ClearView

Half Year Condensed Consolidated Financial Report

for the six months ended 31 December 2014

ClearView Wealth Limited

ABN 83 106 248 248

Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit herewith the Condensed Consolidated Financial Report of ClearView and its subsidiaries (the Group) for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company who held office during the half year ended 31 December 2014 and up to the date of this report are shown below.

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

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

Principal activities

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

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 half year ended 31 December 2014.

ClearView Business

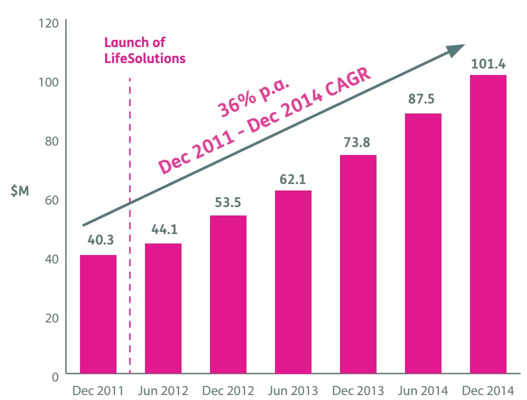
ClearView generates its revenue through the provision and distribution of life insurance, superannuation and investment products, and through the provision of financial advice and support services to financial advisers. The Group operates three business segments: Life Insurance, Wealth Management and Financial Advice.

Life Insurance

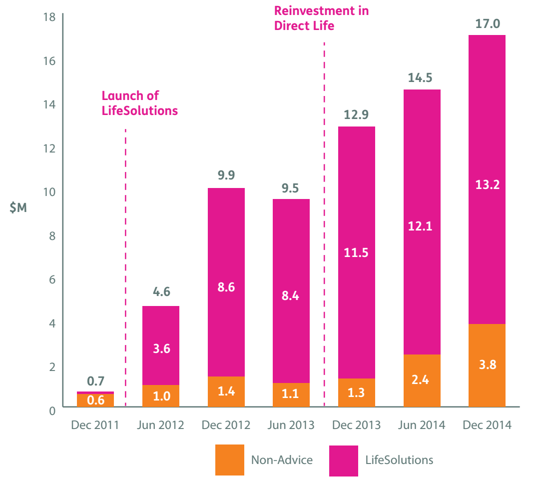
As at 31 December 2014, ClearView has total in-force life insurance premium of $101.4 million (+37% on prior comparable period) and has generated new business premium of $17 million over the six month period to 31 December 2014 (+32% on prior comparable period).

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

In-force premium

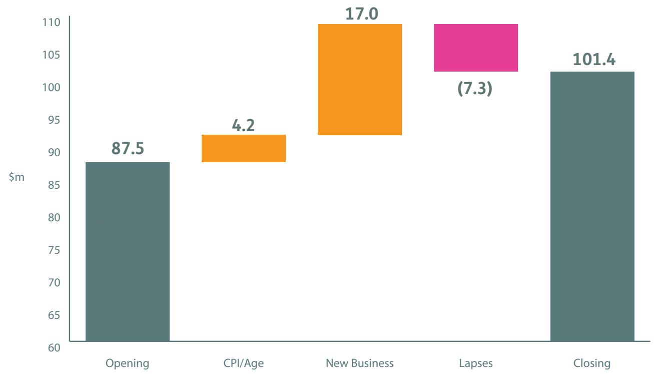


New business



As a non-bank aligned, Australian-listed life insurer with life insurance and wealth licences, ClearView is a differentiated business with limited legacy issues. This creates opportunities for a challenger such as ClearView.

The following graph reflects the movement in in-force premium from $87.5 million to $101.4 million over the six months to 31 December 2014:



(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, parent cover, income protection and business expense cover. Policies can be issued directly from ClearView Life Assurance Ltd (ClearView Life) or via the ClearView Retirement Plan (or superannuation fund).

During the first half of FY15, ClearView has implemented a LifeSolutions product upgrade to further improve the product features and offerings. The near term strategy is to build on this success by continuing to invest in technology to support the portfolio's growth and drive back-office efficiencies, and upgrade adviser interaction.

ClearView has 216 financial advisers (including 85 Matrix advisers) many of whom provide life insurance products to their clients (including LifeSolutions). ClearView's life insurance products are also placed across Australia through third party dealer groups (providing ClearView access to a broad base of financial advisers), with LifeSolutions products being included on 162 Approved Product Lists as at 31 December 2014.

Key focus areas as ClearView continues to invest for growth include:

- Continue to upgrade the supporting technology; and
- Expand the distribution footprint further by servicing the ClearView and Matrix dealer groups and continuing to establish distribution agreements with third parties (third party dealer groups), including other financial services businesses and financial advisers, who are interested in quality, innovative and competitively priced life insurance products and quality services.

(b) Non-Advice (Direct) Life Insurance

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

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

The Non-Advice business has reflected strong sales growth rates in the six month period to 31 December 2014 with new business generated of $3.8m (+185% on prior comparable period).

Key focus areas as ClearView continues to invest in Non-Advice include:

- Leveraging off the material investment made to date in the direct business and gaining further traction through strategic partners, the new "Your Insure" business that started in August 2014 and lead generation sources;
- Continuing to build out the investment in infrastructure and technology;
- Continuing to refine the product offering; and
- Strong retention focus by channel including developing best practice customer life cycle and retention programs.

Wealth Management

ClearView provides wealth management products via four primary avenues:

- Master Trust - Life investment contracts issued by ClearView Life. Products include ordinary savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan. These continue to operate under a bundled fee structure;
- WealthSolutions - A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS) Wrap. This is offered via the WealthSolutions platform which was launched in December 2011. WealthSolutions includes a menu of approximately 250 investment funds, ASX listed shares, term deposits and seven ClearView managed funds. It also provides a number of model portfolios managed by ClearView for superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. This is offered via the WealthFounations platform which was launched in October 2014. WealthFoundations includes a menu of 16 investment options with transparent investment in underlying fund managers; and
- Managed Investment Schemes (MIS) - Products are issued via ClearView Financial Management Limited (CFML) as the ASIC licensed Responsible Entity and include MIS products available on ClearView's WealthSolutions platform.

Given the potential margin compression and bundled fee structure, the ClearView Master Trust product fee arrangements are not considered sustainable on new flows in the future. These accounts are gradually rolling off given that the product is not actively marketed to new members and that there is a large component of the book in the pension phase. The WealthSolutions product is aimed at higher end wrap clients (>$250K investable funds) and therefore addresses the higher end, wrap segment of the retail market.

ClearView identified an opportunity to further improve its wealth product offering by launching a compelling, competitive mid-market product targeted at smaller account balances coupled with a life insurance cross sell opportunity. The new mid-market product (WealthFoundations) was launched in the first half of FY15.

Key principles of the product design of ClearView WealthFoundations have been the following:

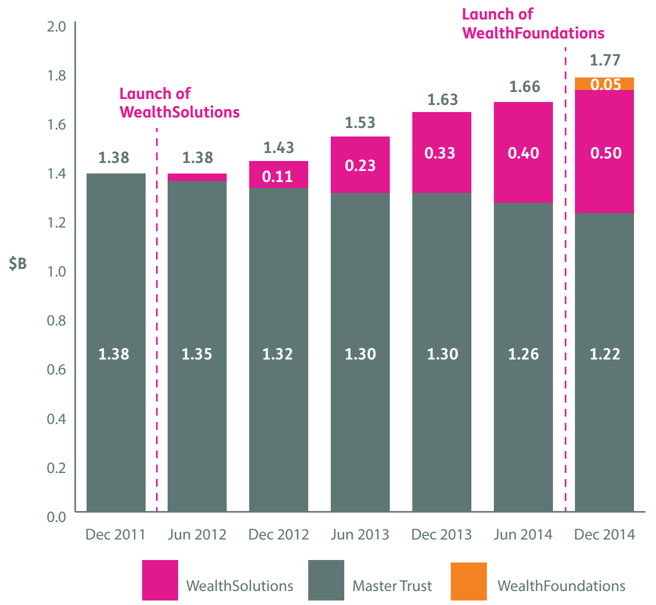
- Manager branded, but non-complex, investment option building blocks;
- Some innovation and differentiation: positioning, pricing and adviser supporting features;
- Straightforward, easy to understand in-built fee structure;
- Competitive pricing;
- Leverage the LifeSolutions product (life insurance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

It is important to note that ClearView WealthFoundations leverages off both the life insurance cross sell opportunity as well as the regulatory structure within ClearView. This allows the new wealth product to include some innovation and differentiation.

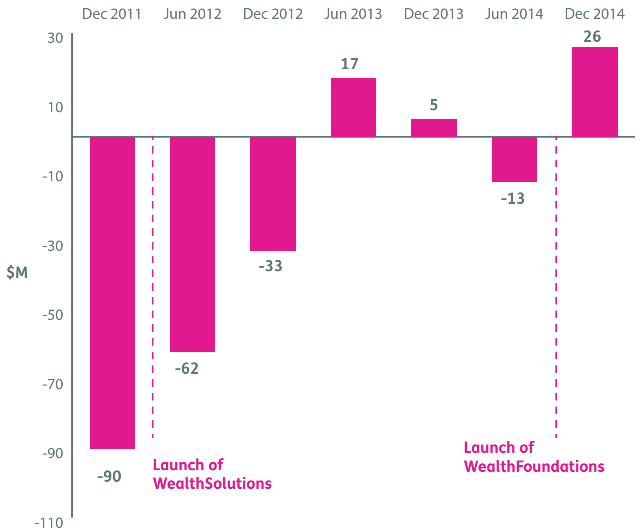
Overall FUM has increased by 9% since 31 December 2013, with ClearView being $26 million net flow positive for the half year, representing a significant improvement in net flows. This was driven by the positive net flows into the WealthFoundations product that was launched in October 2014 and the continued growth in WealthSolutions.

The overall FUM and net flows are reflected in the graphs below:

In-force FUM



Net flows



The performance of investment markets plays a key part in "holding up" the Master Trust FUM, given that it is effectively a closed book with a portion of the FUM in the pension phase (down 6% over the prior comparable period). The Master Trust FUM is being replaced by lower margin new business being written in the WealthSolutions product due to the more competitive pricing of this contemporary platform and more recently by the launch of the new competitive mid-market product, WealthFoundations.

In the six months to 31 December 2014, ClearView achieved further growth in WealthSolutions, with in-force FUM of $502 million (+54% on the prior comparable period) and launched WealthFoundations, with in-force FUM of $53 million at 31 December 2014.

As outlined at the FY14 full year result, the investment in the build out of a new platform and the development of the WealthFoundations product requires a material investment in FY15 (around a $3.5 million UNPAT impact). Reflecting this, in the six months to 31 December 2014, the wealth business had a $1.6 million adverse UNPAT impact. This includes the incremental investment in operating costs for the new WealthFoundations product without the associated revenue benefits as the product is rolled out, the write off of the capitalised system build costs from the launch date and the costs associated with the commencement of the project to migrate the Master Trust product onto the new platform. The nature of a wealth management business is such that any upfront investment is made ahead of earnings and given that these short term costs are "non-deferrable" under the accounting standards this is likely to have a negative one-off impact on UNPAT in FY15 (as noted above).

Key focus areas for Wealth Management are as follows:

- The further build out of the new compliant and functional wealth platform with the subsequent migration of the Master Trust product onto the new platform;
- Build on the life insurance and wealth product cross sell opportunities; and
- Broadening the distribution of the WealthFoundations product to further improve net flows.

Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries, ClearView Financial Advice Pty Limited (CFA) and Matrix Planning Solutions Limited (MPS or Matrix).

ClearView completed the acquisition of Matrix on 10 October 2014. The strategic rationale for the acquisition was as follows:

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

The integration of Matrix continues to proceed to plan with the following operational highlights achieved to date:

- Strong cultural alignment and integration between ClearView and Matrix advisers;
- Relocation of the Matrix business and staff to the Sydney head office location of ClearView;
- Completion of hosted desktop integration with ClearView systems;
- Integration of general ledger platforms and payroll onto the ClearView systems;

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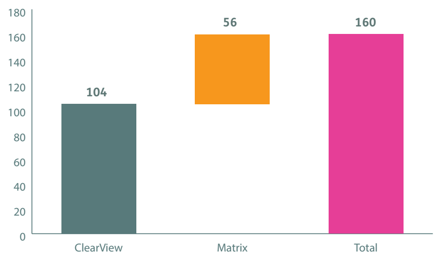
- Integration of the Matrix business into the ClearView corporate governance frameworks; and
- Commencement of the migration of Matrix adviser practices onto the ClearView adviser CWT system (that is, common processes).

The number of financial advisers in CFA has increased to 131 as at 31 December 2014, representing an increase of 20% over the prior year. In addition, Matrix has a total of 85 advisers as at 31 December 2014, raising the total for the Group to 216.

As at 31 December 2014, the financial advice segment (CFA and Matrix) has funds under management and advice (FUMA) of $7.4 billion and life insurance in-force premiums under advice (PUA) of $160 million. The growth in FUMA and PUA is driven by the merger with Matrix and the further recruitment of self employed advisers in CFA. This is reflected in the key performance metrics outlined below, as at 31 December 2014.

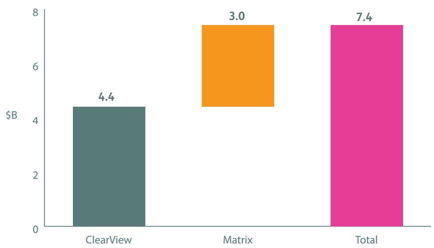
Life Insurance

Premium's Under Advice (PUA) $'m



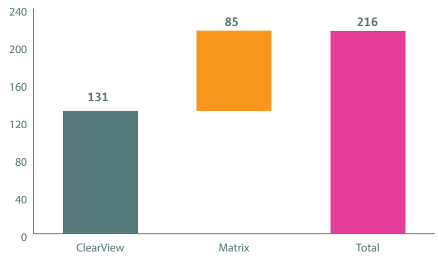
Wealth Management

Funds Under Management and Advice (FUMA) $'bn



Financial Advice

Financial Advisers #



CFA and Matrix have approved product lists (APLs) that include third party product providers, LifeSolutions, WealthSolutions and WealthFoundations. CFA's APL also includes the Master Trust product. As at 31 December 2014, of the $7.4 billion FUMA in-force, $0.5 billion is in WealthSolutions, $0.05 billion in WealthFoundations and $1.22 billion is in the Master Trust product. As at 31 December 2014, of the $160 million PUA in-force, $36 million is in LifeSolutions.

Key focus areas as ClearView continues to invest for growth include:

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

Risks

ClearView's activities expose it to a variety of risks, both financial and non-financial. Risk management is an integral part of ClearView's management process. For details on Risk Management please refer to Note 5 of the 30 June 2014 Annual Report on page 95.

Strategy

The growth that ClearView's range of new life insurance and wealth management products is experiencing supports the view that the new products are attractive. These new products and services have enabled improved penetration of the broader financial adviser market, improved product and service offerings to financial advisers, and have significantly broadened ClearView's exposure to the wealth management and life insurance markets.

ClearView has also focused on growing its financial advice and dealer group business through the both the recruitment of experienced and successful self employed advisers and through the merger with Matrix. ClearView continues to invest in a broader dealer group support base for the growing number of advisers, with a focus on quality advice processes.

In 2010, ClearView acquired a profitable in-force base with strong cash flow generation. Those cash flows are being invested in growth initiatives by ClearView, with the business investing in operating costs ahead of revenue to generate this growth. This includes an investment in incremental costs above what is required for the current scale of ClearView (expense overruns) to build capability for the future. As ClearView grows, these expense overruns are likely to be absorbed and ClearView should achieve operating leverage.

The strategy is not to be "all things to all people", but rather to focus on the profitable segments of the market. Consequently there is no current intention to participate in the group life market. ClearView also has very limited exposure to pre-global financial crisis income protection policies. ClearView has to date avoided most current industry issues, in particular in group life and income protection. As the industry continues to raise prices and modify terms, ClearView may benefit from these changes.

ClearView will continue to focus on the Life Advice segment of the market by continuing to refine its products and expand its distribution reach, and on the Non-Advice market where its strategic partnerships can be expanded and leveraged to reach more potential clients, with a strong retention focus.

In the Wealth Management segment of the business, ClearView has developed and launched WealthFoundations which enables ClearView to participate in the broader accumulation segment. ClearView will continue to focus on expanding its market reach. ClearView believes in an integrated life insurance and wealth management strategy given the increased convergence of superannuation and life insurance.

ClearView continues on executing its strategy with the long-term objective to capture 3%-5% of the life insurance profit pool, building a material wealth management business and a high quality financial advice business.

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

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Financial Results

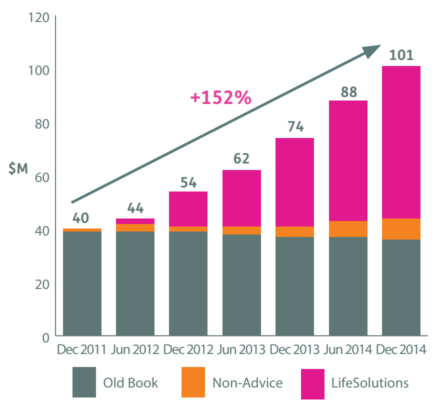
Key Performance Indicators

ClearView has achieved further growth in its new product offerings with (as at 31 December 2014) in-force life insurance premiums of $101 million (including $57 million in LifeSolutions) and in-force FUM of $1.77 billion (including $502 million in WealthSolutions and $53 million in WealthFoundations).

These results reflect growth in total in-force life insurance premiums of 37% over the year to 31 December 2014 and growth in FUM (for all ClearView products) of 9% over the same period. The following graphs reflect the step change in the growth profile of the business:

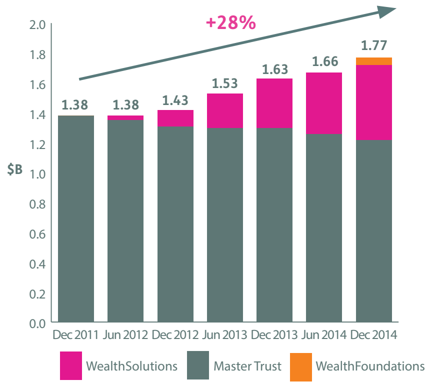
Life Insurance

In-force Premium



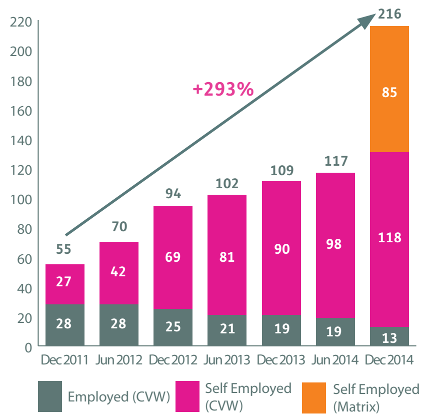
Wealth Management

Funds Under Management



Financial Advice

Financial Advisers



ClearView has achieved the following results for the half year ended 31 December 2014:

Reconciliation of Reported Net Profit after tax to Underlying NPAT	1H FY15 $ million	1H FY14 $ million	% Increase (Decrease)
Reported Net profit After Tax (NPAT)	**7.7**	**3.6**	**114%**
Adjusted for:			
Amortisation of intangibles	4.5	3.8	18%
Policy liability discount rate effect	(5.2)	2.5	NM
Matrix deal and integration costs*	1.8	-	-
Tax effect and other	1.1	(0.8)	NM
Underlying Net Profit After Tax (UNPAT)	**9.9**	**9.1**	**9%**

* Considered unusual to ordinary business activities. These relate to the deal, restructure and integration costs associated with the Matrix merger.

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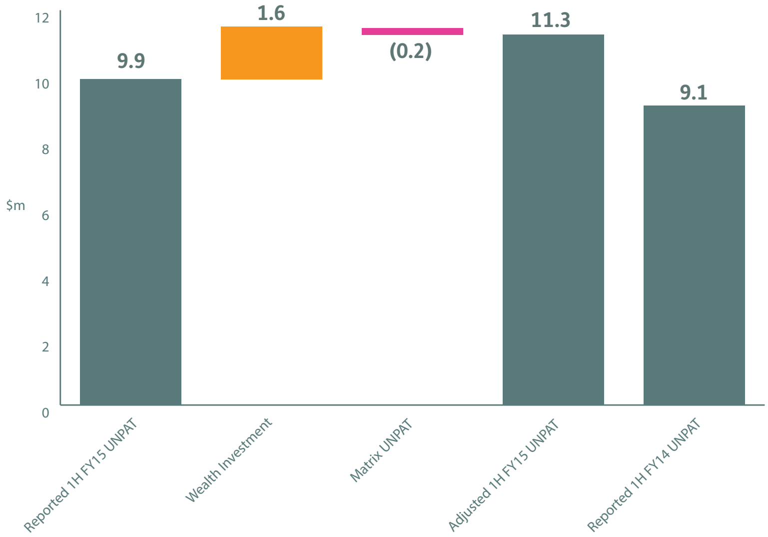
- Statutory profit attributable to shareholders of ClearView for the half year ended 31 December 2014 was $7.7 million (1H FY14: profit of $3.6 million) representing a significant increase over the comparable period;
- Basic earnings per share for the half year on a statutory basis of 1.52 cents per share (1H FY14: 0.87 cents per share) representing a significant increase over the prior comparable period;
- Fully diluted earnings per share on a statutory basis of 1.47 cents per share (1H FY14: 0.87 cents per share) representing a significant increase over the prior comparable period;
- Underlying net profit after tax of $9.9 million (1H FY14: $9.1 million) representing 9% increase over the prior comparable period;
- Basic underlying earnings per share for the half year of 1.94 cents per share (1H FY14: 2.18 cents per share) representing a decrease of 11% over the comparable period; and
- Fully diluted underlying earnings per share of 1.89 cents per share (1H FY14: 2.17 cents per share) representing a decrease of 13% over the prior comparable period.

The earnings per share calculations have been predominantly impacted by the issuance of 70 million shares under the capital raising completed in the second half of FY14. The capital raised is set aside for new business growth in future periods.

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

Underlying NPAT has increased by $0.8 million (+9%) compared with that for the half year ended 31 December 2013. The following graph waterfalls the movement in the UNPAT period to period, adjusted for the impacts of the investment in wealth (refer below for further details) and the acquisition of Matrix (which has been consolidated for the period from 10 October 2014 to 31 December 2014 for the first time):

1H FY15 Adjusted UNPAT



Adjusted Underlying NPAT has therefore increased by $2.2 million (+24%) when the contribution of Matrix and the impacts of the investment in wealth are removed. This result reflects:

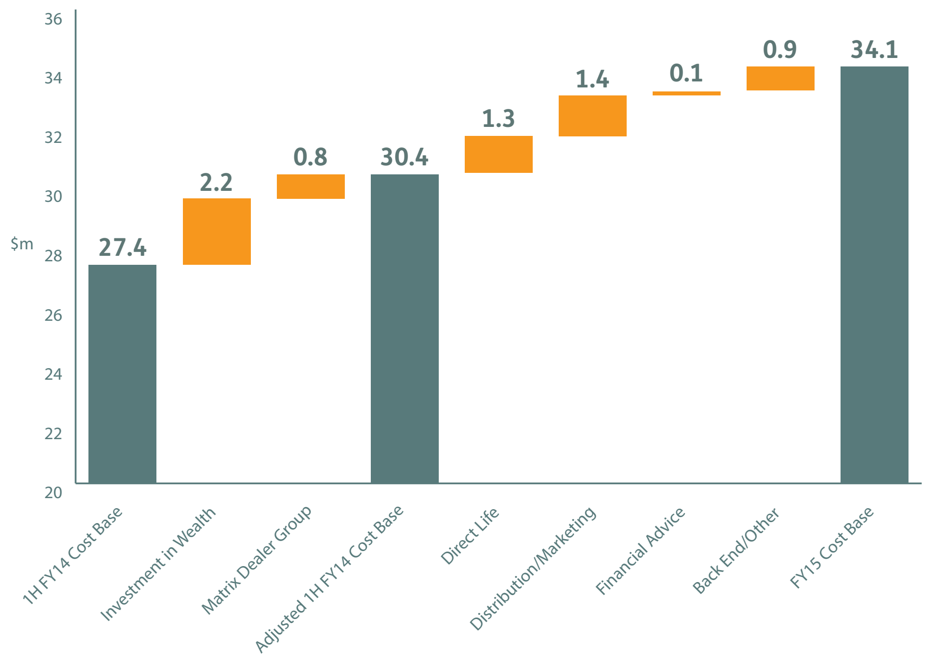
- Strong growth in life insurance resulting from the emergence of profit off the increased average in-force premium over the year (Life insurance profit is +55% on the prior comparable period). Key life insurance experience items are as follows:

- The positive impact of a claims experience profit of $0.1 million (after tax) relative to the expected claims cost (claims experience profit in 1H of FY14 of $0.7 million);
- The negative impact of life insurance lapses being higher than the rate assumed in the life insurance policy liability (determined as at 30 June 2014) with an experience loss of $0.2 million (after tax) (lapse experience loss of $0.1 million in 1H of FY14); and
- The negative impact of non-deferred expense experience being the investment ahead of earnings (expense overruns) with an expense experience loss of $2.2 million (after tax) (compared to expense experience loss of $2.9 million in 1H of FY14). These are expected to progressively reduce as ClearView grows and achieves scale over time.

  Further details on these experience items (including expenses) are provided in the life insurance segment analysis below.

- The investment in the wealth business by launching a new contemporary wealth platform, WealthFoundations and commencing the migration of the Master Trust product onto the new platform. This investment had an adverse $1.6 million UNPAT impact in 1H of FY15 (Wealth profit is -62% on the prior comparable period). FUM has been positively impacted by favourable investment markets coupled with positive net flows (FUM + 9% compared to 31 December 2013). WealthSolutions continues to build to scale coupled with the launch of WealthFoundations;
- The merger and integration of Matrix in the half year period. Matrix contributed $0.2 million to UNPAT for the period from 10 October 2014 that included a one-off tax benefit of $0.1 million (Financial Advice profit is +8% on the prior comparable period). Matrix is not expected to contribute materially to Underlying NPAT in FY15;
- Increases in the operating cost base (+24% on the prior comparable period). Adjusting for the investment in wealth (third phase of the J Curve) and the cost base of the acquired Matrix dealer group for the period from acquisition, the operating cost base increased by 12%. This is reflected in the graph below:

1H FY14 vs FY15 Cost Base



Given the growth profile of the business, the cost to income ratio has reduced from 46.1% to 45.7% with further reductions expected as the in-force portfolios grow.

Key explanations for the movements in the cost base are reflected in the analysis below:

- Investment in Wealth (+$2.2 million) – This relates to the investment in both a new platform, costs associated with the commencement of the project to migrate the Master Trust product onto the new platform and the incremental growth and development costs related to the launch of the WealthFoundations. Furthermore, $1.9 million of software costs have been capitalised in the six months to 31 December 2014 ($3.2 million including capitalised costs in FY14). These capitalised software costs are amortised over a 4 year period, commencing from the launch of WealthFoundations. The software amortisation is included in the WealthFoundations impacts noted above;

- Matrix Dealer Group – These reflect the costs related to the Matrix dealer group post the acquisition on 10 October 2014 (+$0.8 million);
- Direct Life – This relates to the continued investment in the Non-Advice business including the build out of the team and call centre capability to support the growth given the increased volumes between periods (+$1.3 million). Life sales in the direct business have increased by 185% over the prior comparable period. The build out of the retention team remains a key focus;
- Distribution/Marketing – The distribution/ front end costs in life insurance include the option cost associated with Executive Share Plan (ESP) shares issued to advisers, the continued build out of the business development team (BDMs) and national presence (+$1.0 million). The initial focus of the life insurance BDMs through the growth phase is on adviser engagement and broadening out the representation of the LifeSolutions product on APLs, which will change the mix of adviser support over time as further critical mass in new business is achieved. The sales per unit of BDM cost should increase (unit costs reduce) over time but in the initial growth phase BDMs are necessarily recruited ahead of sales. Distribution also includes the continued investment in wealth distribution (+$0.1 million). The incremental distribution related costs following the launch of WealthFoundations have been reflected in the wealth investment above.
  In 1H FY15 there has also been an increased investment in marketing (+$0.2 million) to further support the growth of the business;
- Financial Advice (+$0.1 million) – The Group continues to make further investment in financial advice to support a broader base of advisers across the dealer group (+$0.6 million) partially offset by the employed planner transitions to the self employed model (-$0.5 million); and
- Back end/ Other (+$0.9 million) – The back end relates to increases in the functional areas to support the growth in the front end of the business. These include administration, call centre and underwriting costs (+$0.5 million). These reflect the growth in the underlying volumes. Other business support costs should reduce "per customer" as the scale of the business increases. This includes the "spreading" of the costs of the shared services functions as the business grows. Shared Services and related costs have increased by $0.3 million.

The following table reconciles the operating expenses analysed above to the Reported Operating Expenses line in the Half year Report:

Reconciliation of Operating Expenses to Reported Operating Expenses Per Half Year Financial Statements	1H FY15	1H FY14
Operating Expenses Per Analysis	**34.1**	**27.4**
Custody and Investment Management Expenses	3.5	2.9
Matrix Deal and Integration Costs	1.8	-
Stamp Duty	1.6	0.9
Medical Costs	0.5	0.3
Depreciation and Software Amortisation	(1.8)	(1.5)
Operating Expenses Per Half Year Financial Statements	**39.7**	**30.0**

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

Expense overruns should unwind as scale is achieved, thereby increasing underlying profit margins on the growing in-force portfolio.

In the six months to 31 December 2014, the non-deferred expense overruns across the business had a negative impact on UNPAT of $4.1 million (1H FY14 of $5.1 million). Given the current size of the in-force business, these overruns are predominantly driven by:

- The significant investment made to date in LifeSolutions and the Non-Advice business. Life insurance non deferred expense overruns have reduced to $2.2 million ($2.9 million in 1H FY14);
- The investment in WealthFoundations, the new wealth platform and costs associated with the commencement of the project to migrate the Master Trust product onto the new platform. Wealth non-deferred expense overruns have increased to $2.2 million ($1.0 million in 1H FY14). Given the further investment in wealth in the 2H of FY15 these are expected to continue in the second half of the financial year; and
- The shared service infrastructure costs supporting the business segments that require scale to be achieved across the business units over time.

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

- The positive impact of increased investment earnings (+$0.4 million) on the prior comparable period. This is reflective of the $45 million capital raising in the 2H of FY14. This variance is expected to reduce in the 2H of FY15 given the timing of the capital raising in the prior year coupled with the impacts of amounts drawn down under the CBA debt facility (refer to further details 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 wealth and life insurance businesses from Bupa, the ComCorp financial advice business and Matrix. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of UNPAT;
- The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on Australian International Financial Reporting Standards (AIFRS)) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. The change in discount rate impact reflects the change in interest rates between periods. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability does however create a cash flow tax effect; and
- Certain costs were recognised in the current period in relation to deal and integration costs associated with the merger of Matrix. The costs incurred include onerous lease costs, legal fees, debt facility costs and other restructure related costs. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of UNPAT.

Analysis of Result by Segment

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

Reconciliation of Reported Net Profit after tax to Underlying NPAT	1H FY15 $ million	1H FY14 $ million	% Increase (Decrease)
Life Insurance	7.3	4.7	55%
Wealth Management	1.1	2.9	(62%)
Financial Advice	1.9	1.8	8%
Listed/Other	(0.4)	(0.3)	(32%)
Underlying NPAT	**9.9**	**9.1**	**9%**
Amortisation	(4.5)	(3.8)	18%
Other Adjustments	2.3	(1.7)	NM
Reported NPAT	**7.7**	**3.6**	**114%**

(a) Life Insurance

Life Insurance UNPAT has increased by $2.6 million (+55%) compared with that for the half year ended 31 December 2014. This result reflects:

- Favourable claims experience profit (after tax) of $0.1 million during the half year compared to the favourable experience variation in 1H of FY14 of $0.7 million (relative to the expected claims cost). 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. As the in-force of LifeSolutions continues to grow, and given the high reinsurance arrangements in place, the claims volatility is likely to reduce from period to period;
- Life insurance lapse experience was adverse relative to the rates assumed in the life insurance policy liability (determined at 30 June 2014) with an experience loss of $0.2 million (after tax) compared to experience loss of $0.1 million (after tax) in the 1H of FY14. The adverse lapse experience predominantly offset the favourable claims experience;
- The adverse lapse experience in 1H of FY15 was driven by lapse losses incurred on new direct business written via certain channels. In particular, the distribution and product profile of the new direct life business has focused on the warm lead referral channel resulting in some adverse lapse experience to date. This is in the process of being addressed. The LifeSolutions business continues to display positive lapse experience relative to expected while the business written pre 2011 was broadly in line with expectations, given the assumption changes made in June 2014;
- The growth in life insurance initial commission in the half year is driven by the upfront variable commission 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 commission and are driven by:
  - Variable stamp duty and medical policy acquisition costs related to the increased new business volumes;
  - Increased distribution costs related to the option cost associated with ESP shares issued to advisers and the continued build out of the business development team (BDMs) and national presence as noted earlier in the report;
  - The increase in the new business functional areas to support the growth in the business including system and administration related costs; and
  - The continued investment in the Non-Advice business including the build out of the team and call centre capability to support the growth and run rates achieved, as noted earlier in the report.

  All these acquisition costs are deferred within the policy liabilities in accordance with the accounting standards;
- An increase in maintenance expenses relate to the call centre and administration costs as the in-force portfolios grow across business lines. Furthermore, there is an increased shared services cost allocation to life insurance as the business grows and absorbs more shared services functions. These costs were partially offset by a reduction in the project related costs incurred in the prior period;

- Increased reinsurance expense aligned to the growth in the in-force portfolios given the upfront reinsurance support provided in the first year of a policy;
- Market competitive premium rates implicitly support market average participant (scale) expense rates. Expense margins available are therefore proportional to new business premium written and in-force premium revenues. Emerging life insurers invest and incur overhead costs ahead of "getting to scale". As the business gets to scale, these costs are progressively supported by business volumes that create operating leverage. Expense overruns depress initial reported profits; these should eliminate as scale is achieved, thereby increasing underlying profit margins on the growing in-force portfolio. Given the investment phase of the business, this resulted in a maintenance expense experience loss of $2.2 million for the half year (1H FY14: $2.9 million); and
- Increase in investment earnings given the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements).

The experience items for 1HFY15 (compared to 1H FY14) are detailed in the table below:

$M, 6 Months to Dec 2014	1H FY15	1H FY14
Planned Underlying NPAT	**9.3**	**6.8**
Claims experience	0.1	0.7
Lapse experience	(0.2)	(0.1)
Expense experience	(2.2)	(2.9)
Other	0.3	0.2
Actual Underlying NPAT	**7.3**	**4.7**

(b) Wealth Management

The profitability of Wealth Management is driven by the fees earned off FUM in ClearView product less expenses incurred. Overall FUM increased by 9%, with positive net flows of $26 million for the first half of FY15, compared to $5 million in the prior period. This predominantly reflects the successful introduction of WealthFoundations in October 2014 and continued growth in WealthSolutions.

WealthSolutions and WealthFoundations products have primarily been sold to date via the ClearView dealer group. The distribution of these products is expected to be rolled out to Matrix advisers and to expand the distribution to third party APLs.

As noted earlier in the report, the investment in both a new platform and the incremental development and growth costs associated with WealthFoundations requires a material investment in FY15 (around a $3.5 million UNPAT impact for the full year). In the six months to 31 December 2014, UNPAT was adversely impacted by $1.6 million from this investment. The nature of a wealth management business is such that any upfront investment is made ahead of earnings and these short term costs are "non-deferrable" under the accounting standards.

UNPAT has therefore decreased by $1.8 million (62%) compared with that for the half year ended 31 December 2013. This result reflects:

- Given that new business is written into WealthSolutions and WealthFoundations at lower margins than the existing in-force Master Trust products, fee income remained broadly consistent with the prior period. The margin compression and the run off of the Master Trust business is assumed in the Embedded Value calculations;
- Increased cost base (+41%) given the investment in wealth as noted above. WealthSolutions continues to build to scale. Wealth non-deferred expense overruns have increased to $2.2 million ($1.0 million in 1H FY14);
- Funds management expenses increased given the expanded wealth product range (launch of WealthFoundations) and increased FUM levels between periods;
- Given the growth in WealthSolutions FUM and the outsourced variable cost structure to the platform provider, platform fees increased in line with the average WealthSolutions FUM levels and average account balances; and
- Reduction in investment earnings given the reallocation of shareholder cash between segments.

(c) Financial Advice

As outlined above there has been growth in the number of self employed advisers in the ClearView advice business driven by recruitment of advisers into the ClearView dealer group as well as the merger with Matrix. The expanded adviser business has the potential to deliver significant revenue synergies given ClearView's market proven products.

Funds Under Management and Advice (FUMA) levels increased over the period driven by the positive performance of investment markets and the further recruitment of self employed advisers. The merger with Matrix materially expands the number of supportive advisers within ClearView and thereby is likely to accelerate the growth opportunity.

UNPAT has increased by $0.1 million (+8%) compared with that for the half year ended 31 December 2013. This result reflects the following:

- Fee income, excluding the result of Matrix, is up 17% (compared to prior comparable period) driven by the recruitment of self employed advisers into the ClearView dealer group with limited impact on margin due to the adviser split arrangements (number of advisers excluding Matrix is up 20%). The financial advice fees expense, excluding the result of Matrix, is up 25% (compared to prior comparable period) driven by the recruitment of advisers as noted above and the transition of employed planners to the self employed model in the ClearView dealer group (this causes a reduction in operating expenses but an increase in the financial advice fees expense given the split arrangements now in place);
- The consolidation of the Matrix dealer group for the first time in the result. This had a positive UNPAT impact of $0.2 million for the period from 10 October 2014, but this result included a one-off tax benefit of $0.1 million. The consolidated result includes Matrix fee income of $8.2 million with a corresponding amount in financial advice fees expense of $7.3 million resulting in the net retained margin to the Matrix dealer group of $0.9 million for the period; and
- The further investment in financial advice to support a broader base of advisers across the dealer groups partially offset by reduction in operating expenses from the employed planner transitions to the self employed model. The increase in the overall cost base predominantly relates to the consolidation of the Matrix dealer group for the first time in the current period.

(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.

UNPAT has decreased by $0.1 million (-32%) compared with that for the half year ended 31 December 2013. This result reflects:

- An increase in investment earnings given the timing of the $45 million capital raising in 2H of FY14, partially offset by the purchase consideration paid for the Matrix acquisition and the reallocation of shareholder cash between segments;
- An increase in the cost base given the allocation of a component of shared services overhead to the listed entity in 1H of FY15 of $0.2 million; and
- A tax charge of $0.2 million (1H FY14: Nil) related to timing differences, partially offsetting tax benefits in other segments. The Group has an effective tax rate of 30% for the six month period (consistent with the prior comparable period).

Statement of Financial Position

The Statement of Financial Position of the Group as set out on page 26 reflects the following key metrics as at 31 December 2014:

- Net assets of $331.8 million (June 2014: $310.2 million) representing a 7% increase over the prior comparable period;
- Net tangible assets of $273.0 million (June 2014: $268.4 million) ($307.6 million including ESP loans) representing a 2% increase over the prior comparable period. This was impacted by the recognition of goodwill ($15.1 million) and intangibles ($4.9 million) on the acquisition of Matrix;
- Net asset value per share (including ESP loans) of 63.0 cents per share (June 2014: 62.3 cents per share); and
- Net tangible asset value per share (including ESP loans) of 52.9 cents per share (June 2014: 54.6 cents per share). This decrease was driven by the acquired intangibles and goodwill from the Matrix transaction and stated accounting treatment.

Net assets were impacted during the year by:

- A reported profit of $7.7 million as outlined above;
- Net impacts of the FY14 final dividend and the fully underwritten dividend reinvestment plan (DRP) (+$0.6 million). A further 13.7 million shares were issued under the DRP. The net positive impact of the dividend declared relates to the repayment of ESP loans in accordance with the plan rules;
- 15.4 million shares issued (+$14.6 million) as contingent consideration for the purchase of Matrix;
- Recognition of a General Reserve in relation to the valuation of the contingent consideration for the purchase of Matrix (-$2.1 million);

- Movements in the ESP Reserve due to the treatment of the ESP expense in accordance with the accounting standards and ESP shares that were exercised (+$0.5 million); and
- Subscription for shares by O&B Limited for cash consideration in accordance with the subscription deed entered into as part of the Matrix acquisition (+$0.2 million).

The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis, as ClearView ESP shares have been issued to employees and contractor participants as at 31 December 2014 (in accordance with the ClearView ESP Rules). The ClearView ESP shares on issue have a corresponding non-recourse loan from ClearView to facilitate the purchase of ClearView ESP shares by the participants. The shares and loans are not reflected in the statutory accounts as they are accounted for as an "option" in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

Embedded Value

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

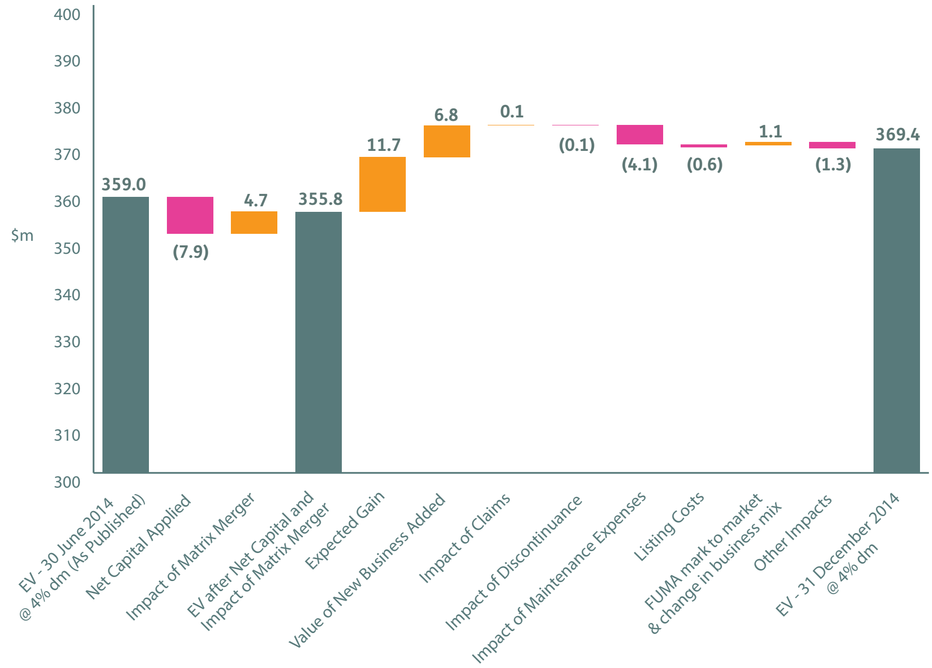
Embedded Value calculations at a range of risk discount margins is shown below:

Risk margin over risk free	3% dm $M	4% dm $M	5% dm $M
Life insurance	231.1	217.9	205.9
Wealth management	43.6	41.7	40.1
Financial Advice	30.6	28.7	27.1
Value of In Force (VIF)	**305.3**	**288.3**	**273.1**
Net worth	81.1	81.1	81.1
Total EV excluding ESP Loans	**386.4**	**369.4**	**354.2**
ESP Loans	34.6	34.6	34.6
Total EV including ESP Loans	**421.0**	**404.0**	**388.8**
Imputation Credits:			
Life Insurance	36.8	34.6	32.6
Wealth Management	11.1	10.7	10.4
Financial Advice	8.4	8.2	8.0
Total EV including Imputation Credits and ESP Loans	**477.3**	**457.5**	**439.8**
EV per share including ESP Loans (cents)	**72.4**	**69.5**	**66.9**
EV per share including Imputation Credits and ESP Loans (cents)	**82.1**	**78.7**	**75.7**

Dm = discount margin

Relative to the Embedded Value of $359 million at 30 June 2014 (pre allowance for imputation credits), the movement in the Embedded Value measured at a 4% discount rate margin is reflected below:

EV Movement Analysis: @ 4% dm ($million)



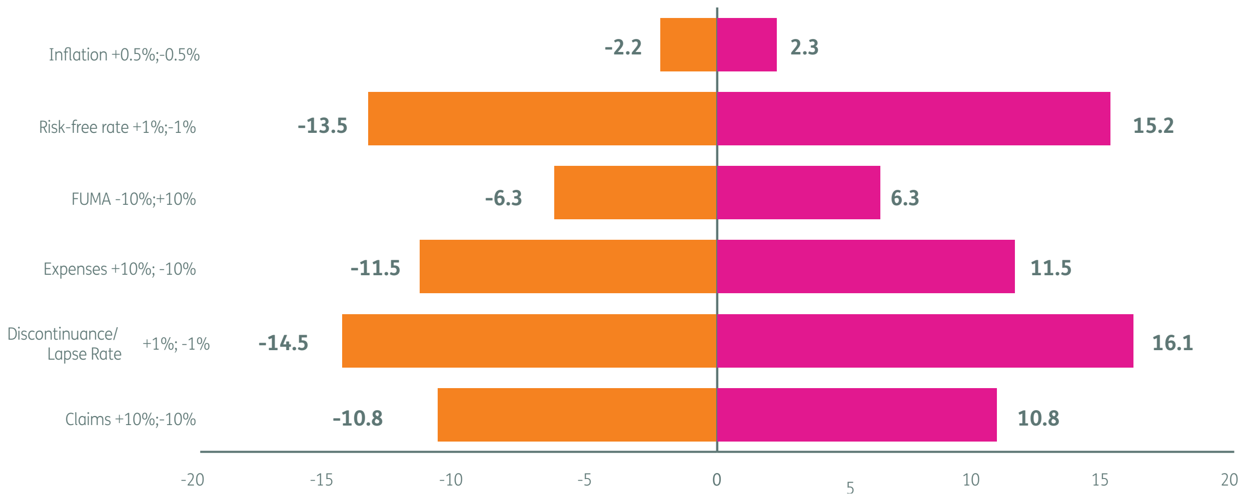
EV Movement

- Net Capital Applied (-$7.9 million): The net impact of the cash consideration of the Matrix merger, deal and integration costs (net of tax), partially offset by the Dividend Reinvestment Plan (DRP) and related repayment of ESP loans by participants given their ineligibility to participate in the DRP under the Plan Rules;
- Impact of Matrix merger (+$4.7 million): The impact of the Financial Advice Client Book acquired as part of the Matrix merger partially offsets the cash component paid as noted above;
- Expected Gain (+$11.7 million): The expected gain represents the unwind of the discount rate within the value of in-force and investment earnings on net worth;
- Value of New Business (VNB) (+$6.8 million): The value added by new business written over the period. The current value of new business is suppressed by the start up and growth costs incurred. The acquisition cost overruns should decrease as the business grows, providing it with operating leverage. The Financial Advice business had a negative value of new business of $0.7 million that was a drag on the VNB. This is as a result of the acquisition expenses incurred relative to new business generated but is offset by the positive impact of maintenance expenses reflected below;
- The claims experience (relative to actuarial assumptions) (+$0.1 million): The claims experience (LifeSolutions) was favourable in 1H FY15. There was some adverse claims experience on the new non advice book however given the current small size of the insurance portfolio, some claims volatility from period to period is to be expected;
- The impact of lapses on life insurance book and FUMA discontinuance (-$0.1 million): The life insurance lapses impact (+$0.4 m million) was driven by better than expected lapses for the LifeSolutions product partially offset by lapse rates for the new non-advice business being higher than expected. The lapses in the old book were broadly in-line with the updated assumptions. The balance of the impact was due to higher discontinuance rates for the Wealth and Financial Advice business (-$0.5 million). Some of this loss is reflected in the VNB in respect of some business that has been upgraded from the old book to new products.
- The adverse maintenance expense experience (-$4.1 million): This relates to the maintenance expense overruns versus the long term unit costs assumed in the EV. Emerging life insurers invest and incur overhead costs ahead of "getting to scale": The expense rates assumed in the EV are based on longer term unit costs, as opposed to current "expense overrun" levels. As business gets to scale, these costs are progressively supported by business volumes that creates operating leverage. Expense overruns depress the EV initially; these are eliminated as scale is achieved, thereby increasing underlying profit margins on the growing in-force portfolio and removing the drag on the EV. The Financial Advice business had a positive maintenance expense variance (+$0.6 million) that reduced the overruns in life insurance (-$2.2 million) and Wealth management (-$2.5 million). The increase in Wealth management overruns was driven by the investment in a new platform and WealthFoundations as noted earlier in the report;
- Expenses were impacted by the Group's listed overhead costs not allowed for in the Embedded Value (-$0.6 million);
- FUMA Mark to Market (+$1.1 million): The net investment performance on the funds under management and advice resulted in higher fee income relative to expectations over the period and a higher present value of future fees at the end of the period; and
- Basis Change and Assumption Changes (-$1.3 million): This includes the net effect of capital reallocations by segment, model enhancements, timing effects, actuarial assumption changes, capital base changes and the non-cash ESP expenses.

While the 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. 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: Total@ 4% dm ($million)



Shares issued under the ESP

As at the date of this report, ClearView has a total of 56.5 million ESP shares on issue of which 28.3 million have been issued to select financial advisers. As outlined in the Operating and Financial Review, recruitment of financial advisers represents a significant growth opportunity for ClearView. In 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 accordance with the provisions of the ESP, during the half year 7.5 million shares were granted to senior management and contractor participants (financial advisers) with the grant dates set out below. Allowing for the exercise and reallocation of forfeited or vested ESP, the net increase in ESP shares issued was 7.1 million.

Series	Participant	Grant date	No. of shares issued	Reallocated	Total
Opening Balance (1 July 2014)					**49,381,666**
Series 43	Senior management	26/11/2014	81,518	100,000	181,518
Series 44	Senior management	26/11/2014	81,518	100,000	181,518
Series 45	Senior management	26/11/2014	81,518	100,000	181,518
Total (Senior Management)			**244,554**	**300,000**	**544,554**
Series 42	Contractor participants	9/07/2014	4,560,760	-	4,560,760
Series 43	Contractor participants	26/11/2014	2,413,368	-	2,413,368
Total (Contractor Participant)			**4,560,760**	**-**	**6,974,128**
Reallocated					(300,000)
Exercised	Senior Management	26/11/2014			(100,000)
Closing Balance as at the date of this report					**56,500,348**

Dividends

The Directors have not declared an interim dividend (1H FY14: Nil).

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

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

The Board continues to consider 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.

A final fully franked dividend for FY14 of $10.98 million was declared. This equated to 2.0 cents per share and represented approximately 55% of the FY14 underlying net profit after tax and is in line with the Company's dividend policy (+11% increase in the dividend per share over the prior year).

The FY14 final dividend was fully underwritten in accordance with the DRP that:

- Provides shareholders the opportunity to reinvest into the Group's fast growing life insurance business, while at the same time retaining capital within the Group;
- Should, 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.

Capital Management

CBA Debt Facility

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

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

It is intended that the funding provided under the Debt Funding Facility will be replaced in due course with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerges. As such the net capital position of the Group after amounts drawn down under the Debt Funding Facility is $20.3 million at 31 December 2014.

As at 31 December 2014, the Company has drawn down $20.5 million of the Debt Funding Facility. Refer to Note 12 for further details of the Debt Funding Facility.

Capital Position

An analysis of reconciliation of the net assets in the Statement of Financial Position to the Group capital position after amounts drawn down under the Debt Funding Facility as at 31 December 2014 is outlined in the table below:

Group Capital Position as at 31 December 2014

	Life	Wealth	Other	APRA Regulated Entities	Wealth	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC/ Other	Group
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Net Assets	232.5	13.4	3.2	249.1	7.3	17.2	24.5	273.6	58.1	331.8
Goodwill & Intangibles	(5.0)	(3.1)	-	(8.2)	-	(8.0)	(8.0)	(16.2)	(42.6)	(58.7)
Net Tangible Assets	**227.4**	**10.3**	**3.2**	**240.9**	**7.3**	**9.2**	**16.6**	**257.5**	**15.5**	**273.0**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(170.0)	(0.2)	-	(170.2)	-	-	-	(170.2)	-	(170.2)
Other Adjustments to Capital Base	(0.6)	(0.1)	-	(0.8)	(0.1)	(0.1)	(0.2)	(1.0)	(3.2)	(4.2)
Regulatory Capital Base	**56.8**	**9.9**	**3.2**	**70.0**	**7.2**	**9.1**	**16.3**	**86.3**	**12.4**	**98.7**
Prescribed Capital Amount	(4.6)	(3.6)	(1.7)	(10.0)	(5.0)	(0.1)	(5.1)	(15.1)	(1.5)	(16.6)
Available Enterprise Capital	**52.2**	**6.3**	**1.5**	**60.0**	**2.2**	**9.0**	**11.2**	**71.2**	**10.9**	**82.1**
Internal Benchmarks										
Working Capital Reserve	(26.5)	(2.5)	(1.0)	(30.0)	-	-	-	(30.0)	(17.5)	(47.5)
Risk Capital	(21.1)	(3.3)	-	(24.3)	(1.7)	(4.4)	(6.2)	(30.5)	(4.3)	(34.8)
Excess/ Deficit over Internal Benchmarks	**4.6**	**0.5**	**0.5**	**5.6**	**0.5**	**4.5**	**5.1**	**10.7**	**(10.9)**	**(0.2)**
Debt Funding Facility	-	-	-	-	-	-	-	-	20.5	20.5
Net Position after Debt Funding Facility	**4.6**	**0.5**	**0.5**	**5.6**	**0.5**	**4.5**	**5.1**	**10.7**	**9.6**	**20.3**

Under the APRA capital standards, adjustments are made to the Capital Base for various asset amounts which are deducted, for example intangibles, goodwill and deferred tax assets (net of deferred tax liabilities). ClearView's capital is currently rated Common Equity Tier1 capital in accordance with the APRA capital standards.

The regulated entities have $10.7 million of net assets in excess of their internal benchmarks as at 31 December 2014. Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be readily accessed and to protect the various regulated entities' regulatory licences.

Furthermore, a working capital reserve is held to support the capital needs of the business beyond the risk reserving basis. This includes the net capital anticipated to be needed to support the medium term new business plans (in accordance with the Internal Capital Adequacy Assessment Process). Internal benchmarks include a working capital reserve in the regulated entities of $30.0 million as at 31 December 2014 to fund anticipated new business growth over the medium term.

Internal benchmarks in the non regulated entities include a further working capital reserve of $17.5 million as at 31 December 2014, therefore totalling $47.5 million that is set aside across the Group to fund anticipated new business growth over the medium term. Life insurance has high upfront costs – but from year two generates positive cash flows. While ClearView remains a high growth company (relative to the in-force portfolio) it will likely remain a negative cash flow business and require net funding. This is reserved for under the ICAAP and is reviewed over a three year forward period on a continuous basis.

The net position of the Group after amounts drawn down under the Debt Funding Facility as at 31 December 2014 is $20.3 million and represents a decrease of $5.2 million since 30 June 2014. This decrease since 30 June 2014 reflects the following key items:

- The Underlying NPAT for the half year period (+$9.9 million);
- The net capital absorbed by the growth of the business over the period (-$18.2 million);
- The increase in the working capital reserve (-$1.5m) reflecting capital set aside to fund the anticipated new business growth over the medium term;
- Increase in risk capital reserved due to increasing new business volumes and the Matrix merger in the half year period (-$5.4 million)
- Net impact of the underwritten DRP and related issue of shares (+$0.4 million);
- Net impact of the performance based shares issued as part of the Matrix acquisition (+$12.5 million);
- Goodwill and intangibles raised on the acquisition of Matrix, that are excluded from net tangible assets (-$20 million);
- The draw down of $20.5 million under the CBA Debt Funding Facility in December 2014 (+$20.5 million);
- The after tax deal and integration costs associated with the acquisition of Matrix (-$1.2 million); and
- The net impacts of the tax effect on the change in policy liability discount rate and other movements in the capital base (-$2.2 million).

Share Buyback

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

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

Changes in state of affairs

Other than discussed above, there were no other significant changes in the state of affairs of the Group during the half year ended 31 December 2014.

Auditor's independence declaration

The auditor's independence declaration is included on page 24.

Rounding off of amounts

ClearView is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the half year financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

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

On behalf of the Directors

Dr Gary Weiss

Chairman

Sydney, 24 February 2015

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ClearView Wealth Limited

Auditor's Independence Declaration

Deloitte.

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

24 February 2015

Dear Board Members

ClearView Wealth Limited

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

As lead audit partner for the review of the financial statements of ClearView Wealth Limited for the financial half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

ClearView Wealth Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2014

	Note	Consolidated	
		6 months to 31 December 2014 $'000	6 months to 31 December 2013 $'000
Revenue from continued operations			
Premium revenue from insurance contracts		49,640	36,236
Outward reinsurance expense		(8,116)	(3,769)
Net life insurance premium revenue		**41,524**	**32,467**
Fee and other revenue		41,028	29,140
Investment income		44,408	38,567
Operating revenue before net fair value gains on financial assets		**126,960**	**100,174**
Net fair value gains on financial assets		48,539	45,311
Net operating revenue		**175,499**	**145,485**
Claims expense		(14,722)	(10,715)
Reinsurance recoveries revenue		6,211	4,463
Commission and other variable expenses		(37,840)	(21,412)
Operating expenses	5	(39,700)	(30,042)
Depreciation and amortisation expense	5	(6,293)	(5,304)
Change in life insurance policy liabilities	11	23,275	8,151
Change in reinsurers' share of life insurance liabilities	11	(3,254)	(2,126)
Change in life investment policy liabilities	11	(71,862)	(79,279)
Movement in liability of non-controlling interest in controlled unit trusts		(19,043)	(4,877)
Profit before Income Tax Expense		12,271	4,344
Income Tax Expense		**4,533**	**723**
Total comprehensive income for the period from continuing operations		7,738	3,621
Attributable to:			
Equity holders of the parent		7,738	3,621
Earnings per share			
Basic (cents per share)		1.52	0.87
Diluted (cents per share)		1.47	0.87
Underlying earnings per share			
Basic (cents per share)		1.94	2.18
Diluted (cents per share)		1.89	2.17

To be read in conjunction with the accompanying notes

ClearView Wealth Limited

Condensed Consolidated Statement of Financial Position

for the half year ended 31 December 2014

		Consolidated	
	Note	31 December 2014 $'000	30 June 2014 $'000
Assets			
Cash and cash equivalents		162,524	183,299
Investments	10	1,443,000	1,336,769
Receivables		16,047	11,876
Fixed interest deposits		69,665	88,759
Reinsurers' share of life insurance policy liabilities	11	(3,363)	(3,872)
Deferred tax asset		10,049	10,194
Property, plant and equipment		1,424	1,347
Convertible note		1,139	301
Goodwill	8	19,953	4,858
Intangible assets	9	38,794	36,899
Total assets		**1,759,232**	**1,670,430**
Liabilities			
Payables		24,204	25,069
Current tax liabilities		2,322	4,622
Provisions		4,157	3,588
Life insurance policy liabilities	11	(144,128)	(127,278)
Life investment policy liabilities	11	1,140,067	1,122,364
Borrowings	12	20,500	-
Liability to non-controlling interest in controlled unit trusts		378,589	330,607
Deferred tax liabilities		1,760	1,225
Total liabilities		**1,427,471**	**1,360,197**
Net assets		**331,761**	**310,233**
Equity			
Issued capital	7	355,969	330,172
Retained losses		(28,496)	(25,254)
Executive Share Plan Reserve		6,373	5,315
General Reserve	4	(2,085)	-
Equity attributable to equity holders of the parent		331,761	310,233
Total equity		**331,761**	**310,233**

To be read in conjunction with the accompanying notes

ClearView Wealth Limited

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2014

	Share Capital $'000	Executive Share Plan Reserve $'000	General Reserve $'000	Retained Losses $'000	Attributable to Owners of the Parent $'000
Balance at 30 June 2014	**330,172**	**5,315**	**-**	**(25,254)**	**310,233**
Profit for the period	-	-	-	7,738	7,738
Total comprehensive income for the year	**-**	**-**	**-**	**7,738**	**7,738**
Recognition of Share Based Payments	-	663	-	-	663
Dividend paid	-	-	-	(10,980)	(10,980)
Shares issued during the year	14,838	-	-	-	14,838
Shares issued during the year (ESP vested)	52	(155)			(103)
Dividend Reinvestment Plan	10,907	-	-	-	10,907
Recognised on Matrix acquisition	-	-	(2,085)	-	(2,085)
ESP Loans Settled through dividend	-	550	-	-	550
Balance at 31 December 2014	**355,969**	**6,373**	**(2,085)**	**(28,496)**	**331,761**

Balance at 30 June 2013	277,565	4,127	-	(30,977)	250,715
Profit for the period	-	-	-	3,621	3,621
Total comprehensive income for the year	**-**	**-**	**-**	**3,621**	**3,621**
Dividend paid	-	-	-	(8,155)	(8,155)
Dividend Reinvestment Plan	8,036	-	-	-	8,036
Recognition of share based payments	-	390	-	-	390
ESP Loans Settled through dividend	-	403	-	-	403
Balance at 31 December 2013	**285,601**	**4,920**		**(35,511)**	**255,010**

To be read in conjunction with the accompanying notes

ClearView Wealth Limited
Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2014

	Consolidated	
	6 months to 31 December 2014 $'000	6 months to 31 December 2013 $'000
Cash flows from operating activities		
Receipts from client and debtors	182,537	75,156
Payments to suppliers and other creditors	(96,121)	(56,658)
Withdrawals paid to life investment clients	(141,152)	(104,539)
Dividends and trust distributions received	6,833	8,045
Interest received	16,512	15,168
Income taxes paid	(5,976)	(4,722)
Net cash (utilised) / generated by operating activities	**(37,367)**	**(67,550)**
Cash flows from investing activities		
Payments for investment securities	(872,582)	(1,069,817)
Proceeds from sales of investment securities	829,775	1,055,778
Net cash on acquisition of subsidiary	(4,970)	-
Acquisition of property, plant and equipment	(346)	(324)
Acquisition of capitalised software	(2,940)	(1,800)
Fixed interest deposits (invested) / redeemed	20,550	11,323
Loans (granted)/ redeemed	(3,776)	(552)
Convertible note drawdown	(816)	-
Net cash generated / (utilised) by investing activities	**(35,105)**	**(5,392)**
Cash flows from financing activities		
Net movement in liability of non-controlling interest in unit trusts	30,561	62,021
Proceeds from share issues (net of expenses)	242	-
Proceeds from loan borrowings	20,500	-
Repayment of ESP loans	550	403
Settlements in respect to ESP shares reallocation	(83)	(34)
Dividend Reinvestment Plan costs	(73)	-
Net cash (utilised) / generated in financing activities	**51,697**	**62,390**
Net increase / (decrease) in cash and cash equivalents	(20,775)	(10,552)
Cash and cash equivalents at the beginning of the financial year	183,299	233,663
Cash and cash equivalents at the end of the financial period	**162,524**	**223,111**

To be read in conjunction with the accompanying notes

1. Significant accounting policies

General information

ClearView Wealth Limited (the Company or the Group) is a limited company incorporated in Australia. The address of its registered office is Level 12, 20 Bond Street, Sydney, NSW 2000. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

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

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2014 Annual Financial Report for the financial year ended 30 June 2014, except as described in the section "Client Books – Intangible" below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

New and revised Standards and amendments thereof and Interpretations effective for the current half year that are relevant to the Group include:

AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132. As the Group does not have any offsetting arrangements in place, the application of the amendments has not had any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.
Interpretation 21 'Levies'	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. The adoption of this amendment does not have any material impact on the Group.
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this amendment does not have any material impact on the Group or its disclosures.
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. As the Group does not utilise hedge accounting, the application of the amendments has not had any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127. The Group has reviewed its classification of its subsidiaries and all have been identified and accounted for under AASB 3 Business Combinations. This change in the accounting standards has not changed the Group's accounting for these entities. This change has therefore not had a material impact on the disclosures or on the amounts recognised in the consolidated financial statements.
AASB 1031 'Materiality'	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. The adoption of this amendment does not have any material impact on the Group or its disclosures.
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	The Standard contains three main parts with Part A adopted in the FY14. Part B takes effect in the FY15. This makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. The adoption of this amendment does not have any material impact on the Group or its disclosures.
AASB 2014-2 'Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements'	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards particularly in relation to Tier 2 disclosures. As the Group is not applying Tier 2 disclosures, the amendment has not had a material impact on the Group or its disclosures.

Client Books - Intangible

Customer lists represent the value-in-force of insurance and investment contracts, and value of the existing financial advice and funds under management revenues (the Client Books). Each Client Book has its own assessment of useful life depending on the nature of the clients in each segment and their relative characteristics, based on age, demographics and type of product to which it relates. The policy adopted to write-off the Client Books resembles the anticipated ageing profile of the revenue stream.

The Client Books have been written off at the following rates in prior periods, including the financial year ending 30 June 2014:

- The Life Insurance Client Book on a straight line basis over 12 years;
- The Wealth Management Client Book at 15% per annum on a straight line basis; and
- The Financial Advice Client Book on a straight line basis over 10 years.

At each reporting date, an assessment is made of both the useful life and amortisation method used in writing off the Client Books. As a result of this assessment, the useful life of the acquired Life Insurance Client Book (the Client Book from the pre 2011 business) has been changed from 12 years to 8 years due to changes in the lapse rate assumption and therefore in the estimated ageing profile of the book. In line with the Group's accounting policy, this has been accounted for prospectively, and will be written off over the remaining 4 years of its useful life. This has resulted in an increase in the amortisation expense for the period of $0.7 million.

As described in the Directors' Report and below in Note 4, the Company purchased Matrix during the period. As a part of the purchase the Company acquired a Financial Advice Client Book. The useful life of the Client Book has been determined based on the methodology described above, and will be written off on a straight line basis over 10 years.

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

(a) Methods used in the valuation of policy liabilities

The policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 'Life Insurance Contracts', whereas policy liabilities for life investment contracts are valued in accordance with 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 policy holders and premiums are received.

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

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

Discount rates: Discount rates are based on a yield curve derived from Commonwealth Government bond market yields as at the valuation date, plus an illiquidity adjustment based on the difference between these yields and BBSW swap rates as at the valuation date. As an indication, the resulting average effective discount rate adopted was 3.5% p.a. (30 June 2014: 4.1% p.a.).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 6 months to 31 December 2014.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the longer term per policy unit costs implied by the ClearView Life's 2015 business plan (30 June 2014: based on the 2014 business plan). Expense inflation of 2.5% p.a. (30 June 2014: 2.5% p.a.) was assumed.

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

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

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

(c) Effects of changes in actuarial assumptions (over 6 months ended 31 December 2014)

	6 months to 31 December 2014	
Assumption Category	Increase / (Decrease) On Profit Margins $'000	Increase / (Decrease) On Policy Liabilities $'000
Discount rates and inflation	7,228	(6,114)
Lapses	-	-
Mortality and morbidity	-	-
Other (modelling changes)	657	-
Total	**7,885**	**(6,114)**

(d) Processes used to select assumptions

Discount rate

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

Maintenance expenses and inflation

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

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

Acquisition expenses

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

Taxation

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

Mortality and morbidity

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

Lapse

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

(e) Sensitivity analysis

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

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

2. Events subsequent to reporting date

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

3. Segment information

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

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

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

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

(a) Life Insurance ("protection" products)

ClearView provides life insurance protection products through ClearView Life. The products provided by ClearView include:

- A comprehensive range of life protection products distributed by both ClearView and Matrix financial advisers and third party, external advisers (IFAs). The product suite, LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, parent cover, child cover, accident covers, income protection and business expense covers. Policies can be issued directly or via the ClearView Retirement Plan as superannuation;
- A range of Non-Advice life protection products sold through direct marketing, telemarketing, call centre referrals, or online. Products include term life, accidental death, injury covers, trauma and critical illness and funeral insurance.

(b) Wealth Management ("investment" products)

ClearView provides wealth management products via four primary avenues:

- Master Trust - Life investment contracts issued by ClearView Life. Products include ordinary savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan;
- WealthSolutions - A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS) Wrap (provided by CFML). This is offered via the WealthSolutions platform which was launched in December 2011. WealthSolutions includes a menu of approximately 250 investment funds, ASX listed shares, term deposits and seven ClearView managed funds. It also provides a number of model portfolios managed by ClearView for superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. This is offered via the WealthFoundations platform which was launched in October 2014. WealthFoundations includes a menu of 16 investment options with transparent investment in underlying funds; and
- Managed Investment Schemes (MIS) - Products are issued via ClearView Financial Management Limited (CFML) as the ASIC licensed Responsible Entity and include MIS products available on ClearView's WealthSolutions platform.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries CFA and MPS. CFA has historically employed a number of salaried financial advisers, and MPS and CFA provide dealer group services to a number of self employed financial advisers.

(d) Listed Entity / Other

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

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

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

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

	External Revenue		Inter-segment		Total	
	Half year ended		Half year ended		Half year ended	
	31 December 2014 $'000	31 December 2013 $'000	31 December 2014 $'000	31 December 2013 $'000	31 December 2014 $'000	31 December 2013 $'000
Segment revenue						
Life Insurance	42,978	33,584	-	-	42,978	33,584
Wealth Management	57,283	52,942	2,843	1,109	60,126	54,051
Financial Advice	26,004	13,243	9,425	10,027	35,429	23,270
Listed entity / Other	695	405	-	-	695	405
Consolidated segment revenue	**126,960**	**100,174**	**12,268**	**11,136**	**139,228**	**111,310**

Segment profit or loss represents the profit or loss earned by each segment including the allocation of directly attributable costs of each segment and an allocation of central services costs according to an expense allocation model which allocates costs across each segment. The allocation excludes the allocation of investment revenue and profit from associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

2014	Life Insurance	Wealth Management	Financial Advice	Listed Entity/Other	Total
Underlying net profit / (loss) after tax	**7,343**	**1,115**	**1,909**	**(465)**	**9,902**
Amortisation of acquired intangibles	(1,416)	(2,628)	(412)	-	(4,456)
AIFRS policy liability adjustment	5,196	-	-	-	5,196
Income tax effect	(1,559)	-	136	336	(1,087)
Matrix deal and integration costs	-	-	(452)	(1,365)	(1,817)
Reported profit / (loss)	**9,564**	**(1,513)**	**1,181**	**(1,494)**	**7,738**
2013					
Underlying net profit / (loss) after tax	**4,737**	**2,945**	**1,770**	**(352)**	**9,100**
Amortisation of acquired intangibles	(708)	(2,628)	(432)	-	(3,768)
AIFRS policy liability adjustment	(2,509)	-	-	-	(2,509)
Income tax effect	753	-	45	-	798
Reported profit/ (loss)	**2,273**	**317**	**1,383**	**(352)**	**3,621**

4. Business Combinations

Acquisition of Matrix Holdings Limited

On the 10th of October 2014, the Company acquired 100% of the voting shares of Matrix Holdings Limited (Matrix Holdings), a company based in Australia specialising in financial advice. Matrix Holdings held two wholly owned subsidiaries, Matrix Planning Solutions Limited (MPS or Matrix) and Matrix Planning Investments Pty Ltd (MPI). The Company acquired Matrix Holdings, as the dealer group (operated through MPS) will expand the Group's financial advice business. The interim condensed consolidated financial statements include the results of Matrix for the period from acquisition date on 10th October 2014.

The Company entered into a pre-acquisition Put Option Deed with O&B Limited (O&B) with the ability to put 100% of Matrix Holdings shares back to O&B for a nominal amount. Per the Put Option Deed, the Company was required to restructure the entities before the option could be exercised (resulting in MPS being directly owned by the Company). The entities were restructured and the put option was exercised on the 27th November 2014. As at 31 December 2014, the Company owns 100% of MPS and MPI and retains no interest in Matrix Holdings.

Settlement of the acquisition occurred on the 10th of October 2014, with the issuance of shares into Trust held by Pacific Custodians Pty Limited (a subsidary of Link Market Services Limited) and the cash payment being made to Pacific Custodians Pty Limited prior to the distribution to the shareholders on the 14th October 2014. The acquisition has been provisionally accounted for as at 31 December 2014. The consideration paid was as follows:

Purchase consideration	$'000
Cash to acquire shares	7,750
Contingent Consideration – ClearView shares	12,511
Total purchase consideration	**20,261**
Fair Value of net assets acquired	(5,166)
Goodwill on acquisition	**15,095**

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

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

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

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

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

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

Goodwill and intangibles	Fair Value $'000
Client Book	4,720
Brand	200
Website	20
Goodwill	15,095
Total	**20,035**

From the date of acquisition, Matrix has contributed $8.2 million of revenue, $0.2 million in underlying net profit after tax, and a reported net loss of $0.1 million after tax. The reported loss includes $0.5 million ($0.3 million net of tax) in one-off expenses in relation to the acquisition. If the acquisition had taken place at the beginning of the period, revenue from continuing operations would have been $19.5 million and a loss from continuing operations for the period after tax would have been $1.3 million. This loss included $0.9 million ($0.6 million net of tax) in one-off expenses in relation to the purchase before acquisition date and $0.5 million ($0.3 million net of tax) after acquisition date as noted above.

The goodwill recognised is primarily attributed to the expected revenue synergies and other benefits from combining the assets and activities of Matrix with those of the Group. The expanded number of supportive advisers has the potential to deliver revenue synergies given ClearView's market proven products. The impact of these synergies is also expected to result in the increased profitability of the dealer group. The goodwill recognised, has therefore been allocated across the three cash-generating units (CGU's) of the Group, based on the expected benefits for each CGU. For further details regarding the expected benefits of the acquisition, refer to the Directors' Report.

The total transaction costs of $1.8 million have been expensed across the Group and are included in operating expenses in the statement of profit or loss and are part of the operating cash flows in the statement of cash flows.

5. Other Expenses

	Consolidated	
	6 months to 31 December 2014 $'000	6 months to 31 December 2013 $'000
Administration expenses		
Administration and other operational costs	13,621	9,685
Custody and investment management expenses	3,456	2,922
Total administration expenses	**17,077**	**12,607**
Employee costs and directors' fees		
Employee expenses	20,065	15,792
Share based payments	663	424
Employee termination payments	449	134
Directors' fees	540	442
Total employee costs and directors' fees	**21,717**	**16,792**
Other expenses		
Professional fees	906	643
Total other expenses	**906**	**643**
Total other operating expenses	**39,700**	**30,042**
Depreciation and amortisation		
Depreciation	307	223
Software amortisation	1,533	1,313
Intangible amortisation	4,453	3,768
Total depreciation and amortisation	**6,293**	**5,304**

6. Dividends Paid

During the period, ClearView made the following dividend payments:

	Consolidated			
	6 months to 31 December 2014		6 months to 31 December 2013	
Fully paid ordinary shares	Cents per share	$'000	Cents per share	$'000
Final dividend	2.0	10,980	1.8	8,155
Total		**10,980**		**8,155**

No interim dividend has been declared.

A final fully franked dividend for FY14 of $10.98m was declared. This equated to 2.0 cents per share and represented approximately 55% of the FY14 underlying net profit after tax and is in line with the Company's dividend policy. The Company has a Dividend Reinvestment Plan (DRP) which is fully underwritten and as such no cash dividend was paid during the half year, as can be seen in the Condensed Consolidated Statement of Cash Flows.

7. Issuances and Repurchase of Equity

	6 months to 31 December 2014 No of shares	6 months to 31 December 2014 $'000	12 months to 30 June 2014 No of shares	12 months to 30 June 2014 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the period	495,044,922	330,172	411,312,192	277,565
Dividend Reinvestment Plan	13,724,628	10,980	14,064,082	8,157
Dividend Reinvestment Plan Costs	-	(73)	-	-
Share buy back (inclusive of costs)	-	-	(510,252)	(439)
Share Placement	-	-	30,769,232	20,000
Entitlement Offer	-	-	39,192,724	25,475
Capital raising costs (net of tax)	-	-	-	(586)
Performance based shares issued in relation to Matrix acquisition	15,432,642	14,588	-	-
Subscription of shares by O&B	308,642	250	-	-
Shares issued during the period (ESP vested)	100,000	52	216,944	-
Balance at the end of the period	**524,610,834**	**355,969**	**495,044,922**	**330,172**
Executive share plan				
Executive share plan balance at the beginning of the period	49,381,666	-	41,867,333	-
Shares granted under executive share plan	7,518,682	-	7,731,277	-
ESP Shares vested or reallocated during the year	(400,000)	-	(216,944)	-
Executive share plan balance at the end of the period	**56,500,348**	**-**	**49,381,666**	**-**

In accordance with the provisions of the ESP, during the half year period 7.5 million shares were granted (including 0.3 million of reallocated shares) to senior management and contractor participants with the following grant dates:

Series	Participant[1]	Grant Date	Reallocated	No of Shares Issued	Total
Opening Balance at 1 July 2014					**49,381,666**
Series 42	CP	9-Jul-14		4,560,760	4,560,760
Series 43	CP	26-Nov-14		2,413,368	2,413,368
Series 43	SM including KMP	26-Nov-14	100,000	81,518	181,518
Series 44	SM including KMP	26-Nov-14	100,000	81,518	181,518
Series 45	SM including KMP	26-Nov-14	100,000	81,518	181,518
Reallocations	SM	26-Nov-14			(300,000)
ESP shares vested	SM				(100,000)
Closing Balance at 31 December 2014			**300,000**	**7,218,682**	**56,500,348**

1 KMP = Key Management Personnel, SM = Senior management, CP = Contractor participants

Shares granted under the ESP carry rights to dividends and voting rights. For details of the ESP refer to the June 2014 Annual Report.

The above ESP balance reconciles to the outstanding shares granted under the ESP at the beginning and the end of each relevant period. In accordance with AASB 2 Share Based Payments, the shares issued under the employee share plan are treated as options and are accounted for as set out in Note 1.

8. Goodwill

	Consolidated	
	31 December 2014 $'000	30 June 2014 $'000
Gross carrying amount		
Balance at the beginning of the financial year	4,858	4,858
Additional amount recognised through acquisition of business	15,095	-
Balance at the end of the financial year	**19,953**	**4,858**
Net book value		
At the beginning of the financial year	4,858	4,858
At the end of the financial year	**19,953**	**4,858**

Additional goodwill was recognised during the period in relation to the acquisition of Matrix as outlined in Note 4.

9. Intangible Assets

	Consolidated					
	Capitalised Software	CWT Software	Client Book	Matrix Website	Matrix Brand	Total
6 months to 31 December 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount						
Balance at the beginning of the period	11,727	1,500	58,596	-	-	71,823
Acquired directly during the period	2,940	-	4,720	20	200	7,880
Balance at the end of the period	**14,667**	**1,500**	**63,316**	**20**	**200**	**79,703**
Accumulated amortisation and impairment losses						
Balance at the beginning of the period	4,957	1,500	28,467	-	-	34,924
Amortisation expense in the current period	1,529	-	4,453	3	-	5,985
Balance at the end of the period	**6,486**	**1,500**	**32,920**	**3**	**-**	**40,909**
Net book value						
Balance at the beginning of the period	6,770	-	30,129	-	-	36,899
At the end of the period	**8,181**	**-**	**30,396**	**17**	**200**	**38,794**
6 months to 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount						
Balance at the beginning of the period	8,825	1,500	58,596	-	-	68,921
Acquired directly during the period	2,902	-	-	-	-	2,902
Balance at the end of the period	**11,727**	**1,500**	**58,596**	**-**	**-**	**71,823**
Accumulated amortisation and impairment losses						
Balance at the beginning of the period	3,780	1,418	24,459	-	-	29,657
Amortisation expense in the current period	1,177	82	4,008	-	-	5,267
Balance at the end of the period	**4,957**	**1,500**	**28,467**	**-**	**-**	**34,924**
Net book value						
Balance at the beginning of the period	5,045	82	34,137	-	-	39,264
At the end of the period	**6,770**	**-**	**30,129**	**-**	**-**	**36,899**

Included in the capitalised software (net book value of $8.2 million at 31 December 2014) is $3.1 million related to WealthFoundations and the new platform build (with a further $1.9 million having been capitalised during the period). Amortisation commenced from the launch of the WealthFoundations product.

As part of the purchase of Matrix during the period, a number of additional intangible assets were purchased. This included an additional client book, and the Matrix brand and website. As the brand has an indefinite life, this will not be amortised, however will be assessed for impairment at each reporting date. For further details on the acquisition of Matrix, refer to Note 4 above.

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.

10. Investments

	Consolidated	
	31 December 2014 $'000	30 June 2014 $'000
Equity securities		
Investment in Group Companies		
Held directly	229,033	233,817
Held indirectly via unit trust	289,242	266,685
	518,275	**500,502**
Debt securities / fixed interest securities		
Held directly	686,369	609,402
Held indirectly via unit trust	30,351	32,008
	716,720	**641,410**
Property / infrastructure / emerging markets		
Held directly	-	-
Held indirectly via unit trust	208,005	194,857
	208,005	**194,857**
Total investments	**1,443,000**	**1,336,769**

11. Policy Liabilities

	Consolidated	
	6 months to 31 December 2014 $'000	6 months to 31 December 2013 $'000
LIFE INVESTMENT POLICY LIABILITIES		
Opening gross life investment policy liabilities	**1,122,364**	**1,175,347**
Net increase / (decrease) in life investment policy liabilities reflected in the income statement	71,862	79,279
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(12,053)	(12,914)
Life investment policy contributions recognised in policy liabilities	99,046	28,336
Life investment policy withdrawals recognised in policy liabilities	(141,152)	(104,539)
Closing gross life investment policy liabilities	**1,140,067**	**1,165,509**
LIFE INSURANCE POLICY LIABILITIES		
Opening gross life insurance policy liabilities	(127,278)	(97,734)
Movement in outstanding claims	6,425	(3,725)
Decrease in life insurance policy liabilities reflected in the income statement	(23,275)	(8,151)
Closing gross life insurance policy liabilities	(144,128)	(109,610)
Total gross policy liabilities	**995,939**	**1,055,899**
REINSURERS' SHARE OF LIFE INSURANCE POLICY LIABILITIES		
Opening balance	3,872	(1,072)
Movement in outstanding reinsurance	(3,763)	2,189
Decrease / (increase) in reinsurance assets reflected in the income statement	3,254	2,126
Closing balance	3,363	6,396
Net policy liabilities at balance date	**999,302**	**1,059,142**

12. Borrowings

On the 18 December 2014 the Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. As at the reporting date, the Company has drawn down $20.5 million on the facility, with $29.5 million of unused credit facilities available for immediate use.

Interest on the loan accrues at BBSY plus a margin of 0.7% per annum, and is payable monthly. Furthermore, a line fee of 0.4% per annum is payable on the facility on a quarterly basis.

The facility is secured by a number of cross guarantees, refer to Note 17 for details.

13. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the June 2014 Annual Report issued in August 2014.

14. Financial Instruments

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	31 December 2014 $'000	30 June 2014 $'000				
Financial Assets/ Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equity securities	229,033	233,817	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed interest securities	716,720	641,411	Level 2	The fair value of Fixed Interest Securities are based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the investment	n/a	n/a
Unit Trusts	497,247	461,544	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**1,443,000**	**1,336,772**				

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

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

15. Contingent Liabilities and Contingent Assets

There are no material changes to contingent liabilities and contingent assets that were disclosed in the 30 June 2014 Annual Report.

16. Capital Commitments

There are no material changes to capital commitments that were disclosed in the 30 June 2014 Annual Report.

17. Guarantees

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

• ClearView Wealth Limited	ACN 106 248 248
• ClearView Group Holdings Pty Limited	ACN 107 325 388
• ClearView Administration Services Pty Limited	ACN 135 601 875
• ClearView Financial Management Limited*	ACN 067 544 549
• Matrix Planning Solutions Limited*	ACN 087 470 200
• ClearView Financial Advice Pty Ltd*	ACN 133 593 012

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

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

ClearView Wealth Limited
Directors' Declaration

The Directors declare that:

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

b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, for the half year ended 31 December 2014

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

On behalf of the Directors

Dr Gary Weiss
Chairman
Sydney, 24 February 2015

Deloitte.

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

We have reviewed the accompanying half-year financial report of ClearView Wealth Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 25 to 45.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ClearView Wealth Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

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

Conclusion

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 24 February 2015

ClearView

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