



Clientèle LIMITED

Highlights

- Value of New Business increased to R321 million
- Total Embedded Value of R1.202 billion
- Return on Embedded Value of 37%
- Net insurance premiums up by 26%
- Headline earnings per share up by 28%
- Dividends declared increased by 30% to 39 cents per share
- Return on average shareholders' interests of 70%
- Payments made to historically under-served South Africans up by 40% to over R350 million

REVIEWED GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2008

REVIEWED

CONDENSED GROUP BALANCE SHEETS

(R'000)	As at 30 June 2008	2007
Assets		
Intangible assets	3 848	260
Property and equipment	21 476	20 252
Owner-occupied properties	127 600	62 000
Equity accounted investments	626	141
Deferred taxation	5 966	3 384
Inventories	712	1 459
Reinsurance assets	23 795	34 359
Financial assets held at fair value through profit and loss	1 065 997	1 042 059
Receivables including insurance receivables	45 113	16 783
Current taxation receivables	1 742	3 295
Cash and cash equivalents	197 390	89 695
Total assets	1 494 265	1 273 687
Total equity	217 789	169 546
Liabilities		
Policyholder liabilities under insurance contracts	538 335	498 020
Financial liabilities held at fair value through profit and loss	490 469	480 969
Employee benefits	65 941	62 093
Amounts due to reinsurers	-	1 191
Accruals and payables including insurance payables	137 036	50 449
Deferred taxation	13 168	11 419
Current taxation	31 527	-
Total liabilities	1 276 476	1 104 141
Total equity and liabilities	1 494 265	1 273 687

TAXATION

(R'000)	Year ended 30 June	
	2008	2007
Current and deferred taxation	(58 250)	(32 024)
Secondary tax on companies ("STC")	(9 288)	(10 228)
Capital gains tax	(340)	(7 070)
Overprovision in prior years	1 742	-
Taxation	(66 136)	(49 322)

The Individual Policyholder Fund has an estimated tax loss of R1.03 billion.

RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS TO HEADLINE EARNINGS

(R'000)	Year ended 30 June	
	2008	2007*
Net profit attributable to ordinary shareholders	134 206	104 837
Less: Profit on disposal of fixed assets	(202)	(5)
Headline earnings	134 004	104 832
Headline earnings per share (cents)	41.42	32.41
Diluted headline earnings per share (cents)	41.21	32.38
Earnings per share (cents)	41.49	32.41
Diluted earnings per share (cents)	41.27	32.38
Net asset value per share (cents)	67.32	52.41
Diluted net asset value per share (cents)	66.98	52.37
Weighted ordinary shares in issue ('000)	323 500	323 500
Diluted ordinary shares in issue ('000)	325 157	323 730

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

CONDENSED GROUP CASH FLOW STATEMENTS

(R'000)	Year ended 30 June	
	2008	2007
Cash flow generated by operating activities	182 518	53 445
Cash generated by operations	178 464	228 572
Net disposal/(acquisition) of investments	113 027	(72 746)
Interest received	20 082	14 993
Dividends received	12 536	10 330
Dividend paid	(97 116)	(84 089)
Taxation paid	(44 475)	(43 615)
Cash flow from investing activities	(74 823)	(16 294)
Increase in cash and cash equivalents	107 695	37 151
Cash and cash equivalents at beginning of year	89 695	52 544
Cash and cash equivalents at end of year	197 390	89 695

SEGMENT INFORMATION

Clientèle Limited's ("Clientèle") main business segments include long term insurance, short term insurance and investment contract segments.

The financial results of the short term insurance and investment contract segments on revenue and profit for the year are insignificant.

	As at 30 June	
	2008	2007
	R'000	R'000
Segment assets & liabilities		
Long term insurance segment assets	1 002 669	792 894
Short term insurance segment assets	7 035	-
Investment contract segment assets	489 643	480 793
Inter segment loans	(5 082)	-
Total Group Assets	1 494 265	1 273 687
Long term insurance segment liabilities	782 384	623 171
Short term insurance segment liabilities	8 705	-
Investment contract segment liabilities	490 469	480 970
Inter segment loans	(5 082)	-
Total Group Liabilities	1 276 476	1 104 141

Clientèle mainly operated in South Africa during the 2008 financial year. Policies written are in respect of individuals.

CONDENSED GROUP INCOME STATEMENTS

(R'000)	Year ended 30 June		%
	2008	2007	Change
Revenue			
Insurance premium revenue	815 232	651 267	25
Reinsurance premiums	(31 195)	(27 749)	12
Net insurance premiums	784 037	623 518	26
Other income	118 395	84 765	40
Fair value adjustment to financial assets at fair value through profit and loss	63 999	152 675	(58)
Total revenue	966 431	860 958	12
Net insurance benefits and claims	(161 485)	(125 450)	29
Claims and policyholder benefits under insurance contracts	(194 073)	(145 662)	33
Insurance claims recovered from reinsurers	32 588	20 212	61
Increase in policyholder liabilities under insurance contracts	(40 315)	(118 024)	(66)
- Increase for the year	(38 848)	(113 968)	(66)
- Impact of Statement of Intent and Regulation 5	(1 467)	(4 056)	(64)
(Decrease)/increase in reinsurance assets	(10 564)	5 539	
Fair value adjustment to financial liabilities at fair value through profit and loss	(31 770)	(34 332)	(7)
Operating expenses	(522 029)	(434 673)	20
Results from operating activities	200 268	154 018	30
Equity accounted earnings	74	141	
Profit before taxation	200 342	154 159	30
Taxation	(66 136)	(49 322)	34
Net profit attributable to ordinary shareholders	134 206	104 837	28

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

(R'000)	Share capital	Share premium	Common control (deficit)/reserve	Sub-total	Retained earnings	Treasury share reserve	SAR scheme reserve	*NDR: contingency	NDR: revaluation	Total
Balance as at 1 July 2006			4 853	4 853	120 344	(1 589)				123 608
Sale of treasury shares					5 422	1 589				7 011
Net profit attributable to shareholders					104 837					104 837
Ordinary dividend paid					(84 110)					(84 110)
SAR scheme allocated							2 099			2 099
Revaluation of owner occupied property									16 101	16 101
Balance as at 30 June 2007			4 853	4 853	146 493		2 099		16 101	169 546
Balance as at 1 July 2007			4 853	4 853	146 493		2 099		16 101	169 546
Issue of share capital	6 470	218 656	(225 126)							-
Net profit attributable to shareholders					134 206					134 206
Transfer to contingency reserve					(246)			246		-
Ordinary dividend paid					(97 050)					(97 050)
SAR scheme allocated							4 645			4 645
Revaluation of owner occupied property									6 442	6 442
Balance as at 30 June 2008	6 470	218 656	(220 273)	4 853	183 403		6 744	246	22 543	217 789

*A reserve in equity has been made for the full amount of the contingency reserve as required by the provisions of the Short-term Insurance Act of 1998. The reserve is calculated at 10% of net premiums written for short-term insurance policies. The reserve may only be utilised with the written consent of the Registrar of Short-term Insurance. Transfers to and from this reserve are treated as appropriations of retained earnings and relate to the Short-term Insurance Personal Lines Legal Policies underwritten by Guardrisk Insurance Company Limited.

DIVIDEND TO SHAREHOLDERS AFTER THE YEAR ENDED 30 JUNE 2008

	After year ended	
	30 June 2008	30 June 2007
Ordinary dividend (R'000)	126 165	97 050
Ordinary shares in issue at 30 June ('000')	323 500	323 500

NOTES TO THE RESULTS

The board of directors of Clientèle Life Assurance Company Limited ("Clientèle Life") decided to pursue opportunities other than those that fell strictly within the field of long-term insurance, particularly in the financial services arena.

In order to achieve this, a scheme of arrangement was approved by a majority of the shareholders at a scheme meeting on 30 April 2008. The scheme resulted in:

- Clientèle acquiring and holding the entire issued share capital of Clientèle Life.
- The listing of the shares of Clientèle Life on the JSE terminated on 19 May 2008 and the shares of Clientèle listed on the JSE on the same day.

The increase in policyholder liabilities has been based on best estimates after providing for compulsory and discretionary margins and has been actuarially certified by QED Actuaries & Consultants (Pty) Ltd.

The buildings have been revalued by an independent valuer at R127.6 million, which revaluation is reflected in the Balance Sheet.

The results have been reviewed by the Group's auditors, PricewaterhouseCoopers Inc., in terms of International Standards on Review Engagements 2410. The scope of the review was to enable the auditors to report that nothing came to their attention that caused them to believe that the accompanying condensed preliminary consolidated financial information is not presented, in all material respects, in accordance with the South African Companies Act and section 8.57 of the Listings Requirements of JSE Limited. A copy of the review opinion is available on request at the Company's registered offices.

ACCOUNTING POLICIES

Statement of compliance

The accounting policies adopted for the purpose of the Group financial statements comply with International Financial Reporting Standards ("IFRS") and with listing requirements of the JSE Limited and the Companies Act of South Africa 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.

Clientèle acquired the shares in Clientèle Life and its subsidiaries with effect from 19 May 2008. As there has been no change in beneficial shareholders, the directors have chosen to account for the Group restructuring as a common control transaction. The effect of this is that in preparing the Group financial statements, the carrying values of balances in the financial statements of Clientèle Life have been used to account for the transaction. This results in a common control deficit of R220.3 million which is the difference between the net asset value of Clientèle Life at the date of transfer and the par value of the shares issued.

As Clientèle was incorporated on 23 August 2007, the Group has no comparative financial information. However, 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 30 June 2008 and the financial performance and cash flows for the year end of the businesses acquired from Clientèle Life.

The Group accounting policies adopted by Clientèle Life have been adopted by Clientèle and are consistent with those used by Clientèle Life in the prior year. New policies have been adopted for the short term insurance business. As these results are insignificant these policies have not been included in this condensed report.

GROUP EMBEDDED VALUE

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 value of excess assets attributable to shareholders (Adjusted Net Worth) plus
- the Value of In Force business less
- the Cost of Capital.

The Value of In Force business is the present value of future after tax profits arising from business in force as at 30 June 2008.

The Embedded Value calculations have been certified by the company's independent actuaries, QED Actuaries & Consultants (Pty) Ltd.

(R'000)	Year ended 30 June	
	2008	2007
Embedded Value		
Adjusted Net Worth	219 280	169 546
Cost of Capital	(15 761)	(13 683)
Value of In Force business	1 009 836	828 707
Embedded Value before SAR Scheme adjustment	1 213 355	984 569
SAR Scheme adjustment	(11 214)	(2 099)
Embedded Value	1 202 141	982 470
Value of New Business	320 602	302 436
New Business profit margin	20.7%	18.3%

The Adjusted Net Worth represents total equity after adjusting for the value of subsidiaries to net asset value and removing the net impact of the Deferred Revenue Liability.

(R'000)	30 June 2008	30 June 2007
Reconciliation of Total Equity to Adjusted Net Worth:		
Total equity per balance sheet	217 789	169 546
Removal of Deferred Revenue Liability (net impact)	2 888	-
Adjusting subsidiaries to Net Asset Value	(1 397)	-
Adjusted Net Worth	219 280	169 546

The Cost of Capital is the opportunity cost of having to hold assets to cover the Capital Adequacy Requirement (CAR) of R50 million.

The SAR Scheme adjustment recognises the future dilution in Embedded Value as a result of the introduction of the SAR Scheme referred to above.

The Value of New Business represents the present value of projected after tax profits at the point of sale on new policies sold and new annuity fee income commencing during the year ended 30 June 2008.

Clientèle Life's CAR cover ratio at 30 June 2008 was 4.4 times (30 June 2007: 3.6 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.

	Year ended 30 June 2008	R'000
Analysis of change in Embedded Value		
Embedded Value at the beginning of the year	982 470	
Dividend paid	(97 050)	
Secondary tax paid	(9 288)	
Embedded Value after adjusting for dividends and STC	876 132	
Unwinding of risk discount rate	118 125	
SAR Scheme dilution	(9 115)	
Goodwill and medium-term incentive schemes	(38 987)	
	946 155	
Value added by Management	302 940	
Value of New Business	320 602	
Profit from associates	53	
Investment experience	20 706	
Withdrawal experience	(38 817)	
Expected STC	8 607	
Claims and reinsurance experience	4 750	
Sundry experience	(12 960)	
Change in basis	(51 506)	
Change in Cost of Capital (existing business)	4 551	
Embedded Value at the end of the year	1 202 141	
Embedded Value earnings		
Embedded Value at the end of the year	1 202 141	
Embedded Value at the beginning of the year (after adjusting for dividends and STC)	876 132	
Embedded Value earnings for the year	326 009	
As a percentage of Embedded Value at the beginning of the year (Return on Embedded Value)	37.2%	

	Year ended 30 June 2008	2007 (restated)
Embedded Value per share (cents)	371.60	304.35
Diluted Embedded Value per share (cents)	369.71	303.70
Long-term economic assumptions	% p.a.	% p.a.
Risk discount rate	15.0	14.0
Overall investment return	11.25	9.0
Expense inflation	8.0	6.5
Corporate tax	28.0	29.0

	Year ended 30 June 2008	2007 (restated)
Embedded Value per share (cents)	371.60	304.35
Diluted Embedded Value per share (cents)	369.71	303.70
Long-term economic assumptions	% p.a.	% p.a.
Risk discount rate	15.0	14.0
Overall investment return	11.25	9.0
Expense inflation	8.0	6.5
Corporate tax	28.0	29.0



Clientèle LIMITED

COMMENTS

INTRODUCTION

The year to 30 June 2008 has seen the introduction of the National Credit Act, changes in banking system collection mechanisms, poor investment market returns and high and rising inflation. These changes have affected the spending and affordability levels of most South Africans which has in turn had an effect on Clientèle's net production, persistency and investment returns for the year. These challenges have affected Clientèle's reported results which nevertheless reflect a healthy 28% increase in headline earnings and a 37% return on Embedded Value.

NEW INITIATIVES

The 2008 financial year has seen the transformation of the Clientèle Group from a Life Insurance operation into a Financial Services Group. Corporate initiatives which have taken place during the financial year and during the period until the date of reporting include:

The Group Restructuring

During the 2008 financial year, Clientèle Life embarked on a reorganisation through which a new limited liability public company, Clientèle Limited, became the JSE listed holding company of Clientèle Life. The rationale for this was to increase the flexibility for the Clientèle Group to introduce complementary product offerings, beyond its traditional life insurance products, through its existing or newly established subsidiaries and thus lever off its two highly regarded brands, namely Clientèle and Independent Field Advertisers ("IFA"). Furthermore, combining the efficiencies and distribution know-how to new businesses will add value to the Group and its stakeholders. The operative date of the scheme of arrangement to effect the delisting of Clientèle Life and the subsequent new listing of Clientèle Limited on the JSE occurred on 19 May 2008. This transaction has been accounted for as a common control transaction, the consequences of which are dealt with under Accounting Policies.

Establishment of Clientèle Legal

On 1 November 2007, Clientèle through its wholly-owned subsidiary, Clientèle Short Term (Pty) Ltd, launched a personal legal expenses insurance product under a short-term operation. Clientèle has entered into a cell captive arrangement with Guardrisk Insurance Company Limited. The same distribution methods and know-how that are currently used in Clientèle Life and the IFA division have been adopted to market the legal product. The operations are conducted in a division named Clientèle Legal. An application has been submitted to the Financial Services Board to obtain a Short Term Insurance licence.

Establishment of Clientèle Loans Direct

On 18 December 2007, an agreement was signed with Direct Axis (SA) (Pty) Ltd ("Direct Axis") to establish a direct marketing unsecured personal loans business, Clientèle Loans Direct (Pty) Ltd ("Clientèle Loans Direct"), for the benefit of Clientèle Life customers. 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. Clientèle owns 70% of Clientèle Loans Direct and it is expected that the business will be launched during August 2008.

Launch of IFA Nigeria

In July 2008, Clientèle launched a new business in Nigeria, named Independent Field Advertisers Limited ("IFA Nigeria"). IFA Nigeria will utilise the expertise of the Clientèle IFA distribution channel to market and distribute insurance policies specifically tailored for the Nigerian market. Clientèle's IFA distribution channel has been used as a very effective and appropriate means to distribute life insurance policies to the predominantly black middle to lower income sectors of the South African population over the last ten years. Clientèle believes that this distribution model is an African solution that could be used very effectively in selected countries in Africa and specifically Nigeria. As detailed in the announcement of 30 July 2008, IFA Nigeria is owned by Clientèle (75%) through a wholly owned subsidiary, Clientèle Life (Netherlands) Coöperatieve U.A. and by KC 2008 Limited ("KC 2008") (25%). IVM Intersurer BV ("IVM Intersurer") has a 49.9% shareholding in KC 2008, and due to the quantum of its investment and the fact that IVM Intersurer is a related party of Clientèle's majority shareholder, the transaction is classified as a small related party transaction in terms of the Listings Requirements of JSE Limited ("Listings Requirements"). A fair and reasonable opinion was thus provided by KPMG Services (Pty) Ltd in terms of such Listings Requirements. The remaining 50.1% shareholding is owned by a prominent and respected Nigerian family, involved in many businesses in Nigeria. The policies will be underwritten by ADIC Life Assurance Limited ("ADIC"), the insurance company selected by Clientèle to underwrite the life insurance business generated by IFA Nigeria. IFA Nigeria is a licensed brokerage company that will develop and market products on behalf of ADIC. In addition, IFA Nigeria will perform certain administration functions for ADIC relating to the sale of such products.

OPERATING RESULTS

Net insurance premiums for the year of R784.0 million (2007: R623.5 million) have increased by 26%. The Group earned R118.4 million (2007: R84.8 million) of other income which represents an increase of 40% and is comprised mainly of recurring income, prior to the allocation of related expenses, from its IFA distribution channel.

Fair value gains on financial assets for the year were significantly lower than that of last year and at R64.0 million are R88.7 million short of the comparative gains of R152.7 million in the 2007 financial year. Within these fair value gains, R19.9 million is attributable to shareholders which is R27.7 million lower than last year. The fair value gains for policyholders and shareholders were both adversely affected by the weaker financial markets this year.

Policyholders benefit payments of R194.1 million (2007: R145.7 million) have increased by 33%.

The renewal expense per policy, which is calculated on the average number of policies in force during the year is in line with actuarial assumptions and has contributed to the strong Value of New Business. Expenses for the year have increased by 20% in comparison to the 26% increase in net insurance premiums, which has assisted in achieving the 30% increase in profit before taxation for the year.

The transfer to policyholder liabilities under insurance contracts has decreased significantly for the year, which is mainly due to the investment performance of policyholder funds which has been affected by lower market returns.

The effective tax rate for the year has increased in comparison to last year due to the change in mix of income with significantly less investment income this year which has been partially compensated for by the reduction in the corporate taxation rate from 29% to 28%.

Diluted headline earnings per share has increased by 27% from 32.38 cents to 41.21 cents for the year.

The above results have translated into an after-tax return on average shareholders' interests of 70%.

The Value of New Business for the year before changes in economic assumptions amounted to R335.0 million (2007: R302.4 million) in spite of being affected by economic, regulatory and banking collection changes referred to previously. These changes had the most impact in the first quarter of the financial year and significant progress has been made in responding to these changes. The Value of New Business for the year after changes in economic and tax assumptions amounted to R320.6 million (2007: R302.4 million).

The Embedded Value after adjusting for changes to economic and tax assumptions, has increased from R876.1 million after adjusting for dividends and related STC at 30 June 2007 to R1.202 billion at 30 June 2008. This translates into a Return on Embedded Value of 37%, and results in the New Business profit margin increasing from 18% last year to 21% this year.

The Share Appreciation Rights ("SAR") Scheme implemented in January 2007 has required that in accordance with IFRS, Clientèle Life recognises a cost of R4.6 million in the income statement for this year and has resulted in a cumulative R11.2 million adjustment of Embedded Value since inception of the scheme, in order to recognise the future possible dilution as a result of the SAR Scheme. The implementation of the SAR Scheme one and a half years ago has made employees and IFAs alike even more enthusiastic about the prospects of the organisation which is evident in their activities and attitudes. It is now one and a half years to the vesting of the first tranche of SARs which Clientèle believes will further enhance their enthusiasm and create additional value for shareholders.

FUTURE PROSPECTS

The past year has seen the Clientèle Group's transformation from a Life Insurance Company to a Financial Services Group. 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 initial 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
Chairman

G J Soll
Managing Director

Johannesburg
18 August 2008

