CLI - Clientèle - Unaudited Summarised Group Results for the six months ended 31 December 2008

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

UNAUDITED SUMMARISED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

Highlights
* Value of New Business increased to R209 million
* Embedded Value Earnings of R458 million
* Annualised return on Embedded Value of 56%
* Net recurring insurance premiums up by 18%
* Annualised return on average shareholders interest of 55%
* Shareholder's investment losses limited to 8%
* Policyholder's investment losses limited to 6%
* Headline earnings per share decreased by 8% from 19.95 cents to 18.32 cents

COMMENTS

Operating Results

Clientèle Limited ("Clientèle") and its subsidiaries ("the Clientèle Group") have recorded sound results for the six months to 31 December 2008, despite turbulent markets and economic uncertainty.

Net recurring insurance premiums for the six months are up by 18% from R378.9 million to R445.7 million, other recurring income is up by 34% from R60.9 million to R81.4 million and the progress from our newly established businesses namely Independent Field Advertisers Limited (Nigeria) ("IFA Nigeria"), Clientèle Legal and Clientèle Loans Direct (Proprietary) Limited ("Clientèle Loans Direct") has met our initial expectations.

The Group has continued to create value over the last six months. Although production volumes have been impacted by the state of the economy this has been countered by improved margins and enhanced premium collections management resulting in improved lapse experience over the comparable period. The Value of New Business has increased from R158.6 million for the first six months of last year to R209.1 million for the six months under review. The corresponding New Business profit margin increased from 20% to 24%.

The Embedded Value has increased from R1.1 billion (after adjusting for dividends and related STC) to R1.5 billion at 31 December 2008. This translates into an annualised Return on Embedded Value of 71%. This return can be broken down into an annualised return of 56% per annum before allowing for any economic assumption changes and 15%

being the impact of once-off items (including economic assumption changes) which are expected to be a non recurring feature and thus have not been annualised.

The risk discount rate of 12.25% 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% for general market conditions for conservatism in the current economic climate. The calculation is comprehensively explained and a sensitivity analysis is provided under the Group Embedded Value section of the results.

Investment returns for the six months, although negative, have been limited to negative 8% for shareholders and negative 6% for policyholders in comparison to the negative 28% return of the JSE All Share Index for the same period. The asset allocations within the portfolios have provided the Group with a reasonable measure of protection during this period of declining market values and volatility.

This translates into fair value losses on financial assets for the period of R42.3 million which are R77.7 million lower than the comparative gains of R35.4 million in the 2007 six month period. These fair value losses include R5.3 million attributable to shareholders, which is R14.2 million lower than the gains of R8.9 million attributable to shareholders for the comparable six months.

Policyholder benefit payments of R97.7 million (2007 : R93.4 million), the majority of which relate to payments in respect of linked endowment products, have increased by 5% over the comparable six months.

Policyholder liabilities under insurance contracts have decreased by R9.1 million for the period. This is mainly due to the negative investment performance pertaining to policyholder funds as a consequence of negative market returns.

The active ongoing management of expenses has continued to support the growth in New Business Profit margins and the strong growth in Embedded Value. Expenses for the six months have increased by 28% due to the inclusion of expenses related to the new subsidiaries. The increase in expenses prior to the inclusion of the new ventures amounted to an increase of 15% from R249.6 million to R287.3 million, which is in line with the increase in net insurance premiums and other income from R439.3 million to R505.9 million, an increase of 15%.

The effective tax rate for the six month period of 30% (excluding STC) has increased in comparison to the previous six month period of 29%. This is primarily due to the change in mix between operating income and investment income/losses which are taxed at lower rates. The proportion of operating income in the current period was higher than that of last year resulting in a higher effective tax rate. It should be noted that the permanent taxation difference in respect of the SAR scheme expense increases the effective rate of tax. This increase has been partially compensated for by the reduction in the corporate taxation rate from 29% to 28%.

Headline earnings for the Group of R59.3 million are 8% less than the headline earnings of R64.5 million for the corresponding six months. The decrease is primarily due to the reduction in investment income, start-up costs incurred within the new ventures and the higher STC charge in respect of the 30% increase in dividends paid.

Diluted headline earnings per share have decreased by 7% from 19.69 cents for the six months ended 31 December 2007 to 18.32 cents for the six months ended 31 December 2008.

The three new ventures, which, as budgeted, have incurred start up costs ahead of income, have together contributed a net loss after tax of R9.2 million after adjusting for minority interests.
The annualised return on average shareholders' interests for the six months has decreased from 85% for the corresponding six months to 55% for this period due to the impact of start-up costs for the new ventures and shareholder investment losses.

Dividends paid in September 2008 of 39 cents per share increased from 30 cents per share in the previous year, an increase of 30%.

New Ventures

IFA Nigeria

Clientèle launched a new business in Nigeria, IFA Nigeria, in July 2008 and commenced policy sales from August 2008. From 1 July 2008, IFA Nigeria was owned by Clientèle (75%) and by KC 2008 Limited, a Nigerian company ("KC 2008") (25%). KC 2008 has subscribed for 25% of the issued share capital of IFA Nigeria for a subscription price of US$8 million (R63.0 million). A further minimum amount of US$6.5 million (maximum: US$7.5 million) is payable by KC 2008 on or before 31 December 2010. Should KC 2008 elect not to exercise their rights, their effective shareholding will reduce from 25% to 15%. Clientèle, via its 100% owned subsidiary, Clientèle Life (Netherlands) Coöperatiewe U.A., has subscribed for its shares in the capital of IFA Nigeria for a subscription price of US$1 million (R9.9 million). Clientèle provides ongoing management expertise, business systems and support to IFA Nigeria. In addition, KC 2008 has lent US$2 million (R18.9 million) to IFA Nigeria.

The Embedded Value results for IFA Nigeria have been based on a risk discount rate of 25% per annum, a long-term investment return of 7% per annum and a long-term inflation rate of 7% per annum. The Present Value of In-force Business at 31 December amounts to R22.6 million and Value of New Business amounts to R13.3 million. The business has a total Embedded Value of R70.7 million. Production is in line with expectations and expenses have been more favourable than expected;

however, collections are lower than expected. Management believe that controlling and improving the premium collection process will play an important role in the overall success of IFA Nigeria.

Clientèle Legal

The personal lines legal insurance business is performing as expected with a Value of In-force Business of R41.3 million and a Value of New Business of R15.9 million.

Clientèle Loans Direct

The unsecured personal loans business of which Clientèle owns 70% operated in co-operation with Direct Axis (SA) (Pty) Ltd., is progressing in line with its conservative credit assessment and lending approach. R6 million has been advanced in the first four months of operation and experience from the loans book has been as expected. Direct Axis is a fully integrated and centralised direct marketing business that offers selected financial products. Direct Axis has established joint ventures with other insurance and banking partners that utilise its risk management intellectual property, marketing tools, IT infrastructure, database and risk assessment expertise, customer management skills and distribution ability. Direct Axis prides itself on its extensive loan portfolio management skills acquired since inception in 1995.

Prospects

The past six months has seen the progress of the Clientèle Group's transformation from a life insurance company to a financial services group. At the same time its core traditional business continues to enjoy the success it has achieved in the past. This has paved the way for Clientèle to offer other financial services products to its existing customers and for it to use its existing direct distribution channels to market these additional products. Clientèle believes that its proven IFA distribution model is well suited to other African markets and the acceptance of IFA in Nigeria has been encouraging. The new group intends to leverage off its existing customers and distribution methods and to remain a highly focused organisation in order to further enhance the creation of value for shareholders.

By order of the Board

G Q Routledge	G J Soll
Chairman	Managing Director

Johannesburg
2 March 2009

SUMMARISED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
UNAUDITED

CONDENSED GROUP INCOME STATEMENTS

	Six months ended	%	Audited

(R'000's)	31 December 2008	2007	Change	Year ended 30 June 2008
Revenue				
Insurance premium revenue – individual recurring	461 560	394 376	17	815 232
Reinsurance premiums	(15 900)	(15 479)		(31 195)
Net insurance premiums	445 660	378 897	18	784 037
Other income	81 447	60 887	34	118 395
Fair value adjustment to financial assets at fair value through profit and loss	(42 330)	35 372	>(100)	63 999
Total revenue	484 777	475 156	2	966 431
Net insurance benefits and claims	(79 766)	(80 046)		(161 485)
Claims and policyholder benefits under insurance contracts	(97 656)	(93 353)	5	(194 073)
Insurance claims recovered from reinsurers	17 890	13 307	34	32 588
Decrease/(increase) in policyholder liabilities under insurance contracts	9 073	(15 532)		(40 315)
Decrease/(increase) for the year	9 073	(14 065)		(38 848)
Impact of Regulation 5	–	(1 467)	(1 467)	
Decrease in reinsurance assets	(1 140)	(4 108)		(10 564)
Fair value adjustment to financial liabilities at fair value through profitand loss	6 346	(20 673)		(31 770)
Expenses	(321 528)	(250 668)	28	(522 029)
Results from operating activities	97 762	104 129	(6)	200 268
Equity accounted earnings	18	95		74
Profit before taxation	97 780	104 224	(6)	200 342
Taxation	(41 044)	(39 703)	3	(66 136)
Net profit for the period	56 736	64 521	(12)	134 206
Attributable to:				
Minority interest – ordinary shares	(2 619)	–		–
Equity holders of the Group – ordinary shares	59 355	64 521	(8)	134 206

CONDENSED GROUP BALANCE SHEETS

(R'000's)	Six months ended 31 December 2008	2007	Audited Year ended 30 June 2008
Assets			
Intangible assets	3 753	–	3 849

Property and equipment	45 106	19 288	21 475
Owner-occupied properties	126 579	62 000	127 600
Equity accounted investments	541	237	626
Deferred taxation	15 127	2 823	5 966
Inventories	1 718	1 711	712
Reinsurance assets	28 168	29 270	23 795
Financial assets held at fair value through profit and loss	1 082 471	1 069 005	1 065 997
Loans and receivables including insurance receivables	131 490	27 191	45 113
Current taxation receivables	-	-	1 742
Cash and cash equivalents	88 880	65 543	197 390
Total assets	1 523 833	1 277 068	1 494 265
Total equity and reserves	215 262	139 368	217 789
Liabilities			
Policyholder liabilities underinsurance contracts	529 262	512 571	538 335
Financial liabilities held at	632 886	511 033	490 469
* fair value through profit and loss	583 327	511 033	490 469
* amortised cost	49 559	-	-
Employee benefits	39 805	37 244	65 941
Accruals and payables including insurance payables	92 995	65 074	137 036
Deferred taxation	12 797	11 381	13 168
Current taxation	826	397	31 527
Total liabilities	1 308 571	1 137 700	1 276 476
Total equity and liabilities	1 523 833	1 277 068	1 494 265

TAXATION

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2008	2007	2008
Current and deferred taxation	(29 892)	(30 089)	(58 250)
Secondary tax on companies ("STC")	(12 150)	(9 288)	(9 288)
Capital gains tax	-	(326)	(340)
Overprovision in prior years	998	-	1 742
Taxation	(41 044)	(39 703)	(66 136)

The Individual Policyholder Fund has an estimated tax loss of R1.048 billion.

RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2008	2007	2008
Net profit for the period attributable to equity holders	59 355	64 521	134 206
Less: Profit on disposal of	(82)	-	(202)

fixed assets			
Headline earnings	59 273	64 521	134 004

RATIOS PER SHARE

	Six months ended 31 December 2008	2007	Audited Year ended 30 June 2008
Headline earnings per share (cents)	18.32	19.95	41.42
Diluted headline earnings per share (cents)	18.32	19.69	41.21
Earnings per share (cents)	18.35	19.95	41.49
Diluted earnings per share (cents)	18.35	19.69	41.27
Net asset value per share (cents)	66.54	43.08	67.32
Diluted net asset value per share (cents)	66.54	42.52	66.98
Weighted average ordinary shares ('000)	323 500	323 500	323 500
Diluted average ordinary shares ('000)	323 500	327 750	325 157

On 19 May 2008 the shares of Clientèle Limited were subject to a de facto 10:1 share split. The shares, earnings per share and net asset value per share for 2007 have accordingly been restated.

NOTES TO THE RESULTS
The results have not been reviewed or audited by the Group's auditors PricewaterhouseCoopers. The decreases/(increases) in policyholder liabilities have been based on best estimates after providing for compulsory and discretionary margins and have been actuarially certified by QED Actuaries & 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 prior years. 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.

Comparatives

As Clientèle was incorporated on 23 August 2007 and the restructuring only being effective from 19 May 2008, Clientèle had no former trading history and thus no comparative financial information. This transaction is accounted for as a common control transaction. The directors have included the comparative financial information comprising the balance sheet, income statement, statement of changes in equity and cash flow statement, which represents the comparative information of the financial position at 31 December 2007 of the pre-existing businesses of Clientèle Life Assurance Company Limited ("Clientèle Life").

The Group accounting policies adopted by Clientèle Life have been adopted by Clientèle and are consistent with those used in the Annual Financial statements for the year ended 30 June 2008. During the year the Group has transacted with minorities and consequently accounted for these transactions based on the economic entity model method.

CONDENSED GROUP CASH FLOW STATEMENTS

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2008	2007	2008
Cash flows from operating activities	(128 200)	(19 706)	182 518
Cash generated by operations	116 724	117 734	178 464
Net (acquisition)/disposal of investments	(69 653)	(24 904)	113 027
Interest received	9 710	11 714	20 082
Dividends received	17 710	7 680	12 536
Dividends paid	(126 165)	(96 936)	(97 116)
Taxation paid	(76 526)	(34 994)	(44 475)
Cash flows from investing activities	19 690	(4 446)	(74 823)
(Decrease)/increase in cash and cash equivalents	(108 510)	(24 152)	107 695
Cash and cash equivalents at beginning of the period	197 390	89 695	89 695
Cash and cash equivalents at end of the period	88 880	65 543	197 390

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

The Group's main business segments are Long term insurance, Short term insurance, Investment contract and Long term broking segments. The financial results of the Loans business are immaterial at this stage.

SEGMENT ASSETS & LIABILITIES

	Six months ended	Audited Year ended
	31 December	30 June

(R'000's)	2008	2007	2008
Assets			
SA – Long term insurance	800 519	766 299	1 004 310
SA – Short term insurance	29 883	1 879	6 662
SA – Investment contract	620 284	508 890	488 375
Nigeria – Long term brokerage	92 423	–	–
Inter segment	(19 276)	–	(5 082)
Total Group Assets	1 523 833	1 277 068	1 494 265
Liabilities			
SA – Long term insurance	643 366	624 056	778 736
SA – Short term insurance	35 190	2 611	8 342
SA – Investment contract	621 028	511 033	494 480
Nigeria – Long term brokerage	28 263	–	–
Inter segment	(19 276)	–	(5 082)
Total Group Liabilities	1 308 571	1 137 700	1 276 476

Clientèle and its subsidiaries operated in South Africa and Nigeria during the period under review. Policies written are in respect of individuals.

SEGMENT INCOME STATEMENTS

(R'000's)	SA Long-term insurance	SA Short-term insurance	SA Investment contract
31 December 2008			
Net insurance premiums	432 615	13 045	–
Other income	73 271	552	836
Fair value adjustment to financial assets at fair value through profit and loss	(35 984)	–	(6 346)
Segment revenue	469 902	13 597	(5 510)
Segment expenses and claims	(357 181)	(17 298)	4 443
Net insurance benefits and claims	(79 723)	(43)	
Decrease in policyholder liabilities under insurance contracts	9 073		
Decrease in reinsurance assets	(1 140)		
Fair value adjustments to financial liabilities at fair value through profit and loss	1 903		4 443
Expenses	(287 294)	(17 255)	
Results from operating activities	112 721	(3 701)	(1 067)
Equity accounted earnings	18		
Profit/(loss) before taxation	112 739	(3 701)	(1 067)
Taxation	(46 174)	838	299
Net profit/(loss) for the period	66 565	(2 863)	(768)
31 December 2007			
Net insurance premiums	378 804	93	–
Other income	60 544	–	343
Fair value adjustment to	14 699	–	20 673

financial assets at fair value through profit and loss			
Segment revenue	454 047	93	21 016
Segment expenses and claims	(347 955)	(1 111)	(21 961)
Net insurance benefits and claims	(80 046)		
Increase in policyholder liabilities under insurance contracts	(15 532)		
Decrease in reinsurance assets	(4 108)		
Fair value adjustment to financial liabilities at fair value through profit and loss	1 288		(21 961)
Expenses	(249 557)	(1 111)	
Results from operating activities	106 092	(1 018)	(945)
Equity accounted earnings	95		
Profit/(loss) before taxation	106 187	(1 018)	(945)
Taxation	(40 253)	285	265
Net profit/(loss) for the period	65 934	(733)	(680)

(R'000's)	Nigeria Long-term brokerage	Inter segment (revenue) /expense	Total Group
31 December 2008			
Net insurance premiums	-	-	445 660
Other income	7 128	(340)	81 447
Fair value adjustment to financial assets at fair value through profit and loss	-	-	(42 330)
Segment revenue	7 128	(340)	484 777
Segment expenses and claims	(17 319)	340	(387 015)
Net insurance benefits and claims			(79 766)
Decrease in policyholder liabilities under insurance contracts			9 073
Decrease in reinsurance assets			(1 140)
Fair value adjustments to financial liabilities at fair value through profit and loss			6 346
Operating expenses	(17 319)	340	(321 528)
Results from operating activities	(10 191)	-	97 762
Equity accounted earnings			18
Profit/(loss) before taxation	(10 191)	-	97 780
Taxation	3 993	-	(41 044)
Net profit/(loss) for the period	(6 198)	-	56 736
31 December 2007			
Net insurance premiums	-	-	378 897
Other income	-	-	60 887

Fair value adjustment to financial assets at fair value through profit and loss	-	-	35 372
Segment revenue	-	-	475 156
Segment expenses and claims	-	-	(371 027)
Net insurance benefits and claims			(80 046)
Increase in policyholder liabilities under insurance contracts			(15 532)
Decrease in reinsurance assets			(4 108)
Fair value adjustment to financial liabilities at fair value through profit and loss			(20 673)
Operating expenses			(250 668)
Results from operating activities	-	-	104 129
Equity accounted earnings			95
Profit/(loss) before taxation	-	-	104 224
Taxation	-	-	(39 703)
Net profit/(loss) for the period	-	-	64 521

The figures relating to the Clientèle Loans Direct business are not material and are included in the SA Long-term insurance segment for disclosure purposes.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

(R'000's)	Share capital	Share premium	Common control surplus/ (deficit)	Sub-total
Balance as at 1 July 2007			4 853	4 853
Issue of share capital	6 470	218 656	(225 126)	-
Net profit for the period				-
Ordinary dividend paid				-
SAR scheme allocated				-
Balance as at 31 December 2007	6 470	218 656	(220 273)	4 853
Balance as at 1 January 2008	6 470	218 656	(220 273)	4 853
Net profit for the period				-
Transfer to contingency reserve				-
SAR scheme allocated				-
Revaluation of owner occupied properties				-
Balance as at 30	6 470	218 656	(220 273)	4 853

June 2008				
Balance as at 1 July 2008	6 470	218 656	(220 273)	4 853
Net profit/(loss) for the period				-
Transfer to contingency reserve				-
Ordinary dividend paid				-
SAR scheme allocated				-
Currency translation differences				
Shares issued by subsidiary				-
Balance as at 31 December 2008	6 470	218 656	(220 273)	4 853

(R'000's)	Retained earnings	SAR scheme reserve	NDR: Con-tingency	NDR: Foreign currency trans-lation reserve
Balance as at 1 July 2007	146 494	2 099	-	-
Issue of share capital				
Net profit for the period	64 521			
Ordinary dividend paid	(97 050)			
SAR scheme allocated		2 350		-
Balance as at 31 December 2007	113 965	4 449	-	-
Balance as at 1 January 2008	113 965	4 449	-	-
Net profit for the period	69 684			
Transfer to contingency reserve	(246)		246	
SAR scheme allocated		2 295		
Revaluation of owner occupied properties				-
Balance as at 30 June 2008	183 403	6 744	246	-
Balance as at 1 July 2008	183 403	6 744	246	
Net profit/(loss) for the period	59 355			
Transfer to contingency reserve	(1 336)		1 336	
Ordinary dividend	(126 165)			

paid				
SAR scheme allocated		2 433		
Currency translation differences				1 136
Shares issued by subsidiary				
Balance as at 31 December 2008	115 257	9 177	1 582	1 136

(R'000's)	NDR: Revalua-tion	Attribu-table to equity holders	Minority interest	Total
Balance as at 1 July 2007	16 101	169 547	-	169 547
Issue of share capital		-		-
Net profit for the period		64 521		64 521
Ordinary dividend paid		(97 050)		(97 050)
SAR scheme allocated		2 350		2 350
Balance as at 31 December 2007	16 101	139 368	-	139 368
Balance as at 1 January 2008	16 101	139 368	-	139 368
Net profit for the period		69 684		69 684
Transfer to contingency reserve		-		-
SAR scheme allocated		2 295		2 295
Revaluation of owner occupied properties	6 442	6 442		6 442
Balance as at 30 June 2008	22 543	217 789	-	217 789
Balance as at 1 July 2008	22 543	217 789	-	217 789
Net profit/(loss) for the period		59 355	(2 619)	56 736
Transfer to contingency reserve		-		-
Ordinary dividend paid		(126 165)		(126 165)
SAR scheme allocated		2 433		2 433
Currency translation differences		1 136	378	1 514
Shares issued by subsidiary		45 494	17 461	62 955
Balance as at 31 December 2008	22 543	200 042	15 220	215 262

GROUP EMBEDDED VALUE

Strong returns and value creation
Increased New Business profit margin
Improved collections
Improved lapse experience
Investment losses contained
Successful launch of new ventures

EMBEDDED VALUE

The methodology and assumptions used to determine the Group Embedded Value have been adjusted to comply with the revised Embedded Value Guidance from the Actuarial Society of South Africa that applies for reporting periods ending on or after 31 December 2008.

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

The Present Value of In-force business is the present value of future after tax profits arising from covered business in force as at 31 December 2008.

All material business written by the Group has been covered by Embedded Value 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 Embedded Value Methodology has been used to determine future shareholder entitlements;
- Legal business written through a cell arrangement, where Embedded Value Methodology has been used to determine future shareholder entitlements; and
- business conducted via IFA Nigeria (where Embedded Value Methodology has been used to determine future shareholder entitlements).

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

	Six months ended 31 December		Year ended 30 June
(R'000's)	2008	2007	2008
Free Surplus	126 185	91 532	169 279
Required Capital	75 995	47 060	50 001
Adjusted Net Worth ("ANW") of covered business	202 180	138 592	219 280
Cost of Required Capital	(25 557)	(16 681)	(15 761)

Present Value of In-force business ("PVIF")	1 349 209	933 410	1 009 836
Embedded Value of covered business before SAR scheme adjustment	1 525 831	1 055 321	1 213 355
SAR scheme adjustment	(4 306)	(18 284)	(11 214)
Embedded Value of covered business	1 521 526	1 037 037	1 202 141

VALUE OF NEW BUSINESS

Total Value of New Business	209 133	158 550	320 602
Present Value of New Business premiums	883 112	792 935	1 548 802
New Business profit margin %	23.7	20.0	20.7

The Adjusted Net Worth 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 Adjusted Net Worth less the Required Capital attributed to covered business.

Reconciliation of Total Equity to Adjusted Net Worth	Six months ended 31 December		Year ended 30 June
(R'000's)	2008	2007	2008
Total equity and reserves per balance sheet	215 262	139 368	217 789
Removal of Deferred Profits liability (net impact)	5 045	-	2 888
Removing minority interests	(15 220)	-	-
Adjusting subsidiaries to Net Asset Value	(2 908)	(776)	(1 397)
Adjusted Net Worth	202 180	138 592	219 280

The Cost of Required Capital is the opportunity cost of having to hold assets to cover the Required Capital of R76 million as at 31 December 2008. The Required Capital has been set at the greater of the Statutory Termination Capital Adequacy Requirement and 1.5 times the Statutory Ordinary Capital Adequacy Requirement.
The SAR scheme adjustment recognises the future dilution in Embedded Value, on a mark to market basis, as a result of the SAR scheme referred to above.

The Value of New Business (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 six months ended 31 December 2008 less the Cost of Required Capital pertaining to this business.

Clientèle Life's Statutory CAR cover ratio at 31 December 2008 was 2.2 times (31 December 2007: 2.7 times and 30 June 2008: 4.4 times) on the statutory valuation basis.

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

	Six months ended 31 December 2008	2007	Year ended 30 June 2008
Embedded Value per share (cents)	470.33	320.57	371.60
Diluted Embedded Value per share (cents)	470.33	316.41	369.71

LONG-TERM ECONOMIC ASSUMPTIONS (SOUTH AFRICA)

	Six months ended 31 December 2008	2007	Year ended 30 June 2008
Risk discount rate %	12.25	14.00	15.00
Overall investment return %	7.75	9.00	11.25
Expense inflation %	5.75	6.50	8.00
Corporate tax %	28.00	29.00	28.00

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 the Board decided it prudent, in light of the current economic conditions and the global financial crisis, to add some additional conservatism to the Embedded Value calculation as at 31 December 2008. This was achieved via the addition of an explicit 1% margin to the risk discount rate. The beta pertaining to the Clientèle share price is relatively low, which is partially a consequence of the relatively small free-float of the company 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.

This means that the risk discount rate utilised for the South African business as at 31 December 2008 was 12.25%. The theoretical risk discount rate using this methodology, as at 30 June 2008, would have been 14.75% (a 25 basis point difference from the risk discount rate that was actually used at that time). This difference combined with other minor changes to Embedded Value Methodology required in terms of the latest version of the Actuarial Society of South Africa's Guidance Note (PGN107 - version 4) would have made an immaterial difference to the published Embedded Value results as at 30 June 2008 (less than 0.5% of Embedded Value). Thus these comparative results have not been restated at this stage. Similarly, the 31 December 2007 results have not been restated.

LONG-TERM ECONOMIC ASSUMPTIONS (NIGERIA)

	Six months ended 31 December	Year ended 30 June

	2008	2007	2008
Risk discount rate %	25.00	N/A	N/A
Overall investment return %	7.00		
Expense inflation %	7.00		
Corporate and other tax %	33.00		

The economic assumptions for Nigeria were set by IFA Nigeria's independent external actuary (H.R. Nigeria Limited) and reviewed by the Group's external actuaries, QED Actuaries & Consultants (Pty) Ltd. The assumptions were set at a conservative level which was deemed to be appropriate as this is a new venture and, as such, is more risky than an established business.

SEGMENT INFORMATION

The Embedded Value can be split between segments as follows:

(R'000's) 31 December 2008	ANW	CoC	PVIF	Embedded Value
SA – Long-term insurance	207 192	(25 557)	1 320 762	1 502 397
SA – Short-term insurance	(8 277)	-	41 308	33 031
SA – Investment contract	-	-	2 038	2 038
Nigeria – Long-term brokerage	48 120	-	22 610	70 730
Inter segment	(49 161)	-	(37 510)	(86 671)
Total	197 874	(25 557)	1 349 209	1 521 526
31 December 2007				
SA – Long-term insurance	138 592	(16 681)	965 005	1 086 916
SA – Short-term insurance	-	-	3 210	3 210
SA – Investment contract	-	-	1 346	1 346
Nigeria – Long-term brokerage	-	-	-	-
Inter segment	(18 284)	-	(36 152)	(54 436)
Total	120 308	(16 681)	933 410	1 037 037

The Value of New Business can be split between segments as follows:

(R'000's)	31 December 2008	31 December 2007
SA – Long-term insurance	190 932	157 125
SA – Short-term insurance	15 892	2 059
SA – Investment contract	1 942	(634)
Nigeria – Long-term brokerage	13 319	-
Nigeria – Once off set up costs (incurred in SA)	(12 951)	-
Total	209 133	158 550

IMPACT OF CHANGES TO PROFESSIONAL GUIDANCE

The Embedded Value of Clientèle has been calculated in accordance with the Actuarial Society of South Africa's updated Professional Guidance Note PGN 107: Embedded Value Reporting (Version 4). The prior period results for Clientèle have not been restated as the impact of such a restatement would have been immaterial. This has resulted in a number of changes to the calculation methodology. In particular,

* The risk discount rate has been determined using a top-down weighted average cost of capital approach, with the required equity return calculated using Capital Asset Pricing Model ("CAPM") theory. This change in methodology has resulted in a reduction in the risk margin (risk discount rate less risk free rate) from 3.75% previously to 3.5% at 31 December 2008 (prior to the explicit allowance made for risks in the global markets as a consequence of the global financial crisis (an additional 1% was added to the risk discount rate for this - see above)). The Board is of the view that the risk margin used in calculating the risk discount rate (4.5% = 3.5% + 1% for general market risk) is significantly more conservative than the approach used by the rest of the market. Investors may want to consider this in conjunction with the impact of the change in methodology and form their own view on an appropriate allowance for the non-financial risks which have not been modelled explicitly. The sensitivities of the Value of In-force covered business and the Value of New Business to changes in the risk discount rate are shown below.
* The Cost of Required Capital has been based on the greater of 1.5 times the Ordinary Capital Adequacy Requirement and 1 times the Termination Capital Adequacy Requirement.

SENSITIVITIES

(R'000's)	Embedded Value	Value of New Business
Risk discount rate of 10.25%	1 632 139	228 405
Risk discount rate of 11.25%	1 578 120	218 691
Main risk discount rate of 12.25%	1 521 526	209 133
Risk discount rate of 13.25%	1 463 708	199 513
Risk discount rate of 14.25%	1 406 697	190 406

EMBEDDED VALUE EARNINGS

Six months ended 31 December 2008

Embedded Value earnings for the period (R'000's)	ANW	CoC	PVIF	Embedded Value
A: Embedded Value at the end of the period	197 874	(25 557)	1 349 209	1 521 526
Embedded Value at the beginning of the period	208 066	(15 761)	1 009 836	1 202 141
less: Dividends and STC accrued or paid	(138 315)	-	-	(138 315)
B: Adjusted Embedded Value at the beginning of the period	69 751	(15 761)	1 009 836	1 063 826
Embedded Value earnings (A - B)	128 123	(9 796)	339 373	457 700
Impact of once-off economic assumption	(3 587)	1 241	(112 047)	(114 393)

changes				
Impact of once-off attributable capital injection by minority interests in Nigeria	(44 754)	-	-	(44 754)
Embedded Value earnings before once-off items	79 782	(8 555)	227 325	298 552
Annualised Embedded Value earnings before once-off items	159 564	(17 109)	454 650	597 105
As a percentage of Adjusted Embedded Value at the beginning of the period - Return on Embedded Value				56.1% p.a.
Return on Embedded Value including once-off items				71.1% p.a.

Components of Embedded Value earnings (R'000's)	Six months ended 31 December 2008 ANW	CoC	PVIF	Embedded Value
Value of New Business at point of sale	(75 276)	(1 415)	285 824	209 133
Expected return on Covered Business (unwinding of risk discount rate)	-	(1 141)	75 271	74 131
Expected profit transfer	148 646	-	(148 646)	-
Withdrawal experience variance	(10 748)	-	7 720	(3 028)
Claims and reinsurance experience variance	11 639	-	-	11 639
Sundry experience variances	9 702	(3 368)	(2 580)	3 753
Operating assumption and model changes	3 215	(2 630)	14 323	14 908
Extraordinary non-recurring expenses/development costs	(3 751)	-	-	(3 751)
Expected return on ANW	7 959	-	-	7 959
SAR scheme dilution	6 908	-	-	6 908
Goodwill and medium term incentive schemes	(18 937)	-	(3 086)	(22 023)
Embedded Value operating return	79 358	(8 555)	228 826	299 629
Investment return variances on ANW	(1 722)	-	-	(1 722)

Attributable capital injection by minority interest in Nigeria	44 754	-	-	44 754
Effect of foreign currency movements	2 147	-	(1 501)	646
Effect of economic assumption changes	3 587	(1 241)	112 047	114 393
Embedded Value earnings	128 123	(9 796)	339 373	457 700

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