ClearView

Half Year Condensed Consolidated Financial Report

for the six months ended 31 December 2018

Directors report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit herewith the Condensed Consolidated Financial Report of ClearView and its subsidiaries (the Group) for the half year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company who held office during the half year ended 31 December 2018 and up to the date of this report are shown below.

- **Bruce Edwards** (Chairman)
- **David Brown**
- **Gary Burg**
- **Michael Alscher** (Appointed as Director on 20 November 2018. Previously appointed as Alternate to Mr Thomson until 20 November 2018)
- **Nathanial Thomson**
- **Satoshi Wakuya** (Resigned as Director on 20 November 2018)
- **Susan Young**
- **Simon Swanson** (Managing Director)

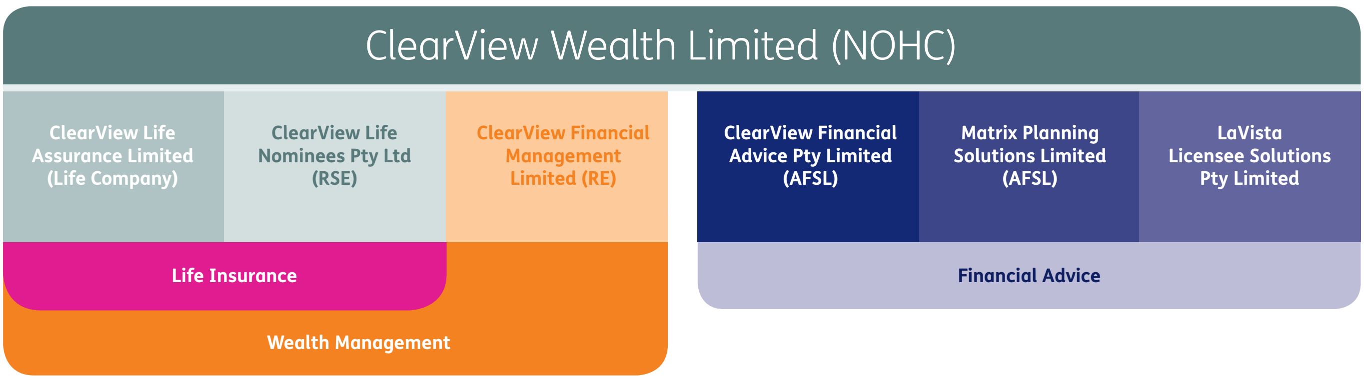
The above named Directors held office during and since the end of the half year unless otherwise stated above.

Principal activities

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

ClearView generates its revenue through the provision and distribution of life insurance, investment, superannuation and retirement income products, and through the provision of financial advice and support services to financial advisers.

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



Operating and Financial Review

ClearView's current operating structure comprises of three core business segments: Life Insurance, Wealth Management and Financial Advice.

ClearView

Wealth Management

ClearView **WealthSolutions**

ClearView **WealthFoundations**

ClearView is a provider of wealth management products in Australia's retail funds management industry.

Our contemporary product suite includes two investment and administration platforms, WealthSolutions and WealthFoundations.

WealthSolutions is an outsourced investment and administration platform issued via the ClearView Retirement Plan and IDPS.

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

Life Insurance

ClearView **LifeSolutions**

ClearView manufactures products for the Advised Life Insurance market. ClearView does not participate in the direct life or group life market segments.

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

Financial Advice

ClearView Financial Advice | MATRIX PLANNING SOLUTIONS | LaVista LICENSEE SOLUTIONS

ClearView operates two Australian Financial Services Licences (**AFSL's**), ClearView Financial Advice (**CFA**) and Matrix Planning Solutions (**Matrix**). LaVista Licensee Solutions also provides dealer services to self-licensed AFSLs.

CFA, Matrix and LaVista Licensee Solutions provide licensing services and business support to 242 financial advisers. LaVista Licensee Solutions was recently launched in November 2018.

Royal Commission and regulatory changes

As noted in the AGM address, there has been an unprecedented amount of scrutiny, consolidation and disruption in the financial services industry and it continues to intensify.

This unparalleled activity will most certainly lead to once-in-a-generation change, driven by four landmark inquiries and reports:

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

ClearView remains committed to its core strategy of partnering with financial advisers to help more Australians protect and grow their wealth. Our focus is on delivering quality products and exceptional service to customers, and expanding our distribution footprint.

ClearView continues to push for open life insurance APLs across the industry which would give financial advisers the ability to freely choose the most appropriate solution for their clients, based on their personal circumstances, needs and goals. The industry has started to move in this direction and we are hopeful that this will lead to a substantial benefit for consumers, advisers and ClearView.

The Royal Commission final report, released on 4 February 2019, contained 76 recommendations (and a range of related observations) which have significant implications for financial services entities. We have outlined in the table below, an indicative summary of the key recommendations relevant to ClearView.

Lines of Business	Life Insurance	Wealth Management	Financial Advice	Other	Group
Recommendations	• Cap on life risk commissions • Duty of care to not make misrepresentations • Avoidance of life insurance contracts • Application of unfair contract terms • Removal of claims handling exemption • Enforceable code • Accountability regime	• Deduction of advice fees from choice accounts • Trustee obligations • Civil penalty provisions for trustees • One default account per person • Accountability regime	• Grandfathered commissions to cease • Further cap on life risk commissions • Annual renewal fee arrangements and authority to deduct fees • Disclosure of lack of independent advice • Creation of a single central disciplinary body • Reporting on compliance concerns and remediation of misconduct	• Mortgage brokers to have a best interest duty • Ban on broker trail commissions • Brokers to be subject to same laws that apply to financial advisers • Review on moving to borrower pays mortgage brokerage fee	• Strengthened regulatory environment • Oversight body for regulators • Changing culture and governance • Remuneration redesign • Extension of Banking Executive Accountability Regime (BEAR)

ClearView is reviewing the report's findings and assessing the potential impacts of the recommendations on our business. There is a significant amount of work required of the industry to understand the detail associated with the proposed changes. As we work through these and come to more informed conclusions on the potential impacts of the recommendations on our business, we will communicate these as appropriate.

There is no question that the Royal Commission and the other landmark inquiries have been confronting for the entire industry, but ClearView hopes that the reforms will raise the bar on ethical behaviour and accountability in the financial services sector, and repair community issues of mistrust in financial services providers. Regarding our appearance at the Royal Commission, we note that ClearView closed the Direct Life insurance business in May 2017 and our top priority has been to finalise the consumer remediation program (CRP). ClearView has implemented the CRP, which covered the categories of consumers and the level of remediation approved by ASIC and final reports on the CRP were provided to ASIC by ClearView and the independent expert on 24 December 2018. A further $0.8 million of costs were incurred in the half year under the program.

Furthermore, the costs incurred in relation to the Royal Commission were $1.9 million. Given that both these abovementioned costs are considered unusual to the ordinary activities of the business, these have been separately reported below the line in the half year result.

Material business and operational risks

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

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

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

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

HY19 Results overview

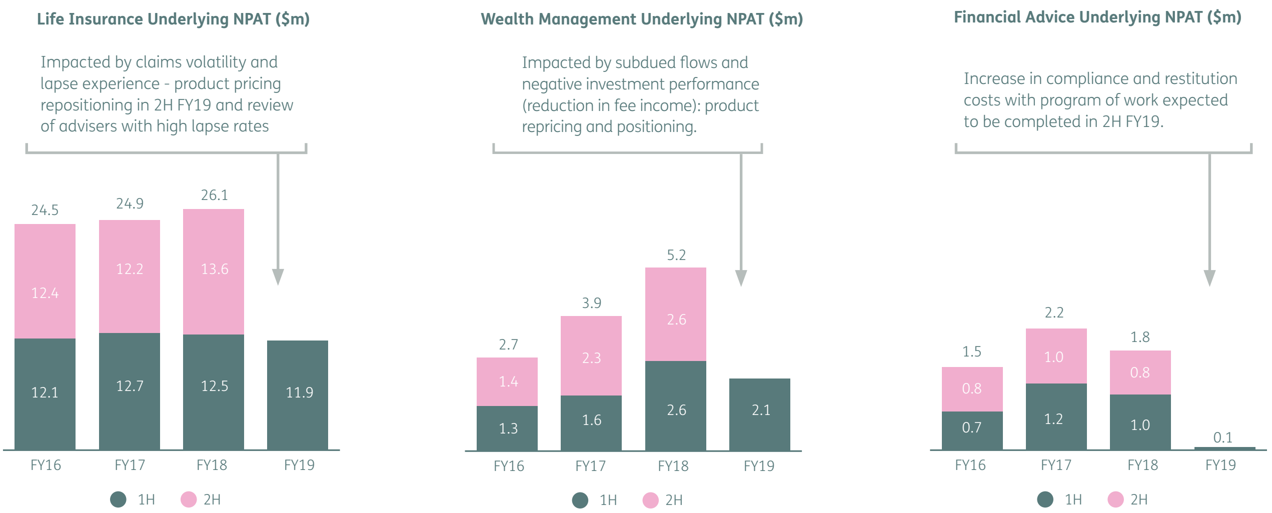
Overview of result

The ClearView Group achieved the following results for the half year ended 31 December 2018:

After Tax Profit by Segment, $M	HY19 $M	HY18 $M	% Change[1]
Life Insurance	11.9	12.5	(5%)
Wealth Management	2.1	2.6	(22%)
Financial Advice	0.1	1.0	(94%)
Listed entity and other	(0.7)	(0.8)	24%
Underlying NPAT[2]	**13.3**	**15.3**	**(13%)**
Other adjustments[3]	(1.8)	(3.0)	40%
Reported NPAT[4]	**11.5**	**12.3**	**(6%)**
Embedded Value[5]	671.0	681.0	(1%)
Net asset value[6]	446.8	428.4	4%
Reported diluted EPS (cps)	1.80	1.90	(5%)
Underlying diluted EPS (cps)[7]	2.08	2.38	(13%)

Underlying NPAT

Chart 1: Group performance FY16-HY19



1. % movement, HY18 to HY19 unless otherwise stated.
2. Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3. Other adjustments include non-cash amortisation, costs considered unusual to normal activities (includes $0.6 million Direct remediation cost, $1.3 million Royal commission costs and $1.4 million Senior Management Team (SMT) retention bonuses) and changes in long term discount rates used to determine the insurance policy liabilities ($2.9 million 'swing' between periods).
4. Reported NPAT of $11.5 million, down 6%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($2.9 million 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
5. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
6. Net Asset Value as at 31 December 2018 excluding ESP Loans.
7. Impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period and changes to the number of ESP shares 'in the money' given the changes in ClearView's share price period on period.

Underlying NPAT, the Board's key measure of Group profitability and basis for dividend payment decisions, decreased 13% to $13.3 million (HY18: $15.3 million):

- Reflective of a challenging market environment (increased market volatility, uncertainty and negative consumer sentiment); and
- HY19 result was impacted by lapses and claims (-$5.1 million negative experience; HY18 -$4.0 million).

The HY19 result does not reflect the key strategic priorities and actions underway in 2H FY19 that is likely to have a positive longer term effect on the emergence of sustainable profit growth from the double digit increases in life insurance in-force portfolio (+15% in HY19):

- The termination of certain distribution relationships that have lapse rates above acceptable norms coupled with the product pricing repositioning of LifeSolutions – focus is on improving lapse rates, with the likely shorter term impact on new business volumes (leading to improved longer term performance for the business);
- Repricing and enhancement of contemporary wealth management products given competitor solutions and recent pricing changes – aimed at supporting net flows, with a shorter term profit impact as the price changes are flowed through the in-force portfolios; and
- Rebalance of the cost base of the business to the current market environment and to align with the strategic objectives leading to a material cost transformation program – expected implementation of the program in 2H FY19, that is likely to be partially offset by some reinvestment in product and innovation over time.

ClearView has strong growth embedded in its expanding distribution footprint that underpins the growth profile but has a short term focus on improvement in lapse rates to acceptable levels.

Life Insurance Underlying NPAT down 5% to $11.9 million (HY18: $12.5 million):

- Life Insurance remains the key profit driver. Our expanding distribution footprint and new business volumes relative to the size of the in-force portfolio lead to a material increase in the in-force portfolio (+15%) which underpins the growth profile.
- In HY19, there was an adverse claims experience of $2.1 million (HY18: $3.2 million). Adopting a longer term view, overall net adverse claims performance is mainly attributed to the income protection (IP) portfolio.
- ClearView is adjusting the pricing of the overall LifeSolutions product in 2H FY19, in broad terms reflecting where the portfolio claims experience has improved or deteriorated over recent periods. These pricing changes reflect both evolving market relativities and underlying claims and reinsurance costs developments.
- In HY19, there was an adverse lapse experience of $2.9 million (HY18: $0.8 million). The recent adverse lapse experience has been driven by a combination of pricing positioning issues, poor lapse outcomes with certain adviser distribution relationships and consequences of the transition under the Life Insurance Reform caps and rules.
- The product repricing in key cohorts, coupled with terminating certain adviser distribution relationships that have experienced elevated lapse rates, is expected to reduce these drivers over time. The external factors, including the impacts from negative consumer sentiment need to work their way through over time.
- These strategies and effects will take time to fully implement and to flow through to the overall lapse performance, with lapses still expected to remain elevated in the second half of FY19.

Wealth Management Underlying NPAT down 22% to $2.1 million (HY18: $2.6 million)

- Wealth Management was adversely impacted by subdued flows and poor investment performance, leading to a reduction in fees, coupled with the fixed cost base impacts from a lack of scale of the inhouse contemporary platform. FUM decreased 4% to $2.62 billion in HY19 with net outflows of $81 million.
- Contemporary net outflows of $10 million are down materially in HY19, driven predominantly by the WealthSolutions product. This product is being repriced and enhanced with two key objectives:
  - In the short term (March 2019), improve fee competitiveness of the WealthSolutions administration platform, particularly given competitor solutions and recent pricing changes; and
  - Progressive enhancement to the model portfolios and platform funds to increase the suite of ClearView models available (strategies and price points).

- These changes are aimed at supporting net flows (through increasing retention of existing business and winning new business) into both products and in the case of WealthSolutions into both the administration platform and the ClearView platform funds and model portfolios. This is expected to have a positive impact on net flows.
- The business will continue to benefit from the shift away from larger institutions and banks, along with increasing demand for competitive investment administration platforms and products, albeit with some competitive pricing pressures in response to industry developments.

Financial Advice Underlying NPAT down 94% to $0.1 million (HY18: $1.0 million)

- ClearView is focused on supporting advisers through an industrial strength back office to help make their practices compliant and more efficient either when they are licenced by our own dealergroups or alternatively where they operate their own licence.
- Underlying NPAT has been impacted by increased operating expenses (+20%) driven by compliance and restitution costs, with $1.2 million of costs ($0.8 million after tax) being incurred in the first half of FY19. This program of work, which involved a retrospective review of life insurance advice that focused on four key areas relating to the appropriateness of this advice, is expected to be completed in 2HFY19 (with no further cost implications expected in respect of it).
- Going forward a key focus is on the removal of the cross subsidisation and support from the ClearView manufacturer to the dealer groups.

Reported NPAT and EPS

Reported NPAT decreased by 6% to $11.5 million (HY18: $12.3 million) and reported diluted EPS decreased by 5% to 1.80 cps (HY18: 1.90 cps). Underlying NPAT decreased to $13.3 million (HY18: $15.3 million) and fully diluted Underlying EPS decreased by 13% to 2.08 cps (HY18: 2.38 cps).

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

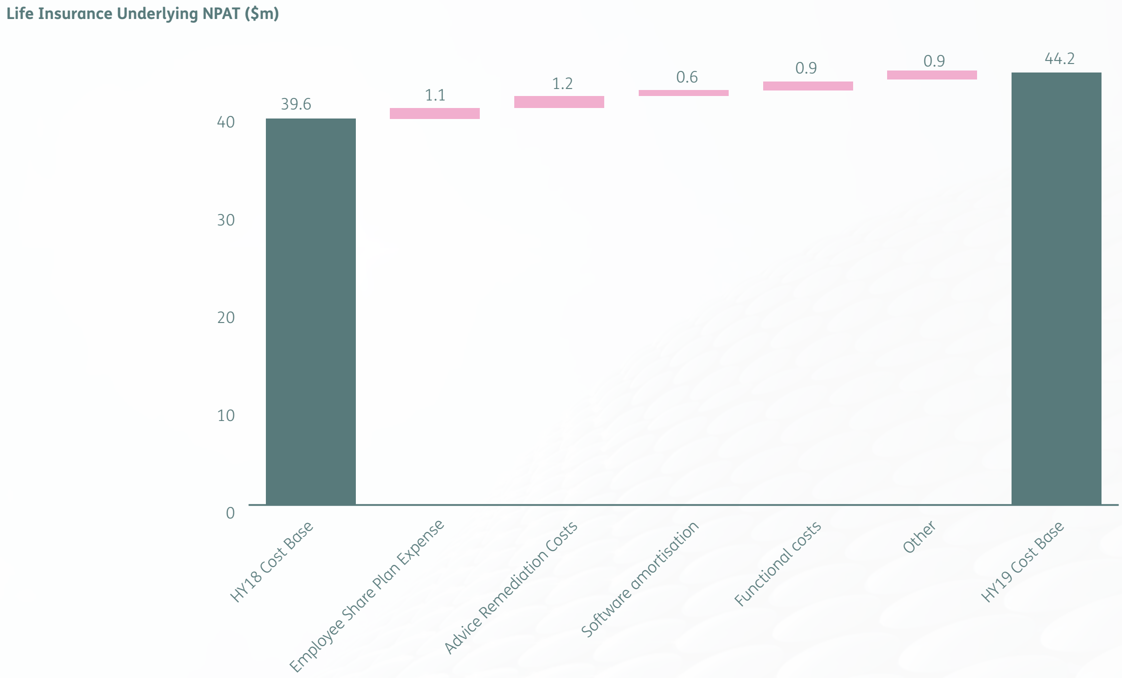
Reconciling items ($M) (Net of Tax)	HY19	HY18	% Change
Amortisation of intangibles	(0.6)	(2.0)	(70%)
Policy liability discount rate effect	2.2	(0.7)	Large
Strategic review costs	(0.1)	(0.3)	(67%)
Direct remediation program	(0.6)	0.0	Large
Royal commission costs	(1.3)	0.0	Large
Retention bonuses	(1.4)	0.0	Large
Total	**(1.8)**	**(3.0)**	**69%**

- Amortisation of intangibles ($0.6 million) is associated with the acquisition of wealth management and life insurance businesses from Bupa, ComCorp and Matrix Planning Solutions. These are reported separately to remove the non-cash effect of the write-off of these acquired intangibles. The reduction in the amortisation is related to the aquisition of businesses from Bupa given certain client books have now been written off in full. The amortisation associated with capitalised software is reported as part of Underlying NPAT.
- The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities, and consequently, earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability creates a cash flow tax effect. The changes in long-term discount rates over HY19 caused an increase in after-tax reported profit of $2.2 million (HY18: -$0.7 million).
- Costs that are considered unusual to ClearView's ordinary activities and therefore not reflected as part of Underlying NPAT predominantly include expenses incurred in relation to costs associated with the Royal Commission ($1.3 million after tax), implementation of the CRP ($0.6 million after tax) and retention bonus payments for key individuals paid in September 2018 ($1.4 million after tax).

Operating expenses

The chart below shows a 12% increase in the operating cost base from $39.6 million in HY18 to $44.2 million in HY19.

Chart 2: Operating expense analysis HY18 vs HY19 cost base



Key components of the movements include:

- **Employee Share Expense** – This reflects the increased costs associated with the issue of performance rights to the Senior Management Team (SMT).
- **Advice remediation costs** – reflects the compliance and restitution costs incurred in HY19. The program of work is expected to be completed in the second half of the financial year, albeit with the costs of completing the program are provided for at 31 December 2018.
- **Software amortisation** – software amortisation costs have increased as projects are delivered. This includes the completion of the build out of the contemporary wealth platform to accommodate the Master Trust product that was completed in 2H FY18, and the delivery of the AQUA platform.
- **Functional costs** – costs increased in functional areas that support business growth including administration, contact centre, claims and underwriting. This predominantly reflects underlying volume growth in the in-force base.
- **Other costs** – increase in other costs include additional shared services resourcing and also includes an investment in LaVista launch costs and additional office space.

The table below reconciles the operating expenses analysed in Chart 2 above with the reported operating expenses in the annual financial statements.

Reconciliation of operating expenses to reported operating expenses per financial statements	HY19 $M	HY18 $M
Operating expenses per Chart 2	**44.2**	**39.6**
Custody and investment management expenses	4.9	4.7
Depreciation and software amortisation	(3.7)	(2.9)
Stamp duty and reinsurance technololgy costs	5.2	4.6
Medical costs	1.0	1.0
Interest expense	0.3	0.2
Strategic review costs	0.1	0.4
Direct remediation costs	0.8	-
Royal commission costs	1.9	-
Retention bonuses	2.1	-
Other expenses	1.8	2.8
Operating expenses per financial statements	**58.6**	**50.3**

Expense Overruns

ClearView has historically invested in operations ahead of revenue to support growth. This includes prioritising incremental costs above those required for ClearView's scale (expense overruns) to build capability for the future. In this context, initial start-up costs and business investment costs have been incurred prior to achieving scale.

Expense overruns initially lower reported profits but this reverses as scale is achieved, the in-force portfolio increases and underlying profit is realised. In HY19, the non-deferred expense overruns across the Life Insurance and Wealth Management 'manufacturing' businesses had a negative impact on UNPAT of $1.4 million (HY18: $1.2 million).

The increase in the Life Insurance in-force premium over time has progressively reduced expense overruns in the Life Insurance segment with the actual Life Insurance non-deferred overruns reflecting an experience profit of $0.6 million for the half year.

Investment in WealthFoundations and the contemporary wealth platform is however causing overruns in the Wealth Management segment ($2.0 million HY18: $1.4 million). This is driven by a fixed cost base that is yet to achieve scale. Furthermore, the expense allowances for the Master Trust are higher than contemporary products, in particular WealthSolutions where information technology and administration is outsourced. As the Master Trust business runs off, this will impact expense overruns until WealthFoundations can support its cost base.

The overall cost base of the business is under review with a view to rebalancing the cost base to the current market environment and to align with the strategic objectives of the business. This is likely to lead to a material cost transformation program, to be partially offset by reinvestment in product and innovation over time. This remains a key focus of management and the Board in 2H of FY19.

Operating segment review

Life Insurance

Where are we today?

ClearView LifeSolutions is our single, contemporary product series. It is designed to meet the unique needs of our customers today but flexible enough to adapt, as their needs change over time.

LifeSolutions is available through financial advisers in conjunction with personal advice.

ClearView **LifeSolutions**

Established in 2011

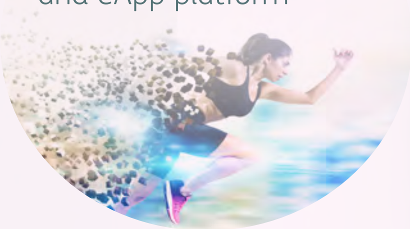
No. 1
Adviser satisfaction[1]

Investment Trends WINNER

No. 1
Customer claims satisfaction[2]

Beddoes institute

AQUA
integrated eQuote and eApp platform



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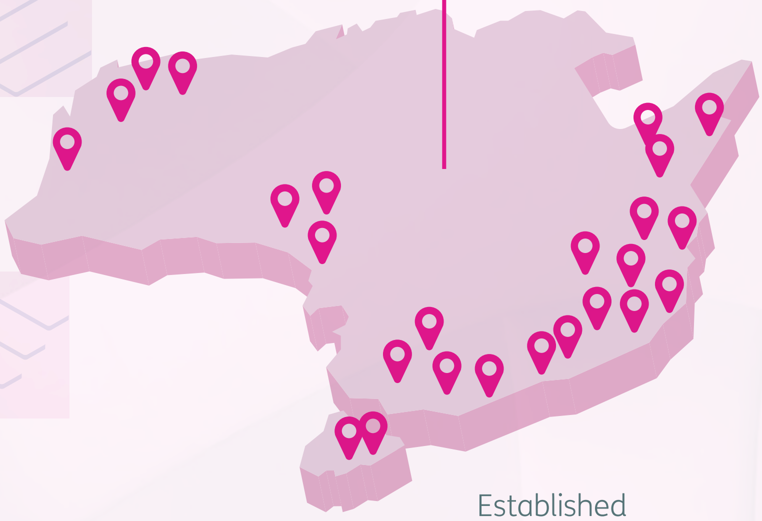


Established infrastructure and distribution

Ranked first and second quartile on iress[3]

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

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

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

Money Management Adviser Choice Risk Awards WINNER

Money Management Adviser Choice Risk Awards WINNER

Most Satisfied Customer – Policyholder Choice Awards – WINNER 2018

Best New Customer Service – Policyholder Choice Awards – WINNER 2018

Best Claims Staff – Claims Customer Choice Awards – WINNER 2018

Best Application Process – Claims Customer Choice Awards – WINNER 2018

1 Investment Trends 2017 and 2018 Planner Risk Report.

2 Rated Number 1 in claims customer satisfaction in the Beddoes Institute's Industry Claims Journey Study (2018) which tracked the experience of 500 customers across the industry who have had an income protection, trauma or TPD claim.

3 Risk research houses generally rate our product on the 1st or 2nd quartile. This assists advisers in forumalating their advice and product comparisons.

4 APLs are where ClearView products are placed on third party dealer group approved product lists.

Our life insurance strategy and focus is on expanding our IFA distribution footprint by:

Step 1: Forging relationships with new advice groups

Step 2: Earning a place on their Approved Product List (**APL**)

Step 3: Educating a group's financial advisers about the features and benefits of LifeSolutions and getting them to recommend ClearView to selected clients

Step 4: Delivering excellent client service, fit for purpose contemporary product and thereby increasing our share of wallet per practice and licensee over time

This process takes time and there is a significant lag time in relation to the profitability cycle when building a distribution network.

ClearView will continue to gain market share from the maturation of current APLs and by accessing new APLs.

To support the sales effort, the group recently made significant enhancements to its life insurance quote and application system, AQUA.

Further enhancements are scheduled for 2019, as part of an ongoing technology program which aims to boost automation and efficiency, and improve the customer experience.

Looking ahead

ClearView continues to advocate for open life insurance APLs.

Our position is that the industry's path towards increasing education and qualification of financial advisers will be accelerated under the Financial Adviser Standards and Ethics Authority (**FASEA**) regime yet the majority of advisers do not have the ability to exercise their professional judgement to choose the most appropriate solutions for their clients due to limited APLs.

The opening up of APLs would lead to improved client outcomes. It would also see a stepped change in ClearView's accessible market.

Another key focus area is ensuring profitable, sustainable products. ClearView is in the process of rolling out new business pricing changes (effective March 2019). The new business pricing changes has three primary drivers:

- Claims experience: adjusting prices where the portfolio claims experience has improved or deteriorated over recent periods;
- Lapse experience: optimise competitiveness against other market participants and to better reflect current market dynamics and pricing trends; and
- Interest rate drivers: adjusting for the cost of lower interest rates in recent periods and the longer term outlook for interest rates to potentially remain low for some extended period.

In broad terms, for new business:

- Stepped death and TPD cover rates will be reduced, with income protection and trauma rates increased, with these changes reflecting both evolving market relativities and underlying claims and reinsurance costs developments. The adverse claims deterioration over time has been driven by income protection claims and lump sum trauma claims;
- Level premium rates have been reviewed for new business reflecting what is now a persistent and ongoing low interest environment, and as also reflected in revised reinsurance terms for this cohort of business; and
- Various other improvements to pricing positions, standing and features of certain product cohorts.

To maintain the price change impact on in-force business, a transition strategy has been developed (commencing from the second anniversary of policy renewals). This commences from April 2019 and in broad terms involves passing back stepped premium reductions and limited premium rate increases. This strategy is a key part of the lapse and retention focus to ensure that products remain competitively priced in key cohorts on policy renewal. We consider that the recent adverse lapse experience and trend has been driven by:

- Lump sum pricing issues in certain cohorts that is intended to be addressed in part by the proposed pricing changes. Given that lump sum and income protection products are for the most part sold as a "bundle" this has also impacted on lapses on the income protection products;
- Terminating distribution relationships with some adviser groups that have elevated lapse rates with a particular focus on net new business; and
- Consequences of the transition of the commision rates under the Life Insurance Reforms Commission caps and rules.

These strategies and effects will take time to be fully implemented and flow through to the overall lapse performance, with lapses expected to remain elevated in the second half of FY19. In terms of the Embedded Value as at 31 December 2018, there is a one-off $3 million (present value) cost of transitioning the in-force to its revised premium rates and reinsurance bases.

Financial Performance

The HY19 financial performance is discussed below.

Life Insurance financial result:

	2017			2018			2019	%
6 Months to December ($M)[1]	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**1H**	**Change[2]**
Gross life insurance premiums	84.4	93.3	177.7	104.7	110.5	215.2	117.0	12%
Interest income	1.2	1.1	2.3	1.1	1.2	2.3	1.5	36%
Net claims incurred	(11.8)	(13.2)	(25.0)	(16.9)	(16.0)	(32.9)	(17.0)	1%
Reinsurance premium expense	(20.3)	(24.0)	(44.3)	(27.2)	(30.0)	(57.2)	(34.1)	25%
Commission and other variable expenses	(27.8)	(29.9)	(57.7)	(33.7)	(30.0)	(63.7)	(30.6)	(9%)
Operating expenses	(24.2)	(23.7)	(47.9)	(24.3)	(24.9)	(49.2)	(26.9)	11%
Movement in policy liabilities	16.7	13.8	30.5	14.2	8.9	23.1	7.1	(50%)
Underlying NPBT	**18.2**	**17.4**	**35.6**	**17.9**	**19.6**	**37.5**	**17.0**	**(5%)**
Income tax (expense) / benefit	(5.5)	(5.2)	(10.7)	(5.4)	(6.0)	(11.4)	(5.1)	(5%)
Underlying NPAT	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**11.9**	**(5%)**
Amortisation of intangibles	(1.4)	(1.4)	(2.8)	(1.4)	(1.4)	(2.8)	0.0	(100%)
Policy liability discount rate effect (after tax)	(6.9)	1.0	(5.9)	(0.7)	(0.2)	(0.9)	2.2	Large
Reported NPAT	**4.4**	**11.8**	**16.2**	**10.4**	**12.0**	**22.4**	**14.1**	**36%**

	2017			2018			2019	%
Analysis of Profit ($M)	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**1H**	**Change[2]**
Expected Underlying NPAT[3]	**14.2**	**15.1**	**29.3**	**16.0**	**16.2**	**32.2**	**16.0**	**0%**
Claims experience	(0.6)	(1.3)	(1.9)	(3.2)	(2.3)	(5.5)	(2.1)	(31%)
Lapse experience	(0.7)	(1.3)	(2.0)	(0.8)	(1.3)	(2.1)	(2.9)	285%
Expense experience	(0.3)	(0.1)	(0.4)	0.2	0.3	0.5	0.6	157%
Other	0.1	(0.2)	(0.1)	0.2	0.7	0.9	0.2	(11%)
Underlying NPAT	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**11.9**	**(5%)**

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

2 % change represents the movement from HY18 to HY19.

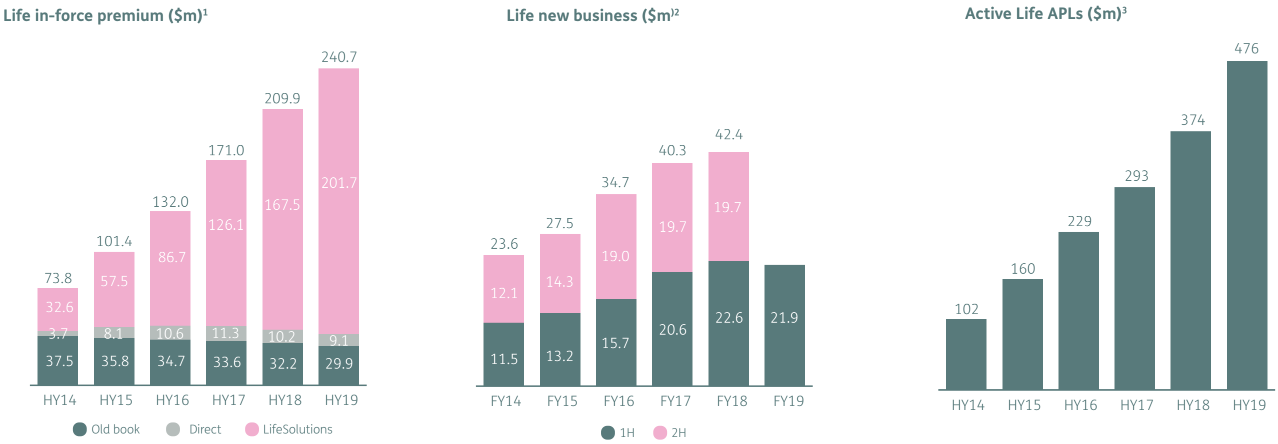
3 Expected Underlying NPAT of $16.0 million (0% HY18 to HY19) reflects expected profit margins on in-force portfolios based on actuarial assumptions. HY19 reflects the impacts on margin of LIF reforms (as the commission caps reduce, margin improves) and the changes to assumptions at 30 June 2018, in particular the increase in the IP claims assumption.

The uncertain regulatory environment, coupled with poor consumer sentiment, led to weaker new life insurance sales across the industry in the first half of FY19.

However, our in-force portfolio continues to record double digit growth (+15%) given the size of new business as a proportion of the in-force book. Growth in the life insurance portfolio is the group's key profit driver. ClearView generates positive cash flows from its in-force portfolio which are subsequently reinvested into new business generation.

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

Chart 4: Life Insurance key performance indicators



In-force premiums increased 15% to $240.7 million in HY19. The Life Insurance in-force movement is driven by the net impacts of new business, price increases, lapse and CPI/aged-based variances. The Life Insurance in-force portfolio at 31 December 2018 is made up of LifeSolutions, ($201.7 million; +20%); non-advice ($9.1 million; -10%) and the Old Life Book ($29.9 million -7%):

- The mix of products making up the in-force portfolio has changed materially with LifeSolutions now representing 84% of total in-force premiums. This links to the margin shifts across the portfolio;
- The direct business was closed to new business in 2H FY17 which means the in-force portfolio is in run off; and
- The increased scale of the in-force premium (+15%) is driven by sales of new contemporary products. This has progressively reduced expense overruns with actual non-deferred overruns reflecting an experience profit of $0.6 million in HY19

Gross premiums increased 12% to $117.0 million and with Life Insurance sales of contemporary products down 3% to $21.9 million (or up 11% on the 2H of FY18). As noted earlier, a key component of the retention strategy to improve lapse performance is a review of certain distribution relationships (adviser groups) that have elevated lapse rates. This process has commenced with some relationships having been terminated in January 2019.

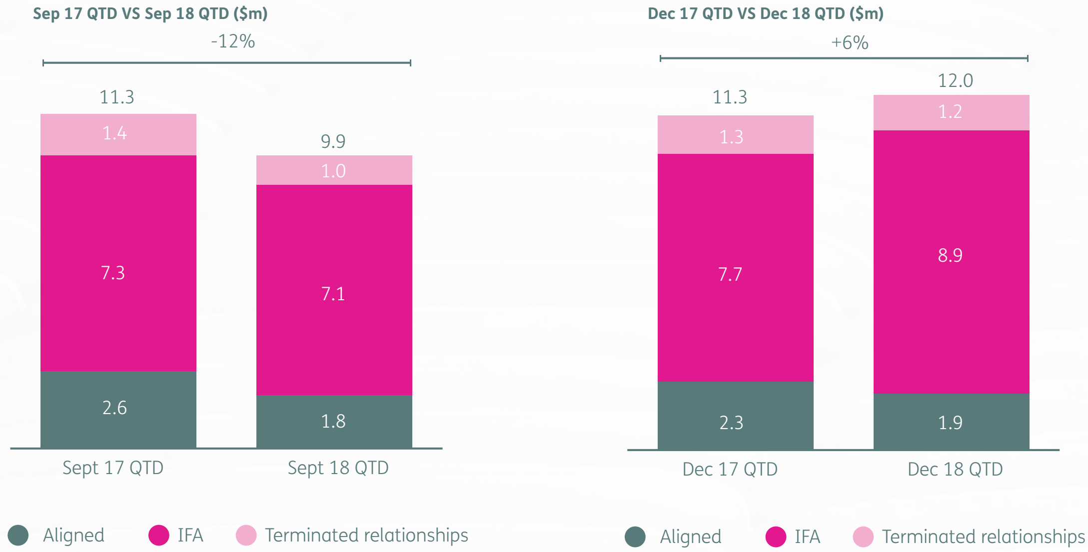
1 In-force premium is defined as annualised premium in-force at the balance date.

2 Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.

3 APLs are where ClearView products that are placed on third party dealer group approved product lists.

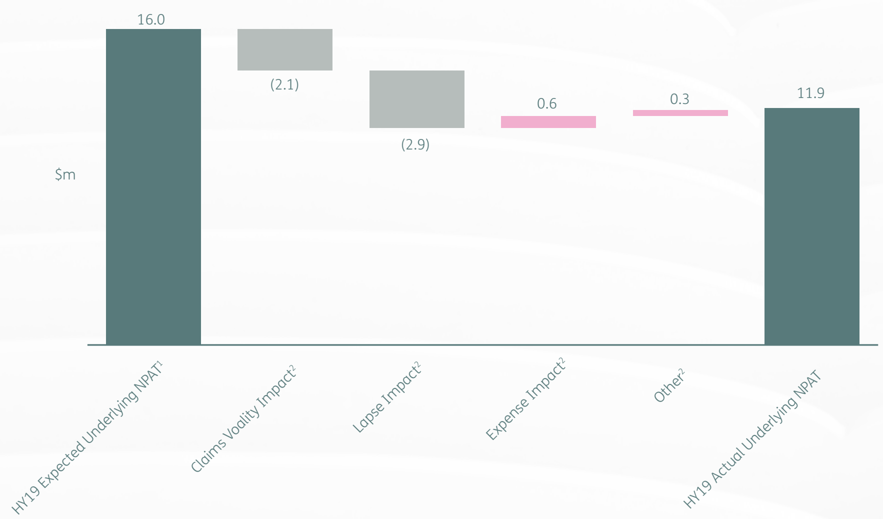
An analysis of the impacts on new business (looking back on HY19) and breakdown of sales by quarter is as follows:

Chart 5: Life Insurance new business by quarter and by channel



- New life insurance sales declined in the first quarter, down 12% on the previous corresponding period. Sales (excluding terminated relationships) reduced to $8.9 million (or down 10%);
- New life insurance sales had a significant improvement in the second quarter, up 6% on previous corresponding period. Sales (excluding terminated relationships) increased to $10.8 million (or up 8%);
- Overall new business declined 3% to $21.9 million or is broadly flat at $19.7 million (excluding terminated relationships). The core focus is on new business generated, net of lapses. We will continue to work through those adviser groups that have elevated lapses in the 2H of FY19.
- There has been a further broadening of the IFA footprint, with LifeSolutions now available on 476 APLs, up 27% (sales of $18.1 million; +2%) with 83% of new Life business originating from the IFA channel (78% in HY18);

Chart 6: Life Insurance Underlying NPAT analysis



1 HY19 Underlying NPAT for the relevant segment. Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.

2 Reflects actual experience for the relevant item in the HY19 result and the difference between actual and expected experience for the relevant period.

Underlying NPAT for Life Insurance was $11.9 million (-5%) compared to the expected Underlying NPAT of $16.0 million. The expected Underlying NPAT reflects the anticipated HY19 profit margin release from the in-force life insurance portfolios, based on best estimate long-term actuarial assumptions (taking into account the shorter term margin impacts from the implementation of the Life insurance Reforms and changes to the long term claims assumptions at 30 June 2018).

The negative variance in performance can be broadly explained by material claims volatility and adverse lapse experience.

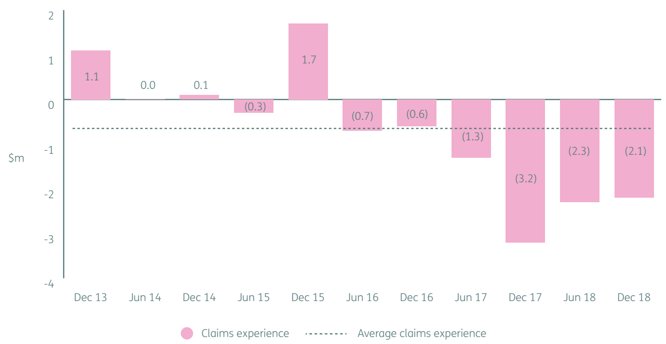
The poor claims experience (relative to the claims assumptions in the life insurance policy liability determined at 30 June 2018) across products resulted in an experience loss in HY19 of $2.1 million (HY18: $3.2 million loss). This is broken down by product as follows:

- LifeSolutions Lump Sum portfolio reflects adverse experience in HY19 of $0.5 million (HY18: $0.4 million adverse experience);
- LifeSolutions IP portfolio reflects adverse experience of $1.4 million in HY19 (HY18: $1.6 million adverse experience); and
- Direct portfolios (closed to new business) reflects adverse experience in HY19 of $0.2 million (HY18: $1.1 million adverse experience).

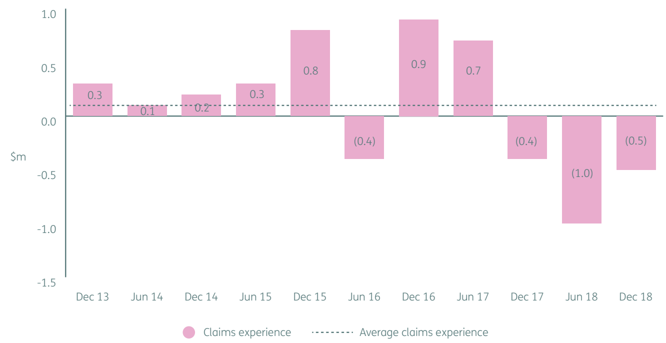
The following graphs reflect the claims experience over the last five and a half years:

Chart 7: Claims experience

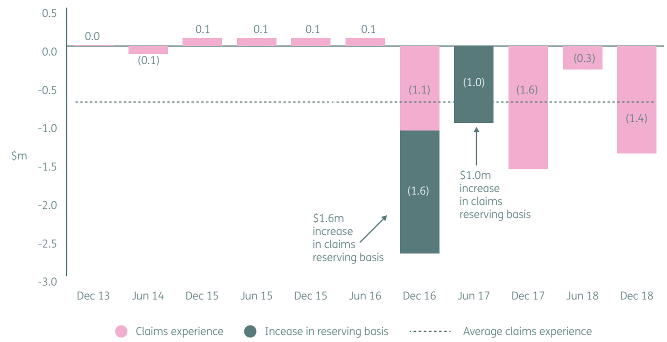
Total claims experience[1] ($m)



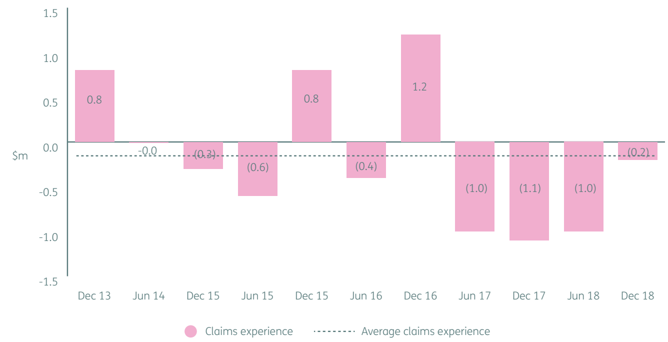
LifeSolutions Lump sum claims experience[1] ($m)



LifeSolutions Income protection claims experience[1] ($m)



Non-advice/Legacy claims experience[1] ($m)



Key observations of the claims experience data over a five and a half year period are as follows:

- Adopting a longer term view, overall net claims performance has an average $0.7 million adverse impact per half year, that is mainly attributed to the income protection book, with the lump sum portfolio having a net neutral experience over the same period. Actuarial best-estimate assumptions adopt a long-term view and are based on expectations that claims experience will average out over time;

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

- As noted earlier, ClearView is adjusting the pricing of the LifeSolutions product in 2H FY19 where broadly the portfolio claims experience has improved or deteriorated over recent periods. Stepped death and TPD cover rates are being reduced, with income protection and trauma rates increased, with these changes reflecting both evolving market relativities and underlying claims and reinsurance costs developments;
- The claims experience on the LifeSolutions lump sum portfolio has been profitable over the period (average annual experience profits of $0.1 million), albeit with some volatility between periods, in particular 2H FY18. Given the size of the portfolio and reinsurance arrangements in place, some statistical volatility can be expected;
- Overall, the direct portfolios, including the book that was closed to new business in FY17, has an average annual experience loss of $0.1 million. This offsets the profits made on the LifeSolutions lump sum portfolio;
- It should also be noted that the surplus reinsurance program of the Old Book (acquired in 2010) retains more risk than LifeSolutions products but has historically reflected claims profits over a long period of time, albeit with some volatility between periods; and
- An enhanced actuarial reserving basis was adopted for IP claims in FY17 resulting in a $2.6 million loss in that year with the graph updated to reflect this impact in the relevant period.

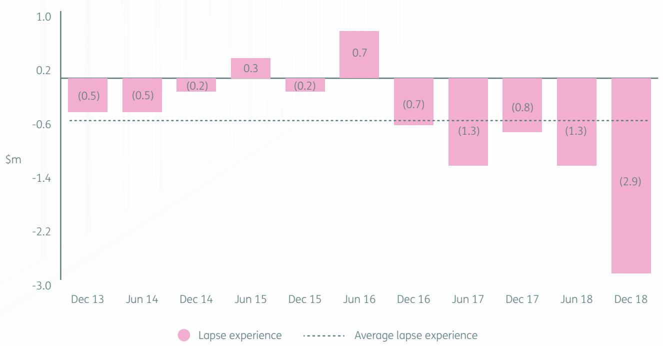
The adverse lapse experience (relative to the lapse assumptions in the Life Insurance policy liability determined at 30 June 2018) across products resulted in an experience loss in HY19 of $2.9 million (HY18: $0.8 million loss). This is broken down by product as follows:

- LifeSolutions lump sum portfolio reflects adverse experience in HY19 of $1.5 million (HY18: $0.5 million adverse experience);
- LifeSolutions IP portfolio reflects adverse experience in HY19 of $0.9 million (HY18: $0.2 million adverse experience); and
- Direct portfolios (closed to new business) reflects adverse experience in HY19 of $0.5 million (HY18: $0.0 million adverse experience).

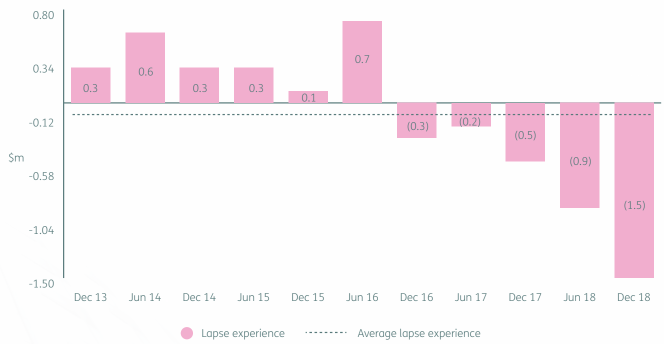
The following graphs reflect the lapse experience over the last five and a half years:

Chart 8: Lapse experience

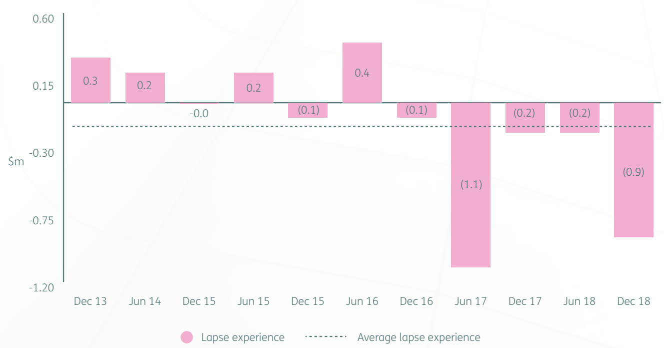
Total lapse experience[1] ($m)



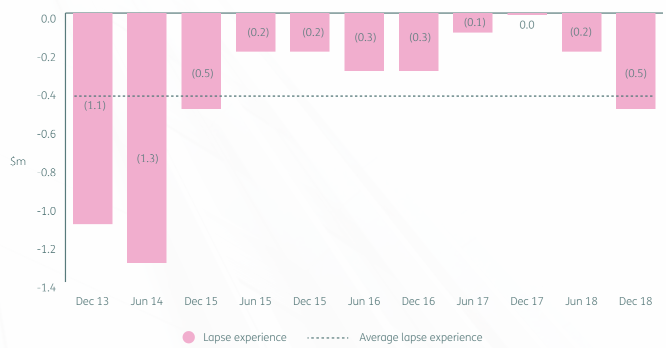
LifeSolutions Lump sum lapse experience[1] ($m)



LifeSolutions Income protection lapse experience[1] ($m)



Non-advice/Legacy lapse experience[1] ($m)



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

Key observations from the lapse data are as follows:

- The recent adverse lapse experience and trend has been driven by:
    - Lump sum pricing issues in certain cohorts that is intended to be addressed in part by the proposed pricing changes. Given that lump sum and income protection products are for the most part sold as a "bundle" this has also impacted on lapses on the income protection products;
    - Certain distribution relationships with some adviser groups have elevated lapse rates. A review of certain distribution relationships (adviser groups) is underway with some relationships having been terminated in January 2019;
    - There are suggestions of some heightened lapses in the first year of the LIF reforms (it takes a year for the two-year responsibility period to kick in) which went live on 1 January 2018, in particular for policies with upfront commission; and
    - Anecdotally, given recent consumer sentiment around the Royal Commission, this may have had some shorter term impacts in the second quarter of HY19.
- The retention strategies and effects will take time to fully implement and flow through with the overall lapse performance expected to remain elevated in the second half of FY19.

Other key points to note in the HY19 Life Insurance result:

- Expense overruns initially depressed reported profits, they have been eliminated (over time) in Life Insurance as scale is achieved, thereby increasing underlying profit on the growing in-force portfolio. Non-deferred expense experience improved from a $0.2 million profit in HY18 to a $0.6 million profit in HY19, demonstrating that expense overruns are being absorbed as scale is achieved.
- Investment earnings are impacted by the reallocation of shareholder cash to the Life Insurance segment (given the growth in the business and related capital requirements).
- The increased reinsurance expense is aligned to the growth in in-force portfolios and reflects the upfront reinsurance support provided in the first year of a policy by the reinsurer.
- Lower Life Insurance initial commission in HY19 was driven by the implementation of the LIF[1] reforms (the upfront commission cap reduced to 80% in calendar year 2019). These acquisition costs are deferred and amortised within the policy liability over the expected life of the policies, in accordance with accounting standards.
- In the short-term, the implementation of the LIF[1] reforms will reduce profit margins given the shift to a hybrid commission model but will unwind and improve as the upfront commission cap reduces from 80% to 60% in 2020.
- Changes in variable expenses relate to stamp duty and medical policy acquisition costs driven by increased new business volumes.
- The strong growth in the in-force portfolios of contemporary products is partially offset by the run-off of the higher margin Old Life insurance book. This has more recently become less of an impact given the proportion of LifeSolutions portfolio to the overall in-force base (83%).

1 Life insurance framework.

Operating segment review

Wealth Management

Where are we today?

ClearView is focused on building a material wealth management business by manufacturing, administering and distributing investment solutions, and leveraging existing Life Insurance relationships.

Established in 2011 — ClearView **WealthFoundations**

Established in 2014 — ClearView **WealthSolutions**

New contemporary technology platform for WealthFoundations; Private label[1] for WealthSolutions.

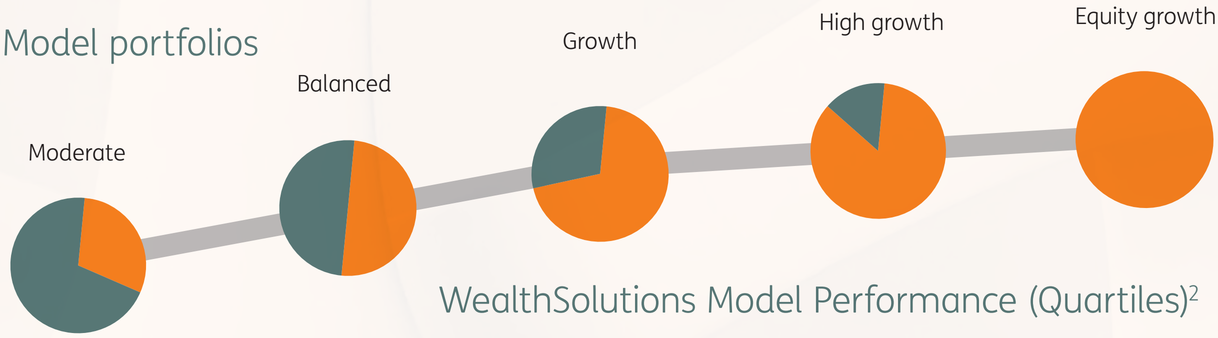
WealthFoundations upgraded to include 24 model portfolios including 9 index models for five different risk profiles.

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

Highly rated by Chant West

Chant West 2019 rating of 4 Apples for ClearView WealthFoundations Super and Pension, and ClearView WealthSolutions Super and Pension.

A 4 Apples rating reflects a "high quality fund".



WealthSolutions Model Performance (Quartiles)[2]

Model	1 year	3 years	5 years
30/70	1st	1st	1st
50/50	1st	1st	1st
70/30	1st	1st	1st
85/15	1st	1st	1st
100/0	1st	1st	N/A

Source: Morningstar all data as at Dec 31st 2018

1 Private label relates to WealthSolutions product where information technology and administration services are outsourced to Avanteous with ClearView being the relevant licenced operator.

2 Reflects defensive tilt and positioning of investment portfolio.

ClearView's contemporary wealth management solutions, which include a range of model portfolios and investment administration platforms, are only accessible through financial advisers.

The group's Wealth Management business includes an inhouse research and asset consulting arm that constructs and actively manages a range of implemented model portfolios including Separately Managed Accounts (SMAs).

ClearView does not invest directly in assets but outsources the selection and ongoing management of underlying shares and securities to third party fund managers.

The aligned adviser network provides a solid distribution base for Wealth Management, but the independent financial adviser (IFA) segment represents ClearView's largest opportunity.

Gaining support from both the aligned and IFA network is critical for diversifying sales and growing funds under management (FUM).

Our strategy for expanding our distribution footprint and increasing FUM is two-fold.

1. Marketing our contemporary investment and administration platforms; gaining access to new APLs; and delivering superior value and service to financial advisers.
2. Manufacturing quality managed funds and model portfolios and earning a place on third party platforms.

The premise behind ClearView's initial foray into wealth management remains the same. The convergence of life insurance and wealth management creates a unique opportunity for companies that manufacture and distribute both products.

The shift to holistic goals-based advice has seen an increasing number of financial advisers expand their value proposition to include advice on a wide range of areas including life insurance, superannuation and investing.

Manufacturers that offer both life insurance and wealth management solutions have a unique opportunity to maximise their relationship with financial advisers.

The unprecedented level of merger and acquisition activity in the Australia financial services industry in the past few years has resulted in fewer companies now providing both life and wealth solutions. A number of ClearView's key competitors have, or are in the process of, divesting assets. This structural change, and the subsequent distraction, provides a significant competitive advantage for ClearView.

Our focus is on leveraging existing Life Insurance relationships to promote our Wealth Management capabilities. A detailed review of the Royal Commission recommendations is underway, with a view to understanding the best approach to implementing the wealth management strategy on a go forward basis.

The market has seen a number of recent trends: consumers and advisers overall becoming more price sensitive (platforms and asset management) with some sharply reducing platform pricing; more focus on passive investments; and key players continuing to invest and improve their technology offering.

This impacted on wealth net flows in 1H FY19 in a competitive market:

- With aggressive competitor pricing, WealthFoundations and WealthSolutions were, overall, priced above market;
- ClearView investment models performed below market expectations for a period of time (albeit this has improved recently); and
- Improvements are required to the platform functionality given competitors have made major technology investments.

In response, ClearView has moved to do the following:

- WealthFoundations, the introduction of new strategic model portfolios, lower priced indexed models and reduced fees on cash and guaranteed investments:
  - Provide clients with more choice by introducing a "strategic" models suite (including both active and index portfolios) to the platform. This will allow clients to choose models based on target asset allocations "true to label" for the particular risk profile. This is in addition to the current Dynamic models based on asset allocation tilts reflective of ClearView's views of future sector performance;
  - Implementation of lower cost indexed managers so that lower fee model portfolios can be offered to the market; and
  - Reduced management fees charged for 'cash' based options.
- WealthSolutions: Simplify and reduce platform pricing with further fee benefits to encourage investments in ClearView models and funds (implementation in 2H FY19). Key differentiators in the new pricing model are as follows:
  - Two fee tiers – simplifying our fee structure (from prior four tiers);
  - True fee capping - no dollar fees, transaction fees, trustee fees, expense recoveries;
  - True fee aggregation for multiple accounts;
  - Progressive enhancement to the model portfolio and ClearView platform funds provided, to increase the suite of models available (strategies and price points) and create a compelling value proposition for customers and advisers;
  - Increase alignment with WealthFoundations and simplifies ClearView product offering; and
  - Platform functionality lags competitors who have made major technology investments over many years, albeit outsourced model allows for optionality.

The overall headline gross margins (as % of FUM) is anticipated to reduce as a result of the proposed pricing changes across products with an overall Embedded Value present value cost of $4.4 million (as reported in the Embedded Value calculations). However, the changes are intended to help support future net flows and thereby improve the long term performance of the business.

Financial Performance

The HY19 financial performance is discussed below.

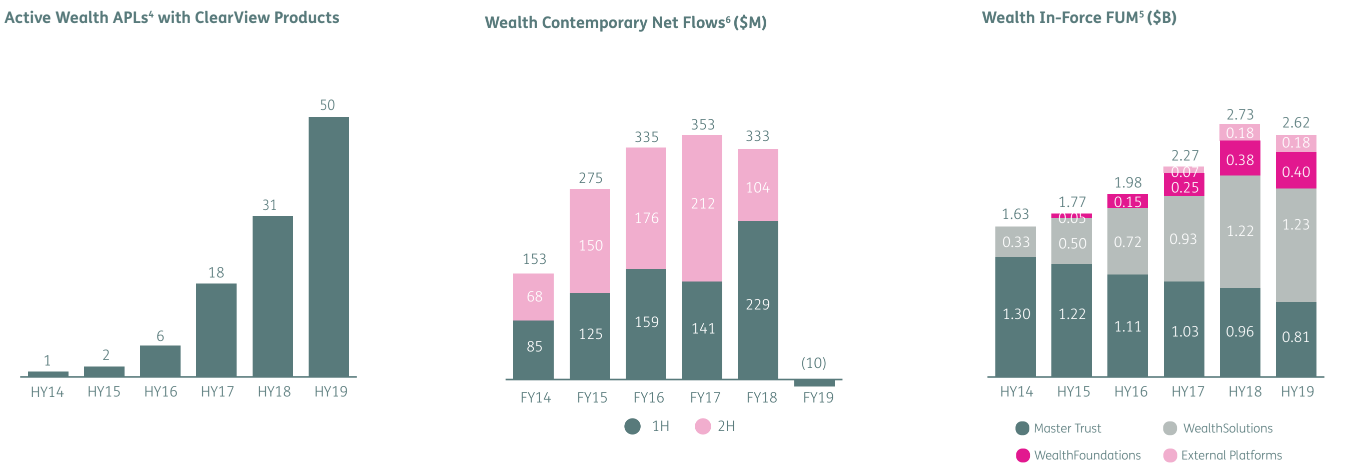
Wealth Management financial result:

6 Months to December ($M)[1]	2017 1H	2017 2H	2017 FY17	2018 1H	2018 2H	2018 FY18	2019 1H	% Change[2]
Fund management fees	16.3	16.5	32.8	18.0	18.2	36.2	17.7	(2%)
Interest income	0.2	0.2	0.3	0.2	0.2	0.5	0.3	18%
Variable expense[3]	(3.3)	(3.2)	(6.5)	(3.3)	(3.2)	(6.4)	(3.0)	(7%)
Funds management expenses	(4.1)	(4.0)	(8.1)	(4.7)	(4.8)	(9.5)	(4.9)	4%
Operating expenses	(7.0)	(6.8)	(13.8)	(7.0)	(7.5)	(14.5)	(7.5)	7%
Underlying NPBT	**2.1**	**2.6**	**4.6**	**3.3**	**3.0**	**6.2**	**2.6**	**(23%)**
Income tax (expense)/benefit	(0.4)	(0.3)	(0.7)	(0.7)	(0.4)	(1.1)	(0.5)	(27%)
Underlying NPAT	**1.6**	**2.3**	**3.9**	**2.6**	**2.6**	**5.2**	**2.1**	**(22%)**
Amortisation of intangibles	(2.6)	(1.8)	(4.4)	0.0	(0.1)	(0.1)	0.0	0%
Reported NPAT	**(0.9)**	**0.4**	**(0.5)**	**2.6**	**2.5**	**5.1**	**2.1**	**(22%)**

ClearView began investing significantly in its Wealth Management business in FY15. ClearView now has a competitive product suite and a growing distribution network. Average FUM balances (and fee margin earned) is the key profit driver.

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

Chart 9: Wealth Management key performance indicators



Contemporary net flows (-$10m) are down materially in HY19, driven by subdued inflows and elevated outflows, in particular in the WealthSolutions product. The WealthSolutions pricing proposal has two key objectives:

- Improve the fee competitiveness of the WealthSolutions administration platform, particularly to price appropriately given competitor solutions and product positioning; and
- The progressive enhancement to model portfolio and platform funds, to increase the suite of models available and create a compelling value proposition for customers and advisers.

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

2 % change represents the movement from HY18 to HY19.

3 Variable expense include the platform fee payable on WealthSolutions and the internal advice fee payable to the Financial Advice segment on the Master Trust product

4 APLs are where ClearView products are placed on third-party dealer group approved product lists.

5 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.

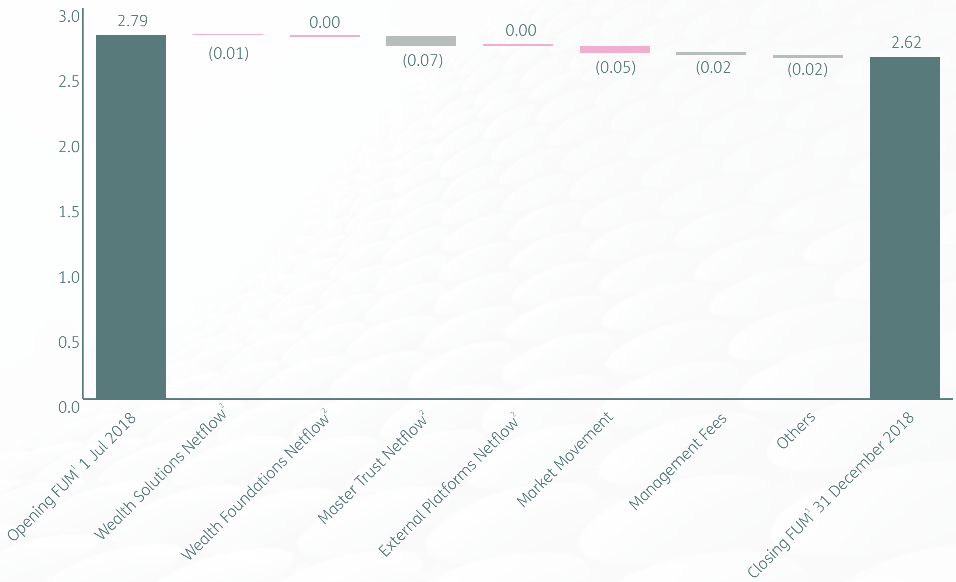
6 Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.

The wealth product changes are aimed at supporting net flows (through increasing retention of existing business and winning new business) into both products and in the case of WealthSolutions into both the administration platform and the ClearView platform funds and Model Portfolios. This is expected to have a positive impact on net flows.

Inflows represent a material portion of overall FUM balances. Gross inflows of $164 million were achieved in HY19 predominantly into contemporary products (-49%). Furthermore, the number of Wealth Management APLs has increased to 50, up 61% by leveraging the advised life insurance distribution network. To date, WealthSolutions and WealthFoundations have primarily been distributed by aligned advisers with efforts to expand the distribution footprint to the broader IFA market.

FUM balances are down 4% to $2.62b at 31 December 2018 (average FUM balances are up 4%). Wealth Management FUM movement is driven by the net impacts of net flows, funds management fees and investment market movement-based variances. This is shown in the following graph.

Chart 10: Wealth Management FUM movement FY18 – HY19 ($B)



Wealth Management FUM is made up of WealthSolutions ($1.2 billion; average FUM +10%), WealthFoundations ($0.4 billion; average FUM +21%), External Platforms ($0.2 billion; average FUM +23%) and Master Trust ($0.8 billion; average FUM -13%):

- The mix of products making up the portfolio has changed materially with contemporary products (including ClearView platform funds on external platforms) now representing 69% of total FUM. This links to the margin shifts across the portfolio; and
- Performance of investment markets remains key to attracting flows and supporting the Master Trust FUM given the product is not actively marketed to new customers. Performance has lagged in the shorter term given the defensive positioning of the portfolios with an improvement in investment performance in more recent times.

1 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundationsand ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.

2 Wealth Net Flows is defined as inflows less redemptions into FUM but excludes management fees outflow.

HY19 Wealth Management earnings

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

One of the key differences between Wealth Management and Life Insurance is the way costs are accounted for. In Wealth Management, the customer acquisition costs are all expensed up front so any increase in wealth acquisition, distribution and related upfront costs act to reduce reported earnings.

Underlying NPAT in HY19 was $2.1 million (-22%) and includes the adverse impact on net fee income from a decline in the average fee margin earned between periods (down to 1.30% from 1.37% in HY18):

- The Master Trust product is effectively a closed book with a portion of FUM in pension phase. The HY19 result includes impacts from the margin compression of the gradual run-off of the Master Trust product that is being replaced by lower margin new business written for new contemporary products (down 12% in line with average FUM balances with fee income down to $9.4 million (HY18: $10.6 million));
- WealthSolutions fee income is up 12% broadly in line with the increase in average FUM balances of 11%; WealthSolutions fees are up to $6.2 million (includes external platforms of $0.9 million) (HY18: $5.5 million);
- WealthFoundations fee income is up 17% broadly compared to average FUM balances of 21%. This was adversely impacted by a lower net average fee rate of 1.06% (vs 1.1% in HY18); WealthFoundations fees are up to $2.2 million (HY18: $1.9 million); and
- Investment market performance was down 4% compared to a positive 9% investment return in HY18 that also impacted on average FUM balances.

Other key things to note in the HY19 Wealth Management Result are:

- The decrease in variable expenses (-7%) can be attributed to a reduction in the inter-segment advice fee (50bps) paid to Financial Advice on Master Trust FUM (down 12% in line with average Master Trust FUM). This reduction was partially offset by higher platform fees payable on the WealthSolutions portfolio (up 10% and broadly in line with growth in average WealthSolutions FUM). Funds management expenses increased 4% in line with the increased average FUM balances (+4%) between periods.
- The increase in operating expenses (+7%) can be attributed to the costs incurred to enhance the contemporary platform and product (including increased technology and software amortisation costs). This has been partially offset by reduction in wealth administration costs due to greater efficiencies from the improved scale of business (between periods) and migration of the Master Trust product onto a single administration platform (completed at end of FY18).
- Expense overruns (after tax) increased to $1.9 million in HY19 (HY18:$1.4 million). The current overruns reflects the investment in the contemporary platform and WealthFoundations product that is yet to achieve scale relative to initial system and ramp up costs. This remains a key consideration.
- The tax expense includes a tax benefit of $0.3 million in HY19 (FY18:$0.3 million) comprising exempt fees in the Master Trust product range ($0.1 million) and the positive impact from a tax benefit arising from superannuation insurance premium deductions ($0.2 million).
- Investment earnings are impacted by the reallocation of shareholder cash between segments and movement in market interest rates between periods.

Operating segment review

Financial advice

Where are we today?

ClearView has established itself as a provider of licensing solutions to the Australian market.

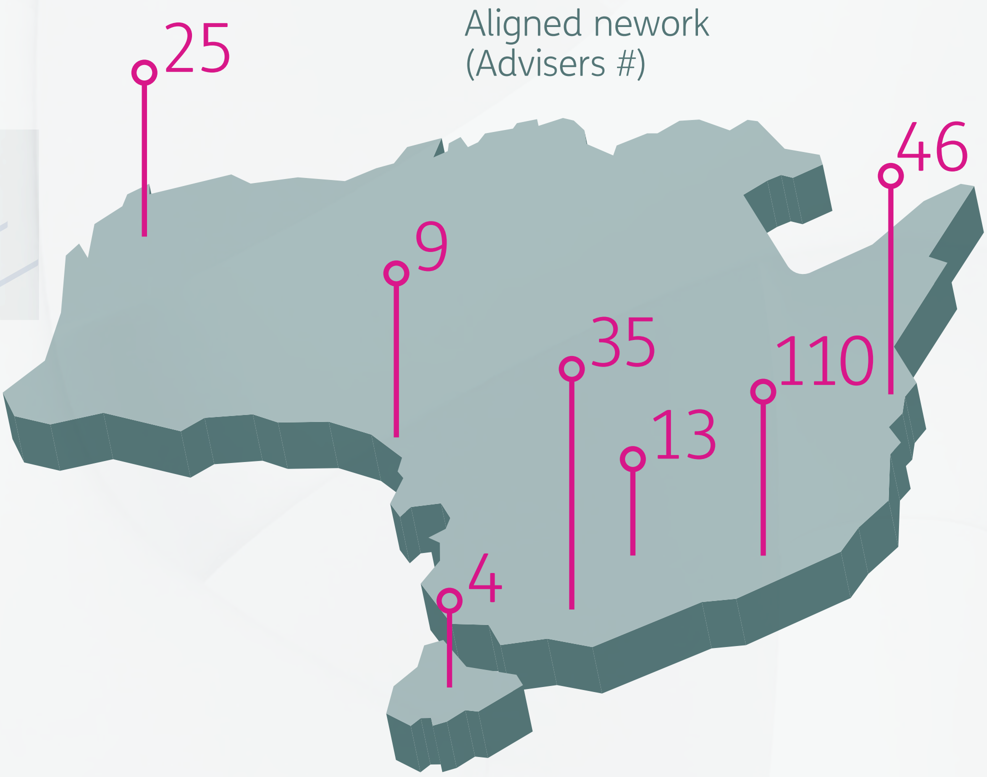
Our comprehensive offer features two aligned dealer groups providing traditional licensing and dealer services plus the recently-launched LaVista Licensee Solutions which provides services to other Australian Financial Services Licensees (AFSLs).

ClearView Financial Advice

MATRIX PLANNING SOLUTIONS

LaVista LICENSEE SOLUTIONS

No. 1
Australia's leading licensee[1]



1 CoreData Licensee Report 2017 and 2018.

ClearView offers comprehensive licensing and dealer services to professional financial advisers who want the backing of a well-resourced company but don't want to be aligned to a bank or institution.

The institutional model of vertical integration - whereby institutions own each part of the value chain from manufacturing to distribution (advice) - has been under increasing pressure with both financial advisers and clients agitating for greater independence.

The Royal Commission report implies vertical integration (through managing conflicts of interest), conflicted remuneration and systems and compliance all require heavy reform within the industry.

We're seeing vertical disintegration across the industry with some institutions voluntarily selling or spinning off their wealth businesses.

At the same time many professional financial advisers are agitating for greater independence by leaving institutional dealer groups and gaining their own Australian Financial Services Licence (AFSL). In the past four years, more than 600 new AFSLs have been issued, according to CoreData.

To meet the needs of the growing number of self-licensed financial advisers and position ClearView to capture opportunities arising from structural change, we have recently launched a new licensee services offer.

In November 2018, ClearView launched LaVista Licensee Solutions (LaVista), targeting the growing number of self-licensed practices.

LaVista leverages the award-winning back office infrastructure, systems and ancillary services of Matrix and CFA. This is likely to expand the Financial Advice segment's revenue base over time and deliver scale benefits.

This opportunity is two fold:

1. Partnering with financial advisers who want an alternative to the institutionally-aligned dealer groups; and
2. Partnering with AFSLs who need back-office support and help managing their own licence.

LaVista services

Governance & compliance

- Licensee standards
- Responsible Manager obligations
- Advice documentation
- Adviser and AFSL audits
- Registers & compliance templates

Community network

- Peer-to-peer network
- Conferences
- PD days
- HR support

Research

- LaVista research
- External research
- Investment committee
- Approved Product List

Technical support

- Legislative updates
- Regulation & industry changes
- Technical updates
- Client newsletters

Software

- Workflow management
- Revenue management & reporting
- In-house help hotline
- Discounts

Furthermore, operational efficiency will become another attractive component of the LaVista offering, as the overhaul to commissions and other "conflicted remunerations" are ultimately removed. The future state for dealer groups, requires the removal of cross subsidisation between the manufacturer and advice business and replacement of grandfathered commissions and rebate revenue streams that has driven economic value in the industry for some time.

ClearView is focused on supporting financial advisers through an industrial strength back office to help make their practices compliant and more efficient either when they are licenced by our own dealer groups or alternatively where they operate their own licence.

As part of the LaVista roll out and repositioning of our dealer groups over time, the intention is to remove the cross subsidies that exist in our Dealer Group and develop a sustainable revenue base that allows the dealer groups and LaVista to invest and support its financial adviser client base. This will take time to transition, but remains a key strategic focus.

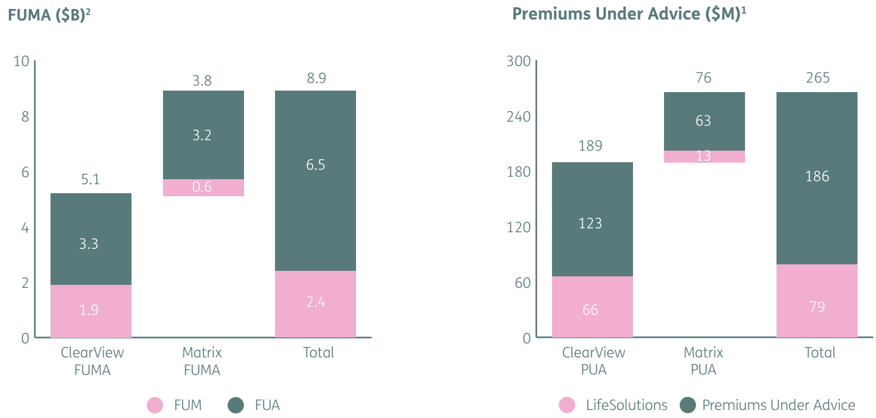
Financial Advice financial result:

	2017			2018			2019	%
6 Months to December ($M)[1]	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**1H**	**Change[2]**
Net financial planning fees	8.6	8.3	16.9	8.8	8.7	17.4	8.8	1%
Interest and other income	0.5	0.1	0.6	0.2	0.3	0.5	0.4	91%
Operating expenses	(7.4)	(7.0)	(14.4)	(7.6)	(7.7)	(15.3)	(9.1)	20%
Underlying NPBT	**1.7**	**1.5**	**3.2**	**1.3**	**1.3**	**2.6**	**0.1**	**(93%)**
Income tax (expense) / benefit	(0.5)	(0.4)	(0.9)	(0.4)	(0.4)	(0.8)	(0.0)	(93%)
Underlying NPAT	**1.2**	**1.0**	**2.2**	**1.0**	**0.8**	**1.8**	**0.1**	**(94%)**
Amortisation of intangibles	(0.5)	(0.5)	(1.0)	(0.6)	(0.5)	(1.1)	(0.6)	0%
Reported NPAT	**0.7**	**0.5**	**1.2**	**0.4**	**0.3**	**0.7**	**(0.5)**	**(222%)**

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

2 % change represents the movement from HY18 to HY19.

Chart 11: HY19 - Key performance indicators



The FUMA movement in the dealer group is driven by the net impacts of net flows, funds management fees and investment market movement-based variances. Premiums under advice (PUA) is driven by the net impacts of new life insurance business, price increases, lapse and CPI/aged-based variances. Financial Advice FUMA is $8.9 billion at 31 December 2018, down 4% with PUA of $265 million, up 7%:

- FUMA was adversely impacted by the movement in investment markets, change in adviser numbers and composition period to period (including changes in underlying practices licenced by the dealer groups);
- PUA is impacted by the net impact of adviser recruitment, composition and changes in underlying practices; and
- Financial advisers decreased 2% to 242 with a continued focus on high quality compliant advisers that have the right cultural fit.

HY19 Financial Advice earnings

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

- Net adviser service fees and membership fees earned;
- Financial support from ClearView's manufacturer businesses;
- Grandfathered platform rebates (Royal Commission recommendation, with proposed sunset date of January 2021); and
- Dealer service fees (DSF) earned on the new contemporary platforms.

Underlying NPAT was $0.1 million (-94%) Notable items include:

- Net financial planning fees are broadly neutral;
- Increased operating expenses to $9.1 million in HY19 (+20%) which was driven by compliance and restitution costs, system costs and investment in the LaVista services model, partially offset by lower conference costs; and
- Interest income reflects the reallocation of shareholder cash between segments and changes in market interest rates between periods.

1 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.

2 FUMA includes FUM[3] and funds under advice that are externally managed and administered.

3 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.

4 Aligned advisers are licenced by the ClearView Financial Advice Pty Ltd and Matrix Planning Solutions Ltd dealer group.

Operating segment review

Listed Entity/Other

Approach

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

Listed Entity/Other financial result:

	2017			2018			2019	%
6 Months to December ($M)[1]	**1H**	**2H**	**FY17**	**1H**	**2H**	**FY18**	**1H**	**Change[2]**
Interest income	0.2	0.1	0.3	0.1	0.2	0.3	0.2	29%
Operating expenses	(0.4)	(0.6)	(1.0)	(0.7)	(0.5)	(1.2)	(0.7)	(3%)
Operating earnings NPBT	**(0.2)**	**(0.5)**	**(0.7)**	**(0.6)**	**(0.2)**	**(0.8)**	**(0.5)**	**11%**
Income tax (expense) / benefit	(0.1)	0.3	0.2	(0.1)	0.5	0.4	0.0	(85%)
Operating earnings NPAT	**(0.3)**	**(0.2)**	**(0.5)**	**(0.7)**	**0.3**	**(0.4)**	**(0.5)**	**24%**
Interest expense on corporate debt (after tax)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	48%
Underlying NPAT	**(0.4)**	**(0.3)**	**(0.7)**	**(0.8)**	**0.1**	**(0.7)**	**(0.7)**	**24%**
Strategic review costs	(0.5)	(0.1)	(0.6)	(0.3)	(0.5)	(0.8)	(0.1)	(67%)
Direct closure and remediation costs	0.0	(2.4)	(2.4)	0.0	0.0	0.0	(0.6)	Large
Royal Commission costs	0.0	0.0	0.0	0.0	0.0	0.0	(1.3)	Large
Retention bonuses	0.0	0.0	0.0	0.0	0.0	0.0	(1.4)	Large
Reported NPAT	**(0.9)**	**(2.8)**	**(3.7)**	**(1.1)**	**(0.4)**	**(1.5)**	**(4.2)**	**(280%)**

The Listed segment financial results for the year ended 31 December 2018 are shown in the table above. Underlying NPAT was -$0.7 million (broadly flat). Notable items include:

- Investment earnings which are broadly in line between periods, albeit with some reallocation of physical cash between segments;
- Interest on corporate debt relating to loan establishment and line fees on the $60 million NAB debt facility that was refinanced in June 2017. $15 million of the debt was drawn down in HY19 to fund the cash component of the FY18 final dividend and the cash payment for purchasing ClearView shares to support the ClearView SMT LTIP share plan (recognised as treasury shares); and
- Costs that are considered unusual to ClearView's ordinary activities include expenses incurred in relation to costs associated with the Royal Commission, the CRP and retention bonus payments for key individuals paid in September 2018.

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

2 % change represents the movement from HY18 to HY19.

Statement of financial position

The Group's Statement of financial position, which is set out on page 40, reflects the key metrics below.

- Net assets at 31 December 2018 increased to $446.8 million (June 2018: $444.3 million) comprising:
  - Reported profit of $11.5 million;
  - Opening balance adjustments on adoption of AASB 9 (-$1.0 million);
  - FY18 net cash dividend (-$8.9 million);
  - Movements in the Share Based Payments Reserve due to the treatment of the ESP in accordance with the accounting standards (+$2.2 million) and ESP loans settled through the FY18 final dividend (+$0.8 million); and
  - The cash payment (-$2.1 million) for purchasing ClearView shares to support the ClearView SMT LTIP share plan (recognised as treasury shares).
- Net tangible assets increased to $402.2 million ($431.5 million including ESP loans) (June 2018: $399.1 million);
- Net asset value per share (including ESP loans) of 70.3 cents per share (June 2018: 71.3 cents per share); and
- Net tangible asset value per share (including ESP loans) of 63.7 cents per share (June 2018: 62.2 cents per share).

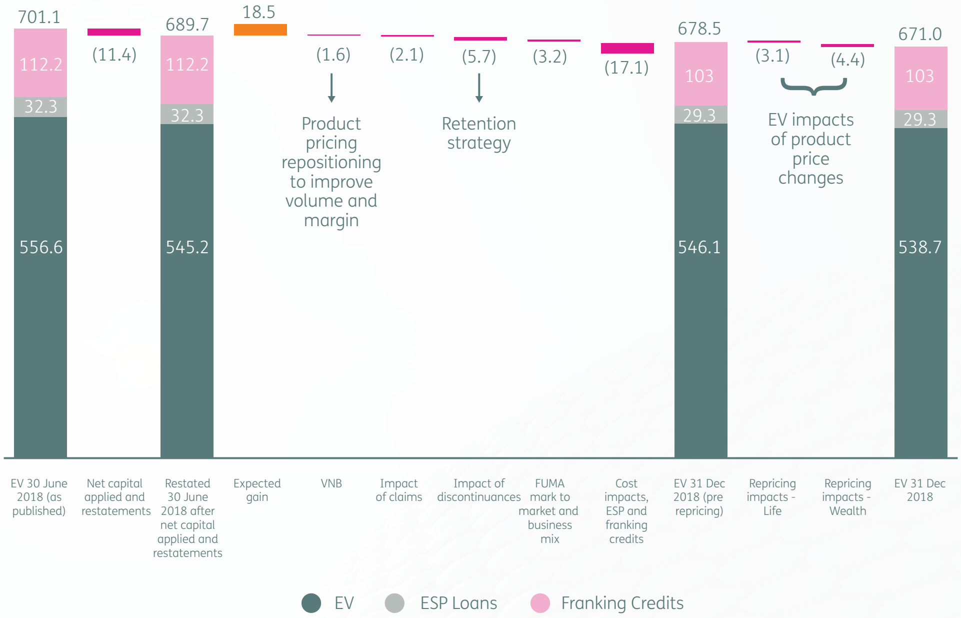
The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis, as ClearView ESP shares have been issued to employees and contractor participants as at 31 December 2018 (in accordance with the ClearView ESP Rules). The ClearView ESP shares on issue have a corresponding non-recourse loan from ClearView to facilitate the purchase of ClearView ESP shares by the participants. The shares and loans are not reflected in the statutory accounts as they are accounted for as an option in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

Embedded Value

Life Insurance and Wealth Management are long-term businesses that involve long-term contracts with customers and complex accounting treatments. Embedded Value represents the discounted value of the future net cash flows anticipated to arise from the in-force life policies, investment client balances and recurrent adviser fees and rebate revenues as at the valuation date. EV calculations at a range of risk discount margins (DM) is shown below.

Risk margin over risk free: ($M), (unless stated otherwise)	3% DM	4% DM	5% DM
Life Insurance	443.7	418.1	394.9
Wealth Management	58.3	55.1	52.3
Financial Advice	24.4	22.7	20.5
Value of In-Force (VIF)	**526.5**	**495.9**	**467.8**
Net Worth	42.8	42.8	42.8
Total EV	**569.3**	**538.7**	**510.6**
ESP Loans	29.3	29.3	29.3
Total EV including ESP Loans	**598.6**	**568.0**	**539.9**
Franking Credits:			
Life Insurance	70.8	66.6	62.9
Wealth Management	15.5	14.7	13.9
Financial Advice	7.6	7.1	6.5
Net Worth	14.6	14.6	14.6
Total EV including Franking Credits and ESP Loans	**707.0**	**671.0**	**637.8**
EV per Share including ESP Loans (cents)	**88.4**	**83.9**	**79.7**
EV per Share including Franking Credits and ESP Loans (cents)	**104.4**	**99.1**	**94.2**

Chart 12: Embedded Value movement analysis



The key movements in the EV between FY18 and HY19 are described in detail below.

Net capital applied and restatements (-$11.4 million) driven by:

- FY18 final cash dividend (-$20.0 million) paid in September 2018 with $11.1 million reinvested as part of the Dividend Reinvestment Plan;
- Movements in the Share Based Payments Reserve (+$3.0 million);
- Cash payment (-$2.1 million) related to the on-market purchase of ClearView shares to support the SMT LTIP share plan (recognised as treasury shares); and
- Restatements (-$3.4 million) relates to changes due to modelling enhancements (-$2.4 million) and restatement arising from the adoption of AASB 9 from 1 July 2018 (-$1.0 million) where a provision allowance was calculated under the expected credit loss ("ECL") approach for adviser loans.

Expected gain (+$18.5 million):

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

VNB added (-$1.6 million):

- The value added by new business written over the period. The current value of new business is suppressed by the acquisition costs incurred (relative to new business volumes). The acquisition cost overruns should decrease as the cost transformation program takes effect coupled with business growth, providing it with operating leverage. In the short term, LifeSolutions VNB has been adversely impacted due to the hybrid commission model under the LIF reforms (noting VNB will improve as the upfront commission cap reduces from 80% in calendar year 2018 to 60% in 2020). The Life Insurance business is being repriced to target more profitable segments. In addition, the Wealth Management business is being repriced given competitive pressures (reduction in inflows), which is expected to result in increased and improved flows over time.

Claims experience (-$2.1 million):

- Adverse claims experience loss (relative to planned margins) due to a combination of higher than expected Income Protection and death claims. See further commentary on claims experience on page 16.

Lapse experience on the life insurance book and FUMA discontinuances (-$5.7 million):

- Life Insurance lapse impact of -$3.9 million reflects the EV impact of lapses. Recent adverse lapse experience and trend has been driven by LifeSolutions lump sum pricing issues in certain cohorts that is intended to be addressed in part by proposed pricing changes. Given that lump sum and income protection products are for most part sold as a "bundle" this has also impacted on lapses on income protection products. Product repricing in key cohorts, coupled with terminating certain adviser distribution relationships that have experienced elevated lapse rates, is expected to reduce lapse rates over time. This overall retention strategy however, will take time to flow through to overall lapse performance, with lapses expected to remain elevated in 2H FY19, until such time as these changes are implemented and have had time to take effect;
- For the Wealth Management business, discontinuance rates (outlfows) were slightly higher than expected (impact of -$0.8 million), mainly related to competitive pricing pressures. This is being addressed through the repricing and repositioning of contemporary wealth products as outlined earlier in the report; and
- The balance relates to the Financial Advice business due to lower FUMA balances and fee income relative to expectations.

FUMA mark to market and business mix (-$3.2 million):

- Lower than expected investment performance on FUMA (due to adverse investment market conditions; -$3.2 million), which resulted in lower fee income relative to expectations over the period and a lower present value of future fees at the end of the period.

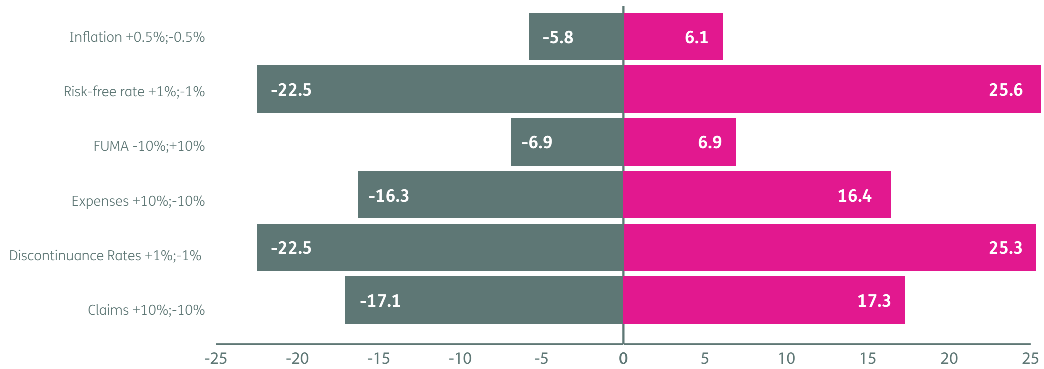
Cost impacts, ESP and franking credits: (-$17.1 million):

- This includes costs considered unusual to the ordinary activities of the business (-$3.4 million), related to the Royal Commission, CRP and retention bonuses;
- Listing and interest costs on corporate debt (-$0.7 million) were impacted by the Group's listed overhead costs and amounts drawn down under the corporate debt facility which are not allowed for in the EV;
- Maintenance expense experience (+$0.2 million) which reflects the increase in the Life Insurance in-force premium over time that has progressively reduced expense overruns (experience profit of $0.6 million). This is offset by the investment in WealthFoundations and the contemporary wealth platform that is causing overruns in the Wealth Management segment (-$0.4 million);
- Net movement in ESP loans (-$3.0 million) and franking credits (-$9.2 million) between periods. The franking credit movement includes the impact of modelling enhancements, repricing, credits distributed with the FY18 final dividend and other items; and
- The balance relates to tax impacts of the policy liability discount rate effects in the period and other experience items

Repricing impacts (-$7.5 million):

- This includes a -$3.1 million impact due to the repricing of the LifeSolutions product (including reinsurance repricing impacts) and -$4.4 million impact due to repricing and repositioning of the Wealth Management contemporary products as noted earlier in the report.

Chart 13: Embedded Value movement analysis @ 4%DM



Dividends

The Directors have not declared an interim dividend (HY18: Nil). The Board seeks to pay dividends at sustainable levels and has a target payout ratio of between 40% and 60% of Underlying NPAT. Furthermore, it is the Company's intention to maximise the use of its franking account by paying fully franked dividends.

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

Capital position

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

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

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

$15 million of the Debt Funding Facility has been drawn down in HY19 to fund the cash component of the FY18 final dividend and the cash payment for purchasing ClearView shares on market to support the ClearView SMT LTIP share plan (recognised as treasury shares).

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 either be repaid (the upfront capital strain has reduced materially since the 'start up' phase with ClearView now approaching self-funding capability from the in-force portfolio flows) or alternatively, the Board is considering alternative capital management initiatives that would allow the Debt Funding Facility to be replaced with one or more longer term capital solutions that would make the capital structure of the overall group more efficient.

The net capital position of the Group, after including amounts drawn down under the Debt Funding Facility, is $14.0 million at 31 December 2018.

Chart 14: Capital position as at 31 December 2018

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

	Life Insurance	Wealth Management	Other	APRA Regulated Entities	Wealth Management	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC[2]/Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net Assets	387.4	13.0	4.0	404.4	9.1	16.0	25.2	429.5	17.3	446.8
Goodwill & Intangibles	(12.8)	(5.3)	0.0	(18.1)	(0.3)	(7.5)	(7.7)	(25.8)	(18.8)	(44.6)
Net Tangible Assets	**374.6**	**7.7**	**4.0**	**386.3**	**8.9**	**8.6**	**17.4**	**403.7**	**(1.5)**	**402.2**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(321.7)	0.0	0.0	(321.7)	0.0	0.0	0.0	(321.7)	0.0	(321.7)
Other Adjustments to Capital Base	(0.9)	(0.1)	0.0	(0.9)	0.0	(0.0)	(0.0)	(1.0)	(0.3)	(1.2)
Regulatory Capital Base	**52.0**	**7.7**	**4.0**	**63.7**	**8.9**	**8.5**	**17.4**	**81.1**	**(1.8)**	**79.3**
Prescribed Capital Amount	(13.6)	(3.2)	(3.1)	(20.0)	(5.0)	(0.0)	(5.0)	(25.0)	(0.0)	(25.0)
Available Enterprise Capital	**38.4**	**4.4**	**0.8**	**43.7**	**3.9**	**8.5**	**12.4**	**56.1**	**(1.8)**	**54.3**
Enterprise Capital Benchmark (ECB)										
Working Capital[3]	2.2	0.0	0.0	2.2	(1.5)	(1.5)	(3.0)	(0.8)	0.0	(0.8)
Risk Capital[1]	(39.4)	(2.6)	0.0	(42.0)	(2.1)	(3.2)	(5.3)	(47.3)	(7.2)	(54.5)
Debt Funding Facility	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	15.0
Net Capital position as at 31 December 2018[4]	**1.2**	**1.9**	**0.8**	**3.9**	**0.3**	**3.9**	**4.1**	**8.0**	**6.0**	**14.0**

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

The regulated entities had $8.0 million of net assets in excess of internal benchmarks as at 31 December 2018.

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

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

Internal benchmarks include a working capital reserve of $0.8 million as at 31 December 2018 to fund anticipated new business growth over the medium-term. The Group has $14.0 million of net assets in excess of internal benchmarks at 31 December 2018 (including $15 million of debt drawn down to date).

1 As at 31 December 2018, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC[2].
2 NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.
3 Working Capital includes Board approved transfers post 31 December 2018 which will be completed before 31 March 2019.
4 Stated post 31 December 2018 Board approved transfers.

The net capital position of the Group as at 31 December 2018 represents a decrease of $0.7 million since 30 June 2018. This reflects the following key items:

- The Underlying NPAT for the year (+$13.3 million);
- The net capital absorbed by the growth of the business over the period (-$13.9 million);
- The decrease in the working capital reserve (+$2.6 million) reflecting capital set aside to fund the anticipated new business growth over the medium term;
- The draw down of the Debt Funding Facility (+$15.0 million);
- Increase in regulatory and risk capital reserved due to increasing volumes (-$5.1 million), and the net impacts of capitalised software, acquired intangibles and deferred tax (+$0.8 million);
- The net impacts of the movements in the Share Based Payments Reserve due to the treatment of the ESP in accordance with accounting standards (+$3.0 million);
- The after tax costs predominantly associated with the Royal Commission, retention bonuses and Direct remediation project (-$3.4 million);
- Provision for adviser loans calculated under a forward looking expected loss (ECL) approach in relation to adoption of AASB 9 from 1 July 2018 (-$1.0 million);
- The net impacts of the tax effect on the change in policy liability discount rate (-$1.0 million);
- The on market purchase of ClearView Wealth shares to back the SMT LTIP (held as Treasury shares) (-$2.1 million); and
- The net impact final FY18 final dividend paid (-$8.9 million).

On market 10/12 limit share buyback

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

The Board has determined to extend its on market buy-back within the 10/12 limit (which was announced to the market on 19 December 2013) for a period up until December 2019. Existing buy-back arrangements continue to apply. Since January 2014, the total number of shares bought back and cancelled under the scheme is 593,824. No shares were bought back under the scheme in the half year ended 31 December 2018.

Selective buy back

As approved by Shareholders at the ClearView 2018 Annual General Meeting (AGM) and disclosed on market, ClearView undertook a selective buy-back of Unvested adviser Executive Share Plan (ESP) Shares in November 2018. 1,781,633 were selectively bought-back and cancelled on the terms outlined in the ClearView AGM Notice of Meeting, Appendix 3C and Appendix 3F. These announcements are available at www.clearview.com.au under the Shareholders tab.

On-market purchase of shares

As disclosed in the FY17 and FY18 Annual Reports, given that the existing Long Term Incentive (LTIP) for the SMT was primarily vested, and taking into account current market practice in relation to LTIP, the Board determined that a LTIP structure delivered via a grant of Performance Rights to the SMT was the most appropriate structure to achieve its key executive remuneration objectives. An Employee Share Trust was created and Performance Rights were granted in FY18 and HY19 on the terms described in the FY18 Annual Report. Computershare are the appointed Trustee for the Employee Share Trust and during HY19 and in accordance with ClearView's Securities Trading Policy, their broker was instructed to undertake an on-market purchase of shares to be held in Trust until such time as the Performance Rights vest or are forfeited. To date, 2,389,106 shares have been purchased on-market at an overall average price of 0.8741 cents per share. On-market purchase of shares is likely to continue in accordance with the Securities Trading Policy, during the remainder of the financial year.

Business outlook

- HY19 has seen a challenging operating environment that has negatively impacted consumer sentiment in the short-to-medium term:
  - Overall industry sales volumes and performance;
  - Potential impacts from negative publicity related to the Royal Commission; and
  - Consequences of the Life Insurance reform commission caps and rules.
- ClearView has implemented the consumer remediation program (CRP), which covered the categories of consumers and the level of remediation approved by ASIC and final reports on the CRP were provided to ASIC by ClearView and the independent expert on 24 December 2018.
- Life Insurance remains the key profit driver. Our expanding distribution footprint and the size of new business as a proportion of our in-force book lead to a material increase in the in-force portfolio which underpins the growth profile.
- Recent trends however have resulted in both adverse claims and lapse experience in our life insurance portfolios that is currently holding back the effect of translating this growth into corresponding profit growth.
- The HY19 result does not reflect the key strategic priorities and actions that are underway in 2H FY19 that are likely to have a longer term positive effect on the emergence of sustainable profit growth from the double digit increases in life insurance in-force portfolio (+15% in HY19):
  - The termination of certain distribution relationships that have lapse rates above acceptable norms coupled with the product pricing repositioning of LifeSolutions – focus is on improving lapse rates, with the likely shorter term impact on new business volumes;
  - Repricing and enhancement of contemporary wealth management products given competitor solutions and recent pricing changes – aimed at supporting net flows, with shorter term profit impact; and
  - Rebalancing of the cost base of the business to the current market environment and to align with the strategic objectives leading to a material cost transformation program – expected implementation of the program in 2H FY19, that is likely to be partially offset by some reinvestment in product and innovation over time.
- The retention strategies and effects will take time to fully implement and to flow through to the overall lapse performance, with lapses expected to remain elevated in 2H FY19.
- ClearView is likely to benefit from the opening of APLs and shift of advisers away from larger institutions and banks, along with increasing demand for competitive investment administration platforms and products, albeit with some competitive pricing pressures in response to industry developments.
- ClearView is focused on supporting advisers through an industrial strength back office to help make their practices compliant and more efficient either when they are licenced by our own dealer groups or alternatively where they operate their own licence. LaVista, our new dealer-to-dealer service business that launched in November 2018 is a key strategic focus for the group.
- The Group maintains a positive longer term outlook but is conscious of the shorter term headwinds:
  - The challenging operating environment with negative consumer sentiment in the short to medium term (including overall industry sales volumes);
  - Implementing key strategic priorities and actions including addressing the lapse performance of our life insurance business;
  - The need for both life insurance and investment solutions remains as strong as ever notwithstanding that the channels through which people may acquire solutions are changing; and
  - Initial assessment of the recommendations from the Royal Commission Final Report. We will work through this and come to more informed conclusions on the potential impacts. Overall it should benefit a market challenger such as ClearView.

Changes in state of affairs

There were no other significant changes in the state of affairs of the Group apart from than those discussed above, during the half year ended 31 December 2018.

Auditor's independence declaration

The auditor's independence declaration is included on page 38.

Rounding off of amounts

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

Signed in accordance with a resolution of the Directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors

Bruce Edwards

Chairman

Sydney, 26 February 2019

Auditor's Independence Declaration

Deloitte.

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

26 February 2019

Dear Board of 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 review of the financial statements of ClearView Wealth Limited for the financial half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountant
Sydney

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2018

	Note	Consolidated 6 months to 31 December 2018 $'000	Consolidated 6 months to 31 December 2017 $'000
Continuing operations			
Revenue from continued operations			
Premium revenue from insurance contracts		120,451	104,708
Outward reinsurance expense		(34,119)	(26,934)
Net life insurance premium revenue		**86,332**	**77,774**
Fee and other revenue		63,036	63,897
Investment income		62,298	55,302
Operating revenue before net fair value gains on financial assets		**211,666**	**196,973**
Net fair value gains on financial assets		(63,588)	29,402
Net operating revenue		**148,078**	**226,375**
Claims expense		(56,596)	(46,828)
Reinsurance recoveries revenue		39,594	29,950
Commission and other variable expenses		(65,970)	(66,927)
Operating expenses	4	(58,568)	(50,345)
Depreciation and amortisation expense	4	(4,338)	(4,941)
Change in life insurance policy liabilities	10	8,898	11,209
Change in reinsurers' share of life insurance liabilities	10	1,389	1,939
Change in life investment policy liabilities	10	7,732	(51,731)
Movement in liability of non-controlling interest in controlled unit trusts		(9,339)	(34,679)
Profit before income tax expense		**10,880**	**14,022**
Income tax benefit/(expense)		634	(1,745)
Total comprehensive income for the period from continuing operations		**11,514**	**12,277**
Attributable to:			
Equity holders of the parent		11,514	12,277
Earnings per share			
Basic (cents per share)		1.85	2.00
Diluted (cents per share)		1.80	1.90

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

For the half year ended 31 December 2018

	Note	Consolidated 31 December 2018 $'000	30 June 2018 $'000
Assets			
Cash and cash equivalents		187,149	176,363
Investments	9	1,883,288	2,057,192
Receivables		39,854	43,088
Fixed interest deposits		105,393	98,685
Reinsurers' share of life insurance policy liabilities	10	59,999	38,243
Deferred tax asset		7,919	10,979
Property, plant and equipment		986	1,150
Goodwill	7	20,452	20,452
Intangible assets	8	24,119	24,710
Total assets		**2,329,159**	**2,470,862**
Liabilities			
Payables		45,774	31,106
Current tax liabilities		2	8,146
Provisions		6,680	6,634
Life insurance policy liabilities	10	(188,713)	(197,116)
Life investment policy liabilities	10	1,109,988	1,198,780
Liability to non-controlling interest in controlled unit trusts		891,222	976,079
Deferred tax liabilities		2,422	2,924
Borrowings	13	15,000	-
Total liabilities		**1,882,375**	**2,026,553**
Net assets		**446,784**	**444,309**
Equity			
Issued capital	6	450,078	438,289
Treasury shares		(2,096)	-
Retained losses		(18,815)	(9,274)
Executive Share Plan Reserve		14,832	12,509
General Reserve		2,785	2,785
Total equity		**446,784**	**444,309**

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2018

	Share Capital $'000	Executive Share Plan Reserve $'000	General Reserve $'000	Retained Losses $'000	Attributable to Owners of the Parent $'000
Balance at 30 June 2018	**438,289**	**12,509**	**2,785**	**(9,274)**	**444,309**
Change on initial application of AASB 9	-	-	-	(1,007)	(1,007)
Restated balance as at 1 July 2018	**438,289**	**12,509**	**2,785**	**(10,281)**	**443,302**
Profit for the period	-	-	-	11,514	11,514
Total comprehensive income for the period	**-**	**-**	**-**	**11,514**	**11,514**
Recognition of share based payments	-	1,657	-	-	1,657
Dividend reinvestment plan (net of costs)	11,119	-	-	-	11,119
Dividend paid	-	-	-	(20,048)	(20,048)
ESP shares vested/(forfeited)	670	(127)	-	-	543
ESP Loans settled through dividend	-	793	-	-	793
Treasury shares	(2,096)	-	-	-	(2,096)
Balance at 31 December 2018	**447,982**	**14,832**	**2,785**	**(18,815)**	**446,784**
Balance at 30 June 2017	**421,717**	**10,068**	**(487)**	**(15,648)**	**415,650**
Profit for the period	-	-	-	12,277	12,277
Total comprehensive income for the period	**-**	**-**	**-**	**12,277**	**12,277**
Recognition of share based payments	-	789	-	-	789
Dividend reinvestment plan (net of costs)	12,180	-	-	-	12,180
Dividend paid	-	-	-	(18,136)	(18,136)
ESP shares vested/(forfeited)	3,562	(364)	1,696	-	4,894
ESP Loans settled through dividend	-	771	-	-	771
Balance at 31 December 2017	**437,459**	**11,264**	**1,209**	**(21,507)**	**428,425**

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half year ended 31 December 2018

	Consolidated	
	6 months to 31 December 2018 $'000	6 months to 31 December 2017 $'000
Cash flows from operating activities		
Receipts from clients and debtors	291,332	271,051
Payments to suppliers and other creditors	(180,983)	(172,709)
Withdrawals paid to life investment clients	(171,971)	(106,031)
Dividends and trust distributions received	15,603	9,771
Interest received	14,484	11,948
Interest on borrowings and other costs of finance	(684)	(561)
Income taxes paid	(3,013)	(2,168)
Net cash generated/(utilised) by operating activities	**(35,232)**	**11,301**
Cash flows from investing activities		
Payments for investment securities	(1,199,971)	(1,081,741)
Proceeds from sales of investment securities	1,344,902	950,725
Acquisition of property, plant and equipment	(128)	(325)
Acquisition of capitalised software	(3,455)	(4,817)
Fixed interest deposits (invested)/redeemed	(6,708)	(3,179)
Loans (granted)/repaid	263	(1,345)
Debt facility drawn down	15,000	-
Net cash (utilised)/generated by investing activities	**149,903**	**(140,682)**
Cash flows from financing activities		
Net movement in liability of non-controlling interest in unit trusts	(94,196)	118,885
Share issue expenses	-	(37)
Treasury shares bought back	(2,096)	-
Repayment of ESP loans	664	771
Payments for ESP shares vested/forfeited	671	4,894
Net cash dividend paid	(8,928)	(5,918)
Net cash (utilised)/generated in financing activities	**(103,885)**	**118,595**
Net (decrease)/increase in cash and cash equivalents	10,786	(10,786)
Cash and cash equivalents at the beginning of the financial year	176,363	222,197
Cash and cash equivalents at the end of the financial period	**187,149**	**211,411**

To be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2018

1. Significant accounting policies

General information

ClearView Wealth Limited (the Company or the Group) is a limited company incorporated in Australia. The address of its registered office is Level 15, 20 Bond Street, Sydney, NSW 2000. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

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

The accounting policies adopted in the preparation of the interim set of financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2018, other than where disclosed and with the exception of changes in accounting policies required following the adoption of new accounting standards on 1 July 2018. AASB 9 and AASB 15 are effective for the Group from 1 July 2018. Changes to the Group's key accounting policies during the period are described in this report in the section titled "New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period".

New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period.

a) AASB 15 Revenue from Contracts with Customers

AASB 15 replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price that is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services is transferred to the customer. The Group adopted AASB 15 on 1 July 2018. On completion of our assessment, the Group adopted the modified retrospective approach however no material adjustment to opening retained earnings was recognised as the amendments to its accounting policies did not result in significant changes to the timing or amount of revenue recognised at 30 June 2018.

The key judgements in applying AASB 15 include the timing and amount of variable consideration to be recognised in relation to performance obligation met, determining whether multiple services provided in a single contract are distinct, and determining when incurred expenses can be presented net of any associated revenue. The Group's revenue from contracts with customers is primarily in the nature of fees and commission income as presented in the income statement.

The revenue from insurance contracts is not impacted by this new standard.

Management fee revenue

The Group provides asset management services for unlisted funds. Fee revenue comprises management fee revenue with respect to life investment contracts and Managed Investment Schemes. 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 daily based on the value of the investment option, but before the unit price is declared. The fee is treated as a reduction in the investment contract liabilities.

As it has been determined that providing asset management services for funds under management is typically a single performance obligation, management fees earned for asset management services that are provided over the life of the contract are constrained to the period the clients' funds are under management and value of the investment option.

1. Significant accounting policies continued

The revenue is recognised at the point in time when it is established that the customer has received the benefits of the service and it becomes highly probable that the performance obligations are met and a reversal will not occur in the future.

Trust administration and portfolio management fees earned via the platform are also recognised when it is established that the customer has been received the benefits of the service and it becomes highly probable that the performance obligations are met and a reversal will not occur in the future.

Financial advice revenue

Many of the Group's financial advice contracts comprise a variety of performance obligations including, but not limited to, one-off advice services and on-going advice services.

The financial advice revenue is primarily split into upfront fees and trail fees. The Upfront fees are calculated as a percentage of the policy premium amount/contribution made and trail fees are calculated as a percentage of the inforce premium/funds under management. There are two distinct performance obligations which are required to be fulfilled under the contract. The transaction price is therefore allocated between the two performance obligations as per the agreed fees split outlined in the customer contracts.

The transaction price for upfront fees is recognised at the date when the policyholder purchases the cover or a customer contributes to the investment portfolio.

Trail fees are recognised through the passage of time as they are constrained until the advice period has elapsed. An estimate of future trail fees is not recognised as the amount of future consideration is highly susceptible to factors outside ClearView's influence. For example, sum insured adjustments and market movements/volatility can significantly impact the fees earned. Future contributions, withdrawals of FUM and discontinuances/lapses are also unknown and therefore revenue cannot be recognised until the uncertainty associated with the variable consideration is resolved.

Contract assets, contract liabilities and capitalised expenses

Where the Group provides services to clients, consideration is due immediately upon satisfaction of a point in time service or at the end of a pre-specified period for an overtime service. Where contract receivables are recorded for the services over the period of time, they are presented within other assets and are assessed for impairment under AASB 9.

Contract liabilities relate to prepayments received from customers where the Group is yet to satisfy its performance obligation. The Group has adopted the approach under AASB 9 that the contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months.

b) AASB 9 Financial Instruments and related amendments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements for which a transition adjustment has been recognised in its retained earnings and OCI as at 1 July 2018. As permitted by AASB 9, the Group's comparative financial statements were not restated.

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.

Classification and subsequent measurement:

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

1. Significant accounting policies continued

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at a portfolio level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial asset are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans receivables.

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Group has no financial assets classified under this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification can be determined on a portfolio level.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

1. Significant accounting policies continued

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired,

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The adoption of AASB 9 changes the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1. Significant accounting policies continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

AASB 9 adoption has mostly impacted the following areas:

Upon adoption of AASB 9 the Group has assessed its loans and other receivables under the 12-month ECL model and recognised a provision of $1.0 million. The ECL impact analysis is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting (or assessment) date.

It is the Group's policy, on adoption of the new standard, to recognise the initial increase in allowance through opening retained earnings with any future impairment allowances recognised through profit or loss.

Use of estimates, assumptions and judgments

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies.

It also requires management to exercise judgement in the process of applying the accounting policies. Under AASB 9, determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI test) are new areas of accounting judgement as disclosed in the section titled "New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period".

1. Significant accounting policies continued

The section also describes the changes to estimates and assumptions under AASB 9 and AASB 15 which respectively affect the timing and amount of the Consolidated Entity's credit impairment provisions and the timing and amount of revenue recognition. The basis of other key judgements and estimation uncertainty applied by management in preparing the interim set of financial statements are consistent with those that were applied and disclosed in the annual financial report for the year ended 30 June 2018.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Board believes that the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and it is therefore reasonably possible, on the basis of existing knowledge, that outcomes within the next financial period that are different from the Consolidated Entity's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

2. Events subsequent to reporting date

The Royal Commission

In December 2017, the Australian Government established a Royal Commission into 'Misconduct in the Banking, Superannuation and Financial Services Industry' (the Royal Commission) to investigate conduct, practices, behaviour or business activities by financial services entities, including ClearView, that may amount to misconduct or that may have fallen below community standards and expectations. During the course of 2018, the Royal Commission conducted a number of public hearings and required the production of documents as part of its inquiry. ClearView responded by preparing submissions, attending one hearing and giving evidence and providing documents as requested.

The final report of the Royal Commission was publicly released on 4 February 2019. It included:

- 76 policy recommendations which may result in legislative and regulatory change; and
- consideration of and comments on a number of instances of possible misconduct in relation to participants in the financial services industry, including ClearView.

ClearView is considering the various matters raised in the Commissioner's final report. The impact on ClearView will take time to properly understand. The completion of the Royal Commission may result in litigation, fines, penalties, revocation, suspension or variation of conditions of relevant regulatory licences or other regulatory action. The policy recommendations include recommendations relating to financial advice, superannuation, banking, insurance and regulators.

Other than the above, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly, or may significantly; affect the operations of the Group, the results of those operations or the state of the affairs of the Group in future financial years.

3. 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 focussed 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 include:

- A comprehensive range of life protection products distributed by both ClearView Financial Advice (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; and

3. Segment information continued

- A range of Non-Advice life protection products that were previously sold through direct marketing and related channels. Products include term life, accidental death, injury covers, trauma and critical illness and funeral insurance. These products are no longer marketed to customers.

(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 broad menu of investment funds, ASX listed shares, term deposits, ClearView managed funds and Separately Managed Accounts (SMA) offering. It also provides a number of model portfolios managed by ClearView for superannuation and non superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. WealthFoundations includes a menu of 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 platform MIS products available on ClearView's WealthSolutions platform and on external platforms.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries ClearView Financial Advice (CFA), Matrix Planning Solutions (MPS) and LaVista Licensee Solutions (LaVista). Our comprehensive offer features two aligned dealer groups providing traditional licensing and dealer services plus the recently launched LaVista model which provides services to other Australia Financial Services Licensees (AFSLs).

(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[1] policy.

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

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

Information regarding segments is provided on the following page. The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 1.

1 Internal Capital Adequacy and Assessment Process.

3. Segment information continued

	Total Revenue		Inter-segment Revenue		Consolidated Revenue	
	Half year ended		Half year ended		Half year ended	
	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Segment revenue						
Life Insurance	87,858	78,859	-	-	87,858	78,859
Wealth Management	81,883	75,312	-	-	81,883	75,312
Financial Advice	56,581	57,895	(14,842)	(15,233)	41,739	42,662
Listed entity/Other	186	140	-	-	186	140
Consolidated segment revenue	**226,508**	**212,206**	**(14,842)**	**(15,233)**	**211,666**	**196,973**

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 there 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.

6 months to 31 December 2018	Life Insurance $'000	Wealth Management $'000	Financial Advice $'000	Listed Entity/Other $'000	Total $'000
Underlying net profit/(loss) after tax	**11,914**	**2,050**	**63**	**(726)**	**13,301**
Amortisation of acquired intangibles[1]	-	(45)	(561)	-	(606)
AIFRS policy liability discount rate effect (net of tax)[2]	2,222	-	-	-	2,222
Strategic Review cost (net of tax)[3]	-	-	-	(90)	(90)
Direct remediation program (net of tax)[4]	-	-	-	(584)	(584)
Royal Commission costs (net of tax)[5]	-	-	-	(1,295)	(1,295)
Retention bonuses (net of tax)[6]	-	-	-	(1,434)	(1,434)
Reported profit/(loss)	**14,136**	**2,005**	**(498)**	**(4,129)**	**11,514**
6 months to 31 December 2017					
Underlying net profit/(loss) after tax	**12,519**	**2,619**	**969**	**(813)**	**15,294**
Amortisation of acquired intangibles[1]	(1,416)	(45)	(561)	-	(2,022)
AIFRS policy liability discount rate effect (net of tax)[2]	(720)	-	-	-	(720)
Strategic Review cost (net of tax)[3]	-	-	-	(275)	(275)
Reported profit/(loss)	**10,383**	**2,574**	**408**	**(1,088)**	**12,277**

1 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 underlying net profit after tax.

2 The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy 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.

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

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

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

6 Certain costs were recognised in the period in relation to retention payments for a small number of key individuals. The costs are considered unusual to the ordinary activities of the Group and therefore not reflected as part of Underlying NPAT.

4. Operating Expenses

	Consolidated	
	6 months to 31 December 2018 $'000	6 months to 31 December 2017 $'000
Administration expenses		
Administration and other operational costs	19,122	18,151
Custody and investment management expenses	4,891	4,695
Total administration expenses	**24,013**	**22,846**
Employee costs and directors' fees		
Employee expenses	27,107	25,007
Share based payments	1,657	789
Employee termination payments	185	215
Directors' fees	427	533
Retention Bonuses	2,050	-
Total employee costs and directors' fees	**31,426**	**26,545**
Other expenses		
Interest and other costs of finance	316	561
Strategic review costs	129	393
Direct remediation program	834	-
Royal Commission costs	1,850	-
Total other expenses	**3,129**	**954**
Total operating expenses	**58,568**	**50,345**
Depreciation and amortisation		
Depreciation expenses	292	324
Software amortisation	3,440	2,595
Amortisation of acquired intangibles	606	2,022
Total depreciation and amortisation	**4,338**	**4,941**

5. Dividends Paid

During the period, ClearView made the following dividend payments:

	Consolidated			
	6 months to 31 December 2018		6 months to 31 December 2017	
	Cents per share	$'000	Cents per share	$'000
Final dividend	3.00	20,048	2.75	18,136
Total		**20,048**		**18,136**

No interim dividend has been declared.

A final fully franked dividend for FY18 of $20.05 million was declared and paid. This equated to 3.00 cents per share and represented approximately 60% of the FY18 underlying net profit after tax and is in line with the Company's dividend policy.

The Company operates a Dividend Reinvestment Plan (DRP) and as such $8.93 million of the dividend was paid in cash during the half year, as can be seen in the Condensed Consolidated Statement of Cash Flows.

6. Issuances and Repurchase of Equity

	6 months to 31 December 2018 No of shares	6 months to 31 December 2018 $'000	12 months to 30 June 2018 No of shares	12 months to 30 June 2018 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the period	619,259,012	438,289	603,266,050	421,717
Dividend reinvestment plan	10,593,144	11,123	8,789,480	12,217
Dividend reinvestment plan costs	-	(4)	-	(36)
ESP shares vested during the period	1,665,292	670	7,203,482	4,391
Treasury shares	(2,398,106)	(2,096)	-	-
Balance at the end of the period	**629,119,342**	**447,982**	**619,259,012**	**438,289**
Executive share plan				
Balance at the beginning of the period	49,003,595	-	56,207,077	-
Shares forfeited, bought back and cancelled during the year	(1,781,633)	-	(2,521,437)	-
Shares exercised during the year	(1,665,292)	-	(4,682,045)	-
Executive share plan balance at the end of the period	**45,556,670**	**-**	**49,003,595**	**-**
Treasury shares				
Balance at the beginning of the period	-	-	-	-
Treasury shares bought back	2,398,106	2,096	-	-
Balance at the end of the period	**2,398,106**	**2,096**	**-**	**-**

During the half year period no shares were granted to senior management and contractor participants. Shares granted under the ESP carry rights to dividends and voting rights. For details of the ESP refer to the June 2018 Annual Report.

The above ESP balance reconciles to the outstanding shares granted under the ESP at the beginning and the end of each relevant period. In accordance with AASB 2 Share Based Payments, the shares issued under the employee share plan are treated as options and are accounted for as set out in Note 3 of the 30 June 2018 Annual Report.

In accordance with the new LTIP structure approved by the Board, 2.9 million performance rights were issued to Senior Management in FY18. Further 2.06 million performance rights were issued during the period. As disclosed in the FY17 and FY18 Annual Reports, given that the existing Long Term Incentive (LTIP) for ClearView's Senior Management Team (SMT) was primarily vested, and taking into account current market practice in relation to LTIP, the Board determined that a LTIP structure delivered via a grant of performance rights to the SMT was the most appropriate structure to achieve its key executive remuneration objectives. An Employee Share Trust was created and performance rights were granted in FY18 and HY19 on the terms described in the FY18 Annual Report. Computershare are the appointed Trustee for the Employee Share Trust and during HY19 in accordance with ClearView's Securities Trading Policy, their broker was instructed to undertake an on-market purchase of shares to be held in Trust until such time as the performance rights vest or are forfeited. To date, 2,398,106 shares have been purchased on-market at an overall average price of 0.8741 cents per share. These shares have been recognised as treasury shares. On-market purchase of shares is likely to continue in accordance with the Securities Trading Policy, during the remainder of the financial year. For further details refer to Note 15.

7. Goodwill

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Gross carrying amount		
Balance at the beginning of the period	20,452	20,452
Additional amount recognised through acquisition of business	-	-
Balance at the end of the period	**20,452**	**20,452**
Net book value		
At the beginning of the period	20,452	20,452
At the end of the period	**20,452**	**20,452**

As required under accounting standards the Group completes an impairment assessment at each reporting date. As at 31 December 2018, no impairment was required to the carrying value of goodwill.

8. Intangible Assets

	Consolidated			
	Capitalised Software	Client Book	Matrix Brand	Total
6 months to 31 December 2018	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at the beginning of the period	40,946	65,017	200	106,163
Acquired directly during the period	3,455	-	-	3,455
Balance at the end of the period	**44,401**	**65,017**	**200**	**109,618**
Accumulated amortisation and impairment losses				
Balance at the beginning of the period	22,634	58,819	-	81,453
Amortisation expense in the current period	3,440	606	-	4,046
Balance at the end of the period	**26,074**	**59,425**	**-**	**85,499**
Net book value				
Balance at the beginning of the period	18,312	6,198	200	24,710
At the end of the period	**18,327**	**5,592**	**200**	**24,119**

12 months to 30 June 2018	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at the beginning of the period	30,683	65,017	200	95,900
Acquired directly during the period	10,263	-	-	10,263
Balance at the end of the period	**40,946**	**65,017**	**200**	**106,163**
Accumulated amortisation and impairment losses				
Balance at the beginning of the period	16,923	54,775	-	71,698
Amortisation expense in the current period	5,711	4,044	-	9,755
Balance at the end of the period	**22,634**	**58,819**	**-**	**81,453**
Net book value				
Balance at the beginning of the period	13,760	10,242	200	24,202
At the end of the period	**18,312**	**6,198**	**200**	**24,710**

The intangible assets are amortised over their expected useful lives. As required under accounting standards at each reporting date the Group assesses whether there is an indication of impairment. No impairment was required to the carrying values of internally generated software as at 31 December 2018.

9. Investments

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Equity securities		
Held directly	213,395	303,467
Held indirectly via unit trust	613,881	545,055
	827,276	**848,522**
Debt securities/fixed interest securities		
Held directly	469,589	483,205
Held indirectly via unit trust	365,524	393,339
	835,113	**876,544**
Property/infrastructure		
Held indirectly via unit trust	220,899	332,126
	220,899	**332,126**
Total investments	**1,883,288**	**2,057,192**

10. Policy Liabilities

	Consolidated	
	6 months to 31 December 2018 $'000	6 months to 31 December 2017 $'000
Life Investment Policy Liabilities		
Opening gross life investment policy liabilities	1,198,780	1,177,290
Net increase in life investment policy liabilities reflected in the income statement	(7,732)	51,731
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(10,464)	(11,117)
Life investment policy contributions recognised in policy liabilities	106,449	115,753
Life investment policy withdrawals recognised in policy liabilities	(177,045)	(114,772)
Closing gross life investment policy liabilities	**1,109,988**	**1,218,885**
Life Insurance Policy Liabilities		
Opening gross life insurance policy liabilities	(197,116)	(207,632)
Movement in outstanding claims	17,301	15,154
Decrease in life insurance policy liabilities reflected in the income statement	(8,898)	(11,209)
Closing gross life insurance policy liabilities	**(188,713)**	**(203,687)**
Total gross policy liabilities	**921,275**	**1,015,198**
Reinsurers' Share of Life Insurance Policy Liabilities		
Opening reinsurer's share of life insurance policy liabilities	(38,243)	(15,338)
Movement in outstanding reinsurance	(20,367)	(6,531)
Increase in reinsurance assets reflected in the income statement	(1,389)	(1,939)
Closing reinsurer's share of life insurance policy liabilities	**(59,999)**	**(23,808)**
Net policy liabilities at balance date	**861,276**	**991,390**

11. Financial Instruments

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

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).

	Fair Value					
Financial Assets/ Financial Liabilities	31 December 2018 $'000	30 June 2018 $'000	Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity securities	213,395	303,467	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed interest securities	469,589	483,205	Level 2	The fair value of Fixed Interest Securities are based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the investment.	n/a	n/a
Unit Trusts	1,200,304	1,270,519	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**1,883,288**	**2,057,191**				

There were no transfers between Level 1 and Level 2 in the financial period.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

12. Contingent Liabilities and Contingent Assets

There are no other material changes to contingent liabilities and contingent assets that were disclosed in the 30 June 2018 Annual Report.

13. Borrowings

On 25 July 2017 the Company entered into a $60 million facility agreement with National Australia Bank. As at the reporting date, the Company has drawn down $15 million on the facility. Interest on the loan accrues at BBSY plus a margin of 0.67% per annum, and is payable quarterly.

The facility is secured by a number of cross guarantees, refer to Note 14 for details.

14. Guarantees

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

- ClearView Group Holdings Pty Limited ACN 107 325 388
- ClearView Administration Services Pty Limited ACN 135 601 875
- ClearView Financial Management Limited ACN 067 544 549
- Matrix Planning Solutions Limited ACN 087 470 200
- ClearView Financial Advice Pty Ltd ACN 133 593 012

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

15. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half year, performance rights were issued under the LTIP as proposed on pages 63-64 of the 2018 annual report.

The following table sets out the performance rights issued to KMP during the half year:

KMP to which the performance rights relate	No. performance rights	Fair value at grant date $	Aggregate value at grant date $
Simon Swanson	359,450	0.50	179,725
Simon Swanson	359,450	0.95	341,478
Athol Chiert	112,328	0.50	56,164
Athol Chiert	112,328	0.95	106,712
Christopher Blaxland-Walker	89,863	0.50	44,932
Christopher Blaxland-Walker	89,863	0.95	85,370
Deborah Lowe	35,945	0.50	17,973
Deborah Lowe	35,945	0.95	34,148
Elizabeth Briggs	64,949	0.50	32,475
Elizabeth Briggs	64,949	0.95	61,702
Greg Martin	134,794	0.50	67,397
Greg Martin	134,794	0.95	128,054
Justin McLaughlin	78,630	0.50	39,315
Justin McLaughlin	78,630	0.95	74,699
Louise Hulley	64,949	0.50	32,475
Louise Hulley	64,949	0.95	61,702
Todd Kardash	89,863	0.50	44,932
Todd Kardash	89,863	0.95	85,370
Total	**2,061,542**		**1,494,623**

Directors declaration

The Directors declare that:

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

b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity, for the half year ended 31 December 2018.

Signed in accordance with a resolution of the Directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Bruce Edwards
Chairman
Sydney, 26 February 2019

Independent auditor's review report

Deloitte.

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

We have reviewed the accompanying half-year financial report of ClearView Wealth Limited, which comprises the condensed statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-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 end of the half-year or from time to time during the half-year as set out on page 39 to page 57.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of a half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ClearView Wealth Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ClearView Wealth Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountant
Sydney

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