ClearView

Half Year Condensed Consolidated Financial Report

for the six months ended 31 December 2012

ClearView Wealth Limited
ABN 83 106 248 248
Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit herewith the Condensed Consolidated Financial Report of ClearView Wealth Limited and its subsidiaries (the Group) for the half year ended 31 December 2012. 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 2012 and up to the date of this report are shown below.

Ray Kellerman (Chairman)

Gary Weiss (Deputy Chairman appointed 22 October 2012)

Simon Swanson (Managing Director)

Bruce Edwards (appointed 22 October 2012)

David Brown (appointed 22 October 2012)

Gary Burg (appointed 22 October 2012)

John Leslie Fallick (appointed 22 October 2012)

Michael Alscher (appointed alternate to Mr Thomson on 22 October 2012)

Nathanial Thomson (appointed 22 October 2012)

Susan Thomas

Anne Keating (resigned 22 October 2012)

Anthony Eisen (resigned 11 October 2012)

David Goodsall (resigned 22 October 2012)

John Murphy (resigned 22 October 2012)

Michael Jefferies (resigned as alternate on 11 October 2012)

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

In its takeover offer documents, CCP BidCo Pty Limited (CCP Bidco) indicated that it would exercise its right as a majority shareholder to replace non-executive members of the ClearView Board with individuals it nominated while complying with APRA regulations. As a result seven new Directors (including one alternate) have been appointed to the Board and five directors (including one alternate) have resigned from the Board. The Board now comprises nine members of whom five, including the Chairman, are independent directors based on the ASX Corporate Governance guidelines.

Principal activities

ClearView is an Australian financial services company with businesses that specialise in life insurance, wealth management and financial advice solutions. The Group advises on and/or manages approximately $3.3 billion of client assets, has in force premiums of $53.5 million and 94 authorised financial advice representatives across Australia.

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

Review and results of operations

The key focus of the Group during the half year period was the further roll out of LifeSolutions and WealthSolutions, further investment in systems and processes related to the new products launched and the continued expansion of its distribution footprint.

LifeSolutions is a full suite of life advice products and services. WealthSolutions is a wrap platform for superannuation, retirement income and Investor Directed Portfolio Service (IDPS) accounts and includes a number of new ClearView managed funds and model portfolios.

The significant growth that ClearView's range of new life insurance and wealth management products is experiencing has provided tangible evidence of the attractiveness of the newly launched products and services which have expanded our market reach. These new products and services have enabled the Group to penetrate the broader financial adviser market, improve the product and service offering for ClearView financial advisers, grow its financial advice and dealer group business, and significantly broaden the Group's exposure to the wealth management and life insurance markets.

As part of the Group's strategy to increase distribution of its products and services, the Group continues to recruit experienced and successful financial advisers to join the ClearView Financial Advice Pty Limited (CFA) dealer group. As part of this initiative, 24 authorised financial advice representatives (or ARs) have joined CFA since 30 June 2012, significantly increasing ClearView's distribution capability and bringing the total number of ARs in the CFA dealer group from 70 to 94 at 31 December 2012 (up 34% over the half year period).

The Group continues to develop its presence in the broader financial adviser market through establishing distribution agreements with third party dealer groups, including independent financial advisers by having ClearView products placed on Approved Product Lists (APLs). Compared to none at the end of June 2011, our products are now on 61 APLs as at 31 December 2012, giving us access to a significant number of independent financial advisers.

The recruitment of financial advice practices into CFA, together with an expanded Executive Share Plan (ESP) offering, and the further expansion of our presence in the broader adviser market through APLs will continue to form key components of our distribution strategy.

During the half year under review ClearView surpassed two important milestones since the launch of LifeSolutions and WealthSolutions by achieving in force premiums of over $10 million and FUM of over $100 million in just over 12 months from the inception of the new products. Consequently, there has been a significant uplift in the growth profile of ClearView.

The successful launch of LifeSolutions and execution of its distribution strategy has enabled the Group to grow total in force life insurance premium by 21% during the half year to $53.5 million by issuing life insurance new business premium of $9.9 million, representing a significant increase over prior periods. The majority of this growth ($8.6 million) has come from LifeSolutions. As a result of life insurance accounting and the timing of the new business written, these sales did not contribute materially to 1H FY13 profit.

The Group has achieved the following results for the half year ended 31 December 2012:

Reconciliation of Reported Net Profit after tax to Underlying NPAT	**1H FY13 $ million**	**1H FY12 $ million**	**% Increase (Decrease)**
Reported Profit	**(0.6)**	**12.2**	**(105)%**
Adjusted for:			
Amortisation of intangibles	3.8	3.4	12%
Policy liability discount rate effect	2.1	(9.3)	(123)%
Take over bid related costs*	5.2	-	-
Income tax effect	(2.0)	2.8	(171)%
Underlying net profit after tax	**8.5**	**9.1**	**(7)%**

* Considered unusual to ordinary business activities.

- Statutory loss attributable to shareholders of ClearView for the half year ended 31 December 2012 was $0.6 million (2011: Profit of $12.2 million) representing a decrease of 105% over the prior comparable period;
- Basic loss per share for the half year on a statutory basis of 0.14 cents per share (2011: 2.99 cents earnings per share) representing a decrease of 105% over the prior comparable period;
- Fully diluted loss per share on a statutory basis of 0.07 cents per share (2011: 2.88 cents earnings per share) representing a decrease of 103% over the prior comparable period;
- Underlying net profit after tax of $8.5 million (2011:$9.1 million) representing a decrease of 6.6% over the prior comparable period;
- Basic underlying earnings per share for the half year of 2.07 cents per share (2011: 2.22 cents per share) representing a decrease of 6.6% over the prior comparable period; and
- Fully diluted underlying earnings per share of 1.96 cents per share (2011: 2.15 cents per share) representing a decrease of 8.9% over the prior comparable period.

The decrease in statutory profit after tax reflects the following:

- A reported loss of $1.4 million (net of tax) from the negative impact on the life insurance contract liability (based on AIFRS) of the increase in long term discount rates over the reporting period;
- Takeover bid related costs of $3.9 million (net of tax) being incurred during the half year period. No costs considered unusual to the Group's ordinary activities were incurred in the prior reporting period;
- A change in accounting estimate approach used for the wealth client book (i.e. the amortisation rate used for the value of previously purchased wealth client books) resulting in an increased write off of $0.7 million over the half year period; and

- The factors impacting underlying net profit after tax as reported below.

Underlying net profit after tax (NPAT) is the Board's key measure of profitability and the basis on which dividends are determined. It consists of net profit after tax, adjusted for amortisation, the effect of changing discount rates on the insurance policy liabilities and costs associated with the takeover bid of ClearView by CCP Bidco (being costs considered unusual to the Group's ordinary activities).

Underlying NPAT has decreased by $0.6m (6.6%) compared with that for the half year ended 31 December 2011, equivalent to a decrease in basic underlying earnings per share for the half year from 2.22 cents per share to 2.07 cents per share (6.6%). This result reflects:

- Unfavourable claims experience loss (after tax) of $1.1 million over the half year period. This compares to a $1.8 million claims experience profit (after tax) in the prior comparable period and a $1.1 million claims experience profit (after tax) in the 2H FY12. Given the current size of the life insurance portfolio and reinsurance arrangements in place some statistical claims volatility can be expected from period to period. Arguably the FY12 positive claims experience has been offset by adverse experience in 1H FY13. Claims experience is anticipated to average out over time at the best estimate assumptions. The new LifeSolutions product suite has significantly higher reinsurance arrangements in place when compared to the historical non advice book. This should reduce the statistical claims volatility in the future as the mix of business changes and the portfolio grows;
- The positive impact of life insurance lapses being lower than the rates assumed in the life insurance policy liability (determined at 30 June 2012) with an experience profit of $0.1 million (after tax) in 1H FY13 compared to experience losses of $0.8m (after tax) in the prior comparable period and losses of $0.4m (after tax) in 2H FY12;
- A higher effective tax rate of 29.1% compared to an effective tax rate of 21.4% in the prior comparable period. The lower tax rate in the prior year was due to the release of certain tax provisions that were carried forward from prior periods. This reduced after tax earnings by $0.9 million in this period compared with the prior comparable period;
- Lower investment earnings reflecting the significant decrease in the official cash rate during 2012, as well as the payment of $17.8 million of dividends and the takeover related bid costs that were paid which impacted cash assets over the half year period. This reduced underlying profit after tax by $0.3 million when compared to the prior comparable period;
- The growth in life insurance initial commission in the first half is driven by the upfront variable commission cost related to the increased new business volumes. These acquisition costs are deferred and amortised within the policy liability, over the expected life of the policies, in accordance with the accounting standards;
- The cost base increase, other than life insurance acquisition expenses that are discussed below, was driven by investment in the business to further develop the systems and processes for the Group's range of new products (including IT related costs), increased compliance costs and Executive Share Plan (ESP) expense due to growth in the aligned advisers recruited, marketing costs and the increased write off of capitalised software costs (predominantly LifeSolutions system costs). In the prior period, there were expenses incurred relating to the development costs for the new product launch and compensation costs;
- The increase in acquisition expenses in life insurance (front end costs) of $5.2 million pre tax, is in addition to the above and is driven by a variable component related to stamp duty and medicals, increased head count (underwriters, administrators and business development managers) and an increased shared services cost allocation due to increased new business activity across the business. Furthermore, the outbound call centre has been brought in house and is now reflected as part of operating expenses (as opposed to commission). This is a semi variable cost driven by direct marketing campaigns. These acquisition costs are deferred within the policy liability in accordance with the accounting standards;
- Net increase in FUMA levels over the half year period driven by the positive performance of investment markets and the further recruitment of aligned advisers. Excluding FUA brought into the group from the recently recruited advisers, FUMA increased by 1.3%. Furthermore there was an improvement in the net outflows given the launch of WealthSolutions albeit with new business written at lower margins than the existing in force products; and
- Additional net earned life insurance premium of $4.1m flowing through revenue notwithstanding the significant increase in in force insurance premium over the period. This reflects the typical lag in current period profit in respect of new life insurance business written in the

period. Only approximately 25% of the $9.9 million of new business premium written was earned in the 1H of FY13 given the timing of the new business written. However, the $9.9 million will contribute fully to earned premium for the six month period in the second half (i.e. 50% of the $9.9 million).

Explanations of the reconciling items are as follows:

- The amortisation of the intangibles is associated with the acquisition of ClearView Group Holdings Pty Limited (CVGH) and CFA, and is separately reported to remove the non-cash effect of the write-off of these intangibles. However, amortisation associated with capitalised intangible software is reported as part of underlying net profit after tax;
- 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; and
- In response to the CCP Bidco takeover bid, the Board engaged financial and legal advisers on commercial terms normal to a transaction of this nature. Furthermore, the Board implemented retention arrangements with the senior executive team in order to assist in providing continuity of management, and to align the amount of the benefits that might be paid to executives with those received by shareholders under a successful transaction. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of underlying net profit after tax. A breakdown of the incurred take over costs and the related tax effect is detailed in the table on the right:

Breakdown of Takeover costs	**2012 $ million**
Adviser Fees	2.3
Legal Fees	0.4
Retention Bonuses	1.0
ESP Expense (Accelerated vesting)	0.8
Other	0.7
Total Takeover costs	**5.2**
Tax effect	(1.3)
Takeover costs net of tax	**3.9**

Balance Sheet

The Balance Sheet of the Group as set out on page 12 reflects the following key metrics as at 31 December 2012:

- Net assets of $246.7 million (June 2012 $263.3 million) representing a decrease of 6.3% over the prior comparable period;
- Net tangible assets of $196.1 million ($216.4 million including ESP loans) (June 2012: $209.2 million ($226.7 million including ESP loans)) representing a decrease of 6.3% over the prior comparable period;
- Net asset value per share of 59.8 cents per share (June 2012: 63.7 cents per share) representing a decrease of 6.2% over the prior comparable period; and
- Net tangible asset value per share of 48.5 cents per share (June 2012: 51.5 cents per share) representing a decrease of 5.8% over the prior comparable period.

Net assets and net tangible assets were negatively impacted in the half year period by:

- A reported loss of $0.6 million impacted by the takeover related bid costs of $3.9 million (net of tax), and the movements in long term discount rates effects on the policy liabilities of $1.4 million (net of tax); and
- Dividend payments of $17.8 million (including a special dividend of $9.8 million) equating to 4 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 2012 (in accordance with the ClearView ESP Rules). The ClearView ESP Shares on issue have a corresponding non-recourse loan from ClearView to facilitate the purchase of ClearView ESP Shares by the participants. The shares and loans are not reflected in the statutory accounts as they are accounted for as an option in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP Shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

ClearView has no debt and $31 million of net assets in excess of its internal benchmarks as at 31 December 2012. Internal benchmarks exceed regulatory capital requirements and includes capital held for the protection of ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be readily accessed and to protect the various entities regulatory licenses. Refer to the capital management section on page 8 for further detail.

Embedded Value

Life insurance and wealth management businesses are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value (EV) calculations are used as key measures to assess the performance of the business from period to period. The investment in growth is likely to accelerate going forward with a potential impact on underlying profit in the near term.

An Embedded Value represents the discounted value of the future cash flows anticipated to arise from the in force life policies and investment client balances as at the valuation date. Embedded Value calculations at a range of risk discount margins is shown below:

Margin Over Risk Free Rate	3% dm	4% dm	5% dm	6% dm*
Value of In Force (VIF)	230	216	203	192
Net worth	69	69	69	69
Total EV	**298**	**284**	**272**	**261**
Imputation Credits	48	45	42	40
Total EV incl imputation credits	**346**	**329**	**314**	**301**

dm = discount margin

*This column is broadly consistent with prior EV disclosures and discount rates adopted.

The Embedded Value of the Group at the 6% discount margin above is broadly equivalent to the single Embedded Value result previously published. Relative to the published Embedded Value of $265 million at 30 June 2012 (pre allowance for imputation credits), the movement in the Embedded Value measured at 6% discount margin is as a result of:

- The emergence of the expected net cash flows over the period;
- Payment of the final dividend for the financial year ended 30 June 2012 ($8.0 million) and the special dividend ($9.8 million), as well as the CCP Bidco cash takeover related bid costs incurred ($3.1 million net of tax);
- The claims, client discontinuance and expense rate experience relative to expectations;
- The material costs incurred during the start up of the life advice business, its infrastructure development and growth over the period;
- The value added by new business written over the period. The current value of new business for ClearView is suppressed by the start up and growth costs incurred in the life advice business and the current level of acquisition cost incurred in the financial advice business;
- The investment returns (net interest) earned on the net tangible assets over the year in the current environment;
- The net investment performance on the funds under management and advice over the year that resulted in higher fee income relative to expectations over the year and higher fee income outlook as at 31 December 2012 relative to 30 June 2012;
- The Group's listed overhead costs not allowed for in the Embedded Value; and
- The net effect of the changes made to the assumptions about the future cash flows assessed. The overall impact of the change from the prior mix of product varying risk margins and underlying risk free discount rates was to increase the calculated Embedded Value at the 6% risk margin by $6.5 million. This predominantly arose within the life insurance segment and reflects the substantial reduction in long term risk free discount rates over recent periods.

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

Employee Share Plan (ESP)

Extension of the ESP rules

Recruitment of experienced and successful financial advisers represents a significant growth opportunity for ClearView in both the life insurance and wealth management segments. In addition to being one of the few non bank-aligned participants in the market, the Group is able to offer such financial advisers the opportunity to join the CFA dealer group and participate in the overall performance of ClearView through share ownership in the Company. In November 2011, the ESP rules were extended to allow financial advisers that joined the CFA dealer group to participate in the Plan (as contractor participants). ClearView has historically approved up to 4% of total issued shares that may be issued to such contractor participants.

As at the date of this report, ClearView has issued a total of 13.025 million ESP shares to select financial advisers that have joined CFA and has, at the date of this report, an intention to remove the ESP cap going forward. For details of the Plan see note 6 of the notes to the financial statements.

In accordance with the provisions of the ESP, during the half year period 6,050,000 shares were issued to senior management and contractor participants with the following grant dates:

Series	Participant	Grant Date	Reallocated	No of Shares Issued	Total
Opening Balance at 30 June 2012					31,125,000
Series 23 (contractor participants)	contractor participants	6 August 2012	-	4,600,000	4,600,000
Series 24 (senior management)	senior management	22 August 2012	-	450,000	450,000
Series 25 (contractor participants)	contractor participants	21 December 2012	300,000	1,000,000	1,000,000
Closing Balance at 31 December 2012			300,000	6,050,000	37,175,000

Dividends

The Directors have not declared an interim dividend (1H FY12: Nil). A final dividend for FY12 of $8.0m was paid during the half year (1H FY12: Nil)

On the 29th August 2012, ClearView announced that it had entered into an Implementation Agreement with CCP BidCo under which CCP Bidco agreed to increase its takeover offer to shareholders (Increased Offer). The Increased Offer comprised a payment of $0.55 cash per share by CCP Bidco to shareholders who accepted the Increased Offer, and in addition CCP Bidco agreed not to reduce the offer price by dividends of 4 cents cash per share (the Dividends). The Dividends comprised the FY12 final dividend of 1.8 cents per share fully franked dividend declared on 20 August plus a further 2.2 cents per share unfranked special dividend (Special Dividend)

In accordance with the Implementation Agreement entered into between the Company and CCP Bidco, on 26 September 2012, ClearView declared the Special Dividend that was paid on 16 October 2012 ($9.8 million).

Capital Management and Dividend Policy

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

Surplus capital above the internal benchmarks at 31 December 2012 was $31 million (as calculated under new

APRA capital standards) across the Group, a decrease of $35 million since 30 June 2012. Internal Benchmarks includes capital held for the protection of ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be readily accessed and to protect the various entity's regulatory licenses.

The decrease in surplus capital since 30 June 2012 reflects the following key items:

- The establishment of a working capital reserve following the approval by the Board in August 2012 of the current three year business plan ($11 million as at 31 December 2012);
- Change in basis from the implementation of new APRA capital standards and related review of our internal benchmarks (combined effect $1.5 million);
- The payment of a Final Dividend of $8.0 million and Special Dividend of $9.8 million;
- Cash takeover bid related costs of $3.1 million impacting capital (with the balance of $0.8 million relating to the vesting of shares and the associated credit to equity);
- The underlying profit of $8.5 million for the 1H FY13; and
- The net capital absorbed by the growth of the business over the period.

Historically, the dividend policy has been such that subject to available profits and financial position, the Board's expectation was to pay an annual dividend representing 20% to 40% of underlying profit, subject to regulatory requirements and available capital. ClearView's ability to pay a 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.

As evidenced by our recent new business sales, ClearView is experiencing strong growth in life insurance sales. It is both exciting and encouraging to see ClearView enter a new stage in the Company's development as reflected by the current growth in business now emerging which is anticipated to continue into the second half of the financial year. Furthermore, it is encouraging for management to see that the major shareholders are supportive of this given that new business growth above the levels currently provided for would likely absorb increased capital and require increased capital reserving, and possibly require additional capital.

The Board is determined to ensure that a best practice regime is in place to both protect policyholder interests and manage shareholder aspirations with regard to visibility on the company's Embedded Value, ClearView's share liquidity and dividend policy. The Board therefore continues to evaluate the Group's capital position and dividend policy, especially in light of the strong growth trajectory of its life insurance business and the capital support required, and also to better align market value with the Group's underlying intrinsic value. The Board is currently considering certain initiatives which include the following:

- Establishment of a fully underwritten Dividend Reinvestment Plan (DRP). This will provide shareholders the opportunity to reinvest into the Group's fast growing life insurance business, while at the same time retaining capital within the Group. Further, it is believed that an underwritten DRP will, over time, lead to enhanced liquidity in the company's shares through the introduction of new shareholders;
- Implementing an interim dividend payment in future periods;
- Review of the current reinsurance arrangements in relation to the in force life insurance portfolio to further support the growth of the business;
- Transparent communication to the market around Embedded Value estimation and its relationship to the prevailing share price; and
- On-market buyback when considered to be in the best interests of shareholders.

Further communications on these initiatives will be made to shareholders in due course.

Takeover Bid

Shortly after the Company announced to the market that life insurance sales had been particularly strong following the launch of our new LifeSolutions product suite, ClearView received an unsolicited takeover offer from CCP BidCo, a consortium of investors including Crescent Capital Management Pty Limited. The Board commissioned an Independent Expert's Report as part of its response which determined that the 50 cents per share offer less any dividends declared was neither fair nor reasonable.

As announced in February 2011, ClearView's major shareholder GPG plc, had resolved to exit all of its investments within a period of time. GPG's ClearView stake was therefore marked for eventual sale. CCP BidCo returned with a higher offer of 55 cents per share that included allowing shareholders to retain dividends declared up to 4 cents per share as outlined above. To ensure all shareholders were treated equally and to facilitate the introduction of a new shareholder that was committed and able to fund the company's anticipated growth, the ClearView Board declared, in addition to the initial 1.8 cent dividend, the Special Dividend. As a result, GPG announced they would sell their shareholding to CCP BidCo by accepting the revised offer.

The result is that when the offer closed on 5 October 2012, CCP BidCo had received acceptances for 79.7% of ClearView shares and shareholders who had elected to sell their shares received 4 cents in dividends and 55 cents from CCP BidCo.

New Shareholders and Implications for Growth

Our new shareholders have been supportive of the Company's long term strategy and believe in the company's potential. This is a group of investors who not only have extensive and relevant experience in the segments in which ClearView operates but who also advise that they have access to the capital that a fast growing insurance business requires.

ClearView is in a strong position to continue to build on the foundations we have put in place so as to grow shareholder value.

During the balance of FY13 we plan to:

- Build on the success of LifeSolutions;
- Continue recruiting experienced and successful advisers to our dealer group, and increase listings on APLs;
- Refine and broaden our rollout of WealthSolutions through our adviser group; and
- Update our broader Wealth, Advice and Direct strategies including an assessment of a wealth scaled advice model.

Changes in state of affairs

Other than discussed above, there were no other significant changes in the state of affairs of the Group during the half year ended 31 December 2012.

Auditor's independence declaration

The auditor's independence declaration is included on page 10.

Rounding off of amounts

ClearView is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, 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.306 (3) of the Corporations Act 2001.

On behalf of the Directors

Ray Kellerman
Chairman
Sydney, 14 February 2013

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
GPO Box 78
Melbourne 3000
Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

14 February 2013

Dear Board Members

ClearView Wealth Limited

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

As lead audit partner for the review of the financial statements of ClearView Wealth Limited for the financial half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

ClearView Wealth Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2012

		Consolidated	
	Note	6 months to 31 December 2012 $'000	6 months to 31 December 2011 $'000
Revenue from continued operations			
Premium revenue from insurance contracts		25,922	20,076
Outward reinsurance expense		(1,976)	(1,978)
Net life insurance premium revenue		**23,946**	**18,098**
Fee and other revenue		25,397	21,868
Investment income		40,885	36,395
Operating revenue before net fair value gains on financial assets		**90,228**	**76,361**
Net fair value gains/ (losses) on financial assets		56,420	(57,942)
Net operating revenue		**146,648**	**18,419**
Claims expense		(10,474)	(4,582)
Reinsurance recoveries revenue		2,528	430
Change in life insurance policy liabilities	9	9,006	9,704
Changes in reinsurers' share of life insurance liabilities	9	(1,788)	64
Change in life investment policy liabilities	9	(81,820)	20,619
Depreciation and amortisation expense		(4,885)	(3,767)
Commission expense		(15,133)	(3,362)
Other operating expenses	4	(30,814)	(23,663)
Share of profit / (loss) of associate		8	(4)
Movement in liability of non-controlling interest in controlled unit trust		(8,252)	5,170
Profit before income tax expense		**5,024**	**19,028**
Income tax expense		(5,585)	(6,797)
Total comprehensive income for the period from continuing operations		**(561)**	**12,231**
Attributable to:			
Equity holders of the parent		(561)	12,231
Earnings per share			
Basic (cents per share)		(0.14)	2.99
Diluted (cents per share)		(0.07)	2.88

To be read in conjunction with the accompanying notes

ClearView Wealth Limited

Condensed Consolidated Statement of Financial Position

for the half year ended 31 December 2012

		Consolidated	
	Note	31 December 2012 $'000	30 June 2012 $'000
Assets			
Cash and cash equivalents		206,024	193,371
Investments	8	1,169,159	1,178,840
Receivables		7,185	9,591
Fixed interest deposits		72,298	91,991
Reinsurers' share of life insurance policy liabilities	9	1,646	1,901
Deferred tax asset		9,553	14,418
Property, plant and equipment		1,481	1,776
Investment in associate		170	163
Goodwill		4,858	4,858
Other intangible assets		45,769	49,177
Total assets		**1,518,143**	**1,546,086**
Liabilities			
Payables		12,961	12,656
Current tax liabilities		1,212	544
Provisions		2,749	2,724
Provision for deferred consideration		28	28
Life insurance policy liabilities	9	(89,355)	(83,687)
Life investment policy liabilities	9	1,190,772	1,219,068
Liability to non-controlling interest in controlled unit trust		152,044	131,064
Deferred tax liabilities		1,032	408
Total liabilities		**1,271,443**	**1,282,805**
Net assets		**246,700**	**263,281**
Equity			
Issued capital	6	276,565	276,565
Retained losses		(33,414)	(15,034)
Executive Share Plan Reserve		3,549	1,750
Equity attributable to equity holders of the parent		246,700	263,281
Total equity		**246,700**	**263,281**

To be read in conjunction with the accompanying notes

ClearView Wealth Limited

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2012

	Note	Share capital $'000	Executive share plan reserve $'000	Retained losses $'000	Attributable to the owners of the parent $'000
Balance as at 30 June 2011		276,565	1,049	(29,631)	247,983
Profit for the period		-	-	12,231	12,231
Total comprehensive income for the period		-	-	12,231	12,231
Dividend declared		-	-	(7,739)	(7,739)
Recognition of share-based payments		-	260	-	260
Repayment of ESP loans with after tax dividends		-	198	-	198
Balance at 31 December 2011		276,565	1,507	(25,139)	252,933
Balance at 30 June 2012		276,565	1,750	(15,034)	263,281
Profit for the period		-	-	(561)	(561)
Total comprehensive income for the period		-	-	(561)	(561)
Dividend declared	5	-	-	(8,019)	(8,019)
Special Dividend declared	5	-	-	(9,800)	(9,800)
Recognition of share-based payments		-	1,025	-	1,025
Repayment of ESP loans with after tax dividends		-	774	-	774
Balance at 31 December 2012		276,565	3,549	(33,414)	246,700

To be read in conjunction with the accompanying notes

ClearView Wealth Limited

Condensed Consolidated Statement of Cash Flows

31 December 2012

	Consolidated	
	6 months to 31 December 2012 $'000	6 months to 31 December 2011 $'000
Cash Flows from operating activities		
Receipts from clients and debtors	53,780	40,347
Payments to suppliers and other creditors	(65,078)	(37,023)
Contributions received from life investment clients	63,220	120,559
Withdrawals paid to life investment clients	(160,508)	(212,774)
Dividends and trust distributions received	8,214	9,273
Interest received	16,765	14,327
Income taxes paid	(1,600)	(1,167)
Net cash utilised by operating activities	**(85,207)**	**(66,458)**
Cash flows from investing activities		
Payments for investment securities	(1,047,176)	(1,071,331)
Proceeds from sale of investment securities	1,126,383	1,155,457
Acquisition of property, plant and equipment	(12)	(3,114)
Acquisition of capitalised software	(1,171)	-
Fixed interest deposits invested	(71,974)	(54,691)
Proceeds from fixed interest deposits redeemed	93,662	(262)
Loans redeemed from / (advance to) affiliates	83	(96)
Loan redeemed from associate	10	-
Net cash generated by investing activities	**99,805**	**25,963**
Cash flows from financing activities		
Net movement in liability of non-controlling interest in unit trusts	15,100	(10,608)
Repayment of ESP loans	774	199
Dividend paid	(17,819)	(7,739)
Net cash utilised by financing activities	**(1,945)**	**(18,148)**
Net increase / (decrease) in cash and cash equivalents	12,653	(58,643)
Cash and cash equivalents at the beginning of the financial period	193,371	185,822
Cash and cash equivalents at the end of the financial period	**206,024**	**127,179**

To be read in conjunction with the accompanying notes

1. Basis of preparation of the Half Year Condensed Consolidated Financial Statements

General information

ClearView Wealth Limited (the Company or Consolidated Entity) is a limited company incorporated in Australia. The address of its registered office is Level 12, 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 should 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 valuation 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 noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order 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 and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and has not resulted in changes to the Group's presentation of, or disclosure in, its half year financial statements.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current reporting period.

(a) Methods used in the valuation of policy liabilities

The policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 'Life Insurance Contracts', whereas policy liabilities for life investment contracts are valued in accordance with AASB139 'Financial Instruments: Recognition and Measurement'.

These life insurance and life investment policy liability determinations are also consistent with the requirements of the relevant Prudential Standards and the Life Insurance Act 1995. Life insurance policy liabilities have been calculated in a way which allows for the systematic release of planned margins as services are provided to policy holders and premiums are received.

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

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

Discount rates: Discount rates are based on a yield curve derived from Commonwealth Government bond market yields as at the valuation date, plus an illiquidity adjustment based on the difference between these yields and BBSW swap rates as at the valuation date. As an indication, the resulting average effective discount rate adopted was 4.4% p.a. (30 June 2012: 4.0% p.a.).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 6 months to 31 December 2012.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the longer term per policy unit costs implied by the ClearView Life Assurance Limited (ClearView Life) 2013 business plan (30 June 2012: Based on the 2013 business plan). Expense inflation of 2.5% p.a. (30 June 2012: 2.5% p.a.) was assumed.

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

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

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

(c) Effects of changes in actuarial assumptions (over 6 months ended 31 December 2012)

	6 Months To 31 December 2012	
Assumption Category	Increase / (Decrease) On Profit Margins $'000	Increase / (Decrease) On Policy Liabilities $'000
Discount rates and inflation	(2,622)	2,062
Lapses	-	-
Mortality and morbidity	-	-
Total	(2,622)	2,062

(d) Processes used to select assumptions

Discount rate

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

Maintenance expenses and inflation

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

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

Acquisition expenses

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

Taxation

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

Mortality and morbidity

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

Lapse

An investigation into the actual lapse experience of ClearView Life over the most recent years is performed and statistical methods are used to determine appropriate lapse rates. An allowance is then made for any trends in the data to arrive at a best estimate of future lapse rates.

(e) Sensitivity analysis

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

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

2. Events subsequent to reporting date

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 focused on the products and services of each reporting segment.

The principal activities and the Group’s reportable segments under AASB 8 are as follows:

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

(a) Life Insurance (“protection” products)

ClearView provides life insurance protection products through its wholly owned subsidiary ClearView Life. The products provided by ClearView Life include:

- A comprehensive range of life protection products provided via both ClearView financial advisers and third party, external advisers (IFAs). The product suite, LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, child cover, accident covers, income protection and business expense covers. Policies can be issued directly or via the ClearView Retirement Plan as superannuation;

- A range of non-advice life protection products distributed via direct marketing, telemarketing and "over-the counter" to customers, clients and supporters of strategic partners of ClearView. Products include term life, accidental death, injury covers, trauma and critical illness and funeral insurance.

(b) Wealth Management ("investment" products)

ClearView provides investment products via three primary avenues:

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

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

(c) Financial Advice

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

(d) Listed Entity / Other

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

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

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

Information regarding these segments is provided below. The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 1.

ClearView Wealth Limited

Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2012 (continued)

	External Revenue		Inter-segment		Total	
	Half year ended		Half year ended		Half year ended	
	31 December 2012 $'000	31 December 2011 $'000	31 December 2012 $'000	31 December 2011 $'000	31 December 2012 $'000	31 December 2011 $'000
Segment revenue						
Life Insurance	24,901	18,807	-	-	24,901	18,807
Wealth Management	53,703	50,128	-	-	53,703	50,128
Financial Advice	10,573	6,077	9,184	3,552	19,757	9,629
Listed entity / Other	1,051	1,349	-	-	1,051	1,349
Consolidated segment revenue	90,228	76,361	9,184	3,552	99,412	79,913

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

Half year ended 31 December 2012 ($'000's)	Life Insurance	Wealth Management	Financial Advice	Listed Entity	Total
Segment profit					
Underlying net profit after tax	**4,028**	**3,732**	**432**	**280**	**8,472**
Amortisation of intangibles	(708)	(2,628)	(432)	-	(3,768)
Takeover bid related costs	-	-	-	(5,199)	(5,199)
Policy liability discount rate effects	(2,062)	-	-	-	(2,062)
Income tax effect	618	-	45	1,333	1,996
Reported profit / (loss) for the period	**1,876**	**1,104**	**45**	**(3,586)**	**(561)**
Half year ended 31 December 2011 ($'000's)					
Segment profit					
Underlying net profit / (loss) after tax	5,492	3,431	(594)	740	9,069
Amortisation of intangibles	(708)	(2,235)	(432)	-	(3,375)
Systems upgrade	-	-	-	-	-
Transition costs	-	-	-	-	-
Profit on listed shares	-	-	-	(20)	(20)
Policy liability discount rate effects	9,359	-	-	-	9,359
Income tax effect	(2,808)	-	-	6	(2,802)
Reported profit / (loss) for the period	**11,335**	**1,196**	**(1,026)**	**726**	**12,231**

ClearView Wealth Limited

Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2012 (continued)

4. Other Expenses

	Consolidated	
	6 months to 31 December 2012 $'000	6 months to 31 December 2011 $'000
Administration Expenses		
Administration, marketing and other operational costs	6,845	6,996
Custody and investment management expenses	3,191	3,509
	10,036	10,505
Employee Costs and Directors' fees		
Employee expenses	15,182	11,496
Share based payments	1,025	260
Employee termination payments	212	19
Directors' fees[(a)]	417	274
	16,836	12,049
Other Expenses		
Takeover bid related costs[(b)]	3,332	-
Professional fees	610	1,109
	3,942	1,109
Total other expenses	30,814	23,663

(a) Directors' fees include the fees paid to Directors in respect of the takeover bid specific duties and also include Directors' fees paid to directors of subsidiary companies.

(b) Takeover bid related costs exclude Directors' fees, share based payments and retention bonuses associated with the takeover which are reflected on the relevant lines in employee costs and Directors' fees above.

5. Dividends Paid

During the period, ClearView made the following dividend payments:

	Consolidated			
	6 months to 31 December 2012		6 months to 31 December 2011	
Fully paid ordinary shares	Cents per share	$'000	Cents per share	$'000
Final dividend	1.8	8,019	1.8	7,739
Special Dividend	2.2	9,800	-	-

No interim dividend has been declared.

Special Dividend

On the 29th August 2012, ClearView announced that it had entered into an implementation agreement with CCP BidCo under which CCP Bidco agreed to increase its takeover offer to shareholders (Increased Offer). The Increased Offer comprised a payment of $0.55 cash per share by CCP Bidco to shareholders who accepted the Increased Offer, and in addition CCP Bidco agreed not to reduce the offer price by dividends of 4 cents cash per share (the Dividends). The Dividends comprised the FY12 final dividend of 1.8 cents per share fully franked dividend declared on 20 August 2012 plus a further 2.2 cents per share unfranked special dividend (Special Dividend).

In accordance with the implementation agreement entered into between the Company and CCP Bidco, on 26 September 2012, ClearView declared an unfranked special dividend of 2.2 cents per share that was paid on 16 October 2012.

6. Issuances and Repurchase of Equity

	6 months to 31 December 2012 No of shares	6 months to 31 December 2012 $'000	12 months to 30 June 2012 No of shares	12 months to 30 June 2012 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the period	409,312,192	276,565	409,312,192	276,565
Balance at the end of the period	409,312,192	276,565	409,312,192	276,565
Executive share plan balance at the beginning of the period	31,125,000		20,650,000	
Shares granted under executive share plan	6,050,000		10,475,000	
Executive share plan balance at the end of the period	37,175,000		31,125,000	

In accordance with the provisions of the ESP, during the half year period 6,050,000 shares were issued to senior management and contractor participants with the following grant dates:

Series	Participant	Grant Date	Reallocated	No of Shares Issued	Total
Opening Balance at 30 June 2012					31,125,000
Series 23 (contractor participants)	contractor participants	6 August 2012	-	4,600,000	4,600,000
Series 24 (senior management)	senior management	22 August 2012	-	450,000	450,000
Series 25 (contractor participants)	contractor participants	21 December 2012	300,000	1,000,000	1,000,000
Closing Balance at 31 December 2012			300,000	6,050,000	37,175,000

Experienced and successful financial advisers represent a significant growth opportunity for ClearView in both the life insurance and wealth management product segments. In addition to being one of the few "independent" participants in the market, the Group is able to offer such advisers the opportunity to join CFA and participate in the overall performance of ClearView through share ownership in the Company. On 21 November 2011, the ESP rules were extended to allow advisers (as contractor participants) to participate in the Plan.

Shares that vested in the current interim period

The vesting conditions in the ESP stipulate that all shares issued in terms of the Plan will automatically vest with a change of control of ClearView. On 26 September 2012, CCP BidCo's off-market takeover bid for all the ordinary shares in ClearView Wealth Limited became unconditional which resulted in accelerating the vesting of the shares in the ESP at that time, including Series 24 which had been issued prior to the change of control. The shares issued in Series 23 were issued to contractor participants who are not subject to the accelerated vesting conditions applicable on the change of control.

Shares granted under the ESP carry rights to dividends and voting rights. For details of the ESP refer to the June 2012 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 1.

7. Change in accounting estimate

During the half year, the Board approved the change in the method of amortisation of the Wealth Management client book intangible from reducing balance to straight line in order to better reflect the expected pattern of consumption of the intangible asset.

This change in accounting estimate was based on prevailing market conditions which have changed since initial recognition of the wealth management client book intangible.

The effect in current and future financial periods can be seen below:

	6 months to 31 December 2012 $'000	FY2013 $'000	FY2014 $'000	FY2015 $'000
Increased Amortisation	(728)	(1,457)	(2,026)	(2,509)

8. Investments

	31 December 2012 $'000	30 June 2012 $'000
Equity securities		
Held directly	359,675	376,850
Held indirectly via unit trust	118,537	160,002
	478,212	536,852
Debt securities / Fixed interest securities		
Held directly	510,847	450,403
Held indirectly via unit trust	34,498	36,501
	545,345	486,904
Property		
Held directly	-	-
Held indirectly via unit trust	145,602	155,084
	145,602	155,084
Total investments	1,169,159	1,178,840

9. Policy Liabilities

	Consolidated	
	6 months to 31 December 2012 $'000	6 months to 31 December 2011 $'000
Reconciliation of movements in policy liabilities		
Life investment policy liabilities		
Opening gross life investment policy liabilities	1,219,068	1,367,887
Net increase / (decrease) in life investment policy liabilities reflected in the income statement	81,820	(20,619)
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(13,157)	(14,060)
Life investment policy contributions recognised in policy liabilities	63,549	134,026
Life investment policy withdrawals recognised in policy liabilities	(160,508)	(212,774)
Closing gross life investment policy liabilities	**1,190,772**	**1,254,460**
Life insurance policy liabilities		
Opening gross life insurance policy liabilities	(83,687)	(62,728)
Movement in outstanding claims	3,338	(2,572)
Decrease in the life insurance policy liabilities reflected in the income statement	(9,006)	(9,704)
Closing gross life insurance policy liabilities	(89,355)	(75,004)
Total gross policy liabilities	**1,101,417**	**1,179,456**
Reinsurers' share of life insurance policy liabilities		
Opening balance	(1,901)	(2,447)
Movement in outstanding reinsurance	(1,533)	507
Increase / (decrease) in reinsurance assets reflected in the income statement	1,788	(64)
Closing balance	(1,646)	(2,004)
Net policy liabilities at balance date	**1,099,771**	**1,177,452**

Included in life investment policy liabilities are contracts for which there is a guarantee that the unit price will not fall. The amount of the gross liabilities for such contracts is $138m (June 2012: $151.9m)

10. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the June 2012 Annual Report issued in August 2012.

The Board implemented a retention arrangement with the senior executive team in order to assist in providing continuity of management for the benefit of the new controller of ClearView, and to align the amount of the benefits paid to executives with the benefits received by all Shareholders under the transaction.

The retention arrangements were payable only if there was a change of control of ClearView and provided that the individual did not voluntarily resign within six months from the date of announcement of the Offer.

The amount of the benefit was calculated on a sliding scale depending on the ultimate price payable to Shareholders under the Offer or an alternative change of control transaction. Consequently, the retention bonuses ($0.98 million) were paid in January 2013 in accordance with the terms of the retention arrangements that were implemented at the time of the takeover bid.

ClearView Wealth Limited
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 giving a true and fair view of the financial position and performance of the consolidated entity.

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

Ray Kellerman
Chairman
Sydney, 14 February 2013

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
GPO Box 78
Melbourne 3000
Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 and its subsidiaries, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes 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 pages 11 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the 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 the half-year financial report that 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 2012 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.

Deloitte.

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.

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 2012 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

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 14 February 2013

ClearView Wealth Limited
ABN 83 106 248 248

ASX Code: CVW

GPO Box 4232
Sydney NSW 2001
T 132 979

www.clearview.com.au

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