

Clientèle Limited

(Registration number 2007/023806/06)

Share code: CLI ISIN: ZAE000117438

Summarised group results for the six months ended 31 December 2010

- Embedded Value Earnings increased by 33% from R234.1 million to R312.4 million
- Return on Embedded Value of 34%
- Value of New Business increased by 14% from R189.8 million to R215.9 million
- Return on annualised average shareholders interest of 66%
- Headline earnings per share increased by 12% from 23.76 cents to 26.69 cents

Comments

Introduction

The six months to 31 December 2010 has been a period of strong production for Clientèle's traditional operations, which, together with a withdrawal experience relatively close to expectation, tight control of expenses and improved investment returns have resulted in Clientèle posting solid results.

Operating Results

Group Embedded Value

The Group has experienced pleasing growth during the period under review and Group Embedded Value (EV) has increased from R1 859,2 million (after adjusting for dividends and related Secondary Tax on Companies (STC)) to R2 171,5 million at 31 December 2010. This reflects EV earnings of R312,4 million (2009: R234,1 million), after taking into account once off economic and other adjustments (See EV Earnings analysis) and translates into an annualised Return on EV (ROEV) of 33.6% (2009: 29.8%). The Group's VNB has increased by 14%, on the back of good production volumes, from

R189,8 million for the comparative six month period to R215,9 million this period and New Business profit margins have remained healthy at 23.8% (2009: 24.2%). Clientèle Life's strong increase in VNB this period was, to an extent, countered by the decrease in VNB for Clientèle Legal, as expanded on in the Segment results below.

The main component of the withdrawal experience variance (negative R17,6 million for the period) is a R11,8 million negative variance in respect of Clientèle Legal which has experienced withdrawals higher than assumptions for its older policies. This also resulted in a change in assumptions for the EV calculation. Refer to the comment under Segment results below.

The Group has experienced good investment returns for the six months from its conservative investment portfolios as evidenced by the R21,3 million positive investment return variance on Adjusted Net Worth (ANW). A major contributor to the positive experience variance was the improved investment performance across most asset classes during the six months.

The risk discount rate of 11.9% (2009: 13.25%) has been set in terms of current actuarial guidance and includes a conservative adjusted beta of 1, an equity risk premium of 3.5% and an additional risk margin of 1% to allow for some conservatism given the economic climate. The calculation is comprehensively explained and a sensitivity analysis is provided under the Group EV section of the results.

Group Statement of Comprehensive Income

Headline earnings for the Group of R86,3 million are 12% higher than the headline earnings of R76,9 million for the comparative period.

As a result, diluted headline earnings per share have increased by 12% to 26.54 cents, up from 23.71 cents and the annualised return on average shareholders' interests amounted to 66% compared to 62% for the same period last year.

Insurance premium revenue for the period is up by 8% from R502,8 million to R543,4 million and other income of R78,6 million, which

mainly comprises annuity fees from Clientèle Life's Independent Field Advertisers (IFAs), is 7% down on the comparable six month figure of R84,3 million.

Operating expenses for the period have increased by 9% over the comparable six month period which compares reasonably to the 8% increase in insurance premium revenue for the period.

As referred to in the 2010 Annual Report, Clientèle adopts the conservative accounting practice of not recognising policies where the actuarial valuation results in an asset (negative reserve). This means that acquisition costs are expensed up front and profits in this regard are thus deferred over the life of the policy. The total value of negative reserves now amounts to R1,3 billion in comparison to R1,1 billion at 30 June 2010.

Net insurance benefits and claims of R104,0 million have increased by 35% from R77,3 million for the same period last year. The majority of the increase is in respect of policyholders benefit payments in respect of unitised endowment contracts, many of which have now been held for 10 years or more.

The increase in policyholder liabilities under insurance contracts of R108,2 million (2009: R75,0 million) should be viewed in conjunction with the fair value adjustment to financial assets at fair value through profit and loss. A significant portion of the increase relates to the movement in the value of the policyholders' unitised market related investment portfolio, which is correlated to investment returns for the period.

Segment results

SA Long term insurance - Clientèle Life

Clientèle Life's Long term insurance segment (The Life segment) remains the major contributor to overall Group performance. It accounts for 96% or R207,9 million of the Group's R215,9 million of VNB and generated R92,0 million net profit for the period which exceeds the Group's net profit for the period of R82,1 million.

The Life segment has experienced strong production for the period which together with withdrawal experience close to assumptions (R6,7 million negative experience variance) and good investment returns has resulted in its VNB increasing from R161,5 million to R207,9 million, an increase of 29%.

SA Investment contracts - Clientèle Life

In terms of International Financial Reporting Standards (IFRS), expenses in respect of the Group's Investment contracts (Single Premium business) are expensed as and when incurred. The related revenue is however amortised over the term of the contract (usually 60 months).

The result is that with a growing book this operating segment usually reports a net loss for the period. This should be viewed in conjunction with the R29,5 million (2009: R17,9 million) of deferred profits included in the Statement of Financial Position.

SA Short term insurance - Clientèle General Insurance (Clientèle Legal)

Clientèle Legal now has an EV of R199,8 million (2009: R152,8 million) and has recorded a R7,2 million net profit for the six months compared to the R0,6 million net profit for the comparable period last year.

VNB of R17,3 million for the period is down 50% from R34,4 million for the same period last year. Withdrawal assumption changes (refer below) have had a R7 million negative effect on the VNB variance for the period, when compared to last year, and lower production volumes relative to expenses have affected the VNB variance for the period by R9 million.

Withdrawal experience in respect of older policies, which is being closely monitored, has been worse than assumption resulting in a negative R11,8 million withdrawal experience variance for the period.

In Clientèle Legal's first years of operation it applied the Financial Services Board's (FSB's) general statutory percentage

when determining its Incurred But Not Reported (IBNR) claims provision.

This provision has now been statistically determined by Clientèle Legal's independent actuaries and has been approved by the FSB. The effect of this change in estimate of R3,3 million (net of tax) is reflected in the current year's Statement of Comprehensive Income and in the Statement of Financial Position.

Despite some setbacks during the reporting period, Clientèle Legal is now an established business in its own right and it is expected to make an important contribution to the overall Group performance into the future.

SA Loans - Clientèle Loans

The personal loans business, of which Clientèle owns 70%, operated in partnership with Direct Axis (SA) (Pty) Ltd., is progressing in line with expectations and in accordance with its conservative credit assessment and lending approach. The gross advances book at 31 December 2010 amounted to R74,3 million (2009: R27,2 million) and experience from the book is as expected.

Operating results are in line with forecasts and the attributable net loss for the period, after minorities share of losses, of R1,8 million (2009: R1,7 million loss) has increased by R0,1 million. Impairments of advances of R4,4 million (2009: R2,3 million) are at expectation and are in line with the growing advances book. During the period loan funding of R30 million was raised from an external party associated with Direct Axis (Pty) Ltd, as reflected in the increase in Loans at amortised cost in the Statement of Financial Position as well as the cash flows from financing activities.

SA Mobile - Clientèle Mobile

Clientèle Mobile recorded its maiden net profit for the period of R0,4 million (2009: R0,2 million loss).

Nigeria - Long term brokerage (IFA Nigeria)

The IFA Nigeria consolidated loss before tax for the period amounted to R14.9 million and was in line with expectations. Production was also in line with expectations and a number of new collection methods are in the process of being tested, although premium collections and persistency remain the biggest challenges. By 31 December 2010, KC2008 Limited, Clientèle's Nigerian shareholder in IFA Nigeria, was required to exercise its option to retain its 25% shareholding. KC2008 has elected not to exercise its option and is therefore obliged to offer Clientèle Life (Netherlands) Cooperative U.A., a 100% subsidiary of Clientèle Limited, as many shares in the capital of IFA Nigeria as constitutes 10% of the entire issued share capital. Clientèle Netherlands provided written notice on 31 January 2011 to accept the offer and will own 85% of IFA Nigeria effective from 01 January 2011 for a nominal amount.

As we have limited experience in respect of our Nigerian operation, the underlying assumptions that would be used for the Value of In-force and VNB numbers are not yet reliable. The Board has, as a result, followed the approach, in determining the EV for IFA Nigeria, whereby the EV is equal to the Net Asset Value. This is the same approach as was used in 30 June 2010 results.

Prospects

We believe a firm foundation for future growth and value creation has been laid by improving production capacity and the further diversification of products in Clientèle's traditional Life Insurance business.

This is further enhanced by the value creation and improving performance of the Group's new ventures in South Africa (Clientèle Legal, Clientèle Loans Direct and Clientèle Mobile).

Whilst the Nigerian market offers considerable potential, it also has its challenges, particularly in the area of collections. Clientèle will continue to monitor IFA Nigeria very closely.

In conclusion, the Group will remain focused on creating value through its traditional business models and will add new businesses and products on a conservative basis going forward. New

ventures will be strictly managed and monitored to ensure that the overall Group results remain favourably intact.

By order of the Board

G Q Routledge

G J Soll

Chairman

Managing Director

Johannesburg

21 February 2011

UNAUDITED

Condensed Group Statement of Comprehensive Income

	Six months		%	Audited
	ended			Year ended
	31 December		Change	30 June
(R'000's)	2010	2009		2010
Revenue				
Insurance premium				
revenue	543 409	502 807	8	1 005 660
Reinsurance premiums	(27 192)	(20 587)		(42 755)
Net insurance premiums	516 217	482 220	7	962 905
Other income	78 643	84 254		160 025
Interest income	9 840	6 813		15 141
Fair value adjustment				
to financial assets at				
fair value through				
profit or loss	170 598	118 294	44	185 064
Net income	775 298	691 581	12	1 323 135
Net insurance benefits				
and claims	(104 038)	(77 294)	35	(169 434)
Increase in				
policyholder				
liabilities under				
insurance contracts	(108 214)	(74 981)		(109 697)
Increase/(decrease) in	22 321	(13 387)		(15 568)

reinsurance assets				
Fair value adjustment to financial liabilities at fair value through profit or loss - investment contracts	(60 407)	(48 602)	24	(98 705)
Interest expense	(2 163)	(824)		(2 326)
Impairment of advances	(4 387)	(2 299)		(5 608)
Operating expenses	(379 202)	(346 744)	9	(674 438)
Profit from operations	139 208	127 450	9	247 359
Equity accounted earnings	(15)	32		23
Profit before tax	139 193	127 482	9	247 382
Tax†	(57 108)	(56 416)		(98 923)
Net profit for the period	82 085	71 066	16	148 459
Attributable to:				
Non-controlling interest				
- ordinary shareholders	(4 490)	(5 999)		(11 280)
Equity holders of the Group				
- ordinary shareholders	86 575	77 065	12	159 739
Net profit for the period	82 085	71 066	16	148 459
Other comprehensive income:				
Exchange differences on translating foreign operations	1 105	(3 648)		(2 691)
Gains on property				5 509

revaluation				
Income tax relating to gains on property revaluation				(1 345)
Other comprehensive income for the period - net of tax	1 105	(3 648)		1 473
Total comprehensive income for the period	83 190	67 418	23	149 932
Total comprehensive income attributable to:				
Non-controlling interest				
- ordinary shareholders	(4 207)	(6 911)		(11 953)
Equity holders of the Group				
- ordinary shareholders	87 397	74 329	18	161 885

Condensed Group Statement of Financial Position

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2010	2009	2010
Assets			
Intangible assets	33 802	45 784	37 036
Property and equipment	47 542	37 277	50 893
Owner-occupied properties	136 108	129 510	134 300
Investment in associates	357	381	372
Deferred tax	25 637	16 167	22 367
Inventories	905	2 192	1 412
Reinsurance assets	28 900	8 760	6 579
Financial assets held at fair	1 769 489	1 421 118	1 607 713

value through profit or loss			
Loans and receivables including insurance receivables	99 463	53 673	65 814
Cash and cash equivalents	106 389	121 455	77 983
Total assets	2 248 592	1 836 317	2 004 469
Total equity and reserves	238 832	222 203	304 903
Liabilities			
Policyholder liabilities under insurance contracts	802 060	659 008	693 725
Financial liabilities - investment contracts	951 866	741 225	811 979
- At fair value through profit or loss	919 572	741 225	781 513
- At amortised cost	32 294		30 466
Financial liabilities - loans at amortised cost	52 582	14 342	14 790
Finance leases	586	964	778
Employee benefits	52 574	46 715	64 676
Accruals and payables including insurance payables	128 371	102 653	92 429
Deferred tax	16 073	11 688	16 483
Current tax	5 648	37 519	4 706
Total liabilities	2 009 760	1 614 114	1 699 566
Total equity and liabilities	2 248 592	1 836 317	2 004 469
Tax†			

	Six months		Audited
	ended		Year ended
	31 December		30 June
(R'000's)	2010	2009	2010

SA Operations:

Current and deferred tax	(40 583)	(36 450)	(80 315)
Secondary tax on companies (STC)	(15 538)	(11 996)	(11 996)
Capital gains tax	(987)		(76)
(Under)/overprovision in prior periods		(600)	1 244
IFA Nigeria†		(7 370)	(7 780)
Tax	(57 108)	(56 416)	(98 923)

The Individual Policyholder Fund has an estimated tax loss of R1.60 billion (2009: R1.20 billion).

† In the six months to December 2009, the deferred tax asset of R7,4 million, previously raised in respect of IFA Nigeria's net loss since inception was reversed due to the uncertainty of foreseeable future taxable profits. As a result, no deferred tax asset has been raised for the six months ended 31 December 2010.

Reconciliation of Net Profit to Headline Earnings

	Six months		%	Audited
	ended			Year ended
	31 December	31 December		30 June
(R'000's)	2010	2009		2010
Net profit for the period attributable to equity holders of the Group	86 575	77 065	12	159 739
Less: Profit on disposal of fixed assets	(237)	(211)		(234)
Headline earnings	86 338	76 854	12	159 505

Ratios per share

	Six months		%	Audited
	ended			Year ended
	31 December	31 December		30 June

	2010	2009		2010
Headline earnings per share(cents)	26.69	23.76	12	49.31
Diluted headline earnings per share (cents)	26.54	23.71	12	49.10
Earnings per share (cents)	26.76	23.82	12	49.38
Diluted earnings per share (cents)	26.62	23.77	12	49.17
Net asset value per share (cents)	73.82	68.69	7	94.25
Diluted net asset value per share (cents)	73.43	68.55	7	93.86
Dividends per share cents	47.00	42.00	12	47.00
Weighted average ordinary shares ('000)	323 527	323 500		323 505
Diluted average ordinary shares ('000)	325 261	324 169		324 857

Notes to the results

The results have not been reviewed or audited by the Group's auditors, PricewaterhouseCoopers. The increase in policyholder liabilities has been based on best estimates after providing for compulsory and discretionary margins and have been actuarially certified by QED Actuaries and Consultants (Pty) Ltd.

Accounting policies

Statement of compliance

The accounting policies adopted for the purpose of the Group Financial statements comply with International Financial Reporting Standards (IFRS), the JSE Limited Listings Requirements and the Companies Act 1973 (Act 61 of 1973), as amended, and are consistent with those used in the Annual Financial statements for

the year ended 30 June 2010. The results have been prepared in terms of IAS 34 (Interim Financial Reporting).

The preparation of Financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgement. The reported amounts in respect of the Group's insurance contracts, employee benefits and unquoted financial instruments are affected by accounting estimates and judgement. There was no significant impact due to changes in previous assumptions used in deriving the amounts referred to above.

Segment Information

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

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

Condensed Group Statement of Cash Flows

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2010	2009	2010
Cash flows from operating activities	(3 278)	31 268	4 060
Profit from operations adjusted for non cash items	182 352	182 983	346 689
Working capital changes	(58 365)	(43 939)	(48 562)
Cash generated from operations after working capital changes	123 987	139 044	298 127
Separately disclosable items ¹	(20 818)	(24 020)	(43 263)
Increase/(decrease) in financial liabilities ²	77 653	(23 533)	(5 916)
Net disposal/(acquisition) of	6 997	101 724	(25 459)

investments ³			
Interest received ¹	15 505	20 177	32 992
Dividends received ¹	5 314	3 843	10 271
Dividends paid	(152 071)	(135 870)	(135 870)
Tax paid	(59 845)	(50 097)	(126 822)
Cash flows from investing activities	(7 838)	(20 808)	(37 427)
Cash flows from financing activities	39 523	(1 638)	(1 283)
Net increase/(decrease) in cash and cash equivalents	28 407	8 822	(34 650)
Cash and cash equivalents at beginning of the period	77 983	112 633	112 633
Cash and cash equivalents at end of the period	106 390	121 455	77 983

1. Interest and dividends
2. Investment contracts
3. Investments in respect of insurance operations and investment contracts

Segment Assets & Liabilities

	Six months ended		Audited Year ended
	31 December		30 June
(R'000's)	2010	2009	2010
Assets			
SA - Long term insurance	1 198 507	1 021 100	1 119 300
SA - Investment contracts	954 846	741 232	817 627
SA - Short term insurance	59 362	40 489	54 166
SA - Loans	79 574	31 128	45 999
SA - Mobile	1 505	1 029	574
Nigeria - Long term brokerage	19 736	36 414	23 672

Inter segment	(64 938)	(35 075)	(56 869)
Total Group Assets	2 248 592	1 836 317	2 004 469
Liabilities			
SA - Long term insurance	976 656	831 123	843 590
SA - Investment contracts	951 866	741 225	811 979
SA - Short term insurance	18 213	16 556	19 584
SA - Loans	92 832	39 058	56 725
SA - Mobile	1 077	1 314	577
Nigeria - Long term brokerage	34 054	19 913	23 980
Inter segment	(64 938)	(35 075)	(56 869)
Total Group Liabilities	2 009 760	1 614 114	1 699 566

Segment Statements of Comprehensive Income

(R'000's)	SA - Long term insurance	SA - Investment contracts	SA - Short Term Insurance	SA - Loans
31 December 2010				
Insurance premium revenue	491 849		51 560	
Reinsurance premiums	(27 192)			
Net insurance premiums	464 657		51 560	
Other income	66 589	3 759	4	2 789
Interest Income	8 173			5 297
Fair value adjustment to financial assets through profit or loss	103 269	62 234	5 095	
Segment revenue	642 688	65 993	56 659	8 086
Segment expenses and claims	(495 514)	(66 061)	(46 720)	(11 602)
Net insurance benefits and claims	(98 771)		(5 267)	

(Increase)/decrease in policyholder liabilities under insurance contracts	(111 497)		3 283	
Increase in reinsurance assets	22 321			
Fair value adjustment to financial liabilities at fair value through profit or loss		(60 407)		
Interest expense		(1 827)		(3 969)
Impairment of advances				(4 387)
Operating expenses	(307 567)	(3 827)	(44 736)	(3 246)
Results from operating activities	147 174	(68)	9 939	(3 516)
Equity accounted earnings	(15)			
Profit/(loss) before tax	147 159	(68)	9 939	(3 516)
Tax	(55 161)	19	(2 783)	985
Net profit/(loss) for the period	91 998	(49)	7 156	(2 531)
Attributable to:				
Non-controlling interest				(760)
Equity holders of the Group	91 998	(49)	7 156	(1 771)
31 December 2009				
Insurance premium revenue	469 521		33 286	
Reinsurance premiums	(20 587)			
Net insurance premiums	448 934		33 286	

Other income	75 086			1 185
Interest Income	4 994		196	2 721
Fair value adjustment to financial assets held at fair value through profit or loss	67 080	50 561	653	
Segment revenue	596 094	50 561	34 135	3 906
Segment expenses and claims	(450 494)	(52 187)	(33 370)	(7 220)
Net insurance benefits and claims	(76 831)		(463)◇	
Increase in policyholder liabilities under insurance contracts	(69 908)		(5 073)	
Decrease in reinsurance assets	(13 387)			
Fair value adjustment to financial liabilities at fair value through profit or loss		(48 602)		
Interest expense				(2 207)
Impairment of advances				(2 299)
Operating expenses	(290 368)	(3 585)	(27 834)◇	(2 714)
Results from operating activities	145 600	(1 626)	765	(3 314)
Equity accounted earnings	32			
Profit/(loss) before tax	145 632	(1 626)	765	(3 314)
Tax	(50 275)	455	(214)	929
Net profit/(loss) for	95 357	(1 171)	551	(2 385)

the period

Attributable to:

Non-controlling

interest

(715)

Equity holders of the

Group

95 357

(1 171)

551

(1 670)

Segment Statements of Comprehensive Income

(R'000's)	SA - Mobile	Nigeria - Long term brokerage	Inter segment (revenue)/ expense	Group
31 December 2010				
Insurance premium revenue				543 409
Reinsurance premiums				(27 192)
Net insurance premiums				516 217
Other income	1 991	4 488	(977)	78 643
Interest Income	59	12	(3 701)	9 840
Fair value adjustment to financial assets through profit or loss				170 598
Segment revenue	2 050	4 500	(4 678)	775 298
Segment expenses and claims	(1 450)	(19 421)	4 678	(636 090)
Net insurance benefits and claims				(104 038)
(Increase)/decrease in policyholder liabilities under insurance contracts				(108 214)
Increase in reinsurance assets				22 321

Fair value adjustment to financial liabilities at fair value through profit or loss				(60 407)
Interest expense		(68)	3 701	(2 163)
Impairment of advances				(4 387)
Operating expenses	(1 450)	(19 353)	977	(379 202)
Results from operating activities	600	(14 921)		139 208
Equity accounted earnings				(15)
Profit/(loss) before tax	600	(14 921)		139 193
Tax	(168)			(57 108)
Net profit/(loss) for the period	432	(14 921)		82 085
Attributable to:				
Non-controlling interest		(3 730)		(4 490)
Equity holders of the Group	432	(11 191)		86 575
31 December 2009				
Insurance premium revenue				502 807
Reinsurance premiums				(20 587)
Net insurance premiums				482 220
Other income	760	6 610	613	84 254
Interest Income	20	401	(1 519)	6 813
Fair value adjustment to financial assets held at fair value				118 294

through profit or loss				
Segment revenue	780	7 011	(906)	691 581
Segment expenses and claims	(991)	(20 775)	906	(564 131)
Net insurance benefits and claims				(77 294)
Increase in policyholder liabilities under insurance contracts				(74 981)
Decrease in reinsurance assets				(13 387)
Fair value adjustment to financial liabilities at fair value through profit or loss				(48 602)
Interest expense		(136)	1 519	(824)
Impairment of advances				(2 299)
Operating expenses	(991)	(20 639)	(613)	(346 744)
Results from operating activities	(211)	(13 764)		127 450
Equity accounted earnings				32
Profit/(loss) before tax	(211)	(13 764)		127 482
Tax	59	(7 370)		(56 416)
Net profit/(loss) for the period	(152)	(21 134)		71 066
Attributable to:				
Non-controlling interest		(5 284)		(5 999)
Equity holders of the	(152)	(15 850)		77 065

Group

Condensed Group Statement of Changes in Equity

(R'000's)	Share capital	Share premium	Common control deficit	Sub- total
Balance as at 1 July 2009	6 470	218 656	(220 273)	4 853
Ordinary dividend				
Total comprehensive income				
- Net profit/(loss) for the period				
- Other comprehensive expense				
Transfer to contingency reserve				
Shares issued				
SAR scheme allocated				
Balance as at 31 December 2009	6 470	218 656	(220 273)	4 853
Balance as at 1 January 2010	6 470	218 656	(220 273)	4 853
Ordinary dividend				
Total comprehensive income				
- Net profit/(loss) for the period				
- Other comprehensive income				
Transfer to contingency reserve				

Shares issued	1	201		202
SAR scheme allocated				
Transfer from shares issued				
Balance as at 30 June 2010	6 471	218 857	(220 273)	5 055
Balance as at 1 July 2010	6 471	218 857	(220 273)	5 055
Ordinary dividend				
Total comprehensive income				
- Net profit/(loss) for the period				
- Other comprehensive income				
Transfer to contingency reserve				
SAR scheme allocated				
Balance as at 31 December 2010	6 471	218 857	(220 273)	5 055

Condensed Group Statement of Changes in Equity

	Retained earnings	SAR scheme reserve†	Short term insurance	NDR: Foreign currency translation reserve
(R'000's)				
Balance as at 1 July 2009	200 615	12 115	1 156	(7 428)
Ordinary dividend	(135 870)			
Total comprehensive	77 065			(2 736)

income				
- Net profit/(loss)				
for the period	77 065			
- Other comprehensive				
expense				(2 736)
Transfer to				
contingency reserve	(3 399)		3 399	
Shares issued				
SAR scheme allocated		2 697		
Balance as at 31				
December 2009	138 411	14 812	4 555	(10 164)
Balance as at 1				
January 2010	138 411	14 812	4 555	(10 164)
Ordinary dividend				
Total comprehensive				
income	82 674			718
- Net profit/(loss)				
for the period	82 674			
- Other comprehensive				
income				718
Transfer to				
contingency reserve	(3 055)		3 055	
Shares issued				
SAR scheme allocated		186		
Transfer from shares				
issued		(202)		
Balance as at 30 June				
2010	218 030	14 796	7 610	(9 446)
Balance as at 1 July				
2010	218 030	14 796	7 610	(9 446)
Ordinary dividend	(152 071)			

Total comprehensive income	86 575			829
- Net profit/(loss) for the period	86 575			
- Other comprehensive income				829
Transfer to contingency reserve	(1 778)		1 778	
SAR scheme allocated		2 810		
Balance as at 31 December 2010	150 756	17 606	9 388	(8 617)

Condensed Group Statement of Changes in Equity

(R'000's)	NDR:			Non-Controlling interest	Total
	Changes in owner-ship	NDR: Revalua-tion	Sub-total		
Balance as at 1 July 2009	45 326	22 663	279 300	8 658	287 958
Ordinary dividend			(135 870)		(135 870)
Total comprehensive income			74 329	(6 911)	67 418
- Net profit/(loss) for the period			77 065	(5 999)	71 066
- Other comprehensive expense			(2 736)	(912)	(3 648)
Transfer to contingency					

reserve					
Shares issued					
SAR scheme					
allocated			2 697		2 697
Balance as at 31					
December 2009	45 326	22 663	220 456	1 747	222 203
Balance as at 1					
January 2010	45 326	22 663	220 456	1 747	222 203
Ordinary dividend					
Total					
comprehensive					
income		4 164	87 556	(5 042)	82 514
- Net					
profit/(loss) for					
the period			82 674	(5 281)	77 393
- Other					
comprehensive					
income		4 164	4 882	239	5 121
Transfer to					
contingency					
reserve					
Shares issued			202		202
SAR scheme					
allocated			186		186
Transfer from					
shares issued			(202)		(202)
Balance as at 30					
June 2010	45 326	26 827	308 198	(3 295)	304 903
Balance as at 1					
July 2010	45 326	26 827	308 198	(3 295)	304 903
Ordinary dividend			(152 071)		(152 071)
Total			87 404	(4 214)	83 190

comprehensive income					
- Net profit/(loss) for the period			86 575	(4 490)	82 085
- Other comprehensive income			829	276	1 105
Transfer to contingency reserve SAR scheme allocated			2 810		2 810
Balance as at 31 December 2010	45 326	26 827	246 341	(7 509)	238 832

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 business (PVIF); 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 31 December 2010.

All material business written by the Group has been covered by EV Methodology as outlined in Professional Guidance Note, PGN 107 of the Actuarial Society of South Africa, including:

- all long-term insurance business regulated in terms of the Long Term Insurance Act, 1998;

- annuity income arising from non-insurance contracts where EV Methodology has been used to determine future shareholder entitlements;
- Legal insurance business where EV Methodology has been used to determine future shareholder entitlements; and
- Loans business where EV Methodology has been used to determine future shareholder entitlements.

As we have limited experience investigations in respect of our Nigerian operation, the underlying assumptions that would be used for the Value of In-force and Value of New Business (VNB) numbers are not yet reliable. The Board, in June 2010, decided to follow the approach of setting the EV for the Nigerian operation equal to the Net Asset Value. The 31 December 2009 numbers have been re-stated(*) to follow a similar approach.

The EV calculations have been certified by the Group's independent actuaries, QED Actuaries & Consultants (Pty) Ltd. The EV can be summarised as follows:

	Six months		Year ended	
	ended		30 June	
	31 December		2009	
	2010	2009	2009	2010
(R'000's)	2010	Re-stated*	Reported	2010
Free surplus	90 724	108 988	108 988	179 637
Required capital	133 730	102 579	102 579	116 429
Adjusted Net Worth (ANW)of covered business	224 454	211 567	211 567	296 066
CoC	(39 705)	(33 069)	(33 069)	(38 166)
PVIF	1 986 753	1 615 889	1 628 791	1 768 859
EV of covered business	2 171 502	1 794 387	1 807 289	2 026 760

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

	Six months		Year ended
	ended		30 June
	31 December		
(R'000's)	2010	2009	2010
Total equity and reserves per the Statement of Financial Position	238 832	222 203	304 903
Removal of Deferred Profits and impact of compulsory margins on investment business (net impact after tax)	15 816	8 849	12 377
Removing minority interests	7 526	(1 746)	3 295
Adjusting subsidiaries to Net Asset Value	(8 044)	(4 556)	(6 266)
SAR scheme adjustment	(29 677)	(13 183)	(18 243)
ANW	224 454	211 567	296 066

The CoC is the opportunity cost of having to hold the Required Capital of R133.7 million as at 31 December 2010. 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 Capital for the Short Term company.

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

Clientèle Life's Statutory Capital Adequacy Requirement (CAR) cover ratio at 31 December 2010 was 2.20 times (30 June 2010: 3.03 times) on the statutory valuation basis.

EV per share

Six months

	ended		Year ended	
	31 December		30 June	
	2009	2009	2009	2010
	2010 Re-stated*	Reported	Reported	2010
EV per share (cents)	671.20	554.68	558.67	626.46
Diluted EV per share (cents)	667.62	553.53	558.67	623.91

Value of New Business

	Six months		Year ended	
	ended		30 June	
	31 December		30 June	
	2009	2009	2009	2010
(R'000's)	2010 Re-stated*	Reported	Reported	2010
Total VNB	215 947	189 845	190 308	353 127
Present VNB premiums	906 849	786 035	803 267	1 503 558
New Business profit margin	23.8%	24.2%	23.7%	23.5%

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 31 December 2010 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 (South Africa)

	Six months		Year ended	
	ended		30 June	
	31 December		30 June	
	2010	2009	2009	2010
Risk discount rate %	11.90	13.25	13.25	12.60

Overall investment return %	7.40	8.75	8.10
Expense inflation %	5.40	6.75	6.10
Corporate tax %	28.00	28.00	28.00

The risk discount rate 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 risk discount rate 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%. In addition, 24 months ago, the Board decided it prudent, in light of the prevailing economic conditions and the global financial crisis, to add some additional conservatism to the EV calculation. This was achieved via the addition of an explicit 1% margin to the risk discount rate. This margin has been retained at this stage. 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 opted, at this stage, to use a more conservative beta of 1 in the calculation of the risk discount rate.

The resulting risk discount rate utilised for the South African business as at 31 December 2010 was 11.90%.

Risk Discount Rate Sensitivities

(R'000's)	EV	VNB
Risk discount rate 9.90%	2 405 781	254 515
Risk discount rate 10.90%	2 281 138	234 679
Risk discount rate 11.90%	2 171 502	215 947
Risk discount rate 12.60%	2 102 478	205 968
Risk discount rate 12.90%	2 072 897	201 691
Risk discount rate 13.25%	2 042 093	196 841
Risk discount rate 13.90%	1 984 887	187 833

Segment Information

The EV can be split between segments as follows:

(R'000's)	ANW	PVIF	CoC	EV
31 December 2010				
SA - Long term insurance	212 090	1 812 587	(35 685)	1 988 991
SA - Short term insurance	32 350	171 499	(4 019)	199 830
SA - Investment contracts		4 554		4 554
SA - Loans	(9 295)	(1 888)		(11 183)
Nigeria - Long term brokerage	(10 691)			(10 691)
Total	224 454	1 986 753	(39 705)	2 171 502
Restated 31 December 2009*				
SA - Long term insurance	185 365	1 478 700	(31 137)	1 632 928
SA - Short term insurance	19 377	135 335	(1 932)	152 780
SA - Investment contracts		1 819		1 819
SA - Loans	(5 551)	35		(5 516)
Nigeria - Long term brokerage	12 375			12 375
Total	211 567	1 615 889	(33 069)	1 794 387
Reported 31 December 2009				
SA - Long term insurance	185 365	1 478 700	(31 137)	1 632 928
SA - Short term insurance	19 377	135 335	(1 932)	152 780

insurance				
SA - Investment contracts		1 819		1 819
SA - Loans	(5 551)	35		(5 516)
Nigeria - Long term brokerage	12 375	12 902		25 278
Total	211 567	1 628 791	(33 069)	1 807 289
30 June 2010				
SA - Long term insurance	276 907	1 584 474	(34 892)	1 826 489
SA - Short term insurance	26 973	180 816	(3 274)	204 513
SA - Investment contracts		4 133		4 133
SA - Loans	(7 527)	(564)		(8 091)
Nigeria - Long term brokerage	(286)			(286)
Total	296 066	1 768 859	(38 166)	2 026 760

The VNB can be split between segments as follows:

(R'000's)	Six months ended			Year ended
	2010	31 December 2009	Re-stated*	30 June 2010
SA - Long term insurance	207 923	161 526	161 526	295 349
SA - Short term insurance	17 250	34 372	34 372	72 408
SA - Investment contracts	3 637	2 517	2 517	5 381
SA - Loans	(2 091)	(321)	(321)	(1 247)
Nigeria - Long term brokerage	-		463	

SA - New venture costs	(10 772)	(8 248)	(8 248)	(18 764)
Total	215 947	189 845	190 308	353 127

Embedded Value Earnings Analysis

EV earnings (per PGN 107) comprises the change in EV for the period after adjusting for capital movements and dividends paid as they pertain to Clientèle Limited.

Six months ended 31 December 2010

(R'000's)	ANW	PVIF	CoC	Total
A: EV at the end of the period	224 454	1 986 753	(39 705)	2 171 502
EV at the beginning of the period	296 066	1 768 859	(38 166)	2 026 760
Dividends and STC accrued or paid	(167 609)			(167 609)
B: Adjusted EV at the beginning of the period	128 458	1 768 859	(38 166)	1 859 150
EV earnings (A - B)	95 996	217 893	(1 538)	312 352
Impact of once-off economic assumption changes	(1 768)	(66 862)	773	(67 857)
SA - Short term insurance: Impact of fraud		10 009		10 009
SA - Long term insurance: Impact of fraud		6 101		6 101
SA - Short term insurance: Impact of once-off system error		12 167		12 167
EV earnings before once-off items	94 228	179 309	(765)	272 772
Return on EV excluding				29.3%

once-off items (%)				
Return on EV (%)				33.6%
Components of EV earnings				
VNB	(99 564)	318 301	(2 791)	215 947
Expected return on covered business (unwinding of risk discount rate)	-	106 000	(2 333)	103 667
Expected profit transfer	204 190	(204 190)	-	-
Withdrawal experience variance	1 658	(21 301)	2 059	(17 584)
Claims and reinsurance experience variance	(4 281)	(1 841)	-	(6 122)
Sundry experience variance	(3 404)	5 609	2 261	4 465
Operating assumption and model changes	2 182	(4 096)	8	(1 906)
Expected return on ANW	7 541	-	-	7 541
SAR scheme dilution	(8 624)	-	-	(8 624)
Goodwill and Medium Term incentive schemes	(16 395)	(8 004)	-	(24 399)
Increase/(reduction) in Net Asset Value on Nigerian operation	(10 406)	-	-	(10 406)
EV operating return	72 897	190 478	(796)	262 579
Investment return variances on ANW	21 295	-	-	21 295
SA - Short term insurance: Impact of fraud#		(10 009)		(10 009)
SA - Long term		(6 101)		(6 101)

insurance: Impact of
fraud#

SA - Short term

insurance: Impact of

once-off system error# (12 167) (12 167)

Effect of economic

assumption changes 1 804 55 692 (742) 56 755

EV earnings 95 996 217 893 (1 538) 312 352

#Fraud was detected during the reporting period relating to policy sales in the last quarter of the 2010 financial year. Whilst the cash loss and impact on IFRS earnings to the Group was negligible, it did result in a reduction of Group EV earnings for the period of R16,1 million. The related internal controls to prevent and detect sales related fraud will continue to be enhanced to mitigate the possibility of future fraud of this nature.

In addition, a batch of Legal policies was erroneously reflected as active at 30 June 2010 due to a once-off system error which also resulted in a reduction of EV earnings for the period of R12,2 million.

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