Half Year Condensed Consolidated Financial Report

for the six months ended 31 December 2016

ClearView

Directors' Report

The Directors of ClearView Wealth Limited (ClearView or the Company) submit herewith the Condensed Consolidated Financial Report of ClearView and its subsidiaries (the Group) for the half year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company who held office during the half year ended 31 December 2016 and up to the date of this report are shown below.

- **Bruce Edwards** (Chairman)
- **Andrew Sneddon**
- **David Brown**
- **Gary Burg**
- **Michael Alscher**
- **Michael Lukin** (Alternate to Mr Alscher)
- **Nathanial Thomson**
- **Satoshi Wakuya** (appointed 14 December 2016)
- **Susan Young** (appointed 14 December 2016)
- **Simon Swanson** (Managing Director)

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

Principal activities

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

Operating and Financial Review

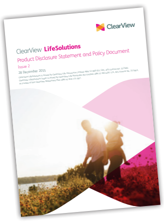
Business overview

ClearView Wealth Limited is an Australian diversified financial services company which provides life insurance and wealth management products and delivers quality financial advice on a range of matters including life insurance, investing, superannuation and retirement planning.

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

ClearView Wealth Limited

Life Insurance



ClearView manufactures products that are distributed through financial advisers and directly to consumers.

Within Australia's $15.6 billion life (risk) insurance market, ClearView competes in a subset, primarily the $9.4 billion individual risk market (excluding group life)[1].

The ClearView Advised product suite is branded LifeSolutions. 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 and online campaigns.

A recent pilot of LifeSolutions Essentials (LSE), a slimmed-down version of LifeSolutions, was conducted as part of a deliberate strategy to target mid-market consumers. This repositioning will drive operational and sales efficiencies.

Wealth Management

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

ClearView's four core wealth 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 platform issued via the ClearView Retirement Plan and an IDPS[2]. Includes a SMA[3] capability.

WealthFoundations – Life investment contracts issued by ClearView Life. Product options are 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 on external platforms.

Given the convergence of life insurance and wealth management, and in line with its integrated strategy, ClearView operates a new compliant and functional technology platform 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 243 advisers who are focused on delivering quality, compliant and client-centric advice.

ClearView initially built its aligned planner network from FY11 to FY13 by attracting high-quality, risk-focused advisers.

In FY14 and FY15, it shifted its attention to recruiting strategic advisers who were focused on both wealth management and life insurance. This was a key driver behind acquiring Matrix.

ClearView has built a strong adviser network and gained credibility in the market by focusing on quality not quantity.

1 Plan for Life data as at 30 September 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

The ClearView strategy, described in the next section, is a high-growth strategy that targets 5% of the long-term life insurance profit pool, and focuses on 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 HY17 financial results reflect that ClearView continues to deliver strong, profitable and sustainable growth, and remains on track to 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.

Sony Life

The Board had previously announced that it had considered several alternatives in relation to its major shareholder, Crescent Capital Partners and its Associates (Crescent) selling down its 52.9% shareholding. This process resulted in Sony Life Insurance Co., Ltd (Sony Life) becoming a new strategic shareholder in October 2016 following their agreement with Crescent to acquire a 14.9% stake in ClearView.

ClearView and Sony Life have, further to the acquisition of a 14.9% interest, entered into a mutually-beneficial Cooperation Agreement to share information and increase their co-ordination to drive efficiency and growth. To facilitate knowledge sharing and further develop ClearView's expertise and explore opportunities to enable exchange of best of breed practices at each business, two appropriately skilled employees of Sony Life have been seconded to ClearView with effect from 1 February 2017.

ClearView will look to expand its footprint in the independent financial adviser (IFA) market; enhance the quality of strategic advice provided by ClearView's aligned adviser network; increase the recruitment and productivity of skilled aligned advisers and explore development and use of relevant technology and products and services. The Cooperation Agreement is effective from 13 January 2017 for so long as Sony Life holds at least 10 per cent of the issued share capital in ClearView.

ClearView also announced the appointment of Mr Satoshi Wakuya as a Non-executive director to the Company's Board in December 2016. Mr Satoshi Wakuya is the General Manager, Head of Business Development Division for Sony Life. He has over 10 years' experience in the life insurance industry in Japan and has held a number of senior management positions within Sony Life's ultimate parent company, Sony Corporation.

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.

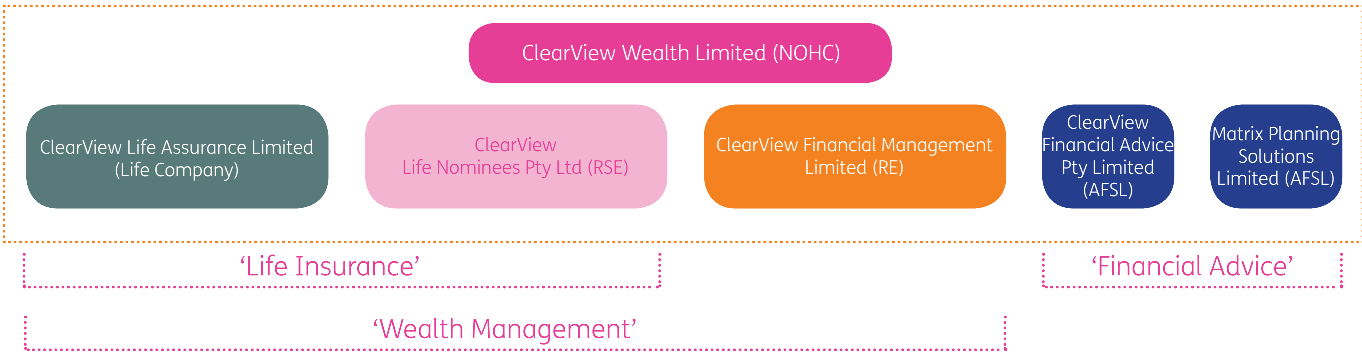
Both organisations are independent Commonwealth Government bodies with extensive regulatory powers.

ClearView's integrated business model positions it to be a 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 (NOHC) by APRA under the Life Insurance Act 1995 and, via its subsidiaries, it holds an APRA life insurance licence, an APRA registrable superannuation entity (RSE) licence, an ASIC funds manager responsible entity (RE) licence and operates two dealer groups (ASIC financial adviser licences).

Directors' Report

Continued

Key licence holding entities in ClearView Group



Life insurance regulatory changes

ClearView supports the recently enacted Bill and Regulations in respect to life insurance remuneration arrangements but contends that there are some additional areas that need to be addressed to ensure good public policy outcomes with respect to life insurance.

1. In respect to the changes to adviser remuneration, all grandfathering relief should cease by 2021 so that ongoing poor behaviour is not encouraged, such as leaving clients in old legacy products to preserve volume based/lapse rate bonuses, so these are finally eradicated.
2. We believe that every Approved Product List (APL) should include all life insurance products issued by insurers regulated by APRA. This would ensure that advisers are not inherently conflicted, and that consumers are provided with financial advice that is in their best interests. Given there are only around eleven life insurers (in comparison to the hundreds of fund choices that most platforms accommodate) it is reasonable that open APLs be mandated to protect clients' best interests.
3. Whilst we see some positive advancements in the introduction of the Life Code of Conduct, ClearView believes that the industry should work with ASIC to get it approved in accordance with RG183 to ensure that the Code is contractually enforceable by consumers and that the content is meaningful. This would bring about critical behavioural change in the financial services industry and improve the trust and reputation of all participants generally.
4. ClearView strongly supports the Bill 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.
5. ClearView believes that group insurance should be offered on an "opt-in" basis rather than the current "opt-out" model to maximise the probability of members in superannuation funds gaining adequate protection and value for money. ClearView considers that requiring members to consciously opt in for group insurance in superannuation will result in a substantial improvement in understanding what they are, and are not, covered for and how much insurance cover they have and stop the current cross subsidies within the existing model.

Overall, we believe that the Life Insurance Reforms will provide certainty and stimulus for the industry in the long-run.

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 in the 2016 Annual Report.

Strategy

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 material 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 APLs[1] currently carrying ClearView products to grow wallet share of those APLs[1]
- Expand distribution reach by placing products on new APLs[1]
- Prepare for increased access to the IFA market due to potential regulatory changes forcing institutionally-owned dealer groups to open up their APLs[1]
- Leverage off the success of the life insurance distribution team's success in the IFA market to cross sell wealth management products
- Evolve direct strategy to focus on the mid-market segment

Increase profitability

Target profitable markets with innovative product offerings

- Focus next phase of product development on upgrading Direct life offering aimed at mid-market customers
- Capitalise on structural competitive advantage by offering life insurance through superannuation to drive convergence of 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 staff and advisers 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 Approved Product Lists

Directors' Report

Continued

Values:

Our values are our guiding principles. They reflect 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, matters.
- **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, which combines life insurance and wealth management, differentiates ClearView from other entrepreneurial players;
- Our strong relationships with Independent Financial Advisers (IFAs) developed by focusing on the continuous delivery of product innovation and excellent service; and
- No material legacy issues such as pricing, back books and systems.

ClearView is well positioned to gain from market disruption, particularly around life insurance reforms with a potential stepped change in distribution profile to occur if APLs are forced to open-up. 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 created the need 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 larger institutional competitors, making it difficult for them to innovate and drive new product development. This creates opportunities for a challenger like ClearView, which is nimble and operates a differentiated business with limited legacy issues.

Directors' Report

Continued

Operating review

Life Insurance

Approach

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 which 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 APLs given:
  - The larger vertically-integrated institutions have restricted APL structures; and
  - Our deliberate strategy not to pay material shelf space fees or volume bonuses which are commonplace in the IFA market but we believe don't deliver optimal client outcomes.
- Expanded distribution capability over time 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 the 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.
  - Implemented adviser-led, continuous improvement service strategy.

ClearView also sells directly to consumers via partners such as Bupa (direct market). Some notable achievements in Direct include:

- 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" portfolio and had no intermediated business; and
  - It 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 volume.
- While sales to the lower socio demographic were solid in FY14 and FY15, ClearView decided in FY16 to intentionally reduce sales volumes given the structural shift in that demographic and consequent impacts on profitability from adverse lapse trends.
  - 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.

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

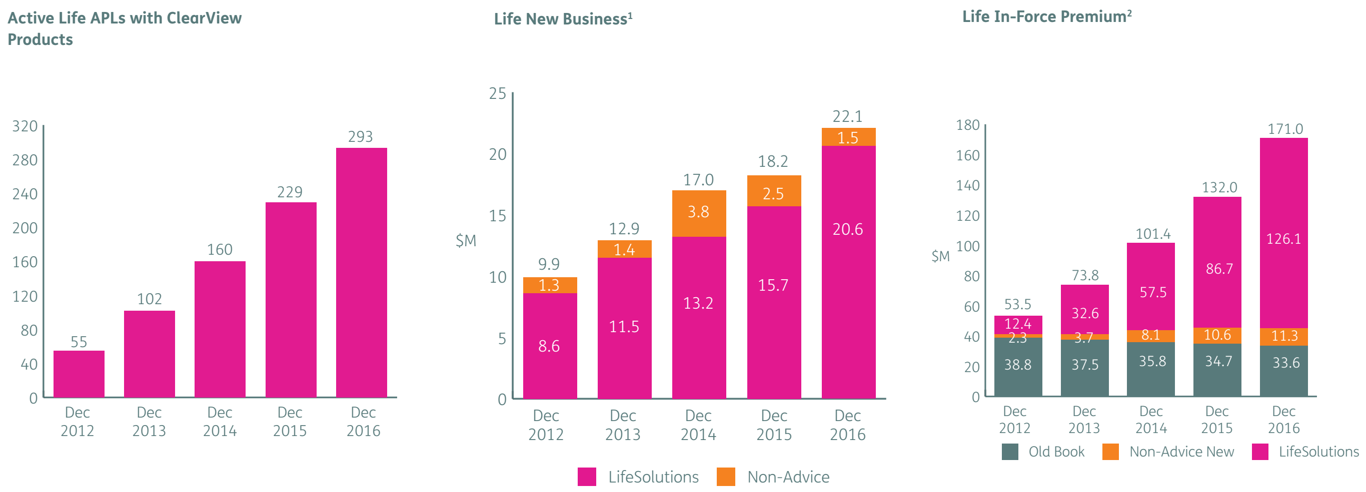
Directors' Report

Continued

Performance

The following graphs reflect the performance of the Life Insurance business and is reflective of the approach adopted and growth profile of the business.

Chart 1: Life Insurance segment performance HY13 - HY17



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 is being transitioned to LifeSolutions Essentials in FY17 to align with the shift in focus to mid-market.

Chart 2: Life Insurance key performance metrics HY17

	HY17 Sales ($M)	YoY Growth	HY17 In-force Premiums ($M)	YoY Growth	Primary distribution channel	Key coverage riders
LifeSolutions	20.6	31%	126.1	45%	IFA 70% / Aligned 30%	• Term Life • TPD • Trauma • Income Protection
Non-Advice (Direct)[3]	1.5	(41%)	11.3	6%	Strategic Partners 64% / CVW 36%	• Term Life • Accidental Death • Minor other covers
Old Book Products	n.a.	n.a.	33.6	(3%)	n.a. (not currently sold)	• Term Life • Minor other covers

1 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

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

3 Your Insure was closed as a business in HY16 as previously reported to the market. Direct distribution expected to change going forward as products targeted at lower socio-economic demographics are expected to be replaced to align to the shift in focus

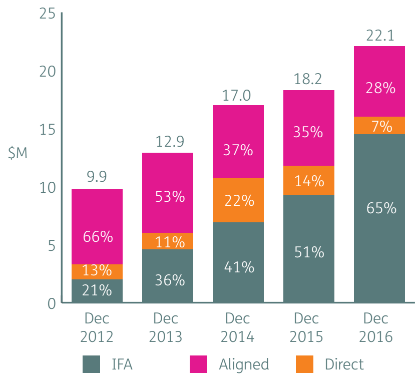
Directors’ Report

Continued

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 HY13 - HY17



- The aligned adviser network (CFA[3] and Matrix[4]) provides a strong sales base. Third party APLs (IFAs) represent an increasing share of sales demonstrating the competitiveness of our products.
- Growth in sales since 2014 have been driven by a clear decision to build out the IFA distribution footprint:
  - 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.
  - LifeSolutions sales growth continues to outperform the market with sales through the IFA channel continuing to grow period to period.
- There are significant future organic growth opportunities to be derived from three sources:
  - The maturation of relatively new APLs;
  - Access to new APLs; and
  - Potential 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. The initial pilot results from the launch of a mid market product in HY17 is supporting the strategy change.

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. The focus in FY17 is on upgrading the online quote system and application process to make it easy for financial advisers to do business with us; and
- Enhancing the Direct offering to preferred mid-market customers[2].

If increased access to vertically integrated APLs is forced through a form of regulatory change and/or pressure from the regulators or industry bodies, 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 industry support. Standard is in the process of being drafted by the Financial Services Council (FSC)
2 This has had some short term impact on sales volumes in FY16 and HY17
3 ClearView Financial Advice Pty Limited
4 Matrix Planning Solutions Limited

Wealth Management

Approach

ClearView's approach to the wealth management market is consistent with its approach to the life insurance market, that is to provide clients with best-in-class services in an efficient manner.

ClearView's position in wealth management is tracking behind its position in the Life Insurance market given its initial focus was on life insurance. This meant it only began investing significantly in its wealth offering in FY15 (after success in the Life Insurance market) including:

- Acquiring a wealth-focused distribution network (Matrix);
- Implementing a new contemporary platform; and
- Investing in, and refining, products (WealthFoundations and WealthSolutions SMA[1] offering).

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

- New and 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 core product mix established (including SMA[1] capability) 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 (WealthFoundations) increasing to 18[3].
  - Recently commenced the broadening out of distribution to the third party IFA market. In HY17, 98% of new business flows into contemporary wealth product were sourced from CFA and Matrix advisers.
- Invested further in the new platform to improve back office efficiency and automation.

ClearView has moved from a neutral net flow business to a positive net flow business. This is driven by:

- 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) in FY15 in building out a new compliant and functional platform coupled with the launch of WealthFoundations; and
- WealthSolutions continues to build to scale, while WealthFoundations is starting to expand its distribution presence (albeit it will take time to generate flows).

1 Separately Managed Accounts
2 Managed Investment Schemes
3 As at 31 December 2016

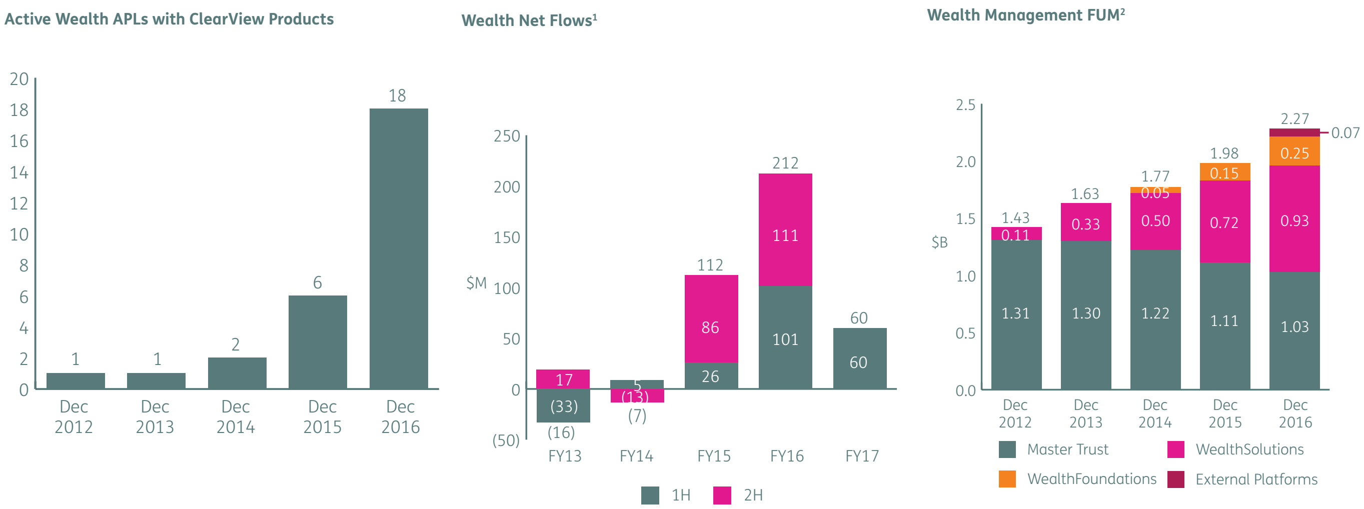
Directors' Report

Continued

Performance

The following graphs reflect the performance of the Wealth Management business.

Chart 1: Wealth Management segment performance HY13 - HY17



Products

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

- **WealthSolutions -** Platform that provides high-end clients with a full-service 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[3] platform funds placed on external (third party) platforms that commenced in FY16 (including the ability to use the ClearView model portfolios).

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[4]) of various ClearView funds and independent asset manager funds. The benefits of model portfolios include:

- Allowing the ClearView adviser network to efficiently meet the investment needs of its clients by developing well-researched, diversified multi-manager portfolios with a specific investment objective (for example, asset protection, balanced risk portfolios, moderate risk portfolios);
- Strong performance and increasing acceptance among advisers. ClearView charges a model portfolio fee and earns a margin on the wealth management FUM[2] by negotiating discounted wholesale asset management fees from portfolio managers; and

1 FUM net flows is defined as inflows less redemptions into FUM but excludes management fees outflow
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
3 Managed Investment Schemes
4 Separately Managed Account

- Allowing 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 a growing wealth management FUM base as shown in the table below.

Chart 2: Wealth Management key performance metrics HY17

	FUM[1] (A$B)		Net Flows (A$M)		Primary distribution channel	Key offering
	HY17	YoY Growth	HY17	YoY Growth		
WealthSolutions	0.92	29%	87	(23%)	• Aligned Advisers • IFAs (just starting)	• Wrap platform for superannuation and other high net worth clients • A$250K+ investable assets
WealthFoundations	0.25	61%	42	(10%)	• Aligned Advisers • IFAs (just starting)	• Self-directed portfolio management • 14 model portfolios • A$100K - A$400K investable asset accounts targeted
External platforms	0.07	n.m.	12	n.m.	• Aligned Advisers	• ClearView MIS platform funds offered on external wrap platforms
Master Trust products	1.03	(7%)	(82)	(40%)	• Not currently marketed to new customers	• Old 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 by:

- Servicing advisers and clients and concentrating on increasing penetration through the CFA and Matrix dealer groups;
- Continuing 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; and
- Investing further in the new contemporary platform to round out the product and improve back office efficiency and automation, with the Master Trust business to be migrated onto the platform over time to improve the customer experience (project has commenced in 2H FY17).

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

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 focusing on attracting high quality life insurance advisers.
- In FY14 and FY15, that focus shifted to recruiting more wealth management-focused advisers into the network, which was a primary driver for acquiring Matrix.
- Gained 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, given that there are restricted APL structures in the market.
- 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

Disciplined Approach to expanding distribution

LifeSolutions and WealthSolutions launched

WealthSolutions updated and WealthFoundations launched

Build Aligned adviser network

- Build distribution channel of advisers specialising in writing risk products to drive volume and acceptance of product

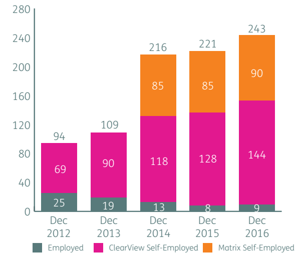
Expand distribution focus to IFAs

- Once traction is gained, expand distribution to IFAs to drive market share; this is achieved by ClearView product gaining access to third party APLs

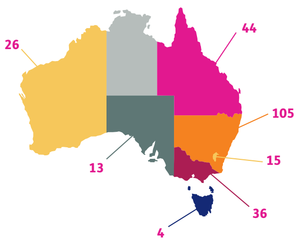
Onboard wealth focused advisers

- Wealth focused advisers onboarded to drive adoption and acceptance of ClearView's wealth products
- Matrix acquisition in October 2014 accelerated this process

Adviser Force - Aligned advisers

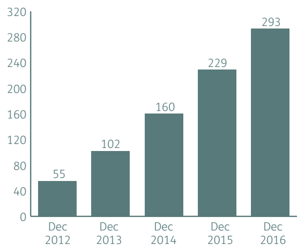


Geographical adviser composition



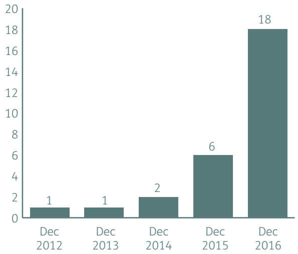
Non-Aligned advisers - Life

(# of Active APLs with ClearView Products)



Non-Aligned advisers - Wealth

(# of Active APLs with ClearView Products)



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

- Early in the penetration curve of APLs.
- ClearView generally improves its penetration on open APLs it has been selling on for more than 12 months.
- 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.

Directors' Report

Continued

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

- Primarily self-employed advisers operating under ClearView and Matrix licenses
- At 31 December 2016, 243 advisers (90 Matrix and 153 CFA)
- No targets are placed on adviser recruitment
- CFA and Matrix have $8.5 billion of FUMA[1] and $223 million of Premiums Under Advice (PUA)[3]
- Focus on the roll out of strategic advice to the adviser network

FY17 Priorities

- Selectively recruiting high quality advisers who have the right cultural fit for CFA and Matrix with a focus on quality over quantity
- Strong compliance focus including building out a strategic advice model given regulatory changes and assisting advisers to transition into the 'new world'

IFA channel

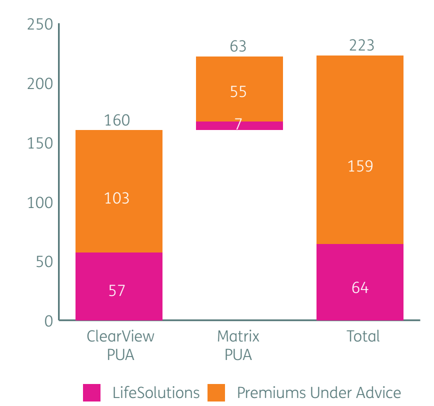
- Increasingly driving sales growth through IFAs that have ClearView products on their APLs
- Rapid growth in IFA life insurance sales as ClearView increases its penetration
- IFA sales achieved to date are predominantly through 'seasoned' APLs[2]
- Number of active APLs holding ClearView life insurance products increased to 293 with the number holding wealth products increasing to 18
- Recent APL wins to deliver embedded sales growth as these are penetrated over time

FY17 Priorities

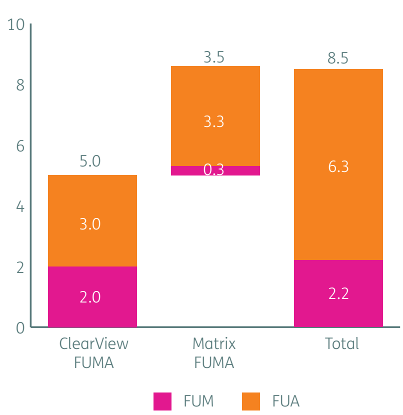
- Expand wealth distribution to the broader IFA market over time by leveraging off success of the model adopted in Life Insurance
- Improved penetration of LifeSolutions sales through APLs on which it is placed
- Increase number of APLs on which LifeSolutions is placed

Chart 2: Financial Advice In-force PUA and FUMA HY17

Premiums Under Advice ($M)[3]



FUMA ($B)[1]



1 FUMA includes FUM[4] and funds under advice that are externally managed and administered

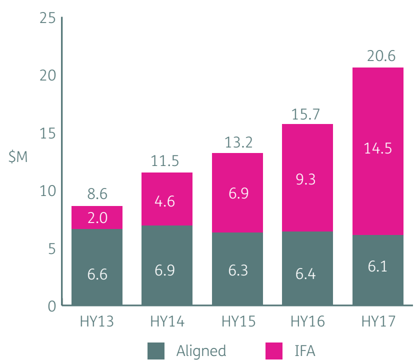
2 APLs on which ClearView has been placed for greater than 12 months

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

4 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

Chart 3: New business flows into contemporary products HY13 - HY17

LifeSolutions sales by adviser type



Wealth contemporary net flows[1]

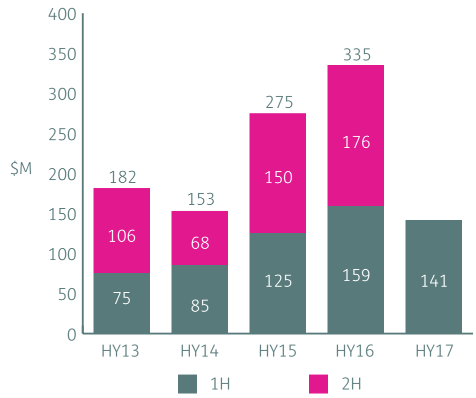


Chart 4: Process for growing footprint takes time – Recent APL wins provide sustainable embedded growth

	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**
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

1 Net flows on WealthSolutions, WealthFoundations and ClearView platform MIS (on external platforms)

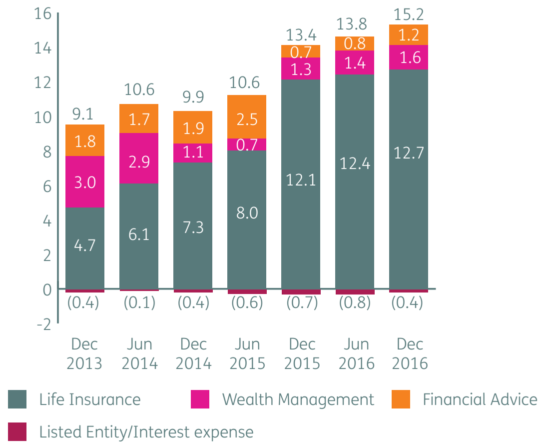
HY17 Results overview

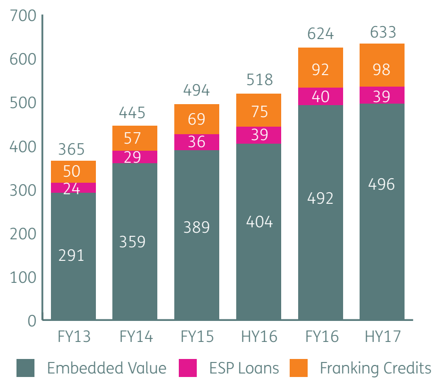
Overview of result

The ClearView Group achieved the following results for the half year ended 31 December 2016:

After tax profit by segment, $M	HY16 $M	HY17 $M	% Change[9]
Life Insurance	12.1	12.7	5%
Wealth Management	1.3	1.6	28%
Financial Advice	0.7	1.2	76%
Listed Entity/Interest Expense	(0.7)	(0.4)	N.M
Underlying NPAT[1]	**13.4**	**15.2**	**14%**
Other Adjustments	(1.2)	(7.4)	Large
NPATA[5]	**12.2**	**7.8**	**(36%)**
Amortisation[6]	(4.6)	(4.6)	-
Reported NPAT	**7.6**	**3.2**	**(58%)**
Embedded Value[2, 3]	518.1	632.8	15%
Value of New Business[7]	7.1	8.5	20%
Net Asset Value[4]	345	400	6%
Reported diluted EPS (cps)	1.38	0.52	(62%)
Underlying diluted EPS (cps)[8]	2.44	2.45	-

Chart 1: Group Performance HY13-HY17





1 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
2 Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016 less the net FY16 cash dividend paid of $15.7m in September 2016
3 Accrued franking credits have been included in the net worth and prior periods have been restated to reflect this
4 Net Asset Value as at 31 December 2016 excluding ESP Loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016, net of FY16 final cash dividend of $15.7m paid in September 2016
5 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software)
6 Amortisation is amortisation of acquired intangibles (not including depreciation and amortisation of software)
7 Value of New Business at 4% discount rate margin
8 Impacted by the effect of 59m shares issued in June 2016 as part of $50m Entitlement Offer
9 % movement to HY16, unless otherwise stated

Directors' Report

Continued

Underlying net profit after tax (Underlying NPAT) - $15.2 million (+14%)

The HY17 result reflects strong fundamentals in the underlying operating businesses and further emergence of sustainable growth.

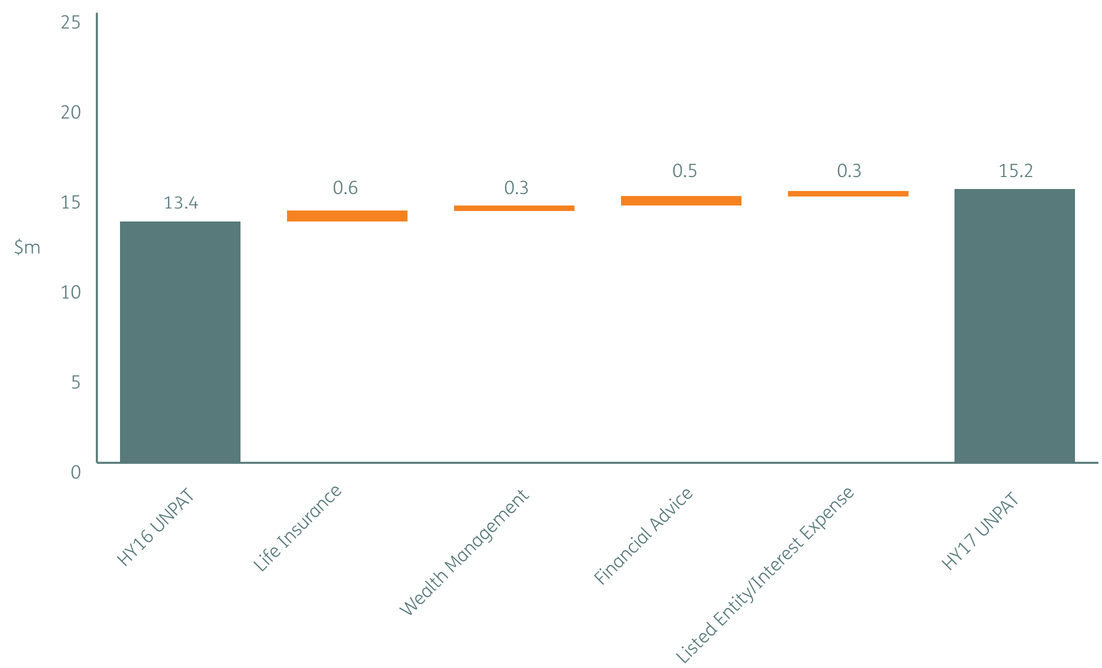
- Life Insurance remains key profit driver with further expansion of the distribution footprint and related stepped change in Advised sales, leading to material increase in the in-force portfolio that is underpinning the growth profile. Some statistical claims volatility can be expected between periods given the size and nature of the life insurance portfolio ($2.3 million adverse "swing" in HY17 vs HY16).
- Wealth Management is net flow positive business, demonstrating the positive impact of the material investment in new contemporary platform and products from FY15 with growth in earnings now emerging.
- Financial Advice Underlying NPAT growth driven by net change in revenue model and expense control with an overall focus on building a high quality financial advice business that provides strategic advice for clients.

The HY17 result includes the impacts of key decisions to support the longer-term strategy, which are detailed below:

- The LifeSolutions adverse claims experience in HY17 includes the impact (-$1.5 million) from the adoption of an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions.
- Income protection price increases (10% on average) were implemented in October 2016 reflecting the ability to manage margin over time.
- A continued slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio-economic customers. This led to a 41% decline in new business volumes to $1.5 million, albeit there was a significant improvement in the lapse performance justifying the strategic decision that was made in FY16.

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

Chart 2: UNPAT Waterfall



Underlying NPAT, the Board’s key measure of Group profitability and also used for dividend payment decisions, increased 14% to $15.2 million (HY16: $13.4 million). Key highlights from the results are as follows:

- **Life Insurance Underlying NPAT increased 5% to $12.7 million** (HY16: $12.1 million). The modest growth in Underlying NPAT (compared to expected growth in HY17 of 25%[2]) was driven by statistical claims volatility that can be expected between periods given the size and nature of the portfolio. This was driven by a $2.3m adverse ‘swing’ in claims experience, given that the HY16 result included a claims profit of $1.7m as opposed to the HY17 result that includes a claims loss of $0.6m. The overall net claims impact over the last nine half year periods broadly nets out to zero (-$0.5m) and reflects that there can be some statistical volatility between periods. The underlying performance of the Life Insurance segment remains very strong with in-force book growth of 30% and material increases in sales of the flagship LifeSolutions product of 31%. This includes the broadening out of the distribution footprint to rapidly diversify sales and create material embedded growth.
- **Wealth Management Underlying NPAT increased 28% to $1.6 million** (HY16: $1.3 million). Wealth Management is the least advanced segment given recently completed ‘build’ phase and material investment in new contemporary platform and products in FY15 with growth in earnings now starting to emerge. New contemporary products are written at a lower margin but continue to build to scale.
- **Financial Advice Underlying NPAT increased 76% to $1.2 million** (HY16: $0.7 million). Increase in profitability driven by net change in revenue model and expense control notwithstanding further investment in strategic advice model and compliance costs.
- **Listed Underlying NPAT incurred a loss of $0.4 million** (HY16: -$0.7 million). The decrease in investment earnings is broadly offset by a related reduction in after-tax interest expense given the repayment of $45.5 million of corporate debt in 2H FY16. 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 entitlement offer in June 2016. The improved performance is driven by a reduction in the costs of the listed entity.

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)	HY16	HY17	% Change[1]
Amortisation of intangibles	(4.6)	(4.6)	-
Policy liability discount rate effect	0.7	(6.9)	Large
Strategic review costs	-	(0.5)	Large
Your Insure impairment	(1.9)	-	Large
Total	**(5.8)**	**(12.0)**	**Large**

- Amortisation of intangibles ($4.6 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 increase in long term discount rates over the half year period caused an adverse after tax impact of -$6.9 million (HY16: +$0.7 million).

1 % change represents the movement from HY16 to HY17
2 Actuarial planned Underlying NPAT of $14.3m (+25% HY16 to HY17) reflects expected profit margins on in-force portfolios based on actuarial assumptions

- Costs that are considered unusual to the ordinary activities of ClearView and are therefore not reflected as part of Underlying NPAT. These costs related to:
  - The HY17 costs related to the expenses incurred on the evaluation of strategic options and Sony Life becoming a new strategic shareholder ($0.5 million after tax). Costs associated with the Sony Life Cooperation Agreement will continue to be reported as a cost unusual to the ordinary activities in 2H FY17; and
  - The HY16 costs related to the write-off of ClearView's investment in Your Insure, which incurred a net of tax cost of $1.9 million.

Reported NPAT and Earnings per Share

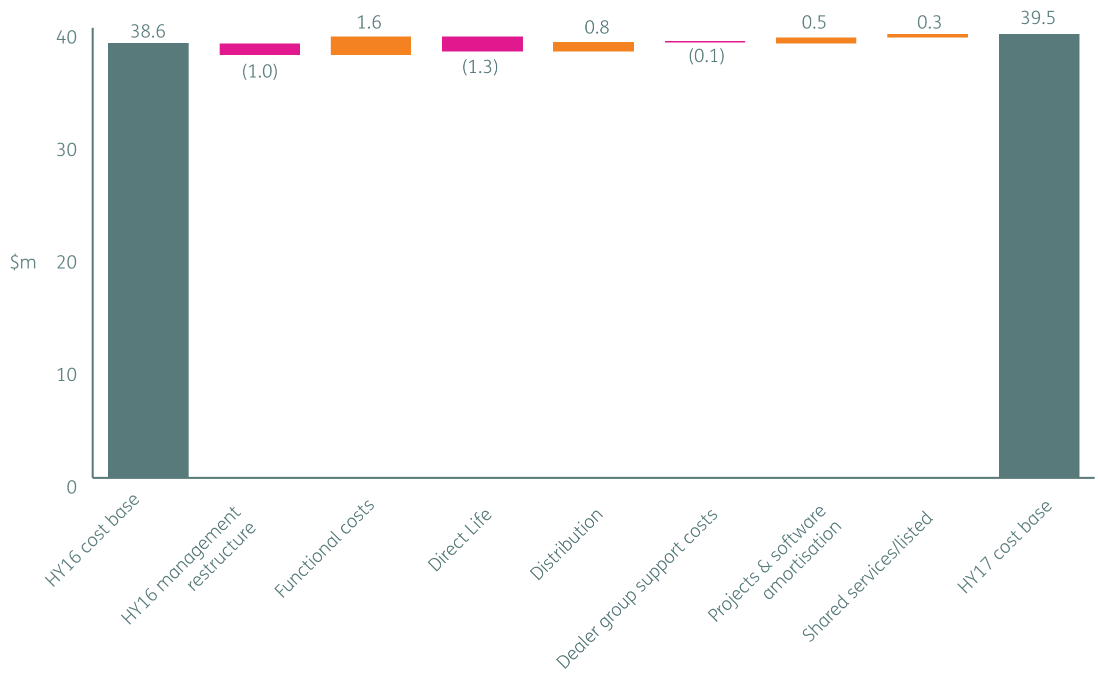
Reported NPAT decreased by 58% to $3.2 million (HY16: $7.6 million).

Reported diluted earnings per share (EPS) decreased 62% or 0.86 cents per share (cps) to 0.52 cps (HY16: 1.38 cps). EPS calculations have been adversely impacted by changes in the long term discount rates used to determine the insurance policy liabilities ($7.6 million "swing" between periods) coupled with the dilutionary impact in HY17 of the shares issued (59 million) in the $50 million accelerated renounceable share entitlement capital raising in June 2016.

Fully diluted Underlying EPS was broadly in line with the prior period at 2.45 cps (HY16: 2.44 cps). This was driven by the impact from the shares issued under the capital raising (as noted above).

Operating expenses overview

Chart 3: Operating expense analysis HY16 vs HY17



The waterfall chart on the previous page shows a 2% increase in the operating cost base over the year from $38.6 million in HY16 to $39.5 million in HY17. The key components of the movement were:

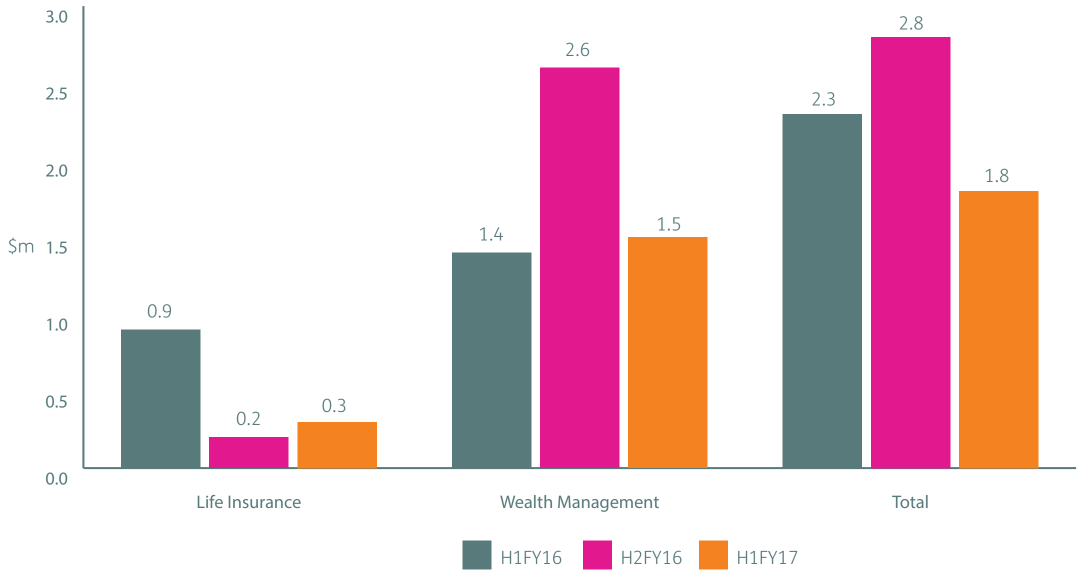
- **HY16 management restructure** – Reflects the restructure costs incurred in HY16 relating to management changes in October 2015, with related savings flowing from 2H FY16;
- **Functional costs** – Relates to increases in functional areas to support business growth, including administration, call centre, claims and underwriting costs, and reflects underlying volume growth, both in terms of new business generated and the in-force base. The functional costs also include the incremental growth in information technology support costs given the number of software applications supporting the business has increased, including costs associated with the automation of life insurance correspondence and data warehouse functionality;
- **Direct life** – Lower fixed cost base given strategic decision to shift focus to targeting the mid-market demographic coupled with reduced variable costs driven by lower new business volumes;
- **Distribution** – Distribution and front-end costs include the option cost associated with Executive Share Plan (ESP) shares issued to financial advisers and the increased life insurance business development team presence to support the broadening out of the footprint to the IFA market. The Wealth Management “front-end” to support business growth after the launch of the new contemporary platform and related products has remained broadly consistent between periods;
- **Dealer group support costs** – Reflect adviser support services costs. These costs remain broadly flat notwithstanding the investment in the roll out of the strategic advice model and compliance costs, partially offset by the benefit of transitioning employed planners into the self-employed model;
- **Projects** – Reflects the net change in project scoping costs between periods. Costs associated with the upgrade of the general ledger to a cloud based solution were incurred in HY17. Software amortisation costs have increased in HY17 as projects have passed go-live dates; in particular the correspondence and data warehouse projects. The project to migrate the Master Trust product onto the new wealth platform is expected to commence in 2H FY17 with the expected cost benefits and efficiencies expected to flow through from FY18. A provision for the wealth migration of $1.3 million remains on Balance Sheet at 31 December 2016 and is expected to be progressively utilised in 2H FY17 as the migration project rolls out; and
- **Shared services/listed** – 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. Listed entity costs have reduced given the changes in Board size and composition between periods as well as a reduction in investor relations costs in HY17.

Expense over-runs

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 continues to grow, the remaining expense over-runs are likely to be absorbed and ClearView should achieve operating leverage. These have been progressively reducing over time.

Expense over-runs initially depress reported profits but as these over-runs begin to unwind as scale is achieved, underlying profit realised through the in-force portfolios increases. In the six months to 31 December 2016, the non-deferred expense over-runs across the life insurance and wealth management ‘manufacturing’ businesses had a negative impact on Underlying NPAT of $1.8 million (HY16: $2.3 million). The movements between segments are shown in the graph on the next page and indicates that cost over-runs are continuing to be absorbed.

Chart 4: Non-deferred expense over-runs by segment HY16 – HY17



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

- The significant investment made in LifeSolutions and the Non-Advice business. LifeSolutions continues to build to scale whilst the current direct life expense base reflects maintaining the full (larger scale) operating base pending the shift of focus to the mid-market segment. This will continue until such time as ClearView successfully redesigns the direct strategy over the medium term and spreads the overhead element across increased volumes.
- The investment in FY15 in WealthFoundations and the new contemporary wealth platform. WealthSolutions continues to build to scale with WealthFoundations now providing some (limited) support to the growth and development costs incurred. However, the expense over-runs have remained broadly flat (HY16 to HY17) notwithstanding the increase in FUM balances (+15%) and a reduced wealth management operating cost base (-9%). The key driver is that the expense allowances allowed for in the Master Trust product assumptions are higher than new contemporary products, particularly WealthSolutions where the administration and information technology is outsourced. As the Master Trust business runs off, this has an adverse impact on the expense overruns until scale is achieved on the WealthFoundations product to support the cost base. The costs of the new contemporary platform will be shared with the Master Trust product once the migration project is completed. The expense over-runs should therefore improve as the WealthFoundations FUM builds and the Master Trust product migration is completed.

The elimination of expense over-runs, along with the growth ambitions of the business, remains a key focus of management and the Board.

Operating expense reconciliation to the Half Year 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	HY17 $M	HY16 $M
Operating expenses per waterfall	**39.5**	**38.6**
Custody and investment management expenses	4.1	3.7
Depreciation and software amortisation	(2.7)	(2.2)
Reinsurance technology costs	0.4	0.3
Stamp duty	3.1	2.2
Medical costs	0.8	0.6
Interest expense	0.1	0.8
Strategic review costs	0.7	-
Other expenses on consolidation of unit trusts	0.8	-
Operating expenses per financial statements	**46.8**	**44.1**

Directors' Report

Continued

Segment analysis - HY17 Life Insurance Result

Life Insurance underlying NPAT increased 5% to $12.7 million (HY16: $12.1 million). Life Insurance remains the key profit driver, albeit some statistical claims volatility can be expected between periods given nature and size of portfolio

	2015			2016				%
6 Months to 31 December 2016 ($M)[2]	**1H**	**2H**	**FY15**	**1H**	**2H**	**FY16**	**HY17**	**Change[1]**
Gross life insurance premiums	49.6	55.5	105.1	64.9	73.4	138.3	84.4	30%
Interest income	1.5	1.5	3.0	1.4	1.4	2.8	1.2	(15%)
Net claims incurred	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	(11.8)	57%
Reinsurance premium expense	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	(20.3)	45%
Commission and other variable expenses	(17.6)	(18.2)	(35.8)	(21.9)	(24.0)	(45.9)	(27.8)	27%
Operating expenses	(21.2)	(21.9)	(43.1)	(22.2)	(22.0)	(44.2)	(24.2)	9%
Movement in policy liabilities	14.8	14.6	29.4	16.6	16.9	33.5	16.7	1%
Business unit underlying NPBT	**10.5**	**11.3**	**21.8**	**17.3**	**17.6**	**34.9**	**18.2**	**5%**
Income tax (expense) / benefit	(3.2)	(3.3)	(6.5)	(5.2)	(5.2)	(10.4)	(5.5)	6%
Business unit underlying NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**12.7**	**5%**
Amortisation of intangibles	(1.5)	(1.4)	(2.9)	(1.4)	(1.4)	(2.8)	(1.4)	(1%)
Policy liability discount rate effect	3.6	(0.7)	2.9	0.7	7.1	7.8	(6.9)	NM
Reported NPAT	**9.4**	**5.9**	**15.3**	**11.4**	**18.1**	**29.5**	**4.4**	**(62%)**

	2015			2016				%
Analysis of Profit	**1H**	**2H**	**FY15**	**1H**	**2H**	**FY16**	**HY17**	**Change[1]**
Actuarial planned life underlying NPAT	**9.3**	**9.9**	**19.2**	**11.4**	**12.3**	**23.7**	**14.3**	**25%**
Claims experience	0.1	(0.2)	(0.1)	1.7	(0.7)	1.1	(0.6)	(134%)
Lapse experience	(0.2)	0.3	0.1	(0.2)	0.7	0.5	(0.7)	190%
Expense experience	(2.2)	(2.3)	(4.5)	(0.9)	(0.2)	(1.2)	(0.3)	(67%)
Other	0.3	0.3	0.6	0.1	0.3	0.4	-	Large
Actual business unit life underlying NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**12.7**	**5%**

	2015			2016				%
Key Statistics And Ratios ($M)	**1H**	**2H**	**FY15**	**1H**	**2H**	**FY16**	**HY17**	**Change[1]**
New business	**17.0**	**17.5**	**34.5**	**18.2**	**21.0**	**39.2**	**22.1**	**21%**
LifeSolutions	13.2	14.3	27.5	15.7	19.0	34.7	20.6	31%
Non-Advice	3.8	3.2	7.0	2.5	2.0	4.5	1.5	(40%)
In-Force premium	**101.4**	**115.7**	**115.7**	**132.0**	**150.7**	**150.7**	**171.0**	**30%**
LifeSolutions	57.5	71.0	71.0	86.7	105.7	105.7	126.1	45%
Non-Advice	43.9	44.7	44.7	45.3	45.0	45.0	44.9	(1%)
Old book	35.8	35.1	35.1	34.7	34.1	34.1	33.6	(3%)
New book	8.1	9.6	9.6	10.6	10.9	10.9	11.3	6%
Cost to income ratio	**42.7%**	**39.5%**	**41.0%**	**34.2%**	**30.0%**	**32.0%**	**28.7%**	

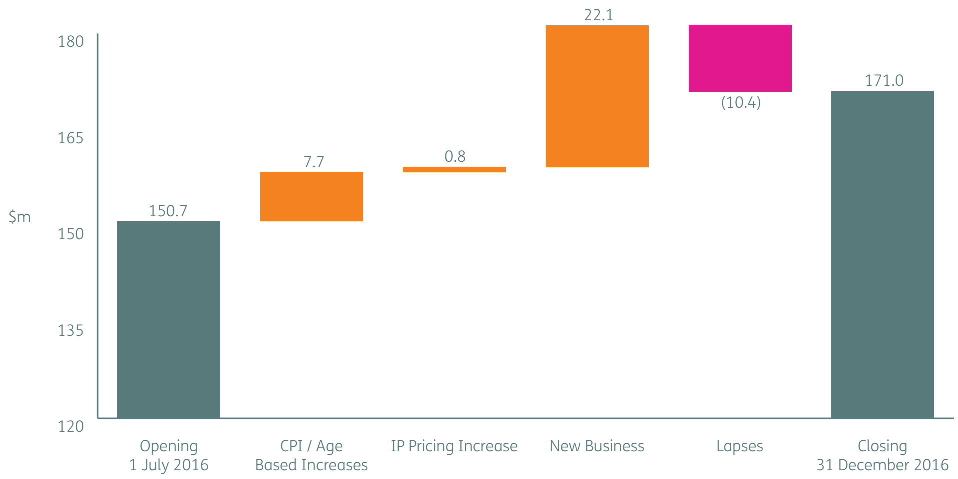
1 % change represents the movement from HY16 to HY17

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

HY17 - Key performance indicators

The following waterfall chart shows the major components of the movement in in-force premium from $150.7 million (as at 30 June 2016) to $171.0 million over the six months to 31 December 2016:

Chart 1: Life insurance in-force movement FY16 – HY17

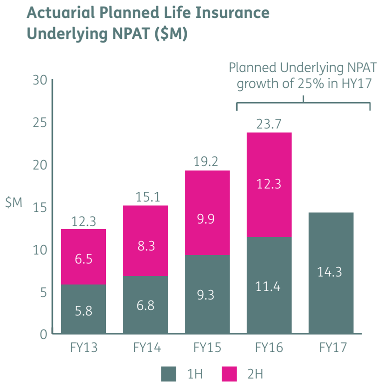


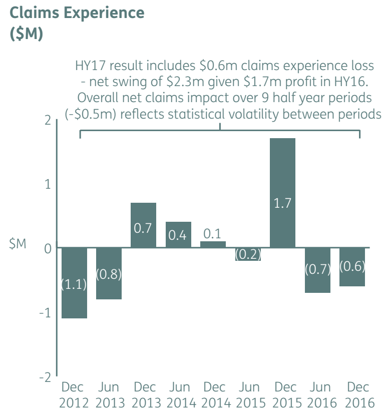
Key points to note are as follows:

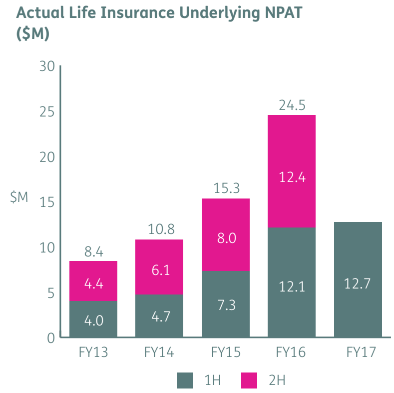
- In-force premium growth was driven by strong new business growth with lapses partially offset by age-based premium increases and inflation (CPI) increases on insurance benefits. Income protection price increases (10% on average) were implemented in October 2016 and increased the in-force book by $0.8 million for those policies that renewed subsequent to the price increases being implemented.
- The mix of products making up the in-force has changed materially with LifeSolutions in-force premium now $126.1 million as at 31 December 2016 (+45%), representing 74% of the total life insurance in-force book (links to the margin shifts across the overall portfolio).
- LifeSolutions reflects a stepped change in sales with new business premium increasing 31% to $20.6 million:
  - Continued focus on expanding distribution reach and embedding growth via the third party IFA market with the LifeSolutions product now placed on 293 APLs, up 28%
  - Strong growth and market outperformance in retail advice market with 70% of sales generated from IFAs operating under third party APLs (IFA sales increased by 55%, period-to-period)
- The new Non-Advice in-force book is $11.3 million (+6%); with the Old Direct Book (business written pre 2011) in-force premium of $33.6 million (-3%) as at 31 December 2016.
- Non-Advice life insurance sales volumes were down 41% in HY17 following an intentional shift in focus away from the lower to the mid socio demographic segment, albeit there has been a significant improvement in the lapse performance in HY17.

HY17 Result review - Analysis of profit

The following graphs reflect the planned profit margins inherent in the in-force portfolio, and the actual results achieved:







- Actuarial planned underlying NPAT reflects an increase of 25% to $14.3 million:
  - Related to the expected profit margins on the in-force portfolios based on actuarial assumptions; and
  - 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).
- Life Insurance actual Underlying NPAT is up 5% to $12.7 million, compared to the expected growth in HY17 of 25%. The modest growth was driven by statistical claims volatility that can be expected between periods given the size and nature of the portfolio. The underlying performance of the Life Insurance segment remains very strong with in-force book growth of 30% and material increases in sales of the flagship LifeSolutions product of 31%. This includes the broadening out of the distribution footprint to rapidly diversify sales and create material embedded growth.
- Adverse claims experience loss (after tax) of $0.6 million compared to an experience profit in HY16 of $1.7 million (relative to planned margins) driven by the adverse experience on the LifeSolutions portfolio (-$1.8 million) partially offset by positive experience on the Old Direct Book (business written pre 2011) (+$1.2 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 period-to-period ($2.3 million adverse 'swing" in HY17 vs HY16). The claims experience is anticipated to average out over time at the actuarial best estimate assumptions. As outlined in the graph above, the overall net claims performance over nine half year periods nets to a broadly nil impact (-$0.5 million).
  - The LifeSolutions adverse claims experience in HY17 includes the impact (-$1.5 million) from the adoption of an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions.
  - Income protection price increases (10% on average) were implemented in October 2016 reflecting the ability to manage margin over time.
- Adverse lapse experience loss relative to the rates assumed in the life insurance policy liability (determined at 30 June 2016) with an experience loss of $0.7 million (after tax) in HY17 (relative to planned margins) ($0.2 million loss in HY16):
  - LifeSolutions portfolio adverse lapse experience relative to assumptions in HY17 (-$0.4 million). LifeSolutions continues to reflect positive lapse experience since inception and within long term actuarial assumptions.
  - Old Direct Book (business written pre 2011) reflects adverse experience ($0.3 million) in HY17 while the New Non-Advice portfolio reflects a significant improvement in the lapse performance justifying the change in direct strategy.

- While expense over-runs 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 $0.9 million in HY16 to $0.3 million in HY17 demonstrating that expense over-runs are being absorbed as the scale of the business increases.
- 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).

HY17 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 HY17 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 increase in variable expenses that was driven by the stamp duty and medical policy acquisition costs related to increased new business volumes.

Segment analysis HY17 - Wealth Management Result

Wealth Management is the least advanced segment given recently completed 'build' phase with growth in earnings now emerging: Positive net flow business.

6 Month to December 2016 ($M)[3]	2015 1H	2015 2H	2015 FY15	2016 1H	2016 2H	2016 FY16	HY17	% Change[1]
Funds management fee income	15.2	16.1	31.3	15.7	15.4	31.1	16.3	4%
Interest income	0.3	0.2	0.5	0.2	0.2	0.4	0.2	(20%)
Variable expense[2]	(3.5)	(3.7)	(7.2)	(3.4)	(3.3)	(6.7)	(3.3)	(3%)
Funds management expenses	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	(4.1)	17%
Operating expenses	(7.4)	(8.5)	(15.9)	(7.7)	(7.5)	(15.2)	(7.0)	(9%)
Business unit underlying NPBT	**1.3**	**0.9**	**2.2**	**1.3**	**1.3**	**2.6**	**2.1**	**58%**
Income tax (expense) / benefit	(0.2)	(0.2)	(0.4)	-	0.1	0.1	(0.4)	Large
Business unit underlying NPAT	**1.1**	**0.7**	**1.8**	**1.3**	**1.4**	**2.7**	**1.6**	**24%**
Amortisation of intangibles	(2.6)	(2.6)	(5.2)	(2.6)	(2.7)	(5.3)	(2.6)	(1%)
Reported NPAT	**(1.5)**	**(1.9)**	**(3.4)**	**(1.3)**	**(1.3)**	**(2.6)**	**(0.9)**	**(29%)**

Key Statistics And Ratios ($M)	2015 1H	2015 2H	2015 FY15	2016 1H	2016 2H	2016 FY16	HY17	% Change[1]
Net Flows	**25.7**	**85.8**	**111.5**	**101.2**	**111.1**	**212.3**	**59.5**	**(41%)**
Master Trust	(99.1)	(64.6)	(163.7)	(58.1)	(64.5)	(122.6)	(81.5)	40%
WealthSolutions	72.8	90.5	163.3	112.7	75.3	188.0	86.6	(23%)
WealthFoundations	51.9	59.9	111.8	46.6	45.8	92.4	42.1	(10%)
External Platforms	-	-	-	-	54.5	54.5	12.3	Large
Total FUM ($B)	**1.77**	**1.90**	**1.90**	**1.98**	**2.13**	**2.13**	**2.27**	**15%**
Master Trust	1.22	1.18	1.18	1.11	1.07	1.07	1.03	(7%)
WealthSolutions	0.50	0.61	0.61	0.72	0.80	0.80	0.93	29%
WealthFoundations	0.05	0.11	0.11	0.15	0.20	0.20	0.25	67%
External Platforms	-	-	-	-	0.06	0.06	0.07	Large
Cost to income ratio	**48.7%**	**52.8%**	**50.8%**	**49.0%**	**48.7%**	**49.0%**	**42.9%**	

1 % change represents the movement from HY16 to HY17

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

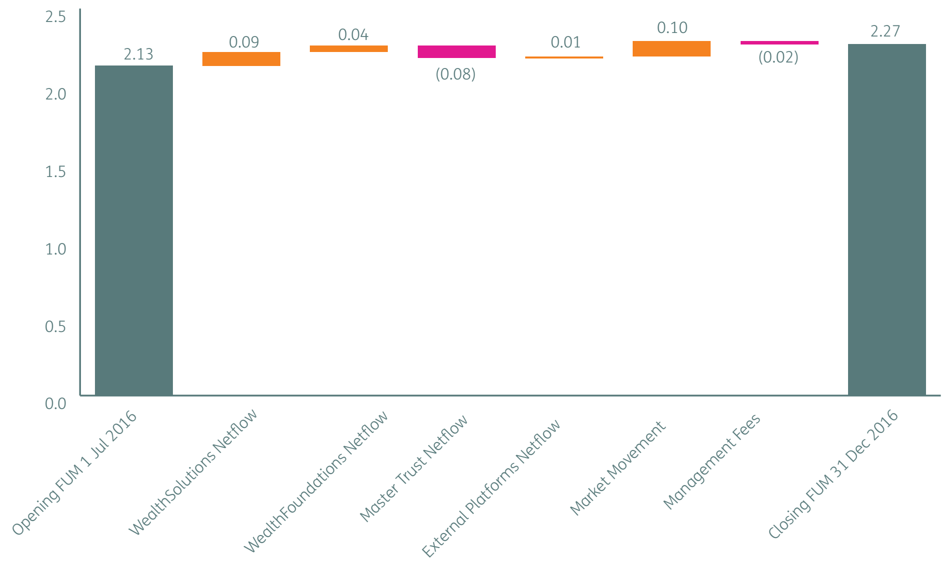
3 Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view

Directors' Report

Continued

HY17 - Key performance indicators

Chart 1: Wealth management in-force FUM movement FY16 – HY17



- ClearView grew in-force FUM 15% to $2.27 billion as at 31 December 2016 with $1.2 billion in the new contemporary products, including the placement of ClearView platform funds on an external platform. Top quartile investment performance across ClearView models was achieved which is key to attracting flows and plays important role in supporting the Master Trust FUM given that it is not actively marketed to new customers.
- ClearView was $60 million net flow positive in HY17, representing a decrease of $42 million from HY16 but reflective that the business is net flow positive given the sales on new contemporary products. Overall, this reflects:
  - WealthSolutions net inflows of $86.6 million (-23%); in-force FUM of $0.93 billion (+29%);
  - WealthFoundations net inflows of $42.1 million (-10%); in-force FUM of $0.25 billion (+67%);
  - External platform net inflows of $12.3 million (N.M.); in-force FUM of $0.07 billion (N.M.); and
  - Master Trust net outflows of $81.5 million (-40%); in-force FUM, including closed MISs, of $1.03 billion (-7%).
- WealthSolutions and WealthFoundations products have to date primarily been sold via the ClearView and Matrix dealer group.
  - 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 WealthFoundations product more broadly commenced in HY17 with the WealthFoundations product now placed on 18 APLs (albeit it takes time to generate flows off these APLs).

HY17 Result 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 (+15%) 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 up 4% 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 9% per annum in HY17 (annualised, noting that there was some market volatility between periods) comparing to a net neutral investment performance in HY16; and
  - 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); and
  - 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.
- Reduction in operating expenses (-9%) - the "front end" to support business growth has remained broadly consistent between periods whilst there has been some reduction in the wealth administration and product team costs with the cost benefits of the HY16 management restructure taking effect, and the administration functions absorbing the growth in WealthFoundations FUM (+67% vs pcp) through increased efficiencies. The project to migrate the Master Trust product onto the new wealth platform will commence in 2H FY17 with the expected cost benefits and automation expected to flow through from FY18. There has been a reduction in the allocation of information technology support and shared services costs to the Wealth Management segment in HY17 (these have been absorbed by the growth and activity in the Life Insurance segment):
  - Expense over-runs (after tax) are broadly flat at $1.5 million in HY17 (HY16: $1.4 million), notwithstanding the increase in FUM balances (+15%) and a reduced wealth management operating cost base (-9%). This is explained in further detail in the expense overrun section earlier in the report.
- A tax benefit of $0.2 million in HY17 included:
  - Exempt fees in the Master Trust product range; and
  - A positive impact from a tax benefit arising from superannuation insurance premium deductions

  The tax benefits that arose in HY17 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 of 30% that is broadly consistent between periods.
- A reduction in investment earnings given the reallocation of shareholder cash between segments and lower market interest rates.

Directors' Report

Continued

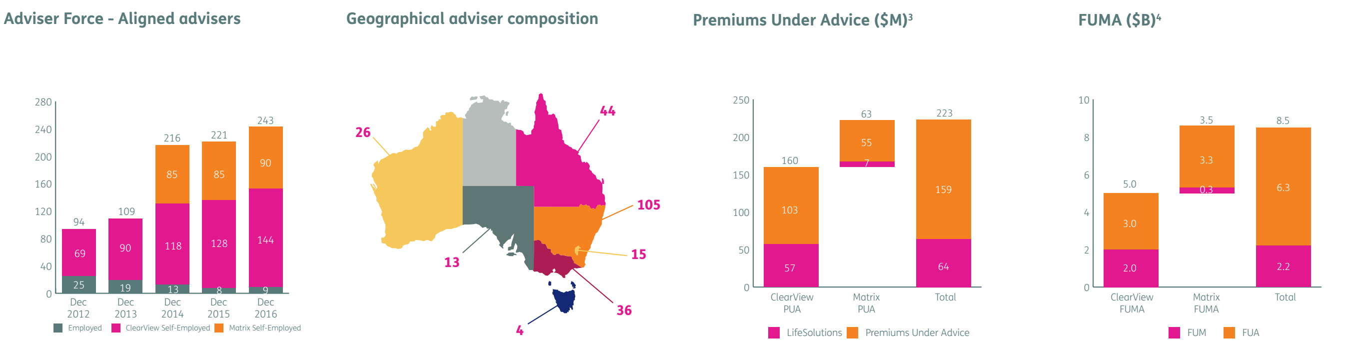
Segment analysis HY17 - Financial Advice Result

Financial Advice Operating NPAT increased 76% to $1.2 million. This was driven by net change in revenue model and expense control notwithstanding further investment in strategic advice model and compliance costs.

6 Month to December 2016 ($M)[2]	2015			2016				%
	1H	2H	FY15	1H	2H	FY16	HY17	Change[1]
Net financial planning fees	7.0	8.2	15.2	8.5	8.2	16.7	9.1	7%
Interest and other income	0.2	0.2	0.4	0.2	0.1	0.3	0.5	NM
Operating expenses	(4.6)	(4.8)	(9.4)	(7.7)	(7.2)	(14.9)	(7.9)	3%
Business unit underlying NPBT	**2.6**	**3.6**	**6.2**	**1.0**	**1.1**	**2.1**	**1.7**	**79%**
Income tax (expense) / benefit	(0.7)	(1.1)	(1.8)	(0.3)	(0.3)	(0.6)	(0.5)	67%
Business unit underlying NPAT	**1.9**	**2.5**	**4.4**	**0.7**	**0.8**	**1.5**	**1.2**	**85%**
Amortisation of intangibles	(0.4)	(0.5)	(0.9)	(0.5)	(0.5)	(1.0)	(0.5)	(5%)
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**	**0.7**	**350%**

Key statistics ($M)	2015			2016				%
	1H	2H	FY15	1H	2H	FY16	HY17	Change[1]
FUMA ($B)[4]	7.4	7.9	7.9	8.1	8.2	8.2	8.5	5%
PUA ($M)[3]	160	187	187	203	215	215	223	10%
Financial advisers	216	221	221	221	235	235	243	10%

Chart 1: HY17 - Key performance indicators



- The number of financial advisers in CFA and Matrix increased 10% to 243 in HY17.
- FUMA in the CFA and Matrix dealer groups increased 5% to $8.5 billion and Premiums Under Advice increased to $223 million. The increase reflects the net increase in adviser numbers and the change in the adviser mix between periods:
  - Of the $8.5 billion FUMA in-force at 31 December 2016, $1.2 billion was in ClearView contemporary wealth products and $1.0 billion was in the Master Trust product.
  - Of the $223 million PUA in-force at 31 December 2016, $64 million was in the LifeSolutions product.

1 % change represents the movement from HY16 to HY17

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

Directors' Report

Continued

HY17 results review

This result reflects the following:

- Net financial planning fees increased 7% predominantly driven by:
  - Conference and sponsorship revenue generated from the annual dealer group conference (+$0.2 million)
  - Net adviser fees and membership revenue from new practices recruited (including small practice acquired under contractual arrangements) (+$0.1 million); and
  - Increased internal sponsorship revenue from LifeSolutions partially offset by run off of internal advice fee (50bps) earned on Master Trust FUM (+$0.3 million).
- The $0.2 million operating expense increase in HY17 (+3%) was predominantly driven by:
  - Broadly neutral dealer group support costs driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, offset by the benefit of transitioning employed planners into the self-employed model;
  - Increased dealer group conference costs, partially offset by the sponsorship revenue as noted above; and
  - Reduced cost allocation of marketing and other shared services costs to the dealer group.
- Interest and other income reflective of the reallocation of shareholder cash between segments and lower market interest rate. Other income also includes the potential recovery of certain compliance costs incurred (+$0.3 million).

Directors' Report

Continued

Segment analysis HY17 – Listed Entity / Other result

The Listed Entity incurred a $0.4 million loss at the Underlying NPAT line - driven by a reduction in the operating expense base.

12 Months to June 2016 ($M)[2]	2015 1H	2015 2H	2015 FY15	2016 1H	2016 2H	2016 FY16	HY17	% Change[1]
Interest income	0.6	0.6	1.2	0.6	0.6	1.2	0.2	(67%)
Operating expenses	(0.9)	(0.8)	(1.7)	(0.6)	(0.6)	(1.2)	(0.4)	(33%)
Business unit underlying NPBT	**(0.3)**	**(0.2)**	**(0.5)**	**-**	**-**	**-**	**(0.2)**	**(100%)**
Income tax (expense) / benefit	(0.1)	-	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)	(50%)
Business unit underlying NPAT	**(0.4)**	**(0.2)**	**(0.6)**	**(0.2)**	**(0.3)**	**(0.5)**	**(0.3)**	**50%**
Interest expense on corporate debt (after tax)	-	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	(0.1)	(80%)
Underlying NPAT	**(0.4)**	**(0.6)**	**(1.0)**	**(0.7)**	**(0.8)**	**(1.5)**	**(0.4)**	**(43%)**
Matrix deal and integration costs	(1.1)	(0.5)	(1.6)	-	-	-	-	-
Strategic review costs	-	-	-	-	(0.4)	(0.4)	(0.5)	Large
Your Insure impairment	-	-	-	(1.9)	-	(1.9)	-	NM
Reported NPAT	**(1.5)**	**(1.1)**	**(2.6)**	**(2.6)**	**(1.2)**	**(3.8)**	**(0.9)**	**(66%)**

HY17 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;
- Decreased investment earnings (-67%) arising from the repayment of the debt facility (and related cash holdings) in 2H FY16, and a reduction in term deposit rates on physical cash with some reallocation of physical cash between segments (as noted earlier in the report). This decrease in investment earnings is broadly offset by a related reduction in after-tax interest expense given the repayment of the debt facility;
- Lower operating expenses driven by a reduction in directors fees and investor relations costs; and
- A tax charge of $0.1 million (HY16: $0.2 million) related to the non-deductibility of the ESP expense that is absorbed within the Listed segment. The Group effective tax rate for HY17 was broadly consistent with HY16 as noted earlier in the report.

1 % change represents the movement from HY16 to HY17

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 43 reflects the following key metrics as at 31 December 2016:

- Net assets increased 6% (adjusted for the $50 million capital raising less $15.7 million FY16 final cash dividend) to $399.7 million[1] (June 2016: $411.8 million). Net assets (unadjusted) decreased by $12.1 million from 30 June 2016 comprising:
  - A reported profit of $3.2 million;
  - The FY16 final cash dividend (-$16.5 million). No dividend reinvestment plan (DRP) was operative for the FY16 final dividend given that the $50 million capital raising had recently been completed in June 2016; and
  - Movements in the ESP Reserve due to the treatment of the ESP expense in accordance with the accounting standards (+$0.4 million) and ESP loans settled through the FY16 final dividend (+$0.8 million).
- Net tangible assets increased 7% (adjusted for the $50 million capital raising less $15.7 million FY16 final cash dividend) to $352.3 million[1] ($390.9 million including ESP loans) (June 2016: $363.4 million).
- Net asset value per share (including ESP loans) of 66.6 cents per share (June 2016 16: 68.6 cents per share).
- Net tangible asset value per share (including ESP loans) of 59.4 cents per share (June 2016: 61.2 cents per share).

The net asset value per share and net tangible asset value per share are reflected above on a fully diluted basis, as ClearView ESP shares have been issued to employees and contractor participants as at 31 December 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.

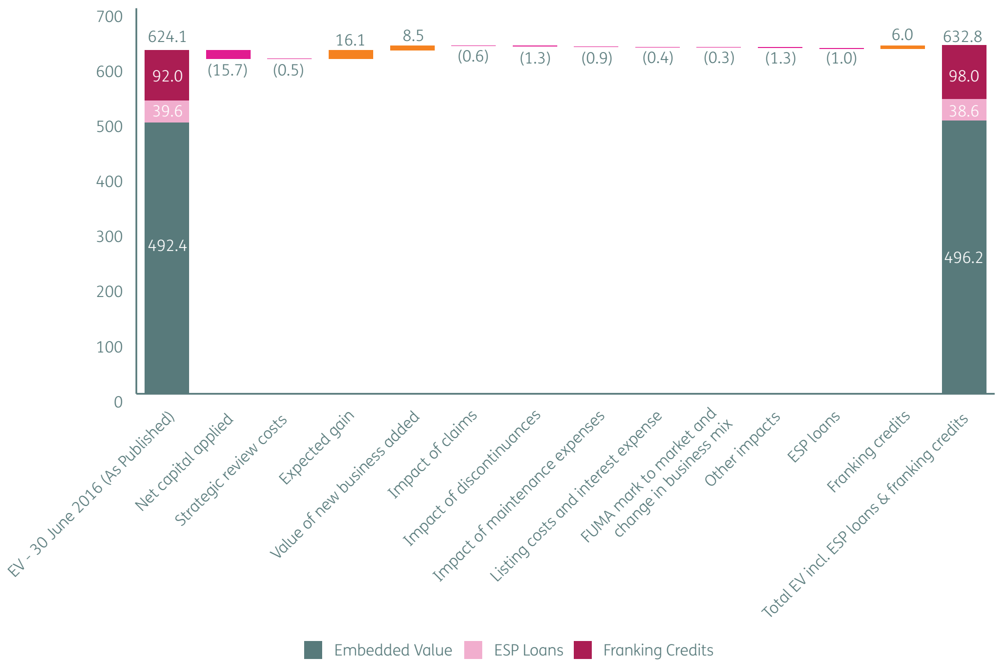
Embedded Value

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 Net Asset Value as at 31 December 2016 excluding ESP Loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016, net of $15.7m cash FY16 dividend paid in September 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	363.2	341.8	322.9
Wealth Management	56.9	53.9	51.3
Financial Advice	30.3	28.4	26.7
Value of In-Force (VIF)	**450.3**	**424.2**	**400.9**
Net Worth	72.0	72.0	72.0
Total EV	**522.3**	**496.2**	**472.9**
ESP Loans	38.6	38.6	38.6
Total EV Incl. ESP Loans	**560.9**	**534.8**	**511.5**
Franking Credits:			
Life Insurance	61.9	58.2	54.9
Wealth Management	15.1	14.3	13.6
Financial Advice	8.7	8.1	7.6
Net Worth	17.4	17.4	17.4
Total EV Incl. Franking Credits and ESP Loans	**663.9**	**632.8**	**605.0**
EV per Share Incl. ESP Loans (cents)	**85.2**	**81.3**	**77.7**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**100.9**	**96.1**	**91.9**

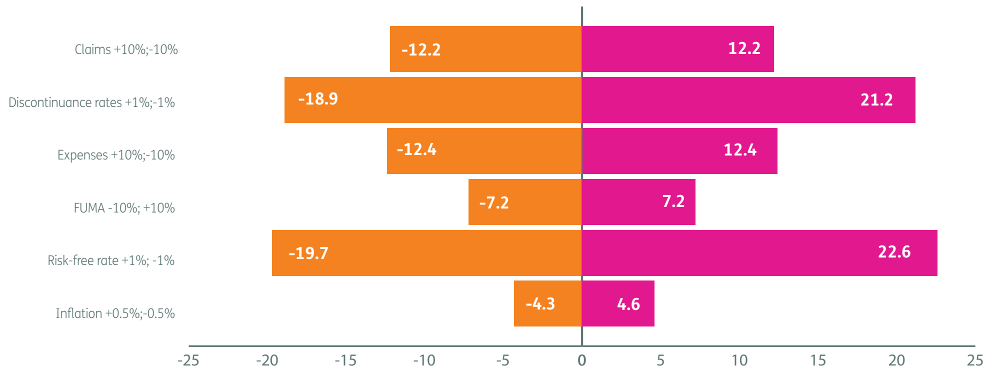
- Net capital applied (-$15.7 million); FY16 final cash dividend paid in September 2016 (-$16.5 million), partially offset by the ESP loans settled through the dividend by ESP participants in accordance with the ESP Rules (-$0.8 million). The DRP was not operative for the FY16 final dividend.
- Strategic review costs (-$0.5 million): The HY17 strategic review costs relate to the expenses incurred on the evaluation of strategic options for the potential change in major shareholder and Sony Life becoming a new strategic shareholder.

- Expected gain (+$16.1 million): Expected gain represents the expected unwind of the discount rate within the value of in-force and investment earnings on net worth.
- VNB added (+$8.5 million): The value added by new business written over the period. The current value of new business is suppressed by the growth costs incurred. The acquisition cost over-runs should decrease as the business grows, providing it with operating leverage. The Non-Advice business had a negative value of new business (-$2.6 million). This was exacerbated by a slowdown in new business volumes given the refocus in strategy towards the mid-market. 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 (-$0.6 million): Adverse claims experience loss (after tax) of $0.6 million compared to an experience profit in HY16 of $1.7 million (relative to planned margins) driven by the adverse experience on the LifeSolutions portfolio (-$1.8 million) partially offset by positive experience on the Old Direct Book (business written pre 2011) (+$1.2 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 period-to-period ($2.3 million adverse 'swing" in HY17 vs HY16). The claims experience is anticipated to average out over time at the actuarial best estimate assumptions. The LifeSolutions adverse claims experience in HY17 includes the impact (-$1.5 million) from the adoption of an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions.
- The discontinuance experience (-$1.3 million): The life insurance lapse impact was driven by higher than expected lapses for the LifeSolutions product (following the income protection price increase in October 2016). Lapses on Non-Advice reflecting a material improvement following the strategic move away from the lower socio-economic channels, with lapses on the Old Book reflecting some adverse experience in HY17. For Wealth business, discontinuance rates overall were close to expected, notwithstanding an increase in outflows in the Master Trust product (relative to HY16).
- The adverse maintenance expense experience (-$0.9 million): This relates to the maintenance expense over-runs 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 over-runs depress the EV growth 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. This has reduced to $0.9 million compared to $1.4 million in HY16 and indicates that the maintenance cost over-runs in life insurance and wealth management are continuing to be absorbed.
- Expenses were impacted by the Group's listed overhead costs and line fee on corporate debt which are not allowed for in the Embedded Value (-$0.4 million). The debt facility was settled in June 2016 by utilising the proceeds of the capital raising.
- FUMA mark-to-market and change in business mix (-$0.3 million): The Embedded Value increased by $0.8 million due to the net investment performance on the funds under management and advice, which resulted in higher fee income relative to expectations over the period and a higher present value of future fees at the end of the period. This was offset by a -$1.1 million reduction in embedded value for Financial Advice business due to the transitioning of employed planners into the self-employed model.
- Other impacts (-$1.3 million): This mainly reflects the net impact of capital reallocations by segment, modelling enhancements, timing effects, capital base changes and tax impacts of the policy liability discount rate effect in the period, partially offset by a $0.5 million increase relating to ESP expense and associated option cost in accordance with the accounting standards.

Directors’ Report

Continued

Chart 2: Embedded Value (EV) sensitivity analysis @ 4%DM



Dividends

The Directors have not declared an interim dividend (HY16: Nil). The ability to pay an interim dividend has been to date limited by the availability of franking credits and the effect on tax paid of the changes in long term discount rates used to determine the insurance policy liabilities between the half year period and year end. As a sufficient franking credit balance continues to be progressively established, the payment of interim dividends will be considered.

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.

ClearView is 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 facility remains in place (until 31 December 2017) to provide future capital funding in the event that medium to longer term growth is materially above that currently anticipated or other opportunities arise. It is expected that the facility will be renewed prior to year-end.

As foreshadowed at the time of the capital raising in June 2016, the DRP was suspended and did 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 is outlined in the table below:

	Life Insurance	Wealth Management	Other	APRA Regulated Entities	Wealth Management	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC/Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Net Assets	304.4	18.3	6.4	329.1	8.3	17.9	26.2	355.4	44.4	399.7
Goodwill & Intangibles	(8.7)	(4.1)	-	(12.9)	-	(8.7)	(8.7)	(21.6)	(25.8)	(47.4)
Net Tangible Assets	**295.7**	**14.2**	**6.4**	**316.3**	**8.3**	**9.2**	**17.5**	**333.8**	**18.6**	**352.3**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(252.0)	(0.2)	-	(252.2)	-	-	-	(252.2)	-	(252.2)
Other Adjustments to Capital Base	-	(0.1)	-	(0.1)	(0.1)	-	(0.1)	(0.2)	(0.6)	(0.8)
Regulatory Capital Base	**43.7**	**13.9**	**6.4**	**64.0**	**8.2**	**9.2**	**17.4**	**81.4**	**18.0**	**99.4**
Prescribed Capital Amount	(10.2)	(3.5)	(2.8)	(16.6)	(5.0)	(0.7)	(5.7)	(22.3)	-	(22.3)
Available Enterprise Capital	**33.4**	**10.4**	**3.6**	**47.4**	**3.2**	**8.5**	**11.7**	**59.1**	**18.0**	**77.1**
Internal Benchmarks										
Working Capital	(5.5)	(3.4)	(2.6)	(11.5)	-	-	-	(11.5)	(10.5)	(22.0)
Risk Capital	(27.7)	(2.9)	-	(30.6)	(1.7)	(4.8)	(6.5)	(37.1)	(4.9)	(42.1)
Net Capital Position	**0.1**	**4.1**	**1.0**	**5.2**	**1.5**	**3.7**	**5.2**	**10.4**	**2.6**	**13.0**

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

The regulated entities had $10.4 million of net assets in excess of internal benchmarks as at 31 December 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 $11.5 million as at 31 December 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 $10.5 million as at 31 December 2016, providing a combined total of $22.0 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 31 December 2016 represents a decrease of $19.6 million since 30 June 2016. This decrease reflects the following key items:

- The Underlying NPAT for the year (+$15.2 million);
- The net capital absorbed by the growth of the business over the period (-$22.3 million);

- The decrease in the working capital reserve (+$9 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 (-$3.2 million), and the net impacts of capitalised software, acquired intangibles and deferred tax (-$3.3 million);
- Increase in asset concentration risk reserve given increased reinsurance asset concentration (-$1.9 million);
- Net impact of the share based payments expense on the Share Based Payments Reserve (+$1.2 million);
- The after tax costs associated with the evaluation of strategic options and Sony Life becoming a new strategic shareholder (-$0.5 million);
- The net impacts of the tax effect on the change in policy liability discount rate (+$2.7 million); and
- The net impact of the final FY16 cash dividend paid in September 2016 (-$16.5 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 2017. The buyback arrangements currently in place will continue to apply. Since 30 June 2015, 83,572 shares have been bought back under the scheme. No shares were bought back in the half year period.

Outlook

Market 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 underpinned by the compulsory saving regime for super (retirement savings) - superannuation contribution guarantee to be increased to 12% (by July 2025).

Short term there are a number of challenges occurring in the market:

- **Pricing cycle:** Industry participants have progressively increased prices in both the group life and income protection segments. Broader industry pricing cycle and performance of income protection portfolios continues to be monitored.
- **Regulatory changes (Life Insurance Reforms):** Key life insurance reforms will commence on 1 January 2018. The changes generally move towards more open competition and assists a challenger brand such as ClearView (which is customer focused).
- **Regulatory focus:** Given recent industry issues, the regulatory focus is demanding significant industry time and attention.
- **Life insurance industry performance:** Number of recent announcements concerning the ills of the life insurance industry. ClearView was predicated on not having legacy pricing of both life insurance and wealth management products or legacy technology issues. No material legacy issues is a major strategic advantage for ClearView.
- **Financial Advice sentiment:** Market Sentiment is somewhat unfavourable at present in the financial advice industry overall due to recent industry scandals and negative publicity.

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 and near term economic outlook.

Directors' Report

Continued

Business Outlook

Life Insurance remains the key profit driver and notwithstanding some statistical claims volatility between periods, given the size and nature of the life insurance portfolio, ClearView remains in a strong position to outperform the market and generate material earnings growth with a particular focus on:

- Leveraging off the embedded growth in the life insurance distribution network that has been built;
- Gaining from market disruption around life insurance reforms by taking advantage of its strategic market positioning that has no material legacy issues; and
- Increasing scale over time thereby progressively reducing the expenses over-runs and further improving the cost to income ratio.

There is a focus on building out the wealth management business to leverage the investments made over the past two years, including benefiting from the distribution network that have been built in life insurance business.

Furthermore, ClearView has the ability to leverage off the Sony Life relationship to expand footprint in IFA market, enhance quality of strategic advice provided by its aligned adviser network, increase the recruitment and productivity of skilled aligned advisers and explore the development and use of relevant technology and products and services.

ClearView's performance reflects strong momentum and 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.

Changes in state of affairs

Other than discussed above, there were no other significant changes in the state of affairs of the Group during the half year ended 31 December 2016.

Auditor's independence declaration

The auditor's independence declaration is included on page 41.

Rounding off of amounts

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

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

On behalf of the Directors

Bruce Edwards

Chairman

Sydney, 23 February 2017

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

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

23 February 2017

Dear Board Members

ClearView Wealth Limited

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

As lead audit partner for the review of the financial statements of ClearView Wealth Limited for the financial half-year ended 31 December 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountant

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2016

		Consolidated	
	Note	6 months to 31 December 2016 $'000	6 months to 31 December 2015 $'000
Revenue from continued operations			
Premium revenue from insurance contracts		84,400	64,932
Outward reinsurance expense		(19,868)	(13,697)
Net life insurance premium revenue		**64,532**	**51,235**
Fee and other revenue		58,539	54,989
Investment income		49,668	46,269
Operating revenue before net fair value gains/(losses) on financial assets		**172,739**	**152,493**
Net fair value gains/(losses) on financial assets		16,648	(45,087)
Net operating revenue		**189,387**	**107,406**
Claims expense		(36,496)	(14,615)
Reinsurance recoveries revenue		24,653	7,159
Commission and other variable expenses		(59,224)	(52,825)
Operating expenses	4	(46,813)	(44,131)
Depreciation and amortisation expense	4	(7,255)	(6,744)
Impairment of convertible note		-	(2,711)
Change in life insurance policy liabilities	10	6,841	20,597
Change in reinsurers' share of life insurance liabilities	10	12	(3,011)
Change in life investment policy liabilities	10	(51,399)	(8,701)
Movement in liability of non-controlling interest in controlled unit trusts		(16,846)	4,927
Profit before income tax expense		**2,860**	**7,351**
Income tax (expense)/benefit		336	192
Total comprehensive income for the period from continuing operations		**3,196**	**7,543**
Attributable to:			
Equity holders of the parent		3,196	7,543
Earnings per share			
Basic (cents per share)		0.53	1.43
Diluted (cents per share)		0.52	1.38

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

For the half year ended 31 December 2016

		Consolidated	
	Note	31 December 2016 $'000	30 June 2016 $'000
Assets			
Cash and cash equivalents		220,938	217,673
Investments	9	1,649,890	1,615,226
Receivables		17,158	16,097
Fixed interest deposits		77,825	79,584
Reinsurers' share of life insurance policy liabilities	10	6,132	(703)
Current tax asset		9,880	641
Deferred tax asset		9,049	10,801
Property, plant and equipment		1,643	1,823
Goodwill	7	20,452	19,952
Intangible assets	8	26,926	28,428
Total assets		**2,039,893**	**1,989,522**
Liabilities			
Payables		34,221	35,619
Provisions		5,393	5,215
Life insurance policy liabilities	10	(199,907)	(203,830)
Life investment policy liabilities	10	1,160,286	1,152,554
Liability to non-controlling interest in controlled unit trusts		638,790	587,205
Deferred tax liabilities		1,392	996
Total liabilities		**1,640,175**	**1,577,759**
Net assets		**399,718**	**411,763**
Equity			
Issued capital	6	417,835	417,850
Retained losses		(25,602)	(12,344)
Executive Share Plan Reserve		9,570	8,342
General Reserve		(2,085)	(2,085)
Equity attributable to equity holders of the parent		399,718	411,763
Total equity		**399,718**	**411,763**

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2016

	Share Capital $'000	Executive Share Plan Reserve $'000	General Reserve $'000	Retained Losses $'000	Attributable to Owners of the Parent $'000
Balance at 30 June 2016	**417,850**	**8,342**	**(2,085)**	**(12,344)**	**411,763**
Profit for the period	-	-	-	3,196	3,196
Total comprehensive income for the year	**-**	**-**	**-**	**3,196**	**3,196**
Recognition of share based payments	-	454	-	-	454
Entitlement offer costs (net of costs)	(15)	-	-	-	(15)
Dividend paid	-	-	-	(16,454)	(16,454)
ESP Loans Settled through dividend	-	774	-	-	774
Balance at 31 December 2016	**417,835**	**9,570**	**(2,085)**	**(25,602)**	**399,718**

Balance at 30 June 2015	**355,970**	**6,607**	**(2,085)**	**(23,659)**	**336,833**
Profit for the period	-	-	-	7,543	7,543
Total comprehensive income for the year	**-**	**-**	**-**	**7,543**	**7,543**
Recognition of share based payments	-	556	-	-	556
Dividend paid	-	-	-	(12,301)	(12,301)
Dividend reinvestment plan (net of cost)	12,268	-	-	-	12,268
Share buyback	(77)	-	-	-	(77)
ESP loans settled through dividend	-	652	-	-	652
Balance at 31 December 2015	**368,161**	**7,815**	**(2,085)**	**(28,417)**	**345,474**

To be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half year ended 31 December 2016

	Consolidated	
	6 months to 31 December 2016 $'000	6 months to 31 December 2015 $'000
Cash flows from operating activities		
Receipts from client and debtors	222,776	198,016
Payments to suppliers and other creditors	(148,163)	(141,832)
Withdrawals paid to life investment clients	(109,286)	(88,903)
Dividends and trust distributions received	9,100	8,536
Interest received	10,936	15,969
Interest paid	(421)	(1,024)
Income taxes paid	(6,754)	(7,422)
Net cash (utilised)/generated by operating activities	**(21,812)**	**(16,660)**
Cash flows from investing activities		
Payments for investment securities	(965,003)	(887,653)
Proceeds from sales of investment securities	974,727	811,224
Net cash paid on business acquisition	(1,087)	-
Acquisition of property, plant and equipment	(148)	(434)
Acquisition of capitalised software	(3,724)	(2,991)
Fixed interest deposits (invested)/redeemed	1,759	(2,209)
Loans (granted)/redeemed	(490)	608
Convertible note drawdown	-	(612)
Net cash generated/(utilised) by investing activities	**6,034**	**(82,067)**
Cash flows from financing activities		
Net movement in liability of non-controlling interest in unit trusts	34,738	73,979
Share issue expenses	(15)	-
Share buy back (net of costs)	-	(77)
Repayment of ESP loans	774	652
Dividend paid	(16,454)	(33)
Net cash (utilised)/generated in financing activities	**19,043**	**74,521**
Net increase/(decrease) in cash and cash equivalents	3,265	(24,206)
Cash and cash equivalents at the beginning of the financial year	217,673	200,769
Cash and cash equivalents at the end of the financial period	**220,938**	**176,563**

To be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

1. Significant accounting policies

General information

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

Statement of compliance

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

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

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2016 Annual Financial Report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	Introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. Limited opportunity for presumption to be overcome. Clarifies that revenue-based depreciation for property, plant and equipment cannot be used.
AASB 2014-9 Amendments to Australian Accounting Standards – Equity method in Separate Financial Statements	Allows the use of the equity method in separate financial statements in the accounting for associates, joint ventures and subsidiaries.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	Amendments to existing accounting standards, particularly in relation to: -IFRS 5 – guidance on changes in method of disposal -IFRS 7 – clarifies 'continuing involvement' for servicing contracts -IFRS 7 – clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under the general requirements of IAS 34 -IAS 19 – clarifies that discount rates used should be in the same currency as the benefits are to be paid, and -IAS 34 – clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies.

The adoption of these amendments do not have a material impact on the Group or its disclosures.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

Use of estimates, assumptions and judgments

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments, are covered in Note 4 of the 2016 Annual Financial Statements. Such estimates and judgements are reviewed on an ongoing basis.

2. Events subsequent to reporting date

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

3. Segment information

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

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

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

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

(a) Life Insurance ("protection" products)

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

- A comprehensive range of life protection products distributed by both ClearView Financial Advice (CFA) and Matrix financial advisers and third party, external advisers (IFAs). The product suite, LifeSolutions, was launched in December 2011 and is a high quality advice based product suite, providing top quartile benefits and terms at market competitive prices. LifeSolutions includes term life, permanent disability, trauma and critical illness benefits, parent cover, child cover, accident covers, income protection and business expense covers. Policies can be issued directly or via the ClearView Retirement Plan as superannuation; and
- 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 Separately Managed Accounts (SMA) offering. It also provides a number of model portfolios managed by ClearView for superannuation and non superannuation investors;
- WealthFoundations - Life investment contracts issued by ClearView Life. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. WealthFoundations includes a menu of 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 platform MIS products available on ClearView's WealthSolutions platform and on external platforms.

(c) Financial Advice

ClearView provides financial advice services through its wholly owned subsidiaries ClearView Financial Advice (CFA) and Matrix Planning Solutions (MPS). CFA and Matrix provide dealer group services to financial advisers.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

(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.

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

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

	Total Revenue		Inter-segment Revenue		Consolidated Revenue	
	Half year ended		Half year ended		Half year ended	
	31 December 2016 $'000	31 December 2015 $'000	31 December 2016 $'000	31 December 2015 $'000	31 December 2016 $'000	31 December 2015 $'000
Segment revenue						
Life Insurance	65,716	52,679	-	-	65,716	52,679
Wealth Management	65,568	59,832	-	-	65,568	59,832
Financial Advice	55,613	51,799	(14,312)	(12,459)	41,301	39,340
Listed entity/Other	154	642	-	-	154	642
Consolidated segment revenue	**187,051**	**164,952**	**(14,312)**	**(12,459)**	**172,739**	**152,493**

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

2016	Life Insurance	Wealth Management	Financial Advice	Listed Entity/Other	Total
Total operating earnings after tax	**12,731**	**1,630**	**1,226**	**(349)**	**15,238**
Interest expense on corporate debt (after tax)	-	-	-	(88)	(88)
Underlying net profit/(loss) after tax	**12,731**	**1,630**	**1,226**	**(437)**	**15,150**
Amortisation of acquired intangibles[1]	(1,416)	(2,628)	(518)	-	(4,562)
AIFRS policy liability discount rate effect[2]	(6,924)	-	-	-	(6,924)
Strategic Review cost[5]	-	-	-	(468)	(468)
Reported profit/(loss)	**4,392**	**(998)**	**708**	**(905)**	**3,196**
2015					
Total operating earnings after tax	**12,146**	**1,270**	**695**	**(247)**	**13,864**
Interest expense on corporate debt (after tax)	-	-	-	(512)	(512)
Underlying net profit/(loss) after tax	**12,146**	**1,270**	**695**	**(759)**	**13,352**
Amortisation of acquired intangibles[1]	(1,416)	(2,628)	(524)	-	(4,568)
AIFRS policy liability discount rate effect[2]	704	-	-	-	704
Matrix deal and integration costs[3]	-	-	-	(22)	(22)
Your Insure impairment[4]	-	-	-	(1,923)	(1,923)
Reported profit/(loss)	**11,434**	**(1,358)**	**171**	**(2,704)**	**7,543**

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

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

3 Certain costs were recognised in the prior half year 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 Underlying NPAT

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 customer. ClearView agreed to provide funding to Your Insure which was structured as a Convertible Note. The investment in Your Insure was written off in the prior period, 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 Underlying NPAT

5 Certain costs were recognised in relation to the evaluation of strategic options and proposals and other costs associated with Sony Life Insurance Co., Ltd becoming a new strategic shareholder. The costs are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying NPAT

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

4. Operating Expenses

	Consolidated	
	6 months to 31 December 2016 $'000	6 months to 31 December 2015 $'000
Administration expenses		
Administration and other operational costs	16,509	13,532
Custody and investment management expenses	4,087	3,687
Total administration expenses	**20,596**	**17,219**
Employee costs and directors' fees		
Employee expenses	24,347	24,301
Share based payments	454	555
Employee termination payments	64	885
Directors' fees	355	494
Total employee costs and directors' fees	**25,220**	**26,235**
Other expenses		
Professional fees	997	677
Total other expenses	**997**	**677**
Total operating expenses	**46,813**	**44,131**
Depreciation and amortisation		
Depreciation expenses	329	372
Software amortisation	2,364	1,804
Amortisation of acquired intangibles	4,562	4,568
Total depreciation and amortisation	**7,255**	**6,744**

5. Dividends Paid

During the period, ClearView made the following dividend payments:

	Consolidated			
	6 months to 31 December 2016		6 months to 31 December 2015	
	Cents per share	$'000	Cents per share	$'000
Final dividend	2.5	16,454	2.1	12,301
Total		**16,454**		**12,301**

No interim dividend has been declared.

A final fully franked dividend for FY16 of $16.45 million was declared. This equated to 2.5 cents per share and represented approximately 60% of the FY16 underlying net profit after tax and is in line with the Company's dividend policy.

As foreshadowed at the time of the capital raising ClearView's DRP has been suspended and did not operate in respect of the FY16 dividend payment.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

6. Issuances and Repurchase of Equity

	6 months to 31 December 2016 No of shares	6 months to 31 December 2016 $'000	12 months to 30 June 2016 No of shares	12 months to 30 June 2016 $'000
Issued and fully paid ordinary shares				
Balance at the beginning of the period	597,429,600	417,850	524,610,834	355,970
Dividend reinvestment plan	-	-	12,948,536	12,301
Dividend reinvestment plan costs	-	-	-	(35)
Share buyback (inclusive of costs)	-	-	(83,572)	(75)
Entitlement offer	-	-	58,984,051	50,136
Entitlement offer costs (net of tax)	-	(15)	-	(579)
Shares issued during the period (ESP vested)	-	-	969,751	132
Balance at the end of the period	**597,429,600**	**417,835**	**597,429,600**	**417,850**
Executive share plan				
Balance at the beginning of the period	60,743,527	-	58,371,348	-
Shares granted under employee share plan	-	-	6,160,179	-
Shares bought back during the year	-	-	(2,438,648)	-
Shares reallocated during the year	-	-	(379,601)	-
Shares exercised during the year	-	-	(969,751)	-
Executive share plan balance at the end of the period	**60,743,527**	**-**	**60,743,527**	**-**

In accordance with the provisions of the ESP, during the half year period no shares were granted to senior management and contractor participants.

Shares granted under the ESP carry rights to dividends and voting rights. For details of the ESP refer to the June 2016 Annual Report.

The above ESP balance reconciles to the outstanding shares granted under the ESP at the beginning and the end of each relevant period. In accordance with AASB 2 Share Based Payments, the shares issued under the employee share plan are treated as options and are accounted for as set out in Note 3 of the 30 June 2016 Annual Report.

7. Goodwill

	Consolidated	
	31 December 2016 $'000	30 June 2016 $'000
Gross carrying amount		
Balance at the beginning of the financial period	19,952	19,952
Additional amount recognised through acquisition of business[1]	500	-
Balance at the end of the financial period	**20,452**	**19,952**
Net book value		
At the beginning of the financial period	19,952	19,952
At the end of the financial period	**20,452**	**19,952**

1 In August 2016 the Group acquired the business of a financial adviser under pre exisitng contracted arrangements. As required under accounting standards the Group completes an impairment assessment at each reporting date. As at 31 December 2016, no impairment was required to the carrying value of the goodwill. $0.5 million of goodwill was recognised on the acquisition.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

8. Intangible Assets

	Consolidated				
	Capitalised Software	Client Book	Matrix Website	Matrix Brand	Total
6 months to 31 December 2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount					
Balance at the beginning of the period	23,611	63,317	20	200	88,648
Acquired directly during the period	3,724	1,700	-	-	5,424
Balance at the end of the period	**27,335**	**65,017**	**20**	**200**	**94,072**
Accumulated amortisation and impairment losses					
Balance at the beginning of the period	12,115	46,585	20	-	60,220
Amortisation expense in the current period	2,364	4,562	-	-	6,926
Balance at the end of the period	**14,479**	**51,147**	**20**	**-**	**67,146**
Net book value					
Balance at the beginning of the period	11,496	16,732	-	200	36,021
At the end of the period	**12,856**	**13,870**	**-**	**200**	**26,926**

6 months to 30 June 2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount					
Balance at the beginning of the period	21,093	63,317	20	200	86,130
Acquired directly during the period	2,518	-	-	-	2,518
Balance at the end of the period	**23,611**	**63,317**	**20**	**200**	**88,648**
Accumulated amortisation and impairment losses					
Balance at the beginning of the period	9,950	42,023	17	-	53,490
Amortisation expense in the current period	2,165	4,562	3	-	6,730
Balance at the end of the period	**12,115**	**46,585**	**20**	**-**	**60,220**
Net book value					
Balance at the beginning of the period	11,143	21,294	3	200	32,640
At the end of the period	**11,496**	**16,732**	**-**	**200**	**28,428**

The intangible assets are amortised over their expected useful lives. As required under accounting standards at each reporting date the Group assesses whether there is an indication of impairment. No impairment was required to the carrying values of internally generated software as at 31 December 2016.

The carrying value of internally generated capitalised software at the financial position date was $12.9 million (HY16: $11.5 million). 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 project to migrate the Master Trust and MIS products onto the new platform will commence in 2H FY16.

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

9. Investments

	Consolidated	
	31 December 2016 $'000	30 June 2016 $'000
Equity securities		
Held directly	263,418	256,093
Held indirectly via unit trust	346,986	337,706
	610,404	**593,799**
Debt securities/fixed interest securities		
Held directly	416,528	424,963
Held indirectly via unit trust	341,416	337,156
	757,944	**762,119**
Property/infrastructure		
Held directly	-	-
Held indirectly via unit trust	281,542	259,308
	281,542	**259,308**
Total investments	**1,649,890**	**1,615,226**

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

10. Policy Liabilities

	Consolidated	
	6 months to 31 December 2016 $'000	6 months to 31 December 2015 $'000
Life Investment Policy Liabilities		
Opening gross life investment policy liabilities	**1,152,554**	**1,160,627**
Net increase/(decrease) in life investment policy liabilities reflected in the income statement	51,399	8,701
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(11,304)	(11,873)
Life investment policy contributions recognised in policy liabilities	80,749	72,062
Life investment policy withdrawals recognised in policy liabilities	(113,112)	(91,062)
Closing gross life investment policy liabilities	**1,160,286**	**1,138,455**
Life Insurance Policy Liabilities		
Opening gross life insurance policy liabilities	(203,830)	(156,641)
Movement in outstanding claims	10,764	209
Decrease in life insurance policy liabilities reflected in the income statement	(6,841)	(20,597)
Closing gross life insurance policy liabilities	**(199,907)**	**(177,029)**
Total gross policy liabilities	**960,379**	**961,426**
Reinsurers' Share of Life Insurance Policy Liabilities		
Opening reinsurer's share of life insurance policy liabilities	703	2,233
Movement in outstanding reinsurance	(6,823)	(828)
Decrease/(increase) in reinsurance assets reflected in the income statement	(12)	3,011
Closing reinsurer's share of life insurance policy liabilities	**(6,132)**	**4,416**
Net policy liabilities at balance date	**954,247**	**965,842**

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Continued

11. Financial Instruments

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

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

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair Value					
Financial Assets/ Financial Liabilities	31 December 2016 $'000	30 June 2016 $'000	Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity securities	263,418	256,093	Level 1	Quoted bid prices in an active market	n/a	n/a
Fixed interest securities	416,528	424,963	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	969,944	934,170	Level 1	Quoted bid prices in an active market	n/a	n/a
Total	**1,649,890**	**1,615,226**				

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

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

12. Contingent Liabilities and Contingent Assets

There are no other material changes to contingent liabilities and contingent assets that were disclosed in the 30 June 2016 Annual Report.

13. Borrowings

On 18 December 2014 the Company entered into a three year $50 million facility agreement with the Commonwealth Bank of Australia. As at the reporting date, the Company had not drawn down on the facility. The facility expires on 17 December 2017 and it is intended that the facility will be renewed.

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 14 for details.

14. 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.

Directors' Declaration

The Directors declare that:

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

b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity, for the half year ended 31 December 2016.

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

On behalf of the Directors

Mr Bruce Edwards
Chairman
Sydney, 23 February 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

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

We have reviewed the accompanying half-year financial report of ClearView Wealth Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 42 to 57.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ClearView Wealth Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor’s Review Report

Deloitte.

matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor’s Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants
Sydney, 23 February 2017

ClearView Wealth Limited
ABN 83 106 248 248

ASX Code: CVW

GPO Box 4232
Sydney NSW 2001
T 132 979

www.clearview.com.au

CVM_0576 01/17