Emergence of growth

Annual Report 2016

ClearView

Contents

Financial Calendar

Annual General Meeting
10 November 2016

Half Year End
31 December 2016

Half Year Result Announcement
February 2017

Year End
30 June 2017

Annual Report
August 2017

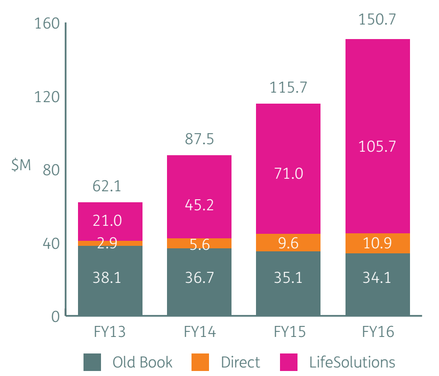
Dates are subject to change.

2016 Financial Highlights

After Tax Profit by Segment, $m	FY16	FY15	% Change[9]
Life Insurance	24.5	15.3	+60%
Wealth Management	2.7	1.8	+50%
Financial Advice	1.5	4.4	-66%
Business Unit Operating Earnings (after tax)	**28.7**	**21.5**	**+33%**
Listed Entity and Other	(0.5)	(0.6)	N.M.
Total Operating Earnings (after tax)[1]	**28.2**	**20.9**	**+35%**
Interest expense on corporate debt (after tax)	(1.0)	(0.4)	N.M
Underlying NPAT[2]	**27.2**	**20.5**	**+33%**
Other Adjustments	5.5	1.0	N.M
NPATA[3]	**32.7**	**21.5**	**+52%**
Amortisation	(9.1)	(9.0)	N.M
Reported NPAT	**23.6**	**12.5**	**+89%**
Embedded Value[4]	624.1	494.1	+16%
Value of New Business[5]	19.0	15.8	+20%
Net Asset Value[6]	411.8	336.8	+8%
Reported diluted EPS (cps)	4.27	2.36	+81%
Underlying diluted EPS (cps)	4.92	3.85	+28%
Dividend Per Share (cps)	2.5	2.1	+19%

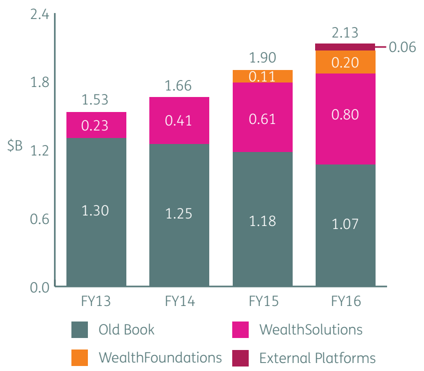
Life Insurance

In-force Premium[7]



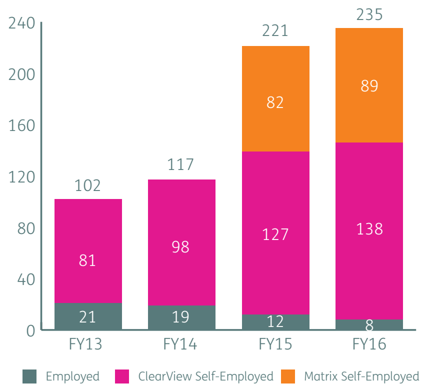
Wealth Management

Funds Under Management[8]



Financial Advice

Financial Advisers

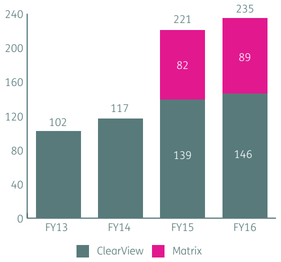


1 Total Operating Earnings NPAT represents the Underlying NPAT[2] of each of the operating business units before taking into account the interest costs associated with corporate debt.
2 Underlying net profit after tax is the Board's key measure of group profitability and the basis on which dividend payments are determined. It consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).
4 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the $50m Entitlement Offer completed in June 2016
5 Value of New Business at 4% discount rate margin.
6 % movement to FY15 adjusted for the $50 million entitlement offer completed in June 2016.
7 In-force premium is defined as annualised premium in-force at the date based on policy risk commencement date.
8 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
9 % movement to FY15 adjusted for the $50 million entitlement offer completed in June 2016.

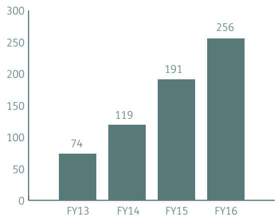
FY16 Results Summary

Strong Growth in Distribution Footprint Building Profit Base, with High Wallet Share in Life Insurance Sales on Penetrated APLs... with Ability to Leverage Life Insurance IFA channels for Wealth distribution

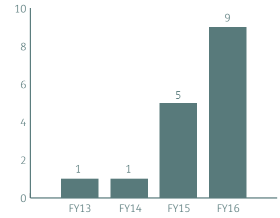
ClearView Aligned Advisers (# Advisers)



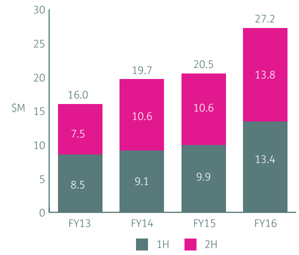
Non-Aligned Advisers - Life (# of Active APLs with ClearView Products)



Non-Aligned Advisers - Wealth (# of Active APLs with ClearView Products)

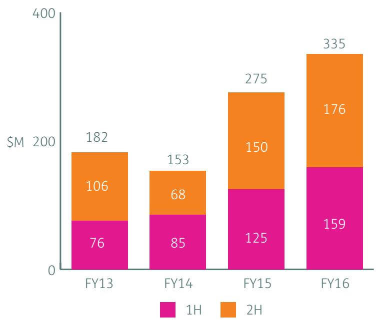


Underlying NPAT[1]

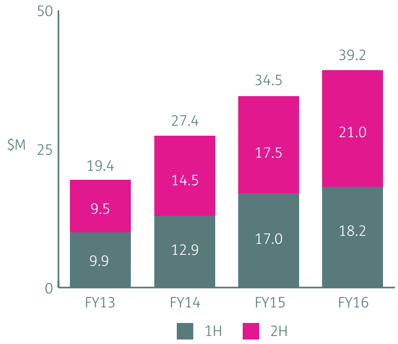


Coupled with Strong Growth and Diversity in Sales of Contemporary Product

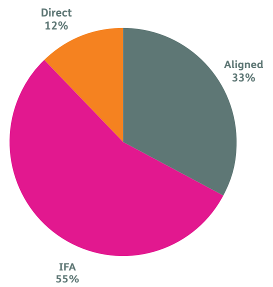
Wealth Contemporary Product Net Flows[2]



Life Insurance New Business[4]

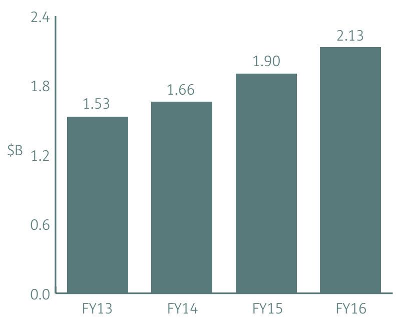


Total Life New Business by Channel for FY16

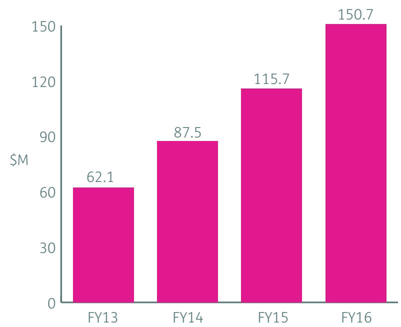


Leading to Growth in the In-force Base Underpinning Embedded Value Growth

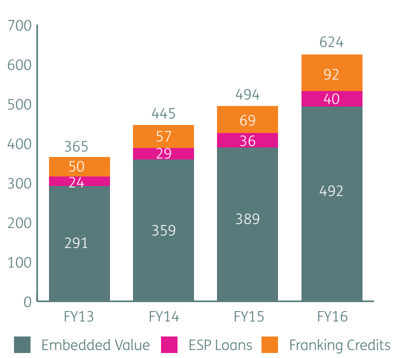
Wealth Management In-Force FUM[3]



Life In-Force Premium[5]



Embedded Value ($M)[6]



1 Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
2 Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
3 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
4 Life insurance new business or sales represents the amount of new annual written premium sold during the period, net of policies cancelled from inception and excludes age based/CPI increases.
5 In-force premium is defined as annualised premium in-force at the balance date.
6 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; Franking credits in the net worth have been restated in prior periods.

Our Values

our Way

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

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

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

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

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

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

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

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

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

Chairman's Letter

Client focus

I am pleased to report in my first Annual Report letter to shareholders that last year ClearView made life insurance claims cash payments totalling $33.6 million to 358 customers and their families at a time of great need. Our customers are Australians who take responsibility for their own future by purchasing our insurance policies either directly or more usually with assistance from a financial adviser. Paying claims is our business. We are very careful to design policies that meet the essential insurance needs of our customers but at an affordable price. By doing this we make an important contribution to the Australian community and to the Australian economy.

ClearView has a strong client focused culture. We believe that our values and culture lead to open and transparent partnerships based on mutual trust and cooperation with all stakeholders. People deserve quality help and support to plan and manage their financial futures. This means we also provide superannuation and wealth management products and services for our customers to attain their financial goals. We do this by helping to build and protect the financial futures of our customers and their families. We continue to work hard to ensure our people are engaged and equipped to deliver on our promises.

Results Overview

In recent years ClearView has made significant investments in its business to enable it to grow more strongly in the future. These investments have reduced past profits but increase our sustainable future profits. While ClearView will continue to invest in growth for the foreseeable future, the drag on profit has started to abate and earnings have begun to accelerate. ClearView is a business with strong earnings momentum and a growing market share.

ClearView's preferred profit measure, Underlying NPAT[1] grew 33% to $27.2 million in FY16 (FY15: $20.5 million). This increase in Underlying NPAT was above the mid-point of a guidance range provided to the market at the end of May 2016 at the time of the share entitlement offer.

ClearView achieved strong financial results and growth in key operating metrics in FY16 in its two largest segments:

- Life Insurance Operating NPAT increased 60% to $24.5 million, driven by growth in in-force premiums, and new LifeSolutions business written by advisers[2]. Life insurance is the key profit driver and most advanced division in ClearView.
- Wealth Management Operating NPAT increased 50% to $2.7 million, reflecting an improved contribution to profitability as the new contemporary products are now providing support to the growth and development costs being incurred. Wealth management is the least advanced division, given the recently completed 'build phase' and material investment in the new platform and products in FY15.

Embedded value is up 16% to $624.1 million[3], with the Value of New Business[3] up 20% to $19 million. The strong Value of New Business reflects that ClearView is generating significant value for shareholders through its growth and the quality of its products and services.

Capital Management

At the end of May 2016, the Company announced the launch of a $50 million fully underwritten 1 for 10.2 pro-rata share entitlement offer to eligible shareholders. Proceeds from the capital raising were used to fully pay down $45.5 million in debt under a $50 million Debt Funding Facility, with the remaining $4.5 million retained as capital for growth.

ClearView is now fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium term growth, with some additional capital flexibility over the medium term.

The $50 million Debt Funding Facility remains in place to provide future capital funding in the event that medium to longer term growth is materially above that currently anticipated or if other opportunities arise.

1 Underlying net profit after tax is the Board's key measure of group profitability and the basis on which dividend payments are determined. It consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities

2 LifeSolutions (Advised) sales increased 26% but were partly offset by an intentional shift in focus of the Non-Advice (Direct) business from lower to the mid socioeconomic demographic.

3 Embedded Value and Value of New Business at 4% discount rate margin. Embedded Value includes franking credits and ESP loans. Embedded Value percentage movement to FY15 adjusted for the impacts of the $50m capital raising completed in June 2016.

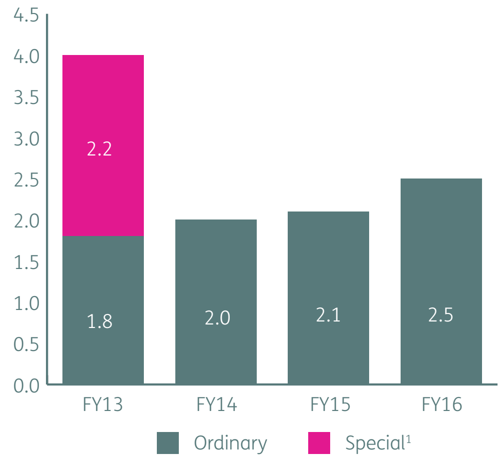
Chairman's Letter

Continued

Dividends and DRP

The Board has declared a fully franked final dividend of 2.5 cents per share (cps) for FY16 (FY15: 2.1cps), with a record date of 16 September 2016 and a payment date of 30 September 2016. There was no interim dividend paid in FY16 (FY15: nil).

Chart 1: Dividend (Cents Per Share)



This 19% rise in the FY16 Final Dividend reflects the Group's stronger earnings profile and represents approximately 60% of the FY16 Underlying NPAT, in line with the Company's dividend policy of a 40%-60% payout ratio. As outlined to the market at the time of the capital raising, the dividend reinvestment plan (DRP) will not operate in relation to the FY16 Final Dividend.

Board and Governance

In May 2016, Dr Gary Weiss resigned as Chairman of the Board and as a Director of ClearView, resulting in my appointment as Chairman. Jennifer Newmarch also resigned as a Director in May 2016 to fulfill a new role and ensure the continued independence of a majority of the Board.

The Board of ClearView is grateful for the significant contribution that Gary has played in founding and helping to build ClearView over the past five years. On behalf of the Board, I wish to thank both Gary and Jennifer for their significant contributions during their tenure as directors.

Majority Shareholding

ClearView has a 52.9% majority shareholder, CCP Bidco Pty Limited and its Associated entities (Crescent).

The Board is aware that Crescent would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the interests of all shareholders. The Board has appointed Morgan Stanley to assist in evaluating any strategic options or proposals that are received. However, there is no certainty that any such proposals will be received.

We will continue to keep our shareholders informed of developments in accordance with our continuous disclosure reporting obligations.

1 In accordance with the Implementation Agreement entered into between the Company and CCP Bidco Pty Limited in September 2012, ClearView declared a special unfranked dividend of 2.2 cps.

Chairman's Letter

Continued

Strategy and Outlook

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

- A challenger brand operating in profitable segments of life insurance, wealth management and financial advice; and
- A differentiated integrated life insurance and wealth management provider; well positioned for structural growth and the convergence of superannuation and life insurance products.

ClearView pursues this strategy with a genuine focus on culture and values. ClearView prides itself on its values: persistence, collaboration, integrity and authenticity. This has led ClearView to be a client oriented organisation and has allowed the business to win clients through relationships, product innovation and service. After the past 3 years of investment, ClearView's initial goal of achieving 5% of the long term life insurance profit pool, building a material wealth management business, and a high quality financial advice business providing strategic advice to its clients are now becoming increasingly tangible and realistic.

On behalf of the ClearView Board, I thank you, our customers, partners and shareholders for your ongoing support for ClearView. I would also, of course, like to thank all our employees and management for their diligent contributions to our daily operations and skillful execution of our strategy and business plans. Lastly, I wish to thank my fellow Directors for their advice and active involvement in support of the business during the year.

Bruce Edwards

Chairman

24 August 2016

Managing Director's Report

The 2016 financial year was a milestone year in the growth and development of ClearView Wealth Limited. It marked the transition from the investment or building phase of ClearView to the growth phase where we begin to see the fruits of that investment in a strong operational and earnings performance.

Having completed the initial phases of that 'J Curve' investment in FY15, we are now seeing our businesses move up the earnings curve, particularly in the Advised Life insurance segment, which was the first component in the ClearView investment phase in FY12.

Life Insurance

The Australian Life Insurance industry has been growing at double-digit rates over the past ten years. It is forecast to grow at 7.6% compound annual growth rate through to 2029 based on forecast robust population growth, increased market penetration of insurance and economic growth. The individual life insurance market, on which ClearView is focused (60% of total market), is forecast to grow at 9.4% pa compound growth[1].

Against this backdrop and in the context of ClearView's substantial three-year strategic investment in the Advised Life market, this segment was the strong performer for the Group in FY16.

Life Insurance Operating NPAT increased 60% to $24.5 million, driven by growth in in-force premiums, up 30% to $150.7 million, with new business written increasing 14% to $39.2 million[2]. In-force premium growth was driven by the LifeSolutions product suite, which in turn was propelled by the broadening out of distribution to the IFA segment.

Sales through IFAs (excluding ClearView and Matrix aligned advisers) account for an increasing share of life insurance sales, which demonstrates the success of the Company's distribution strategy. Where ClearView has been on an open Authorised Product List (APL) for more than 12 months, it has increased its wallet share given it takes time to penetrate the APLs and change adviser behaviours.

Non-Advice (Direct) sales were down 36% to $4.5 million (FY15: $7.0 million), impacted by the closure of Your Insure to refocus the business towards mid-market consumers. This negative growth was a function of the closure of Your Insure (which targeted lower socioeconomic customers) offset by a 26% growth in sales (to $2.7 million) through ClearView's Strategic Partners (which targets mid-market consumers). This refocus of sales efforts is consistent with ClearView's strategy to focus on long term profitable segments, and will create increased shareholder value in the medium term, but required a significant reorganisation in FY16.

ClearView continues to work diligently to successfully drive profitable growth. We are committed to ongoing innovation in the life insurance market and expanding our distribution reach and embedding growth via the third party IFA market.

Incremental investment continues in our core life advice market and product portfolio with the launch of an improved adviser portal in 2H16. The next step is to upgrade the online quote system and application process making it easier for IFAs to do business with ClearView.

The election created uncertainty as to the timing and impacts of the proposed life insurance regulatory reforms. However, if these reforms are implemented and increased access to vertically integrated APLs is achieved, ClearView will enjoy a significant expansion in its addressable market and will be able to provide clients of these larger institutions with the opportunity to benefit from ClearView's products and services.

Overall, we expect ClearView's Advised Life Insurance segment to continue to perform strongly for the forseeable future due to ongoing investment, and the compound effect of new business wins and expansion in APL representation.

Wealth Management

Wealth Management Operating NPAT increased 50% to $2.7 million (FY15: $1.8 million), with increased FUM, up 12% to $2.1 billion, while net inflows were $212 million, up 90%.

ClearView's approach to the wealth management market is consistent with its approach to the life insurance market where we are focused on providing clients with best in class services in an efficient manner.

1 Source: Plan for Life, Rice Warner
2 LifeSolutions (Advised) sales increased 26% but were partly offset by an intentional shift in focus of the Non-Advice (Direct) from lower to the mid socioeconomic demographic.

The ClearView challenge to the Wealth Management market is two to three years behind its position in the Life Insurance market. Given ClearView's initial focus on life insurance, it has only begun investing significantly in its wealth offering in the past 24 months starting with the acquisition of the Matrix wealth-focused adviser network in FY15.

ClearView has two scalable platforms – WealthSolutions, a high-end, full wrap platform that allows investment flexibility and efficient and effective management; and WealthFoundations, developed in conjunction with Financial Synergy to serve mid-level clients. We have also more recently included ClearView's platform funds on an external platform, which we see as a significant opportunity to broaden out this offering to further support the adviser network.

ClearView has been investing in technology to assist advisers in client management and administration. ClearView believes that it now has scalable technology in its wealth platforms that meets its objective of being a strong flexible provider of wealth management solutions to advisers and clients.

ClearView operates its funds management business by managing an in-house research process that, for a fee, develops model portfolios of various ClearView funds and independent asset manager funds. Model portfolios allow the ClearView adviser network and independent IFAs to efficiently meet the investment needs of their clients by developing well-researched portfolios of asset managers with a particular focus. It also earns a margin on ClearView FUM.

ClearView also helps clients invest in, or allocate assets to funds managed by third party asset managers. ClearView does not currently directly manage investments in underlying assets and outsources this function to third party specialist asset managers.

In FY17, ClearView will continue to build out its wealth management business to leverage the investments it has made over the past 24 months. It has the ability to utilise the distribution network that has been built in life insurance with the number of third party APLs with which ClearView wealth products are placed increasing to 9 as at 30 June 2016.

Financial Advice

Financial Advice Operating NPAT decreased 66% to $1.5 million (FY15: $4.4 million), partly driven by a change in the allocation of net dealer group support costs entirely to our ClearView dealer group (previously partly absorbed by the Life Insurance segment).

Funds under Management and Advice (FUMA) are up 4% to $8.2 billion, while Premiums Under Advice (PUA) were up 15% to $215 million. These increases are reflective of the net increase in adviser numbers and the change in the adviser mix between periods. Financial advisers have increased 6% to 235.

ClearView has built a strong adviser network in our dealer groups that was initially built by attracting high quality Life Insurance focused advisers to the ClearView dealer group. This shifted to recruiting more Wealth Management focused advisers into the network and this was a key driver behind acquiring the Matrix dealer group in FY15.

The adviser network has been built because we have not chosen to pay shelf space fees and volume based rebates in the third party IFA market and we have also been precluded from placing our manufactured products on certain APLs (given that there are restricted APL structures in the market).

The aligned advisers have helped ClearView build a strong adviser network and gain credibility in the market – no targets are placed on adviser recruitment. ClearView has a strategy of building a high quality financial advice business providing strategic advice for clients.

Regulation

In March 2016 ClearView wrote a submission to the Senate Economics Legislation Committee of the Federal Parliament commenting on the Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016.

Our comments on the Bill were in the context of the broader objective of improving consumer outcomes with respect to both financial advice and life insurance products and services. In short, ClearView broadly supported the intent and detail of the proposed Bill but was and continues to be of the view that restricting substantive reform only to the area of adviser remuneration, while allowing industry to 'write its own ticket' on key industry practice issues (protect incumbency) such as

Approved Product Lists (APLs) and a Life Insurance Code of Conduct, will lead to a failure in terms of ensuring better outcomes for Australian consumers.

There are four areas that ClearView contends need to be addressed to ensure good public policy outcomes with respect to life insurance. In summary, these are:

1. Changes to adviser remuneration

We broadly support the reduction in upfront commissions and changes to commission clawback arrangements as originally proposed by the Government before the election. We consider however, that all grandfathering relief for life product sales should cease by 2021. This is critical to ensure that poor behaviour connected to advisers leaving clients in old legacy products to preserve their volume based/lapse rates bonuses is eradicated.

2. Opening up of APLs

The Approved Product List Industry Standard (APL Standard), being formulated by the Financial Services Council (FSC) is ineffective in advancing product choice, competition or consumer outcomes. As currently drafted, it requires that all life insurers include only more than one product on their APL. We are concerned that APLs are currently utilised by vertically integrated financial services businesses as a means for restricting competition to primarily the products owned by those same businesses. This restricts the products that are available to consumers who engage with those businesses and begs the question as to whether appropriate products are being recommended that are in the client's best interest. We do not consider that the proposed APL Standard will address this inherent conflict of interest.

ClearView is of the view that every APL should include all life insurance products issued by insurers regulated by APRA. This would ensure that advisers are not inherently conflicted, that consumers are provided with financial advice that is in their best interests and to ensure that the life insurer meets its duty of utmost good faith to the consumer. Given there are only eleven life insurers (in comparison to the hundreds of fund choices that most platforms accommodate) it is reasonable that client's best interests are protected in this way and are mandated.

3. The development of an effective Life Code

ClearView supports a sensible industry Code of Conduct (Code). The industry has been charged with the responsibility of preparing the draft Code, the first version of which was released for consultation in December 2015. ClearView believes that this draft code has lacked sufficient engagement with consumer and financial rights groups and does not protect consumer's best interests appropriately but supports and entrenches incumbency. ClearView has been engaging more closely with the industry bodies in relation to the Code in particular in relation to governance arrangements, procedures with respect to non-compliance and transparency with respect to the way the Code operates and consumer's rights. ClearView believes that the industry should work with ASIC to get it approved in accordance with RG183 and ASIC should ensure that the Code is contractually enforceable by consumers and that the content is meaningful. ClearView believes that this will bring about critical changes in behavior in the financial services industry and improve the trust in and the reputation of financial advisers more generally. Pleasingly, in the last few weeks we have been encouraged by some developments to strengthen the proposed code.

4. Enhanced adviser education

ClearView strongly supports current initiatives to enhance the professional, ethical and education standards of financial advisers. We consider that increasing education standards is critical to ensuring that advisers are appropriately trained and possess the necessary skills and expertise to provide sound, quality financial advice to their clients.

The recent federal election caused the proposed life insurance reforms with respect to changes to commission caps and clawbacks. We hope for a resumption of the reform process and proposed changes with respect to enhancing adviser education as soon as possible after parliament is recalled.

ClearView has performed and will continue to perform strongly in the segments of the Life Insurance market that are genuinely open and benefit from the adviser of quality financial advisers that are focused on clients best interests. However,

Managing Director's Report

Continued

there remains a significant proportion of the life insurance industry that cannot benefit from ClearView's innovative products and focus on consumers due to tied distribution and closed APLs. We believe that this lack of competition in these segments with tied distribution is bad for the consumer and over time we believe that regulation that supports the consumer objectives set out above will be needed to address these issues.

I mentioned in my 2015 Managing Director's Report that no amount of regulation will alone drive good quality strategic advice. Providing good quality strategic advice starts with the adviser mind-set, where both the dealer groups' and advisers' attitude is about the welfare of the customer, and in particular having a well-articulated strategic financial plan for the customer. Whilst early in its journey, ClearView has focused on rolling out the strategic advice model to its adviser base to achieve the best interests of their clients. A cultural focus is key.

Outlook

We are even more excited about the prospects for ClearView in 2017 than we were in 2016. Material earnings growth has been confirmed in the 2016 result and we look forward to leveraging our hard work and patient investment to drive strong, sustainable long-term profitable growth well into the future. Through successful execution of our strategy, supported by our corporate culture and values, we will progressively move closer to achieving our vision of becoming Australia's best life insurance, wealth management and financial advice business.

The people of ClearView have been instrumental in delivering a material increase in earnings in 2016 and putting us on course for ongoing strong earnings growth. I commend them for living the ClearView values, executing our strategic plans, meeting challenges head-on and delivering great service that always puts customer interests first. These are the things that drive success. On behalf of the management team I would like to take this opportunity to thank all ClearView employees for their professionalism, expertise and dedication in 2016.

Simon Swanson

Managing Director

24 August 2016

Directors' Report

The Directors of ClearView Wealth Limited (ASX:CVW, ClearView or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2016 (the financial year):

Directors

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

- **Bruce Edwards** (Chairman)
- **Dr Gary Weiss** (Chairman, resigned 17 May 2016)
- **Andrew Sneddon**
- **David Brown**
- **Gary Burg**
- **Jennifer Newmarch** (resigned 17 May 2016)
- **Michael Alscher**
- **Michael Lukin** (Alternate to Mr Alscher)
- **Nathanial Thomson**
- **Simon Swanson** (Managing Director)

The biographies for the Directors of ClearView are detailed below.

Current Directors

Bruce Edwards BSc, MA, FIAA

Independent Non-executive Chairman

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

Bruce was appointed to the Board on 22 October 2012 and was the Chairman of the ClearView Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee, up until his appointment as Chairman of the Board on 18 May 2016. Bruce remains a member of the Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee.

Andrew Sneddon BEC, CA

Independent Non-executive Director

Andrew was a Partner with PricewaterhouseCoopers for 18 years before retiring in 2008. He has worked across a broad range of industries and has extensive experience in mergers and acquisitions, business and strategic planning, audit, valuation and capital raising, with particular focus on fast growth and emerging technology companies.

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

Andrew was an Alternate Director from 26 March 2013 until his appointment as Director on 3 December 2013. Andrew has served as a member on the Board Audit Committee, Board Risk and Compliance Committee and the Nomination and Remuneration Committee before he was appointed as Chairman of each of these committees on 18 May 2016.

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

Independent Non-executive Director

David has significant experience in investment management and asset allocation of superannuation and insurance funds. He is the Chief Investment Officer for National Superannuation Fund Ltd in Papua New Guinea and a director of the PNG Institute of Directors, the former Head of Private Markets for Victorian Funds Management Corporation and former Senior Funds Manager for Queensland Investment Corporation. David is a former director of LifeHealthcare Pty Limited and a former Chairman of the Australian Private Equity and Venture Capital Association Pty Limited.

David was appointed to the Board on 22 October 2012 and currently serves as a member of the Board Audit Committee and the Board Risk and Compliance Committee.

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

Independent Non-executive Director

Gary has significant experience in building life insurance businesses in South Africa and in Australia. Gary is Chairman of UCW Limited, an ASX listed company and is also a director of Global Capital Holdings (Australia) Pty Limited, a company which manages principal investments on behalf of various investors. He is a former director of, and investor in, 3Q Holdings Limited and South African listed Capital Alliance Holdings Limited (which owned Capital Alliance Life Limited and Capital Alliance Bank Limited). Gary is also a former director and investor in a number of Australian based financial services businesses, including Prefsure Life Limited and Insurance Line Holdings Pty Limited.

Gary was appointed to the Board on 22 October 2012, and currently serves as a member of the Board Audit Committee, the Board Risk and Compliance Committee and the Nomination and Remuneration Committee.

Michael Alscher BCom

Non-executive Director

Michael is the Managing Partner and founder of Crescent Capital Partners Management Pty Limited. Prior to founding Crescent Capital Partners, Michael was a consultant at Bain International and the LEK Partnership where he spent considerable time working across banking and insurance clients. After leaving consulting, Michael was the Chief Operating Officer and a Director of Gowings Bros Limited. Michael is the current Chairman of Cardno Limited, Director of Australian Clinical Laboratories Pty Limited and National Dental Care Pty Limited. He is also a former Chairman and Director of Cover-More Group Limited and a former Director of LifeHealthCare Group Limited and Metro Performance Glass Limited. Michael was appointed Alternate Director to Nathanial Thomson on 22 October 2012. His appointment as Alternate was revoked and he was appointed as a Director on 1 July 2013.

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

Alternate Non-executive Director

Michael is a Partner and Director of ROC Partners Pty Limited. Prior to this, Michael was the Managing Director of the Macquarie Investment Management Private Market business in Sydney. Michael has 18 years of private equities investment experience and serves on the advisory boards of five Australian private equity fund managers, and is a current Australian Private Equity and Venture Capital Association Limited (AVCAL) Council member. He is a Chartered Financial Analyst (CFA) and an Associate of the Institute of Actuaries of Australia. Before joining Macquarie, Michael was an asset consultant with Towers Perrin, providing advice on investment matters and manager selection to superannuation funds and master trust clients. Michael is also a Director of Baycorp Holdings Pty Limited, National Dental Care Pty Limited and Space-Time Research Pty Limited.

Michael served as Alternate Director to Jennifer Newmarch from 1 July 2013 until his appointment was revoked on her resignation. Michael was appointed as Alternate Director to Michael Alscher on 18 May 2016.

Nathanial Thomson BCom (Hons), LLB (Hons)

Non-executive Director

Nathanial is a partner of Crescent Capital Partners Management Pty Limited. Nathanial has significant consulting experience for financial institutions at McKinsey & Co. He is the former deputy Chairman of Cover-More Group Limited prior to its listing on the ASX, a former director of Metro Performance Glass Limited, prior to its listing on the ASX, and is currently a director of Cardno Limited, National Dental Care Pty Limited and National Home Doctor Service Pty Limited.

Nathanial was appointed to the Board on 22 October 2012 and currently serves as a member of the Nomination and Remuneration Committee. Nathanial has previously served as a member of the Audit, Risk and Compliance Committee up until 30 June 2014.

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

Managing Director

Simon is an internationally experienced financial services executive having worked for over 35 years across life insurance, funds management, general insurance and health insurance. He has successfully led the largest life insurer (CommInsure, Sovereign and Colonial) in three countries and spent half of his career in the Asia Pacific region.

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

Simon led the team that founded ClearView in its current form and was appointed as Managing Director on 26 March 2010.

Former Directors

Dr Gary Weiss LLB (Hons), LLM and JSD

Independent Non-executive Chairman (resigned 17 May 2016)

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

Gary was appointed to the Board on 22 October 2012 and acted as Chairman from 1 July 2013 until his resignation on 17 May 2016. Gary was a member of the Board Audit Committee, Board Risk and Compliance Committee and the Nomination and Remuneration Committee.

Jennifer Newmarch BSc (Maths) (Hons), FIA

Non-executive Director (resigned 17 May 2016)

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

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

Jenny served as a Director on the Board between 1 July 2013 and 17 May 2016.

Company Secretary

Athol Chiert, BCOM, BACC, CA was appointed Company Secretary on 4 November 2008. He is also the Chief Financial Officer at ClearView. Athol has a life insurance and private equity background. He was previously the CFO of PrefSure Holdings Limited and PrefSure Life Limited and also served as a director and executive of the Global Capital Group both in Australia and South Africa. Athol has over 16 years experience in the finance industry including holding directorships on investee and subsidiary entities. Athol commenced his professional career as an accountant with Arthur Andersen.

Former Company Secretary

Chris Robson BA, LLB (Hons), LLM (resigned 11 November 2015) held the position of Company Secretary from 4 April 2011 until his resignation on 11 November 2015. Chris also held the position as General Counsel at ClearView and has over 20 years' experience in the financial services industry. Prior to joining ClearView, Chris was General Counsel and Group Company Secretary for Challenger Limited. Chris previously held legal roles in the financial services industry, as well as in the public sector and private practice. He is a member of the Law Society of NSW and the Society of Notaries of NSW.

Appointed Actuary of ClearView Life Assurance Limited

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

Chief Actuary and Risk Officer

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

Directors’ Report

Continued

Directorships of other Listed Companies

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

Name	Company	Period of Directorship
Dr Gary Weiss (Resigned 17 May 2016)	Ariadne Australia Limited	28 November 1989 – ongoing
	Mercantile Investment Company Limited	Non-executive Director 6 March 2012 – 25 February 2015
	Premier Investments Limited	11 March 1994 – ongoing
	Pro-Pac Packaging Limited	28 May 2012 - ongoing
	Ridley Corporation Limited	21 June 2010 – ongoing
	Tag Pacific Limited	1 October 1988 – ongoing
	Thorney Opportunities Limited	21 November 2013 – ongoing
	The Straits Trading Company (Listed on the Singapore Exchange)	1 June 2014 - ongoing
Andrew Sneddon	Innate Immunotherapeutics Limited	19 September 2013 – ongoing
	Traditional Therapy Clinics Limited	24 February 2015 – 4 August 2016
Gary Burg	3Q Holdings Limited	29 March 2012 – 11 September 2013
	UCW Limited	24 March 2016 - current
Michael Alscher	Cover-More Group Limited	14 November 2013 – 30 April 2015
	LifeHealthCare Group Limited	8 November 2013 – 23 February 2015
	Metro Performance Glass Limited	31 March 2015 – 10 June 2016
	Cardno Limited	6 November 2015 – current
Nathanial Thomson	Cover-More Group Limited	14 November 2013 – 2 December 2013
	Cardno Limited	6 November 2015 – 28 January 2016; and
		24 May 2016 – current

Meetings of Directors

The number of meetings of the Company’s Board of Directors and of each Board Committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were as follows:

	Board		Board Audit Committee		Board Risk and Compliance Committee		Nomination and Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Bruce Edwards	10	10	5	5	5	5	4	4
Andrew Sneddon	10	9	5	3	5	3	4	3
David Brown	10	9	5	4	5	4	-	-
Dr Gary Weiss[1]	8	8	4	4	4	4	3	3
Gary Burg	10	10	1	1	1	1	1	1
Jennifer Newmarch[2]	8	6	-	-	-	-	-	-
Michael Alscher	10	8	-	-	-	-	-	-
Nathanial Thomson	10	10	-	-	-	-	4	4
Simon Swanson	10	10	-	-	-	-	-	-

1 Dr Gary Weiss resigned on 17 May 2016.

2 Ms Jennifer Newmarch resigned on 17 May 2016. Michael Lukin was an alternate director to Ms Newmarch during the period until her resignation on 17 May 2016, and was appointed as an alternate director to Mr Alscher on 18 May 2016. Mr Lukin attended 6 meetings on behalf of Ms Newmarch. Mr Lukin attended 0 meetings on behalf of Mr Alscher. His attendance in these respects have been included in the table shown above.

Directors' Report

Continued

Directors' Shareholdings

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

Director	Fully paid ordinary shares	Executive share plan shares
Dr Gary Weiss[1]	-	-
Andrew Sneddon	124,621	-
Bruce Edwards	588,262	-
David Brown	-	-
Gary Burg	10,918,090	-
Jennifer Newmarch[2]	-	-
Michael Alscher[3]	-	-
Michael Lukin[2,3]	-	-
Nathanial Thomson[3]	-	-
Simon Swanson	4,549,021	10,000,000

1 Dr Weiss is an Executive Director of Ariadne Australia Limited which holds 25,450,635 shares. Dr Weiss resigned as a Director on 17 May 2016.
2 Jennifer Newmarch (alternate Mr Lukin) represented the interests of ROC Capital that hold 63,828,309 shares. Ms Newmarch resigned as a Director on 17 May 2016.
3 Mr Alscher (alternate Mr Lukin) and Mr Thomson represent the interests of CCP Bidco Pty Limited and its Associates that non-beneficially hold 348,002,872 shares.

Shares Issued Under the Executive Share Plan

The following table sets out the shares issued under the Executive Share Plan (ESP) during the year ended 30 June 2016.

Series	Participant	Grant Date	No. of Shares Issued	No. of Shares Reallocated/ Exercised	No. of Shares Bought Back and Cancelled	No. of Shares Total
Opening Balance (1 July 2015)						**58,371,348**
Series 50	Senior Management	30-Jul-15	77,320	-	-	77,320
Series 51	Senior Management	23-Dec-15	1,204,063	-	-	1,204,063
Series 52	Senior Management	27-Apr-16	295,603	-	-	295,603
Series 54	Senior Management	20-Jun-16	-	79,601	-	79,601
Total (Senior Management)			**1,576,986**	**79,601**	**-**	**1,656,587**
Series 49	Contractor Participant	30-Jul-16	2,709,452	300,000	-	3,009,452
Series 53	Contractor Participant	27-Apr-16	1,494,140	-	-	1,494,140
Total (Contractor Participant)			**4,203,592**	**300,000**	**-**	**4,503,592**
Forfeited/Cancelled	-	-	-	-	(2,438,648)	(2,438,648)
Reallocated	-	-	-	(379,601)	-	(379,601)
Exercised	-	-	-	(969,751)	-	(969,751)
Closing Balance (30 June 2016)	-	-	**5,780,578**	**(969,751)**	**(2,438,648)**	**60,743,527**

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

As at the date of this report, ClearView has a total of 60,743,527 ESP shares on issue of which 34,348,386 have been issued to select financial advisers. ClearView has to date been able to offer such financial advisers the opportunity to participate in the overall performance of ClearView through participation in the ESP.

In accordance with the provisions of the ESP, during the financial year 5,780,578 shares were granted to senior management and financial advisers with the grant dates set out below. During the reporting period, the Company also conducted an off market employee share scheme buyback for a total of 2,438,648 shares within the 10/12 limit as permitted under the Corporations Act.

Allowing for the off market buy-back, reallocation of forfeited ESP shares and exercise of 969,751 ESP shares the net increase in ESP shares on issue was 2,372,179.

Indemnification of Directors and Officers

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

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

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

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

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Corporations Instrument amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor independence and non-audit services

The Directors have received an independence declaration from the auditors, a copy of which is on page 71.

Non-audit services

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

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

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

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

Annual Corporate Governance Statement

ClearView is committed to achieving high corporate governance standards. In accordance with the 3rd edition ASX Corporate Governance Council’s Principles and Recommendations, the Company’s annual Corporate Governance Statement, as approved by the Board, is published and available on the Company’s website at:
www.clearview.com.au/about-clearview/corporate-governance.

Operating and Financial Review

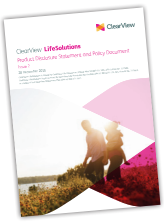
Business Overview

ClearView Wealth Limited and its subsidiaries (ClearView) operate financial services businesses that specialise in the manufacture of life insurance and wealth management products and provides quality financial advice on investment, superannuation and retirement options, as well as life insurance.

While the origins of the company date back to 1976, the current operating form comprising three business segments was established in 2010.

ClearView Wealth Limited

Life Insurance



ClearView creates products that compete in the Advised and Non-Advice (Direct) segments of the $15.4 billion Australian life (risk) insurance market[1].

ClearView competes in a subset of this broader market, primarily the $9.2 billion individual risk market (excluding group life)[1].

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

The ClearView advice product suite is branded LifeSolutions and policies are issued directly by ClearView Life or via the ClearView Retirement Plan (the ClearView Superannuation fund).

The Non Advice (Direct) market segment comprises life insurance products that are sold directly to consumers via direct marketing, telemarketing, call centre referrals or online campaigns. This business was intentionally repositioned in FY16 to target sales to mid-market consumers, and activities reorganised to deliver operational and sales efficiencies.

Wealth Management

ClearView provides wealth management products in the ~$1 trillion+ retail segment of the Australia funds management industry[5].

The ClearView products are:

Master Trust – life investment contracts issued by ClearView Life. These are no longer marketed to new customers.

WealthSolutions – a superannuation and retirement income wrap issued via the ClearView Retirement Plan and an IDPS[2]. Includes recent launch of SMA[3] capability.

WealthFoundations – life investment contracts issued by ClearView Life. Product is based on model portfolios and includes superannuation and allocated pension products issued by the ClearView Retirement Plan.

MIS[4] – products issued by ClearView Financial Management Limited (CFML) as the ASIC licensed Responsible Entity and includes ClearView platform funds available on WealthSolutions and more recently on external platforms.

Given the potential convergence of life insurance and wealth management, and in line with its integrated strategy, ClearView launched a new compliant and functional wealth platform in FY15 to host WealthFoundations and (post migration) the Master Trust and MIS products

Financial Advice

ClearView provides financial advice services to retail customers through its wholly-owned subsidiaries Clearview Financial Advice (CFA) and Matrix Planning Solutions (Matrix).

CFA and Matrix have a combined total of 235 advisers who are focused on quality of advice in order to retain clients and meet compliance obligations.

ClearView initially built its aligned planner network from FY11 to FY13 by attracting high quality advisers that focused on selling life insurance products.

In FY14 and FY15, it shifted to recruiting more wealth management focused advisers into the network – this was a key driver behind acquiring Matrix.

ClearView has built a strong adviser network and gained credibility in the market – no targets are placed on adviser recruitment.

1 Plan for Life data as at 31 March 2016
2 Investor Directed Portfolio Service
3 Separately Managed Accounts
4 Managed Investment Schemes
5 ABS 5655.0 data as at March 2016 (unconsolidated). Retail segment based on management estimates.

Directors' Report

Continued

ClearView is successfully positioned as a highly focused challenger brand in these market segments following the conclusion of a three-year strategic investment phase to build sustainable foundations for profitable scale and growth.

The ClearView strategy, described in detail in the next section, is a high-growth one of targeting 5% of the long-term life insurance profit pool, building a material wealth management business and a high quality financial advice business.

The 2016 financial year marked the commencement of the transition from a 'build' phase to a 'growth' phase and the FY16 financial results reflect the 'J curve' emergence of strong, profitable and sustainable growth, and significant traction towards achieving its near and medium-term strategic goals.

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.

Majority Shareholding

ClearView is listed on the Australian Securities Exchange with a 52.9% majority shareholding held by CCP Bidco Pty Limited and its Associates (Crescent).

The ClearView Board is aware that Crescent would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the interests of all shareholders. The Board has appointed Morgan Stanley Australia Securities Limited (Morgan Stanley) to assist in evaluating any strategic options or proposals. However, there is no certainty that any proposals will be received.

The Company will update the market at appropriate intervals and also advise of any material developments in accordance with its continuous disclosure reporting obligations.

Prudential Regulation

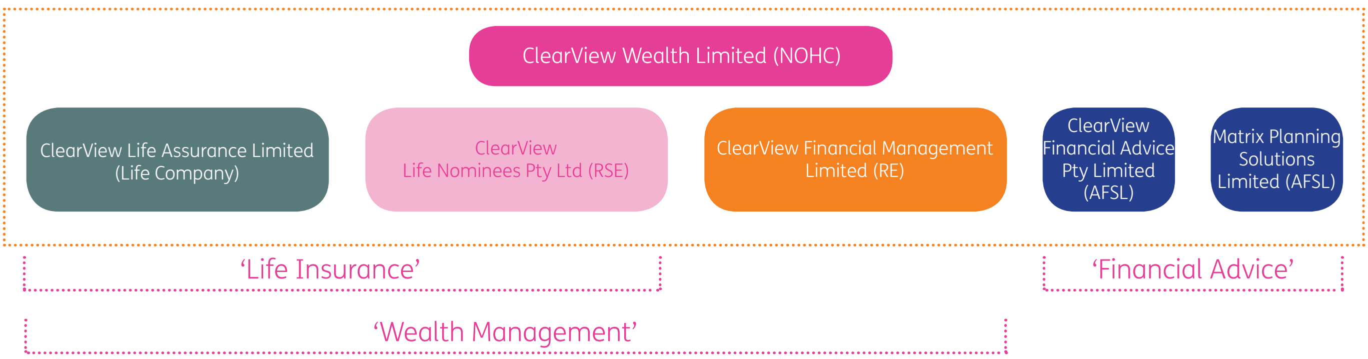
ClearView competes in highly regulated markets and is supervised by:

- the Australian Prudential Regulation Authority (APRA), the prudential regulator of the Australian financial services industry including insurance companies and most of the superannuation industry; and
- the Australian Securities and Investments Corporation (ASIC), which is Australia's corporate, markets and financial services regulator.

Both organisations are independent Commonwealth Government bodies with extensive regulatory powers.

ClearView has the required licences and integrated businesses to be a strong disrupter in the Australian life insurance and wealth management markets. The diagram below shows the regulated Group entities. ClearView is regulated as a Non Operating Holding Company by APRA under the Life Insurance Act 1995 and, via its subsidiaries, it holds an APRA life insurance licence, an APRA registrable superannuation entity (RSE) licence, an ASIC funds manager responsible entity (RE) licence and operates two dealer groups (ASIC financial adviser licences).

Key Licence Holding Entities in ClearView Group



Directors' Report

Continued

Material Business Risks

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

The Board has adopted a formal Risk Management and Capital Strategy (RM and CS) and a structured Risk Management Framework (RMF) to assist it in identifying and managing the company's key risks, particularly those that have the potential to impact the Company's future financial prospects and strategic imperatives. The RM and CS and RMF are fundamental to the business decisions of the Company, including resource allocation decisions and prioritisation of activities.

Details of the Group's risk management practices including risk mitigation strategies are set out in Note 5 to the Financial Statements on page 99 of this 2016 Annual Report.

Strategy

There are several important elements that complement and support our corporate strategy. Our Vision and Mission overarch our strategy and our Values and beliefs underpin it, while our competitive strengths and our integrated business model that is free of material legacy issues help drive strong growth momentum as we pursue our strategy.

We are:

- a team of **passionate** people with **deep expertise** in life insurance, wealth and advice (we are experts)
- one of a small number of life insurance and superannuation licensees in the Australian market… and unlike **many others we have no material legacy** technology and pricing issues (unencumbered)
- willing to **have a go at doing things differently** to offer great products and services to hardworking Australians. (doing it differently for the benefit of hardworking Australians).

What do we believe?

We believe that our values and culture lead to open and transparent partnerships based on mutual trust and cooperation with all stakeholders:

- People deserve **quality help and support** to plan and manage their financial future
- Products and services should be **fair, understandable and accessible** anywhere, anytime
- Our business is a people business. **Relationships matter to us** so we put our customers (advisers, partners, and end customers) at the centre of our business and service proposition
- We work hard to ensure **our people are engaged and equipped** to deliver on our promises.

Our purpose:

Building and protecting the financial futures of our customers and their families is too important to leave to those who don't care.

Values:

Our Values are our guiding principles on which we will not compromise. It's the way we are and the way we do things. Our culture is centred on four values:

- **Persistence –** we never give up on our people, our customers, our partners and the moments that matter. If there's a better way to do something, we'll find it
- **Collaboration –** we are like-minded, passionate people who turn up every day to share, help and be better than yesterday … together
- **Integrity –** a handshake, giving your word, committing, promising and then actually delivering, matter
- **Authenticity –** we never compromise when selecting our people – only positive, honest, open, genuine people need apply. What you see is what you get with ClearView.

Competitive Strengths

Our competitive strengths include:

- the integrated structure of our business model that combines life insurance and wealth management and differentiates ClearView from other entrepreneurial players
- strong relationships - building focus with Independent Financial Advisers (IFAs) through an emphasis on product innovation and service
- no material legacy issues such as pricing, back books and systems.

ClearView is well positioned to gain from market disruption around life insurance reforms with a potential stepped change in distribution profile if proposed reforms are implemented. Over-consolidation in the life insurance and wealth management markets over the past 15 years where substantial market share has been 'purchased' by the larger incumbents has opened up the opportunity for a fresh, innovative new entrant focused on servicing IFAs.

Legacy issues such as multiple administration platforms and older, higher-margin in-force portfolios often afflict traditional, larger institutional competitors, making it difficult for them to drive new products and innovation. This creates opportunities for a challenger such as ClearView, which operates a differentiated business with limited legacy issues.

Our Purpose

Building and protecting the financial futures of our customers and their families is too important to leave to those who don't care

Strategy

As an industry disrupter without legacy issues, our strategy is focused on winning market share within profitable niches by delivering innovative products and a high level of service

Expand Distribution Presence

Expand distribution presence across the independent financial adviser and direct channels

- Demonstrate competitiveness of products and services
- Improve penetration on open APLs carrying ClearView products for more than 12 months to grow wallet share of those APLs[1]
- Expand distribution reach by placing products on new open APLs[1]
- Prepare for increased access to individual IFA market from potential regulatory change to open previously tied APLs[1]
- Leverage off life insurance distribution success to broader IFA market for wealth management products
- Evolve direct strategy with focus on the mid-market segment

Increase Profitability

Target profitable markets with innovative product offerings

- Focus next phase of Life and Wealth product development on upgrading Direct life offering via simplified product aimed at mid-market customers
- Capitalise on structural competitive advantage by offering life insurance through superannuation to drive convergence of Life and Wealth product offerings
- Refine dealer group offering with a focus on strategic advice

Improve Efficiency and Reach

Improve efficiency and reach of our operations to expand margins over time

- Ensure our people are highly engaged
- Enhance back office to increase automation and improve efficiency
- Enhance life insurance front-end to improve customer service and adviser efficiency

Goals

Target 5% of the long-term life insurance profit pool

Build a material wealth management business

Build a high quality financial advice business providing strategic advice to clients

Our Values

Persistence Collaboration Integrity Authenticity

1 APLs is approved product lists.

Operating Review

Life Insurance

Approach

Over the past four years, ClearView has built a strong foundation for ongoing growth as a life insurance manufacturer in the **advice based market**:

- developed the LifeSolutions product in FY12 that included innovative features that compared favourably with competing products
- implemented ongoing refinements and upgraded product features that have resulted in consistent top quartile product ratings for LifeSolutions
- focused on entering the advice market through adviser relationships, service and features
- built the CFA adviser network after being precluded from placing Life Insurance products on third party Approved Product Lists (APLs) given:
    - restricted APL structures in the market that have limited access to the larger vertically integrated institutions APLs to date
    - a clear choice not to pay material shelf space fees or volume bonuses that to date have been common in the IFA market.
- expanded distribution capability in the past two years driven by the inclusion of LifeSolutions on third party APLs:
    - sales through IFAs (excluding CFA and Matrix advisers) account for an increasing share of life insurance sales, demonstrating success of the distribution strategy.
- upgraded and automated systems and processes under a continuous improvement program to drive operational efficiencies and increase ease of doing business:
    - recently launched an upgraded adviser portal, and improved client retention toolkit, correspondence processes and commission automation
    - implemented adviser-led continuous improvement service strategy

The Life Insurance advice business enjoys a positive growth and profitability outlook as it develops scale, and the expense overruns decrease and prospectively eliminate over the medium term.

ClearView also sells directly to consumers via partners such as Bupa (**direct market**):

- acquired a profitable in-force Non-Advice portfolio (circa $41 million) in June 2010 with strong cash flow generation[1]
    - the in-force portfolio acquired was a "clean" porfolio and had no intermediated business
    - is now largely closed to new business (minor sales and policy increases only) and its strong cash flow generation is being invested in growth
- built a direct call centre team in Parramatta to help drive and manage growth in sales volumes
- invested in Your Insure, a start-up operation in Melbourne, in August 2014 to further target selling direct life insurance to the lower socio demographic customer with the intention of providing a lower cost access point to this market segment
- while sales to the lower socio demographic grew very strongly from FY12, ClearView decided in FY16 to intentionally reduce sales volumes and cease funding Your Insure given the structural shift in that demographic and consequent impacts on profitability from adverse lapse trends:

1 Portfolio was written through predecessor entities NRMA Life and MBF Life

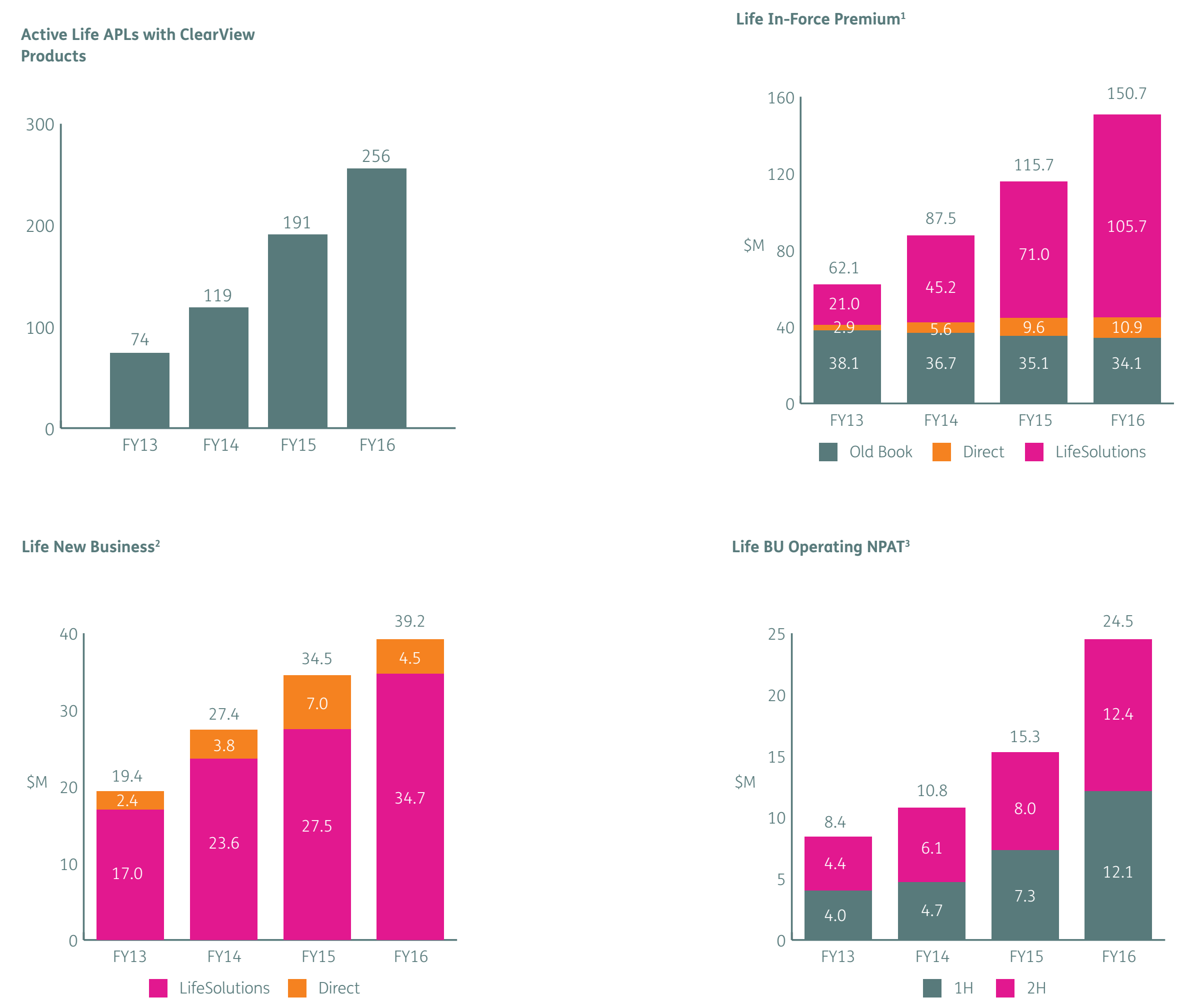
- this decision reflects organisational lessons learned and illustrates ClearView's long-term decision-making to drive value creation, focus on eliminating potential legacy issues and its flexibility and adaptability to market changes
- this business is now focused on meeting the needs of the mid-market segment that does not seek advice but requires more sophisticated products than typical Direct insurance offerings.

ClearView has commenced to refocus its Direct business to target mid-market customers, coupled with reorganising operations to deliver operational and sales efficiency.

Performance

The following graphs reflect the performance of the Life Insurance business over the past four financial years (and is reflective of the approach adopted and growth profile of the business).

Chart 1: Life Insurance Segment Performance FY13 - FY16



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

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

3 Life BU Operating NPAT represents the Underlying NPAT[4] of the Life Insurance business unit before taking into account the interest costs associated with corporate debt.

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

Products

The main product is LifeSolutions, sold through the aligned adviser and IFA channels. A simpler product suite is sold through the Direct channel but will be replaced with a subset of LifeSolutions in FY17 to align with the shift in focus to mid-market.

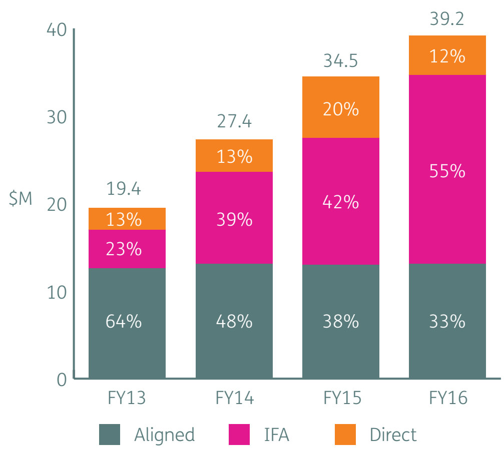
Chart 2: Life Insurance Sales by Product FY16

	FY16 Sales ($M)	YoY Growth	FY16 In-force Premiums ($M)	YoY Growth	Primary Distribution Channel	Key Coverage Riders
LifeSolutions	34.7	26%	105.7	49%	IFA 62%; Aligned 38%	• Term Life • TPD • Trauma • Income Protection
Non-Advice (Direct)	4.5	(36%)	10.9	13%	Strategic Partners 59%; CVW 27%; YI[1] 14%	• Term Life • Accidental Death • Minor other covers
Old Book/Legacy Products	n.a.	n.a.	34.1	(3%)		• Term Life • Minor other covers

Sales Diversification

The Life distribution focus has strategically shifted to the IFA channel to rapidly diversify sales and create material embedded growth as depicted below.

Chart 3: Life Insurance Sales by Channel Type FY13-FY16



- The aligned adviser network (CFA and Matrix) provides a strong sales base, with third party APLs (IFAs) representing an increasing share of sales over time, which demonstrates the competitiveness of these products.
- Growth in sales since 2014 is driven by a clear decision to build out the distribution footprint to the broader IFA market:
  - ClearView is early in the process of penetrating the IFA channel
  - ClearView continues to increase its wallet share of open APLs on which LifeSolutions is sold, especially where it has been on the APL for greater than 12 months

1 YI is sales through Your Insure that ceased operations in FY16.

  - LifeSolutions sales growth continues to outperform the market, with sales through the IFA channel continuing to grow each year.
- There are significant future organic growth opportunities to be derived from three sources:
  - The maturation of APLs recently joined
  - Gaining access to new APLs
  - Potentially gaining access to tied/closed APLs via regulatory reforms[1].
- The Direct category reflects the intentional slowdown in new business given strategic decision to commence exiting the lower socio-demographic market in FY16.

FY17 Priorities

ClearView is not relying on its past successes but is focused on continuing to leverage its initial successes in the Life Insurance market by:

- Expanding distribution reach and embedding growth via the third-party IFA market
- Incrementally investing in the core life advice market and product portfolio such as the launch of an improved adviser portal in 2H16. The focus is now shifting to upgrading the online quote system and application process to drive increased ease of doing business for the financial advisers
- Enhancing the Direct offering to preferred mid-market customers[2]

If regulatory changes are implemented, in particular increased access to vertically integrated APLs, ClearView will have a step change in its addressable market and will be able to provide clients of these institutions with the opportunity to potentially benefit from ClearView's products and services[1].

1 Requires regulatory change and potentially industry support
2 This has had some short term impact on sales volumes in FY16

Wealth Management

Approach

ClearView's approach to the wealth management market is consistent with its approach to the life insurance market – focused on providing clients with best in class services in an efficient manner.

ClearView's wealth management business is two to three years behind its position in the Life Insurance market given its initial focus on life insurance that meant it only began investing significantly in its wealth offering from FY15 (after success in the Life Insurance market) including:

- acquiring a wealth-focused distribution network (Matrix) in October 2014
- implementing a new contemporary platform
- investing in and refining products (WealthFoundations and WealthSolutions SMA[1] offering)

In FY16, ClearView continued to build out the wealth management business to leverage the material investment made in FY15 and has:

- new, contemporary wealth products on offer to the advice-based market including the development of an SMA[1] capability on WealthSolutions and the placement of ClearView MIS[2] platform funds on external (third party) platforms
  - the wealth management business now has the right services and product mix to support the Matrix distribution and broader IFA market
  - ClearView's platform funds offering can be rolled out to the third party external platform market to broaden out the offering to further support the adviser network
- the ability to leverage off its life insurance distribution network, with the number of third party APLs carrying ClearView wealth products increasing to 9[3]
  - recently commenced the broadening out of distribution to the third party IFA market. In FY16, 99% of new business flows into contemporary wealth product is currently sourced from CFA and Matrix advisers
- invested further in the new platform to improve back office efficiency and automation

Over the past four years ClearView has moved from a neutral net flow business to a positive net flow business:

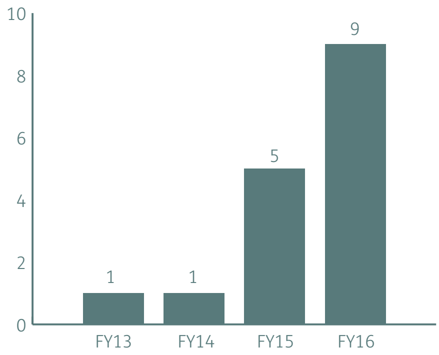
- Driven by the launch of new, customer-focused and market-leading products into the advice market and the placement of ClearView's platform funds (with related investment models) on an external platform
- material investment ($3.2 million after tax) was made in FY15 in building out a new compliant and functional platform coupled with the launch of WealthFoundations and provisioning of certain costs for the migration of the Master Trust product onto the new platform
- WealthSolutions continues to build to scale, and with WealthFoundations now providing some support to the growth and development costs; non-deferred expense overruns reduced to $4.0m in FY16 (FY15: $4.6m)

1 Separately Managed Accounts
2 Managed Investment Schemes
3 As at 30 June 2016

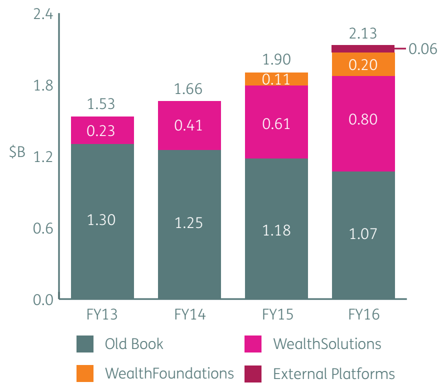
The following graphs reflect the performance of the Wealth Management business over the past four financial years:

Chart 1: Wealth Management Segment Performance FY13 - FY16

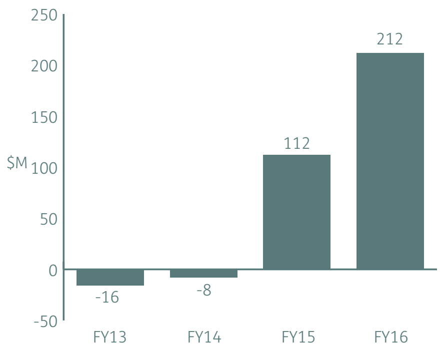
Active Wealth APLs with ClearView Products



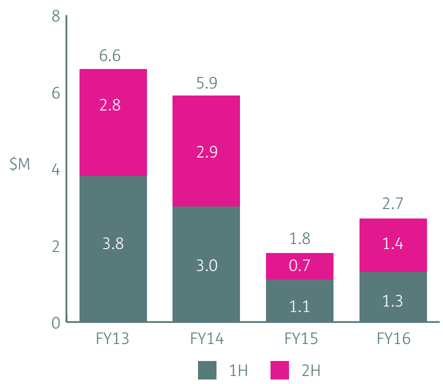
Wealth In-Force FUM[1]



Wealth Net Flows[2]



Wealth BU Operating NPAT[3]



Products

ClearView's contemporary wealth products on offer to the advice-based market are:

- **WealthSolutions -** platform that provides high-end clients with a full wrap platform that allows them to invest in various asset classes (including directly in shares), access tax and portfolio returns reports while advisers efficiently manage their client's accounts
- **WealthFoundations -** developed in FY15 to service mid-level clients and is based on model portfolios that allow 14 investment strategies to be implemented and permits the adviser network to efficiently meet the investment needs of its clients. It is intended to leverage off the life insurance cross-sell opportunity and the regulatory structure within ClearView to allow the new wealth product to include some innovation and differentiation
- **External Platforms -** ClearView MIS[5] platform funds placed on external (third party) platforms that commenced in FY16 (including the ability to use the ClearView model portfolios)

1 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
2 FUM net flows is defined as inflows less redemptions into FUM but excludes management fees outflow.
3 Wealth BU Operating NPAT represents the Underlying NPAT[4] of the Wealth Management business unit before taking into account the interest costs associated with corporate debt.
4 Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
5 Managed Investment Schemes.

The Master Trust product relates to life investment contracts issued by ClearView Life. The product is effectively in run-off as it is no longer marketed to new customers.

ClearView operates its wealth management business by managing an in-house research process that develops model portfolios (including SMAs[1]) of various ClearView funds and independent asset manager funds. Model portfolios:

- allow the ClearView adviser network to efficiently meet the investment needs of its clients by developing well-researched portfolios of asset managers with a particular focus (for example, asset protection, balanced risk portfolios, moderate risk portfolios)
- have performed strongly and are increasingly accepted by advisers. ClearView charges a model portfolio fee and earns a margin on the ClearView FUM[2] by negotiating discounted wholesale asset management fees from portfolio managers
- allows ClearView to help clients invest in and allocate assets to specialist/sector funds managed by third party asset managers. ClearView does not currently directly manage investment in underlying assets (this is outsourced to third party asset managers).

ClearView's focus on providing clients with best-in-class wealth products and services has resulted in growing FUM net flows as shown in the table below.

Chart 2: Wealth Management Key Performance Metrics FY16

	FUM (A$B)		Net Flows (A$M)		Primary Distribution Channel	Key Offering
	FY16	YoY Growth	FY16	YoY Growth		
WealthSolutions	0.80	32%	188	15%	• Aligned Advisers • IFAs (just starting)	• Wrap platform for superannuation and other high net worth clients • A$250K+ investable assets
WealthFoundations	0.20	81%	92	(17%)	• Aligned Advisers • IFAs (just starting)	• Self-directed portfolio management • 14 model portfolios • A$100K - A$400K investable asset accounts targeted
External platforms	0.06	n.m.	55	n.m.	• Aligned Advisers	• ClearView MIS platform funds offered on external wrap platforms
Master Trust / Legacy Products	1.07	(9%)	(123)	(25%)	• Not currently marketed to member base	• Legacy wealth product - currently in run-off

FY17 Priorities

ClearView is focused on growing its wealth management business to leverage the investments it has made over the past two years:

- servicing and concentrating on increasing penetration through the CFA and Matrix dealer groups
- continue to leverage off the life insurance distribution network by expanding the number of third party APLs with which ClearView wealth products are placed
- rolling out the ClearView platform funds into the external platform market to allow further participation in the funds management margin
- investing further in the new contemporary platform to improve back office efficiency and automation, with the Master Trust business to be migrated onto the platform over time to improve the customer experience (planned for FY17).

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

Financial Advice and Distribution

Approach

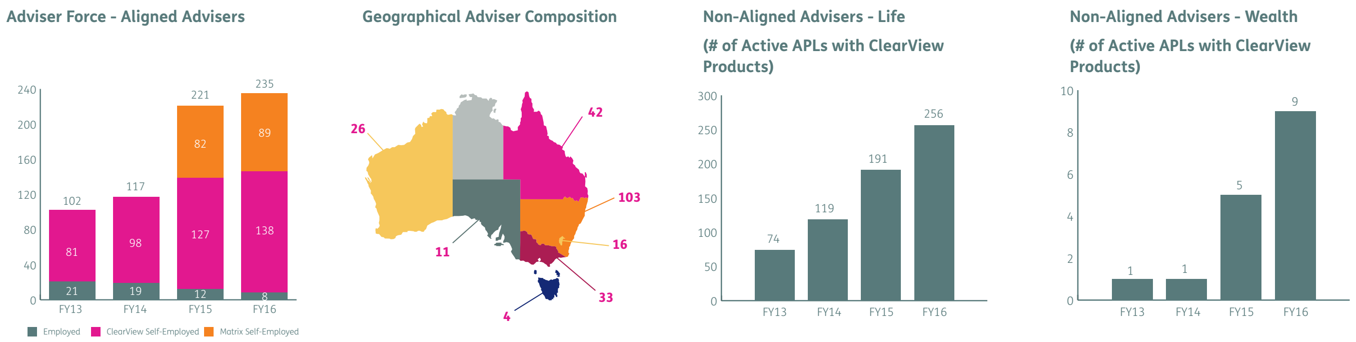
As shown in the diagram below, ClearView’s approach to distribution has evolved as it has grown:

- it initially built its aligned planner network from FY11 to FY13 as it focused on attracting high quality life insurance advisers
- In FY14 and FY15, the focus shifted to recruiting more wealth management aligned advisers into the network, which was a primary driver for acquiring Matrix
- Over the past two years, attention has moved to gaining access to third party APLs (IFAs) to broaden distribution outside of its own dealer groups
- ClearView has had only limited access to vertically integrated institutional APLs to date, which account for more than 40% of the market[1]. Regulations that may preclude shelf space fees and open up APLs are currently under consideration by the industry (regulatory change may be required)
- For direct to consumer distribution, ClearView is primarily focused on working through strategic partners and client sources that have strong credibility with mid-market demographic groups.

Chart 1: Overview of ClearView’s Distribution Approach

Deliberate and Disciplined Approach to Expanding Distribution

LifeSolutions and WealthSolutions Launched		WealthSolutions updated and WealthFoundations Launched
Build Aligned Adviser Network	**Expand Distribution Focus to IFAs**	**Onboard Wealth Focused Advisers**
• Build distribution channel of advisers specialising in writing risk products to drive volume and acceptance of product	• Once traction is gained, expand distribution to IFAs to drive market share; this is achieved by ClearView product gaining access to third party APLs	• Wealth focused advisers onboarded to drive adoption and acceptance of ClearView's wealth products • Matrix acquisition in October 2014 accelerated this process



ClearView has strong growth embedded in its expanding distribution footprint and product range:

- Early in the penetration curve of APLs
- ClearView continues to improve its penetration on open APLs it has been selling on for more than 12 months

1 Source: Internal ClearView estimates

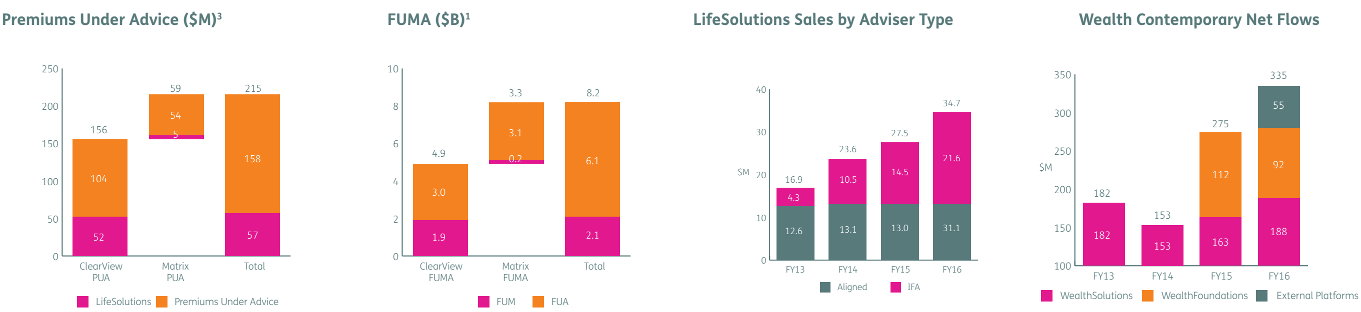
- The wallet share of these APLs is expected to continue to grow alongside growing wallet share on open APLs that are still maturing
- If regulatory change occurs and tied APLs become open, then ClearView will potentially gain access to the new APLs that represent a material component of the Individual IFA market

Distribution network

ClearView's distribution network comprises a strong, national aligned adviser network and a growing network of IFA advisers who recommend ClearView products

Aligned Network	IFA Channel
• Primarily self-employed advisers operating under ClearView and Matrix licenses • At 30 June 2016, 235 advisers (146 CFA and 89 Matrix) • Growth in aligned advisers has slowed (over time) as ClearView has shifted growth focus to the IFA channel • CFA and Matrix have $8.2bn of FUMA[1] and $215 million of Premiums Under Advice (PUA) • Focus on the roll out of strategic advice to the adviser network	• Increasingly driving sales growth through IFAs that have ClearView products on their APLs • Rapid growth in IFA life insurance sales as ClearView increases its penetration • IFA sales achieved to date are predominantly through 'seasoned'[2] APLs • Number of active APLs holding ClearView life insurance products increased to 256, with the number holding wealth products increasing to 9 • Recent APL wins to deliver embedded sales growth as these are penetrated over time.
FY17 Priorities • Continued focus on selectively recruiting high quality advisers who have the right cultural fit for ClearView and Matrix, with a focus on quality over quantity • Continued focus on building a high quality financial advice business providing strategic advice for clients • Continued strong compliance focus including the shift to strategic advice given regulatory changes and assisting advisers transition into the 'new world'.	**FY17 Priorities** • Expand wealth distribution to the broader IFA market by leveraging off success of the model adopted in Life Insurance • Improved penetration of LifeSolutions sales through APLs on which it is placed. • Increase number of APLs on which LifeSolutions is placed

Chart 2: Financial Advice In-force PUA and FUMA and New Business Flows into Contemporary Products FY13-FY16



1 FUMA includes FUM and funds under advice that are externally managed and administered
2 APLs on which ClearView has been placed for greater than 12 months
3 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium

Directors' Report

Continued

Chart 3: Process For Growing Footprint Takes Time – Recent APL Wins Provide Sustainable Embedded Growth

	Key Growth Step 1	Key Growth Step 2	Key Growth Step 3	Key Growth Step 4
	Get ClearView Products on Third Party APL	**Educate Individual Advisers**	**Advisers Write Test Policies**	**Advisers Begin to Write Meaningful Sales and Revenue In-Force Policy**
Length of time	**Up to 12 months**	**Ongoing process. Typically three to six months.**	**Ongoing process. Typically three to six months.**	**Multiple years**
Pre-requisites	• IT / administration capabilities • Open access	• On APL • Need BDMs and product literature	• Advisers have met BDMs (typically several times)	• Successful test policies written with ClearView
Description	• ClearView possesses necessary IT / admin capabilities to get on APL • No ability to get on closed APLs currently (requires regulatory change)	• ClearView BDMs meet with individual advisers to brief them on product • This is essentially the BDMs 'selling' the advisers on the strength of ClearView's products, features and services	• Advisers write a small number of test policies to look and see quality of underwriting, administration and overall service levels • Will begin to test relationship of customer service personnel and underwriting process	• Advisers see ClearView as an appropriate product for their clients and write meaningful business • Increase share of new business over time

APLs predominantly in these phases

Directors' Report

Continued

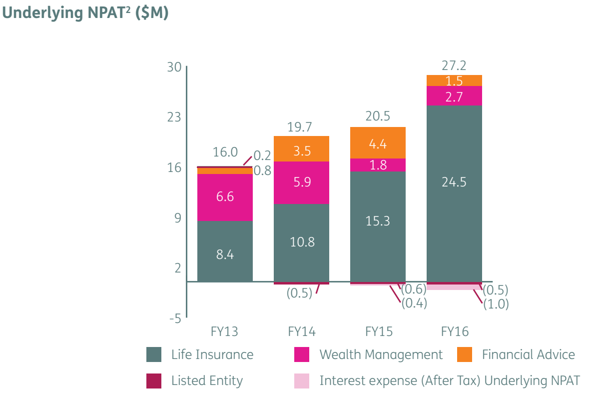
FY16 Results Overview

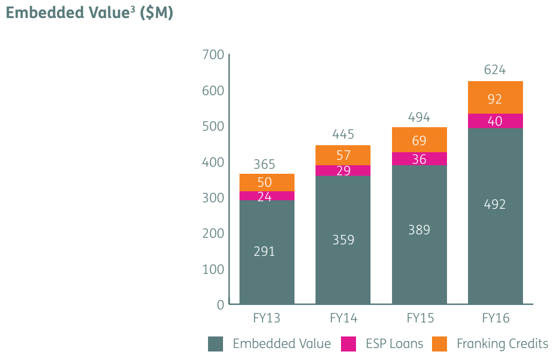
Overview of Result

The ClearView Group achieved the following results for the year ended 30 June 2016:

After Tax Profit by Segment, $m	FY16 $M	FY15 $M	% Change[7]
Life Insurance	24.5	15.3	+60%
Wealth Management	2.7	1.8	+50%
Financial Advice	1.5	4.4	-66%
Business Unit Operating Earnings (after tax)	**28.7**	**21.5**	**+33%**
Listed Entity and Other	(0.5)	(0.6)	N.M.
Total Operating Earnings (after tax)[1]	**28.2**	**20.9**	**+35%**
Interest expense on corporate debt (after tax)	(1.0)	(0.4)	N.M
Underlying NPAT[2]	**27.2**	**20.5**	**+33%**
Other Adjustments	5.5	1.0	N.M
NPATA[6]	**32.7**	**21.5**	**+52%**
Amortisation	(9.1)	(9.0)	N.M
Reported NPAT	**23.6**	**12.5**	**+89%**
Embedded Value[3]	624.1	494.1	+16%
Value of New Business[4]	19.0	15.8	+20%
Net Asset Value[5]	411.8	336.8	+8%
Reported diluted EPS (cps)	4.27	2.36	+81%
Underlying diluted EPS (cps)	4.92	3.85	+28%
Dividend Per Share (cps)	2.5	2.1	+19%

Chart 1: Group Performance FY13-FY16





1 Total Operating Earnings (After Tax) represents the Underlying NPAT of the business units before taking into account the interest costs associated with corporate debt
2 Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the $50m Entitlement Offer completed in June 2016
4 Value of New Business at 4% discount rate margin
5 % movement to FY15 adjusted for the $50 million entitlement offer completed in June 2016
6 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software)
7 Change represents the movement from FY15 to FY16.

Directors' Report

Continued

Underlying net profit after tax (Underlying NPAT)

FY15 concluded a successful three-year strategy focused on building ClearView's market position, with growth now emerging in FY16:

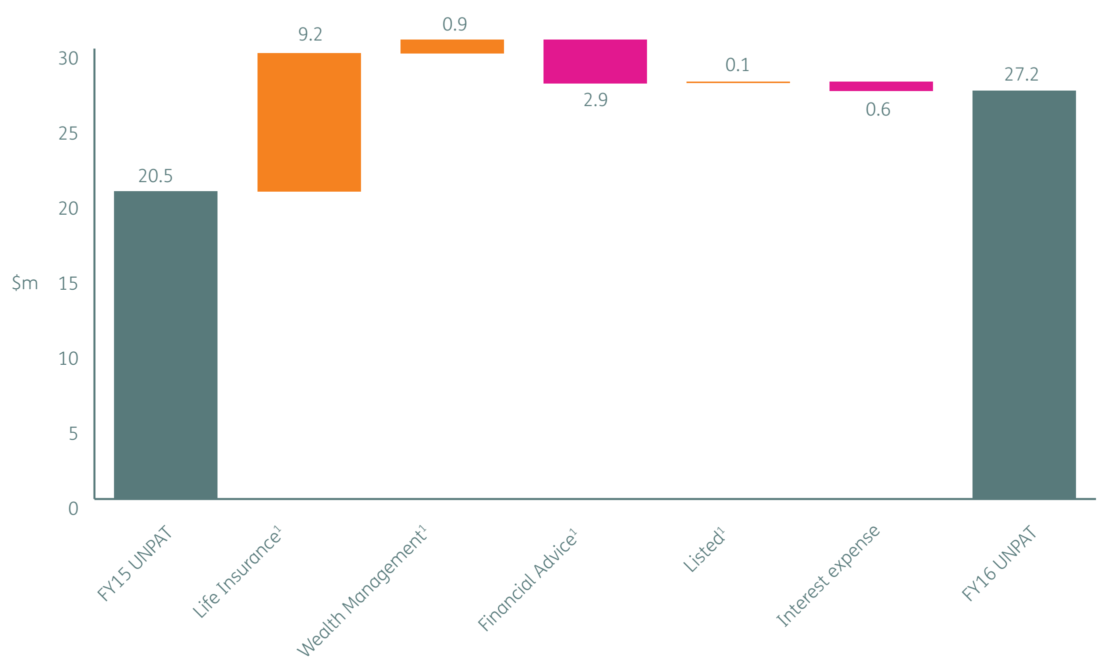
- FY13 – FY15 reflects the 'build' phase with significant investment made in building out a platform for growth
- The 'build' phase drove significantly greater capacity than immediate requirements (expense overruns). As the business develops scale, expense overruns decrease and create operating leverage
- Strong FY16 earnings reflect the emergence of growth given the transition of ClearView from 'build' phase to 'growth' phase
- Underlying NPAT growth of 33% is in line with market guidance provided and in the mid-point of the range of 30%-35%
- The strong growth and diversity in sales of contemporary product is leading to growth in the in-force base that is underpinning Embedded Value growth.

The FY16 result includes the impacts of key decisions to support medium term growth and the longer-term strategy:

- a senior management team restructure in October 2015 (and consequential downstream staff changes) to shift the focus of the business from the 'build' to the 'growth' phase (upfront termination costs of $1.0m were incurred in 1H FY16, with net savings being progressively earned from 2H FY16)
- an intentional slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio economic customers, driven by adverse lapse experience. This led to a 36% decline in new business volumes to $4.5m and a drag on the overall life insurance Value of New Business included in the Embedded Value calculations
- a material investment in FY15 in new wealth products and contemporary platform, with growth and development costs starting to now be supported by FUM as these products build to scale over time.

The Underlying NPAT waterfall chart below reflects the result by operating segment.

Chart 2: UNPAT Waterfall



1 BU Operating NPAT of each segment

Directors' Report

Continued

Underlying NPAT increased 33% to $27.2 million (FY15: 20.5 million) predominantly due to strong growth in the Life Insurance segment. Underlying NPAT is the Board's key measure of Group profitability and also used for dividend payment decisions. Key highlights from the results are as follows:

- **Life Insurance Operating NPAT increased 60% to $24.5 million** (FY15: $15.3 million). Life Insurance is the key profit driver, the most advanced segment in the growth phase and is demonstrating strong J-curve economics. The strong growth in broadening the distribution footprint in the IFA market is building the profit base.
- **Wealth Management Operating NPAT increased 50% to $2.7 million** (FY15: $1.8 million). Wealth Management is the least advanced segment, given the recently completed 'build' phase and material investment in the new contemporary platform and products in FY15. There is an improved contribution to Operating NPAT in FY16 as WealthSolutions continues to build to scale with WealthFoundations FUM now providing some support to the growth and development costs being incurred. Furthermore, there is a positive impact from tax benefits arising from superannuation insurance premium deductions that is captured in the Wealth Management segment.
- **Financial Advice Operating NPAT decreased 66% to $1.5 million** (FY15: $4.4 million). While Matrix increased its contribution (+$0.2 million part contribution in FY15), the overall decline was partially due to a change in the allocation of net dealer group support costs entirely to CFA (previously partly absorbed by the Life Insurance segment). A higher cost base (strategic advice and compliance costs coupled with increased marketing and IT allocations to the Financial Advice segment) and the run-off of internal advice fees earned on Master Trust FUM also contributed to the lower result.
- **Listed Underlying NPAT incurred a loss of $1.5 million** (FY15:-$1.0 million) driven by after-tax interest expense of $1.0 million on corporate debt (FY15: $0.4 million) on the $50 million corporate debt facility. The $45.5 million drawn under the corporate debt facility was repaid from proceeds of a $50 million 1 for 10.2 pro-rata accelerated renounceable share entitlement capital raising in June 2016.

Other Adjustments and Amortisation

The following additional items impacted the statutory net profit after tax, and comprised the reconciling items outlined in the table below:

Reconciling Items ($M) (Net of Tax)	2016	2015	% Change[1]
Amortisation of intangibles	(9.1)	(9.0)	1%
Policy liability effect from change in discount rates	7.8	2.9	Large
Matrix deal and integration costs	-	(1.9)	(100%)
Your Insure impairment	(1.9)	-	Large
Strategic review costs	(0.3)	-	Large
Total Reconciling Items (After Tax)	**(3.6)**	**(8.0)**	**(55%)**

- Amortisation of intangibles ($9.1 million) is associated with the acquisition of the wealth management and life insurance businesses from Bupa, the ComCorp financial advice business, and Matrix dealer group. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of Underlying NPAT.
- The policy liability discount rate effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities, and consequently, earnings. ClearView separately reports this volatility, which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability creates a cash flow tax effect. The decrease in long term discount rates over the last 12 months caused a positive after tax impact of $7.8 million (FY15: $2.9 million).

1 % change represents the movement from FY15 to FY16

- Costs that are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying NPAT. In FY16, these costs related to:
  - expenses incurred to date on the evaluation of strategic options or proposals in relation to the potential change in major shareholder ($0.3 million after tax)
  - the write-off of ClearView's investment in Your Insure, which incurred a net of tax cost of $1.9 million[1].

The FY15 costs related to the deal and integration costs associated with the merger of Matrix ($1.9 million).

Reported NPAT and Earnings per Share

Reported NPAT increased by 89% to $23.6 million (FY15: $12.6 million).

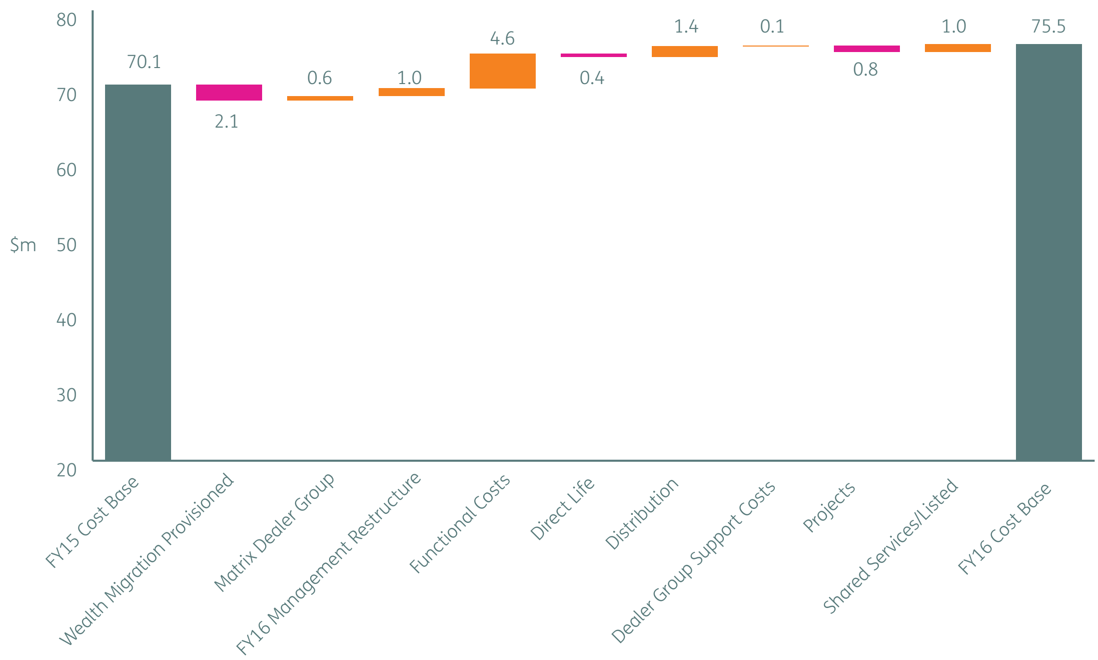
Reported diluted earnings per share increased 81% or 1.91 cents per share (cps) to 4.27 cps (FY15: 2.36 cps). Fully diluted Underlying earnings per share increased 28% or 1.07 cps to 4.92 cps (FY15: 3.85 cps).

Year on year Earnings Per Share (EPS) calculations have been adversely impacted by recent share issues exceeding 20 million shares in total:

- annualised impact of the Matrix performance based shares issued in FY15 (4.4 million shares)
- weighted average number of shares issued in June 2016 under the capital raising (2.8 million shares)
- impact of shares issued under the Dividend Reinvestment Plan (DRP) (13 million shares) in relation to prior period dividends.

Operating Expenses Overview

Chart 3: Operating Expense Analysis FY15 vs FY16 Cost Base



1 ClearView invested in the Your Insure start-up operation via a Convertible Note funding arrangement in August 2014 to target selling direct life insurance to the lower socio demographic customers.

Directors' Report

Continued

The waterfall chart on the previous page shows an 8% increase in the operating cost base over the year from $70.1 million in FY15 to $75.5 million in FY16. The key components of the movement were:

- **Wealth Migration Provisioned –** No further migration costs were incurred in FY16. The project to migrate the Master Trust product onto the new platform was initially deferred from FY15 to reprioritise and bring forward some other development projects, and to reduce the overall expected costs and impacts of the migration when implemented (given the incremental investment in the new platform in FY16). A provision of $1.3 million remains on Balance Sheet at 30 June 2016
- **Matrix Dealer Group –** costs related to the annualised effect of the Matrix acquisition completed in October 2014
- **FY16 Management Restructure –** upfront restructure costs incurred in 1H FY16 relating to management changes in October 2015, with savings flowing from 2H FY16
- **Functional Costs –** related to increases in functional areas to support business growth, including administration, call centre, claims and underwriting costs, and reflect underlying volume growth. These costs also include growth and development costs, software amortisation and other functional costs related to the new wealth platform system incurred after the launch of WealthFoundations in October 2014. These were partially offset by the completion of the amortisation of the first phase of software costs associated with the launch of LifeSolutions in FY12
- **Direct Life –** lower variable costs driven by lower new business volumes reflecting the decision to shift focus to targeting the mid-market demographic
- **Distribution –** distribution/front end costs include the option cost associated with Executive Share Plan (ESP) shares issued to financial advisers and the continued build out of the Life Insurance business development team. Distribution also includes the increased investment in the Wealth Management "front end" to support business growth after the launch of WealthFoundations in FY15
- **Dealer Group Support Costs –** reflect adviser support services costs. The net increase was driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, partially offset by the benefit of transitioning employed planners into the self-employed model
- **Projects –** costs related to the net decrease in project scoping costs expensed between periods
- **Shared Services/Listed[1] –** FY16 increase related to IT infrastructure and support costs (move to a new virtual desktop in FY16) and additional group compliance costs, partially offset by a reduction in the group marketing spend

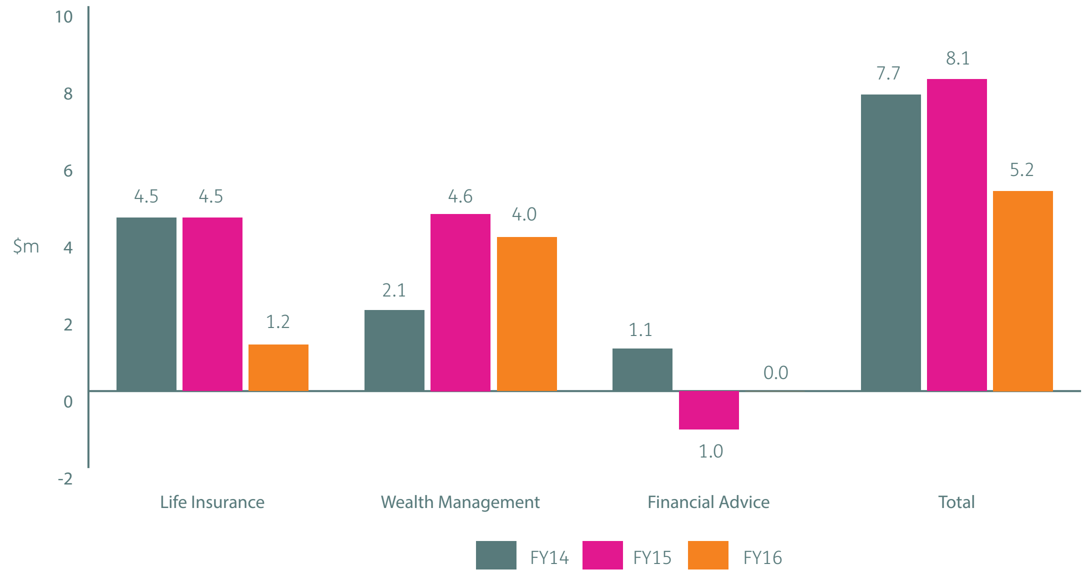
Expense overruns

ClearView has been investing in operating costs ahead of revenue to generate its growth. This includes an investment in incremental costs above those required for the current scale of ClearView (expense overruns) to build capability for the future. Market competitive premium and fee rates implicitly support market average participant (scale) expense rates. Expense margins available are therefore proportional to new business written and in-force revenues. As ClearView grows, these expense overruns are likely to be absorbed and ClearView should achieve operating leverage.

Expense overruns initially depress reported profits, but as these overruns begin to unwind as scale is achieved, underlying profit realised through the in-force portfolios increases. In the financial year to 30 June 2016, the non-deferred expense overruns across the business had a negative impact on Underlying NPAT of $5.2 million (FY15: $8.1 million). The movements between segments are shown in the graph on the next page and indicates that cost overruns are starting to be absorbed.

1 Shared services cost increases and business support costs should reduce on a per customer basis as the scale of the business increases. This includes the spreading of the costs of the shared services functions as the business grows.

Chart 4: Non-Deferred Expense Overruns by Segment FY14 - FY16



Given the current size of the in-force business, these overruns are predominantly driven by:

- The significant investment made in LifeSolutions and the Non-Advice business. As the business builds to scale these are starting to unwind. The reduction in FY16 was also partly due to a change in the allocation of net dealer group support costs entirely to the Financial Advice segment (previously partly absorbed by the Life Insurance segment), with a related increase in the Financial Advice segment; LifeSolutions continues to build scale, with some overruns being incurred in the Non-Advice business given the intentional reduction in volumes in FY16
- The investment in FY15 in WealthFoundations and the new wealth platform. WealthSolutions continues to build to scale with WealthFoundations now providing some (limited) support to the growth and development costs incurred. These should improve as the WealthFoundations FUM builds and the Master Trust product is migrated onto the new platform
- 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, along with the growth ambitions of the business, remains a key focus of management and the Board.

Operating Expense Reconciliation to Annual Report

The following table reconciles the operating expenses analysed in Chart 3 to the Reported Operating Expenses line in the Annual Financial Statements:

Reconciliation of Operating Expenses to Reported Operating Expenses Per Annual Financial Statements	2016 $M	2015 $M
Operating expenses per waterfall	**75.5**	**70.1**
Custody and Investment Managment Expenses	7.4	7.3
Depreciation and Software Amortisation	(4.7)	(3.8)
Reinsurance Technology Costs	0.7	0.5
Stamp Duty	4.8	3.4
Medical Costs	1.3	1.0
Interest Expense	1.5	0.5
Loss on disposal of assets	(0.3)	-
Strategic Review Costs	0.5	-
Your Insure Impairment	2.7	-
Matrix Deal and Integration Costs	-	2.3
Operating expenses per financial statements	**89.4**	**81.3**

Segment Analysis - FY16 Life Insurance Result

Life Insurance Operating NPAT increased 60% to $24.5 million (FY15: $15.3 million), reflecting the emergence of profit from the growth in underlying in-force portfolios.

12 Months to June 2016 ($M)[2]	2015			2016			%
	1H	2H	FY15	1H	2H	FY16	Change[1]
Gross life insurance premiums	49.6	55.5	105.1	64.9	73.4	138.3	32%
Interest income	1.5	1.5	3.0	1.4	1.4	2.8	(6%)
Net claims incurred	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	5%
Reinsurance premium expense	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	63%
Commission and other variable expenses	(17.6)	(18.2)	(35.8)	(21.9)	(24.0)	(45.9)	28%
Operating expenses	(21.2)	(21.9)	(43.1)	(22.2)	(22.0)	(44.2)	3%
Movement in policy liabilities	14.8	14.6	29.4	16.6	16.9	33.5	14%
Business Unit Operating NPBT	**10.5**	**11.3**	**21.8**	**17.3**	**17.6**	**34.9**	**60%**
Income tax (expense) / benefit	(3.2)	(3.3)	(6.5)	(5.2)	(5.2)	(10.4)	60%
Business Unit Operating NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**60%**
Amortisation of intangibles	(1.5)	(1.4)	(2.9)	(1.4)	(1.4)	(2.8)	(3%)
Policy liability discount rate effect	3.6	(0.7)	2.9	0.7	7.1	7.8	169%
Reported NPAT	**9.4**	**5.9**	**15.3**	**11.4**	**18.1**	**29.5**	**93%**

Analysis of Profit	2015			2016			%
	1H	2H	FY15	1H	2H	FY16	Change[1]
Planned Business Unit Operating NPAT	9.3	9.9	19.2	11.4	12.3	23.7	23%
Claims experience	0.1	(0.2)	(0.1)	1.7	(0.7)	1.1	NM
Lapse experience	(0.2)	0.3	0.1	(0.2)	0.7	0.5	NM
Expense experience	(2.2)	(2.3)	(4.5)	(0.9)	(0.2)	(1.2)	NM
Other	0.3	0.3	0.6	0.1	0.3	0.4	NM
Actual Business Unit Operating NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**60%**

Key Statistics And Ratios ($M)	2015			2016			%
	1H	2H	FY15	1H	2H	FY16	Change[1]
New Business	**17.0**	**17.5**	**34.5**	**18.2**	**21.0**	**39.2**	**14%**
LifeSolutions	13.2	14.3	27.5	15.7	19.0	34.7	26%
Non Advice	3.8	3.2	7.0	2.5	2.0	4.5	(36%)
In-Force	**101.4**	**115.7**	**115.7**	**132.0**	**150.7**	**150.7**	**30%**
LifeSolutions	57.5	71.0	71.0	86.7	105.7	105.7	49%
Non Advice	43.9	44.7	44.7	45.3	45.0	45.0	1%
Old Book	35.8	35.1	35.1	34.7	34.1	34.1	(3%)
New Book	8.1	9.6	9.6	10.6	10.9	10.9	13%
Cost to income ratio	**42.7%**	**39.5%**	**41.0%**	**34.2%**	**30.0%**	**32.0%**	

1 % change represents the movement from FY15 to FY16

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

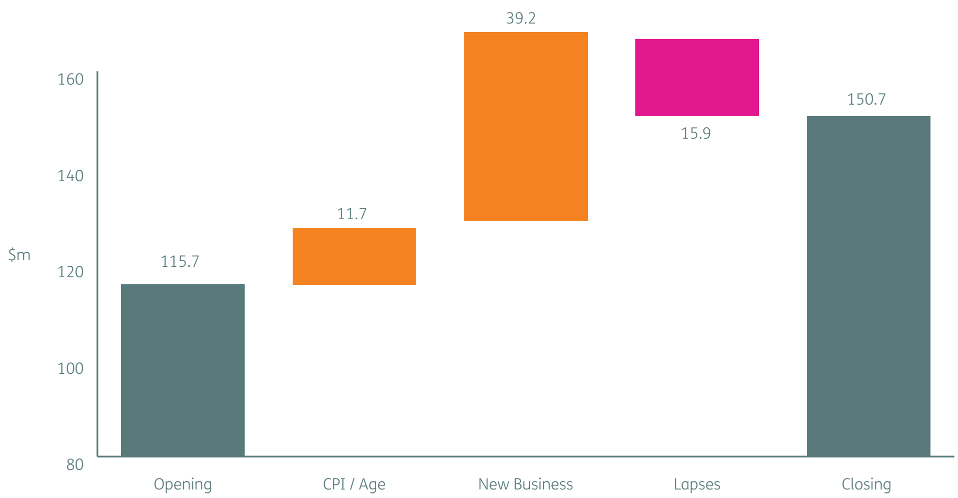
Directors' Report

Continued

FY16 - Key Performance Indicators

The following waterfall chart shows the major components of the movement in in-force premium from $115.7 million (as at 30 June 2015) to $150.7 million over the year to 30 June 2016:

Chart 1: Life Insurance Movement in In-Force FY15 - FY16



Key points to note are as follows:

- In-force premium growth was driven by strong new business growth, with lapses partially offset by age-based premium increases and inflation (CPI) increases on insurance benefits
- LifeSolutions in-force premium was $105.7 million as at 30 June 2016 (+49%), representing 70% of the total life insurance in-force book
- The new Non-Advice in-force book is $10.9 million (+13%); with the Old Direct Book (business written pre 2011) in-force premium of $34.1 million (-3%) as at 30 June 2016
- LifeSolutions continued to grow in FY16, with new business premium increasing 26% over the prior year to $34.7 million:
  - distribution for LifeSolutions expanded further, with 62% of new business ($21.6 million) generated from third party APLs, up 49%
  - the LifeSolutions product is now placed on 256 APLs, up 34%, reflecting a deliberate broadening of the distribution base
- Non-Advice life insurance sales volumes were down 36% in FY16 following an intentional shift in focus away from the lower to the mid socio demographic segment:
  - Strategic Partner new business increased 26% to $2.7 million, with sales to the lower socio demographic reducing to $1.8 million (down 62%).

FY16 Result Review - Analysis of Profit

- Actuarial planned Business Unit Underlying NPAT up 23% to $23.7 million:
  - related to the expected profit margins on the in-force portfolios based on actuarial assumptions
  - reflects the strong growth in the in-force portfolios (+30%) partially offset by the run-off of the higher margin Old Direct Book (business written pre 2011)

- Positive claims experience profit (after tax) of $1.1 million compared to an experience loss in FY15 of $0.1 million (relative to planned margins):
  - driven by the LifeSolutions portfolio (+$0.6 million) and the Old Direct Book (+$0.7 million)
  - partially offset by adverse experience on the New Non-Advice portfolio (-$0.2 million)
  - given the current size of the life insurance portfolio and reinsurance arrangements in place (arrangements vary by product) some statistical claims volatility can be expected
  - claims experience is anticipated to average out over time at the actuarial best estimate assumptions. As the in-force LifeSolutions premium grows, with higher reinsurance arrangements in place, the relative claims volatility is expected to reduce from period to period
- Positive lapse experience profit relative to the rates assumed in the life insurance policy liability (determined at 30 June 2015), with an experience profit of $0.5 million (after tax) in FY16 (relative to planned margins) ($0.1 million profit in FY15):
  - LifeSolutions portfolio continues to reflect positive lapse experience relative to assumptions in FY16 (+$1.1 million)
  - Old Direct Book (business written pre 2011) now reflects positive experience (+$0.5 million), given the assumption changes made in June 2014
  - New Non-Advice portfolio reflects lapse losses incurred from new business written via certain channels. In particular, the distribution and product profile has been highly geared to the lower socio demographic segment resulting in some continued adverse lapse experience (-$1.1 million)
- While expense overruns initially depress reported profits, they should eliminate as scale is achieved, thereby increasing underlying profit realised on the growing in-force portfolio.
  - Non-deferred expense experience loss declined from $4.5 million in FY15 to $1.2 million in FY16, demonstrating that expense overruns are being absorbed as the scale of the business increases
  - The reduction in FY16 was also partly due to a change in the allocation of net dealer group support costs entirely to the Financial Advice segment (previously partly absorbed by the Life Insurance segment), with a related increase in the Financial Advice segment
- Investment earnings is driven by the reduction in interest rates over the year, partially offset by the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements)

FY16 Result Review - Other Explanations

- Increased reinsurance expense is aligned to the growth in in-force portfolios given the upfront reinsurance support provided in the first year of a policy by the reinsurer
- The growth in life insurance initial commission in FY16 was driven by the upfront variable commission cost related to 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 override initial commission was paid from LifeSolutions to the CFA dealer group in FY16 since the life company is no longer absorbing part of the dealer group support costs
- An increase in variable expenses that was driven by the stamp duty and medical policy acquisition costs related to increased new business volumes

Segment Analysis FY16 - Wealth Management Result

Wealth Management Operating NPAT increased 50% to $2.7 million (FY15: $1.8 million). This is the least advanced segment, given its recently completed 'build' phase and a material investment in new contemporary platform and products in FY15

	2015			2016			%
12 Months to June 2016 ($M)[3]	**1H**	**2H**	**FY15**	**1H**	**2H**	**FY16**	**Change[1]**
Funds management fee income	15.2	16.1	31.3	15.7	15.4	31.1	(1%)
Interest income	0.3	0.2	0.5	0.2	0.2	0.4	(29%)
Variable expense[2]	(3.5)	(3.7)	(7.2)	(3.4)	(3.3)	(6.7)	(7%)
Funds management expenses	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	6%
Operating expenses	(7.4)	(8.5)	(15.9)	(7.7)	(7.5)	(15.2)	(4%)
Business Unit Operating NPBT	**1.3**	**0.9**	**2.2**	**1.3**	**1.3**	**2.6**	**18%**
Income tax (expense) / benefit	(0.2)	(0.2)	(0.4)	-	0.1	0.1	(126%)
Business Unit Operating NPAT	**1.1**	**0.7**	**1.8**	**1.3**	**1.4**	**2.7**	**50%**
Amortisation of intangibles	(2.6)	(2.6)	(5.2)	(2.6)	(2.7)	(5.3)	2%
Reported NPAT	**(1.5)**	**(1.9)**	**(3.4)**	**(1.3)**	**(1.3)**	**(2.6)**	**(24%)**

	2015			2016			%
Key Statistics And Ratios ($M)	**1H**	**2H**	**FY15**	**1H**	**2H**	**FY16**	**Change[1]**
Net Flows	**25.7**	**85.8**	**111.5**	**101.2**	**111.1**	**212.3**	**90%**
Master Trust	(99.1)	(64.6)	(163.7)	(58.1)	(64.5)	(122.6)	(25%)
WealthSolutions	72.8	90.5	163.3	112.7	75.3	188.0	15%
WealthFoundations	51.9	59.9	111.8	46.6	45.8	92.4	(17%)
External Platforms	0.0	0.0	0.0	0.0	54.5	54.5	Large
Total FUM ($B)	**1.77**	**1.90**	**1.90**	**1.98**	**2.13**	**2.13**	**12%**
Master Trust	1.22	1.18	1.18	1.11	1.07	1.07	(9%)
WealthSolutions	0.50	0.61	0.61	0.72	0.80	0.80	32%
WealthFoundations	0.05	0.11	0.11	0.15	0.20	0.20	81%
External Platforms	-	-	-	-	0.06	0.06	Large
Cost to income ratio	**48.7%**	**52.8%**	**50.8%**	**49.0%**	**48.7%**	**49.0%**	

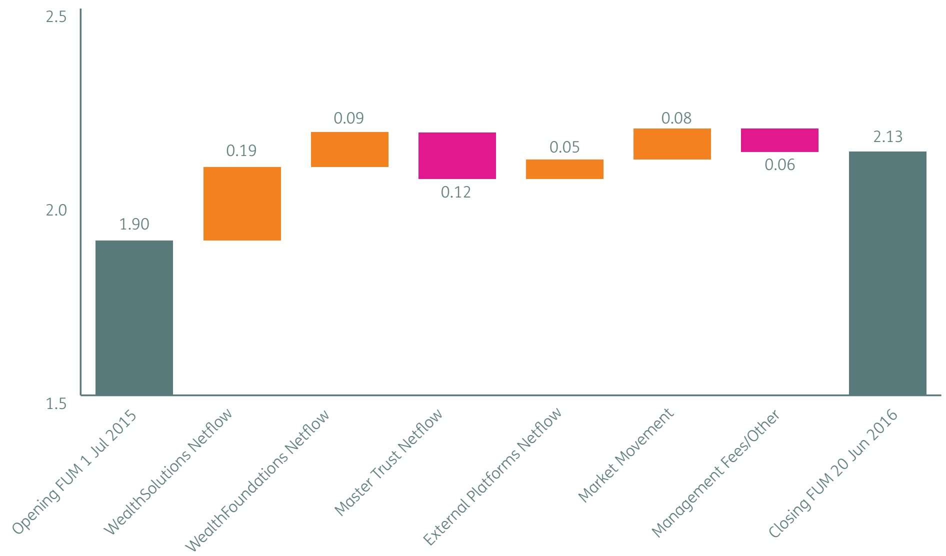
1 % change represents the movement from FY15 to FY16.
2 Variable expense include the platform fee payable on WealthSolutions and the internal advice fee payable to the Financial Advice segment on the Master Trust product.
3 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.

Directors' Report

Continued

KY16 - Key Performance Indicators

Chart 1: Wealth Management Movement In-Force FY15 - FY16



- ClearView grew in-force FUM 12% to $2.13 billion as at 30 June 2016, with $1.06 billion in the new contemporary products, including the placement of ClearView platform funds on an external platform
- ClearView was $212 million net flow positive in FY16, representing a significant improvement in net flows over prior periods (net outflow of circa $150 million in FY12 prior to the launch of the new products). Overall, this reflects:
  - WealthSolutions net inflows of $188 million (+15%); in-force FUM of $0.8 billion (+31%)
  - WealthFoundations net inflows of $93 million (-17%); in-force FUM of $0.2 billion (+81%)
  - External platform net inflows of $55 million (N.M.)
  - Master Trust net outflows of $123 million (-25%); in-force FUM, including closed MISs, of $1.1 billion (-9%)
- WealthSolutions and WealthFoundations products have to date primarily been sold via the ClearView dealer groups:
  - the distribution of these products is expected to be rolled out further given the increased Matrix adviser distribution footprint and the ability to expand the distribution to third party APLs
  - expanding the footprint to distribute the WealthSolutions and the newly launched WealthFoundations product more broadly commenced in FY16

FY16 Results Review

This result reflects the following:

- Wealth Management segment profitability is primarily driven by fees earned from FUM in ClearView product, less expenses incurred
- the positive impact on net fee income from the increase in FUM (+12%) was offset by the margin compression from the gradual run-off of the Master Trust product that is being replaced by lower margin new business written in the WealthSolutions and WealthFoundations products (fee income down 1% overall):
  - Master Trust product is effectively a closed book with a portion of the FUM in the pension phase
  - investment market performance plays a key role in supporting Master Trust FUM

- investment market performance on the ClearView FUM was 3.8% per annum in FY16 (noting that there was some market volatility between periods) comparing to 9.7% per annum in FY15
- the margin compression and the run off of the Master Trust business is assumed in the Embedded Value calculations

- the reduction in variable expenses is driven by:
  - the inter segment advice fee (50bps) paid to Financial Advice on Master Trust FUM (in line with the average Master Trust and FUM levels)
  - partially offset by an increase in the platform fees payable on WealthSolutions (in line with the average WealthSolutions FUM levels and account balances)
- funds management expenses increased in line with the expanded wealth product range (launch of WealthFoundations) and increased FUM levels between periods
- the 4% operating expense reduction was driven by the impact of migration costs provisioned in FY15, mainly offset by the incremental development, software amortisation and growth costs for the WealthFoundations product and related new platform incurred post launch (October 2014), along with an increased shared services cost allocation to the Wealth Management segment in FY16 related to the growth in business activities:
  - expense overruns (after tax) decreased to $4.0 million in FY16 (FY15: $4.6 million) as WealthSolutions continued to build to scale and increased average FUM in WealthFoundations provided support to the growth and development costs incurred
- a tax benefit of $0.9 million in FY16 included:
  - exempt fees in the Master Trust product range (+$0.2 million)
  - a positive impact from a tax benefit arising in FY16 from superannuation insurance premium deductions (+$0.4 million)
  - prior period over provisions (+$0.3 million)

  The tax benefits that arose in FY16 (that is, excluding prior period over provisions) were predominantly offset in the Listed segment (given some non-deductibility of certain expenses across the group) resulting in an overall effective group tax rate that is broadly consistent between periods.
- a reduction in investment earnings given the reallocation of shareholder cash between segments and lower market interest rates.

Segment Analysis FY16 - Financial Advice Result

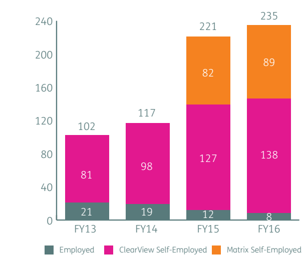
Financial Advice Operating NPAT decreased 66% to $1.5 million. This was partly driven by a change in the allocation of net dealer group support costs entirely to CFA (previously partly absorbed by the Life Insurance segment).

12 Months to June 2016 ($M)[2]	2015 1H	2015 2H	2015 FY15	2016 1H	2016 2H	2016 FY16	% Change[1]
Net financial planning fees	7.0	8.2	15.2	8.5	8.2	16.7	10%
Interest and other income	0.2	0.2	0.4	0.2	0.1	0.3	(26%)
Operating expenses	(4.6)	(4.8)	(9.4)	(7.7)	(7.2)	(14.9)	59%
Business Unit Operating NPBT	**2.6**	**3.6**	**6.2**	**1.0**	**1.1**	**2.1**	**(66%)**
Income tax (expense) / benefit	(0.7)	(1.1)	(1.8)	(0.3)	(0.3)	(0.6)	(65%)
Business Unit Operating NPAT	**1.9**	**2.5**	**4.4**	**0.7**	**0.8**	**1.5**	**(66%)**
Amortisation of intangibles	(0.4)	(0.5)	(0.9)	(0.5)	(0.5)	(1.0)	11%
Matrix deal and integration costs (net of tax)	(0.3)	-	(0.3)	-	-	-	NM
Reported NPAT	**1.2**	**2.0**	**3.2**	**0.2**	**0.3**	**0.5**	**(84%)**

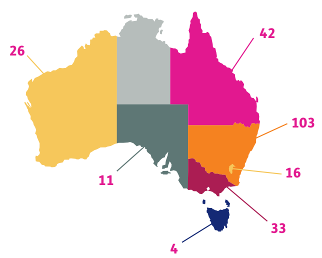
Key Statistics ($M)	2015 1H	2015 2H	2015 FY15	2016 1H	2016 2H	2016 FY16	% Change[1]
FUMA ($B)[4]	7.4	7.9	7.9	8.1	8.2	8.2	4%
PUA ($M)[3]	160	187	187	203	215	215	15%
Financial Advisers	216	221	221	221	235	235	6%

Chart 1: FY16 - Key Performance Indicators

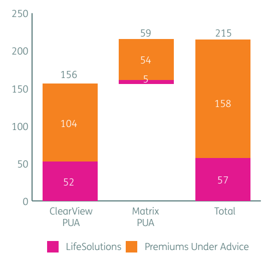
Adviser Force - Aligned Advisers



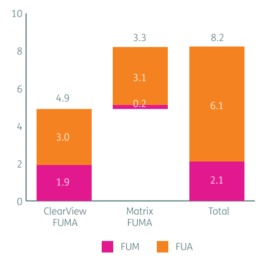
Geographical Adviser Composition



Premiums Under Advice ($M)[3]



FUMA ($B)[4]



- The number of financial advisers in CFA and Matrix increased 6% to 235 in FY16.
- FUMA in the CFA and Matrix dealer groups increased 3% to $8.2 billion and Premiums Under Advice increased 15% to $215 million. The increase reflects the net increase in adviser numbers and the change in the adviser mix between periods:
  - Of the $8.2 billion FUMA in-force at June 30 2016, $1.06 billion was in ClearView contemporary wealth products and $1.1 billion was in the Master Trust product.
  - Of the $215 million PUA in-force at 30 June 2016, $57 million was in the LifeSolutions product.

1 % change represents the movement from FY15 to FY16
2 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
3 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium
4 FUMA includes FUM and funds under advice that are externally managed and administered

FY16 Results Review

This result reflects the following:

- Net financial planning fees increased 10% predominantly driven by:
  - the annualised impact of the Matrix merger (+$0.9 million), and LifeSolutions volume based payments paid to the CFA dealer group in FY16 (given that dealer group support costs are no longer allocated to the Life Insurance segment (+$2.2 million))
  - partially offset by the run-off of the 50bps internal advice fee earned off the Master Trust FUM (-$0.6 million) and the transition of employed planners to the franchised model (-$0.9 million)
  - recruitment of self-employed advisers has a limited impact on margin given the fee split arrangements for advisers
- the $5.5 million operating expense increase in FY16 was predominantly driven by:
  - the reallocation of dealer group support costs to the Financial Advice segment from Life Insurance (+$3.6 million)
  - Annualised effect of the increase in dealer group support costs related to Matrix (given the timing of the aquisition in FY15) (+$0.6 million)
  - the net increase in dealer group support costs driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, partially offset by the benefit of transitioning employed planners into the self-employed model (+$0.1 million)
  - an increased cost allocation of marketing and IT services to the dealer group (+$1.1 million)
- the overall reduction in profit was therefore predominantly driven by the combined net impact of:
  - the net change in the LifeSolutions volume based payments and the reallocation of dealer group support costs entirely to CFA (previously partly absorbed by the Life Insurance segment) (-$1.0 million)
  - a full-year contribution from Matrix given its acquisition during FY15 (net of expense increase) (+$0.2 million)
  - the net impact of the transition of employed planners into the franchised model net of the cost benefits achieved (-$0.2 million)
  - run-off of a 50bps internal advice fee earned on Master Trust FUM (-$0.4 million), an offset to the benefit from a lower variable cost base in the Wealth Management segment
  - operating expense net impact as outlined above (-$1.5 million)

Segment Analysis FY16 – Listed Entity / Other Result

The Listed Entity incurred a $1.5 million loss at the Underlying NPAT line driven by an after-tax interest expense of $1.0 million on corporate debt that was repaid in June 2016.

12 Months to June 2016 ($M)[2]	2015 1H	2015 2H	FY15	2016 1H	2016 2H	FY16	% Change[1]
Interest income	0.6	0.6	1.2	0.6	0.6	1.2	3%
Operating expenses	(0.9)	(0.8)	(1.7)	(0.6)	(0.6)	(1.2)	(29%)
Business Unit Operating NPBT	**(0.3)**	**(0.2)**	**(0.5)**	**-**	**-**	**-**	**(107%)**
Income tax (expense) / benefit	(0.1)	-	(0.1)	(0.2)	(0.3)	(0.5)	380%
Business Unit Operating NPAT	**(0.4)**	**(0.2)**	**(0.6)**	**(0.2)**	**(0.3)**	**(0.5)**	**(23%)**
Interest expense on corporate debt (after tax)	-	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	175%
Underlying NPAT	**(0.4)**	**(0.6)**	**(1.0)**	**(0.7)**	**(0.8)**	**(1.5)**	**54%**
Matrix deal and integration costs (after tax)	(1.1)	(0.5)	(1.6)	-	-	-	(75%)
Strategic review costs (after tax)	-	-	-	-	(0.4)	(0.4)	Large
Your Insure impairment (after tax)	-	-	-	(1.9)	-	(1.9)	Large
Reported NPAT	**(1.5)**	**(1.1)**	**(2.6)**	**(2.6)**	**(1.2)**	**(3.8)**	**48%**

FY16 Result Review

This result reflects the following:

- the investment earnings on 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
- increased investment earnings (+3%) arising from the additional draw down under the Debt Facility (and related cash holdings) in FY16, offset by a reduction in term deposit rates on physical cash with some reallocation of physical cash between segments (as noted earlier in the report)
- lower operating expenses given nil allocation of shared service costs to the Listed segment in FY16 (change in basis from FY15)
- a tax charge of $0.5 million (FY15: $0.1 million) related to timing differences, partially offsetting tax benefits in other segments (in particular the Wealth Management segment). This is predominantly driven by the non-deductibility of the Employee Share Plan expense that is absorbed within the Listed segment. The Group effective tax rate for FY16 was broadly consistent with FY15.

1 % change represents the movement from FY15 to FY16
2 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.

Statement of Financial Position

The Statement of Financial Position of the Group set out on page 74 reflects the following key metrics as at 30 June 2016:

- Net assets increased 8%[1] to $411.8 million (FY15: $336.8 million)
- Net tangible assets increased 12% to $363.4 million ($403.0 million including ESP loans) (FY15: $280.8 million)
- Net asset value per share (including ESP loans) of 68.6 cents per share (FY15: 64.0 cents per share)
- Net tangible asset value per share (including ESP loans) of 61.2 cents per share (FY15: 54.4 cents per share).

Net assets increased by $74.9 million over the year comprising:

- a reported profit of $23.6 million
- net impacts of the FY15 final dividend and the fully underwritten dividend reinvestment plan (DRP) (+$0.6 million). A further 12.9 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
- the net impact of the equity capital raising and the repayment of $45.5 million under the Debt Funding Facility, net of capital raising costs incurred (+$49.6 million)
- movements in the Executive Share Plan (ESP) Reserve due to the treatment of the ESP expense in accordance with the accounting standards (+$1.1 million).

The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis, as ClearView ESP shares have been issued to employees and contractor participants as at 30 June 2016 (in accordance with the ClearView ESP Rules). The ClearView ESP shares on issue have a corresponding non-recourse loan from ClearView to facilitate the purchase of ClearView ESP shares by the participants. The shares and loans are not reflected in the statutory accounts as they are accounted for as an option in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

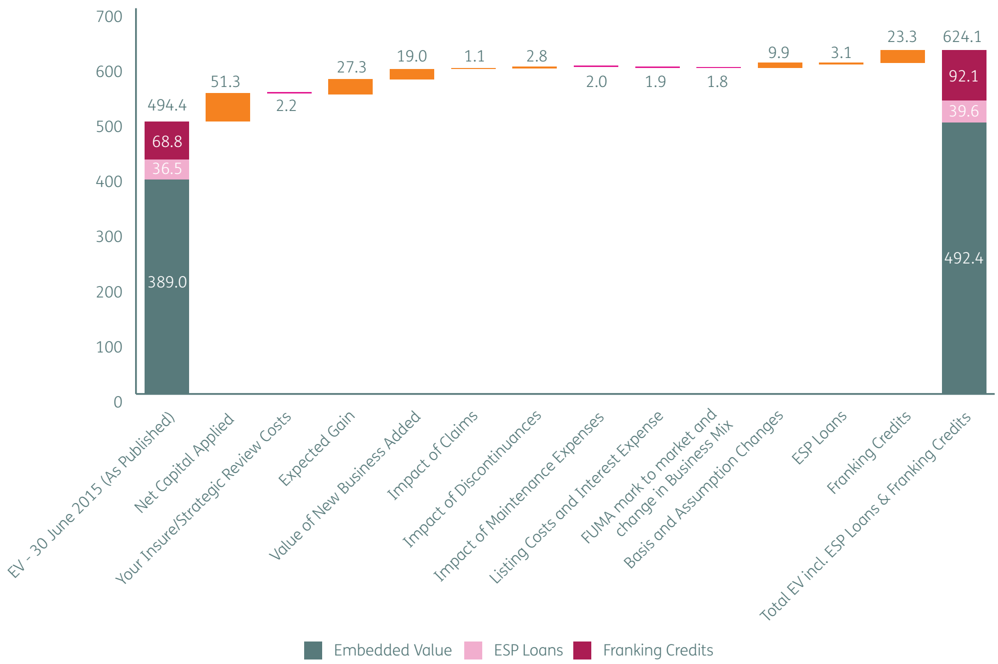
Embedded Value

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

1 Adjusted for the $50 million Entitlement Offer completed in June 2016.

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

Chart 1: Embedded Value Movement Analysis @ 4%DM

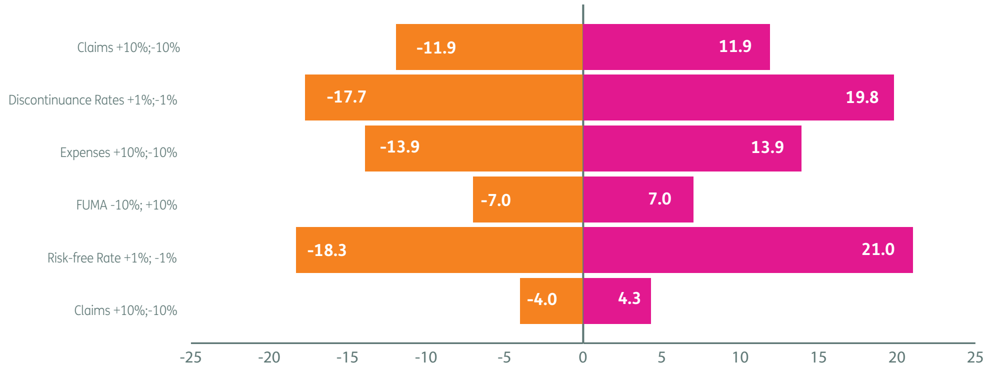


Risk Margin Over Risk Free: ($M), (Unless Stated Otherwise)	3% DM	4% DM	5% DM
Life Insurance	335.1	315.9	298.8
Wealth Management	54.8	52.0	49.5
Financial Advice	29.2	27.4	25.8
Value of In-Force (VIF)	**419.2**	**395.3**	**374.1**
Net Worth	97.1	97.1	97.1
Total EV	**516.3**	**492.4**	**471.2**
ESP Loans	39.6	39.6	39.6
Total EV Incl. ESP Loans	**555.9**	**532.0**	**510.8**
Franking Credits:			
Life Insurance	56.4	53.3	50.6
Wealth Management	14.6	13.8	13.2
Financial Advice	8.4	7.9	7.4
Net Worth	17.0	17.0	17.0
Total EV Incl. Franking Credits and ESP Loans	**652.3**	**624.1**	**599.0**
EV per Share Incl. ESP Loans (cents)	**84.5**	**80.8**	**77.6**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**99.1**	**94.8**	**91.0**

- Net Capital Applied (+$51.3 million) - the net impact of the following:
  - The increase in the Share Base Payments reserve (+$1.7 million) driven by the recognition of the share based payments expense and the net impact of the Dividend Reinvestment Plan (DRP) and related repayment of ESP loans by participants given their ineligibility to participated in the DRP
  - The net of costs of the pro rata accelerated renounceable share entitlement offer that was successfully completed in June 2016 (+$49.6 million)

- Your Insure/Strategic Review Costs: (-$2.2 million): This relates to the impact of the write off of the Your Insure investment in FY16 (-$1.9 million) and the after tax costs associated with the strategic review (-$0.3 million)
- Expected gain: (+$27.3 million): Expected gain represents the unwind of the discount rate within the value of in-force and investment earnings on net worth
- VNB added: (+$19.0 million): The value added by new business written over the period. This includes the net effect of the proposed income protection price increases on LifeSolutions new business written in 2016 (+$4.3 million). The current value of new business is suppressed by the growth costs incurred. The acquisition cost overruns should decrease as the business grows, providing it with operating leverage. The Non-Advice business had a negative value of new business (-$5.9 million). This was exacerbated by a slowdown in new business volumes given the adverse lapses in the lower socio-demographic channel. The negative value arises as a result of the acquisition expenses relative to new business generated. The key growth driver, LifeSolutions, continued to reflect strong growth in the VNB
- The claims experience (+$1.1 million): The claims experience in LifeSolutions and Old Book was favourable in FY16 and was offset by adverse experience on the new Non-Advice portfolio
- The impact of lapses on the life insurance book and FUMA discontinuances: Discontinuances (+$2.8 million): The life insurance lapses impact was driven by better than expected lapses for the LifeSolutions product and the Old Book partially offset by lapse rates for the new Non-Advice business being higher than expected. The balance of the impact was due to lower discontinuance rates for the Wealth business, in particular the Master Trust Product and WealthSolutions that reflected an improvement in discontinuance rates
- The adverse maintenance expense experience (+$2.0 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 in-force portfolio and removing the drag on the EV
- Expenses were impacted by the Group's listed overhead costs and interest expense on corporate debt which are not allowed for in the EV (-$1.9 million). The Debt Funding Facility was settled in June 2016 by utilising the proceeds of the capital raising as noted earlier in the report
- FUMA mark-to-market and change in business mix (-$1.8 million): This is predominately driven by the net investment performance on the funds under management and advice that resulted in lower fee income relative to expectations over the period and a lower present value of future fees at the end of the period
- Basis and assumption changes (+$9.9 million): This includes the net effect of the proposed income protection price increases on the LifeSolutions in-force portfolio at 30 June 2015 (+$6.3 million), capital reallocations by segment, model enhancements, timing effects, actuarial assumption changes, capital base changes and the tax impacts on the policy liability discount rate effect. Key assumption changes include improvements made to the discontinuance rates for the Master Trust and WealthSolutions portfolios (+$3.3 million)
- ESP loans (+$3.1 million): This includes the loans provided to ESP participants which are treated as an off-balance sheet item in accordance with the Share Base Payment standard. These loans are expected to be recovered from the ESP participants when their shares vest
- Franking credits (+$23.3 million): This relates to the increase in the value of the current franking account balance together with the future franking credits generated from the taxable profit of ClearView as the profits are earned.

Chart 2: Embedded Value (EV) Sensitivity Analysis @ 4%DM



Dividends

The Directors declared a $16.45 million fully franked dividend in 2016 (2015: $12.30 million). This equates to 2.5 cents per share (2015: 2.1 cents per share) and represents approximately 60% of the FY16 Underlying NPAT and is in line with the Company's dividend policy. The FY16 dividend represents a 19% increase in dividend per share over the prior year. No interim dividend was paid during the year (2015: nil).

The Board seeks to pay dividends at sustainable levels and has a target payout ratio of between 40% and 60% of Underlying NPAT. Furthermore, it is the Company's intention to maximise the use of its franking account by paying fully franked dividends.

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

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

For further details on the Company's dividend policy (and related operation of the Dividend Reinvestment Plan (DRP)), refer to the Capital Management section that follows.

Capital Management

The Company entered into a $50 million Debt Funding Facility in December 2014 to support short to medium term funding needs.

It was always intended that the funding provided under the Debt Funding Facility would be replaced in due course with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerged. As at 30 June 2015, the Company had drawn down $45.5 million of the Debt Funding Facility.

In May 2016, the Company announced the launch of a $50 million fully underwritten pro-rata accelerated renounceable entitlement offer to eligible shareholders. The majority of the proceeds of that capital raising, which was fully subscribed and settled just prior to the end of the financial year, were used to repay the Debt Funding Facility ($45.5 million), with the remaining $4.5 million retained as capital for growth.

ClearView is now fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium term growth, with some additional capital flexibility over the medium term.

The existing $50 million Debt Funding Facility will remain in place to provide future capital funding in the event that medium to longer term growth is materially above that currently anticipated or other opportunities arise.

Directors' Report

Continued

As foreshadowed at the time of the capital raising, the DRP has been suspended and will not operate in respect of the dividend for the year ended 30 June 2016. The suspension of the DRP will be considered in future periods based on the capital position of the Group at the time.

Capital Position

An analysis of reconciliation of the net assets in the Statement of Financial Position to the Group capital position after the successful $50 million equity raising (as at 30 June 2016) is outlined in the table below:

	Life Insurance	Wealth Management	Other	APRA Regulated Entities	Wealth Management	Finanial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC/Other	Group
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net Assets	298.9	16.8	6.4	322.1	7.9	17.5	25.3	347.4	64.3	411.8
Goodwill & Intangibles	(6.8)	(4.7)	0.0	(11.5)	0.0	(7.3)	(7.3)	(18.8)	(29.6)	(48.4)
Net Tangible Assets	**292.0**	**12.2**	**6.4**	**310.6**	**7.9**	**10.2**	**18.1**	**328.7**	**34.7**	**363.4**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(239.6)	0.1	0.0	(239.5)	0.0	0.0	0.0	(239.5)	0.0	(239.5)
Other Adjustments to Capital Base	(0.2)	(0.1)	0.0	(0.3)	(0.1)	(0.1)	(0.1)	(0.4)	(0.7)	(1.1)
Regulatory Capital Base	**52.3**	**12.2**	**6.4**	**70.9**	**7.8**	**10.1**	**17.9**	**88.8**	**34.0**	**122.8**
Prescribed Capital Amount	(7.1)	(3.5)	(2.6)	(13.3)	(5.0)	(0.7)	(5.7)	(18.9)	(0.0)	(18.9)
Available Enterprise Capital	**45.2**	**8.7**	**3.8**	**57.6**	**2.8**	**9.5**	**12.3**	**69.9**	**34.0**	**103.9**
Internal Benchmarks										
Working Capital	(9.9)	(1.1)	(2.6)	(13.6)	0.0	0.0	0.0	(13.6)	(17.4)	(31.0)
Risk Capital	(31.5)	(3.6)	(0.0)	(35.1)	(1.9)	(5.9)	(7.8)	(42.9)	2.6	(40.3)
Net Capital Surplus/Position	**3.8**	**3.9**	**1.2**	**8.9**	**0.9**	**3.6**	**4.4**	**13.3**	**19.2**	**32.6**

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

The regulated entities had $13.3 million of net assets in excess of internal benchmarks as at 30 June 2016. Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position for risk outcomes where the regulatory capital cannot be readily accessed, and to protect the various regulated entities' regulatory licences.

Furthermore, a working capital reserve is the capital held to support the capital needs of the business beyond the risk-reserving basis. This includes the net capital that may be required to support the medium term new business plans (in accordance with the Internal Capital Adequacy Process). Internal benchmarks include a working capital reserve in the regulated entities of $13.6 million as at 30 June 2016 to fund anticipated new business growth over the medium term.

Internal benchmarks in the non-regulated entities include a further working capital reserve of $17.4 million as at 30 June 2016, providing a combined total of $31 million that is set aside across the Group to fund anticipated new business growth over the medium term.

The net capital position of the Group as at 30 June 2016 represents a decrease of $0.1 million since 30 June 2015. This decrease reflects the following key items:

- The Underlying NPAT for the year (+$27.2 million);
- The net capital absorbed by the growth of the business over the period (-$42.2 million);
- The decrease in the working capital reserve (+$17 million) 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 net impacts of capitalised software and deferred tax (-$2.4 million);
- Net impact of the FY15 underwritten DRP and share based payments expense on the Share Based Payments Reserve (+$1.7 million);
- The net impact of the equity capital raising and the repayment of $45.5 million under the Debt Funding Facility, net of capital raising costs incurred (+$4.0 million);
- The write off of the investment in Your Insure (-$1.9 million)
- The after tax costs associated with the evaluation of strategic options or proposals in relation to potential change in majority shareholder (-$0.3 million)
- The net impacts of the tax effect on the change in policy liability discount rate (-$3.3 million); and
- The net impact of the on-market share buy back undertaken in FY16 (-$0.1 million).

Share Buyback

As has previously been stated, the Board 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 its share buyback (has been in place since 19 December 2014) for an additional 12 months to December 2016. The buyback arrangements currently in place will continue to apply. Since 30 June 2015, 83,572 shares have been bought back under the scheme.

In accordance with ClearView's Executive Share Plan an additional 2,438,648 shares were bought back and cancelled to repay loans granted to participants who ceased employment with ClearView during the year.

Outlook

The Long term market growth fundamentals remain sound:

- **Life Insurance:** the Australian market is under-insured: growth driven by population increases, inflation and real GDP growth
- **Wealth Management:** long-term growth is underpinned by the compulsory saving regime for super (retirement savings) - superannuation contribution guarantee is to be increased from the current 9.5% of income to 12% by July 2025

Short term there are a number of changes occurring in the Life Insurance market:

- **Pricing Cycle:** industry participants have progressively increased prices (materially) over the last few years in both the group life and income protection segments; this makes the core ClearView retail products more price competitive - opportunity to increase pricing
- **Regulatory Changes:** given the recent election there is some uncertainty as to timing and implementation. The potential changes generally move the industry towards more open competition and assist a customer-focused challenger brand such as ClearView
- **Regulatory Focus:** given recent industry issues, the regulatory focus is demanding significant industry time and attention
- **Proposed Superannuation Changes:** the proposed changes to superannuation rules potentially open up new opportunities for non-superannuation products (for which ClearView has the required licences)

Life Insurance and Wealth Management are complementary products over the economic cycle:

- **Life Insurance:** favourable given 'fear' can drive strong sales momentum
- **Wealth Management:** impacts of the performance of investment markets on fee income and net investment flows; ClearView portfolios are defensively tilted given the nature of the client base

ClearView remains in a strong position to continue growing, given the complementary nature of life insurance and wealth management products over the economic cycle, with a particular focus on:

- Leveraging off the embedded growth in the distribution network that has been built
- Gaining from market disruption around life insurance reforms with a potential stepped change in distribution profile, especially if certain parts of the proposed reforms are implemented
- Potential to benefit from the increased pricing cycle, in particular in the income protection market
- Increase scale over time thereby progressively reducing the expenses overruns. These will be absorbed as the business grows to scale over the medium term

ClearView has now established a strong platform to drive momentum and has started to convert its strategic positioning into material earnings growth. ClearView is implementing a high growth strategy with the goal of attaining 5% of the long term life insurance profit pool, building a material wealth management business and a high quality financial advice business.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of ClearView's Directors and its Key Management Personnel (KMP) for the financial year ended 30 June 2016.

The term "KMP" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of the consolidated entity.

The prescribed details for each person covered by this report are detailed below under the following headings:

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

Details of the Directors and KMP

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

- **Bruce Edwards**
  (Chairman, Independent Non-executive Director)
- **Dr Gary Weiss** (resigned 17 May 2016)
  (Chairman, Independent Non-executive Director)
- **Andrew Sneddon**
  (Independent Non-executive Director)
- **David Brown**
  (Independent Non-executive Director)
- **Gary Burg**
  (Independent Non-executive Director)
- **Jennifer Newmarch** (resigned 17 May 2016)
  (Non-executive Director)
- **Michael Alscher**
  (Non-executive Director)
- **Michael Lukin**
  (Alternate Non-executive Director to Michael Alscher)
- **Nathanial Thomson**
  (Non-executive Director)
- **Simon Swanson**
  (Managing Director)

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

- **Athol Chiert**
  Chief Financial Officer and Company Secretary
- **Christopher Blaxland-Walker**
  General Manager, Distribution
- **David Charlton**
  General Manager, ClearView Direct
- **Deborah Lowe**
  General Manager, People and Operations
  (Appointed 21 October 2015)
- **Greg Martin**
  Chief Actuary and Risk Officer
- **Justin McLaughlin**
  Chief Investment Officer
- **Todd Kardash**
  Chief Executive Officer, Matrix Planning Solutions
- **Sarah Cummings**
  General Manager, Development
  (Appointed 21 October 2015)
- **Chris Robson**
  General Counsel and Company Secretary
  (Ceased 11 November 2015)
- **Tony Thomas**
  General Manager, Operations and Technology
  (Ceased 21 October 2015)

Overview of Remuneration Strategy and Objectives

ClearView's remuneration approach has the following objectives:

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

Remuneration Policy

ClearView's current Remuneration Policy was updated in June 2015 and is compliant with the obligations set out by the Australian Prudential Regulatory Authority (APRA) under Prudential Standards CPS 510 'Governance' and

SPS 510 'Governance'. It also forms part of ClearView's Risk Management System and overall Risk Management Framework (in accordance with the Prudential Standards). The Board has approved this policy and retains overall responsibility for all remuneration decisions in respect to persons relevant to each entity. The Policy is reviewed at least once every three years. Any changes to the Policy must also be approved by the Board.

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

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

ClearView's Remuneration Policy is in place to:

- Outline employee obligations and ClearView's obligations;
- Set out roles, responsibilities and accountabilities of the KMP;
- Set out clear reporting and controls;
- Define various terms to ensure a common understanding; and
- Clarify what happens if this policy or associated procedures are breached.

Relationship between Remuneration Policy and Company Performance.

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

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

Total KMP remuneration is made up of three components:

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

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

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

Fixed Remuneration

Fixed Remuneration is made up of base remuneration and superannuation. Base salary includes cash salary and any salary sacrifice items. The Group provides employer superannuation contributions of 10% of each KMP's base salary, capped at the relevant concessional contribution limit.

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

Independent market remuneration data was purchased from two independent sources and reviewed to benchmark the Fixed Remuneration for KMP for the 2016 financial year. The sources were the Financial Industry Remuneration Group (FIRG) and Aon Hewitt reports. Both are primary providers of data and the most appropriate for roles in the industry in which ClearView operates. The benchmarking reports were used as a guide, and were not a substitute for thorough consideration of all the issues by the Remuneration Committee.

No formal consulting advice was sought from independent external research houses and Remuneration Consultants in 2016.

Any increase to individual remuneration for the Managing Director, SMT and any other person whose activities may, in the Remuneration Committee's opinion, affect the financial soundness of ClearView, must be approved by the Board on the recommendation of the Remuneration Committee after engaging and taking advice, where appropriate.

Short Term Incentive (STI) plan

The STI plan for KMP aims to provide a common motivation to act in the best interests of the Company to reach or exceed Company goals for the financial year. They are based on rewarding an individual with a bonus calculated as a percentage of Fixed Remuneration. Company performance targets are set for the KMP by the Remuneration Committee.

For FY16, the award of the STI component for KMP is based on the achievement of three company goals weighted, namely:

- Underlying Net Profit after Tax (Underlying NPAT). Underlying NPAT is the Board's key measure of group profitability and the basis on which dividend payments are determined. It consists of reported net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs which are considered unusual to the Group's ordinary activities; and
- Embedded Value growth. Life insurance and wealth management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value calculations are used as key measures to assess the performance of the business from period to period. An Embedded Value represents the discounted value of the future cash flows anticipated to arise from the in-force life policies and investment client balances as at the valuation date; and
- Value of New Business (VNB). The VNB is the measure of the economic value of the profits expected to emerge for new business net of the cost of supporting capital. VNB is the increase in EV over the period due to new business written over the relevant period.

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

STI outcomes fall within a range of 0% to 120% of the Target STI with 100% pegged to achieving target performance (as set out in the Board approved Business Plan). The resultant potential maximum STI awards for KMP range from 0% to 60% of Fixed Remuneration. In 2016, KMP therefore received an STI bonus of 32.2% of their Fixed Remuneration (in line with the target STI component) representing 20.9% of their total remuneration. This was based on achievement of the following:

Measure	Result[2]	Performance score / calibration
Total Operating Earnings (after tax)[1]	$28.8m	42%
Embedded Value (EV)	13.7%	30%
Value of New Business (VNB)	$25.3m	28%
Bonus Payable as a Percentage of Target		**100%**

100% of the target STI range was achieved based on the range of achieved outcomes.

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

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

Given that the target STI component is considered moderate in the industry in which the Group operates it has to date not been considered appropriate to introduce deferral provisions for the STI component.

Long Term Incentive Plan (LTIP)

ClearView in its current form was created by the acquisition and successful integration of the life insurance, wealth management and financial advice businesses acquired from MBF Holdings Pty Limited (Bupa Australia) on 9 June 2010 (the Acquisition).

Key attributes of the Acquisition were as follows:

- Potential to use the platform acquired to create a new non-bank owned life insurance and wealth management company that could bring innovation to the market and challenge the incumbents;
- No material legacy issues, enabling speed to market; and
- No material exposure to group life, pre global financial crisis income protection or capital guaranteed products.

ClearView was required to undertake a significant transformation to:

- Build out a new management team with a track record in growing life insurance, wealth management and financial advice businesses;
- Develop and launch advice based products providing access to new market segments;
- Utilise the strong cash flow generated by the in-force portfolios at the time of the Acquisition to fund the initial growth phase in the Advice Life market and stem the outflows in the acquired Wealth Management in-force portfolios;
- Expand into the independent financial advice market, with products having the quality to be included on the Approved Product Lists of third party dealer groups;
- Reinvest in its Non-Advice (Direct) life insurance business with the build out of a call centre capability and focusing on establishing long term distribution partnerships; and
- Raise sufficient capital to fund the next phase of growth in both the Advice and Non-Advice segments of the life insurance market.

ClearView was therefore required to undergo a significant transformation, that has been achieved over the last six years with the development of systems, launch of LifeSolutions (full suite of life insurance advice products), WealthSolutions (ClearView Wrap platform) and WealthFoundations (wealth mid-market product), the recruitment of employees, experienced self employed financial advisers and distribution partners.

ClearView has an ownership-based compensation scheme for the Senior Management Team (SMT), key management and revenue generators of the Group to assist in the recruitment, rewarding, retention and motivation of employees. This scheme is designed to recognise leaders

1 Total Operating Earnings (after tax) represents Underlying NPAT before interest expense on corporate debt. Interest cost is therefore excluded for the purpose of bonus calculations.
2 The result may vary from reported Underlying NPAT, EV and VNB given that for bonus calculations the impact of the capital raising, assumption and model changes between periods and any impacts of key decisions made by the Board are excluded.

and reward those decisions and actions which have a direct and positive impact on the results that ClearView delivers for shareholders, at the time and in the future.

The Executive Share Plan (ESP) was established to assist in the recruitment of the SMT and employees with deep life insurance and wealth management experience, to execute on a core strategy and thereby to show ClearView's recognition of the employees' contribution, by providing an opportunity to share in the future growth and profitability of ClearView. The ESP was set up in the context of the "start up phase" and the nature of the ClearView business at the time when the scope and the timing of any future success of the business was still unknown and uncertain. The ESP aligns the interests of participants more closely with the interests of shareholders including the extension of the ESP to financial advisers in November 2011.

In July 2012, ClearView received a takeover offer from CCP Bidco Pty Limited (CCP Bidco), a consortium of investors including Crescent Capital Management Pty Limited. The new shareholders brought with them extensive experience in the financial services industry, in particular life insurance and wealth management and a strong commitment to support the management team and execution of the agreed strategy for growth. Subsequent to the change in shareholder, benchmarking of the LTI for the SMT was performed by PricewaterhouseCoopers (PwC), an independent Remuneration Consultant, in February 2013.

The Board subsequent to this review decided in February 2013 to:

- Remove any cap on the issue of shares under the ESP to retain the flexibility to use it as a recruitment tool for both employees and financial advisers;
- Remove the interest on the loans that had until this date been capitalised and treated as part of the limited recourse principal, except that after tax dividends on Shares issued under the ESP was applied towards reduction of the loan; and
- Issue further grants to participants where considered appropriate (aligned to the overall remuneration review of the SMT members by PwC). These further LTI grants were issued in a "lump sum" rather than on the basis of an annual grant and were aligned to the achievement of an increase in the share price of ClearView.

The interest rate on the limited recourse loans had to that point effectively acted as an in built performance hurdle. The Board decided to remove the interest rate on the loans for all participants given that the interest imposed was significantly diluting the efficacy of the ESP as an employee recruitment and retention tool, in particular for those staff receiving the earlier grants of ESP shares and to achieve its purpose given the start up phase of the business at the time. The Board believed, nothwithstanding the removal of the interest rate on the loans, that the long term interests are aligned given that value is only attributed to participants through an increase in the share price and that a key component of the STI component is also aligned to the longer term, being the Embedded Value and Value of New Business (refer to STI section above).

As at the date of this report, the Board is aware that CCP Bidco and its Associate's would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has appointed Morgan Stanley to assist in evaluating any strategic options or proposals. The sale by CCP Bidco of its shares may trigger control provisions in the ESP. As such any further considerations as to the ESP (including further issues to KMP) will be made at the appropriate time.

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

Executive Share Plan (ESP or Plan)

In accordance with the provisions of the Plan, as approved by shareholders at the 2015 Annual General Meeting, the ownership-based compensation scheme allows participation in the Plan of:

- Employee Participants - These participants are key managers, members of the Senior Management Team and the Managing Director; and
- Contractor Participants - These participants are financial advisers.

Eligible Employees under the Plan Rules therefore include both Employee Participants and Contractor Participants of the Company and its related body corporates. Non-executive Directors are ineligible to participate in the Plan in accordance with the Plan Rules.

Offer and Consideration

Under the ESP, the Board may invite Eligible Employees to participate in an offer (Offer) of fully paid ordinary shares in ClearView, subject to the terms of conditions of the ESP. Each ClearView Share is issued at a price to be determined by the Board prior to making an Offer and this price is set out in the invitation (Invitation) to Eligible Employees. This price may be the market price of a Share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView Shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the Volume Weighted Average Price (VWAP) over a 3 month period to determine the market value of the ClearView Shares for the purposes of ESP issues. This has been implemented for all ESP Share issues since that date. Prior to this, no ESP Shares were issued at a price below 50 cents per share, being the price at which the original capital raising was completed in June 2010.

Restrictions on Offer

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

As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan. The Board or Board Authorised Delegates approve the issue of new ESP shares and monitors the overall quantum of ESP shares on issue, relative to the interests of existing shareholders and the overall objectives of the business.

Financial Assistance

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

- For Share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- immediately in the event of certain "disqualifying circumstances" including failure to meet performance or vesting conditions, cessation of the Employee Participant's employment in circumstances defined in the ESP Rules or termination of the Contractor Participant's contract with a Group Company for the provision of services.

For Employee Participants, the financial assistance is secured over the shares and rights attached to the shares.

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

During 2013, interest was abolished on all ESP loans for Participants.

Holding Lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares, unless otherwise provided under the Invitation. Where all performance conditions and/or vesting conditions (if any) attaching to the Shares issued prior to 14 February 2013 have been satisfied (or waived) a holding lock will cease to have effect if:

- The Board accepts a disposal request (as defined in the ESP Rules) (Disposal Request); or
- 5 years have passed from the Acquisition Date; or

If the Participant:

- is an Employee Participant, their employment with the Group ceases, or
- is a Contractor Participant, their contractor agreement is terminated; or
- The ESP is terminated, or
- The holding lock period otherwise ceases;

provided that the Financial Assistance and any interest that has been accrued have been repaid.

For shares issues from 14 February 2013 the Holding Lock ceases on vesting or forfeiture of Shares.

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

If the participant is a Contractor Participant, following the removal of the holding lock over the Shares of the participant, the participant may not sell, or otherwise deal with, any such Shares without the prior written consent of the Company, which consent the Company may give or withhold in its absolute discretion and which consent may be given subject to conditions.

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

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

The amount payable by these Eligible Employees to ClearView following such a disposal is the amount outstanding in relation to the financial assistance, including accrued interest. The Eligible Employees may retain any surplus proceeds. There are no Disposal Requests outstanding as at the date of this report.

Change of Control

Under the ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an Employee Participant are deemed to have been satisfied upon a Change of Control unless stated otherwise in the participants Invitation Offer. A Change of Control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan Shares gains Control of the Company (but only if the person is not itself Controlled by another person who Controlled the Company at the date of issue); or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions,
- "Control" is defined as where a person and its related bodies corporate holds more than 50% of the Shares in ClearView.

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- Circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions.
- "Control" is defined as Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

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

Consequences of ClearView's performance on shareholder wealth

The following tables set out the summary information about the Group's earnings and movements in shareholder wealth for five years to 30 June 2016:

	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13	30 Jun 12
Revenue[1] ($'000)	295,828	253,640	190,301	172,278	143,182
Net profit after tax ($'000)	23,615	12,572	13,880	1,876	22,336
Underlying Net Profit/(loss) after Tax	27,235	20,533	19,738	16,014	19,241
Total Operating Earnings after Tax	28,263	20,867	19,738	16,014	19,241
Dividend (Final) (cents)	2.50	2.10	2.00	1.80	1.80
Dividend (Special) (cents)[2]	-	-	-	2.20	-
Basic EPS (cents)[1]	4.39	2.43	3.13	0.46	5.46
Diluted EPS (cents)	4.27	2.36	3.10	0.46	5.24
Fully diluted Underlying EPS (cents)	4.92	3.85	4.41	3.65	4.53
Embedded Value[3] ($m)	624	494	445	365	N.M
Embedded Value per share (cents)[3]	94.8	84.7	81.6	80.5	N.M
Share Price at the beginning of the year (cents)	95.0	80.0	59.0	46.0	50.0
Share Price at the end of the year (cents)	95.0	95.0	80.0	59.0	46.0

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

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

3 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans. Franking credits have been included in the net worth and prior periods have been restated to reflect this.

Remuneration of Directors and KMP

Non-executive Directors' Remuneration

Non-executive Directors are remunerated by way of one base fee (inclusive of Superannuation Guarantee) that is based on market rates for comparable companies for the time, commitment and responsibilities undertaken by Non-executive Directors. The level of remuneration for each Non-executive Director is set by the Remuneration Committee, within the total annual remuneration limits approved by the Company and the shareholders at a general meeting. Any increase to individual Non-executive Director remuneration must be approved by the Board on the recommendation of the Remuneration Committee after engaging and taking advice, where appropriate. All reasonable out of pocket expenses incurred in connection with a Director's duties on behalf of ClearView Wealth are reimbursed. There is no direct link between Non-executive Directors' remuneration and the annual results of ClearView Wealth or its related entities. The Non-executive Director remuneration is based on the role of the individual director, their membership on Board Committees, and directorships of other ClearView entities.

Non-executive Directors are not entitled to participate in equity schemes of the Company, and are not entitled to receive performance-based bonuses. Non-executive directors are not entitled to retirement benefits other than in respect of any superannuation entitlements.

The present limit on aggregate remuneration for Non-executive directors is $1,000,000 including superannuation (2015: $1,000,000). Directors' fees can be paid as superannuation contributions. The fee pool is the only source of remuneration for Non-executive Directors.

The compensation of each Non-executive Director for the year ended 30 June 2016 is set out below:

2016	Short term employee benefits				Post employment	Share based payments	Total
	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan of total remuneration $	$
Non-executive Directors							
G Weiss[1]	167,428	-	-	-	15,906	-	183,334
B Edwards[2]	101,490	-	-	-	-	-	101,490
D Brown	77,626	-	-	-	7,374	-	85,000
G Burg	73,613	-	-	-	6,993	-	80,606
J Newmarch[3]	-	-	-	-	-	-	-
M Lukin[3]	70,393	-	-	-	-	-	70,393
N Thomson[4]	85,000	-	-	-	-	-	85,000
A Sneddon	86,244	-	-	-	-	-	86,244
M Alscher	80,000	-	-	-	-	-	80,000
Total	**741,794**	**-**	**-**	**-**	**30,273**	**-**	**772,067**

1 Mr Weiss resigned as Chairman and as a Director on 17 May 2016.

2 Mr Edwards was appointed as Chairman on 18 May 2016

3 Mr Lukin received fees as an alternate to Mrs Newmarch from 1 July 2015 to 17 May 2016. Mr Lukin and Mrs Newmarch have agreed they will receive no fees as a Director although fees are payable to ROC Partners. Upon Mrs Newmarch's resignation on 17 May 2016 Mr Lukin was appointed as alternate Director to Mr Alscher.

4 Mr Thomson and Mr Alscher have agreed that they will receive no fees as a Director although fees are paid to Crescent Capital Partners Manangement Pty Limited of which they are employees.

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

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

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

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

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

Managing Director and Senior Management Team Remuneration

The compensation of each member of the KMP of the Group for the year ended 30 June 2016 is set out below:

	Short term employee benefits			Post employment		Share based payments		Total
2016	Salary & Fees $	Bonus $	Non-monetary $	Termination Payment $	Superannuation $	Executive Share Plan[1] $	Performance based %	$
S Swanson	620,466	310,531	13,848	-	19,308	-	32.2%	964,153
A Chiert	369,005	110,851	10,614	-	19,308	48,300	28.5%	558,078
C Robson[2]	128,162	-	-	77,423	14,109	-	0.0%	219,694
G Martin	371,872	116,405	13,848	-	34,933	48,300	28.1%	585,358
J McLaughlin	318,757	97,777	-	-	26,109	-	22.1%	442,643
T Kardash	294,394	93,123	10,614	-	34,980	9,629	23.2%	442,740
T Thomas[3]	115,031	-	-	172,096	7,969	-	0.0%	295,096
D Charlton	283,666	85,128	-	-	19,308	22,856	26.3%	410,958
C Blaxland-Walker	277,535	85,742	10,614	-	27,408	9,169	23.1%	410,468
D Lowe[4]	236,186	74,838	-	-	31,408	8,050	23.6%	350,482
S Cummings[5]	258,737	78,600	-	-	19,308	10,759	24.3%	367,404
Total	**3,273,811**	**1,052,995**	**59,538**	**249,519**	**254,148**	**157,063**	**24.0%**	**5,047,074**

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.

2 Ceased General Counsel and Company Secretary on 11 November 2015. Upon cessation of employment Mr Robson exercised 1 million ESP shares. 249,657 of these were bought back and cancelled and the Company received $250,000 in cash in settlement of financial assistance granted.

3 Ceased General Manager, Operations and Technology on 21 October 2015. Upon cessation of employment Mr Thomas' 1.5 million ESP shares were bought back and cancelled. 260,278 of these shares were exercised. 1,239,722 shares (83% of total granted ESP shares) were forfeited due to not meeting the vesting conditions. Of the 260,278 shares that were exercised, 166,451 were used to settle the financial assistance granted.

4 Appointed General Manager, People and Operations on 21 October 2015.

5 Appointed as General Manager, Development on 21 October 2015.

The compensation of each member of the KMP of the Group for the year ended 30 June 2015 is set out below:

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

1 Benefit calculated under the Binomial model in respect of the future value of the ESP shares issued.

2 Appointed General Manager, Distribution 13 October 2014.

3 Appointed Chief Executive Officer, Matrix Planning Solutions 13 October 2014.

Share Based Payments Granted As Compensation

Limited recourse loans have been granted by the Company to the ESP Participants to fund the acquisition of shares under the ESP.

The following tables outlines the ESP loans made to KMP or their related entities as at 30 June 2016 and 30 June 2015:

2016	Balance at beginning	Loans Granted $	Interest charged[1] $	Repay-ments $	Loan Cancelled $	Balance at end $	Highest in period $
S Swanson	6,233,453	-	-	(107,100)	-	6,126,353	6,233,453
A Chiert	1,342,787	-	-	(26,775)	-	1,316,012	1,342,787
G Martin	1,512,138	-	-	(32,130)	-	1,480,008	1,512,138
C Robson	480,984	-	-	(260,710)	(220,274)	-	480,984
J McLaughlin	808,897	-	-	(16,065)	-	792,832	808,897
T Kardash	762,729	-	-	(16,065)	-	746,664	762,729
T Thomas	899,700	-	-	(16,065)	(883,635)	-	899,700
D Charlton	517,150	-	-	(7,443)	-	509,707	517,150
C Blaxland-Walker	737,643	-	-	(13,361)	-	724,282	737,643
D Lowe	-	500,000	-	-	-	500,000	500,000
S Cummings	167,356	200,000	-	(2,720)	-	364,636	364,636
Total	**13,462,837**	**700,000**	**-**	**(498,435)**	**(1,103,909)**	**12,560,493**	

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

1 In February 2013 the Board removed the interest payable on the limited recourse loans granted in relation to the ESP. The interest rate had until that point effectively acted as a performance hurdle. The Board decided to remove the interest rate on the loans for all participants given that the interest imposed was significantly diluting the efficacy of the ESP shares and to achieve its purpose given the start up phase of the business at the time. The Board believed, nothwithstanding the removal of the interest rate on the loans, that the long term interests are aligned given that value is only attributed to participants through an increase in the share price and that a key component of the STI component is also aligned to the longer term, being the Embedded Value and Value of New Business

Shares granted to KMP and equity holdings

During and since the end of the financial year an aggregate of 732,907 shares (2015: 247,525) were granted by the Company to KMP under the ESP.

The following table outlines the ESP shares issued to KMP or their related entities as at the date of this report:

Share series	Director, KMP, to which the series relates	Fair value at grant date (pre-modification[1])	Fair value at grant date (post-modification[1])	Exercise price per share ($)	Aggregate value at grant date ($)	Expiry date
Series 6[1,2,6,9]	Justin McLaughlin	0.10	0.10	0.59	51,500	Change in Control
Series 7[1,2,6,9]	Athol Chiert / Justin McLaughlin	0.07	0.10	0.49	98,057	Change in Control
Series 10[1,3,6,9]	Simon Swanson	0.11	0.11	0.50	224,074	Change in Control
Series 11[1,4,6,9]	Simon Swanson	0.08	0.08	0.58	323,295	Change in Control
Series 12[1,5,6,9]	Simon Swanson	0.06	0.06	0.65	241,927	Change in Control
Series 15[1,5,9]	Greg Martin	0.10	0.13	0.50	196,271	1/07/2016
Series 16[1,5,9]	Todd Kardash	0.10	0.13	0.50	127,366	1/09/2016
Series 16[1,5,8,9]	Chris Blaxland-Walker	0.10	0.13	0.50	127,366	1/09/2016
Series 26[7]	Athol Chiert	0.29	n/a	0.57	289,798	Change in control
Series 26[7]	Greg Martin	0.29	n/a	0.57	289,798	Change in control
Series 26[7]	Todd Kardash	0.29	n/a	0.57	144,899	Change in control
Series 31	Tony Thomas	0.17	n/a	0.61	123,873	Change in control
Series 32	Tony Thomas	0.19	n/a	0.61	140,797	1 Year Post change in control
Series 38	David Charlton	0.17	n/a	0.75	38,230	30/05/2018
Series 39	David Charlton	0.19	n/a	0.75	44,307	30/05/2019
Series 40	David Charlton	0.22	n/a	0.75	50,054	30/05/2020
Series 43[8]	Chris Blaxland-Walker	0.20	n/a	1.01	16,718	26/11/2018
Series 44[8]	Chris Blaxland-Walker	0.23	n/a	1.01	19,372	26/11/2019
Series 45[8]	Chris Blaxland-Walker	0.27	n/a	1.01	21,883	26/11/2020
Series 51a[10]	Deborah Lowe / Sarah Cummings	0.19	n/a	0.96	71,197	23/12/2020
Series 51b[10]	Deborah Lowe / Sarah Cummings	0.22	n/a	0.96	81,501	23/12/2021

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

2 Change of control provision was triggered on 23 October 2009 by Guiness Peat Group (GPG) increasing its shareholding above 50%. As a result, the vesting conditions for employees that were issued shares prior to the date of change of control were accelerated.

3 Shares vested 1 year from date of commencement of employment on 26 March 2011.

4 Shares vested 2 years from date of commencement of employment on 26 March 2012.

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

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

7 Special condition relating to shares issued to KMP in Series 26: the shares may be sold on change of control with 50% of the funds held for in escrow for a period of 12 months.

8 Chris Blaxland-Walker became KMP on 13 October 2014.

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

10 Deborah Lowe and Sarah Cummings became KMP on 21 October 2015.

The following table summaries the performance and vesting conditions for shares issues to Employee Participants under the ESP as at the date of this report are:

Series	Vesting Conditions	Performance Conditions
Series 6 – 30 June 2008 Issue	Nil[1]	Nil
Series 7 – 29 September 2009 Issue	Nil[1]	Nil
Series 10 – 25 June 2010 Issue	Nil[2]	Nil
Series 11 – 25 June 2010 Issue	Nil[2]	Nil
Series 12 – 25 June 2010 Issue	Nil[2,4]	Nil
Series 13 – 25 June 2010 Issue	Nil[4]	Nil
Series 14 – 1 November 2010 Issue	Nil[4]	Nil
Series 15 – 18 August 2011 Issue	Nil[4]	Nil
Series 16- 6 October 2011 Issue	Nil[4]	Nil
Series 17-1 March 2012	Nil[4]	Nil
Series 24- 22 August 2012 Issue	Nil[4]	Nil
Series 26- 16 April 2013 Issue	Upon a change in control of the company[3]	Nil
Series 27- 16 April 2013 Issue	First year anniversary upon the change in control	Nil
Series 31- 14 October 2013 Issue	Upon a change in control of the company	Nil
Series 32- 14 October 2013 Issue	First year anniversary upon the change in control	Nil
Series 35- 31 January 2014 Issue	Upon a change in control of the company	Nil
Series 36- 31 January 2014 Issue	First year anniversary upon the change in control	Nil
Series 38- 30 May 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 39- 30 May 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 40- 30 May 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 43- 26 November 2014 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 44- 26 November 2014 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 45- 26 November 2014 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 46- 30 March 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 47- 30 March 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 48- 30 March 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil

Series	Vesting Conditions	Performance Conditions
Series 50a - 30 July 2015 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 50b - 30 July 2015 Issue	Remain an employee of the company for 5 years from Grant date of shares	Nil
Series 50c - 30 July 2015 Issue	Remain an employee of the company for 6 years from Grant date of shares	Nil
Series 51a & 51b - 23 December 2015 Issue	Upon a change in control of the company	Nil
Series 52 - 27 April 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil
Series 54 - 20 June 2016 Issue	Remain an employee of the company for 4 years from Grant date of shares	Nil

1 Change of control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%.

2 In accordance with Mr Swanson's employment contract, Mr Swanson is entitled to a long term incentive comprising 10 million Shares in accordance with the ESP, and vesting progressively over three years from the commencement date of his contract as follows:
Series 10: 2 million shares at an issue price of 50 cents vesting on 26 March 2011 (vested);
Series 11: 4 million shares at an issue price of 58 cents vesting on 26 March 2012 (vested); and
Series 12: 4 million shares at an issue price of 65 cents vesting on 26 September 2012 (vested) on change of control of ClearView.
The Shares issued to Mr Swanson have vested progressively each year as outlined above.

3 Special condition relating to shares issued to KMP in Series 26: 100% of the shares may be sold on change of control, but 50% are held in escrow after employment for 1 year thereafter.

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

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

The following table outlines the fully paid ordinary shares of the Company (including those held under the ESP) owned by the Directors and KMP as at 30 June 2016:

2016	Shares subject to vesting conditions No.	Shares not subject to vesting conditions No.	Balance at beginning of financial year No.	Granted as compensation No.	Net other changes No.	Balance end of financial year No.	Balance held subject to vesting conditions No.	Balance vested at year end No.	Vested but not yet exercisable No.	Vested and exercisable No.
B Edwards	-	-	524,151	-	64,111	588,262	-	-	-	-
G Burg	-	-	9,943,259	-	974,831	10,918,090	-	-	-	-
A Sneddon	-	-	111,041	-	13,580	124,621	-	-	-	-
S Swanson	8,000,000	2,000,000	13,186,043	-	1,362,978	14,549,021	-	10,000,000	4,000,000	6,000,000
A Chiert	1,000,000	1,500,000	2,640,384	-	258,863	2,899,247	1,000,000	1,500,000	-	1,500,000
D Charlton	695,000	-	695,000	-	40,000	735,000	695,000	-	-	-
J McLaughlin	-	1,500,000	1,500,000	-	147,060	1,647,060	-	1,500,000	-	1,500,000
T Kardash	500,000	1,000,000	1,500,000	-	147,059	1,647,059	500,000	1,000,000	1,000,000	-
G Martin	1,000,000	2,000,000	3,335,866	-	384,034	3,719,900	1,000,000	2,000,000	2,000,000	-
C Blaxland-Walker	247,525	1,000,000	1,247,525	-	-	1,247,525	247,525	1,000,000	1,000,000	-
S Cummings	254,000	-	254,000	209,402	45,432	508,834	463,402	-	-	-
D Lowe	-	-	-	523,505	64,940	588,445	523,505	-	-	-

Directors' Report

Continued

Key terms of employment contracts

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

KMP	Term	Notice period by either the employee or the Company	Other	Target Incentive % of base salary	Maximum Incentive % of base salary
Simon Swanson	Ongoing	6 months notice	If, in the 6 months following a change of control, Mr Swanson's remuneration or his duties and responsibilities are reduced through no fault of his own, then Mr Swanson will have a right to terminate the contract with immediate effect. In this case, and in addition to vesting of Mr Swanson's ESP Shares, the Company will be obliged to pay Mr Swanson 6 months base salary plus the maximum short term incentive amount for that calendar year.	50%	60%
Athol Chiert	Ongoing	6 months notice for the first 3 years of employment, 3 months notice after 3 years.	For all terminations after the first 3 years of employment an additional 26 week payment is payable.	30%	36%
Todd Kardash	Ongoing	13 weeks	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Greg Martin	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Justin McLaughlin	Ongoing	12 months notice for the first 3 years of employment, 6 months notice after 3 years.	For all terminations after the first 3 years of employment an additional 26 week payment is payable.	30%	36%
David Charlton	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Christopher Blaxland-Walker	Ongoing	13 weeks	In the case of redundancy, a severance payment of 13 weeks' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Sarah Cummings	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%
Deborah Lowe	Ongoing	13 weeks	In the case of redundancy, a severance payment of 3 months' base salary (or any greater payment required under the National Employment Standards).	30%	36%

All current Directors are subject to re-election by shareholders at least every 3 years. All current KMP contracts provide for an annual review of Fixed Remuneration.

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

On behalf of the Directors

Mr Bruce Edwards
Chairman

24 August 2016

Auditor's Independence Declaration

Deloitte.

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

24 August 2016

Dear Directors

ClearView Wealth Limited

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

As lead audit partner for the audit of the financial statements of ClearView Wealth Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

2016 Financial Report Contents

Notes to the financial statements

The Financial Report was authorised for issue by the Directors on 24 August 2016.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Company 2016 $'000	Company 2015 $'000
Continuing operations					
Revenue from continued operations					
Premium revenue from insurance contracts		138,289	105,164	-	-
Outward reinsurance expense		(30,146)	(18,361)	-	-
Net life insurance premium revenue		**108,143**	**86,803**	-	-
Fee and other revenue	8	110,875	95,014	5	-
Investment income	9	76,810	71,823	17,733	14,399
Operating revenue before net fair value gains on financial assets		**295,828**	**253,640**	**17,738**	**14,399**
Net fair value gains on financial assets		(4,670)	72,818	-	-
Net operating revenue		**291,158**	**326,458**	**17,738**	**14,399**
Claims expense		(44,484)	(32,951)	-	-
Reinsurance recoveries revenue		25,696	15,010	-	-
Commission and other variable expenses		(109,382)	(87,044)	-	-
Operating expenses	10	(89,440)	(81,255)	(5,848)	(3,023)
Depreciation and amortisation expense	10	(13,802)	(12,847)	-	-
Loss from disposal of property, plant and equipment		(287)	-	-	-
Change in life insurance policy liabilities	26	55,374	40,951	-	-
Change in reinsurers' share of life insurance liabilities	26	(10,796)	(7,367)	-	-
Change in life investment policy liabilities	26	(56,383)	(109,198)	-	-
Movement in liability of non-controlling interest in controlled unit trusts		(14,768)	(27,968)	-	-
Profit before income tax expense		**32,886**	**23,789**	**11,890**	**11,376**
Income tax expense/(benefit)	11	9,271	11,217	(1,537)	(482)
Total comprehensive income for the year		**23,615**	**12,572**	**13,427**	**11,858**
Attributable to:					
Equity holders of the parent		23,615	12,572	13,427	11,858
Earnings per share	14				
Basic (cents per share)		4.39	2.43	-	-
Diluted (cents per share)		4.27	2.36	-	-

To be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

As at 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Company 2016 $'000	Company 2015 $'000
Assets					
Cash and cash equivalents	15	217,673	200,769	20,889	34,447
Investments	16	1,615,226	1,450,251	354,158	318,159
Receivables	17	16,738	15,516	12,496	9,884
Fixed interest deposits	18	79,584	107,035	-	8,115
Reinsurers' share of life insurance policy liabilities	26	(703)	(2,233)	-	-
Deferred tax assets	24	10,801	11,029	573	682
Property, plant and equipment	21	1,823	1,156	-	-
Convertible note	25	-	1,711	-	1,711
Goodwill	19	19,952	19,952	-	-
Intangible assets	20	28,428	36,021	-	-
Total assets		**1,989,522**	**1,841,207**	**388,116**	**372,998**
Liabilities					
Payables	22	35,619	24,774	780	357
Current tax liabilities		-	4,548	-	4,548
Provisions	23	5,215	5,375	26	26
Life insurance policy liabilities	26	(203,830)	(156,641)	-	-
Life investment policy liabilities	26	1,152,554	1,160,627	-	-
Borrowings	28	-	45,500	-	45,500
Liability to non-controlling interest in controlled unit trusts		587,205	418,920	-	-
Deferred tax liabilities	24	996	1,271	-	-
Total liabilities		**1,577,759**	**1,504,374**	**806**	**50,431**
Net assets		**411,763**	**336,833**	**387,310**	**322,567**
Equity					
Issued capital	27	417,850	355,970	417,850	355,970
Retained losses	12	(12,344)	(23,659)	(57,887)	(54,314)
Executive Share Plan Reserve	12	8,342	6,607	8,342	6,605
Profit reserve	12	-	-	21,093	16,394
General reserve	12	(2,085)	(2,085)	(2,085)	(2,085)
Total equity		**411,763**	**336,833**	**387,310**	**322,567**

To be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Share capital	Executive share plan reserve	General reserve	Profit reserve	Retained losses	Attributable to the owners of the parent
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2014	**330,172**	**5,315**	**-**	**-**	**(25,254)**	**310,233**
Profit for the year	-	-	-	-	12,572	12,572
Total comprehensive income for the year	-	-		-	12,572	12,572
Recognition of share based payments	-	896	-	-	-	896
Dividend paid	-	-	-	-	(10,977)	(10,977)
Dividend Reinvestment Plan	10,977	-	-	-	-	10,977
Dividend Reinvestment Plan Costs	(70)	-	-	-	-	(70)
Performance based shares issued in relation to Matrix acquisition	14,588	-	-	-	-	14,588
General reserve on acquisition of matrix Holdings Limited	-	-	(2,085)	-	-	(2,085)
Shares issued during the year (Non ESP)	250	-	-	-	-	250
Shares issued during the year (ESP vested)	53	(154)	-	-	-	(101)
ESP loans settled through dividend	-	550	-	-	-	550
Balance at 30 June 2015	**355,970**	**6,607**	**(2,085)**	**-**	**(23,659)**	**336,833**
Profit for the year	-	-	-	-	23,616	23,616
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**23,616**	**23,616**
Recognition of share based payments	-	1,201	-	-	-	1,201
Dividend paid	-	-	-	-	(12,301)	(12,301)
Dividend Reinvestment Plan	12,301	-	-	-	-	12,301
Dividend Reinvestment Plan Costs	(35)	-	-	-	-	(35)
Share buy back (inclusive of costs)	(75)	-	-	-	-	(75)
Entitlement offer	50,136	-	-	-	-	50,136
Entitlement offer costs (net of tax)	(579)	-	-	-	-	(579)
ESP share buy back	(249)	-	-	-	-	(249)
ESP loans settled through dividend	-	652	-	-	-	652
ESP shares vested/(forfeited)	381	(118)	-	-	-	263
Balance at 30 June 2016	**417,850**	**8,342**	**(2,085)**	**-**	**(12,344)**	**411,763**

To be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2016

Continued

Company	Share capital $'000	Executive share plan reserve $'000	General reserve $'000	Profit reserve	Retained losses $'000	Attributable to the owners of the parent $'000
Balance at 1 July 2014	330,172	5,315	-	13,871	(52,672)	296,686
Profit for the year	-	-	-	13,500	(1,642)	11,858
Total comprehensive loss for the year	**-**	**-**	**-**	**13,500**	**(1,642)**	**11,858**
Recognition of share based payments	-	896	-	-	-	896
Dividend paid	-	-	-	(10,977)	-	(10,977)
Dividend Reinvestment Plan	10,977	-	-	-	-	10,977
Dividend Reinvestment Plan Costs	(70)	-	-	-	-	(70)
Performance based shares issued in relation to Matrix acquisition	14,588	-	-	-	-	14,588
General reserve on acquisition of matrix Holdings Limited	-	-	(2,085)	-	-	(2,085)
Shares issued during the year (Non ESP)	250	-	-	-	-	250
Shares issued during the year (ESP vested)	53	(154)	-	-	-	(101)
ESP loans settled through dividend	-	550	-	-	-	550
Balance at 30 June 2015	**355,970**	**6,607**	**(2,085)**	**16,394**	**(54,314)**	**322,567**
Profit for the year	-	-	-	17,000	(3,573)	13,427
Total comprehensive loss for the year	**-**	**-**	**-**	**17,000**	**(3,573)**	**13,427**
Recognition of share based payments	-	1,201	-	-	-	1,201
Dividend paid	-	-	-	(12,301)	-	(12,301)
Dividend Reinvestment Plan	12,301	-	-	-	-	12,301
Dividend Reinvestment Plan Costs	(35)	-	-	-	-	(35)
Share buy back (inclusive of costs)	(75)	-	-	-	-	(75)
Entitlement offer	50,136	-	-	-	-	50,136
Entitlement offer costs (net of tax)	(579)	-	-	-	-	(579)
ESP share buy back	(249)	-	-	-	-	(249)
ESP loans settled through dividend	-	652	-	-	-	652
ESP shares vested/(forfeited)	381	(118)	-	-	-	263
Balance at 30 June 2016	**417,850**	**8,342**	**(2,085)**	**21,093**	**(57,887)**	**387,310**

To be read in conjunction with the accompanying Notes.

Consolidated statement of Cash Flows

For the year ended 30 June 2016

		Consolidated		Company	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from operating activities					
Receipts from client and debtors		415,100	385,911	5	-
Payments to suppliers and other creditors		(288,464)	(221,445)	(1,436)	(4,092)
Receipts from/(payments to) Group entities		-	-	9,620	12,799
Withdrawals paid to life investment clients		(184,560)	(233,204)	-	-
Dividends and trust distributions received		16,526	14,941	-	-
Interest received		33,659	33,152	311	279
Interest on borrowings and other costs of finance		(1,958)	(970)	(1,474)	(491)
Income taxes paid		(14,184)	(11,792)	(14,184)	(11,792)
Net cash (utilised) by operating activities	32	**(23,881)**	**(33,407)**	**(7,158)**	**(3,297)**
Cash flows from investing activities					
Net cash movement due to investment in subsidary		-	(4,970)	(36,000)	(44,750)
Payments for investment securities		(2,313,367)	(1,707,797)	-	(3,006)
Proceeds from sales of investment securities		2,173,882	1,684,926	-	-
Acquisition of property, plant and equipment		(1,654)	(452)	-	-
Acquisition of capitalised software		(5,510)	(6,375)	-	-
Fixed interest deposits (invested)/redeemed		30,263	(15,343)	8,479	17,583
Loans granted		(162)	(4,221)	-	-
Convertible note drawn down		(612)	(1,328)	(612)	(1,328)
Dividends received from subsidiary		-	-	17,000	13,500
Loans granted (redeemed) with Group entities		-	-	-	8,499
Net cash (utilised) by investing activities		**(117,160)**	**(55,560)**	**(11,131)**	**(9,502)**
Cash flows from financing activities					
Net movement in liability of non-controlling interest in unit trusts		153,213	60,301	-	-
Proceeds from share issues (net of expenses)		49,556	242	49,556	242
Proceeds/(repayment) of loan borrowings		(45,500)	45,500	(45,500)	45,500
Share buy back (net of costs)		(75)	-	(75)	-
Repayment of ESP loans		652	550	652	550
Payments for ESP shares reallocated/vested		132	(83)	132	(83)
Dividends Reinvestment Plan costs		(35)	(73)	(35)	(73)
Net cash generated in financing activities		**157,943**	**106,437**	**4,730**	**46,135**
Net increase/(decrease) in cash and cash equivalents		16,904	17,470	(13,558)	33,336
Cash and cash equivalents at the beginning of the financial year	15	200,769	183,299	34,447	1,111
Cash and cash equivalents at the end of the financial year		**217,673**	**200,769**	**20,889**	**34,447**

To be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

For the year ended 30 June 2016

1. General information

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

2. Application of new and revised accounting standards

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

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current financial year, the Group has applied the below revised Accounting Standard issued by the Australian Accounting Standards Board (AASB) that was mandatorily effective for an accounting period that begins on or after 1 July 2015

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

2. Application of new and revised accounting standards continued

2.2 Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 16 'Leases'	1 January 2019	30 June 2020

1 The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.
- In December 2014 the AASB issued AASB 2014-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Classification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)	1 January 2018	30 June 2019

The potential effect of the revised Standards/Interpretations on the Groups financial statements has not yet been determined.

3. Significant accounting policies

(a) Statement of compliance

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

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

The financial statements were authorised for issue by the Directors on 24 August 2016.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

3. Significant accounting policies continued

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 'Share¬based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non current assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the

3. Significant accounting policies continued

excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

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

(e) Goodwill

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

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

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

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

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

(f) Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates or joint

3. Significant accounting policies continued

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

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

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

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

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

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

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

(g) Revenue recognition

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

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

3. Significant accounting policies continued

Premium revenue

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

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

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

Management fee revenue

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

Trustee administration and model (SMA[1]) fee revenue earned via the Wrap platform is recognised on an accrual basis to the extent that it is probable that the income benefit will flow to the Group and the revenue can be reliably measured. Ongoing fee revenue is recorded over the effective period in which customers' funds are invested in products on the Wrap platform.

Financial advice revenue

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

Dividend and interest revenue

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

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

Investment Income

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

Distribution income

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

Rental Income

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

(h) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Separately Managed Accounts.

3. Significant accounting policies continued

(i) Goods and services tax

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

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

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

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

(j) Principles underlying the conduct of life insurance business

The life insurance operations of the Group are conducted within separate statutory funds as required by the Life Insurance Act 1995 (Life Act) and are reported in aggregate with the shareholders' funds in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows. The life insurance operations consist of the provision of life insurance and life investment contracts.

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

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

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

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

(k) Claims

Life insurance contracts

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

Life investment contracts

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

3. Significant accounting policies continued

(l) Reinsurance

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

(m) Policy acquisition costs

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

(n) Basis of expense apportionment

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

The basis is as follows:

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

(o) Policy liabilities

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

Life insurance contracts

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

Life investment contracts

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

(p) Cash and cash equivalents

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

(q) Employee benefits

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

3. Significant accounting policies continued

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

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

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(r) Share based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(s) Taxation

Income tax expense represents the sum of the tax currently payable (or receivable) and deferred tax.

Current Tax

The tax currently payable (or receivable) is based on taxable profit for the year less tax instalments paid. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period less any tax instalments paid.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the

3. Significant accounting policies continued

liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(t) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(u) Intangible assets - Software

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

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

3. Significant accounting policies continued

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(v) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(w) Provisions

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

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

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

Onerous contracts

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

Restructurings

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

3. Significant accounting policies continued

(x) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available¬for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
  - Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
  - The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Held-to-maturity investments

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

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and

3. Significant accounting policies continued

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

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

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

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the

3. Significant accounting policies continued

risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the statement of profit or loss. Fair value is determined in the manner described in Note 35.

3. Significant accounting policies continued

Other financial liabilities

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

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

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

The effective interest rates is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

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

Life insurance policy liabilities

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

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

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

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

Assets arising from reinsurance contracts

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

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

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

Recoverability of acquired intangible assets

The carrying amount of intangible assets acquired in a business combination at the financial position date was $16.9 million (2015: $26.1 million).

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

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

Client Book – Intangible

The carrying amount of the Client Book - Intangible as at the financial position date was $16.7 million (2015: $25.9 million). These intangible assets arose on the acquisition of ClearView Group Holdings Pty Limited (CVGH), Community and Corporate Pty Limited (CCFA) and Matrix Holdings Limited (Matrix Holdings). The intangibles represent the value of the in-force insurance and investment contracts, and value of the existing financial advice and funds management revenues (the Client Books). Each Client Book has its own assessment of useful life depending on the nature of the clients in each segment and their relative characteristics, based on age, demographics and type of product to which it relates. The policy adopted to write-off the Client Books resembles the anticipated ageing profile of the revenue stream. ClearView identifies its CGUs at the segment reporting level (lowest level of cash generating units). The CGUs identified are as follows:

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

The Life Insurance Client Book had, until 30 June 2014, been written off on a straight line basis over 12 years. At each reporting date, an assessment is made of both the useful life and amortisation method. As a result of the annual assessment, the useful life of the Life Insurance Client Book has been changed from 12 years to 8 years due to a change in the lapse rate assumption at 30 June 2014 on the pre 2011 Life Insurance in-force portfolio and therefore in the estimated ageing profile of the book. The carrying value of the Life Insurance Client Book as at 30 June 2016 is $5.7 million.

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

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

The Wealth Management Client Book is written off at 15% per annum on a straight line basis. The carrying value is $4.4 million at 30 June 2016. Triggers that need to be considered in testing for annual impairment for the Wealth Client Book are as follows:

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

The Financial Advice Client Book is written off on a straight line basis over 10 years. The carrying value is $6.6 million at 30 June 2016.

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

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

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded Value is prepared at a reportable segment level (CGUs). The Embedded Value measure is used as a proxy for the value in use. The Embedded Value methodology is used to test the acquired intangibles for any impairment triggers. As at 30 June 2016, based on the EV calculations, no impairment was required to the carrying value of the intangible assets.

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

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

Recoverability of internally generated software intangibles

The carrying amount of internally generated capitalised software at the financial position date was $11.5 million (2015: $9.9 million).

At each reporting period the internally generated software is assessed for any impairment triggers. If any such indication exists, the recoverable amount of the asset shall be estimated. The impairment indicators for the software intangible are defined as:

- The ability of the software to provide the functionality required from the business to use the asset;
- The software is being utilised for the purposes that it was designed;
- The availability of alternative software that the business has available; and
- Product mix - The entity no longer sells the products that are administered on the policy administration system or utilises the provided functionality.

Capitalised software costs include those associated with the implementation of a new compliant and functional wealth platform and the launch of WealthFoundations that is hosted on the new platform. The intention is to migrate the Master Trust and MIS products onto the new platform in due course.

No impairment was required to the carrying values of internally generated software as at 30 June 2016.

Impairment of Goodwill

The carrying amount of goodwill at the reporting date was $20.0 million (2015: $20.0 million).

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

Goodwill

The Group acquired the business of CCFA on 9 April 2009.

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

CCFA was acquired in 2009 as the first step of the Group in developing a presence in the wealth management and financial advice industry. The goodwill that arose on the acquisition has at the reporting date been allocated to the Financial Advice CGU. The Group tests for impairment at each reporting date.

The Group acquired Matrix Holdings Limited (Matrix Holdings) and its subsidiaries Matrix Planning Solutions Limited (MPS or Matrix) and Matrix Planning Investments Pty Ltd (MPI) on 10 October 2014.

Goodwill arose in respect of the amount of consideration paid attributable to the expected revenue synergies and other benefits from combining the assets and activities of Matrix with those of the Group. The expanded number of supportive advisers has the potential to deliver revenue synergies given ClearView's market proven products. The impact of achieving the revenue targets (in accordance with the deal) is also expected to result in the increased profitability of the dealer group. The goodwill that arose on acquisition has at reporting date been allocated across the financial advice, life insurance and wealth management CGU's of the Group.

ClearView prepares an Embedded Value for the Group at each reporting period. The Embedded value is prepared at a reportable segment level (CGU).

The goodwill recognised in the Financial Advice CGU is tested for impairment triggers using the Embedded Value methodology.

The goodwill recognised on acquisition of Matrix within the Life Insurance and Wealth Management CGU's is tested for impairment triggers by comparing the carrying value of the goodwill to the In-force protfolios written to date and the forecast incremental Value of New Business expected to be generated in the Life Insurance and Wealth Management CGU's based on the anticipated new business flows in accordance with the approved Business Plan. As at 30 June 2016, no impairment was required to the carrying value of the goodwill.

Further information about Goodwill is detailed in Note 19.

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

Deferred tax asset – Timing Differences

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

Deferred tax asset – Capital Losses

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

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

Actuarial methods and assumptions

The effective date of the actuarial report on life insurance policy liabilities and life investment policy liabilities is 30 June 2016. The actuarial report was prepared by the ClearView Life Appointed Actuary, Ashutosh Bhalerao. The actuarial report indicates that the Appointed Actuary is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

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

Related Product Group	Method	Profit carrier
Fund 1 Non-Advice Lump Sum (including the Old Book)	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Ordinary	Projection	Premiums
Fund 1 LifeSolutions Lump Sum Super	Projection	Premiums
Fund 1 LifeSolutions Income Protection Ordinary	Projection	Premiums
Fund 1 LifeSolutions Income Protection Super	Projection	Premiums
Fund 2 Old Book Lump Sum	Projection	Premiums
Fund 2 Investments	Accumulation	n/a
Fund 4 Investments	Accumulation	n/a

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

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

(a) 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 2.6% (2015: 3.6%).

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

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual acquisition expenses incurred for the 12 months to 30 June 2016.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the longer term per policy unit costs implied by ClearView Life's 2016 business plan (2015: Based on the 2015 business plan). Expense inflation of 2.5% p.a. (2015: 2.5% p.a.) was assumed.

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

Mortality: Rates adopted vary by product, age, gender, and smoking status. The primary underlying mortality tables used were the AI-FSC 2004-2008 industry standard tables, which were adjusted for industry experience and ClearView's own experience.

Morbidity (TPD, Income Protection and Trauma): Rates adopted vary by age, gender, and smoking status. The primary rates adopted are based on the AI-FSC 2004-2008 and ADI-FSC-KPMG 2007 - 2011 industry standard tables, which were adjusted for industry experience and ClearView's own experience.

(b) Effects of changes in actuarial assumptions (over 12 months to 30 June 2016)

	Effect on profit margins Increase/ (decrease) $'000	Effect on policy liabilities Increase/ (decrease) $'000
Assumption category		
Discount rates and inflation	18,707	(10,381)
Maintenance expenses	-	-
Lapses	-	-
Mortality and morbidity	1,114	-
Total	**19,821**	**(10,381)**

(c) 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 ClearView Life'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. It should be noted that the base tables for the primary LifeSolutions portfolio were updated during the year to use more up to date industry tables. These tables are the AI-FSC 2004-2008 table for Lump Sum business and the FSC-KPMG 2007-2011 Australian Disability Income tables for disability income business.

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.

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

(d) Sensitivity analysis

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

Variable	Impact of movement in underlying variable
Interest Rate Risk	The life insurance policy liabilities are calculated using a discount rate that is derived from market interest rates. Changes in market interest rates will affect the present value of cash flows and profit margins in the policy liabilities, which in turn will affect the profit and shareholder equity. The change in interest rates would also impact the emerging profit via its impact on the investment returns on the assets held to back the liabilities.
Expense Risk	An increase in the level (or inflation) of expenses over the assumed levels will decrease emerging profit. However, a change in the base expense assumptions adopted for the policy liability is unlikely to impact the current policy liability determination as such a change is absorbed into the policy liability profit margin reserve in the first instance.
Mortality Rates	For life insurance contracts providing death benefits an increased rate of mortality would lead to higher levels of claims, increasing associated claims cost and thereby reducing emerging profit. However, a change in the mortality assumptions adopted for the policy liability is unlikely to directly impact the current policy liability determination as such a change is absorbed into the policy liability profit margin reserve in the first instance.
Morbidity Rates	The cost of claims under TPD, Income Protection and trauma cover depends on the incidence of policyholders becoming disabled or suffering a "trauma" event such as a heart attack or stroke. Higher incidence or claims duration 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.

The table below illustrates how outcomes during the financial year ended 30 June 2016 in respect of the key actuarial variables, would have impacted the reported life insurance policy liabilities, profit and equity for that financial year.

		Impact on policy liabilities		Impact on net profit and shareholder equity	
Variable	Change in variable	Gross of reinsurance $'000	Net of reinsurance $'000	Gross of reinsurance $'000	Net of reinsurance $'000
Interest rates	+100bp	15,810	14,200	(11,067)	(9,940)
	-100bp	(17,947)	(16,600)	12,563	11,620
Mortality and morbidity	110.0%	-	-	(3,959)	(1,315)
	90.0%	-	-	3,959	1,315
Lapses	110.0%	-	-	(2,295)	(1,901)
	90.0%	-	-	2,295	1,901
Maintenance expenses	110.0%	-	-	(1,165)	(1,165)
	90.0%	-	-	1,165	1,165

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

5. Risk Management

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

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

Risk management strategy and framework, roles and responsibilities

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

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

The RM and CS and RMF considers the key stakeholders in the Group, beyond the shareholders, including:

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

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

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

The key risks are discussed in more detail below:

Asset risks

The primary asset risks borne by the Group relate to the financial assets of the Company and its operating subsidiaries excluding those in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 (referred to below as ClearView assets). The primary financial risks related to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders as the investment performance on those assets is passed through, in full, to the policyholders (referred to below as Policyholder assets). Nonetheless, the Company has a secondary exposure to the Policyholder assets and off-balance sheet client funds, via the impact on the fees charged by the Group which vary with the level of Policyholder and client funds under management and under administration, as well as related reputational exposure (for further detail on Asset risks refer to Note 35 Financial Instruments).

5. Risk Management continued

Insurance risk

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

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

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

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

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

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

Reinsurance

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

ClearView Life periodically reviews its reinsurance arrangements and retention levels.

Underwriting procedures

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

Claims management

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

(c) Concentration of insurance risk

The insurance business of ClearView Life is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, insurance risk is concentrated to the eastern seaboard of Australia and its capital cities. The residual risk exposure is reduced through the use of reinsurance and is subject to review by the reinsurer's from time to time.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

5. Risk Management continued

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

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

- Review of product pricing by the Appointed Actuary of ClearView Life, including annual analysis of experience and product line profitability in the annual ClearView Life Financial Condition Report;
- Formal Appointed Actuary Board reporting on new product pricing, reinsurance and terms and conditions;
- Assessment by ClearView Life's reinsurers of the pricing adopted, including the offer of corresponding reinsurance terms;
- Formal internal policy document and Product Disclosure Statement due diligence review and sign-off processes; and
- The ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience.

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

Asset-Liability Mismatch Risk

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

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

Expense and Discontinuance Risks

Expense risks and discontinuance risks involve:

- The extent to which the expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition; and
- The extent to which the rate of loss of policyholders, investment clients and other customers exceed benchmark standards and pricing targets, result in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.
- The risks are principally managed via the Group's:
  - Budgeting and expense management reporting and management processes;
  - Modelling of anticipated client loss rates and ongoing monitoring of discontinuance rates;
  - Adoption of appropriate business retention strategies; and
  - Maintaining strong distribution partner relationships.

Non-Financial Risks – Compliance, Operational & Strategic Risks

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

- An internal Group risk and compliance teams. The adequacy of the team's resources are periodically reviewed as the nature, size and complexity of ClearView changes;
- A Breach and Incident Management process which ensures that incidents are identified, reported and assessed;
- Detailed compliance registers, reporting timetables and due diligence processes;

5. Risk Management continued

- A detailed overall risk register which identifies the key risks, mitigations and controls, inherent and residual risks, and risk owners;
- A fraud and cyber Risk Management Framework which provides governance for the prevention, detection and recovery in the case of attempted and materialised internal and external fraud events;
- A monthly Risk Management and Compliance Committee which focuses, among other items, on the RM and CS and RMF;
- Internal audit, whistleblowing policy and facilities, detailed financial reconciliations and unit pricing checking processes, detail IT development and implementation processes;
- Comprehensive internal management information reporting and monitoring, emerging risk exposures reporting, staff training programs, staff recruitment standards (including fit and proper standards);
- Annual Business Continuity and Disaster Recovery Testing; and
- Initiatives to ensure that an appropriate risk culture within the business is maintained including, Board and Senior Management Team focus, an adopted culture statement, including risk management as a formal part of all key business decisions, and appropriate risk management supporting remuneration structures.

Capital management and reserving

In terms of regulatory requirements:

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

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

6. Capital adequacy (ClearView Life Assurance Limited)

ClearView Life Assurance Limited (ClearView Life) is subject to minimum capital regulatory capital requirements in accordance with Australian Prudential Regulation Authority (APRA) Life Insurance Prudential Standards. ClearView Life is required to maintain adequate capital against the risks associated with its business activities and measure its capital to the "Prudential Capital Requirement" (PCR).

ClearView Life has in place an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Directors, to ensure it maintains required levels of capital within each of its statutory and general funds. The capital adequacy position at balance date for ClearView Life, in accordance with the APRA requirements, is as follows:

Capital position

	Shareholder's Fund	Statutory fund No. 1 Australian non-participating	Statutory fund No. 2 Australian non-participating	Statutory fund No. 4 Australian non-participating	ClearView Life Assurance Limited
	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000
Net Assets (Common Equity Tier 1 Capital)	6,319	298,875	3,973	12,871	322,038
Goodwill and intangibles	-	(6,847)	-	(4,650)	(11,497)
Net tangible assets	**6,319**	**292,028**	**3,973**	**8,221**	**310,541**
Capital base adjustments					
Deferred tax assets	-	(167)	(2)	(82)	(251)
Investment in subsidiaries	(2,950)	-	-	-	(2,950)
Policy liability	-	(239,555)	55	-	(239,500)
Regulatory capital base	**3,369**	**52,306**	**4,026**	**8,139**	**67,840**
Prescribed Capital Amount (PCA)	(20)	(7,146)	(554)	(2,931)	(10,651)
Available Enterprise Capital (AEC)	**3,349**	**45,160**	**3,472**	**5,208**	**57,189**
Capital Adequacy Multiple	165.1	7.3	7.3	2.8	6.4
Prescribed capital amount comprises:					
Insurance Risk	-	(2,193)	-	-	(2,193)
Asset Risk	(20)	(1,098)	(376)	(173)	(1,667)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(4,504)	(178)	(2,758)	(7,440)
Aggregation benefit	-	649	-	-	649
LPS110 ClearView Life Minimum	-	-	-	-	-
Prescribed Capital Amount	**(20)**	**(7,146)**	**(554)**	**(2,931)**	**(10,651)**

6. Capital adequacy Continued

	Shareholder's Fund	Statutory fund No. 1 Australian non-participating	Statutory fund No. 2 Australian non-participating	Statutory fund No. 4 Australian non-participating	ClearView Life Assurance Limited
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Net Assets (Common Equity Tier 1 Capital)	6,246	247,649	3,039	10,839	267,773
Goodwill and intangibles	-	(5,260)	-	(4,694)	(9,954)
Net tangible assets	**6,246**	**242,389**	**3,039**	**6,145**	**257,819**
Capital base adjustments					
Deferred tax assets	-	(352)	(2)	(66)	(420)
Investment in subsidiaries	(2,950)	-	-	-	(2,950)
Policy liability	-	(186,033)	(162)	-	(186,195)
Regulatory capital base	**3,296**	**56,004**	**2,875**	**6,079**	**68,254**
Prescribed Capital Amount (PCA)	(734)	(5,766)	(561)	(2,939)	(10,000)
Available Enterprise Capital (AEC)	**2,562**	**50,238**	**2,314**	**3,140**	**58,254**
Capital Adequacy Multiple	4.5	9.7	5.1	2.1	6.8
Prescribed capital amount comprises:					
Insurance Risk	-	(1,895)	-	-	(1,895)
Asset Risk	(20)	(852)	(399)	(172)	(1,444)
Asset Concentration Risk	-	-	-	-	-
Operational Risk	-	(3,538)	(162)	(2,767)	(6,466)
Aggregation benefit	-	519	-	-	519
LPS110 ClearView Life Minimum	(714)	-	-	-	(714)
Prescribed Capital Amount	**(734)**	**(5,766)**	**(561)**	**(2,939)**	**(10,000)**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

7. Segment information

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

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

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

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

(a) Life Insurance ("protection" products)

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

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

(b) Wealth Management ("investment" products)

ClearView provides wealth management products via four primary avenues:

- Master Trust - Life investment contracts issued by ClearView Life. Products include ordinary savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan;
- WealthSolutions - A superannuation and retirement income wrap (issued via the ClearView Retirement Plan) and an Investor Directed Portfolio Service (IDPS) Wrap (provided by CFML). This is offered via the WealthSolutions platform which was launched in December 2011. WealthSolutions includes a menu of approximately 250 investment funds, ASX listed shares, term deposits, seven ClearView managed funds and recently launched Separately Managed Account (SMA) offering. It also provides a number of model portfolios managed by ClearView for superannuation and non superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. WealthFoundations includes a menu of 14 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 and recently an external platforms.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries ClearView Financial Advice (CFA) and Matrix Planning Solutions (Matrix). CFA and Matrix provide dealer group services to it's employed financial advisers as well as a number of self employed financial advisers.

(d) Listed Entity/Other

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

7. Segment information continued

Information regarding these segments is provided on the following page. Segment profit or loss represents the profit or loss earned by each segment including the allocation of directly attributable costs of each segment and an allocation of central services costs according to an expense allocation model which allocates costs across each segment. The allocation model excludes the allocation of investment revenue as these are directly recorded against the relevant segments. This is the measure reported to the Board for the purposes of resource allocation and assessment of segment performance.

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

	External Revenue		Inter-Segment Elimination		Consolidated Revenue	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Segment revenue						
Life Insurance	110,963	89,802	(16,220)	(13,557)	94,743	76,245
Wealth Management	103,754	98,521	(5,143)	(2,776)	98,611	95,745
Financial Advice	79,853	64,050	21,363	16,333	101,216	80,383
Listed entity/Other	1,258	1,267	-	-	1,258	1,267
Consolidated segment revenue	**295,828**	**253,640**	**-**	**-**	**295,828**	**253,640**

2016	Life Insurance	Wealth Management	Financial Advice	Listed Entity/ Other	Total
Total operating earnings after tax	**24,512**	**2,714**	**1,479**	**(442)**	**28,263**
Interest expense on corporate debt (after tax)	-	-	-	(1,028)	(1,028)
Underlying net profit/(loss) after tax	**24,512**	**2,714**	**1,479**	**(1,470)**	**27,235**
Amortisation of acquired intangibles[1]	(2,833)	(5,254)	(1,048)	-	(9,135)
AIFRS policy liability discount rate effect[2]	11,070	-	-	-	11,070
Your Insure Impairment[4]	-	-	-	(1,898)	(1,898)
Strategic Review costs[5]	-	-	-	(480)	(480)
Income tax effect	(3,321)	-	-	144	(3,177)
Reported profit/(loss)	**29,428**	**(2,540)**	**431**	**(3,704)**	**23,615**
2015					
Total operating earnings after tax	**15,278**	**1,801**	**4,398**	**(610)**	**20,867**
Interest expense on corporate debt (after tax)	-	-	-	(334)	(334)
Underlying net profit/(loss) after tax	**15,278**	**1,801**	**4,398**	**(944)**	**20,533**
Amortisation of acquired intangibles[1]	(2,833)	(5,256)	(914)	-	(9,003)
AIFRS policy liability discount rate effect[2]	4,162	-	-	-	4,162
Matrix deal and integration costs[3]	-	-	(434)	(1,824)	(2,258)
Income tax effect	(1,248)	-	130	256	(862)
Reported profit/(loss)	**15,359**	**(3,455)**	**3,180**	**(2,512)**	**12,572**

1 The amortisation of the intangibles is associated with the acquisition of wealth and life insurance businesses from Bupa, the ComCorp financial advice business and Matrix. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of Operating Earnings (after tax).

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

3 Certain costs were recognised in the prior period in relation to the deal and integration costs associated with the merger of Matrix. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Operating Earnings (after tax).

4 ClearView made an investment in Your Insure, a start-up operation in Melbourne, in August 2014 to target selling direct life insurance to the lower socio demographic customers. ClearView agreed to provide funding to Your Insure which was structured as a Convertible Note. The investment in Your Insure has been written off, with a net of tax cost of $1.9 million being incurred. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Operating Earnings (after tax).

5 Certain costs were recognised in relation to the evaluation of strategic options and proposals associated with the potential changes of major shareholder. The costs are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Operating Earnings (after tax).

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

8. Fee and other revenue

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial advice fees	79,556	63,658	-	-
Funds management fees	31,062	31,249	-	-
Other income	257	106	5	-
Total fee and other revenue	**110,875**	**95,013**	**5**	**-**

9. Investment income

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interest income	36,660	36,169	733	899
Dividend income	16,526	14,941	17,000	13,500
Distribution income	23,624	20,713	-	-
Total investment income	**76,810**	**71,823**	**17,733**	**14,399**

10. Operating expenses

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Administration expenses				
Administration and other operational costs	26,638	26,923	449	1,290
Custody and investment management expenses	7,439	7,217	-	-
Total administration expenses	**34,077**	**34,140**	**449**	**1,290**
Employee costs and directors' fees				
Employee expenses	47,338	44,102	19	423
Share based payments	1,083	896	-	-
Employee termination payments	1,322	590	-	-
Directors' fees	966	1,050	726	833
Total employee costs and directors' fees	**50,709**	**46,638**	**745**	**1,256**
Other expenses				
Interest expense	1,472	477	1,472	477
Strategic review costs	480	-	480	-
Your Insure imparment	2,702	-	2,702	-
Total other expenses	**4,654**	**477**	**4,654**	**477**
Total operating expenses	**89,440**	**81,255**	**5,848**	**3,023**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

10. Operating expenses continued

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Depreciation and amortisation expenses				
Depreciation expenses	700	653	-	-
Software amortisation	3,967	3,190	-	-
Amortisation of acquired intangibles	9,135	9,003	-	-
Total amortisation and depreciation expenses	**13,802**	**12,847**	**-**	**-**

	Consolidated		Company	
	2016 $	2015 $	2016 $	2015 $
Remuneration of auditors				
Auditor of the parent entity				
Audit and review of financial reports	303,000	293,700	97,500	100,000
Audit of APRA and ASIC regulatory returns	99,400	98,700	-	-
Audit of Managed Investment Schemes	127,600	107,600	-	-
Total remuneration for audit services	**530,000**	**500,000**	**97,500**	**100,000**
Preparation and lodgement of tax returns	91,000	97,000	91,000	97,000
Other non-audit services - taxation advice	34,000	32,500	34,000	32,500
Other non-audit services - consulting	191,945	160,000	-	-
Total remuneration for non-audit services	316,945	289,500	125,000	129,500
Total remuneration	**846,945**	**789,500**	**222,500**	**229,500**

11. Income tax

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
a) Income tax recognised in profit or loss				
Income Tax (benefit)/expense comprises:				
Current tax expense	12,759	12,021	(1,833)	(639)
Deferred tax expense	234	(682)	300	157
Over provided in prior years – Current tax expense	(3,640)	(83)	(12)	-
Under provided in prior years – Deferred tax expense	(82)	(40)	8	-
Income tax expense/(benefit)	**9,271**	**11,216**	**(1,537)**	**(482)**
Deferred income tax expense/(benefit) included in income tax expense comprises:				
Decrease/(Increase) in deferred tax asset	427	(761)	308	157
(Decrease)/Increase in deferred tax liability	(275)	38	-	-
	152	**(723)**	**308**	**157**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

11. Income Tax continued

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
b) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	83,096	88,291	32,635	32,635
Potential tax benefit	14,853	15,372	9,790	9,790

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

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
c) Reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	32,886	23,789	11,890	11,376
Policyholder tax (expense) credit recognised as part of the change in policyholder liabilities in determining profit before tax	4,105	(1,600)	-	-
Profit before income tax excluding tax charged to policyholders	36,992	22,189	11,890	11,376
Prima facie tax calculated at 30%	11,098	6,656	3,567	3,413
Tax effect of amounts which are non deductible/assessable in calculating taxable income:				
Franking credits on dividends received	-	-	(5,101)	(4,051)
Non-deductible transaction costs	-	156	-	156
Non assessable income	(546)	(199)	-	-
Non deductible expenses	472	408	-	-
Non-deductible amortisation expenses	2,740	2,701	-	-
Other	(388)	(106)	(3)	-
Income tax expense/(benefit) attributable to shareholders	**13,376**	**9,616**	**(1,537)**	**(482)**
Income tax expense/(benefit) attributable to policyholders	**(4,105)**	**1,600**	**-**	**-**
Income tax expense/(benefit)	**9,271**	**11,217**	**(1,537)**	**(482)**

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

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Franking account				
The balance of the franking account after allowing for tax payable in respect of the current year's profit, the receipt of franked dividends recognised as receivables and the payment of any dividends recognised as a liability at the reporting date.	24,286	16,065	24,286	16,065

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

11. Income tax continued

Relevance of tax consolidation to the Group

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

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

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

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

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

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

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

12. Movements in reserves

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Retained losses				
Balance at the beginning of the financial year	(23,659)	(25,254)	(54,314)	(52,672)
Net profit/(loss) attributable to members of the parent entity	23,616	12,572	(3,573)	(1,642)
Dividend paid during the year	(12,301)	(10,977)	-	-
Balance at the end of the financial year	**(12,344)**	**(23,659)**	**(57,887)**	**(54,314)**
Executive share plan reserve				
Balance at the beginning of the financial year	6,607	5,315	6,607	5,315
Recognition of share based payments	1,201	896	1,201	896
ESP loans settled through dividend	652	550	652	550
ESP shares vested/forfeited	(118)	(154)	(118)	(154)
Balance at end of the financial year	**8,342**	**6,607**	**8,342**	**6,607**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

12. Movements in reserves continued

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Profit Reserve				
Balance at the beginning of the financial year	-	-	16,394	13,871
Net profit attributable to the parent entity	-	-	17,000	13,500
Dividend paid during the year	-	-	(12,301)	(10,977)
Balance at end of the financial year	**-**	**-**	**21,093**	**16,394**
General Reserve				
Balance at the beginning of the financial year	(2,085)	-	(2,085)	-
Retained earnings reserve on Aquisition of Matrix	-	(2,085)	-	(2,085)
Balance at end of the financial year	**(2,085)**	**(2,085)**	**(2,085)**	**(2,085)**

13. Sources of profit (ClearView Life Assurance Limited)

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Components of profit related to movements in life insurance liabilities				
Planned profit margins released	17,007	13,741	-	-
Profit arising from difference between actual investment income and expected interest on policy liabilities	4,708	4,786	-	-
Profit arrising from the difference between actual and expected experience	165	(4,628)	-	-
Impact of IFRS change in economic assumptions	10,381	4,293	-	-
Life insurance	**32,261**	**18,192**	**-**	**-**
Components of profit related to movements in life investment liabilities				
Expected profit margin	2,931	819	-	-
Life investment	**2,931**	**819**	**-**	**-**
Profit for the statutory funds	35,192	19,011	**-**	**-**
Profit for the shareholders fund	73	97	-	-
Profit for ClearView Life Assurance Limited	**35,265**	**19,108**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

14. Earnings per share

	Consolidated	
	2016	2015
Earnings per share (cents)		
Basic earnings	4.39	2.43
Diluted earnings	4.27	2.36

Basic earnings per share

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

	2016	2015
Profit for the year attributable to owners of the Company ($'000)	23,615	12,572
Earnings used in the calculation of basic earnings per share ($'000)	23,615	12,572
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000's)	537,588	517,261

Diluted earnings per share

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

	2016	2015
Profit for the year attributable to owners of the Company ($'000)	23,615	12,572
Earnings used in the calculation of total diluted earnings per share	**23,615**	**12,572**

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

	2016	2015
Weighted average number of ordinary shares used in the calculation of basic earnings per share (000's)	537,588	517,261
Shares deemed to be dilutive in respect of the employee share plan (000's)	15,691	15,693
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures) (000's)	**553,279**	**532,954**

15. Cash and cash equivalents

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank	217,673	200,769	20,889	34,447
Total cash and cash equivalents	**217,673**	**200,769**	**20,889**	**34,447**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

16. Investments

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Equity securities				
Investment in Group Companies	-	-	354,158	318,159
Held directly	256,093	222,891	-	-
Held indirectly via unit trust	337,706	315,081	-	-
	593,799	**537,972**	**354,158**	**318,159**
Debt securities/fixed interest securities				
Held directly	424,963	661,976	-	-
Held indirectly via unit trust	337,156	29,213	-	-
	762,119	**691,189**	**-**	**-**
Property/Infrastructure				
Held directly	-	-	-	-
Held indirectly via unit trust	259,308	221,090	-	-
	259,308	**221,090**	**-**	**-**
Total investments	**1,615,226**	**1,450,251**	**354,158**	**318,159**

17. Receivables

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	773	984	-	-
Outstanding life insurance premium receivable	3,254	2,935	-	-
Provision for outstanding life insurance premiums	(667)	(683)	-	-
Accrued dividends	2,232	1,883	-	-
Investment income receivable	888	886	-	-
Outstanding settlements	509	2,671	-	-
Prepayments	3,824	2,874	80	131
Receivables from controlled entities	-	-	11,775	9,753
Loans receivable	3,722	3,135	-	-
Tax receivables	641	-	641	-
Other debtors	1,562	831	-	-
Total receivables	**16,738**	**15,516**	**12,496**	**9,884**

$2.1 million (2015: $1.2 million) of Total consolidated receivables are expected to be recovered more than 12 months from the reporting date and $4.9 million (2015: $4.7 million) of Total receivables for the Company are expected to be recovered more than 12 months from the reporting date.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

18. Fixed interest deposits

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Fixed interest bank term deposits	79,584	107,035	-	8,115

Fixed interest term deposits, held at year end, yield an average fixed interest rate of 2.58% (2015: 3.11%)

19. Goodwill

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Gross carrying amount				
Balance at the beginning of the financial year	19,952	4,858	-	-
Additional amount recognised through acquisition of business[1]	-	15,094	-	-
Balance at the end of the financial year	**19,952**	**19,952**	**-**	**-**
Net book value				
Balance at the beginning of the financial year	19,952	4,858	-	-
Balance at the end of the financial year	**19,952**	**19,952**	**-**	**-**

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

As required under accounting standards the Company completes an impairment assessment at each reporting date. Further details have been provided in Note 4.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

20. Intangible assets

2016	Capitalised software $'000	CWT software $'000	Client Book $'000	Matrix Website $'000	Matrix Brand $'000	Consolidated Total $'000
Gross carrying amount						
Balance at the beginning of the financial year	18,102	1,500	63,317	20	200	83,139
Acquired directly during the year	5,509	-	-	-	-	5,509
Balance at the end of the financial year	**23,611**	**1,500**	**63,317**	**20**	**200**	**88,648**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	8,147	1,500	37,461	10	-	47,118
Amortisation expense in the current year	3,968	-	9,124	10	-	13,102
Balance at the end of the financial year	**12,115**	**1,500**	**46,585**	**20**	**-**	**60,220**
Net book value						
Balance at the beginning of the financial year	9,955	-	25,856	10	200	36,021
Balance at the end of the financial year	**11,496**	**-**	**16,732**	**-**	**200**	**28,428**

2015	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
Balance at the beginning of the financial year	11,727	1,500	58,596	-	-	71,823
Acquired directly during the year	6,375	-	4,721	20	200	11,316
Balance at the end of the financial year	**18,102**	**1,500**	**63,317**	**20**	**200**	**83,139**
Accumulated amortisation and impairment losses						
Balance at the beginning of the year	4,957	1,500	28,467	-	-	34,924
Amortisation expense in the current year	3,190	-	8,994	10	-	12,194
Balance at the end of the financial year	**8,147**	**1,500**	**37,461**	**10**	**-**	**47,118**
Net book value						
Balance at the beginning of the financial year	6,770	-	30,129	-	-	36,899
Balance at the end of the financial year	**9,955**	**-**	**25,856**	**10**	**200**	**36,021**

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

21. Property, plant and equipment

					Consolidated
2016	Office furniture $'000	Office equipment $'000	Computer hardware $'000	Leasehold improvements $'000	Total $'000
Gross carrying amount					
Balance at the beginning of the financial year	507	42	1,289	2,342	4,180
Additions	-	4	130	1,523	1,657
Written off	(75)	-	(4)	(211)	(290)
Balance at the end of the financial year	**432**	**46**	**1,415**	**3,654**	**5,547**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	365	28	862	1,769	3,024
Depreciation expense	55	6	214	425	700
Balance at the end of the financial year	**420**	**34**	**1,076**	**2,194**	**3,724**
Net book value					
Balance at the end of the financial year	**12**	**12**	**339**	**1,460**	**1,823**

2015	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at the beginning of the financial year	502	28	1,026	2,160	3,716
Acquired on acquisition of subsidiary	-	-	-	10	10
Additions	5	14	263	172	454
Balance at the end of the financial year	**507**	**42**	**1,289**	**2,342**	**4,180**
Accumulated depreciation/ amortisation and impairment					
Balance at the beginning of the financial year	274	22	669	1,404	2,369
Acquired on aquisition of subsidiary	-	2	-	-	2
Depreciation expense	91	4	193	365	653
Balance at the end of the financial year	**365**	**28**	**862**	**1,769**	**3,024**
Net book value					
Balance at the end of the financial year	**142**	**14**	**427**	**573**	**1,156**

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

22. Payables

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables	7,884	7,180	484	295
Reinsurance premium payable	8,487	5,142	-	-
Employee entitlements	6,282	6,162	5	12
Life insurance premiums in advance	481	613	-	-
Life investment premium deposits	2,138	701	-	-
Lease incentive in advance	1,336	943	-	-
Outstanding investment settlements	8,233	3,834	-	-
Other creditors	778	199	291	50
Total payables	**35,619**	**24,774**	**780**	**357**

$1.4 million (2015: $0.6 million) of Total consolidated payables are expected to be settled more than 12 months from the reporting date and nil (2015: nil) of total payables of the Company are expected to be settled more than 12 months from the reporting date.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

23. Provisions

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current and non current				
Make good provision	270	432	-	-
Employee leave provisions	3,540	3,392	-	-
Other provisions	1,405	1,551	26	26
Total	**5,215**	**5,375**	**26**	**26**
Make good provision [1]				
Balance at the beginning of the financial year	432	316	-	-
Provision acquired in a business combination	-	21	-	-
Additional provisions raised	148	438	-	-
Utilised during the period	(89)	(343)	-	-
Non-utilised provisions transferred	(221)	-	-	-
Balance at the end of the financial year	**270**	**432**	**-**	**-**
Employee leave provision [2]				
Balance at the beginning of the financial year	3,392	2,772	-	-
Provision acquired in a business combination	-	50	-	-
Additional provisions raised	836	2,052	-	-
Utilised during the period	(688)	(1,482)	-	-
Balance at the end of the financial year	**3,540**	**3,392**	**-**	**-**
Other provisions [3]				
Balance at the beginning of the financial year	1,551	500	26	19
Provision acquired in a business combination	-	82	-	-
Additional provisions raised	(237)	1,386	-	7
Utilised during the period	(102)	(83)	-	-
Unutilised provisions transferred during the period	193	(334)	-	-
Balance at the end of the financial year	**1,405**	**1,551**	**26**	**26**

1 The provision for make good represents the accrued liability for expected costs in relation to the restoration of leased premises on the termination of the lease. The provisions are expected to be settled on vacating the leased premises on expiration of the relevant lease.

2 The provision for employee leave represents annual leave and long service leave entitlements accrued by employees. The provisions are expected to be utilised in accordance with the pattern of consumption of employees utilising their leave entitlements.

3 Other provisions relate to provision for future project work that has been commissioned and for which the work is yet to commence. This relates predominantly to the migration of the old Wealth Management portfolio to the new weath platform.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

24. Deferred tax balances

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax balances				
Deferred tax assets	10,801	11,029	573	682
Deferred tax liabilities	996	1,271	-	-
Deferred tax assets				
Arising on income and expenses recognised in profit or loss				
Accruals not currently deductible	495	418	14	35
Depreciable and amortisable assets	148	318	-	-
Provisions not currently deductible	3,177	3,248	-	-
Unrealised losses carried forward	6,263	6,206	-	-
Capital business expense	513	586	513	570
Rental lease incentives	205	253	-	-
Other	-	-	47	77
Deferred tax asset	**10,801**	**11,029**	**574**	**682**
Deferred tax liabilities				
Arising on income and expenses recognised in profit or loss				
Unrealised gains on investments	526	823	-	-
Prepaid expenses	470	448	-	-
Deferred tax liabilities	**996**	**1,271**	**-**	**-**

24. Deferred tax balances continued

2016	Opening balance $'000	Transfers from subsidiaries $'000	Shareholder Equity $'000	(Charge)/ Credit to income $'000	Closing balance $'000
					Consolidated
Gross deferred tax liabilities	(1,271)	-	-	275	(996)
Gross deferred tax assets	11,029	-	199	(427)	10,801
Total	**9,758**	**-**	**199**	**(152)**	**9,805**
2015					
Gross deferred tax liabilities	(1,225)	(8)	-	(38)	(1,271)
Gross deferred tax assets	10,194	74	-	761	11,029
Total	**8,969**	**66**	**-**	**723**	**9,758**

					Company
2016	$'000	$'000	$'000	$'000	$'000
Gross deferred tax liabilities	-	-	-	-	-
Gross deferred tax assets	682	-	199	(308)	573
Total	**682**	**-**	**199**	**(308)**	**573**
2015					
Gross deferred tax liabilities	-	-	-	-	-
Gross deferred tax assets	840	-	-	(158)	682
Total	**840**	**-**	**-**	**(158)**	**682**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Unused tax losses for which no deferred tax assets have been recognised are attributable to tax losses of a capital nature of $83.1 million (tax effected $14.8 million) consolidated and $32.6 million (tax effected $9.8 million) for the Company. Refer to Note 11 for further details.

25. Convertible note

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Convertible note	-	1,711	-	1,711
Convertible note	**-**	**1,711**	**-**	**1,711**

ClearView agreed to provide funding to Your Insure which was structured as a Convertible Note. Given the structural shift in the lower socio demographic market and impacts on profitability (adverse lapses), the Board decided to cease funding Your Insure during FY16. As a result of the above, the investment in Your Insure has been written off. ClearView incurred a total net of tax cost of $1.9 million for the year ended 30 June 2016.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

26. Policy liabilities

(a) Reconciliation of movements in policy liabilities

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Life investment policy liabilities				
Opening gross life investment policy liabilities	1,160,627	1,122,364	-	-
Net increase in life investment policy liabilities reflected in the income statement	54,836	109,198	-	-
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(23,139)	(24,207)	-	-
Life investment policy contributions recognised in policy liabilities	147,381	188,091	-	-
Life investment policy withdrawals recognised in policy liabilities	(187,151)	(234,819)	-	-
Closing gross life investment policy liabilities	**1,152,554**	**1,160,627**	**-**	**-**
Life insurance policy liabilities				
Opening gross life insurance policy liabilities	(156,641)	(127,278)	-	-
Movement in outstanding claims	8,185	11,588	-	-
Decrease in life insurance policy liabilities reflected in the income statement	(55,374)	(40,951)	-	-
Closing gross life insurance policy liabilities	**(203,830)**	**(156,641)**	**-**	**-**
Total gross policy liabilities	**948,724**	**1,003,986**	**-**	**-**
Reinsurers' share of life insurance policy liabilities				
Opening balance	2,233	3,872	-	-
Movement in outstanding reinsurance	(12,326)	(9,006)	-	-
Decrease/(increase) in reinsurance assets reflected in the income statement	10,796	7,367	-	-
Closing balance	**703**	**2,233**	**-**	**-**
Net policy liabilities at balance date	**949,427**	**1,006,219**	**-**	**-**
Current	1,134,514	1,152,578	-	-
Non-current	(185,087)	(146,359)	-	-

Included in life investment policy liabilities are contracts for which there is a guarantee that the unit price will not fall. The amount of the gross policy liabilities for such contracts is $114.8 million (2015: $74.4 million).

(b) Components of net life insurance policy liabilities

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Future policy benefits	242,510	184,563	-	-
Future expenses and commissions	265,333	165,342	-	-
Less future revenues	(984,868)	(709,743)	-	-
Best estimate liability	(477,025)	(359,838)	-	-
Present value of future planned profit margins	273,897	205,430	-	-
Net life insurance policy liabilities	**(203,128)**	**(154,408)**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

26. Policy liabilities continued

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

Restrictions on assets

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

27. Issued capital

				Company
	2016 No. of Shares	2016 $'000	2015 No. of Shares	2015 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the financial year	524,610,834	355,970	495,044,922	330,172
Dividend Reinvestment Plan	12,948,536	12,301	13,724,628	10,980
Dividend Reinvestment Plan Costs	-	(35)	-	(70)
Share buy back (inclusive of costs)	(83,572)	(75)	-	-
Entitlement Offer	58,984,051	50,136	-	-
Entitlement offer costs (net of tax)	-	(579)	-	-
Performance based shares issued in relation to Matrix acquisition	-	-	15,432,742	14,588
Subscription of shares by O&B Limited	-	-	308,542	250
Shares issued during the year (ESP vested)	969,751	132	100,000	53
Balance at the end of the financial year	**597,429,600**	**417,850**	**524,610,834**	**355,973**
Executive share plan				
Balance at the beginning of the year	58,371,348	-	49,381,666	-
Shares granted under employee share plan (note 29)	6,160,179	-	9,493,682	-
Shares forfeited during the year	-	-	(104,000)	-
Shares bought back during the year	(2,438,648)	-	-	-
Shares reallocated during the year	(379,601)	-	(300,000)	-
Shares exercised during the year	(969,751)	-	(100,000)	-
Executive balance at the end of the year	**60,743,527**	**-**	**58,371,348**	**-**

In accordance with AASB 2, Share-Based Payments the shares issued under the Executive Share Plan are treated as options and are accounted for as set out in Note 29.

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

28. Borrowings

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Bank loan - secured[1]	-	45,500	-	45,500
Total borrowings	**-**	**45,500**	**-**	**45,500**
Current	-	-	-	-
Non-current	-	45,500	-	45,500

1 On the 18 December 2014 the Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. $45.5 million that had been drawn down under this the facility was fully repaid on 15 June 2016 using existing cash holdings and proceeds from the capital raising which was announced on 30 May 2016. As at the reporting date the $50 million unused facility remains 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 41 for details.

29. Share-based payments

ClearView operates the ClearView Executive Share Plan (ESP or Plan). In accordance with the provisions of the Plan, as approved by shareholders at the 2015 Annual General Meeting, the ownership-based compensation scheme allows participation in the Plan of:

- Employee Participants - These participants are key managers, members of the Senior Management Team and the Managing Director; and
- Contractor Participants - These participants are financial advisers.

Eligible Employees under the Plan Rules therefore include both Employee Participants and Contractor Participants of the Company and its related body corporates. Non-executive Directors are ineligible to participate in the Plan in accordance with the Plan Rules.

Offer and Consideration

Under the ESP, the Board may invite Eligible Employees to participate in an offer (Offer) of fully paid ordinary shares in ClearView, subject to the terms of conditions of the ESP. Each Share is issued at a price to be determined by the Board prior to making an Offer and this price is set out in the invitation (Invitation) to Eligible Employees. This price may be the market price of a Share (as defined in the ESP Rules) on the date of the Invitation. Taking into account the liquidity, volatility, and the average trading activities of the ClearView Shares, the Board determined in February 2013 that it is appropriate and reasonable for ClearView to adopt the Volume Weighted Average Price (VWAP) over a 3 month period to determine the market value of the ClearView Shares for the purposes of ESP issues. This has been implemented for all ESP Share issues since that date.

Restrictions on Offer

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

As at the date of this Report, the Board has not set a limit on the number of Shares that may be issued under the Plan. The Board or Board Authorised Delegates approve the issue of new ESP shares and monitors the overall quantum of ESP shares on issue, relative to the interests of existing shareholders and the overall objectives of the business.

Financial Assistance

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

- For Share issues prior to 14 February 2013 - within 60 days (or a longer period determined by the Board in its discretion) after the 5th anniversary of the grant of the financial assistance (unless it is required to be repaid at an earlier date owing to the operation of the Rules); or
- immediately in the event of certain “disqualifying circumstances” including failure to meet performance or vesting conditions, cessation of the Employee Participant’s employment in circumstances defined in the ESP Rules or termination of the Contractor Participant’s contract with a Group Company for the provision of services.

29. Share-based payments continued

For Employee Participants, the financial assistance is secured over the shares and rights attached to the shares.

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

During 2013, interest was abolished on all ESP loans for Participants.

Holding Lock

The shares granted under the ESP to participants are subject to a holding lock restricting the holder from dealing with the shares, unless otherwise provided under the Invitation. Where all performance conditions and/or vesting conditions (if any) attaching to the Shares issued prior to 14 February 2013 have been satisfied (or waived) a holding lock will cease to have effect if:

- The Board accepts a disposal request (as defined in the ESP Rules) (Disposal Request); or
- 5 years have passed from the Acquisition Date; or

If the Participant:

- is an Employee Participant, their employment with the Group ceases, or
- is a Contractor Participant, their contractor agreement is terminated; or
- The ESP is terminated, or
- The holding lock period otherwise ceases;

provided that the Financial Assistance and any interest that has been accrued have been repaid.

For share issues from 14 February 2013 the Holding Lock ceases on vesting or forfeiture of Shares.

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

If the participant is a Contractor Participant, following the removal of the holding lock over the Shares of the participant, the participant may not sell, or otherwise deal with, any such Shares without the prior written consent of the Company, which consent the Company may give or withhold in its absolute discretion and which consent may be given subject to conditions.

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

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

The amount payable by these Eligible Employees to ClearView following such a disposal is the amount outstanding in relation to the financial assistance, including accrued interest. The Eligible Employees may retain any surplus proceeds. There are no Disposal Requests outstanding as at the date of this report.

Change of Control

Under the ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an Employee Participant are deemed to have been satisfied upon a Change of Control unless stated otherwise in the participants invitation offer. A Change of Control is defined under the ESP Rules as being:

(a) Until 14 February 2013:

- A person who did not Control the Company at the date of issue of the Plan Shares gains Control of the Company (but only if the person is not itself Controlled by another person who Controlled the Company at the date of issue); or
- Other circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions;
- “Control” is defined as where a person and its related bodies corporate holds more than 50% of the Shares in ClearView.

29. Share-based payments continued

(b) After 14 February 2013:

- 12 months after a Change of Control; or
- Circumstances occur which the Board determines in its absolute discretion are analogous to a Control transaction and justify removal of Performance Conditions and/or Vesting Conditions;
- "Control" is defined as Crescent Capital Partners and its Associated Entities no longer holding 20% of the voting rights of the Company.

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

Administration of the ESP

The ESP is administered by the Board. The Board may make rules and regulations for its operation that are consistent with the rules of the ESP. The Company pays all costs and expenses of operating the ESP. Employees are liable for any brokerage and tax payable associated with their participation in the ESP.

Termination of the ESP

The Board may resolve at any time to terminate, suspend or reinstate the operation of the ESP for the issue of shares in future.

29. Share-based payments continued

Share-based payment arrangements

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Series	Issue Date	Type of Arrangement[9]	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 6 [1,2,6,8]	30/06/2008	KMP	500,000	30/06/2008	Change in Control	0.59	0.10	0.10
Series 7 [1,2,6,8]	29/09/2009	KMP and SM	3,500,000	29/09/2009	Change in Control	0.49	0.07	0.10
Series 10 [1,3,6,8]	25/06/2010	MD	2,000,000	25/06/2010	Change in Control	0.50	0.11	0.11
Series 11 [1,4,6,8]	25/06/2010	MD	4,000,000	25/06/2010	Change in Control	0.58	0.08	0.08
Series 12 [1,5,6,8]	25/06/2010	MD	4,000,000	25/06/2010	Change in Control	0.65	0.06	0.06
Series 13 [5]	25/06/2010	SM	400,000	25/06/2010	Change in Control	0.53	0.10	0.15
Series 14	1/11/2010	SM	3,000,000	25/10/2010	Change in Control	0.50	0.07	0.09
Series 15 [5]	18/08/2011	SM	3,000,000	1/07/2011	1/07/2016	0.50	0.10	0.13
Series 16 [5]	6/10/2011	SM	3,950,000	1/09/2011	1/09/2016	0.50	0.10	0.13
Series 17 [5]	1/03/2012	SM	2,150,000	1/03/2012	1/03/2017	0.50	0.09	0.11
Series 18	1/03/2012	CP	2,500,000	10/02/2012	10/02/2017	0.50	0.12	0.15
Series 19	3/04/2012	CP	600,000	15/03/2012	15/03/2017	0.50	0.12	0.16
Series 20	3/04/2012	CP	700,000	3/04/2012	3/04/2017	0.50	0.13	0.17
Series 21	25/05/2012	CP	2,325,000	7/05/2012	7/05/2017	0.50	0.13	0.17
Series 22	29/06/2012	CP	1,000,000	29/06/2012	29/06/2017	0.50	0.13	0.16
Series 23	6/08/2012	CP	4,600,000	6/08/2012	6/08/2017	0.54	0.17	0.21
Series 24 [5]	22/08/2012	SM	450,000	22/08/2012	22/08/2017	0.55	0.16	0.19
Series 25	21/12/2012	CP	1,300,000	21/12/2012	21/012/2017	0.58	0.16	0.20
Series 26 [7]	16/04/2013	SM	2,650,000	12/04/2013	50% Change in Control; 50% 1 year after	0.57	n/a	0.29
Series 27	16/04/2013	SM	150,000	12/04/2013	1 year post Change in Control	0.57	n/a	0.27
Series 28	16/04/2013	CP	566,667	12/04/2013	12/04/2018	0.69	n/a	0.22
Series 29	31/05/2013	CP	1,700,000	31/05/2013	31/05/2018	0.68	n/a	0.22
Series 30	27/06/2013	CP	750,666	27/06/2013	27/06/2018	0.64	n/a	0.21
Series 31	14/10/2013	SM	1,175,000	14/10/2013	Change in Control	0.61	n/a	0.17
Series 32	14/10/2013	SM	1,175,000	14/10/2013	1 year post Change in Control	0.61	n/a	0.19

29. Share-based payments continued

Series	Issue Date	Type of Arrangement[9]	Number	Grant date	Expiry date	Issue price at grant date $	Fair value at grant date (pre modification[1]) $	Fair value at grant date (post modification[1]) $
Series 33	29/11/2013	SM	75,000	29/11/2013	Change in Control	0.61	n/a	0.17
Series 34	29/11/2013	SM	75,000	29/11/2013	1 year post Change in Control	0.61	n/a	0.19
Series 35	31/01/2014	SM	75,000	31/01/2014	Change in Control	0.65	n/a	0.17
Series 36	31/01/2014	SM	75,000	31/01/2014	1 year post Change in Control	0.65	n/a	0.20
Series 37	31/01/2014	CP	2,453,333	31/01/2014	31/01/2019	0.65	n/a	0.17
Series 38	30/05/2014	SM	737,000	30/05/2014	30/05/2018	0.75	n/a	0.17
Series 39	30/05/2014	SM	737,000	30/05/2014	30/05/2019	0.75	n/a	0.19
Series 40	30/05/2014	SM	737,000	30/05/2014	30/05/2020	0.75	n/a	0.22
Series 41	30/05/2014	CP	1,950,000	30/05/2014	30/05/2019	0.75	n/a	0.19
Series 42	9/07/2014	CP	4,560,760	9/07/2014	08/07/2019	0.79	n/a	0.17
Series 43	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2018	1.01	n/a	0.19
Series 44	26/11/2014	CP	2,413,368	26/11/2014	25/11/2019	1.01	n/a	0.22
Series 44	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2019	1.01	n/a	0.22
Series 45	26/11/2014	SM including KMP	181,518	26/11/2014	25/11/2020	1.01	n/a	0.24
Series 46	30/03/2015	SM including KMP	141,667	30/03/2015	30/03/2019	1.00	n/a	0.22
Series 47	30/03/2015	SM including KMP	141,667	30/03/2015	30/03/2020	1.00	n/a	0.25
Series 47	30/03/2015	CP	1,550,000	30/03/2015	30/03/2020	1.00	n/a	0.25
Series 48	30/03/2015	SM including KMP	141,666	30/03/2015	30/03/2021	1.00	n/a	0.28
Series 49	30/07/2015	CP	3,009,452	30/07/2015	30/07/2020	0.97	n/a	0.19
Series 50a	30/07/2015	SM including KMP	25,773	30/07/2015	30/07/2019	0.97	n/a	0.17
Series 50b	30/07/2015	SM including KMP	25,773	30/07/2015	30/07/2020	0.97	n/a	0.19
Series 50c	30/07/2015	SM including KMP	25,774	30/07/2015	30/07/2021	0.97	n/a	0.22
Series 51a	23/12/2015	SM including KMP	602,032	23/12/2015	23/12/2020	0.96	n/a	0.19
Series 51b	23/12/2015	SM including KMP	602,031	23/12/2015	23/12/2021	0.96	n/a	0.22
Series 52	27/04/2016	SM including KMP	295,603	27/04/2016	27/04/2021	0.93	n/a	0.20
Series 53	27/04/2016	CP	1,494,140	27/04/2016	27/04/2021	0.93	n/a	0.20
Series 54	20/06/216	SM including KMP	79,694	20/06/2016	20/06/2021	0.94	na	0.20

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

2 A Change of Control provision was triggered on 23 October 2009 by GPG increasing its shareholding above 50%. As a result, the vesting conditions for employees that were issued shares prior to the date of change of control were accelerated.

3 Shares vested 1 year from date of commencement of employment on 26 March 2011.

4 Shares vested 2 years from date of commencement of employment on 26 March 2012.

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

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

7 Special condition relating to shares issued to KMP in Series 26: the shares may be sold on change of control with 50% of the funds held for in escrow for a period of 12 months.

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

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

29. Share-based payments continued

Inputs into the model	Series 6	Series 7	Series 10	Series 11	Series 12
Grant date share price ($)	0.59	0.49	0.50	0.58	0.65
Anticipated vesting price ($)	0.58	0.55	0.54	0.63	0.71
Expected volatility (%)	25.26	30.24	28.78	28.78	28.78
Anticipated option life (years)	3.00	1.75	2.75	2.75	2.75
Inputs into the model	**Series 13**	**Series 14**	**Series 15**	**Series 16**	**Series 17**
Grant date share price ($)	0.53	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.57	0.52	0.50	0.51	0.50
Expected volatility (%)	28.78	29.71	31.49	35.35	36.70
Anticipated option life (years)	2.94	2.94	3.00	3.00	3.00
Inputs into the model	**Series 18**	**Series 19**	**Series 20**	**Series 21**	**Series 22**
Grant date share price ($)	0.50	0.50	0.50	0.50	0.50
Anticipated vesting price ($)	0.50	0.50	0.50	0.49	0.49
Expected volatility (%)	37.06	36.47	36.61	36.94	37.33
Anticipated option life (years)	4.95	4.95	5.00	4.95	5.00
Inputs into the model	**Series 23**	**Series 24**	**Series 25**	**Series 26**	**Series 27**
Grant date share price ($)	0.54	0.55	0.58	0.57	0.57
Anticipated vesting price ($)	0.53	0.54	0.58	0.57	0.57
Expected volatility (%)	37.85	37.99	35.21	35.92	35.92
Anticipated option life (years)	5.00	3.00	5.00	5.99	4.99
Inputs into the model	**Series 28**	**Series 29**	**Series 30**	**Series 31**	**Series 32**
Grant date share price ($)	0.69	0.68	0.64	0.61	0.61
Anticipated vesting price ($)	0.69	0.68	0.64	0.61	0.61
Expected volatility (%)	35.92	36.81	36.90	22.20	22.20
Anticipated option life (years)	4.99	5.00	5.00	5.00	6.00
Inputs into the model	**Series 33**	**Series 34**	**Series 35**	**Series 36**	**Series 37**
Grant date share price ($)	0.61	0.61	0.65	0.65	0.65
Anticipated vesting price ($)	0.61	0.61	0.65	0.65	0.65
Expected volatility (%)	22.11	22.11	22.01	22.01	22.01
Anticipated option life (years)	5.00	6.00	5.00	6.00	5.00
Inputs into the model	**Series 38**	**Series 39**	**Series 40**	**Series 41**	**Series 42**
Grant date share price ($)	0.75	0.75	0.75	0.75	0.79
Anticipated vesting price ($)	0.75	0.75	0.75	0.75	0.79
Expected volatility (%)	21.12	21.12	21.12	21.12	16.78
Anticipated option life (years)	4.00	5.00	6.00	5.00	5.00
Inputs into the model	**Series 43**	**Series 44**	**Series 45**	**Series 46**	**Series 47**
Grant date share price ($)	1.01	1.01	1.01	1.00	1.00
Anticipated vesting price ($)	1.01	1.01	1.01	1.00	1.00
Expected volatility (%)	19.79	21.56	24.18	20.84	20.84
Anticipated option life (years)	4.00	5.00	6.00	4.00	5.00

29. Share-based payments continued

Inputs into the model	Series 48	Series 49	Series 50a	Series 50b	Series 50c
Grant date share price ($)	1.00	0.97	0.97	0.97	0.97
Anticipated vesting price ($)	1.00	0.97	0.97	0.97	0.97
Expected volatility (%)	20.84	20.15	20.15	20.15	20.15
Anticipated option life (years)	6.00	5.00	4.00	5.00	6.00
Inputs into the model	**Series 51a**	**Series 51b**	**Series 52**	**Series 53**	**Series 54**
Grant date share price ($)	0.96	0.96	0.93	0.93	0.94
Anticipated vesting price ($)	0.96	0.96	0.93	0.93	0.94
Expected volatility (%)	20.03	20.03	20.31	20.31	20.55
Anticipated option life (years)	5.00	6.00	5.00	5.00	5.00

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

	2016		2015	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at the beginning of the financial year	58,371,348	0.61	49,381,666	0.56
Issued during the financial year	6,160,179	0.96	9,493,682	0.90
Forfeited during the year	-	-	(104,000)	0.74
Share bought back during the year	(2,438,648)	0.73	-	-
Exercised during the year	(969,751)	0.50	(100,000)	0.55
Reallocated during the year	(379,601)	-	(300,000)	0.55
Balance at the end of the financial year	**60,743,527**	**0.64**	**58,371,348**	**0.61**

The above reconciles the outstanding shares granted under the executive share plan at the beginning and end of the financial year.

Shares that were granted in the current year

6,160,179 shares granted were issued during the year of which 379,601 were reallocated from other series existing at the beginning of the year, 969,751 were exercised and 2,438,648 were bought back and cancelled during the year. The net shares issued on the ASX were therefore 60,743,527 ESP shares.

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

Series	Vesting conditions [1]	Performance conditions
Series 18 – 1 March 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target	No
Series 19 – 3 April 2012 Issue	4 years and 346 days from the date of issue and achievement of specific sales target	No
Series 20 – 3 April 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 21 – 25 May 2012 Issue	4 years and 347 days from the date of issue and achievement of specific sales target	No

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

29. Share-based payments continued

Series	Vesting conditions [1]	Performance conditions
Series 22– 29 June 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 23– 6 August 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 25– 21 December 2012 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 28– 16 April 2013 Issue	4 years and 361 days from the date of issue and achievement of specific sales target	No
Series 29– 31 May 2013 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 30– 27 June 2013 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 37– 31st January 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 41– 30th May 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 42– 9th July 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 44– 26th November 2014 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 47– 30th March 2015 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 49– 30th July 2015 Issue	5 years from the date of issue and achievement of specific sales target	No
Series 53– 27th April 2016 Issue	5 years from the date of issue and achievement of specific sales target	No

Unless otherwise stated in the Invitation Letter to an individual employee participant, the vesting conditions in the ESP rules stipulate that shares issued in terms of the Plan to employees participants will either automatically vest with a change of control of the Company (for shares issued prior to 14 February 2013) and for all other shares 12 months after a change in control. The change of control provisions do not apply to shares issued in terms of the plan to contractor participants.

On 26 September 2012 CCP Bidco Pty Limited and its Associates (CCP Bidco), CCP Bidco's off-market takeover bid for all the ordinary shares in ClearView became unconditional which resulted in accelerating the vesting of the shares in the ESP at that time, including all Series 10 to 24 which had been issued to employee participants prior to the change of control. Series 7 was issued prior to 23 October 2009, where the change of control provision was triggered upon GPG obtaining control of ClearView.

The Board is aware that CCP Bidco would entertain selling its shares in ClearView and is likely to entertain future control proposals.

Shares that were cancelled during the year

The following table shows the shares that were cancelled due to cessation of the employment of the participant.

Date	Number of shares cancelled	Cancelled from
3/06/2016	100,000	Series 7
3/06/2016	246,279	Series 15
3/06/2016	233,970	Series 16
3/06/2016	150,000	Series 26 and 27
3/06/2016	1,500,000	Series 31 and 32
3/06/2016	150,000	Series 33 and 34
3/06/2016	34,000	Series 38, 39 and 40
24/06/2016	24,399	Series 38, 39 and 40
Total	**2,438,648**	

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

29. Share-based payments continued

Shares that were reallocated during the year

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

Date	Number of shares reallocated	Reallocated from	Reallocated to
30/07/2015	300,000	Series 50 and 55	Series 49
20/06/2016	79,601	Series 38, 39 and 40	Series 54
Total	**379,601**		

Shares that were exercised during the year

The following table shows the shares that were exercised due to cessation of the employment of the participant.

Date	Number of shares exercised	Exercised from
3/06/2016	753,721	Series 15
3/06/2016	216,030	Series 16
Total	**969,751**	

30. Shares granted under the executive share plan

In accordance with the provisions of the ESP, as at 30 June 2016, key management, members of the senior management team, the managing director and contractor participants have acquired 60,743,527 (2015: 58,371,348) ordinary shares. Shares granted under the ESP carry rights to dividends and voting rights. Financial assistance amounting to $39,618,401 (2015: $36,464,292) was made available to executives, senior employees and contractor participants to fund the acquisition of shares under the ESP. For details of the ESP refer to Note 29.

31. Dividends

	Consolidated and Company			
		2016		2015
	Per share	$'000	Per share	$'000
Dividend payments on Ordinary shares				
2015 final dividend (2015: 2014 final dividend)	2.1	12,301	2.0	10,977
Total dividends on ordinary shares paid to owners of the Company	**2.1**	**12,301**	**2.0**	**10,977**
Dividends not recognised in the consolidated statement of financial position				
Dividends declared since balance date				
2016 final dividend (2015: 2015 final dividend)	2.5	16,454	2.1	12,301
Dividend franking account				
Amount of franking credit available for use in subsequent financial years	-	24,286	-	16,065

1 The impact on the dividend franking account for the final dividend declared is expected to reduce the franking account by $7.1 million (2015: $5.2 million). There are no other income tax consequences for dividends not recognised in the statement of financial position.

2 The total 2016 final dividend declared but not recognised in the statement of financial position is estimated based on the total number of ordinary shares on issue as at the date of this report. The actual amount recognised in the consolidated financial statements for the year ending 30 June 2017 will be based on the actual number of ordinary shares on issue on the record date.

The Directors declared that there will be a final fully franked dividend paid for the year ended 30 June 2016 of $16.45 million (2015 : $12.30 million).

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

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net profit/(loss) for the year	23,615	12,572	13,427	11,858
Fair value gains on financial assets at fair value through profit and loss	4,670	(72,818)	-	-
Loss on disposal of property, plant and equipment	287	28	-	-
Amortisation and depreciation	13,802	12,847	-	-
Employee share plan expense	1,083	896	1,083	896
Other non cash items	(16)	27	-	-
Interest and dividend received from controlled entity	-	-	(17,000)	(13,500)
Reinvested trust distribution income/interest income	(26,625)	(23,675)	(421)	(620)
Movement in provision for doubtful debts	2,381	-	2,381	-
Movements in liabilities to non-controlling interest in controlled unit trust	14,768	27,968	-	-
Decrease/(increase) in receivables	721	(2,119)	(1,971)	(1,906)
(Increase)/decrease in deferred tax asset	(47)	(789)	109	158
Increase/(decrease) in payables	115	3,077	423	(109)
(Decrease)/increase in policy liabilities	(53,446)	8,653	-	-
(Decrease)/increase in current tax liability	(5,189)	(74)	(5,189)	(74)
Net cash (utilised)/generated by operating activities	**(23,881)**	**(33,407)**	**(7,158)**	**(3,297)**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

33. Subsidiaries

Name of Entity	Principal Activity	Parent Entity	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Parent entity					
ClearView Wealth Limited (CWL)	Holding Company	-	Australia		
Subsidiaries					
ClearView Group Holdings Pty Limited (CGHPL)	Holding Company	CWL	Australia	100	100
ClearView Life Assurance Limited (CLAL)	Life Company	CGHPL	Australia	100	100
ClearView Financial Management Limited (CFML)	Responsible Entity	CGHPL	Australia	100	100
ClearView Life Nominees Pty Limited (CLNPL)	Trustee	CLAL	Australia	100	100
ClearView Administration Services Pty Limited (CASPL)	Administration Service Entity	CWL	Australia	100	100
ClearView Financial Advice Pty Limited (CFAPL)	Dealer Group	CWL	Australia	100	100
Matrix Planning Solutions Limited (MPS)	Dealer Group	CWL	Australia	100	100
Affiliate Financial Planning Pty Limited	Non operating	CFA	Australia	100	100
Controlled unit trusts					
International Fixed Interest Fund	Wholesale Fund	CLAL	Australia	96	95
Fund of Funds Australian Equity Fund	Wholesale Fund	CLAL	Australia	54	59
Bond Fund	Wholesale Fund	CLAL	Australia	62	68
Fund of Funds International Equity Fund	Wholesale Fund	CLAL	Australia	93	93
Property Fund	Wholesale Fund	CLAL	Australia	69	83
Money Market Fund	Wholesale Fund	CLAL	Australia	75	81
Infrastructure Fund	Wholesale Fund	CLAL	Australia	59	69
Emerging Markets Fund	Wholesale Fund	CLAL	Australia	65	72
CVW Platinum International Shares Fund	Wholesale Fund	CLAL	Australia	99	98
CVW Hyperion Australian Shares Fund	Wholesale Fund	CLAL	Australia	90	84
CVW Vanguard Listed International Infrastructure Fund	Wholesale Fund	CLAL	Australia	98	96
CVW Vanguard Emerging Markets Fund	Wholesale Fund	CLAL	Australia	98	97
CVW Plato Australian Shares Fund	Wholesale Fund	CLAL	Australia	81	79
CVW MFS International Shares Fund	Wholesale Fund	CLAL	Australia	33	64

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

Controlled unit trusts are not members of the tax consolidated group. Members of the ClearView tax consolidated group include the parent entity and its subsidiaries.

CWL is regulated as a Non-Operating and Holding Company by the Australia Prudential Regulation Authority (APRA) under the Life Insurance Act 1995, and via its subsidiaries, holds an APRA life insurance licence (CLAL), and APRA registrable superannuation entity (RSE) licence (CLN), an ASIC funds manager responsible entity (RE) licence (CFML) and operates two ASIC financial adviser licences (CFA and MPS).

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

34. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

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

(b) Transactions with KMP

Key management personnel compensation

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

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	5,128,138	4,924,245
Post-employment benefits	533,940	255,929
Share based payments	157,063	177,215
Total	**5,819,141**	**5,357,389**

(c) Transactions between the Group and its related parties

Other related parties include:

- Entities with significant influence over the Group;
- Associates; and
- Subsidiaries.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties during the financial year ended 30 June 2016 are disclosed below:

- Directors fees were paid to Cresent Capital Partners Pty Limited the manager of the parent entity's majority shareholder CCP Bidco Pty Limited.

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

34. Related party transactions continue

Outstanding balances between the Group and its related parties

2016	ClearView Wealth Limited	ClearView Life Assurance Limited	ClearView Financial Management Limited	ClearView Financial Advice Pty Limited	Matrix Planning Solutions Limited	ClearView Administration Services Pty Limited	ClearView Life Nominees Pty Limited	Total
	$	$	$	$	$	$	$	$
ClearView Wealth Limited	-	(6,616,997)	(12,747)	128,517	(271,757)	(4,847,916)	(153,512)	(11,774,412)
ClearView Life Assurance Limited	6,616,997	-	127,116	607,712	(8,657)	4,474,005	-	11,817,173
ClearView Financial Management Limited	12,747	(127,116)	-	(47,953)	-	223,538	(571,495)	(510,279)
ClearView Financial Advice Pty Limited	(128,517)	(607,712)	47,953	-	(25,734)	926,358	84,777	297,125
Matrix Planning Solutions Limited	271,757	8,657	-	25,734	-	313,518	-	619,666
ClearView Administration Services Pty Limited	4,847,916	(4,474,005)	(223,538)	(926,358)	(313,518)	-	(21,257)	(1,110,760)
ClearView Life Nominees Pty Limited	153,512	-	571,495	(84,777)	-	21,257	-	661,487
	11,774,412	**(11,817,173)**	**510,279**	**(297,125)**	**(619,666)**	**1,110,760**	**(661,487)**	**-**
2015	$	$	$	$	$	$	$	$
ClearView Wealth Limited	-	(4,544,452)	(143,569)	(355,800)	(65,178)	(4,634,875)	(8,891)	(9,752,765)
ClearView Life Assurance Limited	4,544,452	-	133,977	429,256	-	5,430,633	-	10,538,318
ClearView Financial Management Limited	143,569	(133,977)	-	41,784	-	234,018	(543,666)	(258,272)
ClearView Financial Advice Pty Limited	355,800	(429,256)	(41,784)	-	-	594,859	-	479,619
Matrix Planning Solutions Limited	65,178	-	-	-	-	312,103	-	377,281
ClearView Administration Services Pty Limited	4,634,875	(5,430,633)	(234,018)	(594,859)	(312,103)	-	-	(1,936,738)
ClearView Life Nominees Pty Limited	8,891	-	543,666	-	-	-	-	552,557
	9,752,765	**(10,538,318)**	**258,272**	**(479,619)**	**(377,281)**	**1,936,738**	**(552,557)**	**-**

(d) Transactions other than financial instrument transactions

No Director has entered into a material contract with the Company or the ClearView Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end. Other transactions with directors, executives and their related parties are conducted on arm's length terms and conditions, and are deemed trivial or domestic in nature. These transactions are in the nature of personal investment, life insurance policies and superannuation.

35. Financial instruments

(a) Management of Financial Instruments

The financial assets of the Group (other than shareholder cash holdings) are managed by specialist investment managers who are required to invest the assets allocated in accordance with directions from the Board. BNP Paribas acts as master custodian on behalf of the Group and, as such, provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions. Daily operating bank accounts and shareholder cash are managed within the Group by the internal management and the finance department.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3(x).

(c) Capital risk management

The Group maintains capital to protect customers, creditors and shareholders against unexpected losses to a level that is consistent with the Group's risk appetite. The Group's capital structure consists of ordinary equity comprising issued capital, retained earnings and reserves (as detailed in Notes 12 and 27).

It was always intended that the funding provided under the Debt Funding Facility would be replaced in due course with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerged. As at 30 June 2015, the Company had drawn down $45.5 million of the Debt Funding Facility.

In May 2016 the Company announced the launch of a $50 million fully underwritten pro-rata accelerated renounceable entitlement offer to eligible shareholders. The majority of the proceeds of that capital raising, which was fully subscribed and settled just prior to the end of the financial year, were used to repay the Debt Funding Facility ($45.5 million), with the remaining $4.5 million retained as capital for growth.

ClearView is now fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium term growth, with some additional capital flexibility over the medium term.

(d) Fair value of financial instruments

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

35. Financial instruments continued

Fair Value Hierarchy

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
2016				
Equity Securities	256,093	-	-	256,093
Fixed Interest Securities	-	424,963	-	424,963
Unit Trusts	934,170	-	-	934,170
Total	**1,190,263**	**424,963**	**-**	**1,615,226**
2015				
Equity Securities	222,891	-	-	222,891
Fixed Interest Securities	-	661,977	-	661,977
Unit Trusts	565,383	-	-	565,383
Total	**788,274**	**661,977**	**-**	**1,450,251**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Liabilities				
2016				
Life investment policy liability	-	1,152,554	-	1,152,554
Total	**-**	**1,152,554**	**-**	**1,152,554**
2015				
Life investment policy liability	-	1,160,627	-	1,160,627
Total	**-**	**1,160,627**	**-**	**1,160,627**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

35. Financial instruments continued

(e) Categories of financial instruments

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

	Consolidated		Company	
	2016	2015	2016	2015
2016	$'000	$'000	$'000	$'000
Financial assets				
Investment in group companies	-	-	354,158	318,159
Cash and cash equivalents	217,673	200,769	20,889	34,447
Fixed interest deposits	79,584	107,035	-	8,115
Life insurance investment assets	1,615,226	1,450,251	-	-
Loans and receivables	16,738	15,516	12,496	9,884
Total	**1,929,221**	**1,773,571**	**387,543**	**370,605**
Financial liabilities				
Policyholder liabilities	949,427	1,001,753	-	-
Payables	35,619	24,774	780	357
Borrowings	-	45,500	-	45,500
Current tax liabilities	-	4,548	-	4,548
Provisions	5,215	5,375	26	26
Total	**990,261**	**1,081,950**	**806**	**50,431**

(f) Financial risk management objectives

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

(g) Market risk

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

Interest rate risk

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

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

35. Financial instruments continued

Equity price risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. As at 30 June 2016, ClearView's shareholder related assets were not invested in equities and therefore not exposed to equity price risk.

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

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

To the extent required, capital reserve are held in accordance with the ICAAP with respect to the Group's residual fee risk exposure.

(h) Credit risk

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

The CIC is charged with maintaining the credit quality of ClearView assets within the Board's investment guidelines.

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

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

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

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

The Group does have significant credit risk exposure to counterparties but these counterparties have a high credit rating. The table below shows the maximum exposure to credit risk at the reporting date. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

35. Financial instruments continued

The following table reflects the shareholder financial assets with credit risk exposure monitored by the CIC:

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and cash equivalents/fixed interest securities				
Rating				
AAA to AA-	169,921	178,007	20,889	39,474
A+ to A-	-	-	-	-
BBB+ to BBB-	-	3,088	-	3,088
	169,921	**181,095**	**20,889**	**42,562**

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables from outstanding premiums receivable, accrued dividends, loans receivable, prepayments and outstanding settlements. The concentration of other receivables is spread across the various debtors with no single significant debtor.

(i) Liquidity risk

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

35. Financial instruments continued

The following tables summarise the realisation profile of financial assets at the reporting date. There were no financial assets past due or impaired at the reporting date other than those provided for.

						Consolidated
2016	**Less than 3 months $'000**	**3 to 6 months $'000**	**6 months to a year $'000**	**1 year and over $'000**	**Over 5 years $'000**	**Total $'000**
Receivables	3,088	19	6	-	-	3,113
Current tax assets	-	641	-	-	-	641
Outstanding life insurance premiums net of provision	2,558	25	3	-	-	2,586
Accrued dividends	2,232	-	-	-	-	2,232
Investment income and distribution income	888	-	-	-	-	888
Reinsurance receivable[1]	31,217	130	(1,555)	(15,360)	(15,135)	(703)
Loans	601	336	640	1,781	364	3,722
Total	**40,584**	**1,151**	**(906)**	**(13,579)**	**(14,771)**	**12,479**
2015						
Receivables	4,246	192	44	268	-	4,750
Outstanding life insurance premiums net of provision	2,229	21	3	-	-	2,252
Accrued dividends	1,883	-	-	-	-	1,883
Investment income and distribution income	886	-	-	-	-	886
Reinsurance receivable[1]	19,313	721	(6)	(4,702)	(17,559)	(2,233)
Loans	668	262	1,259	1,106	110	3,405
Total	**29,225**	**1,196**	**1,299**	**(3,328)**	**(17,449)**	**10,943**

						Company
2016	**Less than 3 months $'000**	**3 to 6 months $'000**	**6 months to a year $'000**	**1 year and over $'000**	**Over 5 years $'000**	**Total $'000**
Trade receivables	14	17	25	24	-	80
Current tax receivables	-	641	-	-	-	641
Amounts from controlled/associated entities	6,928	-	-	4,847	-	11,775
Total	**6,942**	**658**	**25**	**4,871**	**-**	**12,496**
2015						
Trade receivables	14	15	28	74	-	131
Amounts from controlled/associated entities	5,118	-	-	4,635	-	9,753
Total	**5,132**	**15**	**28**	**4,709**	**-**	**9,884**

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

35. Financial instruments continued

The following tables summarise the maturity profile of the Group and the Company's financial liabilities all of which are non-interest bearing. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

						Consolidated
2016	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 year and over $'000	Over 5 years $'000	Total $'000
Payables	25,542	62	35	1,338	84	27,061
Provisions	343	703	1,791	585	1,793	5,215
Reinsurance payable [1]	8,487	-	-	-	-	8,487
Total	**34,372**	**765**	**1,826**	**1,923**	**1,877**	**40,763**
2015						
Payables	18,346	119	558	528	83	19,634
Provisions	111	76	4,014	813	361	5,375
Reinsurance payable [1]	5,142	-	-	-	-	5,142
Total	**23,599**	**4,743**	**4,572**	**1,341**	**444**	**34,699**

						Company
2016	Less than 3 months $'000	3 to 6 months $'000	6 months to a year $'000	1 year and over $'000	Over 5 years $'000	Total $'000
Payables	776	4	-	-	-	780
Provisions	-	26	-	-	-	26
Total	**776**	**30**	**-**	**-**	**-**	**806**
2015						
Payables	357	-	-	-	-	357
Provisions	-	26	-	-	-	26
Total	**357**	**4,574**	**-**	**-**	**-**	**4,931**

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

35. Financial instruments continued

The following table gives information about how the fair values of the financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used, significant unobservable inputs and the relationship of unobservable inputs to fair value).

	Fair value as at					
	2016 $'000	2015 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobserv-able inputs to fair value
Equity Securities	256,093	222,891	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed Interest Securities	424,963	661,977	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	934,170	565,383	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**1,615,226**	**1,450,251**				

(j) Financing Facilities

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
The Group has access to the following facilities:				
Bank Guarantees				
– amount used	1,272	942	-	-
Overdraft and Credit				
– amount used		-	-	-
– amount unused	2,000	2,000	-	-
Bank Revolving Facility				
– amount used	-	45,500	-	-
– amount unused	50,000	4,500	-	-

The Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. As at the reporting date, this facility is unused and 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 41 for details.

ClearView Life Assurance Limited has a $2 million overdraft facility with National Australia Bank at a benchmark interest rate of 10.76% p.a calculated daily. Any overdrawn balance in excess of the overdraft will incur an additional margin of 1.5% p.a above the benchmark interest rate. The bank overdraft is short-term in nature and was unutilised at 30 June 2016. There is an additional $0.25 million credit card facility with National Australia Bank in the name of ClearView Administration Services Pty Limited.

35. Financial instruments continued

Interest rate risk management

The Group's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Group to cash flow risk and credit spread risks, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Board monitors the Group's exposures to interest rate risk.

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

	Consolidated		Company	
2016	Weighted average interest rate %	Less than 6 months $'000	Weighted average interest rate %	Less than 6 months $'000
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	1.54	90,337	1.54	20,889
Fixed interest securities	2.58	79,584	-	-
Total		**169,921**		**20,889**
2015				
Financial assets				
Variable interest rate instruments:				
Cash and cash equivalents	1.74	71,433	1.35	34,447
Fixed interest securities	3.11	107,035	3.40	8,115
Total		**178,468**		**42,562**

Interest rate sensitivity analysis for floating rate financial instruments

The sensitivity analysis below have been determined based on the Group's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 0.5% (2015: 0.5%) increase or decrease is used when reporting interest risk internally to key management personal and represents management's assessment of the reasonably possible change in interest rates.

35. Financial instruments continued

The following table illustrates the effect for the Group from possible changes in market risk that are reasonably possible based on the risk the Group was exposed to at reporting date:

	Effect on operating profit Consolidated		Effect on securities Consolidated		Effect on operating profit Company		Effect on securities Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
±0.5% (2015: ±0.5%)	±520	±343	±520	±343	±73	±123	±73	±123

The method used to prepare the sensitivity analysis has not changed in the year. Based on the market exposure management believe that the interest rate variation above is considered appropriate in the current environment.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does account for fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in long term interest rates at reporting date would affect profit and loss.

(k) Foreign currency risk management

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group undertakes certain investments denominated in foreign currencies, hence is exposed to the effects of exchange rate fluctuations. However, the foreign currency risk is borne by the policyholder and the shareholder has no direct exposure to foreign currency.

Forward foreign exchange contracts

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

36. Disaggregated information by fund

Abbreviated income statement

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2016	$'000	$'000	$'000	$'000	$'000
Life insurance premium revenue	-	137,959	330	-	138,289
Outwards reinsurance expense	-	(30,095)	(51)	-	(30,146)
Fee revenue	-	-	870	22,268	23,138
Investment revenue	104	2,821	1,103	69,409	73,437
Net fair gains/(losses) on financial assets at fair value	-	-	64	(18,161)	(18,097)
Net revenue and income	**104**	**110,685**	**2,316**	**73,516**	**186,621**
Claims expense	-	(44,034)	(450)	-	(44,484)
Reinsurance recoveries	-	25,461	235	-	25,696
Change in life insurance policy liabilities	-	55,375	(1)	-	55,374
Change in reinsurers' share of life insurance liabilities	-	(10,796)	-	-	(10,796)
Change in life investment policy liabilities	-	-	(4,373)	(52,010)	(56,383)
Other expenses	-	(90,732)	(434)	(19,919)	(111,085)
Profit for the year before income tax	**104**	**45,959**	**(2,707)**	**1,587**	**44,943**
Income tax expense	(31)	(13,733)	3,642	444	(9,678)
Net profit attributable to members of ClearView Life Assurance Limited	**73**	**32,226**	**935**	**2,031**	**35,265**

36. Disaggregated information by fund continued

Abbreviated statement of financial position

	ClearView Life Assurance Limited				
	Shareholders Fund	Statutory Fund No.1	Statutory Fund No.2	Statutory Fund No.4	Total
	Australian Non-Participating				
2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Investments in controlled unit trusts	2,950	-	49,267	1,104,494	1,156,711
Policy liabilities ceded under reinsurance	-	(1,184)	481	-	(703)
Other assets	3,400	114,659	2,997	20,318	141,374
Total assets	**6,350**	**113,475**	**52,745**	**1,124,812**	**1,297,382**
Gross policy liabilities – Life insurance contracts	-	(204,378)	548	-	(203,830)
Gross policy liabilities – Investment insurance contracts	-	-	49,175	1,103,379	1,152,554
Other liabilities	31	18,978	(951)	8,562	26,620
Total liabilities	**31**	**(185,400)**	**48,772**	**1,111,941**	**975,344**
Net assets	**6,319**	**298,875**	**3,973**	**12,871**	**322,038**
Shareholders' retained profits					
Opening retained profits	(13,379)	135,449	2,839	9,239	134,148
Operating profit	73	32,226	934	2,032	35,265
Capital transfer between funds	-	-	-	-	-
Dividend paid	(17,000)	-	-	-	(17,000)
Shareholders' retained profits	(30,306)	167,675	3,773	11,271	152,413
Shareholders' capital	36,625	131,200	200	1,600	169,625
Total equity	**6,319**	**298,875**	**3,973**	**12,871**	**322,038**

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

36. Disaggregated information by fund continued

Abbreviated income statement

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

36. Disaggregated information by fund continued

Abbreviated statement of financial position

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

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

37. Investment in controlled unit trusts

		Consolidated 2016		Consolidated 2015	
Name	Type	$'000	%	$'000	%
Controlled unit trusts					
International Fixed Interest Fund	Debt	25,422	95.89	27,454	95.23
Fund of Funds Australian Equity Fund	Equities	115,966	53.77	113,451	59.26
Bond Fund	Debt	332,846	61.77	322,339	68.47
Fund of Funds International Equity Fund	Equities	84,315	93.44	104,388	93.10
Property Fund	Property	47,854	68.80	46,381	83.14
Money Market Fund	Debt	232,183	75.43	239,571	80.77
Infrastructure Fund	Property	111,422	59.34	114,709	69.11
Emerging Markets Fund	Equities	106,321	64.60	106,922	71.56
CVW Platinum International Shares Fund	Equities	13,419	98.98	8,734	97.99
CVW Hyperion Australian Shares Fund	Equities	9,012	89.97	5,924	83.95
CVW Vanguard Listed International Infrastructure Fund	Property	6,784	97.68	4,752	96.36
CVW Vanguard Emerging Markets Fund	Equities	6,562	97.83	4,852	96.69
CVW Plato Australian Shares Fund	Equities	46,936	80.66	47,819	78.70
CVW MFS International Shares Fund	Equities	14,719	33.04	15,283	63.88
Total		**1,153,761**		**1,162,579**	

38. Leases

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not longer than 1 year	2,591	2,367	-	-
Longer than 1 year and not longer than 5 years	6,144	3,045	-	-
Longer than 5 years	-	18	-	-
Total	**8,735**	**5,430**	**-**	**-**

Lease committments relate to:

- ClearView Group's offices in various locations. Under these arrangements ClearView generally pays rent on a periodic basis at rates agreed at the inception of the lease;
- Tools of trade cars utilised by employees in the performance of their work responsibilities. The Group does not have an option to purchase the leased assets at expiry of the leases; and
- Printers and copiers utilised in the business. The Group does not have an option to purchase the leased assets at expiry of the leases.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

38. Leases continued

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

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Make good provision (note 23)				
Current	37	100	-	-
Non-current	233	333	-	-
Total	**270**	**433**	**-**	**-**

39. Contingent liabilities and contingent assets

There are outstanding claims and potential claims against the ClearView Group in the ordinary course of business. The ClearView group does not consider the outcome of any such claims known to exist at the date of this report, either individually or in aggregate is likely to have a material effect on its operations or financial position. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Certain subsidiaries act as trustee for various trusts. In this capacity, the subsidiaries are liable for the debts of the trusts and are entitled to be indemnified out of the trust's assets for all liabilities incurred on behalf of the trusts.

In the ordinary course of business, certain ClearView subsidiaries enter into various types of investment contracts that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposure.

The Group has contractual agreements with a limited number of advisers to purchase the adviser's business should the adviser want to sell their business and on the satisfaction of certain criteria. The terms and conditions provide that on the satisfaction of specific requirements, the adviser's book of business will be purchased for a price based on the adviser's recurring income stream from the Group. It is anticipated that one or more advisers may initiate the purchase of their book of business in the coming financial year at a price that is not yet determined and that includes deferred uncertain components. It is possible that the market value or resale value of such a business purchased may be less than the cost to the Group. Due to the uncertainty of these circumstances arising no value can be reliably placed on the contingent liability.

The Company in the ordinary course of business has guaranteed the obligations of one of its subsidiaries in respect of its obligations for leasehold premises.

The Company has guaranteed the obligations of one of its subsidiaries in respect of employee entitlements of employees who were previously employed by MBF Holding Pty Limited (Bupa Australia).

The ClearView Board is aware that CCP Bidco Pty Limited and its Associates (Crescent) would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the interests of all shareholders. The Board has appointed Morgan Stanley Australia Securities Limited (Morgan Stanley) to assist in evaluating any strategic options and proposals. Under the terms of the engagement with Morgan Stanley, there are a range of circumstances and related outcomes that may result in a success fee being payable to Morgan Stanley by the Company. Due to the uncertainty of these circumstances arising no value can be reliably placed on the existing liability at the date of this report.

Other than the above, the Directors are not aware of any other contingent liabilities in the Group at the year end.

Notes to the Financial Statements

For the year ended 30 June 2016

Continued

40. Capital commitments

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

	Consolidated		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Technology projects	1,360	1,645	-	-
Your Insure[1]	-	1,589	-	-
Total	**1,360**	**3,234**	**-**	**-**

1 ClearView Wealth Limited was, subject to the achievement of certain performance conditions required to provide funding to Your Insure up to a maximum limit of $3.3 million on a draw down basis. At 30 June 2015 $1.6 million was available to be drawn down subject to the achievement of certian performance hurdles. Due to a decision to cease funding of Your Insure in the current financial year, there are no further committments to Your Insure as at the balance date.

41. 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.

42. Subsequent events

Dividends

On 24 August 2016, the Group proposed a final dividend of $16.45 million representing 2.5 cents per share fully franked. The record date for determining entitlement to the dividend is 16 September 2016 and the dividend will be paid on 30 September 2016. Since the dividend has not been declared at year end it has not been recognised as payable in these accounts.

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

Directors' Declaration

The Directors declare that:

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

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including the compliance with accounting standards and giving a true and fair view of the financial position and the performance of the Company and the consolidated entity;

(c) In the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 3; and

(d) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Mr Bruce Edwards

Chairman

24 August 2016

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

Report on the Financial Report

We have audited the accompanying financial report of ClearView Wealth Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on page 73 to 153.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 56 to 70 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of ClearView Wealth Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 24 August 2016

Shareholders' Information

As at 11 August 2016

Substantial shareholders

As at the date of this Annual Report, the following entities have notified ClearView that they hold a substantial holding in shares.

Rank	Name	No. of shares as per notice	% of issued capital
1	CCP Bidco Pty Ltd and Associates	348,002,872	52.9%
2	Perpetual Corporate Trust Limited	63,828,308	9.7%

1 Crescent Capital Partners Management Pty Limited represent the interests of CCP Bidco Pty Limited (CCP Bidco) and Perpetual Corporate Trust Limited (Perpetual) as manager. Perpetual's 9.7% is therefore included in the 52.9% holding of CCP Bidco in the table above.

Twenty largest shareholders (as at 11 August 2016)

Rank	Name	No. of shares as per notice	% of issued capital
1	CCP Bidco Pty Ltd	125,406,126	19.05
2	Perpetual Corporate Trust Limited	48,631,777	7.39
3	Citicorp Nominees Limited	34,755,015	5.28
4	CCP Trusco 4 Pty Limited	31,657,567	4.81
5	CCP Bidco Pty Limited	24,541,899	3.73
6	CCP Trusco 5 Pty Limited	22,440,451	3.41
7	CCP Trusco 1 Pty Limited	20,671,919	3.14
8	Portfolio Services Pty Ltd	17,945,796	2.73
9	HSBC Custody Nominees (Australia) Limited	17,418,020	2.65
10	BNP Paribas Noms Pty Ltd	17,150,105	2.61
11	J P Morgan Nominees Australia Limited	16,699,132	2.54
12	Pacific Custodians Pty Limited	15,432,641	2.34
13	Perpetual Corporate Trust Ltd	15,196,532	2.31
14	CCP Trusco 3 Pty Limited	11,812,524	1.79
15	RBC Investor Services Australia Pty Limited	11,153,653	1.69
16	Mr Simon Swanson	10,000,000	1.52
17	UBS Nominees Pty Ltd	10,000,000	1.52
18	CCP Trusco 4 Pty Limited	9,892,405	1.50
19	CCP Trusco 2 Pty Limited	9,843,771	1.50
20	RBC Investor Services Australia Nominees Pty Limited	8,320,000	1.26

Shareholders' Information

As at 11 August 2016

Ordinary Share Capital

There are 658,173,127 fully paid ordinary shares held by 1,789 shareholders. All the shares carry one vote per share.

Distribution of shareholders

The distribution of Shareholders as at 11 August 2016 is as follows:

Range	Total holders	Units	% of issued capital
1 - 1,000	264	79,332	0.01
1,001 - 5,000	462	1,342,570	0.20
5,001 - 10,000	290	2,158,948	0.33
10,001 - 100,000	552	16,334,522	2.48
100,001 and over	221	638,257,755	96.97
Total	**1,789**	**658,173,127**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.96 per unit	521	186	16,616

Shares under voluntary escrow

There are no shares subject to voluntary escrow as at 30 June 2016.

Directory

Current Directors

Bruce Edwards (Chairman)

Andrew Sneddon

David Brown

Gary Burg

Michael Alscher

Michael Lukin
(Alternate to Mr Alscher)

Nathanial Thomson

Simon Swanson

Managing Director

Simon Swanson

Company Secretary

Athol Chiert

Appointed Actuary

Ashutosh Bhalerao

Chief Actuary and Risk Officer

Greg Martin

Registered Office and Contact Details

Level 15, 20 Bond Street
Sydney NSW 2000

GPO Box 4232
Sydney NSW 2001

Telephone: +61 2 8095 1300
Facsimile: +61 2 9233 1960
Email: ir@clearview.com.au
Website: www.clearview.com.au

Share Registry

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registry:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: 1300 850 505
+61 3 9415 4000

Facsimile: +61 3 9473 2500

www.computershare.com.au

Auditors

Deloitte Touche Tohmatsu

Stock Listing

ClearView Wealth Limited is listed on the Australian Securities Exchange (ASX) under the ASX code “CVW”.

2016 Corporate Governance Statement

The ClearView Annual Corporate Governance Statement may be viewed at www.clearview.com.au/page/shareholders/corporate-governance

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

CVM_0512 07/16