Annual Report 2015

Purpose built for our time

ClearView

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Financial Calendar

Annual General Meeting
11 November 2015

Half Year End
31 December 2015

Half Year Result Announcement
February 2016

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30 June 2016

Annual Report
August 2016

Dates are subject to change.

2015 Financial Highlights

After Tax Profit by Segment, $m	FY15	FY14	% Change
Life Insurance	15.3	10.8	41%
Wealth Management	1.8	5.9	(70%)
Financial Advice	4.4	3.5	27%
Business Unit Operating Earnings (after tax)	**21.5**	**20.2**	**6%**
Listed Entity and Other	(0.6)	(0.5)	(34%)
Total Operating Earnings (after tax)[1]	**20.9**	**19.7**	**6%**
Interest expense on corporate debt (after tax)	(0.4)	0.0	Large
Underlying NPAT[2]	**20.5**	**19.7**	**4%**
Other Adjustments	1.0	1.6	(35%)
NPATA[3]	**21.5**	**21.3**	**1%**
Amortisation	(9.0)	(7.4)	21%
Reported NPAT	**12.5**	**13.9**	**(10%)**
Underlying diluted EPS (cps)	3.85	4.41	(13%)
Reported diluted EPS (cps)	2.36	3.10	(24%)
Dividend per share (dps)	2.10	2.00	5%

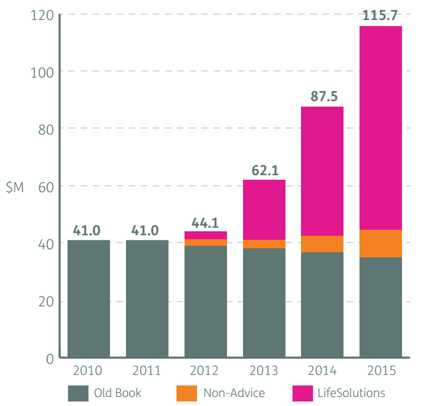
1 Total Operating Earnings NPAT represents the Underlying NPAT[2] of each of the operating business units before taking into account the interest costs associated with corporate debt.

2 Underlying net profit after tax is the Board's key measure of group profitability and the basis on which dividend payments are determined. It 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 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).

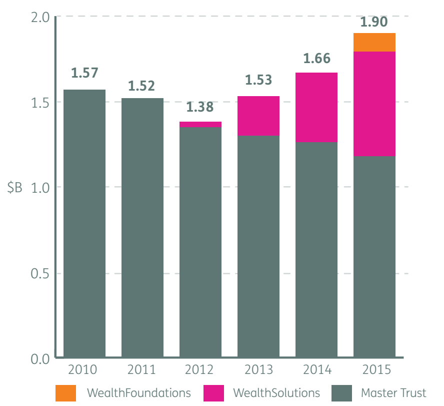
Life Insurance

In-force Premium



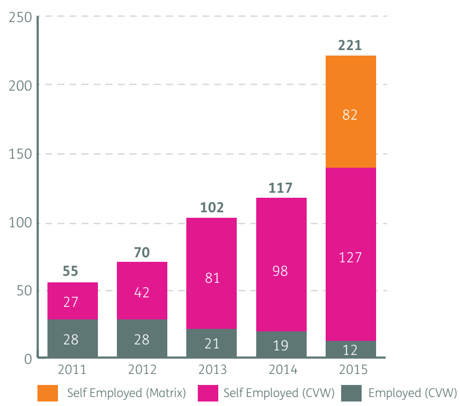
Wealth Management

Funds Under Management



Financial Advice

Financial Advisers



Our Values

our Way

At ClearView we respond quicker, we care more and we try harder. Why? Because we focus only on building and protecting the financial futures of our customers and their families, which means we won't be distracted from this mission. So every time our exceptional people decide on something, it gets done really, really well.

We're never satisfied when it comes to doing better and we never give up on our people, our customers, our partners and the moments that matter. Nothing really good has ever come about because someone gave up. So if there's a better way to do it, we'll find it.

'Ambition is the path to success, **PERSISTENCE** is the vehicle you arrive in.'

We believe that working together benefits the customer and that two heads are better than one, and a lot more fun. Three are better still. We want more perspectives not less. We are a group of like-minded passionate people who turn up every day to share, help and be better than yesterday... together.

'As you navigate through the rest of your life, be open to **COLLABORATION**. Find a group of people who challenge and inspire you, spend a lot of time with them, and it will change your life.'

A handshake... giving your word... committing... promising... and then actually delivering! If these things come in shades of grey to you we're not going to get along very well. Only 3 colours matter here - right, wrong and the vibrant pink on our logo.

'If you have **INTEGRITY**, nothing else matters. If you don't have **INTEGRITY**, nothing else matters.'

We're also proud to never compromise when selecting our people and there's nothing we hate more than fake. Only positive, genuine people need apply. Honest people. Open. Able to say sorry and admit they were wrong. Tell it like it is. Argue their case but accept a decision. What you see is what you get.

'The **AUTHENTIC** self is the soul made visible.'

Chairman's Letter

Dear Shareholders

We are pleased to report that the investments made over the past three years are starting to flow through from operational results with material earnings growth expected to emerge in FY16.

This is the third Chairman's letter that I have drafted for ClearView and represents a point of inflection for the business. Over the past two Chairman's letters, I have focused on the strategy that the Board has put in place for your business, setting out that ClearView was on a three year process of investing first in building out its life advice offering in FY13, then investing in direct life in FY14 and in the past year investing in wealth management. As I noted in previous letters, each of these investments involved a substantial investment which preceded revenue and profit growth (often called a "J Curve" investment), with the expenses associated in building out the businesses acting as a drag on earnings.

In this third letter, I can now report that the initial phases of the platform that ClearView has been building are substantially complete. ClearView now has competitive offerings in both the life insurance and the wealth management markets. This included the launch of a new LifeSolutions product upgrade and the WealthFoundations mid market product offering over the past 12 months. This is not to say that significant work is not still required, but the initial platforms have now been established and going forward, the Board believes that the business is through the bottom of the "J Curves" of each of its underlying business units. In addition, we are aiming to build a high quality advice capability which has been enhanced with the merger with Matrix.

The early investments that ClearView made in FY13 and FY14 are now translating into strong earnings momentum with life insurance underlying profit increasing by 41% in FY15. The overall Underlying Net Profit after Tax (UNPAT) growth in FY15 remains modest at 4%, however, this was driven by the decision, which was clearly communicated to the market, that FY15 remained an investment year, in particular in our wealth management business. Overall, ClearView met our expectations.

The challenge for ClearView is to now translate the past three years of investment into substantial earnings momentum going forward. Early indications are positive, and given the compounding nature of both life insurance and wealth management this should start to flow through into material profit growth in FY16.

Operating and Financial Results

ClearView again achieved strong positive momentum in its key operating metrics in FY15:

- Life Insurance: in-force premium is up 32% to $115.7 million with new business written up 26% to $34.5 million;
- Wealth Management: Funds Under Management (FUM) is up 15% to $1.9 billion; net inflows achieved in FY15 were a positive $112 million which reflects the launch of our new product, WealthFoundations (net flows were broadly neutral in FY14); and
- Financial Advice: The Matrix merger provides a stepped change with adviser numbers up 89% to 221; Premiums Under Advice is up 99% to $187 million and Funds Under Management and Advice (FUMA) is up 92% to $7.9 billion.

These operational metrics generally lead to solid growth in financial metrics over time given the compound nature of the underlying businesses in which we operate:

- UNPAT is up 4% to $20.5 million and consistent with expectations;
- UNPAT from life insurance is up 41% to $15.3 million which is reflective of the business starting to gain additional scale and the emergence of profits from the growing in-force portfolios;
- Embedded value is up 9% to $389 million (at a 4% discount rate margin) and the Value of New Business up 66% to $15.8 million. The growth in Embedded Value and the Value of New Business was constrained by expense overruns which are reflective of ClearView having built an operating structure suitable for the scale it aspires to. These expense overruns will likely be absorbed in the medium term and will be reflected in an increasing Embedded Value and profit realisation as they progressively reduce;
- These results were achieved while maintaining a capital position that requires capital to be set aside for future growth (and is effectively a drag on earnings). The net cash in the business was $135.6 million, a working capital reserve to fund future growth of $48 million is held with a net capital position of $32.7 million after amounts drawn down under the $50 million debt facility that was put in place in December 2014. The debt facility has been drawn

to $45.5 million. The Board intends to replace this debt facility with one or more longer term capital solutions (for example, Tier 2 debt) as the need for, and quantum of, longer term capital funding emerges.

The Directors have declared a FY15 fully franked dividend of $12.3 million, equating to 2.1 cents per share (up 5% on the prior year final dividend). This represents approximately 60% of the 2015 UNPAT, which itself was suppressed in FY15 given the material investments made in wealth management. The FY15 Final Dividend will operate in accordance with our dividend reinvestment plan.

The Board of ClearView continues to operate a share buy back in circumstances where the share price is below the Company's view of intrinsic value. No shares have been bought back in the past 12 months.

Strategy and Outlook

ClearView's strategy continues to be refined but remains focused on being:

- a highly focused challenger brand operating in profitable segments of life insurance, wealth management and financial advice; and
- a differentiated integrated life insurance and wealth management provider; well positioned for structural growth with the dual convergence of superannuation and life insurance products, and the advice and non-advice markets.

ClearView continues to focus on the profitable market segments and not being "all things to all people". FY15 concludes a successful three year strategy focused on building ClearView's market position in the life insurance, wealth management and financial advice markets.

Implementing a high growth strategy has to date required an investment in a cost structure prior to the realisation of revenue benefits with the initial phases of "J Curve" investment now complete. Expense overruns depress initial reported profits but should eliminate as scale is achieved, thereby increasing underlying profits realised on the growing in-force portfolio. We remain focused on this with expense overruns expected to unwind over the medium term.

ClearView has now established a strong platform to drive momentum and convert its strategic positioning into material earnings growth. Material earnings growth is expected to emerge in FY16 given the growth profile of the underlying businesses and the compound nature of life insurance and wealth management businesses. ClearView is well positioned to gain from market disruption around life insurance reforms with a potential stepped change in distribution profile if the proposed reforms are implemented.

Over the past three years ClearView's management has developed a reputation for delivering on operational metrics and driving growth. They have built a solid platform from which ClearView can target 5% of the long term life insurance profit pool , build a material wealth management business and a high quality financial advice business providing strategic advice to its clients.

I thank our customers, partners and shareholders for their continued support for ClearView. I would also, of course, like to thank all the employees and management at ClearView on whom we depend on for our success.

The Board and management look forward to continuing to deliver results on your behalf.

Dr Gary Weiss

Chairman

25 August 2015

Managing Director's Report

In 2012 ClearView outlined that it was focused on a phased build out of its underlying businesses over a three year period. At that time I explained that the focus was on building ClearView into a strong challenger in the life insurance and wealth management industries with a strategy focused on:

- Targeting profitable niches. In particular, I highlighted that ClearView was not focused on Group Life but focused on quality adviser-led advice;
- Winning clients and advisers through the quality of our offering, not through ownership of practices. Our strategy was based on "being a home for independent advisers" and not trying to replicate the bancassurance model, which I believe is fundamentally flawed due to the inherent conflicts of interests;
- Building intuitive simple platforms that suit both the advisers and their clients; and
- Working towards the convergence of superannuation and life insurance solutions along with the convergence of personal and general advice, otherwise known as scaled advice.

The strategy that ClearView presented to the investment community and our shareholders focused on how we would execute the building out of ClearView's advice-led life insurance offering in FY13, ClearView's direct life insurance offering in FY14 and ClearView's wealth management offering in FY15. I highlighted that there would be significant investment required with this building process and that it was necessary to have patient shareholders who understood the compounding nature of the businesses that we are building.

Now that ClearView is three years into the execution of this strategy process, it is worth reflecting on the current position of ClearView against its strategy and the next steps that we will take.

Life Advice

Over the past three years, ClearView has grown from having effectively no new business (in FY12, ClearView wrote $3.6 million of new business) to writing $34.5 million of new life advice business in the past 12 months. ClearView has grown its share of new business from circa 0.5% to 3.1%[1] in the year ending 31 March 2015. ClearView has achieved this impressive position in a short period of time through a number of significant initiatives. These include:

- Our LifeSolutions product suite has delivered innovation and simplicity of design;
- The product suite is supported by market-leading underwriting and claims management support; and
- ClearView has established strong relationship management as indicated by the fact that we are equal first amongst life insurers in 2014/15 NMG IFA Channel Life Risk 'Top 250 Advisers and AFSLs Programme' for business capability.

This process is never complete – and for a successful challenger brand such as ClearView it is necessary to continually adapt and change. In the past 12 months, ClearView has continued this process through:

- Introduction of parent cover, life cover conversion benefits, protected commission and innovative buyback cover features;
- Continue to expand our distribution footprint inasmuch as ClearView is on the approved product lists (APLs) of over 200 dealer groups - a clear endorsement of our strategy; and
- We continue to develop our platform to make ClearView easy to do business with.

As I set out three years ago, there is a compounding impact of the investments that ClearView has made over the past three years. Shareholders are now starting to see the benefits of this, with life insurance profit increasing by 41% over the past 12 months. In addition, the Value of New Business increased by 66%. This strong earnings growth reflects a continued focus on the profitable segments of the market.

The new business sales result from Life Advice at 16% was a step down in growth rates from prior years. However, this growth needs to be viewed in the context of a very difficult year for the industry – where advice-based new sales decreased for the first time in a very long time. In effect, ClearView maintained its significant outperformance of growth to the market, and as the regulatory uncertainty decreases and growth returns to the industry, ClearView expects that absolute growth will again step up.

Our focus in the near term is to continue incremental investment in our products and services to ensure we keep our market leading position and growth momentum.

Direct Life

In the last year we have continued to make good progress in our Direct life business with new business up 84% over the last year. The business successfully launched a partnership with Your Insure in August 2014 which is already starting

1 Source: Plan for Life (March 2015); ClearView Management Information

to bear fruit. ClearView has successfully augmented our relationship with Bupa Australia, which continues to deliver a steady stream of good quality business.

We have also entered into a number of lead generation arrangements which are assisting our new business growth.

In the future we will continue to evolve our Direct business towards a scaled advice model where we can expand the segments where we compete.

Wealth Management

In October 2014 we successfully launched our own investment management platform. This was a huge achievement inasmuch as it was launched for $5.4 million (capitalised costs) in nine months. To be net flow positive $112 million across our wealth business is indicative of its success.

The platform is comprehensive and our WealthFoundations product suite has a number of industry leading innovations including the Foundation Assurance Benefit and model portfolios using the fund of fund structure.

The model portfolios assist financial advisers by ensuring the changes in both asset allocation and asset manager are simultaneously managed from a client perspective. The advantage of this approach is the client is not "out of the market" or holding inappropriate asset allocation. Furthermore, there is a distinct advantage for the financial adviser as the "efficiency" of any changes to asset allocations and/or asset managers provide substantial administrative savings for the financial adviser when compared to traditional methods of managing these issues. The profit of the wealth management business fell from $5.9 million to $1.8 million due primarily to $3.2million (after tax) investment made in our new wealth platform and related costs.

The new wealth platform provides a very sound base for further innovations in the segments of superannuation, investment and retirement incomes. The next upgrade is expected to be delivered by the end of this calendar year.

Our investment performance, both short term and long term, on behalf of our clients, continues to be in the first or second quartile and provides our clients, be they superannuation members, life investment policyholders or direct investors, security and confidence that their long term investment needs will be met.

Regulation

As I set out above, FY15 was a difficult year for life insurance. This was driven by a year of regulatory uncertainty. In October 2014 ASIC released their Report 413 Review of Retail Life Insurance Advice. This report pointed out the correlation between high up front commissions (being greater than 100% of the first year premiums) and poor advice as well as poor documentation of advice. In response to this, the Financial Services Council (FSC) and the Association of Financial Advisers (AFA) jointly appointed a former member for APRA, John Trowbridge, to provide an independent report on the potential restructure of the industry.

Unfortunately this led to an environment of negative publicity for the life insurance industry, where most of the discussion has been on adviser remuneration and other conflicted remuneration to both advisers and dealer groups. Advisers as a general rule are not overpaid, as their commissions reflect the costs of providing complex and detailed advice. Regulating remuneration for advice risks decreasing the time taken to provide advice and has the potential to affect the quality of this advice.

ClearView's general approach is that no amount of regulation will alone drive good quality strategic advice. First and foremost, providing good quality strategic advice starts with the adviser mind-set, where both the dealer groups' and advisers' attitude is about the welfare of the customer, and in particular having a well articulated financial plan for the customer. ClearView has focused on selecting advisers that genuinely care about the best interests of their clients and are known for their integrity. We believe that this cultural focus is key.

A significant number of the issues in life insurance advice that led to this regulation review have occurred within tied distribution networks. In effect, where a bank owns an adviser network and insists that that adviser network only sells bank manufactured product there is inherently conflicts of interest. It is not surprising there have been a number of probity issues. ClearView believes that requiring open APLs, with a requirement that advisers consider clients' best interests would lead to a higher quality of advice and is more important than directly regulating the pricing of advice. Unfortunately, this has not yet been one of the recommendations coming from the reforms.

Managing Director's Report

Continued

Overall, ClearView believes that the discussions around regulatory change are generally positive but focus too much on adviser remuneration and not enough on client choice and client best interest. However, ClearView is supportive of:

- Changes as recommended by the PJC Inquiry, headed by Senator David Fawcett, on adviser education, development and standards (subject to appropriate grandfathering);
- Sound commission bases need to be available to support financial advisers' businesses. Australian consumers are not (yet) ready for a pure fee–for-service model for insurance;
- Except for adviser commission, the FoFA reforms should otherwise be implemented for life insurance, for example, the payment of volume bonuses and self space fees should be prohibited. This would address a number of the actual conflicted remuneration issues;
- That vertically integrated companies are required to ensure that their dealer groups have fully open APLs. There are only 11 life insurers offering life insurance advice-based products which is easy for a dealer group to manage. We note that there can be more than 200 investment managers on a typical APL or on an investment platform. So 11 life insurers should be easy!
- We support a sensible industry Code of Conduct; and
- We broadly support the reduction in upfront commissions as proposed by the industry and wish to also see a level commission system that is set by the market. However, our view is that a three year clawback of commission liability is a step too far; a two year clawback is sufficient and would achieve the key objectives, and is more appropriate in our view. When all is considered, the almost halving of upfront commissions and the doubling of the responsibility period to two years seems a measured and appropriate response.

The Coming Year

We are very excited by the prospects of 2016.

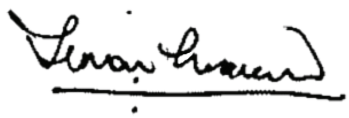
After a number of years of significant investment, both financially and intellectually, ClearView is now focused on leveraging that investment and aiming to become Australia's best life insurance, wealth management and financial advice business. This will, of course, require incremental investment but we will do so from solid foundations with both a culture and a team focused on great outcomes for our customers and partners. For shareholders, their patience will be rewarded with what we expect to be a material increase in earnings in FY16.

It is an exciting time!....it is a time ClearView is purpose built for!

ClearView continues to execute our strategy by:

- Leveraging our position as a integrated life insurance and wealth management company to take advantage of the obvious convergence opportunities available from both life insurance and superannuation;
- Continuing to develop our processes and systems for delivering high quality strategic advice to our customers through our financial advice network;
- Continuing to improve the service that we deliver to both advisers and customers; and
- Continuing to invest in, and develop, our people.

Achievement of our objectives will be supported by the ClearView culture and values which guide and influence everything we do. I am proud of the ClearView team and what we have been able to accomplish in such a short space of time. We are well positioned for the future and I am encouraged and excited by the opportunities to increase shareholder value.



Simon Swanson

Managing Director

25 August 2015

Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2015 (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:

- **Dr Gary Weiss** (Chairman)
- **Andrew Sneddon**
- **Bruce Edwards**
- **David Brown**
- **Gary Burg**
- **Jennifer Newmarch**
- **Michael Alscher**
- **Michael Lukin** (Alternate to Mrs Newmarch)
- **Nathanial Thomson**
- **Simon Swanson** (Managing Director)

The biographies for the Directors of ClearView are detailed below:

Current Directors

Dr Gary Weiss LLB (Hons), LLM and JSD

Independent Non-executive Chairman

Gary has extensive international business experience and has been involved in numerous cross-border mergers and acquisitions. This includes an established track record in life insurance and wealth management businesses. He is Chairman of Ridley Corporation Limited, Executive Director of Ariadne Australia Limited, a Director of The Straits Trading Company Limited, Premier Investments Limited, Pro-Pac Packaging Limited, Tag Pacific Limited and Thorney Opportunities Limited, and an Alternate Director of Mercantile Investment Company Limited. Gary's previous directorships include Guinness Peat Group plc, Westfield Group, Coats plc (Chairman), Tower Australia Limited, Australian Wealth Management Limited, Tyndall Australia Limited (Deputy Chairman), Joe White Maltings Limited (Chairman), CIC Limited, Whitlam Turnbull & Co Limited and Industrial Equity Limited.

Gary is a member of the Audit Committee, Risk and Compliance Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 22 October 2012 and appointed Chairman on 1 July 2013.

Andrew Sneddon BEC, CA

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 is the Chairman of Fusion Payments Limited, ServiceRocket Inc, ServiceRocket International Pty Limited, TGR BioSciences Pty Limited, Elastagen Pty Limited and Traditional Therapy Clinics Limited. Andrew is also a Non-Executive Director of Innate Immunotherapeutics Limited and a member of the Audit and Compliance Committees of the Crescent Capital Private Equity Funds.

Andrew is a member of the Audit Committee, Risk and Compliance Committee and the Nomination and Remuneration Committee. Andrew was appointed an Alternate Director on 26 March 2013. His appointment as Alternate was revoked and he was appointed as a Director on 3 December 2013.

Bruce Edwards BSc, MA, FIAA

Independent Non-executive Director

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

Bruce is the Chairman of the Audit Committee, Risk and Compliance Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 22 October 2012.

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 of PacWealth Capital Pty Ltd, 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 Council Member of the Australian Private Equity and Venture Capital Association Pty Limited.

David is a member of the Audit Committee and the Risk and Compliance Committee. He was appointed to the Board on 22 October 2012.

Gary Burg BACC (Wits), MBA (Wits)

Independent Non-executive Director

Gary has significant experience in building life insurance businesses in South Africa and in Australia. Gary is a director of Your Insure Pty 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.

Jennifer Newmarch BSc (Maths) (Hons), FIA

Non-executive Director

Jenny is an Investment Director with ROC Partners Pty Limited. Previously, Jenny was a Senior Vice President based in Macquarie Funds Group's Private Markets team, responsible for managing Australian private equity programs on behalf of institutional investors. Prior to this, she spent two years as an Investment Analyst at Mercer Consulting in the UK where she completed her actuarial qualification and focussed on providing advice in asset liability modelling, investment strategy and manager selection to UK pension funds.

Jenny also worked for Watson Wyatt Worldwide in Madrid and Manchester.

Jenny received a Bachelor of Science majoring in mathematics with Honours from Imperial College London and is a Fellow of the UK Institute of Actuaries.

Jenny was appointed to the Board on 1 July 2013.

Michael Alscher BCom

Non-executive Director

Michael is the Managing Partner and founder of Crescent Capital Partners Management Pty Ltd (Crescent). Prior to founding Crescent, 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 a Director of Metro Performance Glass Limited, National Dental Care Pty Limited, Crumpler Pty Limited and GroundProbe HoldCo. Pty Limited. He is also a former Chairman and Director of Cover-More Group Limited, and a former Director of LifeHealthCare Group 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.

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

Alternate Non-executive Director

Michael is a Partner and Director 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 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 is also a Director of Baycorp Holdings Pty Limited, National Dental Care Pty Limited and Space-Time Research Pty Limited.

Michael was appointed Alternate Director to Jennifer Newmarch on 1 July 2013.

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 leading broker of travel insurance in Australia and former director of Metro Performance Glass Limited prior to its listing on the ASX.

Nathanial is a member of the Nomination and Remuneration Committee and was a member of the Audit, Risk and Compliance Committee up until 30 June 2014. He was appointed to the Board on 22 October 2012.

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

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 was effectively the founder of ClearView in its current form and was appointed as Managing Director on 26 March 2010.

Directors' Report

Continued

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
Dr Gary Weiss	Ariadne Australia Limited	28 November 1989 – ongoing
	Mercantile Investment Company Limited	Non-executive Director 6 March 2012 - 25 February 2015 Alternate Director 25 February 2015 - ongoing
	Premier Investments Limited	11 March 1994 – ongoing
	Pro-Pac Packaging Limited	28 May 2012 – ongoing
	Ridley Corporation Limited	21 June 2010 – ongoing
	Tag Pacific Limited	1 October 1988 – ongoing
	Thorney Opportunities Limited	21 November 2013 – ongoing
	The Straits Trading Company (Listed on the Singapore Exchange)	1 June 2014 – ongoing
Andrew Sneddon	Innate Immunotherapeutics Limited	19 September 2013 - Ongoing
Gary Burg	3Q Holdings Limited (delisted 12/2/2013)	29 March 2012 – 11 September 2013
Michael Alscher	Cover-More Group Limited	14 November 2013 - 30 April 2015
	LifeHealthCare Group Limited	8 November 2013 - 25 February 2015
	Metro Performance Glass Limited	31 March 2015 - Ongoing

Company Secretaries

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

Athol Chiert, 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. 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 15 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.

Appointed Actuary of ClearView Life Assurance Limited

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

Chief Risk Officer

Greg Martin B.A, FIAA, FFIN, FAICD, CERA Greg is the Chief Actuary and Chief Risk Officer of ClearView. He was the Appointed Actuary of ClearView Life from 1 March 2011 until his resignation from the role on 5 June 2014. Greg has over 25 years' experience specialising in life insurance and funds management and has held a number of other Appointed Actuary roles during his career. Greg has fellowships with the Institute of Actuaries of Australia, FINSIA and the AICD, and is a Chartered Enterprise Risk Actuary. He was a member of the Life Insurance Actuarial Standards Board, a member of two advisory panels to the Australian Accounting Standards Board and a member of multiple committees of the Institute of Actuaries of Australia. Greg has a wealth of experience in the areas of risk and capital management, financial management and reporting, and product pricing and management

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were as follows:

	Board		Audit, Risk and Compliance Committee[1]		Audit Committee[2]		Risk and Compliance Committee[3]		Nomination and Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Dr Gary Weiss	10	9	3	3	3	3	3	3	5	5
Andrew Sneddon	10	9	3	3	3	2	3	2	5	4
Bruce Edwards	10	9	3	3	3	3	3	3	5	5
David Brown	10	9	3	3	3	3	3	3	-	-
Gary Burg	10	10	-	-	-	-	-	-	-	-
Jennifer Newmarch[4]	10	10	-	-	-	-	-	-	-	-
Michael Alscher	10	6	-	-	-	-	-	-	-	-
Nathanial Thomson	10	9	-	-	-	-	-	-	5	5
Simon Swanson	10	10	-	-	-	-	-	-	-	-

1 From 1 July 2014 to 31 December 2014.
2 From 1 January 2015 to 30 June 2015.
3 From 1 January 2015 to 30 June 2015.
4 Mrs Newmarch appointed Mr Michael Lukin as her alternate director on 1 July 2013. Mr Lukin attended 3 Board meetings on behalf of Mrs Newmarch and his attendance is included in the table above.

Directors' Report

Continued

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
Dr Gary Weiss[2]	-	-
Andrew Sneddon	111,041	-
Bruce Edwards	524,151	-
David Brown	-	-
Gary Burg	9,943,259	-
Jennifer Newmarch[3]	-	-
Michael Alscher[1]	-	-
Michael Lukin[3]	-	-
Nathanial Thomson[1]	-	-
Simon Swanson	3,186,043	10,000,000

1 Mr Alscher and Mr Thomson represent the interests of CCP Bidco Pty Limited and its Associates that non-beneficially hold 310,076,859 shares.
2 Dr Weiss is an Executive Director of Ariadne Australia Limited which holds 25,450,635 shares.
3 Mrs Newmarch (alternate Mr Lukin) represents the interests of Macquarie Investment Management Limited that non-beneficially holds 62,447,883 shares.

Shares Issued Under the Executive Share Plan (ESP)

As at the date of this report, ClearView has a total of 61,158,120 ESP shares on issue of which 32,854,246 have been issued to select financial advisers. As outlined in the Operating and Financial Review, recruitment of financial advisers represents a significant growth opportunity for ClearView in both the life insurance and wealth management segments. In addition to being one of the few non-bank aligned participants in the market, the Group has to date been able to offer such financial advisers the opportunity to participate in the overall performance of ClearView through share ownership in the Company.

In November 2011, the ESP Rules were extended to allow financial advisers to participate in the Plan (as Contractor Participants). From February 2013, the Board removed the previously stated cap on the issue of shares under the ESP. While there is now not a set limit on the number of shares that may be issued under the ESP, 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.

In accordance with the provisions of the ESP, during the financial year 9,493,682 shares were granted to senior management and financial advisers with the grant dates set out below. Allowing for the exercise and reallocation of forfeited ESP shares, the net increase in ESP shares issued were 8,989,682.

Series	Participant	Grant Date	No. of Shares Issued	No. of Shares Reallocated	No. of Shares Total
Opening Balance (1 July 2014)					**49,381,666**
Series 43	Senior Management	26-Nov-14	81,518	100,000	181,518
Series 44	Senior Management	26-Nov-14	81,518	100,000	181,518
Series 45	Senior Management	26-Nov-14	81,518	100,000	181,518
Series 46	Senior Management	30-Mar-15	107,001	34,666	141,667
Series 47	Senior Management	30-Mar-15	107,000	34,667	141,667
Series 48	Senior Management	30-Mar-15	107,000	34,667	141,667
Total (Senior Management)			**565,555**	**404,000**	**969,555**
Series 42	Contractor Participant	9-Jul-14	4,560,760	-	4,560,760
Series 44	Contractor Participant	26-Nov-14	2,413,367	-	2,413,367
Series 47	Contractor Participant	30-Mar-15	1,550,000	-	1,550,000
Total (Contractor Participant)			**8,524,127**	**-**	**8,524,127**
Forfeited			-	(104,000)	(104,000)
Reallocated			-	(300,000)	(300,000)
Exercised			-	(100,000)	(100,000)
Closing Balance (30 June 2015)			**9,089,682**	**-**	**58,371,348**
Series 49	Contractor Participant	30-Jul-15	2,709,452	300,000	3,009,452
Series 50	Senior Management	30-Jul-15	77,320	-	77,320
Reallocated			-	(300,000)	(300,000)
Closing Balance (25 August 2015)			**11,876,454**	**-**	**61,158,120**

For details of the Plan see Note 29 of the notes to the financial statements.

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 and insurance, other than the premium referred to above. Directors' and Officers' Liability Insurance contributed a proportion of the total 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 Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor independence and non-audit services

The Directors have received an independence declaration from the auditors, a copy of which is on page 58.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 10 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in Note 10 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit 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. As provided for in the ASX Corporate Governance Council's Principles and Recommendations, ClearView will now publish its Board approved Corporate Governance Statement on its website rather than in its Annual Report. The ClearView 2015 Corporate Governance Statement may be viewed at www.clearview.com.au/page/shareholders/corporate-governance.

Operating and Financial Review

Principal activities

ClearView is an Australian financial services company with businesses that specialise in life insurance, wealth management and financial advice solutions.

Operating and Financial Review

This operating and financial review report, which forms part of the Directors' Report, sets out information about the Group for the financial year ended 30 June 2015.

ClearView Business

ClearView in its current form was created in June 2010 and has subsequent to its formation, launched new modern, customer focused and market leading products into the advised life insurance and wealth management markets since late 2011. These new products have experienced substantial growth in sales both through the ClearView dealer group but also, and significantly, via the third party independent financial adviser market.

FY15 concludes a successful three year strategy focused on building ClearView's positioning in the life insurance, wealth management and financial advice markets.

ClearView continues to position itself as a highly focused challenger brand operating in specific profitable segments. ClearView is implementing a high growth strategy with the goal of attaining 3%-5% of the long term life insurance profit pool, building a material wealth management business and a high quality financial advice business.

ClearView generates its revenue through the provision and distribution of life insurance, superannuation and investment products, and through the provisions of financial advice and support services to financial advisers. The markets in which ClearView competes are highly regulated. ClearView holds, via its operating subsidiaries, an APRA life insurance licence, an APRA registrable superannuation entity licence, an ASIC funds manager responsible entity licence and two ASIC financial adviser licences. In addition, the Company is regulated by APRA as a Non Operating Holding Company (NOHC) under the Life Insurance Act 1995.

The Group operates three business segments: Life Insurance, Wealth Management and Financial Advice.

Life Insurance

ClearView creates products that compete in both the Advised and Non-Advice (Direct) segments of the $14.3 billion Australian life (risk) insurance market[1]. ClearView competes in a subset of this broader market and in particular in the individual risk market (excluding group life) that is $8.6 billion[1] or approximately 60%[1] of the total market.

The Australian life (risk) insurance market is arguably "over-consolidated" with significant positions from larger institutions (particularly bank owned). The top five insurers control approximately 67% of the individual life insurance market[1]. These larger institutions often have legacy issues including multiple administration platforms and older, higher margin in-force portfolios (partly driven by acquisitions). This creates opportunities for a challenger such as ClearView which is positioning itself as a disruptor in the retail life insurance market.

While life insurance risk in-force premiums have grown at around 10% for a sustained period of time, growth in the individual market has slowed in more recent times, with the March 2015 industry statistics[1] reflecting reduced growth rates, below the 10 year industry average. These growth fundamentals across the broader market appear to be challenging the industry as structural changes to adviser remuneration and the related life insurance reforms are gradually embraced. The more recent premium growth in the group life market is reflective of the corrective price action taken by industry participants. In the individual market, there have also been some increased pricing on income protection products to better align back book and front book prices at the potential expense of lower growth for some players. This will be positive for the long term sustainability of the industry.

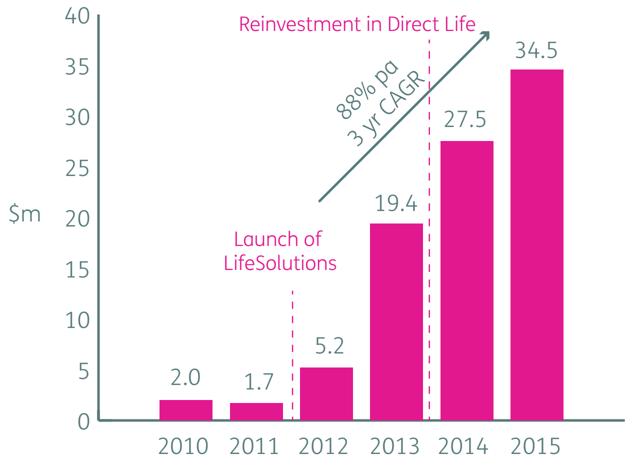
Price increases are having an impact on in-force retail premiums. However, the underlying industry profitability growth has remained subdued, in particular with losses being reported in the income protection market and from recent lapse experience. ClearView, as a focused challenger, with no back book, has outperformed the market and avoided these issues to date.

As at 30 June 2015, ClearView has total in-force life insurance premium of $115.7 million (+32%) and during the FY15 financial year generated new business premium of $34.5 million (+26%). These represent significant increases over the prior year. ClearView currently has a circa 1.3%[1] market share of in-force premium but a 3.1%[1] share of new business in the individual life insurance market and is therefore growing substantially faster than system.

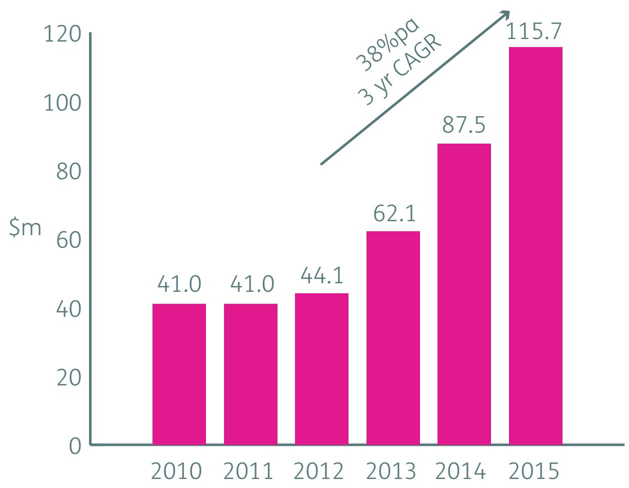
1 Source: Plan for Life (March 2015); ClearView Management Information

The following graphs reflect the step change in the growth profile of ClearView's life insurance business:

New Business Written

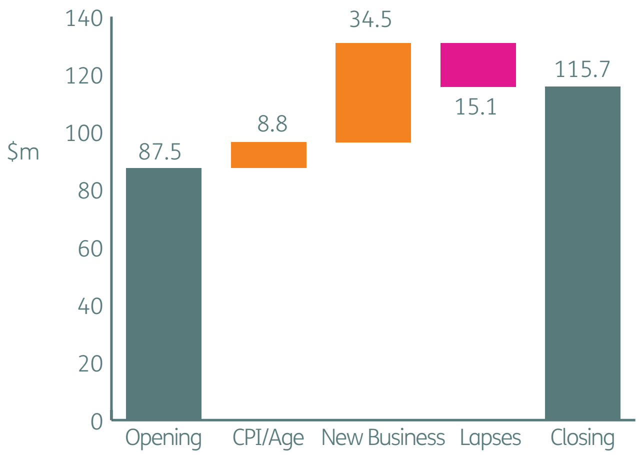


In-force Premium



The following graph reflects the movement in in-force premium from $87.5 million to $115.7 million over the financial year:

YTD In-force Movement



The growth of in-force premium has been driven by the strong new business growth (as noted earlier), with lapses partially offset by age based premium increases and inflation ("CPI") increases on insurance benefits.

(a) Advised Life Insurance

The Advised Life market has been challenged in more recent times given the proposed structural changes to commission models and the related implications on adviser remuneration. The Australian Securities and Investments Commission (ASIC) issued Report 413 Review of Retail Life Insurance Advice (2014) that identified unacceptable levels of poor quality advice, and a strong correlation between high upfront commissions and poor consumer outcomes. This solicited an industry response that led to announcement by the Assistant Treasurer in June 2015, supporting the industry proposals.

As outlined in the announcement these proposals are intended to improve the quality of advice as a result of a better alignment of interests, more product choice and enhanced competition. The proposals have the potential to be the most significant reforms to the retail life insurance sector since the Wallis Inquiry recommendations were implemented in 2001.

The following table outlines the proposed reforms, observations and potential impacts if these are implemented as proposed:

Retail Life Industry Proposal	Observations	ClearView Impact	Industry Impact
Adviser remuneration arrangements • Limits on upfront remuneration arrangements from 1 January 2016 with transitional arrangements; • Maximum upfront commission of 80% from 1 January 2016, reducing to 60% by 1 July 2018; • Maximum ongoing commission of 20% in all subsequent years from 1 January 2016; • Three year clawback of commissions; 100% in Yr 1, 60% in Yr 2 and 30% in Yr 3; • Reviewed by government by end of 2018.	• Impacts on funding of adviser businesses and potentially practice values in near term; • Need to support advisers that have an unaffordable capital strain; • Improves upfront capital strain to life insurer, increased return on equity (albeit potentially lower profit margins); • Unlikely to result in reduced premiums to consumer; • Impacts on direct life insurance unclear.	✔ BUT considering how best to support advisers with unaffordable capital strain	✔
Quality of advice and insurer practices • 'Open architecture' approach to APLs; shelf space payments to AFSLs to get products on APL also needs consideration/ removal; • Government to consider measures to widen APLs by 1 July 2016; • Life Insurance Code of Conduct to be developed by 1 July 2016; best practice standards for insurers.	• APLs can be limited to a small number of products; • Opening of APLs and removal of shelf space fees maximises choice available to clients; best interest duty; • Vertically integrated providers should be required to have 100% open APLs to remove potential conflicts of interests.	✔✔✔	+/–
Licensee (AFSLs) remuneration arrangements • Volume based payments/ rebates (also linked to lapse/ persistency bonuses) to be banned from 1 July 2016; • Appropriate grandfathering to be consistent with FOFA laws.	• Removal of these payments coupled with the adverse impacts on dealer splits from reduction in upfront commissions impacts on the financial viability of dealer groups and ability to provide support service	✔	+/–
Enforcement, Monitoring and Efficiency • Ongoing reporting of policy replacement data to ASIC from 1 January 2016; • ASIC review of SOAs to make disclosure simpler and more effective; • Rationalisation of legacy products consistent with FSI recommendation.	• Complexity in simplifying SOAs given increased compliance obligations (best interests duty etc); • Legacy products can include complex guarantees; historical product designs did not allow flexibility in products.	✔	✔

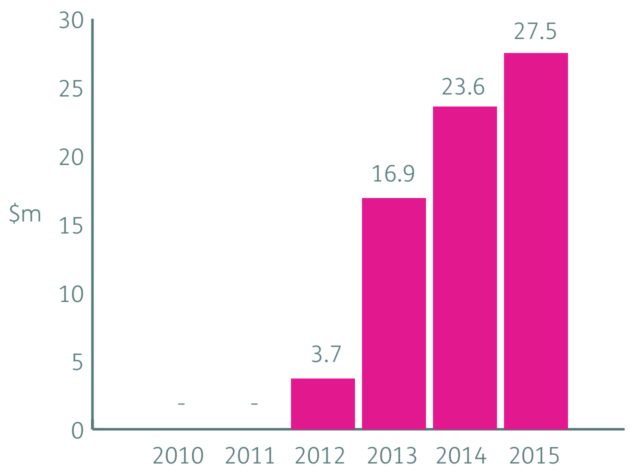
Industry has proposed to work with the Government to implement these reforms. The Government has stated that it will consider the industry's proposals in the context of its response to the Financial System Inquiry. Should these reforms proceed, the Government will ensure that there is appropriate monitoring of consumer outcomes – including the impact of the reforms on the cost of premiums. Whilst the regulatory uncertainty is creating short term challenges, ClearView with its unique positioning has continued to grow and remains well placed to benefit longer term.

The Advised Life market segment comprises life insurance products placed by financial advisers. The ClearView product suite, branded LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, child cover, parent cover, income protection and business expense cover. Policies can be issued directly from ClearView Life or via the ClearView Retirement Plan (the ClearView superannuation fund).

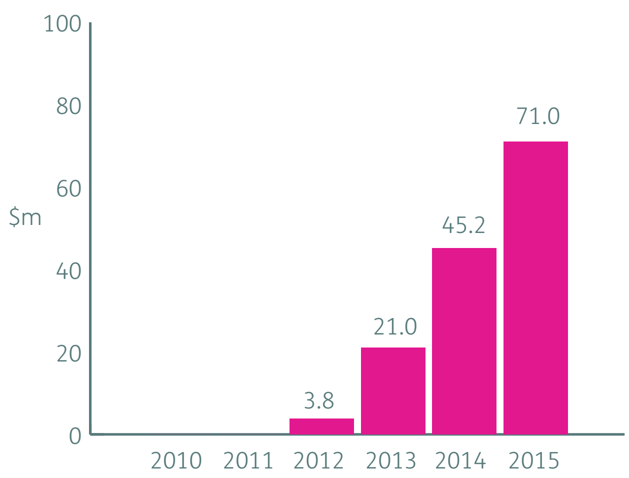
In the first half of FY15, ClearView implemented a LifeSolutions product upgrade to further improve the product features and offering. The near term strategy is to build on this success by continuing to invest in technology to support the portfolio's growth and drive back office efficiencies, upgrade adviser interaction and to introduce further product improvements and innovations over time.

The following graphs reflect the step change in the growth profile of LifeSolutions since launch in December 2011:

New Business Written



In-force Premium



LifeSolutions has continued to strongly outperform the market with new business increasing to $27.5 million for the year ended 30 June 2015 (+16% over the prior year). LifeSolutions in-force premium is $71 million as at 30 June 2015 (+57% over the prior year), and now represents 61% of ClearView's total life insurance in-force book.

ClearView has 221 financial advisers (including 82 Matrix advisers) many of whom provide life insurance products to their clients (including LifeSolutions). ClearView's life insurance products are also placed across Australia through third party dealer groups (providing ClearView access to a broad base of financial advisers), with LifeSolutions products being included on 206 Approved Product Lists as at 30 June 2015. ClearView's appeal to the independent adviser market is summarised as follows:

- Compelling product offer (top quartile rated by research houses);
- Non-institutionally owned, leading advocate for the independent financial adviser;
- Stability of pricing, single pricing series (lack of legacy issues);
- Protected income on commissions;
- Agile - ability to respond quickly to change; and
- Accessible Senior Management Team and Board.

ClearView's opportunities for further growth in the Advised Life market include the following:

- Potential open architecture of Life APL's for all licensees (potential life insurance industry reforms). Regulatory changes can create a stepped change in distribution profile if certain changes are implemented – the final position on some of these are yet to be resolved; and
- Opportunity to become a preferred retail life manufacturer by focusing on innovation and adaptation in light of the potential industry changes.

(b) Non-Advice (Direct) Life Insurance

The Non-Advice (Direct) Life market segment encompasses products that are purchased directly by consumers. This can include life insurance products sold through direct marketing, telemarketing, call centre referrals or online.

ClearView has an exclusive distribution agreement with Bupa Australia, Australia's second largest private health insurer. This allows ClearView to distribute Non-Advice (Direct) Life products to the Bupa Australia customer base and remains a core component of the Non-Advice strategy. ClearView also has distribution agreements with a number of credit unions, as well as third party distribution partners under an outsourced model (lead generation sources).

ClearView intends focusing more, in the medium term, on the mid market segment of the Non-Advice (Direct) Life market given the potential dual convergence of superannuation and life insurance products coupled with the potential convergence of the advised and non advised markets over time. This is being driven by:

- tax efficiency, regulatory reforms and more common capital/governance requirements; and
- consumer driven forces that are re-shaping the industry, for example, digitisation and the rise of self-directed consumers.

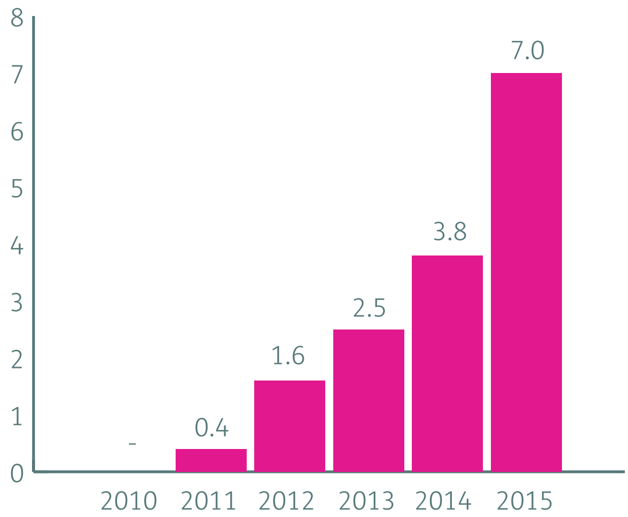
ClearView has the ability to use its market positioning, challenger brand and the regulatory licences to take advantage of the dual convergence.

ClearView commenced investing in revitalising its Non-Advice insurance business in FY14 with a longer term view aligned to the strategic outcomes outlined above. This investment included recruiting a new direct team and a refocused direct distribution approach. A new call centre was established in Parramatta, and capacity has been expanded in line with the growth in volumes. This has resulted in some short term cost base impacts, which are being incurred with the objective of creating shareholder value in the medium term.

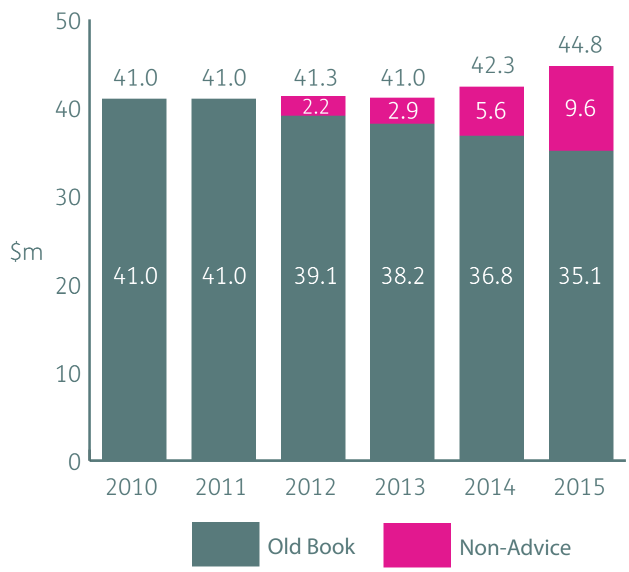
Non-Advice life insurance new business increased to $7 million (+84% yoy) for the year ended 30 June 2015, albeit with an intentional slow down in growth in 2H FY15 given certain retention initiatives that are underway. In-force premium in the new Non-Advice book increased to $9.6 million as at 30 June 2015, reflecting year on year growth of 73%.

ClearView acquired a profitable in-force Non-Advice portfolio (circa $41 million) in June 2010 with strong cash flow generation (from its predecessors of NRMA Life and MBF Life). The in-force portfolio had no intermediated business or exposure to group life or pre global financial crisis income protection policies. ClearView refers to this block of business as the "Old Book". The Old Book is largely closed to new business (minor sales and policy increases only) and its strong cash flow generation (including the recovery of prior acquisition costs incurred to acquire the in-force book) is being invested in growth by partly funding the strong growth in the new products' life insurance new business premium being written. As at 30 June 2015, the Old Book's in-force premium was $35.1 million. This is a 4% decline year on year; noting that it takes time to run off given age based and CPI premium increases. The following graphs reflect the change in the growth profile of the Non-Advice product suite:

New Business Written



In-force Premium



The near term strategy is to consolidate the Non-Advice business (and the investment made to date) with a focus on retention coupled with servicing and accessing its key strategic partners to increase customer penetration.
The strong growth in new business volumes in FY15 was offset by lapse losses incurred on new direct business written

via the warm lead referral channel resulting in adverse lapse experience in these channels. Therefore, there was an intentional slow down in new business volume growth in 2H FY15 to align with retention strategies and system enhancements. These initiatives are expected to be fully implemented in 1H FY16.

ClearView entered into a new partnership and funding arrangement with Your Insure Pty Limited (Your Insure) with a total funding commitment of $3.3 million by way of a Convertible Note (CN) on a draw down basis (based on the achievement of predetermined KPIs) to fund the Your Insure business that is start up in nature. ClearView has an option to convert the CN into 50% equity (by 30 June 2019) once the Your Insure business has become self funding. Your Insure commenced operations in August 2014, with $1.7 million being drawn down as at 30 June 2015. In the year to 30 June 2015, Your Insure achieved new business volumes of $1.7 million. ClearView continues to closely monitor its progress including retention given the current lower socio demographics of its customer base. From a strategic perspective, Your Insure expands ClearView's market reach by its participation in the lower market demographic segment of the Non-Advice market.

Key priorities for FY16 include the following:

- Focus on retention in the warm lead referral channels with the further build out of the retention team and implementation of system enhancements;
- Gain further traction with strategic partners to increase customer penetration;
- Product enhancements and development with related investment in systems; and
- Increased focus on scaled advice opportunities including the convergence of life insurance and wealth management products.

Wealth Management

Total industry retail funds under management (FUM) increased to circa $736 billion[1] as at 31 March 2015, up 14% over the prior year, driven primarily by improved market conditions. Retail FUM has grown at an average rate of circa 10%[1] per annum over the past six years since the March 2009 trough (global financial crisis). Following a period of consolidation, there is market concentration in that a small number of key participants control the majority of retail FUM, with the top five players (the four major banks and AMP) controlling around 73%[1] of the retail market.

There has also been a shift in the market dynamics over time with the bundled fee product arrangements changing to open architecture fee structures offered by wrap platforms and the like. The unbundling of fee structures has predominantly related to the choice of investment manager, outsourcing of administrative functions (including white labelling) and distribution. This, together with the cost spotlight on the industry (including significant regulatory reforms), has resulted in margin pressure across the wealth value chain.

Fee and margin pressure is likely to continue across the industry given the following:

- Heightened consumer awareness of the costs inherent in historic fee structures;
- Price competition across the whole wealth management sector;
- Regulatory changes including the introduction of MySuper products for all default balances and potential responses to the Financial Services Inquiry;
- Potential emergence of lower cost providers going direct to market;
- Lower margins associated with the search for yield and capital preservation by investors (cash and fixed interest securities); and
- Super account consolidation that will lead to the elimination of per account fees on multiple accounts and lower fee rates on the primary account.

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. These continue to operate under a bundled fee structure;
- WealthSolutions - A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS). 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 and seven ClearView managed funds. It also provides a number of model portfolios managed by ClearView for superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView

1 Source: Plan for Life (March 2015); ClearView Management Information

Retirement Plan. This is offered via the WealthFoundations platform which was launched in October 2014. WealthFoundations includes a menu of 16 investment options with transparency provided to the customer who can see through to the underlying fund managers; 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.

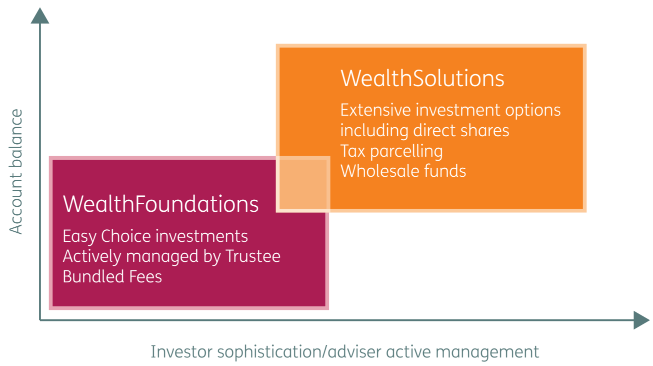
ClearView's products have historically competed in the master trust and wrap segments of the retail market. A master trust is an administrative service that typically enables customers to hold a portfolio of different investments that the customer selects from the master trust menu. A wrap is similar to a master trust, but it typically allows the customer to hold a broader variety of investments, such as listed shares and term deposits, and operates through a "cash hub".

Given the potential margin compression and bundled fee structure, the ClearView Master Trust product fee arrangements are not considered sustainable on new flows in the future. These accounts are gradually rolling off given that the product is not actively marketed to new members and that there is a large component of the book in the pension phase. The WealthSolutions product is aimed at higher end wrap clients (>$250K investable funds) and therefore addresses the higher end, wrap segment of the retail market. The recently launched WealthFoundations product is aimed at smaller account balances integrated with a life insurance cross sell opportunity. Key principles of the product design and launch of WealthFoundations have been the following:

- Manager branded, but non-complex, investment option building blocks;
- Some innovation and differentiation: positioning, pricing and adviser supporting features;
- Straightforward, easy to understand in-built fee structure;
- Competitive pricing;
- Leverage the LifeSolutions product (life insurance cross sell) and ClearView and Matrix dealer group distribution; and
- Speed to market.

It is important to note that WealthFoundations leverages off both the life insurance cross sell opportunity as well as the regulatory structure within ClearView. This allows the new wealth product to include some innovation and differentiation. WealthSolutions will undergo a product upgrade and enhancement in FY16 to further support the adviser base. The following diagram reflects the market positioning of WealthSolutions and WealthFoundations:

Wealth Products: WealthSolutions and WealthFoundations



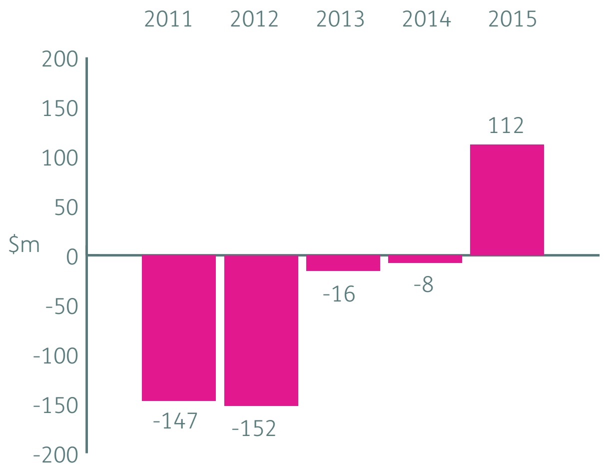
Implementing a new compliant and functional wealth platform (to host both WealthFoundations and once migrated, the Master Trust and MIS products) has been a key strategic priority and required material investment in the wealth management business in FY15. There has historically been significant investment made in life insurance with the related growth that has followed, but given the potential convergence of life insurance and wealth management, and in line with its integrated strategy, ClearView has launched its new platform and WealthFoundations in FY15. Capitalised costs associated with the launch of both the new platform and WealthFoundations are $5.4 million as at 30 June 2015, with the write off of the amortised software over four years having commenced in October 2014.

The new platform will also administer the Master Trust and MIS products after their migration (over time) that is anticipated to create operational efficiencies once implemented. The project to migrate the administration of the Master Trust and MIS products was deferred in FY15 in order to both reprioritise and bring forward some other development projects, as well as to reduce the overall expected costs and impacts of the migration when implemented.

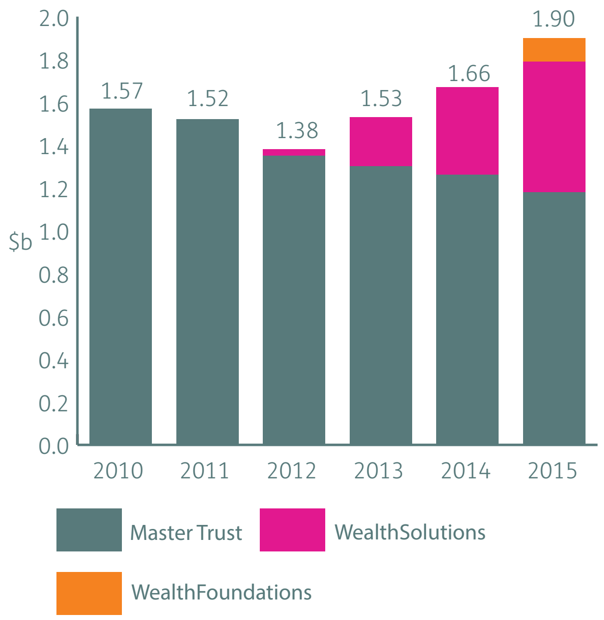
The nature of a wealth management business is such that any upfront investments is made ahead of earnings and given that these costs are "non-deferrable" under the accounting standards this had a material adverse impact of $3.2 million on UNPAT in FY15. This effectively reflects the third phase of "J Curve" investment and includes the build out of a new contemporary platform (including software amortisation costs), the incremental growth and development costs related to the launch of the WealthFoundations and the costs incurred/provisioned for the subsequent migration of the Master Trust and MIS products onto the new platform over time.

The overall FUM and net flows are reflected in the graphs below, including the performance of the new WealthFoundations product since its launch in October 2014:

Net Flows



FUM



ClearView has in-force FUM of $1.9bn as at 30 June 2015 (+15%), with $0.72bn on new products launched. ClearView is $112 million net flow positive in FY15; representing a significant improvement in net flows over prior periods (was in net outflow of circa $150 million in FY11 and FY12 post the acquisition of the businesses). Overall this reflects:

- WealthSolutions net inflows of $163 million (+7%); in-force FUM of $0.61 billion (+50%);
- WealthFoundations net inflows of $112 million (launched October 2014); in-force FUM of $0.11 billion; and
- Master Trust net outflows of $164 million (-2%); in-force FUM, including closed MISs, of $1.18 billion (-6%); net outflows are partially offset by the positive performance of investment markets in FY15. The performance of investment markets plays a key part in "holding up" the Master Trust FUM, given that this is effectively a closed book with a portion of the FUM in the pension phase. The Master Trust FUM is being replaced by lower margin new business written in the WealthSolutions and WealthFoundations products due to the more competitive pricing of the new contemporary products.

ClearView's wealth management products are currently distributed primarily by ClearView Financial Advice and Matrix Planning Solutions. ClearView has further strengthened its adviser support through the merger with Matrix that has the ability to deliver significant revenue synergies given ClearView's market proven products. ClearView and Matrix dealer groups have 221 financial advisers most of whom recommend wealth management products and services to their clients. Following the launch of WealthFoundations, ClearView is expected to expand its distribution reach by achieving recognition of the newly launched product on third party APLs (that is, expand the wealth distribution outside of the ClearView and Matrix dealer groups). ClearView's appeal to the independent adviser market includes the following:

- In-house competitively priced product;
- Experienced in house research team providing unbiased implemented models and research;
- Non-institutionally owned;
- In-house business implementation, support and training;
- Agile - ability to respond quickly to change; and
- Accessible Senior Management Team and Board.

Opportunities for growth in the independent adviser market include the following:

- Convergence of life insurance and superannuation has opened new distribution opportunities with WealthFoundations;
- Leverage off current LifeSolutions distribution agreements/ relationships; and
- Wealth product design that provides efficiency and profitability for the adviser.

Key priorities for FY16 include the following:

- Broadening the distribution of the recently launched WealthFoundations product to further improve net flows; leverage off existing LifeSolutions distribution agreements; and
- Implement WealthSolutions product upgrades and enhancements to further support adviser base.

Financial Advice

Overall the financial advice industry has faced significant challenges over the past year, particularly in light of the regulatory uncertainty, the proposed life insurance reforms (and related impacts on adviser remuneration) coupled with a heightened media focus that has had an impact on the confidence of advisers, their businesses and consumers. Furthermore, the FoFA reforms continue to be implemented (with changes still occurring in 2H FY15) with the more recent introduction of the best interests duty documentation requirements, financial adviser register and implementation of the opt in legislation.

In the vast majority of cases, if the proposed life insurance reforms are implemented, the cost of providing policyholder advice, in the first year of a policy, is likely to exceed the remuneration (commission) received by the adviser (unless an appropriate "fee for service" can be agreed between the adviser and the customer). Effectively, this potentially puts a significant upfront capital strain on the financial adviser, especially for those businesses that do not have large in-force books. Furthermore, the proposed claw back arrangements are obviously a significant risk management issue for an adviser (which could be compared to a warranty period in other industries). It is therefore inevitable, that some financial advisers will elect to withdraw from the industry.

The impacts of these changes on the financial viability of non vertically integrated dealer groups also requires consideration. The removal of shelf space fees, volume bonuses and the like coupled with the reduction in upfront commissions and the consequential impact on dealer group "splits" will have a detrimental impact on the financial viability of many dealer groups and the ability of the dealer group to provide quality support services to financial advisers and their practices.

The proposed reforms are underpinned by an assumption that there will be an efficiency gain and productivity improvement in the adviser's business. This includes the proposed review of the Statements of Advice (SOAs) by ASIC to make the disclosure requirements simpler and more effective. Given the regulatory changes and best interest duty requirements, there is substantial complexity in simplifying SOAs and it is as yet unclear whether these efficiencies through the simplification of the SOA process can actually be achieved.

The focus on quality of advice remains key to the long term success (client retention and compliance) of advice businesses. The regulatory framework has to date supported vertically integrated players with the tightening regulatory environment creating barriers to entry. ClearView is positioning itself as a fast moving disruptor, that given its vertically integrated model and market construct (non bank aligned), has the ability to reposition itself including how best to support its advisers within these regulatory changes.

ClearView provides financial advice services through its wholly owned subsidiaries, CFA and Matrix Planning Solutions (MPS or Matrix). ClearView completed the acquisition of Matrix on 10 October 2014. The strategic rationale for the acquisition was as follows:

- Matrix has a very strong brand in the independent advice market; this provides an enhanced ability to attract and recruit financial advisers by leveraging off the non-bank aligned model and brand;
- There is a very strong cultural alignment with ClearView financial advisers; high quality independently minded advisers that are culturally aligned with ClearView's values and processes;
- The merger provided ClearView with enhanced and strengthened distribution opportunities;
- Matrix was (at the time of acquisition) 78% owned by advisers; post transaction the issue of performance based shares means a significant component of the purchase price is aligned to ClearView Group outcomes; and
- The merger should assist ClearView in achieving operating leverage by scaling faster through an expanded supportive adviser base.

Directors' Report

Continued

The integration of Matrix has achieved the following operational highlights to date:

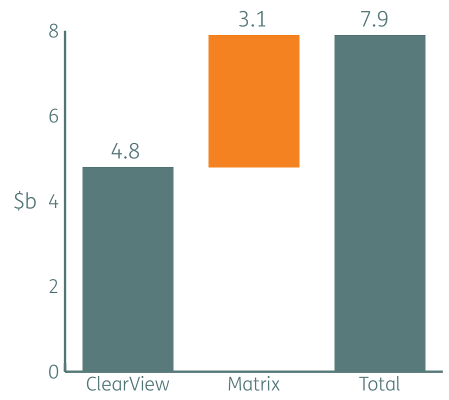
- Strong cultural alignment and integration between ClearView and Matrix advisers;
- Relocation of the Matrix business and staff to the Sydney head office location of ClearView;
- Completion of hosted desktop integration with ClearView systems;
- Integration of general ledger platforms and payroll onto the ClearView systems;
- Integration of the Matrix business into the ClearView corporate governance frameworks; and
- Commencement of the migration of Matrix adviser practices onto the ClearView adviser software system (CWT system).

The focus in FY16 will be on the continued development and roll out of best of breed quality advice processes, completion of the migration of adviser practices onto the CWT system, commencement of branding initiatives and the achievement of performance based targets over time.

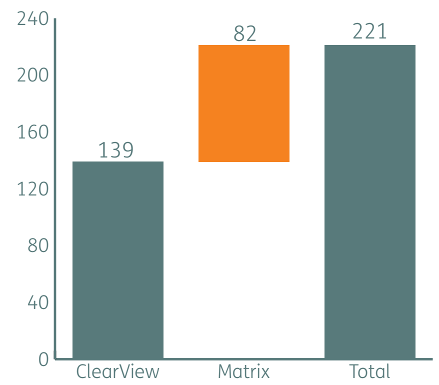
The number of financial advisers in CFA has increased to 139 as at 30 June 2015 representing an increase of 19% over the prior year. In addition, Matrix has a total of 82 advisers as at 30 June 2015, raising the total for the Group to 221. CFA and Matrix have approved product lists (APLs) that include third party product providers, LifeSolutions, WealthSolutions and WealthFoundations. CFA's APL also includes the Master Trust product.

As at 30 June 2015, the financial advice segment (CFA and Matrix) has funds under management and advice (FUMA) of $7.9 billion and life insurance in-force premiums under advice (PUA) of $187 million. The growth in FUMA and PUA is driven by the merger with Matrix and the further recruitment of self employed advisers in CFA. This is reflected in the key performance metrics outlined in the following graphs, as at 30 June 2015.

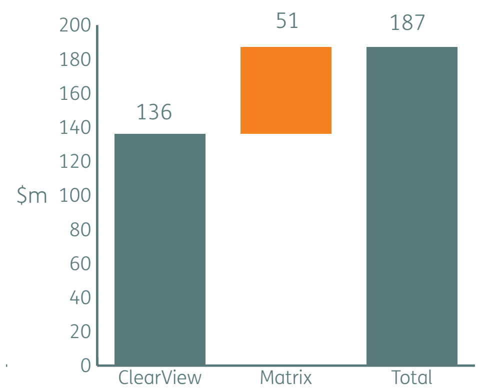
Funds Under Management and Advice (FUMA)



Financial Advisers



Premiums Under Advice (PUA)



Directors' Report

Continued

Of the $7.9 billion FUMA in-force as at 30 June 2015, $0.6 billion is in WealthSolutions, $0.1 billion in WealthFoundations and $1.2 billion is in the Master Trust and old MIS products. Of the $187 million PUA in-force as at 30 June 2015, $44 million is in LifeSolutions.

Key priorities for FY16 include the following:

- The continued integration of the Matrix advisers, in particular with a focus on the development and roll out of best of breed quality advice processes, the continued migration of adviser practices onto the CWT system, commencement of branding initiatives and the achievement of performance based targets over time;
- Continue to expand the adviser base through recruitment of self employed advisers. This includes focusing on the recruitment of high quality advisers who have the right cultural fit for ClearView and Matrix; and
- Compliant culture and focus with implementation of best of breed advice processes.

Risks

The Group's activities expose it to a variety of risks, both financial and non-financial. Risk management is an integral part of the Group's management process. For details on Risk Management please refer to Note 5 of the Annual Financial Statements on page 89.

Strategy

ClearView's strategy continues to be focused on being:

- a highly focused challenger brand operating in specific profitable segments; and
- an integrated life and wealth provider; well positioned for structural growth with the dual convergence of superannuation and life insurance products and the advice and non-advice markets.

ClearView has developed and launched new modern, customer focused and market leading products into the Advised Life insurance and wealth management markets since late 2011. ClearView's key competitive strengths remains the integrated nature of its businesses coupled with no material legacy (pricing, back books and systems). The market is arguably "over-consolidated" and with significant positions from larger institutions (particularly bank owned) that often have legacy issues including multiple administration platforms and older, higher margin in-force portfolios (partly driven by acquisitions). This creates opportunities for a challenger such as ClearView which is a differentiated business with limited legacy issues.

ClearView is implementing a high growth strategy with the goal of achieving 3%-5% of the long term life insurance profit pool, building a material wealth management business and a high quality financial advice business. Underlying and supporting these objectives, and to build profitability, ClearView's key execution focuses are:

1. To expand its distribution presence across the independent financial adviser and direct channels:
    - Support a high quality support network with real responsiveness;
    - Produce flexible products that meet consumer and adviser needs; and
    - To provide a "home" for genuinely independent financial advisers.
2. Target profitable markets with new innovative product offerings:
    - Operate as a nimble player enabling speed to market; and
    - Operate an engaged and proactive culture focused on meeting customer and adviser needs.
3. Improve the efficiency and reach of our operations to expand margins over time:
    - Investment in automation and efficiency continues. Ongoing investment in technology should allow ClearView to become more efficient in the near term; and
    - An intense focus on key service elements.

Implementing a high growth strategy has to date required an investment in a cost structure prior to the realisation of revenue benefits with the initial phases of "J Curve" investment now complete. Expense overruns depress initial reported profits but should eliminate as scale is achieved, thereby increasing underlying profits realised on the growing in-force portfolio.

FY15 concluded a successful three year strategy focused on building ClearView's market position in the life insurance, wealth management and financial advice markets. ClearView remains in a strong position to continue growth through structural market trends, continuing to aim to provide best of breed advice and customer service, and innovation in the medium term, with a particular focus on:

- Gaining from market disruption around life insurance reforms with a potential stepped change in distribution profile, especially if certain parts of the proposed reforms are implemented;

- Benefiting from the increasing convergence of the advice and non-advice markets, and life insurance and wealth management products, by providing differentiation given its ability to use the market positioning, challenger brand and the regulatory licences of ClearView; and
- Increase scale over time thereby progressively reducing the expenses overruns. These will be absorbed as the business grows to scale over the medium term.

ClearView has now established a strong platform to drive momentum and convert its strategic positioning into material earnings growth. Material earnings growth is expected to emerge in FY16 given the growth profile of the underlying businesses and the compound nature of life insurance and wealth management businesses.

ClearView is well positioned to gain from market disruption around life insurance reforms with a potential stepped change in distribution profile if the proposed reforms are implemented.

While ClearView remains a high growth company (relative to the in-force portfolio) it will likely require net capital funding; the $50 million Debt Funding Facility will be replaced with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerges.

ClearView's overall strategy is supported by an experienced management team in the life insurance and wealth management markets. Furthermore, members of the ClearView Board have significant experience in investing and directing growing life insurance, wealth management and other financial services businesses.

Financial Results

Overview of Result

The Group has achieved the following results for the year ended 30 June 2015:

After Tax Profit by Segment, $m	FY15	FY14	% Change
Life Insurance	15.3	10.8	↑ 41%
Wealth Management	1.8	5.9	↓ (70%)
Financial Advice	4.4	3.5	↑ 27%
Business Unit Operating Earnings (after tax)	**21.5**	**20.2**	↑ **6%**
Listed Entity and Other	(0.6)	(0.5)	↓ (34%)
Total Operating Earnings (after tax)[1]	**20.9**	**19.7**	↑ **6%**
Interest expense on corporate debt (after tax)	(0.4)	0.0	Large
Underlying NPAT[2]	**20.5**	**19.7**	↑ **4%**
Other Adjustments	1.0	1.6	(35%)
NPATA[3]	**21.5**	**21.3**	↑ **1%**
Amortisation	(9.0)	(7.4)	21%
Reported NPAT	**12.5**	**13.9**	↓ **(10%)**
Underlying diluted EPS (cps)	3.85	4.41	↓ (13%)
Reported diluted EPS (cps)	2.36	3.10	↓ (24%)
Dividend per share (dps)	2.10	2.00	↑ 5%

1 Total Operating Earnings NPAT represents the Underlying NPAT[2] of each of the operating business units before taking into account the interest costs associated with corporate debt.

2 Underlying net profit after tax is the Board's key measure of group profitability and the basis on which dividend payments are determined. It 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 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).

UNPAT is the Board's key measure of profitability and the basis on which dividends are determined. This measure consists of reported net profit after tax, adjusted for the amortisation of intangibles (not including capitalised software), the effect of changing discount rates on the insurance policy liabilities and any costs considered unusual to the Group's ordinary activities (for example, the Matrix deal and integration costs incurred in FY15).

Total Operating Earnings after Tax (Operating NPAT) represents the UNPAT of each of the operating business units before taking into account the interest costs associated with corporate debt. The Debt Funding Facility was implemented in December 2014, with $45.5 million drawn down as at 30 June 2015. The UNPAT in FY15 therefore includes the after tax interest expense of $0.4 million, being the costs associated with the capital funding structure of ClearView and have been separated out within underlying earnings.

Operating NPAT has increased by $1.2 million (+6%) compared with that for the year ended 30 June 2014. UNPAT has increased by $0.8 million (+4%) compared with that for the year ended 30 June 2014. When the reported UNPAT is adjusted for the investment in Wealth Management in FY15 and the Matrix acquisition, UNPAT increases to $22.9 million, up 17% on FY14. This is analysed by operating segment in further detail below:

- Life Insurance Operating NPAT of $15.3 million, is up 41%; reflective of the emergence of profit from the growth in the underlying in-force portfolios given initial "deep" investment in the business in FY12-FY14 financial years;
- Wealth Management Operating NPAT of $1.8 million, down 70%; reflective of the third phase of the "J Curve" investment in FY15 with the build out of a new wealth platform and the development of the WealthFoundations product that had an adverse $3.2 million NPAT impact in FY15;
- Financial Advice Operating NPAT of $4.4 million, up 27%; reflective of the consolidation of the Matrix dealer group for the first time that had a positive impact of $0.8 million in FY15. The improvement in operating expenses is driven by the transition of the employed planners into the self employed model and some back office scale efficiencies achieved post the integration of Matrix but partially offset by the further investment in adviser support services (across the broader group) to support a larger adviser base in the merged businesses; and
- Listed Operating NPAT of -$0.6 million , down 34% or $0.1 million and reflects the interest income on the cash equivalents held in the listed and central services entities and in the shareholders fund of ClearView Life Assurance Limited, the Group's life insurance subsidiary, less the costs associated with maintaining a listed entity.

Reported diluted earnings per share for the year reduced from 3.10 cents per share to 2.36 cents per share (-24%) and fully diluted underlying earnings per share for the year reduced from 4.41 cents per share to 3.85 cents per share (-13%). The underlying EPS calculations when compared period to period have been adversely impacted by the 70 million shares issued in the $45 million capital raising in 2H FY14 (this represents capital that is set aside for growth in future periods) and the impacts of the 15.4 million shares issued for the Matrix acquisition (the vesting of these shares is subject to performance conditions that is aligned to ClearView outcomes).

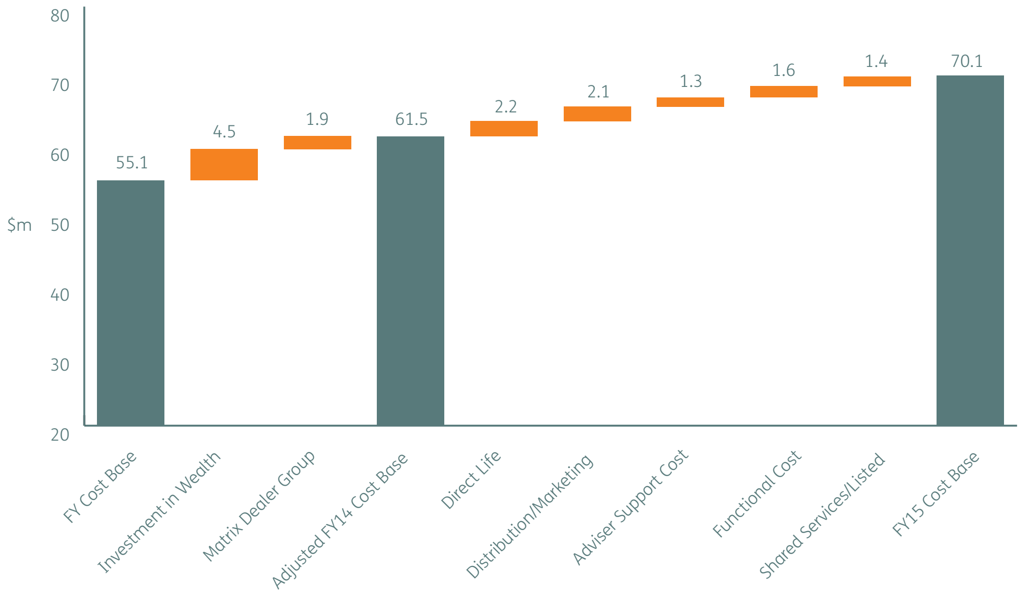
Overall the result reflects:

- Strong growth in life insurance - the growth of LifeSolutions has continued in FY15, with new business premium growing at 16% over the prior year. LifeSolutions in-force premium is $71.0 million as at 30 June 2015 (+57%), representing 61% of the total life insurance in-force book. The Non-Advice life insurance business has shown strong volume growth with life sales increasing by 84% over the past 12 months, albeit there was an intentional slow down in volume growth in 2H FY15 to align with retention strategies and system enhancements. The new Non-Advice in-force book is $9.7 million (+73%); with the old book in-force premium of $35.1 million (-4%) as at 30 June 2015;
- Key experience items on the life insurance result are as follows:
  - An adverse impact of a claims experience loss of $0.1 million (after tax) relative to the expected claims cost. This adverse claims experience variation follows the positive claims experience in FY14 of $1.1 million;
  - The positive impact of life insurance lapses being lower than the rate assumed in the life insurance policy liability (determined as at 30 June 2014) with an experience profit of $0.1million (after tax) (lapse experience loss of $0.9 million in FY14); and

- The negative impact of non-deferred expense experience being the investment ahead of earnings (expense overruns) with an experience loss of $4.5 million (after tax) (compared to expense experience loss of $4.5 million in FY14).

  Overall claims and lapse experience offset each other. Further details on these experience items (including expenses) are provided in the analysis below.
- FUM has been positively impacted by favourable investment markets and positive net flows of $112 million (FUM is up 15%). Funds management fees, however, increased by 3% which reflects the run off of the higher margin Master Trust product. WealthSolutions continues to build to scale coupled the successful launch of WealthFoundations in FY15;
- FUMA of $7.9 billion across the Group has been positively impacted by the Matrix merger and favourable investment markets (FUMA is up 92%). Premiums Under Advice ($187 million as at 30 June 2015) similarly has been positively impacted by the Matrix merger. Net financial planning fees are up 21% driven by the Matrix merger. The recruitment of self employed advisers into ClearView has had limited impact on margin to date due to the adviser split arrangements (number of advisers excluding Matrix is up 19%).
- Increases in the operating cost base over the year (+27%). This was driven by the consolidation of Matrix for the first time (+$1.9 million) and the material investment in Wealth Management in FY15 (+$4.5 million). This impacted on both the cost to income ratio and the non-deferred expense overruns in particular in the Wealth Management segment. The drivers of the operating expense base increase from FY14 to FY15 is illustrated in the graphs below:

FY14 vs FY15 Cost Base Waterfall



Key explanations of the movements follow:

- Investment in Wealth Management (+$4.5 million) – This relates to the investment in a new contemporary platform, the incremental growth and development costs related to the launch of the WealthFoundations and the costs incurred/provisioned for the subsequent migration of the Master Trust product onto the new platform over time;
- Matrix Dealer Group (+$1.9 million) – These reflect the costs related to the Matrix dealer group post the acquisition on 10 October 2014;
- Direct Life (+$2.2 million) – This relates to the continued investment in the Non-Advice business including the build out of the team and call centre capability to support the increased volumes between periods. Life sales in the direct business have increased by 84% over the prior

Directors' Report

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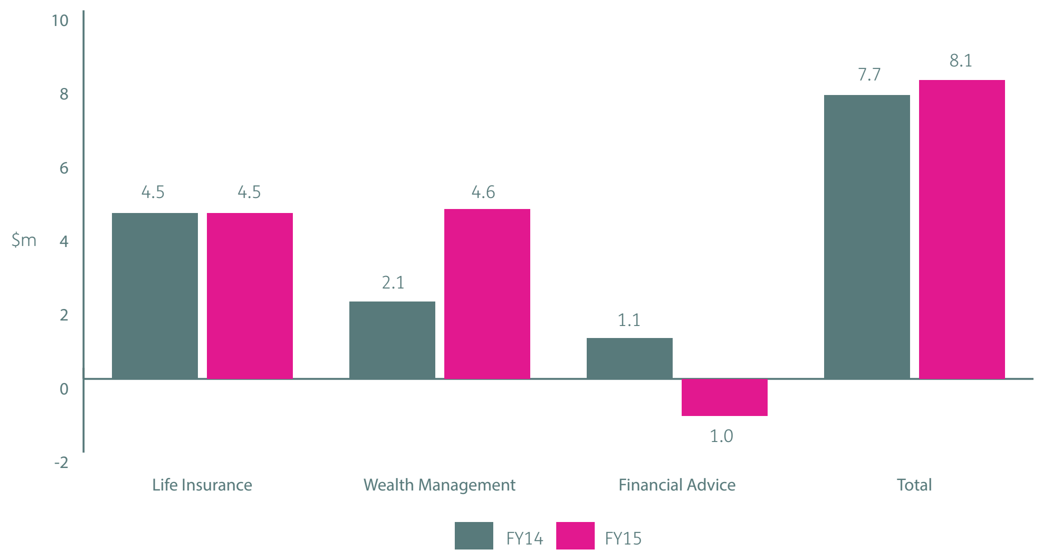
comparable period. The build out of the retention team and development of system enhancements remains a key focus.

- Distribution/Marketing (+$2.1 million) – The distribution/ front end costs include the option cost associated with ESP shares issued to financial advisers and the continued build out of the business development team (BDMs) and national presence. The initial focus of the BDMs through the growth phase is on broadening out the distribution of the product, which will change the mix of adviser support over time as further critical mass in new business is achieved. Distribution also includes the increased investment in the Wealth Management "front end" and marketing to further support the growth of the business;
- Adviser Support Costs (+$1.3 million) – The Group continues to make further investment in financial advice to support a broader base of advisers across the dealer group partially offset by the employed planner transitions to the self employed model (reduced costs with offsetting reduced net fees);
- Functional Areas (+$1.6 million) – These relate to increases in the functional areas to support the growth in the business, including administration, call centre, claims and underwriting costs. These reflect the growth in the underlying volumes period to period; and
- Shared Services/Listed (+$1.4 million) - Shared services cost increases and business support costs should reduce "per customer" as the scale of the business increases. This includes the "spreading" of the costs of the shared services functions as the business grows.

The current level of costs being incurred during the business's current growth phase exceeds the long term expense assumptions adopted. The business is investing in operating costs ahead of revenue to generate this growth. This includes an investment in incremental costs above what is required for the current scale of ClearView (expense overruns) to build capability for the future. Market competitive premium and fee rates implicitly support market average participant (scale) expense rates. Expense margins available are therefore proportional to new business written and in-force revenues. As ClearView grows, these expense overruns are likely to be absorbed and ClearView should achieve operating leverage.

Expense overruns depress initial reported profits; these should unwind as scale is achieved, thereby increasing underlying profit realised through the in-force portfolios. In the year to 30 June 2015, the non-deferred expense overruns across the business had a negative impact on UNPAT of $8.1 million (FY14: $7.7 million). The movements between segments are reflected in the graph below:

Non-Deferred Expenses Overruns



Overall, the increase in non-deferred expense overruns to $8.1 million (+5%) is driven by the material investment of $3.2 million in Wealth Management in FY15. Excluding this investment (third phase of "J Curve") and the related impact on the increase to $4.6 million in Wealth Management, the non-deferred expense overruns would have reduced. This reflects efficiencies gained through increased scale benefits (period to period), albeit with some movement between segments given certain allocation of expenses. Given the current size of the in-force business, these overruns are predominantly driven by:

- Life Insurance - the investment in LifeSolutions and the Direct Life business. FY15 also includes some absorption of the further investment in support services to support a larger adviser base (see Financial Advice below). Shared services cost increases and business support costs should reduce "per customer" as the scale of the business increases. This includes the "spreading" of the costs of the shared services functions as the business grows;
- Wealth Management - the material investment in WealthFoundations and the new wealth platform/ migration costs in FY15 as noted above; and
- Financial Advice underruns are driven by the transition of the employed planners into the self employed model and some back office scale efficiencies achieved post the integration of Matrix but partially offset by the further investment in adviser support services (across the broader group) to support a larger adviser base in the merged businesses.

The elimination of expense overruns, coupled with the growth ambitions of the business, remains a key focus of management and the Board.

The following table reconciles the operating expenses analysed above to the Reported Operating Expenses line in the Annual Financial Statements:

Reconciliation of Operating Expenses to Reported Operating Expenses Per Annual Financial Statements	**FY15 $m**	**FY14 $m**
Operating expenses per waterfall (Page 30)	**70.1**	**55.1**
Custody and investment managment expenses	7.3	6.1
Interest expense	0.5	-
Reinsurance technology costs	0.5	-
Stamp duty	3.4	2.1
Medicals	1.0	0.7
Matrix deal and integration costs	2.3	-
Amortisation of software	(3.8)	(3.3)
Operating expenses per annual financial statements	**81.3**	**60.7**

The following additional items impact the statutory net profit after tax, and comprise the reconciling items in the table on page 28:

- The amortisation of the intangibles is associated with the acquisition of wealth and life insurance businesses from Bupa, the 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 Operating NPAT;
- The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on Australian International Financial Reporting Standards (AIFRS)) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. The change in discount rate impact reflects the change in interest rates between periods. 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 does, however, create a cash flow tax effect; and
- Certain costs were recognised in the current period in relation to the deal and integration costs associated with the merger of Matrix. The costs incurred include onerous lease costs, legal fees, due diligence costs, employee termination expenses and other restructure related costs. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Operating NPAT.

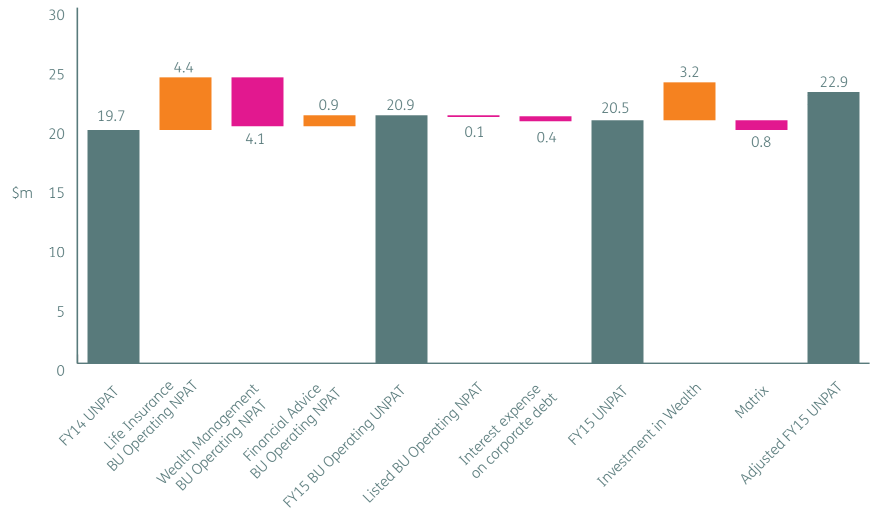
Directors' Report

Continued

Analysis of Result by Segment

The following waterfall reflects the result by operating segment below:

UNPAT Waterfall



Life Insurance

Life Insurance BU Operating NPAT has increased by $4.4 million (+41%) compared with that for the year ended 30 June 2014. The experience items for FY15 are detailed in the table below:

$m, Year Ended 20 June 2015	2014	2015
Actuarial planned Operating NPAT	15.1	19.2
Claims experience	1.1	(0.1)
Lapse experience	(0.9)	0.1
Expense experience	(4.5)	(4.5)
Other	0.1	0.6
Actual Operating NPAT	**10.8**	**15.3**

This result reflects:

- Actuarial planned Operating NPAT reflects the expected profit margins on the in-force book based on actuarial assumptions ($19.2 million in FY15; +27%). This is reflective of the strong growth in the business partially offset by the run off of the higher margin old direct book
- Adverse claims experience loss (after tax) of $0.1 million compared to an experience profit in FY14 of $1.1 million (relative to planned margins). Given the current size of the life insurance portfolio and reinsurance arrangements in place (arrangements vary by product) some statistical claims volatility can be expected. Claims experience is anticipated to average out over time at the actuarial best estimate assumptions. As the in-force of LifeSolutions grows, with higher reinsurance arrangements in place, the relative claims volatility is expected to reduce from period to period;
- Favourable lapse experience relative to the rates assumed in the life insurance policy liability (determined at 30 June 2014) with an experience profit of $0.1 million (after tax) in FY15 (relative to planned margins) ($0.9 million loss in FY14). The favourable lapse experience predominantly offset the adverse claims experience.
- The LifeSolutions business continues to display positive lapse experience relative to assumptions while the business written pre 2011 is now broadly in line with expectation, given the assumption changes made in June 2014. This positive experience was partially offset by lapse losses incurred on new direct business written via certain channels. In particular, the distribution and product profile of this has been highly geared to the warm lead referral channel resulting in some adverse lapse experience to date. Therefore, there was an intentional slow down in new business volume growth in 2H FY15 to align with retention strategies/system enhancements;
- The growth in life insurance initial commission in the financial year is driven by the upfront variable commission cost related to the increased new business volumes. These acquisition costs are deferred and amortised within the policy liability, over the expected life of the policies, in accordance with the accounting standards;

- An increase in acquisition expenses in life insurance (front end costs). These are in addition to the upfront commissions and are driven by:
  - Variable stamp duty and medical policy acquisition costs related to increased new business volumes;
  - Increased distribution costs related to the option cost associated with ESP shares issued to advisers and the continued build out of the business development team (BDMs) and national presence as noted earlier in the report;
  - The increase in the functional areas to support the growth in the business including system and administration related costs; and
  - The continued investment in the Non-Advice business including the build out of the team and call centre capability to support the growth and run rates achieved, as noted earlier in the report.

All these acquisition costs are deferred within the policy liabilities in accordance with the accounting standards;

- Maintenance expenses relate to the increased call centre and administration costs (including claims administration) as the in-force portfolios grow across business lines. Furthermore, there is some absorption of the further investment in support services to support a larger adviser base;
- Increased reinsurance expense is aligned to the growth in the in-force portfolios given the upfront reinsurance support is provided in the first year of a policy;
- Market competitive premium rates implicitly support market average participant (scale) expense rates. Expense margins available are therefore proportional to new business premium written and in-force premium revenues. As the business gets to scale, these costs are progressively supported by business volumes that create operating leverage. Expense overruns depress initial reported profits; these should eliminate as scale is achieved, thereby increasing underlying profit realised on the growing in-force portfolio. Given the investment phase of the business, this resulted in a maintenance expense experience loss of $4.5 million for the year ($4.5 million in FY14); and
- Increase in investment earnings given the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements).

Wealth Management

Wealth Management Operating NPAT has decreased by $4.1 million (-70%) compared with that for the year ended 30 June 2014. This result reflects the following:

- The profitability of Wealth Management is driven by the fees earned off FUM in ClearView product less expenses incurred. Overall FUM increased by 15%, with positive net flows of $112 million in FY15, compared to net outflows of $8 million in the prior period. This predominantly reflects the successful introduction of the WealthFoundations (a competitive mid-market wealth product) in October 2014 and the continued growth of WealthSolutions;
- Given that new business is written into WealthSolutions and WealthFoundations at lower margins than the existing in-force Master Trust products, fee income increased by 3% over the prior year. The margin compression and the run off of the Master Trust business is assumed in the Embedded Value calculations;
- WealthSolutions and WealthFoundations products have primarily been sold to date via the ClearView dealer group. The distribution of these products is expected to be rolled out further given the increased Matrix adviser distribution footprint and the ability to expand the distribution to third party APLs. The focus on servicing the ClearView and Matrix dealer groups to distribute the WealthSolutions and the newly launched WealthFoundations product more broadly commenced in FY15. This resulted in an increased front end cost base;
- Increased cost base (+52%) given the investment in both the build out of a new platform (including the costs incurred/provisioned for the subsequent migration of the Master Trust product onto the new platform over time) and the incremental development and growth costs associated with WealthFoundations ($4.5 million of costs incurred) . The increase also includes further investment in distribution as noted above. WealthSolutions continues to build to scale. This impacted on both the cost to income ratio (up to 51%) and the expense overruns (up to $4.6 million from $2.1 million in FY14);
- The internal advice fee represents inter segment advice fee (50bps) paid to financial advice on Master Trust FUM; the reduction is in line with average FUM;
- Funds management expenses increased given the expanded wealth product range (launch of WealthFoundations) and increased FUM levels between periods;

- Given the growth in WealthSolutions FUM and the outsourced variable cost structure to the platform provider, platform fees increased in line with the average WealthSolutions FUM levels and average account balances;
- A tax benefit of $0.2 million is included in the Wealth Management result (exempt fees in the Master Trust product range), but is offset in the Listed segment (given no deductibility of expenses); overall the Group has a 30% effective tax rate which is consistent between periods; and
- A reduction in investment earnings given the reallocation of shareholder cash between segments.

Financial Advice

Financial Advice Operating NPAT has increased by $0.9 million (+27%) compared with that for the year ended 30 June 2014. This result reflects the following:

- There has been growth in the number of self employed advisers in the ClearView advice business driven by recruitment of advisers into the ClearView dealer group as well as the merger with Matrix. The expanded distribution footprint has the ability to deliver significant revenue synergies given ClearView's market proven products.
- Funds Under Management and Advice (FUMA) levels increased over the period driven by the positive performance of investment markets and the further recruitment of self employed advisers. The merger with Matrix materially expands the distribution footprint of ClearView.
- Net financial planning fees are up 21% driven by the Matrix merger. The recruitment of self employed advisers into ClearView has had limited impact on margin to date due to the adviser split arrangements (number of advisers excluding Matrix is up 19%). Matrix contributed a net retained margin of $2.8 million in FY15;
- The financial advice fees expense includes the transition of employed planners to the self employed model (this causes a reduction in operating expenses but an increase in the financial advice fees expense given the split arrangements now in place);
- The consolidation of the Matrix dealer group for the first time in the result. This had a positive Operating NPAT impact of $0.8 million for the period from 10 October 2014, but this result included some one-off tax and other benefits of $0.2 million; and
- Cost base increase of 20%, predominantly relates to the consolidation of Matrix for the first time; the operating expenses benefited from the transition of employed planners into the self employed model and some back office scale efficiencies achieved post the integration of Matrix but was partially offset by the further investment in adviser support services (across the broader group) to support a larger adviser base in the merged businesses.

Listed Entity/Other

Listed Operating NPAT has decreased by $0.1 million (-34%) compared with that for the year ended 30 June 2014. This result reflects the following:

- The investment earnings on the cash and investments held in the listed and central services entities and in the shareholders fund of ClearView Life, less the costs associated with maintaining a listed entity. The Company manages capital at the listed entity level in accordance with its Internal Capital Adequacy Assessment Process (ICAAP) policy;
- An increase in investment earnings (+24%) given the timing of the $45 million capital raising in 2H of FY14 and draw downs under the Debt Funding Facility, partially offset by the purchase consideration paid for the Matrix acquisition ($7.75 million) and the reallocation of shareholder cash between segments;
- Cost base increase of 45% driven by the allocation of a component of shared services overhead to the listed entity in FY15 (+$0.5 million); and
- Tax expense of $0.1 million (FY14: $0.3 million) related to timing differences, partially offsetting tax benefits in the Wealth Management segment. The Group has an effective tax rate of 30% (consistent with the prior comparable period).

Statement of Financial Position

The Statement of Financial Position of the Group as set out on page 61 reflects the following key metrics as at 30 June 2015:

- Net assets of $336.8 million (June 2014: $310.2 million) representing a 9% increase over the prior comparable period;
- Net tangible assets of $280.8 million (June 2014: $268.4 million) ($317.3 million including ESP loans) representing a 7% increase over the prior comparable period;
- Net asset value per share (including ESP loans) of 64.0 cents per share (June 2014: 62.3 cents per share) representing an increase of 3% over the prior comparable period; and

- Net tangible asset value per share (including ESP loans) of 54.4 cents per share (June 2014: 54.6 cents per share) representing a decrease over the prior comparable period. The decrease was driven by the acquired intangibles and goodwill from the Matrix transaction and related accounting treatment.

Net assets were impacted during the year by (+$26.6 million):

- A reported profit of $12.5 million outlined above;
- Net impacts of the FY14 final dividend and the fully underwritten dividend reinvestment plan (DRP) (+$0.4 million). A further 13.7 million shares was issued under the DRP. The net positive impact of the dividend declared relates to the repayment of ESP loans in accordance with the plan rules;
- 15.4 million shares issued (+$14.6 million) as contingent consideration for the purchase of Matrix (subject to performance conditions);
- Recognition of a General Reserve in relation to the valuation of the contingent consideration for the purchase of Matrix (-$2.1 million);
- Movements in the Executive Share Plan Reserve due to the treatment of the ESP expense in accordance with the accounting standards (+$0.9 million); and
- Subscription for shares by O&B Limited for cash consideration in accordance with the subscription deed entered into as part of the Matrix acquisition (+$0.3 million).

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 2015 (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

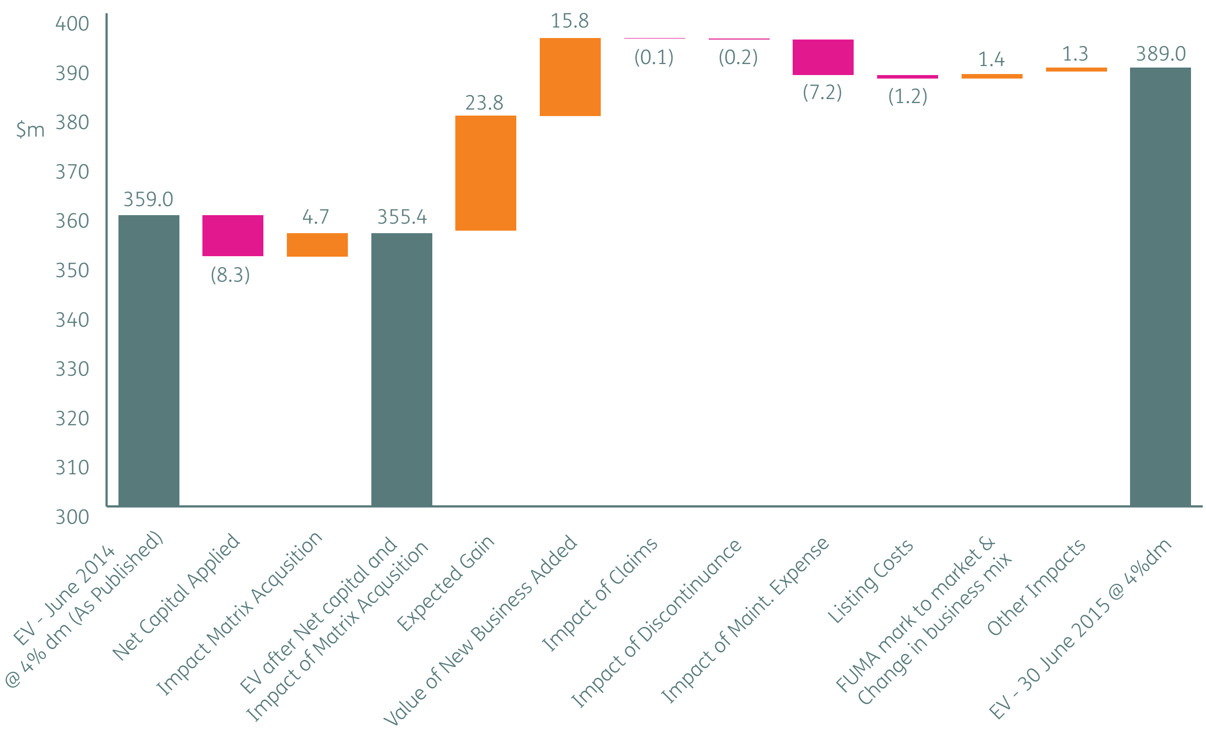
Life Insurance and Wealth Management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value (EV) represents the discounted value of the future net cash flows anticipated to arise from the in-force life policies and investment client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

EV calculations at a range of risk discount margins is shown below:

Risk margin over risk free:	**3% dm $m**	**4% dm $m**	**5% dm $m**
Life Insurance	261.5	246.9	234.0
Wealth Management	43.1	41.2	33.3
Financial Advice	30.8	29.0	28.5
Value of In-Force (VIF)	**335.4**	**317.1**	**295.8**
Net Worth	71.9	71.9	71.9
Total EV	**407.3**	**389.0**	**367.7**
ESP Loans	36.5	36.5	36.5
Total EV Incl. ESP Loans	**443.8**	**425.5**	**404.2**
Imputation Credits:			
Life Insurance	41.3	38.8	36.5
Wealth Management	11.1	10.6	8.4
Financial Advice	8.5	8.2	8.2
Total EV Incl. Imputation Credits and ESP Loans	**504.7**	**483.1**	**457.3**
EV per Share Incl. ESP Loans (cents)	**76.1**	**73.0**	**69.3**
EV per Share Incl. Imputation Credits and ESP Loans (cents)	**86.6**	**82.9**	**78.4**

The EV movement analysis is as follows:

Embedded Value (EV) Movement Analysis @ 4%DM

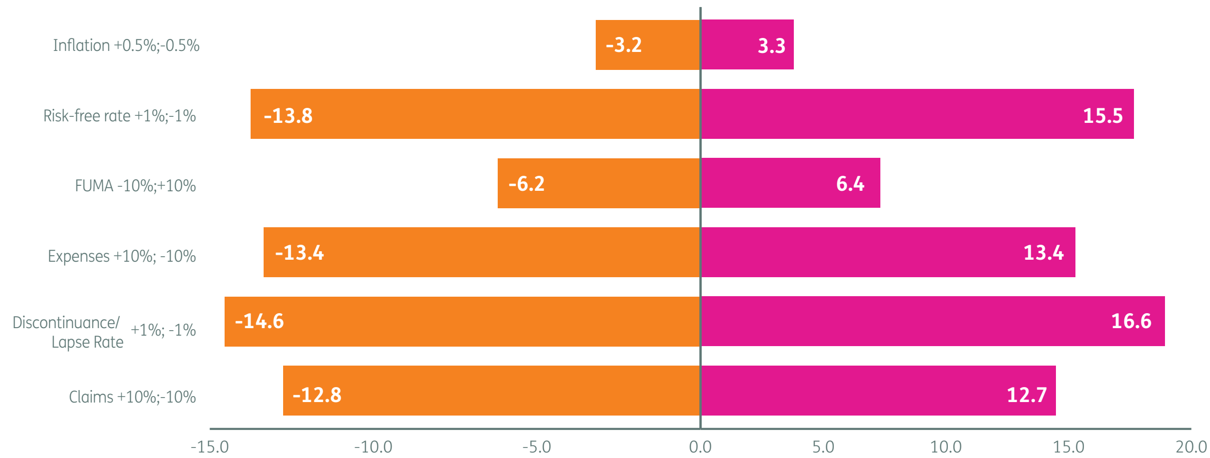


- Net Capital Applied (-$8.3 million): The net impact of the following:
  - The cash consideration of the Matrix merger and deal and integration costs (net of tax), the Dividend Reinvestment Plan (DRP) and related repayment of ESP loans by participants given their ineligibility to participate in the DRP under the Plan Rules
- Matrix Merger (+$4.7 million): The impact of the Financial Advice Client Book acquired as part of the Matrix merger that partially offsets the cash component paid as noted above;
- Expected gain (+$23.8 million): Expected gain represents the unwind of the discount rate within the value of in-force and investments earnings on net worth;
- Value of New Business (VNB) (+$15.8 million): The value added by new business written over the period. The current value of new business is suppressed by the start up and growth costs incurred. The acquisition cost overruns should decrease as the business grows, providing it with operating leverage;
- The claims experience (relative to actuarial assumptions) (-$0.1 million): The claims experience of LifeSolutions was favourable in FY15. There was some adverse claims experience on the old book and new non-advice book. Given the current small size of the insurance portfolio, some claims volatility from period to period is to be expected;
- The impact of lapses on the life insurance book and FUMA discontinuance (-$0.2 million): The life insurance lapses impact (+$0.5 million) was driven by better than expected lapses for the LifeSolutions product and the old book partially offset by lapse rates for the new non-advice business being higher than expected. The balance of the impact was due to higher discontinuance rates for the Wealth and Financial Advice business (-$0.7 million) – some of this loss is reflected in the value of new business in respect of some business that has been upgraded from the old book to new products;

- The adverse maintenance expense experience: (-$7.2 million): This relates to the maintenance expense overruns versus the long term unit costs assumed in the EV. Emerging life insurers and wealth managers invest and incur overhead costs ahead of "getting to scale". The expense rates assumed in the EV are based on longer term unit costs, as opposed to current "expense overrun" levels. As business gets to scale, these costs are progressively supported by business volumes that creates operating leverage. Expense overruns depress the growth in EV initially; these are eliminated as scale is achieved, thereby increasing underlying profit margins on the in-force portfolio and removing the drag on the growth of EV. The Financial Advice business had a positive maintenance expense variance (+$2.1 million) that reduced the overruns in Life Insurance (-$4.1 million) and Wealth management (-$4.8 million). The increase in Wealth management overruns was driven by the investment in a new platform and WealthFoundations. The acquisition costs overruns are reflected within, and reduce, the value of new business added;
- Expenses were impacted by the Group's listed overhead costs which are not allowed for in the Embedded Value (-$1.2 million);
- FUMA Mark-to-Market (+$1.4 million): The net investment performance on the funds under management resulted in higher fee income relative to expectations over the period and a higher present value of future fees at the end of the period; and
- Basis and Assumption Changes ($+1.3 million): This includes the net effect of capital reallocations by segment, model enhancements, timing effects, actuarial assumption changes, capital base changes and the non-cash ESP expenses.

While the EV measures are determined in the context of the Group's business as a going concern, they do not include any additional value in respect of future new business that may be written after the valuation date. The EV measure uses assumptions related to future experience. A sensitivity analysis on the key assumptions in the EV is outlined below:

Embedded Value (EV) Sensitivity Analysis @ 4%DM



Directors' Report

Continued

Dividends

The Directors have declared a fully franked dividend in 2015 of $12.30 million (2014: $10.98 million). This equates to 2.1 cents per share (2014: 2.0 cents per share) and represents approximately 60% of the 2015 UNPAT and is in line with the Company's dividend policy (+5% increase in the dividend per share over the prior year). No interim dividend was paid during the year (2014: nil). For further details on the Company's dividend policy (and related Dividend Reinvestment Plan (DRP)) refer to Capital Management section below.

The Board seeks to pay dividends at sustainable levels and has a target payout ratio of between 40% and 60% of UNPAT. Furthermore, it is the intention to maximise the use of its franking account by paying fully franked dividends (refer to commentary on interim dividends that follows).

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.

No interim dividend was paid during the year. The ability to pay fully franked interim dividends has to date been limited by the availability of franking credits and the effect on tax paid of the changes in long term discount rates used to determine the insurance policy liabilities between the half year period and year end. As a sufficient franking account balance is progressively established, the payment of interim dividends will continue to be considered.

The FY15 Final Dividend will continue to operate in accordance with the DRP that:

- Provides shareholders the opportunity to reinvest into the Group's fast growing life insurance business, while at the same time retaining capital within the Group; and
- Given the illiquidity of the shares, it was not considered appropriate to minimise the dilutive impact of the DRP through the on market purchase of the number of shares required to satisfy the DRP participation.

The major shareholders, Crescent Capital and its associates, have committed to participate in the DRP at the fixed price of 95 cents per share.

Capital Management

Debt Funding Facility

On 18 December 2014, the Company entered into a three year, $50 million revolving facility (Debt Funding Facility) with the Commonwealth Bank of Australia (CBA).

The Board has determined that entering into the Debt Funding Facility is both the most cost effective and efficient way to support the current funding needs of ClearView over the short to medium term.

It is intended that the funding provided under the Debt Funding Facility will be replaced in due course with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerges. As such the net capital position of the Group after amounts drawn down under the Debt Funding Facility is $32.7 million at 30 June 2015.

As at 30 June 2015, the Company has drawn down $45.5 million of the Debt Funding Facility. Refer to note 28 for further details of the Debt Funding Facility.

Capital Position

An analysis of reconciliation of the net assets in the Statement of Financial Position to the Group capital position after amounts drawn down under the Debt Funding Facility as at 30 June 2015 is outlined in the table below:

	Life Insurance	Wealth Management	Other	APRA Regulated Entities	Wealth Management	Finanial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC/Other	Group
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net Assets	247.6	13.9	3.3	264.8	8.1	16.5	24.5	289.4	47.5	336.8
Goodwill & Intangibles	(5.3)	(4.7)	-	(10.0)	-	(7.7)	(7.7)	(17.7)	(38.3)	(56.0)
Net Tangible Assets	**242.4**	**9.2**	**3.3**	**254.9**	**8.1**	**8.7**	**16.8**	**271.7**	**9.2**	**280.9**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(186.0)	(0.2)	-	(186.2)	-	-	-	(186.2)	-	(186.2)
Other Adjustments to Capital Base	(0.4)	(0.1)	-	(0.4)	(0.1)	-	(0.1)	(0.5)	(4.3)	(4.8)
Regulatory Capital Base	**56.0**	**9.0**	**3.3**	**68.3**	**8.0**	**8.7**	**16.7**	**85.0**	**4.9**	**89.8**
Prescribed Capital Amount	(5.8)	(3.5)	(0.7)	(10.0)	(5.0)	(0.7)	(5.7)	(15.7)	(2.3)	(18.0)
Available Enterprise Capital	**50.2**	**5.5**	**2.6**	**58.3**	**3.0**	**8.0**	**11.0**	**69.2**	**2.6**	**71.8**
Internal Benchmarks										
Working Capital	(21.6)	(1.9)	(2.5)	(26.0)	-	-	-	(26.0)	(22.0)	(48.0)
Risk Capital	(22.8)	(3.4)	0.0	(26.1)	(2.1)	(4.7)	(6.8)	(33.0)	(3.7)	(36.7)
Excess/(Deficit) over Internal Benchmarks	**5.9**	**0.2**	**0.1**	**6.1**	**0.9**	**3.3**	**4.2**	**10.3**	**(23.1)**	**(12.8)**
Debt Funding Facility	-	-	-	-	-	-	-	-	45.5	45.5
Excess after Debt Funding Facility	**5.9**	**0.2**	**0.1**	**6.1**	**0.9**	**3.3**	**4.2**	**10.3**	**22.4**	**32.7**

Under the APRA capital standards, adjustments are made to the Capital Base for various asset amounts which 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 capital in accordance with the APRA capital standards.

The regulated entities have $10.3 million of net assets in excess of its internal benchmarks as at 30 June 2015. Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position in respect of 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 anticipated to be needed to support the medium term new business plans (in accordance with the Internal Capital Adequacy Process). Internal benchmarks include a working capital reserve in the regulated entities of $26 million as at 30 June 2015 to fund anticipated new business growth over the medium term.

Internal benchmarks in the non-regulated entities include a further working capital reserve of $22 million as at 30 June 2015, therefore totalling $48 million that is set aside across the Group, to fund anticipated new business growth over the medium term. Life insurance currently has high upfront costs – but from year two generates positive cash flows. While ClearView remains a high growth company (relative to the in-force portfolio) it will likely remain a negative cash flow business and require net capital funding. This is reserved for under the Group's ICAAP basis and is reviewed over a three year forward period on a continuous basis. The ClearView ICAAP has to date been conservatively reserved for on the basis that there is no changes to the variable upfront commission model (part of the proposed life insurance industry reforms as noted earlier in the report). Currently, there is still significant uncertainty of the final form of the proposed changes and continues to be closely monitored, including the impacts on the capital requirements of the Group.

The net position of the Group after amounts drawn down under the Debt Funding Facility as at 30 June 2015 represents an increase of $7.1 million since 30 June 2014. This increase since 30 June 2014 reflects the following key items:

- The Underlying NPAT for the year (+$20.5 million);
- The net capital absorbed by the growth of the business over the period (-$35.2 million);
- The increase in the working capital reserve (-$2.0m) reflecting capital set aside to fund the anticipated new business growth over the medium term;
- Increase in risk capital reserved due to increasing new business volumes, the Matrix merger and the net impacts of capitalised software (-$11.9 million);
- Net impact of the underwritten DRP and the increase in the ESP reserve (+$1.3 million);
- Net impact of the shares issued as part of the Matrix acquisition (+$12.8 million);
- Goodwill and intangibles raised on the acquisition of Matrix, that are excluded from net tangible assets (-$20 million);
- The draw down of $45.5 million under the CBA Debt Funding Facility (+$45.5 million);
- The after tax deal and integration costs associated with the merger of Matrix (-$1.9 million); and
- The net impacts of the tax effect on the change in policy liability discount rate and other movements in the capital base (-$2.0 million).

Share Buy-back

As has previously been stated, the Board of ClearView considers that buying back shares in circumstances where the share price is materially below the Company's view of intrinsic value is in the best interests of ClearView shareholders.

The Board has determined to extend, for an additional 12 months, its share buy-back that has been in place since 19 December 2013. The buy-back arrangements currently in place will continue to apply. No further shares have been bought back since 30 June 2014.

Events subsequent to balance date

Dividends

On 25 August 2015, the Group proposed a final dividend of $12.30 million representing 2.1 cents per share fully franked. The record date for determining entitlement to the dividend is 3 September 2015 and the dividend will be paid on 17 September 2015. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

Changes in state of affairs

Other than discussed above, there were no other significant changes in the state of affairs of the Group during the year ended 30 June 2015.

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 2015.

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 Policy including the relationship between the Remuneration Policy and Company performance;
- 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 Directors of the Group and Company during or since the end of the financial year were:

- **Dr Gary Weiss**
  (Chairman, Independent Non-executive Director)
- **Andrew Sneddon**
  (Independent Non-executive Director)
- **Bruce Edwards**
  (Independent Non-executive Director)
- **David Brown**
  (Independent Non-executive Director)
- **Gary Burg**
  (Independent Non-executive Director)
- **Jennifer Newmarch**
  (Non-executive Director)
- **Michael Alscher**
  (Non-executive Director)
- **Michael Lukin**
  (Alternate Non-executive Director)
  (Alternate Director to Jennifer Newmarch)
- **Nathanial Thomson**
  (Non-executive Director)
- **Simon Swanson**
  (Managing Director)

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

- **Athol Chiert**
  Chief Financial Officer and Company Secretary
- **Chris Robson**
  General Counsel and Company Secretary
- **David Charlton**
  General Manager, ClearView Direct
- **Greg Martin**
  Chief Actuary and Risk Officer
- **Justin McLaughlin**
  Chief Investment Officer
- **Todd Kardash**
  General Manager, Distribution (until 10 October 2014). Appointed Chief Executive Officer, Matrix Planning Solutions 13 October 2014.
- **Tony Thomas**
  General Manager, Operations and Technology
- **Christopher Blaxland-Walker**
  General Manager, Distribution (Appointed 13 October 2014)

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 Policy

ClearView's current Remuneration Policy was updated in June 2015 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, on a regular basis;
- 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 the institution, 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 the institution;
- 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 superannuation salary, capped at the relevant concessional contribution limit.

The Fixed Remuneration is based on each employee's experience, qualifications, capability and responsibility and not to specific performance conditions. An employee's responsibility includes accountabilities, delegations, KPIs and risk profiles. To ensure an employee's Fixed Remuneration is competitive, it is benchmarked against median salary survey results from a group of comparable Australian financial service companies. 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 2015 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. ClearView also purchased additional data from Mercer for specialist roles. 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 2015.

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 Remuneration Committee.

For FY15, the award of the STI component for KMP is based on the achievement of two company goals equally weighted, namely:

- Underlying Net Profit after Tax (UNPAT). 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; and
- 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.

Underpinning the achievement of the financial goals is sound business strategy, leadership, client focus, an appropriate product and superior service and continuing development of systems and processes. Furthermore, the EV component is longer term in nature.

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. In 2015, KMP therefore received an STI bonus of 36.1% of their Fixed Remuneration (in line with the target STI component) representing 24.0% of their total remuneration. This was based on achievement of the following:

- UNPAT – Actual UNPAT of $20.5 million; and
- EV – Actual EV growth of 8.6%[1];

1 Growth rate for the bonus calculation was the reported EV excluding assumption and model changes, and the Matrix acquisition.

105% of the target STI range was achieved based on the range of achieved outcomes.

The Managing Director sets specific key individual objectives for the KMP which support the achievement of Company goals. The individual performance targets are linked to a KMP's position and/or team objectives and reflect the level of risk that ClearView is exposed to by the individual's actions.

Whilst the quantum of KMP STI is determined by Company goals, the Managing Director is responsible for assessing the performance of KMP and for recommending the total STI to be paid. Therefore, the Managing Director may recommend STI payments below or over and above the specified company outcomes in the case of below target or exceptional performance respectively. The Managing Director's recommendations are presented to the Remuneration Committee for consideration and recommendations are made to the Board for approval. It is only when Board approval has been obtained that STI bonuses are payable.

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.

Background to Long Term Incentive Plan (LTIP)

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 advise 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 Advised 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;
- Reinvest in its Non-Advice (Direct) life insurance business with the build out of a call centre capability and focusing on establishing long term distribution partnerships; and
- Raise sufficient capital to fund the next phase of growth in both the Advised and Non-Advice segments of the life insurance market.

ClearView was therefore required to undergo a significant transformation, that has been achieved over the last four 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 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 is 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.

In July 2012, ClearView received a takeover offer from CCP Bidco Pty Limited (CCP Bidco), a consortium of investors including Crescent Capital Management Pty Limited.

The new shareholders brought with them extensive experience in the financial services industry, in particular life insurance and wealth management and a strong commitment to support the management team and execution of the agreed strategy for growth. Subsequent to the change in shareholder, benchmarking of the LTI for the SMT was performed by 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 this 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, nothwithstanding 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 50% of the STI component is also aligned to the longer term, being the Embedded Value (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 shares are not permitted to be held in relation to any ClearView shares that are unvested or the subject of a holding lock under the ESP.

Overview of the Executive Share Plan (ESP or Plan)

In accordance with the provisions of the Plan, as approved by shareholders at the 2012 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 bodies corporate. 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 90 day 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 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
- For Share issues after 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after all performance and vesting criteria have been met; or
- For Shares issues after 1 May 2014, 2 months (or a period determined by the Board at it's discretion) immediately following the 6th anniversary of the grant of the financial assistance.

The financial assistance will become immediately repayable in the event of certain "disqualifying circumstances" including failure to meet performance or vesting conditions, cessation of the Employee Participant's employment in circumstances defined in the ESP Rules or termination of the Contractor Participant's contract with a Group Company for the provision of services. For Employee Participants, the financial assistance is secured over the shares and rights attached to the shares.

The Board has delegated authority to Mr Swanson 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).

Until 14 February 2013, the interest rate on the loans was the Reserve Bank of Australia cash rate plus a margin of 25 basis points per annum, compounded semi annually. Interest until this date has been capitalised and treated as part of the limited recourse principal, except that after tax dividends on shares issued under the ESP is applied towards reduction of the loan balance.

In February 2013 the Board decided to remove the interest rate on the loans for all Participants (other than the Managing Director that required Shareholder approval). On 6 November 2013, at the 2013 AGM, Shareholders approved the removal of interest on the Managing Directors loan, so as to align with the interest rate which applies to equivalent loans made to other participants in the Plan.

Holding Lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares. 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 shares 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. There are no Disposal Requests outstanding as at the date of this report.

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.

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

(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.

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 2015:

	30 Jun 15	30 Jun 14	30 Jun 13	30 Jun 12	30 Jun 11
Revenue[1] ($'000)	253,640	190,301	172,278	143,182	136,019
Net profit after tax ($'000)	12,572	13,880	1,876	22,336	8,665
Underlying Net Profit/(loss) after Tax	20,533	19,738	16,014	19,241	19,317
Total Operating Earnings after Tax	20,867	19,738	16,014	19,241	19,317
Dividend (Final) (cents)	2.10	2.00	1.80	1.80	1.80
Dividend (Special) (cents)[2]	-	-	2.20	-	-
Basic EPS (cents)[1]	2.43	3.13	0.46	5.46	2.12
Diluted EPS (cents)	2.36	3.10	0.46	5.24	2.10
Fully diluted Underlying EPS (cents)	3.85	4.41	3.65	4.53	4.59
Embedded Value[3] ($m)	389	359	291	269	n/a
Embedded Value per share (cents)[3]	73.0	71.2	69.4	65.0	n/a
Share Price at the beginning of the year (cents)	80.0	59.0	46.0	50.0	52.0
Share Price at the end of the year (cents)	95.0	80.0	59.0	46.0	50.0

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

2 In accordance with the Implementation Agreement entered into between the Company and CCP Bidco, on 26 September 2012, ClearView declared an un-franked special dividend of 2.2 cents per share that was paid on 16 October 2012.

3 EV calculated at a 4% discount rate margin. Previously reported EV of $279m at 30 June 2013 and $265m at 30 June 2012 adjusted for dividends, net capital applied, cash takeover bid related costs and the estimated reduction in the discount rate margin to 4% (for comparative purposes). The 2011 EV has been excluded given changes to discount rates, dividends and net capital applied.
The EV at each reporting date excludes any value for future growth, potential value of franking credits, costs associated with being listed on the ASX, short term prospective growth and development costs and ESP loans outstanding at balance date. EV per share calculations has been adjusted to include ESP loans outstanding at balance date.

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 Company and 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 (2014: $1,000,000). Directors' fees can be paid as superannuation contributions. The fee pool is the only source of remuneration for Non-executive Directors.

Directors' Report

Continued

The compensation of each Non-executive Director for the year ended 30 June 2015 is set out below:

	Short term employee benefits				Post employment	Share based payments		Total
2015	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan of total remuneration $	Performance based %	$
Non-executive Directors								
G Weiss	182,648	-	-	-	17,352	-	-	200,000
B Edwards	95,000	-	-	-	-	-	-	95,000
D Brown	77,626	-	-	-	7,374	-	-	85,000
G Burg	73,059	-	-	-	6,941	-	-	80,000
J Newmarch[1]	66,667	-	-	-	-	-	-	66,667
M Lukin[1]	13,333	-	-	-	-	-	-	13,333
N Thomson[2]	85,000	-	-	-	-	-	-	85,000
A Sneddon	85,000	-	-	-	-	-	-	85,000
M Alscher[3]	-	-	-	-	-	-	-	-
Total	**678,333**	**-**	**-**	**-**	**31,667**	**-**	**-**	**710,000**

1 Mr Lukin receives fees as an alternate to Mrs Newmarch from 1 May 2015. Mr Lukin and Mrs Newmarch have agreed they will receive no fees as a Director although fees are payable to ROC Partners. Mrs Newmarch received fees until 30 April 2015.

2 Mr Thomson has agreed that he will receive no fees as a Director although fees are paid to Crescent Capital Partners Manangement Pty Limited of which he is an employee.

3 Mr Alscher agreed that he would receive no fees for his services as a Director and Crescent Capital Partners Management Pty Limited agreed to receive no directors fees in respect of Mr Alscher's directorship for the 2015 financial year.

Directors' Report

Continued

The compensation of each Non-executive Director for the year ended 30 June 2014 is set out below:

	Short term employee benefits				Post employment	Share based payments		Total
2014	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannu-ation $	Executive Share Plan of total remu-neration $	Performance based %	$
Non-executive Directors								
G Weiss[1]	183,066	-	-	-	16,934	-	-	200,000
B Edwards	95,000	-	-	-	-	-	-	95,000
D Brown	77,803	-	-	-	7,197	-	-	85,000
G Burg	73,227	-	-	-	6,773	-	-	80,000
J Newmarch[2]	40,000	-	-	-	-	-	-	40,000
J Fallick[4]	-	-	-	-	-	-	-	-
M Lukin[2]	40,000	-	-	-	-	-	-	40,000
N Thomson[3]	121,230	-	-	-	-	-	-	121,230
A Sneddon[4]	85,000	-	-	-	-	-	-	85,000
M Alscher[5]	-	-	-	-	-	-	-	-
Total	**715,326**	**-**	**-**	**-**	**30,904**	**-**	**-**	**746,230**

1 Dr Weiss was appointed Chairman on 1 July 2013 and his fees were increased to $200,000 per annum from that date.

2 Mr Lukin was paid fees as an alternate to Mrs Newmarch from 1 January 2014. Mr Lukin and Mrs Newmarch have agreed they will receive no fees as a Director although fees were paid to Macquarie Investment Management Limited of which they were employees until 6 June 2014 (from which date they are now paid to ROC Partners). Mrs Newmarch was paid fees until 31 December 2013.

3 Mr Thomson has agreed that he will receive no fees as a Director although fees are paid to Crescent Capital Partners Management Pty Limited of which he is an employee. Mr Thomson fees include an additional payment of $36,230 for special duties in the year ended 30 June 2014.

4 Mr Sneddon was appointed Alternate Director to Mr Fallick on 26 March 2013. Mr Sneddon was paid fees as an alternate to Mr Fallick from 26 March 2013 until 3 December 2013. On the resignation of Mr Fallick on 3 December 2013, Mr Sneddon's appointment as Alternate was revoked and he was appointed as a Director on 3 December 2013 at which time he started receiving his own Non-executive Director fees.

5 Mr Alscher agreed that he would receive no fees for his services as a Director and Crescent Capital Partners Management Pty Limited agreed to receive no directors fees in respect of Mr Alscher's directorship for the 2014 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 2015 is set out below:

			Short term employee benefits	Post employment	Share based payments		Total
	Salary & Fees	Bonus	Non-monetary	Superannuation	Executive Share Plan[1]	Performance based	
2015	$	$	$	$	$	%	$
S Swanson	605,083	317,951	12,020	19,467	-	33.3%	954,521
A Chiert	356,144	112,291	6,534	19,467	48,300	29.6%	542,736
C Robson	307,161	96,843	-	19,467	-	22.9%	423,471
G Martin	358,513	117,965	12,020	35,092	48,300	29.1%	571,890
J McLaughlin	309,343	99,691	-	26,268	-	22.9%	435,302
T Kardash[3]	279,064	93,388	9,080	35,672	18,412	25.7%	435,616
T Thomas	334,123	105,376	-	23,408	36,780	28.4%	499,687
D Charlton	268,192	84,859	-	19,467	20,405	26.8%	392,923
E Singfield	-	-	-	6,487	-	0.0%	6,487
C Blaxland-Walker[2]	266,500	84,689	9,080	19,467	5,018	23.3%	384,754
Total	**3,084,123**	**1,113,053**	**48,734**	**224,262**	**177,215**	**27.8%**	**4,647,387**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Appointed General Manager, Distribution 13 October 2014.
3 Appointed Chief Executive Officer, Matrix Planning Solutions 13 October 2014.

The compensation of each member of the KMP of the Group for the year ended 30 June 2014 is set out below:

			Short term employee benefits	Post employment	Share based payments		Total
	Salary & Fees	Bonus	Non-monetary	Superannuation	Executive Share Plan[1]	Performance based	
2014	$	$	$	$	$	%	$
S Swanson	591,210	310,541	11,575	17,725	5,687	33.8%	936,738
A Chiert	347,500	109,526	6,534	17,725	48,300	29.8%	529,585
C Robson	299,980	94,590	-	17,725	-	22.9%	412,295
G Martin	364,992	115,049	11,575	25,327	48,300	28.9%	565,243
J McLaughlin	307,493	96,935	-	24,526	-	22.6%	428,954
T Kardash	269,887	85,255	8,635	17,725	24,150	27.0%	405,652
T Thomas	301,331	95,297	-	17,725	36,181	29.2%	450,534
D Charlton[3]	206,343	68,027	-	17,661	2,230	23.9%	294,261
E Singfield[2]	280,843	32,312	-	20,845	-	9.7%	334,000
Total	**2,969,579**	**1,007,532**	**38,319**	**176,984**	**164,848**	**26.9%**	**4,357,262**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued. This includes modification to the inputs due to the removal of interest on the ESP loans (in relation to S Swanson ESP shares).
2 Cessation of employment on 1 May 2014.
3 Appointed 1 May 2014.

Directors' Report

Continued

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 2015 and June 2014:

2015	Balance at beginning	Loans Granted $	Interest charged $	Repay-ments $	Loan Cancelled $	Balance at end $	Highest in period $
S Swanson	6,335,453	-	-	(102,000)	-	6,233,453	6,335,453
A Chiert	1,368,287	-	-	(25,500)	-	1,342,787	1,368,287
G Martin	1,542,738	-	-	(30,600)	-	1,512,138	1,542,738
C Robson	491,184	-	-	(10,200)	-	480,984	491,184
J McLaughlin	824,197	-	-	(15,300)	-	808,897	824,197
T Kardash	778,029	-	-	(15,300)	-	762,729	778,029
T Thomas	915,000	-	-	(15,300)	-	899,700	915,000
D Charlton	524,239	-	-	(7,089)	-	517,150	524,239
C Blaxland-Walker	497,844	249,999	-	(10,200)	-	737,643	737,643
Total	**13,276,971**	**249,999**	**-**	**(231,489)**	**-**	**13,295,481**	**-**

2014	Balance at beginning	Loans Granted $	Interest charged $	Repay-ments $	Loan Cancelled $	Balance at end $	Highest in period $
S Swanson	6,431,753	-	-	(96,300)	-	6,335,453	6,431,753
A Chiert	1,392,362	-	-	(24,075)	-	1,368,287	1,392,362
G Martin	1,571,628	-	-	(28,890)	-	1,542,738	1,571,628
C Robson	500,814	-	-	(9,630)	-	491,184	500,814
J McLaughlin	838,642	-	-	(14,445)	-	824,197	838,642
T Kardash	792,474	-	-	(14,445)	-	778,029	792,474
T Thomas	-	915,000	-	-	-	915,000	915,000
D Charlton	-	524,239	-	-	-	524,239	524,239
Total	**11,527,673**	**1,439,239**	**-**	**(187,785)**	**-**	**12,779,127**	**-**

Shares granted to KMP and equity holdings

During and since the end of the financial year an aggregate of 247,525 shares (2014: 2,195,000) 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[1,2,6,9]	Justin McLaughlin	0.10	0.10	0.59	51,500	Change in Control
Series 7[1,2,6,9]	Athol Chiert/Justin McLaughlin	0.07	0.10	0.49	98,057	Change in Control
Series 10[1,3,6,9]	Simon Swanson	0.11	0.11	0.50	224,074	Change in Control
Series 11[1,4,6,9]	Simon Swanson	0.08	0.08	0.58	323,295	Change in Control
Series 12[1,5,6,9]	Simon Swanson	0.06	0.06	0.65	241,927	Change in Control
Series 15[1,5,9]	Greg Martin/Chris Robson	0.10	0.13	0.50	294,000	1/07/2016
Series 16[1,5,9]	Todd Kardash	0.10	0.13	0.50	127,366	1/09/2016
Series 16[1,5,8,9]	Chris Blaxland-Walker	0.10	0.13	0.50	127,366	1/09/2016
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 31	Tony Thomas	0.17	n/a	0.61	123,873	Change in control
Series 32	Tony Thomas	0.19	n/a	0.61	140,797	1 Year Post change in control
Series 38	David Charlton	0.17	n/a	0.75	38,230	30/05/2018
Series 39	David Charlton	0.19	n/a	0.75	44,307	30/05/2019
Series 40	David Charlton	0.22	n/a	0.75	50,054	30/05/2020
Series 43[8]	Chris Blaxland-Walker	0.15	n/a	1.01	12,385	26/11/2018
Series 44[8]	Chris Blaxland-Walker	0.18	n/a	1.01	14,775	26/11/2019
Series 45[8]	Chris Blaxland-Walker	0.21	n/a	1.01	16,975	26/11/2020

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 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 Chris Blaxland-Walker became KMP on 13 October 2014.

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

Directors' Report

Continued

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 15 – 18 August 2011 Issue	Nil[4]	Nil
Series 16 – 6 October 2011 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 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

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: 50% of the shares may be sold on change of control, 50% can be sold after employment for 1 year thereafter and are held in escrow.

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

Directors' Report

Continued

All unvested Shares will automatically vest in accordance with the rules of the Plan upon a change of control as outlined above.

The following table outlines the fully paid ordinary shares of the Company (including those held under the ESP) owned by the KMP as at 30 June 2015:

2015	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	-	-	511,367	-	12,784	524,151	-	-	-	-
G Burg	-	-	9,700,741	-	242,518	9,943,259	-	-	-	-
A Sneddon	-	-	108,333		2,708	111,041	-	-	-	-
S Swanson	-	12,000,000	13,108,334	-	77,709	13,186,043	-	10,000,000	8,000,000	2,000,000
A Chiert	1,000,000	1,500,000	2,640,384	-	-	2,640,384	1,000,000	1,500,000	-	1,500,000
D Charlton	695,000	-	695,000	-	-	695,000	695,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	-	1,500,000
T Kardash	500,000	1,000,000	1,500,000	-	-	1,500,000	500,000	1,000,000	1,000,000	-
G Martin	1,000,000	2,000,000	3,333,772	-	2,094	3,335,866	1,000,000	2,000,000	2,000,000	-
T Thomas	1,500,000	-	1,688,556	-	38,953	1,727,509	1,500,000	-	-	-
C Robson	-	1,000,000	1,000,000	-	18,000	1,018,000	-	1,000,000	1,000,000	-
C Blaxland-Wakler	-	1,000,000	1,000,000	247,525	-	1,247,525	247,525	1,000,000	1,000,000	-

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	6 months notice	If, in the 6 months following a change of control, Mr Swanson's remuneration or his duties and responsibilities are reduced through no fault of his own, then Mr Swanson will have a right to terminate the contract with immediate effect. In this case, and in addition to vesting of Mr Swanson's ESP Shares, the Company will be obliged to pay Mr Swanson 6 months base salary plus the maximum short term incentive amount for that calendar year.	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%
Todd Kardash	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%

Directors' Report

Continued

KMP	Term	Notice period by either the employee or the Company	Other	Target Incentive % of base salary	Maximum Incentive % of base salary
Chris Robson	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Greg Martin	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	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%
Tony Thomas	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
David Charlton	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Christopher Blaxland-Walker	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	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

Dr Gary Weiss
Chairman

25 August 2015

Auditor's Independence Declaration

Deloitte.

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The Board of Directors
Clearview Wealth Limited
Level 12, 20 Bond Street
Sydney NSW 2000

25 August 2015

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 2015, 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

Peter A. Caldwell
Partner
Chartered Accountant

2015 Financial Report Contents

Notes to the financial statements

The Financial Report was authorised for issue by the Directors on 25 August 2015.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

		Consolidated		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Continuing operations					
Revenue from continued operations					
Premium revenue from insurance contracts		105,164	76,785	-	-
Outward reinsurance expense		(18,361)	(10,344)	-	-
Net life insurance premium revenue		**86,803**	**66,441**	-	-
Fee and other revenue	8	95,014	59,098	-	-
Investment income	9	71,823	64,762	14,399	687
Operating revenue before net fair value gains on financial assets		**253,640**	**190,301**	**14,399**	**687**
Net fair value gains on financial assets		72,818	80,442	-	-
Net operating revenue		**326,458**	**270,743**	**14,399**	**687**
Claims expense		(32,951)	(25,929)	-	-
Reinsurance recoveries revenue		15,010	11,680	-	-
Commission and other variable expenses		(87,044)	(45,654)	-	-
Operating expenses	10	(81,255)	(60,732)	(3,023)	(1,145)
Depreciation and amortisation expense	10	(12,847)	(10,823)	-	-
Change in life insurance policy liabilities	26	40,951	34,228	-	-
Change in reinsurers' share of life insurance liabilities	26	(7,367)	(9,994)	-	-
Change in life investment policy liabilities	26	(109,198)	(126,385)	-	-
Movement in liability of non-controlling interest in controlled unit trusts		(27,968)	(15,651)	-	-
Profit/(loss) before income tax expense		**23,789**	**21,483**	**11,376**	**(458)**
Income tax expense/(benefit)	11	11,217	7,603	(482)	(138)
Total comprehensive income/(loss) for the year		**12,572**	**13,880**	**11,858**	**(320)**
Attributable to:					
Equity holders of the parent		12,572	13,880	11,858	(320)
Earnings per share	14				
Basic (cents per share)		2.43	3.13	-	-
Diluted (cents per share)		2.36	3.10	-	-
Underlying earnings per share					
Basic (cents per share)		3.97	4.46	-	-
Diluted (cents per share)		3.85	4.41	-	-

To be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

As at 30 June 2015

		Consolidated		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Assets					
Cash and cash equivalents	15	200,769	183,299	34,447	1,111
Investments	16	1,450,251	1,336,769	318,159	257,892
Receivables	17	15,516	11,876	9,884	16,353
Fixed interest deposits	18	107,035	88,759	8,115	25,179
Reinsurers' share of life insurance policy liabilities	26	(2,233)	(3,872)	-	-
Deferred tax asset	24	11,029	10,194	682	840
Property, plant and equipment	21	1,156	1,347	-	-
Convertible note	25	1,711	301	1,711	301
Goodwill	19	19,952	4,858	-	-
Intangible assets	20	36,021	36,899	-	-
Total assets		**1,841,207**	**1,670,430**	**372,998**	**301,676**
Liabilities					
Payables	22	24,774	25,069	357	349
Current tax liabilities		4,548	4,622	4,548	4,622
Provisions	23	5,375	3,588	26	19
Life insurance policy liabilities	26	(156,641)	(127,278)	-	-
Life investment policy liabilities	26	1,160,627	1,122,364	-	-
Borrowings	28	45,500	-	45,500	-
Liability to non-controlling interest in controlled unit trusts		418,920	330,607	-	-
Deferred tax liabilities	24	1,271	1,225	-	-
Total liabilities		**1,504,374**	**1,360,197**	**50,431**	**4,990**
Net assets		**336,833**	**310,233**	**322,567**	**296,686**
Equity					
Issued capital	27	355,970	330,172	355,970	330,172
Retained losses	12	(23,659)	(25,254)	(52,672)	(52,672)
Executive Share Plan Reserve	12	6,607	5,315	6,605	5,315
Profit reserve	12	-	-	14,749	13,871
General reserve	12	(2,085)	-	(2,085)	-
Total equity		**336,833**	**310,233**	**322,567**	**296,686**

To be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2015

Consolidated	Share capital $'000	Executive share plan reserve $'000	General reserve $'000	Profit reserve $'000	Retained losses $'000	Attributable to the owners of the parent $'000
Balance at 1 July 2013	**277,565**	**4,127**	**-**	**-**	**(30,977)**	**250,715**
Profit for the year	-	-	-	-	13,880	13,880
Total comprehensive income for the year	-	-	-	-	13,880	13,880
Recognition of share based payments	-	905	-	-	-	905
Dividend paid	-	-	-	-	(8,157)	(8,157)
Dividend Reinvestment Plan	8,157	-	-	-	-	8,157
Capital raised (net of costs)	44,889	-	-	-	-	44,889
Share buyback (inclusive of costs)	(439)	-	-	-	-	(439)
ESP loans settled through dividend	-	403	-	-	-	403
ESP shares vested	-	(120)	-	-	-	(120)
Balance at 30 June 2014	**330,172**	**5,315**	**-**	**-**	**(25,254)**	**310,233**
Profit for the year	-	-	-	-	12,572	12,572
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**12,572**	**12,572**
Recognition of share based payments	-	896	-	-	-	896
Dividend paid	-	-	-	-	(10,977)	(10,977)
Dividend Reinvestment Plan	10,977	-	-	-	-	10,977
Dividend Reinvestment Plan Costs	(70)	-	-	-	-	(70)
Performance based shares issued in relation to Matrix Holdings Limited acquisition	14,588	-	-	-	-	14,588
General reserve on aquisition of Matrix Holdings Limited			(2,085)			(2,085)
Shares issued during the year (Non ESP)	250	-	-	-	-	250
Shares issued during the year (ESP vested)	53	(154)	-	-	-	(101)
ESP loans settled through dividend	-	550	-	-	-	550
Balance at 30 June 2015	**355,970**	**6,607**	**(2,085)**	**-**	**(23,659)**	**336,833**

Consolidated statement of changes in equity

For the year ended 30 June 2015

Continued

Company	Share capital $'000	Executive share plan reserve $'000	General reserve $'000	Profit reserve	Retained losses $'000	Attributable to the owners of the parent $'000
Balance at 1 July 2013	277,565	4,127	-	22,028	(52,352)	251,368
Loss for the year	-	-	-	-	(320)	(320)
Total comprehensive loss for the year	-	-	-	-	(320)	(320)
Recognition of share based payments	-	905	-	-	-	905
Dividend paid	-	-	-	(8,157)	-	(8,157)
Dividend Reinvestment Plan	8,157	-	-	-	-	8,157
Capital raised (net of costs)	44,889	-	-	-	-	44,889
Share buyback (inclusive of costs)	(439)	-	-	-	-	(439)
ESP loans settled through dividend	-	403	-	-	-	403
ESP shares vested	-	(120)	-	-	-	(120)
Balance at 30 June 2014	**330,172**	**5,315**	**-**	**13,871**	**(52,672)**	**296,686**
Profit for the year	-	-	-	11,858	-	11,858
Total comprehensive income for the year	**-**	**-**	**-**	**11,858**	**-**	**11,858**
Recognition of share based payments	-	896	-	-	-	896
Dividend paid	-	-	-	(10,977)	-	(10,977)
Dividend Reinvestment Plan	10,977	-	-	-	-	10,977
Dividend Reinvestment Plan Costs	(70)	-	-	-	-	(70)
Performance based shares issued in relation to Matrix Holdings Limited acquisition	14,588	-	-	-	-	14,588
General reserve on aquisition of Matrix Holdings Limited			(2,085)			(2,085)
Shares issued during the year (Non ESP)	250	-	-	-	-	250
Shares issued during the year (ESP vested)	53	(154)	-	-	-	(101)
ESP loans settled through dividend	-	550	-	-	-	550
Balance at 30 June 2015	**355,970**	**6,607**	**(2,085)**	**14,749**	**(52,672)**	**322,567**

Consolidated statement of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Company 2015 $'000	Company 2014 $'000
Cash flows from operating activities					
Receipts from client and debtors		385,911	215,189	-	-
Payments to suppliers and other creditors		(221,445)	(162,483)	(4,092)	(5,139)
Receipts from/(payments to) Group entities		-	-	12,799	3,704
Withdrawals paid to life investment clients		(233,204)	(222,073)	-	-
Dividends and trust distributions received		14,941	14,702	-	-
Interest received		33,152	31,831	279	419
Interest on borrowings and other costs of finance		(970)	-	(491)	(5)
Income taxes paid		(11,792)	(6,205)	(11,792)	3,090
Net cash (utilised)/generated by operating activities	32	**(33,407)**	**(129,039)**	**(3,297)**	**2,069**
Cash flows from investing activities					
Net cash movement due to investment in subsidary		(4,970)	-	(44,750)	(23,000)
Payments for investment securities		(1,707,797)	(1,853,406)	(3,006)	-
Proceeds from sales of investment securities		1,684,926	1,831,488	-	-
Acquisition of property, plant and equipment		(452)	(570)	-	-
Acquisition of capitalised software		(6,375)	(4,702)	-	-
Fixed interest deposits (invested)/redeemed		(15,343)	(33,478)	17,583	(14,730)
Loans granted/redeemed		(4,221)	(360)	-	-
Convertible note drawn down		(1,328)	(300)	(1,328)	(300)
Dividends received from subsidiary		-	-	13,500	-
Loans granted (redeemed) to Group entities		-	-	8,499	(8,499)
Net cash (utilised) by investing activities		**(55,560)**	**(61,328)**	**(9,502)**	**(46,529)**
Cash flows from financing activities					
Net movement in liability of non-controlling interest in unit trusts		60,301	95,251	-	-
Proceeds from share issues (net of expenses)		242	-	241	-
Proceeds from loan borrowings		45,500	-	45,500	-
Proceeds from capital raising		-	44,889	-	44,889
Share buy back (net of costs)		-	(439)	-	(439)
Repayment of ESP loans		550	403	550	403
Payments for ESP shares reallocated		(83)	(101)	(83)	(101)
Dividends Reinvestment Plan costs		(73)	-	(73)	-
Net cash generated by financing activities		**106,437**	**140,003**	**46,135**	**44,752**
Net increase/(decrease) in cash and cash equivalents		17,470	(50,364)	33,336	292
Cash and cash equivalents at the beginning of the financial year	15	183,299	233,663	1,111	819
Cash and cash equivalents at the end of the financial year		**200,769**	**183,299**	**34,447**	**1,111**

To be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

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

In the current financial year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014

AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132. As the Group does not have any offsetting arrangements in place, the application of the amendments has not had any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.
Interpretation 21 'Levies'	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. The adoption of this amendment does not have any material impact on the Group.
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this amendment does not have any material impact on the Group or its disclosures.
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. As the Group does not utilise hedge accounting, the application of the amendments has not had any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127. The Group has reviewed its classification of its subsidiaries and all have been identified and accounted for under AASB 3 Business Combinations. This change in the accounting standards has not changed the Group's accounting for these entities. This change has therefore not had a material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

2. Application of new and revised accounting standards continued

AASB 1031 'Materiality'	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. The adoption of this amendment does not have any material impact on the Group or its disclosures.
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	The Standard contains three main parts with Part A adopted in the FY14. Part B takes effect in the FY15. This makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. The adoption of this amendment does not have any material impact on the Group or its disclosures.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)	The Annual Improvements to AASBs 2010 - 2012 and 2011 – 2013 have made a number of amendments to AASBs. The amendments that are relevant to the Group are: The amendments to AASB 2 (i) change the definitions of 'vesting condition' and market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for sharebased payment transactions for which the grant date is on or after 1 July 2014. The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014. The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required The adoption of these amending standards does not have a material impact on the consolidated financial statements.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

2. Application of new and revised accounting standards continued

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 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

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 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of publication, there have been no IASB standards or IFRIC interpretations that are issued but not effective.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

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. 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 25 August 2015

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

- 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 Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(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.

3. Significant accounting policies continued

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.

(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 acquire 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

3. Significant accounting policies continued

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.

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.

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

(f) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except

3. Significant accounting policies continued

when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Fee revenue is recognised when:

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

3. Significant accounting policies continued

Premium revenue

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

Unpaid premiums are only recognised as revenue during the days of grace and are included as Premiums Receivable (part of Receivables) in the statement of financial position. Premiums due after, but received before, the end of the financial year are shown as Life Insurance Premium in Advance (part of Payables) in the statement of financial position.

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

Management fee revenue

Fee revenue comprising management fee revenue with respect to life investment contracts is recognised in the statement of 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 and administration fee revenue earned on the Wrap platform 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 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.

Distribution income

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

Rental Income

The Group's policy for recognition of revenue from operating leases is described in (h) below.

(h) 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

(i) 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.

(j) 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.

(k) 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.

3. Significant accounting policies continued

(l) Reinsurance

Amounts paid to reinsurers under life insurance contracts held by the Company are recorded as an outward reinsurance expense and are recognised in the statement of 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.

(m) 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.

(n) 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.

The basis is as follows:

- Expenses relating specifically to either the ClearView Life shareholder's fund or a particular statutory fund are allocated directly to the respective funds. Such expenses are apportioned between policy acquisition costs and policy maintenance costs with reference to the objective when each expense is incurred and the outcome achieved.
- Other expenses are subject to apportionment under section 80 of the Life Act and are allocated between the funds in proportion to the activities to which they relate. They are apportioned between policy acquisition costs and policy maintenance costs in relation to their nature as either acquisition or maintenance activities. Activities are based on direct measures such as time, head counts and business volumes.
- Life investment contracts are held within statutory funds No.2 and No.4. Life insurance contracts are principally held within statutory fund No.1, except for a small, closed book of rider insurance covers held in statutory fund No.2. The allocation of expenses between the primary life investment or life insurance contracts is inherent in the allocation to the statutory funds, as described above. The apportionment basis is in line with the principles set in the Life Insurance Prudential Standard valuation standard (Prudential Standard LPS340 Valuation of Policy Liabilities). All expenses relate to non-participating business as the Company only writes this category of business.

(o) 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.

(p) 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.

(q) 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.

3. Significant accounting policies continued

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

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

(r) 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 29.

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.

(s) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. 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.

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

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

3. Significant accounting policies continued

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.

(t) 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 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.

(u) Intangible assets - Software

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.

3. Significant accounting policies continued

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.

(v) 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 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.

(w) 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.

3. Significant accounting policies continued

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

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in

3. Significant accounting policies continued

unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in Note 5. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the 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 risks and rewards of ownership of the asset to another party.

3. Significant accounting policies continued

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 36.

3. Significant accounting policies continued

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest 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;
- Deferred tax assets; and
- Contingent consideration for the acquisition of Matrix Holdings Limited.

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

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

consideration factors such as reinsurer counterparty and credit risk.

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

Recoverability of acquired intangible assets

The carrying amount of intangible assets acquired in a business combination at the financial position date was $26.1 million (2014: $30.1 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 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 $25.9 million (2014: $30.1 million). These intangible assets arose on the acquisition of ClearView Group Holdings Pty Limited (CVGH), Community and Corporate Pty Limited (CCFA) and Matrix Holdings Limited (Matrix Holdings). 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 had, until 30 June 2014, been written off on a straight line basis over 12 years. At each reporting date, an assessment is made of both the useful life and amortisation method. As a result of the annual assessment, the useful life of the Life Insurance Client Book has been changed from 12 years to 8 years due to a change in the lapse rate assumption at 30 June 2014 on the pre 2011 Life Insurance in-force portfolio and therefore in the estimated ageing profile of the book. In line with the Group's accounting policy, this has been accounted for prospectively, and will be written off over the remaining 4 years of its useful life. This has resulted in an increase in the amortisation expense for the period of $1.4 million. The carrying value of the Life Insurance Client Book as at 30 June 2015 is $8.5 million.

Triggers considered in testing for annual impairment for the Life Insurance Client Book are as follows:

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

The Wealth Management Client Book is written off at 15% per annum on a straight line basis. The carrying value is $6.3 million at 30 June 2015. Triggers that need to be considered in testing for annual impairment for the Wealth Client Book are as follows:

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

The Financial Advice Client Book is written off on a straight line basis over 10 years. The carrying value is $11.1 million at 30 June 2015.

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 2015, based on the EV calculations, no impairment was required to

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

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 $9.9 million (2014: $6.8 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 and the launch of WealthFoundations that is hosted on the new platform. The intention is to migrate the Master Trust and MIS products onto the new platform in due course.

No impairment was required to the carrying values of internally generated software as at 30 June 2015.

Impairment of Goodwill

The carrying amount of goodwill at the reporting date was $20.0 million (2014: $4.9 million).

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

Goodwill

CFA acquired the business of CCFA on 9 April 2009.

Goodwill arose in respect of the amount of consideration paid 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 Company 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 products. The impact of achieving the revenue targets (in accordance with the deal) is also expected to result in the increased profitability of the dealer 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.

The Board believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

The FoFA reforms became effective on 1 July 2013 and focussed on improving the quality of financial advice, particularly product recommendations to retail clients. To further progress and clarify the initial reforms, the Government introduced certain regulations which came into effect in July 2014 which were subsequently disallowed on 19 November 2014. Only certain provisions contained in the disallowed regulations were later released and became effective on 15 December 2014, resulting in the following:

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

- Grandfathering concession – which clarifies that when advisers move between licensees with their clients, they can continue to receive grandfathered remuneration;
- Fee disclosure statements – advisers must provide an annual Fee Disclosure Statement to all clients with whom they have an ongoing service arrangement, regardless of the date the relationship commenced (this was previously limited to post 1 July 2013 clients under the disallowed regulations);
- Opt-in requirement –which requires an adviser to seek confirmation from the client every two years that they are happy to renew their ongoing fee arrangement is now in effect (it was previously postponed under the disallowed regulations). This requirement only applies to clients who commenced with their adviser on or after 1 July 2013. The first opt-in notices were required to be issued from 1 July 2015; and
- Best interest duty – reverted to its original drafting by reinstating the 'catch all' element of the 'safe harbour' provision (previously the 'catch-all' element was removed under the disallowed regulations).

The progress of the implementation of the regulatory reforms will continue to be monitored and the impact assessed as these regulations are rolled out and the practicalities of the reforms unfold.

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 forecast incremental Value of New Business expected to be generated in the Life Insurance and Wealth Management CGU's based on the anticipated new business flows in accordance with the approved Business Plan. As at 30 June 2015, 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 parent entity related to the losses realised on the historic disposal of a subsidiary entity. At the current time, no DTA is recognised in respect of these losses. This is discussed further in Note 24.

Contingent consideration for the acquisition of Matrix Holdings Limited

As part of the Merger Implementation Deed entered into between the parties on 29 August 2014, a component of the purchase consideration was determined to be contingent on the satisfaction of a number of Performance Conditions (including the performance of the acquired entity).

The initial measurement of the fair value of contingent consideration is based on an assessment of the facts and circumstances that existed at acquisition date. As the consideration is contingent upon a number of performance factors, each factor is given weighting depending on the probability of each criterion being achieved. The probability-weighted average of payouts associated with each possible outcome ('probability-weighted payout approach') requires taking into account the range of possible outcomes, the payouts associated with each possible outcome and the probability of each outcome arising.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

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

The table below outlines the performance conditions and probability of each outcome arising:

Performance Condition	Probability
At least 75% of Matrix representatives at the date of the offer remain Matrix representative for 3 years after the completion of the transaction	100%[1]
At least 90% of Matrix representatives adopt the following common processes: • Utilisation of the ClearView dealergroup platform; and • Adoption of common advice processes	100%[2]
Achievement of Gross Annual Revenue (GAR) targets by Matrix representatives in accordance with the Merger Implementation Deed	85.72%[3]

1 Probability assumed to be 100% as 90% of advisers have signed on for a 3 year period as part of the bid conditions.
2 Probability assumed to be 100% as an integration program is in place to move over 90% of Matrix advisers to the CWT X Plan system by 31 December 2015.
3 This probability is calculated as the likelihood that the GAR targets will be met under various scenarios.

The fair value of contingent consideration as at the financial position date was $12.5 million. This includes a fair value adjustment of $2.1 million which has been determined by application of the probability of the likelihood of occurrence to the total possible contingent consideration.

Actuarial methods and assumptions

The effective date of the actuarial report on life insurance policy liabilities and life investment policy liabilities is 30 June 2015. 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.

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

Related Product Group	Method	Profit carrier
Fund 1 Old Book Lump Sum	Projection	Premiums
Fund 1 Old Book Income Protection	Projection	Premiums
Fund 1 Non-Advice Lump Sum	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Ordinary	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Super	Projection	Premiums
Fund 1 LifeSolutions Income Protection Ordinary	Projection	Premiums
Fund 1 LifeSolutions Income Protection Super	Projection	Premiums
Fund 2 Old Book Lump Sum	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.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

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

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

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

Discount rates: Discount rates are based on a yield curve derived from Commonwealth Government bond market yields as at the valuation date, plus an illiquidity adjustment based on the difference between these yields and BBSW swap rates as at the valuation date. As an indication, the resulting average effective discount rate adopted was 3.6% (2014: 4.1%).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 12 months to 30 June 2015.

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 2015 business plan (2014: Based on the 2014 business plan). Expense inflation of 2.5% p.a. (2014: 2.5% p.a.) was assumed.

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

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

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

(c) Effects of changes in actuarial assumptions (over 12 months to 30 June 2015)

	Effect on profit margins Increase/ (decrease) $'000	Effect on policy liabilities Increase/ (decrease) $'000
Assumption category		
Discount rates and inflation	7,438	(4,290)
Maintenance expenses	-	-
Lapses	(207)	-
Mortality and morbidity	-	-
Total	**7,231**	**(4,290)**

(d) Processes used to select assumptions

Discount rate

Benefits under life insurance contracts are not contractually linked to the performance of the assets held. As a result, the life insurance policy liabilities are discounted for the time value of money using discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations. The discount rate is based on Commonwealth Government bond rates adjusted for the value of the illiquidity of the policy liability. The effect of this approach is unchanged from that adopted last valuation.

Maintenance expenses and inflation

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

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

Acquisition expenses

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

Taxation

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

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

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 the Company's mortality and morbidity experience is compared against the rates in the base tables. Where the data is sufficient to be fully statistically credible, the base table is adjusted to reflect the portfolio's experience. Where data is insufficient to be fully statistically credible, the base table is adjusted having regard to the extent of the credibility of the portfolio's experience, the overall experience of the industry known 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 to arrive at a best estimate of future lapse rates.

(e) Sensitivity analysis

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

Variable	Impact of movement in underlying variable
Interest Rate Risk	The life insurance policy liabilities are calculated using a discount rate that is derived from market interest rates. Changes in market interest rates will affect the present value of cash flows and profit margins in the policy liabilities, which in turn will affect the profit and shareholder equity. The change in interest rates would also impact the emerging profit via its impact on the investment returns on the assets held to back the liabilities.
Expense Risk	An increase in the level (or inflation) of expenses over the assumed levels will decrease emerging profit. However, a change in the base expense assumptions adopted for the policy liability is unlikely to impact the current policy liability determination as such a change is absorbed into the policy liability profit margin reserve in the first instance.
Mortality Rates	For life insurance contracts providing death benefits 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 and trauma cover depends on the incidence of policyholders becoming totally and permanently disabled or suffering a "trauma" event such as a heart attack or stroke. Higher incidence would increase claim costs, thereby reducing profit and shareholder equity. The impact on the policy liability of a change in morbidity assumptions is as per mortality above.
Lapses	Lapse risk represents the extent to which policyholders choose not to renew their policy, and allow it to lapse. An increase in the lapse rates will have a negative effect on emerging profit owing to the loss of future revenue, including that required to recover acquisition costs. The impact on the policy liability of a change in lapse assumptions is as per mortality above.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

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

The table below illustrates how outcomes during the financial year ended 30 June 2015 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	+100bp	13,409	11,229	(9,386)	(7,860)
	-100bp	(15,397)	(12,844)	10,778	8,991
Mortality and morbidity	110.0%	-	-	(2,307)	(1,256)
	90.0%	-	-	2,307	1,256
Lapses	110.0%	-	-	(1,566)	(1,392)
	90.0%	-	-	1,566	1,392
Maintenance expenses	110.0%	-	-	(1,288)	(1,288)
	90.0%	-	-	1,288	1,288

* Note: The interest rate sensitivities show the change to policy liabilities and profit from a change in the discount rate by adding or subtracting 1% from the yield curve adopted. The other sensitivities show how different the policy liabilities and reported profit would have been if the Company'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 market risk (interest rate risk and equity price risk), credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risks;
- Expense risks; and client discontinuance (lapses, withdrawals and lost client) risks; and
- Operational risk, compliance risk and strategic risk.

Risk management strategy, 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 Strategy (RMS) and structured risk management framework (RMF) to assist it in identifying and managing the key risks to achieving the Group's objectives. The RMS 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 RMS 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.
- Requirements and objectives of our regulators.

The RMS 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 RMS and RMF includes suitable monitoring mechanisms.

As part of the RMS 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:

5. Risk Management continued

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 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 36 Financial Instruments).

Insurance risk

The risks under the life insurance contracts written by the Company 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 the Company and its continuing ability to write business depends on its ability to manage insurance risk. The Company's RMS summarises its approach to insurance risk management.

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

Reinsurance

ClearView Life purchases reinsurance to limit its exposure to accepted insurance risk. ClearView Life cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provide protection against large losses. The reinsurers used are regulated by the Australian Prudential Regulation Authority (APRA) and are members of large international groups with sound credit ratings.

ClearView Life periodically reviews its reinsurance arrangements and retention levels.

Underwriting procedures

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

5. Risk Management continued

(c) Concentration of insurance risk

The insurance business of the Company is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, the residual risk exposure is reduced through the use of reinsurance and is subject to review by the reinsurer's 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 the Company's reinsurers of the pricing adopted, including the offer of corresponding reinsurance terms;
- Formal internal policy document and Product Disclosure Statement due diligence review and sign-off processes; and
- The ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience.

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

Asset-Liability Mismatch Risk

Asset-liability mismatch risk arises to the extent to which the assets held by the 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.2 and No.4 statutory funds are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash. Asset-liability risk is substantially reduced via this means.
- Similarly, assets held to support the policy liabilities and risk capital of the ClearView Life No.1 statutory fund are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash that closely match those policy liabilities and capital reserves.

Expense and Discontinuance Risks

Expense risks and discontinuance risks involve:

- The extent to which the expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition;
- 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 – Compliance, Operational & Strategic Risks

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

- Formal internal Risk and Compliance functions within the

5. Risk Management continued

Group;

- A specific focus area of the Risk and Compliance Committee;
- A risk and control self assessment process undertaken by each business unit.
- Detailed compliance registers, reporting timetables, breach and incident reporting and due diligence processes;
- Internal audit, whistleblowing policy and facilities, detailed financial reconciliations and unit pricing. Checking processes, detail IT development and implementation processes;
- Maintain sound process documentation and monitoring of outsource service provider service performance and standards;
- Comprehensive internal management information reporting and monitoring, emerging risk exposures reporting, staff training programs, staff recruitment standards (including fit and proper standards); and
- Maintaining an appropriate risk culture within the business, including Board and Senior Management Team focus, and including risk management as a formal part of all key business decisions, and appropriate risk management supporting remuneration structures. Within this content the business operates a Risk Management and Compliance Committee and a Risk Management Forum with representatives from across the business.

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.
- 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.

Nonetheless, the Group maintains additional 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.

Notes to the Financial Statements

For the year ended 30 June 2015

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6. Capital adequacy

ClearView Life Assurance 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
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Net Assets (Common Equity Tier 1 Capital)	6,246	247,649	3,039	10,839	267,772
Goodwill and intangibles	-	(5,260)	-	(4,694)	(9,954)
Net tangible assets	**6,246**	**242,389**	**3,039**	**6,145**	**257,818**
Capital base adjustments					
Deferred tax assets	-	(352)	(2)	(66)	(420)
Investment in subsidiaries	(2,950)	-	-	-	(2,950)
Policy liability	-	(186,033)	(162)	-	(186,195)
Regulatory capital base	**3,296**	**56,004**	**2,875**	**6,079**	**68,253**
Prescribed Capital Amount (PCA)	(734)	(5,766)	(561)	(2,939)	(10,000)
Available Enterprise Capital (AEC)	**2,562**	**50,237**	**2,314**	**3,140**	**58,253**
Capital Adequacy Multiple	4.5	9.7	5.1	2.1	6.8
Prescribed capital amount comprises:					
Insurance Risk	-	(1,895)	-	-	(1,895)
Asset Risk	(20)	(852)	(399)	(172)	(1,444)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(3,538)	(162)	(2,767)	(6,466)
Aggregation benefit	-	519	-	-	519
LPS110 CLAL Minimum	(714)	-	-	-	(714)
Prescribed Capital Amount	**(734)**	**(5,766)**	**(561)**	**(2,939)**	**(10,000)**

6. Capital adequacy 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
	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000
Net Assets (Common Equity Tier 1 Capital)	4,649	201,713	2,455	9,848	218,665
Goodwill and intangibles	-	(5,480)	-	(1,241)	(6,721)
Net tangible assets	**4,649**	**196,233**	**2,455**	**8,607**	**211,944**
Capital base adjustments					
Deferred tax assets	-	(382)	(2)	(59)	(443)
Investment in subsidiaries	(1,450)	-	-	-	(1,450)
Policy liability	-	(146,767)	(84)	-	(146,851)
Regulatory capital base	**3,199**	**49,084**	**2,369**	**8,548**	**63,200**
Prescribed Capital Amount (PCA)	(2,363)	(4,088)	(626)	(2,923)	(10,000)
Available Enterprise Capital (AEC)	**836**	**44,996**	**1,743**	**5,625**	**53,200**
Capital Adequacy Multiple	1.4	12.0	3.8	2.9	6.3
Prescribed capital amount comprises:					
Insurance Risk	-	(1,247)	-	-	(1,247)
Asset Risk	(77)	(576)	(440)	(267)	(1,360)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(2,614)	(186)	(2,656)	(5,456)
Aggregation benefit	-	349	-	-	349
LPS110 CLAL Minimum	(2,286)	-	-	-	(2,286)
Prescribed Capital Amount	**(2,363)**	**(4,088)**	**(626)**	**(2,923)**	**(10,000)**

Notes to the Financial Statements

For the year ended 30 June 2015

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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 and seven ClearView managed funds. It also provides a number of model portfolios managed by ClearView for superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. This is offered via the WealthFoundations platform which was launched in October 2014. WealthFoundations includes a menu of 16 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.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries ClearView Financial Advice (CFA) and Matrix Planning Solutions (MPS). CFA has historically employed a number of salaried financial advisers. CFA and MPS provide dealer group services to 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.

Notes to the Financial Statements

For the year ended 30 June 2015

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7. Segment information continued

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.

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

	External Revenue		Inter-Segment		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Segment revenue						
Life Insurance	89,802	68,744	-	-	89,802	68,744
Wealth Management	98,521	91,717	2,776	1,778	101,297	93,494
Financial Advice	64,050	28,733	19,679	17,174	83,729	45,907
Listed entity/Other	1,267	1,107	-	-	1,267	1,107
Consolidated segment revenue	**253,640**	**190,301**	**22,455**	**18,952**	**276,095**	**209,252**

2015	Life Insurance	Wealth Management	Financial Advice	Listed Entity/ Other	Total
Total operating earnings after tax	**15,278**	**1,801**	**4,398**	**(610)**	**20,867**
Interest expense on corporate debt (after tax)	-	-	-	(334)	(334)
Underlying net profit/(loss) after tax	**15,278**	**1,801**	**4,398**	**(944)**	**20,533**
Amortisation of acquired intangibles	(2,833)	(5,256)	(914)	-	(9,003)
AIFRS policy liability discount rate effect	4,162	-	-	-	4,162
Matrix deal and integration costs	-	-	(434)	(1,824)	(2,258)
Income tax effect	(1,248)	-	130	256	(862)
Reported profit/(loss)	**15,359**	**(3,455)**	**3,180**	**(2,512)**	**12,572**

2014					
Underlying net profit/(loss) after tax	**10,845**	**5,873**	**3,466**	**(446)**	**19,738**
Amortisation of acquired intangibles	(1,417)	(5,256)	(796)	-	(7,469)
AIFRS policy liability discount rate effect	2,202	-	-	-	2,202
Income tax effect	(661)	-	70	-	(591)
Reported profit/(loss)	**10,969**	**617**	**2,740**	**(446)**	**13,880**

The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability creates a cash flow tax effect.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

8. Fee and other revenue

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial advice fees	63,658	28,514	-	-
Funds management fees	31,249	30,445	-	-
Other income	106	139	-	-
Total fee and other revenue	**95,013**	**59,098**	**-**	**-**

9. Investment income

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest income	36,169	34,159	899	687
Dividend income	14,941	14,702	13,500	-
Distribution income	20,713	15,901	-	-
Total investment income	**71,823**	**64,762**	**14,399**	**687**

10. Operating expenses

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Administration expenses				
Administration and other operational costs	26,923	20,160	1,290	341
Custody and investment management expenses	7,217	6,115	-	-
Total administration expenses	**34,140**	**26,275**	**1,290**	**341**
Employee costs and directors' fees				
Employee expenses	44,102	32,514	423	20
Share based payments	896	905	-	-
Employee termination payments	590	152	-	-
Directors' fees	1,050	884	833	784
Total employee costs and directors' fees	**46,638**	**34,455**	**1,256**	**804**
Other expenses				
Interest expense	477	2	477	-
Total other expenses	**477**	**2**	**477**	**-**
Total operating expenses	**81,255**	**60,732**	**3,023**	**1,145**
Depreciation and amortisation expenses				
Depreciation expenses	653	475	-	-
Software amortisation	3,190	2,880	-	-
Amortisation of Acquired Intangibles	9,004	7,468	-	-
Total amortisation and depreciation expenses	**12,847**	**10,823**	**-**	**-**

10. Operating expenses continued

	Consolidated		Company	
	2015 $	2014 $	2015 $	2014 $
Remuneration of auditors				
Auditor of the parent entity				
Audit and review of financial reports	293,700	265,700	100,000	95,000
Audit of APRA and ASIC regulatory returns	98,700	86,100	-	-
Audit of Managed Investment Schemes	107,600	98,200	-	-
Total remuneration for audit services	**500,000**	**450,000**	**100,000**	**95,000**
Preparation and lodgement of tax returns	97,000	103,500	-	-
Other non-audit services - taxation advice	32,500	-	-	-
Other non-audit services - compliance	-	20,000	-	-
Other non-audit services - consulting	160,000	130,000	-	-
Total remuneration for non-audit services	289,500	253,500	-	-
Total remuneration	**789,500**	**703,500**	**100,000**	**95,000**

11. Income tax

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
a) Income tax recognised in profit or loss				
Income Tax (benefit)/expense comprises:				
Current tax expense	12,021	8,961	(639)	(391)
Deferred tax expense	(682)	(144)	157	253
Over provided in prior years – Current tax expense	(83)	(1,178)	-	-
Under provided in prior years – Deferred tax expense	(40)	(36)	-	-
Income tax expense/(benefit)	**11,216**	**7,603**	**(482)**	**(138)**
Deferred income tax expense/(benefit) included in income tax expense comprises:				
(Increase)/decrease in deferred tax asset	(761)	(258)	157	253
Increase in deferred tax liability	38	78	-	-
	(723)	**(180)**	**157**	**253**
b) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	88,291	104,156	32,635	32,635
Potential tax benefit	15,372	16,959	9,790	9,790

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

11. Income Tax continued

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
c) Reconiliation of income tax expense to prima facie tax payable				
Profit before income tax expense	23,789	21,484	11,376	(458)
Policyholder tax (expense) credit recognised as part of the change in policyholder liabilities in determining profit before tax	(1,600)	1,481	-	-
Profit before income tax excluding tax charged to policyholders	22,189	22,966	11,376	(458)
Prima facie tax calculated at 30%	6,656	6,890	3,413	(138)
Tax effect of amounts which are non deductible/assessable in calculating taxable income:				
Shareholder impact of life insurance tax treatment	(22)	(2)	-	-
Franking credits on dividends received	-	-	(4,051)	-
Non-deductible transaction costs	156	-	156	-
Non assessable income	(199)	(295)	-	-
Non deductible expenses	408	320	-	-
Non-deductible amortisation expenses	2,701	2,170	-	-
Other	(84)	-	-	-
Income tax expense/(benefit) attributable to shareholders	**9,616**	**9,083**	**(482)**	**(138)**
Income tax expense/(benefit) attributable to policyholders	**1,600**	**(1,481)**	**-**	**-**
Income tax expense/(benefit)	**11,217**	**7,603**	**(482)**	**(138)**

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'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.	16,065	10,562	16,065	10,562

Relevance of tax consolidation to the Group

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

Under the Tax Act, ClearView 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.

11. Income tax continued

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

Under the terms of the tax funding arrangement, ClearView 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.

On 10 October 2014, Matrix Planning Solutions Limited and Matrix Planning Investments Pty Limited joined the ClearView Wealth Limited tax consolidated Group. Both entities have also adhered to the ClearView Wealth Limited Tax Sharing and Funding Agreement on the same day.

12. Movements in reserves

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Retained losses				
Balance at the beginning of the financial year	(25,254)	(30,977)	(52,672)	(52,352)
Net profit/(loss) attributable to members of the parent entity	12,572	13,880	-	(320)
Dividend paid during the year	(10,977)	(8,157)	-	-
Balance at the end of the financial year	**(23,659)**	**(25,254)**	**(52,672)**	**(52,672)**
Executive share plan reserve				
Balance at the beginning of the financial year	5,315	4,127	5,315	4,127
Recognition of share based payments	896	905	896	905
ESP loans settled through dividend	550	403	550	403
ESP shares vested	(154)	(120)	(154)	(120)
Balance at end of the financial year	**6,607**	**5,315**	**6,607**	**5,315**
Profit Reserve				
Balance at the beginning of the financial year	-	-	13,871	22,028
Net profit attributable to the parent entity	-	-	11,858	-
Dividend paid during the year	-	-	(10,977)	(8,157)
Balance at end of the financial year	**-**	**-**	**14,749**	**13,871**
General Reserve				
Balance at the beginning of the financial year	-	-	-	-
Retained earnings reserve on Aquisition of Matrix	(2,085)	-	(2,085)	-
Balance at end of the financial year	**(2,085)**	**-**	**(2,085)**	**-**

13. Sources of profit

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Components of profit related to movements in life insurance liabilities				
Planned profit margins released	13,741	10,669	-	-
Profit arising from difference between actual investment income and expected interest on policy liabilities	4,786	3,963	-	-
Profit arrising from the difference between actual and expected experience	(4,628)	(5,017)	-	-
Impact of IFRS change in economic assumptions	4,293	2,772	-	-
Life insurance	**18,192**	**12,387**	**-**	**-**
Components of profit related to movements in life investment liabilities				
Expected profit margin	819	6,291	-	-
Life investment	**819**	**6,291**	**-**	**-**
Profit for the statutory funds	19,011	18,678	**-**	**-**
Profit for the shareholders fund	97	122	-	-
Profit for ClearView Life Assurance Limited	**19,108**	**18,800**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2015

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14. Earnings per share

	Consolidated	
	2015	2014
Earnings per share		
Basic earnings (cents)	2.43	3.13
Diluted earnings (cents)	2.36	3.10

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the Company ($'000)	12,572	13,880
Earnings used in the calculation of basic earnings per share ($'000)	12,572	13,880
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000's)	517,261	442,878

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 ($'000)	12,572	13,880
Interest on ESP loans after tax ($'000)	-	-
Earnings used in the calculation of total diluted earnings per share	**12,572**	**13,880**

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)	517,261	442,878
Shares deemed to be dilutive in respect of the employee share plan (000's)	15,693	5,088
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures) (000's)	**532,954**	**447,966**

15. Cash and cash equivalents

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank	200,769	183,299	34,447	1,111
Total cash and cash equivalents	**200,769**	**183,299**	**34,447**	**1,111**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

16. Investments

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Equity securities				
Investment in Group Companies	-	-	318,159	257,892
Held directly	222,891	233,817	-	-
Held indirectly via unit trust	315,081	266,685	-	-
	537,972	**500,502**	**318,159**	**257,892**
Debt securities/fixed interest securities				
Held directly	661,976	609,402	-	-
Held indirectly via unit trust	29,213	32,008	-	-
	691,189	**641,410**	**-**	**-**
Property/Infrastructure				
Held directly	-	-	-	-
Held indirectly via unit trust	221,090	194,857	-	-
	221,090	**194,857**	**-**	**-**
Total investments	**1,450,251**	**1,336,769**	**318,159**	**257,892**

17. Receivables

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables	984	436	-	-
Outstanding life insurance premium receivable	2,935	2,140	-	-
Provision for outstanding life insurance premiums	(683)	(656)	-	-
Accrued dividends	1,883	1,851	-	-
Investment income receivable	886	1,014	-	-
Outstanding settlements	2,671	3,057	-	-
Prepayments	2,874	2,294	131	7
Receivables from controlled entities	-	-	9,753	16,346
Other debtors	831	891	-	-
Loans receivable	3,135	849	-	-
Total receivables	**15,516**	**11,876**	**9,884**	**16,353**

$2.0 million (2014: $0.4 million) of Total consolidated receivables are expected to be recovered more than 12 months from the reporting date and nil (2014: nil) of Total receivables for the Company are expected to be recovered more than 12 months from the reporting date.

Notes to the Financial Statements

For the year ended 30 June 2015

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18. Fixed interest deposits

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fixed interest bank term deposits	107,035	88,759	8,115	25,179

Fixed interest term deposits, held at year end, yield an average fixed interest rate of 3.11% (2014: 3.55%)

19. Goodwill

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Gross carrying amount				
Balance at the beginning of the financial year	4,858	4,858	-	-
Additional amount recognised through acquisition of business[1]	15,094	-	-	-
Balance at the end of the financial year	**19,952**	**4,858**	**-**	**-**
Net book value				
Balance at the beginning of the financial year	4,858	4,858	-	-
Balance at the end of the financial year	**19,952**	**4,858**	**-**	**-**

1 On 10 October 2014 the company acquired Matrix Holding Limited. $15.1 million of goodwill was recognised on the acquisition. Further details have been provided in Note 4.

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.

Notes to the Financial Statements

For the year ended 30 June 2015

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20. Intangible assets

						Consolidated
2015	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	11,727	1,500	58,596	-	-	71,823
Acquired directly during the year	6,375	-	4,721	20	200	11,316
Balance at the end of the financial year	**18,102**	**1,500**	**63,317**	**20**	**200**	**83,139**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	4,957	1,500	28,467	-	-	34,924
Amortisation expense in the current year	3,190	-	8,994	10	-	12,194
Balance at the end of the financial year	**8,147**	**1,500**	**37,461**	**10**	**-**	**47,118**
Net book value						
Balance at the beginning of the financial year	6,770	-	30,129	-	-	36,899
Balance at the end of the financial year	**9,955**	**-**	**25,856**	**10**	**200**	**36,021**

2014	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at the beginning of the financial year	7,024	1,500	58,596	-	-	67,120
Acquired directly during the year	4,703	-	-	-	-	4,703
Balance at the end of the financial year	**11,727**	**1,500**	**58,596**	**-**	**-**	**71,823**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	2,077	1,268	21,231	-	-	24,576
Amortisation expense in the current year	2,880	232	7,236	-	-	10,348
Balance at the end of the financial year	**4,957**	**1,500**	**28,467**	**-**	**-**	**34,924**
Net book value						
Balance at the beginning of the financial year	4,947	232	37,365	-	-	42,544
Balance at the end of the financial year	**6,770**	**-**	**30,129**	**-**	**-**	**36,899**

As part of the purchase of Matrix during the period, a number of additional intangible assets were purchased. This included an additional client book, and the Matrix brand and website. As the brand has an indefinite life, this will not be amortised, however will be assessed for impairment at each reporting date. For further details on the acquisition of Matrix, refer to Note 34.

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
2015	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	502	28	1,026	2,160	3,716
Acquired on acquisition of subsidiary	-	-	-	10	10
Additions	5	14	263	172	454
Balance at the end of the financial year	**507**	**42**	**1,289**	**2,342**	**4,180**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	274	22	669	1,404	2,369
Acquired on aquisition of subsidiary	-	2	-	-	2
Depreciation expense	91	4	193	365	653
Balance at the end of the financial year	**365**	**28**	**862**	**1,769**	**3,024**
Net book value					
Balance at the end of the financial year	**142**	**14**	**427**	**573**	**1,156**

2014	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at the beginning of the financial year	474	23	676	1,974	3,147
Additions	28	5	351	186	570
Written off	-	-	(1)	-	(1)
Balance at the end of the financial year	**502**	**28**	**1,026**	**2,160**	**3,716**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	182	21	569	1,122	1,894
Depreciation expense	92	1	100	282	475
Balance at the end of the financial year	**274**	**22**	**669**	**1,404**	**2,369**
Net book value					
Balance at the end of the financial year	**228**	**6**	**357**	**756**	**1,347**

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

22. Payables

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	7,180	4,700	295	67
Reinsurance premium payable	5,142	3,749	-	-
Employee entitlements	6,162	4,902	12	18
Life insurance premiums in advance	613	641	-	-
Life investment premium deposits	701	2,544	-	-
Lease incentive in advance	943	1,135	-	-
Outstanding investment settlements	3,834	7,233	-	-
Amounts in controlled entities	-	-	-	264
Other creditors	199	165	50	-
Total payables	**24,774**	**25,069**	**357**	**349**

$0.5 million (2014: $0.9 million) of Total consolidated payables are expected to be settled more than 12 months from the reporting date and nil (2014: nil) of total payables of the Company are expected to be settled more than 12 months from the reporting date.

Notes to the Financial Statements

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23. Provisions

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current and non current				
Make good provision	432	316	-	-
Provision for restructuring	122	155	-	-
Employee leave provisions	3,392	2,772	-	-
Other provisions	1,429	345	26	19
Total	**5,375**	**3,588**	**26**	**19**
Make good provision [1]				
Balance at the beginning of the financial year	316	310	-	-
Provision acquired in a business combination	21	-	-	-
Additional provisions raised	438	119	-	-
Utilised during the period	(343)	(16)	-	-
Non-utilised provisions transferred	-	(97)	-	-
Balance at the end of the financial year	**432**	**413**	**-**	**-**
Provision for restructuring [2]				
Balance at the beginning of the financial year	155	768	-	-
Additional provisions raised	50	-	-	-
Utilised during the period	(83)	(613)	-	-
Balance at the end of the financial year	**122**	**155**	**-**	**-**
Employee leave provision [3]				
Balance at the beginning of the financial year	2,772	2,303	-	-
Provision acquired in a business combination	50	-	-	-
Additional provisions raised	2,052	804	-	-
Utilised during the period	(1,482)	(335)	-	-
Balance at the end of the financial year	**3,392**	**2,772**	**-**	**-**
Other provisions [4]				
Balance at the beginning of the financial year	345	93	19	64
Provision acquired in a business combination	82	-	-	-
Additional provisions raised	1,336	232	7	(45)
Unutilised provisions reversed during the period	-	20	-	-
Unutilised provisions transferred during the period	(334)	-	-	-
Balance at the end of the financial year	**1,429**	**345**	**26**	**19**

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 restructuring relates to the expected cost of rebranding the financial advice business.
3 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.
4 Other provisions relate 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 weath platform.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

24. Deferred tax balances

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax				
Deferred tax assets	11,029	10,194	682	840
Deferred tax liabilities	1,271	1,225	-	-
Deferred tax assets				
Amounts recognised in profit or loss				
Accruals not currently deductible	418	597	35	15
Depreciable and amortisable assets	318	202	-	-
Provisions not currently deductible	3,248	2,258	-	-
Unrealised losses carried forward	6,206	6,119	-	-
Capital business expense	586	858	570	825
Rental lease incentives	253	160	-	-
Other	-	-	77	-
Deferred tax asset	**11,029**	**10,194**	**682**	**840**
Deferred tax liabilities				
Amounts recognised in profit or loss				
Unrealised gains on investments	823	877	-	-
Prepaid expenses	448	348	-	-
Deferred tax liability	**1,271**	**1,225**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

24. Deferred tax balances continued

	Consolidated			
2015	Opening balance $'000	Transfers from subsidiaries $'000	(Charge)/ Credit to income $'000	Closing balance $'000
Gross deferred tax liabilities	(1,225)	(8)	(38)	(1,271)
Gross deferred tax assets	10,194	74	761	11,029
Total	**8,969**	**66**	**723**	**9,758**
2014	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	(1,147)	-	(78)	(1,225)
Gross deferred tax assets	9,937	-	257	10,194
Total	**8,790**	**-**	**179**	**8,969**

	Company			
2015	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	-	-	-	-
Gross deferred tax assets	840	-	(158)	682
Total	**840**	**-**	**(158)**	**682**
2014	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	-	-	-	-
Gross deferred tax assets	1,093	-	(253)	840
Total	**1,093**	**0**	**(253)**	**(840)**

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 $88.2 million (tax effected $15.4 million) consolidated and $32.6 million (tax effected $9.8 million) for the Company. Refer to Note 11 for further details.

25. Convertible note

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Convertible note	1,711	301	1,711	301
Convertible note	**1,711**	**301**	**1,711**	**301**

The Company has entered into a Convertible Note (CN) agreement with Your Insure Pty Limited (Your Insure) to provide funding by way of a convertible note up to an amount of $3.3 million. The funding is provided on a draw down basis based on the achievement of pre determined milestones. The CN allows for the Company to convert into a shareholding of 50% in Your Insure at the discretion of the Company, but not before the business of Your Insure becomes self funding for a period of 6 months. The CN has an expiry date of 30 June 2019.

The CN is accounted for as a debt instrument with an embedded equity derivative. As the business of Your Insure has recently commenced (start up operation) no value has been attributed to the embedded equity derivative as the equity value of the business does not exceed the face value of the debt instrument.

Refer Note 40 for the funding commitment profile and for further details.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

26. Policy liabilities

(a) Reconciliation of movements in policy liabilities

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Life investment policy liabilities				
Opening gross life investment policy liabilities	1,122,364	1,175,346	-	-
Net increase in life investment policy liabilities reflected in the income statement	109,198	126,385	-	-
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(24,207)	(25,154)	-	-
Life investment policy contributions recognised in policy liabilities	188,091	67,859	-	-
Life investment policy withdrawals recognised in policy liabilities	(234,819)	(222,072)	-	-
Closing gross life investment policy liabilities	**1,160,627**	**1,122,364**	**-**	**-**
Life insurance policy liabilities				
Opening gross life insurance policy liabilities	(127,278)	(97,734)	-	-
Movement in outstanding claims	11,588	4,684	-	-
Decrease in life insurance policy liabilities reflected in the income statement	(40,951)	(34,228)	-	-
Closing gross life insurance policy liabilities	**(156,641)**	**(127,278)**	**-**	**-**
Total gross policy liabilities	**1,003,986**	**995,086**	**-**	**-**
Reinsurers' share of life insurance policy liabilities				
Opening balance	3,872	(1,072)	-	-
Movement in outstanding reinsurance	(9,006)	(5,050)	-	-
Decrease/(increase) in reinsurance assets reflected in the income statement	7,367	9,994	-	-
Closing balance	**2,233**	**3,872**	**-**	**-**
Net policy liabilities at balance date	**1,006,219**	**998,958**	**-**	**-**
Current	1,152,578	1,110,035		
Non-current	(146,359)	(111,076)		

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 $74.4 million (2014: $87.7 million).

(b) Components of net life insurance policy liabilities

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Future policy benefits	184,563	190,442	-	-
Future expenses and commissions	165,342	119,872	-	-
Less future revenues	(709,743)	(588,548)	-	-
Best estimate liability	(359,838)	(278,234)	-	-
Present value of future planned profit margins	205,430	154,827	-	-
Net life insurance policy liabilities	**(154,408)**	**(123,407)**	**-**	**-**

26. Policy liabilities continued

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

Restrictions on assets

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

27. Issued capital

				Company
	2015 No. of Shares	2015 $'000	2014 No. of Shares	2014 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the financial year	495,044,922	330,172	411,312,192	277,565
Dividend Reinvestment Plan	13,724,628	10,977	14,064,082	8,157
Dividend Reinvestment Plan Costs	-	(70)	-	-
Share buy back (inclusive of costs)	-	-	(510,252)	(439)
Share Placement	-	-	30,769,232	20,000
Enitlement Offer	-	-	39,192,724	25,475
Capital raising costs (net of tax)	-	-	-	(586)
Performance based shares issued in relation to Matrix acquisition	15,432,742	14,588	-	-
Subscription for shares by O&B Limited	308,542	250	-	-
Shares issued during the year (ESP vested)	100,000	53	216,944	-
Balance at the end of the financial year	**524,610,834**	**355,970**	**495,044,922**	**330,172**
Executive share plan				
Balance at the beginning of the year	49,381,666	-	41,867,333	-
Shares granted under employee share plan (Note 29)	9,493,682	-	7,731,277	-
Shares forfeited during the year	(104,000)	-	-	-
Shares reallocated during the year	(300,000)	-	-	-
Shares exercised during the year	(100,000)	-	(216,944)	-
Executive balance at the end of the year	**58,371,348**	**-**	**49,381,666**	**-**

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 29.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

28. Borrowings

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Bank loan - secured[1]	45,500	-	45,500	-
Total borrowings	**45,500**	**-**	**45,500**	**-**
Current	-	-	-	-
Non-current	45,500	-	45,500	-

1 On the 18 December 2014 the Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. As at the reporting date, the Company has drawn down $45.5 million on the facility, with $4.5 million of unused credit facilities available for immediate use. Interest on the loan accrues at BBSY plus a margin of 0.7% per annum, and is payable monthly. Furthermore, a line fee of 0.4% per annum is payable on the facility on a quarterly basis. The facility is secured by a number of cross guarantees, refer to Note 42 for details.

29. Share-based payments

ClearView operates the ClearView Executive Share Plan (ESP or Plan). In accordance with the provisions of the Plan, as approved by shareholders at the 2012 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 bodies corporate. 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 90 day 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 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
- For Share issues after 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after all performance and vesting criteria have been met; or
- For Shares issues after 1 May 2014, 2 months (or a period determined by the Board at it's discretion) immediately following the 6th anniversary of the grant of the financial assistance.

29. Share-based payments continued

The financial assistance will become immediately repayable in the event of certain “disqualifying circumstances” including failure to meet performance or vesting conditions, cessation of the Employee Participant’s employment in circumstances defined in the ESP Rules or termination of the Contractor Participant’s contract with a Group Company for the provision of services. For Employee Participants, the financial assistance is secured over the shares and rights attached to the shares.

The Board has delegated authority to Mr Swanson 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).

Until 14 February 2013, the interest rate on the loans was the Reserve Bank of Australia cash rate plus a margin of 25 basis points per annum, compounded semi annually. Interest until this date has been capitalised and treated as part of the limited recourse principal, except that after tax dividends on shares issued under the ESP is applied towards reduction of the loan balance.

In February 2013 the Board decided to remove the interest rate on the loans for all Participants (other than the Managing Director that required Shareholder approval) given that the interest imposed was significantly diluting the efficacy of the ESP as an employee retention tool, in particular for those staff receiving the earlier grants of ESP shares. On 6 November 2013, at the 2013 AGM, Shareholders approved the removal of interest on the Managing Directors loan, so as to align with the interest rate which applies to equivalent loans made to other participants in the Plan.

Holding Lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares. 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 shares issues from 14 February 2014 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. There are no Disposal Requests outstanding as at the date of this report.

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:

29. Share-based payments continued

(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.

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

(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.

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.

Notes to the Financial Statements

For the year ended 30 June 2015

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29. Share-based payments continued

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[9]	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 6 [1,2,6,8]	30/06/2008	KMP	500,000	30/06/2008	Change in Control	0.59	0.10	0.10
Series 7 [1,2,6,8]	29/09/2009	KMP and SM	3,500,000	29/09/2009	29/09/2014	0.49	0.07	0.10
Series 10 [1,3,6,8]	25/06/2010	MD	2,000,000	25/06/2010	26/03/2015	0.50	0.11	0.11
Series 11 [1,4,6,8]	25/06/2010	MD	4,000,000	25/06/2010	26/03/2015	0.58	0.08	0.08
Series 12 [1,5,6,8]	25/06/2010	MD	4,000,000	25/06/2010	26/03/2015	0.65	0.06	0.06
Series 13 [5]	25/06/2010	SM	400,000	25/06/2010	1/06/2015	0.53	0.10	0.15
Series 14	1/11/2010	SM	3,000,000	25/10/2010	1/10/2015	0.50	0.07	0.09
Series 15 [5]	18/08/2011	SM	3,000,000	1/07/2011	1/07/2016	0.50	0.10	0.13
Series 16 [5]	6/10/2011	SM	3,950,000	1/09/2011	1/09/2016	0.50	0.11	0.13
Series 17 [5]	1/03/2012	SM	2,150,000	1/03/2012	1/03/2017	0.50	0.09	0.11
Series 18	1/03/2012	CP	2,500,000	10/02/2012	10/02/2017	0.50	0.12	0.15
Series 19	3/04/2012	CP	600,000	15/03/2012	15/03/2017	0.50	0.12	0.16
Series 20	3/04/2012	CP	700,000	3/04/2012	3/04/2017	0.50	0.13	0.17
Series 21	25/05/2012	CP	2,325,000	7/05/2012	7/05/2017	0.50	0.13	0.17
Series 22	29/06/2012	CP	1,000,000	29/06/2012	29/06/2017	0.50	0.13	0.16
Series 23	6/08/2012	CP	4,600,000	6/08/2012	6/08/2017	0.54	0.17	0.21
Series 24 [5]	22/08/2012	SM	450,000	22/08/2012	22/08/2017	0.55	0.16	0.19
Series 25	21/12/2012	CP	1,300,000	21/12/2012	21/012/2017	0.58	0.16	0.20
Series 26 [7]	16/04/2013	SM	2,650,000	12/04/2013	50% Change in Control; 50% 1 year after	0.57	n/a	0.29
Series 27	16/04/2013	SM	150,000	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	750,666	27/06/2013	27/06/2018	0.64	n/a	0.21
Series 31	14/10/2013	SM	1,175,000	14/10/2013	Change in Control	0.61	n/a	0.17
Series 32	14/10/2013	SM	1,175,000	14/10/2013	1 year post Change in Control	0.61	n/a	0.19
Series 33	29/11/2013	SM	75,000	29/11/2013	Change in Control	0.61	n/a	0.16
Series 34	29/11/2013	SM	75,000	29/11/2013	1 year post Change in Control	0.61	n/a	0.19

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29. Share-based payments continued

Series	Issue Date	Type of Arrangement[9]	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 35	31/01/2014	SM	75,000	31/01/2014	Change in Control	0.65	n/a	0.18
Series 36	31/01/2014	SM	75,000	31/01/2014	1 year post Change in Control	0.65	n/a	0.20
Series 37	31/01/2014	CP	2,453,333	31/01/2014	31/01/2019	0.65	n/a	0.18
Series 38	30/05/2014	SM	737,000	30/05/2014	30/05/2018	0.75	n/a	0.17
Series 39	30/05/2014	SM	737,000	30/05/2014	30/05/2019	0.75	n/a	0.19
Series 40	30/05/2014	SM	737,000	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	08/07/2019	0.79	n/a	0.20
Series 43	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2018	1.01	n/a	0.15
Series 44	26/11/2014	CP	2,413,368	26/11/2014	25/11/2019	1.01	n/a	0.18
Series 44	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2019	1.01	n/a	0.18
Series 45	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2020	1.01	n/a	0.21
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	141,666	30/03/2015	30/03/2021	1.00	n/a	0.28

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

9 KMP = Key Management Personnel, SM = Senior Management, MD = Managing Director, CP = Contractor Participant

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 13**	**Series 14**	**Series 15**	**Series 16**	**Series 17**
Grant date share price ($)	0.53	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.57	0.52	0.50	0.51	0.50
Expected volatility (%)	28.78	29.71	31.49	35.35	36.70
Anticipated option life (years)	2.94	2.94	3.00	3.00	3.00

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29. Share-based payments continued

Inputs into the model	Series 18	Series 19	Series 20	Series 21	Series 22
Grant date share price ($)	0.50	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.50	0.50	0.50	0.49	0.49
Expected volatility (%)	37.06	36.47	36.61	36.94	37.33
Anticipated option life (years)	4.95	4.95	5.00	4.95	5.00
Inputs into the model	**Series 23**	**Series 24**	**Series 25**	**Series 26**	**Series 27**
Grant date share price ($)	0.54	0.55	0.58	0.57	0.57
Anticipated vesting price ($)	0.53	0.54	0.58	0.57	0.57
Expected volatility (%)	37.85	37.99	35.21	35.92	35.92
Anticipated option life (years)	5.00	3.00	5.00	5.99	4.99
Inputs into the model	**Series 28**	**Series 29**	**Series 30**	**Series 31**	**Series 32**
Grant date share price ($)	0.69	0.68	0.64	0.61	0.61
Anticipated vesting price ($)	0.69	0.68	0.64	0.61	0.61
Expected volatility (%)	35.92	36.81	36.90	22.20	22.20
Anticipated option life (years)	4.99	5.00	5.00	5.00	6.00
Inputs into the model	**Series 33**	**Series 34**	**Series 35**	**Series 36**	**Series 37**
Grant date share price ($)	0.61	0.61	0.65	0.65	0.65
Anticipated vesting price ($)	0.61	0.61	0.65	0.65	0.65
Expected volatility (%)	22.11	22.11	22.01	22.01	22.01
Anticipated option life (years)	5.00	6.00	5.00	6.00	5.00
Inputs into the model	**Series 38**	**Series 39**	**Series 40**	**Series 41**	**Series 42**
Grant date share price ($)	0.75	0.75	0.75	0.75	0.79
Anticipated vesting price ($)	0.75	0.75	0.75	0.75	0.79
Expected volatility (%)	21.12	21.12	21.12	21.12	16.78
Anticipated option life (years)	4.00	5.00	6.00	5.00	5.00
Inputs into the model	**Series 43**	**Series 44**	**Series 45**	**Series 46**	**Series 47**
Grant date share price ($)	1.01	1.01	1.01	1.00	1.00
Anticipated vesting price ($)	1.01	1.01	1.01	1.00	1.00
Expected volatility (%)	19.79	19.79	19.79	20.84	20.84
Anticipated option life (years)	4.00	5.00	6.00	4.00	5.00
Inputs into the model	**Series 48**				
Grant date share price ($)	1.00				
Anticipated vesting price ($)	1.00				
Expected volatility (%)	20.84				
Anticipated option life (years)	6.00				

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

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29. Share-based payments continued

	2015		2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at the beginning of the financial year	49,381,666	0.56	41,867,333	0.54
Issued during the financial year	9,493,682	0.90	7,731,277	0.70
Forfeited during the year	(104,000)	0.74	-	-
Exercised during the year	(100,000)	0.55	(216,944)	0.65
Reallocated during the year	(300,000)	0.55	-	-
Balance at the end of the financial year	**58,371,348**	**0.61**	**49,381,666**	**0.56**

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

9,493,682 shares granted issued during the year of which 404,000 were reallocated from other series existing at the beginning of the year and 100,000 were exercised during the year. The net shares issued on the ASX were therefore 8,989,682 ESP shares.

The following table outlines the vesting conditions and performance conditions of share based payment arrangements in existence during the period.

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 sales target	No
Series 19 – 3 April 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target	No
Series 20– 3 April 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 21– 25 May 2012 Issue	4 years and 347 days from the date of issue and achievement of specific sales target	No
Series 22– 29 June 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 23– 6 August 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 25– 21 December 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 28– 16 April 2013 Issue	4 years and 361 days from the date of issue and achievement of specific sales target	No
Series 29– 31 May 2013 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 30– 27 June 2013 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 37– 31st January 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 41– 30th May 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 42– 9th July 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 44– 26th November 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 47– 30th March 2015 Issue	5 years from the date of issue and achievement of specific sales target	No

1 Subject to qualifying circumstances as outlined in the ESP Plan Rules.

Notes to the Financial Statements

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The vesting conditions in the ESP stipulate that shares issued in terms of the Plan to employees participants will automatically vest with a change of control of the Company. The change of control provisions do not apply to shares issued in terms of the plan to contractor participants or shares issued to employee participants subsequent to 1 July 2015.

On 26 September 2012, 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.

Continued Shares that were cancelled during the year

No shares were cancelled during the year.

The following table shows the shares that were reallocated due to the cessation of the employment of a participant of the plan.

Date	Number of shares reallocated	Reallocated from	Reallocated to
26/11/2014	300,000	Series 13	Series 43, 44 and 45
30/03/2015	34,667	Series 38	Series 46
30/03/2015	34,667	Series 39	Series 46 and 47
30/03/2015	34,666	Series 40	Series 48
	404,000		

30. Shares granted under the executive share plans

In accordance with the provisions of the ESP, as at 30 June 2015, key management, members of the senior management team, the managing director and contractor participants have acquired 58,371,348 (2014: 49,381,666) ordinary shares. Shares granted under the ESP carry rights to dividends and voting rights. Financial assistance amounting to $36,464,292 (2014: 28,744,723) 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 29.

31. Dividends

	Consolidated and Company			
		2015		2014
	Per share	$'000	Per share	$'000
Dividend payments on Ordinary shares				
2014 final dividend (2014: 2013 final dividend)	2.0	10,977	1.8	8,157
Total dividends on ordinary shares paid to owners of the Company	**2.0**	**10,977**	**1.8**	**8,157**
Dividends not recognised in the consolidated statement of financial position				
Dividends declared since balance date				
2015 final dividend (2014: 2014 final dividend)	2.1	12,301	2.0	10,980
Dividend franking account				
Amount of franking credit available for use in subsequent financial years	-	16,065	-	10,562

1 The impact on the dividend franking account for the final dividend declared is expected to reduce the franking account by $5.2 million (2014: $4.7 million). There are no other income tax consequences for dividends not recognised in the statement of financial position.

2 The total 2015 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 2015 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 2015 of $12.30 million (2014 : $10.98 million).

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

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net profit/(loss) for the year	12,572	13,880	11,858	(320)
Fair value gains on financial assets at fair value through profit and loss	(72,818)	(80,442)	-	-
Loss on disposal of property, plant and equipment	28	-	-	-
Amortisation and depreciation	12,847	10,823	-	-
Employee share plan expense	896	905	896	905
Other non cash items	27	130	-	-
Interest and dividend received from controlled entity	-	-	(13,500)	-
Reinvested trust distribution income/interest income	(23,675)	(17,863)	(620)	(269)
Movements in liabilities to non-controlling interest in controlled unit trust	27,968	15,651	-	-
Decrease/(increase) in receivables	(2,119)	1,695	(1,906)	202
Decrease/(increase) in deferred tax asset	(789)	(179)	158	253
Increase/(decrease) in payables	3,077	1,071	(109)	259
Increase/(decrease) in policy liabilities	8,653	(75,749)	-	-
Increase/(decrease) in current tax liability	(74)	1,039	(74)	1,039
Net cash (utilised)/generated by operating activities	**(33,407)**	**(129,039)**	**(3,297)**	**2,069**

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33. Subsidiaries

Name of Entity	Principal Activity	Parent Entity	Country of incorporation	Ownership interest 2015 %	2014 %
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)	Financial Advice	CWL	Australia	100	100
Matrix Planning Solutions Limited (MPS)	Financial Advice	CWL	Australia	100	-
Affiliate Financial Planning Pty Limited	Dormant	CFA	Australia	100	100
Controlled unit trusts					
International Fixed Interest Fund	Wholesale Fund	CLAL	Australia	95	95
Fund of Funds Australian Equity Fund	Wholesale Fund	CLAL	Australia	59	67
Bond Fund	Wholesale Fund	CLAL	Australia	68	73
Fund of Funds International Equity Fund	Wholesale Fund	CLAL	Australia	93	90
Property Fund	Wholesale Fund	CLAL	Australia	83	86
Money Market Fund	Wholesale Fund	CLAL	Australia	81	84
Infrastructure Fund	Wholesale Fund	CLAL	Australia	69	76
Emerging Markets Fund	Wholesale Fund	CLAL	Australia	72	77
CVW Platinum International Shares Fund	Wholesale Fund	CLAL	Australia	98	-
CVW Hyperion Australian Shares Fund	Wholesale Fund	CLAL	Australia	84	-
CVW Vanguard Listed International Infrastructure Fund	Wholesale Fund	CLAL	Australia	96	-
CVW Vanguard Emerging Markets Fund	Wholesale Fund	CLAL	Australia	97	-
CVW Plato Australian Shares Fund	Wholesale Fund	CLAL	Australia	79	-
CVW MFS International Shares Fund	Wholesale Fund	CLAL	Australia	64	-

ClearView Administration Services Pty Limited was incorporated to centralise the administrative responsibilities of the group which include salary disbursements and settling all non-directly attributable overhead expenditure. ClearView Administration Services Pty Limited recoups all expenditure by virtue of a management fee from the various group companies and operates on a cost recovery basis (in accordance with an inter group agreement).

34. Business Combinations

Acquisition of Matrix Holdings Limited

On 10 October 2014, the Company acquired 100% of the voting shares of Matrix Holdings Limited (Matrix Holdings), a company based in Australia specialising in financial advice. Matrix Holdings held two wholly owned subsidiaries, Matrix Planning Solutions Limited (MPS or Matrix) and Matrix Planning Investments Pty Ltd (MPI).

The Company acquired Matrix Holdings, as the dealer group (operated through MPS) will expand the Group's financial advice business. The consolidated financial statements include the results of Matrix for the period from acquisition date on 10th October 2014. The Company entered into a pre-acquisition Put Option Deed with O&B Limited (O&B) with the ability to put 100% of Matrix Holdings shares back to O&B for a nominal amount. Per the Put Option Deed, the Company was required to restructure the entities before the option could be exercised (resulting in MPS being directly owned by the Company). The entities were restructured and the put option was exercised on the 27th November 2014. As at 30 June 2015, the Company owns 100% of MPS and MPI and retains no interest in Matrix Holdings.

Settlement of the acquisition occurred on 10 October 2014, with the issuance of ClearView shares into trust held by Pacific Custodians Pty Limited (a subsidiary of Link Market Services Limited) and the cash payment being made to Pacific Custodians Pty Limited. The consideration paid was as follows:

Purchase consideration	$'000
Cash to acquire shares	7,750
Contingent Consideration – ClearView shares	12,511
Total purchase consideration	**20,261**
Fair Value of net assets acquired	(5,167)
Goodwill on acquisition	**15,094**

As part of the Merger Implementation Deed entered into the by the parties on 29 August 2014, a component of the purchase consideration was determined to be contingent based on a number of Performance Conditions (including the performance of the acquired entity). A fair value adjustment has been made to the value of the shares as part of the purchase due to these contingencies. The fair value adjustment totalled $2.1 million and has been included (as a deduction) in the contingent consideration value disclosed above.

The assets and liabilities arising from the acquisition are as follows:

Assets	Fair Value $'000
Cash and cash equivalents	2,780
Fixed interest deposits	110
Receivables	1,299
Deferred tax asset	75
Property, plant and equipment	38
Goodwill and Intangibles	20,035
Total assets	**24,337**

34. Business Combinations continued

Liabilities	Fair Value $'000
Payables	408
Deferred tax liability	10
Provisions	658
Borrowings	3,000
Total liabilities	**4,076**
Net assets	**20,261**

Analysis of cash flows on acquisition	Fair Value $'000
Net cash acquired with the subsidiary	2,780
Cash paid	(7,750)
Net cash outflow	**(4,970)**

Goodwill and intangibles include the value of in-force business (Client Book), brand and website, broken down as follows:

Goodwill and intangibles	Fair Value $'000
Client Book	4,720
Brand	200
Website	20
Goodwill	15,094
Total	**20,034**

From the date of acquisition, Matrix has contributed $27.1 million of revenue, $0.8 million in underlying net profit after tax, and a reported net profit of $0.5 million after tax. The reported profit includes $0.4 million ($0.3 million net of tax) in one-off expenses in relation to the acquisition. If the acquisition had taken place at the beginning of the period, revenue from continuing operations would have been $38.3 million and a loss from continuing operations for the period after tax would have been $0.7 million. This loss included $0.9 million ($0.6 million net of tax) in one-off expenses in relation to the purchase before acquisition date and $0.4 million ($0.3 million net of tax) after acquisition date as noted above.

The goodwill recognised is primarily attributed to the expected revenue synergies and other benefits from combining the assets and activities of Matrix with those of the Group. The achievement of the performance based revenue targets are expected to result in the increased profitability of the dealer group. The goodwill recognised, has therefore been allocated across the three cash-generating units (CGU's) of the Group, based on the expected benefits for each CGU. For further details regarding the expected benefits of the acquisition, refer to the Directors' Report.

The total transaction costs of $2.3 million (pre-tax) have been expensed across the Group and are included in operating expenses in the statement of profit or loss and are part of the operating cash flows in the statement of cash flows.

35. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 33 to the financial statements.

(b) Transactions with KMP

Key management personnel compensation

Details of Key Management Personnel compensation are disclosed in the Directors' Report on pages 42 to 57 of the Annual Report. The aggregate compensation made to Key Management Personnel (KMP) of the Company and the Group is set out below:

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	4,924,245	4,730,756
Post-employment benefits	255,929	207,888
Share based payments	177,215	164,848
Total	**5,357,389**	**5,103,492**

(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 transaction between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties during the financial year ended 30 June 2015 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.

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

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35. Related party transactions continued

Outstanding balances between the Group and its related parties

	ClearView Wealth Limited	ClearView Life Assurance Limited	ClearView Financial Management Limited	ClearView Financial Advice Pty Limited	Matrix Planning Solutions Limited	ClearView Admin Services Pty Limited	ClearView Life Nominees Pty Limited	Total
2015	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
ClearView Wealth Limited	-	(4,544,452)	(143,569)	(355,800)	(65,178)	(4,634,875)	(8,891)	(9,752,765)
ClearView Life Assurance Limited	4,544,452	-	133,977	429,256	-	5,430,633	-	10,538,318
ClearView Financial Management Limited	143,569	(133,977)	-	41,784	-	234,018	(543,666)	(258,272)
ClearView Financial Advice Pty Limited	355,800	(429,256)	(41,784)	-	-	594,859	-	479,619
Matrix Planning Solutions Limited	65,178	-	-	-	-	312,103	-	377,281
ClearView Admin Services Pty Limited	4,634,875	(5,430,633)	(234,018)	(594,859)	(312,103)	-	-	(1,936,738)
ClearView Life Nominees Pty Limited	8,891	-	543,666	-	-	-	-	552,557
	9,752,765	**(10,538,318)**	**258,272**	**(479,619)**	**(377,281)**	**1,936,738**	**(552,557)**	**-**
2014	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
ClearView Wealth Limited	-	3,607,064	(204,676)	1,482,662	-	2,692,043	5,607	7,582,700
ClearView Life Assurance Limited	(3,607,064)	-	(142,272)	(439,841)	-	(4,760,145)	-	(8,949,322)
ClearView Financial Management Limited	204,676	142,272	-	(54,282)	-	(1,703,004)	282,628	(1,127,710)
ClearView Financial Advice Pty Limited	(1,482,662)	439,841	54,282	-	-	(657,702)	-	(1,646,241)
Matrix Planning Solutions Limited	-	-	-	-	-	-	-	-
ClearView Admin Services Pty Limited	(2,692,043)	4,760,145	1,703,004	657,702	-	-	-	4,428,808
ClearView Life Nominees Pty Limited	(5,607)	-	(282,628)	-	-	-	-	(288,235)
	(7,582,700)	**8,949,322**	**1,127,710**	**1,646,241**	**-**	**(4,428,808)**	**288,235**	**-**

(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.

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

(d) Fair value of financial instruments

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

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				
2015				
Equity Securities	222,891	-	-	222,891
Fixed Interest Securities	-	661,977	-	661,977
Unit Trusts	565,383	-	-	565,383
Total	**788,274**	**661,977**	**-**	**1,450,251**
2014				
Equity Securities	233,817	-	-	233,817
Fixed Interest Securities	-	641,410	-	641,410
Unit Trusts	461,542	-	-	461,542
Total	**695,359**	**641,410**	**-**	**1,336,769**

36. Financial instruments continued

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Liabilities				
2015				
Life investment policy liability	1,160,627	-	-	1,160,627
Total	**1,160,627**	**-**	**-**	**1,160,627**
2014				
Life investment policy liability	1,122,364	-	-	1,122,364
Total	**1,122,364**	**-**	**-**	**1,122,364**

(e) Categories of financial instruments

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

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets				
Investment in group companies	-	-	318,159	257,892
Cash and cash equivalents	200,769	183,299	34,447	1,111
Fixed interest deposits	107,035	88,759	8,115	25,179
Life insurance investment assets	1,450,251	1,336,769	-	-
Loans and receivables	15,516	11,876	9,884	16,353
Total	**1,773,571**	**1,620,703**	**370,605**	**300,535**
Financial liabilities				
Net Policyholder liabilities	1,001,753	991,214	-	-
Payables	24,774	25,069	357	349
Borrowings	45,500	-	-	-
Current tax liabilities	4,548	4,622	4,548	4,622
Provisions	5,375	3,588	26	19
Total	**1,081,950**	**1,024,493**	**4,931**	**4,990**

(f) Financial risk management objectives

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

(g) Market risk

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

36. Financial instruments continued

Interest rate risk

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

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMS;
- Investing ClearView's assets in accordance with the Board approved Investment Policy and Guidelines; and
- By holding capital reserves in accordance with the Company's 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 2015, ClearView's shareholder related assets were 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 Company is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

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

To the extent required, capital reserve are held in accordance with the ICAAP with respect to the Company'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 Company's internal investment management committee (the ClearView Investment Committee (CIC) appointed by the Board) prior to investing ClearView assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC, with the CIC charged to maintain the credit quality of ClearView assets within the Board's investment guidelines.

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

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

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

Specific capital reserves are held against credit risk under the regulatory capital requirements of ClearView Life (LAGIC) 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. The table reflects the credit risk exposure facing the Group.

36. Financial instruments continued

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash and cash equivalents and debt securities/fixed interest securities				
Rating				
AAA to AA-	866,819	806,992	39,474	23,272
A+ to A-	99,844	73,420	-	-
BBB+ to BBB-	22,591	20,723	1,005	-
BB+ and below	2,288	3,138	-	301
Unrated[1]	8,973	9,195	3,794	3,018
	1,000,515	**913,468**	**44,273**	**26,591**

1. Unrated relate to term deposits invested in Australian Credit Union Institutions which are APRA Regulated ADIs.

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables from premiums receivable, accrued dividends, loans receivable, prepayments and outstanding settlements. Other receivables balances relate predominantly to management fees from external unit trusts. The concentration is spread across the various debtors with no single significant debtor.

(i) Liquidity risk

Liquidity risk is primarily the risk that the Company will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders, 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 Company and/or reputational damage via association.

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

36. 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
2015	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	4,246	192	44	268	-	4,750
Outstanding life insurance premiums net of provision	1,358	517	355	22	-	2,252
Accrued dividends	1,883	-	-	-	-	1,883
Investment income and distribution income	886	-	-	-	-	886
Reinsurance receivable [1]	19,313	721	(6)	(4,702)	(17,559)	(2,233)
Loans	668	262	1,259	1,106	110	3,405
Prepayments	1,835	171	109	593	166	2,874
Total	**30,189**	**1,863**	**1,761**	**(2,713)**	**(17,283)**	**13,817**
2014						
Receivables	4,354	-	26	3	-	4,383
Outstanding life insurance premiums net of provision	1,485	-	-	-	-	1,485
Accrued dividends	1,851	-	-	-	-	1,851
Investment income and distribution income	1,014	-	-	-	-	1,014
Reinsurance receivable [1]	4,342	3,477	4,726	(16,417)	-	(3,872)
Loans	143	82	119	307	198	849
Prepayments	1,679	528	4	83	-	2,294
Total	**14,868**	**4,087**	**4,875**	**(16,024)**	**198**	**8,004**

						Company
2015	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	14	15	28	74	-	131
Amounts from controlled/associated entities	9,753	-	-	-	-	9,753
Total	**9,767**	**15**	**28**	**74**	**-**	**9,884**
2014						
Trade receivables	2	2	3	-	-	7
Amounts from controlled/associated entities	7,847	-	8,499	-	-	16,346
Total	**7,849**	**2**	**8,502**	**-**	**-**	**16,353**

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

36. 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 principle cash flows.

						Consolidated
2015	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	18,346	119	558	528	83	19,634
Current tax liabilities	-	4,548	-	-	-	4,548
Provisions	111	76	4,014	813	361	5,375
Reinsurance payable [1]	5,142	-	-	-	-	5,142
Total	**23,599**	**4,743**	**4,572**	**1,341**	**444**	**34,699**
2014						
Payables	20,101	53	233	933	-	21,320
Current tax liabilities	-	4,622	-	-	-	4,622
Provisions	320	25	3,243	-	-	3,588
Reinsurance payable [1]	3,749	-	-	-	-	3,749
Total	**24,170**	**4,700**	**3,476**	**933**	**-**	**33,279**

						Company
2015	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	357	-	-	-	-	357
Current tax liabilities	-	4,548	-	-	-	4,548
Provisions	-	26	-	-	-	26
Total	**357**	**4,574**	**-**	**-**	**-**	**4,931**
2014						
Payables	-	349	-	-	-	349
Current tax liabilities	-	4,622	-	-	-	4,622
Provisions	-	19	-	-	-	19
Total	**-**	**4,990**	**-**	**-**	**-**	**4,990**

1 Reinsurance payable represents reinsurance premium payable on reinsurance due in respect of life insurance premium.

36. Financial instruments continued

The following table gives information about how the fair values of these 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					
	2015 $'000	2014 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity Securities	222,891	233,817	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed Interest Securities	661,977	641,411	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	565,383	461,544	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**1,450,251**	**1,336,772**				

(j) Financing Facilities

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
The Group has access to the following facilities:				
Bank Guarantees				
– amount used	942	1,084	-	-
Overdraft and Credit				
– amount used	-	-	-	-
– amount unused	2,000	2,250	-	-
Bank Revolving Facility				
– amount used	45,500	-	-	-
– amount unused	4,500	-	-	-

The Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. As at the reporting date, the Company has drawn down $45.5 million on the facility, with $4.5 million of unused credit facilities available for immediate use. Interest on the loan accrues at BBSY plus a margin of 0.7% per annum, and is payable monthly. Furthermore, a line fee of 0.4% per annum is payable on the facility on a quarterly basis. The facility is secured by a number of cross guarantees, refer to Note 42 for details.

ClearView Life Assurance Limited has a $2 million overdraft facility with National Australia Bank at a benchmark interest rate of 10.76% p.a calculated daily. Any overdrawn balance in excess of the overdraft will incur an additional margin of 1.5% p.a above the benchmark interest rate. The bank overdraft is short-term in nature and was unutilised at 30 June 2014. There is an additional $0.25 million credit card facility with National Australia Bank in the name of ClearView Administration Services Pty Limited.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

36. 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, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Board monitors the Group's exposures to interest rate risk.

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

	Consolidated		Company	
2015	Weighted average interest rate %	Less than 6 months $'000	Weighted average interest rate %	Less than 6 months $'000
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	1.74	71,433	1.35	34,447
Fixed interest securities	3.11	107,035	3.40	8,115
Total		**178,468**		**42,562**
2014				
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	3.33	64,959	2.50	1,111
Fixed interest securities	3.55	88,759	3.43	25,179
Total		**153,718**		**26,290**

Interest rate sensitivity analysis for floating rate financial instruments

The sensitivity analysis below have been determined based on the Group's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 0.5% (2014: 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.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

36. Financial instruments continued

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
±0.5% (2014: ±0.5%)	±343	±379	±343	±379	±123	±43	±123	±43

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.

(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.

	Change in AUD relative to foreign currency	Effect on net assets/ INV return ($) $'000
USD	-18%	-
GBP	-12%	-
EUR	-1%	-
YEN	-2%	-

Forward foreign exchange contracts

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

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

37. Disaggregated information by fund

Abbreviated income statement

	ClearView Life Assurance Limited (Company)				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Life insurance premium revenue	-	104,811	353	-	105,164
Outwards reinsurance expense	-	(18,293)	(68)	-	(18,361)
Fee revenue	-	-	956	23,251	24,207
Investment revenue	251	2,998	1,434	78,251	82,934
Net fair gains/(losses) on financial assets at fair value	-	-	85	31,385	31,470
Net revenue and income	**251**	**89,516**	**2,760**	**132,887**	**225,414**
Claims expense	-	(32,901)	(50)	-	(32,951)
Reinsurance recoveries	-	15,010	-	-	15,010
Change in life insurance policy liabilities	-	40,822	129	-	40,951
Change in reinsurers' share of life insurance liabilities	-	(7,367)	-	-	(7,367)
Change in life investment policy liabilities	-	-	(3,214)	(105,984)	(109,198)
Other expenses	(112)	(79,460)	(600)	(23,116)	(103,288)
Profit for the year before income tax	**139**	**25,620**	**(975)**	**3,787**	**28,571**
Income tax expense	(42)	(7,684)	1,559	(3,296)	(9,463)
Net profit attributable to members of ClearView Life Assurance Limited	**97**	**17,936**	**584**	**491**	**19,108**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

37. Disaggregated information by fund continued

Abbreviated statement of financial position

	ClearView Life Assurance Limited (Company)				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2015	$'000	$'000	$'000	$'000	$'000
Investments in controlled entities	2,950	-	53,985	1,108,594	1,165,529
Policy liabilities ceded under reinsurance	-	(2,487)	254	-	(2,233)
Other assets	3,338	105,670	2,680	16,952	128,640
Total assets	**6,288**	**103,183**	**56,919**	**1,125,546**	**1,291,936**
Gross policy liabilities – Life insurance contracts	-	(156,747)	105	-	(156,642)
Gross policy liabilities – Investment insurance contracts	-	-	53,785	1,106,841	1,160,626
Other liabilities	42	12,281	(10)	7,866	20,179
Total liabilities	**42**	**(144,466)**	**53,880**	**1,114,707**	**1,024,163**
Net assets	**6,246**	**247,649**	**3,039**	**10,839**	**267,773**
Shareholder's retained profits					
Opening retained profits	(6,476)	117,513	2,255	8,748	122,040
Operating profit	97	17,936	584	491	19,108
Capital transfer between funds	-	-	-	-	-
Dividend paid	(7,000)	-	-	-	(7,000)
Shareholder's retained profits	(13,379)	135,449	2,839	9,239	134,148
Shareholder's capital	19,625	112,200	200	1,600	133,625
Total equity	**6,246**	**247,649**	**3,039**	**10,839**	**267,773**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

37. Disaggregated information by fund continued

Abbreviated income statement

	ClearView Life Assurance Limited (Company)				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2014	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	76,440	360	-	76,800
Outwards reinsurance expense	-	(10,313)	(46)	-	(10,359)
Fee revenue	-	-	1,157	23,997	25,154
Investment revenue	484	2,304	2,056	61,737	66,581
Other revenue	-	-	(6)	(131)	(137)
Net fair gains/(losses) on financial assets at fair value	-	-	(84)	61,646	61,562
Net revenue and income	**484**	**68,431**	**3,437**	**147,249**	**219,601**
Claims expense	-	(25,929)	-	-	(25,929)
Reinsurance recoveries	-	11,680	-	-	11,680
Interest on loan	(310)	-	-	-	(310)
Change in life insurance policy liabilities	-	34,234	(6)	-	34,228
Change in life investment policy liabilities	-	-	(2,837)	(123,547)	(126,384)
Change in reinsurers' share of life insurance liabilities	-	(9,994)	-	-	(9,994)
Other expenses	-	(61,034)	(1,293)	(15,617)	(77,944)
Profit for the year before income tax	**174**	**17,388**	**(699)**	**8,085**	**24,948**
Income tax (expense)/benefit	(52)	(5,217)	910	(1,789)	(6,148)
Net profit attributable to members of ClearView Life Assurance Limited	**122**	**12,171**	**211**	**6,296**	**18,800**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

37. Disaggregated information by fund continued

Abbreviated statement of financial position

	ClearView Life Assurance Limited (Company)				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2014	$'000	$'000	$'000	$'000	$'000
Investments in controlled entities	1,450	-	60,646	1,062,781	1,124,877
Policy liabilities ceded under reinsurance	-	(3,991)	119	-	(3,872)
Other assets	12,881	88,314	2,152	17,711	121,058
Total assets	**14,331**	**84,323**	**62,917**	**1,080,492**	**1,242,063**
Gross policy liabilities – Life insurance contracts	-	(127,328)	49	-	(127,279)
Gross policy liabilities – Investment insurance contracts	-	-	60,159	1,062,204	1,122,363
Other liabilities	9,682	9,938	254	8,440	28,314
Total liabilities	**9,682**	**(117,390)**	**60,462**	**1,070,644**	**1,023,398**
Net assets	**4,649**	**201,713**	**2,455**	**9,848**	**218,665**
Shareholder's retained profits					
Opening retained profits	(6,598)	98,342	2,044	9,452	103,240
Operating profit	122	12,171	211	6,296	18,800
Capital transfer between funds	-	7,000	-	(7,000)	-
Dividend paid	-	-	-	-	-
Shareholder's retained profits	(6,476)	117,513	2,255	8,748	122,040
Shareholder's capital	11,125	84,200	200	1,100	96,625
Total equity	**4,649**	**201,713**	**2,455**	**9,848**	**218,665**

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

38. Investment in controlled unit trusts

		Consolidated 2015		Consolidated 2014	
Name	**Type**	**$'000**	**%**	**$'000**	**%**
Controlled unit trusts					
International Fixed Interest Fund	Debt	27,454	95.23	30,287	95.65
Fund of Funds Australian Equity Fund	Equities	113,451	59.26	171,983	75.48
Bond Fund	Debt	322,339	68.47	308,253	82.25
Fund of Funds International Equity Fund	Equities	104,388	93.10	106,918	92.50
Property Fund	Property	46,381	83.14	48,009	89.46
Money Market Fund	Debt	239,571	80.77	244,259	88.84
Infrastructure Fund	Infrastructure	114,709	69.11	109,970	84.15
Emerging Markets Fund	Equities	106,922	71.56	103,748	80.37
CVW Platinum International Shares Fund	Equities	8,734	97.99	-	-
CVW Hyperion Australian Shares Fund	Equities	5,924	83.95	-	-
CVW Vanguard Listed International Infrastructure Fund	Infrastructure	4,752	96.36	-	-
CVW Vanguard Emerging Markets Fund	Equities	4,852	96.69	-	-
CVW Plato Australian Shares Fund	Equities	47,819	78.70	-	-
CVW MFS International Shares Fund	Equities	15,283	63.88	-	-
		1,162,579		**1,123,427**	

39. Leases

	Consolidated		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Not longer than 1 year	2,367	1,897	-	-
Longer than 1 year and not longer than 5 years	3,045	2,650	-	-
Longer than 5 years	18	-	-	-
Total	**5,412**	**4,547**	**-**	**-**

Lease committmens 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.
- Printers and copiers utilised in the business. The Group does not have an option to purchase the leased assets at expiry of the leases.

Notes to the Financial Statements

For the year ended 30 June 2014

Continued

39. Leases continued

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

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Make good provision (Note 23)				
Current	100	46	-	-
Non-current	333	270	-	-
Total	**433**	**316**	**-**	**-**

40. 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 Group has term deposits that back financial guarantees issued by National Australia Bank in favour of landlords for leased premises in relation to rental deposits of $105,852 (2014: $303,329).

The Group has term deposits to back financial guarantees issued by Westpac Bank in favour of landlords for leased premises in relation to rental deposits of $941,615 (2014: $780,946)

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.

Notes to the Financial Statements

For the year ended 30 June 2015

Continued

41. Capital commitments

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

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Technology projects	1,645	300	-	-
Your Insure [1]	1,589	2,700	-	-
Total	3,234	3,000	-	-

1 ClearView Wealth Limited will provide funding to Your Insure up to a maximum limit of $3.3 million on a draw down basis. As at the balnce date $1.7 million of the facility is still available to be drawn down subject to the achievement of set performance hurdles.

42. Guarantees

The facility entered into with the Commonwealth Bank of Australia is guaranteed jointly and severally by:

- ClearView Wealth Limited ACN 106 248 248
- 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

*These entities provide a limited guarantee. The recovery granted from the guarantee is limited to the extent that it does not result in the entities breaching their Australian Financial Services Licence conditions.

The guarantees are supported by collateral (in the form of the shares) of the entities.

43. Subsequent events

Dividends

On 25 August 2015, the Group proposed a final dividend of $12.30 million representing 2.1 cents per share fully franked. The record date for determining entitlement to the dividend is 3 September 2015 and the dividend will be paid on 17 September 2015. 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.

Directors' Declaration

The Directors declare that:

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

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including 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

Dr Gary Weiss

Chairman

25 August 2015

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Independent Auditor's Report to the members of ClearView Wealth Limited

Report on the Financial Report

We have audited the accompanying financial report of ClearView Wealth Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on page 60 to 143.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 57 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of ClearView Wealth Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 25 August 2015

Shareholders' Information

As at 6 August 2015

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	310,076,859	52.9%
2	Macquarie Investment Management Limited	62,447,883	10.7%

1 Crescent Capital Partners Management Pty Limited represent the interests of CCP Bidco Pty Limited (CCP Bidco) and Macquarie Investment Management Limited (MIML) as manager. MIML's 10.7% is therefore included in the 52.9% holding of CCP Bidco in the table above.

Twenty largest shareholders (as at 6 August 2015)

Rank	Name	No. of shares as per notice	% of issued capital
1	CCP Bidco Pty Ltd	92,294,252	15.76
2	Macquarie Investment Management Limited	47,580,009	8.12
3	Citicorp Nominees Pty Limited	33,525,225	5.72
4	CCP Trusco 4 Pty Limited	30,972,903	5.29
5	Portfolio Services Pty Ltd	25,450,635	4.34
6	CCP Bidco Pty Limited	24,011,127	4.10
7	CCP Trusco 5 Pty Limited	21,955,128	3.75
8	CCP Trusco 1 Pty Limited	20,224,844	3.45
9	Pacific Custodians Pty Limited	15,432,642	2.63
10	Macquarie Investment Management Limited	14,867,874	2.54
11	HSBC Custody Nominees (Australia) Limited	14,824,553	2.53
12	J P Morgan Nominees Australia Limited	13,718,621	2.34
13	CCP Trusco 3 Pty Limited	11,557,052	1.97
14	BNP Paribas Noms Pty Ltd	10,495,016	1.79
15	National Nominees Limited	10,011,121	1.71
16	Mr Simon Swanson	10,000,000	1.71
17	CCP Trusco 4 Pty Limited	9,678,460	1.65
18	CCP Trusco 2 Pty Limited	9,630,878	1.64
19	CCP Bidco Pty Limited	7,503,034	1.28
20	Salamanca Group Trust (Switzerland) SA	7,500,000	1.28

Shareholders’ Information

As at 6 August 2015

Ordinary Share Capital

There are 585,768,954 fully paid ordinary shares held by 1,795 shareholders. All the shares carry one vote per share.

Distribution of shareholders

The distribution of Shareholders as at 6 August 2015 is as follows:

Range	Total holders	Units	% of issued capital
1 - 1,000	279	94,481	0.02
1,001 - 5,000	498	1,483,340	0.25
5,001 - 10,000	292	2,227,847	0.38
10,001 - 100,000	522	15,761,273	2.69
100,001 and over	204	566,202,013	96.66
Total	**1,795**	**585,768,954**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.80 per unit	535	189	19,833

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2015.

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Directory

Directors

Dr Gary Weiss (Chairman)

Andrew Sneddon

Bruce Edwards

David Brown

Gary Burg

Jennifer Newmarch

Michael Alscher

Michael Lukin
(Alternate to Mrs Newmarch)

Nathanial Thomson

Simon Swanson

Managing Director

Simon Swanson

Company Secretaries

Chris Robson

Athol Chiert

Appointed Actuary

Ashutosh Bhalerao

Chief Actuary and Risk Officer

Greg Martin

Registered Office and Contact Details

Level 12, 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 3, 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/page/shareholders/corporate-governance

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