ANNUAL REPORT 13

Building for Growth

Contents

Financial Calendar

Annual General Meeting
6 November 2013

Half Year End
31 December 2013

Half Year Result Announcement
February 2014

Year End
30 June 2014

Annual Report
August 2014

Dates are subject to change.

Building for Growth

FY13

GROWTH UNDERWAY

- Recruiting experienced and successful advisers (further 39 recruited; 64 in total)
- Establishing distribution agreements with third party Dealer Groups (further 53 established; 80 in total)
- Takeover bid; new supportive and committed shareholder base
- $19.4m new Life sales; predominantly driven by LifeSolutions
- $226m FUM on WealthSolutions platform
- Investment in automation and efficiency - currently a work in progress

FY12

EXPANDED OPPORTUNITY

- Development and launch of life advice products and services, LifeSolutions
- Development and launch of Super & IDPS Wrap platform, WealthSolutions
- Commenced recruiting experienced and successful aligned advisers (25 recruited)
- Commenced establishing distribution agreements with third party dealer groups (27)
- $5.2m new life sales predominantly in Q4 FY12
- $36m FUM on new WealthSolutions platform

FY11

DEVELOPMENT AND INTEGRATION PHASE

- Successful integration of acquired business and achievement of cost savings
- Building out of new management team
- Development and launch of new suite of non-advice products
- Upgrade of life administration platform for direct products

2013 Financial Highlights

$16.0m
Underlying NPAT [1]

3.65 cents per share
Underlying NPAT [4]

$12.2m
Surplus Capital [2]

$112m
Net Cash [7]

$1.9m
Reported NPAT

1.8 cents per share
Fully Franked Dividend

60.5 cents per share
Net assets [3]

66.7 cents per share [3]
Embedded Value [5]

$278.6m
Embedded Value [5]

Year ended 30 June, $ million	2013	2012	% Change
Life insurance	8.4	11.1	(25%)
Wealth management	6.6	7.5	(12%)
Financial advice	0.8	(0.6)	230%
Listed/Other	0.2	1.2	(80%)
Underlying NPAT[1]	**16.0**	**19.2**	**(17%)**
Amortisation	(7.5)	(6.8)	12%
Other adjustments[1]	(6.6)	9.9	(167%)
Reported NPAT	**1.9**	**22.3**	**(92%)**

1 Underlying net profit is the Board's key measure of group profitability and the basis on which dividend payments are determined. It consists of profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities, and costs which are considered unusual to the Group's ordinary activities (takeover bid related costs and planner restructure provision).
2 Surplus capital above the internal benchmarks at 30 June 2013 (as calculated under new APRA capital standards) across the Group. 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.
3 Adjusted for Executive Share Plan (ESP) loan of $23.6m (2012:$17.4m) and 41.9m (2012: 31.1m) ESP shares.
4 Underlying net profit after tax is adjusted for after tax interest on the Executive Share Plan (ESP) loan of $0.3m (2012:$0.4m) and the weighted average ESP shares on issue.
5 Embedded Value represents the discounted present value of the future cash-flows (after tax) anticipated to arise from the in force life insurance and investment client balances as at 30 June 2013. The Embedded Value excludes any value for future growth, potential value of franking credits, costs associated with being listed on ASX and short term growth and development costs. Embedded value at 5% discount rate margin excluding the potential value of imputation credits.
6 As at 30 June 2013.
7 Represents shareholder cash position in the Statement of Financial Position as at 30 June 2013; adjusted for the deconsolidation of the wholesale unit trusts.

Key Statistics

$62.1m
In force life insurance premiums [6]

$3.7bn
Funds Under Management and Advice (FUMA) [6]

102
Financial Advisers Across Australia [6]

Our Values

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

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

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

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

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

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

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

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

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

Chairman's Letter

Dear Shareholders

This is my first opportunity to write to you as Chairman of ClearView, following my appointment to that position on 1 July 2013.

I am pleased to report that in the financial year to 30 June 2013 ClearView has continued its strong growth momentum - despite challenges in our operating environment as well as contending with the implementation of significant regulatory changes impacting on ClearView's business, and the distraction of a takeover early in the financial year.

In addition there has been extremely challenging factors affecting the macroeconomic environment, coupled with the issues facing the domestic economy as the mining boom abates.

Increased regulation is an inevitable outcome of the global financial crisis and brings with it increased complexity in the operation and management of our core businesses.

The substantial regulatory reforms relate to the wealth management and financial advice segments of our businesses, namely the Future of Financial Advice (FoFA) and the Stronger Super Reforms.

The FoFA reforms are one of the most significant regulatory changes to impact the financial services industry since the Financial Services Reform Act in 2001. ClearView operates in a vertically integrated structure across the wealth management value chain and is therefore well positioned to take advantage of any opportunities that may arise out of these changes. ClearView continues to focus on ensuring we comply with all regulatory changes and that our business model adapts as required. However, the regulatory change has increased our compliance costs and has required focus of key resources as the changes are implemented.

Our challenge is to ensure that ClearView adapts to the material economic, regulatory and technology driven changes in our operating environment whilst achieving our growth ambitions in the medium term. Our focus continues to be on long term value creation. Nonetheless, the impact of the current economic environment and the costs of investment being made to build our business will be reflected in constrained growth in short term accounting profits. This is particularly so for our life insurance business, where accounting profits largely emerge on an "amortised" basis over the expected future term of the business written each year. This includes any scale gains, made by the business as it grows, being amortised into future reporting periods.

Operating and Financial Results

ClearView delivered an underlying net profit after tax of $16.0 million for FY13, down 17% on the previous year. Key impacts on the result (relative to the previous year) were as follows:

- The payment of $17.8 million in dividends out of the capital base of ClearView in the first half of the financial year related to the CCP Bidco takeover bid, combined with reducing market interest rates over FY13, has reduced the contribution of investment earnings on ClearView's capital to our profit over FY13 compared with FY12 (impact of $0.8 million);
- The result was impacted by a claims experience loss of $1.9 million (after tax). The adverse experience variation in FY13 follows positive claims experience in FY12 ($2.9 million after tax). In both cases, this year's adverse and last year's favourable experience predominantly relates to the term life insurance portfolio written before 2011. The claims experience of the recently written business was favourable in FY13. Given the current small size of the term life insurance portfolio and the reinsurance arrangements for the pre 2011 business (arrangements vary by product with the maximum net exposure exceeding $0.3 million per life insured), material claims volatility from period to period is to be expected. The claims experience has not been attributable to industry issues associated with income protection claims (see further details in the Managing Director's Report) as the vast majority of the pre 2011 portfolio is made up of term life insurance;
- The negative impact of life insurance lapses being higher than the rates assumed in the life insurance policy liability (determined at 30 June 2012) with an experience loss of $0.8 million (after tax) in FY13 compared to experience losses of $1.2 million (after tax) in the prior year. This was predominantly driven by lapse losses incurred on new direct business written via certain channels over the last two years, which are in the process of being closed to new business;
- A higher effective tax rate of 29.7% compared to an effective tax rate of 27.1% in the prior comparable period. This reduced underlying net profit after tax by $0.6 million in this period compared with the prior comparable period;
- The emergence of profit of the increased earned life insurance premium partially offsets the impacts outlined above; and
- ClearView has recently taken some positive steps towards revitalising its Direct life insurance business. We have recruited a new head of the Direct business who has

Chairman's Letter

Continued

commenced restructuring the team and refocusing the direct distribution approach. This has resulted in some additional short term cost impacts which are forecast to create shareholder value in the medium term. Furthermore, ClearView continues to invest in our systems and people to support our growth ambitions.

It is noted that the nature of life insurance and wealth management businesses is that they incur significant expenditure in acquiring customers ahead of the future multi-year revenues those customers provide (with that revenue generated in future accounting periods). ClearView is currently in an investment phase that it expects to create material shareholder value in the medium term. The Board is supportive of this investment approach and is pleased with the growth that has been achieved to date.

The full year reported net profit after tax has been additionally impacted by the continuing effect of changing discount rates on the insurance policy liabilities ($1.6m), and costs incurred or future costs provided for that are considered unusual to the Group's ordinary activities, such as the takeover bid related costs ($4.5 million after tax) and a provision raised to restructure the employed planner network in the ClearView Dealer Group ($0.6 million after tax).

ClearView's financial position continues to be strong as shown in the following key ratios as at 30 June 2013:

- Net assets of $250.7 million representing a decrease of 4.8% over the prior year;
- Net tangible assets (including ESP loans) of $226.9 million representing a decrease of 0.1% over the prior year;
- Net asset value per share of 60.5 cents per share representing a decrease of 5.0% over the prior year; and
- Net tangible asset value per share of 50.1 cents per share representing a decrease of 2.7% over the prior year.

Net tangible assets were impacted by the payment in FY13 of $17.8 million in dividends as outlined above.

Embedded Value (EV) calculations are used as key measures in our industry to assess the performance of the business from period to period. An EV represents the discounted value of the future cash flows anticipated to arise from the in force life insurance policies and investment client balances as at the valuation date.

We are pleased to report that the EV of ClearView (excluding the potential value of franking credits) increased to $278.6 million at 30 June 2013 (at a 5% discount rate margin). This represents an embedded value per share excluding the potential value of franking credits of 66.7 cents per share.

Further details on the financial result have been provided in the Operating and Financial Review in the Directors' Report.

Dividends and Capital

Subsequent to 30 June 2013, the Directors have declared a fully franked dividend in respect of 2013 of $8.2 million (2012: $8.0 million). This equates to 1.8 cents per share (2012: 1.8 cents per share) and represents approximately 50% of the 2013 underlying net profit after tax and is in line with the Company's dividend policy that has been revised to a target payout ratio between 40% and 60% of underlying net profit after tax to more closely align ClearView to our peers. No interim dividend was paid during the year (2012: nil). While a special dividend of $9.8 million was paid during FY13, no further special dividends are anticipated.

ClearView has not been materially impacted by the new regulatory capital regime APRA and ASIC has introduced for life insurers, superannuation entities and responsible entities in the financial year. Surplus capital above regulatory plus internal benchmarks at 30 June 2013 was $12.2 million across the Group, a decrease of $53.8 million. Internal benchmarks include the establishment of an increased working capital reserve of $28 million as at 30 June 2013 to fund anticipated new business growth over the medium term following the approval of the current three year business plan by the Board in June 2013. The decrease in surplus capital since 30 June 2012 reflects the following key items:

- The underlying profit for the year less the net capital absorbed by the growth of the business over the period ($1.3 million).
- The establishment of an increased working capital reserve of $28 million as at 30 June 2013 to fund anticipated new business growth over the medium term following the approval by the Board in June 2013 of the current three year business plan;
- The payment of a Final Dividend of $8.0 million and Special Dividend of $9.8 million[1];
- Change in basis from the implementation of new APRA capital standards and related review of our internal benchmarks (combined net effect of $2.7 million increase in capital reserving); and
- Cash takeover bid related and restructure costs (net of tax) of $4.0 million impacting capital.

As evidenced by our recent new business sales, ClearView is experiencing strong growth in life insurance sales. It is

[1]Excludes the repayment of ESP loans through dividends

Chairman's Letter

Continued

encouraging to see ClearView enter a new stage in the Company's development as reflected by the current growth in business now emerging. This is anticipated to continue into the new financial year. If the rate of new life sales increases there is the potential that new business growth will exceed the levels currently provided for and potentially require increased capital reserving and additional capital in the second half of the current financial year.

A goal of the Board is 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 Group's EV, 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 our life insurance business and the capital support required and also to better align market value with the Group's underlying intrinsic value. In light of the above, the Board has decided:

- To reinstate the Dividend Reinvestment Plan, which will be fully underwritten. This will ensure capital preservation to facilitate future growth and introduce new investors to the share register;
- To increase the target payout ratio to between 40% and 60% of underlying net profit after tax to more closely align ClearView to our Australian financial services peers; and
- To provide transparent communication to the market around EV estimation and its relationship to the prevailing share price.

The Board continues to consider the following for future periods:

- Implementing an interim dividend payment in future periods. The ability to pay an interim dividend is limited by the availability of franking credits and the nature of the effect on tax paid of the changes in long term discount rates used to determine the insurance policy liabilities;
- Review of the current reinsurance arrangements in relation to the in force life insurance portfolio to further support the growth of the business; and
- Establishment of a liquidity facility through an on market buyback when considered to be in the best interests of shareholders.

Takeover Bid

In July 2012, ClearView received a takeover offer from CCP Bidco Pty Limited (CCP Bidco), a consortium of investors including Crescent Capital Management Pty Limited. The Board commissioned an Independent Expert's Report as part of our response which determined that the 50 cents per share offer, less any dividends declared, was neither fair nor reasonable.

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. 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, a special dividend of 2.2 cents per share (unfranked).

Subsequently, ClearView's major shareholder GPG plc, resolved to exit its investment in the Company. Our new shareholders bring with them extensive experience in the financial services industry, in particular life insurance and wealth management and a strong commitment to support the management team and execution of the agreed strategy for growth.

Board Changes

In its takeover offer documents, 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.

I would like to thank Ray Kellerman for his efforts as a Director and Chairman since 2007, during the formative years of ClearView. Under his stewardship the Company has achieved material initial growth in a difficult market and is now well placed to take advantage of opportunities arising in the future. I would also like to thank all the previous Directors for their strategic guidance and oversight together with the commitment and support they provided to the ClearView Board.

It is with pleasure that I welcome our new Directors to the Board. Their skills and experience complement the Board's extensive experience in the life insurance and wealth management industries. The expertise of the Board, when combined with ClearView's executive team experience and expertise, will help drive the Company's growth and strategic development to the benefit of our customers, partners and shareholders.

Chairman's Letter

Continued

Outlook

ClearView believes the long term growth outlook for both life insurance and wealth management industries in Australia is sound. However, in the short term, the overall life and wealth management industries will likely face continued pressure from uncertain economic conditions (lapses and claims) and volatile investment markets coupled with significant regulatory changes.

ClearView remains well positioned relative to the industry issues given that our historical life insurance portfolio has very limited income protection business (less than 1%). Further, ClearView has no group life insurance business which has also been the cause of recent underperformance in the industry. Further details on the issues facing the industry are provided in the Managing Director's Report.

ClearView will continue to follow our near term strategic focus of building on the initial sales growth of LifeSolutions, continuing to recruit experienced financial advisers, establishing more distribution agreements with independent financial advisers and strategic partners, refining our WealthSolutions and related product offerings and continuing to invest significantly in our Direct life insurance business, systems and people.

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 life 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.

Finally, I would like to thank our customers and shareholders for their continued support for ClearView and of course to all the ClearView staff on whom we depend for our success.

Dr Gary Weiss

Chairman

27 August 2013

Managing Director's Report

The 2013 financial year has been another challenging one for the life insurance and wealth management industry. The ClearView strategy remains relevant to the operating environment in as much as the profitable segments remain profitable and are simultaneously relatively poorly served by our competition. We continue to remain "true" to strategy.

The past year was characterised by an uncertain and volatile global economy, fragile consumer confidence, political uncertainty and a multi-speed domestic economy. This, coupled with significant regulatory reforms in our industry, has made it an extremely challenging operating environment but one in which the long term fundamentals remain strong.

Our Operating Environment

There has been a significant amount of debate about the performance of the Australian life insurance and wealth management industry in recent times. This debate has been energised by recent significant "profit downgrade" announcements by listed life insurers and wealth managers.

Generally, the downgrades have been driven by increased claims: both income protection and lump sum claims, and increases in lapse rates. The various market releases do not disclose the reasons for the "underperformances" in wealth management but presumably it is a combination of recent financial market volatility and the accelerated run-off of the very profitable old portfolios of high margin business.

Taking a closer look at claims, the lump sum business of most retail insurance portfolios, and in particular the term life books, have been subsidising their income protection books for a number of years. Indeed, other than for a brief period, the profitability of the income protection business within these portfolios has tended to be well below that of the lump sum business.

Unfortunately for the industry it appears that improvements in mortality (which have historically helped the industry in the above context) have plateaued over recent years, at the same time as income protection claims have materially deteriorated. It appears to us that the latter has been caused by a combination of: an increase in mental illness claims (for example, stress), falling insured incomes (meaning ballooning income replacement ratios undermining incentives to return to work) and difficulties in people returning to work because, for many, their job no longer exists . All three of these drivers are impacted by recent economic circumstances, with the last point compounded by structural changes in the employment market in Australia.

For example, the financial services industry has been negatively impacted since the global financial crisis (GFC) and employee incomes have suffered, with the added overall contraction in the number of jobs leaving employees "on claim" with no job to return to and a "hesitancy" to return to work as the salary available could be lower than the sum insured (provided under an income protection policy sold before the GFC). It is not difficult to conclude that in this environment, income protection premiums will need to increase to cover the increase in claim costs.

So what is the industry response?

First, the industry continues to invest in better claims management techniques but this, in our opinion, will not be enough. Insurers have started to increase income protection premiums for their "old" portfolios (where the industry has often argued the main problem resides) but the problem with this strategy is now coming to the fore: the price differential between the "old" portfolios and new business is now so great that new business premiums can be signifcantly cheaper than the "old" portfolios. The problem with this is that the customer is worse off with the increase and can be upgraded by their adviser to a new policy (with potentially better features) on lower premiums. Advisers taking such action with their clients are putting the customer first and acting in their best interests - others in the industry want to call it "churn" .

Secondly, the consequence of raising premiums is a "delicate issue" for other reasons. Healthy customers and those that have maintained their income levels relative to their existing product sum insured, can readily move to another company whilst unhealthy customers or those on excessive sums insured are locked in. This will likely result in claims rates on the "old" portfolio increasing which drives, potentially, another round of price increases, and so a damaging spiral can start.

Industry participants are therefore potentially standing naked in a market with their "old" or "legacy" portfolios potentially signifcantly more expensive than new business premiums in the open series of products.

Lump sum claims are viewed as a more short term cyclical effect rather than a structural impact but more evidence of this will be required over the next few years.

Which brings us to discuss lapses. From the above it is likely that at least part of the recent increased lapse rates are driven by industry behaviour where the focus has been too short term and not enough about long term sustainable pricing. However, it is also reasonable to point to some issues in the broader economy. Two come to mind. Firstly,

Managing Director's Report

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some costs, such as electricity bills, are rising more quickly than inflation, simultaneously consumers are continuing to deleverage their personal balance sheets. These factors are putting pressure on consumers' budgets, causing consumers to prioritise their expenditure, including their insurance, which inevitably results in some increase in lapses. Secondly, an effect of living in a relatively low inflation environment - with much of the business in the market sold on a "step" premium basis (involving the premium increasing by age typically at around 8% per annum for people in their 40s, and further increasing at older ages) - the "real" cost of insurance appears to increase at twice the rate of salary inflation (or more). Add actual CPI indexing of benefits and the total increases can easily top 15% per annum for some customers and products. This puts further pressure on the ability and willingness of customers to keep their cover and pay their premiums.

Some ill-informed members of the life insurance industry and external commentators have started an "emotional" attack on commissions that are paid to financial advisers for life insurance, especially upfront structured commissions. The claimed problems manifest not because of the rational commission structures (upfront commission is cheaper for a life insurer than a level commission over the life of a policy), but because of the disconnect between old and new product series in terms of pricing and terms differentials, historic product terms that have not been managed or addressed through their life cycle, and normal free market competition. An adviser doing the right thing by their client has an obligation, morally and now at law (that is, best interests under FoFA), to provide their clients with a better alternative that is to potentially move from outdated, expensive and/or poor terms policies to a better outcome – irrespective of commission structures or the remuneration of the financial adviser.

ClearView's response: we must continue to focus on providing quality advice, must always strive to develop and deliver sustainable products and services, and manage our in force portfolio as it grows to ensure that the terms and pricing provided are updated and remain current over the longer term. We must not fall into the "trap" (as so many of our peers have done) of allowing high margin and/or out of date legacy portfolios to build up to the point where they cannot be managed without incurring material short term adverse financial consequences.

ClearView's response to date has been to set our premium rates, within the constraints of the distorted market, for the risk and true long term expected claims costs involved in our products. That is why our income protection premiums are currently relatively more expensive than the market. Ideally, given current overall market claims experience and our expectations for the future, we would like to increase our income protection premiums further if the overall market behaves rationally and increases their premiums appropriately to fairer and sustainable prices. ClearView is in a unique position relative to the industry as it does not have a "legacy" portfolio and we can therefore only benefit from any industry response to the issues outlined. We are executing our business plans on the basis of maintaining long term sustainable products and pricing.

In the meantime, we will keep the momentum building and keep our eyes on the ball.

Operational Highlights

The past year has been a period of building on the momentum generated in the previous year. Our strategy to roll out the LifeSolutions and WealthSolutions suite of products, invest in systems and processes related to the new products and increase our distribution footprint geographically has resulted in significant levels of growth. I am pleased to advise we have delivered on the following:

- Transitioned to a new shareholder who is both supportive and committed to our long term strategy;
- Increased the number of experienced advisers recruited into our Dealer Group over the financial year by a further 32, an increase of 46%;
- Established distribution agreements with a further 53 approved product lists, now 80 in total;
- In force life insurance premiums of $62 million, which includes $21 million of in force LifeSolutions premium – growth of 41% over the past 12 months;
- In force FUM of $1.53 billion with over $226 million on WealthSolutions – growth of 11%. In the second half of FY13, we achieved positive net inflows into our wealth products for the first time since before the GFC;
- Introduction of LifeSolutions online Quote and Application Tracking system for advisers. This new functionality allows advisers to quote, apply and track LifeSolutions applications in real time through to acceptance and policy issuance. Investment in technology is expected to continue in the 2014 financial year;
- Opened new offices in Melbourne and Perth;
- Appointed a new Head of the Direct business to build out our capability and revitalise the Direct life model;

Managing Director's Report

Continued

- Achieved investment returns in the top or second quartile for most ClearView products; and
- Maintained a strong financial position with no debt and $12 million in surplus capital above internal benchmarks.

ClearView now has a distribution capability in the advice based life and wealth markets underpinned by improving technology platforms. Like all technology, this will need continual investment to ensure its relevance to the needs of both advisers and customers.

In addition, we strengthened our distribution team with the appointment of a new head of ClearView Financial Advice (our Dealer Group) and business development managers in all states. A national sales manager responsible for growing ClearView's wealth management business was recruited to concentrate on expanding distribution of wealth management products by identifying and attracting experienced advisers into ClearView Financial Advice.

Our existing Direct life capability is now undergoing a transformation to better focus and achieve our growth and performance ambitions in this market.

The Coming Year

The accelerated growth we have experienced in this financial year compared to last year is very pleasing and validates our strategy. Our aim is to focus on profitable segments that will deliver steady returns to shareholders.

ClearView's strategy is to be a nimble challenger brand with a compelling offer. We will do this through:

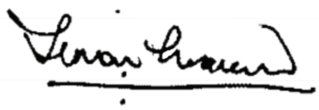
- Ongoing product innovation that is customer centric;
- Supporting advisers to collaboratively provide high quality advice;
- Developing our direct offering to capitalise on the growing non-advice market;
- Optimising speed to market with new product and technology solutions;
- Continuing to focus on flexible/efficient back office processes;
- Significant investment in people and systems; and
- Unrelenting commitment to service excellence.

Our vertically integrated business model ensures we can better manage the value chain from manufacture through to delivery to advisers and end customers. By offering both protection and wealth management solutions we are able to appeal to a wider cross section of the Australian community at all stages of their lives.

There is no doubt the next few years will continue to be challenging both within the financial services sector as well as on the broader economic front. Low consumer confidence and market volatility will be a constant and we need to be vigilant in managing costs and exploiting opportunities through continued innovation and best practice systems and processes.

Our aspirations to expand ClearView Financial Advice is now supported by word of mouth and recommendations from existing advisers, creating a fertile environment for us to add quality practices over the next 12 months. Our policy of offering advisers the opportunity to participate in the long term success of ClearView through share ownership is highly valued by the practices that have joined us. Their commitment to our vision to build and protect the financial futures of our customers and their families has been instrumental in delivering on our growth strategy. The further recruitment of advisers will broaden our footprint both geographically and by product/market segment as more advisers are able to offer our protection and wealth management solutions to Australians.

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



Simon Swanson

Managing Director

27 August 2013

Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2013 (the financial year):

Directors

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

- **Dr Gary Weiss** (appointed Director and Deputy Chairman on 22 October 2012 and appointed Chairman on 1 July 2013)
- **Andrew Sneddon** (appointed Alternate to Mr Fallick on 26 March 2013)
- **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, resigned as Alternate and appointed as Director on 1 July 2013)
- **Michael Lukin** (appointed Alternate to Ms Weinstock 1 July 2013)
- **Nathanial Thomson** (appointed 22 October 2012)
- **Simon Swanson** (Managing Director)
- **Jennifer Weinstock** (appointed 1 July 2013)
- **Ray Kellerman** (Chairman, resigned as Director and Chairman on 30 June 2013)
- **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 to Mr Eisen on 11 October 2012)
- **Susan Thomas** (resigned 30 June 2013)

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 ten new Directors (including two Alternates) have been appointed to the Board and seven Directors (including one alternate) have resigned from the Board. The Board now comprises ten members of whom five, including the Chairman, are Independent Directors based on the ASX Corporate Governance guidelines.

The biographies for both the current and former Directors of ClearView are detailed below:

Current Directors

Dr Gary Weiss LLB (Hons), LLM and JSD

Independent Non-executive Chairman

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

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

Michael Alscher BCom

Non-executive Director

Michael is the Managing Partner and founder of Crescent Capital Partners. Prior to founding Crescent, Michael was a consultant at Bain International and the LEK Partnership where he spent considerable time working across banking and insurance clients. After leaving consulting, Michael was the Chief Operating Officer and a Director of Gowings Bros Ltd. Michael is currently the Non-Executive Chairman of Cover-More Travel Insurance and Lifehealthcare; and a Non-Executive Director of National Dental Care, Breezeway Windows and Metro Glass. He is also Chairman of the Audit Committee for Cover-More Travel Insurance, Lifehealthcare and Metro Glass.

Michael was appointed Alternate Director to Nathanial Thomson on 22 October 2012. His appointment as Alternate was revoked and he was appointed as a Director on 1 July 2013.

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

Independent Non-executive Director

David has significant experience in investment management and asset allocation of superannuation and insurance funds. He is the former Head of Private Markets for Victorian Funds Management Corporation and former Senior Funds Manager for Queensland Investment Corporation.

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

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

Independent Non-executive Director

Gary has significant experience in building life insurance businesses in South Africa and in Australia. He is a director of former ASX listed 3Q Holdings Limited and a former director of the South African listed Capital Alliance Holdings Limited (which owned Capital Alliance Life Limited and Capital Alliance Bank Limited). Gary is also a former director and investor in a number of Australian based financial services businesses, including Prefsure Life Limited and Insurance Line Holdings Pty Limited.

Gary was appointed to the Board on 22 October 2012.

Bruce Edwards BSc, MA, FIAA

Independent Non-executive Director

Bruce is a qualified actuary with 25 years in actuarial consulting, including five years as Managing Director of KPMG Actuaries. In recent years, he has held directorships with a number of life and general insurance companies, life insurance distribution companies and superannuation fund trustees as well as lecturing in actuarial science at Macquarie University. He is a director of Munich Re in Australia (life and general reinsurance business and a direct general insurance company), Total Risk Management Pty Limited (trustee for over $10 billion of superannuation funds managed by Russell Investments), and A.L.I. Group Pty Ltd.

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

John Leslie Fallick MA and M.LITT (Economics), AICD (Fellow)

Independent Non-executive Director

Les has significant experience as a trustee and adviser to medium and large superannuation funds on asset allocation and strategy. He is the founder and Non-executive Chairman of Principle Advisory Services Pty Ltd and is a Director of the Global Advisory Board of T Rowe Price. Previously he was a director at Gresham Partners and Legal and General Asset Management Australia, and has held various funds management roles at AMP.

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

Nathanial Thomson BCom (Hons), LLB (Hons)

Non-executive Director

Nathanial is a partner of Crescent Capital Partners Management Pty Ltd. Nathanial has significant consulting experience with financial institutions from his former role at McKinsey & Co and is currently the deputy Chairman of Cover-More Travel Insurance and a non-executive director of Metro Glass.

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

Simon Swanson B.EC, B.Bus, ANZIIF (Fellow), CIP, CPA

Managing Director

Simon Swanson B.EC, B.Bus, ANZIIF (Fellow), CIP, CPA is an internationally experienced financial services executive having worked for over 30 years across life insurance, funds management, general insurance and health insurance. He has successfully led the largest life insurer (CommInsure, Sovereign and Colonial) in three countries and spent half of his career in the Asia Pacific region.

As Managing Director of ClearView Wealth Limited (ASX:CVW), Simon was instrumental in buying Bupa Australia's life insurance and wealth management businesses and transforming them into the integrated life insurer and wealth manager that ClearView is today.

Simon is also a director of the Australian Literacy and Numeracy Foundation and is Chairman of ANZIIF's Life, Health and Retirement Income Faculty Advisory Board.

Jennifer Weinstock BSc (Maths) (Hons), FIA

Non-executive Director

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

Jenny is a Director of Melbourne based software company, Space Time Research and serves on the advisory boards of six Australian private equity fund managers. Jenny received a Bachelor of Science majoring in mathematics with Honours from Imperial College London and is a Fellow of the UK Institute of Actuaries.

Jennifer was appointed to the Board on 1 July 2013.

Michael Lukin BSc (AdvMaths) (Hons), CFA

Alternate Non-executive Director

Michael is the Managing Director of Macquarie Funds Group in Sydney. Before joining Macquarie, Michael was an asset consultant with Towers Perrin, providing advice on investment matters and manager selection to superannuation funds and master trust clients. Michael has 15 years of private equity investment experience and serves on the advisory boards of Next Capital, Crescent Capital, Pacific Equity Partners, Catalyst, Ironbridge and Gresham Private Equity, and is a current AVCAL Council member and Associate of the Institute of Actuaries of Australia.

Michael is a Director of Baycorp Holdings, Lifehealthcare, PAS Group and National Dental Care. He holds an Observer role with Sphere Healthcare, and is an Alternate Director with Discovery Parks and an Investment Committee member with Evolution Healthcare.

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

Andrew Sneddon B.EC, CA

Alternate Non-executive Director

Andrew was a Partner with PricewaterhouseCoopers for 18 years before retiring in 2008. He has worked across a broad range of industries and has extensive experience in mergers and acquisitions, business and strategic planning, audit, valuation and capital raising, with particular focus on fast growth and emerging technology companies. Andrew is the Chairman of InterAcct Solutions Pte, ServiceRocket Inc, ServiceRocket International Pty Ltd, TGR BioSciences Pty Ltd, Elastagen Pty Ltd and is a member of the Audit and Compliance Committees of the Crescent Capital Private Equity Funds.

Andrew was appointed Alternate Director to Les Fallick on 26 March 2013.

Former Directors

Ray Kellerman B.EC, LLB, MBA, ACIA

Former Independent Non-executive Chairman

Ray has a legal background, significant experience in corporate and structured finance and was head of compliance services at the Corporate Trust division of Perpetual Trustees Australia where he spent 10 years before establishing his own compliance consulting and advisory business in 2001. Ray currently acts as a director and Audit, Risk and Compliance Committee member for a number of major fund managers and financial institutions including Goodman Funds Management Australia, Certitude Global Investments, Aberdeen Asset Management, Fidelity Australia, Invesco Australia and Alliance Bernstein Investment Management Australia. He is an owner and director of Quentin Ayers Pty Limited, an independent asset consultant firm in the alternative assets sector.

Ray was appointed a Director on 5 April 2007 and was Chairman from 4 November 2008 until his resignation on 30 June 2013.

Anne Keating

Former Independent Non-executive Director

Anne has 19 years' experience as a director including 7 on the NRMA Insurance Board along with significant marketing and governance experience. Anne is currently a director of Ardent Leisure Group Limited, GI Dynamics Inc, Goodman Group, the Garvan Institute of Medical Research and REVA Medical Inc. Anne is a Governor of Cerebral Palsy Alliance Research Foundation and an Advisory Council member of C.I.M.B Australia. Her former directorships include Insurance Australia Group (formerly NRMA Insurance), STW Communications Group, WorkCover Authority of NSW, Spencer Street Station Redevelopment Holdings, Radio 2CH, Easy FM China and Victor Chang Cardiac Research Institute. Anne has previously served as a Trustee of Centennial Park and Moore Park Trust. From 1993 to 2001, Anne was the General Manager of Australia for United Airlines.

Anne was a member of the Board from 29 November 2010 until her resignation on 22 October 2012.

Anthony Eisen B.Com, CA

Former Non-executive Director

Anthony has 19 years' experience in finance and investment. He is currently an executive director of Guinness Peat Group (Australia) Pty Limited (GPG) and is Chief Investment Officer of the GPG group. Prior to joining GPG, Anthony was involved in the investment banking industry in Australia and the United States. Anthony commenced his professional career as an accountant and is a member of the Institute of Chartered Accountants in Australia. Anthony is a director of Capral Limited and was previously a GPG representative director on the boards of Tower Australia Group Limited, eServGlobal Limited, Tower Limited and Turners & Growers Limited.

Anthony was a member of the Board from 31 October 2007 until his resignation on 11 October 2012.

David Goodsall B.A, FIAA, ASA, CERA, MAICD

Former Independent Non-executive Director

David has in-depth knowledge and experience in life insurance and funds management. He has held a number of Appointed Actuary positions and led the actuarial practice of Ernst & Young where he was also a partner until he retired from the firm in 2009. In 2009, David established a consulting firm, Synge & Noble, where he is a director. He is a former President of the Institute of Actuaries of Australia.

David was a member of the Board from 9 June 2010 until his resignation on 22 October 2012.

John Murphy B.Com, M.Com, CA, FCPA

Former Non-executive Director

John was the founder and until October 2011 the Managing Director of Investec Wentworth Private Equity (Investec). John has over 30 years' experience in private equity, turnarounds, corporate finance and accounting. Prior to entering private equity in 1998, John spent over 25 years, including 14 as a senior partner, in the corporate finance and recovery division of a global accounting firm. John is a director of Investec Bank (Australia) Limited and a member of the bank's Investment and Audit Committees. He sits on the boards of many of Investec's portfolio companies and has extensive public company board experience.

John was a member of the Board from 9 June 2010 until his resignation on 22 October 2012.

Susan Thomas B.Com, LLB

Former Independent Non-executive Director

Susan has expertise in technology and law in the financial services industry. Susan is currently a director of Fitzroy River Corporation Limited, National E-Conveyancing Development Limited and Grant Thornton Australia Limited and a former director of IWL Limited and Landgate. Susan founded and was the Managing Director at FlexiPlan Australia, an investment administration platform sold to MLC and now operating under the MLC/ NAB banner as MasterKey Custom.

Susan was a member of the Board from 29 November 2010 until her resignation on 30 June 2013.

Michael Jefferies B.Com, CA

Former Alternate Non-executive Director

Michael is the Chairman of Touch Holdings Limited and a non-executive director of Tower Limited and Ozgrowth Limited. Michael was previously a director of Capral Limited, Tower Australia Group Limited, Australian Wealth Management Limited and Metals Limited.

Michael is a Chartered Accountant and holds a Bachelor of Commerce degree. He was appointed a Director on 4 November 2008. On 27 July 2011 he resigned and was appointed an alternate Director to Anthony Eisen on the same day, until his resignation on 11 October 2012.

Directors' Report

Continued

Directorships of other Listed Companies

Directorships of other listed companies held by Directors in the three years preceding the end of the financial year are as follows:

Name	Company	Period of Directorship
Dr Gary Weiss	Ariadne Australia Limited	28 November 1989 - Ongoing
	Coats plc	4 February 2003 – 30 April 2012
	Guinness Peat Group plc	30 November 1990 – 30 April 2011
	Mercantile Investment Company Limited	6 March 2012 - Ongoing
	Premier Investments Limited	11 March 1994 – Ongoing
	Pro-Pac Packaging Limited	28 May 2012 - Ongoing
	Ridley Corporation Limited	21 June 2010 - Ongoing
	Tag Pacific Limited	1 October 1988 - Ongoing
	Westfield Group	13 July 2004 – 27 May 2010
Gary Burg	3Q Holdings Limited (delisted 12/2/2013)	23 March 2012 - Ongoing
Anne Keating	Ardent Leisure Group	30 March 1998 – Ongoing
	Goodman Group	23 January 2004 – Ongoing
	REVA Medical, Inc	1 October 2010 – Ongoing
	STW Communications Group	17 May 1995 – 10 February 2011
	GI Dynamics, Inc	7 June 2011 - Ongoing
Anthony Eisen	Capral Limited[1]	29 August 2008 – Ongoing
	eServGlobal Limited	20 March 2009 – 24 October 2011
	Tower Limited[2]	12 December 2006 – 11 November 2011
	Turners & Growers Limited	24 February 2011 – 1 August 2011
John Murphy	Ariadne Australia Limited	6 December 2006 – Ongoing
	Gale Pacific Limited	24 August 2007 – Ongoing
	Speciality Fashion Group Limited	20 February 2005 – 28 October 2010
	Staging Connections Group Limited	28 October 2002 – Ongoing
	Vocus Communications Limited	7 March 2003 - Ongoing
Michael Jefferies	Capral Limited	6 November 2008 – 15 April 2013
	eServGlobal Limited[2]	13 March 2009 – 24 October 2011
	Metals X Limited	14 June 2004 – 10 May 2012
	OzGrowth Limited	31 October 2007 – Ongoing
	Tower Limited	19 December 2006 – Ongoing
Susan Thomas	Fitzroy River Corporation Limited	26 November 2012 - Ongoing
	Inca Minerals Limited	30 November 2012 – 7 February 2013

1 Alternate Director from 19 October 2006 to 29 August 2008.
2 Alternate Director.

Company Secretaries

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

Athol Chiert, B.COM, B.ACC, CA was appointed Company Secretary on 4 November 2008. He is also the Chief Financial Officer at ClearView. Athol has a life insurance and private equity background. Athol was previously the CFO of PrefSure Holdings Limited and PrefSure Life Limited (formerly Lumley Life Limited). Athol also served as part of the Global Capital Group both in Australia and South Africa and has over 15 years' experience in the finance industry. Athol commenced his professional career as an accountant with Arthur Andersen.

Appointed Actuary of ClearView Life Assurance Limited

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

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 $3.7 billion of client assets, has annualised in force life insurance premiums of $62 million and has 102 financial advisers across Australia.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were as follows:

	Board		Audit, Risk and Compliance Committee		Nomination and Remuneration Committee		Takeover Response Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Current Directors								
Dr Gary Weiss	5	5	5	4	4	4	-	-
Bruce Edwards	5	5	5	5	4	4	-	-
David Brown	5	5	5	5	-	-	-	-
Gary Burg	5	5	-	-	-	-	-	-
Jennifer Weinstock[4]	-	-	-	-	-	-	-	-
John Leslie Fallick[2]	5	3	5	2	4	1	-	-
Michael Alscher[3]	-	-	-	-	-	-	-	-
Nathanial Thomson[1]	5	5	5	2	4	3	-	-
Simon Swanson	17	17	-	-	-	-	5	5
Former Directors								
Ray Kellerman	16	15	8	7	6	6	5	5
Anne Keating	11	11	-	-	2	2	5	5
Anthony Eisen[5]	9	9	3	3	-	-	5	5

Directors' Report

Continued

	Board		Audit, Risk and Compliance Committee		Nomination and Remuneration Committee		Takeover Response Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
David Goodsall	10	10	3	3	-	-	-	-
John Murphy	5	3	3	3	-	-	-	-
Susan Thomas	16	15	8	8	2	2	-	-
Michael Jefferies	-	-	-	-	-	-	5	4

1 Mr Thomson appointed Mr Alscher as his Alternate Director from 22 October 2012 until 1 July 2013. Mr Alscher attended 1 Board meeting on behalf of Mr Thomson and his attendance is included in the table above.
2 Mr Fallick appointed Mr Sneddon as his Alternate Director on 26 March 2013. Mr Sneddon attended 1 Board meeting, 1 BARCC meeting and 1 Nomination and Remuneration Committee meeting on behalf of Mr Fallick and his attendance is included in the table above.
3 Mr Alscher was appointed Director on 1 July 2013 and therefore was not eligible to attend any meetings throughout the financial year. His attendance as Alternate director is outlined in point 1.
4 Ms Weinstock was appointed Director on 1 July 2013 and therefore was not eligible to attend any meetings throughout the financial year.
5 Mr Eisen appointed Mr Jefferies as his alternate director from 27 July 2011 until his resignation 11 October 2012. In the financial year Mr Jefferies attended 1 Board meeting on behalf of Mr Eisen and his attendance is included in the table above.

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares	Executive share plan shares
Dr Gary Weiss[2]	-	-
Andrew Sneddon	-	-
Bruce Edwards	444,050	-
David Brown	-	-
Gary Burg	8,643,792	-
Jennifer Weinstock[3]	-	-
John Leslie Fallick	-	-
Michael Alscher[1]	-	-
Michael Lukin[3]	-	-
Nathanial Thomson[1]	-	-
Simon Swanson	12,000,000	10,000,000

1 Mr Alscher and Mr Thomson represent the interests of CCP Bidco Pty Limited and its Associates that non-beneficially holds 269,063,363 shares.
2 Dr Weiss represents the interests of Ariadne Australia Limited that beneficially holds 22,230,000 shares.
3 Ms Weinstock (alternate Mr Lukin) represents the interests of Macquarie Investment Management Limited that holds 59,090,909 shares.

Remuneration of Key Management Personnel (KMP)

Information about the remuneration of KMP is set out in the Remuneration Report of this Directors' Report on pages 37 to 51. The term "KMP" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of the consolidated entity.

During and since the end of the financial year, an aggregate of 2.0 million shares were granted to the five highest remunerated officers of the Company and its controlled entities as part of their remuneration:

Senior management	Issuing entity	Executive Share Plan Shares
Simon Swanson	ClearView Wealth Limited	-
Athol Chiert	ClearView Wealth Limited	1,000,000
Gregory Martin	ClearView Wealth Limited	1,000,000
Chris Robson	ClearView Wealth Limited	-
Barry Odes	ClearView Wealth Limited	-

Non-executive Directors are not entitled to participate in the Executive Share Plan (ESP) in accordance with the Plan Rules and accordingly no shares were issued to Directors as part of their remuneration.

Shares Issued Under ESP

As at the date of this report, ClearView has a total of 41,867,333 ESP shares on issue of which 16,917,333 have been issued to select financial advisers. As outlined above, 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 participate in the overall performance of ClearView through share ownership in the Company. In November 2011, the ESP rules were extended to allow financial advisers to participate in the Plan (as contractor participants). The Board has since February 2013 removed any cap on the issue of shares under the ESP and the Board has therefore not set a limit on the number of shares that may be issued under the Plan.

In accordance with the provisions of the ESP, during the year 13,042,333 shares were granted to senior management and contractor participants (financial advisers) with the following grant dates:

Series	Participant	Grant Date	No of Shares issued	Reallocated	Total
Opening Balance (1 July 2012)					**31,125,000**
Series 24	Senior Management	22-Aug-12	450,000	-	450,000
Series 26	Senior Management	12-Apr-13	2,650,000	-	2,650,000
Series 27	Senior Management	12-Apr-13	150,000	-	150,000
Total (Senior Management)			**3,250,000**	**-**	**3,250,000**
Series 23	Contractor Participant	6-Aug-12	4,600,000	-	4,600,000
Series 25	Contractor Participant	21-Dec-12	1,000,000	300,000	1,300,000
Series 28	Contractor Participant	12-Apr-13	566,667	-	566,667
Series 29	Contractor Participant	31-May-13	1,700,000	-	1,700,000
Series 30	Contractor Participant	27-Jun-13	1,625,666	-	1,625,666
Total (Contractor Participant)			**9,492,333**	**300,000**	**9,792,333**
Exercised	Senior Management	9-May-13		-	(2,000,000)
Reallocated				-	(300,000)
Closing Balance (30 June 2013)					**41,867,333**

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

Directors' Report

Continued

Indemnification of Directors and Officers

During the period, the Company purchased Directors' and Officers' Liability Insurance to provide cover in respect of claims made against the Directors' and Officers' in office during the financial period and as at the date of this report, as far as is allowable by the Corporations Act 2001.

The total amount of insurance premium paid and the nature of the liability cover provided are not disclosed due to a confidentiality clause within the contract.

As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above. Directors' and Officers' Liability Insurance contributed a proportion of the total professional indemnity insurance premium.

The Company has not during or since the financial period, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as an auditor.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor independence and non audit services

The Directors have received an independence declaration from the auditors, a copy of which is on page 52.

Non-audit services

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

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

The Directors are of the opinion that the services as disclosed in Note 10 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit, Risk and Compliance Committee, for the following reasons:

- All non-audit services comply with the ClearView audit independence policy and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Operating and Financial Review

This operating and financial review report, which forms part of the Directors' Report, sets out information about the Group for the financial year ended 30 June 2013.

Transformation of ClearView

ClearView in our current form was created by the acquisition and successful integration of the life insurance and wealth management businesses acquired from MBF Holding Pty Limited (Bupa Australia) on 9 June 2010. ClearView has undergone a significant transformation over the last three years and has laid the foundation for growth with the development of systems, the launch of LifeSolutions (full suite of life insurance advice products) and WealthSolutions (ClearView Wrap platform) and the recruitment of experienced and aligned financial advisers and distribution partners. ClearView has established a multi-channel distribution footprint through our own expanding adviser network and our penetration of the independent financial adviser industry.

ClearView generates our revenue through the provision and distribution of life insurance, superannuation and investment products. The markets in which ClearView competes are highly regulated. ClearView holds, via our operating subsidiaries, an APRA life insurance licence, an APRA registered superannuation entity licence, an ASIC fund manager licence and an ASIC adviser licence. In addition, ClearView Wealth Limited is regulated by APRA as a Non Operating Holding Company under the Life Insurance Act 1995.

The Group operates three business segments under the ClearView brand: Life Insurance, Wealth Management and Financial Advice. ClearView's three business segments span the entire life insurance and wealth management value chains and are outlined below:

Life Insurance	Wealth Management	Financial Advice
Life Advice • LifeSolutions product suite including term life, trauma, TPD and income protection • Distributed by financial advisers in the ClearView Dealer Group and third party Dealer Group (APLs) **Non-advice** • Life, accidental death, injury cash, funeral plan and serious illness life protection products • Direct distribution through internet, telemarketing and Strategic Partners (including Bupa Australia)	**Wrap & Investments** • WealthSolutions Wrap platform including 250 managed funds, ASX listed securities, term deposits, seven ClearView managed funds and eight model portfolios • Distributed predominantly by ClearView employed financial advisers **Master Trust** • Old super, roll overs, allocated pension, 10 historic MIS • Old master trust business	**ClearView Dealer Group** • 21 employed advisers (salaried employees) • 17 franchised advisers (share of adviser fee) • 64 aligned advisers (no share of adviser fee; cost recovery) • Participation in Executive Share Plan (ESP)

Life insurance

ClearView creates products that compete in both the Advised Life and Non-Advice (Direct) segments of the $11.5 billion Australian life (risk) insurance market[1].

(a) Advised Life Insurance

The Advised Life market segment comprises life insurance products placed by financial advisers.

The ClearView product suite, branded LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, child cover, accident covers, income protection and business expense covers. Policies can be issued directly or via the ClearView Retirement Plan as superannuation.

ClearView has 102 financial advisers most of whom place life insurance products for their clients (including LifeSolutions). ClearView's life insurance products are also placed across Australia through third party financial advisers who are independent of ClearView (referred to as independent financial advisers or IFAs), with LifeSolutions products already being included on 80 Approved Product Lists which provides access to a significant number of independent financial advisers.

(b) Non-Advice (Direct) Life Insurance

The Non-Advice (Direct) Life market segment encompasses products that are purchased by consumers without using a financial adviser. This can include life insurance products sold through direct marketing, telemarketing, "over the counter" or online. The Non-Advice (Direct) market segment accounts for approximately 10% of the total life (risk) insurance market.

ClearView has an exclusive distribution agreement with Bupa Australia, which is Australia's second largest private health insurer, for it to distribute ClearView's Non-Advice (Direct) Life products, which gives ClearView access to over three million of its customers in Australia. ClearView also has distribution agreements with other strategic partners, including eight credit unions.

ClearView has recently commenced investing in revitalising its Direct Life insurance business. This includes recruiting a new head of the Direct business who has restructured the team and refocused the direct distribution approach. This has resulted in some short term cost base impacts, which are being incurred with the objective of creating shareholder value in the medium term.

[1]Source: Plan for Life.

For key industry trends on the life insurance market, please refer to the Managing Director's Report.

Wealth Management

ClearView's products compete in the Master Trust and Wrap segments of the circa $538 billion retail wealth management market[1]. These segments account for approximately 50% of the total retail wealth management market. The wealth management market is expected to grow in the long term with mandated superannuation planned to increase from 9% to 12%.

Over recent periods retail funds have ceded market share to both industry funds and self-managed super funds (SMSFs), given the "choice of fund" legislation introduced in 2005 and an increased focus on costs. Industry funds and SMSF segments are expected to remain fast growing segments but with an improving growth profile for the retail segment. This is in line with the introduction of MySuper (effective from 1 July 2013) and expectations of increased demand for scaled advice, albeit with corresponding fee compression.

Fee pressure is expected to continue across the industry in line with heightened consumer awareness of the cost of fee structures, price competition and a greater focus by consumers on capital preservation, encouraging investments in more defensive asset classes which typically provide lower fee margins. The proportion of investment assets allocated to equities has been in decline, falling in favour of more defensive asset classes (such as cash and fixed interest), in line with heightened macroeconomic uncertainty. Asset allocations are likely to remain conservatively positioned until greater confidence in the global economic outlook emerges.

A Master Trust is an administrative service that enables customers to hold a portfolio of different investments that the customer selects from the Master Trust menu. A Wrap is similar to a Master Trust, but it allows the customer to hold a broader variety of investments, such as listed shares and term deposits, and operates through a "cash hub".

ClearView provides wealth management 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 are issued via ClearView Financial Management Limited (CFML) as the ASIC licensed responsible entity and include MIS products issued via 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). This is offered via the WealthSolutions platform which was launched in December 2011. WealthSolutions includes a menu of approximately 250 third party investment funds, ASX listed shares, term deposits and seven ClearView managed funds. It also provides eight model portfolios managed by ClearView for superannuation investors.

ClearView's wealth management products are distributed primarily by ClearView employed financial advisers.

There has been significant regulatory change in the wealth management industry, most notably the Stronger Super and SuperStream reforms.

On 29 May 2009, the Government commissioned the Super System Review (the Review), chaired by Jeremy Cooper, to make recommendations to ensure the superannuation system has a sharper focus on operating in members' best interests. The Review's final report was handed to the Government on 30 June 2010. Stronger Super represents the Government's response to the Review's recommendations.

The Stronger Super reforms (effective 1 July 2013) are intended to improve the overall efficiency and integrity of the superannuation system and include a number of elements:

- The introduction of MySuper, a new simple, cost effective default superannuation product;
- Making the process of everyday transactions easier, cheaper and faster through the SuperStream package of measures;
- Clearer duties for directors of superannuation trustee boards and other measures to improve the governance and integrity of the superannuation system; and
- Improved integrity and increased community confidence in the self-managed superannuation fund sector.

SuperStream relates to e-commerce and data standards that will reduce the time it takes to process contributions and rollovers, enable money to be allocated to member accounts in a more timely manner and reduce the likelihood of member accounts being lost due to incomplete or incorrect information being provided to funds. Given certain features of the LifeSolutions product range, ClearView views SuperStream as a significant opportunity and is well positioned to implement the proposed changes in the required timeframes.

ClearView has implemented the governance framework associated with the Stronger Super reforms (with effect from 1 July 2013) but has decided not to apply for a MySuper licence at this stage.

Financial Advice

ClearView provides financial advice services through our wholly owned subsidiary ClearView Financial Advice (CFA). CFA has historically employed a number of salaried financial advisers and provides Dealer Group services to a number of franchised financial advisers, including a growing group of highly experienced and successful financial advisers that have joined ClearView as "aligned advisers".

On joining the CFA Dealer Group, these aligned financial advisers have been able to participate in the overall performance of ClearView through share ownership in the Company via the ClearView ESP.

The number of financial advisers in the CFA Dealer Group has increased to 102 as at 30 June 2013, representing an increase of 46% since 30 June 2012.

The Future of Financial Advice (FoFA) reforms became effective on 1 July 2013 and focus on improving the quality of financial advice, particularly product recommendations to retail clients. The key elements of the FoFA reforms include the following:

- Best interests duty - The introduction of a legislated best interests duty meaning financial advisers are required to act in the best interests of their retail clients and place their clients' interests ahead of their own when providing personal advice;
- Opt-in and fee disclosure - Advisers are required to request their retail clients opt-in, or renew, their advice agreements every two years if clients are paying ongoing fees. This requirement commences from 1 July 2015. In addition, an annual statement outlining the fees charged and services provided in the previous 12 months must be provided to clients paying ongoing fees. This requirement commenced on 1 July 2013;
- Ban on conflicted remuneration - The introduction of a ban on conflicted remuneration, including commissions means that AFSL holders and financial advisers will not be allowed to give or receive payments or non-monetary benefits if the payment or benefit could reasonably be expected to influence financial product recommendations or financial product advice provided to retail clients. Exceptions to the ban on conflicted remuneration are provided for life insurance;
- Ban on soft-dollar benefits - This reform will see the introduction of a ban on non-monetary ('soft-dollar') benefits given to advisers who provide financial product advice to retail clients. There are a number of limited exceptions to the ban for benefits subject to certain qualifying criteria; and

- Scaled advice - The reforms introduce requirements in relation to the giving of scaled advice. Scaled advice is advice about a specific area of an investor's needs or about a limited range of issues. This contrasts to traditional "holistic" advice where advice is provided on all aspects of the client's financial circumstances via a full financial plan.

The FoFA reforms are one of the most significant regulatory changes to impact the financial services industry since the Financial Services Reform Act in 2001. ClearView operates in a vertically integrated structure across the entire life insurance and wealth management value chains and is therefore well positioned to take advantage of any opportunities that may arise out of these changes.

The Group has offered its employed planners an opportunity to move into their "own" franchised planning businesses. A key driver behind this decision is the potential impacts of conflicted remuneration on employed adviser remuneration (and related volume bonus structure).

At the date of this Report the process of the restructure continues and total restructure costs of $0.85 million have been booked pre 30 June 2013 in accordance with the accounting standards.

Risks

The Group's activities expose it to a variety of risks, both financial and non financial. Risk management is an integral part of the Group's management process. For details on Risk Management please refer to Note 5 of the Annual Financial Statements on page 85.

Strategy

ClearView is committed to increasing its share of the Australian life insurance and wealth management markets. In the near term, ClearView is focused on:

- Building on the initial success of LifeSolutions through sales via ClearView financial advisers and via financial advisers who are licensed by third party Dealer Groups;
- Recruiting experienced financial advisers to CFA and thereby expanding our distribution footprint further. ClearView is able to offer such advisers the opportunity to participate in the overall performance of ClearView through ownership of Shares through the ClearView ESP;
- Establishing distribution agreements with third parties, including other financial services businesses and financial advisers, who are interested in innovative life insurance and wealth management products and quality services;
- Building on developing the direct marketing capabilities with non-advice products that are sold via direct channels including Bupa Australia and other strategic partners; and
- Refining the WealthSolutions product and services, and increasing sales of WealthSolutions by attracting wealth focused financial advisers.

Underlying and supporting these objectives, and to build profitability, ClearView's key execution focuses are:

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

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 our financial advice and Dealer Group business, and significantly broaden the Group's exposure to the wealth management and life insurance markets.

ClearView has laid the foundations for growth and remains well positioned to benefit from growth in life insurance sales and wealth FUM inflows.

Directors' Report

Continued

Financial Results

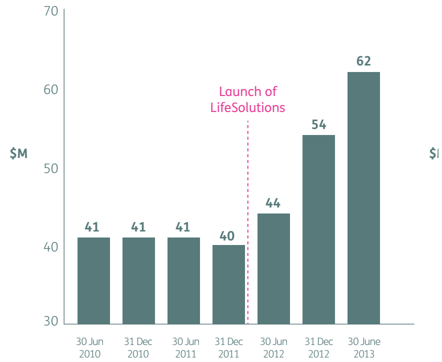
Key Performance Indicators

In the year to 30 June 2013, ClearView passed two significant milestones – in force life insurance premiums of over $62 million, which includes over $21 million of in force LifeSolutions premium, and in force FUM of over $226 million on WealthSolutions. This was achieved within just 18 months from launch of the LifeSolutions and WealthSolutions products and services.

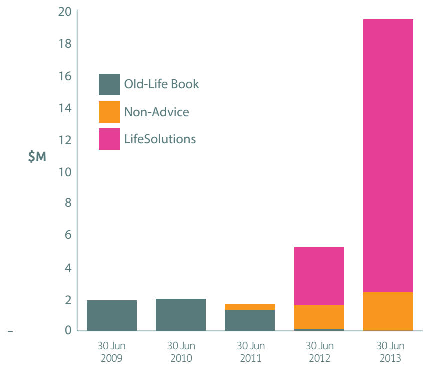
These results reflect growth in total in force life insurance premium of 41% over the year to 30 June 2013 and growth in FUM (for all ClearView products) of 11% to $1.53 billion over the same period. These represent significant increases over prior years.

The following graphs reflect the stepped change in the growth profile of the business:

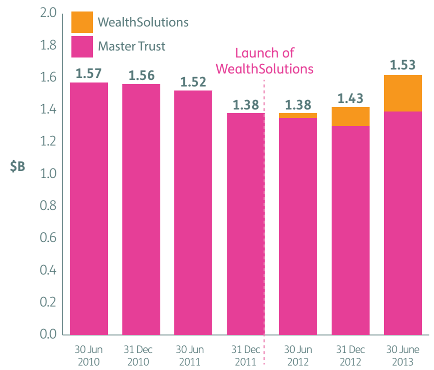
In force premium



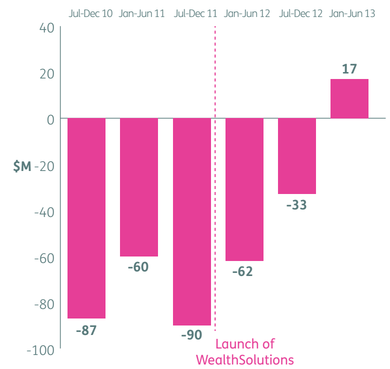
New business



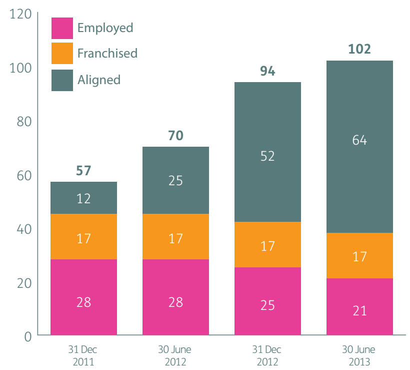
Closing FUM



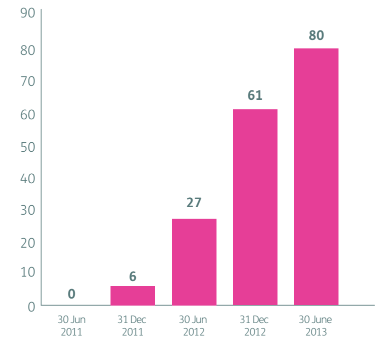
FUM net flows



ClearView Financial Advisers



Approved Product Lists (APLs) with ClearView product



Overview of Result

The Group has achieved the following results for the year ended 30 June 2013:

Reconciliation of Reporting net profit after tax to Underlying NPAT	2013	2012	Increase (Decrease)
Reported net profit after tax	**1.9**	**22.3**	**(92%)**
Adjusted for:			
Amortisation of Intangibles	7.5	6.7	12%
Policy liability discount rate effect	2.3	(13.9)	(116%)
Take over bid related costs[1]	5.9	-	N/A
Restructure costs[1]	0.9	-	N/A
Income tax (benefit)/expense	(2.5)	4.1	(160%)
Underlying net profit after tax (NPAT)	**16.0**	**19.2**	**(17%)**

1 Considered unusual to ordinary business activities.

- Statutory profit attributable to shareholders of ClearView for the year ended 30 June 2013 was $1.9 million (2012: $22.3 million) representing a decrease of 92% over the prior comparable period;
- Basic earnings per share for the year on a statutory basis of 0.46 cents per share (2012: 5.46 cents earnings per share) representing a decrease of 92% over the prior comparable period;
- Fully diluted earnings per share on a statutory basis of 0.46 cents per share (2012: 5.24 cents earnings per share) representing a decrease of 91% over the prior comparable period;
- Underlying net profit after tax of $16.0 million (2012: $19.2 million) representing a decrease of 17% over the prior comparable period;
- Basic underlying earnings per share for the year of 3.91 cents per share (2012: 4.70 cents per share) representing a decrease of 17% over the prior comparable period; and
- Fully diluted underlying earnings per share of 3.65 cents per share (2012: 4.53 cents per share) representing a decrease of 19% over the prior comparable period.

Underlying net profit after tax (NPAT) is the Board's key measure of group profitability and the basis on which dividends are determined. This measure consists of reported net profit after tax, adjusted for amortisation of intangibles (not including capitalised software), the effect of changing discount rates on the insurance policy liabilities and any costs considered unusual to the Group's ordinary activities (for example, costs associated with the takeover bid of ClearView by CCP Bidco in FY13 and the Dealer Group restructuring provision).

Underlying NPAT has decreased by $3.2 million (17%) compared with that for the year ended 30 June 2012, equivalent to a decrease in basic underlying earnings per share for the year from 4.70 cents per share to 3.91 cents per share (17%). This result reflects:

- Lower investment earnings driven by the payment of $17.8 million in dividends out of the capital base of ClearView (in the first half of FY13) and the payment of takeover costs related to the CCP Bidco takeover offer, combined with reducing market interest rates over FY13. This has reduced the contribution of investment earnings on ClearView's capital to the profit after tax by $0.8 million when compared to the prior year result;
- The FY13 result was impacted by a claims experience loss of $1.9 million (after tax). The adverse experience variation in FY13 follows similar but opposite positive claims experience in FY12 (claims experience profit of $2.9 million in FY12). Further details are provided in the life insurance segment analysis below.
- The negative impact of life insurance lapses being higher than the rate assumed in the life insurance policy liability (determined at 30 June 2012) with an experience loss of $0.8 million (after tax) (lapse experience loss of $1.2 million in FY12). Futher details are provided in the life insurance segment below.
- 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 Dealer Group support expenses due to the growth in the aligned advisers recruited 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

(profesisonal fees) and compensation costs. ClearView has recently commenced some material investments in revitalising our Direct life insurance business. This has led to some additional short term costs impacts, which are forecast to create shareholder value in the medium term. Furthermore, ClearView continues to invest in systems and people to support our growth ambitions;

- A higher effective tax rate of 29.7% compared to an effective tax rate of 27.1% 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 underlying net profit after tax by $0.6 million in this period compared with the prior comparable period; and
- The emergence of profit of the increased earned life insurance premium partially offsets the impacts outlined above. Further details are provided in the life insurance segment below.

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

- 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. 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 $1.5 million over the year;
- 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. The change in impacts reflects the change in interest rates between periods. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability does however create a cash flow tax effect;
- A planner restructure provision has been raised in FY13 for costs to be incurred in regional office closures and lease termination costs, legal fees and other restructure related costs. A detailed formal plan was in place prior to year end and the Group had raised a valid expectation in those affected by it that the plan will be carried out. No equivalent provision was raised last financial year; 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 that could be 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 below:

Breakdown of Takeover costs	2013 ($Million)	2012 ($Million)
Adviser Fees	2.5	-
Legal fees	0.5	-
Retention Bonuses	1.0	-
ESP Expense (Accelerated vesting)	1.1	-
Other	0.8	-
Total takeover costs	**5.9**	**-**
Tax effect	(1.4)	-
Takeover costs net of tax	**4.5**	**-**

Analysis of Result by Segment

A breakdown of the result by operating segment is detailed below:

Year Ended 30 June, $ million	2013	2012	Change
Life Insurance	8.4	11.1	(25%)
Wealth Management	6.6	7.5	(12%)
Financial Advice	0.8	(0.6)	230%
Listed/Other	0.2	1.2	(80%)
Underlying NPAT	**16.0**	**19.2**	**(17%)**
Amortisation	(7.5)	(6.8)	12%
Other adjustments	(6.6)	9.9	(167%)
Reported NPAT	**1.9**	**22.3**	**(92%)**

(a) Life Insurance

Life insurance risk premium is growing at around $20 million per annum due to the successful introduction of the new LifeSolutions product, primarily sold through aligned planners and third party dealer groups. This is likely to be the primary driver of growth in Embedded Value in the medium term.

The direct life book written before 2011 is a highly profitable book that is partly providing the cash flow to fund the growth in the business. Overall, new Direct sales since 2011 to date have underperformed. In particular, there has been adverse lapses under some channels (other than Bupa) which had an impact on results. ClearView has now discontinued sales activity with these channels and has recently commenced some material investments in revitalising its Direct Life insurance business. ClearView recruited a new head of the Direct business who has restructured the team and refocused the direct distribution approach. This has led to some additional short term cost impacts, which are anticipated to create shareholder value in the medium term.

Underlying life insurance NPAT has decreased by $2.7 million (25%) compared with that for the year ended 30 June 2012. This result reflects:

- Unfavourable claims experience loss (after tax) of $1.9 million during the year. The adverse experience variation in FY13 follows similar but opposite positive claims experience in FY12 ($2.9 million positive experience). This reflects a "swing" of $4.8 million between periods. In both cases, this year's adverse and last year's favourable experience predominantly relates to the term life insurance portfolio written before 2011. The claims experience of the recently written business was favourable in FY13. Given the current small size of the term life insurance portfolio and the reinsurance arrangements for the pre 2011 business, material claims volatility from period to period is to be expected. The claims experience has not been attributable to industry issues associated with income protection claims as the vast majority of the pre 2011 portfolio is made up of term life insurance;
- The negative impact of life insurance lapses being higher than the rates assumed in the life insurance policy liability (determined at 30 June 2012) with an experience loss of $0.8 million (after tax) in FY13 compared to experience losses of $1.2 million (after tax) in the prior year. As noted above, this was predominantly driven by lapse losses incurred on new direct business written via certain channels over the last two years, which have now been closed to new business (some continuing adverse experience on the in force business from these channels can be expected, albeit tapering off over the short to medium term). The business written pre 2011 has displayed adverse lapse experience over recent periods, but the adverse impacts have been progressively reducing. The new LifeSolutions business has displayed favourable lapses to date;
- The growth in life insurance initial commission in the financial year is driven by the upfront variable commission cost related to the increased new business volumes. These acquisition costs are deferred and amortised within the policy liability, over the expected life of the policies, in accordance with the accounting standards;
- An increase in acquisition expenses in life insurance (front end costs). These are in addition to the upfront commissions and are driven by 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 was

brought in house in FY12. It is now reflected as part of operating expenses as opposed to cost commission for part of FY12. This is a semi variable cost driven by direct marketing campaigns. All these acquisition costs are deferred within the policy liabilities in accordance with the accounting standards; and

- In force premium has increased significantly over the period. However, new written annualised premium contributes only a part of a year's premium income in the first year it is written in the case of monthly paid business, and in the case of annual paid business, only a part of the premium paid is earned in the first year. Net earned life insurance premiums increased to $47.8 million for the period (FY12: $37.4 million). This reflects an inherent lag between new life insurance business written in the period and profit emergence. The emergence of profit off the increased earned premium partially offset the impacts outlined above; and

$17.1 million. This predominantly reflects the successful introduction of the new WealthSolutions product, primarily sold to date via ClearView employed planners.

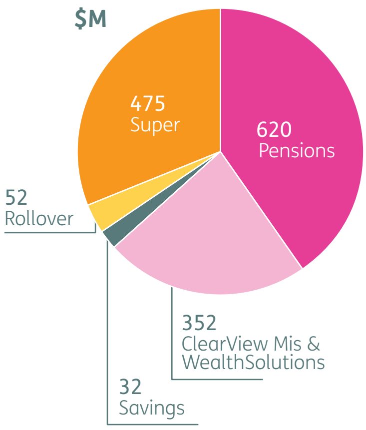
The graphs below highlight the FUM split by product as at 30 June 2013.

Given margin compression in the industry and a focus on costs, new products are written at a lower margin than our historical Master Trust business. The new WealthSolutions product is aimed at higher end Wrap clients (>$250k investable funds) and to date has mostly been distributed by ClearView employed advisers. The focus is to now grow out distribution of this product. The development of a less sophisticated, competitive product targeted at smaller account balances is also under review.

Underlying wealth NPAT has decreased by $0.9 million (12%) compared with that for the year ended 30 June 2012. This result reflects:

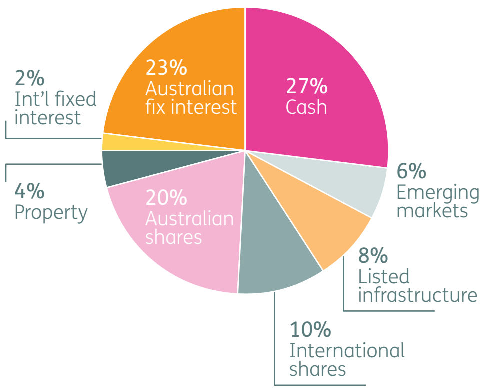
Funds under management

$1.53 billion



Asset mix

- Excludes externally managed WealthSolutions so reflects FUM of $1.3 billion
- Reflects the high proportion of FUM for pensions
- Circa 52% of assets are held in cash and bonds



- Increase in investment earnings given the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements).

(b) Wealth Management

The profitability of Wealth Management is driven by the fees earned off Funds Under Management (FUM) in ClearView product less expenses incurred. The second half of the financial year was the first half year period that the Group was net flow positive with net FUM flows into ClearView of

- Net increase in FUM levels over the year driven by the positive performance of investment markets and 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. FUM increased by 11% resulting in higher fee income relative to expectations but lower than FY12. This is due to the margin compression and the run off of the Master Trust business (as assumed for the Embedded Value);
- Higher effective tax rate in FY13 compared to FY12;
- Increased investment in wealth distribution and

acquisition costs in FY13 given the commencement of recruitment of aligned wealth advisers to complement the growth achieved in CFA of life insurance advisers. This was offset by an increased allocation of shared overhead to life insurance (given the growth in business) and product development and compensation costs incurred in the prior period; and

- Reduction in investment earnings given the reallocation of shareholder cash between segments.

(c) Financial Advice

As outlined above there has been a significant growth in the aligned planner model driven by relationships, equity offering and the non bank-aligned vertically integrated model. There are currently 21 employed planners; the existing model that is in the process of potentially being restructured to better service underlying clients and given the prospective FoFA changes to remuneration models. This could be a shift in the model from a historical employed planner model to an independent financial adviser "home" in a vertically integrated model that suits regulatory changes.

Underlying NPAT has increased by $1.3 million (230%) compared with that for the year ended 30 June 2012.

This result reflects:

- Net increase in FUMA levels over the year driven by the positive performance of investment markets and the further recruitment of aligned advisers;
- Profit improvement driven by reduction in cost base including increased allocation of shared services overhead to Life insurance (from growth in business); and
- Result in FY13 includes $0.2m (after tax) recoveries from prior period planner advice claims.

(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 Internal Capital Adequacy Assessment Process (ICAAP) policy.

The reduction in the underlying NPAT is predominantly driven by the payment of $17.8 million in dividends out of the capital base of ClearView (in the first half of FY13) related to the CCP Bidco takeover and the investment of capital in ClearView Life Assurance Limited, the Group's life insurance subsidiary (reflective of the growth profile of this business), combined with reducing market interest rates over FY13.

Statement of Financial Position

The Statement of Financial Position of the Group as set out on page 62 reflects the following key metrics as at 30 June 2013:

- Net assets of $250.7 million (June 2012: $263.3 million) representing a decrease of 5% over the prior comparable period;
- Net tangible assets of $203.3 million (June 2012: $209.2 million) ($226.7 million including ESP loans) representing a decrease of 3% over the prior comparable period;
- Net asset value per share (including ESP loans) of 60.5 cents per share (June 2012: 63.7 cents per share) representing a decrease of 5% over the prior comparable period; and
- Net tangible asset value per share (including ESP loans) of 50.1 cents per share (June 2012: 51.5 cents per share) representing a decrease of 3% over the prior comparable period.

Net assets and net tangible assets were impacted during the year by:

- A reported profit of $1.9 million outlined above;
- Dividend payments of $17.8 million (including a special dividend of $9.8 million) equating to 4 cents per share;
- Movements in the Executive Share Plan Reserve ($2.4 million) due to the accelerated vesting of ESP shares from the takeover bid, ESP expenses and the repayment of participant loans in accordance with the Plan Rules; and
- An increase in share capital ($1 million) due to the exercise of the "option" and repayment of the associated ESP loan.

The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis, as ClearView ESP shares have been issued to employees and contractor participants as at 30 June 2013 (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.

Directors' Report

Continued

An analysis of reconciliation of the net assets on the Statement of Financial Position to Surplus Capital is outlined in the table below:

Reconciliation of net assets to surplus capital:	Life $m	Wealth $m	Advice $m	Other $m	Total $m
Net Assets (Balance Sheet)	**162.6**	**20.3**	**13.3**	**54.5**	**250.7**
Goodwill & Intangibles	(4.8)	(0.1)	(8.9)	(33.7)	(47.5)
Net Tangible Assets	**157.8**	**20.2**	**4.4**	**20.8**	**203.2**
Defferred Acquisition Costs (DAC)	(117.5)	-	-	-	(117.5)
Other Adjustments to Capital Base	(0.2)	(0.1)	0.0	(3.4)	(3.7)
Capital Base (APRA)	**40.1**	**20.1**	**4.4**	**17.4**	**82.0**
Prescribed Capital Amount	(2.9)	(9.0)	(0.1)	(3.7)	(15.7)
Risk Capital	(15.8)	(6.2)	(2.1)	(2.0)	(26.1)
Working Capital	(15.5)	(3.0)	-	(9.5)	(28.0)
Surplus Capital	**5.9**	**1.9**	**2.2**	**2.2**	**12.2**

The Life and General Insurance Capital (LAGIC) changes were implemented with effect from 1 January 2013. Adjustments are made to the Capital Base for various asset amounts which are deducted, for example intangibles, goodwill and deferred tax assets (net of deferred tax liabilities). ClearView's capital is currently rated Common Equity Tier1 capital in accordance with the APRA capital standards.

ClearView has no debt and $12.2 million of net assets in excess of our internal benchmarks as at 30 June 2013. Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be readily accessed and to protect the various entities regulatory licences. Internal benchmarks include the establishment of an increased working capital reserve of $28 million as at 30 June 2013 to fund anticipated new business growth over the medium term following the approval of the current three year business plan by the Board in June 2013.

Refer to the capital management section on page 34 for further detail.

Embedded Value

Life Insurance and Wealth Management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value (EV) 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.

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.

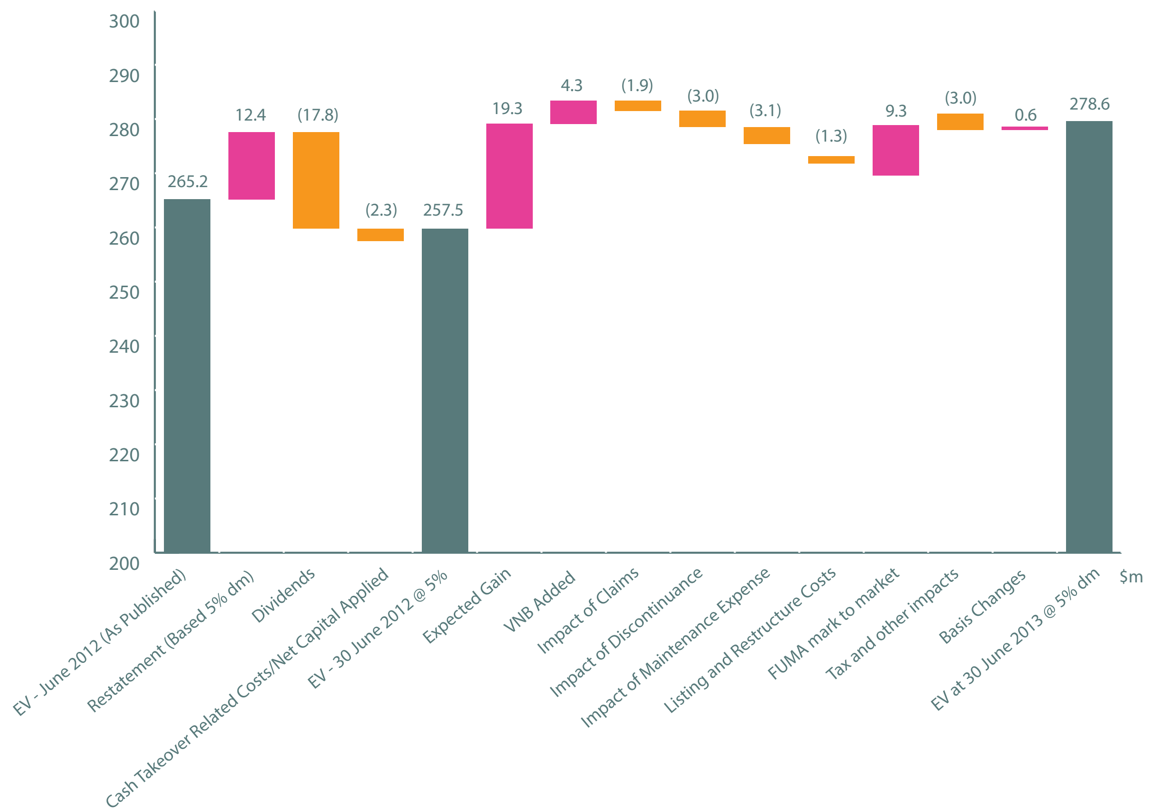
Embedded Value calculations at a range of risk discount margins is shown below:

Risk margin over risk free:	3% dm $m	4% dm $m	5% dm $m	6% dm[1] $m
Life Insurance	170.8	160.0	150.4	141.9
Wealth Management	40.3	38.8	37.4	36.0
Financial Advice	27.5	25.9	24.4	23.0
Value of In Force (VIF)	**238.6**	**224.7**	**212.2**	**200.9**
Net worth	66.5	66.5	66.5	66.5
Total EV	**305.1**	**291.2**	**278.6**	**267.4**
Imputation Credits:				
Life Insurance	30.8	28.9	27.1	25.5
Wealth Management	10.5	10.1	9.8	9.4
Financial Advice	8.1	7.7	7.3	6.9
Total EV including Imputation Credits	**354.5**	**337.9**	**322.9**	**309.2**
ESP Loans	23.6	23.6	23.6	23.6
EV per share (cents)	**72.5**	**69.5**	**66.7**	**64.2**
EV per share including Imputation Credits	**83.4**	**79.8**	**76.4**	**73.5**

Dm = discount margin

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

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 a 5% discount rate margin is reflected below:

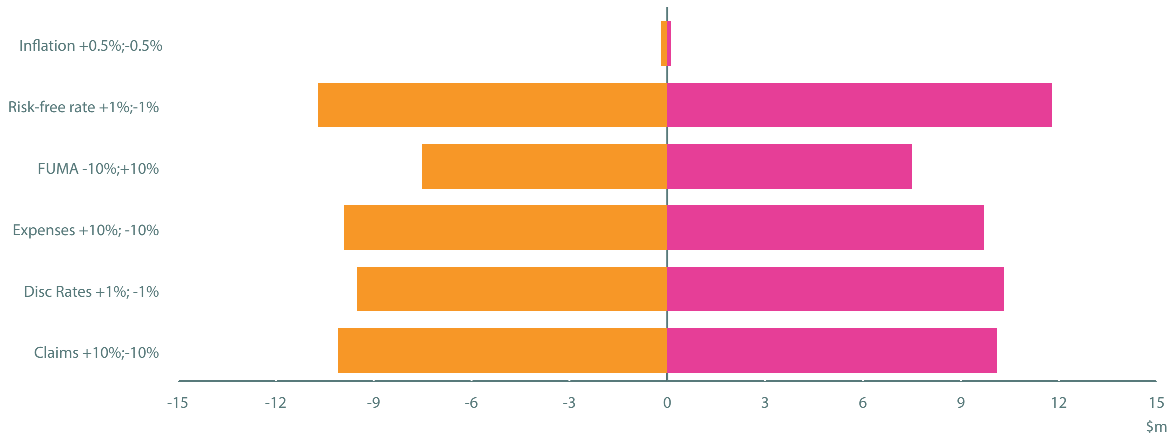


EV Movement

- Expected Gain (+$19.3 million) - The emergence of the expected net cash flows over the period;
- Change in basis (+$12.4 million) - The net effect of the changes made to the economic 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 5% discount margin by $12.4 million. This predominantly arose within the life insurance segment and reflects the substantial reduction in long term risk free discount rates over recent periods.
- Dividends (-$17.8 million) - Payment of the final dividend for the financial year ended 30 June 2012 ($8.0 million) and the special dividend ($9.8 million);
- Takeover related costs / Net capital applied (-$2.3 million) - Payment of the cash takeover bid related costs (-$3.4 million) partially offset by cash settlement of ESP loans from vesting and related sale of ESP shares (+$1 million).
- VNB (+$4.3 million) - 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 financial advice business had a negative value of new business of $1.7 million that was a drag on the VNB. The financial advice business is in the process of potentially changing to a business model that should improve this experience in future years if implemented successfully;
- The claims, client discontinuance and expense rate experience relative to expectation:
  - The impact of claims (-$1.9 million) is the claims experience (relative to actuarial assumptions) in the life insurance portfolio where some statistical volatility can be expected (as outlined above); and
  - The impact of lapses on life insurance book (-$1.3 million) and FUMA discontinuance (-$1.8 million). Life insurance lapses were driven by new direct business written post 2011 which is in the process of being addressed (as outlined above). Additionally, there has been some adverse FUMA discontinuance impact; and
  - The expense experience (-$3.1 million) includes the material costs incurred during the start up of the life advice business, its infrastructure development and growth over the period.
  - Expenses were impacted by the Group's listed overhead costs not allowed for in the Embedded Value ($0.7 million) and provision for the restructure of the planning business ($0.6 million).
- The investment returns (net interest) earned on the net tangible assets over the year in the current environment; and
- The net investment performance on the funds under management and advice (+$9.3 million) over the year that resulted in higher fee income relative to expectations over the year and higher fee income outlook as at 30 June 2013 relative to 30 June 2012.

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. A sensitivity analysis on the key assumptions in the Embedded Value is outlined below:

EV Sensitivity Analysis - @ 5%dm



Dividends

Final Dividend

The Directors have declared a fully franked dividend in 2013 of $8.2 million (2012: $8.0 million). This equates to 1.8 cents per share (2012: 1.8 cent per share) and represents approximately 50% of the 2013 underlying net profit after tax and is in line with the Company's revised dividend policy. No interim dividend was paid during the year (2012: nil). For further details on the Company's revised dividend policy (and related fully underwritten Dividend Reinvestment Plan (DRP)) refer to Capital Management section below.

Special Dividend

On the 29th August 2012, ClearView announced that we 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 55 cents per share (cash) 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 unfranked Special Dividend that was paid on 16 October 2012 ($9.8 million).

Capital Management

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 have set aside further capital to meet the proposed Stronger Super capital regime for registered superannuation entities (from 1 July 2013) and implemented changes to the capital requirements for Responsible Entities (from 1 November 2012) without a material impact on our regulatory capital position (or excess assets above regulatory requirements). There are proposed changes to custodial requirements (from 1 July 2013 with a transition period to 1 July 2014) that are currently being reviewed.

Surplus capital above the internal benchmarks at 30 June 2013 was $12 million (as calculated under new APRA capital standards) across the Group, a decrease of $54 million since 30 June 2012 (as calculated on the old basis).

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 entities' regulatory licences. Internal benchmarks include the establishment of an increased working capital reserve of $28 million as at 30 June 2013 to fund anticipated new business growth over the medium term following the approval of the current three year business plan by the Board in June 2013.

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

- The underlying profit for the year less the net capital absorbed by the growth of the business over the period ($1.3 million);
- The establishment of an increased working capital reserve of $28 million as at 30 June 2013 to fund anticipated new business growth over the medium term following the approval by the Board in June 2013 of the current three year business plan;
- The payment of a Final Dividend of $8.0 million and Special Dividend of $9.8 million[1];
- Change in basis from the implementation of new APRA capital standards and related review of our internal benchmarks (combined net effect of $2.7 million increase in capital reserving); and
- Cash takeover bid related and restructure costs (net of tax) of $4.0 million impacting capital.

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 encouraging to see ClearView enter a new stage in the Company's development as reflected by the current growth in business now emerging. This is anticipated to continue into the new financial year. If the rate of new life sales increases there is the potential that new business growth will exceed the levels currently provided for and potentially require increased capital reserving and additional capital in the second half of the current financial year.

Directors' Report

Continued

A goal of the Board is 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 Group'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 our life insurance business and the capital support required, and also to better align market value with the Group's underlying intrinsic value. In light of the above, the Board has decided on the following:

To reinstate the DRP which will be fully underwritten.

- 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; and
- Given the illiquidity of the shares, it was not considered appropriate to minimise the dilutive impact of the DRP through the on market purchase of the number of shares required to satisfy the DRP participation;

- As part of the review of the capital management initiatives, the Board has also reviewed ClearView's dividend policy. The Board will seek to:
  - Pay dividends at sustainable levels;
  - Increase the target payout ratio between 40% and 60% of underlying profit after tax (as defined above) to align closer to our Australian financial services peers; and
  - Maximise the use of our franking account by paying fully franked dividends (refer to commentary on interim dividends below).
- Transparent communication to the market around Embedded Value estimation and its relationship to the prevailing share price.

The Board continues to consider the following in future periods:

- Implementing an interim dividend payment. The ability to pay an interim dividend is limited by the availability of franking credits and the effect on tax paid of the changes in long term discount rates used to determine the insurance policy liabilities between the half year period and year end;
- Review of the current reinsurance arrangements in relation to the in force life insurance portfolio to further support the growth of the business; and
- Establishment of a liquidity facility through an on market buyback when considered to be in the best interests of shareholders.

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

Takeover Bid

In July 2012, ClearView received a 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.

Outlook

ClearView believes the long term growth outlook for both life insurance and wealth management in Australia is sound. However, in the short term, the overall life and wealth management industries could face continued pressure from uncertain economic conditions (lapses and claims) and volatile and depressed investment markets coupled with significant regulatory changes.

ClearView remains well positioned relative to the industry issues given that our historical life insurance portfolio has very limited income protection business (less than 1%). Further, ClearView has no group life insurance business which has also been the cause of recent underperformance in the industry. Further details on the issues facing the industry are provided in the Managing Director's Report.

ClearView will follow our near term strategic focus of building on the initial sales growth of LifeSolutions, continuing to recruit experienced financial advisers, establishing more distribution agreements with independent financial advisers and strategic partners, refining our WealthSolutions product offering and continuing to invest significantly in the direct life insurance business, systems and people.

The nature of our life insurance and wealth management businesses is that they incur significant expenditure in acquiring customers ahead of the future multi-year revenues those customers provide (with that revenue accruing in future accounting periods). ClearView is currently in an investment phase that we expect will create material shareholder value in the medium term. The Board is supportive of this long term investment approach and is pleased with the growth that has been achieved to date.

Our new major shareholders are 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.

Changes in state of affairs

Other than enclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group during the year ended 30 June 2013.

Events subsequent to balance date

Dividend

On 27 August 2013, the Group proposed a final dividend of $8.2 million representing 1.8 cents per share fully franked. The record date for determining entitlement to the dividend is 30 September 2013 and the dividend will be paid on 8 October 2013. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

Other than the above, or elsewhere in this report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of ClearView's Directors and its Key Management Personnel (KMP) for the financial year ended 30 June 2013.
The term "KMP" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of the consolidated entity.
The prescribed details for each person covered by this report are detailed below under the following headings:

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

Details of the Directors and KMP

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

- **Dr Gary Weiss**
  (Chairman, Independent Non-executive Director)
  (appointed Director and Deputy Chairman on 22 October 2012 and appointed Chairman on 1 July 2013)
- **Andrew Sneddon**
  (Alternate Non-executive Director)
  (appointed alternate to Mr Fallick 26 March 2013)
- **Bruce Edwards**
  (Independent Non-executive Director)
  (appointed 22 October 2012)
- **David Brown**
  (Independent Non-executive Director)
  (appointed 22 October 2012)
- **Gary Burg**
  (Independent Non-executive Director)
  (appointed 22 October 2012)
- **Jennifer Weinstock**
  (Non-executive Director)
  (appointed 1 July 2013)
- **John Leslie Fallick**
  (Independent Non-executive Director)
  (appointed 22 October 2012)
- **Michael Alscher**
  (Non-executive Director)
  (appointed alternate to Mr Thomson on 22 October 2012, resigned as alternate and appointed as Director on 1 July 2013)
- **Michael Lukin**
  (Alternate Non-executive Director)
  (appointed Alternate to Ms Weinstock 1 July 2013)
- **Nathanial Thomson**
  (Non-executive Director)
  (appointed 22 October 2012)
- **Simon Swanson**
  (Managing Director)
- **Ray Kellerman**
  (Former Chairman, Independent Non-executive Director)
  (resigned 30 June 2013)
- **Anne Keating**
  (Former Independent Non-executive Director)
  (resigned 22 October 2012)
- **Anthony Eisen**
  (Former Non-executive Director)
  (resigned 11 October 2012)
- **David Goodsall**
  (Former Independent Non-executive Director)
  (resigned 22 October 2012)
- **John Murphy**
  (Former Non-executive Director)
  (resigned 22 October 2012)
- **Michael Jefferies**
  (Former Alternate Non-executive Director)
  (resigned as alternate to Mr Eisen on 11 October 2012)
- **Susan Thomas**
  (Former Independent Non-executive Director)
  (resigned 30 June 2013)

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

- **Athol Chiert**
  Chief Financial Officer and Company Secretary
- **Chris Robson**
  General Counsel and Company Secretary
- **Elliot Singfield**
  Head of Direct
  (commenced on 4 Feb 2013)
- **Greg Martin**
  Chief Actuary and Risk Officer

- **Justin McLaughlin**
  Chief Investment Officer
- **Todd Kardash**
  General Manager Distribution
  (became KMP on 21 February 2013)
- **Tony Thomas**
  Head of Operations and Information Technology
  (commenced on 11 April 2013)
- **Barry Odes**
  Chief Operating Officer
  (Cessation of employment on 19 February 2013)
- **Clive Levinthal**
  Head of Product and Underwriting
  (Cessation of employment on 19 February 2013)

Overview of Remuneration Strategy and Objectives

ClearView's remuneration approach has the following objectives:

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

Remuneration Policy

ClearView's current remuneration policy was updated in December 2012 and is compliant with APRA Prudential Standard CPS510. The Board has approved this policy and retains overall responsibility for all remuneration decisions in respect to persons relevant to each entity. The policy is reviewed at least once every three years. Any changes to this policy must also be approved by the Board.

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

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

ClearView's Remuneration Policy is in place to:

- Outline employee obligations and ClearView's obligations;
- Set out roles, responsibilities and accountabilities of the KMP;
- Set out clear reporting and controls;
- Define various terms to ensure a common understanding; and

- Clarify what happens if this policy or associated procedures are breached.

Relationship between Remuneration Policy and Company performance.

The primary objectives of the remuneration policy are to ensure that remuneration is competitive, aligned with the Company's business objectives in both the short term and the long term, and appropriate for the results delivered by the individual. In accordance with this objective, the Company has structured remuneration packages to provide an appropriate mix of fixed and performance based pay components which are based on both the individual's performance and Group performance. By adopting a robust approach to remuneration, the Group aims to attract and retain top talent.

The remuneration framework is also designed to reward prudent risk-taking, support effective risk management and prioritise the long term financial soundness of the business and its shareholders.

Total KMP remuneration is made up of three components:

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

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

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

Fixed Remuneration

Fixed Remuneration is made up of base remuneration and superannuation. Base salary includes cash salary and any salary sacrifice items. The Group provides employer superannuation contributions of 9% of each KMP's superannuation salary, capped at the relevant concessional contribution limit.

The Fixed Remuneration is based on each employee's experience, qualifications, capability and responsibility and not to specific performance conditions. An employee's responsibility includes accountabilities, delegations, KPIs and risk profiles. To ensure an employee's Fixed Remuneration is competitive, it is benchmarked against median salary survey results from a group of comparable Australian financial service companies. Fixed Remuneration is reviewed annually, following the end of the 30 June performance year.

Benchmarking of Fixed Remuneration for KMP for the 2013 financial year was performed by Aon Hewitt an independent external research house and Remuneration Consultant. This advice was used as a guide, and was not a substitute for thorough consideration of all the issues by the Remuneration Committee.

The cost of advice and assistance provided by Aon Hewitt was $13,674. Aon Hewitt was engaged by and reported to the Chair of the Remuneration Committee. The Board is therefore satisfied that the remuneration recommendation made by the Remuneration Consultants was free from undue influence by members of the KMP to whom the recommendation related.

Short term incentive (STI) plan

The STI plan aims to motivate employees to reach or exceed individual as well as Company goals for the financial year. They are based on rewarding an individual with a bonus calculated as a percentage of fixed remuneration. Company performance targets are set for the KMP by the Remuneration Committee. The Managing Director sets specific key individual objectives for the KMP.

The STI component is dependent on the respective overall contribution to, or responsibility for, both set Company targets and specific key individual responsibilities. Accordingly the maximum STI potential for each member of the KMP will also differ. The resultant potential maximum STI awards for KMP range from 0% to 79% of fixed remuneration (this excludes any retention bonuses paid in respect of the takeover bid). These include both individual and Company performance targets which were evenly weighted between Company (50%) and individual performance (50%) targets in the current year given the nature and development of the business.

The individual performance targets are linked to a KMP's position and/or team objectives and reflect the level of risk that ClearView is exposed to by the individual's actions.

The Company performance targets for FY13 are based on achieving growth in the reported Embedded Value for the Group over the financial year. Life insurance and wealth management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value calculations are used as key measures to assess the performance of the business from period to period. An Embedded Value represents the discounted value of the future cash flows anticipated to arise from the in force life policies and investment client balances as at the valuation date.

The Managing Director is responsible for assessing the performance of KMP and for recommending the total STI to be paid. The Managing Director may also recommend STI payments over and above target bonus amounts for exceptional performance. The Managing Director's recommendations are presented to the Remuneration Committee for consideration and recommendations are made to the Board for approval. It is only when Board approval has been obtained that STI bonuses are payable.

In 2013, KMP received an STI bonus (excluding any retention bonuses paid in respect of the takeover bid) of 23% of their fixed remuneration representing 12% of their total remuneration.

Long term incentive (LTI) plan

ClearView has an ownership-based compensation scheme for executives and senior employees of the Group to assist in the recruitment, rewarding, retention and motivation of employees of the Company. This scheme is designed to recognise leaders and reward those decisions and actions which have a direct and positive impact on the results that ClearView delivers for shareholders, both now and in the future. The Executive Share Plan (ESP) has been established to show ClearView's recognition of employees' contribution, by providing an opportunity to share in the future growth and profitability of ClearView. This also aligns the interests of participants more closely with the interests of shareholders. Only key managers, members of the SMT and the Managing Director participate in this scheme.

Benchmarking of the LTI for the SMT was performed by PwC an independent Remuneration Consultant in February 2013. This advice was used as a guide, and was not a substitute for thorough consideration of all the issues by the Nomination and Remuneration Committee.

The cost of advice and assistance provided by PwC was $32,000. PwC was engaged by the Chair of the Nomination and Remuneration Committee. The Board is therefore satisfied that the remuneration recommendation made by the Remuneration Consultant was free from undue influence by members of the KMP to whom the recommendation related.

Non-executive Directors are not entitled to participate in the ESP under the Plan Rules.

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

Directors' Report

Continued

Consequences of ClearView's performance on shareholder wealth

The following tables set out the summary information about the Group's earnings and movements in shareholder wealth for five years to June 2013:

	30 Jun 13	30 Jun 12	30 Jun 11	30 Jun 10	30 Jun 09
Revenue ($'000)	172,278	143,182	136,019	45,368[1]	3,865[1]
Net profit/(loss) before tax ($'000)	11,813	36,946	14,658	7,102[2]	(3,092)[2]
Net profit/(loss) after tax ($'000)	1,876	22,336	8,665	2,408[2]	(2,269)[2]
Underlying Net Profit after Tax	16,014	19,241	19,317	(1,040)[2]	(4,714)[2]
Dividend (interim) (cents)	-	-	-	-	-
Dividend (Final) (cents)	1.8	1.8	1.8	-	-
Dividend (Special) (cents) [2]	2.2	-	-	-	-
Basic EPS (cents) [3]	0.46	5.46	2.12	1.33	(2.70)
Diluted EPS (cents)	0.46	5.24	2.10	1.33	(2.68)
Fully diluted Underlying EPS (cents)	3.65	4.53	4.59	-	-
Embedded Value	279	265	259	223	N/A
Embedded value per share (cents) [4]	66.7	62.9	-	-	-
Share Price at the beginning of the year	$0.46	$0.50	$0.52	$0.42	$0.58
Share Price at the end of the year	$0.59	$0.46	$0.50	$0.52	$0.42

1 Revenue from continuing operations excludes net fair value gains/losses in financial assets in the current and prior year.
2 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.
3 From continuing operations.
4 Adjusted for ESP loans. EV at 5% discount rate margin in 2013.

Remuneration of KMP

Non-executive Directors Remuneration

Non-executive Directors (NED) are remunerated by fees within the aggregate limit approved by shareholders. The present limit on aggregate remuneration for Non-executive directors is $750,000 including superannuation (2012: $750,000). Directors' fees can be paid as superannuation contributions. The fee pool is the only source of remuneration for Non-executive Directors.

The following table outlines the Non-executive Directors fees for the Board and the Committees as at 30 June 2013 (unless otherwise agreed):

Position	Fee
Chairman	115,000
ClearView Wealth Non-executive Directors	70,000
Committee chair	10,000
Committee member	5,000
Subsidary chair	15,000
Subsidary Non-executive Director	10,000

Directors' Report

Continued

The compensation of each Non-executive Director for the year ended 30 June 2013 is set out below:

	Short term employee benefits				Post employ-ment	Share based payments		Total
2013	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannu-ation $	Executive Share Plan of total renu-meration $	Performance based %	$
Non-executive Directors								
R Kellerman [1]	145,273	-	-	-	11,275	-	-	156,548
G Weiss	53,839	-	-	-	4,846	-	-	58,685
A Eisen [2]	-	-	-	-	-	-	-	-
A Keating [5]	42,544	-	-	-	3,829	-	-	46,373
A Sneddon [7]	22,589	-	-	-	-	-	-	22,589
B Edwards	65,589	-	-	-	-	-	-	65,589
D Brown	53,839	-	-	-	4,846	-	-	58,685
D Goodsall [3]	45,619	-	-	-	2,306	-	-	47,925
G Burg	50,672	-	-	-	4,561	-	-	55,233
J Fallick	27,957	-	-	-	2,516	-	-	30,473
J Murphy	21,349	-	-	-	1,921	-	-	23,270
N Thomson [6]	33,685	-	-	-	-	-	-	33,685
S Thomas [4]	105,000	-	-	-	-	-	-	105,000
Total	**667,995**	**-**	**-**	**-**	**36,100**	**-**	**-**	**704,055**

1 Mr Kellerman's Directors' fees decreased from $140,000 to $135,000 on 22 October. Salary and fees include a $20,000 fee for special duties associated with the takeover.
2 Mr Eisen agreed that he would receive no fee for his services as a director and GPG Limited agreed to receive no directors fees in respect of Mr Eisen's directorship. Mr Eisen resigned as a Director on 11 October 2012.
3 Mr Goodsall's fees include $20,000 fee for special duties associated with the takeover. Mr Goodsall resigned as a Director on 22 October 2012.
4 Ms Thomas's fees include $20,000 fee for special duties associated with the takeover. Ms Thomas resigned as a Director on 22 October 2012.
5 Ms Keating's fees include $20,000 fee for special duties associated with the takeover. Ms Keating resigned as a Director on 22 October 2012.
6 Mr Thomson has agreed that he will receive no fees as a Director although fees are paid to Crescent Capital Partners Management Pty Ltd of which he is an employee.
7 Mr Snedden is paid fees as an alternate to Mr Fallick with effect from 26 March 2013

Further to the take over offer in July 2012, given the increased time commitment and responsibilities in relation to the take over, Non-executive Directors (excluding Mr Eisen) were paid an additional base fee of $20,000 each during the 2013 financial year. These payments are included under the heading "Salary & Fees" in the table above.

The compensation of each Non-executive Director for the year ended 30 June 2012 is set out below:

	Short term employee benefits				Post employment	Share based payments		Total
2012	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan of total remuneration $	Performance based %	$
Non-executive Directors								
R Kellerman	128,440	-	-	-	11,560	-	-	140,000
A Eisen [1]	-	-	-	-	-	-	-	-
D Goodsall	82,568	-	-	-	7,432	-	-	90,000
J Murphy [2]	51,512	-	-	-	4,637	-	-	56,149
M Jefferies [3]	-	-	-	-	-	-	-	-
P Wade [4]	5,753	-	-	-	518	-	-	6,271
S Thomas [5]	47,934	-	-	-	36,000	-	-	83,934
A Keating [5]	77,004	-	-	-	6,930	-	-	83,934
Total	**393,211**	**-**	**-**	**-**	**67,077**	**-**	**-**	**460,288**

1 Mr Eisen has agreed that he will receive no fee for his services as a Director and GPG Limited have agreed to receive no directors fees in respect of Mr Eisen's directorship.
2 Mr Murphy agreed that he would receive Directors' fees for his service as a Director of $75,000 effective from 1 October 2011.
3 Mr Jefferies has agreed that he will receive no fee for his services as a Director and GPG Limited have agreed to receive no directors fees in respect of Mr Jefferies directorship. Mr Jefferies resigned as a Director on 27 July 2011 and was appointed an alternate director to Mr Eisen on the same date.
4 Mr Wade resigned as a director on 27 July 2011.
5 Ms Thomas and Ms Keating's Directors' fees increased from $70,000 to $85,000 on 27 July 2011.

Managing Director and Senior Management Remuneration

The compensation of each member of the KMP of the Group for the year ended 30 June 2013 is set out below:

	Short term employee benefits					Post employment	Share based payments		Total
2013	Salary & Fees $	Bonus $	Retention Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan[1] $	Performance based %	$
S Swanson	579,887	186,729	141,818	11,025	-	20,113	79,317	40.0%	1,018,889
A Chiert	341,904	82,142	241,818	6,514	-	17,077	69,896	51.9%	759,351
C Robson	291,997	89,362	97,273	-	-	16,585	97,741	48.0%	592,958
G Martin	348,518	98,990	191,818	11,025	-	26,878	207,557	56.3%	884,786
J McLaughlin	294,464	75,929	47,273	-	-	23,390	38,547	33.7%	479,603
T Kardash	249,950	97,250	-	8,085	-	16,889	104,127	42.3%	476,301
T Thomas	68,750	-	-	-	-	3,801	-	0.0%	72,551
E Singfield	166,365	38,800	-	-	-	8,235	-	18.2%	213,400
C Levinthal [2]	202,593	-	94,545	6,064	155,942	17,077	49,335	27.4%	525,556
B Odes [2]	246,673	-	70,909	5,161	189,793	17,748	207,722	37.8%	738,006
Total	**2,791,101**	**669,202**	**885,454**	**47,874**	**345,735**	**167,793**	**854,242**	**41.8%**	**5,761,401**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued. This includes the accelerated vesting of shares (if applicable) and modification to the inputs due to the removal of interest on the ESP loans.
2 Cessation of employment on 19 February 2013.

The compensation of each member of the KMP of the Group for the year ended 30 June 2012 is set out below:

	Short term employee benefits				Post employment	Share based payments		Total
2012	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan[1] $	Performance based %	$
S Swanson	551,321	233,690	11,399	-	48,679	237,227	43.5%	1,082,316
A Chiert	293,225	94,565	-	-	15,775	-	23.4%	403,565
B Odes [2]	174,672	56,753	3,250	-	15,721	20,278	28.5%	270,674
C Robson	284,225	91,663	-	-	15,775	32,712	29.3%	424,375
C Levinthal	284,225	89,531	9,439	-	15,775	22,531	26.6%	421,501
G Martin	301,424	100,370	11,399	-	25,576	65,424	32.9%	504,193
J McLaughlin	286,424	107,760	-	-	22,576	-	25.9%	416,760
Total	**2,175,516**	**774,332**	**35,487**	**-**	**159,877**	**378,172**	**32.7%**	**3,523,384**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.
2 Commenced on 23 January 2012.

Further to the take over bid, the Board implemented a retention arrangement with the Senior Management Team (SMT) 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 take over bid. The amount of the benefit was calculated on a sliding scale depending on the ultimate price payable to Shareholders under the take over bid or an alternative change of control transaction. Consequently, the retention bonuses ($0.89 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.

Share based payments granted as compensation

ClearView operates the ClearView Executive Share Plan (ESP or Plan). In accordance with the provisions of the Plan, as approved by shareholders at the 2012 Annual General Meeting , the ownership-based compensation scheme allows participation of executives, senior employees and contractor participants of the Group. In November 2011, the ESP rules were extended to allow financial advisers (as contractor participants) to participate in the Plan and to make Non-executive Directors ineligible to participate. Eligible Employees include employee participants and contractor participants of the Company and its related bodies corporate.

Offer and Consideration

Under the ESP, the Board may invite Eligible Employees to participate in an offer (Offer) of fully paid ordinary shares in ClearView (Shares), subject to the terms of conditions of the ESP. Each Share is issued at a price to be determined by the Board prior to making an Offer and this price is set out in the invitation (Invitation) to Eligible Employees to participate in the ESP. This price may be the market price of a share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the volume weighted average price (VWAP) over a 90 day period to determine the market value of the ClearView shares for the purposes of ESP issues. This has been implemented for all ESP share issues since that date. Prior to this, no ESP shares were issued at a price below 50 cents per share, being the price at which the capital raising was completed in June 2010.

Restrictions on Offer

Shares may not be offered under the ESP to an Eligible Employee if that Eligible Employee would hold, after the issue of the Shares, an interest in more than 5% of the issued Shares or be able to control the right to vote of more than 5% of the votes that might be cast at a general meeting of ClearView.

Further, until 14 February 2013, no Invitation could be made to an Eligible Employee if the total number of Shares issued under the ESP, and Shares issued during the past five (5) years under any executive share scheme of the Company, exceeded six per cent (6%) of the total number of issued Shares of the Company, at the time the Invitation was made, provided that an Invitation could be made where that limit is exceeded if the Invitation:

- Is made only to an Eligible Employee who will become a contractor participant if the Invitation is accepted; and
- Will not, if accepted, result in the total number of Shares on issue under this Plan, exceeding ten percent (10%) of the total number of issued Shares of the Company, at the time the Invitation is made.

ClearView had therefore approved up to 4% of total issued shares that may be issued to such contractor participants (financial advisers) and as outlined in the Half Year Report the further extension of this ESP cap was under consideration at the time. In February 2013, the Board considered it appropriate to amend the Plan Rules to provide flexibility for the Board to set a limit on the number of Shares that may be issued under the Plan. As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan and therefore the cap of 10% has effectively been removed.

Financial Assistance

The Company may provide financial assistance to an Eligible Employee for the purposes of subscribing for Shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the Shares and is repayable as follows:

- For share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- For share issues after 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after all performance and vesting criteria have been met.

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

The Board has delegated authority to Mr Swanson and Mr Thomson to approve granting an extensions to the loan term of all ESP participants who remain employees at the expiration of their loan term for a period until a change in control of the Company (as defined in the ESP Rules).

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

The interest rate acted as an in built performance hurdle. In February 2013 the Board decided to remove the interest rate on the loans for all Participants (other than the Managing Director that requires shareholder approval) given that the interest imposed was significantly diluting the efficacy of the ESP as an employee retention tool, in particular for those staff receiving the earlier grants of ESP shares.

The following tables outlines the ESP loans above $100,000 made to KMP or their related entities as at 30 June 2013 and June 2012:

2013	Balance at beginning	Loans Granted $	Interest charged $	Repay-ments $	Loan Can-celled $	Balance at end $	Highest in period $
S Swanson	6,423,383	-	222,371	214,000	-	6,431,754	6,431,754
A Chiert	835,561	570,000	18,901	32,100	-	1,392,362	1,392,362
G Martin	1,021,369	570,000	23,059	42,800	-	1,571,628	1,571,628
C Robson	510,685	-	11,529	21,400	-	500,814	515,363
J McLaughlin	851,473	-	19,269	32,100	-	838,642	859,274
T Kardash	517,194	285,000	11,680	21,400	-	792,474	792,474
T Thomas	-	-	-	-	-	-	-
E Singfield	-	-	-	-	-	-	-
B. Odes[1]	1,014,877	-	22,909	1,037,786	-	-	1,024,175
C Levinthal[1]	531,453	-	12,009	21,400	-	522,062	536,322
Total	**11,705,995**	**1,425,000**	**341,727**	**1,422,986**	**-**	**12,049,736**	

1 In accordance with the Plan Rules, on cessation of the employment of Mr Odes and Mr Levinthal, the Board determined to extend the repayment terms on the loans on issue from 60 days after cessation of employment until 31 August 2013. A further extension until 30 November 2013 was granted to Mr Levinthal in June 2013. As at the date of this report, Mr Odes has repaid his loan in full.

Directors' Report

Continued

2012	Balance at beginning	Loans Granted $	Interest charged $	Repay-ments $	Loan Can-celled $	Balance at end $	Highest in period $
R Kellerman	137,619	-	-	-	137,619	-	137,619
S Swanson	6,222,897	-	296,786	96,300	-	6,423,383	6,423,383
A Hutchinson	1,679,829	-	-	-	1,679,829	-	1,679,829
A Chiert	811,279	-	38,726	14,445	-	835,560	835,560
B. Odes	-	1,000,000	14,877	-	-	1,014,877	1,014,877
C Levinthal	516,507	-	24,576	9,630	-	531,453	531,453
G Martin	-	1,000,000	40,629	19,260	-	1,021,369	1,021,369
C Robson	-	500,000	20,315	9,630	-	510,685	510,685
J McLaughlin	835,353	-	25,750	9,630	-	851,473	851,473
Total	**10,203,484**	**2,500,000**	**461,659**	**158,895**	**1,817,448**	**11,188,800**	

Holding Lock

The Shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares. Where all Performance Conditions and/or Vesting Conditions (if any) attaching to the Shares have been satisfied (or waived) a holding lock will cease to have effect if:

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

provided that the financial assistance and any interest that has accrued has been repaid.

The holding lock is imposed through the share registry and in accordance with the ASX Listing Rules. Participants will not be able to sell their shares on ASX or have an off-market transfer registered (and are also otherwise prohibited from dealing in the shares) while the holding lock is in place.

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

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

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

At the date of this Report, ClearView has received and approved Disposal Requests in relation to Mr Odes and Mr Levinthal. These shares are being sold on market on the ASX. Mr Odes has disposed of 1,687,500 shares at the date of the report, the proceeds of which have been applied in repayment of his loan and any surplus paid to him.

Change of control

Under the ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an employee participant are deemed to have been satisfied upon a change of control. A change of control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan Shares gains Control of the Company (but only if the person is not itself Controlled by another person who Controlled the Company at the date of issue); or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions,

"Control" is defined as where a person and its related bodies corporate holds more than 50% of the Shares in ClearView; or

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions,

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

The above provisions concerning change of control apply only to employee participants and not contractor participants under the ESP.

Total Shares Issued to employee participants under the ESP

Details of all shares issued by the Company to employee participants under the ESP as at the date of this report are:

Share series	Type of arrangement	Grant date	Issue price at grant date	Fair value at grant date (pre-modification[1])	Fair value at grant date (post-modification[1])	First vesting date	Expiry date
Series 6[2]	Ordinary	30/06/2008	0.59	0.10	0.10	30/06/2008	30/06/2013
Series 7	Ordinary	29/09/2009	0.49	0.07	0.10	23/10/2009	29/09/2014
Series 9	Ordinary	28/10/2009	0.50	0.07	0.07	28/10/2013	28/10/2014
Series 10	Ordinary	25/06/2010	0.50	0.11	0.11	26/03/2011	26/03/2015
Series 11	Ordinary	25/06/2010	0.58	0.08	0.08	26/03/2012	26/03/2015
Series 12	Ordinary	25/06/2010	0.65	0.06	0.06	26/03/2013	26/03/2015
Series 13	Ordinary	25/06/2010	0.53	0.10	0.15	01/06/2013	01/06/2015
Series 14	Ordinary	25/10/2010	0.50	0.07	0.09	01/10/2013	01/10/2015
Series 15	Ordinary	01/07/2011	0.50	0.10	0.13	01/07/2014	01/07/2016
Series 16	Ordinary	01/09/2011	0.50	0.11	0.13	01/09/2014	01/09/2016
Series 17	Ordinary	01/03/2012	0.50	0.09	0.11	01/03/2015	01/03/2017
Series 24	Ordinary	22/08/2012	0.55	0.19	0.19	22/08/2015	22/08/2017
Series 26	Ordinary	12/04/2013	0.57	0.29	0.29	12/04/2019	12/04/2018
Series 27	Ordinary	12/04/2013	0.57	0.27	0.27	12/04/2018	12/04/2018

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

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

The following table summarises the performance and vesting conditions for shares issued to employee participants under the ESP as at the date of this report are:

Series	Vesting Conditions	Performance Conditions
Series 6 - 30 June 2008 Issue	Nil[1]	Nil
Series 7 - 29 September 2009 Issue	Nil[1]	Nil
Series 10 - 25 June 2010 Issue	Nil[2]	Nil
Series 11 - 25 June 2010 Issue	Nil[3]	Nil
Series 12 - 25 June 2010 Issue	Nil[5]	Nil
Series 13 - 25 June 2010 Issue	Nil[5]	Nil
Series 14 - 1 November 2010 Issue	Nil[5]	Nil
Series 15 - 18 August 2011 Issue	Nil[5]	Nil
Series 16 - 6 October 2011 Issue	Nil[5]	Nil
Series 17 - 1 March 2012 Issue	Nil[5]	Nil
Series 24 - 22 August 2012 Issue	Nil[5]	Nil
Series 26 - 16 April 2013 Issue	Upon a change of control of the Company[4]	Nil
Series 27 - 16 April 2013 Issue	First year anniversary upon the change of control	Nil

1 Change of control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%.
2 Shares vested 1 year from date of commencement of employment on 26 March 2011.
3 Shares vested 2 years from date of commencement of employment 26 March 2012.
4 Special condition relating to shares issued to KMP in Series 26: 50% of the shares may be sold on change of control, 50% can be sold after employment for 1 year thereafter and are held in escrow.
5 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.

On 26 September 2012, CCP Bidco's off-market takeover bid for all the ordinary shares in ClearView became unconditional which resulted in accelerating the vesting of the shares in the ESP at that time, including all Series 10 to 17 which had been issued to employee participants prior to the change of control. Series 7 and 9 were issued prior to 23 October 2009, where the change of control provision was triggered upon GPG obtaining control of ClearView.

Any Series that are issued to contractor participants are not subject to the accelerated vesting conditions applicable on the change of control.

In accordance with Mr Swanson's employment contract, Mr Swanson is entitled to a long term incentive comprising 10 million Shares in accordance with the ESP, and vesting progressively over three years from the commencement date of his contract as follows:

Series 10: 2 million shares at an issue price of 50 cents vesting on 26 March 2011 (vested);

Series 11: 4 million shares at an issue price of 58 cents vesting on 26 March 2012 (vested); and

Series 12: 4 million shares at an issue price of 65 cents vesting on 26 September 2012 (vested) on change of control of ClearView.

The Shares issued to Mr Swanson have vested progressively each year as outlined above.

Shares granted to KMP and equity holdings

During and since the end of the financial year an aggregate of 2,500,000 shares (2012: 5,000,000) were granted by the Company to KMP under the ESP. The following table outlines the ESP shares issued to KMP or their related entities as at the date of this report:

Share series	Director, KMP, to which the series relates	Fair value at grant date (pre-modification[1])	Fair value at grant date (post-modification[1])	Exercise price per share ($)	Aggregate value at grant date ($)	Expiry date
Series 6[2,6]	Justin McLaughlin	0.10	0.10	0.59	51,500	30/06/2013
Series 7[2]	Athol Chiert / Justin McLaughlin	0.07	0.10	0.49	98,057	29/09/2014
Series 10[3]	Simon Swanson	0.11	0.11	0.50	224,074	26/03/2015
Series 11[4]	Simon Swanson	0.08	0.08	0.58	323,295	26/03/2015
Series 12[5]	Simon Swanson	0.06	0.06	0.65	241,927	26/03/2015
Series 14[5]	Clive Levinthal	0.07	0.15	0.50	67,000	1/10/2015
Series 15[5]	Greg Martin / Chris Robson	0.10	0.13	0.50	294,000	1/07/2016
Series 16[5]	Todd Kardash	0.11	0.13	0.50	105,799	6/10/2016
Series 17[5]	Barry Odes	0.09	0.11	0.50	182,000	1/03/2017
Series 26	Athol Chiert/ Greg Martin/ Todd Kardash	0.29	0.29	0.57	724,496	On change of control

1 On the 14th February 2013, the Board approved a change to the rules of the ESP which changed the interest rate charged on the financial assistance granted to the ESP Participants from the RBA official cash rate plus 25 basis points to zero percent. This resulted in changes to the inputs of the option pricing model which had an impact on the fair value of the option at the date of the change.
2 A change of control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%. As a result, the vesting conditions for employees that were issued shares prior to the date of change of control were accelerated. As previously outlined to shareholders, the change of control only affects any performance or vesting conditions applicable to particular ESP Shares. It does not automatically release ESP Shares from the disposal restrictions and holding lock.
3 Shares vested 1 year from date of commencement of employment on 26 March 2011.
4 Shares vested 2 years from date of commencement of employment on 26 March 2012.
5 Change of control provision was triggered on 26 September 2012 by CCP Bidco obtaining a shareholding above 50%.
6 The Board approved granting an extension of the loan term until such time as there is a change of control in the Company.

Limited recourse loans have been granted by the Company to the following KMP to fund the acquisition of shares under the ESP. As outlined above, on 14 February 2013 the Board decided to remove the interest rate on the loans for all Participants (other than the Managing Director that requires shareholder approval). Furthermore, Series 6 that was issued prior to the revised ESP Rules and to date this Series has accrued interest at the lower of the dividends paid on the shares and the statutory interest rate.

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

Shares issued under Series 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 24 have met the vesting conditions up to the date of this report.

Directors’ Report

Continued

The following table outlines the fully paid ordinary shares of the Company (including those held under the ESP) owned by the KMP as at 30 June 2013 (also included in Note 33):

2013	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other changes No.	Balance end of financial year No.	Balance held subject to vesting conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
R Kellerman	-	-	300,000	-	(300,000)	-	-	-	-	-
D Goodsall	-	-	100,000	-	(100,000)	-	-	-	-	-
J Murphy	-	-	5,606,766	-	(5,606,766)	-	-	-	-	-
S Thomas	-	-	1,527,035	-	(1,527,035)	-	-	-	-	-
B Edwards	-	-	-	-	444,050	444,050	-	-	-	-
G Burg	-	-	-	-	8,643,792	8,643,792	-	-	-	-
S Swanson	-	12,000,000	12,000,000	-	-	12,000,000	-	10,000,000	10,000,000	-
B Odes [1]	-	-	2,000,000	-	(1,687,500)	312,500	-	312,500	-	312,500
A Chiert	1,000,000	1,500,000	1,500,000	1,000,000	-	2,500,000	1,000,000	1,500,000	1,500,000	-
C Levinthal [1,2]	-	1,055,000	1,055,000	-	-	1,055,000	-	1,000,000	-	1,000,000
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,000,000	500,000
T Kardash	500,000	1,000,000	1,000,000	500,000	-	1,500,000	500,000	1,000,000	1,000,000	-
G Martin	1,000,000	2,000,000	2,075,000	1,000,000	-	3,075,000	1,000,000	2,000,000	2,000,000	-
C Robson	-	1,000,000	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-

1 During the year Mr Odes and Mr Levinthal ceased employment at ClearView and are no longer KMP at the date of this report.
2 Mr Levinthal has an indirect beneficial ownership of 193,000 shares through relative interest in Experien Pty Limited

2012	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other changes No.	Balance end of financial year No.	Balance held subject to vesting conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
R Kellerman	-	300,000	550,000	-	(250,000)	300,000	-	-	-	-
D Goodsall	-	100,000	100,000	-	-	100,000	-	-	-	-
J Murphy	-	5,606,766	5,606,766	-	-	5,606,766	-	-	-	-
S Thomas	-	1,527,035	800,000	-	727,035	1,527,035	-	-	-	-
S Swanson	4,000,000	8,000,000	12,000,000	-	-	12,000,000	4,000,000	6,000,000	6,000,000	-
B Odes	2,000,000	-	-	2,000,000	-	2,000,000	2,000,000	.	-	-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
C Levinthal	1,000,000	55,000	1,000,000	-	55,000	1,055,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	2,000,000	75,000	75,000	2,000,000	-	2,075,000	2,000,000	-	-	-
C Robson	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-

All shares granted as compensation to Directors and KMP were made in accordance with the provisions of the Employee Share Plan.

Key terms of employment contracts

The following contractual and other arrangements are in place in respect of the KMP as at the date of this report.

KMP	Term	Notice period by either the employee or the Company	Other	Maximum Incentive % of base salary
Simon Swanson	Ongoing	6 months notice	If, in the 6 months following a change of control, Mr Swanson's remuneration or his duties and responsibilities are reduced through no fault of his own, then Mr Swanson will have a right to terminate the contract with immediate effect. In this case, and in addition to vesting of Mr Swanson's ESP Shares, the Company will be obliged to pay Mr Swanson 6 months base salary plus the maximum short term incentive amount for that calendar year.	67%
Athol Chiert	Ongoing	6 months notice for the first 3 years of employment, 3 months notice after 3 years.	For all terminations after the first 3 years of employment an additional 26 week payment is payable.	56%
Todd Kardash	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	79%
Chris Robson	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	56%
Greg Martin	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	56%
Justin McLaughlin	Ongoing	12 months notice for the first 3 years of employment, 6 months notice after 3 years.	For all terminations after the first 3 years of employment an additional 26 week payment is payable.	56%
Elliot Singfield	Contract	4 weeks		22%
Tony Thomas	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	56%

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

All current KMP contracts provide for an annual review of fixed remuneration.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporation Act 2001.

On behalf of the Directors

Dr Gary Weiss

Chairman

Sydney, 27 August 2013

Auditor's Independence Declaration

Deloitte.

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

550 Bourke Street
GPO Box 78
Melbourne 3000
Australia

DX 10307SSE
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 NSW 2000

27 August 2013

Dear Directors

ClearView Wealth Limited

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

As lead audit partner for the audit of the financial statements of Clearview Wealth Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountant

Corporate Governance

The Board and management of ClearView Wealth Limited (ClearView, the Company or the Group) are committed to achieving high corporate governance standards and to following the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board and management are likewise committed to following the Australian Prudential Regulation Authority (APRA) standards that relate to the Group. ClearView owns an APRA regulated Life Insurance company, ClearView Life Assurance Limited, which is subject to a regulatory regime prescribed under the Life Insurance Act 1995 and owns an APRA regulated Registrable Superannuation Entity Licensee, ClearView Life Nominees Pty Limited, which is subject to a regulatory regime prescribed under the SIS Act. ClearView has also been registered as a Non Operating Holding Company under the Life Insurance Act 1995 and is subject to the Prudential Standards issued by APRA.

As part of the governance process, the Board and management regularly review the Group's policies and practices to ensure that they meet the interests of stakeholders and that the Group continues to maintain and improve its governance standards.

The key Group charters and policies are available on the ClearView website at www.clearview.com.au under the investors section. These documents are updated and reviewed regularly by the Board recognising that corporate governance is about continual improvement.

A description of the Group's main corporate governance practices is set out below under the eight principles that the ASX Corporate Governance Council believes underlie good corporate governance.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board

As representatives of the shareholders, the Board is responsible for the performance and overall governance of ClearView. In practice this is achieved through formal delegation to the Managing Director for day to day management of the Group and to its Board Committees for detailed consideration of matters and making recommendations. The Board currently has two committees – the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee. During the takeover bid process the Board formed a Takeover Response Committee. The Takeover Response Committee was formed under Board delegation on Thursday 12 July 2012 in response to the takeover bid received from CCP Bidco Pty Ltd (CCP Bidco). The Committee was responsible for overseeing the response to the takeover bid and dealing with proposals from third parties. The Takeover Response Committee was disbanded upon completion of the takeover.

Key Responsibilities of the Board

The Board's key responsibilities are outlined in the Board Charter. The primary functions of the Board include:

- Strategic and financial performance – determine strategic objectives, capital management and the Company's dividend policy, and approve all accounting policies, financial reports and material external communications by the Group;
- Executive management – approve the appointment and where appropriate the termination and remuneration of the Managing Director and senior executives;
- Audit and risk management – ensure effective audit, risk management and compliance systems are in place and manage its material business risks;
- Strategic planning – oversee the development, monitoring and the execution of ClearView's corporate strategy;
- Corporate governance – ensure the Company has effective corporate governance policies in place including continuous disclosure standards;
- Delegations – approve and monitor delegations of authority at the Board and management levels;
- Human resource and remuneration – actively oversee the design of the Group's remuneration system and monitoring its effectiveness; and
- Performance evaluation – review and evaluate the performance of the Board, each Board Committee and each individual director.

Meetings of the Board

In accordance with the Board Charter, the Board meets at least six times a year and more frequently if required. During the financial year, the Board held 17 Board meetings.

The number of meetings attended by each director is disclosed in the Directors' Report on page 17.

Performance evaluation of the senior management team

At least once a year, the Board, assisted by the Nomination and Remuneration Committee, monitors the performance of senior executives and the implementation of their objectives against measurable and qualitative targets. The Board also reviews and approves the objectives and targets of senior executives set annually.

Principle 2 – Structure the Board to add value

Board Size and Composition

The Board, with assistance from the Nomination and Remuneration Committee, determines the size and composition of the Board subject to the needs of the business, the Company's Constitution and regulatory requirements. Based on the current Board Charter, the Board must have a minimum of five directors at all times, a majority of independent directors (as defined by the ASX Corporate Governance Principles and Recommendations), and a majority of directors who are Australian residents. The Board should also comprise a mix of executive and non-executive directors as well as directors with a broad range of appropriate skills, expertise and experience.

In its takeover offer documents, 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 ten new Directors (including two alternates) have been appointed to the Board and seven directors (including one alternate) have resigned from the Board. The Board, with effect from 1 July 2013, now comprises of:

- 5 independent Non-executive Directors
  - Dr Gary Weiss (Chairman)
  - Bruce Edwards
  - David Brown
  - Gary Burg; and
  - John Fallick (alternate Director Andrew Sneddon)
- 3 non-independent Non-executive Directors
  - Jennifer Weinstock (alternate Director Michael Lukin)
  - Michael Alscher (resigned as alternate Director and appointed as Director on 1 July 2013); and
  - Nathanial Thomson
- 1 Executive Director
  - Simon Swanson.

Information concerning each Director's qualifications and experience is disclosed on pages 12 to 15 of the Directors' Report.

Criteria for an Independent Director

An independent director is a non-executive director who is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

Circumstances in which a director will not be considered independent include if the director:

(i) is a substantial shareholder (as defined in the Corporations Act) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(ii) is employed, or has previously been employed in an executive capacity by the Company or another entity within the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

(iii) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another entity within the Group, or an employee materially associated with the service provided;

(iv) is a material supplier or customer of the Company or another entity within the Group, or an officer of or otherwise materially associated directly or indirectly with a material supplier or customer; or

(v) has a material contractual relationship with the Company or another entity within the Group other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence and should be disclosed by directors to the Board.

The Board regularly assesses whether a non-executive director is "independent" in accordance with the above criteria. Dr Gary Weiss and Gary Burg are considered independent directors with effect from 1 July 2013.

Principle 2 – Structure the Board to add value continued

Meeting the "Fit and Proper" Test

ClearView has put in place a policy and comprehensive measures to ensure that individuals who are appointed to senior positions including board positions have the appropriate fitness and propriety to effectively discharge their responsibilities and duties.

Conflicts of Interest

Directors must, where possible, avoid conflicts of interest except in those circumstances permitted by the Corporations Act 2001. Directors are required to disclose any conflicts of interest in matters considered by the Board and unless the Board resolves otherwise, must not participate in Board discussion or vote on the matter.

The Chairman

The Chairman of the Board is an independent Non-executive Director appointed by the Directors. The role of the Chairman and the Managing Director are separate. The responsibilities of the Chairman include:

- Chair Board meetings;
- Establish the agenda for Board meetings, in consultation with the Managing Director and the Company Secretary;
- Chair meetings of shareholders, including the Annual General Meeting of the Company;
- Be the primary spokesperson for the Company at any Annual General Meeting;
- Represent the views of the Board to shareholders, the general public, governmental authorities, regulators and other stakeholders;
- Develop and maintain key strategic relationships; and
- Be available to meet with APRA on request.

Board Appointments

Recommendations and nominations for new directors are made by the Nomination and Remuneration Committee and approved by the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board but must stand for election by shareholders at the next Annual General Meeting. On appointment, new directors receive a Letter of Appointment, which sets out their duties, terms and conditions of appointment and their remuneration. The Company also enters into a Deed of Indemnity with each director and the Company Secretary.

In appointing directors, the Board considers:

- The size and composition of the Board;
- The strategic needs of ClearView and its subsidiaries;
- Regulatory requirements; and
- The skills, expertise, experience and independence of the potential director.

Access to Information and Independent Advice

All Directors are given unrestricted access to all records and information relating to ClearView and are encouraged to speak with members of senior management at any time to request relevant information. Directors are also entitled to seek independent advice or information concerning any aspect of ClearView at the Company's expense. However, prior approval from the Chairman is required, which is not to be withheld unreasonably.

Performance Evaluation

At least once a year the Board will, with the advice and assistance of the Nomination and Remuneration Committee, review and evaluate the performance of the Board, each Board Committee and each individual Director against the relevant charters, corporate governance policies and agreed goals and objectives. Following each review and valuation, the Board will consider how to improve its performance. The Board will agree and set the goals and objectives each year and, if necessary, amend the relevant charters and policies.

In 2013, a performance evaluation for the Board, its committees and Directors, took place and was in accordance with the process described in the previous paragraph.

Succession

The Board, with assistance from the Nomination and Remuneration Committee, considers the succession of its members as required. Any Director who has been in office for more than three years since his or her last election, or who has been appointed to fill a casual vacancy, is required to retire at the next Annual General Meeting and may be eligible for re-election.

Board Committees

The Board has established committees to assist in the execution of its duties and responsibilities, and to allow matters to be discussed and considered in greater detail. The Board Committee structure also enables the Board to utilise the skills and experience of ClearView's Directors to its best advantage.

Corporate Governance

Continued

Current committees of the Board are the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. Management regularly attends the committee meetings at the invitation of the relevant committee. Each Committee has its own charter, which must be approved by the Board, outlining the composition, responsibilities and administration of the Committee. Minutes of Committee meetings are prepared by the appointed secretary and the Chair of each Committee reports back on the Committee meeting to the Board at the next Board meeting.

Membership of each Committee as at the date of the report is set out in the table below:

Committee	Nomination & Remuneration	Audit, Risk & Compliance
Gary Weiss (Independent)	X	X
Bruce Edwards (Independent)	Chair	Chair
David Brown (Independent)	-	X
John Fallick (Independent)	X	X
Nathanial Thomson	X	X

Details regarding the experience and tenure of the members and the attendance at Committee meetings are included in the Directors' Report starting on page 12.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises the Board on matters related to the appointment, succession and remuneration of directors and senior executives, as well as the composition and performance of the Board. The Chairman of this Committee is an independent director and the Committee has a majority of independent directors. The Nomination and Remuneration Committee meets at least annually in accordance with the Board approved charter.

Specific responsibilities of the Nomination and Remuneration Committee include reviewing:

- The performance of the Board, each Board Committee and each individual director;
- The remuneration arrangements of the directors, the Managing Director and his direct reports;
- Remuneration by gender;
- Major changes and developments in the Company's recruitment, retention and termination policies and procedures for senior management;
- Major changes and development in the Company's remuneration policy with a formal review at least every three years; and
- Facilitating shareholder and other stakeholder engagements in relation to the Company's remuneration policies and practices.

The Nomination and Remuneration Committee has the authority, at any time, to conduct or direct any investigation it considers necessary to fulfil its responsibilities.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee assists the Board with ensuring that effective internal controls, risk management and corporate governance exist within the Group. The Chairman of this Committee is an independent director and the Committee has a majority of independent directors. The Chairman of this Committee is not chair of the Board. The Audit, Risk and Compliance Committee meets at least three times a year in accordance with the Board approved charter.

Specific responsibilities of Audit, Risk and Compliance Committee include:

- Risk management – ensuring that the Group has the appropriate risk management framework to identify and deal with material business risks and maintain compliance with statutory and regulatory requirements by the ClearView Companies. This framework includes a documented Risk Management Strategy and a formal whistleblower policy and procedure;
- Financial reporting – reviewing and overseeing the integrity of ClearView's accounting and financial reporting processes, the Group's financial statements and any other material regulatory documents before they are approved by the Board;
- Taxation – reviewing and approving significant taxation issues and taxation treatment policies;
- Internal controls – monitoring the effectiveness of the internal controls systems of the ClearView Group (including information technology security and control);
- Auditors – appointing and overseeing of the internal and external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- Compliance – monitoring the effectiveness of the Group's compliance with laws and regulations as well as internal Company policies and the results of any instances of non-compliance.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

ClearView has established a Code of Conduct (the Code) which sets out the standards of ethical, honest and law-abiding behaviour expected by ClearView's Directors and employees. The Code requires its Directors and employees to conduct themselves in an ethical, honest and legal manner in accordance with both the Code and ClearView's policies and values. It also encourages employees and Directors to report breaches of the Code to management or the Board and provides protection for those who report breaches.

Securities Trading Policy

The Securities Trading Policy has been established to govern the trading in shares and securities by its Directors, officers and employees. This policy is designed to raise awareness and minimise any potential for breach of insider trading, either in substance or appearance. All Directors, officers and employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the individual's personal interests and those of the Group and its clients.

All directors, officers and employees are prohibited from trading in the Company's securities at any time if they are in possession of non-public price sensitive information regarding the Group and its securities or any other listed company and its securities which are included on an excluded list.

Directors, officers and employees may only trade in Group securities if all of the following requirements are met:

a) the trading window is open;

b) they are not in possession of price sensitive information;

c) they have followed the notice procedure set out in the policy; and

d) the relevant approving officer has given consent to trade.

There are two types of trading windows that may be open:

(i) Regular trading window – the six week period commencing on the business day after any of the following:

- the date of release of the half year announcement to the ASX;
- the date of release of the preliminary final results to the ASX;
- the date of the Annual General Meeting.

(ii) Board-discretionary trading window – any trading period opened by the Board by notice. This would generally occur only if there had been some disclosure document released to the market, such as a prospectus.

All Directors, officers and employees must give written notification, in accordance with the table set out below:

Director/ Employee	Designated approving officer
Chairman	MD or CFO
Managing Director	Chairman
All other Directors	MD or CFO
All other employees	MD or CFO

Diversity

ClearView aspires to develop and foster a strong culture of diversity to enable a workplace that is fair and inclusive in order to attract the best people to do the job and where every employee is respected for who they are. The diversity policy was updated on 18 June 2012 setting out measureable diversity targets and addresses the ASX Corporate Governance Principles and Recommendations in relation to diversity.

The policy has been communicated to employees of ClearView to promote awareness and proactive management practices regarding workplace diversity and inclusion. ClearView embraces diversity, including differences in ethnic background, gender, age, sexual orientation, religion and disability.

ClearView's approach to diversity is underpinned by key principles including:

- That a diverse Board, senior management team and workforce is critical to the delivery of ClearView's strategy;
- A commitment to the promotion of a culture of diversity is necessary to achieve success;
- The workforce selection processes are the foundation of achieving meaningful diversity;
- The development of structured programs and the implementation of such programs at appropriate career stages for employees will support ClearView's diversity aspirations; and
- Effective measurement and reporting in respect of diversity will allow the Board to actively recruit and manage a diverse workplace.

The Board has committed to measurable diversity targets which include:

- At least one female Director should be on the Board at all times;
- The proportion of women in leadership roles[1] should be at least 33%; and
- Female representation of the total workforce should meet or exceed industry benchmarks to be obtained from the Workplace Gender Equality Agency (financial services sector) on an annual basis.

Diversity measurement

As at 30 June 2013, the proportion of women employed by ClearView was as follows:

- Board of Directors: One Director
- Leadership roles: 39%
- Total ClearView workforce: 47%

The Workplace Gender Equality Agency (WGEA) reported in January 2013 that the Financial Services industry average for female participation (total workforce) was 50.3%. Whilst the total representation of women fell below this as at 30 June 2013 it is expected that this will revert back to the average over time.

Principle 4 – Safeguard integrity in financial reporting

Board Audit, Risk and Compliance Committee (BARCC)

The BARCC is in place to assist the Board with safeguarding the integrity in financial reporting, risk management and ensuring that effective internal controls exist within the Group. More information on this Committee, its responsibilities and members are outlined in Principle 2 on page 54.

External Auditors

The BARCC invite the external auditors to attend committee meetings. The external auditors can also meet privately with the BARCC. The engagement partner of Deloitte Touche Tohmatsu was appointed as the external auditor of ClearView Wealth Limited in 2012. The partner managing the audit will be rotated after a maximum of five years in line with Deloitte's policy and the Corporations Act requirements. The BARCC ensures the independence of the external auditors who also provide an annual declaration of their independence to the Committee.

1 Leadership roles is the proportion of women (permanent and fixed term) who are no more than two direct reports from the Managing Director, who have direct reports of their own (i.e. they are in a management role) or who are in senior roles of influence.

Principle 5 – Make timely and balanced disclosures

ClearView is committed to providing timely and relevant information about our business operations to all shareholders and potential investors to enable them to make informed decisions about their investments. ClearView strives to ensure that all disclosures are not only made in a timely manner but are factual, do not omit material information, and are expressed in a clear and objective manner to allow an investor to assess the impact of the information when making investment decisions.

ClearView's approach to communicating with shareholders and the market is set out in its Continuous Disclosure Obligation Policy which reflects its obligations under the ASX Listing Rules and the Corporations Act. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and posting material information to the ASX. Any material information, once disclosed to the ASX, is then posted to the ClearView website.

Principle 6 – Respect the rights of shareholders

The Board aims to ensure that shareholders are informed of all material information necessary to assess the performance of the Group. Information is communicated to the shareholders through:

- ASX announcements and market releases;
- The Company's website, on which all investor documents are posted;
- The annual and interim reports; and
- The Annual General Meeting (AGM) and any other shareholder meetings.

ClearView encourages all shareholders to attend, participate and vote at its Annual General Meeting (AGM). The Notice of AGM is accompanied by explanatory notes on the items of business to assist shareholders to understand the business that will be considered at the meeting. The Board also requests that the Company's external auditor attends the meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 7 – Recognise and manage risk

Risk management strategy, roles and responsibilities

Risk management is an integral part of the Company's management process. The Board has adopted a formal Risk Management Strategy (RMS) and structured risk management framework (RMF) to identify and manage the key risks that have the potential to significantly impact its business operations, capital or customer entitlements. The RMS and RMF are fundamental to the business decisions of the Company, including resource allocation decisions and prioritisation of activities, and are reviewed annually.

The BARCC, on behalf of the Board, monitors the operation of the RMF and facilitates review of the key processes and procedures underlying the RMF. Management is responsible for designing and implementing the risk management and internal control systems and reporting on the effectiveness of the risk management controls to the BARCC and the Board.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporation Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The internal auditors monitor key risks in accordance with the internal audit plan and report to the BARCC as part of the risk assessment process. KPMG are retained to provide outsourced internal audit services.

The RMS and RMF consider the key stakeholders in the Company beyond the shareholders including:

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

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

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

Key risks which may affect ClearView

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

- Asset risks, including market risk (interest rate risk and price risk), credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risks;
- Expense risks and client discontinuance (lapses, withdrawals and lost client) risks; and
- Compliance risk, operational risk and strategic risk.

A more detailed discussion on the Company's key risks and how they are monitored is found in Note 5 of the Financial Statements on pages 85 to 90.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee as set out under Principle 2 on page 54 to ensure the directors, management and employees are remunerated fairly and responsibly.

The Nomination and Remuneration Committee reviews the remuneration of senior executives and non-executive directors annually. ClearView employee remuneration is based on experience, capability and responsibility as well as performance targets on both a Company and individual level. Senior employees and executives of the Group participate in an ownership-based compensation scheme. The objective of the ownership-based compensation is to encourage participants to focus on the long term results of the Company. The total annual remuneration paid to Non-executive Directors may not exceed the limit set by shareholders at the AGM. For further details in relation to director and senior executive remuneration see the Remuneration Report on pages 37 to 51.

2013 Financial Report Contents

The Financial Report was authorised for issue by the Directors on 27 August 2013.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

		Consolidated		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Continuing operations					
Revenue from continued operations					
Premium revenue from insurance contracts		55,175	40,873	-	-
Outward reinsurance expense		(4,388)	(2,791)	-	-
Net life insurance premium revenue		**50,787**	**38,082**	-	-
Fee and other revenue	8	52,663	43,532	-	-
Investment income	9	68,828	61,568	1,044	6,141
Operating revenue before net fair value gains on financial assets		**172,278**	**143,182**	**1,044**	**6,141**
Net fair value gains/(losses) on financial assets		119,533	(2,738)	-	40
Net operating revenue		**291,811**	**140,444**	**1,044**	**6,181**
Claims expense		(19,887)	(11,527)	-	-
Reinsurance recoveries revenue		3,744	1,408	-	-
Commission expense		(31,893)	(9,938)	-	-
Operating expenses	10	(58,625)	(46,259)	(6,896)	(968)
Depreciation and amortisation expense	10	(9,928)	(7,680)	-	-
Loss from disposal of property, plant and equipment		(82)	(453)	-	-
Change in life insurance policy liabilities	25	18,259	19,680	-	-
Change in reinsurers' share of life insurance liabilities	25	(4,532)	(199)	-	-
Change in life investment policy liabilities	25	(161,996)	(47,001)	-	-
Share of profit of associate	32	9	-	-	-
Loss from sale of associate	32	(4)	-	-	-
Movement in liability of non-controlling interest in controlled unit trusts		(15,063)	(1,529)	-	-
Profit/(loss) before income tax expense		**11,813**	**36,946**	**(5,852)**	**5,213**
Income tax expense/benefit)	11	9,937	14,610	(1,405)	141
Total comprehensive income/(loss) for the year		**1,876**	**22,336**	**(4,447)**	**5,072**
Attributable to:					
Equity holders of the parent		1,876	22,336	(4,447)	5,072
Earnings per share					
From continuing operations					
Basic (cents per share)	14	0.46	5.46	-	-
Diluted (cents per share)	14	0.46	5.24	-	-

To be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

As at 30 June 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Assets					
Cash and cash equivalents	15	233,663	193,371	819	11,820
Investments	16	1,216,450	1,178,840	234,892	225,877
Receivables	17	9,665	9,591	8,072	11,676
Fixed interest deposits	18	53,284	91,991	10,181	21,093
Reinsurers' share of life insurance policy liabilities	25	(930)	1,901	-	-
Deferred tax asset	24	9,937	14,418	1,093	877
Property, plant and equipment	21	1,253	1,776	-	-
Investment in associate	32	-	163	-	-
Goodwill	19	4,858	4,858	-	-
Intangible assets	20	42,544	49,177	-	-
Total assets		**1,570,724**	**1,546,086**	**255,057**	**271,343**
Liabilities					
Payables	22	16,288	12,656	42	461
Current tax liabilities		3,583	544	3,583	544
Provisions	23	3,474	2,752	64	81
Life insurance policy liabilities	25	(99,736)	(83,687)	-	-
Life investment policy liabilities	25	1,175,346	1,219,068	-	-
Liability to non-controlling interest in controlled unit trusts		219,907	131,064	-	-
Deferred tax liabilities	24	1,147	408	-	-
Total liabilities		**1,320,009**	**1,282,805**	**3,689**	**1,086**
Net assets		**250,715**	**263,281**	**251,368**	**270,257**
Equity					
Issued capital	26	277,565	276,565	277,565	276,565
Retained losses	12	(30,977)	(15,034)	(52,352)	(47,905)
Profit reserve	12	-	-	22,028	39,847
Executive Share Plan Reserve	12	4,127	1,750	4,127	1,750
Equity attributable to equity holders of the parent		250,715	263,281	251,368	270,257
Total equity		**250,715**	**263,281**	**251,368**	**270,257**

To be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2013

	Share capital	Executive share plan reserve	Profit reserve	Retained losses	Attributable to the owners of the parent
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2011	**276,565**	**1,049**	**-**	**(29,631)**	**247,983**
Profit for the year	-	-	-	22,336	22,336
Total comprehensive income for the year	-	-	-	22,336	22,336
Recognition of share based payments	-	502	-	-	502
Dividend paid	-	-	-	(7,739)	(7,739)
ESP loans settled through dividend	-	199	-	-	199
Balance at 30 June 2012	**276,565**	**1,750**	**-**	**(15,034)**	**263,281**
Profit for the year	-	-	-	1,876	1,876
Total comprehensive income for the year	**-**	**-**	**-**	**1,876**	**1,876**
Recognition of share based payments	-	1,679	-	-	1,679
Shares issued during the year (ESP vested)	1,000	-	-	-	1,000
Dividend paid	-	-	-	(17,819)	(17,819)
ESP loans settled through dividend	-	698	-	-	698
Balance at 30 June 2013	**277,565**	**4,127**	**-**	**(30,977)**	**250,715**

Company	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2011	276,565	1,049	42,514	(47,905)	272,223
Profit for the year	-	-	5,072	-	5,072
Total comprehensive income for the year	-	-	5,072	-	5,072
Recognition of share based payments	-	502	-	-	502
Dividend paid	-	-	(7,739)	-	(7,739)
ESP loans settled through dividend	-	199	-	-	199
Balance at 30 June 2012	**276,565**	**1,750**	**39,847**	**(47,905)**	**270,257**
Loss for the year	-	-	-	(4,447)	(4,447)
Total comprehensive income for the year	**-**	**-**	**-**	**(4,447)**	**(4,447)**
Recognition of share based payments	-	1,679	-	-	1,679
Shares issued during the year (ESP vested)	1,000	-	-	-	1,000
Dividend paid	-	-	(17,819)	-	(17,819)
ESP loans settled through dividend	-	698	-	-	698
Balance at 30 June 2013	**277,565**	**4,127**	**22,028**	**(52,352)**	**251,368**

Statement of Cash Flows

For the year ended 30 June 2013

		Consolidated		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash flows from operating activities					
Receipts from client and debtors		153,284	195,419	-	-
Payments to suppliers and other creditors		(105,159)	(67,074)	(1,774)	(278)
Receipts from/(payments to) Group entities		-	-	7,687	5,552
Withdrawals paid to life investment clients		(250,545)	(312,433)	-	-
Dividends and trust distributions received		15,982	18,687	-	-
Interest received		32,043	25,654	375	625
Income taxes paid		(3,714)	(3,128)	(3,714)	(3,128)
Net cash (utilised)/generated by operating activities	**30**	**(158,109)**	**(142,875)**	**2,574**	**2,771**
Cash flows from investing activities					
Investment in subsidiary		-	-	(9,350)	(5,500)
Payments for investment securities		(2,086,457)	(1,920,189)	335	-
Proceeds from sales of investment securities		2,187,487	2,168,784	-	-
Acquisition of property, plant and equipment		(133)	(1,607)	-	-
Acquisition of capitalised software		(2,720)	(4,312)	-	-
Fixed interest deposits redeemed/(invested)		41,970	(65,741)	11,489	1,349
Loans granted to affiliates		(101)	(279)	-	-
Loans redeemed from affiliates		177	-	-	-
Settlements made against deferred consideration		(28)	(617)	-	-
Loans redeemed from associate		10	-	-	-
Dividends received from group entities		-	-	-	4,500
Net cash generated by investing activities		**140,205**	**176,039**	**2,474**	**349**
Cash flows from financing activities					
Net movement in liability of non-controlling interest in unit trusts		74,245	(18,075)	-	-
Proceeds from ESP shares exercised		996	-	996	-
Repayment of ESP loans through dividends paid		774	199	774	199
Dividends paid		(17,819)	(7,739)	(17,819)	(7,739)
Net cash generated/(utilised) in financing activities		**58,196**	**(25,615)**	**(16,049)**	**(7,540)**
Net increase/(decrease) in cash and cash equivalents		40,292	7,549	(11,001)	(4,420)
Cash and cash equivalents at the beginning of the financial year	15	193,371	185,822	11,820	16,240
Cash and cash equivalents at the end of the financial year		**233,663**	**193,371**	**819**	**11,820**

To be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

1. General information

ClearView Wealth Limited (the Company or Consolidated Entity) is a limited company incorporated in Australia. The address of its registered office is disclosed in the Directory at the back of the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in Note 7.

2. Application of new and revised accounting standards

The following new and revised Australian Accounting Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

Standards affecting presentation and disclosure

Amendments to AASB 101 "Presentation of Financial Statements"	The amendment (part of AASB 2011-9 "Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of profit or loss and other comprehensive income. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss; and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income. The amendments (part of AASB 2012-5 "Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle") requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

2.2 Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits'(2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

2. Application of new and revised accounting standards continued

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The following is the potential impact on existing group accounting policies that may change on adoption of these pronouncements:

- AASB 9 issued in December 2009 introduces new requirements for the classification and measurement of financial assets. AASB 9 amended in December 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. The directors will assess the application of AASB 9 in due course and the related potential impacts (if any) on amounts reported in respect of the Group's financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of the effect of AASB 9 until a detailed review has been completed.
- In August 2011, a package of six Standards on consolidation, joint arrangements, associate and disclosures was issued, including AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7. Under AASB 10, there is only one basis for consolidation, which is control. In addition, AASB 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in AASB 10 to deal with complex scenarios. AASB 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards. These six standards are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time. The Directors anticipate that the application of these six standards will not have a significant impact on amounts reported in the consolidated financial statements. AASB 1038 currently includes an explicit requirement for a life insurer to consolidate policyholder interests. Giving these requirements and taking into account the new definition of control and the additional guidance on control set out in AASB 10, the application of AASB 10 is unlikely to result in any material changes. The Group does not have any interests in associates or jointly controlled entities as at the date of this report.
- AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in AASB 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under AASB 7 "Financial Instruments: Disclosures" will be extended by AASB 13 to cover all assets and liabilities within its scope. AASB 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that AASB 13 will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

3. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 27 August 2013.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. Where appropriate, comparative financial information has been reclassified to be consistent with current year presentation.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the

3. Significant accounting policies continued

net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date – and is subject to a maximum of one year. Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

(c) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the

Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see (b) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

(e) Goods and services tax

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

I. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

II. For receivables and payables which are recognised inclusive of GST.

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

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

(f) Principles underlying the conduct of life insurance business

The life insurance operations of the Group are conducted within separate statutory funds as required by the Life Insurance Act 1995 (Life Act) and are reported in aggregate with the shareholders' funds in the statement of profit or loss and other comprehensive income, statement of financial

3. Significant accounting policies continued

position, statement of changes in equity and statement of cash flows. The life insurance operations consist of the provision of life insurance and life investment contracts.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if, and only if, an insured event could cause an insurer to pay significant benefits in any scenario, excluding scenarios that lack commercial substance. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is not linked to the market value of the investments held by the Group, and the financial risks are substantially borne by the Group.

Any contracts issued by the Group and regulated under the Life Act that do not meet the definition of a life insurance contract are classified as life investment contracts. Life investment contracts include investment-linked contracts where the benefit is directly linked to the market value of the investments held in the particular investment linked fund. While the underlying assets are registered in the name of ClearView Life Assurance Limited (ClearView Life) and the investment-linked policy owner has no direct access to the specific assets, the contractual arrangements are such that the investment-linked policy owner bears the risks and rewards of the fund's investment performance.

A component of the life investment contracts includes a minimum unit price guarantee. ClearView Life derives fee income from the administration of investment linked funds. Life investment contracts do not contain any discretionary participation features (i.e. those where the amount or timing of allocation of the profit from the underlying investments is at the discretion of the insurer).

In accordance with AASB 1038 "Life Insurance Contracts", financial assets backing policy liabilities are designated at fair value through profit and loss. ClearView Life has determined that all assets held within the statutory funds back policy liabilities. Financial assets backing policy liabilities consist of high quality investments such as cash, equities, fixed income securities, property trusts and infrastructure assets. The management of financial assets and policy liabilities is closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from the policy liabilities.

(g) Revenue recognition

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

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

Premium revenue

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

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

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

Management fee revenue

Fee revenue comprising management fee revenue with respect to life investment contracts is recognised in the statement of profit or loss and other comprehensive income on an accrual basis as the services are provided. A single management fee is applied for each Investment Option, which is based on the value of the assets held in each Investment Option. The fee is calculated each time an Investment Option is valued, but before the unit price is declared. The fee is treated as a reduction in the investment contract liabilities.

Trustee and administration fee revenue earned on the Wrap platform is recognised on an accrual basis to the extent that it is probable that the income benefit will flow to the Group and the revenue can be reliably measured. Ongoing fee revenue is recorded over the effective period in which customers' funds are invested in products on the Wrap platform.

Financial advice revenue

Financial advice revenue is recognised on an accrual basis to the extent that it is probable that the income benefit will flow to the Group and the revenue can be reliably measured. Ongoing trail revenue is recorded over the effective period in which customers' funds are invested in products.

Dividend and interest revenue

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment Income

Income on investment units and shares is deemed to accrue on the date the distributions are declared to be effective.

Distribution income

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

(h) Claims

Life insurance contracts

Claims incurred relate to life insurance contracts and are treated as expenses. Claims are recognised upon notification of the insured event. The liability in respect of claims includes an allowance (estimate) for incurred but not reported claims and an allowance (estimate) for expected declinature of notified claims. Claims are shown gross of reinsurance recoverable. Any reinsurance recoveries applicable to the claims are included in receivables.

Life investment contracts

There is no claims expense in respect of life investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities. Surrenders and withdrawals are recognised as at the date of redemption of policy units, which occurs once all documentation has been provided and completed.

(i) Reinsurance

Amounts paid to reinsurers under life insurance contracts held by the Company are recorded as an outward reinsurance expense and are recognised in the statement of profit or loss and other comprehensive income from the reinsurance premium payment due date. Reinsurance recoveries receivable on claims incurred are recognised as revenue. Recoveries are assessed in a manner similar to the assessment of life insurance contract liabilities. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the life insurance contract liabilities.

(j) Policy acquisition costs

The policy acquisition costs incurred are recorded in the statement of profit or loss and other comprehensive income and represent the fixed and variable costs of acquiring new business. The policy acquisition costs include commission, policy issue and underwriting costs, and related costs. The acquisition costs incurred in relation to life insurance contracts are capitalised in the valuation of policy liabilities.

(k) Basis of expense apportionment

All expenses of the life insurance business incurred by ClearView Life and charged to the statement of profit or loss and other comprehensive income have been apportioned in accordance with Part 6, Division 2 of the Life Act.

The basis is as follows:

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

3. Significant accounting policies continued

(l) Policy liabilities

Policy liabilities consist of life insurance policy liabilities and life investment policy liabilities.

Life insurance contracts

The value of life insurance policy liabilities is calculated using the Margin on Services methodology. Under this methodology, planned profit margins and an estimate of future liabilities are calculated separately for each related product group, with future cash flows determined using best estimate assumptions and discounted to the reporting date. Profit margins are systemically released over the term of the policies in line with the pattern of services to be provided. The future planned profit margins are deferred and recognized over time by including the value of the future planned profit margins within the value of the policy liabilities. Further details of the actuarial assumptions used in these calculations are set out in Note 4.

Life investment contracts

Life investment policy liabilities are valued at fair value, which is based on the valuation of the assets held within the unitised investment linked policy investment pools.

(m) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

(n) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

A liability and expense for bonuses is recognised where contractually obliged or where there is a past practice that has created a constructive obligation. Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. A liability for termination benefits is recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to a present value. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(o) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available for-sale" (AFS) financial assets and "loans and receivables".

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those classified as at FVTPL.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "net fair value gains and losses" line item in the statement of profit or loss and other comprehensive income. Fair value is determined based on the bid price determined at 7:00pm in accordance with the policy adapted by the custodian on the reporting date.

Held-to-maturity investments

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

Available for sale financial assets

Listed shares and listed redeemable notes that are traded in an active market are classified as Available For Sale (AFS) and are stated at fair value. Investments in unlisted shares that are not traded in an active market can be classified as AFS financial assets and stated at fair value where the directors consider that fair value can be reliably measured. Fair value is determined based on the bid price at reporting date. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss in the statement of profit or loss and other comprehensive income. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

3. Significant accounting policies continued

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds payable.

(p) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as equal to the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

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

or

- It is a derivative that is not designated and effective as a hedging instrument.

  A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 "Financial

Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rates is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition.

At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 "Revenue".

(r) Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(s) Onerous contracts

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

(t) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(u) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows

3. Significant accounting policies continued

that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Property Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment. Property, plant and equipment is amortised over its expected useful life being, 3 years (33% p.a. amortisation) and furniture & fittings 5 years (20% p.a. amortisation). Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The cost of improvements to, or on, leasehold properties is amortised over the unexpired term of the lease. These are subject to impairment reviews at least annually or more frequently where there is an indication of impairment.

(w) Intangible assets – software development

An internally generated asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to use the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and use the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis intangible assets that are acquired separately.

Amortisation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over periods generally ranging from 3 to 5 years. Management reviews the appropriateness of the amortisation period on an annual basis.

(x) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured via option pricing, using a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share plan reserve.

(y) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(z) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

All other leases are classified as operating leases.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments that the Directors have made in the process of applying the Group's accounting policies and in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates include:

- Life insurance policy liabilities, including the actuarial methods and assumptions and allocation of expenses between acquisition and maintenance costs;
- Assets arising from reinsurance contracts;
- Recoverability of intangible assets;
- Impairment of goodwill; and
- Deferred tax assets.

Life insurance policy liabilities

Life insurance policy liabilities are, in the majority of cases, determined using an individual policy-by-policy calculation. Where material liabilities are not determined by individual policy valuation, they are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability were calculated for each contract. The calculations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written.

The key factors that affect the estimation of these liabilities and related assets are:

- The cost of providing benefits and administering these insurance contracts;
- The costs incurred in acquiring the policies, including commissions, underwriting and policy issue costs;
- Mortality and morbidity experience on life insurance products; and
- Discontinuance experience, which affects ClearView Life's ability to recover the cost of acquiring new business over the term of the contracts.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities. Details of specific actuarial policies and methods are set out further below.

Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are computed using the same methods as used for insurance policy liabilities. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as reinsurer counterparty and credit risk.

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

Recoverability of acquired intangible assets

The carrying amount of acquired intangible assets at the financial position date was $37.6 million (2012: $45.1 million).

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

At each reporting date ClearView is required to assess whether there is any indication that the intangibles may be impaired. Triggers for impairment have historically been identified and approved for each cash generating unit (CGU). Further details have been provided in each relevant section below.

Cornerstone Software System (CWT)

The intangible assets arose on the acquisition of ComCorp Financial Advice Pty Limited (CCFA) and primarily represent the value of the acquired CWT system. The carrying amount of acquired CWT system at the financial position date was $0.2 million (2012: $0.5 million).

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

The CWT system is a customised version of X Plan and is integral in integrating aligned adviser businesses into ClearView Financial Advice Pty Limited (CFA) when the adviser joins the Dealer Group. The CWT system is further integrated in the commission system and is the planning software used by the underlying practices.

The value of the CWT system is amortised on a straight line basis over a five year period which the Directors assess as the intangible asset's useful life.

Client Book – Intangible

The intangible assets arose on the acquisition of ClearView Group Holdings (CVGH) and CCFA. The intangibles represent the value of the in force insurance and investment contracts, and value of the existing financial advice and funds management revenues (the Client Book). Each Client Book has its own assessment of useful life depending on the nature of the clients in each segment and their relative characteristics, based on age, demographics and type of product to which it relates. The policy adopted to write-off the Client Books resembles the anticipated ageing profile of the revenue stream. ClearView has historically identified its CGUs at the segment reporting level (lowest level of cash generating units). The CGUs identified are as follows:

- Life Insurance;
- Wealth Management; and
- Financial Advice.

The life insurance Client Book is written off on a straight line basis over 12 years. Triggers that need to be considered in testing for annual impairment for the life insurance contracts are as follows:

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

The wealth management Client Book is written off at 15% per annum on a straight line basis. During the year, the Board approved the change in the method of amortisation of the Wealth Management client book intangible from reducing balance to the straight line method 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:

	FY2013 $'000	FY2014 $'000	FY2015 $'000
Increased Amortisation	(1,457)	(2,026)	(2,509)

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

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

During the prior reporting period, the Board approved the change in useful life of the financial advice Client Book intangible to reflect a remaining useful life of 10 years (effective 1 July 2011) – reduced from 15 years previously.

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

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

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded Value is prepared at a reportable segment level (CGUs). The Embedded Value methodology is used to test the acquired intangibles for any impairment triggers. As at 30 June 2013, no impairment was required to the carrying value of the intangibles.

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

Recoverability of internally generated software intangibles

At each reporting period the internally generated software is assessed for any impairment triggers. If any such indication exists, the recoverable amount of the asset shall be estimated. The impairment indicators for the software intangible are defined as: The ability of the software to provide the functionality required from the business to use the asset; The software is being utilised for the purposes that it was designed; The availability of alternative software that the business has available; and Product mix - The entity no longer sells the products that are administered on the policy administration system or utilises the provided functionality.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

4. Critical accounting judgments and key sources of estimation uncertainty

continued

Impairment of Goodwill

The carrying amount of goodwill at the reporting date was $4.9 million (2012: $4.9 million).

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

Goodwill

CFA acquired the business of CCFA on 9 April 2009.

Goodwill arose in respect of the amount of consideration paid in that related to the expected cost synergies, revenue growth, improved referral source penetration, future market development and the assembled work force and ingrained experience of personnel. These assets are not recognised separately from goodwill as the future economic benefits arising from them are not capable of being measured separately.

CCFA was acquired as the first major step of the Group in developing a presence in the wealth management and financial advice industry. The goodwill that arose on the acquisition has at the reporting date been allocated to the financial advice cash generating unit. The Group tests for impairment at each reporting date. The Board believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

The Future of Financial Advice (FoFA) reforms became effective on 1 July 2013 and focus on improving the quality of financial advice, particularly product recommendations to retail clients. The key elements of the FoFA reforms include the following:

- **Best interests duty -** The introduction of a best interests duty meaning financial advisers are required to act in the best interests of their retail clients and place their clients' interests ahead of their own when providing personal advice;
- **Opt-in and fee disclosure -** Advisers are required to request their retail clients opt-in, or renew, their advice agreements every two years if clients are paying ongoing fees. This requirement commences from 1 July 2015. In addition, an annual statement outlining the fees charged and services provided in the previous 12 months must be provided to clients paying ongoing fees. This requirement commenced on 1 July 2013.
- **Ban on conflicted remuneration -** The introduction of a ban on conflicted remuneration, including commissions. This means that AFSL holders and financial advisers will not be allowed to give or receive payments or non-monetary benefits if the payment or benefit could reasonably be expected to influence financial product recommendations or financial product advice provided to retail clients. Exceptions to the ban on conflicted remuneration are provided for life insurance.
- **Ban on soft-dollar benefits -** This reform will see the introduction of a ban on non-monetary ('soft-dollar') benefits given to advisers who provide financial product advice to retail clients. There are a number of limited exceptions to the ban for benefits subject to certain qualifying criteria; and
- **Scaled advice -** The reforms introduce requirements in relation to the giving of scaled advice. Scaled advice is advice about a specific area of an investor's needs or about a limited range of issues. This is in contrast to traditional "holistic" advice where advice is provided on all aspects of the client's financial circumstances in a full financial plan.

There are certain grandfathering provisions in relation to the operation of conflicted remuneration. These provisions include:

- For benefits paid by platform operators to Dealer Groups under pre 1 July 2013 arrangement, the ban will apply in relation to new clients from 1 July 2014; and for payments by non-platform providers under pre 1 July 2013 arrangement, the ban will apply in relation to new clients and investments in new products by existing clients from 1 July 2014;
- For benefits paid to employees under an enterprise agreement in force immediately prior to 1 July 2013, the ban will apply to payments made from six months after the nominal expiry date (NED) of the agreement (or 1 July 2014 for those agreements which passed their NED before 1 July 2013); and

- For benefits paid to employees under non-enterprise agreements, the ban will apply from 1 July 2014.

In addition, the provisions exclude the following benefits from the ban on conflicted remuneration:

- Benefits paid in relation to the purchase or sale of a financial advice business where the payment of these benefits to third parties on or after the commencement of the ban result from an arrangement entered into before 1 July 2013; and
- Grandfathered benefits can also be passed onto other parties that were not subject to the agreement which gave rise to the grandfathered benefit (but only where the passed-on benefit is given under a pre 1 July 2013 day arrangement), for example, the grandfathered rebate a licencee receives from a platform operator can be passed on to an adviser who is an authorised representative before 1 July 2013.

The FoFA reforms are one of the most significant regulatory changes to impact the financial services industry since the Financial Services Reform Act in 2001. ClearView operates in a vertically integrated structure across the entire wealth management value chain and is therefore well positioned to implement these changes and take advantage of any opportunities that may arise.

ClearView retained $0.4 million in revenue from volume based rebates from platform operators in the current financial year.

There are currently 21 employed planners; the existing model that is in the process of being restructured to better service underlying clients and given the prospective FoFA changes to remuneration models. This is a shift in the model from a historical employed planner model to an independent financial adviser "home" in a vertically integrated model that suits regulatory changes.

The progress of the implementation of the regulatory reforms will continue to be monitored and their impact assessed as these regulations are rolled out and the practicalities of the reforms unfold. Furthermore the impacts of the potential Dealer Group restructure will continue to be monitored.

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded Value is prepared at a reportable segment level (CGUs). The Embedded Value methodology is used to test the Goodwill for any impairment triggers. As at 30 June 2013, no impairment was required to the carrying value of the Goodwill.

Further information about Goodwill is detailed in Note 19.

Deferred tax asset – Timing Differences

The Board has considered that it is probable that sufficient taxable income will be available against which deductible temporary differences can be utilised.

Deferred tax asset – Capital Losses

ClearView Life has amounts of realised and unrealised capital losses within its superannuation business in its No. 2 and No.4 Statutory Funds. The Board has considered the likelihood of the recovery of these losses and their fair value, and has concluded that it is appropriate to reduce the deferred tax asset (DTA) held in respect of those capital losses below the nominal full recovery amount. This has been implemented via placing a cap on the recognised DTA. The DTA relating to capital losses are estimated to be utilised in the foreseeable future and is expressed as a percentage of the value of investments held. The same methodology has been adopted for unit pricing purposes and this financial report.

In addition to the above, the Group has accumulated capital losses that arose within the parent entity related to the losses realised on the historic disposal of a subsidiary entity. At the current time, no DTA is recognised in respect of these losses. This is discussed further in Note 24.

Actuarial methods and assumptions

The effective date of the actuarial report on life insurance policy liabilities and life investment policy liabilities is 30 June 2013. The actuarial report was prepared by the ClearView Life Appointed Actuary, Greg Martin. The actuarial report indicates that the Appointed Actuary is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

(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 AASB 139 "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 policyholders and premiums are received.

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

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

Related Product Group	Method	Profit carrier
Fund 1 Legacy Lump Sum	Projection	Premiums
Fund 1 Legacy Income Protection	Projection	Premiums
Fund 1 Non-advice Lump Sum	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Ordinary	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Super	Projection	Premiums
Fund 1 LifeSolutions Income Protection Ordinary	Projection	Premiums
Fund 1 LifeSolutions Income Protection Super	Projection	Premiums
Fund 2 Legacy Lump Sum	Projection	Premiums
Fund 2 Investments	Accumulation	N/A
Fund 4 Investments	Accumulation	N/A

The projection method uses the discounted value of future policy cash flows (premiums, expenses and claims) plus a reserve for expected future profits. The policy liabilities for life investment contracts are determined as the fair value of the policyholders' accounts under the accumulation method with no future profit reserve.

(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% (2012: 4.0%).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 12 months to 30 June 2013.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the longer term per policy unit costs implied by ClearView Life's 2014 business plan (2012: Based on the 2013 business plan). Expense inflation of 2.5% p.a. (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 12 months to 30 June 2013)

	Effect on profit margins Increase/ (decrease) $'000	Effect on policy liabilities Increase/ (decrease) $'000
Assumption category		
Discount rates and inflation	(1,674)	2,278
Maintenance expenses	(1,861)	-
Lapses	-	-
Mortality and morbidity	-	-
Total	(3,535)	2,278

(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 the 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.

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

The table below illustrates how outcomes during the financial year ended 30 June 2013 in respect of the key actuarial variables, would have impacted the reported life insurance policy liabilities, profit and equity for that financial year.

		Impact on policy liabilities		Impact on net profit and shareholder equity	
Variable	Change in variable	Gross of reinsurance $'000	Net of reinsurance $'000	Gross of reinsurance $'000	Net of reinsurance $'000
Interest rates	+100 bp	7,708	7,360	(5,395)	(5,152)
	-100 bp	(7,708)	(7,360)	5,395	5,152
Mortality and morbidity	110.00%	-	-	(1,392)	(1,130)
	90.00%	-	-	1,392	1,130
Lapses	110.00%	-	-	(913)	(913)
	90.00%	-	-	913	913
Maintenance expenses	110.00%	-	-	(742)	(742)
	90.00%	-	-	742	742

* Note: The interest rate sensitivities show the change to policy liabilities and profit from a change in the discount rate by adding or subtracting 1% from the yield curve adopted. The other sensitivities show how different the policy liabilities and reported profit would have been if the Company's experience in the current year in relation to those variables had been higher or lower by 10% of that experienced.

5. Risk Management

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

- Asset risks, including market risk (interest rate risk and price risk), credit risk and liquidity risk;
- Insurance risk;
- Asset-liability mismatch risks;
- Expense risks; and client discontinuance (lapses, withdrawals and lost client) risks; and
- Non-financial risks, including compliance risk, operational risk and strategic risk.

Risk management strategy, roles and responsibilities

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

The Audit, Risk and Compliance Committee, on behalf of the Board, monitors the operation of the RMF and facilitates review of the key process and procedures underlying the RMF. Internal audit activities are focused on key risks and on the key risk controls identified as part of the risk assessment process. KPMG is retained to provide outsourced internal audit services.

The RMS and RMF considers the key stakeholders in the Company, beyond the shareholders, including:

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

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

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

Asset risks

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

(a) Market risk

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

Interest rate risk

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

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMS;
- Investing ClearView's assets in accordance with the Board approved Investment Policy and Guidelines; and
- By holding capital reserves in accordance with the Company's ICAAP with respect to the residual interest rate risk exposure retained, in addition to the regulatory capital reserves held within ClearView Life in respect of interest rate risk.

Equity Price risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market.

In contrast to this, the Policyholder assets and other client funds under management and under administration, involve significant investment in equities. As noted above, the Policyholder asset risks are borne by the policyholders. The Company is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

The investment of the Policyholder assets and client monies controlled by ClearView is undertaken in accordance with the Investment Policy and Guidelines approved by the Board, which inter alia stipulates the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives. To the extent required, capital reserves are held in accordance with the ICAAP with respect to the Company's residual fee risk exposure.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposures arising from investment activities are assessed by the Company's internal investment management committee (the ClearView Investment Committee (CIC) appointed by the Board) prior to investing ClearView assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC, with the CIC charged to maintain the credit quality of ClearView assets within the Board's investment guidelines.

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

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

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

Specific capital reserves are held against credit risk under the regulatory capital requirements of ClearView Life (LAGIC) and credit risk is considered within the Company's ICAAP.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

5. Risk Management continued

(c) Liquidity risk

Liquidity risk is primarily the risk that the Company will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders, members and clients. A secondary risk relates to the risk of the illiquidity of the external (including off balance sheet) funds its clients invest in, which may result in restricted fee flows to the Company and/or reputational damage via association.

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

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

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

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

Fair Value Hierarchy

The table below summarises financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 2 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Equity securities	259,278	-	-	259,278
Fixed interest securities	-	571,717	-	571,717
Unit trusts	385,455	-	-	385,455
Total	**644,733**	**571,717**	**-**	**1,216,450**
2012				
Equity securities	376,850	-	-	376,850
Fixed interest securities	-	486,904	-	486,904
Unit trusts	315,086	-	-	315,086
Total	**691,936**	**486,904**	**-**	**1,178,840**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

Insurance risk

The risks under the life insurance contracts written by the Company are exposed to various key variables. The table below provides an overview of the key insurance contract types and exposure variables.

Type of contract	Detail of contract workings	Nature of compensation for claims	Key variables that affect the timing and uncertainty
Non-participating life insurance contracts with fixed terms (Term Life and Disability)	Benefits paid on death or ill health that are fixed and not at the discretion of the issuer	Benefits defined by the insurance contract are determined by the contract obligation of the issuer and are not directly affected by the performance of the underlying assets or the performance of the contracts as a whole	Mortality Morbidity Discontinuance rates Expenses Policy Terms Premium Rates

Insurance risks are controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, appropriate reinsurance arrangements, effective claims management procedures and sound product terms and conditions due diligence.

(a) Risk management objectives and policies for mitigating insurance risk

ClearView Life issues term life insurance contracts and disability insurance contracts. The performance of the Company and its continuing ability to write business depends on its ability to manage insurance risk. The Company's RMS summarises its approach to insurance risk management.

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

Reinsurance

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

ClearView Life periodically reviews its reinsurance arrangements and retention levels.

Underwriting procedures

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

Claims management

Strict claims management procedures help ensure the timely and correct payment of claims in accordance with policy conditions, as well as limiting exposure to inappropriate and fraudulent claims.

(c) Concentration of insurance risk

The insurance business of the Company is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, the residual risk exposure is reduced through the use of reinsurance.

(d) Pricing risk, and terms and conditions of insurance contracts

The key risk controls in respect of pricing and policy terms and conditions include:

- Review of product pricing by the Appointed Actuary of ClearView Life, including annual analysis of experience and product line profitability in the annual ClearView Life Financial Condition Report;
- Formal Appointed Actuary Board reporting on new product pricing, reinsurance and terms and conditions;
- Assessment by the Company's reinsurers of the pricing adopted, including the offer of corresponding reinsurance terms;

5. Risk Management continued

- Formal internal policy document and Product Disclosure Statement due diligence review and sign-off processes; and
- The ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience.

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

Asset-Liability Mismatch Risk

Asset-liability mismatch risk arises to the extent to which the assets held by the Company to back its liabilities (especially its policy liabilities and investment contract liabilities) do not closely match the nature and term of those liabilities. In practice, the market risk and credit risk exposures of the Company primarily relate to the extent that the Company retains a net exposure with respect to these risks – that is the extent to which the liabilities and their values do not mirror the variation in asset values. In this context it is noted:

- The investment linked liabilities of the ClearView Life directly link the underlying assets held to support those liabilities, with the primary market risks and credit risks passed on to the policyholder and unit trust investors (as discussed above).
- The assets held to support the capital guaranteed units in the ClearView Life No.2 and No.4 statutory funds are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash. Asset-liability risk is substantially reduced via this means.
- Similarly, assets held to support the policy liabilities and risk capital of the ClearView Life No.1 statutory fund are maintained, in accordance with the Board's investment Policy and Guidelines, in high quality, short dated fixed interest assets and cash that closely match those policy liabilities and capital reserves.

Expense and Discontinuance Risks

Expense risks and discontinuance risks involve:

- The extent to which the expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition; and
- The extent to which the rate of loss of policyholders, investment clients and other customers exceed benchmark standards and pricing targets, result in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.

The risks are principally managed via the Company's:

- Budgeting and expense management reporting and management processes;
- Modelling of anticipated client loss rates and ongoing monitoring of discontinuance rates;
- Adoption of appropriate business retention strategies; and
- Maintaining strong distribution partner relationships.

Non-Financial Risks – Compliance, Operational & Strategic Risks

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

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

Capital management and reserving

In terms of regulatory requirements:

- ClearView Life is subject to minimum regulatory capital requirements, as determined by the Appointed Actuary in accordance with APRA Life Insurance Prudential Standards, in respect of the principal financial risks exposures retained by ClearView Life. The regulatory capital requirements changed from 1 January 2013 to the Life and General Insurance Capital (LAGIC) framework.
- ClearView Financial Management and ClearView Financial Advice are also required to maintain minimum regulatory capital as required by ASIC.
- ClearView Life Nominees is required to maintain an Operational Risk Financial Requirement (ORFR) as as determined in accordance with Superannuation Prudential Standard 114 (effective from 1 July 2013). SPS 114 requires that the trustee maintains adequate financial resources to address losses arising from the operational risks that may affect the ClearView Retirement Plan.

Nonetheless, the Company maintains additional capital reserves in accordance with its Board adopted ICAAP that retains capital reserves to support its retained risk exposures, ensures there is a low likelihood that the Company (and its regulated) subsidiaries will breach their regulatory requirements, and has sufficient capital to manage its near term business plans and provide a buffer (capital and time) to take action to deal with reasonably foreseeable adverse events that may impact the businesses. These additional reserves are partly held within the subsidiaries where the key risks reside, and partly in a central reserve within the parent entity.

6. Capital adequacy

The Company's life insurance subsidiary, ClearView Life Assurance Limited (ClearView Life) is subject to minimum capital regulatory capital requirements in accordance with Australian Prudential Regulation Authority (APRA) Life Insurance Prudential Standards. The Company is required to maintain adequate capital against the risks associated with its business activities.

On 1 January 2013, APRA introduced a new measure of capital "Prudential Capital Requirement" (PCR), replacing the existing requirement. The capital adequacy requirement is now disclosed whereas the former requirement was not disclosed. Consequently there is no comparative capital adequacy disclosure for the prior period 30 June 2012.

The Company has in place an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Directors, to ensure the Company maintains required levels of capital within each of its statutory and general funds.

6. Capital adequacy continued

The capital adequacy position at balance date, of ClearView Life, in accordance with the APRA requirements, is as follows:

Capital position

	Shareholder's Fund	Statutory fund No. 1 Australian non-participating	Statutory fund No. 2 Australian non-participating	Statutory fund No. 4 Australian non-participating	ClearView Life Assurance Limited
	2013 $'000	2013 $'000	2013 $'000	2013 $'000	2013 $'000
Net Assets (Common Equity Tier 1 Capital)	4,528	162,542	2,244	10,552	179,866
Goodwill and intangibles	-	(4,839)	-	-	(4,839)
Net tangible assets	**4,528**	**157,703**	**2,244**	**10,552**	**175,027**
Capital base adjustments					
Deferred tax assets	-	(171)	(3)	(82)	(256)
Investment in subsidiaries	(804)	-	-	-	(804)
Fair value adjustments	-	-	-	-	-
Policy liability	-	(117,501)	(90)	-	(117,591)
Tax adjustments and offsets	-	-	-	-	-
Regulatory capital base	**3,724**	**40,031**	**2,151**	**10,470**	**56,376**
Prudential Capital Amount (PCA)	(3,036)	(2,932)	(814)	(3,219)	(10,000)
Available Enterprise Capital (AEC)	**688**	**37,099**	**1,338**	**7,251**	**46,376**
Capital Adequacy Multiple	1	14	3	3	6
Prescribed capital amount comprises of:					
Insurance risk	-	(908)	-	-	(908)
Asset Risk	(23)	(467)	(549)	(352)	(1,391)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(1,831)	(265)	(2,867)	(4,963)
Aggregation benefit	-	274	-	-	274
LPS 110 CLAL Minimum	(3,012)	-	-	-	(3,012)
Prescribed Capital Amount	**(3,035)**	**(2,932)**	**(814)**	**(3,219)**	**(10,000)**

7. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The information reported to the Group's Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance is focused on the products and services of each reporting segment.

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

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

(a) Life Insurance ("protection" products)

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

- A comprehensive range of life protection products 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 has historically employed 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.

There are currently 21 employed planners; the existing model that is in the process of being restructured to better service underlying clients and given the prospective FoFA changes to remuneration models. This is a shift in the model from a historical employed planner model to an independent financial adviser "home" in a vertically integrated model that suits regulatory changes.

At the date of this Report the process of the restructure continues and total restructure costs of $0.85 million have been booked pre 30 June 2013 in accordance with the accounting standards.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

7. Segment information continued

(d) Listed Entity / Other

	External Revenue		Inter-Segment		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Segment revenue						
Life Insurance	52,873	39,820	-	-	52,873	39,820
Wealth Management	94,926	87,891	-	-	94,926	87,891
Financial Advice	22,727	12,633	17,490	9,142	40,217	21,775
Listed entity/Other	1,752	2,838	-	-	1,752	2,838
Consolidated segment revenue	**172,278**	**143,182**	**17,490**	**9,142**	**189,768**	**152,324**

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 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.

2013	Life Insurance	Wealth Management	Financial Advice	Listed Entity/ Other	Total
Underlying net profit after tax	8,403	6,616	762	233	16,014
Amortisation of acquired intangibles	(1,417)	(5,256)	(863)	-	(7,536)
Takeover bid/restructuring costs	-	-	-	(6,790)	(6,790)
AIFRS policy liability adjustment	(2,278)	-	-	-	(2,278)
Income tax effect	683	-	90	1,694	2,467
Reported profit/(loss)	**5,391**	**1,360**	**(11)**	**(4,863)**	**1,877**

2012					
Underlying net profit/(loss) after tax	11,137	7,537	(587)	1,154	19,241
Amortisation of acquired intangibles	(1,417)	(4,469)	(863)	-	(6,749)
AIFRS policy liability adjustment	13,895	-	-	-	13,895
Income tax effect	(4,169)	-	90	28	(4,051)
Reported profit/(loss)	**19,446**	**3,068**	**(1,360)**	**1,182**	**22,336**

8 Fee and other revenue

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial advice and related fees	22,473	12,469	-	-
Management fees	29,935	30,439	-	-
Other	255	624	-	-
Total fee and other revenue	**52,663**	**43,532**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

9. Investment income

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest income	35,671	29,895	1,044	1,641
Dividend income	16,039	18,687	-	4,500
Distribution income	17,118	12,986	-	-
Total investment income	**68,828**	**61,568**	**1,044**	**6,141**

10. Operating expenses

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Administration expenses				
Administration and other operational costs	15,003	13,596	304	306
Custody and investment management expenses	6,375	6,530	-	-
Total administration expenses	**21,378**	**20,126**	**304**	**306**
Employee costs and directors' fees				
Employee expenses	29,363	23,124	1,048	37
Share based payments	1,679	502	1,144	(10)
Employee termination payments	307	156	-	-
Directors' fees	827	560	727	460
Total employee costs and directors' fees	**32,176**	**24,342**	**2,919**	**487**
Other expenses				
Restructuring expenses	782	-	-	-
Takeover bid related costs	3,673	-	3,673	-
Professional fees	616	1,791	-	175
Total other expenses	5,071	1,791	3,673	175
Total operating expenses	**58,625**	**46,259**	**6,896**	**968**
Depreciation and amortisation expenses				
Depreciation expenses	583	662	-	-
Amortisation expenses	9,345	7,018	-	-
Total depreciation and amortisation expenses	**9,928**	**7,680**	**-**	**-**

10. Operating expenses continued

	Consolidated		Company	
	2013	2012	2013	2012
Remuneration of auditors				
Auditor of the parent entity				
Audit and review of financial reports	290,750	288,750	92,500	92,500
Audit of APRA and ASIC regulatory returns	94,150	91,150	-	-
Audit of Managed Investment Schemes	107,600	105,100	-	-
Total remuneration for audit services	**492,500**	**485,000**	**92,500**	**92,500**
Preparation and lodgement of tax returns	87,500	91,500	-	-
Other non-audit services - taxation advice	80,620	63,150	-	-
Other non-audit services - compliance	-	31,000	-	32,500
Other non-audit services - consulting	-	21,750	-	-
Total remuneration for non-audit services	168,120	207,400	-	32,500
Total remuneration	**660,620**	**692,400**	**92,500**	**125,000**

11. Income tax

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
a) Income tax recognised in profit or loss				
Income Tax expense/(benefit) comprises:				
Current tax expense	5,684	5,721	(1,174)	(145)
Deferred tax expense	5,044	9,879	(238)	356
Over provided in prior years - Current tax expense	(968)	(1,241)	-	(99)
Under provided in prior years - Deferred tax expense	177	251	7	29
Income tax expense/(benefit)	**9,937**	**14,610**	**(1,405)**	**141**
Deferred income tax expense / (benefit) included in income tax expense comprises:				
Decrease/(increase) in deferred tax asset	4,481	9,879	(231)	141
Increase in deferred tax liability	739	251	-	-
	5,220	**10,130**	**(231)**	**141**
b) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	140,599	149,710	32,671	32,671
Potential tax benefit	20,603	21,511	9,807	9,801

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

11. Income tax continued

The prima facie income tax expense/(benefit) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
c) Reconiliation of income tax expense to prima facie tax payable				
Profit/(loss) before income tax expense	11,813	36,946	(5,852)	5,213
Prima facie tax calculated at 30%	3,544	11,084	(1,756)	1,564
Tax effect of amounts which are non deductible / assessable in calculating taxable income:				
Differences in tax rate for the life company policyholders	(464)	(209)	-	-
Franking credits on dividends and distributions received	(2,725)	(3,413)	-	(1,350)
Realised (losses)/gains between book and tax value	(3,406)	3,658	-	-
Non assessable income	(331)	(85)	-	-
Non deductible expenses	2,720	2,107	344	-
Policyholder non assessable income	10,099	73	-	-
Under provision in prior years	(792)	(986)	7	(70)
Net taxable contributions	1,329	2,412	-	-
Other	(37)	(31)	-	(3)
Income tax expense / (benefit)	**9,937**	**14,610**	**(1,405)**	**141**

The ability of the Company to continue to pay franked dividends is dependent upon the receipt of franked dividends from its investment assets and the group itself paying tax.

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Franking account				
The balance of the franking account after allowing for tax payable in respect of the current year's profit, the receipt of franked dividends recognised as receivables and the payment of any dividends recognised as a liability at the reporting date.	4,813	3,813	4,813	3,813

Relevance of tax consolidation to the Group

ClearView Wealth Limited and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 February 2007 and are therefore taxed as a single entity from that date. The members in the ClearView tax consolidated group are identified in Note 31.

Under the Tax Act, ClearView being the head company of the tax consolidated group is treated as a life insurance company for income tax purposes as one of the subsidiary members of the tax consolidated group is a life insurance company.

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

Under the terms of the tax funding arrangement, ClearView and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

11. Income tax continued

The tax funding agreement also provides for the head entity to make payments for tax losses of a group member that is determined in accordance with the provisions of the agreement. Settlement for these amounts is based on the extent to which the losses are utilised.

The tax sharing arrangement between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

12. Movements in reserves

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Retained losses				
Balance at the beginning of the financial year	(15,034)	(29,631)	(47,905)	(47,905)
Net profit / (loss) attributable to members of the parent entity	1,876	22,336	(4,447)	-
Dividend paid during the year	(17,819)	(7,739)	-	-
Balance at the end of the financial year	**(30,977)**	**(15,034)**	**(52,352)**	**(47,905)**
Profit Reserve				
Balance at the beginning of the financial year	-	-	39,847	42,514
Net profit attributable to the parent entity	-	-	-	5,072
Dividend paid during the year	-	-	(17,819)	(7,739)
Balance at end of the financial year	**-**	**-**	**22,028**	**39,847**
Executive share plan reserve				
Balance at the beginning of the financial year	1,750	1,049	1,750	1,049
Arising on share based payments	1,679	502	1,679	502
ESP loans settled through dividend	698	199	698	199
Balance at end of the financial year	**4,127**	**1,750**	**4,127**	**1,750**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

13. Sources of profit

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Components of profit related to movements in life insurance liabilities				
Planned profit margins released	10,147	8,661	-	-
Profit arising from difference between actual and expected experience	(3,204)	1,256	-	-
Impact of IFRS change in economic assumptions	(1,595)	9,726	-	-
Life insurance	**5,348**	**19,643**	**-**	**-**
Components of profit related to movements in life investment liabilities				
Expected profit margin	5,999	5,719	-	-
Life investment	**5,999**	**5,719**	**-**	**-**
Investment earnings on assets in excess of life insurance and investment contract liabilities	2,030	2,430	-	-
Profit for the statutory funds	**13,377**	**27,792**	**-**	**-**
Profit for the shareholders fund	330	519	-	-
Profit for ClearView Life Assurance Limited	**13,707**	**28,311**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

14. Earnings per share

	Consolidated	
	2013	2012
Earnings per share		
Basic earnings (cents)	0.46	5.46
Diluted earnings (cents)	0.46	5.24

Basic earnings per share

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

Profit for the year attributable to owners of the Company ($'000)	1,877	22,336
Earnings used in the calculation of basic earnings per share ($'000)	1,877	22,336
Weighted average number of ordinary shares for the purpose of basic earnings per share ($'000)	409,597	409,312

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

Profit for the year attributable to owners of the Company ($'000)	1,877	22,336
Interest on ESP loans after tax ($'000)	299	419
Earnings used in the calculation of total diluted earnings per share ($'000)	**2,176**	**22,755**

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share ($'000)	409,597	409,312
Shares deemed to be dilutive in respect of the employee share plan ($'000)	36,722	24,741
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures) ($'000)	**446,319**	**434,053**

Notes to the Financial Statements

For the year ended 30 June 2013

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15. Cash and cash equivalents

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank	233,663	193,371	819	11,820
Total cash and cash equivalents	**233,663**	**193,371**	**819**	**11,820**

16. Investments

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Equity securities				
Investment in Group Companies	-	-	234,892	225,542
Held directly	259,278	376,850	-	335
Held indirectly via unit trust	223,336	160,002	-	-
	482,614	**536,852**	**234,892**	**225,877**
Debt securities / fixed interest securities				
Held directly	539,183	450,403	-	-
Held indirectly via unit trust	32,534	36,501	-	-
	571,717	**486,904**	**-**	**-**
Property / Infrastructure				
Held directly	-	-	-	-
Held indirectly via unit trust	162,119	155,084	-	-
	162,119	**155,084**	**-**	**-**
Total investments	**1,216,450**	**1,178,840**	**234,892**	**225,877**

Notes to the Financial Statements

For the year ended 30 June 2013

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17. Receivables

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables	120	459	-	-
Outstanding life insurance premium receivable	2,109	1,021	-	-
Provision for outstanding life insurance premiums	(528)	(424)	-	-
Accrued dividends	2,122	2,605	-	-
Investment income receivable	827	908	-	-
Outstanding settlements	1,886	2,210	-	-
Prepayments	1,731	1,582	2	-
Receivables from controlled / associated entities	-	154	8,050	11,670
Other debtors	952	1,067	20	6
Loans receivable	716	279	-	-
Provision for doubtful debtors	(270)	(270)	-	-
Total receivables	**9,665**	**9,591**	**8,072**	**11,676**

Trade receivables relate to accrued financial planning income. Outstanding life insurance premiums receivable have a 65 day grace period before the policy is lapsed and therefore a provision for outstanding life insurance premiums is maintained. Outstanding settlements usually require payment within three days of the date of the transaction. Loans receivable bear interest and have fixed terms of repayment in accordance with loan agreements.

18. Fixed interest deposits

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed interest bank term deposits	53,284	91,991	10,181	21,093

Fixed interest term deposits, held at year end, yield a weighted average fixed interest rate of 3.95% (2012: 5.3%).

19. Goodwill

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Gross carrying amount				
Balance at the beginning of the financial year	4,858	4,858	-	-
Balance at the end of the financial year	**4,858**	**4,858**	**-**	**-**
Net book value				
Balance at the beginning of the financial year	4,858	4,858	-	-
Balance at the end of the financial year	**4,858**	**4,858**	**-**	**-**

As required under accounting standards at each reporting date the Company assesses whether there is an indication of impairment. Further details have been provided in Note 4.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

20. Intangible assets

	Consolidated			
2013	Capitalised software $'000	CWT software $'000	Client book $'000	Total $'000
Gross carrying amount				
Balance at the beginning of the financial year	4,312	1,500	58,596	64,408
Acquired directly during the year	2,712	-	-	2,712
Balance at the end of the financial year	**7,024**	**1,500**	**58,596**	**67,120**
Accumulated amortisation and impairment losses				
Balance at the beginning of the year	269	968	13,994	15,231
Amortisation expense in the current year	1,808	300	7,237	9,345
Balance at the end of the financial year	**2,077**	**1,268**	**21,231**	**24,576**
Net book value				
Balance at the beginning of the financial year	4,043	532	44,602	49,177
Balance at the end of the financial year	**4,947**	**232**	**37,365**	**42,544**

2012	$'000	$'000	$'000	$'000
Gross carrying amount				
Balance at the beginning of the financial year	-	1,500	58,596	60,096
Acquired directly during the year	4,312	-	-	4,312
Balance at the end of the financial year	**4,312**	**1,500**	**58,596**	**64,408**
Accumulated amortisation and impairment losses				
Balance at the beginning of the year	-	668	7,545	8,213
Amortisation expense in the current year	269	300	6,449	7,018
Balance at the end of the financial year	**269**	**968**	**13,994**	**15,231**
Net book value				
Balance at the beginning of the financial year	-	832	51,051	51,883
Balance at the end of the financial year	**4,043**	**532**	**44,602**	**49,177**

The intangible assets are amortised over their expected useful lives. As required under accounting standards at each reporting date the Company assesses whether there is an indication of impairment. Further details have been provided in Note 4.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

21. Property, plant and equipment

					Consolidated
2013	Office furniture $'000	Office equipment $'000	Computer hardware $'000	Leasehold improvements $'000	Total $'000
Gross carrying amount					
Balance at the beginning of the financial year	462	22	607	1,996	3,087
Additions	12	1	70	59	142
Written off	-	-	(1)	(81)	(82)
Balance at the end of the financial year	**474**	**23**	**676**	**1,974**	**3,147**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	95	20	418	778	1,311
Depreciation expense	87	1	151	344	583
Balance at the end of the financial year	**182**	**21**	**569**	**1,122**	**1,894**
Net book value					
Balance at the end of the financial year	**292**	**2**	**107**	**852**	**1,253**

2012	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at the beginning of the financial year	718	32	565	850	2,165
Additions	405	2	53	1,147	1,607
Written off	(661)	(12)	(11)	(1)	(685)
Balance at the end of the financial year	**462**	**22**	**607**	**1,996**	**3,087**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	148	16	262	451	877
Depreciation expense	167	6	161	328	662
Written off	(220)	(2)	(5)	(1)	(228)
Balance at the end of the financial year	**95**	**20**	**418**	**778**	**1,311**
Net book value					
Balance at the end of the financial year	**367**	**2**	**189**	**1,218**	**1,776**

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

22. Payables

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	4,029	3,595	23	394
Reinsurance premium payable	1,914	-	-	-
Employee entitlements	3,827	3,450	19	65
Life insurance premiums in advance	649	401	-	-
Life investment premium deposits	750	845	-	-
Lease incentive in advance	1,279	1,557	-	-
Outstanding investment settlements	3,739	2,273	-	-
Other creditors	101	535	-	2
Total payables	**16,288**	**12,656**	**42**	**461**

Payables are non-interest bearing and unsecured. Trade payables relate to accrued expenses, investment management expenses, financial advice payables and accrued commission payable to financial planners.

Reinsurance premium payable is payable in accordance with treaty terms on a quarterly census basis.

Other creditors usually require payment within 10 to 30 days. The Group has policies and procedures in place to ensure that all payables are paid within the credit time frame.

Outstanding investment settlements usually require payment within three days of the date of the transaction.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

23. Provisions

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current and non current				
Make good provision	310	227	-	-
Provision for restructuring	768	-	-	-
Employee leave provisions	2,303	2,063	-	-
Other provisions	93	462	64	81
Total	**3,474**	**2,752**	**64**	**81**
Make good provision				
Balance at the beginning of the financial year	227	384	-	-
Additional provisions raised	106	30	-	-
Utilised during the period	(23)	(187)	-	-
Balance at the end of the financial year	**310**	**227**	**-**	**-**
Provision for restructuring [1,2]				
Balance at the beginning of the financial year	-	1,427	-	-
Additional provisions raised [1]	768	-	-	-
Utilised during the period [2]	-	(1,427)	-	-
Unutilised provisions reversed during the period	-	-	-	-
Balance at the end of the financial year	**768**	**-**	**-**	**-**
Employee leave provision				
Balance at the beginning of the financial year	2,063	2,111	-	-
Additional provisions raised	573	546	-	-
Utilised during the period	(333)	(594)	-	-
Balance at the end of the financial year	**2,303**	**2,063**	**-**	**-**
Other provisions				
Balance at the beginning of the financial year	462	1,176	81	100
Additional provisions raised	116	121	116	121
Utilised during the period	(485)	(786)	(133)	(91)
Unutilised provisons reversed during the period	-	(49)	-	(49)
Balance at the end of the financial year	**93**	**462**	**64**	**81**

1 A provision of $0.8m was raised in June 2013 as a result of an approved restructuring plan for the financial advice business. This change is designed to improve profitability and is better suited to the operating environment given the regulatory change that has precipitated the industry. A further $0.1m was provided for in respect of the write-off of the leasehold improvements associated with the premises that will potentially be vacated.

2 A provision of $1.4 million was raised in June 2011 for an approved restructuring plan for the financial advice business unit to further improve performance and reduce costs. The restructure was completed by 31 August 2011.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

24. Deferred tax balances

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax assets				
Non-current	9,937	14,418	1,093	877
Deferred tax assets	**9,937**	**14,418**	**1,093**	**877**
Deferred tax liabilities				
Non-current	1,147	408	-	-
Deferred tax liabilities	**1,147**	**408**	**-**	**-**
Deferred tax assets				
Amounts recognised in profit or loss				
Accruals not currently deductible	256	928	21	48
Depreciable and amortisable assets	181	71	-	-
Provisions not currently deductible	2,027	1,560	-	-
Unrealised losses	6,203	11,046	-	228
Capital business expenses	1,120	813	1,072	601
Rental lease incentives	150	-	-	-
Deferred tax asset	**9,937**	**14,418**	**1,093**	**877**
Deferred tax liabilities				
Amounts recognised in profit or loss				
Unrealised gains on investments	793	87	-	-
Prepaid expenses	354	321	-	-
Deferred tax liability	**1,147**	**408**	**-**	**-**

24. Deferred tax balances Continued

				Consolidated
2013	Opening balance $'000	Transfers from subsidiaries $'000	(Charge) / Credit to income $'000	Closing balance $'000
Gross deferred tax liabilities	(408)	-	(739)	(1,147)
Gross deferred tax assets	14,418	-	(4,481)	9,937
Total	**14,010**	**-**	**(5,220)**	**8,790**
2012	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	(157)	-	(251)	(408)
Gross deferred tax assets	24,297	-	(9,879)	14,418
Total	**24,140**	**-**	**(10,130)**	**14,010**

				Company
2013	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	-	-	-	-
Gross deferred tax assets	877	(15)	231	1,093
Total	**877**	**(15)**	**231**	**1,093**
2012	$'000	$'000	$'000	$'000
Gross deferred tax assets	8,542	(7,524)	(141)	877
Total	**8,542**	**(7,524)**	**(141)**	**877**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Unused tax losses for which no deferred tax assets have been recognised are attributable to tax losses of a capital nature of $140.6m (tax effected $20.6m) consolidated and $32.6m (tax effected $9.8m) for the Company.

Notes to the Financial Statements

For the year ended 30 June 2013

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25. Policy liabilities

(a) Reconciliation of movements in policy liabilities

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Life investment policy liabilities				
Opening gross life investment policy liabilities	1,219,068	1,367,887	-	-
Net increase in life investment policy liabilities reflected in the income statement	161,996	47,001	-	-
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(25,842)	(27,516)	-	-
Life investment policy contributions recognised in policy liabilities	74,667	116,415	-	-
Life investment policy withdrawals recognised in policy liabilities	(254,543)	(284,719)	-	-
Closing gross life investment policy liabilities	**1,175,346**	**1,219,068**	**-**	**-**
Life insurance policy liabilities				
Opening gross life insurance policy liabilities	(83,687)	(62,728)	-	-
Movement in outstanding claims	2,210	(1,279)	-	-
Decrease in life insurance policy liabilities reflected in the income statement	(18,259)	(19,680)	-	-
Closing gross life insurance policy liabilities	**(99,736)**	**(83,687)**	**-**	**-**
Total gross policy liabilities	**1,075,610**	**1,135,381**	**-**	**-**
Reinsurers' share of life insurance policy liabilities				
Opening balance	(1,901)	(2,447)	-	-
Movement in outstanding reinsurance	(1,701)	347	-	-
Decrease / (increase) in reinsurance assets reflected in the income statement	4,532	199	-	-
Closing balance	**930**	**(1,901)**	**-**	**-**
Net policy liabilities at balance date	**1,076,540**	**1,133,480**	**-**	**-**
Current	1,170,141	1,217,081	-	-
Non-current	(93,601)	(83,601)	-	-

Included in life investment policy liabilities are contracts for which there is a guarantee that the unit price will not fall. The amount of the gross policy liabilities for such contracts is $114.8 million (2012: $151.9 million).

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

25. Policy liabilities continued

(b) Components of net life insurance policy liabilities

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Future policy benefits	159,947	150,680	-	-
Future expenses and commissions	75,709	48,352	-	-
Less future revenues	(468,217)	(409,744)	-	-
Best estimate liability	(232,561)	(210,712)	-	-
Present value of future planned profit margins	133,755	125,124	-	-
Net life insurance policy liabilities	**(98,806)**	**(85,588)**	**-**	**-**

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

Restrictions on assets

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

26. Issued capital

	Company			
	2013 No of Shares	2013 $'000	2012 No of Shares	2012 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the financial year	409,312,192	276,565	409,312,192	276,565
Shares issued during the year (ESP vested)	2,000,000	1,000	-	-
Balance at the end of the financial year	**411,312,192**	**277,565**	**409,312,192**	**276,565**
Executive share plan				
Balance at the beginning of the year	31,125,000	-	20,650,000	-
ESP Shares granted under employee share plan (Note 27)	12,742,333	-	10,475,000	-
ESP Shares vested during the year	(2,000,000)	-	-	-
Executive balance at the end of the year	**41,867,333**	**-**	**31,125,000**	**-**

In accordance with AASB 2, Share-Based Payments the shares issued under the executive share plan are treated as options and are accounted for as set out in Note 3(x).

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

27. Share-based payments

ClearView operates the ClearView Executive Share Plan (ESP or Plan). In accordance with the provisions of the Plan, as approved by shareholders at the 2012 Annual General Meeting , the ownership-based compensation scheme allows participation of executives, senior employees and contractor participants of the Group. In November 2011, the ESP rules were extended to allow financial advisers (as contractor participants) to participate in the Plan and to make Non-executive Directors ineligible to participate. Eligible Employees include employee participants and contractor participants of the Company and its associated bodies corporate.

Objectives

The objective of the ESP is to assist in the recruitment of highly skilled individuals and successful financial advisers and to reward, retain and motivate eligible employees (which, as defined in the ESP Rules, may include employee participants and contractor participants) (Eligible Employees) of the Company and its associated bodies corporate.

Through participation in an ownership type arrangement, experienced and successful advisers are offered a direct equity interest in ClearView through participation in the ESP.

Offer and consideration

Under the ESP, the Board may invite Eligible Employees to participate in an offer (Offer) of fully paid ordinary shares in ClearView (Shares), subject to the terms of conditions of the ESP. Each Share is issued at a price, to be determined by the Board, prior to making an Offer and this price is set out in the invitation (Invitation) to Eligible Employees to participate in the ESP. This price may be the market price of a share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the volume weighted average price (VWAP) over a 90 day period to determine the market value of the ClearView shares for the purposes of ESP issues. This has been implemented for all ESP share issues since that date. Prior to this, no ESP shares were issued at a price below 50 cents per share, being the price at which the capital raising was completed in June 2010.

Restrictions on Offer

Shares may not be offered under the ESP to an Eligible Employee if that Eligible Employee would hold, after the issue of the Shares, an interest in more than 5% of the issued Shares or be able to control the right to vote more than 5% of the votes that might be cast at a general meeting of ClearView.

Further, until 14 February 2013, no Invitation could be made to an Eligible Employee if the total number of Shares issued under the ESP, and Shares issued during the past five (5) years under any executive share scheme of the Company, exceeded six per cent (6%) of the total number of issued Shares of the Company, at the time the Invitation was made, provided that an Invitation could be made where that limit is exceeded if the Invitation:

- Is made only to an Eligible Employee who will become a contractor participant if the Invitation is accepted; and
- Will not, if accepted, result in the total number of Shares on issue under this Plan, exceeding ten percent (10%) of the total number of issued Shares of the Company, at the time the Invitation is made.

ClearView had therefore approved up to 4% of total issued shares that may be issued to such contractor participants (financial advisers) and as outlined in the Half Year Report the further extension of this ESP cap was under consideration at the time. In February 2013, the Board considered it appropriate to amend the Plan Rules to provide flexibility for the Board to set a limit on the number of Shares that may be issued under the Plan. As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan and therefore the cap of 10% has effectively been removed.

Financial Assistance

The Company may provide financial assistance to an Eligible Employee for the purposes of subscribing for Shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the Shares and is repayable as follows:

- For share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- For share issues after 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after all performance and vesting criteria have been met .

The financial assistance will become immediately repayable in the event of certain “disqualifying circumstances” including

27. Share-based payments continued

failure to meet performance or vesting conditions, cessation of the employee participant's employment in circumstances defined in the ESP Rules or termination of the contractor participant's contract with a Group Company for the provision of services. For employee participants, the financial assistance is secured over the Shares and rights attached to the Shares. Until 14 February 2013, the interest rate on the loans was the Reserve Bank of Australia cash rate plus a margin of 25 basis points per annum, calculated annually. Interest until this date has been capitalised and treated as part of the limited recourse principal, except that after tax dividends on Shares issued under the ESP is applied towards reduction of the loan.

The interest rate acted as an in built performance hurdle. In February 2013 the Board decided to remove the interest rate on the loans for all Participants (other than the Managing Director that requires shareholder approval) given that the interest imposed was significantly diluting the efficacy of the ESP as an employee retention tool, in particular for those staff receiving the earlier grants of ESP shares.

Rights

Shares issued under the ESP will rank equally with all other issued Shares even if subject to a holding lock.

Quotation

The Company will apply to the ASX for official quotation of shares issued under the ESP.

Restrictions

The Shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares. Where all Performance Conditions and/or Vesting Conditions (if any) attaching to the Shares have been satisfied (or waived) a holding lock will cease to have effect if:

- The Board accepts a disposal request (as defined in the ESP Rules) (Disposal Request); or
- 5 years have passed from the Acquisition Date; or
- If the participant:
  - is an employee participant, their employment with the Group ceases, or
  - is a contractor participant, their contractor agreement is terminated; or
- The ESP is terminated, or
- The holding lock period otherwise ceases, provided that the financial assistance and any interest that has accrued has been repaid.

The holding lock is imposed through the share registry and in accordance with the ASX Listing Rules. Participants will not be able to sell their shares on ASX or have an off-market transfer registered (and are also otherwise prohibited from dealing in the shares) while the holding lock is in place.

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

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

The amount payable by the Employee Participants to ClearView following such a disposal is the amount outstanding in relation to the financial assistance, including accrued interest. The employee participants may retain any surplus proceeds.

At the date of this Report, ClearView has received and approved Disposal Requests in relation to Mr Odes and Mr Levinthal. These shares are being sold on market on the ASX. Mr Odes has disposed of 1,687,500 shares at the date of the report, the proceeds of which have been applied in repayment of his loan and any surplus paid to him.

Change of Control

Under the ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an Employee Participant are deemed to have been satisfied upon a change of control. A change of control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan Shares gains Control of the Company (but only if the person is not itself Controlled by another person who Controlled the Company at the date of issue); or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

"Control" is defined as where a person and its related bodies corporate holds more than 50% of the Shares in ClearView; or

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions.

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

The above provisions concerning change of control apply only to employee participants and not contractor participants under the ESP.

Administration of the ESP

The ESP is administered by the Board. The Board may make rules and regulations for its operation that are consistent with the rules of the ESP. The Company pays all costs and expenses of operating the ESP. Employees are liable for any brokerage and tax payable associated with their participation in the ESP.

Termination of the ESP

The Board may resolve at any time to terminate, suspend or reinstate the operation of the ESP for the issue of shares in future.

Share-based payment arrangements

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Share series	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[5]) $	Fair value at grant date (post modification[5]) $
Series 5 - 16 April 2008 Issue [1]	1,000,000	16/04/2008	16/04/2013	0.60	0.10	N/A
Series 6 - 30 June 2008 Issue [7]	500,000	30/06/2008	30/06/2013	0.59	0.10	0.10
Series 7 - 29 September 2009 Issue [2]	3,500,000	29/09/2009	29/09/2014	0.49	0.07	0.10
Series 8 - 8 October 2009 Issue [1]	2,000,000	8/10/2009	8/10/2014	0.49	0.07	N/A
Series 9 - 28 October 2009 Issue [3]	250,000	28/10/2009	28/10/2014	0.50	0.07	N/A
Series 10 - 25 June 2010 Issue [6]	2,000,000	25/06/2010	26/03/2015	0.50	0.11	N/A
Series 11 - 25 June 2010 Issue [6]	4,000,000	25/06/2010	26/03/2015	0.58	0.08	N/A
Series 12 - 25 June 2010 Issue [6]	4,000,000	25/06/2010	26/03/2015	0.65	0.06	N/A
Series 13 - 25 June 2010 Issue	400,000	25/06/2010	1/06/2015	0.53	0.10	0.15
Series 14 - 1 November 2010 Issue [4]	3,000,000	25/10/2010	1/10/2015	0.50	0.07	0.09
Series 15 - 18 August 2011 Issue	3,000,000	1/07/2011	1/07/2016	0.50	0.10	0.13
Series 16 - 6 October 2011 Issue	3,950,000	1/09/2011	1/09/2016	0.50	0.10	0.13
Series 17 - 1 March 2012 Issue	2,150,000	1/03/2012	1/03/2017	0.50	0.09	0.11
Series 18 - 1 March 2012 Issue	2,500,000	10/02/2012	10/02/2017	0.50	0.12	0.15
Series 19 - 3 April 2012 Issue	600,000	15/03/2012	15/03/2017	0.50	0.12	0.16
Series 20 - 3 April 2012 Issue	700,000	3/04/2012	3/04/2017	0.50	0.13	0.17
Series 21 - 25 May 2012 Issue	2,325,000	7/05/2012	7/05/2017	0.50	0.13	0.17
Series 22 - 29 June 2012 Issue	1,000,000	29/06/2012	29/06/2017	0.50	0.13	0.16
Series 23 - 6 August 2012 Issue	4,600,000	6/08/2012	6/08/2017	0.54	0.17	0.21
Series 24 - 22 August 2012 Issue	450,000	22/08/2012	22/08/2017	0.55	0.16	0.19
Series 25 - 21 December 2012 Issue	1,300,000	21/12/2012	21/12/2017	0.58	0.16	0.20
Series 26 - 16 April 2013 Issue [7]	2,650,000	12/04/2013	Variable	0.57	0.29	0.29
Series 27 - 16 April 2013 Issue [8]	150,000	12/04/2013	Variable	0.57	0.27	0.27

See foot notes on following page.

27. Share-based payments continued

Share series	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[5]) $	Fair value at grant date (post modification[5]) $
Series 28 - 16 April 2013 Issue	566,667	12/04/2013	12/04/2018	0.69	0.22	0.22
Series 29 - 31 May 2013 Issue	1,700,000	31/05/2013	31/05/2018	0.68	0.22	0.22
Series 30 - 27 June 2013 Issue	1,625,666	27/06/2013	27/06/2018	0.64	0.21	0.21

Share series	Type of arrangement	First vesting date	Final vesting date
Series 5 - 16 April 2008 Issue [1]	Shares reallocated to Series 15	Shares reallocated	Shares reallocated
Series 6 - 30 June 2008 Issue [9]	Key Management Personnel	30/06/2008	30/06/2013
Series 7 - 29 September 2009 [2]	Key Management Personnel and Senior Management	23/10/2009	29/09/2014
Series 8 - 8 October 2009 Issue [1]	Shares reallocated to Series 15	Shares reallocated	Shares reallocated
Series 9 - 28 October 2009 Issue [3]	Shares reallocated to Series 16	Shares reallocated	Shares reallocated
Series 10 - 25 June 2010 Issue	Managing Director	26/03/2011	26/03/2015
Series 11 - 25 June 2010 Issue	Managing Director	26/03/2012	26/03/2015
Series 12 - 25 June 2010 Issue	Managing Director	26/03/2013	26/03/2015
Series 13 - 25 June 2010 Issue	Senior Management	1/06/2013	1/06/2015
Series 14 - 1 November 2010 Issue [4]	Senior Management	1/10/2013	1/10/2015
Series 15 - 18 August 2011 Issue	Senior Management	1/07/2014	1/07/2016
Series 16 - 6 October 2011 Issue	Senior Management	1/09/2014	1/09/2016
Series 17 - 1 March 2012 Issue	Senior Management	1/03/2015	1/03/2017
Series 18 - 1 March 2012 Issue	Contractor Participants	10/02/2015	10/02/2017
Series 19 - 3 April 2012 Issue	Contractor Participants	15/03/2015	15/03/2017
Series 20- 3 April 2012 Issue	Contractor Participants	3/04/2015	3/04/2017
Series 21 - 25 May 2012 Issue	Contractor Participants	7/05/2015	7/05/2017
Series 22 - 29 June 2012 Issue	Contractor Participants	29/06/2015	29/06/2017
Series 23 - 6 August 2012 Issue	Contractor Participants	6/08/2015	6/08/2017
Series 24 - 22 August 2012 Issue	Senior Management	22/08/2015	22/08/2017
Series 25 - 21 December 2012 Issue	Contractor Participants	21/12/2015	21/012/2017
Series 26 - 16 April 2013 Issue [7]	Senior Management	12/04/2015	Change of control
Series 27 - 16 April 2013 Issue [8]	Senior Management	12/04/2015	1 year post change of control
Series 28 - 16 April 2013 Issue	Contractor Participants	12/04/2015	12/04/2018
Series 29 - 31 May 2013 Issue	Contractor Participants	31/05/2015	31/05/2018
Series 30 - 27 June 2013 Issue	Contractor Participants	27/06/2015	27/06/2018

1 These shares were reallocated to senior management and formed part of Series 15.
2 500,000 shares were reallocated to senior management and formed part of Series 16 and 300,000 shares were reallocated to form part of Series 25.
3 These shares were reallocated to senior management and formed part of Series 16.
4 2,000,000 shares were reallocated to senior management and formed part of Series 17 and Series 22.
5 The modification relates to the removal of interest on ESP loans as approved by the Board.
6 The interest rate changed on the financial assistance applicable to the ESP issues to the Managing Director were not changed on 14 February 2013.
7 Shares vest on change of control of ClearView as defined in rules of plan.
8 Shares vest 1 year post change of control of ClearView as defined in rules of plan.
9 The Board approved granting an extension of the loan term until such time as there is a change of control in the Company.

Inputs into the model	Series 6	Series 7	Series 8	Series 10	Series 11
Grant date share price ($)	0.59	0.49	0.49	0.50	0.58
Anticipated vesting price ($)	0.58	0.55	0.55	0.54	0.63
Expected volatility (%)	25.26	30.24	30.43	28.78	28.78
Anticipated option life (years)	3.00	1.75	1.73	2.75	2.75
Inputs into the model	**Series 12**	**Series 13**	**Series 14**	**Series 15**	**Series 16**
Grant date share price ($)	0.65	0.53	0.5	0.60	0.59
Anticipated vesting price ($)	0.71	0.57	0.47	0.50	0.51
Expected volatility (%)	28.78	28.78	29.71	31.49	35.35
Anticipated option life (years)	2.75	2.94	2.94	3.00	3.00
Inputs into the model	**Series 17**	**Series 18**	**Series 19**	**Series 20**	**Series 21**
Grant date share price ($)	0.49	0.49	0.50	0.50	0.50
Anticipated vesting price ($)	0.50	0.50	0.50	0.50	0.49
Expected volatility (%)	36.70	37.06	36.47	36.61	36.94
Anticipated option life (years)	1.75	1.73	2.95	5.00	4.95
Inputs into the model	**Series 22**	**Series 23**	**Series 24**	**Series 25**	**Series 26**
Grant date share price ($)	0.50	0.54	0.55	0.58	0.57
Anticipated vesting price ($)	0.49	0.53	0.54	0.58	0.57
Expected volatility (%)	37.33	37.85	37.99	35.21	35.92
Anticipated option life (years)	5.00	5.00	3.00	5.00	5.99
Inputs into the model		**Series 27**	**Series 28**	**Series 29**	**Series 30**
Grant date share price ($)		0.57	0.69	0.68	0.64
Anticipated vesting price ($)		0.57	0.69	0.68	0.64
Expected volatility (%)		35.92	35.92	36.81	36.90
Anticipated option life (years)		4.99	4.99	5.00	5.00

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

		2013		2012
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at the beginning of the financial year	31,125,000	0.53	20,650,000	0.55
Issued during the financial year	12,742,333	0.59	10,475,000	0.50
Exercised during the year	(2,000,000)	0.50	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the financial year	**41,867,333**	**0.54**	**31,125,000**	**0.53**

The above reconciles the outstanding shares granted under the Executive Share Plan at the beginning and end of the financial year:

Shares that were granted in the current year

13,042,333 million shares granted issued during the year of which 300,000 were reallocated from other series existing at the beginning of the year. The net shares issued on the ASX were therefore 12,742,333 million shares.

Notes to the Financial Statements

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27. Share-based payments continued

Shares issued to Employee Participants

Share series	Type of arrangement	Grant date	Issue price at grant date	Fair value at grant date	Fair value at grant date (pre modification) [1]	Fair value at grant date (post modification) [1]	Expiry date
Series 6	Ordinary	30/06/2008	0.59	0.10	0.10	30/06/2008	30/06/2013
Series 7	Ordinary	29/09/2009	0.49	0.07	0.10	23/10/2009	29/09/2014
Series 9	Ordinary	28/10/2009	0.50	0.07	0.07	28/10/2012	28/10/2014
Series 10	Ordinary	25/06/2010	0.50	0.11	0.11	26/03/2011	26/03/2015
Series 11	Ordinary	25/06/2010	0.58	0.08	0.08	26/03/2012	26/03/2015
Series 12	Ordinary	25/06/2010	0.65	0.06	0.06	26/03/2013	26/03/2015
Series 13	Ordinary	25/06/2010	0.53	0.10	0.15	1/06/2013	1/06/2015
Series 14	Ordinary	25/10/2010	0.50	0.07	0.09	1/10/2013	1/10/2015
Series 15	Ordinary	1/07/2011	0.50	0.10	0.13	1/07/2014	1/07/2016
Series 16	Ordinary	1/09/2011	0.50	0.10	0.13	1/09/2014	1/09/2016
Series 17	Ordinary	1/03/2012	0.50	0.09	0.11	1/03/2015	1/03/2017
Series 24	Ordinary	22/08/2012	0.55	0.19	0.19	22/08/2015	22/08/2017
Series 26	Ordinary	12/04/2013	0.57	0.29	0.29	12/04/2019	12/04/2018
Series 27	Ordinary	12/04/2013	0.57	0.27	0.27	12/04/2018	12/04/2018

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

Shares issued to Contractor Participants

Share series	Type of arrangement	Grant date	Issue price at grant date	Fair value at grant date	Fair value at grant date (pre modification) [1]	Fair value at grant date (post modification) [1]	Expiry date
Series 18	Ordinary	10/02/2013	0.50	0.12	0.15	28/02/2017	28/02/2017
Series 19	Ordinary	15/03/2012	0.50	0.12	0.16	2/05/2017	2/05/2017
Series 20	Ordinary	3/04/2012	0.50	0.13	0.17	2/05/2017	2/05/2017
Series 21	Ordinary	7/05/2012	0.50	0.13	0.17	24/05/2017	24/05/2017
Series 22	Ordinary	29/06/2012	0.50	0.13	0.16	28/06/2017	28/06/2017
Series 23	Ordinary	6/08/2012	0.54	0.17	0.21	5/08/2017	5/08/2017
Series 25	Ordinary	21/12/2012	0.58	0.16	0.20	20/12/2017	20/12/2017
Series 28	Ordinary	12/04/2013	0.69	0.22	0.22	15/04/2018	15/04/2018
Series 29	Ordinary	31/05/2013	0.68	0.22	0.22	30/05/2018	30/05/2018
Series 30	Ordinary	27/06/2013	0.64	0.21	0.21	26/06/2018	26/06/2018

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

Series	Vesting conditions	Performance conditions
Series 18 - 1 March 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 19 - 3 April 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 20 - 3 April 2012 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 21 - 25 May 2012 Issue	4 years and 347 days from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 22 - 29 June 2012 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 23 - 6 August 2012 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 25 - 21 December 2012 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 28 - 16 April 2013 Issue	4 years and 361 days from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 29 - 31 May 2013 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No
Series 30 - 27 June 2013 Issue	5 years from the date of issue and achievement of specific sales target and other qualifying criteria	No

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

On 26 September 2012, CCP Bidco's off-market takeover bid for all the ordinary shares in ClearView became unconditional which resulted in accelerating the vesting of the shares in the ESP at that time, including all Series 10 to 17 which had been issued to employee participants prior to the change of control. Series 7 and 9 were issued prior to 23 October 2009, where the change of control provision was triggered upon GPG obtaining control of ClearView. All Series that are issued to contractor participants are not subject to the accelerated vesting conditions applicable on the change of control.

The third tranche of 2 million shares issued to the Managing Director vested on the 26 September 2012 upon the change of control of ClearView. No other shares vested during the current financial year.

Shares that were cancelled during the year

No shares were cancelled during the year.

On 21 December 2012, 300,000 shares were reallocated from Series 7 to Series 25 due to the cessation of the employment of a participant of the plan.

28. Shares granted under the executive share plans

In accordance with the provisions of the ESP, as at 30 June 2013, executives, senior employees and contractor participants have acquired 41,867,333 (2012: 31,125,000) ordinary shares that will vest if certain conditions are met. Shares granted under the ESP carry rights to dividends and voting rights. Financial assistance amounting to $23,617,722 (2012: $17,410,584) was made available to executives, senior employees and contractor participants to fund the acquisition of shares under the ESP. For details of the ESP refer to Note 27.

Notes to the Financial Statements

For the year ended 30 June 2013

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29. Dividends

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fully paid ordinary shares				
Interim dividend per share: nil cents (2012: nil cents)	-	-	-	-
Final dividend per share: 1.8 cents (2012: $1.8 cents)	8,019	8,011	8,019	8,011
Special dividend per share: 2.2 cents (2012: nil cents)	9,800	-	9,800	-
Total	**17,819**	**8,011**	**17,819**	**8,011**

On 27 August 2013, the Directors proposed a final dividend of $8.2 million representing 1.8 cents per share fully franked. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

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

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net profit/(loss) for the year	1,876	22,336	(4,447)	5,072
Fair value (gains)/losses on financial assets at fair value through profit and loss	(119,533)	2,738	-	(40)
Loss on disposal of property, plant and equipment	82	458	-	-
Depreciation on property, plant and equipment	583	662	-	-
Amortisation of intangibles	9,345	7,018	-	-
Interest and dividend received from controlled entity	-	-	-	(4,500)
Other non cash items	378	465	-	-
Reinvested trust distribution income/Term deposit interest	(20,488)	(17,227)	(649)	(1,050)
Profit from associate	(6)	-	-	-
Movements in liabilities to non-controlling interest in controlled unit trust	15,063	1,529	-	-
Employee share plan expense	1,679	502	1,679	502
Increase/(decrease) in receivables	(480)	(175)	3,604	(4,825)
Decrease/(increase) in deferred tax asset	4,481	10,178	(216)	7,665
Increase/(decrease) in payables	2,073	(3,553)	(436)	(597)
Decrease in policy liabilities	(56,940)	(168,301)	-	-
Increase in current and deferred tax liability	3,778	496	3,039	544
Net cash (utilised)/generated by operating activities	**(158,109)**	**(142,875)**	**2,574**	**2,771**

Notes to the Financial Statements

For the year ended 30 June 2013

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31. Subsidiaries

Name of Entity	Country of incorporation	Ownership interest 2013 %	Ownership interest 2012 %
Parent entity			
ClearView Wealth Limited	Australia		
Subsidiaries			
ClearView Group Holdings Pty Limited	Australia	100	100
ClearView Life Assurance Limited	Australia	100	100
ClearView Financial Management Limited	Australia	100	100
ClearView Life Nominees Pty Limited	Australia	100	100
ClearView Administration Services Pty Limited	Australia	100	100
ClearView Financial Advice Pty Limited (formerly ComCorp Financial Advice Pty Limited)	Australia	100	100
Affiliate Financial Planning Pty Limited	Australia	100	100
Controlled unit trusts			
International Fixed Interest Fund	Australia	96	95
Fund of Funds Australian Equity Fund	Australia	75	81
Bond Fund	Australia	82	92
Fund of Funds International Equity Fund	Australia	93	93
Property Fund	Australia	89	92
Money Market Fund	Australia	89	95
Infrastructure Fund	Australia	84	92
Emerging Markets Fund	Australia	80	91

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

Notes to the Financial Statements

For the year ended 30 June 2013

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32. Investment in associate

During the current year the Group held a 40% interest in Berry Financial Services Pty Ltd and accounted for the investment as an associate. On the 28th June 2013, the Group sold its 40% investment in Berry Financial Services to Berry Investment Company Pty Limited for $168,000. The sale was vendor financed and resulted in the Group advancing the proceeds to Berry Investment Company for the purposes of the acquisition. The carrying value of the Investment in Associate at the date of sale was $171,751. This transaction resulted in the recognition of a loss on sale of associate of $3,751 calculated as follows:

	Consolidated
	2013 $'000
Proceeds from Sale of associate	168
Less Carrying value of investment at date of sale	(172)
Loss on sale	(4)

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Investment in associate	-	163	-	-
Reconciliation of investment in associate:				
Balance at the beginning of the financial year	163	163	-	-
Share of profit/(loss) for the year	9	-	-	-
Disposal of associate	(172)	-	-	-
Balance at the end of the financial year	**-**	**163**	**-**	**-**

			Ownership interest	
Name of Entity	County of incorporation	Principal activity	2013 $'000	2012 $'000
Associates				
Berry Financial Services Pty Ltd	Australia	Financial Planning	-	40

Summarised financial information in respect of the Group's associate is set out below:

	Consolidated	
	28/06/13 $'000	2012 $'000
Financial position		
Total assets	78	47
Total liabilities	156	148
Net assets	(78)	(101)
Group's share of associate's net assets	**(31)**	**(40)**
Financial performance		
Total revenue	265	222
Total profit for the year	23	1
Group's share of associate's profit	**9**	**-**

Dividends received from associate

Nil

Contingent liabilities and capital commitments

There are no capital commitments and other expenditure commitments of associates and jointly controlled entities.

Notes to the Financial Statements

For the year ended 30 June 2013

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33. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

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

(b) Transactions with KMP

Key management personnel compensation

Details of Key Management Personnel compensation are disclosed in the Directors' Report on page 43 of the Annual Report. The aggregate compensation made to Key Management Personnel (KMP) of the Company and the Group is set out below:

	Consolidated	
	2013 $	2012 $
Short-term employee benefits	5,061,586	3,378,545
Post-employment benefits	549,628	226,955
Share based payments	854,242	378,171
Total	**6,465,456**	**3,983,671**

Directors and KMP equity holdings

Fully paid ordinary shares of ClearView Wealth Limited (including those held under the Employee Share Plan) owned by the Directors and KMP are outlined below. The following table outlines the fully paid ordinary shares of the Company (including those held under the ESP) owned by the KMP as at 30 June 2013:

2013	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other changes No.	Balance end of financial year No.	Balance held subject to vesting conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
R Kellerman	-	-	300,000	-	(300,000)	-	-	-	-	-
D Goodsall	-	-	100,000	-	(100,000)	-	-	-	-	-
J Murphy	-	-	5,606,766	-	(5,606,766)	-	-	-	-	-
S Thomas	-	-	1,527,035	-	(1,527,035)	-	-	-	-	-
B Edwards	-	-	-	-	444,050	444,050	-	-	-	-
G Burg	-	-	-	-	8,643,792	8,643,792	-	-	-	-
S Swanson	-	12,000,000	12,000,000	-	-	12,000,000	-	10,000,000	10,000,000	-
B Odes [1]	-	-	2,000,000		(1,687,500)	312,500	-	312,500	-	312,500
A Chiert	1,000,000	1,500,000	1,500,000	1,000,000	-	2,500,000	1,000,000	1,500,000	1,500,000	-
C Levinthal [1,2]	-	1,055,000	1,055,000	-	193,000	1,248,000	-	1,000,000	-	1,000,000
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,000,000	500,000
T Kardash	500,000	1,000,000	1,000,000	500,000	-	1,500,000	500,000	1,000,000	1,000,000	-
G Martin	1,000,000	2,000,000	2,075,000	1,000,000	-	3,075,000	1,000,000	2,000,000	2,000,000	-
C Robson	-	1,000,000	1,000,000	-	-	1,000,000	-	1,000,000	-	-

1 During the year B Odes and C Levinthal ceased employment and are no longer KMP at the date of this report.
2 Net other changes relates to indirect beneficial ownership through relative interest in Experien Pty Limited

Notes to the Financial Statements

For the year ended 30 June 2013

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33. Related party transactions continued

2012	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other changes No.	Balance end of financial year No.	Balance held subject to vesting conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
R Kellerman	-	300,000	550,000	-	(250,000)	300,000	-	-	-	-
D Goodsall	-	100,000	100,000	-	-	100,000	-	-	-	-
J Murphy	-	5,606,766	5,606,766	-	-	5,606,766	-	-	-	-
S Thomas	-	1,527,035	800,000	-	727,035	1,527,035	-	-	-	-
S Swanson	4,000,000	8,000,000	12,000,000	-	-	12,000,000	4,000,000	6,000,000	6,000,000	-
B Odes	2,000,000	-	-	2,000,000	-	2,000,000	2,000,000	.	-	-
A Chiert	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
C Levinthal	1,000,000	55,000	1,000,000	-	55,000	1,055,000	1,000,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	-	1,500,000	-	1,500,000	1,500,000	-
G Martin	2,000,000	75,000	75,000	2,000,000	-	2,075,000	2,000,000	-	-	-
C Robson	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	-	-

All shares granted as compensation to Directors and key management personnel were made in accordance with the provisions of the Employee Share Plan.

(d) Transactions between the Group and its related parties

Other related parties include:

- entities with significant influence over the Group
- associates, and
- subsidiaries

Balances and transaction between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties during the financial year ended 30 June 2013 are disclosed below:

- Berry Investments Pty Limited charged ClearView Financial Advice Pty Limited a management fee of $85,000 (2012: $80,000) in respect of services provided to ClearView Financial Advice.
- Directors fees were paid to Cresent Capital Partners Pty Limited the manager of our majority shareholder CCP Bidco Pty Limited.

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

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For the year ended 30 June 2013

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Outstanding balances between the Group and its related parties

	ClearView Wealth Limited	ClearView Life Assurance Limited	ClearView Financial Management Limited	ClearView Financial Advice Pty Limited	ClearView Admin Services Pty Limited	ClearView Life Nominees Pty Limited	Total
2013	$	$	$	$	$	$	$
ClearView Wealth Limited	-	6,396,388	21,013	82,198	1,549,815	1,047	8,050,461
ClearView Life Assurance Limited	(6,396,388)	-	(23,920)	(486,586)	(2,574,485)	-	(9,481,379)
ClearView Financial Management Limited	(21,013)	23,920	-	(40,617)	(104,667)	25,714	(116,663)
ClearView Financial Advice Pty Limited	(82,198)	486,586	40,617	-	(962,594)	-	(517,589)
ClearView Administration Services Pty Limited	(1,549,815)	2,574,485	104,667	962,594	-	-	2,091,931
ClearView Life Nominees Pty Limited	(1,047)	-	(25,714)	-	-	-	(26,761)
Total	**(8,050,461)**	**9,481,379**	**116,663**	**517,589**	**(2,091,931)**	**26,761**	**-**
2012	$	$	$	$	$	$	$
ClearView Wealth Limited	-	11,146,139	139,863	(315,293)	383,196	579	11,354,484
ClearView Life Assurance Limited	(11,146,139)	-	(142,524)	(1,289,282)	(1,852,851)	1,000	(14,429,796)
ClearView Financial Management Limited	(139,863)	142,524	-	(40,338)	(36,700)	4,590	(69,787)
ClearView Financial Advice Pty Limited	315,293	1,289,282	40,338	-	(149,062)	(646)	1,495,205
ClearView Admin Services Pty Limited	(383,196)	1,852,851	36,700	149,062	-	-	1,655,417
ClearView Life Nominees Pty Limited	(579)	(1,000)	(4,590)	646	-	-	(5,523)
Total	**(11,354,484)**	**14,429,796**	**69,787**	**(1,495,205)**	**(1,655,417)**	**5,523**	**-**

(e) Transactions other than financial instrument transactions

No Director has entered into a material contract with the Company or the ClearView Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end. Other transactions with directors, executives and their related parties are conducted on arm's length terms and conditions, and are deemed trivial or domestic in nature. These transactions are in the nature of personal investment, life insurance policies and superannuation.

Notes to the Financial Statements

For the year ended 30 June 2013

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34. Financial instruments

(a) Management of financial Instruments

The financial assets of the Group (other than shareholder cash holdings) are managed by specialist investment managers who are required to invest the assets allocated in accordance with directions from the Board. BNP Paribas acts as master custodian on behalf of the Group and, as such, provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions. Daily operating bank accounts and shareholder cash are managed within the Group by the internal management and finance department.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Notes 3(o) and 3(p) to the financial statements respectively.

(c) Capital risk management

The Group maintains capital to protect customers, creditors and shareholders against unexpected losses to a level that is consistent with the Group's risk appetite. The Group's capital structure consists of ordinary equity comprising issued capital, retained earnings and reserves (as detailed in Notes 12 and 26). The capital structure remains unchanged from the previous financial period.

(d) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with the fair value hierarchy detailed in Note 5.

(e) Categories of financial instruments

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

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets				
Investment in group companies	-	-	234,892	225,542
Available for sale assets	-	335	-	335
Cash and cash equivalents	233,663	193,371	819	11,820
Fixed interest deposits	53,284	91,991	10,181	21,093
Life insurance investment assets	1,216,450	1,178,505	-	-
Reinsurers' share of life insurance policy liabilities	(930)	1,901	-	-
Loans and receivables	9,665	9,591	8,072	11,676
Total	**1,512,132**	**1,475,694**	**253,964**	**270,466**
Financial liabilities				
Policyholder liabilities	1,076,540	1,133,480	-	-
Payables	16,288	12,656	42	459
Current tax liabilities	3,583	544	3,583	544
Provisions	3,474	2,724	64	81
Provisions for deferred consideration	-	28	-	-
Total	**1,099,885**	**1,149,432**	**3,689**	**1,084**

(f) Financial risk management objectives

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

(g) Market risk

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

Interest rate risk

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

- Maintaining the level of interest rate exposure within the tolerances set by the Board in the RMS;
- Investing ClearView's assets in accordance with the Board approved Investment Policy and Guidelines; and
- By holding capital reserves in accordance with the Company's ICAAP with respect to the residual interest rate risk exposure retained, in addition to the regulatory capital reserves held within ClearView Life in respect of interest rate risk.

Equity price risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. As at 30 June 2013, ClearView's assets were not exposed to equity price risk.

In contrast to this, the Policyholder assets and other client funds under management and under administration, involve significant investment in equities. As noted above, the Policyholder asset risks are borne by the policyholders. The Company is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

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

To the extent required, capital reserve are held in accordance with the ICAAP with respect to the Company's residual fee risk exposure.

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposures arising from investment activities are assessed by the Company's internal investment management committee (the ClearView Investment Committee (CIC) appointed by the Board) prior to investing ClearView assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC, with the CIC charged to maintain the credit quality of ClearView assets within the Board's investment guidelines.

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

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

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

Specific capital reserves are held against credit risk under the regulatory capital requirements of ClearView Life (LAGIC) and credit risk is considered within the Company's ICAAP.

The Group does have significant credit risk exposure to counterparties but these counterparties have a high credit rating. The table below shows the maximum exposure to credit risk at the reporting date. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date. The table reflects the credit risk exposure facing the Group.

34. Financial instruments continued

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash and cash equivalents and debt securities/ fixed interest securities				
Rating				
AAA to AA-	767,188	733,557	11,000	32,913
A+ to A-	76,458	29,098	-	-
BBB+ to BBB-	15,017	9,610	-	-
Total	**858,663**	**772,265**	**11,000**	**32,913**

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

(i) Liquidity risk

Liquidity risk is primarily the risk that the Company will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders, members and clients. A secondary risk relates to the risk of the illiquidity of the external (including off balance sheet) funds its clients invest in, which may result in restricted fee flows to the Company and/or reputational damage via association.

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

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

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

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

The following tables summarise the realisation profile of financial assets at the reporting date. There were no financial assets past due or impaired at the reporting date other than those provided for.

					Consolidated
2013	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 year and over $'000	Total $'000
Receivables	2,537	263	52	106	2,958
Amounts from controlled/associated entities	-	-	-	-	-
Outstanding life insurance premiums net of provision	1,581	-	-	-	1,581
Accrued dividends	2,122	-	-	-	2,122
Investment income and distribution income	827	-	-	-	827
Reinsurance share of life insurance receivable [1]	3,858	(177)	(355)	(4,256)	(930)
Loans	50	42	85	269	446
Prepayments	1,486	238	7	-	1,731
Total	**12,461**	**366**	**(211)**	**(3,881)**	**8,735**
2012					
Trade receivables	3,466	-	-	-	3,466
Amounts from controlled/associated entities	84	-	-	70	154
Outstanding life insurance premiums net of provision	597	-	-	-	597
Accrued dividends	2,605	-	-	-	2,605
Investment income and distribution income	908	-	-	-	908
Reinsurance share of life insurance receivable [1]	1,141	418	209	133	1,901
Loans	35	34	66	144	279
Prepayments	1,405	18	36	123	1,582
Total	**10,241**	**470**	**311**	**470**	**11,492**

					Company
2013	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 to 5 years $'000	Total $'000
Trade receivables	22	-	-	-	22
Amounts from controlled / associated entities	8,050	-	-	-	8,050
Total	**8,072**	**-**	**-**	**-**	**8,072**
2012					
Trade receivables	6	-	-	-	6
Amounts from controlled / associated entities	11,670	-	-	-	11,670
Total	**11,676**	**-**	**-**	**-**	**11,676**

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

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

34. Financial instruments continued

The following tables summarise the maturity profile of the Group and the Company's financial liabilities all of which are non-interest bearing. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principle cash flows.

						Consolidated
2013	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	13,089	79	244	962	-	14,374
Current tax liabilities	-	3,583	-	-	-	3,583
Provisions	148	711	311	1,272	1,031	3,473
Reinsurance payable[2]	1,061	853	-	-	-	1,914
Total	**14,298**	**5,226**	**555**	**2,234**	**1,031**	**23,344**
2012						
Payables	10,843	232	377	1,204	-	12,656
Current tax liabilities	-	544	-	-	-	544
Provisions	194	169	279	1,154	928	2,724
Provision for deferred consideration	28	-	-	-	-	28
Total	**11,065**	**945**	**656**	**2,358**	**928**	**15,952**

						Company
2013	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	42	-	-	-	-	42
Current tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Total	**42**	**-**	**-**	**-**	**-**	**42**
2012						
Payables	461	-	-	-	-	461
Current tax liabilities	-	544	-	-	-	544
Provisions	-	81	-	-	-	81
Total	**461**	**625**	**-**	**-**	**-**	**1,086**

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

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

(j) Financing facilities

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
The Group has access to the following facilities:				
Bank Guarantees				
- amount used	827	911	-	-
Overdraft and credit				
- amount used	-	-	-	-
- amount unused	2,250	2,000	-	-

ClearView Life Assurance Limited has a $2 million overdraft facility with National Australia Bank at a benchmark interest rate of 2.5% p.a calculated daily. Any overdrawn balance in excess of the overdraft will incur an additional margin of 1.5% p.a above the benchmark interest rate. The bank overdraft is short-term in nature and was unutilised at 30 June 2013. There is an additional $0.25 million credit card facility with National Australia Bank in the name of ClearView Administration Services Pty Limited.

Interest rate risk management

The Group's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Group to cash flow risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Board monitors the Group's exposures to interest rate risk.

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

	Consolidated		Company	
2013	Weighted average interest rate %	Less than 6 months $'000	Weighted average interest rate %	Less than 6 months $'000
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	3.50	59,046	2.87	819
Fixed interest securities	3.95	53,284	4.17	10,187
Total	-	**112,330**	-	**11,006**
2012				
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	3.73	30,713	3.94	11,820
Fixed interest securities	5.30	91,991	5.47	21,093
Total	-	**122,704**	-	**32,913**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

34. Financial instruments continued

Interest rate sensitivity analysis for floating rate financial instruments

The sensitivity analysis below have been determined based on the Group's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 1% (2012: 1%) increase or decrease is used when reporting interest risk internally to key management personal and represents management's assessment of the reasonably possible change in interest rates.

The following table illustrates the effect for the Group from possible changes in market risk that are reasonably possible based on the risk the Group was exposed to at reporting date:

	Effect on operating profit Consolidated		Effect on securities Consolidated		Effect on operating profit Company		Efftect on securities Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
±1.0% (2012: ±1.0%)	±692	±705	±692	±705	±62	±185	±62	±185

The method used to prepare the sensitivity analysis has not changed in the year. Based on the market exposure management believe that the interest rate variation above is considered appropriate in the current environment.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does account for fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in long term interest rates at reporting date would affect profit and loss.

(k) Foreign currency risk management

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group undertakes certain investments denominated in foreign currencies, hence is exposed to the effects of exchange rate fluctuations. However, the foreign currency risk is borne by the policyholder and the shareholder has no direct exposure to foreign currency.

	Change in AUD relative to foreign currency	Effect on net assets/ INV return ($) $'000
USD	(15%)	-
GBP	(18%)	-
EUR	(3%)	-
YEN	(10%)	-

Forward foreign exchange contracts

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

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

35. Disaggregated information by fund

Abbreviated income statement

	ClearView Life Assurance Limited (Company)				
	Shareholders fund	Statutory fund no.1	Statutory fund no.2	Statutory fund no.4	Total
	Australian Non-Participating				
2013	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	54,804	371	-	55,175
Outwards reinsurance expense	-	(4,341)	(47)	-	(4,388)
Fee revenue	-	-	1,448	24,394	25,842
Investment revenue	473	2,086	3,016	59,259	64,834
Net fair gains/(losses) on financial assets at fair value	-	-	127	106,119	106,246
Net revenue and income	**473**	**52,549**	**4,915**	**189,772**	**247,709**
Claims expense	-	(19,708)	(180)	-	(19,888)
Reinsurance recoveries	-	3,665	77	-	3,742
Total administration expenses	(1)	(40,729)	(1,368)	(16,322)	(58,420)
Change in life insurance policy liabilities	-	13,734	(7)	-	13,727
Change in life investment policy liabilities	-	-	(3,001)	(158,995)	(161,996)
Profit for the year before income tax	**472**	**9,511**	**436**	**14,455**	**24,874**
Income tax expense	(142)	(2,853)	(143)	(8,029)	(11,167)
Net profit attributable to members of ClearView Life Assurance Limited	**330**	**6,658**	**293**	**6,426**	**13,707**

Abbreviated statement of financial position

2013	$'000	$'000	$'000	$'000	$'000
Investments in controlled unit trusts	800	-	75,376	1,099,669	1,175,845
Policy liabilities ceded under reinsurance	-	(1,052)	122	-	(930)
Other assets	3,869	71,180	2,408	18,494	95,951
Total assets	**4,669**	**70,128**	**77,906**	**1,118,163**	**1,270,866**
Gross policy liabilities - Life insurance contracts	-	(99,782)	46	-	(99,736)
Gross policy liabilities - Investment insurance contracts	-	-	74,768	1,100,579	1,175,347
Other liabilities	142	7,368	848	7,032	15,390
Total liabilities	**142**	**(92,414)**	**75,662**	**1,107,611**	**1,091,001**
Net assets	**4,527**	**162,542**	**2,244**	**10,552**	**179,865**
Shareholder's retained profits					
Opening retained profits	(6,928)	84,684	2,251	9,526	89,533
Operating profit	330	6,658	293	6,426	13,707
Capital transfer between funds	-	7,000	(500)	(6,500)	-
Dividend paid	-	-	-	-	-
Shareholder's retained profits	(6,598)	98,342	2,044	9,452	103,240
Shareholder's capital	11,125	64,200	200	1,100	76,625
Total equity	**4,527**	**162,542**	**2,244**	**10,552**	**179,865**

Notes to the Financial Statements

For the year ended 30 June 2013

Continued

35. Disaggregated information by fund continued

Abbreviated income statement

	ClearView Life Assurance Limited (Company)				
	Shareholders fund	Statutory fund no.1	Statutory fund no.2	Statutory fund no.4	Total
	Australian Non-Participating				
2012	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	40,488	385	-	40,873
Outwards reinsurance expense	-	(2,754)	(37)	-	(2,791)
Fee revenue	-	-	1,529	25,881	27,410
Investment revenue	501	1,740	4,565	66,266	73,072
Net fair gains/(losses) on financial assets at fair value	241	-	(108)	(18,487)	(18,354)
Net revenue and income	**742**	**39,474**	**6,334**	**73,660**	**120,210**
Claims expense	-	(11,278)	(248)	-	(11,526)
Reinsurance recoveries	-	1,400	7	-	1,407
Total administration expenses	-	(19,373)	(1,079)	(19,250)	(39,702)
Change in life insurance policy liabilities	-	19,461	20	-	19,481
Change in life investment policy liabilities	-	-	(3,288)	(43,714)	(47,002)
Profit for the year before income tax	**742**	**29,684**	**1,746**	**10,696**	**42,868**
Income tax expense	(223)	(8,905)	(777)	(4,652)	(14,557)
Net profit attributable to members of ClearView Life Assurance Limited	**519**	**20,779**	**969**	**6,044**	**28,311**

Abbreviated statement of financial position

2012	$'000	$'000	$'000	$'000	$'000
Investments in controlled unit trusts	-	-	92,376	1,121,440	1,213,816
Policy liabilities ceded under reinsurance	-	1,411	490	-	1,901
Other assets	11,186	40,899	5,811	36,727	94,623
Total assets	**11,186**	**42,310**	**98,677**	**1,158,167**	**1,310,340**
Gross policy liabilities - Life insurance contracts	-	(83,735)	48	-	(83,687)
Gross policy liabilities - Investment insurance contracts	-	-	91,348	1,127,721	1,219,069
Other liabilities	189	10,661	1,330	5,320	17,500
Total liabilities	**189**	**(73,074)**	**92,726**	**1,133,041**	**1,152,882**
Net assets	**10,997**	**115,384**	**5,951**	**25,126**	**157,458**
Shareholder's retained profits					
Opening retained profits	(2,947)	63,905	1,282	3,482	65,722
Operating profit	519	20,779	969	6,044	28,311
Dividend paid	(4,500)	-	-	-	(4,500)
Shareholder's retained profits	(6,928)	84,684	2,251	9,526	89,533
Shareholder's capital	17,925	30,700	3,700	15,600	67,925
Total equity	**10,997**	**115,384**	**5,951**	**25,126**	**157,458**

36. Investment in controlled unit trusts

		Consolidated 2013		Company 2012	
Name	Type	$'000	%	$'000	%
Money Market Fund	Debt	332,781	28	284,964	23
Bond Fund	Debt	265,439	23	276,429	23
International Fixed Interest Fund	Debt	30,935	3	33,380	3
Fund of Funds Australian Equity Fund	Equities	215,239	18	249,804	21
Fund of Funds International Equity Fund	Equities	122,548	10	159,439	13
Emerging Markets Fund	Equities	64,632	6	63,368	5
Infrastructure Fund	Property	97,107	8	94,320	8
Property Fund	Property	46,364	4	52,112	4
Total		**1,175,045**	**100**	**1,213,816**	**100**

37. Leases

Leasing arrangements

Operating leases relate to:

- Premises leases (for financial advice offices) with lease terms that extend to 31 March 2017. The Group does not have an option to purchase the leased asset at expiry of the lease. A provision for onerous leases has been raised in relation to financial advice offices that will potentially be vacated as a result of the Dealer Group restructure.
- ClearView Administration Services Pty Limited entered into a lease agreement to lease premises for its Sydney head office at 20 Bond Street with effect from 1 December 2011 with a lease term that extends to 30 November 2016.
- ClearView Administration Services Pty Limited has entered into a lease agreement subsequent to year end to lease premises for its Parramatta office with effect from 1 July 2013 with a lease term that extends to 30 June 2016.
- Tools of trade cars utilised by employees in the performance of their work responsibilities. The Group does not have an option to purchase the leased assets at expiry of the leases.
- Printers and copiers utilised in the business. The Group does not have an option to purchase the leased assets at expiry of the leases.

Non-cancellable operating lease commitments

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not longer than 1 year	2,113	1,842	-	-
Longer than 1 year and not longer than 5 years	3,627	4,522	-	-
Total	**5,740**	**6,364**	**-**	**-**

37. Leases continued

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

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Make good provision (Note 23)				
Current	215	68	-	-
Non-current	95	159	-	-
Total	**310**	**227**	**-**	**-**

38. Contingent liabilities and contingent assets

The Group has entered into an agreement which an outsourced service provider for its Wrap platform. The fee payable to this service provider is based on a percentage of assets under management on the platform. If these fees are less than $1.05 million at the end of three years (November 2014), then ClearView will be liable to make good on the shortfall relative to the fees paid over that period.

The Group has contractual agreements with a limited number of advisers to purchase the adviser's business should the adviser want to sell their business and on the satisfaction of certain criteria. The terms and conditions provide that on the satisfaction of specific requirements, the adviser's book of business will be purchased for a price based on the adviser's recurring income stream from the Group. It is possible that the market value or resale value of such a business purchased may be less than the cost to the Group. Due to the uncertainty of these circumstances arising no value can be reliably placed on the contingent liability.

The Group has term deposits that back financial guarantees issued by National Australia Bank in favour of landlords for leased premises in relation to rental deposits of $163,648 (2012: $287,055).

The Group has term deposits to back financial guarantees issued by Westpac Bank in favour of landlords for leased premises in relation to rental deposits of $663,491 (2012: $624,443).

The Company in the ordinary course of business has guaranteed the obligations of one of its subsidiaries in respect of its obligations for leasehold premises.

The Company has guaranteed the obligations of one of its subsidiaries in respect of employee entitlements of employees who were previously employed by MBF Holdings Pty Limited (Bupa Australia)

Other than the above, the Directors are not aware of any other contingent liabilities in the Group at year end.

39. Capital commitments

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

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Technology projects	880	-	420	-
Total	880	-	420	-

40. Subsequent events

On 27 August 2013, the Group proposed a final dividend of $8.2 million representing 1.8 cents per share fully franked. The record date for determining entitlement to the dividend is 30 September 2013 and the dividend will be paid on 8 October 2013. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations or the state of the affairs of the consolidated entity in future financial years.

Directors' Declaration

The Directors declare that:

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

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including the compliance with accounting standards and giving a true and fair view of the financial position and the performance of the Company and the consolidated entity;

(c) In the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 3; and

(d) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Dr Gary Weiss

Chairman

27 August 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 Report to the members of ClearView Wealth Limited

Report on the Financial Report

We have audited the accompanying financial report of ClearView Wealth Limited, which comprises the consolidated statement of financial position as at 30 June, 2013, the consolidated statement of profit or loss and other comprehensive income, the statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on page 60 to 135.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 51 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of ClearView Wealth Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 27 August 2013

Shareholders' Information

Substantial shareholders

As at the date of this Annual Report, the following entities have notified ClearView that they hold a substantial holding in shares.

Rank	Name	No of shares as per notice	% of issued capital
1	CCP Bidco Pty Limited and Associates[1]	269,063,363	59.37
2	Macquarie Investment Management Limited	59,090,909	13.04

1 Crescent Capital Partners Management Pty Limited represent the interests of CCP Bidco Pty Limited as manager.

Twenty largest shareholders (as at 2 August 2013)

Rank	Name	No of shares as per notice	% of issued capital
1	CCP Bidco Pty Limited	62,987,964	13.90
2	Macquarie Investment Management Limited	59,090,909	13.04
3	CCP Trusco 4 Pty Limited	38,466,092	8.49
4	CCP Bidco Pty Limited	29,820,073	6.58
5	CCP Trusco 5 Pty Limited	27,266,671	6.02
6	CCP Trusco 1 Pty Limited	25,117,785	5.54
7	Citicorp Nominees Pty Limited	24,211,359	5.34
8	Portfolio Services Pty Ltd	22,230,000	4.91
9	National Nominees Limited	14,775,619	3.26
10	CCP Trusco 3 Pty Limited	14,353,019	3.17
11	CCP Trusco 2 Pty Limited	11,960,850	2.64
12	Mr Simon Swanson	10,000,000	2.21
13	Investec Trust (Switzerland) SA	8,901,726	1.96
14	Wintol Pty Ltd	6,252,700	1.38
15	HSBC Custody Nominees (Australia) Limited	5,882,666	1.30
16	Wintol Pty Ltd	5,000,000	1.10
17	Jewelcross Pty Limited	4,253,052	0.94
18	Mr Ronald James Lambert	2,500,000	0.55
19	Addis Superannuation Pty Ltd	2,343,750	0.52
20	Mr Gerard Sherlock	2,325,000	0.51

Shareholders' Information

As at 31 July 2013

Ordinary Share Capital

There are 453,179,525 fully paid ordinary shares held by 1,804 shareholders. All the shares carry one vote per share.

Distribution of shareholders

The distribution of Shareholders as at 31 July 2013 is as follows:

Range	Total holders	Units	% of issued capital
1 - 1,000	261	91,492	0.02
1,001 - 5,000	585	1,828,969	0.40
5,001 - 10,000	317	2,523,130	0.56
10,001 - 100,000	493	14,268,592	3.15
100,001 and over	148	434,467,342	95.87
Total	**1,804**	**453,179,525**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.60 per unit	834	207	39,260

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2013.

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Directory

Directors

Dr Gary Weiss (Chairman)

Andrew Sneddon
(Alternate to Mr Fallick)

Bruce Edwards

David Brown

Gary Burg

John Leslie Fallick

Michael Alscher

Michael Lukin
(Alternate to Ms Weinstock)

Nathanial Thomson

Simon Swanson

Jennifer Weinstock

Former Directors

Ray Kellerman (former Chairman)

Anne Keating

Anthony Eisen

David Goodsall

John Murphy

Michael Jefferies
(Alternate to Mr Eisen)

Susan Thomas

Managing Director

Simon Swanson

Company Secretaries

Chris Robson

Athol Chiert

Appointed Actuary

Greg Martin

Registered Office and Contact Details

Level 12, 20 Bond Street
Sydney NSW 2000

GPO Box 4232
Sydney NSW 2001

Telephone: 02 8095 1300
Facsimile: 02 9233 1960
Email: ir@clearview.com.au
Website: www.clearview.com.au

Share Registry

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registry:

Computershare Investor
Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone: 1300 855 080
03 9415 4000

Facsimile: 03 9473 2500

Auditors

Deloitte Touche Tohmatsu

Accounting and Custodian Services

BNP Paribas Services Australasia
Pty Limited

Stock Listing

ClearView Wealth Limited is listed on the Australian Securities Exchange (ASX) under the ASX code "CVW".

ClearView Wealth Limited

ABN 83 106 248 248

www.clearview.com.au

ASX code CVW