Half Year FY11 Results

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16 February 2011

1H FY11 Highlights

ClearView

Financial

- Underlying net profit after tax of $10.3 million or 2.41 cents per share (fully diluted)[1]
- Reported profit after tax of $2.9 million or 0.68 cents per share (fully diluted)
- Net assets of $242 million or 59 cents per share[2]
- Embedded value of $248 million
- Surplus capital in excess of regulatory requirements increased by $9 million to $54 million

[1] Underlying profit is management's key measure of profitability and is the basis on which the Board determines the dividend payment. Consists of profit after tax adjusted for amortisation, transition costs and one-off IFRS DAC interest rate adjustment (tax effected). Includes non cash shareholder tax expense of $1.6 million due to unwind of deferred tax asset.

[2] Net assets per share adjusted for ESP loan of $11.7 million and 20.7 million ESP shares.

Operational

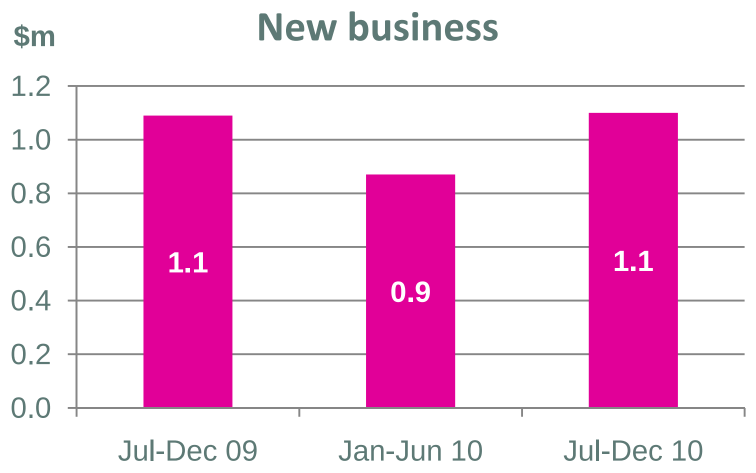
- Successful integration of acquired Bupa businesses 3 months ahead of schedule
- Focused on cost saving opportunities and on track to achieve $6.5 million in annual cost savings (as per 26/03/10 prospectus)
- Successful recruitment of experienced and skilled key executives and Board members
- Upgraded Fintechnix/POS system to include automated underwriting and online fulfillment
- Launched pilot program to sell direct life insurance products using AEGON Direct Marketing Services
- Rolled out referral management system to employed planners and Bupa member centres in NSW, QLD & Tasmania

Key Stats – 1H FY11

Life	Wealth	Advice
Insurance	Management	Financial Planning
		
60,500 policies in force	**$1.5 billion** funds under management	**$3.1 billion** FUMA ($1.5bn FUM, $1.6bn FUA*)
$41.3 million inforce premiums		**55** financial planners

* includes retail unit trust funds of $155 million

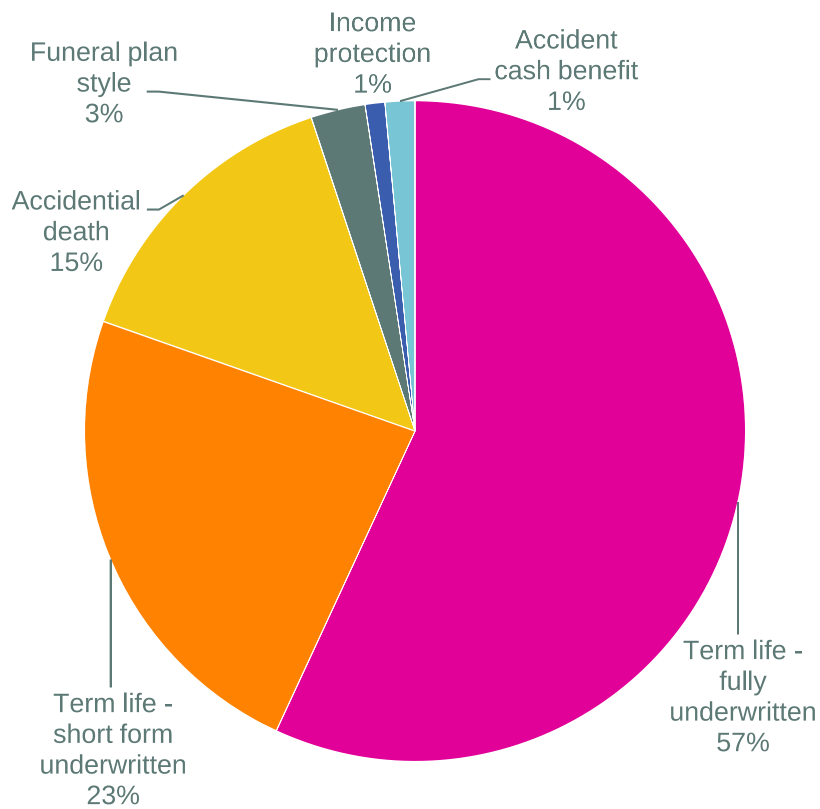
Life insurance – 1H FY11



Sources of profit	$m
Planned profit margin released	6.0
Profit arising from difference between actual and expected experience	(1.0)
Underlying life insurance profit after tax	**5.0**
One-off adjustments	(2.3)
Reported life insurance profit after tax	**2.7**

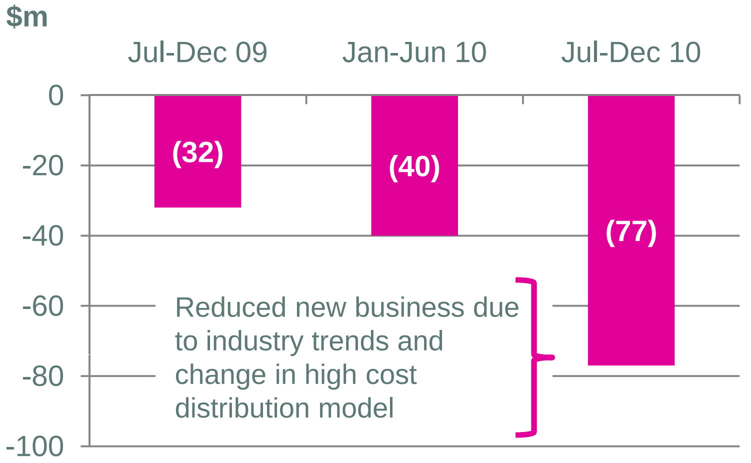
$41 million premium in force

In force premium mix



Wealth Management – 1H FY11

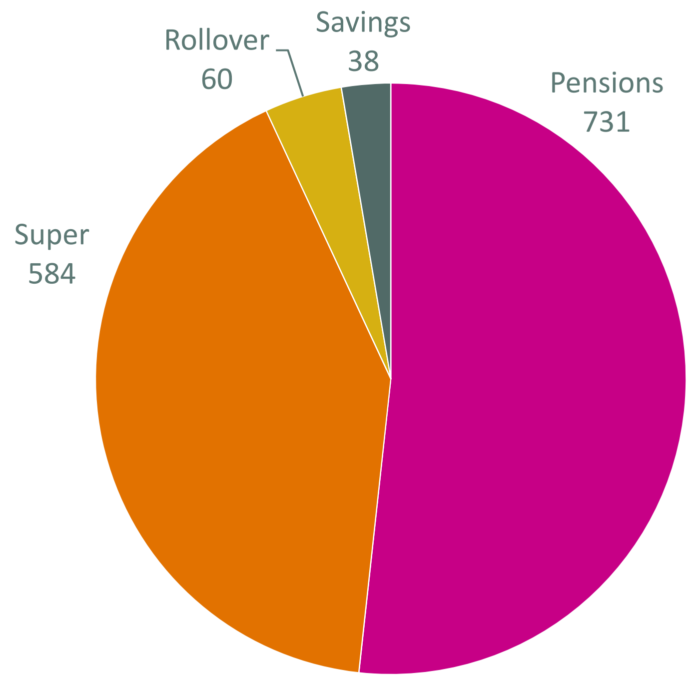
FUM net flows



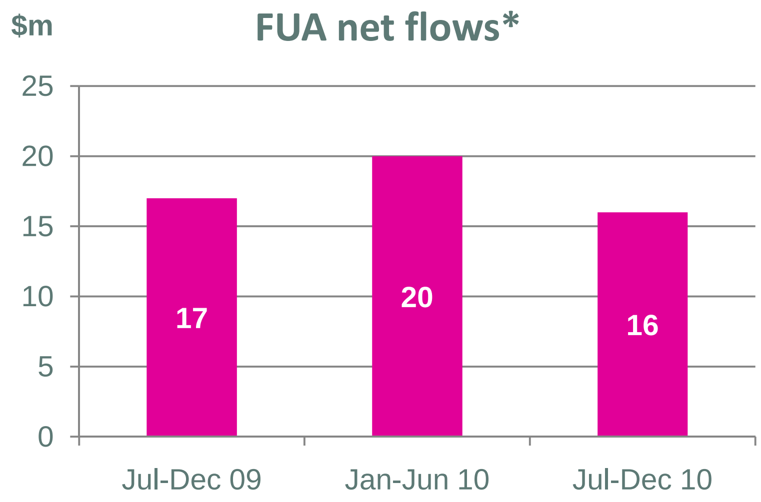
Profit reconciliation	$m
Wealth mgmt underlying profit after tax	5.0
One-off adjustments	(0.7)
Reported wealth mgmt profit after tax	**4.3**

$1.5 billion FUM

Funds under management ($m)



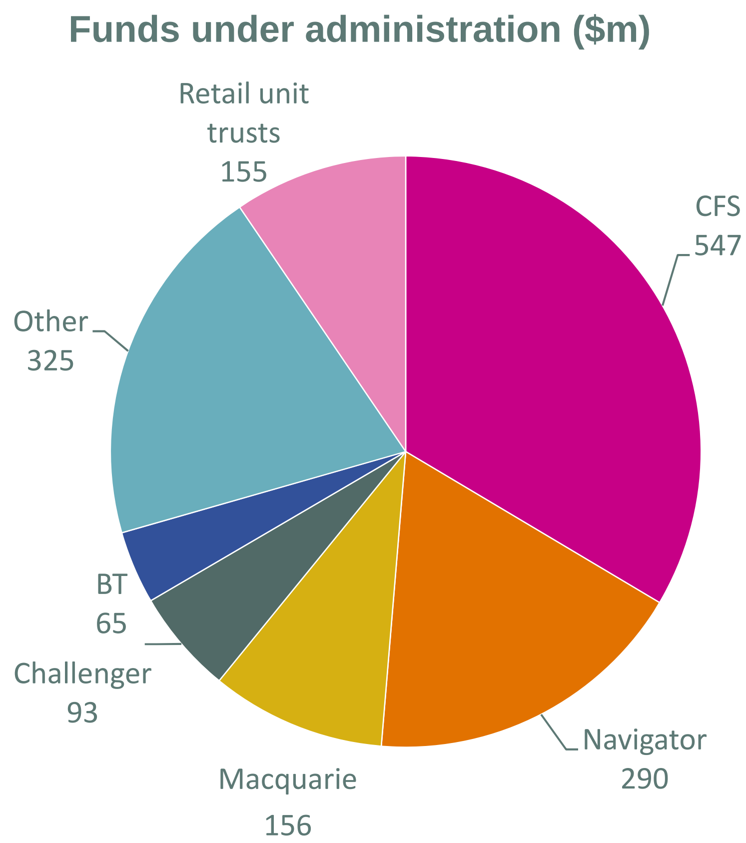
Financial Planning – 1H FY11



Profit reconciliation	$m
Financial planning underlying profit after tax	(0.1)
One-off adjustments	(0.7)
Amortisation	(0.4)
Reported financial planning profit after tax	**(1.2)**

* includes retail unit trust net outflows

$1.6 billion FUA



Profit & Loss – 1H FY11

Six months ended 31/12/2010	$m	Comments
Life insurance profit	5.0	Claims and expenses broadly in line with expectations. Lapses worse than anticipated; expected to normalise in 2H FY11.
Wealth management profit	5.0	Largely driven by fee revenue off acquired funds under management. Net outflow impacted by industry trends and change in high cost distribution model offset by positive market movement.
Financial planning profit	(0.1)	Part of the advice fee in wealth management should be allocated to financial planning. Plans to unbundle and restructure the advice fee (in accordance with proposed legislative changes) are under consideration to better reflect profit for financial planning and wealth management.
Listed entity and other	0.4	Predominantly investment earnings less listed entity costs.
Underlying NPAT	**10.3**	Demonstrates solid results from the acquired businesses and the emergence of cost synergies.
Amortisation	(3.9)	Mainly from acquired intangibles.
One-off adjustments	(3.5)	Predominantly relates to transition costs from integration, Fintechnix system upgrade and IFRS DAC adjustment.
Reported NPAT	**2.9**	Includes non cash shareholder tax expense of $1.6 million due to unwind of deferred tax asset.

Results reflect successful integration of acquired businesses from Bupa and extraction of cost synergies

One-off adjustments – 1H FY11

Six months ended 31/12/2010	$m
IFRS DAC adjustment[1]	(2.6)
Fintechnix system upgrade[2]	(0.7)
Transition costs[3]	(2.1)
Unrealised gains – listed entity	0.1
Income tax effect	1.8
Total one-off adjustments	**(3.5)**

[1] IFRS DAC adjustment is due to the increase in long-term interest rates over the half year period. The non cash effect of this item represents a timing difference in the release of profit.

[2] System upgraded to latest version to allow deployment of award winning distribution capability.

[3] Transition costs relate predominantly to costs payable to Bupa prior to the migration off Bupa's infrastructure, terminations and salary costs related to terminated employees.

Balance Sheet as at 31 December 2010

ClearView

Assets, $m	Consolidated	Shareholder[1]
Cash equivalents	128	115
Financial assets	1,545	7
Receivables	11	11
Deferred tax	29	14
PP&E	1	1
Goodwill	5	5
Intangibles	55	55
Total Assets	**1,774**	**208**

Liabilities, $m	Consolidated	Shareholder[1]
Payables	22	22
Current tax	2	-
Provisions	3	3
Life Insurance[2]	(59)	(59)
Life Investment	1,408	-
Unit trusts	155	-
Total Liabilities	**1,532**	**(34)**
Net Assets	**242**	**242**

Net assets of 59 cents per share[3]

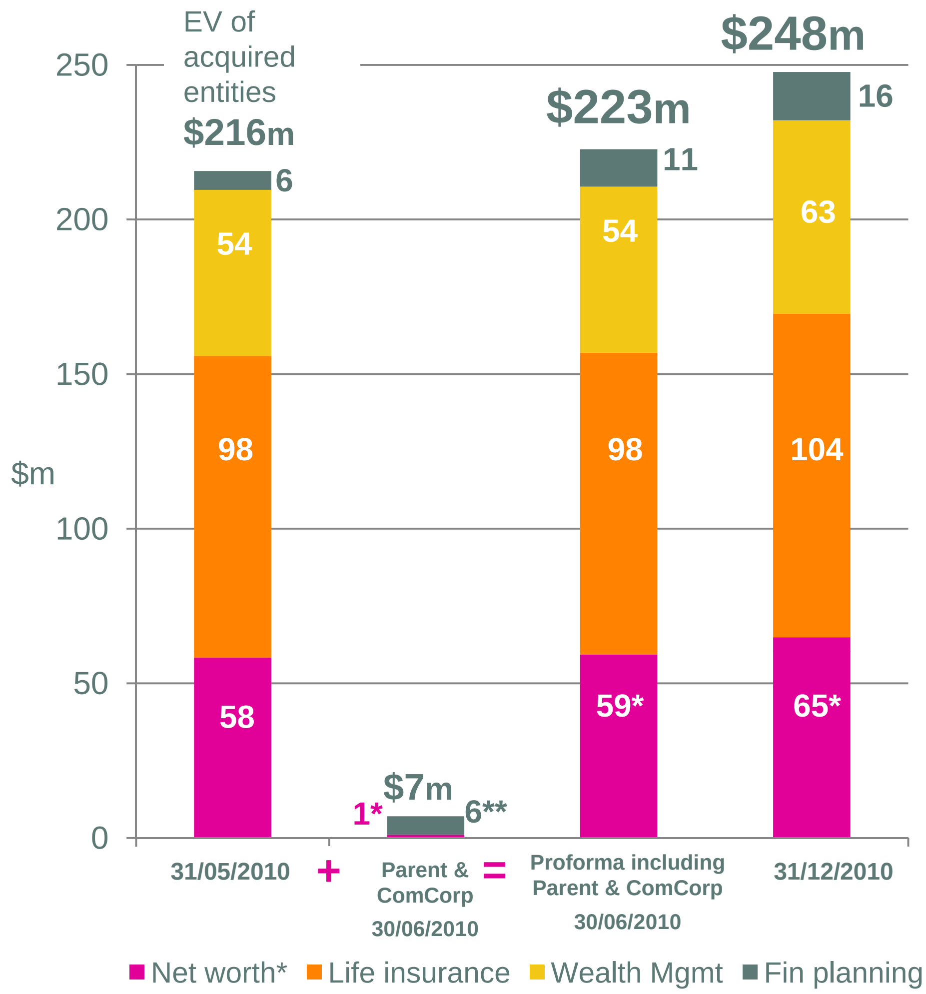
[1] Shareholder balance sheet reflects the exclusion of life unit linked businesses and deconsolidation of retail unit trusts.
[2] Life insurance asset reflects the future recoverability of the deferred acquisition costs in accordance with the accounting standards.
[3] Adjusted for ESP loan of $11.7 million and 20.7 million ESP shares.

Strong capital position – 1H FY11

ClearView

- No debt
- $54 million of capital in excess of regulatory requirements, an increase of $9 million compared to 30 June 2010
- Capital conservatively invested in cash and interest bearing securities as reflected in the balance sheet
- Minimal impact on capital requirements relative to position at 31 December 2010 if proposed APRA capital standards implemented

Embedded Value – 1H FY11



Note: EV based on consistently applied risk discount rates of 11.00% for life insurance and 12.75% for wealth management

** Includes $1m surplus capital for Parent at 30/06/10 and $24m at 31/12/10.*
*** Based on intangible value as at 30/06/10*

Movement due to:

- reduced expenses across group post acquisition
- reduced claims assumption in life insurance based on experience

Excludes the following:

- $45m of future franking credits
- value of $10m carried forward revenue tax losses and unrecognised capital losses of $9 million
- value attributable to future growth potential

Discount rate sensitivity	RDR -1%	RDR +1%
Net worth	65	65
Life insurance	112	98
Wealth management	65	61
Financial planning	16	15
Total excl. franking credits	**258**	**239**

Growth strategy

- Focus on profitable segments of the industry that are simple yet scalable
- Upgrade life insurance & wealth management products and widen product offering
- Build sales through exclusive distribution agreements with both Bupa Australia and credit unions
- Extract cost saving opportunities and revenue synergies
- Penetrate the IFA market

Progress Update – 1H FY11

Growth Initiative	Estimated timing	Detail
Build life sales through Bupa alliance	1H FY11 2H FY11	• Alliance with AEGON Direct Marketing Services (ADMS) to telemarket ClearView's life insurance products. • Pilot sales campaign commenced in Nov 2010, rolled out in Jan 2011.
Continue to deploy referral management system (XPlan)	NSW, QLD & Tas in 1H FY11, NT & WA in 2H FY11, Vic & SA in 1H FY12	• Migrated financial planners to XPlan by 27 Sept 2010 (3 months ahead of schedule). • Bupa: Rolled out to over 65 of 110 sites with sales training underway. • Credit unions: Rolled out to 125 sites.
Upgrade life products	1H FY11	• Upgrade of point-of-sale system to include automated underwriting and online fulfilment. • Introduced 2 new life products in Nov 2010 for telemarketing and 2 more in Jan 2011 for MBF retail centres.
Widen product offering and extend referral partner network	2H FY11	• Discussions commenced to widen product offering to ComCorp's referral partners and extend referral partner network.
Penetrate IFA market	FY2012	• Commenced analysis of development of unique advice products; launch expected in 1H FY2012.

Outlook

ClearView

- Strong industry growth expected despite short term headwinds continuing in wealth management
- Opportunity due to industry mergers, new regulatory environment and legacy constraints of key competitors
- ClearView is well positioned to take advantage of industry consolidation due to its unique positioning and financial strength
- Dividend expected in FY2011 at 20-40% of underlying profit
  (subject to regulatory requirements, available profits and financial position)

Summary

Positive 1H FY11 results reflect
successful integration and extraction of cost synergies

FY11 – establishing a platform for growth

1H reflects 6 months of acquired businesses and cost synergies

2H focused on commencing growth initiatives

ClearView in unique position to grow

Exclusive distribution agreements
with Bupa and credit unions (3.7m member base)

Strong capital position

No legacy systems

Attractive market growth drivers

Life
underinsurance

Wealth
mandatory superannuation

Advice
navigating market complexity

Appendix

Half Year FY11 Results

Life insurance – 1H FY11

Six months ended 31/12/2010	$m
Net premiums	18.7
Interest income	0.6
Net claims incurred	(7.1)
Commissions expense	(0.2)
Operating expenses	(5.3)
Movement in risk policy liabilities	0.5
Underlying profit before tax	**7.2**
Income tax expense	(2.2)
Underlying profit after tax	**5.0**
Net claims ratio	38%
Operating expense ratio (Based on net premiums)	28%
Underlying profit margin	27%

Comments

- Net premiums largely driven by inforce book; not yet reflective of growth initiatives
- Net claims incurred and expenses broadly in line with expectations
- Lapses worse than anticipated in 1H FY11 ($0.6 million); expected to normalise in 2H FY11
- Negative investment experience ($0.7 million); investment performance expected to improve in 2H FY11 following reinvestment of cash in higher interest bearing accounts
- Change in distribution model from low response direct mail to Celent award winning distribution model including automated underwriting & online fulfillment

Wealth management – 1H FY11

Six months ended 31/12/2010	$m
Fee revenue	15.7
Interest income	1.2
Commissions expense	(3.8)
Operating expenses	(6.0)
Underlying profit before tax	**7.1**
Income tax expense	(2.1)
Underlying profit after tax	**5.0**
Funds under management (FUM)*	1,413
Net flows*	(77)
Market movement*	93
Annualised fee revenue to FUM*	2.2%
Operating expense ratio	38%

** Excludes retail unit trust funds: $155 million FUM; $10 million net outflows and $14 million positive market movement.*

Comments

- Fee revenue largely driven by FUM*
- Negative net flows have been offset by positive market movement
- Inflows lower than historical levels reflecting industry trends and change in distribution model
- Distribution model changed from high cost direct response television to sustainable referral model
- Business well positioned for regulatory changes

Financial planning – 1H FY11

ClearView

Six months ended 31/12/2010	$m
Fee revenue	10.4
Interest income	0.3
Commissions expense	(1.6)
Operating expenses	(9.2)
Underlying profit before tax	**(0.1)**
Income tax expense	0.0
Underlying profit after tax	**(0.1)**
Funds under administration (FUA)*	1,631
Net flows*	16
Annualised fee revenue to FUA (excludes internal fees)	0.8%
Operating expense ratio	88%

** Includes retail unit trust funds: $155 million FUM and $10 million net outflows.*

Comments

- Fee revenue includes $3.8 million of internal fees generated from new wealth business
- Advice fee yet to be unbundled from wealth management product negatively impacting fee revenue and expense ratio
- Loss of $155 million in FUA from franchise planner; immaterial impact on margin due to commission structure
- Commissions expense relates to payments to ComCorp franchise planners

Listed Entity – 1H FY11

Six months ended 31/12/2010	$m
Interest income	0.6
Operating expenses	(0.8)
Underlying profit before tax	**(0.2)**
Income tax expense	0.6
Underlying profit after tax	**0.4**
One-off adjustments	0.3
Amortisation	(3.6)
Reported profit after tax	**(2.9)**

Comments

- Surplus capital increased in October due to $26 million dividend from acquired subsidiary
- Operating expenses include one-off non-recurring consulting costs
- Positive tax expense due to finalisation of acquisition

Balance Sheet as at 30 June 2010 (restated)

Assets	Consolidated	Shareholder[1]
Cash equivalents	197	27
Financial assets	1,431	91
Receivables	47	5
Deferred tax	30	16
PP&E	1	1
Goodwill	4	4
Intangibles	59	59
Total Assets	**1,769**	**203**

Liabilities	Consolidated	Shareholder[1]
Payables[2]	25	17
Current tax	2	2
Provisions	8	8
Life Insurance[2,3]	(63)	(63)
Life Investment	1,405	0
Unit Trusts	153	0
Total Liabilities	**1,530**	**(36)**
Net Assets[4]	**239**	**239**

Net assets of 56 cents per share[5]

[1] Shareholder balance sheet reflects the exclusion of life unit linked businesses and deconsolidation of retail unit trusts.

[2] Claims reserves of $9 million reclassified from payables to life insurance asset to be comparable with 31/12/2010 balance sheet.

[3] Life insurance asset reflects the future recoverability of the deferred acquisition costs in accordance with the accounting standards.

[4] Net assets have been restated post the $3.5 million adjustment to profit on acquisition on finalisation of the CVGH acquisition accounting.

[5] Net assets per share adjusted for ESP loan of $10.0 million and 17.7 million ESP shares.

Impact of ESP shares

Balance Sheet

- Accounted for as an option in accordance with AASB 2
- Limited recourse loan not reported as a receivable on Balance Sheet
- Loan repaid with cash if shares are "in the money"
- 20.7 million ESP shares on issue at 31 Dec 2010
- $11.7 million loans receivable at 31 Dec 2010

NAV per share

As at 31 December 2010	million
Number of shares on issue	409
ESP shares on issue	21
Shares on issue to calculate NAV per share (A)	**430**
Net assets	$242
ESP loans	$12
Proforma net assets (B)	**$254**
NAV per share = B/A	**59 cents**

Referral partner member base

ClearView

Bupa Australia

- 10 year exclusive alliance with Bupa to distribute life insurance and wealth management products
- 2.9 million member base
  - Target market = 2.5 million with discretionary ancillary health cover
  - No previous attempts by Bupa to market to 1.1 million (Mutual Community & HBA)

Credit unions

- Alliance with 10 credit unions to distribute wealth management products
- 800,000 member base

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