

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

Condensed Group Statement of Changes in Equity

(R'000's)	Share capital	Share premium	Common control deficit	Sub-total	Retained earnings	SAR and Bonus Rights Schemes Reserve [†]	NDR: Revaluation	Sub-total	Non-controlling interest	Total
Balance 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 Clientèle Limited Share Appreciation Rights Scheme

[†] Bonus Rights Scheme – the Clientèle 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	Year ended 30 June 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	Year ended 30 June 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

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.

(R'000's)	Six months ended 31 December 2014				Six months ended 31 December 2013	Year ended 30 June 2014
	ANW	PVIF	CoC	Total		
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	3 938 694	(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

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