



Half Year Condensed Consolidated Financial Report

for the six months ended
31 December 2011

ClearView Wealth Limited

ABN 83 106 248 248

Directors' Report

The Directors of ClearView Wealth Limited (ClearView) submit herewith the Condensed Consolidated Financial Report of ClearView Wealth Limited and its subsidiaries (the Group) for the half year ended 31 December 2011. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors of the Group who held office during the half year ended 31 December 2011 and up to the date of this report are shown below. Directors were in office for this entire period, except where stated otherwise.

Anne Keating
Anthony Eisen
David Goodsall
John Murphy
Michael Jefferies (resigned 27 July 2011, appointed alternate)
Peter Wade (resigned 27 July 2011)
Ray Kellerman
Simon Swanson
Susan Thomas

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

Principal activities

ClearView is an Australian financial services company with businesses that specialise in life insurance, wealth management and financial planning solutions. The Group advises on and/or manages approximately \$2.8 billion of client assets, has in force premiums of \$40 million and 57 financial planners across Australia.

Review and results of operations

The key focus of the Group for the half year period was the successful launch in December 2011 of ClearView LifeSolutions (LifeSolutions) and ClearView WealthSolutions (WealthSolutions). LifeSolutions is a full suite of life advice products and services. WealthSolutions is a private label wrap platform for superannuation, retirement income and Investor Directed Portfolio Service (IDPS) accounts, and includes a number of new ClearView managed funds and model portfolios.

ClearView's range of new life insurance and wealth management products and services enables the Group to penetrate the independent financial adviser (IFA) market, improve the product and service offering for ClearView financial planners, grow its financial planning business, and significantly broaden the Group's exposure to the wealth management and life insurance markets.

As part of the Group's strategy to increase distribution of its products and services, the Group has commenced recruiting experienced and successful financial advisers to join the ClearView Financial Advice Pty Limited (CFA) dealer group. Most notably Lambert Investments Pty Limited (Lambert) joined the dealer group in September 2011 with over 6,000 clients, approximately \$100 million of funds under administration and \$8 million of in-force life insurance premium.

The Group is developing its presence in the IFA market (including obtaining access to approved product lists of third party dealer groups) and will be entering distribution agreements and arrangements with IFAs and dealer groups as suitable relationships are established.

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Directors' Report (continued)

Review and results of operations (continued)

The Group has achieved the following results in 1H FY12:

- Net profit after tax of \$12.2 million (1H FY11: \$2.9 million), representing an increase of 316% over the prior comparable period;
- Basic earnings per share for the half year on a statutory basis of 2.99 cents per share (1H FY11: 0.72 cents per share), representing an increase of 315% over the prior comparable period;
- Fully diluted earning per share on a statutory basis of 2.88 cents per share (1H FY11: 0.69 cents per share), representing an increase of 318% over the prior comparable period; and
- Underlying net profit after tax of \$9.1 million (1H FY11: \$10.3 million), representing a decrease of 12% over the prior comparable period.

Underlying net profit after tax (NPAT) is the Board's key measure of profitability and the basis on which dividends are determined. It consists of profit after tax adjusted for amortisation, the effect of changing discount rates on the insurance policy liabilities and, in the prior comparable period, restructure, transition and system upgrade costs considered unusual to the Group's ordinary activities.

Underlying NPAT has decreased by \$1.2m (12%) compared with that for the half year ended 31 December 2010, equivalent to a decrease in basic underlying earnings per share for the half year from 2.51 cents per share to 2.22 cents per share (12%). This result reflects:

- The negative impact of investment markets on fee income and net investment flows. In addition, a general deferral of retirement plans of clients (and related investment into retirement products) has disproportionately impacted ClearView owing to its historic participation in the retiree market. Fee income is likely to remain hostage to global developments and sentiment in the short term;
- Investment in the business (and related increase in the cost base) to develop the Group's range of new products and infrastructure to expand the business (see discussion above); and
- The negative impact of life insurance lapses exceeding the rates assumed in the life insurance policy liability determined at 30 June 2011.

Partially offset by:

- Good claims experience in the 1H of the current financial year; and
- Materially similar tax benefits in both periods.

Reported NPAT has increased by \$9.3m (316%) compared with that for the half year ended 31 December 2010, equivalent to an increase in reported earnings per share from 0.72 cents per share to 2.99 cents per share (315%). This result reflects:

- A significant positive impact of \$6.5m after tax from the impact on the life insurance contract liability (based on AIFRS) of the reduction in long term discount rates over the reporting period;
- No restructure, transition and acquisition type related costs (considered unusual to the Groups ordinary activities) being incurred in the 1H of the current financial year; and
- The factors impacting the underlying NPAT as reported above.

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 Directors' Report (continued)

A reconciliation of the reported net profit after tax to underlying NPAT is as follows:

	2011 \$ million	2010 \$ million	% Increase (Decrease)
Reported Profit	12.2	2.9	316%
Adjusted for:			
Amortisation of intangibles	3.4	3.9	(13%)
Policy liability discount rate effect	(9.3)	2.6	(463%)
System upgrade costs *	-	0.7	(100%)
Restructure and transition costs *	-	2.1	(100%)
Other	-	(0.1)	(100%)
Income tax effect	2.8	(1.8)	(256%)
Underlying net profit after tax	9.1	10.3	(12%)

*Considered unusual to ordinary activities of the Group

- The amortisation of the intangibles is associated with the acquisition of ClearView Group Holdings Pty Limited (CVGH) and CFA (formerly ComCorp Financial Advice Pty Limited) and is separately reported to remove the non cash effect of the write-off of these intangibles;
- 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 cash earnings;
- Restructure and transition costs in the prior comparable period predominantly related to the transition off the Bupa Australia Pty Limited (Bupa) IT Infrastructure and the termination and related salary costs associated with the organisational restructure and termination of employees. Terminations were completed by 31 October 2010; and
- Fintechnix system upgrade costs in the prior comparable period related to the upgrade to the latest version of the life administration platform acquired as part of the acquisition of CVGH. The extent of the upgrade (catchup) was such that it was considered as unusual to the ordinary activities of the Group. All subsequent costs incurred on system upgrades are either reported as part of underlying profit or capitalised in accordance with the ClearView capitalisation policy.

Employee Share Plan (ESP)

In accordance with the provisions of the ESP, during the half year period 6,950,000 shares were issued to Senior Management with the following grant dates:

Series	Grant Date	No of Shares
Series 15 (Senior Management)	1 July 2011	3,000,000 ¹
Series 16 (Senior Management)	1 September 2011	3,950,000 ²
Shares reallocated		(3,750,000) ^{1 2}
New ESP shares issued		3,200,000

¹ On 18 August 2011, 3 million shares were reallocated from Series 5 and 8 to Series 15 (Senior Management) due to the departure of the CEO Wealth Management and Advice.

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Directors' Report (continued)

² On 12 September 2011, 500,000 shares were reallocated from Series 7 to Series 16 (Senior Management) and 250,000 shares were reallocated from Series 9 (Chairman) to Series 16 (Senior Management). The Chairman's shares were reallocated due to a change in the rules of the ESP which now precludes non executive directors from participating in the plan.

It is intended that a further 2,000,000 will be issued to the Chief Operating Officer, of which 1,000,000 will be reallocated due to the departure of a member of the Senior Management team.

Experienced and successful financial advisers represent a significant growth opportunity for ClearView in both the life insurance and wealth management product segments. In addition to being one of the few "independent" participants in the market, the Group is able to offer such advisers the opportunity to join CFA and participate in the overall performance of ClearView through share ownership in the Company. On 21 November 2011, the ESP rules were extended to allow advisers (as contractor participants) to participate in the Plan. ClearView has approved a further 4% of total issued shares to be issued to such contractor participants. As at the date of this report, ClearView has intention to issue a total of 3.1 million ESP shares to advisers that have joined CFA.

Dividends

The Directors have not declared an interim dividend (1H FY11: Nil). A final dividend for FY11 of \$7.7m was paid during the half year (1H FY11: Nil).

ClearView is in a strong capital position with no debt and \$59m in excess of its regulatory requirements and internal benchmarks at 31 December 2011. Internal benchmarks exceed regulatory requirements.

As outlined in the 30 June 2011 Annual Report, subject to available profits and financial position, the Board's expectation is to pay an annual dividend of 20% to 40% of underlying NPAT subject to regulatory requirements and available capital. ClearView's ability to pay a dividend will depend on factors including its profitability, the availability of franking credits and its funding requirements which in turn may be affected by trading, general economic conditions, business growth and regulation. Accordingly, no assurance can be given as to the timing, extent and payment of dividends.

Capital Management

Each entity in the Group has a benchmark level of capitalisation based on the individual risk characteristics of that entity, any regulatory capital requirements it may be subject to and the entity's and Group's risk tolerance.

Surplus capital above the internal benchmarks at 31 December 2011 was \$59m across the Group, an increase of \$6m since 30 June 2011. As at 31 December 2010 capital in excess of regulatory requirement was \$54m (the basis of reporting surplus capital has changed since the prior comparable period).

ClearView's dividend policy and factors which will impact on the ability to pay a dividend are outlined above.

Rights to future income (RTFI)

Since the last financial reporting period, ClearView has lodged a request of amendment to the Australian Taxation Office (ATO) in respect of the 2010 consolidated income tax return to include an additional deduction of \$5.8m (being the write off over 10 years of a \$58m deductible amount for 'rights to future income'). On 25 November 2011, the Government announced certain tax law changes to the operation of 'rights to future income' rules that are intended to be introduced. The proposed changes relate to acquisitions made before 12 May 2010, after 30 March 2011, and the intervening period (the transitional period). ClearView's acquisition of CVGH falls within the transitional period.

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Directors' Report (continued)

Based on the Government announcement, it is not clear without the formal legislation being promulgated as to how the proposed changes will be interpreted and applied. To date, the ATO has not yet processed ClearView's amendment lodged in November 2011. In light of the continued uncertainty around the taxation treatment of these 'rights', that ClearView's claim is subject to revision by the ATO and that the legislation has not been substantially enacted at the date of this report, there is insufficient information to ascertain that the deductions (including losses in the prior year and future deductions) in respect of the 'rights' will be available. Accordingly, no Deferred Tax Asset has been recognised in the half year Financial Report for the period ended 31 December 2011.

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 2011.

Auditor's independence declaration

The auditor's independence declaration is included on page 6.

Rounding off of amounts

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

Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Ray Kellerman
Chairman

Sydney, 22 February 2012

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

22 February 2012

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 2011, 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



Philip Hardy
Partner
Chartered Accountants

ClearView Wealth Limited
Condensed Consolidated Income Statement
for the half year ended 31 December 2011

	Note	Consolidated	
		6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Revenue from continued operations			
Premium revenue from insurance contracts		20,076	20,648
Outward reinsurance expense		(1,978)	(1,985)
Net life insurance premium revenue		18,098	18,663
Fee and other revenue		21,868	23,461
Investment income		36,395	27,932
Operating revenue before net fair value gains on financial assets		76,361	70,056
Net fair value (losses) / gains on financial assets		(57,942)	86,088
Net operating revenue		18,419	156,144
Claims expense		(4,582)	(9,362)
Reinsurance recoveries revenue		430	2,267
Change in life insurance policy liabilities	9	9,704	(2,352)
Changes in reinsurers' share of life insurance liabilities	9	64	289
Change in life investment policy liabilities	9	20,619	(95,270)
Depreciation and amortisation expense		(3,767)	(3,898)
Commission expense		(3,362)	(2,847)
Other operating expenses	4	(23,663)	(24,240)
Share of profit / (loss) of associate		(4)	20
Movement in liability of non-controlling interest in controlled unit trust		5,170	(15,230)
Profit before income tax expense		19,028	5,521
Income tax expense		(6,797)	(2,579)
Net profit for the period from continuing operations		12,231	2,942
Attributable to:			
Equity holders of the parent		12,231	2,942
Earnings per share			
Basic (cents per share)		2.99	0.72
Diluted (cents per share)		2.88	0.69

To be read in conjunction with the accompanying notes

ClearView Wealth Limited
Condensed Consolidated Statement
of comprehensive income
for the half year ended 31 December 2011

	Consolidated	
	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Profit / (loss) for the period	12,231	2,942
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss) for the period	12,231	2,942
Total comprehensive income / (loss) attributable to:		
Equity holders of the parent	12,231	2,942

To be read in conjunction with the accompanying notes

ClearView Wealth Limited
Condensed Consolidated Statement of
financial position
for the half year ended 31 December 2011

	Note	Consolidated	
		31 December 2011 \$'000	30 June 2011 \$'000
Assets			
Cash and cash equivalents		127,179	185,822
Investments	8	1,285,190	1,417,658
Receivables		10,584	7,205
Fixed interest deposits		78,224	22,021
Reinsurers' share of life insurance policy liabilities	9	2,004	2,447
Deferred tax asset		17,094	24,297
Property, plant and equipment		3,552	1,288
Investment in associate		159	163
Goodwill	7	4,858	4,858
Other intangible assets		48,509	51,883
Total assets		1,577,353	1,717,642
Liabilities			
Payables		12,052	11,569
Provisions		3,515	5,070
Provision for deferred consideration		424	686
Life insurance policy liabilities	9	(75,004)	(62,728)
Life investment policy liabilities	9	1,254,460	1,367,887
Liability to non-controlling interest in controlled unit trust		128,554	147,018
Deferred tax liabilities		419	157
Total liabilities		1,324,420	1,469,659
Net assets		252,933	247,983
Equity			
Issued capital	6	276,565	276,565
Retained losses		(25,139)	(29,631)
Reserves		1,507	1,049
Equity attributable to equity holders of the parent		252,933	247,983
Total equity		252,933	247,983

To be read in conjunction with the accompanying notes

ClearView Wealth Limited
Condensed Consolidated Statement of
changes in equity
for the half year ended 31 December 2011

	Note	Share capital \$'000	Equity-settled employee benefits reserve \$'000	Retained earnings \$'000	Attributable to the owners of the parent \$'000
Balance as at 30 June 2010		276,565	518	(38,296)	238,787
Profit for the period		-	-	2,942	2,942
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	2,942	2,942
Recognition of share-based payments		-	254	-	254
Balance at 31 December 2010		276,565	772	(35,354)	241,983
Balance at 30 June 2011		276,565	1,049	(29,631)	247,983
Profit for the period		-	-	12,231	12,231
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	12,231	12,231
Dividend declared		-	-	(7,739)	(7,739)
Recognition of share-based payments		-	260	-	260
Repayment of ESP loans with after tax dividends		-	198	-	198
Balance at 31 December 2011		276,565	1,507	(25,139)	252,933

To be read in conjunction with the accompanying notes

ClearView Wealth Limited
Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2011

	Consolidated	
	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Cash Flows from operating activities		
Receipts from clients and debtors	283,715	177,518
Payments to suppliers and other creditors	(36,439)	(39,381)
Withdrawals paid to life investment clients	(335,969)	(228,640)
Dividends and trust distributions received	9,273	11,084
Interest received	14,327	13,851
Income taxes paid	(1,167)	(2,055)
Net cash (utilised) by operating activities	(66,260)	(67,623)
Cash flows from investing activities		
Payments for investment securities	(1,071,331)	(901,482)
Proceeds from sale of investment securities	1,155,457	911,714
Acquisition of property, plant and equipment	(3,114)	(228)
Transactions costs paid	-	(1,170)
Fixed interest deposits invested	(54,691)	(20,998)
Acquisition of client book / business	-	(389)
Settlements made against deferred consideration	(262)	(921)
Loans (made to) / redeemed from related parties	(96)	60
Net cash generated / (utilised) by investing activities	25,963	(13,414)
Cash flows from financing activities		
Net movement in liability of non-controlling interest in unit trusts	(10,607)	(9,437)
Dividend paid	(7,739)	-
Net cash utilised by financing activities	(18,346)	(9,437)
Net decrease in cash and cash equivalents	(58,643)	(90,474)
Cash and cash equivalents at the beginning of the financial period	185,822	197,142
Cash and cash equivalents at the end of the financial period	127,179	106,668

To be read in conjunction with the accompanying note

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

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

General Information

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

Statement of compliance

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

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

(a) Methods used in the valuation of policy liabilities

The policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 'Life Insurance Contracts', whereas policy liabilities for life investment contracts are valued in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. These life insurance and life investment policy liability determinations are also consistent with the requirements of the relevant Prudential Standards and the Life Insurance Act 1995. Life insurance policy liabilities have been calculated in a

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

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

way which allows for the systematic release of planned margins as services are provided to policyholders and premiums are received.

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

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

Discount rates: Discount rates are based on a yield curve derived from Commonwealth Government bond market yields as at the valuation date, plus an illiquidity adjustment based on the difference between these yields and BBSW swap rates as at the valuation date. As an indication, the resulting average effective discount rate adopted was 4.7% (2010: 5.5%).

Acquisition expenses: Per policy acquisition expense assumptions were based on the actual expenses for the 6 months to 31 December 2011.

Maintenance expense and inflation: The per policy maintenance expense assumptions were based on the per policy unit costs implied by ClearView Life's 2011/12 business plan (2010: Based on the 2010/11 business plan). Expense inflation of 2.5% p.a. (2010: 2.5% p.a.) was assumed.

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

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

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

The impact of changes in actuarial assumptions from 30 June 2011 to 31 December 2011 is shown in the table below:

Assumption category	Effect on present value of profit margins increase/ (decrease) \$'000	Effect on policy liabilities increase/ (decrease) \$'000
Discount rates	12,160	(9,359)
Maintenance expenses	-	-
Lapses	-	-
Mortality & morbidity	-	-
Total	12,160	(9,359)

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

(c) Processes used to select assumptions

Discount rate

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

Maintenance expenses and inflation

The business plan implied level of unit maintenance expenses was taken as an appropriate expense base per policy. Per policy maintenance expenses are assumed to increase in the future with inflation, at a rate that allows for basic price increases (CPI), wage cost increases, IT expense increases and productivity gains. An overall assumption equal to assumed future CPI was adopted, and was derived from a combination of market implied future CPI (derived from index bond yields) and consideration of Reserve Bank of Australia future inflation target ranges and outlook. This approach is unchanged from that adopted last year. Per policy acquisition expenses were derived from the analysis of acquisition expenses incurred over the period.

Mortality and morbidity

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

Lapse

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

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

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

3. Segment information (continued)

Group's Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance is focused on the products and services of each reporting segment. The principal activities and the Group's reportable segments under AASB 8 are as follows:

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

Life Insurance: The Group operates in the life insurance industry through its wholly owned subsidiary, ClearView Life Assurance Limited (ClearView Life). Clearview Life provides risk-based life insurance cover and the range of protection choices offer flexibility in both the type and amount of cover the policyholder can apply for. ClearView Life operates as a specialist life protection business that encompasses the manufacture and distribution of life protection products.

Wealth Management: The Group operates an investment product manufacturing capability whose products are currently distributed via the financial planning business. The majority of these products have historically been manufactured as a life investment contract issued by ClearView Life. A minority of products are issued as unit trust investments from a unit trust managed by ClearView Financial Management Limited (CFML). In December 2011, ClearView launched a private label wrap platform for superannuation, retirement income and Investor Directed Portfolio Service (IDPS) accounts which includes a number of new ClearView managed funds and model portfolios. The Wealth Management segment currently includes the ClearView Life life investment contracts portfolio and the CFML unit trust business (as of 1 July 2011).

Financial Planning: The Group provides financial planning services through its wholly owned subsidiary ClearView Financial Advice Pty Ltd. On 1 July 2011, ComCorp Financial Advice Pty Ltd was renamed ClearView Financial Advice Pty Ltd (CFA) with all the ClearView financial planning business now operating via CFA under one brand and licence. The group provides financial planning services to member based organisations, individuals and has an exclusive distribution alliance agreement to distribute life and wealth products to Bupa Australia's customer base.

CFML is the responsible entity (RE) of the ClearView retail trusts. On 1 July 2011 the CFML advisers were transferred to CFA. The Group therefore changed the composition of its reportable segments to better reflect the structure of its internal organisation. As a result of this change the comparative segment information has been restated to reflect this by reclassifying the operations of the retail unit trusts from financial planning to wealth management.

Listed Entity/ Other: This represents the investment earnings on the cash and investments held in the listed and central services entities and in the shareholders fund of ClearView Life, less the costs associated with maintaining a listed entity. The Company manages a significant component of its capital at the listed entity level in accordance with its capital management plan.

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.

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

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

	External Revenue		Inter-segment		Total	
	Half year ended		Half year ended		Half year ended	
	31 December 2011 \$'000's	31 December 2010 \$'000's	31 December 2011 \$'000's	31 December 2010 \$'000's	31 December 2011 \$'000's	31 December 2010 \$'000's
Segment revenue						
Life Insurance	18,807	18,810	-	-	18,807	18,810
Wealth Management	50,128	44,903	-	-	50,128	44,903
Financial Planning	6,077	5,932	3,552	3,795	9,629	9,727
Listed entity/ Other	1,349	411	-	-	1,349	411
Consolidated segment	76,361	70,056	3,552	3,795	79,913	73,851

Segment profit or loss represents the profit or loss earned by each segment including the allocation of directly attributable costs of each segment and an allocation of central services costs according to an expense allocation model which allocates costs to segments on a reasonable basis. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Half year ended 31 December 2011 (\$'000's)	Life Insurance	Wealth Management	Financial Planning	Listed Entity	Total
Segment profit					
Underlying net profit/(loss) after tax	5,492	3,431	(594)	740	9,069
Amortisation of intangibles	(708)	(2,235)	(432)	-	(3,375)
Systems upgrade	-	-	-	-	-
Transition costs	-	-	-	-	-
Loss on listed shares	-	-	-	(20)	(20)
Policy liability discount rate effects	9,359	-	-	-	9,359
Income tax effect	(2,808)	-	-	6	(2,802)
Reported profit / (loss) for the period	11,335	1,196	(1,026)	726	12,231

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

3. Segment information (continued)

Half year ended 31 December 2010 (\$'000's)	Life Insurance	Wealth Management	Financial Planning	Listed Entity	Total
Segment profit					
Underlying net profit/(loss) after tax	4,993	5,339	(421)	382	10,293
Amortisation of intangibles	(762)	(2,678)	(462)	-	(3,902)
Systems upgrade	(325)	(330)	-	-	(655)
Transition costs	(395)	(779)	(1,163)	231	(2,106)
Profit on listed shares	-	-	-	87	87
Policy liability discount rate effects	(2,581)	-	-	-	(2,581)
Income tax effect	991	332	461	22	1,806
Reported profit / (loss) for the period	1,921	1,884	(1,585)	722	2,942

4. Other Expenses

	Consolidated	
	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Administration Expenses		
Administration, marketing and other operational costs	6,996	6,374
Custody and investment management expenses	3,509	3,109
	10,505	9,483
Employee Costs and Directors' fees		
Employee expenses	11,496	10,234
Share based payments	260	254
Employee termination payments	19	36
Directors' fees	274	252
	12,049	10,776
Other Expenses		
Restructuring and transition expenses ⁽ⁱ⁾	-	2,787
Professional fees	1,109	1,194
	1,109	3,981
Total other expenses	23,663	24,240

⁽ⁱ⁾ Included in restructuring and transition expenses are termination payments made to terminated employees as part of the transition of the CVGH businesses.

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

5. Dividends Paid

During the period, ClearView made the following dividend payments:

	Cents per share	Consolidated	
		6 months to 31 December 2011	6 months to 31 December 2010
		\$'000	\$'000
Fully paid ordinary shares			
Final dividend	1.8	7,739	-
No interim dividend has been declared.			

6. Issuances and repurchase of equity

	6 months to 31 December 2011	6 months to 31 December 2011	12 months to 30 June 2011	12 months to 30 June 2011
	No of shares	\$'000	No of shares	\$'000
ISSUED AND FULLY PAID ORDINARY SHARES				
Balance at the beginning of the period	409,312,192	276,565	409,312,192	276,565
Balance at the end of the period	409,312,192	276,565	409,312,192	276,565
Employee share plan balance at the beginning of the period	20,650,000	-	17,650,000	-
Shares reallocated under employee share plan	(3,750,000)	-	-	-
Shares granted under employee share plan	6,950,000	-	3,000,000	-
Employee share plan balance at the end of the period	23,850,000	-	20,650,000	-

In accordance with the provisions of the ESP, during the half year period 6,950,000 shares were issued to Senior Management with the following grant dates:

Series	Grant Date	No of Shares
Series 15 (Senior Management)	1 July 2011	3,000,000 ¹
Series 16 (Senior Management)	1 September 2011	3,950,000 ²
Shares reallocated		(3,750,000) ^{1 2}
New ESP shares issued		3,200,000

¹ On 18 August 2011, 3 million shares were reallocated from Series 5 and 8 to Series 15 (Senior Management) due to the departure of the CEO Wealth Management and Advice.

² On 12 September 2011, 500,000 shares were reallocated from Series 7 to Series 16 (Senior Management) and 250,000 shares were reallocated from Series 9 (Chairman) to Series 16 (Senior Management). The Chairman's shares were reallocated due to a change in the rules of the ESP which precludes non executive directors from participating in the plan.

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

It is intended that a further 2,000,000 will be issued to the Chief Operating Officer, of which 1,000,000 will be reallocated due to the departure of a member of the Senior Management team.

Experienced and successful financial advisers represent a significant growth opportunity for ClearView in both the life insurance and wealth management product segments. In addition to being one of the few “independent” participants in the market, the Group is able to offer such advisers the opportunity to join CFA and participate in the overall performance of ClearView through share ownership in the Company. On 21 November 2011, the ESP rules were extended to allow advisers (as contractor participants) to participate in the Plan. ClearView has approved a further 4% of total issued shares to be issued to such contractor participants. As at the date of this report, ClearView has intention to issue a total of 3.1 million ESP shares to advisers that have joined CFA.

Shares that vested in the current interim period:

During the interim reporting period no vesting conditions were met, therefore no further shares vested during the half year.

Shares granted under the ESP carry rights to dividends and voting rights. For details of the ESP refer to the June 2011 Annual Report.

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

7. Goodwill

	Consolidated	
	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Gross carrying amount		
Balance at the beginning of the period	4,858	4,187
Additional amounts recognised from business combinations occurring during the period	-	778
Goodwill reduced as a result of reduction in purchase price	-	(107)
Balance at the end of the interim reporting period	4,858	4,858

Net book value		
At the beginning of the interim period	4,858	4,187
At the end of the interim period	4,858	4,858

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

8. Investments

	31 December 2011 \$'000	30 June 2011 \$'000
Equity securities		
Held directly	388,500	469,817
Held indirectly via unit trust	161,419	161,552
	549,919	631,369
Debt securities / Fixed interest securities		
Held directly	549,218	576,764
Held indirectly via unit trust	34,198	38,395
	583,416	615,159
Property		
Held directly	-	-
Held indirectly via unit trust	151,855	171,130
	151,855	171,130
Total investments	1,285,190	1,417,658

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

9. Policy Liabilities

	Consolidated	
	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000
Reconciliation of movements in policy liabilities		
Life investment policy liabilities		
Opening gross life investment policy liabilities	1,367,887	1,405,415
Net increase / (decrease) in life investment policy liabilities reflected in the income statement	(20,619)	95,270
Decrease in life investment policy liabilities due to management fee reflected in the income statement	(14,060)	(15,647)
Life investment policy contributions recognised in policy liabilities	134,026	131,307
Life investment policy withdrawals recognised in policy liabilities	(212,774)	(208,341)
Closing gross life investment policy liabilities	1,254,460	1,408,004
Life insurance policy liabilities		
Opening gross life insurance policy liabilities	(62,728)	(62,918)
Movement in outstanding claims	(2,572)	2,037
Increase / (decrease) in the life insurance policy liabilities reflected in the income statement	(9,704)	2,352
Closing gross life insurance policy liabilities	(75,004)	(58,529)
Total gross policy liabilities	1,179,456	1,349,475
Reinsurers' share of life insurance policy liabilities		
Opening balance	(2,447)	(2,015)
Movement in outstanding reinsurance	507	(1,632)
Decrease in reinsurance assets reflected in the income statement	(64)	(289)
Closing balance	(2,004)	(3,936)
Net policy liabilities at balance date	1,177,452	1,345,539

Included in life investment policy liabilities are contracts for which there is a guarantee that the unit price will not fall. The amount of the gross liabilities for such contracts is \$166m (2010: \$134m)

ClearView Wealth Limited Notes to the Condensed Consolidated Financial Statements

for the half year ended 31 December 2011 (continued)

10. Deferred Tax

Since the last financial reporting period, ClearView has lodged a request of amendment to the Australian Taxation Office (ATO) in respect of the 2010 consolidated income tax return to include an additional deduction of \$5.8m (being the write off over 10 years of \$58m deductible amount for 'rights to future income'). On 25 November 2011, the Government announced certain tax law changes to the operation of 'rights to future income' rules that are intended to be introduced. The proposed changes relate to acquisitions made before 12 May 2010, after 30 March 2011, and the intervening period (the transitional period). ClearView's acquisition of CVGH falls within the transitional period.

Based on the Government announcement, it is not clear without the formal legislation as to how the proposed changes will be interpreted and applied. To date, the ATO has not yet processed ClearView's amendment lodged in November 2011. In light of the continuous uncertainty around the taxation treatment of these 'rights', that ClearView's claim is subject to revision by the ATO and that the legislation has not been substantially enacted at the date of this report, there is insufficient information to ascertain that the deductions (including losses in the prior year and future deductions) in respect of the 'rights' will be available. Accordingly, no Deferred Tax Asset has been recognised.

11. Borrowings

During the half year period the Group reduced its unutilised overdraft facility with National Australia Bank from \$5m to \$2m.

12. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the June 2011 Annual Financial Report issued in August 2011

ClearView Wealth Limited
Directors' Declaration
31 December 2011

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Ray Kellerman', with a long horizontal line extending to the right.

Ray Kellerman
Chairman

Sydney, 22 February 2012

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

We have reviewed the accompanying half-year financial report of ClearView Wealth Limited and its subsidiaries, which comprises the condensed consolidated statement of financial position as at 31 December 2011, and the condensed consolidated income statement, the condensed statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 23.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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

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that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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



Philip Hardy
Partner
Chartered Accountants
Sydney, 22 February 2012