabeth Briggs	0.22	n/a	0.96	98,966	23/12/2021

1 On the 14th February 2013, the Board approved a change to the rules of the ESP which changed the interest rate charged on the financial assistance granted to the ESP Participants from the RBA official cash rate plus 25 basis points to zero percent. This resulted in changes to the inputs of the option pricing model which had an impact on the fair value of the option at the date of the change.

2 Change of control provision was triggered on 23 October 2009 by Guiness Peat Group (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.

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

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

5 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.

6 The Board approved granting an extension of the loan term until such time as there is a change of control in the Company.

7 Special condition relating to shares issued to KMP in Series 26: the shares may be sold on change of control with 50% of the funds held for in escrow for a period of 12 months.

8 Vesting conditions have been met up to the date of this report.

9 Elizabeth Briggs became KMP on 4 April 2018.

10 Louise Hulley became KMP on 4 April 2018.

The following table summaries the performance and vesting conditions for shares issues to Employee Participants under the ESP as at the date of this report are:

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[2]	Nil
Series 12 – 25 June 2010 Issue	Nil[2,4]	Nil

Series	Vesting Conditions	Performance Conditions
Series 15 – 18 August 2011 Issue	Nil[4]	Nil
Series 16- 6 October 2011 Issue	Nil[4]	Nil
Series 24- 22 August 2012 Issue	Nil[4]	Nil
Series 26- 16 April 2013 Issue	Upon a change in control of the company[3]	Nil
Series 27- 16 April 2013 Issue	First year anniversary upon the change in control	Nil
Series 31- 14 October 2013 Issue	Upon a change in control of the company	Nil
Series 32- 14 October 2013 Issue	First year anniversary upon the change in control	Nil
Series 35- 31 January 2014 Issue	Upon a change in control of the company	Nil
Series 36- 31 January 2014 Issue	First year anniversary upon the change in control	Nil
Series 38- 30 May 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 39- 30 May 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 40- 30 May 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 43- 26 November 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 44- 26 November 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 45- 26 November 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 46- 30 March 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 47- 30 March 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 48- 30 March 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 50a - 30 July 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 50b - 30 July 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 50c - 30 July 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 51a & 51b - 23 December 2015 Issue	Upon a change in control of the company	Nil
Series 52 - 27 April 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 54 - 20 June 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil

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

2 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 September 2012 (vested) on change of control of ClearView.
The Shares issued to Mr Swanson have vested progressively each year as outlined above.

3 Special condition relating to shares issued to KMP in Series 26: 100% of the shares may be sold on change of control, but 50% are held in escrow after employment for 1 year thereafter.

4 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.

Unless explicitly stated in the Participants Offer Documentation all unvested Shares will automatically vest in accordance with the rules of the Plan upon a change of control as outlined above.

LTIP Awards

The following LTIP Awards were in existence at the end of the current reporting period:

Tranche	Issue Date	Number	Grant date	Vesting date	Vesting conditions	Fair value at grant date
1A	6 October 2017	1,432,143	20 October 2017	30 June 2019	Embedded Value (EV) target	$1.38
1B	6 October 2017	1,432,143	20 October 2017	30 June 2019	Total shareholder return (TSR) performance	$0.03
2A	4 April 2018	44,643	4 April 2018	30 June 2019	Embedded Value (EV) target	$1.38
2B	4 April 2018	44,643	4 April 2018	30 June 2019	Total shareholder return (TSR) performance	$0.03

The following table outlines the fully paid ordinary shares of the Company (including those held under the ESP) owned by the Directors and KMP as at 30 June 2018:

2018	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.
B Edwards	-	-	588,262	-	11,638	599,900	-	-	-	-
G Burg	-	-	10,918,090	-	-	10,918,090	-	-	-	-
S Swanson	-	10,000,000	14,549,021	-	89,998	14,639,019	-	10,000,000	-	10,000,000
A Chiert	1,000,000	1,500,000	2,899,247	-	-	2,899,247	1,000,000	1,500,000	-	1,500,000
S Young	-	-	79,217	-	1,566	80,783	-	-	-	-
J McLaughlin	-	1,500,000	1,647,060	-	-	1,647,060	-	1,500,000	-	1,500,000
T Kardash	500,000	1,000,000	1,647,059	-	-	1,647,059	500,000	1,000,000	-	1,000,000
G Martin	1,000,000	2,000,000	3,719,900	-	14,241	3,734,141	1,000,000	2,000,000	-	2,000,000
C Blaxland-Walker	247,525	1,000,000	1,247,525	-	-	1,247,525	247,525	1,000,000	-	1,000,000
D Lowe	523,505	-	588,445	-	-	588,445	523,505	-	-	-
E Briggs	157,052	-	172,450	-	304	172,754	157,052	-	-	-
L Hulley	-	150,000	164,706	-	-	164,706	-	150,000	-	150,000

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.

KMP	Term	Notice period by either the employee or the Company	Other	Target Incentive % of base salary	Maximum Incentive % of base salary
Simon Swanson	Ongoing	12 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the National Employment Standards (NES)).	50%	60%
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.	30%	36%
Christopher Blaxland-Walker	Ongoing	12 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%
Deborah Lowe	Ongoing	6 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%
Elizabeth Briggs	Ongoing	6 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%
Greg Martin	Ongoing	6 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%
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.	30%	36%
Louise Hulley	Ongoing	6 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%
Todd Kardash	Ongoing	12 months	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the NES).	30%	36%

All current Directors are subject to re-election by shareholders at least every 3 years. 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 Corporation Act 2001.

On behalf of the Directors

Mr Bruce Edwards
Chairman

22 August 2018

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
ClearView Wealth Limited
Level 15, 20 Bond Street
Sydney NSW 2000

22 August 2018

Dear Directors

ClearView Wealth Limited

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

As lead audit partner for the audit of the financial statements of ClearView Wealth Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants

2018 Financial Report Contents

Notes to the financial statements

The Financial Report was authorised for issue by the Directors on 22 August 2018.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

		Consolidated		Company	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Continuing operations					
Revenue from continued operations					
Premium revenue from insurance contracts		215,171	177,674	-	-
Outward reinsurance expense		(56,741)	(43,130)	-	-
Net life insurance premium revenue		**158,430**	**134,544**	-	-
Fee and other revenue	8	127,744	116,462	-	-
Investment income	9	86,033	82,497	23,845	21,154
Operating revenue before net fair value gains on financial assets		**372,207**	**333,503**	**23,845**	**21,154**
Net fair value gains on financial assets		41,195	62,432	-	-
Net operating revenue		**413,402**	**395,935**	**23,845**	**21,154**
Claims expense		(94,161)	(72,206)	-	-
Reinsurance recoveries revenue		61,244	47,182	-	-
Commission and other variable expenses		(129,903)	(120,510)	-	-
Operating expenses	10	(101,687)	(97,570)	(2,735)	(5,680)
Depreciation and amortisation expense	10	(10,432)	(13,637)	-	-
Change in life insurance policy liabilities	25	17,234	21,879	-	-
Change in reinsurers' share of life insurance liabilities	25	4,599	170	-	-
Change in life investment policy liabilities	25	(72,041)	(100,419)	-	-
Movement in liability of non-controlling interest in controlled unit trusts		(55,733)	(44,593)	-	-
Profit before income tax expense		**32,522**	**16,231**	**21,110**	**15,474**
Income tax expense/(benefit)	11	5,926	3,081	(1,085)	(2,034)
Total comprehensive income for the year		**26,596**	**13,150**	**22,195**	**17,508**
Attributable to:					
Equity holders of the parent		26,596	13,150	22,195	17,508
Earnings per share	14				
Basic (cents per share)		4.33	2.20	-	-
Diluted (cents per share)		4.14	2.11	-	-

To be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

For the year ended 30 June 2018

		Consolidated		Company	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Assets					
Cash and cash equivalents	15	176,363	222,197	8,047	5,880
Investments	16	2,057,192	1,814,049	412,359	377,159
Receivables	17	43,088	37,947	17,682	13,689
Fixed interest deposits	18	98,685	78,327	-	-
Reinsurers' share of life insurance policy liabilities	26	38,243	15,338	-	-
Deferred tax asset	24	10,979	10,509	179	310
Property, plant and equipment	21	1,150	1,425	-	-
Goodwill	19	20,452	20,452	-	-
Intangible assets	20	24,710	24,202	-	-
Total assets		**2,470,862**	**2,224,446**	**438,267**	**397,038**
Liabilities					
Payables	22	31,106	39,909	9,241	352
Current tax liabilities		8,146	523	8,145	523
Provisions	23	6,634	8,460	26	18
Life insurance policy liabilities	25	(197,116)	(207,632)	-	-
Life investment policy liabilities	25	1,198,780	1,177,290	-	-
Liability to non-controlling interest in controlled unit trusts		976,079	788,427	-	-
Deferred tax liabilities	24	2,924	1,819	1,042	591
Total liabilities		**2,026,553**	**1,808,796**	**18,454**	**1,484**
Net assets		**444,309**	**415,650**	**419,813**	**395,554**
Equity					
Issued capital	26	438,289	421,717	438,289	421,717
Retained losses	12	(9,274)	(15,648)	(64,969)	(61,379)
Executive Share Plan Reserve	12	12,509	10,068	12,509	10,068
Profit reserve	12	-	-	31,200	25,635
General reserve	12	2,785	(487)	2,785	(487)
Total equity		**444,309**	**415,650**	**419,813**	**395,554**

To be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2018

Consolidated	Share capital $'000	Share based payments reserve $'000	General reserve $'000	Profit reserve $'000	Retained losses $'000	Attributable to the owners of the parent $'000
Balance at 1 July 2016	**417,850**	**8,342**	**(2,085)**	**-**	**(12,344)**	**411,763**
Profit for the year	-	-	-	-	13,150	13,150
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**13,150**	**13,150**
Recognition of share based payments	-	1,012	-	-	-	1,012
Dividend paid (inclusive of costs)	(3)	-	-	-	(16,454)	(16,457)
Entitlement offer costs related to prior year	(12)	-	-	-	-	(12)
ESP loans settled through dividend/sale of renounceable rights	-	1,011	-	-	-	1,011
ESP shares vested/(forfeited)	3,882	(297)	1,598	-	-	5,183
Balance at 30 June 2017	**421,717**	**10,068**	**(487)**	**-**	**(15,648)**	**415,650**
Profit for the year	-	-	-	-	26,596	26,596
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**26,596**	**26,596**
Recognition of share based payments	-	985	-	-	-	985
Recognition of LTIP ESP payments (including tax)	-	1189	-	-	-	1,189
Dividend paid (inclusive of costs)	-	-	-	-	(18,136)	(18,136)
Dividend Reinvestment Plan	12,217	-	-	-	-	12,217
Dividend Reinvestment Plan Costs	(36)	-	-	-	-	(36)
ESP loans settled through dividend	-	771	-	-	-	771
ESP shares vested/(forfeited)	4,391	(504)	1,187	-	-	5,074
Transfers	-	-	2,085	-	(2,085)	-
Balance at 30 June 2018	**438,289**	**12,509**	**2,785**	**-**	**(9,274)**	**444,309**

To be read in conjunction with the accompanying Notes.

Company	Share capital $'000	Share based payments reserve $'000	General reserve $'000	Profit reserve	Retained losses $'000	Attributable to the owners of the parent $'000
Balance at 1 July 2016	**417,850**	**8,342**	**(2,085)**	**21,090**	**(57,887)**	**387,310**
Profit for the year	-	-	-	21,000	(3,492)	17,508
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**21,000**	**(3,492)**	**17,508**
Recognition of share based payments	-	1,012	-	-	-	1,012
Dividend paid (inclusive of costs)	(3)	-	-	(16,454)	-	(16,458)
Entitlement offer costs related to prior year	(12)	-	-	-	-	(12)
ESP loans settled through dividend	-	1,011	-	-	-	1,011
ESP shares vested/(forfeited)	3,882	(297)	1,598	-	-	5,183
Balance at 30 June 2017	**421,717**	**10,068**	**(487)**	**25,636**	**(61,379)**	**395,554**
Profit for the year	-	-	-	23,700	(1,505)	22,195
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**23,700**	**(1,505)**	**22,195**
Recognition of share based payments	-	985	-	-	-	985
Recognition of LTIP ESP payments (including tax)	-	1,189	-	-	-	1,189
Dividend paid (inclusive of costs)	-	-	-	(18,136)	-	(18,136)
Dividend Reinvestment Plan	12,217	-	-	-	-	12,217
Dividend Reinvestment Plan Costs	(36)	-	-	-	-	(36)
ESP loans settled through dividend	-	771	-	-	-	771
ESP shares vested/(forfeited)	4,391	(504)	1,187	-	-	5,074
Transfers	-	-	2,085	-	(2,085)	-
Balance at 30 June 2018	**438,289**	**12,509**	**2,785**	**31,200**	**(64,969)**	**419,813**

To be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows

For the year ended 30 June 2018

		Consolidated		Company	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash flows from operating activities					
Receipts from clients and debtors		610,882	472,320	-	-
Payments to suppliers and other creditors		(347,754)	(306,663)	(280)	(3,901)
Receipts from/(payments to) Group entities		-	-	17,890	10,028
Withdrawals paid to life investment clients		(299,786)	(225,031)	-	-
Dividends and trust distributions received		20,441	17,529	-	-
Interest received		25,306	23,040	145	154
Interest on borrowings and other costs of finance		(1,129)	(827)	(419)	(257)
Income taxes paid		(3,502)	(5,350)	(3,502)	(5,350)
Net cash (utilised)/generated by operating activities	32	**4,457**	**(24,982)**	**13,834**	**674**
Cash flows from investing activities					
Net cash movement due to investment in subsidary		-	-	(35,200)	(23,000)
Payments for investment securities		(1,402,009)	(1,967,063)	-	-
Proceeds from sales of investment securities		1,253,078	1,863,056	-	-
Net cash paid for business combination		-	(2,200)	-	-
Acquisition of property, plant and equipment		(426)	(240)	-	-
Acquisition of capitalised software		(10,263)	(7,072)	-	-
Fixed interest deposits redeemed/(invested)		(20,358)	1,257	-	-
Loans granted/(repaid)		(2,124)	(4,585)	(57)	(3,409)
Dividends received from subsidiary		-	-	23,700	21,000
Net cash (utilised) by investing activities		**(182,102)**	**(116,847)**	**(11,557)**	**(5,409)**
Cash flows from financing activities					
Net movement in liability of non-controlling interest in unit trusts		131,920	156,627	-	-
Share issue expenses		-	(12)	-	(12)
Repayment of ESP loans		771	1,012	771	1,012
ESP shares vested/(forfeited)		5,074	5,183	5,074	5,183
Dividend paid (net of costs)		(5,954)	(16,457)	(5,954)	(16,457)
Net cash generated in financing activities		**131,811**	**146,353**	**(109)**	**(10,274)**
Net increase/(decrease) in cash and cash equivalents		(45,834)	4,524	2,167	(15,009)
Cash and cash equivalents at the beginning of the financial year	15	222,197	217,673	5,880	20,889
Cash and cash equivalents at the end of the financial year		**176,363**	**222,197**	**8,047**	**5,880**

To be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

For the year ended 30 June 2018

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.

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

There were no new and revised standards and interpretation have been adopted and have affected the amount reported in these financial statements.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in 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', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

1 The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.
- In December 2014 the AASB issued AASB 2014-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2018. For annual reporting periods beginning before 1 January 2018, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in 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
Classification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)	1 January 2018	30 June 2019
AASB 17 - Insurance Contracts	1 January 2021	30 June 2022

2. Application of new and revised accounting standards Continued

2.3 Impact of changes to Australian Accounting Standards and interpretations

IFRS 17 'Insurance Contracts'

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. The Australian equivalent of IFRS 17 will supersedes AASB 1038 Insurance Contracts as of 1 January 2021.

The Directors of the Company anticipate that the application of IFRS 17 in the future is likely to have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. The Group is in the process of putting a project in place to implement the new standard and it is therefore not practicable to provide a reasonable estimate of the effect of IFRS 17 at this time.

AASB 9 'Financial Instruments'

AASB 9 Financial Instruments replaces AASB 139 Financial Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139. The standard will become mandatory for reporting periods beginning on or after 1 January 2018.

The adoption of AASB 9 changes the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. AASB 9 requires an allowance to be recognised for ECLs on all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that are expected to be received. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group has undertaken an assessment of the impact to classification and measurement and the accounting for impairment losses under the new standard below:

- The Group's investments are designated at fair value through profit or loss on initial recognition and are subsequently remeasured to fair value at each reporting date. The Group's other financial instruments (i.e. loans, receivables and payables) are held at amortised cost. Under the current business model, the adoption of AASB 9 does not materially change the accounting for investments and other financial instruments;
- For Contract assets and Trade and Other Receivables, the Group will adopt the simplified approach to calculate ECLs based on lifetime expected credit losses. A provision model has been established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There is currently no indication that a material lifetime expected credit loss would be recognised upon initial adoption of the standard.
- For other debt financial assets (such as adviser loans), the ECL impact analysis is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting (or assessment) date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group has assessed its loans and other receivables under the 12-month ECL model and there is currently no indicators that the expected credit losses would be material upon adoption of the standard.

Upon initial adoption of the standard it is the Group's policy to recognise any initial increase in allowance through opening retained earnings with any future impairment allowances recognised through profit or loss, however the adoption of AASB 9 is not expected to result in any material adjustment on initial adoption.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 'Revenue,' AASB 111 'Construction Contracts' and the related Interpretations when it becomes effective.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 15 applies to annual periods beginning on or after 1 January 2018.

2. Application of new and revised accounting standards Continued

AASB 15 introduces a single model for the recognition of revenue based on when control of goods and services transfers to a customer. Revenues derived under the Insurance Contracts and Financial Instruments standards, which represents a large proportion of the Groups revenue, are excluded from AASB 15 and hence, that revenue is not impacted by the adoption of the standard.

The Group has assessed its contracts with customers and the key revenues impacted by the adoption of the standard are derived from contracts entered into with clients to provide advisory services and asset management services. Our assessment of these contracts and the requirements under the standard regarding the estimation and constraint of variable consideration noted that the transaction price is highly susceptible to factors outside ClearView's influence such as client retention, changes in-force premiums, flows of funds under management and investment market movements.

Prior experience with contracts of this nature is considered of little predictive value in determining the transaction price and it is the Group's view that these revenues are constrained until those uncertainties are resolved over the passage of time. This earnings pattern is consistent will the Group's current accounting policy and does not result in any material changes upon initial recognition.

The Group intends to adopt the modified approach under which the standard from the date of initial application. Under this approach opening balance of equity is adjusted at the date of initial application but prior year comparatives not. The adoption of AASB 15 does not result in a material adjustment opening retained earnings.

AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to annual periods beginning on or after 1 January 2019. The Group is not currently a party to any material leases which would be in place as at the first reporting period subsequent to initial adoption of AASB 16. It is not practicable to provide an estimate of the effect of AASB 16 until the Group enters into a lease agreement which extends beyond the first reporting period affected by the new Accounting Standard.

3. Significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have 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 and the separate financial statements of the parent entity. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australia 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 22 August 2018.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

3. Significant accounting policies Continued

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Significant accounting policies continued

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the 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 share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non current 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.

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.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business 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.

3. Significant accounting policies continued

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 the statement of profit or loss and other comprehensive income. 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.

(f) 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 and Managed Investment Schemes is recognised in the statement of profit or loss and other 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.

Trustee administration and portfolio management fees earned via the platform is recognised on an accrual fees (such as model and SMA account) 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 fee revenue is recorded over the effective period in which customers' funds are invested in products on the Wrap platform.

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.

(g) Leasing

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant accounting policies continued

(h) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(i) 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 profit or loss and other 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).

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.

(j) 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.

(k) Reinsurance

Amounts paid to reinsurers under life insurance contracts held by ClearView Life are recorded as an outward reinsurance expense and are recognised in the statement of profit or loss and other 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.

3. Significant accounting policies continued

(l) Policy acquisition costs

The policy acquisition costs incurred are recorded in the statement of profit or loss and other 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.

(m) Basis of expense apportionment

All expenses of the life insurance business incurred by ClearView Life and charged to the statement of profit or loss and other comprehensive income have been apportioned in accordance with Part 6, Division 2 of the Life Act. These expenses are related to non-participating business as ClearView Life only write this category of business.

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 for part of the year. 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 LPS340 Valuation of Policy Liabilities).

(n) 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 recognised 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.

(o) 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.

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

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3. Significant accounting policies continued

(q) Share based payment arrangements

Share-based payment transactions of the Company

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27 and 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, with a corresponding increase in equity. 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 equity-settled employee benefits reserve.

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

(r) Taxation

Income tax expense represents the sum of the tax currently payable (or receivable) and deferred tax.

Current tax

The tax currently payable (or receivable) is based on taxable profit for the year less tax instalments paid. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period less any tax instalments paid.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises 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 difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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 year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(s) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties

3. Significant accounting policies continued

under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(t) Intangible assets - Software and Client Books

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) 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 or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell 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 to use or sell 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 as intangible assets that are acquired separately.

Amortisation is charged to the statement of profit or loss and other 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.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(u) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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 at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued

3. Significant accounting policies continued

amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or 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 a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) 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 the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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.

(w) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

3. Significant accounting policies continued

- 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 profit or loss and other comprehensive income. Fair value is determined based on the process in accordance with the policy adopted 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.

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 effect of discounting is 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 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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 uncollectable, 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.

For financial assets measured at amortised cost, 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 and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the

3. Significant accounting policies continued

risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 incurred 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 profit or loss. Fair value is determined in the manner described in Note 33.

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.

3. Significant accounting policies continued

The effective interest rates 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. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are 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.

The critical judgments that the Directors have 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 commissions, 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.

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 Group may not receive amounts due to it and these amounts can be reliably measured.

Recoverability of acquired intangible assets

The carrying amount of intangible assets acquired in a business combination at the financial position date was $6.4 million (2017: $10.4 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 are identified and approved

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

for each cash generating unit (CGU). Further details have been provided in each relevant section below.

Client Book – Intangible

The carrying amount of the Client Book - Intangible as at the financial position date was $6.2 million (2017: $10.2 million). These intangible assets arose on the acquisition of ClearView Group Holdings Pty Limited (CVGH), Community and Corporate Pty Limited (CCFA) and Matrix Planning Solutions Limited (Matrix). 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 Books). 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 identifies 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 Advice.

The Life Insurance Client Book was written off over 8 years on a straight line basis. The triggers that were considered in testing for annual impairment for the Life Insurance Client Book were as follows:

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

During the year the Life Insurance Client Book was fully amortised. In the prior year the Wealth Management Client Book was fully amortised.

The Financial Advice Client Book is written off on a straight line basis over 10 years. The carrying value is $6.2 million at 30 June 2018.

Triggers that need to be considered in testing for annual impairment for the Financial Advice Client Book are as follows:

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

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded Value is prepared at a reportable segment level (CGUs). The Embedded Value measure is used as a proxy for the value in use.

The Embedded Value methodology is used to test the acquired intangibles for any impairment triggers. As at 30 June 2018, based on the EV calculations, no impairment was required to the carrying value of the intangible assets.

Further information about the Embedded Value (and the movement over the year) is provided in the "Operating and Financial Review" in the Directors Report and further details on intangible assets is detailed in Note 20.

Recoverability of internally generated software intangibles

The carrying amount of internally generated capitalised software at the financial position date was $18.3 million (2017: $13.8 million).

At each reporting period the internally generated software is assessed for any impairment triggers. If any such indication exists, the recoverable amount of the asset shall be estimated. The impairment indicators for the software intangible are defined as:

- The ability of the software to provide the functionality required from the business to use the asset;
- The software is being utilised for the purposes that it was designed;
- The availability of alternative software that the business has available; and
- Product mix - The entity no longer sells the products that are administered on the policy administration system or utilises the provided functionality.

Capitalised software costs include those associated with the implementation of a new compliant and functional wealth platform, the launch of WealthFoundations that is hosted on the new platform and any development costs associated with the Master Trust and MIS products. The Master Trust and MIS products were migrated onto the new platform in the 2018 financial year.

No impairment was required to the carrying values of internally generated software as at 30 June 2018.

Impairment of goodwill

The carrying amount of goodwill at the reporting date was $20.5 million (2017: $20.5 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.

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

Goodwill

The Group acquired the business of CCFA on 9 April 2009.

Goodwill arose in respect of the amount of consideration paid 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 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 CGU. The Group tests for impairment at each reporting date.

The Group acquired Matrix Holdings Limited (Matrix Holdings) and its subsidiaries Matrix Planning Solutions Limited (MPS or Matrix) and Matrix Planning Investments Pty Ltd (MPI) on 10 October 2014.

Goodwill arose in respect of the amount of consideration paid attributable to the expected revenue synergies and other benefits from combining the assets and activities of Matrix with those of the Group. The expanded number of supportive advisers has the potential to deliver revenue synergies given ClearView's market proven and competitive products. This is also expected to result in the increased profitability of the Group. The goodwill that arose on acquisition has at reporting date been allocated across the Financial Advice, Life Insurance and Wealth Management CGU's of the Group.

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded value is prepared at a reportable segment level (CGU).

The goodwill recognised in the Financial Advice CGU is tested for impairment triggers using the Embedded Value methodology.

The goodwill recognised on acquisition of Matrix within the Life Insurance and Wealth Management CGU's is tested for impairment triggers by comparing the carrying value of the goodwill to the in-force portfolios written to date. As at 30 June 2018, no impairment was required to the carrying value of the goodwill.

Further information about 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.

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 Company that relate 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 24.

Actuarial methods and assumptions

The effective date of the actuarial report on life insurance policy liabilities and life investment policy liabilities is 30 June 2018. The actuarial report was prepared by the ClearView Life Appointed Actuary, Ashutosh Bhalerao. 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.

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

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

Related Product Group	Method	Profit carrier
Fund 1 Non-Advice Lump Sum (including the Old Book)	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

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 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.

(a) 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 2.7% (2017: 3.0%).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 12 months to 30 June 2018.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the longer term per policy unit costs implied by ClearView Life's 2018 business plan. Expense inflation of 2.5% p.a. (2017: 2.5% p.a.) was assumed.

Lapses: Rates adopted vary by product, duration, age, commision type 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. The primary underlying mortality tables used were the AI-FSC 2004-2008 industry standard tables, which were adjusted for industry experience and ClearView's own experience.

Morbidity (TPD, Income Protection and Trauma): Rates adopted vary by age, gender, and smoking status. The primary rates adopted are based on the AI-FSC 2004-2008 and ADI-FSC-KPMG 2007 - 2011 industry standard tables, which were adjusted for industry experience and ClearView's own experience.

(b) Effects of changes in actuarial assumptions (over 12 months to 30 June 2018)

	Effect on profit margins Increase/ (decrease) $'000	Effect on policy liabilities Increase/ (decrease) $'000
Assumption category		
Discount rates and inflation	5,666	(3,488)
Maintenance expenses	-	-
Lapses	-	-
Mortality and morbidity	(6,369)	-
Total	**(704)**	**(3,488)**

(c) 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 valuation.

Maintenance expenses and inflation

Maintenance expenses are set having regard to the cost base in the three year Board adopted business plan. Per policy maintenance expenses are assumed to increase in the future with inflation, at a rate that allows for basic price increases (CPI).

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

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 annually and ClearView Life'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 and advice 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 as well as industry experience to arrive at a best estimate of future lapse rates.

(d) Sensitivity analysis

ClearView Life 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 an 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, Income Protection and trauma cover depends on the incidence of policyholders becoming disabled or suffering a "trauma" event such as a heart attack or stroke. Higher incidence or claims duration 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.

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

The table below illustrates how outcomes during the financial year ended 30 June 2018 in respect of the key actuarial variables, would have impacted the reported life insurance policy liabilities, profit and equity for that financial year.

		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	17,720	16,039	(12,404)	(11,227)
	- 100 bp	(20,061)	(18,157)	14,042	12,710
Mortality and morbidity	110.0%	-	-	(5,660)	(1,737)
	90.0%	-	-	5,660	1,737
Lapses	110.0%	-	-	(2,687)	(2,440)
	90.0%	-	-	2,687	2,440
Maintenance expenses	110.0%	-	-	(1,580)	(1,580)
	90.0%	-	-	1,580	1,580

* 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 ClearView Life's experience in the current year in relation to those variables had been higher or lower by 10% of that experienced.

5. Risk management

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

- Asset risks, including investment market risk (interest rate risk and equity price risk), investment management risk, credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risk;
- Expense and discontinuance (lapses, withdrawals and loss of client) risks; and
- Non-financial risks - regulatory environment, operational, resilience and strategic risks.

Risk management strategy and framework, roles and responsibilities

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

The 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 RMCS and RMF considers the key stakeholders in the Group, beyond the shareholders, including:

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

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

As part of the RMCS and RMF, the Group has adopted an Internal Capital Adequacy Assessment Process (ICAAP) with respect to supporting the residual risk exposures retained by the Group and the ongoing capital needs of the Group.

The key risks are discussed in more detail below:

Asset risks

The primary asset risks borne by the Group 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

5. Risk management continued

to the Policyholder assets and off-balance sheet client funds, via the impact on the fees charged by the Group which vary with the level of Policyholder and client funds under management and under administration, as well as related reputational exposure (for further detail on Asset risks refer to Note 33 Financial Instruments).

Insurance risk

The risks under the life insurance contracts written by ClearView Life are exposed 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 ClearView Life and its continuing ability to write business depends on its ability to manage insurance risk. The Group's RMCS 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 is 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 ClearView Life is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, insurance risk is concentrated to the eastern seaboard of Australia and its capital cities. The residual risk exposure is reduced through the use of reinsurance and is subject to review by the reinsurers from time to time.

(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 ClearView Life's reinsurers of the pricing adopted, including the offer of corresponding reinsurance terms;

5. Risk management continued

- 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 ClearView Life.

Asset-Liability mismatch risk

Asset-liability mismatch risk arises to the extent to which the assets held by the Group 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 Group primarily relate to the extent that the Group 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 ClearView Life 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.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; and
- 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, result in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.
- The risks are principally managed via the Group's:
  - 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 – regulatory environment, operational, resilience and strategic risks

The Group 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 RMCS and RMF. Key elements of the RMF include:

- Internal Group risk and compliance team. The adequacy of the team's resources are periodically reviewed as the nature, size and complexity of ClearView changes;
- A Breach and Incident Management process which ensures that incidents are identified, reported and assessed;
- Detailed compliance registers, reporting timetables and due diligence processes;
- A detailed overall risk register which identifies the key risks, mitigations and controls, inherent and residual risks, and risk owners;
- A fraud and cyber Risk Management Framework which provides governance for the prevention, detection and recovery in the case of attempted and materialised internal and external fraud events;
- A monthly Risk Management and Compliance Committee which focuses, among other items, on the RMCS and RMF;
- Internal audit, whistleblowing policy and facilities, detailed financial reconciliations and unit pricing checking processes, detail IT development and implementation processes;
- Comprehensive internal management information reporting and monitoring, emerging risk exposures reporting, staff training programs, staff recruitment standards (including fit and proper standards);
- Annual Business Continuity and Disaster Recovery Testing; and
- Initiatives to ensure that an appropriate risk culture within the business is maintained including, Board and Senior Management Team focus, an adopted culture statement, including risk management as a formal part of all key business decisions, and appropriate risk management supporting remuneration structures and monitoring of Risk Culture Indicators.

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, ClearView Financial Advice and Matrix Planning Solutions are also required to maintain minimum regulatory capital as required by ASIC; and
- ClearView Life Nominees is required to maintain an Operational Risk Financial Requirement (ORFR) as determined in accordance with Superannuation Prudential Standard 114. SPS 114 requires that the trustee maintains adequate financial resources to address losses arising from the operational risks that may affect the ClearView Retirement Plan.

In addition, the Group maintains capital reserves in accordance with its Board adopted ICAAP that retains capital reserves to support its retained risk exposures, ensures there is a low likelihood that the Group (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. Capital adequacy (ClearView Life Assurance Limited)

ClearView Life Assurance Limited (ClearView Life) is subject to minimum capital regulatory capital requirements in accordance with Australian Prudential Regulation Authority (APRA) Life Insurance Prudential Standards. ClearView Life is required to maintain adequate capital against the risks associated with its business activities and measure its capital to the "Prudential Capital Requirement" (PCR).

ClearView Life has in place an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Directors, to ensure it maintains required levels of capital within each of its statutory and general funds. The capital adequacy position at balance date for ClearView Life, in accordance with the APRA requirements, is as follows:

Capital position

	Shareholder's Fund	Statutory fund No. 1 Australian non-participating	Statutory fund No. 2 Australian non-participating	Statutory fund No. 4 Australian non-participating	ClearView Life Assurance Limited
	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000
Net Assets (Common Equity Tier 1 Capital)	3,832	373,248	1,221	11,013	389,314
Goodwill and intangibles	-	(13,486)	-	(4,827)	(18,313)
Net tangible assets	**3,832**	**359,762**	**1,221**	**6,186**	**371,001**
Capital base adjustments					
Deferred tax assets	-	(1,643)	-	(34)	(1,677)
Investment in subsidiaries	(3,450)	-	-	-	(3,450)
Policy liability	-	(304,658)	-	-	(304,658)
Regulatory capital base	**382**	**53,461**	**1,221**	**6,152**	**61,216**
Prescribed Capital Amount (PCA)	**(19)**	**(11,849)**	**(14)**	**(3,425)**	**(15,307)**
Available Enterprise Capital (AEC)	**363**	**41,612**	**1,208**	**2,727**	**45,910**
Capital Adequacy Multiple	**20.1**	**4.5**	**93.9**	**1.8**	**4.0**
Prescribed capital amount comprises of:					
Insurance Risk	-	(4,115)	-	-	(4,115)
Asset Risk	(19)	(2,678)	(5)	(429)	(3,131)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(6,509)	(9)	(2,996)	(9,514)
Aggregation benefit	-	1,453	-	-	1,453
LPS110 CLAL Minimum	-	-	-	-	-
Prescribed Capital Amount	**(19)**	**(11,849)**	**(14)**	**(3,425)**	**(15,307)**

6. Capital adequacy (ClearView Life Assurance Limited) continued

	Shareholder's Fund	Statutory fund No. 1 Australian non-participating	Statutory fund No. 2 Australian non-participating	Statutory fund No. 4 Australian non-participating	ClearView Life Assurance Limited
	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
Net Assets (Common Equity Tier 1 Capital)	3,832	330,456	2,467	10,531	347,286
Goodwill and intangibles	-	(10,110)	-	(3,651)	(13,761)
Net tangible assets	**3,832**	**320,346**	**2,467**	**6,880**	**333,525**
Capital base adjustments					
Deferred tax assets	-	(50)	(2)	(56)	(108)
Investment in subsidiaries	(2,950)	-	-	-	(2,950)
Policy liability	-	(272,002)	(193)	-	(272,195)
Regulatory capital base	**856**	**48,320**	**2,272**	**6,824**	**58,272**
Prescribed Capital Amount (PCA)	(12)	(10,604)	(556)	(2,965)	(14,137)
Available Enterprise Capital (AEC)	**844**	**37,716**	**1,716**	**3,859**	**44,135**
Capital Adequacy Multiple	**71.3**	**4.6**	**4.1**	**2.3**	**4.1**
Prescribed capital amount comprises of:					
Insurance Risk	-	(2,753)	-	-	(2,753)
Asset Risk	(12)	(1,669)	(344)	(139)	(2,164)
Asset Concentration Risk	-	(1,435)	-	-	(1,435)
Operational Risk	-	(5,676)	(212)	(2,826)	(8,714)
Aggregation benefit	-	929	-	-	929
LPS110 CLAL Minimum	-	-	-	-	-
Prescribed Capital Amount	**(12)**	**(10,604)**	**(556)**	**(2,965)**	**(14,137)**

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. The products provided by ClearView Life include:

- A comprehensive range of life protection products distributed via both CFA and Matrix 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, parent cover, 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 sold through direct marketing, telemarketing, call centre referrals, or online. Products include term life, accidental death, injury covers, trauma and critical illness and funeral insurance.

(b) Wealth Management ("investment" products)

ClearView provides wealth management products via four primary avenues:

- Master Trust - 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;
- WealthSolutions - A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS) Wrap (provided by CFML). This is offered via the WealthSolutions platform which was launched in December 2011. WealthSolutions includes a menu of approximately 250 investment funds, ASX listed shares, term deposits, 8 ClearView managed funds and recently launched Separately Managed Account (SMA) offering. It also provides a number of model portfolios managed by ClearView for superannuation and non superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. WealthFoundations includes a menu of 14 investment options with transparent investment in underlying funds; and
- Managed Investment Schemes (MIS) - Products are issued via ClearView Financial Management Limited (CFML) as the ASIC licensed Responsible Entity and include MIS products available on ClearView's WealthSolutions platform and external platforms.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries ClearView Financial Advice (CFA) and Matrix Planning Solutions (Matrix). CFA and Matrix provide dealer group services to it's employed financial advisers as well as a number of self employed financial advisers.

(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 and interest expense on corporate debt. The Group manages capital at the listed entity level in accordance with its ICAAP policy.

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 on the following page. 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. The allocation model excludes the allocation of investment revenue as these are directly recorded against the relevant segments. This is the measure reported to the Board for the purposes of resource allocation and assessment of segment performance.

7. Segment information continued

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3

	Total Revenue		Inter-Segment Revenue		Consolidated Revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Segment revenue						
Life Insurance	160,702	136,913	-	-	160,702	136,913
Wealth Management	126,350	111,977	-	-	126,350	111,977
Financial Advice	114,546	112,783	(29,734)	(28,484)	84,812	84,299
Listed entity/Other	343	314	-	-	343	314
Consolidated segment revenue	**401,941**	**361,987**	**(29,734)**	**(28,484)**	**372,207**	**333,503**

2018	Life Insurance	Wealth Management	Financial Advice	Listed Entity/ Other	Total
Underlying net profit/(loss) after tax	**26,085**	**5,163**	**1,780**	**(676)**	**32,352**
Amortisation of acquired intangibles[1]	(2,833)	(90)	(1,121)	-	(4,044)
AIFRS policy liability discount rate effect (net of tax)[2]	(906)	-	-	-	(906)
Strategic review cost (net of tax)[3]	-	-	-	(806)	(806)
Reported profit/(loss)	**22,346**	**5,073**	**659**	**(1,481)**	**26,596**
2017					
Underlying net profit/(loss) after tax	**24,867**	**3,942**	**2,231**	**(678)**	**30,362**
Amortisation of acquired intangibles[1]	(2,833)	(4,378)	(980)	-	(8,191)
AIFRS policy liability discount rate effect (net of tax)[2]	(5,918)	-	-	-	(5,918)
Strategic review costs (net of tax)[3]	-	-	-	(683)	(683)
Direct closure provision (net of tax)[4]	-	-	-	(2,420)	(2,420)
Reported profit/(loss)	**16,116**	**(436)**	**1,251**	**(3,781)**	**13,150**

1 The amortisation of the intangibles is associated with the acquisition of wealth and life insurance businesses from Bupa, ComCorp financial advice business and Matrix. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of underlying net profit after tax.

2 The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liability. 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 earnings. This movement in policy liability creates a cash flow tax effect.

3 Certain costs were recognised predominantly in relation to Cooperation Agreement entered into with Sony Life and the evaluation of strategic options and Sony Life becoming a new strategic shareholder. The costs are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying NPAT.

4 Certain costs were recognised in the period in relation to the Direct closure. The costs are considered unusual to the ordinary activities of the Group and therefore not reflected as part of Underlying NPAT.

8. Fee and other revenue

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial advice fees	83,379	76,918	-	-
Funds management fees	43,312	38,470	-	-
Other income	1,053	1,074	-	-
Total fee and other revenue	**127,744**	**116,462**	**-**	**-**

9. Investment income

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest income	25,202	23,267	145	154
Dividend income	20,441	17,529	23,700	21,000
Distribution income	40,390	41,701	-	-
Total investment income	**86,033**	**82,497**	**23,845**	**21,154**

10. Operating expenses

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Administration expenses				
Administration and other operational costs	36,113	32,402	595	346
Custody and investment management expenses	9,505	8,130	-	-
Total administration expenses	**45,618**	**40,532**	**595**	**346**
Employee costs and directors' fees				
Employee expenses	50,713	49,120	10	12
Share based payments	1,880	1,012	-	-
Employee termination payments	376	798	-	-
Directors' fees	819	845	559	629
Total employee costs and directors' fees	**53,788**	**51,775**	**569**	**641**
Other expenses				
Interest and other costs of finance	1,129	827	419	257
Strategic review costs	1,152	978	1,152	978
Direct restructure and remediation costs	-	3,458	-	3,458
Total other expenses	**2,281**	**5,263**	**1,571**	**4,693**
Total operating expenses	**101,687**	**97,570**	**2,735**	**5,680**
Depreciation and amortisation expenses				
Depreciation expenses	677	639	-	-
Software amortisation	5,711	4,808	-	-
Amortisation of acquired intangibles	4,044	8,190	-	-
Total amortisation and depreciation expenses	**10,432**	**13,637**	**-**	**-**

10. Operating expenses continued

	Consolidated		Company	
	2018 $	2017 $	2018 $	2017 $
Remuneration of auditors				
Auditor of the parent entity				
Audit and review of financial reports	323,350	318,000	105,750	104,200
Audit of APRA and ASIC regulatory returns	101,350	99,400	-	-
Audit of Managed Investment Schemes	130,100	127,600	-	-
Total remuneration for audit services	**554,800**	**545,000**	**105,750**	**104,200**
Preparation and lodgement of tax returns	133,450	106,050	133,450	106,050
Other non-audit services - taxation advice	121,950	46,400	121,950	26,800
Other non-audit services - compliance	417,134	358,386	-	-
Other non-audit services - consulting	135,400	310,976	-	135,976
Total remuneration for non-audit services	807,934	821,812	255,400	268,826
Total remuneration	**1,362,734**	**1,366,812**	**361,150**	**373,026**

11. Income tax

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
a) Income tax recognised in profit or loss				
Income Tax expense/(benefit) comprises:				
Current tax expense	6,564	4,827	(398)	(1,709)
Deferred tax expense	(203)	322	(379)	52
Over provided in prior years – current tax expense	(1,566)	(2,860)	(1,269)	(1,179)
Under provided in prior years – deferred tax expense	1,131	792	961	802
Income tax expense/(benefit)	**5,926**	**3,081**	**(1,085)**	**(2,034)**
Deferred income tax expense/(benefit) included in income tax expense comprises:				
Decrease/(increase) in deferred tax asset	(176)	292	131	263
Increase/(decrease) in deferred tax liability	1,105	823	451	591
	929	**1,115**	**582**	**854**
b) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	40,998	54,293	32,635	32,635
Potential tax benefit	10,627	11,956	9,790	9,790

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
c) Reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	32,522	16,231	21,110	15,474
Policyholder tax (expense) credit recognised as part of the change in policyholder liabilities in determining profit before tax	**5,991**	**5,092**	**-**	**-**

11. Income tax continued

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit before income tax excluding tax charged to policyholders	38,513	21,323	21,110	15,474
Prima facie tax calculated at 30%	11,554	6,397	6,333	4,642
Tax effect of amounts which are non deductible/assessable in calculating taxable income:				
Franking credits on dividends received	-	-	(7,110)	(6,300)
Non assessable income	(765)	(601)	-	-
Non deductible expenses	121	406	-	-
Non-deductible amortisation expenses	1,213	2,449	-	-
Under/(over) provision in prior years	(206)	(463)	(308)	(376)
Other	-	(15)	-	-
Income tax expense/(benefit) attributable to shareholders	**11,917**	**8,173**	**(1,085)**	**(2,034)**
Income tax expense/(benefit) attributable to policyholders	**(5,991)**	**(5,092)**	**-**	**-**
Income tax expense/(benefit)	**5,926**	**3,081**	**(1,085)**	**(2,034)**

d) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or (credited) to equity:				
Current tax	**-**	**-**	**-**	**-**
Deferred tax	**(294)**	**-**	**-**	**-**

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.

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
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.	29,520	27,610	29,520	27,610

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 includes subsidiaries as identified in Note 31.

Under the Tax Act, ClearView Wealth Limited 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.

11. Income tax continued

Under the terms of the tax funding arrangement, ClearView Wealth Limited 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Retained losses				
Balance at the beginning of the financial year	(15,648)	(12,344)	(61,379)	(57,887)
Net profit/(loss) attributable to members of the parent entity	26,595	13,150	(1,505)	(3,492)
Transfer from General Reserve[3]	(2,085)	-	(2,085)	-
Dividend paid during the year	(18,136)	(16,454)	-	-
Balance at the end of the financial year	**(9,274)**	**(15,648)**	**(64,969)**	**(61,379)**
Executive share plan reserve[1]				
Balance at the beginning of the financial year	10,068	8,342	10,068	8,342
Recognition of share based payments	2,174	1,012	2,174	1,012
ESP loans settled through dividend	771	1,011	771	1,011
Proceeds from sale of ESP shares vested/forfeited (net of tax)	(504)	(297)	(504)	(297)
Balance at end of the financial year	**12,509**	**10,068**	**12,509**	**10,068**
Profit Reserve				
Balance at the beginning of the financial year	-	-	25,635	21,089
Net profit attributable to the parent entity	-	-	23,700	21,000
Dividend paid during the year	-	-	(18,136)	(16,454)
Balance at end of the financial year	**-**	**-**	**31,200**	**25,635**
General Reserve[2]				
Balance at the beginning of the financial year	(487)	(2,085)	(487)	(2,085)
Transfer to retained losses[3]	2,085	-	2,085	-
Gain on sale of unvested ESP shares (net of tax)	1,187	1,598	1,187	1,598
Balance at end of the financial year	**2,785**	**(487)**	**2,785**	**(487)**

1 The above executive share plan reserve relates to share options granted by the Company to employee and contractor participants under the ClearView Executive Share Plan (Plan). Further information about the Plan is set out in Note 27.

2 The general reserve comprises the profit on sale of forfeited ESP shares ($2.8 million) where the shares were sold via an off market transfer with the proceeds being received by the Company. The general reserve is not an item of other comprehensive income and the items in the general reserve will not be reclassified subsequently to profit or loss.

3 $2.1m had previously been recognised in the general reserve in relation to a fair value adjustment for contingent consideration on the acquisition of Matrix Planning Solutions Limited. During the year the contingency period ended with the consideration (ClearView Wealth Limited Shares held in Trust) being released to the beneficiaries of the Trust. Subsequent to this, the general reserve was transferred to retained earnings.

13. Sources of profit (ClearView Life Assurance Limited)

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Components of profit related to movements in life insurance liabilities				
Planned profit margins released	24,816	21,683	-	-
Profit arising from the difference between actual investment income and expected interest on policy liabilities	3,835	4,187	-	-
Profit arising from the difference between actual and expected experience	(5,913)	(4,182)	-	-
Impact of change in economic assumptions	2,441	(2,739)	-	-
Life insurance	**25,179**	**18,949**	**-**	**-**
Components of profit related to movements in life investment liabilities				
Expected profit margin	2,623	2,812	-	-
Life investment	**2,623**	**2,812**	**-**	**-**
Profit for the statutory funds	27,828	21,735	**-**	**-**
Profit for the shareholders fund	1	13	-	-
Profit for ClearView Life Assurance Limited	**27,829**	**21,748**	**-**	**-**

14. Earnings per share

	Consolidated	
	2018	2017
Earnings per share (cents)		
Basic earnings (cents)	4.33	2.20
Diluted earnings (cents)	4.14	2.11

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 ($'000)	26,596	13,150
Earnings used in the calculation of basic earnings per share ($'000)	**26,596**	**13,150**
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000's)	**614,309**	**597,808**

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 ($'000)	26,596	13,150
Earnings used in the calculation of total diluted earnings per share	**26,596**	**13,150**

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 (000's)	614,309	597,808
Shares deemed to be dilutive in respect of the employee share plan (000's)	28,414	25,550
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures) (000's)	**642,723**	**623,358**

15. Cash and cash equivalents

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank	176,363	222,197	8,047	5,880
Total cash and cash equivalents	**176,363**	**222,197**	**8,047**	**5,880**

16. Investments

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Equity securities				
Investment in Group Companies	-	-	412,359	377,159
Held directly	303,467	262,428	-	-
Held indirectly via unit trust	545,055	433,603	-	-
	848,522	**696,031**	**412,359**	**377,159**
Debt securities/fixed interest securities				
Held directly	483,205	448,086	-	-
Held indirectly via unit trust	393,339	357,944	-	-
	876,544	**806,030**	**-**	**-**
Property/Infrastructure				
Held directly	-	-	-	-
Held indirectly via unit trust	332,126	311,988	-	-
	332,126	**311,988**	**-**	**-**
Total investments	**2,057,192**	**1,814,049**	**412,359**	**377,159**

17. Receivables

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables	391	392	-	-
Outstanding life insurance premium receivable	6,148	3,909	-	-
Provision for outstanding life insurance premiums	(956)	(800)	-	-
Accrued dividends	2,512	2,036	-	-
Investment income receivable	917	10,317	-	-
Outstanding settlements	6,643	3,622	-	-
Prepayments	4,050	3,298	31	30
Receivables from controlled entities	-	-	6,464	6,472
Related party receivables	8,638	4,530	7,719	3,774
Loans receivable	10,736	8,612	3,468	3,409
Other debtors	4,009	2,031	-	4
Total receivables	**43,088**	**37,947**	**17,682**	**13,689**

$7.8 million (2017: $5.6 million) of Total consolidated receivables are expected to be recovered more than 12 months from the reporting date and $0.01 million (2017: $3.4 million) of Total receivables for the Company are expected to be recovered more than 12 months from the reporting date.

18. Fixed interest deposits

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Fixed interest term deposits	98,685	78,327	-	-

Fixed interest term deposits, held at year end, yield an average fixed interest rate of 2.39% (2017: 2.37%)

19. Goodwill

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross carrying amount				
Balance at the beginning of the financial year	20,452	19,952	-	-
Additional amount recognised through acquisition of business[1]	-	500	-	-
Balance at the end of the financial year	**20,452**	**20,452**	**-**	**-**
Net book value				
Balance at the beginning of the financial year	20,452	19,952	-	-
Balance at the end of the financial year	**20,452**	**20,452**	**-**	**-**

1 In August 2016 the Group acquired the business of an adviser under pre-existing contracted arrangements. $0.5 million of goodwill was recognised on this acquisition.

As required under accounting standards the Group completes an impairment assessment at each reporting date. As at 30 June 2018, no impairment was required to the carrying value of goodwill. Further details have been provided in Note 4.

20. Intangible assets

						Consolidated
2018	Capitalised software $'000	CWT software $'000	Client Book $'000	Matrix Website $'000	Matrix Brand $'000	Total $'000
Gross carrying amount						
Balance at the beginning of the financial year	30,683	1,500	65,017	20	200	97,420
Acquired directly during the year	10,263	-	-	-	-	10,263
Balance at the end of the financial year	**40,946**	**1,500**	**65,017**	**20**	**200**	**107,683**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	16,923	1,500	54,775	20	-	73,218
Amortisation expense in the current year	5,711	-	4,044	-	-	9,755
Balance at the end of the financial year	**22,634**	**1,500**	**58,819**	**20**	**-**	**82,973**
Net book value						
Balance at the beginning of the financial year	13,760	-	10,242	-	200	24,202
Balance at the end of the financial year	**18,312**	**-**	**6,198**	**-**	**200**	**24,710**

2017	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at the beginning of the financial year	23,611	1,500	63,317	20	200	88,648
Acquired directly during the year	7,072	-	1,700	-	-	8,772
Balance at the end of the financial year	**30,683**	**1,500**	**65,017**	**20**	**200**	**97,420**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	12,115	1,500	46,585	20	-	60,220
Amortisation expense in the current year	4,808	-	8,190	-	-	12,998
Balance at the end of the financial year	**16,923**	**1,500**	**54,775**	**20**	**-**	**73,218**
Net book value						
Balance at the beginning of the financial year	11,496	-	16,732	-	200	28,428
Balance at the end of the financial year	**13,760**	**-**	**10,242**	**-**	**200**	**24,202**

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
2018	**Office furniture $'000**	**Office equipment $'000**	**Computer hardware $'000**	**Leasehold improvements $'000**	**Total $'000**
Gross carrying amount					
Balance at the beginning of the financial year	449	81	1,534	3,724	5,788
Additions	123	8	159	136	426
Transfers	-	-	-	(24)	(24)
Balance at the end of the financial year	**572**	**89**	**1,693**	**3,836**	**6,190**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	435	51	1,302	2,575	4,363
Depreciation expense	36	16	171	454	677
Balance at the end of the financial year	**471**	**67**	**1,473**	**3,029**	**5,040**
Net book value					
Balance at the end of the financial year	**101**	**22**	**220**	**807**	**1,150**

2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount					
Balance at the beginning of the financial year	432	46	1,415	3,654	5,547
Additions	17	35	107	70	229
Written off	-	-	12	-	12
Balance at the end of the financial year	**449**	**81**	**1,534**	**3,724**	**5,788**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	420	34	1,076	2,194	3,724
Depreciation expense	15	17	226	381	639
Balance at the end of the financial year	**435**	**51**	**1,302**	**2,575**	**4,363**
Net book value					
Balance at the end of the financial year	**14**	**30**	**232**	**1,149**	**1,425**

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

22. Payables

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables	4,881	5,180	197	292
Reinsurance premium payable	15,162	12,127	-	-
Employee entitlements	5,021	6,962	6	10
Life insurance premiums in advance	672	566	-	-
Life investment premium deposits	856	2,298	-	-
Lease incentive in advance	847	1,194	-	-
Payables to controlled entities	-	-	9,035	-
Outstanding investment settlements	2,766	11,239	-	-
Other creditors	901	343	3	50
Total payables	**31,106**	**39,909**	**9,241**	**352**

$1.6 million (2017: $0.9 million) of Total consolidated payables are expected to be settled more than 12 months from the reporting date and nil (2017: nil) of total payables of the Company are expected to be settled more than 12 months from the reporting date.

23. Provisions

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current and non current				
Make good provision	374	419	-	-
Employee leave provisions	4,342	3,849	-	-
Provision for restructuring	-	1,408	-	-
Provision for remediation	1,815	1,623	-	-
Other provisions	103	1,161	26	18
Total	**6,634**	**8,460**	**26**	**18**
Make good provision[1]				
Balance at the beginning of the financial year	419	270	-	-
Additional provisions raised	136	149	-	-
Utilised during the period	(49)	-	-	-
Unutilised provisions transferred	(132)	-	-	-
Balance at the end of the financial year	**374**	**419**	**-**	**-**
Employee leave provision[2]				
Balance at the beginning of the financial year	3,849	3,540	-	-
Additional provisions raised	1,093	890	-	-
Utilised during the period	(600)	(581)	-	-
Balance at the end of the financial year	**4,342**	**3,849**	**-**	**-**
Provision for Restructuring[3]				
Balance at the beginning of the financial year	1,407	20	-	-
Additional provisions raised	-	1,834	-	-
Utilised during the period	(1,172)	(447)	-	-
Unutilised provisions transferred	-	-		
Balance at the end of the financial year	**-**	**1,407**	**-**	**-**
Provision for remediation[4]				
Balance at the beginning of the financial year	1,623	-	-	-
Additional provisions raised	576	1,623	-	-
Utilised during the period	(385)	-	-	-
Balance at the end of the financial year	**1,815**	**1,623**	**-**	**-**
Other provisions[5]				
Balance at the beginning of the financial year	1,161	1,385	18	26
Additional provisions raised	95	24	18	24
Utilised during the period	(1,153)	(248)	(10)	(10)
Unutilised provisions transferred during the period	-	-	-	(22)
Balance at the end of the financial year	**103**	**1,161**	**26**	**18**

1 The provision for make good represents the accrued liability for expected costs in relation to the restoration of leased premises on the termination of the lease. The provisions are expected to be settled on vacating the leased premises on expiration of the relevant lease.

2 The provision for employee leave represents annual leave and long service leave entitlements accrued by employees. The provisions are expected to be utilised in accordance with the pattern of consumption of employees utilising their leave entitlements.

3 The provision for restructuring relates to the expected costs in relation to the closure of Direct business.

4 The provision for remediation relates to the direct remediation program, remaining compensation and consulting costs as at 30 June 2018.

5 Other provisions related to provision for future project work that has been commissioned and for which the work is yet to commence. This relates predominantly to the migration of the old Wealth Management portfolio to the new wealth platform.

24. Deferred tax balances

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Deferred tax assets	10,979	10,509	179	310
Deferred tax liabilities	(2,924)	(1,819)	(1,042)	(591)
Deferred tax assets				
The balance comprises temporary differences attributable to:				
Accruals not currently deductible	519	440	40	43
Depreciable and amortisable assets	1,606	15	-	-
Provisions not currently deductible	3,195	4,329	-	-
Unrealised losses carried forward	4,825	5,265	-	-
Capital business expense	139	267	139	267
Rental lease incentives	132	193	-	-
Share trust funding costs	563	-	-	-
Deferred tax asset	**10,979**	**10,509**	**179**	**310**
Deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Unrealised gains on investments	396	512	-	-
Prepaid expenses	526	1,307	-	-
Fees not delivered	960	-	-	-
Research and Development Capitalised assets	1,042	-	1,042	591
Deferred tax liability	**2,924**	**1,819**	**1,042**	**591**

					Consolidated
2018	Opening balance $'000	Transfers from subsidiaries $'000	Shareholder Equity $'000	(Charge)/ Credit to income $'000	Closing balance $'000
Gross deferred tax liabilities	(1,819)	-	-	(1,105)	(2,924)
Gross deferred tax assets	10,509	-	294	176	10,979
Total	**8,690**	**-**	**294**	**(929)**	**8,055**
2017					
Gross deferred tax liabilities	(996)	-	-	(823)	(1,819)
Gross deferred tax assets	10,801	-	-	(292)	10,509
Total	**9,805**	**-**	**-**	**(1,115)**	**8,690**

					Company
2018	$'000	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	(591)	-	-	(451)	(1,042)
Gross deferred tax assets	310	-	-	(131)	179
Total	**(281)**	**-**	**-**	**(582)**	**(863)**
2017					
Gross deferred tax liabilities	-	-	-	(591)	(591)
Gross deferred tax assets	573	-	-	(263)	310
Total	**573**	**-**	**-**	**(854)**	**(281)**

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 $41 million (tax effected $10.6 million) consolidated and $32.6 million (tax effected $9.8 million) for the Company. Refer to Note 11 for further details.

25 Policy liabilities

(a) Reconciliation of movements in policy liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Life investment policy liabilities				
Opening gross life investment policy liabilities	1,177,290	1,152,554	-	-
Net increase in life investment policy liabilities reflected in the income statement	72,041	100,419	-	-
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(22,150)	(22,503)	-	-
Life investment policy contributions recognised in policy liabilities	269,366	175,231	-	-
Life investment policy withdrawals recognised in policy liabilities	(296,766)	(228,411)	-	-
Closing gross life investment policy liabilities	**1,198,780**	**1,177,290**	**-**	**-**
Life insurance policy liabilities				
Opening gross life insurance policy liabilities	(207,632)	(203,830)	-	-
Movement in outstanding claims	27,750	18,077	-	-
Decrease in life insurance policy liabilities reflected in the income statement	(17,234)	(21,879)	-	-
Closing gross life insurance policy liabilities	**(197,116)**	**(207,632)**	**-**	**-**
Total gross policy liabilities	**1,001,664**	**969,658**	**-**	**-**
Reinsurers' share of life insurance policy liabilities				
Opening balance	(15,338)	703	-	-
Movement in outstanding reinsurance	(18,300)	(15,871)	-	-
(Increase)/decrease in reinsurance assets reflected in the income statement	(4,599)	(170)	-	-
Closing balance	**(38,243)**	**(15,338)**	**-**	**-**
Net policy liabilities at balance date	**963,421**	**954,320**	**-**	**-**

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 $59.4 million (2017: $65.5 million).

(b) Components of net life insurance policy liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Future policy benefits	350,316	292,852	-	-
Future expenses and commissions	449,010	353,242	-	-
Less future revenues	(1,384,891)	(1,201,508)	-	-
Best estimate liability	**(585,565)**	**(555,414)**	**-**	**-**
Present value of future planned profit margins	350,205	332,444	-	-
Net life insurance policy liabilities	**(235,360)**	**(222,970)**	**-**	**-**

(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.

26. Issued capital

				Company
	2018 No. of Shares	2018 $'000	2017 No. of Shares	2017 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the financial year	603,266,050	421,717	597,429,600	417,850
Dividend Reinvestment Plan	8,789,480	12,217	-	-
Dividend Reinvestment Plan Costs	-	(36)	-	-
Dividend costs	-	-	-	(3)
Entitlement offer costs related to prior year	-	-	-	(12)
Shares issued during the year (ESP vested/forfeited)	7,203,482	4,391	5,836,450	3,882
Balance at the end of the financial year	**619,259,012**	**438,289**	**603,266,050**	**421,717**
Executive share plan				
Balance at the beginning of the year	56,207,077	-	60,743,527	-
Shares granted under employee share plan (note 27)	-	-	1,300,000	-
Shares forfeited during the year	(2,521,437)	-	(3,693,143)	-
Shares exercised during the year	(4,682,045)	-	(2,143,307)	-
Balance at the end of the financial year	**49,003,595**	**-**	**56,207,077**	**-**

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 27.

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.

27. Share based payments

Executive Share Plan

ClearView operates the ClearView Executive Share Plan (ESP or Plan). In accordance with the provisions of the Plan, as approved by shareholders at the 2015 Annual General Meeting, the ownership-based compensation scheme allows participation in the Plan of:

- Employee Participants - These participants are key managers, members of the Senior Management Team (SMT) and the Managing Director; and
- Contractor Participants - These participants are financial advisers.

Eligible Employees under the Plan Rules therefore include both Employee Participants and Contractor Participants of the Company and its related body corporates. Non-executive Directors are ineligible to participate in the Plan in accordance with the Plan Rules.

Offer and consideration

Under the ESP, the Board may invite Eligible Employees to participate in an offer (Offer) of fully paid ordinary shares in ClearView, subject to the terms of conditions of the ESP. 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. This price may be the market price of a Share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView Shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the Volume Weighted Average Price (VWAP) over a 3 month period to determine the market value of the ClearView Shares for the purposes of ESP issues. This has been implemented for all ESP Share issues since that date.

Restrictions on offer

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 of ClearView or be able to control the voting rights of more than 5% of the votes that might be cast at a general meeting of ClearView.

As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan. The Board or Board Authorised Delegates approve the issue of new ESP shares and monitors the overall quantum of ESP shares on issue, relative to the interests of existing shareholders and the overall objectives of the business.

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 and is repayable in accordance with the terms of the accompanying Invitation, or as follows:

27. Share based payments continued

- For Share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- immediately 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 Board has delegated authority to Mr Swanson, Mr Chiert and Mr Thomson to approve granting an extension to the loan term of all ESP participants who remain employees at the expiration of their loan term for a period until a Change in Control of the Company (as defined in the ESP Rules).

As noted in the Renumeration Report it is intended that ESP loans become interest bearing for SMT members from 30 November 2017

Holding lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares, unless otherwise provided under the Invitation. Where all performance conditions and/or vesting conditions (if any) attaching to the Shares issued prior to 14 February 2013 have been satisfied (or waived) a holding lock will cease to have effect if:

- The Board accepts a disposal request (as defined in the ESP Rules) (Disposal Request); or
- 5 years have passed from the Acquisition Date; or If the Participant:
- is an Employee Participant, their employment with the Group ceases, or
- is a Contractor Participant, their contractor agreement is terminated; or
- The ESP is terminated, or
- The holding lock period otherwise ceases;

provided that the Financial Assistance and any interest that has been accrued have been repaid.

For share issues from 14 February 2013 the Holding Lock ceases on vesting or forfeiture of Shares.

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.

If the participant is a Contractor Participant, following the removal of the holding lock over the Shares of the participant, the participant may not sell, or otherwise deal with, any such Shares without the prior written consent of the Company, which consent the Company may give or withhold in its absolute discretion and which consent may be given subject to conditions.

Eligible Employees are entitled under the ESP Rules to make a Disposal Request provided the performance and vesting conditions have been met (or waived). The holding lock applicable to their ESP shares will cease to have effect upon the Board (in its absolute discretion) accepting the Disposal Request. ClearView may dispose of these ESP shares on behalf of the participant in one or more of the following ways (at the discretion of the Board):

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

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

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 unless stated otherwise in the participants invitation offer. A Change of Control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan 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 holds more than 50% of the Shares in ClearView.

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- 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.

27. Share based payments continued

- "Control" is defined as Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

(c) After 1 July 2015:

- For ESP Shares issued to employee participants after 1 July 2015, unless stated otherwise in the participants Invitation Offer, all performance and vesting conditions in relation to these shares, are not deemed to have been met upon a Change of Control
- "Control" is defined as Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

The above provisions concerning change of control apply only to Employee Participants and not Contractor Participants under the ESP.

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.

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.

Long Term Incentive Plan

Since October 2017, ClearView operates the ClearView Long Term Incentive Plan (LTIP). The LTIP underpins the Group's strategy of rewarding performance and retaining its key talent.

Offer and consideration

Under the LTIP, the Board may invite Eligible Employees to participate in an offer of performance rights in ClearView (Awards). Each Award represents a right to receive one ordinary share in the capital of the Company (Share) or to receive a cash payment equal to the value of one ordinary share, subject to the rules of the LTIP Plan (LTIP Rules) and the terms and conditions which an Eligible Employee is invited to participate in the Plan (Invitation).

Vesting and exercise conditions

The Awards are divided into two equal tranches. Each tranche is subject to separate vesting conditions. The rights will vest on the earlier of 30 June 2019 ("Vesting Date") and the 2nd anniversary of the Offer Date (i.e. 6 October 2019) only where the Eligible Employees Recipient (Recipient) remains employed by the Company and the vesting conditions are satisfied.

The Awards are not subject to any Exercise Conditions. A Recipient will be able to exercise their vested Awards, in accordance with the LTIP Rules upon receiving a vesting notice.

Settlement mechanism

Upon exercise the Board will determine whether the Awards will be Equity Settled and/or Cash Settled.

If an Award is to be Equity Settled, the Company will arrange for the Recipient to receive the requisite number of shares.

If an Award is to be Cash Settled, the Recipient will receive a cash payment equal to:

- the volume weighted average share price (VWAP) at which the Company's Shares were traded on the ASX in the 90 days up to and including the day on which the Award is validly exercised, or as otherwise determined by the Board (acting reasonably); or
- if the cash payment is calculated at a time of a Change of Control Event, the price per share paid by the entity acquiring the Company under the Change of Control Event, or such other higher amount as otherwise determined by the Board (acting reasonably).

Change of control and expiry date

On the occurrence of a 'Change of Control Event' (as defined in the LTIP Rules, which includes when a bona fide takeover bid is made to the holders of Shares), the Board may in its absolute discretion determine (having regard to various factors) the manner in which any or all of the Recipient's Award to be dealt with.

The expiry date of the Award is the fifth (5th) anniversary of the Grant Date of the Award.

Employee share trust (EST)

The Board may elect to use on such terms and conditions as determined by the Board in its absolute discretion an employee share trust for the purposes of holding Shares before or after the exercise of an Award or delivering any shares under these Rules. Under an employee share trust structure, the trustee of the employee share trust would be registered as the legal owner of the shares but the recipient would be the beneficial owner.

Administration of the LTIP and EST

The LTIP and EST (where used) is administrated by the Board. The Board may make rules and regulations for its operation that are consistent with the rules of the LTIP.

The Company pays all costs and expenses of operating the LTIP and EST (where used) as well as the funding for the EST (where used). Employees are liable for any brokerage and tax payable associated with their participation in the Awards.

27. Share based payments continued

Termination of the LTIP

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

Share-based payment arrangements

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

Series	Issue Date	Type of Arrangement[8]	Number	Grant date	Expiry date[9]	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 6[6]	30/06/2008	KMP	500,000	30/06/2008	30/06/2013	0.59	0.10	0.10
Series 7[2,6]	29/09/2009	KMP and SM	2,600,000	29/09/2009	29/09/2014	0.49	0.07	0.10
Series 10[3,6]	25/06/2010	MD	2,000,000	25/06/2010	26/03/2015	0.50	0.11	0.11
Series 11[4,6]	25/06/2010	MD	4,000,000	25/06/2010	26/03/2015	0.58	0.08	0.08
Series 12[5,6]	25/06/2010	MD	4,000,000	25/06/2010	26/03/2015	0.65	0.06	0.06
Series 15[5,6]	18/08/2011	SM	2,000,000	1/07/2011	1/07/2015	0.50	0.10	0.13
Series 16[5,6]	6/10/2011	SM	2,900,000	1/09/2011	1/09/2016	0.50	0.10	0.13
Series 17[5,6]	1/03/2012	SM	150,000	1/03/2012	1/03/2017	0.50	0.09	0.11
Series 18[6]	1/03/2012	CP	2,500,000	10/02/2012	10/02/2017	0.50	0.12	0.15
Series 19[6]	3/04/2012	CP	600,000	15/03/2012	15/03/2017	0.50	0.12	0.16
Series 20[6]	3/04/2012	CP	700,000	3/04/2012	3/04/2017	0.50	0.13	0.17
Series 21[6]	25/05/2012	CP	2,325,000	7/05/2012	7/05/2017	0.50	0.13	0.17
Series 22[6]	29/06/2012	CP	1,000,000	29/06/2012	29/06/2017	0.50	0.13	0.16
Series 23[6]	6/08/2012	CP	4,600,000	6/08/2012	6/08/2017	0.54	0.17	0.21
Series 24[5,6]	22/08/2012	SM	300,000	22/08/2012	22/08/2017	0.55	0.16	0.19
Series 25[6]	21/12/2012	CP	1,300,000	21/12/2012	21/12/2017	0.58	0.16	0.20
Series 26[6,7]	16/04/2013	SM	2,575,000	12/04/2013	50% Change in Control; 50% 1 year after	0.57	n/a	0.29
Series 27[6]	16/04/2013	SM	75,000	12/04/2013	1 year post Change in Control	0.57	n/a	0.27
Series 28	16/04/2013	CP	566,667	12/04/2013	12/04/2018	0.69	n/a	0.22
Series 29	31/05/2013	CP	1,700,000	31/05/2013	31/05/2018	0.68	n/a	0.22
Series 30	27/06/2013	CP	1,625,666	27/06/2013	27/06/2018	0.64	n/a	0.21
Series 31	14/10/2013	SM	275,000	14/10/2013	Change in Control	0.61	n/a	0.17
Series 32	14/10/2013	SM	275,000	14/10/2013	1 year post Change in Control	0.61	n/a	0.19
Series 35	31/01/2014	SM	75,000	31/01/2014	Change in Control	0.65	n/a	0.17
Series 36	31/01/2014	SM	75,000	31/01/2014	1 year post Change in Control	0.65	n/a	0.20

27. Share based payments continued

Series	Issue Date	Type of Arrangement[8]	Number	Grant date	Expiry date[9]	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 37	31/01/2014	CP	2,453,333	31/01/2014	31/01/2019	0.65	n/a	0.17
Series 38	30/05/2014	SM	656,334	30/05/2014	30/05/2018	0.75	n/a	0.17
Series 39	30/05/2014	SM	656,334	30/05/2014	30/05/2019	0.75	n/a	0.19
Series 40	30/05/2014	SM	656,333	30/05/2014	30/05/2020	0.75	n/a	0.22
Series 41	30/05/2014	CP	1,950,000	30/05/2014	30/05/2019	0.75	n/a	0.19
Series 42	9/07/2014	CP	4,560,760	9/07/2014	8/07/2019	0.79	n/a	0.17
Series 43	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2018	1.01	n/a	0.19
Series 44	26/11/2014	SM including KMP and CP	2,594,886	26/11/2014	25/11/2019	1.01	n/a	0.22
Series 45	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2020	1.01	n/a	0.24
Series 46	30/03/2015	SM including KMP	141,667	30/03/2015	30/03/2019	1.00	n/a	0.22
Series 47	30/03/2015	SM including KMP	141,667	30/03/2015	30/03/2020	1.00	n/a	0.25
Series 47	30/03/2015	CP	1,550,000	30/03/2015	30/03/2020	1.00	n/a	0.25
Series 48	30/03/2015	SM including KMP	141,667	30/03/2015	30/03/2021	1.00	n/a	0.28
Series 49	30/07/2015	CP	3,009,452	30/07/2015	30/07/2020	0.97	n/a	0.19
Series 50a	30/07/2015	SM including KMP	25,773	30/07/2015	30/07/2019	0.97	n/a	0.17
Series 50b	30/07/2015	SM including KMP	25,773	30/07/2015	30/07/2020	0.97	n/a	0.19
Series 50c	30/07/2015	SM including KMP	25,773	30/07/2015	30/07/2021	0.97	n/a	0.22
Series 51a	23/12/2015	SM including KMP	602,032	23/12/2015	23/12/2020	0.96	n/a	0.19
Series 51b	23/12/2015	SM including KMP	602,032	23/12/2015	23/12/2021	0.96	n/a	0.22
Series 52	27/04/2016	SM including KMP	295,603	27/04/2016	27/04/2021	0.93	n/a	0.20
Series 53	27/04/2016	CP	1,494,140	27/04/2016	27/04/2021	0.93	n/a	0.20
Series 54	20/06/216	SM including KMP	79,601	20/06/2016	20/06/2021	0.94	na	0.20
Series 55	14/06/2017	CP	1,300,000	14/06/2017	14/06/2022	1.38	na	0.30

1 On the 14th February 2013, the Board approved a change to the rules of the ESP which changed the interest rate charged on the financial assistance granted to the ESP Participants from the RBA official cash rate plus 25 basis points to zero percent. This resulted in changes to the inputs of the option pricing model which had an impact on the fair value of the option at the date of the change.

2 A Change of 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.

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

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

5 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.

6 The Board approved granting an extension of the loan term until such time as there is a change of control in the Company.

7 Special condition relating to shares issued to KMP in Series 26: the shares may be sold on change of control with 50% of the funds held for in escrow for a period of 12 months.

8 KMP = Key Management Personnel, SM = Senior Management, MD = Managing Director, CP = Contractor Participant.

9 Expiry date represents either the relevant vesting or holding lock period.

27. Share based payments continued

Inputs into the model	Series 6	Series 7	Series 10	Series 11	Series 12
Grant date share price ($)	0.59	0.49	0.50	0.58	0.65
Anticipated vesting price ($)	0.58	0.55	0.54	0.63	0.71
Expected volatility (%)	25.26	30.24	28.78	28.78	28.78
Anticipated option life (years)	3.00	1.75	2.75	2.75	2.75
Inputs into the model	**Series 15**	**Series 16**	**Series 17**	**Series 18**	**Series 19**
Grant date share price ($)	0.50	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.50	0.51	0.50	0.50	0.50
Expected volatility (%)	31.49	35.35	36.70	37.06	36.47
Anticipated option life (years)	3.00	3.00	3.00	4.95	4.95
Inputs into the model	**Series 20**	**Series 21**	**Series 22**	**Series 23**	**Series 24**
Grant date share price ($)	0.50	0.50	0.50	0.54	0.55
Anticipated vesting price ($)	0.50	0.49	0.49	0.53	0.54
Expected volatility (%)	36.61	36.94	37.33	37.85	37.99
Anticipated option life (years)	5.00	4.95	5.00	5.00	3.00
Inputs into the model	**Series 25**	**Series 26**	**Series 27**	**Series 28**	**Series 29**
Grant date share price ($)	0.58	0.57	0.57	0.69	0.68
Anticipated vesting price ($)	0.58	0.57	0.57	0.69	0.68
Expected volatility (%)	35.21	35.92	35.92	35.92	36.81
Anticipated option life (years)	5.00	5.99	4.99	4.99	5.00
Inputs into the model	**Series 30**	**Series 31**	**Series 32**	**Series 35**	**Series 36**
Grant date share price ($)	0.64	0.61	0.61	0.65	0.65
Anticipated vesting price ($)	0.64	0.61	0.61	0.65	0.65
Expected volatility (%)	36.90	22.20	22.20	22.01	22.01
Anticipated option life (years)	5.00	5.00	6.00	5.00	6.00
Inputs into the model	**Series 37**	**Series 38**	**Series 39**	**Series 40**	**Series 41**
Grant date share price ($)	0.65	0.75	0.75	0.75	0.75
Anticipated vesting price ($)	0.65	0.75	0.75	0.75	0.75
Expected volatility (%)	22.01	21.12	21.12	21.12	21.12
Anticipated option life (years)	5.00	4.00	5.00	6.00	5.00
Inputs into the model	**Series 42**	**Series 43**	**Series 44**	**Series 45**	**Series 46**
Grant date share price ($)	0.79	1.01	1.01	1.01	1.00
Anticipated vesting price ($)	0.79	1.01	1.01	1.01	1.00
Expected volatility (%)	16.78	19.79	21.56	24.18	20.84
Anticipated option life (years)	5.00	4.00	5.00	6.00	4.00
Inputs into the model	**Series 47**	**Series 48**	**Series 49**	**Series 50a**	**Series 50b**
Grant date share price ($)	1.00	1.00	0.97	0.97	0.97
Anticipated vesting price ($)	1.00	1.00	0.97	0.97	0.97
Expected volatility (%)	20.84	20.84	20.15	20.15	20.15
Anticipated option life (years)	5.00	6.00	5.00	4.00	5.00
Inputs into the model	**Series 50c**	**Series 51a**	**Series 51b**	**Series 52**	**Series 53**
Grant date share price ($)	0.97	0.96	0.96	0.93	0.93
Anticipated vesting price ($)	0.97	0.96	0.96	0.93	0.93
Expected volatility (%)	20.15	20.03	20.03	20.31	20.31
Anticipated option life (years)	6.00	5.00	6.00	5.00	5.00

27. Share based payments continued

Inputs into the model	Series 54	Series 55			
Grant date share price ($)	0.94	1.38			
Anticipated vesting price ($)	0.94	1.38			
Expected volatility (%)	20.55	20.11			
Anticipated option life (years)	5.00	5.00			

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

	2018		2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at the beginning of the financial year	56,207,077	0.61	60,743,527	0.64
Issued during the financial year	-	-	1,300,000	1.38
Forfeited during the year	(2,521,437)	1.39	(3,693,143)	1.32
Exercised during the year	(4,682,045)	0.53	(2,143,307)	0.82
Balance at the end of the financial year	**49,003,595**	**0.57**	**56,207,077**	**0.61**

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

As at the date of this report, ClearView has a total of 49,003,595 ESP shares on issue of which 23,522,207 have been issued to select financial advisers. No new shares were granted to financial advisers in the year ended 30 June 2018.

During the financial year, 4,682,045 vested ESP shares were exercised with the outstanding ESP loan balance proceeds being received by the Company. During the financial year, the forfeited 2,521,437 ESP shares were sold via an off-market transfer with the full proceeds of the sale being received by the Company.

The following table outlines the vesting conditions and performance conditions of share based payment arrangements in existence during the period.

Employee participants

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[2]	Nil
Series 12 – 25 June 2010 Issue	Nil[2,4]	Nil
Series 15 – 18 August 2011 Issue	Nil[4]	Nil
Series 16 - 6 October 2011 Issue	Nil[4]	Nil
Series 17 - 1 March 2012	Nil[4]	Nil
Series 24 - 22 August 2012 Issue	Nil[4]	Nil
Series 26 - 16 April 2013 Issue	Upon a change in control of the company[3]	Nil
Series 27 - 16 April 2013 Issue	First year anniversary upon the change in control	Nil
Series 31 - 14 October 2013 Issue	Upon a change in control of the company	Nil

27. Share-based payments continued

Series	Vesting Conditions	Performance Conditions
Series 32 - 14 October 2013 Issue	First year anniversary upon the change in control	Nil
Series 35 - 31 January 2014 Issue	Upon a change in control of the company	Nil
Series 36 - 31 January 2014 Issue	First year anniversary upon the change in control	Nil
Series 38 - 30 May 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 39 - 30 May 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 40 - 30 May 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 43 - 26 November 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 44 - 26 November 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 45 - 26 November 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 46 - 30 March 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 47 - 30 March 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 48 - 30 March 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 50a - 30 July 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 50b - 30 July 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 50c - 30 July 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 51a & 51b - 23 December 2015 Issue	Upon a change in control of the company	Nil
Series 52 - 27 April 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 54 - 20 June 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil

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

2 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 September 2012 (vested) on change of control of ClearView.
The Shares issued to Mr Swanson have vested progressively each year as outlined above.

3 Special condition relating to shares issued to KMP in Series 26: 100% of the shares may be sold on change of control, but 50% are held in escrow after employment for 1 year thereafter.

4 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.

27. Share-based payments continued

Contractor participants

Series	Vesting conditions [1]	Performance conditions
Series 18 – 1 March 2012 Issue	4 years and 346 days from the date of issue and achievement of specific target	Nil
Series 19 – 3 April 2012 Issue	4 years and 346 days from the date of issue and achievement of specific target	Nil
Series 21 – 25 May 2012 Issue	4 years and 347 days from the date of issue and achievement of specific target	Nil
Series 22 – 29 June 2012 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 23 – 6 August 2012 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 25 – 21 December 2012 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 28 – 16 April 2013 Issue	4 years and 361 days from the date of issue and achievement of specific target	Nil
Series 29 – 31 May 2013 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 30 – 27 June 2013 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 37 – 31 January 2014 Issue	5 years from the date of issue and achievement of specific target	Nil
Series 41 – 30 May 2014 Issue	5 years from the date of issue and achievement of specific target/balanced scorecard	Nil
Series 42 – 9 July 2014 Issue	5 years from the date of issue and achievement of specific target/balanced scorecard	Nil
Series 47 – 30 March 2015 Issue	5 years from the date of issue and achievement of specific target/balanced scorecard	Nil
Series 49 – 30 July 2015 Issue	5 years from the date of issue and achievement of specific target/balanced scorecard	Nil
Series 53 – 27 April 2016 Issue	5 years from the date of issue and achievement of balanced scorecard	Nil
Series 55 – 14 June 2017 Issue	5 years from the date of issue and achievement of balanced scorecard	Nil

1 Subject to qualifying circumstances as outlined in the ESP Plan Rules.

Unless otherwise stated in the Invitation Letter to an individual employee participant, the vesting conditions in the ESP rules stipulate that shares issued in terms of the Plan to employees participants will either automatically vest with a change of control of the Company (for shares issued prior to 14 February 2013) and for all other shares 12 months after a change in control. The change of control provisions do not apply to shares issued in terms of the plan to contractor participants.

On 26 September 2012 CCP Bidco Pty Limited and its Associates (CCP Bidco), CCP Bidco's off-market takeover bid for all the ordinary shares in ClearView became unconditional which resulted in accelerating the vesting of the shares in the ESP at that time, including all Series 10 to 24 which had been issued to employee participants prior to the change of control. Series 7 was issued prior to 23 October 2009, where the change of control provision was triggered upon GPG obtaining control of ClearView.

The Board had previously announced that it had considered several alternatives in relation to its major shareholder, Crescent Capital Partners and its Associates (Crescent) selling down its 52.9% shareholding. This process resulted in Sony Life Insurance Co., Ltd (Sony Life) becoming a new strategic shareholder in October 2016 following their agreement with Crescent to acquire a 14.9% stake in ClearView.

27. Share-based payments continued

Shares that were fortfeited during the year

The following table shows the shares that were fortfeited due to the vesting conditions not being met.

Date	Number of share cancelled	Cancelled from
11/09/2017	148,515	Series 43, 44, 45
11/09/2017	371,665	Series 29
11/09/2017	55,476	Series 37
11/09/2017	317,633	Series 37
11/09/2017	500,000	Series 41
11/09/2017	164,075	Series 41
11/09/2017	40,982	Series 42
11/09/2017	50,503	Series 42
11/09/2017	537,975	Series 42
11/09/2017	64,937	Series 42
11/09/2017	202,423	Series 42
11/09/2017	67,253	Series 42
Total	**2,521,437**	

Shares that were exercised during the year

The following table shows the shares that were exercised due to the vesting conditions being met.

Date	Number of share exercised	Exercised from
9/08/2017	500,000	Series 23
28/08/2017	300,000	Series 23
11/09/2017	259,530	Series 23
10/11/2017	2,000,000	Series 23
25/01/2018	90,820	Series 25
26/03/2018	33,855	Series 25
4/05/2018	1,000,000	Series 22
7/05/2018	297,840	Series 19
7/06/2018	200,000	Series 23
Total	**4,682,045**	

LTIP Awards

The following LTIP Awards were in existence at the end of the current reporting period:

Tranche	Issue Date	Number	Grant date	Vesting date	Vesting conditions	Fair value at grant date
1A	6 October 2017	1,432,143	20 October 2017	30 June 2019	Embedded Value (EV) target	$1.38
1B	6 October 2017	1,432,143	20 October 2017	30 June 2019	Total shareholder return (TSR) performance	$0.03
2A	4 April 2018	44,643	4 April 2018	30 June 2019	Embedded Value (EV) target	$1.38
2B	4 April 2018	44,643	4 April 2018	30 June 2019	Total shareholder return (TSR) performance	$0.03

28. Shares granted under the executive share plan

In accordance with the provisions of the ESP, as at 30 June 2018, key management, members of the senior management team, the managing director and contractor participants have acquired 49,003,595 (2017: 56,207,077) ordinary shares. Shares granted under the ESP carry rights to dividends and voting rights. Financial assistance amounting to $32,270,871 (2017: $36,780,762) 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 27.

29. Dividends

	Consolidated and Company			
	2018		2017	
	Per share	$'000	Per share	$'000
Dividend payments on Ordinary shares				
2017 final dividend (2017: 2016 final dividend) (cps)	2.75	18,136	2.50	16,454
Total dividends on ordinary shares paid to owners of the Company	**2.75**	**18,136**	**2.50**	**16,454**
Dividends not recognised in the consolidated statement of financial position				
Dividends declared since balance date				
2018 final dividend (2017: 2017 final dividend) (cps)	3.00	20,048	2.75	18,136
Dividend franking account				
Amount of franking credit available for use in subsequent financial years		29,520		27,610

1 The impact on the dividend franking account for the final dividend declared is expected to reduce the franking account by $8.6 million (2017: $7.8 million). There are no other income tax consequences for dividends not recognised in the statement of financial position.

2 The total 2018 final dividend declared but not recognised in the statement of financial position is estimated based on the total number of ordinary shares on issue as at the date of this report. The actual amount recognised in the consolidated financial statements for the year ending 30 June 2019 will be based on the actual number of ordinary shares on issue on the record date.

The Directors declared that there will be a final fully franked dividend paid for the year ended 30 June 2018 of $20.05 million (2017: $18.14 million).

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

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net profit/(loss) for the year	26,596	13,150	22,195	17,508
Fair value gains on financial assets at fair value through profit and loss	(41,194)	(62,432)	-	-
Amortisation and depreciation	10,432	13,637	-	-
Employee share plan expense	2,174	1,012	2,174	1,012
Other non cash items	23	(306)	-	-
Interest and dividend received from controlled entity	-	-	(23,700)	(21,000)
Reinvested trust distribution income/interest income	(49,681)	(32,041)	-	-
Movement in provisions	(1,826)	3,035	-	-
Movements in liabilities to non-controlling interest in controlled unit trust	55,733	44,593	-	-
(Increase)/decrease in receivables	(5,685)	(17,563)	5,163	2,306
Decrease/(increase)/ in deferred tax asset	635	1,115	131	263
Increase/(decrease) in payables	(9,474)	4,761	249	(579)
Increase/(decrease) in policy liabilities	9,101	4,893	-	-
Increase/(decrease) in current tax liability	7,623	1,164	7,622	1,164
Net cash (utilised)/generated by operating activities	**4,457**	**(24,982)**	**13,834**	**674**

31. Subsidiaries

				Ownership interest	
Name of Entity	Principal Activity	Parent Entity	Country of incorporation	2018 %	2017 %
Parent entity					
ClearView Wealth Limited (CWL)	Holding Company	-	Australia		
Subsidiaries					
ClearView Group Holdings Pty Limited (CGHPL)	Holding Company	CWL	Australia	100	100
ClearView Life Assurance Limited (CLAL)	Life Company	CGHPL	Australia	100	100
ClearView Financial Management Limited (CFML)	Responsible Entity	CGHPL	Australia	100	100
ClearView Life Nominees Pty Limited (CLNPL)	Trustee	CLAL	Australia	100	100
ClearView Administration Services Pty Limited (CASPL)	Administration Service Entity	CWL	Australia	100	100
ClearView Financial Advice Pty Limited (CFAPL)	Advice Company	CWL	Australia	100	100
Matrix Planning Solutions Limited (MPS)	Advice Company	CWL	Australia	100	100
Affiliate Financial Planning Pty Limited	Non operating	CFA	Australia	100	100
Controlled unit trusts					
International Fixed Interest Fund	Wholesale Fund	CLAL	Australia	95	96
Fund of Funds Australian Equity Fund	Wholesale Fund	CLAL	Australia	42	47
Bond Fund	Wholesale Fund	CLAL	Australia	56	58
Fund of Funds International Equity Fund	Wholesale Fund	CLAL	Australia	93	93
Property Fund	Wholesale Fund	CLAL	Australia	67	51
Money Market Fund	Wholesale Fund	CLAL	Australia	70	72
Infrastructure Fund	Wholesale Fund	CLAL	Australia	50	56
Emerging Markets Fund	Wholesale Fund	CLAL	Australia	49	56
(Previously CVW Platinum International Shares Fund) CVW Antipodes Global Fund	Wholesale Fund	CLAL	Australia	21	30
CVW Hyperion Australian Shares Fund	Wholesale Fund	CLAL	Australia	94	92
CVW Vanguard Listed International Infrastructure Fund	Wholesale Fund	CLAL	Australia	99	99
CVW Vanguard Emerging Markets Fund	Wholesale Fund	CLAL	Australia	99	98
CVW Plato Australian Shares Fund	Wholesale Fund	CLAL	Australia	77	77
(Previously CVW MFS International Shares Fund) CVW Stewart Investors Worldwide Sustainability Fund	Wholesale Fund	CLAL	Australia	21	21

CASPL was incorporated to centralise the administrative responsibilities of the group which include salary disbursements and settling all non-directly attributable overhead expenditure. CASPL recoups all expenditure by virtue of a management fee from the various group companies and operates on a cost recovery basis (in accordance with an inter group agreement).

Controlled unit trusts are not members of the tax consolidated group. Members of the ClearView tax consolidated group include the parent entity and its subsidiaries.

CWL is regulated as a Non-Operating and Holding Company by the Australia Prudential Regulation Authority (APRA) under the Life Insurance Act 1995, and via its subsidiaries, holds an APRA life insurance licence (CLAL), and APRA registrable superannuation entity (RSE) licence (CLN), an ASIC funds manager responsible entity (RE) licence (CFML) and operates two ASIC financial adviser licences (CFA and MPS).

32. 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 31 to the financial statements.

(b) Transactions with KMP

Key management personnel compensation

Details of Key Management Personnel compensation are disclosed in the Directors' Report on pages 57 to 74 of the Annual Report. The aggregate compensation made to Key Management Personnel (KMP) of the Company and the Group is set out below:

	Consolidated	
	2018	2017
Short-term employee benefits	4,311,997	4,843,740
Post-employment benefits	365,488	389,144
Share based payments	1,054,307	176,233
Total	**5,731,792**	**5,409,117**

Limited recourse loans

Limited recourse loans were granted to KMP ESP participants in May 2017. This limited recourse loan facility is secured by the ESP shares held and became interest bearing from 30 November 2017 at 3 month BBSY rate plus a margin of 1%. This limited recourse facility is reflected as loans on balance sheet of the listed entity.

(c) Transactions between the Group and its related parties

Other related parties include:

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

Balances and transactions 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 2018 are disclosed below:

- Directors fees were paid to Cresent Capital Partners Pty Limited the manager of the parent entity's majority shareholder CCP Bidco Pty Limited; and
- Directors fees were paid to Sony Life Insurance Co., Ltd.

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

32. Related party transactions continued

Outstanding balances between the Group and its related parties

2018	ClearView Wealth Limited $	ClearView Life Assurance Limited $	ClearView Financial Management Limited $	ClearView Financial Advice Pty Limited $	Matrix Planning Solutions Limited $	ClearView Administration Services Pty Limited $	ClearView Life Nominees Pty Limited $	ClearView Retirement Plan $	CFML Managed Investment Schemes	Total $
ClearView Wealth Limited	-	(3,757,852)	1,089,188	604,816	(278,190)	(242,824)	14,567	7,718,520	-	5,148,224
ClearView Life Assurance Limited	3,757,853	-	(239,290)	(637,743)	9,220	(4,338,103)	-	-	-	(1,448,063)
ClearView Financial Management Limited	(1,089,188)	239,290	-	(36,002)	-	(327,725)	231,459	-	916,510	(65,656)
ClearView Financial Advice Pty Limited	(604,816)	637,743	36,002	-	-	(1,207,563)	-	-	-	(1,138,634)
Matrix Planning Solutions Limited	278,190	(9,220)	-	-	-	(335,579)	-	-	-	(66,609)
ClearView Administration Services Pty Limited	242,824	4,338,103	327,725	1,207,563	335,579	-	-	-	-	6,451,794
ClearView Life Nominees Pty Limited	(14,567)	-	(231,459)	-	-	-	-	-	-	(246,026)
ClearView Retirement Plan	(7,718,520)	-	-	-	-	-	-	-	-	(7,718,520)
CFML Managed Investment Schemes	-	-	(916,510)	-	-	-	-	-	-	(916,510)
	(5,148,224)	**1,448,063**	**65,656**	**1,138,634**	**66,609**	**(6,451,794)**	**246,026**	**7,718,520**	**916,510**	**-**

32. Related party transactions continued

2017	ClearView Wealth Limited $	ClearView Life Assurance Limited $	ClearView Financial Management Limited $	ClearView Financial Advice Pty Limited $	Matrix Planning Solutions Limited $	ClearView Administration Services Pty Limited $	ClearView Life Nominees Pty Limited $	ClearView Retirement Plan $	CFML Managed Investment Schemes	Total $
ClearView Wealth Limited	-	3,667,738	523,676	992,035	(211,021)	1,486,965	13,276	3,773,887	-	10,246,556
ClearView Life Assurance Limited	(3,667,738)	-	(167,090)	(634,285)	7,358	(4,424,191)	-	-	-	(8,885,946)
ClearView Financial Management Limited	(523,676)	167,090	-	(66,280)	-	(314,793)	158,366	-	756,350	177,057
ClearView Financial Advice Pty Limited	(992,035)	634,285	66,280	-	(7)	(1,027,033)	-	-	-	(1,318,510)
Matrix Planning Solutions Limited	211,021	(7,358)	-	7	-	(497,443)	-	-	-	(293,773)
ClearView Administration Services Pty Limited	(1,486,965)	4,424,191	314,793	1,027,033	497,443	-	-	-	-	4,776,495
ClearView Life Nominees Pty Limited	(13,276)	-	(158,366)	-	-	-	-	-	-	(171,642)
ClearView Retirement Plan	(3,773,887)	-	-	-	-	-	-	-	-	(3,773,887)
CFML Managed Investment Schemes	-	-	(756,350)	-	-	-	-	-	-	(756,350)
	(10,246,556)	**8,885,946**	**(177,057)**	**1,318,510**	**293,773**	**(4,776,495)**	**171,642**	**3,773,887**	**756,350**	**-**

(d) 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 policies and superannuation.

33. Financial instruments

(a) Management of Financial Instruments

The financial assets of the Group (other than shareholder cash holdings) 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 shareholder cash are managed within the Group by the internal management and the 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 Note 3(x).

(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 26).

The Group has access to a $60 million Debt Funding Facility as at the date of this report. This 3 year facility was put in place in July 2017. The $60 million 3 year debt facility provides the Group with further capital support and to meet liquidity needs from time to time.
As at 30 June 2018, the Company has not drawn down any amount under the Debt Funding Facility.

ClearView is now fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium term growth, with some additional capital flexibility over the medium term.

(d) Fair value of financial instruments

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

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
Financial assets				
2018				
Equity Securities	303,467	-	-	303,467
Fixed Interest Securities	-	483,205	-	483,205
Unit Trusts	1,270,520	-	-	1,270,520
Total	**1,573,987**	**483,205**	**-**	**2,057,192**
2017				
Equity Securities	262,428	-	-	262,428
Fixed Interest Securities	-	448,086	-	448,086
Unit Trusts	1,103,535	-	-	1,103,535
Total	**1,365,963**	**448,086**	**-**	**1,814,049**

33. Financial instruments continued

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Liabilities				
2018				
Life investment policy liability	-	1,198,780	-	1,198,780
Total	**-**	**1,198,780**	**-**	**1,198,780**
2017				
Life investment policy liability	-	1,177,290	-	1,177,290
Total	**-**	**1,177,290**	**-**	**1,177,290**

(e) Categories of financial instruments

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

	Consolidated		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Investment in group companies	-	-	412,359	377,159
Cash and cash equivalents	176,363	222,197	8,047	5,880
Fixed interest deposits (held to maturity deposits)	98,685	78,327	-	-
Life insurance investment assets (FVTPL)	2,057,194	1,814,049	-	-
Loans and receivables	43,088	37,947	17,682	13,689
Total	**2,375,330**	**2,152,520**	**438,088**	**396,728**
Financial liabilities				
Policyholder liabilities	963,421	954,320	-	-
Payables	31,106	39,909	9,241	352
Current tax liabilities	8,145	523	8,145	523
Provisions	6,634	8,460	26	18
Total	**1,009,306**	**1,003,212**	**17,412**	**893**

(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.

33. Financial instruments continued

(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 Group through:

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMCS;
- 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 ICAAP 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 2018, ClearView's shareholder related assets were not invested in equities and therefore not exposed to equity price 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 Group 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 monies 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 ICAAP with respect to the Group's residual fee risk exposure.

(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 Group'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. The CIC is charged with maintaining the credit quality of ClearView assets within the Board's investment guidelines.

The large majority of debt assets invested in by the Group 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 Group'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 ClearView's outsourced custodian).

The Group 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 capital requirements of ClearView Life and credit risk is considered within the Company's ICAAP.

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.

33. Financial instruments continued

The following table reflects the shareholder financial assets with credit risk exposure monitored by the CIC

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash and cash equivalents and debt securities/fixed interest securities				
Rating				
AAA to AA-	169,406	156,319	8,047	5,880
	169,406	**156,319**	**8,047**	**5,880**

In addition to the credit risk exposures above, the Group had a $38.2 million (2017: $15.3 million payable) exposure to Swiss Re Life & Health Australia Ltd in relation to reinsurer's share of policy liabilities. Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables from outstanding premiums receivable, accrued dividends, loans receivable, prepayments and outstanding settlements. The concentration of other receivables is spread across the various debtors with no single significant debtor.

(i) Liquidity risk

Liquidity risk is primarily the risk that the Group 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, members 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 Group and/or reputational damage via association.

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

The Group'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 Group'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 Group's Approved Product List, which restricts the external funds available for use by the Group's advisers and planners to investment platform providers that are assessed to be reputable and financially sound.

33. Financial instruments continued

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 other than those provided for.

						Consolidated
2018	**Less than 3 months $'000**	**3 to 6 months $'000**	**6 months to a year $'000**	**1 year and over $'000**	**Over 5 years $'000**	**Total $'000**
Receivables	7,645	442	1,770	1,185	-	11,042
Outstanding life insurance premiums net of provision	5,167	25	2	-	-	5,194
Accrued dividends	2,514	-	-	-	-	2,514
Investment income and distribution income	917	-	-	-	-	917
Loans	442	172	4,019	5,498	604	10,735
Prepayments	2,169	671	748	462	-	4,050
Related party receivables	917	-	-	7,719	-	8,636
Total	**19,771**	**1,310**	**6,539**	**14,864**	**604**	**43,088**
2017						
Receivables	5,152	692	432	38	-	6,314
Outstanding life insurance premiums net of provision	3,078	25	6	-	-	3,109
Accrued dividends	2,036	-	-	-	-	2,036
Investment income and distribution income	10,317	-	-	-	-	10,317
Loans	1,234	80	1,450	5,579	-	8,343
Prepayments	1,910	834	554	-	-	3,298
Related party receivables	756	-	3,774	-	-	4,530
Total	**24,483**	**1,631**	**6,216**	**5,617**	**-**	**37,947**

						Company
2018	**Less than 3 months $'000**	**3 to 6 months $'000**	**6 months to a year $'000**	**1 year and over $'000**	**Over 5 years $'000**	**Total $'000**
Trade receivables	6	5	8	13	-	32
Amounts from controlled/associated entities	6,464	-	-	-	-	6,464
Loan receivables	-	-	-	7,719	-	7,719
Related party receivables	-	-	3,468	-	-	3,468
Total	**6,470**	**5**	**3,476**	**7,732**	**-**	**17,683**
2017						
Trade receivables	19	15	-	-	-	34
Amounts from controlled/associated entities	6,472	-	-	-	-	6,472
Loan receivables	-	-	-	3,409	-	3,409
Related party receivables	-	-	3,774	-	-	3,774
Total	**6,491**	**15**	**3,774**	**3,409**	**-**	**13,689**

33. Financial instruments continued

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 principal cash flows.

						Consolidated
2018	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 year and over $'000	Over 5 years $'000	Total $'000
Payables	13,315	486	570	1,487	85	15,943
Current tax liabilities	-	8,146	-	-	-	8,146
Provisions	954	1,883	1,685	1,149	963	6,634
Reinsurance payable[1]	15,162	-	-	-	-	15,162
Total	**29,431**	**10,515**	**2,255**	**2,636**	**1,048**	**45,885**
2017						
Payables	26,394	153	321	830	84	27,782
Current tax liabilities	-	523	-	-	-	523
Provisions	1,507	1,204	784	2,895	2,070	8,460
Reinsurance payable[1]	12,127	-	-	-	-	12,127
Total	**39,104**	**1,518**	**1,091**	**5,025**	**2,154**	**48,892**

						Company
2018	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 year and over $'000	Over 5 years $'000	Total $'000
Payables	7,843	81	1,316	-	-	9,241
Current tax liabilities	-	8,146	-	-	-	8,146
Provisions	-	26	-	-	-	26
Total	**7,843**	**8,253**	**1,316**	**-**	**-**	**17,413**
2017						
Payables	352	-	-	-	-	352
Current tax liabilities	-	523	-	-	-	523
Provisions	-	18	-	-	-	18
Total	**352**	**541**	**-**	**-**	**-**	**893**

1 Reinsurance payable represents reinsurance premium payable on reinsurance due in respect of life insurance premium.

33. Financial instruments continued

The following table gives information about how the fair values of the financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used, significant unobservable inputs and the relationship of unobservable inputs to fair value).

	Fair value as at					
	2018 $'000	2017 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity Securities	303,467	262,428	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed Interest Securities	483,205	448,086	Level 2	The fair value of Fixed Interest Securities are based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the investment.	n/a	n/a
Unit Trusts	1,270,519	1,103,535	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**2,057,191**	**1,814,049**				

(j) Financing Facilities

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
The Group has access to the following facilities:				
Bank Guarantees				
– amount used	1,598	1,598	-	-
Overdraft and credit				
– amount used	-	-	-	-
– amount unused	2,000	2,000	-	-
Bank Revolving Facility				
– amount used	-	-	-	-
– amount unused	60,000	50,000	-	-

As at the reporting date the Company had a $60 million facility agreement with the National Bank Australia. This facility was unused and available for immediate use. Interest on the loan accrued at BBSY plus a margin of 0.67% per annum, and was payable monthly. Furthermore, a line fee of 0.65% per annum was payable on the facility on a quarterly basis. The facility was secured by a number of cross guarantees, refer to Note 38 for details.

ClearView Life Assurance Limited has a $2 million overdraft facility with National Australia Bank at a benchmark interest rate of 8.12% 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 2018. There is an additional $0.25 million credit card facility with National Australia Bank in the name of ClearView Administration Services Pty Limited.

33. Financial instruments continued

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 and credit spread risks, 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 shareholder'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 6 months	Weighted average interest rate	Less than 6 months
2018	%	$'000	%	$'000
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	0.61	70,723	0.60	8,047
Fixed interest securities	2.39	98,683	-	-
Total		**169,406**		**8,047**
2017				
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	0.62	77,992	0.62	5,880
Fixed interest securities	2.37	78,327	-	-
Total		**156,319**		**5,880**

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 0.5% (2017: 0.5%) 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 are reasonably possible based on the risk the Group was exposed to at reporting date:

	Effect on operating profit Consolidated		Effect on securities Consolidated		Effect on operating profit Company		Effect on securities Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
±0.5% (2016: ±0.5%)	+537	±496	+537	±496	+28	±21	±28	±21

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.

33. 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 direct exposure to foreign currency.

Forward foreign exchange contracts

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

34. Disaggregated information by fund

Abbreviated income statement

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2018	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	214,905	266	-	215,171
Outwards reinsurance expense	-	(56,696)	(45)	-	(56,741)
Fee revenue	-	-	15	22,135	22,150
Investment revenue	12	2,293	5	54,977	57,287
Net fair gains/(losses) on financial assets at fair value	-	-	-	11,333	11,333
Net revenue and income	**12**	**160,502**	**241**	**88,445**	**249,200**
Claims expense	-	(94,161)	-	-	(94,161)
Reinsurance recoveries	-	61,244	-	-	61,244
Change in life insurance policy liabilities	-	17,185	49	-	17,234
Change in life investment policy liabilities	-	-	(7,705)	(64,336)	(72,041)
Change in reinsurers' share of life insurance liabilities	-	4,829	(230)	-	4,599
Other expenses	-	(113,424)	(36)	(19,804)	(133,264)
Profit for the year before income tax	**12**	**36,175**	**(7,681)**	**4,305**	**32,811**
Income tax expense	(11)	(10,983)	8,272	(2,260)	(4,982)
Net profit attributable to members of ClearView Life Assurance Limited	**1**	**25,192**	**591**	**2,045**	**27,829**

34. Disaggregated information by fund continued

Abbreviated statement of financial position

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2018	$'000	$'000	$'000	$'000	$'000
Investments in subsidiaries and controlled unit trusts	3,450	-	433	1,198,109	1,201,992
Policy liabilities ceded under reinsurance	-	38,243	-	-	38,243
Other assets	3,129	163,446	(904)	13,992	179,663
Total assets	**6,579**	**201,689**	**(471)**	**1,212,101**	**1,419,898**
Gross policy liabilities – Life insurance contracts	-	(197,116)	-	-	(197,116)
Gross policy liabilities – Investment insurance contracts	-	-	383	1,198,397	1,198,780
Other liabilities	2,747	25,557	(2,075)	2,691	28,920
Total liabilities	**2,747**	**(171,559)**	**(1,692)**	**1,201,088**	**1,030,584**
Net assets	**3,832**	**373,248**	**1,221**	**11,013**	**389,314**
Shareholder's retained profits					
Opening retained profits	(48,293)	193,256	2,267	8,931	156,161
Operating profit	1	25,192	591	2,045	27,829
Capital transfer between funds	-	3,400	(1,837)	(1,563)	-
Dividend paid	(20,000)	-	-	-	(20,000)
Shareholders' retained profits	**(68,293)**	**221,848**	**1,021**	**9,413**	**163,989**
Shareholders' capital	72,125	151,400	200	1,600	225,325
Total equity	**3,832**	**373,248**	**1,221**	**11,013**	**389,314**

34. Disaggregated information by fund continued

Abbreviated income statement

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2017	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	177,365	309	-	177,674
Outwards reinsurance expense	-	(43,080)	(50)	-	(43,130)
Fee revenue	-	-	808	21,695	22,503
Investment revenue	19	2,274	876	61,339	64,508
Net fair gains/(losses) on financial assets at fair value	-	-	20	33,266	33,286
Net revenue and income	**19**	**136,559**	**1,963**	**116,300**	**254,841**
Claims expense	-	(72,706)	500	-	(72,206)
Reinsurance recoveries	-	47,417	(235)	-	47,182
Change in life insurance policy liabilities	-	21,896	(17)	-	21,879
Change in reinsurers' share of life insurance liabilities	-	170	-	-	170
Change in life investment policy liabilities	-	-	(6,070)	(94,349)	(100,419)
Other expenses	-	(106,842)	(478)	(19,153)	(126,473)
Profit for the year before income tax	**19**	**26,494**	**(4,337)**	**2,798**	**24,974**
Income tax expense	(6)	(7,913)	5,331	(638)	(3,226)
Net profit attributable to members of ClearView Life Assurance Limited	**13**	**18,581**	**994**	**2,160**	**21,748**

34. Disaggregated information by fund continued

Abbreviated statement of financial position

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2017	$'000	$'000	$'000	$'000	$'000
Investments in subsidiaries and controlled unit trusts	2,950	-	47,307	1,128,970	1,179,227
Policy liabilities ceded under reinsurance	-	15,108	230	-	15,338
Other assets	1,996	128,839	739	18,003	149,577
Total assets	**4,946**	**143,947**	**48,276**	**1,146,973**	**1,344,142**
Gross policy liabilities – Life insurance contracts	-	(207,681)	49	-	(207,632)
Gross policy liabilities – Investment insurance contracts	-	-	47,030	1,130,260	1,177,290
Other liabilities	1,114	21,172	(1,270)	6,182	27,198
Total liabilities	**1,114**	**(186,509)**	**45,809**	**1,136,442**	**996,856**
Net assets	**3,832**	**330,456**	**2,467**	**10,531**	**347,286**
Shareholder's retained profits					
Opening retained profits	(30,306)	167,675	3,773	11,271	152,413
Operating profit	13	18,581	994	2,160	21,748
Capital transfer between funds	-	7,000	(2,500)	(4,500)	-
Dividend paid	(18,000)	-	-	-	(18,000)
Shareholders' retained profits	(48,293)	193,256	2,267	8,931	156,161
Shareholders' capital	52,125	137,200	200	1,600	191,125
Total equity	**3,832**	**330,456**	**2,467**	**10,531**	**347,286**

35. Investment in controlled unit trusts

		Consolidated 2018		Consolidated 2017	
Name	Type	$'000	%	$'000	%
Controlled unit trusts					
CVW Pimco International Bonds Fund	Debt	19,741	95.45	21,890	95.65
CVW Schroder Equity Opportunities Fund	Equities	112,758	42.36	111,715	46.76
CVW Fixed Interest Fund	Debt	356,281	55.70	339,119	57.71
CVW SSGA International Shares Fund	Equities	96,536	92.99	101,746	92.89
CVW Listed Property Fund	Property	21,465	66.51	25,882	51.26
CVW Cash Fund	Debt	222,097	70.19	226,100	72.16
CVW CFS Infrastructure Fund	Property	146,017	50.29	145,571	55.59
CVW RARE Emerging Markets Fund	Equities	90,883	48.72	102,814	56.25
CVW Antipodes Global Fund (Previously CVW Platinum International Shares Fund)	Equities	31,656	21.08	19,434	30.32
CVW Hyperion Australian Shares Fund	Equities	17,736	93.72	11,937	92.49
CVW Vanguard Listed International Infrastructure Fund	Property	14,701	99.00	10,585	98.57
CVW Vanguard Emerging Markets Fund	Equities	10,520	98.70	7,897	98.06
CVW Plato Australian Shares Fund	Equities	44,284	77.49	41,722	77.43
CVW Stewart Investors Worldwide Sustainability Fund (Previously CVW MFS International Shares Fund)	Equities	13,867	20.70	9,865	20.71
Total		**1,198,542**		**1,176,277**	

36. Leases

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not longer than 1 year	2,168	2,007	-	-
Longer than 1 year and not longer than 5 years	2,606	3,356	-	-
Total	**4,337**	**5,363**	**-**	**-**

Lease committments relate to:

- ClearView Group's offices in various locations. Under these arrangements ClearView generally pays rent on a periodic basis at rates agreed at the inception of the lease;
- 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; and
- Printers and copiers utilised in the business. The Group does not have an option to purchase the leased assets at expiry of the leases.

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

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Make good provision (note 23)				
Current	100	109	-	-
Non-current	274	310	-	-
Total	**374**	**419**	**-**	**-**

37. Contingent liabilities and contingent assets

There are outstanding claims and potential claims against the ClearView Group in the ordinary course of business. The ClearView group does not consider the outcome of any such claims known to exist at the date of this report, either individually or in aggregate is likely to have a material effect on its operations or financial position. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Certain subsidiaries act as trustee for various trusts. In this capacity, the subsidiaries are liable for the debts of the trusts and are entitled to be indemnified out of the trust's assets for all liabilities incurred on behalf of the trusts.

In the ordinary course of business, certain ClearView subsidiaries enter into various types of investment contracts that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposure.

The Group has contractual agreements with a limited number of advisers to purchase the adviser's business should the adviser want to sell their business and on the satisfaction of certain criteria. The terms and conditions provide that on the satisfaction of specific requirements, the adviser's book of business will be purchased for a price based on the adviser's recurring income stream from the Group. It is anticipated that one or more advisers may initiate the purchase of their book of business in the coming financial year at a price that is not yet determined and that includes deferred uncertain components. It is possible that the market value or resale value of such a business purchased may be less than the cost to the Group. Due to the uncertainty of these circumstances arising no value can be reliably placed on the contingent liability.

The Company in the ordinary course of business has guaranteed the obligations of one of its subsidiaries in respect of its obligations for leasehold premises.

The Company has guaranteed the obligations of one of its subsidiaries in respect of employee entitlements of employees who were previously employed by MBF Holding Pty Limited (Bupa Australia).

Other than the above, the Directors are not aware of any other contingent liabilities in the Group at the year end.

38. Capital commitments

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

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Technology projects	5,526	385	-	-
Total	**5,526**	**385**	**-**	**-**

39. Guarantees

The facility entered into with the National Australia Bank is guaranteed jointly and severally by:

- ClearView Group Holdings Pty Limited ACN 107 325 388
- ClearView Administration Services Pty Limited ACN 135 601 875
- ClearView Financial Management Limited ACN 067 544 549
- Matrix Planning Solutions Limited ACN 087 470 200
- ClearView Financial Advice Pty Ltd ACN 133 593 012

The guarantees are supported by collateral (in the form of the shares) of the entities.

40. Subsequent events

Dividends

On 22 August 2018, the Group proposed a final dividend of $20.05 million representing 3.00 cents per share fully franked. The record date for determining entitlement to the dividend is 12 September 2018 and the dividend will be paid on 28 September 2018. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

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 Group, the results of those operations or the state of the affairs of the Group in future financial years.

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 the 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 section 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

Mr Bruce Edwards

Chairman

22 August 2018

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the members of ClearView Wealth Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ClearView Wealth Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

(i) giving a true and fair view of the Company and Group's financial position as at 30 June 2018 and of their financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Actuarial Valuations As at 30 June 2018 the Group's life insurance policy liabilities are $(197.1) million calculated on the basis of recognised actuarial methods and assumptions, as disclosed in note 4. Significant management judgement is involved, including assumptions that have been identified as having high estimation uncertainty and include: • Appropriateness of assumptions used in valuations, especially in respect of ClearView experience vs market experience; • Accuracy of the expense allocation basis and its impact on the policy liability; • Basis of determination of the Best Estimate Liabilities and Profit Margin Liabilities components of the policy liabilities; • Allowances for discretions; and • Quality of data used for the valuation.	In conjunction with our actuarial specialists our procedures included, but were not limited to: • Assessing the valuation methodology, valuation process and the valuation model to ensure compliance with APRA's Life Prudential Standard 340, "Valuation of Policy Liabilities"; • Validating the assumptions used by management (including interest rates, lapse rates, mortality, morbidity and expense ratios); • Comparing model outputs to results of experience studies for reasonableness; • Evaluating the appropriate technical review, peer review; • reviewing the reasonableness of the year's changes in reserves and analysis of profit conducted by management; • Assessing management's expense allocation basis, including the allocation to statutory funds and determination of policy liability; • Challenging the appropriateness of management's selection of profit carriers and product groupings in respect of the policy liabilities; and • Assessing the appropriateness of the disclosures in note 25 to the financial statements.
Valuation of Intangibles As at 30 June 2018 the Groups carrying amount of intangible assets and goodwill was $45.2 million as disclosed in note 4. The intangible assets are allocated to three cash-generating units (CGUs) which are tested separately for impairment.	In conjunction with our valuation specialists our procedures included, but were not limited to: • Assessing the methodology used by management; • Evaluating their documented basis for key assumptions used in the EV calculation;

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The Entity performs an Embedded Value (EV) calculation to support its impairment analysis. The evaluation of the recoverable amount of the intangible assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business. The key assumptions include: • Life insurance intangible: morbidity/ mortality rates, lapse rates, discount rates, maintenance costs; and • Wealth management and financial planning intangible: investment returns, lapse rates and maintenance costs.	• Reviewing management's assessment of indicators of impairment by: • Challenging the identification of the CGU's; • Comparing assumptions used in the model to historical performance, future business strategy plans, and the assumptions used in the policy liability calculation; • Challenging the key assumptions utilised in the model including the revenue and expense growth rates and the discount rate by comparing them to corroborating support including historical results, economic and other forecasts; • Performing a sensitivity analysis on the key assumptions to support the assessment of impairment indicators and its impact on the headroom in the EV; • Testing on a sample basis the mathematical accuracy of the discounted cash flow model, agreeing budgeted cash flows to the latest Board approved budget and assessing the performance against budget/forecasts in prior periods; and • Assessing the appropriateness of the disclosures in notes 19 and 20 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 57 to 74 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of ClearView Wealth Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants
Sydney, 22 August 2018

Shareholders' Information

As at 3 August 2018

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	CCP Bidco Pty Ltd and Associates[1]	257,900,632	38.6%
2	Perpetual Corporate Trust Limited	65,091,098	9.7%
3	Sony Life Insurance Co., Ltd[2]	99,326,068	14.9%

1 Crescent Capital Partners Management Pty Limited represent the interests of CCP Bidco Pty Limited (CCP Bidco) and Perpetual Corporate Trust Limited (Perpetual) as manager. Perpetual's 9.7% is therefore included in the 38.6% holding of CCP Bidco in the table above.

2 Sony Life Insurance Co., Ltd's (Sony Life) 14.9% shareholding is held through its custodian, HSBC Custody Nominees (Australia) Limited.

Twenty largest shareholders (as at August 2018)

Rank	Name	No. of shares as per notice	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	144,905,579	21.68%
2	Perpetual Corporate Trust Limited	65,091,098	9.74%
3	CCP Trusco 4 Pty Limited	42,327,004	6.34%
4	Citicorp Nominees Pty Limited	33,681,012	5.04%
5	CCP Bidco Pty Limited	32,848,053	4.92%
6	CCP Bidco Pty Ltd	30,899,994	4.62%
7	CCP Trusco 5 Pty Limited	30,035,374	4.49%
8	CCP Trusco 1 Pty Limited	27,668,287	4.14%
9	BNP Paribas Noms Pty Ltd	21,900,002	3.25%
10	Portfolio Services Pty Ltd	18,300,838	2.74%
11	J P Morgan Nominees Australia Limited	17,925,239	2.68%
12	CCP Trusco 3 Pty Limited	15,810,448	2.37%
13	CCP Trusco 2 Pty Limited	13,175,374	1.97%
14	National Nominees Limited	11,036,385	1.65%
15	Portfolio Services Pty Ltd	10,304,057	1.54%
16	Mr Simon Swanson	10,000,000	1.50%
17	Salamanca Group Trust (Switzerland) SA	8,235,295	1.23%
18	Wintol Pty Ltd	6,302,827	0.94%
19	Australian Foundation Investment Company Limited	5,704,350	0.85%
20	Avanteos Investment Limited	4,639,019	0.69%

Ordinary share capital

There are 668,262,607 fully paid ordinary shares held by 1,815 shareholders. All the shares carry one vote per share.

Distribution of shareholders

The distribution of Shareholders as at 31 July 2018 is as follows:

Range	Total holders	Units	% of issued capital
1 - 1,000	320	109,478	0.02
1,001 - 5,000	441	1,283,457	0.19
5,001 - 10,000	280	2,135,680	0.32
10,001 - 100,000	547	17,847,234	2.67
100,001 and over	227	646,886,758	96.80
Total	**1815**	**668,262,607**	**100**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $1.10 per unit	455	200	16,117

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2018.

Directory

Current Directors

Bruce Edwards (Chairman)

David Brown

Gary Burg

Michael Alscher

(Alternate to Mr Thomson)

Nathanial Thomson

Satoshi Wakuya

Susan Young

Simon Swanson

Managing Director

Simon Swanson

Joint Company Secretaries

Athol Chiert

Elizabeth Briggs

Appointed Actuary

Ashutosh Bhalerao

Chief Actuary and Risk Officer

Greg Martin

Registered Office and Contact Details

Level 15, 20 Bond Street
Sydney NSW 2000

GPO Box 4232
Sydney NSW 2001

Telephone: +61 2 8095 1300
Facsimile: +61 2 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 4, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: 1300 850 505
+61 3 9415 4000

Facsimile: +61 3 9473 2500

www.computershare.com.au

Auditors

Deloitte Touche Tohmatsu

Stock Listing

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

Annual Corporate Governance Statement

The ClearView Annual Corporate Governance Statement may be viewed at www.clearview.com.au/about-clearview/corporate-governance

ClearView Wealth Limited

ABN 83 106 248 248

www.clearview.com.au

ASX code CVW

ClearView