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

Condensed Group results for the six months ended 31 December 2014

Highlights

Value of New Business increased by 23% to R400,5 million

Annualised Recurring Return on Embedded Value of 33%

Recurring Embedded Value Earnings increased by 50% to R603,7 million

Annualised return on average shareholders' interest of 62%

Net insurance premiums increased by 17% to R742,1 million

Diluted headline earnings per share increased by 1% to 54,99 cents

Comments

Introduction

The Board is pleased to announce that the Client鎭e Group ("the Group") has achieved good operating results for the period, despite the ongoing tough economic environment. Investment returns, although being in line with the market, are lower than the comparative period. The strong production achieved during the 2014 financial year has continued during this period whilst the quality of new business written has been maintained. This is the result of the Group's continued focus on ingraining sustainability practices and principles and maintaining strict controls.

This has translated into a material increase in the Value of New Business ("VNB") of 23% to a record level of R400,5 million (2013: R325,2 million), and a 50% increase in Recurring Embedded Value Earnings to R603,7 million (2013: R403,5 million). New Business profit margins have also improved to 29,7% (2013: 27,2%) as a result of continued cost control, strong production of good quality new business and an increase in average premiums.

Profit before tax increased by 3% to R251,5 million (2013: R244,3 million) over the comparative period, however after reversing the once-off discretionary margin release of R49,9 million in the prior period, profit before tax increases by 29%.

Headline earnings for the Group increased by 1% to R181,3 million (2013: R179,4 million). This is a commendable achievement considering the fact that headline earnings for the prior period were positively impacted by the once-off release of the discretionary margin of R35,9 million (after tax).

This performance resulted in the Group achieving an annualised return on average shareholders' interests of 62%.

Operating Results

Group Statement of Comprehensive Income

Diluted headline earnings per share for the period increased by 1% to 54,99 cents (2013: 54,62 cents), despite the once-off release of the discretionary margin in the prior period.

Net insurance premium revenue increased by 17% to R742,1 million (2013: R636,9 million), on the back of the ongoing increase in the production of good quality business and improved withdrawal
experience.

Despite the increase in marketing and other acquisition costs incurred to support the material VNB growth, the increase in operating expenses has been restricted to 8% in contrast to the 17%
increase in net insurance premiums mentioned above.

The Group follows a conservative accounting practice of eliminating negative reserves (a discretionary margin). As acquisition costs are expensed upfront, this defers the recovery of these costs
and the profits over the policy life. The present value of this discretionary margin amounts to R2,43 billion (2013: R2,05 billion).

Group Embedded Value

The sustained momentum in the production of good quality business has driven the 23% increase in the VNB to the record level of R400,5 million (2013: R325,2 million). The Recurring Embedded
Value Earnings of R603,7 million translates into an annualised Recurring Return on Embedded Value ("ROEV") of 33% (2013: 24%) and the profit margin on New Business has increased to 29,7%
(2013: 27,2%). The Group Embedded Value ("EV") has increased by 17% to R4,26 billion (2013: R3,64 billion). Withdrawal experience on new business as well as existing business was better
than assumption and an improvement on the prior period resulting in a withdrawal profit of R34,6 million (2013: R3,8 million).

The Risk Discount Rate ("RDR"), has been set at 11,2% (2013: 10,7%). The calculation is comprehensively explained in the Group EV results section of the results and a sensitivity analysis is also
provided.

Segment Results

Client鎻e Life - Long-term insurance

Client鎻e Life's Long-term insurance segment remains the major contributor to Group performance. It accounts for 86% (2013: 86%) or R343,6 million (2013: R280,9 million) of the Group's R400,5
million of VNB and recorded Recurring EV Earnings of R511,4 million (2013: R328,1 million) for the period. The segment generated R153,9 million (2013: R157,0 million) net profit for the period, a
decrease of 2%, nevertheless a pleasing result given the once-off positive after tax impact of R35,9 million in the comparative period resulting from the release of the discretionary margin.

Client鑽e Life - Investment contracts

The Investment Contracts operating segment reported a R4,5 million net profit for the period (2013: R3,3 million). This should be viewed in conjunction with the R18,4 million (2013: R24,4 million)
of deferred profits included in the Statement of Financial Position.

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

Client鑽e Legal accounts for R55,0 million (2013: R43,5 million) of the Group's VNB for the period, and recorded Recurring EV Earnings of R95,2 million (2013: R66,8 million). The segment generated
a 17% increase in net profit for the period to R21,2 million (2013: R18,1 million).

Prospects

The Board's focus for the future will remain on building on the positive momentum that has been achieved in the production of good quality business and on customer service. In addition, the
Board is committed to providing products that are relevant and meet the individual policyholders' needs and delivering these to the market conveniently and efficiently as well as creating and
nurturing mutually beneficial partnerships with all its stakeholders that add value on a sustainable basis.

By order of the Board

G Q Routledge   B W Reekie
Chairman   Managing Director

Johannesburg
16 February 2015

UNAUDITED
Condensed Group Statement of Comprehensive Income

(R'000's)	Six months ended 31 December 2014	2013	% Change	Audited Year ended 30 June 2014
Revenue				
Insurance premium revenue	798 302	684 364		1 406 175

Reinsurance premiums	(56 192)	(47 432)		(100 005)
Net insurance premiums	742 110	636 932	17	1 306 170
Other income	88 952	88 277		171 194
Interest income	16 123	30 586		53 169
Fair value adjustment to financial assets at fair value through profit or loss	74 654	127 119		181 556
Net income	921 839	882 914		1 712 089
Net insurance benefits and claims	(145 896)	(156 326)		(311 102)
Decrease in policyholder liabilities under insurance contracts after discretionary margin release	16 789	34 092		42 727
Decrease/(increase) in policyholder liabilities under insurance contracts before discretionary margin release	16 789	(15 774)		(7 139)
Once-off release of discretionary margin		49 866		49 866
Decrease in reinsurance assets	(74)	(38)		(95)
Fair value adjustment to financial liabilities at fair value through profit or loss - investment contracts	(42 492)	(35 636)		(49 184)
Interest expense	(2 546)	(7 466)		(12 393)
Impairment of advances	(5 889)	(18 060)		(31 719)
Operating expenses	(490 187)	(455 183)	8	(927 937)
Profit before tax	251 544	244 297	3	422 386

Tax	(69 318)	(64 325)	8	(115 870)
Net profit for the period	182 226	179 972	1	306 516
Attributable to:				
Non-controlling interest - ordinary shareholders	790	437		(1 295)
Equity holders of the Group - ordinary shareholders	181 436	179 535	1	307 811
Net profit for the period	182 226	179 972	1	306 516
Other comprehensive income:				
Gains on property revaluation				20 296
Income tax relating to gains on property revaluation				(5 014)
Other comprehensive income for the period - net of tax	-	-		15 282
Total comprehensive income for the period	182 226	179 972	1	321 798
Total comprehensive income attributable to:				
Non-controlling interest - ordinary shareholders	790	437		(1 295)
Equity holders of the Group - ordinary shareholders	181 436	179 535	1	323 093

Condensed Group Statement of Financial Position

Six months

Audited

ended

Year

ended

(R'000's)	31 December 2014	31 December 2013	30 June 2014
Assets			
Intangible assets	24 601	22 232	23 461
Property and equipment	23 041	25 302	23 389
Owner-occupied properties	249 843	188 848	224 009
Deferred tax	23 829	25 463	25 744
Inventories	1 380	1 364	1 860
Reinsurance assets	3 168	3 299	3 242
Financial assets held at fair value through profit or loss	1 942 009	2 101 419	2 043 394
Loans and receivables including insurance receivables	87 879	161 653	113 348
Current tax	689	1 046	6 317
Cash and cash equivalents	124 588	165 536	183 246
Total assets	2 481 027	2 696 162	2 648 010
Total equity and reserves	549 995	471 028	618 846
Liabilities			
Policyholder liabilities under insurance contracts	687 135	712 559	703 924
Financial liabilities - investment contracts	975 554	1 191 522	1 046 721

- at fair value through profit or loss	963 359	1 145 832	998 337
- at amortised cost	12 195	45 690	48 384
Financial liabilities - loans at amortised cost	28 380	80 018	10 000
Employee benefits	75 776	52 970	98 423
Deferred tax	29 909	31 334	33 727
Accruals and payables including insurance payables	133 929	138 351	134 909
Current tax	349	18 380	1 460
Total liabilities	1 931 032	2 225 134	2 029 164
Total equity and liabilities	2 481 027	2 696 162	2 648 010

Tax

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2014	2013	2014
Current and deferred tax	(64 154)	(64 145)	(114 734)
Capital gains tax	(5 164)	(180)	(714)
Underprovision in prior periods			(422)

Tax	(69 318)	(64 325)		(115 870)

The Individual Policyholder Fund has an estimated tax loss of R2,5 billion (2013: R2,1 billion).

Reconciliation of Net Profit to Headline Earnings

	Six months ended 31 December		% Change	Audited Year ended 30 June
(R'000's)	2014	2013		2014
Net profit for the period attributable to equity holders of the Group	181 436	179 535	1	307 811
Less: Profit on disposal of property and equipment	(133)	(93)		(202)
Headline earnings for the period	181 303	179 442	1	307 609

Ratios per Share

	Six months ended 31 December		% Change	Audited Year ended 30 June
(Cents)	2014	2013		2014
Headline earnings per share	55,02	54,67	1	93,58
Diluted headline earnings per share	54,99	54,62	1	

93,53

Earnings per share
55,07 54,70 1
93,64
Diluted earnings per share
55,03 54,65 1
93,59

Net asset value per share
166,79 143,50 16
187,97
Diluted net asset value per share
166,83 143,39 16
188,16

Dividends per share - paid
78,00 74,00 5
74,00
Dividends per share - declared

78,00

Ordinary shares in issue ('000)
329 761 328 771 329
218
Weighted average ordinary
shares ('000)
329 494 328 241 328
722

Diluted average ordinary shares ('000)
329 682 328 505 328
901

Condensed Group Statement of Cash Flows

Six months
Audited

ended Year
ended

31 December 30
June
(R'000's)
2014 2013
2014

Cash flows from operating activities
(49 201) (87) 49
245

Profit from operations adjusted for non-cash items

	268 178	199 928	418 720
Working capital changes	(53 844)	(51 644)	(95 884)
Separately disclosable items1	(25 811)	(23 589)	(49 005)
Decrease in financial liabilities2	(115 907)	(173 115)	(334 158)
Net disposal of investments3	176 039	313 680	426 142
Interest received	18 500	14 978	30 145
Dividends received	7 311	8 611	18 860
Dividends paid	(256 963)	(243 029)	(243 030)
Tax paid	(66 704)	(45 907)	(122 545)
Cash flows from investing activities4	(37 837)	(14 388)	(46 010)
Cash flows from financing activities5	28 380		
Net (decrease)/increase in cash and cash equivalents	(58 658)	(14 475)	3 235
Cash and cash equivalents at beginning of the period	183 246	180 011	180 011
Cash and cash equivalents at end of the period	124 588	165 536	183 246

1. Interest and dividends.
2. Financial liabilities - investment contracts.
3. Investments in respect of insurance operations and investment contracts.
4. Mainly relates to the acquisition of intangible assets, property and equipment.
5. External funding for new office building development.

Notes to the Results

The results have not been reviewed or audited by the Group's auditors, PricewaterhouseCoopers Incorporated. The change in policyholder liabilities has been based on best estimates after providing for compulsory and discretionary margins and has been actuarially reviewed by the Group's internal Statutory Actuary.

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

Changes to the Board

Mr M P Matlwa was appointed as a Non-Executive Director on 1 July 2014 and resigned on 5 January 2015, to assume a full time senior position at the South African Revenue Services.

Segment Assets and Liabilities

	Six months ended 31 December		Audited Year ended 30 June
(R'000's)	2014	2013	2014
Assets			
Long-term insurance	1 382 040	1 307 089	1 454 656
Investment contracts	976 008	1 191 898	1 047 977
Short-term insurance	135 980	123 082	150 153
Other*	57 197	160 492	86 105
Inter segment	(70 198)	(86 399)	(90 881)
Total Group Assets	2 481 027	2 696 162	2 648 010
Liabilities			
Long-term insurance	914 709	915 110	933 007
Investment contracts	975 554	1 191 522	1 046

721
Short-term insurance
38 254 31 674 36
085
Other*
72 713 173 227 104
232
Inter segment
(70 198) (86 399) (90
881)

Total Group Liabilities
1 931 032 2 225 134 2 029
164

* The decrease in other segment assets and liabilities relates to the decrease in advances of Client鐨e Loans Direct

Accounting Policies

Statement of compliance

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

The accounting policies applied in the preparation of the condensed consolidated interim Financial Statements are in terms of IFRS and are consistent with those applied in the previous
consolidated annual Financial Statements.

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

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

Capital Commitments

The Group's wholly owned subsidiaries, Client鐨e Properties East and Client鐨e Properties North, are in the process of developing a new office building and parking structure within the Client鐨e
Office Park. The capitalised costs of this are estimated to be R213,0 million, of which R56,0 million has been capitalised since inception. It is the Group's

intention that the building will be
occupied by the Group in December 2015.

Financial Assets held at Fair Value through profit or loss - Fair Value Hierarchy Disclosure

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 31 December 2014.

(R'000's)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	576 135			576 135
Unlisted equity securities		3 850		3 850
Promissory notes and fixed deposits		495 202	401 042	896 244
Funds on deposit		396 857		396 857
Fixed interest securities		68 923		68 923
Total Assets	576 135	964 832	401 042	1 942 009
Liabilities				
Financial liabilities at fair value through profit or loss		829 486	133 873	963 359
Total Liabilities		829 486	133 873	963 359

Shareholders' and policyholders' linked exposure to African Bank Limited ("ABL") through investments in zero coupon fixed deposits of R267,2 million and R133,9 million respectively as at 31
December 2014 have been reclassified to level 3 (from level 2) on the fair value hierarchy as values are estimated indirectly using valuation techniques or models for which one or more of the
significant inputs are assumptions (based on unobservable market inputs).

The Group establishes fair value by using a valuation technique if the market for a financial instrument is not quoted in an active market. Valuation techniques include using transactions
between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing
models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices
obtained in actual market transactions, the Group uses that technique. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs,
and relies as little as possible on entity-specific inputs.

The value of the unlisted equity securities represents shares in share block companies which are valued with reference to a written valuation by management of the administration company for the shareblock company, which is based on recent market related prices between willing buyers and sellers.

Related Party Transactions

Transactions between Client鑚e Limited and its subsidiaries have been eliminated on consolidation. There were no major related party transactions during the period.

Segment Information

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

The Group's main operating segments are Long-term insurance, Investment contracts, Short-term insurance and Other (which is predominantly Client鑚e Loans). The vast majority of policies written are in respect of individuals.

Segment Statements of Comprehensive Income

(R'000's)	Long-term insurance	Investment contracts	Short-term insurance	Other	Inter segment (revenue)/ expense	Group
31 December 2014						
Insurance premium revenue	682 192		116 110			798 302
Reinsurance premiums	(55 957)		(235)			(56 192)
Net insurance premiums	626 235		115 875			742 110
Other income	80 331	7 854	216	3 190	(2 639)	88 952
Interest income	7 913		399	11 664	(3 853)	16 123
Fair value adjustment to financial assets at fair value through profit or loss	24 342	45 502	4 810			74 654

Segment revenue
738 821 53 356 121 300 14 854
(6 492) 921 839
Segment expenses and claims
(525 127) (47 039) (92 528) (12
093) 6 492 (670 295)

Net insurance benefits and claims
(133 676) (13 060)
840 (145 896)
Decrease in policyholder liabilities under insurance contracts
16 470 319
16 789
Decrease in reinsurance assets
(74)
(74)
Fair value adjustment to financial liabilities at fair value through profit or
loss (42 492)
(42 492)
Interest expense
(2 247) (4
152) 3 853 (2 546)
Impairment of advances
(5
889) (5 889)
Operating expenses
(407 847) (2 300) (79 787) (2
052) 1 799 (490 187)

Profit before tax
213 694 6 317 28 772 2 761
- 251 544
Tax
(59 782) (1 769) (7 616)
(151) (69 318)

Net profit for the period
153 912 4 548 21 156 2 610
- 182 226

Attributable to:
Non-controlling interest - ordinary shareholders
790
790
Equity holders of the Group - ordinary shareholders
153 912 4 548 21 156 1 820
- 181 436

31 December 2013
Insurance premium revenue
590 427 93 937
684 364
Reinsurance premiums
(47 217) (215)
(47 432)

Net insurance premiums
543 210 93 722
636 932
Other income
77 276 6 875 48 6 685
(2 607) 88 277
Interest income
6 623 420 27 410
(3 867) 30 586
Fair value adjustment to financial assets at fair value through profit or loss
81 001 38 495 7 623
127 119

Segment revenue
708 110 45 370 101 813 34 095
(6 474) 882 914
Segment expenses and claims
(494 806) (40 842) (77 631) (31
812) 6 474 (638 617)

Net insurance benefits and claims
(145 082) (11 244)
(156 326)
Decrease in policyholder liabilities under insurance contracts after
discretionary margin release 33 893
199 34 092

(Increase)/decrease in policyholder liabilities under insurance contracts before
discretionary margin release (15 973) 199
(15 774)
Once-off release of discretionary margin
49 866
49 866

Decrease in reinsurance assets
(38)
(38)
Fair value adjustment to financial liabilities at fair value through profit or
loss (35 636)
(35 636)
Interest expense
(2 586) (8
747) 3 867 (7 466)
Impairment of advances
(18
060) (18 060)
Operating expenses
(383 579) (2 620) (66 586) (5
005) 2 607 (455 183)

Profit before tax
213 304 4 528 24 182 2 283
\- 244 297
Tax
(56 338) (1 268) (6 080)

(639) (64 325)

Net profit for the period
156 966 3 260 18 102 1 644
- 179 972

Attributable to:
Non-controlling interest - ordinary shareholders
437
437
Equity holders of the Group - ordinary shareholders
156 966 3 260 18 102 1 207
- 179 535

Condensed Group Statement of Changes in Equity

SAR and

Common
Bonus Rights
Non-

Share
Share control Sub- Retained Schemes NDR:
Sub- controlling
(R'000's)
capital
premium deficit total earnings Reserve* Revaluation
total interest Total

Balance as as at 1 July 2013 6 560
268 982 (220 273) 55 269 417 700 15 066 45 940 533
975 (4 555) 529 420
Ordinary dividends
(243 069) (243
069) (243 069)
Total comprehensive income
179 535 179
535 437 179 972

- Net profit for the period
179 535 179
535 437 179 972

Shares issued 15
10 060 10 075 10
075 10 075
SAR and Bonus Rights Schemes allocated
4 705 4
705 4 705
Transfer from Shares issued
(8 789) (1 286) (10
075) (10 075)

Balance as at 31 December 2013 6 575
279 042 (220 273) 65 344 345 377 18 485 45 940 475
146 (4 118) 471 028

Balance as at 1 January 2014 6 575
279 042 (220 273) 65 344 345 377 18 485 45 940 475
146 (4 118) 471 028
Total comprehensive income
128 276 15 282 143
558 (1 732) 141 826

- Net profit/(loss) for the period
128 276 128
276 (1 732) 126 544
- Other comprehensive income
15 282 15
282 15 282

Shares issued 9
6 576 6 585 6
585 6 585
SAR and Bonus Rights Schemes allocated
5 992 5
992 5 992
Transfer from shares issued
(5 289) (1 296) (6
585) (6 585)

Balance as at 30 June 2014 6 584
285 618 (220 273) 71 929 468 364 23 181 61 222 624
696 (5 850) 618 846

Balance as at 1 July 2014 6 584
285 618 (220 273) 71 929 468 364 23 181 61 222 624
696 (5 850) 618 846
Ordinary dividends
(257 031) (257
031) (257 031)
Total comprehensive income
181 436 181
436 790 182 226

- Net profit for the period
181 436 181
436 790 182 226

Shares issued 11
9 458 9 469 9
469 9 469
SAR and Bonus Rights Schemes allocated
5 954 5
954 5 954
Transfer from Shares issued
(7 973) (1 496) (9
469) (9 469)

Balance as at 31 December 2014 6 595
295 076 (220 273) 81 398 384 796 27 639 61 222 555
055 (5 060) 549 995

* SAR Scheme - the Client鎮e Limited Share Appreciation Rights Scheme
* Bonus Rights Scheme - the Client鎮e Limited Bonus Rights Scheme

GROUP EMBEDDED VALUE RESULTS

Group Embedded Value

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

The PVIF business is the present value of future after tax profits arising from covered business in force as at 31 December 2014.

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

The EV calculation have been reviewed by the Group's internal Statutory Actuary. The EV can be summarised as follows:

(R'000's)	Six months ended 31 December 2014	2013	Year ended 30 June 2014
Free surplus	186 822	191 861	287 353
Required capital	334 438	282 090	312 387
Adjusted Net Worth ("ANW") of covered business	521 260	473 950	599 740

CoC	(67 257)	(51 211)	(58 308)
PVIF	3 802 279	3 216 414	3 397 262
EV of covered business	4 256 281	3 639 153	3 938 694

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

Reconciliation of Total Equity to ANW

(R'000's)	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Total equity and reserves per the Statement of Financial Position	549 995	471 028	618 846
Adjusted for Deferred Profits and impact of compulsory margins on investment business	10 313	14 667	12 793
Adjusted for minority interests	5 060	4 118	5 850
Adjusting subsidiaries to Net Asset Value	20 148	15 129	20 148
SAR and Bonus Rights Schemes adjustment	(64 257)	(30 991)	(57 897)
ANW	521 260	473 950	599 740

The CoC is the opportunity cost of having to hold the Required Capital of R334,4 million as at 31 December 2014 (30 June 2014: R312,4 million). The Required Capital has been set at the
greater of the Statutory Termination Capital Adequacy Requirement and 1,25 times the Statutory Ordinary Capital Adequacy Requirement for the Life company plus the Required Statutory

Capital for the Short-term company.

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

Client鐨e Life's Statutory Capital Adequacy Requirement cover ratio at 31 December 2014 was 1,66 times (30 June 2014: 2,03 times) on the statutory valuation basis.

Client鐨e General Insurance's Statutory Capital Adequacy Requirement cover ratio at 31 December 2014 was 1,19 times (30 June 2014: 1,57 times) on the statutory valuation basis.

Value of New Business ("VNB")

(R'000's)	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Total VNB	400 454	325 218	638 154
Present Value of New Business premiums	1 350 435	1 194 892	2 319 368
New Business profit margin	29,7%	27,2%	27,5%

The VNB (excluding allowance for the Goodwill and Medium Term incentive schemes which is shown as a separate component of EV Earnings) 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 2014 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

Six months

ended Year ended

31 December 30 June
(%)

	2014	2013	2014
Risk discount rate	11,2	10,7	11,1
Non-unit investment return	7,7	7,2	7,6
Unit investment return	9,0	7,2	9,0
Expense inflation	6,2	5,7	6,1
Corporate tax	28,0	28,0	28,0

The risk discount rate ("RDR") has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the Capital Asset Pricing Model ("CAPM") theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium (i.e. the long-term expected difference between equity returns and the risk free rate) is 3,5%. The beta pertaining to the Client鐨e 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 0,0815, in the calculation of the RDR. The Board draws the reader's attention to the RDR sensitivity analysis in the table below, which allows for sensitivity comparisons using various alternative RDRs.

The resulting RDR utilised for the South African business as at 31 December 2014 was 11,2% p.a. (30 June 2014: 11,1% p.a.).

RDR Sensitivities

(R'000's)

	EV	VNB
RDR 9.2%	4 979 304	500 052
RDR 10.2%	4 592 868	455 112
RDR 10.7% (RDR as at December 2013)	4 595 613	430 954
RDR 11.1% (RDR as at June 2014)	4 289 939	405 920
RDR 11.2% (RDR as at December 2014)	4 256 281	400 454
RDR 12.2%	3 980 139	362 226
RDR 13.2%	3 744 599	330 254

Demographic and other changes

A withdrawal and unpaid premium profit was experienced during the period. The results allow for worse withdrawal experience in the second half of the financial year, as per historic experience.

EV per Share

(Cents)	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
EV per share	1 290,72	1 106,90	1 196,38
Diluted EV per share	1 289,98	1 106,01	1 195,73

Segment Information

The EV can be split between segments as follows:

(R'000's)	ANW	PVIF	CoC	EV
31 December 2014				
SA - Long-term insurance	437 210	3 202 133	(45 750)	3 593 593
SA - Short-term insurance	94 505	594 863	(21 507)	667 861
SA - Investment contracts	-	2 799	-	2 799
Other	(10 456)	2 484	-	(7 972)
Total	521 260	3 802 279	(67 257)	4 256 281
31 December 2013				
SA - Long-term insurance	391 288	2 723 115	(36 086)	3 078 317
SA - Short-term insurance	91 408	479 133	(15 125)	555 415
SA - Investment contracts	-	3 618	-	3 618
Other	(8 746)	10 549	-	1 803
Total				

	473 950	3 216 414	(51 211)	3 639 153
30 June 2014				
SA - Long-term insurance	500 170	2 868 411	(41 066)	3 327 515
SA - Short-term insurance	111 976	518 714	(17 242)	613 448
SA - Investment contracts	-	3 051	-	3 051
Other	(12 406)	7 086	-	(5 320)
Total	599 740	3 397 262	(58 308)	3 938 694

The VNB can be split between segments as follows:

(R'000's)	Six months ended 31 December 2014	2013	Year ended 30 June 2014
SA - Long-term insurance	343 611	280 904	550 551
SA - Short-term insurance	55 038	43 511	85 507
SA - Investment contracts	792	383	745
Other	1 014	420	1 351
Total	400 454	325 218	638 154

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 2014 Six months ended Year ended

31 December 30 June
(R'000's)

ANW PVIF CoC Total
2013 2014
A: EV at the end of the period
521 260 3 802 279 (67 257) 4 256 281
3 639 153 3 938 694
EV at the beginning of the period
599 740 3 397 262 (58 308) 3 938 694
3 546 640 3 546 640
Ordinary dividends
(257 031) - - (257 031)
(243 069) (243 069)

B: Adjusted EV at the beginning of the period
342 709 3 397 262 (58 308) 3 681 663
3 303 572 3 303 572

EV earnings (A - B)
178 550 405 017 (8 949) 574 618
335 582 635 122

Impact of once-off economic assumption changes
(135) 26 150 3 096 29 111
61 326 139 436
Impact of other once-off items
\- - - -
6 607 30 718

Recurring EV earnings
178 416 431 166 (5 854) 603 729
403 514 805 276
Recurring Return on EV
32,8%
24,4% 24,4%

Return on EV
31,2%
20,3% 19,2%

Components of EV earnings

VNB
(159 500) 563 435 (3 480) 400 454
325 218 638 154
Expected return on covered business
\- 194 251 3 906 198 158
161 554 344 233
Expected profit transfer
329 038 (329 038) - -
\- -
Withdrawal and unpaid premium experience variance
1 029 37 978 (4 408) 34 599
3 811 (16 975)
Claims and reinsurance experience variance
56 - - 56
(289) (2 259)
Sundry experience variance

4 975 (277) (0) 4 698
528 5 212
Changes in modelling/basis and non-economic assumptions
11 681 (8 691) (1 872) 1 118
(78 267) (144 313)
Expected return on ANW
14 280 - - 14 280
12 338 29 385
SAR and Bonus Rights Schemes dilution
(4 865) - - (4 865)
(4 304) (25 078)
Goodwill and Medium-term incentive schemes
(22 571) (26 492) - (49 063)
(37 307) (63 827)

EV operating return
174 123 431 166 (5 854) 599 436
383 281 764 532

Investment return variances on ANW
4 293 - - 4 293
20 233 40 744

Recurring EV earnings
178 416 431 166 (5 854) 603 729
403 514 805 276

Effect of economic assumption changes
135 (26 150) (3 096) (29 111)
(61 326) (139 436)
Impact of other once-off items
- - - -
(6 607) (30 718)

EV earnings
178 550 405 017 (8 949) 574 618
335 582 635 122

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

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

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

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

website: www.clientele.co.za e-mail: info@clientele.co.za

Sponsor: PricewaterhouseCoopers Corporate Finance Proprietary Limited