Clientèle LIMITED

Diluted headline earnings per share increased by 15% from 77,76 cents to 89,57 cents

Dividend declared per share increased by 10% from 67,00 cents to 74,00 cents

Return on average shareholders interest of 65%

Condensed Group Results for the year ended 30 June 2013

Comments

Introduction

We are pleased to advise that the process of ingraining sustainability principles and practices into the Clientèle Group's ("the Group") operations, which includes a special focus on addressing the quality of business written, is yielding the desired results and we are also pleased to report an increase in production over the second half of the year.

The improvement in withdrawals is reflected in the positive withdrawal experience for the year of R14,8 million (2012 : negative R115,0 million) and the Value of New Business ("VNB"), on equivalent economic and demographic assumptions, has increased by 40% in the second half of the year in comparison to the first half of the year.

The Group increased its diluted headline earnings per share for the year by 15%. This resulted in a return on average shareholders' interests for the year of 65% and enabled another healthy dividend to be declared; the dividend declared per share increased by 10% from 67,00 cents to 74,00 cents.

Recurring Embedded Value Earnings increased to R635,9 million from R602,4 million last year, resulting in a recurring Return on Embedded Value ("ROEV") of 21%.

Operating Results

Group Statement of Comprehensive Income

Headline earnings for the Group of R293,3 million are 15% higher than the headline earnings of R256,0 million last year. As a result, diluted headline earnings per share have increased by 15% to 89,57 cents, up from 77,76 cents.

Headline earnings per share from continuing operations, after adjusting for Secondary Tax on Companies ("STC") in the prior year to ensure comparability, increased by 5% from 85,16 cents per share to 89,62 cents per share.

Insurance premium revenue has been tempered by the conscious reining in of production in the first half of the year, which was offset, to some extent, by the improvement in withdrawal experience. The second half of the year experienced a meaningful increase in production volumes, together with a sustained improvement in the quality of sales in the telesales area, which is expected to improve insurance premium revenue next year. Insurance premium revenue for the year is up by 2% from R1 194,9 million to R1 224,5 million. Other income of R168,8 million, which mainly comprises annuity fees from Clientèle Life's Independent Field Advertisers ("IFAs"), is 3% up on the comparable year's figure of R164,2 million.

Operating expenses have increased by 11% from R739,2 million last year to R818,6 million this year. This increase can be ascribed to a conscious decision to increase advertising spend in the second half of the year on better quality sales leads. This has had the desired effect of increasing VNB in the second half of the year.

The Group adopts the conservative accounting practice of eliminating negative reserves (a discretionary margin) and thus expensing acquisition costs upfront and deferring profit release over the life of the policy. The total present value of discretionary margins amounts to R1,9 billion (June 2012: R1,8 billion).

Net insurance benefits and claims of R339,8 million have increased by 17% from R291,0 million for the prior financial year. The majority of the increase is in respect of policyholder cash-back payments which have become due as well as policyholders' benefit payments for unitised endowment policies, many of which have now been held for 10 years or more. Both these items reduce policyholder liabilities under insurance contracts.

As a consequence, policyholder liabilities under insurance contracts decreased by R44,1 million (2012: Increase of R13,7 million).

Investments achieved a return of 19% in the current year, compared to a return of 14% last year.

Group Embedded Value

The increase in Group Embedded Value ("EV") reflects Recurring EV Earnings of R635,9 million (2012: R602,4 million) for the year, and translates into an annualised Recurring ROEV of 21% (2012: 26%) which contributed to Group EV, after adjusting for the dividend payment and changes to economic assumptions, increasing from R3,0 billion at 30 June 2012 to R3,5 billion as at 30 June 2013.

The VNB has decreased in comparison to the previous year from R365,5 million to R302,1 million (or R331,2 million on a comparable set of economic assumptions) as a result of lower production in the first half of the year, largely due to the initiatives with regards to quality, as mentioned above. Production has improved in the second half of the year and the VNB of R176,2 million in the second half of the year is 40% higher than the VNB of R125,9 million (on similar economic and demographic assumptions) in the first half of the year.

The Board adopts current actuarial guidance in respect of the Risk Discount Rate, now set at 10,4% (2012: 9,8%). The calculation is comprehensively explained in the Group EV results section of the results and a sensitivity analysis is also provided.

Segment Results

Clientèle Life

Clientèle Life's Long-term insurance segment still remains the major contributor to overall Group performance. It accounts for 75% or R227,8 million of the Group's R302,1 million of VNB, and recorded Recurring EV Earnings of R475,2 million (2012: R487,1 million) for the year and generated R257,0 million (2012: R235,8 million) net operating profit for the year, an increase of 9%.

The Investment Contracts operating segment experienced slower production in the lower interest rate environment and reported a R5,1 million net profit for the year (2012: R2,7 million) due to the higher rate of release of deferred profits.

Clientèle General Insurance (Clientèle Legal)

Clientèle Legal now accounts for 22% (2012: 16%) or R65,3 million of the Group's VNB for the year, and recorded Recurring EV Earnings of R124,0 million (2012: R130,2 million) and generated R30,1 million net profit for the year, a 44% increase on the R20,9 million net profit for last year, resulting in its maiden dividend of R30 million to be paid to Clientèle Limited in September 2013.

Other Segments

The personal loans business, Clientèle Loans Direct Proprietary Limited ("CLD"), is no longer entering into new business contracts. All new business contracts as of 16 February 2013 are being concluded in accordance with a Profit Sharing Arrangement ("PSA") in respect of unsecured personal loans with WesBank (a division of FirstRand Bank Limited) and Direct Axis (SA) Proprietary Limited. This business is funded and conducted by WesBank as a separate business unit and administered by Direct Axis.

Clientèle believes the PSA will result in a sustainable and value-adding business for the future. The existing personal loans business is being run down to closure which results in a reduction in expenses, mostly related to acquisition costs, and the emergence of profits in respect of business previously written. The business, including impairments, is performing in line with expectations.

Clientèle Mobile's current strategic focus is to assist the Group in the development of a mobile communications and self-service application for the benefit of IFAs and policyholders.

Prospects

The Board's focus for the future will be to continue the initiatives with regard to sustainability which include, amongst others, sustaining the momentum that has been built in production without compromising on the quality of business written. These on-going initiatives are expected to create sustainable value for the Group in the years ahead despite the expected difficult trading conditions in the short term.

Dividend Declared

Notice is hereby given that the Board has declared a final gross dividend of 74,00 cents per share on 19 August 2013 for the year ended 30 June 2013.

The Board of Clientèle Limited confirms that the Group will satisfy the solvency and liquidity tests immediately after completion of the dividend distribution.

The dividend will be subject to dividends tax. In accordance with the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local dividends tax rate is 15% (fifteen percent);
- The gross local dividend amount is 74,00 cents per ordinary share for shareholders exempt from the dividends tax;
- The net local dividend amount is 62,90 cents per ordinary share for shareholders liable to pay the dividends tax;
- The local dividends tax amount is 11,10 cents per ordinary share for shareholders liable to pay the dividends tax;
- No STC credits are utilised;
- Clientèle Limited currently has 328 007 083 ordinary shares in issue;
- Clientèle Limited's income tax reference number is 9465071166.

In compliance with the requirements of Strate Limited, the electronic settlement and custody system used by the JSE Limited, the following salient dates for the payment of the dividend are applicable:

Last day to trade	Friday, 6 September 2013
Shares commence trading "ex" dividend	Monday, 9 September 2013
Record date	Friday, 13 September 2013
Payment date	Monday, 16 September 2013

Share certificates may not be dematerialised or rematerialised between Monday, 9 September 2013 and Friday, 13 September 2013, both days inclusive.

By order of the Board

G Q Routledge
Chairman

B W Reekie
Managing Director

Johannesburg
19 August 2013

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Condensed Group Statement of Comprehensive Income

(R'000's)	Year ended 30 June 2013	2012	% Change
Revenue			
Insurance premium revenue	1 224 459	1 194 852	2
Reinsurance premiums	(78 596)	(68 916)	
Net insurance premiums	1 145 863	1 125 936	2
Other income	168 847	164 222	3
Interest income	76 320	56 046	
Fair value adjustment to financial assets at fair value through profit or loss	249 881	252 189	
Net income	1 640 911	1 598 393	3
Net insurance benefits and claims	(339 755)	(291 024)	17
Decrease/(increase) in policyholder liabilities under insurance contracts	44 074	(13 746)	
Decrease in reinsurance assets	(508)	(333)	
Fair value adjustment to financial liabilities at fair value through profit or loss – investment contracts	(71 222)	(139 415)	
Interest expense	(19 139)	(14 565)	31
Impairment of advances	(38 194)	(21 642)	76
Operating expenses	(818 555)	(739 165)	11
Profit before tax	397 612	378 503	5
Tax	(104 206)	(118 434)	
Profit from continuing operations	293 406	260 069	13
Loss from discontinued operation	–	(21 694)	
– Loss from discontinued operation		(9 916)	
– Foreign currency translation reserve realised		(11 778)	
Profit for the year	293 406	238 375	23
Attributable to:			
– Non-controlling interest – ordinary shareholders	311	(57)	
Equity holders of the Group – ordinary shareholders	293 095	238 432	23
Profit for the year	293 406	238 375	23
Other comprehensive income:			
Exchange differences on translating foreign operation		(796)	
Gains on property revaluation	10 599	9 081	
Income tax relating to gains on property revaluation	(3 218)	(2 056)	
Other comprehensive income for the year – net of tax	7 381	6 229	
Total comprehensive income for the year	300 787	244 604	23
Attributable to:			
– Non-controlling interest – ordinary shareholders	311	(173)	
Equity holders of the Group – ordinary shareholders	300 476	244 777	23

Condensed Group Statements of Financial Position

(R'000's)	Year ended 30 June 2013	2012
Assets		
Intangible assets	19 657	20 865
Property and equipment	25 962	37 198
Owner-occupied properties	188 240	176 873
Investment in associates		291
Deferred tax	26 856	20 801
Inventories	1 123	1 371
Reinsurance assets	3 337	3 845
Financial assets at fair value through profit or loss	2 287 980	2 303 907
Loans and receivables including insurance receivables	223 304	209 591
Current tax	643	3 885
Cash and cash equivalents	180 011	168 513
Total assets	2 957 113	2 947 140
Total equity and reserves	529 420	440 004
Liabilities		
Policyholder liabilities under insurance contracts	746 651	790 725
Financial liabilities – investment contracts	1 326 415	1 351 303
– at fair value through profit or loss	1 283 311	1 312 904
– at amortised cost	43 104	38 399
Financial liabilities – loans at amortised cost	134 996	138 219
Employee benefits	66 383	60 178
Accruals and payables including insurance payables	120 962	141 112
Deferred tax	27 420	25 400
Current tax	4 866	199
Total liabilities	2 427 693	2 507 136
Total equity and liabilities	2 957 113	2 947 140

Tax

(R'000's)	Year ended 30 June 2013	2012
Current and deferred tax	(98 877)	(95 641)
STC		(16 686)
Capital gains tax	(3 702)	(1 594)
Underprovision in prior years	(1 627)	(4 513)
Tax	(104 206)	(118 434)

The Individual Policyholder Fund has an estimated tax loss of R2,1 billion (2012: R1,9 billion)

Reconciliation of Results from Continuing Operations and the Discontinued Operation

(R'000's)	Year ended 30 June 2013	2012	% Change
Continuing operations			
Net profit for the year attributable to equity holders of the Group	293 095	238 432	23
Add: Attributable loss from the discontinued operation		2 077	
Add: Loan written off – IFA Nigeria†		19 250	
Net profit related to continuing operations attributable to equity holders of the Group	293 095	259 759	13
Discontinued operation			
Net profit for the year	–	9 334	
Foreign currency translation reserve realised		(11 778)	
Less: Loan written off by Clientèle Life†		(19 250)	
Loss for the year related to the discontinued operation	–	(21 694)	
Add: Net loss attributable to non-controlling interest		367	
Net loss related to the discontinued operation attributable to equity holders of the Group	–	(21 327)	

† The loan written off by Clientèle Life last year was in respect of the discontinued operation (IFA Nigeria)

Reconciliation of Net Profit to Headline Earnings

(R'000's)	Year ended 30 June 2013	2012	% Change
Continuing operations			
Net profit for the year attributable to equity holders of the Group	293 095	259 759	13
Less: Profit on disposal of property and equipment	(46)	(78)	
Add: Investment in associate written off	291		
Headline earnings from continuing operations	293 340	259 681	13
Discontinued operation			
Net loss for the year attributable to equity holders of the Group	–	(21 327)	
Add: Impairment of property and equipment		4 045	
Add: Impairment of intangible assets		3 596	
Add: Foreign currency translation reserve realised		10 010	
Headline earnings from discontinued operation	–	(3 676)	
Headline earnings for the year	293 340	256 005	15

Ratios per Share

(Cents)	Year ended 30 June 2013	2012	% Change
Headline earnings per share	89,62	78,89	14
– Continuing operations	89,62	80,02	12
– Discontinued operation	–	(1,13)	
Diluted headline earnings per share	89,57	77,76	15
– Continuing operations	89,57	78,88	14
– Discontinued operation	–	(1,12)	
Earnings per share	89,54	73,47	22
– Continuing operations	89,54	80,04	12
– Discontinued operation	–	(6,57)	
Diluted earnings per share	89,49	72,43	24
– Continuing operations	89,49	78,91	13
– Discontinued operation	–	(6,48)	
Net asset value per share	161,41	135,58	19
Diluted net asset value per share	161,65	133,66	21
Dividends per share – paid	67,00	53,50	25
Dividends per share – declared	74,00	67,00	10
Ordinary shares in issue ('000)	328 007	326 704	
Weighted average ordinary shares ('000)	327 325	324 540	
Diluted average ordinary shares ('000)	327 508	329 201	

Condensed Group Statement of Cash Flows

(R'000's)	Year ended 30 June 2013	2012
Profit from operations adjusted for non-cash items	330 090	372 809
Working capital changes	(144 286)	(45 258)
Separately disclosable items[1]	(48 120)	(49 625)
(Decrease)/increase in financial liabilities[2]	(100 815)	157 699
Net disposal/(acquisition) of investments[3]	265 808	(111 508)
Interest received	31 606	32 579
Dividends received	16 514	17 046
Dividends paid	(219 012)	(173 261)
Tax paid	(103 550)	(114 201)
Cash flows from operating activities – Continuing operations	28 235	86 280
Cash flows from operating activities – Discontinued operation		(13 314)
Cash flows from operating activities	28 235	72 966
Cash flows from investing activities[4]		
Continuing operations	(16 737)	(40 944)
Cash flows from investing activities	(16 737)	(40 944)
Cash flows from financing activities		
Discontinued operation		(9 190)
Cash flows from financing activities		(9 190)
Net increase in cash and cash equivalents	11 498	22 832
Cash and cash equivalents at beginning of the year	168 513	145 681
Cash and cash equivalents at end of the year	180 011	168 513

1. Interest and dividends
2. Financial liabilities – investment contracts
3. Investments in respect of insurance operations and investment contracts
4. Mainly relates to the acquisition of intangible assets, property and equipment

Notes to the Results

The results have been reviewed by the Group's external auditors, PricewaterhouseCoopers Incorporated, in terms of International Standards on Review Engagements 2410. The scope of the review was to enable the auditors to report that nothing came to their attention to cause them to believe that the accompanying condensed preliminary consolidated financial information is not presented in all material respects, in accordance with the South African Companies Act 71 of 2008, as amended and the JSE Limited Listings Requirements. A copy of the unqualified review opinion is available on request at the Company's registered offices.

The condensed consolidated preliminary Financial Statements was prepared under the supervision of I B Hume (CA(SA), ACMA), the Group Financial Director.

Accounting Policies

Statement of compliance

The condensed consolidated preliminary Financial Statements are prepared in accordance with the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated preliminary Financial Statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual Financial Statements.

The preparation of the condensed consolidated preliminary Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. The reported amounts in respect of the Group's insurance contracts, employee benefits and unquoted financial instruments are affected by accounting estimates and judgments.

There was no significant impact due to changes in previous assumptions used in deriving the amounts referred to above.

Segment Assets & Liabilities

(R'000's)	Year ended 30 June 2013	2012
SA – Long-term insurance	1 371 736	1 367 002
SA – Investment contracts	1 328 452	1 351 741
SA – Short-term insurance	129 408	95 412
SA – Loans	210 301	197 668
SA – Mobile	895	1 282
Inter segment	(83 679)	(65 965)
Total Group Assets	2 957 113	2 947 140
SA – Long-term insurance	933 280	985 037
SA – Investment contracts	1 326 415	1 351 303
SA – Short-term insurance	26 102	22 226
SA – Loans	225 076	213 485
SA – Mobile	499	1 050
Inter segment	(83 679)	(65 965)
Total Group Liabilities	2 427 693	2 507 136

Related Party Transactions

Transactions between Clientèle Limited and its subsidiaries have been eliminated on consolidation. There were no significant related party transactions during the year.

Segment Information

The Group's results are analysed across two geographical segments which are South Africa ("SA") and Nigeria (discontinued operation).

The Group's main operating segments are Long-term insurance, Investment contracts, Short-term insurance, Loans business, Mobile business and Long-term brokerage (discontinued operation) segments. Policies written are in respect of individuals.

Segment Statements of Comprehensive Income

(R'000's)	SA – Long-term insurance	SA – Investment contracts	SA – Short-term insurance	SA – Loans	SA – Mobile	IFA Nigeria – discontinued operation	Inter segment (revenue)/ expense	Total
30 June 2013								
Insurance premium revenue	1 069 000		155 459					1 224 459
Reinsurance premiums	(78 240)		(356)					(78 596)
Net insurance premiums	990 760		155 103					1 145 863
Other income	143 461	12 482	3	14 709	7 864		(9 672)	168 847
Interest income	11 943		834	70 545	28		(7 030)	76 320
Fair value adjustment to financial assets at fair value through profit or loss	162 195	75 926	11 760					249 881
Segment revenue	1 308 359	88 408	167 700	85 254	7 892	–	(16 702)	1 640 911
Segment expenses and claims	(959 886)	(81 304)	(127 339)	(83 807)	(7 665)	–	16 702	(1 243 299)
Net insurance benefits and claims	(320 719)		(19 036)					(339 755)
Decrease/(increase) in policyholder liabilities under insurance contracts	43 581		493					44 074
Decrease in reinsurance assets	(508)							(508)
Fair value adjustment to financial liabilities at fair value through profit or loss		(71 222)						(71 222)
Interest expense		(4 704)		(21 465)			7 030	(19 139)
Impairment of advances				(38 194)				(38 194)
Operating expenses	(682 240)	(5 378)	(108 796)	(24 148)	(7 665)		9 672	(818 555)
Profit before tax	348 473	7 104	40 361	1 447	227	–	–	397 612
Tax	(91 507)	(1 989)	(10 242)	(405)	(63)			(104 206)
Net profit for the year	256 966	5 115	30 119	1 042	164	–	–	293 406
Attributable to:								
Non-controlling interest – ordinary shareholders				311				311
Equity holders of the Group – ordinary shareholders	256 966	5 115	30 119	731	164	–	–	293 095
30 June 2012								
Insurance premium revenue	1 059 006		135 846					1 194 852
Reinsurance premiums	(68 765)		(151)					(68 916)
Net insurance premiums	990 241		135 695					1 125 936
Other income	140 735	11 046		12 845	3 944	460	(4 348)	164 682
Interest income	10 634		580	49 964	75	2	(5 207)	56 048
Fair value adjustment to financial assets at fair value through profit or loss	101 800	143 616	6 773					252 189
Segment revenue	1 243 410	154 662	143 048	62 809	4 019	462	(9 555)	1 598 855
Segment expenses and claims	(897 795)	(150 953)	(114 939)	(61 375)	(4 383)	(25 257)	9 555	(1 245 147)
Net insurance benefits and claims	(274 400)		(16 624)					(291 024)
Increase in policyholder liabilities under insurance contracts	(12 430)		(1 316)					(13 746)
Decrease in reinsurance assets	(333)							(333)
Fair value adjustment to financial liabilities at fair value through profit or loss		(139 415)						(139 415)
Interest expense		(4 201)		(15 571)		(41)	5 207	(14 606)
Impairment of advances				(21 642)				(21 642)
Operating expenses	(610 632)	(7 337)	(96 999)	(24 162)	(4 383)	(25 216)	4 348	(764 381)
Profit/(loss) before tax	345 615	3 709	28 109	1 434	(364)	(24 795)	–	353 708
Tax	(109 854)	(1 038)	(7 242)	(402)	102			(118 434)
Net operating profit/(loss) for the year	235 761	2 671	20 867	1 032	(262)	(24 795)	–	235 274
Loans waived – discontinued operation	(19 250)†					34 129		14 879
Foreign currency translation reserve realised						(11 778)		(11 778)
Net profit/(loss) for the year	216 511	2 671	20 867	1 032	(262)	(2 444)	–	238 375
Attributable to:								
Non-controlling interest – ordinary shareholders				310		(367)		(57)
Equity holders of the Group – ordinary shareholders	216 511	2 671	20 867	722	(262)	(2 077)	–	238 432

† The loan written off by Clientèle Life last year was in respect of the discontinued operation (IFA Nigeria)

Sponsor:
PricewaterhouseCoopers Corporate Finance Proprietary Limited

Registered office: Clientèle Office Park, Cnr Rivonia and Alon Roads, Morningside, PO Box 1316, Rivonia 2128, South Africa

Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001, South Africa, PO Box 61051, Marshalltown 2107, South Africa

Directors: G Q Routledge BA LLB (Chairman); G J Soll CA(SA)* (Executive Vice Chairman); B W Reekie BSc(Hons), FASSA* (Managing Director); F F T De Buck FCCA (UK); A D T Enthoven BA, PhD (Political Science); B Frodsham BCom*; P R Gwangwa BProc LLB, LLM; I B Hume CA(SA), ACMA*; B A Stott CA(SA); R D Williams, BSc(Hons), FASSA

Company secretary: W van Zyl CA(SA) **Executive Director*

Clientèle Limited
(Registration number 2007/023806/06)
Share code: CLI ISIN: ZAE000117438

Recurring Embedded Value Earnings **increased from** R602,4 million to R635,9 million

Recurring Return on Embedded Value of 20,9%

Improvements in volumes and quality of new business

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Condensed Group Statement of Changes in Equity

(R'000's)	Share capital	Share premium	Common control deficit	Sub-total	Retained earnings	SAR and Bonus Rights Scheme reserve†	NDR: Contingency Short-term insuranceΔ	NDR: Foreign currency translation reserve	NDR: Changes in ownership	NDR: Revaluation	Sub-total	Non-controlling interest	Total
Balance as at 1 July 2011	6 479	223 170	(220 273)	9 376	257 528	15 656	11 011	(9 330)	43 906	31 534	359 681	(6 461)	353 220
Ordinary dividends					(173 329)						(173 329)		(173 329)
Total comprehensive income					238 432			(680)		7 025	244 777	(173)	244 604
– Net profit/(loss) for the year					238 432						238 432	(57)	238 375
– Other comprehensive income/(expense)								(680)		7 025	6 345	(116)	6 229
Transfer of contingency reserve					11 011		(11 011)						–
Shares issued	55	30 508		30 563							30 563		30 563
SAR and Bonus Rights Scheme allocated						3 731					3 731		3 731
Transfer from shares issued					(21 133)	(9 430)					(30 563)		(30 563)
Transfer to Statement of Comprehensive Income								10 010			10 010	1 768	11 778
Transfer of NDR to Retained earnings					43 906				(43 906)				
Balance as at 30 June 2012	6 534	253 678	(220 273)	39 939	356 415	9 957	–	–	–	38 559	444 870	(4 866)	440 004
Balance as at 1 July 2012	**6 534**	**253 678**	**(220 273)**	**39 939**	**356 415**	**9 957**	**–**	**–**	**–**	**38 559**	**444 870**	**(4 866)**	**440 004**
Ordinary dividends					**(219 060)**						**(219 060)**		**(219 060)**
Total comprehensive income					**293 095**					**7 381**	**300 476**	**311**	**300 787**
– Net profit for the year					**293 095**						**293 095**	**311**	**293 406**
– Other comprehensive income										**7 381**	**7 381**		**7 381**
Shares issued	**26**	**15 304**		**15 330**							**15 330**		**15 330**
SAR and Bonus Rights Scheme allocated						**7 689**					**7 689**		**7 689**
Transfer from shares issued					**(12 750)**	**(2 580)**					**(15 330)**		**(15 330)**
Balance as at 30 June 2013	**6 560**	**268 982**	**(220 273)**	**55 269**	**417 700**	**15 066**	**–**	**–**	**–**	**45 940**	**533 975**	**(4 555)**	**529 420**

† SAR scheme – the Clientèle Limited Share Appreciation Rights Scheme, Bonus Rights Scheme – the Clientèle Limited Bonus Rights Scheme

Δ The contingency reserve is no longer a Statutory Capital Adequacy Requirement

UNAUDITED GROUP EMBEDDED VALUE RESULTS

Group Embedded Value

The Embedded Value ("EV") represents an estimate of the value of the Group, exclusive of goodwill attributable to future new business. The EV comprises:
- the Free Surplus; plus,
- the Required Capital identified to support the in-force business; plus,
- the Present Value of In-force ("PVIF") business; less,
- the Cost of Required Capital ("CoC").

The PVIF business is the present value of future after tax profits arising from covered business in force as at 30 June 2013.

All material business written by the Group has been covered by EV Methodology as outlined in Advisory Practice Notice, APN 107 of the Actuarial Society of South Africa, including:
- all long-term insurance business regulated in terms of the Long-Term Insurance Act, 1998;
- Legal insurance business where EV Methodology has been used to determine future shareholder entitlements;
- annuity income arising from non-insurance contracts where EV Methodology has been used to determine future shareholder entitlements; and
- Loans and Mobile business where EV Methodology has been used to determine future shareholder entitlements.

The EV calculations have been certified by the Group's independent actuaries, AON Hewitt (Actuarial). The EV can be summarised as follows:

(R'000's)	Year ended 30 June **2013**	2012
Free surplus	**311 614**	271 252
Required capital	**231 817**	182 633
Adjusted Net Worth ("ANW") of covered business	**543 431**	453 885
CoC	**(44 959)**	(42 391)
PVIF	**3 048 168**	2 847 550
EV of covered business	**3 546 640**	**3 259 044**

The ANW of covered business is defined as the excess value of all assets attributed to the covered business, but not required to back the liabilities of covered business. Free Surplus is the ANW less the Required Capital attributed to covered business.

Reconciliation of Total Equity to ANW

(R'000's)	Year ended 30 June **2013**	2012
Total equity and reserves per the Statement of Financial Position	**529 420**	440 004
Removal of Deferred Profits and impact of compulsory margins on investment business (net impact after tax)	**16 449**	18 647
Removing minority interests	**4 555**	4 868
Adjusting subsidiaries to Net Asset Value	**15 129**	11 911
SAR and Bonus Rights Scheme adjustment	**(22 122)**	(21 545)
ANW	**543 431**	**453 885**

The CoC is the opportunity cost of having to hold the Required Capital of R231,8 million as at 30 June 2013. The Required Capital has been set at the greater of the Statutory Termination Capital Adequacy Requirement and 1,25 times the Statutory Ordinary Capital Adequacy Requirement for the Life company plus the Required Statutory Capital for the Short-term company.

The SAR and Bonus Rights Scheme adjustment recognises the future dilution in EV, on a mark to market basis, as a result of the SAR and Bonus Rights Scheme.

Clientèle Life's Statutory Capital Adequacy Requirement cover ratio at 30 June 2013 was 2,44 times (30 June 2012: 2,95 times) on the statutory valuation basis.

Clientèle General Insurance's Statutory Capital Adequacy Requirement cover ratio at 30 June 2013 was 1,83 times (30 June 2012: 1,46 times) on the statutory valuation basis.

Value of New Business ("VNB")

(R'000's)	Year ended 30 June **2013**	2012
Total VNB	**302 140**	365 496
Present Value of New Business premiums	**1 509 582**	1 749 447
New Business profit margin	**20,0%**	20,9%

The VNB (excluding any allowance for the Management Incentive scheme) represents the present value of projected after tax profits at the point of sale on new covered business commencing during the period ended 30 June 2013 less the CoC pertaining to this business.

The New Business profit margin is the VNB expressed as a percentage of the present value of future premiums (and other annuity fee income) pertaining to the same business.

Long-term Economic Assumptions

(%)	Year ended 30 June **2013**	2012
Risk discount rate	**10,4**	9,8
Overall investment return	**6,9**	6,3
Expense inflation	**5,4**	4,3
Corporate tax	**28,0**	28,0

The risk discount rate ("RDR") has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using Capital Asset Pricing Model ("CAPM") theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium (i.e. the long-term expected difference between equity returns and the risk free rate) is 3,5%. The beta pertaining to the Clientèle share price is relatively low, which is partially a consequence of the relatively small free-float of shares. After careful consideration, the Board has decided to continue to use a more conservative beta of 1, as opposed to its actual beta of 0,3 in the calculation of the RDR. The Board draws the reader's attention to the RDR sensitivity analysis in the table below which allows for sensitivity comparisons using various alternative RDR's.

The resulting RDR utilised for the South African business as at 30 June 2013 was 10,4% (30 June 2012: 9,8%).

The gap between the investment return and the inflation assumptions was reduced from 2,0% to 1,5% during the year.

RDR Sensitivities

(R'000's)	EV	VNB
RDR 8,4%	4 145 936	414 284
RDR 9,4%	3 816 454	352 554
RDR 9,8%	3 702 441	331 170
RDR 10,4%	3 546 640	302 140
RDR 11,4%	3 316 096	260 018
RDR 12,4%	3 122 268	224 593

Demographic Assumptions

A withdrawal profit was experienced over the period under review. The underlying long-term withdrawal assumptions were adjusted to reflect the better than expected experience. Prior to changing any withdrawal assumptions, around R71 million of withdrawal profits were made. Withdrawal profits for new business were capitalised in the VNB resulting in an increase in VNB of R58 million. The withdrawal and unpaid premium profits of R14,8 million shown in the analysis below includes R10,3 million of withdrawal profits attributable to existing business. The "Change in withdrawals and unpaid premium assumptions" line item of R44,6 million is the capitalised impact of changing the withdrawal and unpaid premium assumptions for future existing business experience. The "Other changes in modelling/basis" of R28,4 million includes R21,2 million in respect of changes to reinsurance arrangements and rates.

EV per Share

(Cents)	Year ended 30 June **2013**	2012
EV per share	**1 081,27**	1 004,20
Diluted EV per share	**1 080,67**	989,99

Segment Information

The EV can be split between segments as follows:

(R'000's)	ANW	PVIF	CoC	EV
30 June 2013				
SA – Long-term insurance	450 078	2 592 886	(31 249)	**3 011 714**
SA – Short-term insurance	103 306	439 375	(13 709)	**528 972**
SA – Investment contracts	-	4 080	-	**4 080**
SA – Loans (CLD)	(10 349)	10 795	-	**446**
SA – Loans (PSA: Wesbank/ Direct Axis)	-	269	-	**269**
SA – Mobile	396	763	-	**1 160**
Total	**543 431**	**3 048 168**	**(44 959)**	**3 546 640**
30 June 2012				
SA – Long-term insurance	392 274	2 506 381	(31 126)	**2 867 528**
SA – Short-term insurance	73 187	332 587	(11 265)	**394 508**
SA – Investment contracts	–	5 383	–	**5 383**
SA – Loans	(11 078)	2 105	–	**(8 973)**
SA – Mobile	232	1 094	–	**1 326**
Nigeria – Long-term brokerageΔ	(729)	–	–	**(729)**
Total	**453 885**	**2 847 550**	**(42 391)**	**3 259 044**

Δ Discontinued operation

The VNB can be split between segments as follows:

(R'000's)	Year ended 30 June **2013**	2012
SA – Long-term insurance	**227 788**	305 878
SA – Short-term insurance	**65 309**	58 190
SA – Investment Contracts	**2 479**	4 110
SA – Loans (CLD)	**6 650**	(2 154)
SA – Loans (PSA: Wesbank/Direct Axis)	**203**	
SA – Mobile	**(289)**	(528)
Total	**302 140**	365 496

Embedded Value Earnings Analysis

EV Earnings (per APN 107) comprises the change in EV for the year after adjusting for capital movements and dividends paid as they pertain to the Group.

(R'000's)	Year ended 30 June 2013 **ANW**	**PVIF**	**CoC**	**Year ended 30 June 2013 EV**	**Year ended 30 June 2012 EV**
A: EV at the end of the year	**543 431**	**3 048 168**	**(44 959)**	**3 546 640**	**3 259 044**
EV at the beginning of the year	453 886	2 847 550	(42 391)	3 259 044	2 520 332
Dividends and STC paid	(219 060)	–	–	(219 060)	(190 015)
B: Adjusted EV at the beginning of the year	**234 826**	**2 847 550**	**(42 391)**	**3 039 985**	**2 330 318**
EV Earnings (A – B)	**308 605**	**200 618**	**(2 568)**	**506 655**	**928 726**
Impact of once-off economic assumption changes (excluding STC tax)	(989)	(129 005)	700	(129 294)	(215 694)
Impact of once-off STC tax change	–				(129 981)
Impact of other once-off items	–	–	–	–	19 318
Recurring EV earnings (before once-off items)	309 594	329 623	(3 267)	635 949	602 369
Recurring Return on EV (before once-off items)				20,9%	25,8%
Return on EV				**16,7%**	**39,9%**
Components of EV Earnings					
VNB	(255 166)	562 133	(4 827)	302 140	365 496
Expected return on covered business (unwinding of RDR)	–	280 300	(4 154)	276 146	253 438
Expected profit transfer	489 317	(489 317)	–	–	–
Withdrawal and unpaid premium experience variance	17 606	(8 452)	5 617	14 770	(115 042)
Claims and reinsurance experience variance	(6 276)	(3 380)	–	(9 656)	(4 148)
Sundry experience variance	(943)	–	213	(730)	45 767
Change in withdrawals and unpaid premiums assumptions	21 076	4 294	19 222	44 592	(62 650)
Change in Short-term and annuity income from non-insurance business modelling term	–	–	–	–	81 934
Change in Short-term business reserving and capital requirements basis	–	–	–	–	(2 869)
Other changes in modelling/basis	10 944	(4 197)	(35 178)	(28 431)	(10 808)
Once-off costs	(9 057)	–	–	(9 057)	–
Expected return on ANW	24 510	–	–	24 510	23 465
SAR and Bonus Rights Scheme dilution	7 909	–	–	7 909	23 108
Goodwill and Medium-term incentive schemes	(31 403)	4 081	–	(27 322)	(6 150)
EV operating return	**268 516**	**329 623**	**(3 267)**	**594 871**	**591 540**
Investment return variances on ANW	41 078	–	-	41 078	10 829
Effect of economic assumption changes (excluding STC tax change)	(989)	(129 005)	700	(129 294)	215 694
Impact of once-off STC tax change	–	–	–	–	129 981
Impact of other once-off items	–	–	–	–	(19 318)
EV Earnings	**308 605**	**200 618**	**(2 568)**	**506 655**	**928 726**

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Clientèle LIFE

Clientèle LEGAL

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Clientèle LIFE INVESTMENTS

STUDIO 5