

Client鑛e Limited
(Registration number 2007/023806/06)
Share code: CLI
ISIN: ZAE000117438

Summarised Group results for the six months ended 31 December 2012

Highlights

Diluted headline earnings per share from continuing operations increased by 27% from 35,32 cents to 44,82 cents

Diluted headline earnings per share increased by 31% from 34,15 cents to 44,82 cents

Headline earnings per share from continuing operations increased by 11% after adjusting for STC in the comparative period

Annualised return on average shareholders interest of 72%

Recurring Embedded Value Earnings increased from R260,3 million to R312,9 million

Annualised Recurring Return on Embedded Value of 21%

Value of New Business Focus on sustainability including quality has resulted in a positive withdrawal experience for the period of R142,3 million

Comments

Introduction

The Client鑛e Group (搵he Group?) increased its diluted headline earnings per share for the period by 31% and its diluted headline earnings from continuing operations by 27%. On a comparative basis, after adjusting for Secondary Tax on Companies (搵TC?) last year, headline earnings per share from continuing operations increased by 11%. The annualised return on average shareholders' interests for the period amounted to 72%.

As previously reported the Group has placed special focus on addressing the quality of business written and we are pleased to report that these initiatives are bearing fruit, as indicated in the positive withdrawal experience for the period of R21,1 million (2011: negative R68,9 million).

As anticipated this improvement in the quality of business written has impacted Production and the Value of New Business (搵NB?) in the short-term but the foundation for creating long-term sustainable value for the Group has been established.

An annualised Recurring Return on Embedded Value (搵ecurring ROEV?) of 21% has been achieved on the back of Recurring Embedded Value Earnings of R312,9 million (2011: R260,3 million), which contributed to Group Embedded Value (搵V?) increasing from R3,3 billion as at 30 June 2012 to R3,5 billion as at 31 December 2012.

Operating Results

Group Statement of Comprehensive Income

Headline earnings for the Group of R147,8 million are 32% higher than the headline earnings of R111,9 million for the comparative period. As a result, diluted headline earnings per share have increased by 31% to 44,82 cents, up from 34,15 cents and the annualised return on average shareholders' interests amounted to 72% compared to 64% for the same period last year.

Insurance premium revenue for the period has been tempered by the conscious reigning in of production, which was offset by the improvement in withdrawal experience as a result of the focus on quality production and is up by 2% from R598,5 million to R608,9 million. Other income of R87,2 million, which mainly comprises annuity fees from Client e Life 摺 Independent Field Advertisers (摺FAs?, is 4% up on the comparable six month figure of R83,8 million.

Operating expenses for the period have been well controlled, increasing by 4% from R383,1 million last year to R397,1 million this period.

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 R172,1 million have increased by 50% from R114,5 million for the same period last year. The majority of the increase is in respect of policyholder cash-back payments which have now 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 have a contra impact on the increase in policyholder liabilities under insurance contracts.

The increase in policyholder liabilities under insurance contracts amounted to R17,9 million (2011: R22,7 million).

Over the reporting period investments achieved a return of 13%, compared to a return of 5% for the similar period last year. A substantial portion of investment returns are attributable to policyholders which has a direct impact on the increase in policyholder liabilities under insurance contracts.

Group Embedded Value

The increase in Group EV reflects EV Earnings of R417,8 million (2011: R469,9 million) for the period, including once-off economic and other adjustments (refer to the EV Earnings analysis) and translates into an annualised Return on Embedded Value (摺OEV? of 28% (2011: 35%). An annualised Recurring ROEV of 21% (2011: 22%) has been achieved on the back of Recurring EV

Earnings of R312,9 million (2011: R260,3 million), which contributed to Group EV, after adjusting for the dividend payment, increasing from R3,0 billion at 30 June 2012 to R3,3 billion as at 31 December 2012.

The VNB has decreased by 37% over the corresponding period last year from R226,0 million to R142,3 million as a result of lower production, largely due to the initiatives with regards to quality, as mentioned above, as well as the difficult economic trading environment.

The Board has adopted current actuarial guidance in respect of the Risk Discount Rate, now set at 9,3% (2011: 10,5%). The calculation is comprehensively explained in the Group EV section of the results and a sensitivity analysis is also provided.

Segment Results

SA Long-term Insurance - Client 鑽e Life

Client 鑽e Life 担 Long-term insurance segment remains the major contributor to overall Group performance. It accounts for 85% or R120,9 million of the Group 担 R142,3 million of VNB, and recorded Recurring EV Earnings of R252,9 million (2011: R210,8 million) for the period and generated, on a continuing basis, R131,9 million (2011: R105,4 million) net operating profit for the period, an increase of 25%.

SA Investment Contracts - Client 鑽e Life

This operating segment reported a R2,9 million net profit for the period (2011: R1,6 million). This should be viewed in conjunction with the R31,1 million (2011: R34,2 million) of deferred profits included in the Statement of Financial Position.

SA Short-term Insurance - Client 鑽e General Insurance (Client 鑽e Legal)

Client 鑽e Legal now accounts for 14% or R19,3 million of the Group 担 VNB for the period, and recorded Recurring EV Earnings of R56,2 million (2011: R41,3 million) and generated R16,7 million net profit for the period, a 90% increase on the R8,8 million net profit for the same period last year.

SA Loans - Client 鑽e Loans

The personal loans business, Client 鑽e Loans Direct Proprietary Limited, of which the Group owns 70%, has progressed in line with expectations and in accordance with its conservative credit assessment and lending approach and now has an advances book of R234,6 million (2011: R169,7 million).

SA Loans - New Development

Client 鑽e has entered into a Profit Sharing Agreement (揚SA? in respect of future unsecured personal loans with WesBank (a division of FirstRand Bank Limited) and Direct Axis (SA) Proprietary

Limited. The business will be funded and conducted by Wesbank as a separate business unit and administered by Direct Axis.

Client 鑽e believes the PSA will result in a sustainable and value-adding business for the future.

The existing personal loans business, Client 鑽e Loans Direct Proprietary Limited, will be run down to closure which will result in a reduction in expenses, mostly related to acquisition costs, and the emergence of profits in respect of business previously written. SA Mobile

The mobile business produced a net loss for the period of R2,6 million in comparison to the net profit of R0,3 million for the same period last year. This is mainly as a result of the development and operational costs associated with a digital application incorporating a communication platform which is being developed for use by IFAs and policyholders.

Prospects

It is pleasing that the process of ingraining sustainability principles and practices into the Group 担 operations, which includes a special focus on addressing the quality of business written, is yielding the desired results which will add long-term value to the Group and its stakeholders, including the Group 担 policyholders. This has created the foundation on which improvements in production can be built on a sustainable basis. The Board believes that trading conditions in South Africa will continue to be difficult this year and our planning for the year ahead does not rely on significantly improved conditions.

Mr. G Q Routledge
Chairman

Mr. G J Soll
Managing Director

Johannesburg

18 February 2013

UNAUDITED Condensed Group Statement of Comprehensive Income

Six months ended		Audited
31 December (R?00担)	% Change	Year ended 30 June 2012
2012	2011	2012
Revenue		

Insurance premium revenue				
608 853	598 542	2	1 194 852	
Reinsurance premiums				
(36 538)	(33 253)		(68 916)	
Net insurance premiums				
572 315	565 289		1 125 936	
Other income				
87 249	83 774		164 222	
Interest income				
35 787	24 037	49	56 046	
Fair value adjustment to financial assets at fair value through profit or loss				
165 050	110 929	49	252 189	
Net income				
860 401	784 029	10	1 598 393	
Net insurance benefits and claims				
(172 087)	(114 513)	50	(291 024)	
Increase in policyholder liabilities under insurance contracts				
(17 892)	(22 662)	(21)	(13 746)	
Decrease in reinsurance assets				
(100)	(256)		(333)	
Fair value adjustment to financial liabilities at fair value through profit or loss				
- investment contracts				
(50 258)	(69 096)	(27)	(139 415)	
Interest expense				
(9 212)	(6 486)	42	(14 565)	
Impairment of advances				
(16 480)	(9 234)	78	(21 642)	
Operating expenses				
(397 109)	(383 066)	4	(739 165)	
Profit before tax				
197 263	178 716	10	378 503	
Tax				
(50 226)	(63 135)		(118 434)	
Profit from continuing operations				
147 037	115 581	27	260 069	
Loss from discontinued operation				
-	(9 937)		(21 694)	
- Loss from discontinued operation				
	(9 937)		(9 916)	
- Foreign currency translation reserve realised				
			(11 778)	
Net profit for the period				
147 037	105 644	39	238 375	
Attributable to:				
Non-controlling interest				
- ordinary shareholders				
(552)	1 370		(57)	
Equity holders of the Group				
- ordinary shareholders				
147 589	104 274	42	238 432	
Net profit for the period				
147 037	105 644	39	238 375	
Other comprehensive income:				
Exchange differences on translating foreign operation				

	(744)	100	(796)
Gains on property revaluation			9 081
Income tax relating to gains on property revaluation			(2 056)
Other comprehensive income for the period - net of tax	-	(744)	100
			6 229
Total comprehensive income for the period	147 037	104 900	40
			244 604
Total comprehensive income attributable to:			
Non-controlling interest			
- ordinary shareholders	(552)	1 259	(173)
Equity holders of the Group			
- ordinary shareholders	147 589	103 641	42
			244 777

Condensed Group Statement of Financial Position

Six months	Audited		
ended	Year ended		
31 December	30 June		
(R?00担)			
2012	2011	2012	
Assets			
Intangible assets			
21 083	22 734	20 865	
Property and equipment			
31 523	41 425	37 198	
Owner-occupied properties			
176 994	167 787	176 873	
Investment in associate	291	291	
Deferred tax			
22 018	31 899	20 801	
Inventories			
644	888	1 371	
Reinsurance assets			
3 745	3 922	3 845	
Financial assets held at fair value through profit or loss			
2 246 094	2 087 455	2 303 907	
Loans and receivables including insurance receivables			
269 224	185 680	209 591	
Current tax receivables			
4 271		3 885	
Cash and cash equivalents			
144 734	129 965	168 513	
Total assets	2 920 330	2 672 046	2 947 140
Total equity and reserves			
371 018	285 723	440 004	
Liabilities			
Policyholder liabilities under insurance contracts			

808 617	782 963	790 725
Financial liabilities - investment contracts		
1 360 608	1 228 898	1 351 303
- At fair value through profit or loss		
1 319 906	1 192 648	1 312 904
- At amortised cost		
40 702	36 250	38 399
Financial liabilities - loans at amortised cost		
183 908	138 283	138 219
Employee benefits		
31 858	70 795	60 178
Accruals and payables including insurance payables		
136 785	140 326	141 112
Deferred tax		
27 299	23 643	25 400
Current tax		
237	1 415	199
Total liabilities		
2 549 312	2 386 323	2 507 136
Total equity and liabilities		
2 920 330	2 672 046	2 947 140

Tax

Six months		Audited
ended		Year ended
31 December		30 June
(R?00担)		
2012	2011	2012
Continuing Operations:		
Current and deferred tax		
(46 678)	(46 055)	(95 641)
Secondary tax on companies (摺TC?)		
	(16 686)	(16 686)
Capital gains tax		
(3 548)	(394)	(1 594)
Underprovision in prior periods		
		(4 513)
Tax		
(50 226)	(63 135)	(118 434)

The Individual Policyholder Fund has an estimated tax loss of R2,0 billion (2011: R1,8 billion).

Reconciliation of Results from Continuing Operations and the Discontinued Operation

Six months		Audited
ended		Year ended

31 December (R?00担)		Change	30 June
2012	2011		2012
Continuing operations			
Net profit for the period attributable to equity holders of the Group			
147 589	104 274	42	238 432
(Less)/add: Attributable (profit)/loss from the discontinued operation			
	(8 647)		2 077
Add: Loan written off - IFA Nigeria			
	20 110		19 250
Net profit related to the continuing operation attributable to equity holders of the Group			
147 589	115 737	28	259 759
Discontinued operation			
Net profit for the period			
-	10 173		9 334
Foreign currency translation reserve realised			
			(11 778)
Less: Loan written off by Client 鑽e Life			
	(20 110)		(19 250)
Loss for the period related to the discontinued operation			
-	(9 937)		(21 694)
(Less)/add: Net (profit)/loss attributable to non-controlling interest			
	(1 526)		367
Net loss related to the discontinued operation attributable to equity holders of the Group			
-	(11 463)		(21 327)

Reconciliation of Net Profit to Headline Earnings

Six months			Audited
ended		% Year	ended
31 December (R?00担)		Change	30 June
2012	2011		2012
Continuing operations			
Net profit for the period attributable to equity holders of the Group			
147 589	115 737	28	259 759
Less: Profit on disposal of property and equipment			
(43)	(41)		(78)
Add: Investment in associate written off			
291			
Headline earnings from continuing operations			
147 837	115 696	28	259 681
Discontinued operation			
Net loss for the period attributable to equity holders of the Group			
-	(11 463)		(21 327)
Add: Impairment of property and equipment			
	4 045		4 045

Add: Foreign currency translation reserve realised				10 010
Add: Impairment of intangible assets		3 596		3 596
Headline earnings from discontinued operation		(3 822)		(3 676)
Headline earnings for the period	147 837	111 874	32	256 005
Ratios per Share				

Six months Audited

ended			% Year ended	
December	Change		30 June	
Cents			2012	
2012	2011		2012	
Headline earnings per share				
45,23	34,52	31	78,89	
- Continuing operations				
45,23	35,70	27	80,02	
- Discontinued operation				
	(1,18)		(1,13)	
Diluted headline earnings per share				
44,82	34,15	31	77,76	
- Continuing operations				
44,82	35,32	27	78,88	
- Discontinued operation				
	(1,17)		(1,12)	
Earnings per share				
45,15	32,18	40	73,47	
- Continuing operations				
45,15	35,72	26	80,04	
- Discontinued operation				
	(3,54)		(6,57)	
Diluted earnings per share				
44,74	31,83	41	72,43	
- Continuing operations				
44,74	35,33	27	78,91	
- Discontinued operation				
	(3,50)		(6,48)	
Net asset value per share				
113,51	88,17	29	135,58	
Diluted net asset value per share				
112,48	87,21	29	133,66	
Dividends per share - paid				
67,00	53,50	25	53,50	
Dividends per share - declared				
-	-		67,00	
Weighted average ordinary shares (?00)				
326 850	324 047		324 540	
Diluted average ordinary shares (?00)				
329 848	327 638		329 201	

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Condensed Group Statement of Cash Flows

Six months	Audited	
ended	Year ended	
31 December	30 June	
(R'000)		
2012	2011	2012
Profit from operations adjusted for non-cash items		
231 145	218 013	372 809
Working capital changes		
(94 504)	(15 446)	(45 258)
Separately disclosable items ¹		
(23 932)	(22 298)	(49 625)
(Decrease)/increase in financial liabilities ²		
(43 256)	107 760	157 699
Net disposal/(aquisition) of investments ³		
159 083	(36 208)	(111 508)
Interest received		
15 522	15 627	32 579
Dividends received		
8 410	6 671	17 046
Dividends paid		
(219 009)	(173 329)	(173 261)
Tax paid		
(49 892)	(64 603)	(114 201)
Cash flows from operating activities - Continuing operations		
(16 433)	36 187	86 280
Cash flows from operating activities - Discontinued operation		
-	(12 122)	(13 314)
Cash flows from operating activities		
(16 433)	24 065	72 966
Cash flows from investing activities ⁴		
Continuing operations		
(7 346)	(30 609)	(40 944)
Cash flows from investing activities		
(7 346)	(30 609)	(40 944)
Cash flows from financing activities		
Discontinued operation		
(9 172)	(9 190)	
Cash flows from financing activities		
-	(9 172)	(9 190)
Net (decrease)/increase in cash and cash equivalents		
(23 779)	(15 716)	22 832
Cash and cash equivalents at beginning of the period		
168 513	145 681	145 681
Cash and cash equivalents at end of the period		
144 734	129 965	168 513

Notes to the Results

The results have not been reviewed or audited by the Group 担 auditors, PricewaterhouseCoopers. The change in policyholder liabilities has been based on best estimates after providing for compulsory and discretionary margins and have been actuarially certified by Aon Hewitt (Actuarial).

The Summarised Group Results were prepared under the supervision of Mr IB Hume (CA(SA), ACMA), the Group Financial Director.

Changes to the Board

Mrs FFT De Buck was appointed on 1 November 2012. Mr RD Williams was appointed on 1 January 2013.

Segment Assets & Liabilities

Six months ended	Audited Year ended		
	2011	2012	
December (R?00担)		30 June	31
2012	2011	2012	
Assets			
SA - Long-term insurance			1
261 885	1 223 306	1 367 002	
SA - Investment contracts			1
360 818	1 228 962	1 351 741	
SA - Short-term insurance			
115 289	82 214	95 412	
SA - Loans			
259 076	167 421	197 668	
SA - Mobile			
2 686	1 774	1 282	
Continuing operations			2
999 754	2 703 677	3 013 105	
Discontinued operation			
IFA Nigeria - discontinued operation			
-	3 972	-	
Inter segment			
(79 424)	(35 603)	(65 965)	
Total Group Assets			2
920 330	2 672 046	2 947 140	
Liabilities			
SA - Long-term insurance			
960 935	982 249	985 037	
SA - Investment contracts			1
360 608	1 228 898	1 351 303	
SA - Short-term insurance			
25 394	21 097	22 226	
SA - Loans			
276 732	184 790	213 485	
SA - Mobile			
5 067	955	1 050	

Continuing operations				2
628 736	2 417 989	2 573 101		
Discontinued operation				
IFA Nigeria – discontinued operation				
-	3 937	-		
Inter segment				
(79 424)	(35 603)	(65 965)		
Total Group Liabilities				2
549 312	2 386 323	2 507 136		
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, the AC 500 Standards as issued by the Accounting Practices Board and the Companies Act 2008 (Act 71 of 2008), as amended, and are consistent with those used in the Annual Financial Statements for the year ended 30 June 2012. Where the Group has inter-company transactions and balances between continued and discontinued operations, those transactions are eliminated or disclosed as part of discontinued operations. 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.

Related Party Transactions

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

Segment Information

The Group's results are analysed across South Africa (geographical segment).

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

Segment Statements of Comprehensive Income

IFA

	SA	SA	SA		
Nigeria Inter segment					
- Long-term discontinued (R?00担) insurance operation 31 December 2012	- Investment (revenue)/ contracts expense Group	- Short-term insurance	SA -	SA -	-
Insurance premium revenue			Loans	Mobile	
534 100		74 753			
Reinsurance premiums (36 373)	608 853	(165)			
Net insurance premiums	(36 538)				
497 727		74 588			
Other income	572 315				
74 740	6 114	3	7 220	1 576	
(2 404)	87 249				
Interest income					
5 518		330	33 332	14	
(3 407)	35 787				
Fair value adjustment to financial assets at fair value through profit or loss					
104 380	52 598	8 072			
	165 050				
Segment revenue					
682 365	58 712	82 993	40 552	1 590	
- (5 811)	860 401				
Segment expenses and claims					
(505 069)	(54 696)	(60 858)	(43 106)	(5 220)	
- 5 811	(663 138)				
Net insurance benefits and claims					
(163 108)		(8 979)			
	(172 087)				
Increase in policyholder liabilities under insurance contracts					
(15 331)		(2 561)			
	(17 892)				
Decrease in reinsurance assets					
(100)					
	(100)				
Fair value adjustment to financial liabilities at fair value through profit or loss					
	(50 258)				
	(50 258)				
Interest expense					
	(2 303)		(10 316)		
3 407	(9 212)				
Impairment of advances					
			(16 480)		
	(16 480)				
Operating expenses					

	(326 530)	(2 135)	(49 318)	(16 310)	(5 220)
	2 404	(397 109)			
Profit/(loss) before tax	177 296	4 016	22 135	(2 554)	(3 630)
Tax	-	197 263			
	(45 405)	(1 125)	(5 427)	715	1 016
		(50 226)			
Net profit/(loss) for the period	131 891	2 891	16 708	(1 839)	(2 614)
	-	147 037			
Attributable to:					
Non-controlling interest				(552)	
		(552)			
Equity holders of the Group	131 891	2 891	16 708	(1 287)	(2 614)
	-	147 589			
31 December 2011					
Insurance premium revenue	532 795		65 747		
		598 542			
Reinsurance premiums	(33 253)				
		(33 253)			
Net insurance premiums	499 542		65 747		
		565 289			
Other income	71 774	5 255		5 872	2 057
	301	(1 184)	84 075		
Interest income	4 180		241	22 116	58
	2	(2 558)	24 039		
Fair value adjustment to financial assets at fair value through profit or loss	37 321	71 147	2 461		
		110 929			
Segment revenue	612 817	76 402	68 449	27 988	2 115
	303	(3 742)	784 332		
Segment expenses and claims	(448 245)	(74 204)	(56 231)	(28 710)	(1 665)
	(24 945)	3 742	(630 258)		
Net insurance benefits and claims	(108 599)		(5 914)		
		(114 513)			
Increase in policyholder liabilities under insurance contracts	(19 882)		(2 780)		
		(22 662)			
Decrease in reinsurance assets	(256)				
		(256)			
Fair value adjustment to financial liabilities at fair value through profit or loss		(69 096)			
		(69 096)			
Interest expense					

		(2 051)		(6 993)	
(23)	2 558	(6 509)			
Impairment of advances				(9 234)	
		(9 234)			
Operating expenses					
	(319 508)	(3 057)	(47 537)	(12 483)	(1 665)
(24 922)	1 184	(407 988)			
Profit/(loss) before tax					
	164 572	2 198	12 218	(722)	450
(24 642)	-	154 074			
Tax					
	(59 174)	(616)	(3 421)	202	(126)
		(63 135)			
Net operating profit/(loss) for the period					
	105 398	1 582	8 797	(520)	324
(24 642)	-	90 939			
Loans waived - discontinued operation*					
	(20 110)				
	34 815	14 705			
Net profit/(loss) for the period					
	85 288	1 582	8 797	(520)	324
10 173	-	105 644			
Attributable to:					
Non-controlling interest				(156)	
	1 526	1 370			
Equity holders of the Group					
	85 288	1 582	8 797	(364)	324
8 647	-	104 274			

* The loan written off by Client 鑽 Life was in respect of the discontinued operation (IFA Nigeria).

Condensed Group Statement of Changes in Equity

NDR:	NDR:				
Contin-	Foreign	NDR:			
gency	Common	Changes		SAR	
Non-	currency				
Share	control	Sub-	Retained	Share	
Short-term	translation	in	NDR:	Sub-	
controlling				capital	
(R?00担)	deficit	total	earnings	reserve*	
premium	reserve	ownership	Revaluation	total	
insurance	Total				
interest					
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			104 274		103 641		1
	(633)						
259	104 900						
- Net profit for the period			104 274		104 274		1
370	105 644						
- Other comprehensive income							
	(633)				(633)		
(111)	(744)						
Transfer to contingency reserve			(1 419)				1
419							
Shares issued						11	
5 528		5 539			5 539		
	5 539						
SAR scheme allocated					932		
					932		
	932						
Transfer from shares issued					(5 539)		
					(5 539)		
	(5 539)						
Balance as at 31 December 2011						6 490	
228 698	(220 273)	14 915	187 054		11 049		12
430	(9 963)	43 906	31 534		290 925		(5
202)	285 723						
Balance as at 1 January 2012						6 490	
228 698	(220 273)	14 915	187 054		11 049		12
430	(9 963)	43 906	31 534		290 925		(5
202)	285 723						
Total comprehensive income			134 158				
	(47)		7 025		141 136		(1
432)	139 704						
- Net profit/(loss) for the period			134 158		134 158		(1
427)	132 731						
- Other comprehensive income							
	(47)		7 025		6 978		
(5)	6 973						
Transfer to contingency reserve			12 430				(12
430)							
Shares issued						44	
24 980		25 024					

					25 024	
	25 024					
SAR scheme allocated					2 799	
					2 799	
	2 799					
Transfer from shares issued			(21 133)		(3 891)	
					(25 024)	
	(25 024)					
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						
			(219 057)			
	(219 057)				(219 057)	
Total comprehensive income				147 589		
					147 589	
(552)	147 037					
- Net profit/(loss) for the period				147 589		
					147 589	
(552)	147 037					
Shares issued						13
7 085		7 098				
					7 098	
	7 098					
SAR scheme allocated						
					3 034	
					3 034	
	3 034					
Transfer from shares issued			(5 866)		(1 232)	
					(7 098)	
	(7 098)					
Balance as at 31 December 2012						6 547
260 763	(220 273)	47 037	279 081		11 759	
-	-	-	38 559		376 436	(5
418)	371 018					
* SAR scheme - the Client 鑽 Limited Group Share Appreciation Rights Scheme.						

GROUP EMBEDDED VALUE RESULTS

Group Embedded Value

The Embedded Value (揔V? 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 (揚VIF?; less,
- the Cost of Required Capital (擘oC?.

The PVIF business is the present value of future after tax profits arising from covered business in force as at 31 December 2012.

All material business written by the Group has been covered by EV Methodology as outlined in Advisory Practice Note, 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;
- 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 and Mobile business where EV Methodology has been used to determine future shareholder entitlements.

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

	Six months ended 31 December 2012	Year ended 30 June 2011
(R?00揔)		
2012		
Free surplus	187 794	98 414
271 252		
Required capital	193 680	148 334
182 633		
Adjusted Net Worth (揓NW? of covered business	381 474	246 748
453 885		
CoC	(45 840)	(36 421)
(42 391)		
PVIF	3 122 162	2 589 888
2 847 550		
EV of covered business	3 457 796	2 800 215
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

Year ended	Six months ended	
	31 December	
30 June (R?00担) 2012	2012	2011
Total equity and reserves per the Statement of Financial Position 440 004	371 018	285 723
Removal of Deferred Profits and impact of compulsory margins on investment business (net impact after tax) 18 647	17 022	12 428
Removing minority interests 4 868	5 418	5 201
Adjusting subsidiaries to Net Asset Value 11 911	11 911	905
SAR scheme adjustment (21 545)	(23 896)	(57 509)
ANW 453 885	381 474	246 748

The CoC is the opportunity cost of having to hold the Required Capital of R193,7 million as at 31 December 2012. 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 scheme adjustment recognises the future dilution in EV, on a mark to market basis, as a result of the SAR scheme.

Client's Life Statutory Capital Adequacy Requirement (SAR) cover ratio at 31 December 2012 was 2,10 times (30 June 2012: 2,95 times) on the statutory valuation basis.

Value of New Business

ended	Six months ended		Year 30
	31 December		
June (R?00担) 2012	2012	2011	
Total Value of New Business (NB) 496	142 340	226 035	365
Present Value of New Business premiums 447	719 913	961 457	1 749
New Business profit margin 20,9%	19,8%	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 2012 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

ended	Six months ended 31 December	Year 30
June (%) 2012	2012	2011
Risk discount rate 9,80	9,30	10,50
Overall investment return 6,30	5,80	7,00
Expense inflation 4,30	4,30	5,00
Corporate tax 28,00	28,00	28,00

The risk discount rate (揷DR? has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the Capital Asset Pricing Model (擘APM? 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 3,50%. The Board draws the reader揳 attention to the RDR sensitivity analysis in the table below which allows for sensitivity comparisons using various alternative RDR揳. The beta pertaining to the Client鑛 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 0,41, in the calculation of the RDR.

The resulting RDR utilised for the South African business as at 31 December 2012 was 9,30% (30 June 2012: 9,80%).

With effect from the reporting date the gap between the investment return and the inflation assumption was reduced from 2,00% to 1,50% as consequence of the continuing downward trend of the risk free rate.

Risk Discount Rate Sensitivities

(R?00揳)	EV	VNB
Risk discount rate 7,30%	4 103 158	199

427			
Risk discount rate 8,30%	3 747 863		168
171			
Risk discount rate 9,30%	3 457 796		142
340			
Risk discount rate 9,80%	3 332 016		132
121			
Risk discount rate 10,30%	3 216 873		122
233			
Risk discount rate 10,50%	3 173 564		118
518			
Risk discount rate 11,30%	3 013 610		104
865			

Demographic Assumptions

A withdrawal profit was experienced over the period under review; however, no changes were made to the underlying long-term withdrawal assumptions at this stage. If the assumptions are adjusted at year end, it should be noted that the new business portion of the withdrawal profit will move into the VNB number, which will result in a lower withdrawal profit number and a higher VNB.

Embedded Value per Share

ended	Six months ended		Year
	31 December		
June	2012	2011	30
(cents)			
2012			
EV per share	1 056, 38	864, 14	1
004, 20			
Diluted EV per share	1 048, 30	854, 67	
989, 99			

Segment Information

The EV can be split between segments as follows:

(R?00掙)	ANW	PVIF	CoC	
EV				
31 December 2012				
SA - Long-term insurance	306 326	2 726 873	(33 388)	2
999 810				
SA - Short-term insurance	89 895	384 388	(12 451)	
461 832				
SA - Investment contracts	-	4 715	-	
4 715				
SA - Loans	(12 366)	5 353	-	
(7 013)				
SA - Mobile	(2 381)	833	-	
(1 549)				
Total	381 474	3 122 162	(45 840)	3
457 796				

31 December 2011				
SA - Long-term insurance	211 970	2 325 266	(32 742)	2
504 494				
SA - Short-term insurance	46 099	256 220	(3 679)	
298 639				
SA - Investment contracts	-	5 462	-	
5 462				
SA - Loans	(12 164)	1 544	-	
(10 620)				
SA - Mobile	819	1 396	-	
2 215				
Nigeria - Long-term brokerage	25	-	-	
25				
Total	246 748	2 589 888	(36 421)	2
800 215				
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 brokerage	(729)	-	-	
(729)				
Total	453 885	2 847 550	(42 391)	3
259 044				

The VNB can be split between segments as follows:

(R?00担)	Six months ended		Year ended
	31 December		30 June
	2012	2011	2012
SA - Long-term insurance	120 888	194 540	305 878
SA - Short-term insurance	19 330	30 786	58 190
SA - Investment contracts	988	2 524	4 110
SA - Loans	1 273	(1 766)	(2 154)
SA - Mobile	(141)	(48)	(528)
Total	142 340	226 035	365 496

Embedded Value Earnings Analysis

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

Six months ended 31 December 2012

Six months

ended Year ended

31 December (R?00担)	30 June				
	ANW	PVIF	CoC	Total	
2011	2012				
A: EV at the end of the period					
	381 474	3 122 161	(45 840)	3 457 796	
2 800 215	3 259 044				
EV at the beginning of the period					
	453 885	2 847 550	(42 391)	3 259 044	
2 520 332	2 520 332				
Dividends and STC paid					
	(219 060)	-	-	(219 060)	
(190 015)	(190 015)				
B: Adjusted EV at the beginning of the period					
	234 826	2 847 551	(42 391)	3 039 985	
2 330 317	2 330 318				
EV earnings (A - B)					
	146 648	274 611	(3 449)	417 811	
469 898	928 726				
Impact of once-off economic assumption changes (excluding STC)					
	(585)	(101 223)	(3 116)	(104 925)	
(93 705)	(215 694)				
Impact of once-off STC tax change					
	-	-	-	-	
(132 452)	(129 981)				
Impact of other once-off items					
	-	-	-	-	
16 555	19 318				
Recurring EV earnings (before once-off items)					
	146 063	173 388	(6 565)	312 886	
260 296	602 369				
Recurring Return on EV (before once-off items)					
				20,6%	
22,3%	25,8%				
Return on EV					
				27,5%	
35,4%	39,9%				
Components of EV earnings (R?00担)					
VNB					
	(138 875)	284 594	(3 379)	142 340	
226 035	365 496				
Expected return on covered business (unwinding of RDR)					
	-	137 043	(2 029)	135 014	
121 695	253 438				
Expected profit transfer					
	259 817	(259 816)	-	-	
-	-				
Withdrawal experience variance					
	11 671	9 408	(20)	21 059	
(68 891)	(115 042)				
Claims and reinsurance experience variance					
	(1 347)	-	-	(1 347)	
1 335	(4 148)				
Sundry experience variance					
	7 425	1 973	-	9 398	

15 134	45 767			
Change in withdrawals and unpaid premium assumptions	-	-	-	-
	(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	2 531	(265)	(1 138)	1 129
(14 552)	(10 808)			
Development costs	(4 328)	-	-	(4 328)
	-			
Expected return on ANW	9 456	-	-	9 456
9 066	23 465			
SAR scheme dilution	(2 351)	-	-	(2 351)
(12 856)	23 108			
Goodwill and Medium-term incentive schemes	(11 747)	452	-	(11 294)
(16 044)	(6 150)			
EV operating return	132 252	173 388	(6 565)	299 075
260 923	591 540			
Investment return variances on ANW	13 811	-	-	13 811
(627)	10 829			
Effect of economic assumption changes (excluding STC)	585	101 223	3 116	104 925
93 705	215 694			
Impact of once-off STC change	-	-	-	-
132 452	129 981			
Impact of other once-off items	-	-	-	-
(16 555)	(19 318)			
EV Earnings	146 648	274 611	(3 449)	417 811
469 897	928 726			

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