

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Shareholders of Clientèle Life Assurance Company Limited should note that whilst the entire document is important and should be read, particular attention should be paid to the section titled "ACTION REQUIRED BY SHAREHOLDERS" commencing on page 3. If you are in any doubt as to the action you should take, please consult your Central Securities Depository Participant, broker, attorney, accountant, banker or other professional adviser as soon as possible.



Clientèle
LIFE

**Clientèle Life Assurance
Company Limited**

(Incorporated in the Republic of South Africa)
(Registration number: 1973/016606/06)
Share code: CLE ISIN: ZAE000013397
("Clientèle Life")



Clientèle

Clientèle Limited

(Incorporated in the Republic of South Africa)
(Formerly Newshel 901 (Proprietary) Limited)
(Registration number: 2007/023806/06)
Share code: CLI ISIN: ZAE.....
("Clientèle")

A SCHEME OF ARRANGEMENT IN TERMS OF SECTION 311 OF THE COMPANIES ACT, 1973 (ACT 61 OF 1973), AS AMENDED ("THE COMPANIES ACT"), TO BE PROPOSED BY CLIENTÈLE LIMITED ("CLIENTÈLE") BETWEEN CLIENTÈLE LIFE ASSURANCE COMPANY LIMITED ("CLIENTÈLE LIFE") AND ITS SHAREHOLDERS ("THE SCHEME").

(THE BASIC CHARACTERISTIC OF THE SCHEME IS THAT, SUBJECT TO ITS IMPLEMENTATION, ALL OF THE ORDINARY SHARES IN CLIENTÈLE LIFE WILL BE ACQUIRED BY CLIENTÈLE AND THE MEMBERS OF CLIENTÈLE LIFE WILL RECEIVE FOR EVERY ORDINARY SHARE IN CLIENTÈLE LIFE HELD ON THE RECORD DATE OF THE SCHEME, WHICH IS EXPECTED TO BE FRIDAY, 23 MAY 2008, TEN NEW ORDINARY SHARES IN CLIENTÈLE. FURTHERMORE, CLIENTÈLE LIFE WILL BECOME A WHOLLY OWNED SUBSIDIARY OF CLIENTÈLE AND ITS SHARES WILL BE LISTED ON THE JSE LIMITED ("THE JSE") UNDER THE CODE "CLI" AND ISIN: ZAE..... AND THE SHARES OF CLIENTÈLE LIFE WILL BE DELISTED FROM THE JSE.)

and incorporating

- an explanatory statement in terms of section 312(1) of the Companies Act;
- a scheme of arrangement in terms of section 311 of the Companies Act;
- the Order of Court convening the scheme meeting;
- the notice of scheme meeting;
- a form of proxy for the scheme meeting (white) (for use by certificated shareholders only and dematerialised 'own-name' registered shareholders);
- a form of acceptance, surrender and transfer (pink) (for use by certificated shareholders only);

and including

THE JSE APPROVED PRE-LISTING STATEMENT OF CLIENTÈLE.

**Corporate adviser and sponsor
to Clientèle Life and to Clientèle**

PRICEWATERHOUSECOOPERS 
PricewaterhouseCoopers
Corporate Finance (Pty) Ltd
(Registration number 1970/003711/07)

**Auditors and reporting
accountants to Clientèle Life
and to Clientèle**

PRICEWATERHOUSECOOPERS 
PricewaterhouseCoopers Inc
Chartered Accountants (SA)
Registered Accountants and Auditors
(Registration no 1998/012055/21)

**Attorneys to Clientèle Life,
Clientèle and attorneys to
the scheme**

 **Edward
Nathan
sonnenbergs**
Edward Nathan Sonnenbergs Inc
(Registration number 2006/018200/21)

Date of issue: 4 April 2008

This document is available only in English and copies hereof may be obtained at the relevant addresses indicated on the inside front cover in the section titled "CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE".

CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE**Clientèle Life:****Directors**

G Q Routledge*** (Chairman)
 G J Soll** (Managing Director)
 P J A Cunningham***
 P R Enthoven* (Alternate: A D T Enthoven*)
 B Frodsham**
 I B Hume**
 Dr S D Molapo*
 B W Reekie**

* Non executive

** Executive

*** Independent non executive

Clientèle:**Directors**

G Q Routledge*** (Chairman)
 G J Soll** (Managing Director)
 P J A Cunningham***
 A D T Enthoven*
 B Frodsham**
 I B Hume**
 Dr S D Molapo*
 B W Reekie**

* Non executive

** Executive

*** Independent non executive

Both Clientèle Life and Clientèle**Company secretary and registered office**

W van Zyl
 Clientèle House
 Morningview Office Park
 Corner Rivonia and Alon Roads
 Morningside, 2196
 South Africa
 (PO Box 1316, Rivonia, 2128, South Africa)

Corporate adviser and sponsor

PricewaterhouseCoopers Corporate
 Finance (Pty) Limited
 (Registration number 1970/003711/07)
 2 Eglin Road
 Sunninghill, 2157
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 (Private Bag X36, Sunninghill, 2157, South Africa)

Attorneys to Clientèle Life, Clientèle and the scheme

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 South Africa
 (PO Box 783347, Sandton, 2146, South Africa)

Auditors and reporting accountants

PricewaterhouseCoopers Inc
 Chartered Accountants (SA)
 Registered Accountants and Auditors
 (Registration number 1998/012055/21)
 2 Eglin Road
 Sunninghill 2157
 South Africa
 (Private Bag X36, Sunninghill, 2157, South Africa)

Transfer secretaries

Computershare Investor Services
 (Proprietary) Limited
 (Registration number 2004/003647/07)
 Ground Floor
 70 Marshall Street
 Johannesburg, 2001
 South Africa
 (PO Box 61051, Marshalltown, 2107, South Africa)
(Call Centre phone number: 0861 100 634)

This document is available only in English and copies hereof may be obtained at the respective addresses of the following persons during normal business hours from Friday, 4 April 2008 to the date upon which the scheme is sanctioned by the High Court of South Africa from:

- **the registered office of Clientèle Life and Clientèle;**
- **Edward Nathan Sonnenbergs Inc.;**
- **PricewaterhouseCoopers Corporate Finance (Pty) Limited;**
- **Computershare Investor Services (Proprietary) Limited,**

at the addresses referred to above.

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ACTION REQUIRED BY SHAREHOLDERS

The “DEFINITIONS AND INTERPRETATIONS” contained on pages 7 to 9, where required, have been used in this section titled “ACTION REQUIRED BY SHAREHOLDERS”.

Careful note should be taken of the following provisions regarding the action required to be taken by Clientèle Life shareholders:

- **If you are in any doubt as to what action to take, please consult your CSDP or broker, accountant, attorney, banker or other professional adviser as soon as possible.**
 - **If you have disposed of all of your shares in Clientèle Life, please forward this document to the person to whom you have disposed of such shares or the stockbroker, CSDP, banker or other agent through whom you disposed of such shares.**
 - **A scheme meeting of Clientèle Life shareholders will be held at 09:00 on Wednesday, 30 April 2008 in the boardroom of the Company, Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, South Africa.**
-

1. IF YOU ARE THE BENEFICIAL OWNER OF DEMATERIALISED SHARES, OTHER THAN WITH OWN-NAME REGISTRATION:

1.1 Voting at the scheme meeting

If your CSDP or broker has not contacted you, it would be advisable for you to contact it and furnish it with your instructions as to how you wish to cast your vote at the scheme meeting by the date stipulated in the custody agreement entered into between you and your CSDP or broker.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement that it concluded with you.

You must **not** complete the attached form of proxy (white).

1.2 Attendance and representation at the scheme meeting

If you wish to attend the scheme meeting, you must advise your CSDP or broker accordingly and your CSDP or broker will issue you with the necessary letter of representation required to attend the scheme meeting.

Unless you advise your CSDP or broker, in accordance with the terms of the agreement that it concluded with you, that you wish to attend the scheme meeting and have been provided with a letter of representation from it or instructed it to send its proxy to represent you at the scheme meeting, your CSDP or broker may assume you do not wish to attend the scheme meeting and act in accordance with the custody agreement that it concluded with you.

1.3 Attendance at the Court hearing

You are entitled to attend or be represented by Counsel at the Court hearing for the sanction of the scheme which is expected to be at 09:00 (or as soon as possible thereafter as the matter is heard) on Tuesday, 13 May 2008, in the Court, which is located at the High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets, Johannesburg, South Africa.

If you wish to attend the Court hearing, you must advise your CSDP or broker accordingly and your CSDP or broker will issue you with the necessary letter of representation to attend or be represented at the Court hearing.

Unless you advise your CSDP or broker, in accordance with the terms of the custody agreement that it concluded with you that you wish to attend the Court hearing and you have been provided with a letter of representation, your CSDP or broker may assume you do not wish to attend the Court hearing.

1.4 Surrender of documents of title

Dematerialised shareholders do **not** have to surrender any documents of title.

1.5 Scheme consideration

Upon the scheme becoming operative, discharge of the scheme consideration will be effected to your CSDP or broker and thereafter your account with your CSDP or broker will be credited with the scheme consideration in accordance with the provisions of the custody agreement between you and your CSDP or broker.

2. IF YOU HOLD CERTIFICATED SHARES:

2.1 Voting, attendance and representation at the scheme meeting

You may attend the scheme meeting in person and may vote at the scheme meeting.

Alternatively, you may appoint a proxy to represent you at the scheme meeting by completing the attached form of proxy (white) in accordance with the instructions it contains and by returning it to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) to be received by them by no later than 09:00 on Friday, 25 April 2008. Forms of proxy may also be handed to the chairperson of the scheme meeting up to 10 minutes before the scheme meeting or any adjournment thereof is due to commence.

If more than one proxy is appointed on a single form of proxy, then only one of those proxies (in order of appointment) will be entitled to exercise that proxy. In the case of joint certificated scheme members and joint dematerialised own-name scheme members, the vote of the senior certificated scheme member or senior dematerialised "own-name" scheme member (seniority will be determined by the order in which the names of the joint certificated scheme members or joint dematerialised own-name scheme members stand in Clientèle Life's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote of the other joint certificated scheme member(s) or joint dematerialised "own-name" scheme member(s).

Where there are joint holders of Clientèle Life shares, any one of such persons may vote at the scheme meeting or adjourned meeting in respect of such shares as if they are solely entitled thereto, but if more than one of such joint holders are present or represented at the scheme meeting or adjourned meeting, the person whose name stands first in Clientèle Life's share register in respect of such shares or their proxy, as the case may be, shall alone be entitled to vote in respect thereof.

2.2 Attendance at the Court hearing

You are entitled to attend or be represented by Counsel at the Court hearing for the sanctioning of the scheme which is expected to be at 09:00 on (or as soon thereafter as the matter is heard) on Tuesday, 13 May 2008 in the Court of South Africa, which is located at the High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets, Johannesburg, South Africa.

2.3 Surrender of documents of title

Certificated shareholders who wish to surrender their documents of title in anticipation of the scheme becoming operative, should complete the attached form of acceptance, surrender and transfer (pink) and return it, together with the documents of title for all their scheme shares, to the transfer secretaries at the address specified in the attached form of acceptance, surrender and transfer (pink).

The attention of certificated shareholders is drawn to the fact that if they surrender their document(s) of title in respect of their scheme shares in advance, they will be unable to dematerialise and/or trade in those scheme shares on the JSE from the date of surrender. However, the right to attend and vote at the scheme meeting will remain unaffected. Certificated scheme participants must in any event surrender their documents of title in respect of their scheme shares in order to claim payment of the scheme consideration.

2.4 Scheme consideration

If the scheme becomes operative and if the attached form of acceptance, surrender and transfer (pink) together with the relevant document(s) of title have been properly surrendered to the transfer secretaries:

- by not later than the scheme consideration record date, the scheme consideration will be posted by registered mail to such scheme participants at their risk within five business days of the operative date; or
- after the scheme consideration record date, the scheme consideration will be posted by registered mail to such scheme participants at their risk within five business days of the date of receipt of the form of acceptance, surrender and transfer (pink) together with the relevant document(s) of title by the transfer secretaries.

If the scheme does not become operative, any documents of title surrendered will be returned within five business days after it becomes known that the scheme will not become operative, by registered post, to the registered address of and at the risk of the shareholder concerned.

3. IF YOU HOLD DEMATERIALIZED SHARES, WITH OWN-NAME REGISTRATION PARAGRAPHS 1.4, 1.5, 2.1 AND 2.2 APPLY TO YOU

4. GENERAL

- 4.1** If you wish to record any changes of address or payment mandates with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, you are advised that no such changes will be made unless the transfer secretaries receive the documentation required by them in terms of the Financial Intelligence Act, No. 38 of 2001, as amended, including certified true copies of:
- Identity Document (in respect of changes of address and changes to payment mandates);
 - copy of bank statement (in respect of changes to payment mandates).
- 4.2** If you wish to dematerialise or certificate (re-materialise) your shares, please contact your broker or CSDP. You do not need to dematerialise or re-materialise your shares to receive the scheme consideration.
- 4.3** No dematerialisation or rematerialisation of shares will take place after Friday, 16 May 2008.
- 4.4** Paragraph 3.11 of the explanatory statement deals with the income tax implications of the scheme consideration. Shareholders are nonetheless advised to consult their professional advisers about their personal tax positions regarding the receipt of the scheme consideration.
- 4.5** If documents of title relating to any scheme shares to be surrendered have been lost or destroyed, certificated scheme participants should nevertheless return the attached form of acceptance, surrender and transfer (pink) duly signed and completed to the transfer secretaries at the address referred to on the form of acceptance, surrender and transfer. Clientèle Life or Clientèle may dispense with the need to surrender documents of title upon production of evidence satisfactory to Clientèle Life and Clientèle that the documents of title relating to the scheme shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them.
- 4.6** A shareholder who is not resident in or who has a registered address outside of South Africa, must satisfy itself as to the full observance of the laws of the relevant territory concerning the receipt of the scheme consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Any such shareholder who is in any doubt as to his position should consult a professional adviser.
- 4.7** Shareholders are entitled to inspect documents relevant to the scheme (specified in paragraph 25 of the explanatory statement) until the scheme is sanctioned by the Court.
- 4.8** Clientèle Life does not accept responsibility for and will not be held liable for any failure on the part of a CSDP or broker of a dematerialised shareholder to notify such shareholder of the scheme meeting or of any business to be conducted thereat.

IMPORTANT DATES AND TIMES

The “DEFINITIONS AND INTERPRETATIONS” contained on pages 7 to 9, where required, have been used in this section titled “IMPORTANT DATES AND TIMES”.

Please take note that all of the following dates and times are indicative only and are subject to change. Any changes to the indicated dates and times will be released on SENS and will be published in the press.

2008

Last day to trade shares on the JSE in order to vote at the scheme meeting on	Thursday, 17 April
Voting record date for purposes of being entitled to vote at the scheme meeting on	Thursday, 24 April
Last day for receipt of proxies for the scheme meeting, by 09:00 (see note 3 below) on	Friday, 25 April
Scheme meeting to be held at 09:00 on	Wednesday, 30 April
Results of scheme meeting released on SENS on	Wednesday, 30 April
Results of scheme meeting published in the press on	Friday, 2 May
Court hearing to sanction the scheme on	Tuesday, 13 May
Fulfilment of conditions precedent released on SENS on	Wednesday, 14 May
Fulfilment of conditions precedent published in the press on	Wednesday, 14 May
Expected last day to trade on the JSE for shareholders to be eligible to receive the scheme consideration on	Friday, 16 May
Expected suspension of listing of Clientèle Life shares on the JSE from the commencement of trading on the JSE on	Monday, 19 May
Expected commencement of the listing of the shares of Clientèle on the JSE from the commencement of trading on the JSE on	Monday, 19 May
Expected scheme consideration record date on which shareholders must be recorded in the register in order to receive the scheme consideration on	Friday, 23 May
Expected operative date of the scheme at the commencement of trading on the JSE on	Monday, 26 May
Expected termination of the listing of the shares of Clientèle Life on the JSE from the commencement of trading on the JSE on	Monday, 26 May
Scheme consideration expected to be posted by registered mail to certificated scheme participants (if documents of title are received by the transfer secretaries on or before 12:00 on the scheme consideration record date) on or about	Monday, 26 May

OR

failing receipt of documents of title on or before 12:00 on the scheme consideration record date, within five business days of receipt thereof by the transfer secretaries

Dematerialised scheme participants expected to have their accounts held at their CSDP or broker credited with the scheme consideration on	Monday, 26 May
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Notes:

1. All or any of the above dates and times are subject to change. Any such change will be released on SENS and published in the press.
2. Shareholders are advised that as trading in shares is settled within the Strate environment five business days following a trade, shareholders acquiring shares after Thursday, 24 April 2008 will not be eligible to vote at the scheme meeting.
3. If a form of proxy for the scheme meeting is not received by the time and date shown above, it may be handed to the chairperson of the scheme meeting not less than 10 minutes before the scheduled time for the commencement of the scheme meeting.
4. No dematerialisation or rematerialisation of Clientèle Life share certificates may take place after Friday, 16 May 2008.

DEFINITIONS AND INTERPRETATIONS

Throughout this document, unless otherwise indicated or required by the context, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include others, expressions denoting natural persons include juristic persons and associations of persons and words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, as follows:

“the Board”	the directors of the Company whose names appear under “CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE” on the inside front cover of this document;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day other than a Saturday, Sunday or Gazetted national public holiday in South Africa;
“certificated scheme members”	scheme members who hold certificated shares;
“certificated scheme participants”	scheme participants who hold certificated shares;
“certificated shares”	shares which have not yet been dematerialised and thus title to which is evidenced by paper share certificates or other documents of title;
“Clientèle”	Clientèle Limited (formerly Newshelf 901 (Proprietary) Limited) (Registration number 2007/023806/06), a public company incorporated in South Africa;
“Clientèle Life” or “the Company”	Clientèle Life Assurance Company Limited (Registration number 1973/016606/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
“Clientèle Life group” or “the group”	Clientèle Life and its subsidiary and associated companies;
“Clientèle listing”	subject to the fulfilment of the conditions precedent, the listing under the JSE code “CLI” and the ISIN: ZAE●●●●●● of the shares of Clientèle on the JSE which is expected to take place on Monday, 19 May 2008;
“Code”	the Securities Regulation Code on Take-overs and Mergers established in terms of section 440B of the Companies Act;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“conditions precedent”	the conditions precedent to which the scheme is subject, namely the conditions set out in paragraph 3.5 of the explanatory statement and paragraph 5 of the scheme;
“Court”	the High Court of South Africa (Witwatersrand Local Division), High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets, Johannesburg, South Africa;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act, appointed by an individual shareholder for purposes of the dematerialisation of documents of title and ongoing management thereof;
“dematerialised scheme members”	scheme members who hold dematerialised shares;

“dematerialised scheme participants”	scheme participants who hold dematerialised shares;
“dematerialised shareholders”	shareholders owning dematerialised shares;
“dematerialised shares”	shares no longer evidenced by paper share certificates or other documents of title and which have been incorporated into the Strate system and are held on the register in electronic form in terms of the Securities Services Act;
“this document”	this bound circular to shareholders dated 4 April 2008, incorporating <i>inter alia</i> the explanatory statement (<i>yellow</i>), the scheme (<i>blue</i>), the Order of Court, the notice convening the scheme meeting, the Pre-listing Statement as an annexure, another annexure and various appendices, a form of proxy (<i>white</i>) and a form of acceptance, surrender and transfer (<i>pink</i>);
“documents of title”	share certificates, certified transfer deeds, balance receipts, or any other tangible documents of title evidencing ownership of certificated shares acceptable to Clientèle and Clientèle Life;
“Edward Nathan Sonnenbergs”	Edward Nathan Sonnenbergs Inc (Registration number 2006/018200/21);
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“explanatory statement”	the explanatory statement in terms of section 312(1) of the Companies Act (<i>yellow</i>);
“JSE”	JSE Limited (Registration number 2005/022939/06), a South African incorporated public company and licensed as an exchange under the Securities Services Act;
“last day to trade”	the Friday following the date on which the last of the conditions precedent is fulfilled, which date is expected to be Friday, 16 May 2008;
“last practicable date”	29 February 2008, being the last practicable date on which information was capable of being included in this document prior to its finalisation;
“operative date”	the date on which the scheme becomes operative, expected to be Monday, 26 May 2008, being the first business day following the scheme consideration record date;
“own-name”	own-name dematerialised shareholders recorded as such in the register;
“Pre-listing Statement”	the Pre-listing Statement of Clientèle approved by the JSE and incorporated in this document as Annexure 2;
“PricewaterhouseCoopers Corporate Finance (Pty) Limited”	PricewaterhouseCoopers Corporate Finance (Pty) Limited (Registration number 1970/003711/07);
“register”	the register of certificated shareholders of the Company maintained by the transfer secretaries and the sub-register of dematerialised shareholders of the Company maintained by the relevant CSDP or broker;
“Registrar”	the Registrar of Companies;
“reporting accountants”	PricewaterhouseCoopers Inc, Chartered Accountants (SA), (Registration number 1998/012055/21);
“restricted period”	the period commencing six months prior to and ending on the last practicable date;

“scheme” or “scheme of arrangement”	the scheme of arrangement in terms of section 311 of the Companies Act proposed by Clientèle between Clientèle Life and its shareholders in terms of which Clientèle will acquire the scheme shares in exchange for the scheme consideration;
“scheme consideration”	the consideration payable to each scheme participant, being ten new ordinary shares in Clientèle for every one scheme share held by the scheme participant on the scheme consideration record date;
“scheme consideration record date” or “record date”	the date on which shareholders must be recorded in the register as such in order to receive the scheme consideration, which date is expected to be Friday, 23 May 2008;
“scheme meeting”	the meeting of scheme members to be held in the boardroom of Clientèle Life, Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, South Africa at 09:00 on Wednesday, 30 April 2008, or any adjournment thereof, at which scheme members will consider and vote on the scheme;
“scheme members”	shareholders who are recorded in the register as such at 17:00 on the voting record date and who are thus entitled to attend (in person or represented) and vote at the scheme meeting;
“scheme participants”	shareholders who are recorded in the register as such on the scheme consideration record date and who are thus entitled to participate in the scheme and receive the scheme consideration;
“scheme shares”	32 350 000 shares, namely the entire issued share capital of Clientèle Life, held by scheme participants on the scheme consideration record date;
“Securities Services Act”	the Securities Services Act (Act 36 of 2004), as amended;
“SENS”	Securities Exchange News Service of the JSE;
“shareholders”	holders of shares;
“shares”	ordinary shares having a nominal value of 15 cents each in the share capital of Clientèle Life;
“South Africa”	the Republic of South Africa;
“SRP”	the Securities Regulation Panel established in terms of section 440B of the Companies Act;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa, which is a registered central securities depository in terms of the Securities Services Act;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa); and
“voting record date”	the date on which Clientèle Life shareholders must be recorded in the register as such in order to attend and vote at the scheme meeting, which date is expected to be Thursday, 24 April 2008.

SUMMARY

The “DEFINITIONS AND INTERPRETATIONS” contained on pages 7 to 9, where required, have been used in this section titled “SUMMARY”.

INTRODUCTION

Clientèle Life is a company that conducts long-term insurance business and, as such, operates within clearly defined and regulated parameters. Whereas the Board wishes to pursue opportunities other than those that fall strictly within the field of long-term insurance, particularly in the financial services arena, Clientèle Life does not have sufficient flexibility to do so. The Board considers that it is an opportune time to lever off two highly regarded brands, namely, “Clientèle” and “IFA”, and pursue such opportunities, thus being able to offer alternative but complementary products. Furthermore, combining the efficiencies and distribution know-how to new businesses should add value to the group and its stakeholders.

The Board, together with its external advisers, embarked upon a careful and thorough analysis of the best mechanism to achieve these objectives. The Board considers that these objectives would best be achieved by way of a restructuring by means of the proposed scheme which will entail the utilisation of a new limited liability public company, namely Clientèle, as the new JSE listed holding company of Clientèle Life. There are a variety of benefits that are expected to flow from the implementation of the scheme:

- it will provide the group with flexibility to pursue opportunities that are not strictly related to long-term insurance and thus should not or cannot be pursued in a life company;
- it will facilitate the establishment of a short-term insurance business on a selective basis, an objective that the board of Clientèle Life wishes to pursue. Due to regulatory and other constraints, a subsidiary company holding a licence to conduct short-term insurance business cannot be undertaken within Clientèle Life;
- long-term insurance companies have limited ability to secure debt funding. Additionally, raising capital within Clientèle Life has an impact on capital adequacy requirements and consequently the ability of the company to pay dividends. Implementation of the scheme will assist in alleviating these constraints should the new initiatives require additional capital in due course;
- a long-term insurance company has certain asset spreading requirements that limit its ability to fully reflect the value of its subsidiaries. This will not be a constraining factor following the scheme;
- potential risks that may accompany new business initiatives outside the long term insurance sector can be ring-fenced and will not affect Clientèle Life and its policyholders.

THE SCHEME

Clientèle will propose a scheme of arrangement in terms of section 311 of the Companies Act between Clientèle Life and its shareholders.

The scheme, if implemented, will:

- result in:
 - Clientèle acquiring and holding the entire issued share capital of Clientèle Life and Clientèle Life shareholders receiving, in consideration for their Clientèle Life shares, ten new shares in Clientèle for each one share previously held in Clientèle Life;
 - the listing of the shares of Clientèle Life on the JSE being terminated and the shares of Clientèle being listed on the JSE;
- establish Clientèle as the group’s new holding company and shareholder entry point on the JSE; and
- give Clientèle the flexibility to pursue new business opportunities in existing or newly established subsidiaries.

PURPOSE OF THIS DOCUMENT

The purpose of this document is to provide shareholders with all information pertinent to the scheme in accordance with the requirements of the JSE, the SRP and the Companies Act.

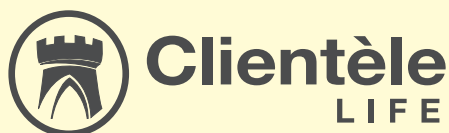
In this regard, and for ease of reference, it should be noted that:

- the EXPLANATORY STATEMENT (yellow) commencing on page 12 of this document explains the reasons for, effects and mechanics of the scheme;
- the SCHEME OF ARRANGEMENT (blue) which is contained in this document commencing on page 31 sets out the formal terms of the scheme;
- financial and other information relating to Clientèle Life and to Clientèle is provided in the Pre-listing Statement incorporated as Annexure 2 of this document;
- a price history of Clientèle Life shares on the JSE is provided in Appendix 10 of the Pre-listing Statement incorporated as Annexure 2 of this document;
- pertinent Exchange Control Regulations are contained in Annexure 1 to this document; and
- the Pre-listing Statement of Clientèle, approved by the JSE, is incorporated as Annexure 2 of this document.

FORMS

The attached:

- form of proxy (white) for purposes of voting on the scheme at the scheme meeting is for the use only by shareholders holding certificated shares and shareholders holding dematerialised shares in own-name; and
- form of acceptance, surrender and transfer (pink) is for the use only of shareholders holding certificated shares who wish to tender their shares in anticipation of the scheme becoming operative.



Clientèle Life Assurance Company Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1973/016606/06)
Share code: CLE ISIN: ZAE000013397

EXPLANATORY STATEMENT in terms of section 312(1)(a)(i) of the Companies Act applicable to the scheme of arrangement proposed by Clientèle between Clientèle Life and its shareholders.

The “DEFINITIONS AND INTERPRETATIONS” contained on pages 7 to 9, where required, have been used in this section titled “EXPLANATORY STATEMENT”.

Directors of Clientèle Life:

G Q Routledge*** (*Chairman*)
G J Soll** (*Managing Director*)
P J A Cunningham***
P R Enthoven* (*Alternate: A D T Enthoven**)
B Frodsham**
I B Hume**
Dr S D Molapo*
B W Reekie**

* Non executive

** Executive

*** Independent non executive

Directors of Clientèle:

G Q Routledge*** (*Chairman*)
G J Soll** (*Managing Director*)
P J A Cunningham***
A D T Enthoven*
B Frodsham**
I B Hume**
Dr S D Molapo*
B W Reekie**

* Non executive

** Executive

*** Independent non executive

PART 1: THE SCHEME INCLUDING THE OBJECTS, RATIONALE AND EFFECTS OF THE SCHEME

1. INTRODUCTION

1.1 Clientèle will propose a scheme of arrangement in terms of section 311 of the Companies Act between Clientèle Life and its shareholders. If the scheme becomes operative:

1.1.1 Clientèle Life shareholders will be deemed to have sold their Clientèle Life shares to Clientèle in exchange for which they will receive ten new Clientèle shares for every Clientèle Life share previously held;

1.1.2 the shares in the capital of Clientèle will be listed on the JSE whilst the listing of the shares in Clientèle Life will be terminated.

1.2 Subject to the scheme becoming operative, the JSE has agreed to:

1.2.1 suspend the listing of Clientèle Life from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;

1.2.2 list the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;

1.2.3 terminate the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

- 1.3** This explanatory statement sets out the rationale for and terms and effects of the scheme, provides information in compliance with the Companies Act, the SRP and the Listings Requirements of the JSE, provides shareholders with information concerning the requirements for voting at the scheme meeting and, in the case of certificated scheme participants, provides information as to the means by which they may surrender their documents of title.
- 1.4** This explanatory statement does not constitute the scheme itself and is not a substitute for a full and careful consideration of the terms of the scheme which is embodied in this circular (blue) and commences on page 31.

2. OBJECT OF AND RATIONALE FOR THE SCHEME

- 2.1** Clientèle Life is a company that conducts long-term insurance business and, as such, operates within clearly defined and regulated parameters. Whereas the Board wishes to pursue opportunities other than those that fall strictly within the field of long-term insurance, particularly in the financial services arena, Clientèle Life does not have sufficient flexibility to do so. The Board considers that it is an opportune time to lever off two highly regarded brands, namely, “Clientèle” and “IFA”, and pursue such opportunities, thus being able to offer alternative but complementary products. Furthermore, combining the efficiencies and distribution know-how to new businesses should add value to the group and its stakeholders.
- 2.2** The Board, together with its external advisers, embarked upon a careful and thorough analysis of the best mechanism to achieve these objectives. The Board considers that these objectives would best be achieved by way of a restructuring by means of the proposed scheme which will entail the utilisation of a new limited liability public company, namely Clientèle, as the new JSE listed holding company of Clientèle Life. There are a variety of benefits that are expected to flow from the implementation of the scheme:
- it will provide the group with flexibility to pursue opportunities that are not strictly related to long-term insurance and thus should not or cannot be pursued in a life company;
 - it will facilitate the establishment of a short-term insurance business on a selective basis, an objective that the board of Clientèle Life wishes to pursue. Due to regulatory and other constraints, a subsidiary company holding a licence to conduct short-term insurance business cannot be undertaken within Clientèle Life;
 - long-term insurance companies have limited ability to secure debt funding. Additionally, raising capital within Clientèle Life has an impact on capital adequacy requirements and consequently the ability of the company to pay dividends. Implementation of the scheme will assist in alleviating these constraints should the new initiatives require additional capital in due course;
 - a long-term insurance company has certain asset spreading requirements that limit its ability to fully reflect the value of its subsidiaries. This will not be a constraining factor following the scheme;
 - potential risks that may accompany new business initiatives outside the long term insurance sector can be ring-fenced and will not affect Clientèle Life and its policyholders.
- 2.3** The scheme therefore constitutes Clientèle as the beneficial owner of the issued share capital of Clientèle Life on the basis that shareholders will, upon the scheme becoming operative, hold shares in Clientèle.
- 2.4** Accordingly, upon the scheme being implemented:
- 2.4.1** Clientèle will beneficially own 100% of the issued share capital of Clientèle Life. So as to comply with the requirements of the Companies Act relating to public companies, six of those shares will be registered in the names of six nominees of Clientèle, each of whom will execute a declaration of trust in favour of Clientèle in terms of which:
- it will undertake not to sell, transfer or dispose of or pledge or encumber, or in any way whatsoever deal in, such Clientèle shares;
 - it will undertake to vote its shares as directed by Clientèle;

- 2.4.2** scheme participants, namely shareholders who are recorded in the register as such on the scheme consideration record date, expected to be Friday, 23 May 2008, will own the entire issued share capital of Clientèle in the same proportions, as between themselves, as they previously owned the shares in the capital of Clientèle Life. However, for every one Clientèle Life share previously held, a scheme participant will hold ten Clientèle shares.
- 2.5** Should Clientèle wish to pursue new business opportunities, it will be in a position to do so through existing or new subsidiary companies.
- 2.6** For the purposes of its formation, Clientèle was incorporated with one subscriber to its memorandum. As at the operative date of the scheme, that subscriber will hold 400 ordinary shares in the capital of Clientèle. On the operative date, those shares will be bought back by Clientèle in terms of section 85 of the Companies Act for R6,00, being the aggregate par value thereof. Details relating to the share capital of Clientèle are set out in paragraph 5.2 below.

Full and complete information on Clientèle and its subsidiaries is contained in the Pre-listing Statement incorporated in this document as Annexure 2.

3 THE SCHEME

3.1 Mechanics of the scheme

- 3.1.1** The full text of the scheme is set out on blue pages 31 to 41 of this document.
- 3.1.2** Subject to the fulfilment of the conditions precedent, with effect from the commencement of business on the date upon which the scheme becomes operative, shareholders recorded in the register as such on the scheme consideration record date, namely scheme participants, which is expected to be Friday, 23 May 2008, will be deemed to have:
- 3.1.2.1 disposed of their shares in the capital of Clientèle Life to Clientèle which will be deemed to have acquired ownership thereof in exchange for the delivery by Clientèle to Clientèle Life of the scheme consideration, namely ten new ordinary shares in Clientèle for every one scheme share held;
 - 3.1.2.2 agreed with Clientèle Life and Clientèle that all risk and benefit in and to their scheme shares will pass to Clientèle with effect on and as from the commencement of business on the operative date;
 - 3.1.2.3 authorised Clientèle Life to cause the scheme shares to be transferred to and recorded in the register in the name of Clientèle (and, in the case of six Clientèle Life shares, six nominees of Clientèle) on the operative date;
 - 3.1.2.4 authorised Clientèle Life, as principal but with the authority to appoint agents, to collect from Clientèle the scheme consideration for delivery to the scheme participants;
 - 3.1.2.5 authorised Clientèle Life to procure that the transfer secretaries on its behalf receive surrender of the certificated scheme participants' documents of title; and
 - 3.1.2.6 elected, jointly with Clientèle, that the provisions of section 42 of the Income Tax Act, No. 58 of 1962, will apply to the disposal of their shares in the capital of Clientèle Life to Clientèle pursuant to the implementation of the scheme.
- 3.1.3** Should the scheme become operative, scheme participants will, subject to any relevant Exchange Control Regulations, be entitled to receive, from Clientèle Life only, the scheme consideration.
- 3.1.4** Clientèle will deliver the scheme consideration to Clientèle Life, as principal, on the operative date of the scheme. Thus, settlement of the scheme consideration due to the scheme participants will be effected exclusively by Clientèle Life as principal.
- 3.1.5** Subject to the scheme becoming operative:
- 3.1.5.1 and against the surrender by certificated scheme participants of their documents of title in respect of their scheme shares, the scheme consideration will be delivered by or on behalf of Clientèle Life to the scheme participants concerned in terms of paragraph 3.2 below;

- 3.1.5.2 dematerialised scheme participants will have their holdings transferred and the scheme consideration credited to them in terms of the custody agreement entered into between the dematerialised scheme participants and their CSDPs or brokers in terms of paragraph 3.2 below.
- 3.1.6** Delivery by Clientèle of the scheme consideration to Clientèle Life, as principal, will be the sole and exclusive manner of discharge by Clientèle of its obligations to discharge the scheme consideration.
- 3.1.7** The rights of scheme participants to receive the scheme consideration will be rights enforceable by them against Clientèle Life only. Scheme participants will, in turn, be entitled to require Clientèle Life to enforce its rights in terms of the scheme against Clientèle.
- 3.1.8** Clientèle Life undertakes in favour of scheme participants to enforce all its rights in terms of the scheme against Clientèle.
- 3.1.9** The effect of the scheme will be that Clientèle will, on and with effect from the commencement of business on the operative date, become:
- 3.1.9.1 the beneficial owner of the entire issued share capital of Clientèle Life;
- 3.1.9.2 the registered holder of the entire issued share capital of Clientèle Life, save for six shares, which latter shares will be recorded in the register in the names of six nominees of Clientèle (with each such nominee thus being the registered holder of one Clientèle Life share) on the bases that:
- the nominees will have no right to sell, transfer, dispose of, encumber or otherwise deal in the Clientèle Life shares registered in their names;
 - the nominees will be obliged to vote their Clientèle Life shares as directed by Clientèle;
 - the nominees will have no economic rights for or to such Clientèle Life shares, with each nominee being obliged in this regard, prior to the registration of the Clientèle Life share in its name, to execute in favour of Clientèle a declaration of trust giving effect to the foregoing on terms determined by Clientèle.
- 3.1.10** Scheme participants are referred to paragraph 3.2 below which set out in detail the bases on and the manner in which the scheme consideration will be made available to them.
- 3.1.11** With effect from the operative date, the transfer secretaries and each and every director of Clientèle Life for this purpose, and any other person nominated by Clientèle Life, will be irrevocably deemed to be the attorney and agent, *in rem suam* of all scheme participants to implement the transfer and to sign any instrument of transfer in respect thereof or any other documents required to implement the scheme and to take all steps necessary to procure electronic delivery of shares which have been dematerialised.
- 3.1.12** Documents of title held by certificated scheme participants in respect of their scheme shares will cease to be of any value from the operative date, other than for surrender in terms of paragraph 3.3 below.
- 3.1.13** The electronic record held by the CSDP or broker for dematerialised scheme participants will be withdrawn on the operative date.
- 3.1.14** Subject to the scheme becoming operative, the JSE has agreed to:
- 3.1.14.1 suspend the listing of the shares of Clientèle Life from the commencement of trade on Monday, 19 May 2008;
- 3.1.14.2 list the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008; and
- 3.1.14.3 terminate the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

3.2 Scheme consideration and settlement

- 3.2.1** Provided that certificated scheme participants surrender their documents of title in the manner prescribed by paragraph 3.3 below they will, subject to Exchange Control Regulations (to the extent applicable) be entitled to receive the scheme consideration, being ten new Clientèle shares for each scheme share held on the record date.
- 3.2.2** The scheme consideration will be posted by registered post to certificated scheme participants at their risk on the operative date if such certificated scheme participants' documents of title are surrendered so as to be received by the transfer secretaries by no later than the scheme consideration record date or, if such scheme participants' documents of title are received by the transfer secretaries only after this date, within five business days of the later of the operative date and the receipt thereof by the transfer secretaries.
- 3.2.3** Dematerialised scheme participants will have the scheme consideration credited to them in terms of the custody agreement entered into between the dematerialised scheme participants and their CSDPs or brokers.
- 3.2.4** If the scheme consideration is not discharged because the relevant documents of title have not been surrendered or for any other reason whatsoever, the scheme consideration will be held in trust by Clientèle Life, or a suitable party nominated by Clientèle Life, until it is capable of being discharged or it is claimed.
- 3.2.5** Where on or subsequent to the operative date, a person who was not a registered holder of scheme shares on the record date tenders to the transfer secretaries document(s) of title together with a form of transfer purporting to have been executed by or on behalf of the registered holder of such shares as at the operative date and provided that the scheme consideration shall not already have been posted by registered post, the transfer shall be accepted by Clientèle Life as if it were a valid transfer to such person, prior to the record date, of the scheme shares concerned. The scheme consideration will be posted by registered post at such person's risk within five business days of such tender subject to proof satisfactory to Clientèle Life and Clientèle as to the payment of any transfer duty or marketable securities tax payable and provided that Clientèle Life and Clientèle are, if so required by either of them, given an indemnity on terms acceptable to them in respect of such consideration.
- 3.2.6** The scheme consideration to which any scheme participant becomes entitled in terms of the scheme will be discharged in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Clientèle or Clientèle Life may be entitled.

3.3 Surrender of documents of title

- 3.3.1** Certificated scheme participants shall, subject to the scheme becoming operative, be entitled to receive the scheme consideration only once they have surrendered their documents of title.
- 3.3.2** A certificated scheme participant who wishes to expedite receipt of the scheme consideration by surrendering his document(s) of title in anticipation of the scheme becoming operative, expected to be Monday, 26 May 2008, should complete the attached form of acceptance, surrender and transfer (pink) and return it, together with the document(s) of title relating to the scheme shares, to the relevant transfer secretaries so as to be received by them by no later than 12:00 on the record date.
- 3.3.3** No receipt will be issued for documents of title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.
- 3.3.4** Documents of title surrendered by certificated scheme participants prior to 12:00 on the record date in anticipation of the scheme becoming operative will be held in trust by the transfer secretaries pending the scheme becoming operative. In the event of the scheme not becoming operative for any reason whatsoever, the transfer secretaries will, within five business days of the date upon which it becomes known that the scheme will

not become operative, return the document of title to the Clientèle Life shareholders by registered mail, at the risk of such Clientèle Life shareholders, to the relevant addresses reflected on the form of acceptance, surrender and transfer, or if no address is indicated on the form of acceptance, surrender and transfer to the relevant address recorded in the register of members of Clientèle Life.

3.3.5 If a scheme participant produces evidence to the satisfaction of Clientèle Life that document(s) of title in respect of scheme shares have been lost or destroyed, surrender of such document(s) of title may be waived, provided that Clientèle Life and Clientèle is, if so required by either of them, given an indemnity on terms acceptable to them in respect of such document(s) of title.

3.3.6 Dematerialised scheme participants do not have to surrender any documents of title.

3.3.7 A circular setting out the results of the scheme and containing a further former of surrender will be sent to scheme participants subsequent to the operative date.

3.4 The operative date

The operative date of the scheme is expected to be the first business day following the scheme consideration record date, which date is expected to be Monday, 26 May 2008.

3.5 Conditions precedent

The implementation of the scheme on the operative date is subject to the fulfilment of the following conditions precedent:

3.5.1 the scheme being approved by a majority representing not less than three-fourths of the votes exercisable by the scheme members present and voting, either in person or by proxy, at the scheme meeting;

3.5.2 the Court sanctioning the scheme;

3.5.3 a certified copy of the Order of Court sanctioning the scheme being registered by the Registrar;

3.5.4 the Registrar of Insurance approving the implementation of the scheme; and

3.5.5 all other legal and necessary regulatory approvals and consents to the implementation of the scheme being obtained.

The above conditions precedent are to be fulfilled by no later than 30 June 2008 unless such date is extended by Clientèle Life and Clientèle by written agreement in which case the extended date will be released on SENS and be published in the South African press.

3.6 Undertakings by Clientèle Life and Clientèle

3.6.1 Clientèle Life and Clientèle agree that, upon the scheme becoming operative, they will give effect to the terms and conditions of the scheme insofar as they apply to them, respectively, and they will sign and procure the signing of all documents and carry out and procure the carrying out of all acts which are necessary to give effect to the scheme.

3.6.2 An agreement has been concluded between Clientèle and Clientèle Life in writing in terms of which, inter alia:

3.6.2.1 the terms of the agreement contemplated by paragraph 3.6.1 are recorded;

3.6.2.2 the effective "transfer" of the Clientèle Life Share Appreciation Rights Scheme from Clientèle Life to Clientèle is approved. In this regard the attention of shareholders is drawn to paragraph 3.9 below.

The agreement will be available for inspection as provided for in paragraph 25 below.

3.7 Statutory requirements of the scheme and Court hearing

3.7.1 The scheme meeting

- 3.7.1.1 The scheme will be put to a vote at the scheme meeting to be held in the boardroom of Clientèle Life, Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, South Africa at 09:00 on Wednesday, 30 April 2008.
- 3.7.1.2 Section 311 of the Companies Act requires the approval of the scheme by a majority representing not less than three-fourths of the votes exercisable by scheme members who are present and voting either in person or by proxy at the scheme meeting.
- 3.7.1.3 Each certificated scheme member or dematerialised scheme member who is recorded in the register on the voting record date can, subject to paragraph 3.7.1.6 below, attend, speak and vote, or abstain from voting at the scheme meeting in person or provide a proxy to someone else (including the chairperson of the scheme meeting) to represent such scheme member at the scheme meeting.
- 3.7.1.4 Duly completed proxy forms (white) must be received by the transfer secretaries by no later than 09:00 on Friday, 25 April 2008. Forms of proxy may also be handed to the chairperson of the scheme meeting up to (but not after) 10 minutes before the scheduled time for the commencement of the scheme meeting.
- 3.7.1.5 Certificated scheme members and dematerialised scheme members with “own-name” registration who do not wish to support the scheme, may nevertheless take part in and attend the scheme meeting in order to convey their point of view.
- 3.7.1.6 Dematerialised scheme members who do not own shares in “own-name”, may give their voting instructions to their CSDPs or brokers, if they wish to vote at the scheme meeting. If a dematerialised scheme member not owning shares in own-name wishes to attend the scheme meeting or send a proxy to represent him thereat, he must arrange with his CSDP or broker to give the dematerialised scheme member or his proxy a letter of representation in writing to so attend.

3.7.2 Court hearing

- 3.7.2.1 Subject to the scheme being approved by the requisite majority at the scheme meeting, application will be made to Court to sanction the scheme at 09:00, or so soon thereafter as the matter may be heard, on Tuesday, 13 May 2008. Shareholders are entitled to attend at Court in person or represented by Counsel and to be heard concerning any objections they may have to the scheme.
- 3.7.2.2 If the Court sanctions the scheme, the Order of Court sanctioning the scheme will be lodged with the Registrar for registration. Upon registration of the Order of Court, the scheme will become binding on all scheme participants, including those who may have voted against it.

3.8 Beneficial owners of dematerialised shares

3.8.1 In terms of the Listings Requirements of the JSE and the CSDP Rules, this document is being sent to all those beneficial owners notified to the Company by the CSDPs or brokers.

3.8.2 Any beneficial owner must contact his CSDP or broker if that owner wishes to:

- 3.8.2.1 attend the scheme meeting or be represented thereat, whereupon that owner will be provided with the letter of representation to attend the scheme meeting or be represented thereat by proxy; or
- 3.8.2.2 attend or be represented by Counsel at the Court hearing for the sanction of the scheme, whereupon that owner will be provided with the necessary letter of representation and confirmation of that owner’s interest in the relevant dematerialised shares, all of which shall be conducted in accordance with the provisions of the custody agreement between that owner and his CSDP or broker.

3.8.3 Beneficial owners of dematerialised shares will receive from their CSDP or broker, in accordance with the custody agreement between each such beneficial owner and his CSDP or broker, the scheme consideration attributable to the dematerialised shares held by the CSDP or broker on behalf of that beneficial owner.

3.9 The Clientèle Share Appreciation Rights Scheme

3.9.1 The Clientèle Life Share Appreciation Rights Scheme (“the SAR Scheme”) was adopted by the shareholders of Clientèle Life in general meeting on Tuesday, 23 January 2007 to incentivise both employees of Clientèle Life and Independent Field Advertisers (“IFAs”).

3.9.2 In summary:

3.9.2.1 employees and IFAs are from time to time invited to participate in the SAR Scheme;

3.9.2.2 upon being invited to participate, and participating, in the SAR Scheme, a participant is allocated certain share appreciation rights (“SARs”). The participant will be entitled to exercise those rights over a staggered period of time. Upon exercise of the SARs, the rights will be settled, in the discretion of the directors of Clientèle Life, either:

- by means of the allotment and issue of new shares in Clientèle Life to the participants concerned; or
- by purchasing Clientèle Life shares and delivering them to the participant; or
- by way of a cash payment; or
- by way of a combination of the foregoing methods,

based essentially on the difference in the JSE market price of Clientèle Life shares as at the date on which the participant acquired the SARs and the date of the exercise thereof.

3.9.3 Clause 11 of the SAR Scheme in effect provides that if control of Clientèle Life passes to another person as a result of a take-over or reconstruction or amalgamation which makes provision for participants to participate in SARs in respect of shares in such other company, on terms which are in the opinion of the Experts (being one of the big four auditing firms appointed by the Board who, in making their determination, will act as experts and not as arbitrators and whose decision will be final and binding) no less favourable than the then existing terms, the participants will participate in the new SARs in respect of shares in such other company on such terms in lieu of the then existing SARs.

3.9.4 Upon the scheme becoming operative therefore, the rights and obligations of Clientèle Life under the SAR Scheme will in terms of clause 11 of the SAR Scheme be assigned in favour of Clientèle, such that:

3.9.4.1 the SAR Scheme will effectively become a Clientèle scheme rather than a Clientèle Life scheme;

3.9.4.2 participants will, insofar as they receive shares in settlement of their SARs, receive the appropriate number of Clientèle shares rather than Clientèle Life shares; and

3.9.4.3 generally all references to Clientèle Life in the SAR Scheme will with effect from the operative date be references to Clientèle.

3.10 Exchange Control Regulations

Shareholders are referred to paragraph 9 of the scheme and to Annexure 1 of this document regarding the treatment of the scheme consideration in terms of the Exchange Control Regulations.

3.11 Tax

3.11.1 If the scheme is sanctioned by the Court and is implemented, scheme participants will be deemed to have elected that the provisions of Section 42 of the Income Tax Act, No. 58 of 1962 (“the Income Tax Act”) will apply to the disposal of their scheme shares.

- 3.11.2** Such disposal will accordingly not result in a taxable gain in the hands of scheme participants since the provisions of Section 42(2) of the Income Tax Act deem scheme participants to have disposed of their Clientèle Life shares for proceeds equal to:
- 3.11.2.1 the base cost of the scheme shares in the event that the shares are held as a capital asset; or
 - 3.11.2.2 the amount taken into account in respect of the scheme shares in terms of Sections 11(a), 22(1) or 22(2) of the Income Tax Act if the shares are held as trading stock.
- 3.11.3** The shares in the capital of Clientèle received by scheme participants in consideration for their scheme shares (namely the scheme consideration) will be deemed to have been acquired on the original date on which the scheme participants acquired their Clientèle Life shares.
- 3.11.4** If the shares in Clientèle received by Scheme Participants in terms of the Scheme:
- 3.11.4.1 are acquired as a capital asset, the base cost of those shares will be determined by regarding the expenditure that the scheme participants incurred in respect of their Clientèle Life shares that is allowable in terms of paragraph 20 of the Eighth Schedule of the Income Tax Act, or was taken into account in terms of Sections 11(a), 22(1) or 22(2) of the Income Tax Act, as the expenditure actually incurred in respect of the new Clientèle shares received for purposes of paragraph 20 of the Eighth Schedule of the Income Tax Act;
 - 3.11.4.2 are acquired as trading stock, the amount that the scheme participants will take into account for purposes of Sections 11(a), 22(1) or 22(2), will be equal to:
 - 3.11.4.2.1 the allowable expenditure in respect of the Clientèle Life shares as determined in accordance with the provisions of paragraph 20 of the Eighth Schedule of the Income Tax Act where the shares in Clientèle Life were previously held as a capital asset; or
 - 3.11.4.2.2 the amount taken into account in terms of Sections 11(a), 22(1) or 22(2), in circumstances where the shares in Clientèle Life were previously held as trading stock.

3.12 Instructions and authorities

- 3.12.1** Clientèle Life shall be entitled to accept and act on all documents relating to the status and capacity of any scheme participant and shall be empowered to act on behalf of any scheme participant as deemed appropriate as if such documents had been registered with Clientèle Life.
- 3.12.2** Each mandate and instruction in regard to the scheme shares recorded with Clientèle Life at the record date for the scheme will be deemed, unless and until revoked, to be a mandate and instruction to Clientèle Life in respect of any rights accruing in respect of the scheme.

3.13 Applicable laws

- 3.13.1** The scheme shall be governed by the laws of South Africa only and is not to be construed as an offer in any other area or jurisdiction where it is unlawful to make or accept such an offer. To the extent that the scheme information is sent to any other jurisdiction, it is sent for information purposes only. Each scheme participant shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the Court in relation to all matters arising out of or in connection with the scheme.
- 3.13.2** The scheme, in respect of persons resident in jurisdictions outside South Africa, may be affected by laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith. In particular, but without limitation to the generality of paragraph 3.13.1 above or this paragraph 3.13.2:

- 3.13.2.1 such persons must satisfy themselves as to the full observance of such laws, including the obtaining of any governmental, exchange control or other consents which may be required or compliance with any other necessary formalities which are required to be observed and the payment of any transfer or other taxes due in such jurisdictions;
- 3.13.2.2 persons wishing to surrender documents of title should not use the mail of any of the affected jurisdictions or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to the scheme. Envelopes containing forms of acceptance, surrender and transfer or other documents relating to the scheme should not be postmarked in any of the affected jurisdictions or otherwise dispatched from any of the affected jurisdictions and all scheme participants must provide addresses outside any of the affected jurisdictions for the receipt of the consideration to which they are entitled under the scheme.

3.14 General

- 3.14.1** Subject to the written consent of Clientèle, the Clientèle Life Board may consent (subject to the approvals of the SRP and the JSE):
 - 3.14.1.1 before or at the scheme meeting, to any amendment, variation or modification of the scheme; or
 - 3.14.1.2 after the scheme meeting, to any amendment, variation or modification which the Court may think fit to approve or impose,provided that no amendment, variation or modification made after the scheme meeting may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme.
- 3.14.2** A certificate signed by at least one director of Clientèle Life and one director of Clientèle stating that, in their opinion, all of the conditions precedent have been fulfilled and/or waived and that the scheme has become operative shall be binding on Clientèle, Clientèle Life and the scheme participants.
- 3.14.3** Clientèle Life will be entitled, and will have the authority on behalf of itself and each scheme participant, to authorise any person nominated by it to sign all documents required to carry the scheme into effect, including but not limited to forms of proxy, changes of address and cessions of rights to dividends and other entitlements from Clientèle Life.
- 3.14.4** The scheme will be binding on all scheme participants, even those who voted against it and those in any affected jurisdictions, once the copy of the Order of Court has been registered by the Registrar in terms of the Companies Act, subject to fulfilment of all of the conditions precedent.
- 3.14.5** Subject to the provisions of paragraph 3.14.1 above, all times and dates referred to in the scheme are subject to change by written agreement between Clientèle Life and Clientèle. Any such change will be released on SENS and be published in the press.
- 3.14.6** A certified copy of the Order of Court sanctioning the scheme will be lodged for registration with the Registrar in terms of the Companies Act.

EXPLANATORY STATEMENT

PART 2 – INFORMATION MATERIAL TO VALUE in terms of Section 312(1)(a)(ii) of the Companies Act

4. INFORMATION RELATING TO CLIENTÈLE LIFE

4.1 General information

Clientèle Life, a registered life assurer, markets and distributes life assurance and related products throughout South Africa. Comprehensive information on Clientèle Life is contained in the Pre-listing Statement included in this document as Annexure 2.

4.2 Financial information

4.2.1 Key statistics relating to the financial position and profit of the Clientèle Life group for the six months ended 31 December 2007 as derived from the published summarised group results in respect thereof are as follows:

Financial position	31 December 2007	31 December 2006	Percentage change
Total assets (R'm)	1 277,07	1 104,71	15,6
Net asset value per share (cents)	430,81	300,57	43,3
Embedded value per share (cents)	3 262,20	2 414,72	35,1
Operating results			
Net premium income (R'm)	378,89	284,92	32,9
Pre-tax profit (R'm)	104,22	80,29	29,8
Taxation (R'm)	39,70	29,56	34,3
Net profit attributable to ordinary shareholders (R'm)	64,52	50,72	27,1
Earnings per share (cents)	199,45	156,89	27,1
Headline earnings per share (cents)	199,45	156,89	27,1

4.2.2 Detailed historical financial information on Clientèle Life is provided in Appendix 1 of the Pre-listing Statement contained as Annexure 2 of this document.

4.2.3 A price history of the shares of Clientèle Life on the JSE is provided in Appendix 10 of the Pre-listing Statement contained as Annexure 2 of this document.

4.3 Share capital

As at the last practicable date, the authorised and issued share capital of Clientèle Life is as follows:

	R
<i>Authorised</i>	
40 000 000 ordinary shares of 15 cents each	6 000 000
10 variable rate redeemable cumulative preference shares of 100 cents each	10
30 cumulative redeemable preference shares of 100 cents each	30
	6 000 040
<i>Issued</i>	
32 350 000 ordinary shares of 15 cents each	4 852 500

5. INFORMATION RELATING TO CLIENTÈLE**5.1 General information**

Clientèle was incorporated in Pretoria, South Africa under the name of Newshelf 901 (Proprietary) Limited on 23 August 2007. With effect from 25 January 2008, the Company converted into a limited liability public company and its name changed to Clientèle Limited.

Upon the scheme becoming operative, the shares of Clientèle will be listed on the JSE and it will be the holding company of Clientèle Life. Upon the scheme becoming operative, the scheme participants will hold shares in Clientèle in the same proportion in which they held shares in Clientèle Life.

Detailed information on Clientèle is provided in the Pre-listing Statement contained as Annexure 2 of this document.

5.2 Financial information and share capital

Being recently incorporated, Clientèle has no former trading history. The historical financial information of Clientèle and report thereon of PricewaterhouseCoopers Inc, the auditors and reporting accountants, are contained, respectively, in Appendix 2 and Appendix 3 of the Pre-listing Statement contained as Annexure 2 of this document.

Changes to share capital of Clientèle since incorporation on 23 August 2007, are dealt with in paragraph 15.1 of the Pre-listing Statement.

Prior to implementation of the scheme, the authorised and issued share capital of Clientèle is as follows:

	R
<i>Authorised</i>	
750 000 000 ordinary shares of 2 cents each	15 000 000
<i>Issued</i>	
50 ordinary shares of 2 cents each	1

Post implementation of the scheme, the authorised and issued share capital of Clientèle will be as follows:

	R
<i>Authorised</i>	
750 000 000 ordinary shares of 2 cents each	15 000 000
<i>Issued</i>	
323 500 000 ordinary shares of 2 cents each	6 470 000

5.3 Pre-listing Statement of Clientèle

The Pre-listing Statement of Clientèle, as approved by the JSE, is contained as Annexure 2 of this document. As required by the Listings Requirements of the JSE, the Pre-listing Statement has been prepared on the basis of the scheme having been implemented.

6. FINANCIAL EFFECTS OF THE SCHEME

The following unaudited *pro forma* financial effects, which have been prepared by and are the responsibility of the Board, are presented for illustrative purposes only to show the effects of the restructuring and because of their nature, may not give a fair reflection of the Company's financial position or the effect of future earnings.

The report of PricewaterhouseCoopers Inc, the reporting accountants, on the unaudited *pro forma* financial effects is provided in Appendix 5 of the Pre-listing Statement.

	Before (before scheme and <i>de facto</i> sub division) ⁽⁵⁾	After (after scheme and <i>de facto</i> sub division) ⁽⁵⁾	% Percentage change
Market value per share (cents)	8 400 ⁽²⁾	840 ⁽³⁾	N/A
Embedded value per share (cents)*	3 262,20 ⁽¹⁾	324,67 ⁽⁴⁾	(0,5)
Headline earnings per share (cents)	199,45 ⁽¹⁾	18,40 ⁽⁴⁾	(7,7)
Earnings per share (cents)	199,45 ⁽¹⁾	18,40 ⁽⁴⁾	(7,7)
Net asset value per share (cents)	430,81 ⁽¹⁾	41,54 ⁽⁴⁾	(3,6)
Net tangible asset value per share (cents)	430,81 ⁽¹⁾	41,54 ⁽⁴⁾	(3,6)

*Shareholders are referred to the definition of 'embedded value' contained in the 'Definitions and Interpretations' section of the Pre-listing Statement.

Notes:

1. Extracted from the published summarised unaudited group results of Clientèle Life for the six months ended 31 December 2007.
2. The price of the shares of Clientèle Life on the JSE at the close of trading on the JSE on the last practicable date, namely, 29 February 2008.
3. Taking account of the *de facto* sub division referred to in note 5 below and the price of Clientèle Life shares at the close of trading on the JSE at the last practicable date, the illustrative share price (all other things being equal) at which the shares of Clientèle could be expected to commence trading on the JSE assuming that the listing of the shares of Clientèle was to take place too on the last practicable date.
4. Following the illustrative *de facto* sub division of Clientèle Life shares referred to in note 5 below and expensing of estimated restructuring costs.
5. Subject to implementation of the scheme and in terms thereof, shareholders of Clientèle Life will effectively have exchanged their shares in Clientèle Life for new shares in Clientèle in the ratio of ten new Clientèle shares for every one Clientèle Life share previously held. Their shares in Clientèle Life will have been subjected to a *de facto* sub division. Clientèle Life shareholders will thus retain proportionately the same percentage interest in Clientèle as they did in Clientèle Life.

One effect of the *de facto* sub division is that the JSE market price of a Clientèle share *ceteris paribus* can be expected to trade at one-tenth of the last recorded price of a Clientèle Life share prior to the suspension of the listing of the shares of Clientèle Life on the JSE, expected to take place at the commencement of trading on the JSE on Monday, 19 May 2008.

7. INCOME TAX IMPLICATIONS

Shareholders of Clientèle Life are referred to paragraph 3.11 of the Explanatory Statement section for full details of the implications of receiving the scheme consideration.

8. COSTS OF THE SCHEME

The costs of and incidental to the scheme incurred by the group in complying with all statutory obligations and undertakings in terms of the scheme, together with fees payable to advisers will be paid for by Clientèle. As at the last practicable date, the fee expense has been estimated at R5,0 million. The expenses will be paid for out of cash resources.

9. OPINIONS AND RECOMMENDATIONS

- 9.1** The directors of Clientèle Life have considered the terms of the scheme and are of the unanimous opinion that terms and conditions of the proposed scheme are fair and reasonable to all scheme members. Those directors of Clientèle Life who own shares in their own right intend to vote such shares in favour of the proposed scheme at the scheme meeting. Accordingly, the Board, having disclosed their interests, recommends that scheme members vote in favour of the scheme at the scheme meeting.

- 9.2** The scheme is an “affected transaction” as defined by the Rules of the SRP. However, as the substance of the scheme is to facilitate the restructuring of Clientèle Life by shareholders in effect simply “exchanging” their shares in Clientèle Life for shares in Clientèle, dispensation from the need to appoint an independent financial adviser to advise the Board on whether the terms and conditions of the proposed scheme are fair and reasonable to scheme members has been sought and obtained from the SRP.

EXPLANATORY STATEMENT

PART 3 – STATEMENTS OF INTEREST in terms of Section 312(1)(a)(iii) of the Companies Act

10. THE INTERESTS OF CLIENTÈLE LIFE AND ITS DIRECTORS

10.1 At the last practicable date, Clientèle Life held no shares in Clientèle.

10.2 At the last practicable date, the directors of Clientèle Life held the following interests in Clientèle Life shares:

Director	Direct beneficial	Indirect beneficial	Associates	Total
G Q Routledge (<i>Chairman</i>)	30 000	180 551	180 551 ¹	391 102
G J Soll (<i>Managing director</i>)	520 000	–	563 164 ²	1 083 164
P J A Cunningham	–	–	–	–
A D T Enthoven	–	–	–	–
P R Enthoven	–	–	–	–
B Frodsham	20 000	–	129 492 ³	149 492
I B Hume	–	–	262 802 ⁴	262 802
S D Molapo	–	–	–	–
B W Reekie	–	–	–	–

1. Shares held by The Green Dolphin Trust, a trust for the benefit of family members of G Q Routledge
2. Shares held by the WEG Trust for the benefit of family members of G J Soll.
3. Shares held through the Sheila Audrey Summers Family Trust for the benefit of family members of B Frodsham.
4. Shares held through the Iain Hume Family Trust for the benefit of family members of I B Hume.

10.3 At the last practicable date and save as above, none of the directors of Clientèle Life hold any shares in a non beneficial capacity.

10.4 None of the directors of Clientèle Life have had any dealings in the shares of Clientèle Life shares during the restricted period.

10.5 At the last practicable date, none of the directors of Clientèle Life hold any shares in Clientèle.

10.6 The aggregate remuneration and benefits paid to the serving executive and non-executive directors of the Board for the financial year ended 30 June 2007 was as follows:

(R'000)	G Q Routledge	G J Soll	P J A Cunningham	P R Enthoven	B Frodsham	I B Hume	S D Molapo
Fees for services as a director	620		310				150
Other consulting services							150
Basic salary		1 273			718	911	
Bonuses and performance-related payments		17 009			7 869	8 738	
Retirement, medical and other benefits		27			34	63	
	620	18 309	310		8 621	9 712	300

The Clientèle Life directors' emoluments will not be affected as a direct consequence of the scheme.

10.7 None of the executive directors of Clientèle Life has written service contracts with the Company. Dr S D Molapo, a non executive director, had a service contract with Clientèle Life in terms of which he rendered consultancy and other services for and on behalf of the IFA division, but that contract terminated on 31 March 2008. Dr S D Molapo will in future render services to Clientèle Life in respect of the IFA division on an *ad hoc* basis as and when required by Clientèle Life and on terms and conditions to be agreed at the time.

10.8 None of the directors of Clientèle Life has any material beneficial interest in any other transactions undertaken by Clientèle Life during the current, immediately preceding or any earlier financial year and in respect of which any entitlements and/or obligations remain outstanding or have not been performed in full.

11. THE INTERESTS OF CLIENTÈLE AND ITS DIRECTORS

As at the last practicable date:

11.1 Clientèle holds no shares in Clientèle Life; and

11.2 none of the directors of Clientèle has any interests in the shares of Clientèle.

In the course of the implementation of the scheme which, *inter alia*, provides effectively for an exchange of Clientèle Life shares for Clientèle shares, the directors of Clientèle who hold shares in Clientèle Life will become shareholders of Clientèle in the same manner as will all other Clientèle Life shareholders. The shareholdings of directors in Clientèle Life are indicated in paragraph 10.2 above.

12. SPECIAL ARRANGEMENTS

Save as disclosed in this document:

- no arrangements, undertakings or agreements have been made between Clientèle and Clientèle Life, or persons acting in concert with these parties, in relation to the scheme shares;
- no arrangements or undertakings (including any compensation arrangements) which have any connection with or dependence on the scheme exist between Clientèle or any person acting in concert with Clientèle, and any director of Clientèle Life or any person who was a director of Clientèle Life within the period commencing 12 months prior to the operative date, or any person who is or was a holder of shares within the period commencing 12 months prior to the operative date apart from the irrevocable conditional undertakings given by its major shareholders to vote in favour of the scheme as is referred to in paragraph 18 below in the section titled “ADDITIONAL INFORMATION REQUIRED FOR THE EXPLANATORY STATEMENT”;
- no arrangements have been made between Clientèle Life and the Clientèle in connection with the scheme; and
- no arrangements have been made between Clientèle Life and the directors of Clientèle Life in connection with the scheme.

13. AUTHORSHIP

The authors of this explanatory statement are the Board, assisted by PricewaterhouseCoopers Corporate Finance (Pty) Limited and Edward Nathan Sonnenbergs Inc and the directors of Clientèle.

ADDITIONAL INFORMATION FOR THE EXPLANATORY STATEMENT

14. LISTINGS OF THE SHARES OF CLIENTÈLE LIFE AND CLIENTÈLE ON THE JSE

Subject to the scheme becoming operative, the JSE has granted approval for:

- 14.1** the suspension of the listing of Clientèle Life from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;
- 14.2** the listing of the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008; and
- 14.3** the termination of the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

The above indicated dates are subject to change. Any change will be released on SENS and will be published in the press.

15. TRADING HISTORY OF CLIENTÈLE LIFE SHARES

A recent share trading and price history of Clientèle Life shares on the JSE is contained in Appendix 10 of the Pre-listing Statement, which is attached as Annexure 2.

16. CASH CONFIRMATION

No cash confirmation has been provided to the SRP as the scheme consideration comprises of new shares in Clientèle.

17. MAJOR SHAREHOLDERS

At the last practicable date, the following registered shareholders hold 2% or more of the issued share capital of Clientèle Life:

Shareholder	Number of shares	Percentage of shares
River Lily Investments (Proprietary) Limited*	10 156 250	31,39
Newshelf 702 (Proprietary) Limited*	9 650 000	29,83
The Hollard Insurance Company Limited*	3 437 590	10,63
Hollard Life Assurance Company Limited*	2 829 828	8,75
Old Mutual Group**	2 667 981	8,25

* Member of the Hollard Group of companies and controlled by R Enthoven and Sons (Proprietary) Limited (Registration number 1972/010687/07).

** Includes holdings of shares not beneficially owned but held in terms of both discretionary and non-discretionary client mandates.

18. IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings to vote in favour of the scheme have been received from the following shareholders:

Shareholder	Number of shares	Percentage of scheme shares
Hollard Holdings (Proprietary) Limited*	19 806 250	61,22
The Hollard Insurance Company Limited	3 437 590	10,63
Hollard Life Assurance Company Limited	2 829 828	8,75

* Hollard Holdings (Proprietary) Limited has the right to exercise the voting rights attaching to the shares in Clientèle Life owned by River Lily Investments (Proprietary) Limited and Newshelf 702 (Proprietary) Limited.

19. NO SET-OFF OF CONSIDERATION

Settlement of the scheme consideration will be implemented, in full, in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which any shareholder may be entitled.

20. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Clientèle Life and its subsidiaries since the publication on 28 February 2008 of the unaudited group results for the six months ended 31 December 2007 as well as since 30 June 2007, being the most recent financial year end of the Company in respect of which an audit was carried out.

21. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Clientèle Life or its subsidiaries is aware) that may have, or have had, in the recent past, a material effect on the financial position of Clientèle Life or any of its subsidiaries.

22. EXCHANGE CONTROL REGULATIONS

A summary of the Exchange Control Regulations as they may apply to scheme participants is contained in Annexure 1.

23. CONSENTS

PricewaterhouseCoopers Corporate Finance (Pty) Limited (*corporate adviser and sponsor*), PricewaterhouseCoopers Inc (*auditors and reporting accountants*), Edward Nathan Sonnenbergs Inc (*Attorneys*) and Computershare Investor Services (Proprietary) Limited (*transfer secretaries*), have consented in writing to act in the capacities stated and to their names being included in this document and have not withdrawn their consents prior to the publication of this document.

PricewaterhouseCoopers Inc, has consented to the inclusion of its respective reports in the form and context in which they appear in the document and has not withdrawn such consent prior to the publication of this document.

24. RESPONSIBILITY STATEMENTS OF THE DIRECTORS OF CLIENTÈLE LIFE AND CLIENTÈLE

24.1 Responsibility statement of the directors of Clientèle Life

The directors of Clientèle Life, whose names appear in the section titled "CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE" on the inside front cover of this document, insofar as the information contained in this document relates to Clientèle Life:

- have considered all statements of fact and opinion in this document;
- accept, individually and collectively, full responsibility for the accuracy of such statements; and
- certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statements of fact or opinion contained in this document false or misleading and have made all reasonable enquiries in this regard.

24.2 Responsibility statement of the directors of Clientèle

The directors of Clientèle, whose names appear in the section titled "CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE" on the inside front cover of this document, insofar as the information contained in this document relates to Clientèle:

- have considered all statements of fact and opinion in this document;
- accept, individually and collectively, full responsibility for the accuracy of such statements; and
- certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statements of fact or opinion contained in this document false or misleading and have made all reasonable enquiries in this regard.

25. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Clientèle Life and Clientèle (Clientèle House, Morningview Office Park, Corner Rivonia and Alon Roads, Morningside, South Africa) and of PricewaterhouseCoopers Corporate Finance (Pty) Limited, 2 Eglin Road, Sunninghill, South Africa, during normal business hours on business days from Friday, 4 April 2008 up to and including the date on which the scheme is sanctioned by the Court:

- 25.1** this document;
- 25.2** a copy of the Order of Court convening the scheme meeting;
- 25.3** the audited financial statements of Clientèle Life for the three financial years ended 30 June 2007;
- 25.4** the irrevocable undertakings from shareholders to vote in favour of the scheme referred to in paragraph 18 above;
- 25.5** the memorandum and articles of association of Clientèle Life;
- 25.6** the memorandum and articles of association of Clientèle;
- 25.7** the Clientèle Share Appreciation Rights Scheme referred to in paragraph 3.9 above;
- 25.8** all documents referred in the Pre-listing Statement as being available for inspection;
- 25.9** the written consents from PricewaterhouseCoopers Inc, PricewaterhouseCoopers Corporate Finance (Pty) Limited, Edward Nathan Sonnenbergs Inc and the transfer secretaries;
- 25.10** the agreement between Clientèle and Clientèle Life, dated, 14 March 2008, and referred to in paragraph 3.6.2 above;
- 25.11** the declarations of trust executed by the nominee shareholders of Clientèle; and
- 25.12** the unaudited results of Clientèle Life for the six months ended 31 December 2007.

For and on behalf of all directors of
CLIENTÈLE LIFE ASSURANCE COMPANY LIMITED

For and on behalf of all directors of
CLIENTÈLE LIMITED

G J Soll
Managing director

G J Soll
Managing director

I B Hume
Financial director

I B Hume
Financial director

Date of issue: 4 April 2008

Clientèle Life Assurance Company Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1973/016606/06)

Share code: CLE ISIN: ZAE000013397

("Clientèle Life")

SCHEME OF ARRANGEMENT IN TERMS OF SECTION 311 OF THE COMPANIES ACT proposed by Clientèle between Clientèle Life and its shareholders

Clientèle Life:

Directors

G Q Routledge*** (*Chairman*)

G J Soll** (*Managing Director*)

P J A Cunningham***

P R Enthoven* (*Alternate: A D T Enthoven**)

B Frodsham**

I B Hume**

Dr S D Molapo*

B W Reekie**

* Non executive

** Executive

*** Independent non executive

Clientèle:

Directors

G Q Routledge*** (*Chairman*)

G J Soll** (*Managing Director*)

P J A Cunningham***

A D T Enthoven*

B Frodsham**

I B Hume**

Dr S D Molapo*

B W Reekie**

* Non executive

** Executive

*** Independent non executive

1. DEFINITIONS AND INTERPRETATIONS

In this scheme of arrangement, unless otherwise indicated or required by the context, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include others, expressions denoting natural persons include juristic persons and associations of persons and words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, as follows:

"the Board"	the directors of the Company whose names appear under "CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE" on the inside front cover of this document;
"broker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
"business day"	any day other than a Saturday, Sunday or Gazetted national public holiday in South Africa;
"certificated scheme members"	scheme members who hold certificated shares;
"certificated scheme participants"	scheme participants who hold certificated shares;
"certificated shares"	shares which have not yet been dematerialised and thus title to which is evidenced by paper share certificates or other documents of title;

“Clientèle”	Clientèle Limited (formerly Newshelf 901 (Proprietary) Limited) (Registration number 2007/023806/06), a public company incorporated in South Africa;
“Clientèle Life” or “the Company”	Clientèle Life Assurance Company Limited (Registration number 1973/016606/06), a public company incorporated in South Africa the shares of which are listed on the JSE;
“Clientèle Life group” or “the group”	Clientèle Life and its subsidiary and associated companies;
“Clientèle listing”	subject to the fulfilment of the conditions precedent, the listing under the JSE Code “CLI” and the ISIN: ZAEXXX of the shares of Clientèle on the JSE which is expected to take place on Monday, 19 May 2008;
“Code”	the Securities Regulation Code on Take-overs and Mergers established in terms of section 440B of the Companies Act;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“conditions precedent”	the conditions precedent to which the scheme is subject, namely the conditions set out in paragraph 3.5 of the explanatory statement and paragraph 5 of the scheme;
“Court”	the High Court of South Africa (Witwatersrand Local Division), High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets, Johannesburg, South Africa;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act, appointed by an individual shareholder for purposes of the dematerialisation of documents of title and ongoing management thereof;
“dematerialised scheme members”	scheme members who hold dematerialised shares;
“dematerialised scheme participants”	scheme participants who hold dematerialised shares;
“dematerialised shareholders”	shareholders owning dematerialised shares;
“dematerialised shares”	shares no longer evidenced by paper share certificates or other documents of title and which have been incorporated into the Strate system and are held on the register in electronic form in terms of the Securities Services Act;
“this document”	this bound circular to shareholders dated 4 April 2008, incorporating <i>inter alia</i> the explanatory statement (<i>yellow</i>), the scheme (<i>blue</i>), the Order of Court, the notice convening the scheme meeting, the Pre-listing Statement as an annexure, another annexure and various appendices, a form of proxy (<i>white</i>) and a form of acceptance, surrender and transfer (<i>pink</i>);
“documents of title”	share certificates, certified transfer deeds, balance receipts, or any other tangible documents of title evidencing ownership of certificated shares acceptable to Clientèle and Clientèle Life;
“Edward Nathan Sonnenbergs”	Edward Nathan Sonnenbergs Inc (Registration number 2006/018200/21);

“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“explanatory statement”	the explanatory statement in terms of section 312(1) of the Companies Act (yellow);
“JSE”	JSE Limited (Registration number 2005/022939/06), a South African incorporated public company and licensed as an exchange under the Securities Services Act;
“last day to trade”	the Friday following the date on which the last of the conditions precedent is fulfilled, which date is expected to be Friday, 16 May 2008;
“last practicable date”	29 February 2008, being the last practicable date on which information was capable of being included in this document prior to its finalisation;
“operative date”	the date on which the scheme becomes operative, expected to be Monday, 26 May 2008, being the first business day following the scheme consideration record date;
“own-name”	own-name dematerialised shareholders recorded as such in the register;
“Pre-listing Statement”	the Pre-listing Statement of Clientèle approved by the JSE and incorporated in this document as Annexure 2;
“PricewaterhouseCoopers Corporate Finance (Pty) Limited”	PricewaterhouseCoopers Corporate Finance (Pty) Limited (Registration number 1970/003711/07);
“register”	the register of certificated shareholders of the Company maintained by the transfer secretaries and the sub-register of dematerialised shareholders of the Company maintained by the relevant CSDP or broker;
“Registrar”	the Registrar of Companies;
“reporting accountants”	PricewaterhouseCoopers Inc, Chartered Accountants (SA), (Registration number 1998/012055/21);
“restricted period”	the period commencing six months prior to and ending on the last practicable date;
“scheme” or “scheme of arrangement”	the scheme of arrangement in terms of section 311 of the Companies Act proposed by Clientèle between Clientèle Life and its shareholders in terms of which Clientèle will acquire the scheme shares in exchange for the scheme consideration;
“scheme consideration”	the consideration payable to each scheme participant, being ten new ordinary shares in Clientèle for every one scheme share held by the scheme participant on the scheme consideration record date;
“scheme consideration record date” or “record date”	the date on which shareholders must be recorded in the register as such in order to receive the scheme consideration, which date is expected to be Friday, 23 May 2008;
“scheme meeting”	the meeting of scheme members to be held in the boardroom of Clientèle Life, Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, South Africa at 09:00 on Wednesday, 30 April 2008, or any adjournment thereof, at which scheme members will consider and vote on the scheme;

“scheme members”	shareholders who are recorded in the register as such at 17:00 on the voting record date and who are thus entitled to attend (in person or represented) and vote at the scheme meeting;
“scheme participants”	shareholders who are recorded in the register as such on the scheme consideration record date and who are thus entitled to participate in the scheme and receive the scheme consideration;
“scheme shares”	32 350 000 shares, namely the entire issued share capital of Clientèle Life, held by scheme participants on the scheme consideration record date;
“Securities Services Act”	the Securities Services Act (Act 36 of 2004), as amended;
“SENS”	Securities Exchange News Service of the JSE;
“shareholders”	holders of shares;
“shares”	ordinary shares having a nominal value of 15 cents each in the share capital of Clientèle Life;
“South Africa”	the Republic of South Africa;
“SRP”	the Securities Regulation Panel established in terms of section 440B of the Companies Act;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa, which is a registered central securities depository in terms of the Securities Services Act;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa); and
“voting record date”	the date on which Clientèle Life shareholders must be recorded in the register as such in order to attend and vote at the scheme meeting, which date is expected to be Thursday, 24 April 2008.

2. SHARE CAPITAL OF CLIENTÈLE LIFE

- 2.1** The authorised share capital of Clientèle Life is R6 000 040,00 comprising 40 000 000 ordinary shares of 15 cents each; 10 variable rate redeemable cumulative preference shares of 100 cents each and 30 cumulative redeemable preference shares of 100 cents each.
- 2.2** The issued share capital of Clientèle Life is R4 852 500,00 (four million eight hundred and fifty two thousand five hundred Rand) comprising 32 350 000 (thirty two million three hundred and fifty thousand) ordinary shares of 15 cents each.
- 2.3** All the issued shares of Clientèle Life are of one class and rank *pari passu* in all respects.
- 2.4** The issued shares are listed in the “Life Insurance” sector of the JSE lists.

3. THE OBJECT OF AND RATIONALE FOR THE SCHEME

The object of the scheme is effectively to constitute Clientèle as the owner of the entire issued share capital of Clientèle Life.

Upon the scheme becoming operative, Clientèle shares will be listed on the JSE and Clientèle Life shares will be delisted.

The Board of Clientèle Life, which is the same as that of Clientèle, save for Mr P R Enthoven who is not on the Board of Clientèle, believe that the scheme will give the broader Clientèle group of companies the flexibility to pursue business opportunities, other than those limited strictly to the business of life assurance.

4. THE SCHEME

- 4.1** The scheme will be proposed by Clientèle between Clientèle Life and its shareholders.
- 4.2** Subject to the scheme becoming operative, and with effect from the operative date, scheme participants will be deemed to have:
- 4.2.1** disposed of their shares in the capital of Clientèle Life to Clientèle which will be deemed to have acquired ownership thereof in exchange for the delivery by Clientèle to Clientèle Life of the scheme consideration, namely ten new ordinary shares in Clientèle for every one scheme share held;
 - 4.2.2** agreed with Clientèle Life and Clientèle that all risk and benefit in and to their scheme shares will pass to Clientèle with effect on and as from the commencement of business on the operative date;
 - 4.2.3** authorised Clientèle Life to cause the scheme shares to be transferred to and recorded in the register in the name of Clientèle (and, in the case of six Clientèle Life shares, six nominees of Clientèle) on the operative date;
 - 4.2.4** authorised Clientèle Life, as principal but with the authority to appoint agents, to collect from Clientèle the scheme consideration for delivery to the scheme participants;
 - 4.2.5** authorised Clientèle Life to procure that the transfer secretaries on its behalf receive surrender of the certificated scheme participants' documents of title; and
 - 4.2.6** elected, jointly with Clientèle, that the provisions of section 42 of the Income Tax Act, No. 58 of 1962, will apply to the disposal of their shares in the capital of Clientèle Life to Clientèle pursuant to the implementation of the scheme.
- 4.3** Should the scheme become operative, scheme participants will, subject to any relevant Exchange Control Regulations, be entitled to receive, from Clientèle Life only, the scheme consideration.
- 4.4** Clientèle will deliver the scheme consideration to Clientèle Life, as principal, on the operative date of the scheme. Thus, settlement of the scheme consideration due to the scheme participants will be effected exclusively by Clientèle Life as principal.
- 4.5** Subject to the scheme becoming operative:
- 4.5.1** and against the surrender by certificated scheme participants of their documents of title in respect of their scheme shares, the scheme consideration will be delivered by or on behalf of Clientèle Life to the scheme participants concerned in terms of paragraphs 6 and 8 below;
 - 4.5.2** dematerialised scheme participants will have their holdings transferred and the scheme consideration credited to them in terms of the custody agreement entered into between the dematerialised scheme participants and their CSDPs or brokers in terms of paragraphs 6 and 8 below.
- 4.6** Delivery by Clientèle of the scheme consideration to Clientèle Life, as principal, will be the sole and exclusive manner of discharge by Clientèle of its obligations to discharge the scheme consideration.
- 4.7** The rights of scheme participants to receive the scheme consideration will be rights enforceable by them against Clientèle Life only. Scheme participants will, in turn, be entitled to require Clientèle Life to enforce its rights in terms of the scheme against Clientèle.
- 4.8** Clientèle Life undertakes in favour of scheme participants to enforce all its rights in terms of the scheme against Clientèle.
- 4.9** The effect of the scheme will be that Clientèle will, on and with effect from the commencement of business on the operative date, become:
- 4.9.1** the beneficial owner of the entire issued share capital of Clientèle Life;

- 4.9.2** the registered holder of the entire issued share capital of Clientèle Life save for six shares which latter shares will be recorded in the register in the name of six nominees of Clientèle (with each such nominee thus being the registered holder of one Clientèle share) on the bases that:
- the nominees will have no right to sell, transfer, dispose of, encumber or otherwise deal in the Clientèle Life shares registered in their names;
 - the nominees will be obliged to vote their Clientèle Life shares as directed by Clientèle;
 - the nominees will have no economic benefit in and to such Clientèle Life shares, with each nominee being obliged in this regard, prior to the registration of the Clientèle Life share in its name, to execute in favour of Clientèle a declaration of trust giving effect to the foregoing on terms determined by Clientèle.
- 4.10** Scheme participants are referred to paragraph 6 below which sets out in detail the bases on and the manner in which the scheme consideration will be made available to them.
- 4.11** With effect from the operative date, the transfer secretaries and each and every director of Clientèle Life for this purpose, and any other person nominated by Clientèle Life, will be irrevocably deemed to be the attorney and agent, *in rem suam* of all scheme participants to implement the transfer and to sign any instrument of transfer in respect thereof or any other documents required to implement the scheme and to take all steps necessary to procure electronic delivery of shares which have been dematerialised.
- 4.12** Documents of title held by certificated scheme participants in respect of their scheme shares will cease to be of any value from the operative date, other than for surrender in terms of paragraph 8 below.
- 4.13** The electronic record held by the CSDP or broker for dematerialised scheme participants will be withdrawn on the operative date.
- 4.14** Subject to the scheme becoming operative, the JSE has agreed to:
- 4.14.1** suspend the listing of Clientèle Life from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;
 - 4.14.2** list the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008; and
 - 4.14.3** terminate the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

5. CONDITIONS PRECEDENT

The implementation of the scheme on the operative date is subject to the fulfilment of the following conditions precedent:

- 5.1** the scheme being approved by a majority representing not less than three-fourths of the votes exercisable by the scheme members present and voting, either in person or by proxy, at the scheme meeting;
- 5.2** the Court sanctioning the scheme;
- 5.3** a certified copy of the Order of Court sanctioning the scheme being registered by the Registrar;
- 5.4** the Registrar of Insurance approving the implementation of the scheme; and

- 5.5** all other legal and necessary regulatory approvals and consents to the implementation of the scheme being obtained.

The above conditions precedent are to be fulfilled by no later than 30 June 2008 unless such date is extended by Clientèle Life and Clientèle by written agreement in which case the extended date will be released on SENS and be published in the South African press.

6. THE SCHEME CONSIDERATION AND SETTLEMENT

- 6.1** Provided that certificated scheme participants surrender their documents of title in the manner prescribed by paragraph 8 below they will, subject to Exchange Control Regulations (to the extent applicable) be entitled to receive the scheme consideration, being ten new Clientèle shares for each scheme share held on the record date.
- 6.2** Certificated scheme participants will have the scheme consideration posted by registered post to them at their risk on the operative date if such certificated scheme participants' documents of title are surrendered so as to be received by the transfer secretaries by no later than the record date or, if such scheme participants' documents of title are received by the transfer secretaries only after this date, within five business days of the later of the operative date and the receipt thereof by the transfer secretaries.
- 6.3** Dematerialised scheme participants will have the scheme consideration credited to them in terms of the custody agreement entered into between the dematerialised scheme participants and their CSDPs or brokers.
- 6.4** If the scheme consideration is not discharged because the relevant documents of title have not been surrendered or for any other reason whatsoever, the scheme consideration will be held in trust by Clientèle Life, or a suitable party nominated by Clientèle Life, until it is capable of being discharged or it is claimed.
- 6.5** Where on or subsequent to the operative date, a person who was not a registered holder of scheme shares on the record date tenders to the transfer secretaries document(s) of title together with a form of transfer purporting to have been executed by or on behalf of the registered holder of such shares as at the operative date, and provided that the scheme consideration shall not already have been posted by registered post, the transfer shall be accepted by Clientèle Life as if it were a valid transfer to such person, prior to the record date, of the scheme shares concerned. The scheme consideration will be posted by registered post at such person's risk within five business days of such tender subject to proof satisfactory to Clientèle Life and Clientèle as to the payment of any transfer duty or marketable securities tax payable and provided that Clientèle Life and Clientèle are, if so required by either of them, given an indemnity on terms acceptable to them in respect of such consideration.
- 6.6** The settlement of the scheme consideration to which any scheme participant becomes entitled in terms of the scheme will be implemented in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or other analogist right to which Clientèle or Clientèle Life may be entitled. If the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration being ten new ordinary shares in Clientèle for every scheme share held on the scheme consideration record date.

7. STATUTORY REQUIREMENTS OF THE SCHEME

7.1 The scheme meeting

- 7.1.1** The scheme will be put to a vote at the scheme meeting to be held in the boardroom of Clientèle Life, Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, South Africa at 09:00 on Wednesday, 30 April 2008.
- 7.1.2** Section 311 of the Companies Act requires the approval of the scheme by a majority representing not less than three-fourths of the votes exercisable by scheme members who are present and voting either in person or by proxy at the scheme meeting.

- 7.1.3** Each certificated scheme member or dematerialised scheme member who is recorded in the register on the voting record date can, subject to paragraph 7.1.6 below, attend, speak and vote, or abstain from voting at the scheme meeting in person or provide a proxy to someone else (including the chairperson of the scheme meeting) to represent such scheme member at the scheme meeting.
- 7.1.4** Duly completed proxy forms (white) must be received by the transfer secretaries by no later than 09:00 on Friday, 25 April 2008. Forms of proxy may also be handed to the chairperson of the scheme meeting up to (but not after) 10 minutes before the scheduled time for the commencement of the scheme meeting.
- 7.1.5** Certificated scheme members and dematerialised scheme members with “own-name” registration who do not wish to support the scheme, may nevertheless take part in and attend the scheme meeting in order to convey their point of view.
- 7.1.6** Dematerialised scheme members who do not own shares in “own-name”, may give their voting instructions to their CSDPs or brokers, if they wish to vote at the scheme meeting. If a dematerialised scheme member not owning shares in own-name wishes to attend the scheme meeting or send a proxy to represent him thereat, he must arrange with his CSDP or broker to give the dematerialised scheme member or his proxy a letter of representation in writing to so attend.

7.2 Court hearing

- 7.2.1** Subject to the scheme being approved by the requisite majority at the scheme meeting, application will be made to Court to sanction the scheme at 09:00, or so soon thereafter as the matter may be heard, on Tuesday, 13 May 2008. Shareholders are entitled to attend at Court in person or represented by Counsel and to be heard concerning any objections they may have to the scheme.
- 7.2.2** If the Court sanctions the scheme, the Order of Court sanctioning the scheme will be lodged with the Registrar for registration. Upon registration of the Order of Court, the scheme will become binding on all scheme participants, including those who may have voted against it.

8. SURRENDER OF DOCUMENTS OF TITLE

- 8.1** Certificated scheme participants shall, subject to the scheme becoming operative, be entitled to receive the scheme consideration only once they have surrendered their documents of title.
- 8.2** A certificated scheme participant who wishes to expedite receipt of the scheme consideration by surrendering his document(s) of title in anticipation of the scheme becoming operative should complete the form of acceptance, surrender and transfer (pink) and return it, together with the document(s) of title relating to the scheme shares, to the transfer secretaries so as to be received by them by no later than 12:00 on the record date.
- 8.3** No receipt will be issued for documents of title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.
- 8.4** Documents of title surrendered by certificated scheme participants prior to 12:00 on the record date in anticipation of the scheme becoming operative will be held in trust by the transfer secretaries pending the scheme becoming operative. In the event of the scheme not becoming operative for any reason whatsoever, the transfer secretaries will, within five business days of the date upon which it becomes known that the scheme will not become operative, return the document of title to the Clientèle Life shareholders by registered mail, at the risk of such Clientèle Life shareholders, to the relevant addresses reflected on the form of acceptance, surrender and transfer or if no address is indicated on the form of acceptance, surrender and transfer to the relevant address recorded in the register of members of Clientèle Life.

- 8.5** If a scheme participant produces evidence to the satisfaction of Clientèle Life that document(s) of title in respect of scheme shares have been lost or destroyed, surrender of such document(s) of title may be waived provided that Clientèle Life and Clientèle is, if so required by either of them, given an indemnity on terms acceptable to them in respect of such document(s) of title.
- 8.6** Dematerialised scheme participants do not have to surrender any documents of title.
- 8.7** A circular setting out the results of the scheme and containing a further former of surrender will be sent to scheme participants subsequent to the operative date.

9. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations, which apply to scheme participants. If in doubt, scheme participants should consult their professional advisers without delay.

9.1 Residents of the Common Monetary Area

In the case of:

- 9.1.1** certificated scheme participants whose registered addresses in the register is within the Common Monetary Area and whose documents of title are not restrictively endorsed in terms of the Exchange Control Regulations, the scheme consideration will be posted by registered post to such scheme participant in accordance with paragraph 3.2 of the explanatory statement; or
- 9.1.2** dematerialised scheme participants whose registered addresses in the register is within the Common Monetary Area and have not been restrictively endorsed in terms of the Exchange Control Regulations, the scheme consideration will be credited directly to the accounts nominated for the relevant scheme participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker or, in the case of own-name dematerialised scheme participants, credited directly to the relevant accounts of such scheme participants on record with the transfer secretaries unless the transfer secretaries are otherwise advised.

9.2 Emigrants from the Common Monetary Area

The scheme consideration accruing to the scheme participants who are emigrants from the Common Monetary Area will:

- 9.2.1** in the case of certificated scheme participants, be forwarded to the authorised dealers in foreign exchange in South Africa controlling such scheme participants blocked assets. The relevant attached form of acceptance, surrender and transfer (pink) makes provision for the details of the authorised dealer concerned to be given; or
- 9.2.2** in the case of dematerialised scheme participants, be credited directly to the scheme participants' blocked asset accounts by their duly appointed CSDP or broker and held to the order of the authorised dealers in foreign exchange in South Africa controlling such scheme participants' blocked accounts.

9.3 All other non-residents of the Common Monetary Area

The scheme consideration accruing to scheme participants whose registered addresses are outside the Common Monetary Area will:

- 9.3.1** in the case of certificated scheme participants, be forwarded to the registered address of the scheme participant concerned unless written instructions to the contrary are received by the transfer secretaries and an address is provided; or
- 9.3.2** in the case of dematerialised scheme participants, be credited by their duly approved CSDP or broker directly to the accounts nominated by the scheme participants in terms of the provisions of the custody agreement with his CSDP or broker.

10. SUSPENSION AND TERMINATION OF THE LISTING OF CLIENTÈLE LIFE SHARES ON THE JSE

Subject to the fulfilment of the conditions precedent set out in paragraph 5 above and the scheme becoming operative, the JSE has granted approval for:

- 10.1** the suspension of the listing of Clientèle Life from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;
- 10.2** the listing of the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008; and
- 10.3** the termination of the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

11. UNDERTAKINGS

- 11.1** Clientèle Life and Clientèle agree that, upon the scheme becoming operative, they will give effect to the terms and conditions of the scheme insofar as they apply to them, respectively, and they will sign and procure the signing of all documents and carry out and procure the carrying out of all acts which are necessary to give effect to the scheme.
- 11.2** A formal agreement has been concluded between Clientèle and Clientèle Life in terms of which the terms of the aforesaid agreement are recorded.

12. INSTRUCTIONS AND AUTHORITIES

- 12.1** Clientèle Life shall be entitled to accept and to act on all documents relating to the status and capacity of any scheme participant and shall be empowered to act on behalf of any scheme participant as if such documents had been registered with Clientèle Life.
- 12.2** Each mandate and instruction in regard to the scheme shares recorded with Clientèle Life at the scheme consideration record date will be deemed, unless and until revoked, to be a mandate and instruction to Clientèle Life and Clientèle in respect of any rights accruing in respect of the scheme consideration.

13. APPLICABLE LAWS

- 13.1** The scheme shall be governed by the laws of South Africa only and is not to be construed as an offer in any other area or jurisdiction where it is unlawful to make or accept such an offer. To the extent that the scheme documentation is sent to any other jurisdiction, it is sent for information purposes only. Each scheme participant shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the Court in relation to all matters arising out of or in connection with the scheme.
- 13.2** The scheme, in respect of persons resident in jurisdictions outside South Africa, may be affected by laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith. In particular, but without limitation to the generality of paragraph 13.1 above or this paragraph 13.2:
 - 13.2.1** such persons must satisfy themselves as to the full observance of such laws, including the obtaining of any governmental, exchange control or other consents which may be required or compliance with any other necessary formalities which are required to be observed and the payment of any transfer or other taxes due in such jurisdictions;

13.2.2 persons wishing to surrender documents of title should not use the mail of any of the affected jurisdictions or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to the scheme. Envelopes containing forms of acceptance, surrender and transfer or other documents relating to the scheme should not be postmarked in any of the affected jurisdictions or otherwise dispatched from any of the affected jurisdictions and all scheme participants must provide addresses outside any of the affected jurisdictions for the receipt of the consideration to which they are entitled under the scheme.

14. GENERAL

- 14.1** Subject to the written consent of Clientèle, the Clientèle Life Board may consent (subject to the approvals of the SRP and the JSE):
- 14.1.1** before or at the scheme meeting, to any amendment, variation or modification of the scheme; or
 - 14.1.2** after the scheme meeting, to any amendment, variation or modification which the Court may think fit to approve or impose,
- provided that no amendment, variation or modification made after the scheme meeting may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme.
- 14.2** A certificate signed by at least one director of Clientèle Life and one director of Clientèle stating that, in their opinion, all of the conditions precedent have been fulfilled and that the scheme has become operative shall be binding on Clientèle, Clientèle Life and the scheme participants.
- 14.3** Clientèle Life will be entitled, and will have the authority on behalf of itself and each scheme participant, to authorise any person nominated by it to sign all documents required to carry the scheme into effect, including but not limited to forms of proxy, changes of address and cessions of rights to dividends and other entitlements from Clientèle Life.
- 14.4** The scheme will be binding on all scheme participants, even those who voted against it and those in any affected jurisdictions, once the copy of the Order of Court has been registered by the Registrar in terms of the Companies Act, subject to fulfilment of all of the conditions precedent.
- 14.5** Subject to the provisions of paragraph 14.1 above, all times and dates referred to in the scheme are subject to change by written agreement between Clientèle Life and Clientèle. Any such change will be released on SENS and be published in the press.
- 14.6** A certified copy of the Order of Court sanctioning the scheme will be lodged for registration with the Registrar in terms of the Companies Act.

For and on behalf of all directors of
CLIENTÈLE LIFE ASSURANCE COMPANY LIMITED

For and on behalf of all directors of
CLIENTÈLE LIMITED

G J Soll
Managing director

G J Soll
Managing director

I B Hume
Financial director

I B Hume
Financial director

Date of issue: 4 April 2008

ORDER OF COURT

**IN THE HIGH COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION)**

Case number: 000000

High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets
Johannesburg, South Africa

Tuesday, 1 April 2008

Before the Honourable Mr Justice [••••••••••••••••••••]

In the *ex parte* application of:

Clientèle Life Assurance Company Limited

Applicant

(Incorporated in the Republic of South Africa)

(Registration number 1973/016606/06)

Upon the motion of Counsel for the Applicant and having read the documents filed of record and having considered the matter:

IT IS ORDERED THAT:

1. A meeting (“the scheme meeting”) of the:-

1.1 registered certificated shareholders of the Applicant reflected in the Applicant’s share register; and

1.2 registered de-materialised shareholders of the Applicant reflected in the sub-registers of the Applicant maintained by the Central Securities Depository Participants (“CSDP”) or brokers

both as at 17:00 on Thursday, 24 April 2008 (“scheme members”) be convened by the chairperson referred to in paragraph 2 below in terms of section 311 of the Companies Act, No. 61 of 1973, as amended (“the Companies Act”) to be held at the offices of the Applicant, namely Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside on Wednesday, 30 April 2008 at 09:00 (or any other adjourned time or date determined by the chairperson of the scheme meeting) for the purpose of considering and if deemed fit approving, with or without modification, the scheme of arrangement proposed by Clientèle Limited between the Applicant and its shareholders (the scheme of arrangement being referred to herein as “the scheme” or “the scheme of arrangement”).

2. Advocate A E Bham S.C or failing him Advocate J Blou be and he is hereby appointed as the chairperson of the scheme meeting (“the chairperson”).

3. The chairperson is authorised to:

3.1 convene, and as may be required, re-convene the scheme meeting;

3.2 determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting or any adjournment thereof;

3.3 adjourn the scheme meeting from time to time if the chairperson considers it necessary or desirable to do so;

3.4 determine the procedure to be followed at the scheme meeting and any adjournment thereof;

3.5 appoint scrutineers for the purpose of the scheme meeting and any adjournment thereof; and

3.6 accept forms of proxy handed to the chairperson up to 10 (ten) minutes before the scheme meeting is due to commence.

- 4.** The Applicant shall cause a notice convening the scheme meeting, substantially in the form of the draft notice attached to the papers before the Court, to be published once in each of The Business Day, Die Beeld, Sunday Times and the Government Gazette so as to appear in each case at least 14 (fourteen) calendar days before the date of the scheme meeting. The notice shall state:-
 - 4.1** the basic characteristics of the scheme;
 - 4.2** the time, date and place of the scheme meeting;
 - 4.3** that the scheme meeting has been convened in terms of this Order to consider and, if deemed fit, approve, with or without modification, the scheme; and
 - 4.4** that copies of this Order, the scheme of arrangement and the explanatory statement in terms of section 312(1) of the Companies Act may be obtained free of charge from or inspected at the registered office of the Applicant, namely Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, and at the offices of the Corporate Adviser and sponsor, namely PricewaterhouseCoopers Corporate Finance (Proprietary) Limited, 2 Eglin Road, Sunninghill, during normal business hours at any time prior to the scheme meeting.

- 5.** Copies of:
 - 5.1** the scheme of arrangement, substantially in the form of the scheme attached to the papers before this Court;
 - 5.2** the explanatory statement in terms of section 312(1) of the Companies Act substantially in the form of the explanatory statement attached to the papers before this Court;
 - 5.3** the notice convening the scheme meeting substantially in the form of the notice attached to the papers before this Court;
 - 5.4** the form of proxy and surrender substantially in the form of the form of proxy and surrender attached to the papers before this Court; and
 - 5.5** this Order,shall be sent by pre-paid registered post by the Applicant at least 14 (fourteen) calendar days prior to the date of the scheme meeting to:-
 - 5.6** all of the ordinary shareholders of the Applicant at their respective addresses as recorded in the register of members of the Applicant; and
 - 5.7** those persons named and at their addresses supplied by the CSDPs or brokers administering sub-registers of the Applicant as being beneficial holders of ordinary shares of the Applicant as reflected in the records of the CSDPs or brokers,at the close of business on a date or dates not more than 4 (four) business days before the date of such posting.

- 6.** The date of posting of the documents referred to in paragraph 5 above shall be evidenced by an affidavit deposed to by a representative of the Applicant duly supported by post office receipts.

- 7.** A copy of the documents referred to in paragraph 5 above shall lie for inspection at and copies may be obtained free of charge from the registered office of the Applicant namely Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside and at the offices of PricewaterhouseCoopers, namely 2 Eglin Road, Sunninghill, during normal business hours for at least 14 (fourteen) calendar days prior to the date of the scheme meeting.

8. The chairperson shall report the results of the scheme meeting by way of affidavit to this Court at 09:00 on Tuesday, 13 May 2008 or so soon thereafter as the matter may be heard.
9. In the report required by this Court from the chairperson, details shall be given of:
 - 9.1 the number and percentage of scheme members present in person or represented at the scheme meeting;
 - 9.2 the number and percentage of scheme members represented by proxy at the scheme meeting and of those information as to the numbers and percentage of the shares represented by the chairperson;
 - 9.3 the number and percentage of shares held by all scheme members;
 - 9.4 any proxies which were disallowed and the reasons therefore;
 - 9.5 all resolutions passed at the scheme meeting with particulars of the number and percentage of votes cast in favour of and against each such resolution and of any abstentions, indicating in each case how many votes and what percentage of votes were cast by the chairperson in terms of proxies;
 - 9.6 all rulings made and directions given by the chairperson at the scheme meeting;
 - 9.7 the relevant portions of any documents and reports submitted or tabled at the scheme meeting which relate to the scheme, including copies thereof; and
 - 9.8 the main points of any other proposals which were submitted to the scheme meeting.
10. The report required by this Court from the chairperson shall comply with the requirements of section FE of the Practice Manual of this Honourable Court.
11. the Applicant will make a copy of the chairperson's report available (and the notice convening the scheme meeting which is published and sent to the shareholders of the Applicant will include a statement that a copy of the chairperson's report to this Court will be so available) free of charge at the places mentioned in paragraph 4.4 of this Order, during normal business hours for at least 7 (seven) calendar days prior to the date fixed by this Court for the chairperson to report back to it.
12. Scheme members who hold certificated ordinary shares in the Applicant or dematerialised ordinary shares in the Applicant through CSDPs or brokers and have own-name registration and wish to vote by proxy, should tender as their proxy the form of proxy referred to in paragraph 5.4 of this Order by not later than 09:00 on Friday, 25 April 2008. In addition forms of proxy may be handed to the chairperson up to 10 minutes before the scheme meeting is due to commence. Proxies must be completed and returned in accordance with the instructions therein.
13. Scheme members who hold dematerialised ordinary shares in the Applicant through CSDPs or brokers and have not selected own-name registration and wish to attend and vote at the scheme meeting, must timeously inform their CSDPs or brokers of their intention to attend and vote at the scheme meeting in order for their CSDPs or brokers to issue them with the letter of representation to do so or, should they not wish to attend the scheme meeting in person, timeously provide their CSDPs or brokers with their voting instructions in order for their votes to be represented at the scheme meeting.

14. The method of calculating any periods specified in this Order shall be as specified in section 4 of the Interpretation Act.

By Order of the Court

Registrar

[—]

Edward Nathan Sonnenbergs Inc
Applicant's Attorneys

150 West Street
Sandton, 2196
(P O Box 783347, Sandton, 2146)
Docex 152, Randburg
Tel: (011) 269 7600
Fax: (011) 269 7899
Ref: Jane Andropoulos/Alan Feinstein

NOTICE OF SCHEME MEETING

**IN THE HIGH COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION)**

Case number: 000000

In the *ex parte* application of:

Clientèle Life Assurance Company Limited

(Incorporated in the Republic of South Africa)

(Registration number 1973/016606/06)

Applicant

NOTICE IS HEREBY GIVEN THAT, in terms of an Order of Court dated Tuesday, 1 April 2008, the High Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered that a meeting ("the scheme meeting") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), of the shareholders of the Applicant:

- registered in the Applicant's share register at the close of business (17h00) on Thursday, 24 April 2008 in the case of registered certificated shareholders; and
- reflected as such in the sub-registers of the Applicant maintained by the Central Securities Depository Participants ("CSDP") or brokers at the close of business (17h00) on Thursday, 24 April 2008 in the case of registered dematerialised shareholders,

("the scheme members") be held under the chairpersonship of Advocate A E Bham S.C, or, failing him Advocate J Blou ("Chairperson") for the purpose of considering and if deemed fit approving, with or without modification, the scheme of arrangement ("the scheme") proposed by Clientèle Limited ("Clientèle") between the Applicant and its ordinary shareholders.

The scheme meeting will be held at 09:00 on Wednesday, 30 April 2008 at Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside or any other adjourned time or date determined or directed by the Chairperson.

The implementation of the scheme is subject to the fulfilment of the conditions precedent stated therein including, but not limited to, the sanction of the scheme by the Court.

The basic characteristic of the scheme is that Clientèle will acquire all the issued shares of the Applicant for a consideration of ten new ordinary shares in Clientèle for each share in the Applicant. The Applicant will thus become a wholly owned subsidiary of Clientèle and its shares will be delisted from the JSE. The shares of Clientèle will simultaneously be listed on the JSE. The shareholders of Clientèle Life will hold the same percentage of the issued share capital of Clientèle as the percentage of the issued share capital held in Clientèle Life immediately prior to the scheme becoming operative.

A copy of this notice, the scheme, the explanatory statement in terms of section 312(1) of the Companies Act explaining the scheme, the form of proxy to be used at the scheme meeting and any adjourned scheme meeting and the Order of Court convening the scheme meeting are included in the document of which this notice forms part and which have been sent to ordinary shareholders of the Applicant, and copies may, on request by any ordinary shareholder of the Applicant, be inspected at or obtained free of charge from the registered office of the Applicant, namely Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside, 2196, and at the offices of the corporate advisor and sponsor, namely PricewaterhouseCoopers, 2 Eglin Road, Sunninghill, during normal business at any time prior to the scheme meeting.

Each scheme member who holds certificated ordinary shares in the Applicant ("certificated scheme member") or who holds dematerialised ordinary shares in the Applicant through a CSDP or broker and has selected own-name registration ("dematerialised own-name scheme member") may attend, speak and vote in person at the scheme meeting or any adjourned scheme meeting, or may appoint one or more proxies (who need not be members of the Applicant) to attend, speak and vote at the scheme meeting or any adjourned scheme meeting in the place of such member. A form of proxy (white) for this purpose is included in the document which has been posted to all holders of ordinary shares in the Applicant at the close of business not more than 4 (four) business days before the date of such posting.

Properly completed forms of proxy must be lodged with or posted to the Transfer Secretaries of the Applicant, namely Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) to be received by not later than 09:00 on Friday, 25 April 2008, or may be handed to the Chairperson up to 10 (ten) minutes before the commencement of the scheme meeting. Notwithstanding the foregoing, the Chairperson may approve in his discretion the use of any other form of proxy.

Shareholders who hold dematerialised ordinary shares in the Applicant through a CSDP or broker who have not selected own-name registration may attend and vote in person at the scheme meeting or adjourned scheme meeting only if such shareholders inform their CSDPs or brokers timeously of their intention to attend and vote at the scheme meeting or any adjourned scheme meeting or be represented by proxy thereat in order for their CSDPs or brokers to issue them with the letter of representation to do so, or should they not wish to attend the scheme meeting or any adjourned scheme meeting, they should timeously provide their CSDPs or brokers with their voting instructions in order for their votes to be represented at the scheme meeting or any adjourned meeting.

Where there are joint holders of the Applicant's ordinary shares, any one of such persons may vote at the scheme meeting or any adjourned scheme meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present or represented at the scheme meeting or any adjourned scheme meeting, the person whose name stands first in the Applicant's share register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

In terms of the order of court, the Chairperson is required to report the results thereof to the Court at 10:00 on Tuesday 1 April 2008 or as soon thereafter as the matter may be heard. A copy of the Chairperson's report to the Court will be available to any ordinary shareholder of the Applicant on request free of charge at the registered office of the Applicant, namely Clientèle House, Morningview Office Park, corner Rivonia and Alon Roads, Morningside and at the offices of the Corporate Advisor and Sponsor, namely PricewaterhouseCoopers, 2 Eglin Road, Sunninghill, during normal business hours for at least 1 (one) week prior to the date fixed by the Court for the Chairperson to report back to it.

Chairperson of the scheme meeting

Applicant's Attorneys

Edward Nathan Sonnenbergs Inc
150 West Street
Sandton, 2196
(P O Box 783347, Sandton, 2146)
Ref: Jane Andropolous/Alan Feinstein
Tel: (011) 269 7600
Fax: (011)269 7899
DX 152, Sandton

EXCHANGE CONTROL REGULATIONS

The “DEFINITIONS AND INTERPRETATIONS” contained on pages 7 to 9, where required, have been used in this Annexure 1.

The following is a summary of the Exchange Control Regulations insofar as they have application to scheme participants. In the event of any doubt, scheme participants are advised to consult their professional advisers as soon as possible.

RESIDENTS OF THE COMMON MONETARY AREA

In the case of:

- certificated scheme participants whose registered addresses in the register is within the Common Monetary Area and whose documents of title are not restrictively endorsed in terms of the Exchange Control Regulations, the scheme consideration will be posted by registered post in accordance with paragraph 3.2 of the explanatory statement; or
- dematerialised scheme participants whose registered addresses in the register is within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, the scheme consideration will be credited directly to the accounts nominated for the relevant scheme participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker or, in the case of own-name dematerialised scheme participants, credited directly to the relevant accounts of such scheme participants on record with the transfer secretaries unless the transfer secretaries are otherwise advised.

EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of scheme participants who are emigrants from the Common Monetary Area, the scheme consideration will:

- in the case of certificated scheme participants, the scheme consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling such certificated scheme participants' blocked assets in terms of the Exchange Control Regulations. The scheme consideration based on emigrants' shares controlled in terms of the Exchange Control Regulations will be credited to such emigrants' blocked Rand accounts. The attached form of acceptance, surrender and transfer (pink) makes provision for details of the authorised dealer concerned to be given; or
- in the case of dematerialised scheme participants, the scheme consideration based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling such emigrants' blocked assets in terms of the Exchange Control Regulations and will be credited to such emigrants' blocked Rand accounts.

ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

In the case of scheme participants who are non-residents, but who are not emigrants from the Common Monetary Area, the scheme consideration will:

- in the case of certificated scheme participants, the scheme consideration will be posted by registered post to the registered addresses of the non resident scheme participants concerned unless written instructions to the contrary are received by the transfer secretaries; or
- in the case of dematerialised scheme participants, be credited directly to the accounts nominated for the relevant scheme participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

INFORMATION NOT PROVIDED

If the information regarding the Authorised Dealer is not given or instructions are not given as required, the scheme consideration will be held by the transfer secretaries on behalf of Clientèle Life for the benefit of the certificated scheme participants concerned pending receipt of the necessary information or instructions.



Clientèle Limited

(Incorporated in the Republic of South Africa)
 (Formerly Newshelf 901 (Proprietary) Limited)
 (Registration number 2007/023806/06)
 Share code: CLI ISIN: ZAE0000••••

PRE-LISTING STATEMENT OF CLIENTÈLE LIMITED

Throughout the Pre-listing Statement, unless otherwise specified or as may be required by the context, all definitions used are those contained on pages 55 and 56.

THE PRE-LISTING STATEMENT IS INCLUDED AS PART OF THE DOCUMENT CONTAINING THE SCHEME OF ARRANGEMENT WHICH IS BEING PROPOSED BY CLIENTÈLE LIMITED BETWEEN CLIENTÈLE LIFE ASSURANCE COMPANY LIMITED AND ITS SHAREHOLDERS ("THE SCHEME").

IN CONFORMITY WITH THE LISTINGS REQUIREMENTS OF THE JSE LIMITED ("THE JSE"), THE PRE-LISTING STATEMENT HAS BEEN PREPARED ASSUMING IMPLEMENTATION OF THE SCHEME AND ACCORDINGLY, CERTAIN FUTURE EVENTS AND ACTIONS ARE NECESSARILY REFERRED TO OR PORTRAYED IN THE PAST TENSE.

In the unlikely event that information contained herein which is material in nature to Clientèle changes between 4 April 2008 (the issue date of the document containing this Pre-listing Statement) and the date for the listing of the shares of Clientèle on the JSE, such information will be released on the Securities Exchange News Service of the JSE ("SENS") and will be published in the press.

The purpose of this Pre-listing Statement is to provide relevant information to shareholders of Clientèle Life in compliance with the Listings Requirements of the JSE in connection with the listing of the shares of Clientèle on the JSE.

The Pre-listing Statement is not an invitation to the public to subscribe for shares nor a document directly soliciting subscription for or inviting purchases of Clientèle shares by the public.

The authorised share capital of Clientèle is R15 million, comprising 750 000 000 ordinary shares of a nominal value of 2 cents each.

Pursuant to scheme, the JSE has granted a listing under the JSE Code "CLI" and the ISIN: ZAE•••••••••• by way of an introduction of 323 500 000 ordinary shares of a nominal value of 2 cents each in Clientèle in the "Life Insurance" sector of the JSE lists under the abbreviated name "Clientèle", with effect from the commencement of trading on the JSE on Monday, 19 May 2008.

Clientèle does not have any share premium on its books and there are presently no treasury shares.

The shares of Clientèle will only be traded on the JSE as dematerialised shares and, accordingly, any person acquiring shares in Clientèle who elects to receive such shares in certificated form will be required to dematerialise such certificated shares prior to being in a position to trade such shares on the JSE.

Responsibility statement of the directors of Clientèle

The directors of Clientèle, whose names appear in the section titled "CORPORATE INFORMATION" on page 51:

- have considered all statements of fact and opinion in this Pre-listing Statement;
- accept, individually and collectively, full responsibility for the accuracy of such statements given;

- certify that, to the best of their knowledge and belief,

there are no facts that have been omitted or considerations which would make any statements of fact or opinion contained in this Pre-listing Statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

Responsibility statement of the directors of Clientèle Life

The directors of Clientèle Life, whose names appear in the section titled “CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE” on the inside front cover of the document containing, *inter alia*, this Pre-listing Statement:

- have considered all statements of fact and opinion in this Pre-listing Statement;
- accept, individually and collectively, full responsibility for the accuracy of such statements given;
- certify that, to the best of their knowledge and belief,

there are no facts that have been omitted or considerations which would make any statements of fact or opinion contained in this Pre-listing Statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

The advisers, whose names appear under “CORPORATE INFORMATION” on page 51 have consented in writing to act in the capacities stated and to their names being included in the Pre-listing Statement and have not withdrawn their consents.

An abridged version of the Pre-listing Statement is expected to be released on SENS on Friday, 16 May 2008 and published in the press on the same date.

Corporate adviser and sponsor

PRICEWATERHOUSECOOPERS 
PricewaterhouseCoopers
Corporate Finance (Pty) Ltd
 (Registration number 1970/003711/07)

Auditors and reporting accountants

PRICEWATERHOUSECOOPERS 
PricewaterhouseCoopers Inc
 Chartered Accountants (SA)
 Registered Accountants and Auditors
 (Registration no 1998/012055/21)

Attorneys

 **edward
nathan
sonnenbergs**
Edward Nathan Sonnenbergs Inc
 (Registration number 2006/018200/21)

Date of issue: 4 April 2008

The document which includes this Pre-listing Statement is available only in English and copies thereof may be obtained at the relevant addresses indicated on the inside front cover of the document in the section titled “CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE”.

CORPORATE INFORMATION**Clientèle Limited***(Formerly, Newshelf 901 (Proprietary) Limited)***Directors**G Q Routledge*** *(Chairman)*G J Soll** *(Managing Director)*

P J A Cunningham***

A D T Enthoven*

B Frodsham**

I B Hume**

Dr S D Molapo*

B W Reekie**

*Non executive

**Executive

***Independent non executive

Company secretary and registered office

W van Zyl
 Clientèle House
 Morningview Office Park
 Corner Rivonia and Alon Roads
 Morningside, 2196
 South Africa
 (PO Box 1316, Rivonia, 2128, South Africa)

Attorneys

Edward Nathan Sonnenbergs Inc.
 (Registration number 2006/018200/21)
 150 West Street
 Sandown, Sandton, 2196
 South Africa
 (PO Box 783347, Sandton, 2146, South Africa)

Corporate adviser and sponsor

PricewaterhouseCoopers Corporate Finance
 (Pty) Limited
 (Registration number 1970/003711/07)
 3rd Floor, East Wing
 2 Eglin Road
 Sunninghill, 2157
 South Africa
 (Private Bag X36, Sunninghill, 2157, South Africa)

Auditors and reporting accountants

PricewaterhouseCoopers Inc
 Chartered Accountants (SA)
 Registered Accountants and Auditors
 (Registration number 1998/012055/21)
 2 Eglin Road
 Sunninghill 2157
 South Africa
 (Private Bag X36, Sunninghill, 2157, South Africa)

Transfer secretaries

Computershare Investor Services
 (Proprietary) Limited
 (Registration number 2004/003647/07)
 Ground Floor
 70 Marshall Street
 Johannesburg, 2001
 South Africa
 (PO Box 61051, Marshalltown, 2107, South Africa)

Commercial bankers

First National Bank – a division of
 FirstRand Bank Limited
 3rd Floor
 4 First Place
 Bank City
 Corner Simmonds and Pritchard Streets
 Johannesburg, 2001
 South Africa
 (PO Box 1153, Johannesburg, 2000, South Africa)

(Call Centre phone number: 0861 100 634)

The document which includes this Pre-listing Statement is available only in English and copies thereof may be obtained at the respective addresses of the following persons during normal business hours on business days from Friday, 4 April 2008 to Monday, 19 May 2008, from:

- **the registered office of Clientèle;**
- **Edward Nathan Sonnenbergs Inc.;**
- **PricewaterhouseCoopers Corporate Finance (Pty) Limited;**
- **Computershare Investor Services (Proprietary) Limited.**

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The definitions and interpretations on pages 55 and 56, as required, have been used in this section titled “CONTENTS”.

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DEFINITIONS AND INTERPRETATIONS

Throughout the Pre-listing Statement, unless otherwise stated or the context otherwise requires, words in the first column shall have the corresponding meaning stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“the Board”	collectively the directors of the Company whose names appear under “CORPORATE INFORMATION” on page 51;
“certificated shares”	shares which have not yet been dematerialised and thus title to which is evidenced by paper share certificates or other documents of title;
“Clientèle” or “the Company”	Clientèle Limited (formerly Newshelf 901 (Proprietary) Limited) (Registration number 2007/023806/06) a public company incorporated in South Africa;
“Clientèle listing” or “listing”	subject to the fulfilment of the conditions precedent, the listing under the JSE Code “CLI” and the ISIN: ZAE●●●●●● of the shares of Clientèle on the JSE which is expected to take place on Monday, 19 May 2008;
“Clientèle Life”	Clientèle Life Assurance Company Limited (Registration number 1973/016606/06) a public company incorporated in South Africa which will, following implementation of the scheme, become a wholly-owned subsidiary of Clientèle;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“conditions precedent”	the conditions precedent to which the scheme is subject as set out in paragraph 3.5 of the explanatory statement on page 17 and paragraph 5 of the scheme commencing on page 36;
“Court”	the High Court of South Africa (Witwatersrand Local Division), High Court Building, von Brandis Square, corner Pritchard and von Brandis Streets, Johannesburg, South Africa;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act, appointed by an individual shareholder for purposes of the dematerialisation of documents of title and ongoing management thereof;
“dematerialised shares”	shares no longer evidenced by paper share certificates or other documents of title and which have been incorporated into the Strate system and are held on the register in electronic form in terms of the Securities Services Act;
“directors”	depending on the context, either the Board or individual Clientèle directors;
“the document”	the bound circular to shareholders dated 4 April 2008, incorporating <i>inter alia</i> the scheme, the explanatory statement (yellow) and this Pre-listing Statement as an annexure;
“embedded value”	embedded value represents an estimate of the value of the group exclusive of goodwill attributable to future new business and comprises:

- the value of excess assets attributable to shareholders; plus
- the value of in-force business; less
- the cost of capital.

The value of excess assets attributable to shareholders is based on the statutory valuation method with any disallowed asset added back for consistency;

“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“explanatory statement”	the explanatory statement in terms of section 312(1) of the Companies Act as required for purposes of the scheme and incorporated in the document;
“the group”	Clientèle and its subsidiary companies;
“JSE”	JSE Limited (Registration number 2005/022939/06), a South African incorporated public company and licensed as an exchange under the Securities Services Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE as are applicable to listed companies;
“last practicable date”	29 February 2008, being the last practicable date on which information was capable of being included in the document prior to its finalisation;
“operative date”	the date on which the scheme becomes operative which is expected to be Monday, 26 May 2008;
“Pre-listing Statement”	this Pre-listing Statement of Clientèle which has been approved by the JSE;
“restructuring”	the restructuring of Clientèle Life pursuant to implementation of the scheme of arrangement;
“scheme” or “scheme of arrangement”	the scheme of arrangement in terms of section 311 of the Companies Act, incorporated in the document, proposed by Clientèle between Clientèle Life and its shareholders in terms of which Clientèle will acquire the entire issued ordinary share capital of Clientèle Life in consideration for the allotment and issue of new ordinary shares in Clientèle to Clientèle Life shareholders;
“scheme consideration”	in terms of the scheme, the consideration payable to each eligible shareholder of Clientèle Life, being ten new ordinary shares in Clientèle for every one Clientèle Life share held;
“Securities Services Act”	the Securities Services Act (Act 36 of 2004), as amended;
“shareholders”	holders of shares;
“shares” or “Clientèle shares”	ordinary shares having a nominal value of 2 cents each in the share capital of Clientèle;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa, which is a registered central securities depository in terms of the Securities Services Act; and
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa).

PRE-LISTING STATEMENT

1. INTRODUCTION

1.1 Clientèle Life is a company that conducts long-term insurance business and, as such, operates within clearly defined and regulated parameters. Whereas the Board wishes to pursue opportunities other than those that fall strictly within the field of long-term insurance, particularly in the financial services arena, Clientèle Life does not have sufficient flexibility to do so. The Board considers that it is an opportune time to lever off two highly regarded brands, namely, “Clientèle” and “IFA”, and pursue such opportunities, thus being able to offer alternative but complementary products. Furthermore, combining the efficiencies and distribution know-how to new businesses should add value to the group and its stakeholders.

1.2 The Board, together with its external advisers, embarked upon a careful and thorough analysis of the best mechanism to achieve these objectives. The Board considers that these objectives would best be achieved by way of a restructuring by means of the proposed scheme which will entail the utilisation of a new limited liability public company, namely Clientèle, as the new JSE listed holding company of Clientèle Life. There are a variety of benefits that are expected to flow from the implementation of the scheme:

- it will provide the group with flexibility to pursue opportunities that are not strictly related to long-term insurance and thus should not or cannot be pursued in a life insurance company;
- it will facilitate the establishment of a short-term insurance business on a selective basis, an objective that the board of Clientèle Life wishes to pursue. Due to regulatory and other constraints, a subsidiary company holding a licence to conduct short-term insurance business cannot be undertaken within Clientèle Life;
- long-term insurance companies have limited ability to secure debt funding. Additionally, raising capital within Clientèle Life has an impact on capital adequacy requirements and consequently the ability of the company to pay dividends. Implementation of the scheme will assist in alleviating these constraints should the new initiatives require additional capital in due course;
- a long-term insurance company has certain asset spreading requirements that limit its ability to fully reflect the value of its subsidiaries. This will not be a constraining factor following the scheme;
- potential risks that may accompany new business initiatives outside the long term insurance sector can be ring-fenced and will not affect Clientèle Life and its policyholders.

1.3 The scheme therefore constitutes Clientèle as the beneficial owner of the issued share capital of Clientèle Life on the basis that shareholders will, upon the scheme becoming operative, hold shares in Clientèle.

In order to achieve the aforementioned objectives, Clientèle will propose the scheme of arrangement which, if implemented, will result in:

- Clientèle Life shareholders receiving, in consideration for their shares in Clientèle Life, new ordinary shares in Clientèle;
- the suspension of the listing of Clientèle Life from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008;
- the listing of the shares of Clientèle on and as from the commencement of trade on the first business day after the last day to trade in Clientèle Life shares, anticipated to be on Monday, 19 May 2008; and
- the termination of the listing of the shares of Clientèle Life on and as from the commencement of trade on the operative date, anticipated to be on Monday, 26 May 2008.

Full details of the scheme, the effects and ramifications thereof are contained in the document.

2. PURPOSE OF PRE-LISTING STATEMENT

The reasons for the listing of the shares of Clientèle on the JSE are explained in paragraph 1 above.

The purpose of and reason for this Pre-listing Statement is to comply with the Listings Requirements of the JSE by providing full and comprehensive information on Clientèle and its subsidiary companies in connection with the listing of the shares of Clientèle on the JSE. As such, the Pre-listing Statement is not an invitation to the public to subscribe for shares nor a document directly soliciting subscription for or inviting purchases of Clientèle shares by the public.

3. HISTORY AND BUSINESS OF CLIENTÈLE

Introduction

Clientèle was incorporated in Pretoria, South Africa under the name Newshelf 901 (Proprietary) Limited on 23 August 2007. With effect from 25 January 2008, the name of the Company changed to Clientèle Limited and the company converted to a limited liability company.

Subject to implementation of the scheme, Clientèle will be the holding company of Clientèle Life, the main operating subsidiary of the group.

Clientèle Life, its history and business

Clientèle Life was incorporated in Pretoria, South Africa on 21 December 1973 under the name Mitau Quat Limited with registration number 1973/016606/06. Its name was first changed on 14 August 1974 to Security Life Assurance Corporation Limited and thereafter to Crusader Life Assurance Corporation Limited ("Crusader") on 5 March 1982.

The history of Clientèle Life can be traced back to 1952 when Security Life of the United Kingdom first established its operations in South Africa. During 1982, the South African business of Security Life of the United Kingdom was sold to South African interests and listed on the JSE as Crusader Life Assurance Corporation Limited. Pursuant to a judicial management order granted during 1993, the company was placed under judicial management whereafter the company did not write any new life business.

Newshelf 152 (Proprietary) Limited, the name of which was subsequently changed to Clientèle Holdings (Proprietary) Limited ("Clientèle Holdings"), proposed a scheme of arrangement between Crusader and its shareholders ("the Scheme) and an offer of compromise between Crusader and certain of its creditors ("the Offer"). The Scheme and the Offer formed part of a number of inter-linked transactions which were subject to the fulfilment of a variety of conditions precedent including, amongst others, the discharge of the business of Crusader from judicial management.

During May 1997, the Scheme and Offer were sanctioned. Subsequent to the implementation of the Scheme and Offer and the inter-linked transactions:

- Crusader disposed of all its businesses and was relieved of all its obligations;
- Clientèle Life was a wholly owned subsidiary of Clientèle Holdings. Immediately prior to the acquisitions referred to below, it was a cash shell having an existing life assurance licence. The JSE agreed to allow a reasonable period of time within which to introduce a new business or assets which would permit Clientèle Life to make use of its life assurance licence;
- with effect on and as from 6 June 1997 the name of Crusader was changed to Clientèle Life Assurance Company Limited;
- the Hollard Group of companies acquired all of the preference shares in the capital of Crusader which were subsequently redeemed;
- Clientèle Life acquired the entire issued share capital of Clientèle Financial Services (Proprietary) Limited ("Financial Services");
- subsequently, Clientèle Life acquired from Clientèle Financial Services its insurance broking and administration business;
- numerous special and ordinary resolutions were passed by the shareholders of Clientèle Life and the special resolutions duly registered. Those resolutions resulted inter alia in the restructuring of the share capital of Clientèle Life.

The above corporate action brought to an end the "Crusader Life" era. All the former directors and officers of Clientèle Life resigned and Messrs P R Enthoven, G Q Routledge, B D Howard and P W Felton were appointed as directors of Clientèle Life.

On 29 August 1997 Clientèle Life issued a prospectus regarding an offer for subscription (“Offer for Subscription”) of ordinary shares in the capital of Clientèle Life comprising a minority preferential offer to afford minority shareholders the opportunity of again participating as shareholders in Clientèle Life and a preferential offer to afford directors, employees and business associates of Clientèle Holdings the opportunity of participating in the equity of Clientèle Life. The Offer for Subscription was also made with the view to establishing and enhancing the general public awareness of Clientèle Life, obtaining the necessary spread of shareholders so as to facilitate the reinstatement of the listing of Clientèle Life on the JSE and creating a capital base to facilitate the growth of Clientèle Life, *inter alia*, by the writing of new life insurance business and the making of new investments.

Clientèle Life has developed a comprehensive understanding of the wide ranging needs for financial protection of lower to middle income earning South Africans. Simplicity, efficiency and convenience extend to the Clientèle Life range of products and services. These include the Lasting Dignity Life Cash Back Plan, which is Clientèle Life’s flagship product offering affordable, easy-to-access cover to provide for final expenses on the death of a policyholder or family member and the Saver and Protector Plan, designed to provide efficient long-term savings and protection.

Clientèle Life has since grown to become a relatively low cost, high-tech life assurance company distributing its products via the medium of television and print advertising, referral marketing and other direct selling methods, thereby eliminating most intermediary commissions and costly infrastructure. Its market includes a wide spectrum of South Africans seeking the convenience and quick response to a broad range of easy to understand cost effective financial protection products.

The user-friendly client-centred products and service of Clientèle Life are well-known to policyholders, many of whom feel more comfortable dealing directly with Clientèle Life as a result of application procedures which are both brief and courteous due to well-trained and closely monitored systems and procedures.

Clientèle Life is a direct marketer and direct seller of long-term insurance products. Its products are distributed through four distribution channels, one of which is a network of Independent Field Advertisers (“IFAs”) who refer people to and invite people to attend IFA presentations presented by duly registered presenters as more fully described below. By referring people to presentations, IFAs become eligible, based on certain criteria, to earn commission from policies taken out by such persons. The products marketed under the IFA brand include the IFA Life Cash Back Plan and the IFA Saver and Protector Plan.

IFAs are not entitled to give financial advice or life insurance advice and these independent contractors are bound by the terms and conditions of a contract (“IFA Contract”) with Clientèle Life and rules imposed by Clientèle Life from time to time.

To participate in the opportunity and remain an appointed IFA, IFAs are required to pay a monthly business fee to Clientèle Life. The fee entitles IFAs to a variety of services including, *inter alia*, a range of marketing materials, access to training programmes, attendance at events, rallies and mass presentations and the like.

Presenters are IFAs who are also registered as representatives of “Clientèle Life – IFA division” with the Financial Services Board so as to comply with the Financial Advisory & Intermediary Services Act, Act (“the Act”). To qualify for such registration, presenters must meet all the “fit and proper” requirements prescribed by the Act from time to time. Presenters are not entitled to give financial advice or life assurance advice. Appointments are renewable on an annual basis.

Other matters

As at the last practicable date, no part of the business of Clientèle is managed or is proposed to be managed by a third party under a contract or arrangement.

The group is not subject to the payment of any royalties or the like in respect of any of its businesses.

4. RECENT RESULTS AND PROSPECTS FOR THE GROUP

The group’s main operating subsidiary, Clientèle Life, presently accounts for the entire profit of the group. Accordingly, in the shorter to medium term and until such time as the group’s initiatives in complementary financial services businesses come to fruition and become profitable, the prospects of the group will be driven by Clientèle Life.

Clientèle Life's distribution and reward formula has resulted in it providing appropriate and affordable Life Insurance Products to the under serviced citizens of South Africa who can at the same time become owners of their own businesses. The group, through Clientèle Life, continues to remain committed to servicing, empowering and educating under serviced segments of the financial services market and will continue to consider other opportunities in this arena of the lower and middle income markets.

The most recent reported on six months of Clientèle Life to 31 December 2007 has been characterised by the introduction of the National Credit Act ("NCA"), changes in banking system collection mechanisms and a weakening of investment markets in November and December 2007. These changes have affected net production, persistency and investment returns for the six month period.

This had an effect on Clientèle Life's results which nevertheless reflect a healthy increase in headline earnings. Net recurring premium income for the period of R379 million (2006: R285 million) increased by 33%. The group earned R61 million (2006: R38 million) of other income which represents an increase of 58% 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 six months were significantly lower than that of the corresponding period last year and at R35 million is R45 million short of the comparative gains of R80 million. Within these fair value gains, R9 million is attributable to shareholders which is R19 million lower than last year. This is as a result of the weaker financial markets in November and December. Policyholders benefits of R80 million (2006: R53 million) have increased by 52%. Administration expenses per policy continue to be well controlled and the relatively low average annual administration cost per policy is in line with actuarial assumptions. Together, acquisition costs and administration expenses for the period have increased by 29% in comparison to the 33% increase in net recurring premium income. The transfer to policyholder liabilities under insurance contracts has decreased significantly for the period mainly due to policyholder investment performance which has been affected by lower market returns. The effective tax rate for the period has increased in comparison to the comparative period due to the change in mix of income with significantly less investment income this period. Headline earnings per share has increased by 27% from 156,89 cents to 199,45 cents for the period under review. The results have translated into an annualised after-tax return on average shareholders interests of 85%.

Value of New Business for the six months amounted to R159 million (2006: R169 million) and has been affected by the introduction of the NCA and changes in banking collection mechanisms. These changes had the most impact in the first quarter of the financial year and good progress has been made in responding to these changes. Embedded Value has increased from R876 million after adjusting for dividends and related Secondary Taxation of Companies at 30 June 2007 to R1 billion at 31 December 2007. This translates into an annualised return on Embedded Value of 40% which although lower than the same period last year is still pleasing off a significantly higher base.

Recent initiatives

Whilst at this stage not financially material to the group, the following represent some potentially exciting new ventures:

Clientèle Legal

On 1 November 2007, Clientèle Life through its newly formed wholly owned subsidiary, Clientèle Short Term (Proprietary) Limited, launched a personal legal expense insurance product under a short-term operation. The same distribution methods and know-how that are currently utilised in Clientèle Life and IFA division will be adopted to market the product. The operations are conducted in a division of Clientèle Short Term (Proprietary) Limited, named Clientèle Legal.

Clientèle Loans Direct

On 19 December 2007, an agreement was signed with Direct Axis (SA) Proprietary Limited to establish a direct personal loans business for the benefit of Clientèle Life customers. Clientèle Life will own 70% of Clientèle Loans Direct and it is expected that the business will be launched during May 2008.

5. FINANCIAL INFORMATION ON AND REPORTING BY CLIENTÈLE

Clientèle

Clientèle was incorporated in Pretoria, South Africa under the name of Newshelf 901 (Proprietary) Limited on 23 August 2007. With effect from 25 January 2008, the Company converted to a limited liability public company and its name changed to Clientèle Limited.

Being recently incorporated, Clientèle has no trading history. Historical financial information of Clientèle and the report thereon of PricewaterhouseCoopers Inc, the auditors and reporting accountants, are contained respectively in Appendix 2 and Appendix 3 of this Pre-listing Statement.

Subject to implementation of the scheme, Clientèle Life will be the main operating subsidiary of the Group accounting for the major part of group profit. Accordingly, pertinent information on Clientèle Life, extracted from the published audited annual financial statements of Clientèle Life for the three financial years ended 30 June 2007, as well as from the published summarised unaudited group results of Clientèle Life for the six months ended 31 December 2007, is provided in Appendix 1.

The auditors of the Company are PricewaterhouseCoopers Inc.

Pro forma financial information

The following unaudited *pro forma* financial effects, which have been prepared by and are the responsibility of the Board, are presented for illustrative purposes only to show the effects of the restructuring and because of their nature, may not give a fair reflection of the Company's financial position or the effect of future earnings.

The report of PricewaterhouseCoopers Inc, the reporting accountants, on the unaudited *pro forma* financial effects is provided in Appendix 5 of the Pre-listing Statement.

	Before (before scheme and <i>de facto</i> sub division) ⁵	After (after scheme and <i>de facto</i> sub division) ⁵	Percentage change
Market value per share (cents)	8 400 ⁽²⁾	840 ⁽³⁾	N/A
Embedded value per share (cents)*	3 262,20 ⁽¹⁾	324,67 ⁽⁴⁾	(0,5)
Headline earnings per share (cents)	199,45 ⁽¹⁾	18,40 ⁽⁴⁾	(7,7)
Earnings per share (cents)	199,45 ⁽¹⁾	18,40 ⁽⁴⁾	(7,7)
Net asset value per share (cents)	430,81 ⁽¹⁾	41,54 ⁽⁴⁾	(3,6)
Net tangible asset value per share (cents)	430,81 ⁽¹⁾	41,54 ⁽⁴⁾	(3,6)

*Shareholders are referred to the definition of 'embedded value' contained in the 'Definitions and Interpretations' section of this Pre-listing Statement.

Notes:

1. Extracted from the published summarised unaudited group results of Clientèle Life for the six months ended 31 December 2007.
2. The price of the shares of Clientèle Life on the JSE at the close of trading on the JSE on the last practicable date, namely, 29 February 2008.
3. Taking account of the *de facto* sub division referred to in note 5 below and the price of Clientèle Life shares at the close of trading on the JSE at the last practicable date, the illustrative share price (all other things being equal) at which the shares of Clientèle could be expected to commence trading on the JSE assuming that the listing of the shares of Clientèle was to take place too on the last practicable date.
4. Following the illustrative *de facto* sub division of Clientèle Life shares referred to in note 5 below and expensing of estimated restructuring costs.
5. Subject to implementation of the scheme and in terms thereof, shareholders of Clientèle Life will effectively have exchanged their shares in Clientèle Life for new shares in Clientèle in the ratio of ten new Clientèle shares for every one Clientèle Life share previously held. Their shares in Clientèle Life will have been subjected to a *de facto* sub division. Clientèle Life shareholders will thus retain proportionately the same percentage interest in Clientèle as they did in Clientèle Life.

One effect of the *de facto* sub division is that the JSE market price of a Clientèle share *ceteris paribus* can be expected to trade at one-tenth of the last recorded price of a Clientèle Life share prior to the suspension of the listing of the shares of Clientèle Life on the JSE, expected to take place at the commencement of trading on the JSE on Monday, 19 May 2008.

6. LITIGATION

As far as the Board is aware, neither Clientèle, Clientèle Life nor any other subsidiary is involved in any legal or arbitration proceedings, nor is the Board aware of any proceedings which are pending or threatened which may have or have had, in the 12-month period preceding the last practicable date, a material effect on the group's financial position.

7. RISK FACTORS PERTINENT TO THE GROUP**Risk management*****Risk management framework and objectives***

The Board acknowledges its responsibility for establishing and communicating appropriate risk and control policies and ensuring that adequate risk management processes are in place. Management deals with the various aspects regarding policies for accepting risks, including selection and approval of risks or risks to be insured, use of limits and avoiding undue concentration of risk and underwriting strategies to ensure the appropriate risk classification and premium levels.

Responsibility for risk management

The group audit committee, being a committee of the Board and the group risk and compliance committee, being a sub-committee of the group audit committee, are in place to assist the Board in discharging its risk management obligations.

The group audit committee's principal objectives are as follows:

- act as an effective communication channel between the Board on one hand and the external auditors, the external actuaries, the head of internal audit, the chairman of the group risk and compliance committee, the chairman of the actuarial committee and the chairman of the investment committee with regard to taxation matters on the other;
- satisfy the Board that adequate internal, financial and operating controls are being identified, addressed and monitored by management and that material corporate risks have been identified and are being contained and monitored through the group audit committees and the group risk and compliance committee;
- enhance the quality, effectiveness, relevance and communication value of the published financial statements issued by the group with focus being placed on the actuarial assumptions, parameters, valuations and reporting guidelines and practices adopted by the statutory actuary as appropriate to the group's life insurance activities.

The actuarial committee assists the group audit committee in this regard.

The principal objectives of the group's risk and compliance committee pertaining to risks are to:

- review the group's risk philosophy, strategy, policies and processes recommended by executive management;
- review compliance with risk policies and with the overall risk profile of the group;
- review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring of risk;
- review the adequacy and effectiveness of the group's risk management function and its implementation by management; and
- provide the group audit committee with an assessment of the state of risk management within the group.

A significant part of the business involves the acceptance and management of risk. Primary responsibility for risk management at an operational level rests with the executive committee. The group's risk management processes, of which the systems of internal, financial and operating controls are an integral part, are designed to control and monitor risk throughout the group. For effectiveness, these processes rely on regular communication, sound judgement and a thorough knowledge of the products and markets by the people closest to them. Management are tasked with integrating the management of risk into day-to-day activities of the group.

Types of risks

Capital adequacy requirement risk

The group is required to maintain a capital balance equivalent to the capital adequacy requirement ("CAR"). This is available to meet obligations in the event of substantial deviations from the main experience assumptions affecting the group's financial instrument and insurance contract business.

The CAR is determined in accordance with FSB Board Notice 38 of 2004: "Prescribed requirements for the calculation of the value of the assets, liabilities and Capital Adequacy Requirement of long-term insurers". It is a risk-based capital measure that is intended to provide a 95% confidence level that insurers will be able to meet their existing liabilities.

The CAR includes provisions and scenario tests for a number of risks including:

- financial risk from asset and liability mismatch under specified market movements;
- random fluctuations in insurance and expense risks; and
- risk that long-term insurance and financial assumptions are not realised.

As at 30 June 2007 the group's CAR for insurance and investment contract business amounted to R47,1 million and was covered 3,6 times (2006: 4,5 times) by the excess of assets over liabilities.

Insurance risk

Insurance risk is the risk that benefit payments and expenses exceed the carrying amount of the group insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Mortality and morbidity risks

Underwriting processes are in place to manage exposure to death and disability risks. The most significant measures are:

- premium rates are required to be certified by the statutory actuary as being financially sound;
- bi-annual experience investigations are conducted and used to set premium rates; and
- reinsurance arrangements are negotiated in order to limit the risk on any individual contract.

Contracts provide benefits on death and disability to individuals.

- *Factors affecting these risks:*

- the most significant factors that could substantially increase the frequency of claims are epidemics (such as AIDS) or widespread changes in lifestyle (smoking, exercise, eating, sexual practices), resulting in more or earlier claims;
- economic conditions can potentially affect morbidity claims where benefits are determined in terms of the ability to perform an occupation.

- *Management of this risk*

- to reduce cross-subsidisation of risks, and the possibility of anti-selection, premium rates differentiate on the basis of age and gender. Bi-annual experience investigations have shown these are reliable indicators of the risk exposure.
- to mitigate anti-selection, policies covering death by natural causes have a waiting period.
- at claims stage undisclosed pre-existing adverse medical conditions are excluded.
- an additional provision is held in respect of the potential deterioration of mortality experience as a result of AIDS risks using modern best practice models as advocated by the Actuarial Society of South Africa.
- reinsurance agreements are used to limit the risk on any single policy. Currently no catastrophe cover has been purchased.
- claims as a result of death due to natural causes are re-insured for 90% of the claim.
- claims as a result of accidental death are not reinsured.

The table below shows the concentration of individual insurance contract benefits by sum insured at risk.

Sum insured per benefit	Number of benefits insured	Amount (gross) R'm	Amount (net) R'm
2007			
0 – 20 000	1 752 415	12 362	6 714
20 000 – 50 000	629 170	23 889	12 321
50 000 – 100 000	15 371	1 041	772
100 000 – 200 000	1 591	233	118
200 000 – 500 000	194	55	51
Total	2 398 741	37 580	19 976
2006			
0 – 20 000	414 683	5 275	3 949
20 000 – 50 000	624 296	20 772	20 345
50 000 – 100 000	12 530	840	757
100 000 – 200 000	1 225	156	113
200 000 – 500 000	175	56	53
Total	1 052 909	27 099	25 217

The above table demonstrates that there is limited concentration risk as risk is spread over numerous beneficiaries with the highest volume in respect of the smaller sums insured.

The number and value of benefits include a large number of benefits with a low incidence of claims (e.g. accidental death and where anti-selection is not probable), which are not re-insured. Where anti-selection or incidence is higher these policies are 90% reinsured.

During the current year a significant number of "Life Cashback" policies were sold which include a number of benefits in respect of each policy sold hence the increase in the number of benefits insured.

Contract persistency risk

Policyholders have a right to pay reduced premiums or no future premiums with corresponding reduced benefits, or to terminate the contract completely before expiry of the contract term.

Expenses incurred in the acquisition of contracts are expected to be recouped over the term of the policy. These may not be recovered where the premiums are reduced or the contract terminated.

- *Factors affecting this risk*
 - economic conditions and/or consumer trends can influence persistency rates.
 - changes in banking processes and procedures (for example the introduction of non authenticated early debit order systems).
 - terminations can have the effect of increasing risk – e.g. contract holders whose health has deteriorated are less likely on average to terminate a contract providing death benefits.
- *Management of this risk*
 - where withdrawal benefits are payable on termination, these can be adjusted to recover certain expenses. However, market and legislative forces restrict the extent to which this may be done.
 - persistency rates are measured on a monthly basis by a variety of factors and resources are directed towards the sale of business with higher persistency, understanding our policyholders' payment abilities and improved methods of collecting premiums.

Expense risk

Expense risk is the risk that actual expenses are greater than expected.

- *Factors affecting this risk*
 - factors impacting this risk could include a stagnation or reduction in new business volumes (making it difficult to cover fixed expenses), or an unexpected sudden increase in expenses.

- withdrawals at rates higher than expectation not compensated for by higher levels of new business.
- *Management of this risk*
 - This risk is managed through comprehensive budgeting and forecasting processes, strict cost control by business unit together with strong new business flows.

Assumption risk

Assumption risk is the risk that the assumptions used in the valuation are not borne out in reality.

- *Factors affecting this risk*
 - Adverse actual experience or the use of incorrect assumptions.
- *Management of this risk*
 - Independent external actuaries are used for the valuation of liabilities.
 - Actual experience is closely monitored and compared to assumptions bi-annually.

Data risk

Data risk is the risk that data used in the embedded value calculations or the policyholders liability valuation calculations are inaccurate or incomplete.

- *Factors affecting this risk*
 - Incorrect data or valuation extracts between the policy administration system and the actuarial valuation model.
 - Incorrect capturing of data on the policy administration system.
- *Management of this risk*
 - Data integrity testing and the investigation of exceptions reported takes place continuously.
 - Policyholders liability valuation calculations are done on a monthly basis.
 - Embedded value calculations are done on a bi-annual basis.

Financial risk

The group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets, reinsurance liabilities and insurance liabilities. Financial risk includes credit risk, equity risk, interest rate risk, liquidity risk and asset/liability mismatch risk.

The main financial risks to which the group is exposed are described below under various contract categories. Each category represents distinct financial risks.

Credit risk

Credit risk is the risk that a counter party will fail to discharge an obligation on an asset held and cause the group to incur a financial loss.

Balances where the group has exposure to credit risk includes all financial instruments, amounts receivable from insurance policyholders, amounts due from reinsurers and cash and cash equivalents.

The carrying amounts of financial assets and reinsurance assets included in the balance sheet represent the group's exposure to credit risk in relation to these assets. At 30 June 2007 the group did not consider there to be a significant concentration of credit risk and no provision for credit risk has been made.

- *Factors affecting this risk*
 - Fair values of investments may be affected by the creditworthiness of the issuer of securities. The group is exposed to credit risk for any reinsurance assets held. If a reinsurer fails to pay a claim, the group remains liable for the payment to the policyholder.
- *Management of this risk*
 - Spreading of assets in terms of the provisions of the Long Term Insurance Act has the effect of limiting exposure to individual issuers due to the inadmissibility of assets for regulatory purposes if specified limits are breached.

- Cash equivalents, financial assets and reinsurance are placed with reputable international companies. The credit rating of the company is assessed when placing the business and when there is a change in the status of the company. The counterparties for assets backing financial liabilities held at fair value through profit and loss are rated at least AA by an International rating agency.

Equity risk

Equity risk is the risk that the value of equity financial instruments will fluctuate as a result of changes in the market-place.

Equity investments are made on behalf of policyholders and shareholders. Equities are reflected at market values which are susceptible to fluctuations.

- *Factors affecting this risk*
 - The equity content in investment portfolios.
 - The categories of equities invested in (sectoral spread).
 - Performance of equities in general.
- *Management of this risk*
 - Asset allocations are reviewed on a quarterly basis by the investment committee, which is a sub-committee of the Board.
 - The categories of equities invested in are monitored monthly by Melville Douglas of Standard Private Bank who report to the investment committee.
 - The equities selection and investment analysis process is outsourced to Melville Douglas, who invest within the mandates set by the investment committee.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates.

- *Factors affecting this risk*
 - Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments.
 - Fair values of fixed maturity investments included in the group's investment portfolios are subject to changes in prevailing market interest rates.
- *Management of this risk*
 - The ongoing assessment by Melville Douglas of market expectations within the South African interest rate environment in conjunction with consultation with the investment committee, drives the process of asset allocation in this category.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due.

- *Management of this risk*
 - Liquidity requirements and cash resources are monitored by management.
 - Appropriate assets back the group's liabilities and it has sufficient liquid resources. The group also continues to experience strong positive net cash flows.

The maturity profile of financial assets is disclosed in note 7 to the annual financial statements, financial assets held at fair value through profit and loss.

The expected cash flows of net policyholder liabilities under insurance contracts and financial liabilities held at fair value through profit and loss are listed below:

	0 to 1 year R'000	1 – 5 years R'000	>5 years R'000	Open ended R'000	Total R'000
30 June 2007					
Policyholder liabilities under insurance contracts	–	–	–	498 020	498 020
Financial liabilities held at fair value through profit and loss	22 271	458 698	–	–	480 969
	22 271	458 698	–	498 020	944 630
30 June 2006					
Policyholder liabilities under insurance contracts	–	–	–	379 996	379 996
Financial liabilities held at fair value through profit and loss	–	458 245	–	–	458 245
	–	458 245	–	379 996	838 241

Asset/Liability mismatch (“ALM”) risk

ALM risk is the risk that the group’s assets are not adequately matched to back the group’s insurance contract liabilities and financial liabilities held at fair value through profit and loss.

- *Factors affecting this risk*
 - Claims, including encashments, at higher rates than assumed.
 - A mismatch in the investment performance of financial assets relating to the underlying insurance contract liabilities or financial liabilities held at fair value through profit and loss.
 - Holding insufficient free assets in relation to actuarial liabilities.
- *Management of this risk*
 - 90% of death due to natural causes is reinsured.
 - Products with a savings component are unit linked products matched to the underlying net investment performance.
 - The assets backing financial liabilities held at fair value through profit and loss are matched upfront.
 - A CAR ratio in excess of regulatory requirements is maintained at all times.

8. REGULATORY DEVELOPMENTS IN SOUTH AFRICA PERTINENT TO THE GROUP

In the industry in which Clientèle Life operates, there are ongoing and frequent regulatory developments. In order to ensure that all regulatory developments are complied with, Clientèle Life has a fully fledged compliance division. The primary role of the compliance division is to track regulatory development and advise management accordingly thus ensuring compliance with all statutory, regulatory and supervisory requirements.

Clientèle Life has, in addition, established systems and procedures to monitor and ensure compliance.

9. DIRECTORS AND SENIOR MANAGEMENT OF THE GROUP

9.1 Directors of Clientèle

The Board of Clientèle consists of eight directors each contributing a wide range of experience and professional skills. In terms of the memorandum of association of the Company, the directors shall have the power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the Board.

At the last practicable date, the names, ages, nationalities, business addresses and capacities of the directors of Clientèle are as follows:

Name, age and nationality	Business address	Capacity
Gavin Quentin Routledge (52) South African	Heron Crest Winery Road Firgrove, 7130 South Africa	Chairman of the board and independent non-executive member of group audit, risk and compliance and investment committees and chairman of the group remuneration committee
Gavin John Soll (45) South African	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads Morningside, 2196 South Africa	Executive, member of risk and compliance, investment, product and actuarial committees
Patrick Jocelyn Anthony Cunningham (71) South African	14 Fife Avenue Clynton Sandton, 2196 South Africa	Non-executive, independent, chairman of group audit committee, member of group remuneration and risk and compliance committees
Adrian Dominic 'T hooft Enthoven (38) South African	Hollard Office Park 22 Oxford Road Parktown Ridge Parktown, 2193 South Africa	Non-executive
Brenda-Lee Frodsham (35) South African	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads Morningside, 2196 South Africa	Executive, member of the group actuarial and product committee
Iain Bruce Hume (41) South African	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads Morningside, 2196 South Africa	Executive, chairman of the investment committee, member of group actuarial and risk compliance committees
Dr David Molapo (44) South African	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads Morningside, 2196 South Africa	Non-executive
Basil William Reekie (35) British	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads Morningside, 2196 South Africa	Executive, chairman of the group product and actuarial committees, member of risk and compliance and investment committees

9.2 Qualification and experience of the directors of Clientèle

9.2.1 Gavin Quentin Routledge (*Independent non-executive chairman*), (*BA, LLB (Wits)*).

Mr Gavin Routledge is based in Cape Town and is engaged in private equity for his own account and also advises companies and executives on strategy and deal making. When required, he attends to Clientèle business in his capacity as Chairman of the Board.

Previously he was responsible for many of the Hollard Group's private equity investments in Southern Africa and prior to that he was chief executive of a niche investment banking company, A&R Corporate Finance, concentrating on international financial transactions and investment banking.

9.2.2 Gavin John Soll (Executive managing director), (CA(SA)).

Prior to joining Clientèle Life, Mr Gavin Soll was employed by the Imperial Group, where he acted as a director of a number of entities within that group. Gavin joined Clientèle Life as financial director in February 1998 and in September of the same year was appointed managing director, a position he still holds.

9.2.3 Patrick Jocelyn Anthony Cunningham (Non-executive director – Independent), (CA(SA), CA(Z)).

Mr Patrick Cunningham was previously chairman and senior partner of the Southern African firm of Price Waterhouse. Since his retirement in 1993 he has practiced as a consultant and is a director of a number of companies.

9.2.4 Adrian Dominic 'T hooft Enthoven (Non-executive director) (BA Hons Politics, Philosophy, and Economics; PhD in Political Science).

Adrian Enthoven is Executive Chair of Capricorn Ventures International, an international investment and insurance group. He also serves on the boards of a number of South African companies and NGOs. In the early nineties, he worked as a facilitator in the Metropolitan Chamber, a multi-party negotiating forum responsible for the democratization of Greater Johannesburg. During 1995, he worked as an adviser to the Elections Task Group, a national body responsible for co-ordinating the first non-racial local government elections in South Africa. He has been involved in the investment business since completing his PhD in 2000. He is responsible for the group investment and philanthropic strategy in Africa, and manages the South African based tourism, property and wine assets.

9.2.5 Brenda-Lee Frodsham (Executive director), (B.Comm (Wits)).

Mrs Brenda-Lee Frodsham joined Clientèle Life in February 1994 and has gained experience in several areas of the business including telesales, client services, administration, claims, direct mail, business development and IFA. Currently she assumes the portfolio of strategic operations.

9.2.6 Iain Bruce Hume (Executive director), (CA(SA)).

Mr Iain Hume is a Chartered Accountant and an associate of the Chartered Institute of Management Accountants with 15 years' experience in the banking and life insurance industry. Iain has been with Clientèle Life since 2000.

9.2.7 Dr David Molapo (Non-executive director), (JSTC (SA), BSc (USA), M.Ed(USA), D.Ed(USA)).

Dr David Molapo is no stranger to corporate South Africa and has held various directorships with listed companies. He is foremost a management consultant, educationalist and renowned motivational speaker.

9.2.8 Basil Reekie (Executive director), (BSc (Hons), FIA).

Mr Basil Reekie is a qualified actuary who, prior to joining Clientèle Life, was the managing executive of QED Actuaries and Consultants where he was responsible for the day-to-day operations of QED and consulted to numerous life insurance companies in South Africa and across the African continent. As a consultant, he acted in the capacity of Statutory Actuary for many of these companies. Basil is also a member of the Executive Committee of the African Insurance Organisation (AIO) and has chaired the Life Committee of the AIO for the past six years.

9.3 Declarations by the directors of Clientèle

As at the last practicable date:

- none of the directors have had or are still subject to any past or pending convictions in relation to indictable offences;
- none of the directors has previously been made or been declared bankrupt, insolvent or has been a party to an individual voluntary compromise or arrangement;
- there have been no receivership, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company of which any director was a director at the time of or within the 12 months preceding the date of, such event;
- there have been no compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships of which any director was a partner at the time of, or within the 12 months preceding the date of, such event;
- there have been no receiverships of any asset of any director or of a partnership of which any director was a partner at the time of, or within the 12 months preceding the date of, such event; and
- no director has previously been subject to any public criticism by any statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or has committed any acts of dishonesty or from acting in the management or conduct of the affairs of any company.

9.4 Executive committee of the group

The names, ages, nationalities, business addresses, capacities and work experience of the executive committee of the group are as follows (executive directors are included in the executive committee):

Name, age, nationality and qualifications	Business address	Capacity
Francois Marais (33) <i>South African</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Chief executive officer of IFA division
Driaan du Toit (31) <i>South African (CA(SA))</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Financial and operations director of IFA division
Paddy McDonald (61) <i>South African (Certificates in Law, Compliance Management, Corporate Governance and Money Laundering Control; AIBS, IMM)</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Compliance officer
Fergus McLoskey (42) <i>South African (N.Dip Data Processing)</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Executive: IT

Name, age, nationality and qualifications	Business address	Capacity
Noel Prendergast (34) <i>South African (CA(SA))</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Executive: Corporate Finance
Joey van der Ness (30) <i>South African (Chartered HR Practitioner SABPP, B.Soc Sci (Hons), Dip. Labour Law)</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Executive: Human Resources
John Poulton (47) <i>South African</i>	Clientèle House Morningview Office Park Corner Rivonia and Alon Roads, Morningside, 2196 South Africa	Executive: Client Services and Administration

Francois Marais

Francois joined Clientèle Life on 18 April 1994 and was promoted to Sales Manager in 1996. He joined the IFA division in January 1999 and in 2000 was promoted to National Sales and Marketing Manager for both Clientèle Life and the IFA division. In 2003, Francois was promoted to Divisional CEO of IFA and his main focus was to develop a senior team and the necessary infrastructure to grow the IFA Network. Francois, with his senior team, is responsible for the formulation and implementation of strategy for the IFA division.

Driaan du Toit

Driaan is the Financial and Operational Director for the IFA division. Previously he held a Financial Manager position at Glenrand M.I.B Limited, an independent short and long term insurance broking company, responsible for the Group's Underwriting and African investments. He was appointed as a director for most of Glenrand M.I.B's African companies, and played a significant role in setting up and growing these companies into meaningful investments for the Group. Prior to that, he held a financial manager position at Rennie's Bank.

Paddy McDonald

Paddy is the Authorised Compliance Officer appointed by the Financial Services Board in terms of the FAIS Act. In addition he heads up both the claims division as well as the compliance function at Clientèle Life. He serves on two external industry bodies – an active Board Member of the Direct Selling Association (DSA) responsible for the Legal and Compliance portfolio and the Life Offices Association (LOA) compliance sub committee. Paddy has extensive service in the Financial Services Industry (42 years) having worked in Life Insurance, Banking, Building Societies and on the JSE with a brokerage firm.

Fergus McLoskey

Fergus is responsible for Systems Development and Technical Infrastructure at Clientèle Life. Previously he was with the Liberty Life Group for 13 years, where he was head of Systems Development for Liberty Healthcare.

Noel Prendergast

Noel is a Chartered Accountant who has gained over 10 years' corporate finance and private equity experience during his careers at KPMG, PricewaterhouseCoopers Corporate Finance and Guma Investment Holdings. His expertise includes acquisitions, disposals, restructurings, fund-raising, black economic empowerment, general corporate advisory and regulatory requirements. Noel joined Clientèle Life in March 2007 and has assumed the portfolio of corporate finance.

Joey van der Ness

Joey has been working as the Human Resources Manager for Clientèle Life for the past four years. Prior to Clientèle Life she worked at Grintek for two years as an HR generalist.

John Poulton

John was the founder and Group Managing Director of Call Centre Nucleus Holdings (a call centre outsourcing company) from 1999 to 2004. During this time John was responsible for building a very successful business which employed over 200 staff and serviced a number of blue-chip clients. After 2004, John founded Poulton Consulting with the aim of offering contact centres solutions that would result in operational efficiencies and improvements with the overall objective of improving customer service levels within contact centres.

10. QUALIFICATION, REMUNERATION, BORROWING POWERS AND APPOINTMENT OF DIRECTORS**10.1 Relevant provisions contained in the articles of association of Clientèle**

Articles 12 and 13 of the Company's articles of association govern the borrowing powers and qualification, remuneration, and appointment of directors.

Appendix 6 contains the relevant Articles.

10.2 Director's emoluments*Board responsibility*

The Board is responsible for remuneration. To assist the Board in fulfilling its responsibilities, it has appointed and mandated a group remuneration committee consisting of two non-executive directors.

Members

Messrs G Q Routledge (independent non-executive director) and P J A Cunningham (independent, non-executive director).

Group remuneration committee

The overall purpose of the remuneration committee is to formulate remuneration strategy and policies for approval by the Board, and to monitor the implementation of such policies and report thereon to the Board, thereby enabling the Board to discharge its responsibilities relating to the following:

- as appropriate, determining the policy for executive remuneration, and approving the individual remuneration packages for each of the executive directors and other senior executives;
- ensuring that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance staff at all levels in support of realising corporate objectives and safeguarding stakeholder interests;
- reviewing the design and management of salary structures and policies, incentive schemes and share schemes to ensure that they motivate sustained high performance linked to company performance;
- recommending the level of non-executive directors' fees, including the chairman's fee, to the Board after receiving inputs from executive directors, for ultimate approval by shareholders; and
- ensuring compliance with applicable laws and codes of conduct.

Save for an agreement between Dr S D Molapo and Clientèle Life (in respect of the IFA Division) which subsequently terminated on 31 March 2008, the Company had not and presently has not entered into any other formal contractual agreement with any member of the Board.

As a consequence of the scheme, Clientèle is the holding company of the Group which comprises, *inter alia*, its main operating subsidiary, Clientèle Life.

The directors of Clientèle, newly appointed in their capacities as directors of Clientèle, have not completed a financial year in respect of which emoluments can be disclosed. Notwithstanding, as Clientèle Life has the same directors as Clientèle (save for Mr P R Enthoven who is not a director of Clientèle) and as the emoluments of the directors of Clientèle will not in any way materially change as a direct consequence of the implementation of the restructuring and the scheme, the remuneration paid to the directors of Clientèle Life is relevant and is accordingly presented.

The remuneration paid to the directors of Clientèle Life in respect of the financial year of Clientèle Life ended 30 June 2007 is as follows:

Non-executive directors Paid by the Company	Months in office	Directors' fees R'000	Consulting fees R'000	Total emoluments R'000
S D Molapo	6	150	150	300
P J A Cunningham	12	310	–	310
G Q Routledge	12	620	–	620
P W Felton	6	–	500	500
Total emoluments		1 080	650	1 730

Executive directors Paid by the Company	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
G J Soll	12	1 273	17 009	27	18 309
B Frodsham	12	718	7 869	34	8 621
I B Hume	12	911	8 738	63	9 712
Total emoluments		2 902	33 616	124	36 642

Bonuses and performance related payments include incentive bonus scheme payments and amounts payable. No Share Appreciation Rights referred to in paragraph 13 below have been issued to directors.

Save as shown above, no other remuneration has been paid to any directors in any form. B W Reekie was made a director of Clientèle Life from 1 January 2008.

No fees have been paid, accrued or proposed to be paid by Clientèle to any third party *in lieu* of directors' fees. Furthermore, no payment has been made or is proposed to be made to any director of Clientèle as an inducement to becoming a director.

Save for general increases in the emoluments of the directors in the normal course for the current financial year ending 30 June 2008, there will be no variation of the directors' emoluments in the foreseeable future as a direct result of either the restructuring or the listing of Clientèle on the JSE.

10.3 Directors' insurances

In terms of its normal business practice, the Company has in place fidelity insurance in respect of its directors. Save therefore and during the financial year of Clientèle Life ended 30 June 2007, Clientèle Life did not pay any other insurance premiums or legal expenses in respect of its directors' and/or officers' liability.

10.4 Other payments

As at the last practicable date, neither Clientèle nor any other group company:

- has made any payment to a director in any capacity other than as director;
- has provided any loans or security to or for the benefit of any director or manager or any associate of any director or manager of Clientèle.

10.5 Other payments or benefits made to directors

No bonuses, performance related payments, expense allowances or any other material benefits have been received by the directors in their capacities as directors of Clientèle Life or Clientèle other than has been disclosed in this paragraph 10.

11. INTERESTS OF DIRECTORS**11.1 Holdings of Clientèle shares by directors**

Subject to implementation of the scheme, the directors of Clientèle have interests in Clientèle shares as follows:

Director	Direct beneficial	Indirect beneficial	Associates	Total	Percentage holding
G Q Routledge (Chairman)	300 000	1 805 510	1 805 510 ¹	3 911 020	1,21
G J Soll (Managing director)	5 200 000	–	5 631 640 ²	10 831 640	3,35
P J A Cunningham	–	–	–	–	–
A D T Enthoven	–	–	–	–	–
B Frodsham	200 000	–	1 294 920 ³	1 494 920	0,46
I B Hume	–	–	2 628 020 ⁴	2 628 020	0,81
S D Molapo	–	–	–	–	–
B W Reekie	–	–	–	–	–

1. Shares held by The Green Dolphin Trust, a trust for the benefit of family members of G Q Routledge.

2. Shares held by the WEG Trust for the benefit of family members of G J Soll.

3. Shares held through the Sheila Audrey Summers Family Trust for the benefit of family members of B Frodsham.

4. Shares held through the Iain Hume Family Trust for the benefit of family members of I B Hume.

Other than by operation of the scheme and receipt by the directors and associates in terms thereof of Clientèle shares, there have been no other changes in the directors or associates holdings of Clientèle shares in the preceding 12 months.

As regards changes to the holdings of Clientèle Life shares by the directors of Clientèle Life in the 12 months preceding the last practicable date, the only changes which took place were as follows:

Director	Nature of transaction	Date of transaction	Number of shares	Nature of holding	Transaction price per share
I B Hume	Off market trade purchase	28 June 2007	226 484	Indirect, beneficial	R79,14
B Frodsham	Off market trade purchase	28 June 2007	129 492	Indirect, beneficial	R79,14
G J Soll	Off market trade purchase	28 June 2007	563 164	Indirect, beneficial	R79,14

11.2 Interests of directors in terms of share incentive schemes

Save for the Clientèle Life Share Appreciation Rights Scheme dealt with in paragraph 13 below, no other schemes exist pertaining to share or share options in Clientèle.

11.3 Interests of directors in incentive bonus scheme

The incentive bonus scheme is a formal documented scheme as advised to Clientèle Life shareholders in the 2002 annual report and is based on individual performance linked to and dependent upon profitability and in particular growth in the group's embedded value and the creation of goodwill. Implementation of the scheme will result in the flip-up of the scheme into Clientèle.

The scheme comprises two elements, namely an embedded value element and a goodwill element. The embedded value element incentivises participants for performance over and above that for which they are remunerated and incentivised under the company's standard remuneration and short-term bonus policy and the goodwill element of the scheme incentivises participants, over the longer term, for performance that exceeds that for which they are incentivised under the embedded value element of the scheme. The incentive bonus scheme is designed to align the interests of senior management and shareholders by ensuring that incentivisation is linked directly to performance of the Company and the creation of value and, within that context, the individual incentivisation is dependent upon the performance of each individual.

The embedded value scheme component (medium term) is based on growth in embedded value, as determined by the group's Independent Actuaries and approved by the Remuneration Committee, in excess of predetermined criteria and is payable over a three year period for periods ending 30 June 2007 and over a four year period for periods thereafter.

The goodwill scheme component recognises the creation of value in excess of embedded value.

The goodwill created is measured in five year cycles, the first cycle beginning on 1 July 2002 and ended 30 June 2007 and is payable over a three year period for the period ended 30 June 2007 and over a five year period thereafter. The goodwill created is determined with reference to the embedded value of new business (as determined by the Group's Independent Actuaries) in the fifth year and applying a multiple, as approved by the Board on recommendation of the Remuneration Committee having regard to criteria included in the Incentive Bonus Scheme document.

11.4 Directors' interests in transactions

Save for the scheme of arrangement in which the directors of Clientèle participated in their capacities as shareholders of Clientèle Life on equal terms to the other shareholders of Clientèle Life, none of the directors had a material interest, whether direct or indirect, in any transactions, which were effected by Clientèle during:

- the current or immediately preceding financial year; or
- periods before that which remain in any respect outstanding or unperformed.

11.5 Directors' service contracts

None of the executive directors of Clientèle has written service contracts with the Company.

11.6 Other directorships held by the directors

Appendix 7 sets out the companies and partnerships of which the directors are or have been either directors or partners during the past five years.

12. PROMOTERS' INTERESTS

There have been no payments to promoters during the three years preceding the last practicable date. There are no promoters' interests in securities of Clientèle.

13. CLIENTÈLE LIFE SHARE APPRECIATION RIGHTS SCHEME

The Clientèle Life Share Appreciation Rights Scheme (“the SAR Scheme”) was adopted by the shareholders of Clientèle Life in general meeting on Tuesday, 23 January 2007 to incentivise both employees of Clientèle Life and IFAs.

In summary:

- employees and IFAs are from time to time invited to participate in the SAR Scheme;
- upon being invited to participate, and participating, in the SAR Scheme, a participant is allocated certain share appreciation rights (“SARs”). The participant will be entitled to exercise those rights over a staggered period of time. Upon exercise of the SARs, the rights will be settled, in the discretion of the directors of Clientèle Life, either:
 - by means of the allotment and issue of new shares in Clientèle Life to the participants concerned; or
 - by purchasing Clientèle Life shares and delivering them to the participant; or
 - by way of a cash payment; or
 - by way of a combination of the foregoing methods,

based essentially on the difference in the JSE market price of Clientèle Life shares as at the date on which the participant acquired the SARs and the date of the exercise thereof.

Clause 11 of the SAR Scheme in effect provides that if control of Clientèle Life passes to another person as a result of a take-over or reconstruction or amalgamation which makes provision for participants to participate in SARs in respect of shares in such other company, on terms which are in the opinion of the Experts (being one of the big four auditing firms appointed by the Board who, in making their determination, will act as experts and not as arbitrators and whose decision will be final and binding) no less favourable than the then existing terms, the participants will participate in the new SARs in respect of shares in such other company on such terms *in lieu* of the then existing SARs.

Upon the scheme becoming operative therefore, the rights and obligations of Clientèle Life under the SAR Scheme will in terms of clause 11 of the SAR Scheme be assigned in favour of Clientèle, such that:

- the SAR Scheme will effectively become a Clientèle scheme rather than a Clientèle Life scheme;
- participants will, insofar as they receive shares in settlement of their SARs, receive the appropriate number of Clientèle shares rather than Clientèle Life shares; and
- generally all references to Clientèle Life in the SAR Scheme will with effect from the operative date be references to Clientèle.

A copy of the SAR Scheme and the opinion of PricewaterhouseCoopers Corporate Finance (Pty) Limited, the independent expert, advising their opinion that the restructuring will result in the terms of the new scheme being no less favourable than those to which the SAR participants are currently entitled, are available for inspection as indicated in paragraph 29 below.

14. CORPORATE GOVERNANCE

The Corporate Governance Principles employed by Clientèle are set out in Appendix 8.

15. SHARE CAPITAL

15.1 Share capital

Clientèle was incorporated in Pretoria, South Africa under the name of Newshelf 901 (Proprietary) Limited (“Newshelf”) on 23 August 2007. With effect from 25 January 2008, Newshelf converted to a limited liability company and its name changed to Clientèle Limited.

Since the Company’s incorporation as Newshelf having an authorised share capital of R1 000 comprising 1 000 ordinary shares of a nominal value of R1,00 each, the Company’s share capital has been altered as follows:

- on 25 January 2008, the authorised share capital of Newshelf was increased from R1 000 to R15 000 000 by the creation of 14 999 000 new ordinary shares of a nominal value of R1,00 each;

- on 25 January 2008, the authorised and issued share capital of Newshelf was sub-divided such that the authorised share capital comprised 750 000 000 ordinary shares and the issued share capital comprised 50 ordinary shares, each having a nominal value of 2 cents;
- subject to implementation of the scheme, and with effect from the operative date (expected to be Monday, 26 May 2008):
 - the issued share capital of the Company, namely 50 ordinary shares of a nominal value of 2 cents each, will be repurchased by the Company in terms of section 85 of the Companies Act;
 - a total of 323 500 000 new ordinary shares in the authorised but unissued share capital will be issued in discharge of the scheme consideration.

Accordingly, following implementation of the scheme, the issued share capital of Clientèle will be as follows:

	R
<i>Authorised:</i>	
750 000 000 ordinary shares of a nominal value of 2 cents each	15 000 000
<i>Issued:*</i>	
323 500 000 ordinary shares of a nominal value of 2 cents each	6 470 000

* There is no share premium on the books of Clientèle.

The ordinary shares rank *pari passu* in all respects with each other.

The authorised unissued shares in the capital of the Company have been placed under the authority of the directors for issue as a general authority in terms of section 221(2) of the Companies Act and the relevant Listings Requirements from time to time of the JSE.

15.2 Other classes of share capital and convertible instruments

The Company does not presently have any other classes of authorised or issued shares, or instruments which are convertible into ordinary shares or which have any rights of exchange.

The shares of the Company are not listed on any other stock exchange.

The Company does not have any outstanding form of loan capital.

15.3 Rights attaching to shares and power to issue shares

In terms of the Company's articles of association, the holders of shares shall, subject to the other provisions of the articles of association:

- be entitled to one vote per share;
- in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a re-organisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- generally be entitled to enjoy all of the rights attaching to shares.

The articles of association also provide that, subject to the other articles as contained in the articles of association and to any resolution of the members of the Company to the contrary and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, that the directors shall have the full power to issue any unissued shares of the Company on such terms and conditions as the directors may, in their absolute discretion, determine. Notwithstanding, as a JSE listed company, Clientèle is obliged at all times to comply with the Listings Requirements of the JSE as regards the issuing of shares for either acquisitions and/or cash.

Appendix 6 contains, *inter alia*, the pertinent sections of the articles of association of Clientèle as are applicable to the rights attaching to shares and the power to allot and issue shares.

15.4 Share options and preferential rights

Other than the SAR Scheme dealt with in paragraph 13 above, neither the Company nor any of its subsidiaries has any incentive scheme which may or can give rise to a right to receive share options or preferential rights to new ordinary shares in the Company.

No contracts or arrangements are currently in place granting options or preferential rights to any person to subscribe for new shares in Clientèle.

15.5 Commissions paid or payable in respect of underwriting

Neither Clientèle nor Clientèle Life has in the three years preceding the date of this Pre-listing Statement paid any commissions or underwriting fees to any party or persons in connection with a subscription for or agreeing to subscribe for any shares of Clientèle or of Clientèle Life.

16. DETAILS OF MAJOR SHAREHOLDERS OF CLIENTÈLE**16.1 Controlling shareholder**

The Company's holding company is R Enthoven and Sons (Proprietary) Limited (Registration number 1972/010687/07) ("R Enthoven and Sons") a company incorporated in Pretoria, South Africa. The substance of the scheme will not result in the *de facto* change of this position from a group ownership perspective.

R Enthoven and Sons controls 81,4% of the issued ordinary share capital of Clientèle and has its registered office at 1st Floor, Randpark Building, 20 Dover Street, Randburg, 2194, South Africa.

16.2 Major shareholders

Following implementation of the scheme, the following shareholders are directly beneficially interested in 2% or more of the issued share capital of Clientèle:

Shareholder	Number of shares	Percentage of shares
River Lily Investments (Proprietary) Limited*	101 562 500	31,39
Newshelf 702 (Proprietary) Limited*	96 500 000	29,83
The Hollard Insurance Company Limited*	34 375 900	10,63
Hollard Life Assurance Company Limited*	28 298 280	8,75
Old Mutual Group**	26 679 810	8,25

* Member of the Hollard Group of companies and controlled by R Enthoven and Sons.

**Includes holdings of shares not beneficially owned but held in terms of both discretionally and non-discretionally client mandates.

The business address of the Hollard Group is 22 Oxford Road, Parktown, 2193, Johannesburg, South Africa.

17. DIVIDENDS AND OTHER DISTRIBUTIONS

The shares of the Company rank *pari passu* in all respects including, and without derogating from the generality thereof, in regard to entitlement to receipt of dividends and/or other distributions made by the Company.

Being recently incorporated, Clientèle has never before declared or paid a dividend. Consequent upon the restructuring, it is the intention of the Board to adopt a dividend policy similar to that previously adopted by Clientèle Life namely, a single dividend in respect of each financial year. As per the policy of the group, any dividend declared will be based on the working capital and other cash requirements and the capital adequacy ratio of Clientèle Life as opposed to a pre-determined dividend cover. Accordingly, the first dividend expected to be declared by Clientèle will be in respect of the Company's financial year ending 30 June 2008.

No arrangement exists with the Company in terms of which any future dividends will be waived or agreed to be waived.

Extracts on dividends as embodied within the Company's articles of association are contained in Appendix 6.

18. MATERIAL TRANSACTIONS AND CONTRACTS

Subject to implementation of the scheme, Clientèle will have acquired all of the shares in Clientèle Life.

Save therefor, no other material acquisitions, disposals or contracts have been affected by Clientèle or the group within the three years preceding the last practicable date.

19. MATERIAL BORROWINGS AND LOANS

Details of the material borrowings and loans of the group as at the last practicable date are set out in Appendix 9. This position had not materially changed since 31 December 2007, the latest six month period reported on by Clientèle Life.

20. PRINCIPAL IMMOVABLE PROPERTIES OCCUPIED BY THE GROUP

The only immovable properties owned and occupied by the group are two contiguous office buildings in the office park in which the group's head office is located. The office park is situated at Morningview Office Park, Corner Rivonia and Alon Roads, Morningside, South Africa.

The properties comprise two office buildings and are situated on Erven 1501, 1502 and 1506, Morningside Extension 71 comprising a rentable area in total measuring approximately 6 673 square metres.

The properties were valued at R62 million in June 2007 by independent valuer, CBRE. The transfer of the properties to the group, which were purchased from Hyprop Investments Limited, took place on 4 July 2007.

The purchase price of the properties was funded through Clientèle Life extending a loan, secured by the properties, to its property subsidiary, Clientèle Properties South (Proprietary) Limited. The loan bears interest of 10% per annum and is repayable by 30 June 2017.

Clientèle Properties North (Proprietary) Limited, a subsidiary of Clientèle Life, has signed a sale agreement to acquire the remaining four buildings in the office park situated at Morningview Office Park, Corner Rivonia and Alon Roads, Morningside, South Africa for a purchase price of R56 million. The properties are situated on Erf 1726, Morningside Extension 42, comprising a rentable area in total measuring approximately 6 053 square metres. As at the last practicable date, the group is awaiting for transfer of these buildings. The four office buildings are leased to a number of tenants with varying lease terms and tenure.

21. CONTINGENT LIABILITIES AND COMMITMENTS OF THE GROUP

At present, the main business of the group is that of long-term life assurance. In this regard, the main group liability pertains to that of 'Policyholder's liabilities under, insurance contracts. As at 31 December 2007, the 'Policyholders' liabilities under insurance contracts, was R512 571 000.

Aside from regular recurring operational commitments associated with the business of the group, at the last practicable date there are no other significant commitments.

22. STATEMENT AS TO WORKING CAPITAL

Following the restructuring, the Board is of the opinion that the working capital available to the Company and group will be sufficient for the following 12 months following the issue date of the document containing this Pre-listing Statement.

23. SUBSIDIARY AND CONTROLLED ENTITIES

The subsidiary and controlled entities comprising the group as well as material inter company financial and other transactions are set out in Appendix 9.

24. MATERIAL CHANGES

There has been no material change in the financial or trading position of the Company or any of its subsidiaries since 31 December 2007, the most recent six month financial period of Clientèle Life reported on and the last practicable date.

25. LISTING ON THE JSE AND TRADING OF CLIENTÈLE SHARES AND SETTLEMENT**25.1 Listing on the JSE**

The JSE has granted a listing by way of an introduction of 323 500 000 ordinary shares in Clientèle in the “Life Insurance” sector of the JSE lists under the Code “CLI”, with effect from the commencement of trading on the JSE on Monday, 19 May 2008.

25.2 Trading of Clientèle shares on the JSE and settlement

The shares of Clientèle will be trading on the JSE as dematerialised shares. Accordingly, any person who acquires shares in Clientèle and elects to receive the shares in certificated form, will be required to dematerialise the certificated shares before being in a position to trade them on the JSE.

Settlement of trade in shares on the JSE occurs in accordance with the usual procedures of Strate being a trade plus five business days settlement period.

26. EXPENSES ASSOCIATED WITH JSE LISTING

The estimated total expenses (inclusive of Value-Added Tax) associated with the listing and the scheme is as follows:

Expense	Payable to	R
Accounting advisory	PricewaterhouseCoopers Inc	171 000
Corporate adviser and JSE sponsor	PricewaterhouseCoopers Corporate Finance (Pty) Limited	1 710 000
JSE documentation inspection fee	JSE	60 420
Scheme inspection fee	Securities Regulation Panel	199 500
Listing fee for shares of Clientèle	JSE	312 687
Legal advisory as regards the scheme, listing and restructuring	Edward Nathan Sonnenbergs Inc	1 791 793
Printing, publication, newspapers, distribution and marketing	Ince (Proprietary) Limited – printers and others	385 000
Application to South African Reserve Bank	South African Reserve Bank	25 000
Transfer secretaries services	Computershare Investor Services (Proprietary) Limited	144 600
Contingencies	Other	200 000
Total		5 000 000

The expenses will be paid for out of the Company's cash resources.

Save for the expenses as above, the Company has not incurred any other preliminary expenses in the three year period preceding the date of this Pre-listing Statement.

27. CONSENTS

PricewaterhouseCoopers Corporate Finance (Pty) Limited (*corporate adviser and sponsor*), PricewaterhouseCoopers Inc (*auditors and reporting accountants*), Edward Nathan Sonnenbergs Inc. (*attorneys*) and Computershare Investor Services (Proprietary) Limited (*transfer secretaries*), have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consents.

PricewaterhouseCoopers Inc, has consented to the inclusion of its respective reports in the form and context in which they appear.

The written consents and reports referred to herein are available for inspection in the manner indicated in paragraph 29 below.

28. DIRECTORS' RESPONSIBILITY STATEMENTS

28.1 Responsibility statement of the directors of Clientèle

The directors of Clientèle, whose names appear in the section titled "CORPORATE INFORMATION" on page 51:

- have considered all statements of fact and opinion in this Pre-listing Statement;
- accept, individually and collectively, full responsibility for the accuracy of such statements given; and
- certify that, to the best of their knowledge and belief,

there are no facts that have been omitted or considerations which would make any statements of fact or opinion contained in this Pre-listing Statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

28.2 Responsibility statement of the directors of Clientèle Life

The directors of Clientèle Life, whose names appear in the section titled "CORPORATE INFORMATION RELATING TO CLIENTÈLE LIFE AND TO CLIENTÈLE" on the inside front cover of the document containing, *inter alia*, this Pre-listing Statement:

- have considered all statements of fact and opinion in this Pre-listing Statement;
- accept, individually and collectively, full responsibility for the accuracy of such statements given; and
- certify that, to the best of their knowledge and belief,

there are no facts that have been omitted or considerations which would make any statements of fact or opinion contained in this Pre-listing Statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

29. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Clientèle (Clientèle House, Morningview Office Park, Corner Rivonia and Alon Roads, Morningside, South Africa) during normal business hours on business days from Friday, 4 April 2008 up to and including the date on which the shares of Clientèle are listed on the JSE, expected to be Monday, 19 May 2008:

- the memoranda and articles of association of Clientèle and Clientèle Life;
- the audited annual financial statements of Clientèle Life for the three financial years ended 30 June 2007;
- the unaudited results of Clientèle Life for the six months ended 31 December 2007;

- the audited annual financial statements of Clientèle for the period ended 29 February 2008;
- the SAR Scheme and expert opinion of PricewaterhouseCoopers Corporate Finance (Pty) Limited, referred to in paragraph 13 above;
- the agreement between Clientèle Life and Clientèle regarding the scheme;
- the declaration of Trust by Clientèle Life nominee shareholders;
- the written consents and various reporting accountants' reports of PricewaterhouseCoopers Inc. referred to in paragraph 27 above; and
- a signed copy of this Pre-listing Statement.

For and on behalf of all directors of
CLIENTÈLE LIMITED

G J Soll

Managing director

I B Hume

Financial director

Date of issue: 4 April 2008

HISTORICAL FINANCIAL INFORMATION ON CLIENTÈLE LIFE

1. INTRODUCTION AND OVERVIEW

Information on Clientèle Life contained in this Appendix 1, which includes, *inter alia*:

- the consolidated balance sheets, consolidated income statements, and consolidated cash flow statements of Clientèle Life for the three financial years ended 30 June 2007;
- the statement of embedded value of Clientèle Life for the year ended 30 June 2007 and the group's statement of changes in equity for the financial year ended 30 June 2007; and
- the summarised unaudited group results of Clientèle Life for the six months ended 31 December 2007,

is the responsibility of the directors and are part extracts from the respective audited annual financial statements and unaudited summarised group results of Clientèle Life for such periods.

The auditors, PricewaterhouseCoopers Inc, reported on the annual results of Clientèle Life without qualification in respect of the three financial years ended 30 June 2007.

No material change has occurred in the nature of the business of Clientèle Life or any of its subsidiary companies in respect of the financial year ended 30 June 2007 and since then to the date of this Pre-listing Statement. Furthermore, no material fact or circumstance has occurred between the end of the financial year of 30 June 2007 and the date of this Pre-listing Statement that has not been dealt with in this Appendix 1 on the historical financial information on Clientèle Life.

Detailed commentary on the recent financial performance and results of Clientèle Life as well as a general review of the business and operations of Clientèle Life and prospects going forward, are detailed in paragraph 4 of the main body of this Pre-listing Statement.

Extracted information provided may contain terms and definitions which differ from the 'Definitions and Interpretations' section proper of this Pre-listing Statement. In such event, the content and context of any such terms and definitions used in this Appendix 1 will take precedence.

2. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the Companies Act requirements, the directors are responsible for the preparation of the annual financial statements which conform with International Financial Reporting Standards ("IFRS"), and in accordance with IFRS fairly present the state of affairs of Clientèle Life and the group as at the end of 30 June 2007, and the net profit and cash flows for that period.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

The directors are ultimately responsible for the internal controls. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for group assets. Accounting policies supported by judgements, estimates, and assumptions which comply with IFRS are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Systems and controls are monitored throughout the group. Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing financial statements in accordance with IFRS and maintaining accountability for the group's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the group, has occurred during the year and up to the date of this report.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Clientèle Life's independent auditors, PricewaterhouseCoopers Inc, have not qualified the annual financial statements of Clientèle Life.

Synopsis on commentary in respect of each of the three financial years of Clientèle Life ended 30 June 2007:

Financial Highlights for the year ended 30 June 2005

- Profit from life operations increased by 46%
- Headline earnings per share increased by 35%
- Embedded value of new business increased by 65% to R129 million
- Return on average shareholders' interests: 81%
- Dividend declared of 250 cents per share

Financial Highlights for the year ended 30 June 2006

- New business up by 43% to 446 000 policies
- Net premium income up by 29%
- Adjusted earnings per share increased by 45%
- Return on average shareholders' interests of 75%
- Embedded value of new business before SOI up by 31% to R206 million

Financial Highlights for the year ended 30 June 2007

- New business up by 63% to 727 000 policies
- Embedded value of new business up by 67% to R302 million
- Increase in total embedded value of 70% to R982 million
- Return on opening embedded value of 61%
- Net premium income up by 38%
- Headline earnings per share up by 14%
- Return on average shareholders' interests of 83%

BALANCE SHEETS

The table below sets out the consolidated balance sheets of Clientèle Life for the three financial years ended 30 June 2007:

		Group		
	Notes	2007 R'000	2006 R'000	2005 R'000
ASSETS				
Property and equipment	3	82 512	12 651	9 194
Investments in subsidiaries	4	–	–	–
Investments in associates	5	141	–	–
Deferred taxation	11	3 384	5 150	907
Inventories		1 459	1 355	1 916
Reinsurance assets	6	34 359	28 820	23 603
Financial assets held at fair value through profit and loss	7	1 042 059	930 307	811 438
Receivables including insurance receivables	8	16 783	10 410	15 284
Current taxation receivables		3 295	–	–
Cash and cash equivalents	12	89 695	52 544	23 898
Total assets		1 273 687	1 041 237	889 540
EQUITY				
Share capital	17	4 853	4 853	4 853
Retained surplus		146 493	120 344	110 132
Share appreciation rights scheme reserve	17	2 099	–	–
Non-distributable reserve: Revaluation	17	16 101	–	–
Treasury share reserve		–	(1 589)	(1 589)
Total equity		169 546	123 608	113 396
LIABILITIES				
Policyholder liabilities under insurance contracts	9	498 020	379 996	266 051
Financial liabilities held at fair value through profit and loss	10	480 969	458 245	439 735
Employee benefits	15	62 093	34 560	11 380
Amounts due to reinsurers		1 191	430	2 374
Accruals and payables including insurance payables	16	50 449	41 981	37 109
Deferred taxation	11	11 419	2 035	1 757
Current taxation		–	382	17 738
Total liabilities		1 104 141	917 629	776 144
Total equity and liabilities		1 273 687	1 041 237	889 540

INCOME STATEMENTS

The table below sets out the consolidated income statements of Clientèle Life for the three financial years ended 30 June 2007:

		Group		
	Notes	2007 R'000	2006 R'000	2005 R'000
Revenue				
Insurance premium revenue – individual recurring		651 267	475 125	370 583
Reinsurance premiums		(27 749)	(21 712)	(18 064)
Net insurance premiums				
Other income	19	84 765	48 612	32 482
Fair value gains on financial assets at fair value through profit and loss	18	152 675	121 309	127 146
Fair value gains on investments in subsidiaries	29	–	–	–
Total revenue				
		860 958	623 334	512 147
Net insurance benefits and claims		(125 450)	(76 002)	(58 502)
Claims and policyholder benefits under insurance contracts	21	(145 662)	(92 452)	(68 550)
Insurance claims recovered from reinsurers	21	20 212	16 450	10 048
Increase in policyholder liabilities under insurance contracts		(118 024)	(113 945)	(96 304)
– Increase for the year		(113 968)	(86 191)	(96 304)
– Impact of Statement of Intent and Regulation 5		(4 056)	(27 754)	–
Increase in reinsurance assets		5 539	5 217	22 281
Fair value adjustment to financial liabilities at fair value through profit and loss		(34 332)	(18 951)	(41 696)
Expenses	22	(434 673)	(281 103)	(216 691)
Acquisition costs associated with insurance contracts		(387 125)	(256 720)	(196 649)
Administration expenses		(47 548)	(24 383)	(20 042)
Impairment of USA associate		–	(4 000)	–
Results from operating activities				
		154 018	134 550	121 235
Equity accounted earnings from associates		141	52	179
Profit before taxation				
		154 159	134 602	121 414
Taxation	23	(49 322)	(43 823)	(44 745)
Net profit attributable to ordinary shareholders				
		104 837	90 779	76 669
Earnings per share (cents)	24	324,07	280,62	237,90
Diluted earnings per share (cents)	24	323,84	–	–

GROUP STATEMENT OF CHANGES IN EQUITY

The table below sets out the group statement of changes in equity of Clientèle Life for the financial year ended 30 June 2007:

	Share capital R'000	Retained earnings R'000	Treasury share reserve R'000	Share appreciation rights scheme reserve R'000	Non-distributable reserves: Revaluation R'000	Total R'000
Balance as at 1 July 2005	4 853	110 132	(1 589)			113 396
Net profit attributable to shareholders		90 779				90 779
Ordinary dividend paid		(80 567)				(80 567)
Balance as at 30 June 2006	4 853	120 344	(1 589)	–	–	123 608
Balance as at 1 July 2006	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's scheme allocated				2 099		2 099
Revaluation of owner occupied property					16 101	16 101
Balance as at 30 June 2007	4 853	146 493	–	2 099	16 101	169 546

CASH FLOW STATEMENTS

The table below sets out the consolidated cash flow statements of Clientèle Life for the three financial years ended 30 June 2007:

	Notes	Group		
		2007 R'000	2006 R'000	2005 R'000
Cash flow generated by operating activities		53 445	37 872	(3 270)
Cash generated by operations	25	228 572	239 057	471 757
Net acquisition of investments		(72 746)	(118 869)	(405 881)
Interest received		14 993	50 774	41 169
Dividends received		10 330	8 301	4 969
Dividend paid	26	(84 089)	(80 489)	(64 689)
Taxation paid	27	(43 615)	(60 902)	(50 595)
Cash flow from investing activities		(16 294)	(9 226)	(5 741)
Acquisition of property and equipment		(16 326)	(9 256)	(6 264)
Disposal of assets sold		32	30	523
Increase in cash and cash equivalents		37 151	28 646	(9 011)
Cash and cash equivalents at beginning of year		52 544	23 898	32 908
Cash and cash equivalents at end of year	12	89 695	52 544	23 898

EMBEDDED VALUE

The table below sets out the embedded value statement of Clientèle Life for the financial year ended 30 June 2007:

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; plus
- the value of in-force business; less
- the cost of capital.

The value of excess assets attributable to shareholders is based on the Statutory Valuation Method with the disallowed assets added back for consistency in the calculations. An adjustment is made for funds ear-marked for the share appreciation rights scheme. The Excess Assets attributable to shareholders is thus as follows:

	Group R'000
Excess assets on statutory basis	166 161
<i>Plus:</i> Disallowed assets	3 384
<i>Less:</i> Share appreciation rights scheme	(2 099)
Excess assets attributable to shareholders	167 446

The value of in-force business is the present value of future after tax profits arising from business in force at the calculation date.

The cost of capital is the opportunity cost of having to hold assets to cover the capital adequacy requirement.

The calculation and presentation of results in this report pertaining to insurance (underwritten) business (including investment business) have been carried out in accordance with PGN 107 (version 3) as issued by the Actuarial Society of South Africa. The principles applied to arrive at values for non-insurance (non-underwritten) business have also been based on the guidance found in this guidance note (bearing in mind the fact that the guidance note pertains primarily to insurance business).

Embedded value (group)

The embedded value for the group as at 30 June 2007 is as follows:

	Year ended 30 June 2007 R'000	Year ended 30 June 2006 R'000
Excess assets attributable to shareholders	167 446	123 608
Value of in-force (underwritten)	599 882	379 354
Value of in-force (non underwritten)	254 472	174 138
Value of in-force reduction for management incentive*	(25 647)	–
Cost of capital	(13 683)	(6 651)
Embedded value as at the end of the year	982 470	670 449

Value of new business

The value of new business for the year to 30 June 2007 is as follows:

	30 June 2007 R'000	30 June 2006 R'000
Value of new business (underwritten*)	178 426	129 136
Statement of Intent adjustment	–	(24 753)
Value of new business (not underwritten**)	124 010	76 753
Total	302 436	181 136

* Includes investment business and reinstatements.

** Includes the increase in monthly fees from IFAs.

Analysis of change in embedded value

The analysis of the change in embedded value for the year to 30 June 2007 is as follows:

	Net worth R'000	Value of in-force (net of cost of capital) R'000	Embedded value R'000
Embedded value earnings for the year 1 July 2006 to 30 June 2007			
Embedded value at end of financial year	167 446	815 024	982 470
<i>Plus:</i> Dividends accrued or paid (including STC)	94 338	–	94 338
<i>Less:</i> Embedded value at start of financial period (not restated)	(123 609)	(546 840)	(670 449)
Embedded value earnings	138 175	268 184	406 359
Components of embedded value earnings			
Value of new business	(52 745)	355 182	302 437
Expected return	–	97 967	97 967
Expected net of tax profit transfer to net worth	184 908	(184 908)	–
Operating experience variances	(7 672)	50 449	42 777
Operating assumption variances	2 731	(3 282)	(551)
Miscellaneous	569	(6 203)	(5 634)
Embedded value earnings from operations	127 791	309 205	436 997
Provision for medium and long term incentive	(28 809)	(25 647)	(54 456)
Share appreciation rights scheme	(2 099)	–	(2 099)
Proceeds from sale of treasury shares	7 011	–	7 011
Investment return on net worth (net of tax)	35 448	–	35 448
Economic assumption changes	(1 167)	(15 374)	(16 542)
Total embedded value earnings	138 175	268 184	406 359

The above analysis has been completed net of corporate tax.

Sensitivities: Embedded value

The table below illustrates the effect of the different assumptions on the embedded value (net of company tax and STC) at a risk discount rate (RDR) of 14% (unless otherwise specified).

	Value of in-force business (R'000)	Net worth (R'000)	Cost of capital (R'000)	Embedded value (R'000)
Main basis	828 707	167 446	(13 683)	982 470
1% increase in risk discount rate	804 502	167 446	(14 994)	956 954
1% decrease in risk discount rate	856 555	167 446	(12 284)	1 011 717
Assuming a 10% increase in the following:				
– Future expenses	818 795	167 446	(13 683)	972 558
– Policy discontinuance rate	761 810	167 446	(12 485)	916 771
– Claims (and reinsurance rates) experience	805 280	167 446	(13 683)	959 043
Investment return less 1%	833 575	167 446	(14 965)	986 056
Inflation plus 1%	826 358	167 446	(13 683)	980 121
Assuming a once-off 10% reduction in equity holdings				
	828 956	164 736	(13 563)	980 129
Assuming no future indexations of premiums				
	702 958	167 446	(13 683)	856 721
Assuming a 1% decrease in investment returns, risk discount rates and inflation				
	838 546	169 829	(13 602)	994 773

Note:

- When carrying out the calculations the net worth was assumed to remain unchanged except in the following two cases (as per PGN 107 (version 3)):
 - assuming a once-off 10% reduction in equity holdings;
 - assuming a 1% decrease in investment returns, risk discount rates and inflation.
- The change in the Value of In-force when investment returns decrease is counter-intuitive and is a result of negative non-unit liabilities backing unit liabilities on the same policies and mismatch of assets and liabilities.

Sensitivities: value of new business

The table below illustrates the effect of the different assumptions on the value of new business (net of company tax and STC) at a risk discount rate (RDR) of 14% (unless otherwise specified):

	Value of new business (R'000)	Percentage change
Main basis	302 436	
Expenses plus 10%	286 331	(5,3)
Inflation plus 1%	302 283	0,0
Investment return less 1%	301 679	(0,3)
Claims (and reinsurance rates) plus 10%	287 809	(4,8)
Withdrawals plus 10%	254 667	(15,8)
No increases	220 487	(27,1)
Investment return less 1%, inflation less 1% and risk discount rate less 1%	309 109	2,2
Risk discount rate of 12%	333 508	10,3
Risk discount rate of 13%	317 256	4,9
Risk discount rate of 15%	288 858	(4,5)
Risk discount rate of 16%	276 374	(8,6)

Assumptions

The following are the long term assumptions utilised:

	30 June 2007 %	30 June 2006 %
Risk discount rate	14,0	14,0
Overall investment return	9,0	8,5
Expense inflation rate	6,5	6,0

The risk discount rate was set by the Board after considering the current risk free rates of return and the risks associated with the business.

Following discussions with management and the audit committee, the risk discount rate remained unchanged. This means that the gap between the investment return and the risk discount rate has been reduced (which is an implicit change in basis).

Other assumptions

The assumptions for future mortality, expenses, persistency and premium escalations are based on recent experience adjusted for anticipated future trends.

The experience adjustment includes profits on renewal expenses, reinstatements and investment return as well as losses on the tax experience, withdrawals and commission.

Setting of assumptions and independent review

The methods and assumptions used in the determination of the present value of future profits from in-force and new business as well as cost of capital were derived by the Company's independent actuaries, QED Actuaries and Consultants (Pty) Limited. The embedded value calculations have been carried out by QED Actuaries and Consultants (Pty) Limited. The risk discount rate was set by the Board.

ACCOUNTING POLICIES

Basis of preparation of the statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act, No. 61 of 1973, as amended, in South Africa. These financial statements have been prepared on the historical cost basis, as modified by the revaluation of owner occupied properties, financial assets, financial liabilities and the valuation of insurance contracts valued on the financial soundness valuation basis, as set out in Professional Guidance Note ("PGN") 104 issued by the Actuarial Society of South Africa.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. There are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements. These judgements, assumptions and estimates are disclosed in the notes to the annual financial statements.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise stated.

All amounts in the notes are shown in thousands of Rand, rounded to the nearest thousand, unless otherwise stated.

Recent IFRS pronouncements

The group has not opted to early adopt any of the following standards and amendments to standards issued by the International Accounting Standards Board.

- IFRS 7 Financial Instruments: Disclosures (effective for all periods commencing after 1 January 2007).
- IFRS 7 supersedes IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements in IAS 32 Financial Instruments: Disclosure and Presentation. IFRS 7 requires additional disclosure over and above that required by IAS 32 in respect of the following:
 - the significance of financial instruments for an entity's financial position and performance;
 - the nature and extent of risks arising from financial instruments; and
 - capital objectives and policies.

The adoption of IFRS 7 will lead to extended disclosure in the financial statements, but will have no impact on the accounting policies for financial instruments.

- IAS 1 Additional disclosures about an entity's capital (effective for all periods commencing after 1 January 2007);

A consequential amendment on capital disclosures has been made to IAS 1 as a result of the introduction of IFRS 7. The additional disclosures will be included in the financial statements as part of the implementation of IFRS 7.

- IFRS 4 Insurance Contracts (effective for all periods commencing after 1 January 2007). A consequential amendment has been made to disclosures as a result of the introduction of IFRS 7. The additional disclosures will be included in the financial statements as part of the implementation of IFRS 7.
- IFRS 8: Operating segments (effective for annual periods beginning on or after 1 January 2009) – IFRS 8 specifies how an entity should report information about its operating segments in the annual financial statements. The requirements of IFRS 8 are based on the information about the components of the entity that management uses to make operating decisions.
- IFRIC 10: Interim financial reporting and impairment (effective for annual periods beginning on or after 1 November 2006) – IFRIC 10 prohibits the reversal at a subsequent balance sheet date of the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost.
- IFRIC 11: IFRS 2 – Group and treasury share transactions (effective from annual period beginning on or after 1 March 2007) – IFRIC 11 provides guidance on applying IFRS 2 in three circumstances:
 - Share-based payments involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation should always be accounted for as equity-settled share-based transactions under IFRS 2.
 - If a parent grants rights to its equity instruments to employees of its subsidiary and assuming the transaction is accounted for as equity-settled in the consolidated financial statements, the subsidiary must measure the services received using the requirements for equity-settled transactions in IFRS 2, and must recognise a corresponding increase in equity as a contribution from the parent.
 - If a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary accounts for the transaction as a cash-settled share-based payment transaction.

The adoption of these standards and interpretations will be implemented in accordance with their transitional provisions. The group is still investigating the impact of the adoption of the revised standards, but no effect on earnings is expected, however, additional disclosure will be required.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries.

The accounting policies for subsidiaries are consistent, in all material respects, with the policies adopted by the group. Inter-group transactions, balances and unrealised gains and losses are eliminated on consolidation.

Interests in subsidiaries

Subsidiaries are entities in which the group has the power to govern their financial and operating policies and generally in which the group has more than 50% of the voting rights or economic interest. The results of the subsidiaries are included from the date on which control is transferred to the group (effective date of acquisition) and are no longer included from the date that control ceases (effective date of disposal). Gains and losses on disposal of subsidiaries are included in the income statements as investment gains or losses.

Interests in subsidiaries in the company financial statements are valued at fair value and in accordance with the financial assets at fair value through profit and loss category. Previously interests in subsidiaries in the company's financial statements were valued at cost less any required impairment. The effect of the change in accounting policy is described in note 29.

Interests in associates

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or economic interest. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's share of post-acquisition profits or losses is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, less any required impairment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies for associates are consistent, in all material respects, with the policies adopted by the group.

The group discontinues equity accounting when the carrying amount of the investment in an associated company reaches zero, unless it has incurred obligations or guaranteed obligations in favour of the associated undertaking. The group increases the carrying amount of investments with its share of the associated company's income when equity accounting is resumed.

Foreign currencies***Foreign currency translation***

The group's presentation currency is South African Rands. The functional currency of the group's operations is the currency of the primary economic environment where each operation has its main activities.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies different to the functional currency at the balance sheet date are translated into the functional currency at the balance sheet date at the ruling rate at the date. Foreign exchange differences are recognised in the income statement.

Property and equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in the income statement. Profits or losses on disposal of assets are included in the income statement and are determined by reference to their carrying amount at date of disposal. An asset's carrying amount is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When significant components of equipment have different useful lives, those components are accounted for and depreciated as separate items.

Land and buildings held for use for administrative purposes are stated at fair value, determined from market-based evidence by appraisals undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at least once every year such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Land is not depreciated. Depreciation on revalued buildings to residual value is charged to profit and loss. Buildings are depreciated over a period of 40 years on a straight-line basis.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis at rates appropriate to the expected useful lives of the assets. Depreciation is calculated on the cost less any impairment and taking into account expected residual value. The estimated useful lives applied are as follows:

- | | |
|--|--------------|
| • Buildings | 2,50% |
| • Computer equipment and purchased computer software | 20% – 33,33% |
| • Furniture and equipment | 10% – 50% |
| • Motor vehicles | 25% |

There has been no change to useful lives from those applied in the previous financial year. The residual values and useful lives are reassessed on an annual basis.

Impairment

Buildings and equipment which is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Inventories

Inventories represent marketing materials and are stated at the lower of cost or net realisable value. Cost is determined by the first-in-first-out method.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

Financial assets

The group classifies its financial assets into categories, namely held at fair value through profit or loss or loans and receivables disclosed as "receivables including insurance receivables". The classification depends on the purpose when the asset is acquired and, with the exception of those held at fair value through profit or loss, is reassessed on an annual basis.

Initial measurement of financial assets

Purchases and sales of financial assets are recognised on trade date, which is the date on which the group assumes or transfers substantially all risks and rewards of ownership. Financial assets are initially recognised as follows:

- Fair value through profit and loss – at fair value on trade date and transaction costs are expensed in the income statement.
- Loans and receivables – at fair value on trade date plus transaction costs that are directly attributable to their acquisition.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Subsequent measurement of financial assets**Financial assets classified as fair value through profit and loss:**

Financial assets are designated as fair value through profit or loss at inception if they are held to match insurance liabilities and financial instrument liabilities held at fair value through profit or loss, or if they are managed and their performance is evaluated on a fair value basis. These assets are subsequently measured at fair value and the fair value adjustments are recognised in the income statement.

Fair values for quoted financial assets are based on regulated exchange quoted ruling bid prices at the close of business on the last trading day on or before the balance sheet date. If a quoted bid price is not available in an active market for dated instruments the fair value is estimated using pricing modules or discounted cash flow techniques.

Fair value for unquoted instruments are determined using the appropriate rate from the quoted money market yield curve, based on the term to maturity of the instrument. A discounted cash flow model is then applied, using the determined yield after allowing for credit risk, in order to calculate the market value.

Receivables including insurance receivables

Receivables are financial assets that are created by the entity for providing money, goods or services directly to a debtor, other than those that are originated with the intention of sale immediately or in the short term. Subsequent to initial recognition they are carried at amortised cost using the effective interest rate method less any required impairment.

Impairment: Financial assets carried at amortised cost

At each reporting date the group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. These assets include receivables relating to insurance contracts and reinsurance contracts. Such assets are impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and the event or events has an impact on the estimated future cash flows of these assets that can be reliably estimated.

The group first assesses whether objective evidence of impairment exists in respect of all financial assets that are individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Objective evidence includes credit ratings or failure to make payment on due dates. If any such indication exists, the assets' recoverable amounts are estimated and the carrying amount reduced to the recoverable amount and the impairment loss is recognised in the income statement. The recoverable amount is the present value of expected cash flows discounted at the market rate of interest for similar borrowers.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise balances with bankers, short-term funds and deposits and cash on hand and highly liquid investments with original maturities with three months or less. Cash and cash equivalents are carried at cost which is deemed to be fair value.

Financial liabilities at fair value through profit and loss

The group issues contracts with guaranteed terms which include a guaranteed endowment policy with a term of five years with a guaranteed value at maturity ("Guaranteed Growth Plan") and a guaranteed annuity product with 60 equal monthly payments and a guaranteed value at maturity ("Income Plan"). These contracts are recognised on initial recognition at fair value, which is the transaction price. Subsequently these contracts are measured at fair value which is determined by discounting the maturity values at the risk free rate. The maturity values are discounted at the risk free rate with an adjustment for credit risk where appropriate. Any profit on initial recognition is subsequently amortised over the life of the contract.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

When any group company, purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is on consolidation deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profit for the year.

Dividends received on treasury shares are deducted from distributions paid in the statement of changes in equity.

The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

Dividend distribution

Dividend distributions to the Company's shareholders is recognised against equity and if not paid then as a liability in the group's financial statements in the period in which the dividends are approved by the company's directors.

Insurance contract and financial instruments classification

The group issues contracts that transfer insurance risk or financial risk or, in some cases, both.

An insurance contract is a contract under which the group (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more (at least 10%) than the benefits payable if the insured event did not occur.

Those contracts that transfer financial risk with no significant insurance risk are accounted for as financial liabilities at fair value through profit and loss. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Amounts received under these contracts are recorded as deposits and amounts paid are recorded as withdrawals.

INSURANCE CONTRACTS**Professional Guidance Notes (PGNs) issued by the Actuarial Society of South Africa (ASSA)**

In terms of IFRS 4 – Insurance contracts, defined insurance liabilities are allowed to be measured under existing local practice. The group has adopted the PGNs to determine the liability in respect of contracts classified as insurance contracts in terms of IFRS 4 – Insurance contracts. The following PGNs are of relevance to the determination of insurance contract liabilities:

PGN 102: Life Offices – HIV/AIDS

PGN 104: Life Offices – Valuation of Long-term Insurers

PGN 105: Recommended AIDS extra mortality bases

Where applicable, the PGNs are referred to in the accounting policies and notes to the annual financial statements.

Features of Clientèle Life's main insurance contracts

Clientèle Life's main insurance contracts are as follows:

- *Market related savings products ("market related products") with risk benefits* for example accidental death or disability. These products have an investment account which is built up based on the

allocated portion of premiums and market returns in the form of income and growth; benefits are paid upon defined events, on surrender or final encashment of the product.

- *Whole life, final benefits products (“whole life products”)* with benefits which are payable upon defined events for example, death or disability.
- *Whole life, cashback benefits products (“cashback products”)* are whole life final benefits products with benefits which are payable upon defined events, for example, death or disability and include a return of one year’s premiums every five years.

Measurement of insurance contracts

These contracts are valued in terms of the Financial Soundness Valuation (“FSV”) basis as described in PGN 104 and the liability is reflected under insurance contracts in the balance sheet.

Clientèle Life’s insurance contracts are measured on either a discounted or undiscounted basis depending on the features of the contracts described above.

- Discounted liabilities (market related products and whole life cashback products)

The valuation of the risk benefits offered under these products have been valued on a policy by policy basis by discounting future expected risk benefits, cashback benefits, risk charges and expenses at the discount rate. The projection of future expected experience is based on the group’s best estimate assumptions for investment returns, expenses, death rates, disability rates and withdrawal rates plus compulsory margins.

- Undiscounted liabilities (market related products)

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the group with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for the unit linked portion is determined on a policy by policy basis in relation to the fair value of the underlying assets.

- Undiscounted liabilities (whole life products)

Incurred but not yet reported (IBNR) liabilities are calculated for these products, which is based on a percentage of premiums payable.

Discretionary margins are added to unit linked products and whole life cash back products so that the shareholders’ participation in profit emerges when it is probable that future economic benefits will flow to the entity. Effectively these margins are released to income on a policy by policy basis, over the policy term. Detail on compulsory and discretionary margins is provided in note 2.

The liability assumptions are reviewed bi-annually. Any changes in assumptions and/or other changes to the liability calculation are reflected in the income statement as they occur. The assumptions applicable to insurance contract liabilities are described in more detail in note 2.

Outstanding claims provision

Provision is made for the estimated cost of claims outstanding at the end of the year. Outstanding claims and benefit payments are stated gross of reinsurance. Outstanding claims are determined by making reference to the value of the sum assured in terms of the underlying policy when a claim is reported.

Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities. The liability is calculated in terms of the FSV basis as described in PGN 104. The FSV basis meets the minimum requirement of the liability adequacy test. For undiscounted liabilities these tests include current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities. Any deficiency is charged to the income statement in establishing a provision for losses arising from liability adequacy tests.

Reinsurance contracts held

Reinsurance contracts are contracts entered into by the group with reinsurers under which the group is compensated for a portion of losses arising on one or more of the insurance contracts issued by the group.

The expected benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified with receivables including insurance receivables) as well as longer-term receivables (classified as reinsurance assets) that are dependent on the present value of expected claims and benefits arising on insurance contracts net of expected premiums payable under the reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Receivables and payables related to insurance contracts and financial instruments

Receivables and payables are recognised when due. These include amounts due to and from Independent Field Advertisers (“IFAs”) and policyholders.

Premium income

Premiums on insurance contracts are recognised when due. Premium income on insurance contracts is shown gross of reinsurance. Premiums are shown before deduction of commission.

Reinsurance premiums

Reinsurance premiums are recognised when insurance premiums are due.

Claims and benefits paid

Claims on insurance contracts, which include, death, disability, maturity and surrenders are charged to income when notified of a claim based on the estimated liability for compensation owed to policyholders. They include claims that arise from death and disability events that have occurred up to the balance sheet date.

Reinsurance recoveries are accounted for in the same period as the related claim.

Acquisition costs

Acquisition costs for insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing or reinstatement of existing contracts. Commissions and other acquisition costs relating to insurance contracts and financial liabilities at fair value through profit and loss are expensed as incurred.

Other income

Other income includes monthly fees received from IFAs and is recognised on an accrual basis.

Offsetting

Assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Investment income

Investment income for the group comprises, interest and dividends. Dividends are recognised when the right to receive payment is established. Interest income is accounted for on the effective interest rate method.

Taxation

Income taxation on the profit or loss for the periods presented comprises current taxation, capital gains taxation, deferred taxation and Secondary Tax on Companies.

- **Current taxation**

Current taxation and capital gains taxation is the expected taxation payable, using taxation rates enacted at the balance sheet date, including any prior year adjustments.

- **Deferred taxation**

Deferred taxation is provided in full using the liability method. Provision is made for deferred taxation attributable to temporary differences in the accounting and taxation treatment of items in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss then it is not accounted for. A deferred taxation liability is recognised for all temporary differences, at enacted rates of taxation at the balance sheet date. A deferred taxation asset is recognised for the carry forward of unused taxation losses, unused taxation credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

- **Secondary Tax on Companies (“STC”)**

STC is the expected taxation payable, using the enacted STC rate at balance sheet date on the amount by which dividends declared exceed dividends received. STC is recognised as part of the current tax charge in the income statement when the related dividend is declared.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Employee benefits

Incentive bonus scheme

The group provides an incentive bonus scheme for executive management, which is based on individual performance, linked to and dependent upon profitability and in particular growth in the group’s embedded value and the creation of goodwill. The scheme comprises two elements, namely an embedded value element and a goodwill element.

The embedded value scheme component is based on growth in embedded value, as determined by the Group’s Independent Actuaries and approved by the Remuneration Committee, in excess of predetermined criteria and is payable over a three year period for cycles ending 30 June 2007 and over a four year period for cycles ending thereafter.

The goodwill scheme component recognises the creation of value in excess of embedded value. The goodwill created is measured in five year cycles, the first cycle beginning on 1 July 2002 and ending on 30 June 2007 and is payable over a three year period. The next five year cycle will commence on 1 July 2007 and end on 30 June 2012, and will be payable over a five year period. The goodwill created is determined with reference to, the embedded value of new business (as determined by the Group’s Independent Actuaries) in the fifth year and applying the multiple, as approved by the board on recommendation of the Remuneration Committee having regard to criteria included in the incentive bonus scheme document.

The group recognises a liability and an expense for the embedded value scheme component based on a formula that takes into consideration the conditions of the bonus scheme. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

A provision is recognised in the balance sheet and an expense in the income statement in respect of the goodwill scheme component at the present value of the obligation at the balance sheet date together

with adjustments for unrecognised actuarial gains or losses and past service costs. The goodwill scheme component obligation is calculated annually using the projected unit credit method. The present value of the goodwill scheme component obligation is determined by discounting the estimated future cash outflows using a risk free interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the expected remaining period of the scheme.

Past-service costs are charged against income, unless the changes to the incentive bonus scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Retirement benefits

The group operates a defined contribution provident fund for its employees, the assets of which are held in a separate trustee administered fund. The Clientèle Life Provident Fund is governed by the Pension Fund Act of 1956. The fund is funded by contributions by the Company which are charged to the income statement in the year to which they relate. 95% of the group's employees are members of the Clientèle Life Provident Fund.

The group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based compensation

The group operates an equity-settled share-based compensation plan in the form of a share appreciation right scheme. The fair value of the employee services received in exchange for the grant of the share appreciation rights ("SARs") is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the SARs granted, excluding the impact of any non-market vesting conditions (for example, profitability and premium income growth targets). Non-market vesting conditions are included in assumptions about the number of SARs that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of SARs that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Operating leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases.

Rental income from and expenses for operating leases are recognised on a straight-line basis over the lease term.

Segment information

The group's primary segments are business segments, with the secondary segment being geographic. A business segment is a distinguishable component group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Costs in respect of business segments are allocated to the business segments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF CLIENTÈLE LIFE FOR THE YEAR ENDED 30 JUNE 2007:**1. RISK MANAGEMENT**

Shareholders are referred to paragraph 7 commencing on page 62 of the main body of the Pre-listing Statement "RISK FACTORS PERTINENT TO THE GROUP" for a comprehensive discussion of relevant risk factors.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

The group makes estimates and assumptions that affect the reported amounts of its insurance liabilities and assets, financial liabilities at fair value and employee benefit obligations. Save for employee benefit obligations which are evaluated bi-annually, estimates and judgements are evaluated monthly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

INSURANCE CONTRACTS

Other than where an Incurred But Not Reported (IBNR) liability has been established and for unit linked savings products, the insurance liabilities are calculated by projecting liability outgo and expected future premiums and discounting the cashflows to the valuation date based on the valuation discount rate. These are referred to as discounted liabilities.

Discounted liabilities

These liabilities are established on a policy by policy basis. The basis of the projections is on a "best estimate" assumption basis. Compulsory margins are added to allow for risk and uncertainty based on the relevant local Actuarial Guidance Note (PGN104). In addition discretionary margins are included.

The compulsory margins were as follows:

Compulsory margins

Assumption	2007 Margin	2006 Margin
Investment return	0,25% increase/decrease*	0,25% increase/decrease*
Mortality	7,5% increase	7,5% increase
Expenses	10,0% increase	10,0% increase
Expense inflation	10,0% increase	10,0% increase
Lapses (where relevant)	25,0% increase/decrease*	25,0% increase/decrease*
Surrenders (where relevant)	10,0% increase/decrease*	10,0% increase/decrease*

* Depending on which charge increases the liability.

Discretionary margins

Negative liabilities amounting to R235,4 million (2006: R85,2 million) have been eliminated. Further to this a liability has been set up equal to 40% (2006: 50%) of the liability needed to ensure that each policy liability would be equal to a minimum of the Surrender Value. It is intended that the 40% factor will reduce linearly to 0% over the next four years. This liability amounted to R31,4 million (2006: R26,2 million).

The elimination of negative liabilities has increased significantly from June 2006. This is due to the large volumes of profitable new business written with negative liabilities.

Significant assumptions and other sources of estimation uncertainty**Discounted liabilities assumptions**

The key assumptions used in the calculation of the insurance liabilities are based on recent experience investigations of the group's business. Every year each assumption is reviewed based on the results of the most recent experience investigations. The intention is to arrive at a best estimate of the group's

experience. Once the best estimate is determined compulsory margins (per PGN104) are incorporated as described above. Where data is not credible, more prudent assumptions are used based on industry data where available. However, for the bulk of the group's business, internal data was used. To allow for the expected deterioration in claims due to AIDS, the AIDS tables produced by the Actuarial Society of South Africa were used. The results of the internal mortality investigations were used to establish current levels relative to these tables as referred to in the Statement of Actuarial Values of Assets and Liabilities as disclosed in the Annual Financial Statements.

Demographic assumptions

Mortality

A detailed mortality investigation was undertaken for homogenous groupings of business for the year ended 30 June 2007 based on the in force data file, movements and claims in the year. These results were used to set the mortality and AIDS assumptions relative to the latest published local assured lives and AIDS tables used in the Statement of Actuarial Values of Assets and Liabilities as disclosed in the annual financial statements.

Withdrawals

A detailed withdrawal investigation was carried out for the year ended 30 June 2007 based on homogenous groupings of business. Based on this investigation, the withdrawal assumptions of some of the classes of business were amended to reflect the recent and expected future experience.

Economic assumptions

(a) Investment return

The investment return assumption for all classes of business, except those where the liability has a specific asset backing it, was determined as:

- The expected return on the underlying assets backing the liabilities of the group; less
- An allowance for investment expenses; less
- An allowance for credit risk; less
- A compulsory margin (prescribed as being 0,25%).

Future investment returns for the main asset classes were determined as follows:

- Bonds – 9% (2006: 8,5%).
- Equities – 10% (2006: 10,5%).
- Property – 9% (2006: 9,5%).
- Cash – 7% (2006: 6,5%).

Based on the asset portfolio allocated to policyholders liabilities and the above assumptions, an investment return of 9% (2006: 8,5%) p.a. (before compulsory margins) was assumed for the majority of the business.

(b) Inflation

The current assumed level of future expense inflation is 6,5% (2006: 6%) per annum. This level of inflation is supported by the Reserve Bank's long term inflation target of between 3% and 6% and the assumption that life companies typically suffer expense increases slightly above general inflation.

(c) Taxation

Future taxation and taxation relief are allowed for at the rates and on the bases applicable to Section 29A of the Income Tax Act at the balance sheet date. The Company's current tax position is taken into account, and taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

Effect of changes in assumptions

The following changes were made to the actuarial valuation basis when compared to last year's basis:

- Economic assumptions were reviewed to reflect the current environment;
- Withdrawal and mortality rates were reviewed and adjusted where necessary in the light of recent experience.

In addition to the above the minimum surrender values as introduced by regulation 5 of Government Gazette No. 29446 of 1 December 2006 were introduced.

Undiscounted liabilities

IBNR liabilities are calculated for undiscounted liabilities, and are based on a percentage of the premiums payable and have been established at a level which is appropriate based on historic trends. The percentage is reviewed annually against actual experience and expected future trends.

Sensitivity analysis

The sensitivity of the insurance liabilities to the main assumptions was tested by calculating the effect of certain assumptions not being met. The following sensitivities were tested:

- Increasing renewal expenses by 10% (2006: 10%);
- Increasing withdrawal by 10% (2006: 10%);
- Increasing inflation by 1% (absolute change in rate) (2006: 1%);
- Reducing the assumed rate of investment return by 1% (2006: 1%); and
- Increasing mortality and other risk experience by 10% (2006: 10%).

The results of the sensitivity analysis on the net insurance liabilities, can be summarised as follows:

Sensitivity analysis	Actuarial liability R'000	Percentage change relative to main basis
2007		
Main basis	463 661	
Renewal expenses plus 10%	468 972	1,1
Withdrawals plus 10%	459 673	(0,9)
Inflation plus 1%	466 257	0,6
Investment return less 1%	463 145	(0,1)
Mortality (and other claims) plus 10%	467 501	0,8
2006		
Main basis	351 176	
Renewal expenses plus 10%	354 627	1,0
Withdrawals plus 10%	348 154	(0,9)
Inflation plus 1%	352 590	0,4
Investment return less 1%	348 953	(0,6)
Mortality (and other claims) plus 10%	352 779	0,5

The above figures combine discounted and undiscounted liabilities. The latter are not sensitive to the assumptions as they are valued retrospectively.

FINANCIAL LIABILITIES AT FAIR VALUE

The group issues a significant number of contracts that are classified as financial liabilities at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. A variety of factors are considered in the group's valuation techniques, including time value, credit risk (both own and counterparty), and activity in similar instruments.

Changes in assumptions about these factors could affect the reported fair value of these financial statements. The extent that actual surrenders are different from the group's estimates is the most critical factor in the fair valuation process, as additional fair value gains or losses would have been recognised

in the fair value of liabilities associated with these contracts. These financial liabilities are however matched with assets with similar features, removing the risk of significant mismatches when surrenders are earlier than expected.

EMPLOYEE BENEFITS

The determination of the liabilities in respect of the goodwill scheme component of the group's bonus scheme is dependent on estimates made by the group. Estimates are made as to the expected embedded value of new business generated in the fifth year of the five year cycle of the scheme, the multiple used in the formula and the expected number of employees participating in the scheme. The group bases these estimates on budgets and forecasts based on the group's business plans or the actual results in the fifth year of the scheme.

Group	Buildings R'000	Land R'000	Furniture and equip ment R'000	Computer software R'000	Computer equipment R'000	Motor vehicles R'000	Total R'000
3.1 Property and equipment							
Year ended 30 June 2006							
Cost at beginning of year	–	–	14 589	649	13 791	1 567	30 596
Additions	–	–	5 357	1 017	2 610	272	9 256
Disposals	–	–	–	–	(10)	–	(10)
Cost at end of year	–	–	19 946	1 666	16 391	1 839	39 842
Accumulated depreciation at beginning of year	–	–	(9 950)	(231)	(10 815)	(406)	(21 402)
Depreciation	–	–	(2 660)	(358)	(2 340)	(431)	(5 789)
Accumulated depreciation at end of year	–	–	(12 610)	(589)	(13 155)	(837)	(27 191)
Net carrying amount at end of year	–	–	7 336	1 077	3 236	1 002	12 651
Year ended 30 June 2007							
Cost at beginning of year	–	–	19 946	1 666	16 391	1 839	39 842
Additions	28 442	12 190	5 825	4 229	4 317	1 954	56 957
Revaluation	14 958	6 410	–	–	–	–	21 368
Disposals	–	–	–	–	(20)	–	(20)
Cost/fair value at end of year	43 400	18 600	25 771	5 895	20 688	3 793	118 147
Accumulated depreciation at beginning of year	–	–	(12 610)	(589)	(13 155)	(837)	(27 191)
Depreciation	–	–	(3 618)	(1 543)	(2 521)	(762)	(8 444)
Accumulated depreciation at end of year	–	–	(16 228)	(2 132)	(15 676)	(1 599)	(35 635)
Net carrying amount at end of year	43 400	18 600	9 543	3 763	5 012	2 194	82 512

The land and buildings are valued annually on 30 June at fair value by an independent valuator, CB Richard Ellis (Pty) Ltd., reflecting the actual market state and circumstances. The valuation of R62 million is based on a discounted cash flow calculation (capitalisation of earnings method) using the following underlying assumptions:

- Projected net annual rental income of R6,0 million based on market related rental income per square meter.
- Capitalised at a remunerative rate of 8% on the net annual income.

The investment property consists of two contiguous office buildings situated on Erven 1501, 1502 and 1506, Morningside Extension 7, Sandton, Gauteng. The office buildings are leased to group companies.

Company	Furniture and equipment R'000	Computer software R'000	Computer equipment R'000	Motor vehicles R'000	Total R'000
3.2 Property and equipment					
Year ended 30 June 2006					
Cost at beginning of year	14 589	649	13 791	1 567	30 596
Additions	5 357	1 017	2 610	272	9 256
Disposals	–	–	(10)	–	(10)
Cost at end of year	19 946	1 666	16 391	1 839	39 842
Accumulated depreciation at beginning of year	(9 950)	(231)	(10 815)	(406)	(21 402)
Depreciation	(2 660)	(358)	(2 340)	(431)	(5 789)
Accumulated depreciation at end of year	(12 610)	(589)	(13 155)	(837)	(27 191)
Net carrying amount at end of year	7 336	1 077	3 236	1 002	12 651
Year ended 30 June 2007					
Cost at beginning of year	19 946	1 666	16 391	1 839	39 842
Additions	5 825	4 229	4 317	1 954	16 325
Disposals	–	–	(20)	–	(20)
Cost/fair value at end of year	25 771	5 895	20 688	3 793	56 147
Accumulated depreciation at beginning of year	12 610	589	13 155	837	27 191
Depreciation	3 618	1 543	2 521	762	8 444
Accumulated depreciation at end of year	16 228	2 132	15 676	1 599	35 635
Net carrying amount at end of year	9 543	3 763	5 012	2 194	20 512

4. INVESTMENT IN SUBSIDIARIES**Summary**

Company	Amount of issued share capital		Percentage of issued share capital		Directors Shares held at cost		valuation of shares	
	2007 R	2006 R	2007 %	2006 %	2007 R	2006 R	2007 R'000	2006 R'000
Unlisted subsidiaries								
Independent Field Advertisers Financial Services (Pty) Ltd	1 000	1 000	100	100	1 000	1 000	2 902	1
Optimize IT (Pty) Ltd (<i>dormant</i>)	1	1	100	100	1	1	–	–
Newshelf 803 (Pty) Ltd	1	–	100	–	1	–	21 368	–
	1 002	1 001			1 002	1 001	24 270	1
							2007 R'000	2006 R'000

Amounts owing by subsidiaries

Independent Field Advertisers Financial Services (Pty) Ltd (refer note 8)	1 016	351
Newshelf 803 (Pty) Ltd (refer note 7)	40 400	–

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000

5. INVESTMENTS IN ASSOCIATES

Investment at the beginning of the year	–	907	–	907
Impairment of investment in associate	–	(959)	–	(907)
Share of profit/(loss)	141	52	–	–
Investment at end of year	141	–	–	–

Key financial information of associates

Clientèle USA LLC:				
Investments	578	620	578	620
Current assets	318	1 317	318	1 317
Current liabilities	(4 224)	(5 816)	(4 224)	(5 816)
Legal Sense (Pty) Ltd:				
Investments	–	–	–	–
Current assets	321	–	321	–
Current liabilities	(341)	–	(341)	–

The unlisted associate, Clientèle USA LLC, of which Clientèle Life holds 33,3% (2006: 33,3%), is incorporated in the United States of America. Their business is the distribution of life insurance policies and they have a December year-end. The unlisted associate, Legal Sense (Pty) Limited of which Clientèle Life holds 49% (2006: nil), is incorporated in the Republic of South Africa. Their business is the distribution of corporate legal policies and they have a June year-end. The investments are accounted for by the equity method of accounting.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
6. REINSURANCE ASSETS				
Reinsurance share of insurance liabilities				
Current	34 359	28 820	34 359	28 820
7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS				
Balance at beginning of the year	930 307	811 438	930 307	811 438
Fair value adjustments	39 006	23 176	79 408	23 176
Net additions and disposals	72 746	95 693	72 746	95 693
Balance at end of year	1 042 059	930 307	1 082 461	930 307
Debt securities:				
Promissory notes and deposits (quoted)	480 793	454 981	480 793	454 981
Funds on deposit	36 144	73 187	36 144	73 187
Fixed interest securities (quoted)	25 332	19 429	25 332	19 429
Fixed interest securities (unquoted) (refer note 4)	–	–	40 402	–
Government and public authority bonds (quoted)	48 400	67 562	48 400	67 562
Total debt securities	590 669	615 159	631 071	615 159
Equity securities:				
Listed equities	410 271	279 032	410 271	279 032
Unlisted unit trusts (quoted)	37 469	33 576	37 469	33 576
Unlisted equities	3 650	2 540	3 650	2 540
	451 390	315 148	451 390	315 148
Total instruments	1 042 059	930 307	1 082 461	930 307

Equity securities are held for long-term investment purposes and are not expected to be realised within five years.

A register of listed and unlisted investments is available for inspection in terms of the provisions of section 113 of the Companies Act.

With the approval of the Financial Services Board financial assets held at fair value through profit and loss amounting to R114,0 million (2006: R104,1 million) which match financial liabilities held at fair value through profit and loss have been ceded to Sanlam Limited.

Maturity profile of government and public authority stocks and bonds and fixed interest deposits:

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Due in 1 year or less	73 732	81 680	73 732	81 680
Due in 1 to 5 years	480 793	460 292	480 793	460 292
Due in 5 to 10 years	–	–	40 402	–
Maturity profile of funds on deposit:				
Due in 1 year or less	36 144	73 187	36 144	73 187
	590 669	615 159	631 071	615 159

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
8. RECEIVABLES INCLUDING INSURANCE RECEIVABLES				
Receivables	7 118	5 420	5 260	3 220
Reinsurance receivable	4 098	1 069	4 098	1 069
Prepayments	5 117	3 921	5 117	3 921
Due from subsidiaries	–	–	1 016	351
Due from associate (Legal Sense)	450	–	450	–
	16 783	10 410	15 941	8 561
Current	16 333	10 410	15 491	8 561
Non-current	450	–	450	–
	16 783	10 410	15 941	8 561

The loan due from the subsidiaries is interest free and has no fixed terms of repayment.

The receivables are current receivables.

The loan due from the associate is at market related interest rates and has no fixed terms of repayment.

9. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS

Balance at beginning of the year	379 996	266 051	379 996	266 051
Increase	118 024	113 945	118 024	113 945
Balance at end of the year	498 020	379 996	498 020	379 996

Changes in insurance liabilities and reinsurance

2007	Group and Company	
	Gross of reinsurance R'000	Net of reinsurance R'000
Discounted liabilities (including units linked liabilities)		
Insurance liabilities as at the beginning of the year	353 700	343 254
<i>Less: Discretionary margins</i>	(111 350)	(111 350)
Insurance liabilities as at the beginning of the year prior to allowance for discretionary margins	242 350	231 904
Expected interest on insurance liabilities (and cashflows)	20 611	19 748
Expected premiums on insurance liabilities	358 404	358 404
Expected unwinding of margins (existing business)	(22 233)	(22 016)
Expected claims, expiries and lapses	(113 245)	(110 676)
Expected expenses, commission and charges	(82 404)	(82 404)
Additional market related claims (policyholders)	(20 964)	(20 964)
Experience variations	7 305	9 844
Changes in valuation basis (renewal business only)	7 752	5 683
New business added during the year	(191 586)	(198 036)
Insurance liabilities as at the end of the year prior to allowance for discretionary margins	205 990	191 487
<i>Plus: Discretionary margins</i>	266 729	266 729
Insurance liabilities as at the end of the year	472 719	458 216

9. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS (continued)

	Group and Company	
	Gross of reinsurance R'000	Net of reinsurance R'000
2007		
Undiscounted liabilities		
Insurance liabilities as at the beginning of the year	26 296	7 922
Withdrawals during the year	(2 335)	(2 146)
Change in method on existing business	(2 576)	(2 576)
New business added during the year	3 916	2 245
Insurance liabilities as at the end of the year	25 301	5 445
Insurance liabilities as at the end of the year	498 020	463 661
Reinsurance assets	–	34 359
	Group and Company	
	Gross of reinsurance R'000	Net of reinsurance R'000
2006		
Discounted liabilities (including unit linked liabilities and discretionary margins)		
Insurance liabilities as at the beginning of the year	242 301	236 359
Unwind of discount rate	20 598	20 091
Expected premiums on insurance liabilities	264 457	264 457
Additional unit linked returns (policyholders)	47 162	47 162
Expected claims, expiries and lapses	(84 304)	(82 769)
Expected expenses, commission and charges	(77 070)	(77 070)
Release of discretionary margins	(65 008)	(65 008)
Experience variations	(12 786)	(17 404)
Changes in assumptions	8 206	8 341
New business added during the year	10 144	9 095
Insurance liabilities as at the end of the year	353 700	343 254
Undiscounted liabilities		
Insurance liabilities as at the beginning of the year	23 750	6 089
Withdrawals during the year	(8 405)	(2 155)
Change in method on existing business	433	111
New business added during the year	10 518	3 877
Insurance liabilities as at the end of the year	26 296	7 922
Insurance liabilities as at the end of the year	379 996	351 176
Reinsurance assets	–	28 820

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
10. FINANCIAL LIABILITIES HELD AT FAIR VALUE THROUGH PROFIT AND LOSS				
Balance at beginning of the year	458 245	439 735	458 245	439 735
Movements for the year				
– Fair value adjustments	34 332	18 951	34 332	18 951
– Deposits	24 876	27 011	24 876	27 011
– Withdrawals	(36 484)	(27 452)	(36 484)	(27 452)
Balance at end of the year	480 969	458 245	480 969	458 245

The above liabilities are expected to mature within 1 to 5 years.

11. DEFERRED TAXATION

Assets – non-current

Long-term employee benefits (IAS 19)

Deferred taxation asset at the end of the year	3 384	5 150	3 384	5 150
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Balance at beginning of the year	5 150	3 300	5 150	3 300
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(Decrease)/Increase during the year	(1 766)	1 850	(1 766)	1 850
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Liability – non current

Capital gains taxation

Deferred taxation liability at the end of the year	11 419	2 035	6 152	2 035
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Balance at beginning of the year	2 035	1 757	2 035	2 038
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Increase/(decrease) during the year	4 116	278	4 117	(3)
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Deferred taxation on revaluation of land	930	–	–	–
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Deferred taxation on revaluation of building	4 338	–	–	–
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The assessable tax loss of the individual policyholder fund amounts to R720 million (2006: R644 million).

No deferred tax asset has been raised in respect of the assessable tax loss.

12. CASH AND CASH EQUIVALENTS

Cash in bank and at hand	89 695	52 544	87 153	52 297
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	Group		Company	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
13. RELATED PARTIES DISCLOSURE				
Parents				
Direct holding company:				
Pickent Holdings (Proprietary) Limited ultimately controls 81,26% of the issued ordinary shares.				
Subsidiaries				
Directly owned:				
– Newshelf 803 (Proprietary) Limited				
– Optimize IT (Proprietary) Limited (dormant)				
– Independent Field Advertisers Financial Services (Proprietary) Limited				
The following are the transactions and balances in respect of subsidiaries:				
<i>Loan to Independent Field Advertisers Financial Services (Proprietary) Limited</i>				
Opening balance	–	–	353	5 068
Net advances/(repayment)	–	–	663	(4 715)
Closing balance	–	–	1 016	353
<i>Investment in corporate bond issued by Newshelf 803 (Proprietary) Limited</i>				
Opening balance			–	–
Investment			40 402	–
Closing balance			40 402	–
Total balances at year end			41 418	353
Associate				
Receivables from associated companies:				
<i>Clientèle USA LLC</i>				
The Clientèle USA LLC loan is rand denominated, bears interest at market related rates and has no fixed terms of repayment.				
The following are the transactions and balances in respect of the associates:				
<i>Clientèle USA LLC</i>				
Opening balance	–	3 671	–	3 671
Impairment	–	(3 671)	–	(3 671)
Closing balance	–	–	–	–
<i>Legal Sense (Pty) Limited</i>				
Opening balance	–	–	–	–
Net advance	450	–	450	–
Closing balance	450	–	450	–

14. DIRECTORS' EMOLUMENTS**Year ended 30 June 2006**

Non-executive directors Paid by the Company	Months in office	Directors' fees R'000	Consultancy fees R'000	Total emoluments R'000
P W Felton	4	310	–	310
P J A Cunningham	12	210	–	210
G Q Routledge	12	420	–	420
Total emoluments		940	–	940

Executive directors Paid by the Company	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
G J Soll	12	1 215	6 001	25	7 241
P W Felton	8	590	3 000	40	3 630
I B Hume	12	860	3 050	60	3 970
Total emoluments		2 665	12 051	125	14 841

Bonuses and performance related payments include the incentive bonus scheme payments. No share appreciation rights have been issued to directors.

Year ended 30 June 2007

Non-executive directors Paid by the Company	Months in office	Directors' fees R'000	Consulting fees R'000	Total emoluments R'000
S D Molapo	6	150	150	300
P J A Cunningham	12	310	–	310
G Q Routledge	12	620	–	620
P W Felton	6	–	500	500
Total emoluments		1 080	650	1 730

Executive directors Paid by the Company	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
G J Soll	12	1 273	17 009	27	18 309
B Frodsham	12	718	7 869	34	8 621
I B Hume	12	911	8 738	63	9 712
Total emoluments		2 902	33 616	124	36 642

Bonuses and performance related payments include incentive bonus scheme payments and amounts payable. No share appreciation rights have been issued to directors.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
The following bonuses are payable to key management excluding directors. Key management are part of the executive committee	16 495	8 866	16 495	8 866

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
15. EMPLOYEE BENEFITS				
Goodwill scheme	32 760	17 760	32 760	17 760
Embedded value scheme	25 000	14 500	25 000	14 500
Short-term bonuses	4 333	2 300	4 333	2 300
Total employee benefits	62 093	34 560	62 093	34 560
Current	50 262	16 800	50 262	16 800
Non-current	11 831	17 760	11 831	17 760
	62 093	34 560	62 093	34 560

Goodwill scheme

Opening balance	17 760	11 380	17 760	11 380
Provision raised (refer to note 22)	15 000	6 380	15 000	6 380
Interest cost	1 320	900	1 320	900
Service cost	8 630	5 480	8 630	5 480
Net actuarial loss	5 050	–	5 050	–
Closing balance	32 760	17 760	32 760	17 760

The above relates to the goodwill element of the incentive bonus scheme referred to in the directors report and the accounting policies to the annual financial statements.

At 30 June 2007 there was an unrecognised actuarial loss of R10,1 million (2006: R0) which in terms of the group's accounting policy is being spread over the remaining payment term to 2010.

The principal actuarial assumptions used are as follows:

Cycle 1	2007	2006
Embedded value of new business (R'million)	302	215
Embedded value multiple	4,5	5
Risk free rate (%)	9,5	7,5
In force participants (%)	75	70
Payment term (years)	3	3

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Embedded value scheme				
Balance at beginning of year	14 500	14 363	14 500	14 363
Provision raised (refer to note 22)	25 000	14 500	25 000	14 500
Payments	(14 500)	(14 363)	(14 500)	(14 363)
Balance end of year	25 000	14 500	25 000	14 500
Short-term bonuses				
Balance beginning of year	2 300	2 900	2 300	2 900
Provision raised (refer to note 22)	4 333	2 300	4 333	2 300
Payments	(2 300)	(2 900)	(2 300)	(2 900)
Balance end of year	4 333	2 300	4 333	2 300

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
16. ACCRUALS AND PAYABLES INCLUDING INSURANCE PAYABLES				
Commission payable	18 275	9 322	18 275	9 322
Premiums received in advance	23 858	21 964	23 858	21 964
Other accruals and payables	8 316	10 695	7 023	9 820
	50 449	41 981	49 156	41 106

17. EQUITY**Share capital and share premium****Authorised share capital**

40 000 000 ordinary shares of 15 cents each	6 000	6 000	6 000	6 000
10 variable rate redeemable cumulative preference shares of 100 cents each				
30 cumulative redeemable preference shares of 100 cents each				

Issued share capital

32 350 000 (2006: 32 350 000) ordinary shares of 15 cents each	4 853	4 853	4 853	4 853
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Share appreciation rights ("SAR") scheme

SAR scheme reserve	2 099	–	2 099	–
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SARs are granted to qualifying IFAs and employees, excluding directors, with more than one year of service. The initial price of the SAR is the volume weighted average price that the ordinary share traded on the JSE during the 30 (thirty) trading days immediately preceding the invitation date in the case of employees and the announcement date in the case of IFAs. SARs are conditional on the employee staying in the employ of Clientèle Life for the vesting period and the IFA remaining an IFA. The SARs are exercisable starting three years from the invitation/announcement date. All SARs not vested on the seventh anniversary of the invitation/announcement date will lapse.

	Volume weighted average price on grant	Number of SARs granted
Year ended 30 June 2007		
At beginning of year	–	–
Allotment	R64,14	2 018 000
Allotment	R66,47	23 000
Terminated	R64,14	(70 250)
Exercised	–	–
At end of year	–	1 970 750

Out of the 1,971 million outstanding SARs, none were exercisable. SARs outstanding at the end of the year have the following expiry dates.

17. EQUITY (continued)

	Number of SARs
24 January 2014	1 947 750
1 March 2014	23 000
	1 970 750

The income statement charge was determined using the Black Scholes model. The IFRS2 costs relating to the SAR scheme amounted to R2,1 million. Significant inputs into the model include the initial grant prices of SARs the dividend yield, risk-free interest rate, employee turnover, contractual life and potential share price growth.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Non-distributable reserve: Revaluation	16 101	–	–	–

The revaluation reserve relates to owner occupied land and buildings owned by the subsidiary Newshelf 803 (Proprietary) Limited as referred to in note 3.1. The land and buildings have been revalued to market value through equity. Deferred taxation has been provided at rates appropriate to the land and buildings and amounts to R5,3 million (2006: R0).

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
	152 675	121 309	176 671	121 293

18. FAIR VALUE GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Fair value gains	152 675	121 309	176 671	121 293
The above fair value gains include gains arising from:				
Interest (unlisted)	51 931	50 774	51 657	60 758
Dividends (listed)	10 330	8 301	10 330	8 301

19. OTHER INCOME

IFA annuity fee income	78 535	44 055	78 535	44 055
Marketing materials sales	5 839	4 318	–	–
Supplier discounts received	391	239	293	29
	84 765	48 612	78 828	44 084

20. SEGMENT INFORMATION – FOR THE YEAR ENDED 30 JUNE 2007

The financial effects of the investment contract segment on revenue and profit for the year are insignificant.

Segment assets and liabilities

Insurance segment assets	792 894	586 256	791 286	583 579
Investment contract segment assets	480 793	454 981	480 793	454 981
Total assets	1 273 687	1 041 237	1 272 079	1 038 560
Insurance segment liabilities	623 171	459 384	616 612	458 127
Investment contract segment liabilities	480 969	458 245	480 969	458 245
Total liabilities	1 104 140	917 629	1 097 581	916 372

Clientèle Life operates in South Africa. Policies written are in respect of recurring premium policies issued to individuals.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
21. CLAIMS AND POLICYHOLDERS' BENEFITS				
Claims and policyholders' benefits under insurance contracts	145 662	92 452	145 662	92 452
Insurance claims recovered from reinsurers	(20 212)	(16 450)	(20 212)	(16 450)
Net claims and policyholders' benefits	125 450	76 002	125 450	76 002
Comprising:				
Individual	145 662	92 452	145 662	92 452
Death and disability claims	36 349	24 372	36 349	24 372
Policy surrender claims	109 313	68 080	109 313	68 080
22. ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES				
Acquisition and administration expenses by nature are as follows:				
Auditors remuneration	1 799	768	1 799	768
Audit fees – current year	329	251	329	251
Audit fees – prior year	1 289	292	1 289	292
Taxation advice	127	112	127	112
Accounting advice	54	113	54	113
Actuarial fees	1 459	1 005	1 459	1 005
Consulting fees	1 199	1 466	1 199	1 466
Staff costs	107 873	75 556	107 873	75 556
Defined contribution provident fund – current service costs	3 183	2 465	3 183	2 465
Salaries	58 258	47 911	58 258	47 911
Goodwill scheme expense	15 000	6 380	15 000	6 380
Embedded value scheme expense	25 000	14 500	25 000	14 500
Short-term bonuses	4 333	2 300	4 333	2 300
Share appreciation right scheme expense	2 099	–	2 099	–
Asset management fees	2 415	2 937	2 415	2 937
Operating lease rentals	8 688	7 828	8 688	7 828
Depreciation	8 444	5 789	8 444	5 789
Computer equipment	2 521	2 340	2 521	2 340
Computer software	1 543	358	1 543	358
Furniture and equipment	3 618	2 660	3 618	2 660
Motor vehicles	762	431	762	431
Regional services council levies	–	337	–	337
Local travel costs	330	1 243	330	1 243
Administration and marketing	88 684	63 523	84 744	63 242
Commission paid	158 169	97 710	158 169	97 710
(Profit)/loss on disposal of fixed assets	(5)	21	(5)	21
Other	55 618	22 920	55 678	22 869
	434 673	281 103	430 793	280 771
Staff count	460	402	460	402

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
23. TAXATION				
South African normal taxation	32 024	33 120	31 349	32 403
Current year taxation	30 258	35 804	29 583	35 087
Deferred taxation	1 766	(1 850)	1 766	(1 850)
Prior year over provision	–	(834)	–	(834)
South African capital gains taxation	7 070	973	7 070	698
Current year taxation	2 954	695	2 953	695
Deferred taxation	4 116	278	4 117	3
Secondary tax on companies	10 228	9 730	10 228	9 730
Total taxation	49 322	43 823	48 647	42 831
Taxation rate reconciliation				
Profit before taxation	154 159	134 602	175 957	130 338
Taxation	(49 322)	(43 823)	(48 647)	(42 831)
	%	%	%	%
Effective tax rate	32,00	32,56	27,65	32,86
<i>Adjustments due to:</i>				
Over provisions in respect of prior year	–	0,62	–	0,64
Secondary tax on companies	(5,81)	(7,47)	(5,81)	(7,47)
Utilisation of deferred capital gains tax asset not previously recognised	5,12	0,68	5,12	0,68
Capital gains tax	(0,89)	(0,46)	(0,89)	(0,46)
Exempt income	(0,98)	5,39	3,37	5,09
Non-tax deductible items	(0,44)	(2,32)	(0,44)	(2,34)
Statutory tax rate	29,00	29,00	29,00	29,00

Policyholder taxation funds are separate taxation persons which have differing taxation rules applied in the South African taxation legislation. There are two separate funds applicable to the company, defined as untaxed and individual. As these funds and related taxes are in essence direct taxes against investments held on behalf of policyholders (not shareholders), it is not considered necessary to reconcile effective rates by fund.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
24. EARNINGS PER SHARE				
Reconciliation of earnings to headline earnings:				
Net profit attributable to ordinary shareholders	104 837	90 779	127 310	87 507
Add: Impairment of investment in associate	–	958	–	958
Less/Add: (profit)/loss on disposal of fixed assets	(5)	21	(5)	21
Headline earnings	104 832	91 758	127 305	88 486
Earnings is equal to net profit attributable to ordinary shareholders				
Weighted ordinary shares in issue ('000)	32 350	32 350	32 350	32 350
	Cents	Cents	Cents	Cents
Earnings per share	324,07	280,62	393,54	271,53
Headline earnings per share	324,06	283,64	393,53	273,53
Diluted earnings per share	323,84	–	393,26	–

Diluted earnings per share

Diluted basic earnings per share is calculated on the same basis as earnings per share, except that the weighted average number of ordinary shares in issue during the year is adjusted for the dilutive effect of the SAR scheme. This potential dilutive effect is calculated using the average Clientèle Life share price less the sum of the estimated fair value of goods and services to be rendered by employees per SAR and the strike price at grant date. This difference gives the value per share of the benefit accruing to the SAR participant. The value is multiplied by the number of SARs and divided by the average Clientèle Life share price to measure the value as the notional number of shares.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
25. CASH GENERATED BY OPERATIONS				
Net profit from operations	154 159	138 655	175 957	134 338
<i>Adjusted for:</i>				
Increase in policyholder liabilities under insurance contracts	112 485	108 728	112 485	108 728
Fair value adjustment to financial liabilities at fair value through profit and loss	22 798	18 510	22 798	18 510
Fair value gains on subsidiaries and on financial assets at fair value through profit and loss	(104 845)	(59 075)	(128 842)	(59 059)
Equity accounted earnings from associate	(141)	(52)	–	–
Depreciation	8 444	5 789	8 444	5 789
Profit on disposal of fixed assets	(5)	(21)	(5)	(21)
Decrease/(increase) in receivables including insurance receivables	(3 056)	983	(3 396)	1 745
(Increase)/decrease in reinsurance receivables	(4 098)	(1 069)	(4 098)	(1 069)
Increase in provisions, accruals and payables including insurance payables	39 513	28 883	43 870	27 503
Decrease in loan due from associate	–	3 671	–	3 671
Impairment of investment in associate	–	(4 000)	–	(4 000)
(Decrease)/increase in amounts due to reinsurers	762	(1 945)	762	(1 945)
Increase in investment in associate	(450)	–	(450)	–
Increase in deferred profits not recognised SAR scheme expense	907	–	907	–
	2 099	–	2 099	–
	228 572	239 057	230 531	234 190

26. DIVIDENDS PAID

Balance owing at the beginning of the year	143	65	143	65
Amount declared for the year	84 110	80 567	84 110	80 567
	84 253	80 632	84 253	80 632
Balance owing at the end of the year	(164)	(143)	(164)	(143)
Amount paid during the year	84 089	80 489	84 089	80 489

27. TAXATION PAID

Balance owing at the beginning of the year	2 417	19 496	1 706	19 777
Amount provided for the year	49 322	43 823	48 647	42 831
	51 739	63 319	50 353	62 608
Balance owing at the end of the year	(8 124)	(2 417)	(2 759)	(1 706)
Amount paid during the year	43 615	60 902	47 594	60 902

28. COMMITMENTS**Capital commitments**

The group has entered into negotiations to purchase the remaining four buildings in Morningview Office Park in Rivonia Road, Sandton for R56 million.

29. INVESTMENTS IN SUBSIDIARIES AT FAIR VALUE

Clientèle Life changed its accounting policy to value investments in subsidiaries at fair value in order to reflect the underlying values of subsidiaries. The fair value adjustment is recognised in the income statement. Investments in subsidiaries are valued at fair value.

Previously investments in subsidiaries were carried at cost less provision for impairment. The financial implications of the change in accounting policy resulted in an increase in the carrying value of the subsidiaries and increase in net profit attributable to shareholders as follows:

	Company	
	2007	2006
	R'000	R'000
Independent Field Advertisers Financial Services (Proprietary) Limited	2 901	–
Newshelf 803 (Proprietary) Limited	21 368	–
	24 269	–

The effect of fair valuing Independent Field Advertisers Financial Services (Pty) Limited is not material and any adjustments to restate prior year comparatives were not made in respect of Independent Field Advertisers Financial Services (Pty) Limited. There is no prior year effect for Newshelf 803 (Pty) Limited as the company was acquired during the current year.

No deferred tax asset has been provided for in Clientèle Life's accounts as the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

SUMMARISED UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Following below is the summarised unaudited group for the six months ended 31 December 2007 as published on 28 February 2008:

"Clientèle Life Assurance Company Limited
(Registration number 1973/016606/06)
Share code: CLE ISIN: ZAE000013397
FSP number: 15268

Highlights

- Net insurance premiums up by 33%
- Headline earnings per share up by 27%
- Annualised return on Embedded Value of 40%
- Annualised return on average shareholders interest of 85%

COMMENTS

The six months to 31 December 2007 has been characterised by the introduction of the National Credit Act ("NCA"), changes in banking system collection mechanisms and a weakening of investment markets in November and December. These changes have affected net production, persistency and investment returns for the six month period.

This had an effect on Clientèle Life's results which nevertheless reflect a healthy increase in headline earnings.

Net recurring premium income for the period of R379 million (2006: R285 million) increased by 33%. The group earned R61 million (2006: R38 million) of other income which represents an increase of 58% and is comprised mainly of recurring income, prior to the allocation of related expenses, from its Independent Field Advertiser ("IFA") distribution channel.

Fair value gains on financial assets for the six months were significantly lower than that of the corresponding period last year and at R35 million is R45 million short of the comparative gains of R80 million. Within these fair value gains, R9 million is attributable to shareholders which is R19 million lower than last year. This is as a result of the weaker financial markets in November and December.

Policyholders benefits of R80 million (2006: R53 million) have increased by 52%.

Administration expenses per policy continue to be well controlled and the relatively low average annual administration cost per policy is in line with actuarial assumptions. Together, acquisition costs and administration expenses for the period have increased by 29% in comparison to the 33% increase in net recurring premium income.

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

The effective tax rate for the period has increased in comparison to the comparative period due to the change in mix of income with significantly less investment income this period.

Headline earnings per share has increased by 27% from 156,89 cents to 199,45 cents for the period under review.

The above results have translated into an annualised after-tax return on average shareholders interests of 85%.

Value of New Business for the six months amounted to R159 million (2006: R169 million) and has been affected by the introduction of the NCA and changes in banking collection mechanisms. These changes had the most impact in the first quarter of the financial year and good progress has been made in responding to these changes.

Embedded Value has increased from R876 million after adjusting for dividends and related STC at 30 June 2007 to R1 billion at 31 December 2007. This translates into an annualised return on Embedded Value of 40% which although lower than the same period last year is still pleasing off a significantly higher base.

The Share Appreciation Rights ("SAR") Scheme implemented in January 2007 has required that in accordance with IFRS, Clientèle Life recognises a cost of R2 million in the income statement for this period and has resulted in a cumulative R18 million adjustment to Embedded Value since inception of the scheme, in order to recognise the future possible dilution as a result of the Scheme. The SAR Scheme has already had a positive result on the participants and has encouraged behaviour and performance which has contributed to the results.

Clientèle Life remains committed to servicing, empowering and educating under serviced segments of the financial services market and will continue to consider opportunities in this arena of the lower and middle income markets.

By order of the Board

G Q Routledge
Chairman

G J Soll
Managing Director

Johannesburg
28 February 2008

UNAUDITED CONDENSED GROUP BALANCE SHEETS

(R'000's)	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Assets			
Property and equipment	81 288	14 981	82 512
Investment in associate	237	98	141
Loan to associate	450	–	450
Deferred taxation	2 823	4 980	3 384
Current taxation receivables	–	2 064	3 295
Inventories	1 711	1 604	1 459
Reinsurance assets	29 270	33 378	34 359
Financial assets held at fair value through profit and loss	1 069 005	992 527	1 042 059
Receivables including insurance receivables	26 741	15 272	16 333
Cash and cash equivalents	65 543	39 810	89 695
Total assets	1 277 068	1 104 714	1 273 687
Equity			
Share capital	4 853	4 853	4 853
Retained earnings	113 965	92 383	146 494
Non-Distributable Reserve: Revaluation	16 101	–	16 101
SAR Scheme Reserve	4 449	–	2 099
Total equity	139 368	97 236	169 547
Liabilities			
Policyholder liabilities under insurance contracts	512 571	446 648	498 020
Financial liabilities held at fair value through profit and loss	511 033	471 594	480 969
Employee benefits	37 244	25 760	32 760
Amounts due to reinsurers	–	1 215	1 191
Accruals and payables including insurance payables	65 074	59 808	79 781
Deferred taxation	11 381	2 453	11 419
Current taxation	397	–	–
Total liabilities	1 137 700	1 007 478	1 104 140
Total equity and liabilities	1 277 068	1 104 714	1 273 687

CONDENSED GROUP INCOME STATEMENTS

(R'000's)	Six months ended 31 December 2007	2006	%	Year ended 30 June 2007
			Increase	
Revenue				
Insurance premium revenue – individual recurring	394 376	298 746	32	651 267
Reinsurance premiums	(15 479)	(13 824)		(27 749)
Net insurance premiums	378 897	284 922	33	623 518
Other income	60 887	38 480	58	84 765
Fair value gains on financial assets held at fair value through profit and loss	35 372	80 229	(44)	152 675
Total revenue	475 156	403 631	18	860 958
Net insurance benefits and claims	(80 046)	(52 506)	52	(125 450)
– Policyholder benefits under insurance contracts	(93 353)	(61 846)		(145 662)
– Insurance claims recovered from reinsurers	13 307	9 340		20 212
Increase in policyholder liabilities under insurance contracts	(15 532)	(66 652)	(77)	(118 024)
– Increase for the year	(14 065)	(66 652)		(113 968)
– Impact of Statement of Intent and Regulation 5	(1 467)	–		(4 056)
(Decrease)/Increase in reinsurance assets	(4 108)	4 558		5 539
Fair value adjustment to financial liabilities held at fair value through profit and loss	(20 673)	(14 569)	42	(34 332)
Expenses	(250 668)	(194 269)	29	(434 673)
– Acquisition costs associated with insurance contracts	(222 899)	(172 881)	29	(387 125)
– Administration expenses	(27 769)	(21 388)	30	(47 548)
Equity accounted earnings from associates	95	98		141
Profit before taxation	104 224	80 291	30	154 159
Taxation	(39 703)	(29 565)		(49 322)
Net profit attributable to ordinary shareholders	64 521	50 726	27	104 837

TAXATION

(R'000's)	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Current and deferred taxation	(30 089)	(16 072)	(33 524)
Secondary tax on companies ("STC")	(9 288)	(10 228)	(10 228)
Capital gains tax	(326)	(3 265)	(5 570)
	(39 703)	(29 565)	(49 322)

The Individual Policyholder Fund has an estimated tax loss of R774 million.

RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS TO HEADLINE EARNINGS

(R'000's)	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Net profit attributable to ordinary shareholders	64 521	50 726	104 837
Less/add: (Profit)/Loss on disposal of fixed assets	–	29	(5)
Headline earnings	64 521	50 755	104 832

RATIOS PER SHARE

Headline earnings per share (cents)	199,45	156,89	324,06
Diluted headline earnings per share (cents)	198,52	156,84	323,83
Earnings per share (cents)	199,45	156,89	324,07
Diluted earnings per share (cents)	198,52	156,89	323,84
Net asset value per share (cents)	430,81	300,57	524,10
Diluted net asset value per share (cents)	428,81	300,55	523,73
Weighted ordinary shares in issue ('000)	32 350	32 350	32 350
Diluted ordinary shares in issue ('000)	32 501	32 350	32 373

CONDENSED STATEMENT OF CHANGES IN EQUITY

(R'000's)	Share capital	Retained earnings	Treasury shares reserve	SAR scheme reserve	Non- distribu- table reserves	Total
Balance as at 1 July 2006	4 853	120 344	(1 589)	–	–	123 608
Sale of treasury shares		5 423	1 589			7 012
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	146 494	–	2 099	16 101	169 547
Balance as at 1 July 2007	4 853	146 494	–	2 099	16 101	169 547
Net profit attributable to shareholders		64 521				64 521
Ordinary dividend paid		(97 050)				(97 050)
SAR scheme allocated				2 350		2 350
Balance as at 31 December 2007	4 853	113 965	–	4 449	16 101	139 368

CONDENSED GROUP CASH FLOW STATEMENTS

(R'000's)	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Cash generated by operations	117 734	91 227	228 551
Net acquisition of investments	(24 904)	(39 404)	(72 746)
Investment returns	19 394	66 409	25 321
Dividend paid	(96 936)	(84 089)	(84 089)
Taxation paid	(34 994)	(41 110)	(43 614)
Cash flow from operating activities	(19 706)	(6 967)	53 423
Cash flow from investing activities	(4 446)	(5 594)	(16 272)
(Decrease)/Increase in cash on hand	(24 152)	(12 561)	37 151

SEGMENT INFORMATION

Clientèle Life's main business segments include Insurance and Investment contract segments.

The financial effects of the Investment contract segment on revenue and profit for the period are insignificant.

	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Segment assets and liabilities			
Insurance segment assets	768 178	635 898	792 894
Investment contract segment assets	508 890	468 816	480 793
Total group assets	1 277 068	1 104 714	1 273 687
Insurance segment liabilities	626 667	535 884	623 171
Investment contract segment liabilities	511 033	471 594	480 969
Total group liabilities	1 137 700	1 007 478	1 104 140

Clientèle Life operates in South Africa. Policies written are in respect of individuals.

NOTES TO THE RESULTS:

The investment in associates represents a 33.3% investment in Clientèle USA and a 49% share in Legal Sense (Pty) Ltd.

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) Limited.

The group is awaiting transfer of the remaining four buildings in Morningview Office Park in Rivonia Road, Sandton which have been purchased for R56 million.

The nature of the group's business remains unchanged.

The group is however pursuing opportunities to expand its offerings within the financial services arena.

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 the listing requirements of the JSE Limited and the Companies Act of South Africa and are consistent with prior years.

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.

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; 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 at 31 December 2007.

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

(R'000's)	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Embedded Value			
Value of excess assets attributable to shareholders	138 592	97 236	169 545
Cost of capital	(16 681)	(9 451)	(13 683)
Value of in force business	933 410	693 377	828 707
Embedded Value before SAR Scheme adjustment	1 055 321	781 162	984 569
SAR Scheme adjustment	(18 284)	–	(2 099)
Embedded Value	1 037 036	781 162	982 470
Value of New Business	158 550	168 684	302 436

The Value of New Business for the six months ended 31 December 2006 of R169 million has been restated from R160 million as the annual increase in subscription fees is now amortised evenly over the year.

The value of excess assets attributable to shareholders represents total equity after adjusting for the value of subsidiaries to net asset value.

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 six months ended 31 December 2007.

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 Cost of Capital is the opportunity cost of having to hold assets to cover the Capital Adequacy Requirement (CAR) of R53 million.

Clientèle Life's CAR cover ratio at 31 December 2007 was 2,6 times (30 June 2007: 3,6 times).

Analysis of change in Embedded Value	31 December 2007
Embedded Value at the beginning of the period	982 470
Dividend paid	(97 050)
Secondary tax paid	(9 288)
Embedded Value after adjusting for dividends and STC	876 132
Unwinding of discount rate	61 321
SAR Scheme dilution	(16 185)
Goodwill and medium-term incentive schemes	(28 281)
	892 987
Value added by management	169 725
Value of New Business	158 550
Profit from associates	68
Investment experience	10 426
Withdrawal experience	(8 771)
Expected secondary tax	4 622
Claims and reinsurance experience	2 021
Sundry experience	2 809
Change in basis	(24 678)
Change in cost of capital (existing business)	(998)
Embedded Value at the end of the period	1 037 036
Embedded Value earnings	
Embedded Value at the end of the period	1 037 036
Embedded Value at the beginning of the period (after adjusting for dividends and STC)	876 132
Embedded Value earnings for the period	160 904
As a percentage of Embedded Value (adjusted) at the beginning of the period	18,4%
Annualised return on Embedded Value	40,1%

	Six months ended 31 December 2007	2006	Year ended 30 June 2007
Embedded Value per share (cents)	3 262,20	2 414,72	3 043,49
Diluted Embedded Value per share (cents)	3 205,68	2 414,72	3 037,00
Long-term economic assumptions	% p.a.	% p.a.	% p.a.
Risk discount rate	14,0	14,0	14,0
Overall investment return	9,0	8,5	9,0
Expense inflation	6,5	6,0	6,5
Corporate tax	29,0	29,0	29,0

Other assumptions

The assumptions for future mortality, persistency and premium escalations were based on recent experience adjusted for anticipated future trends. Allowance has been made for future taxation and STC in the Embedded Value calculations.

By order of the board

G Q Routledge
Chairman

G J Soll
Managing Director

Johannesburg
28 February 2008"

HISTORICAL FINANCIAL INFORMATION OF CLIENTÈLE

1. INTRODUCTION

All information on Clientèle contained in this Appendix 2, which includes, *inter alia*, the balance sheet, statement of changes in equity and cash flow statement of Clientèle for the period 23 August 2007 (date of incorporation) to 29 February 2008, is the responsibility of the directors and are part extracts from the audited financial statements of Clientèle for such period.

Being extracts, the information provided may contain certain terms and definitions which differ from the 'Definitions and Interpretations' section proper of this Pre-listing Statement. In such event, the content and context of any such terms and definitions used in this Appendix 2 will take precedence.

Subsequent to the implementation of the restructuring, Clientèle will adopt the same accounting policies as are currently practised by Clientèle Life.

The Board of directors of Clientèle Life resolved to undertake a reconstruction of the group whereby Clientèle Life shareholders will exchange their shares in Clientèle Life for new ordinary shares in Clientèle in terms of the scheme of arrangement.

Successful implementation of the scheme of arrangement will see the shares of Clientèle being listed on the JSE and the listing of the shares of Clientèle Life being terminated with effect from the commencement of trade on the first business day following the operative date of the scheme, anticipated to be on Monday, 26 May 2008. In compliance with the Listings Requirements of the JSE, the financial information of Clientèle is presented below. This historical financial information of Clientèle is the responsibility of the Directors of Clientèle. No entity has ceased to be a subsidiary of Clientèle during the period covered by the report of historical financial information.

2. BASIS OF PREPARATION

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the historical financial information and related information of Clientèle Limited. The historical financial information has been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

The directors are responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the historical financial information, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatements and losses. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the period under review.

The historical financial information has been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

3. DATE OF INCORPORATION

The company was incorporated on 23 August 2007 and therefore no comparative figures are reflected.

The company's year-end will be 30 June.

4. FINANCIAL INFORMATION**BALANCE SHEET**

as at 29 February 2008

	Note	29 February 2008 R
ASSETS		
Current assets		
Cash	1	1
EQUITY		
Ordinary share capital		
Share capital	1	1

STATEMENT OF CHANGES IN EQUITY

for the period 23 August 2007 (date of incorporation) to 29 February 2008

	Share capital R
Opening balance	–
Share capital issued	1
Balance at 29 February 2008	1

CASH FLOW STATEMENT

for the period 23 August 2007 (date of incorporation) to 29 February 2008

	29 February 2008 R
Cash flows from financing activities	
Proceeds from share capital issued	1
Net increase in cash	1
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	1

ACCOUNTING POLICIES

for the period 31 August 2007 (date of incorporation) to 29 February 2008

The principal accounting policies adopted in the preparation of the historical financial information are set out below.

Basis of preparation

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The historical financial information has been prepared on the historical cost basis.

Recent IFRS announcements

The company has not opted to early adopt any of the standards and amendment to standards issued by the International Accounting Standards Board as these would have no effect on the historical financial information.

Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Cash

Cash comprises balances with bankers, deposits and cash on hand and highly liquid investments with original maturities with three months or less. Cash is carried at cost which is deemed to be fair value.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. Share capital****29 February 2008***Authorised:*

750 000 000 ordinary shares of R0,02 each	R15 000 000
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Issued:

50 ordinary shares of R0,02 each	R1
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A special resolution number 1 was passed whereby the directors authorised share capital of the Company, being R1 000.00, consisting of 1 000 ordinary shares with a par value of R1,00 each, to be increased to R15 000 000.00 by the creation of 14 999 000 ordinary par value shares of R1,00 each.

A special resolution number 2 was passed whereby the directors authorised share capital of the Company, being R15 000 000.00 divided into 15 000 000 ordinary shares with a par value of R1,00 each, to be sub-divided into 750 000 000 ordinary par value shares of R0,02 each.

2. Income statement

No income statement has been presented as the company did not trade during the period.

3 Events subsequent to the balance sheet

The company will, subsequent to the balance sheet date, propose a scheme of arrangement in terms of section 311 of the Companies Act between Clientèle Life Assurance Company Limited ("Clientèle Life") and its shareholders.

The scheme, if implemented, will:

- result in the reconstruction of Clientèle Life with:
 - the company holding the entire issued share capital of Clientèle Life and Clientèle Life shareholders receiving, in consideration for the Clientèle Life shares, ten new shares in the company for each one share previously held in Clientèle Life; and
 - the listing of the shares of Clientèle Life on the JSE being terminated and the shares of the company being listed on the JSE;
- establish the company as the group's new holding company and shareholder entry point on the JSE; and
- give the company the flexibility to pursue new business opportunities in existing or new subsidiaries of Clientèle Limited.

The company will account for the scheme in its consolidated financial statements as a common control transaction accounted for at predecessor values, thereby adjusting carrying values within Clientèle Life.

REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CLIENTÈLE

"The Directors
Clientèle Limited
Clientèle House
Morningview Office Park
Corner Rivonia and Alon Roads
Morningside
2196

Gentlemen

Report of the independent reporting accountants on the historical financial information of Clientèle Limited ("Clientèle")

In order to achieve certain business objectives, the board of directors of Clientèle Life Assurance Company Limited ("Clientèle Life") has proposed a reconstruction of Clientèle Life which will entail the utilisation of a new limited liability public company, namely Clientèle, as the new JSE Limited ("JSE") listed holding company of Clientèle Life. In order to achieve the aforementioned objective, Clientèle will propose a scheme of arrangement ("the Scheme"), which if implemented, will result:

- in Clientèle Life shareholders exchanging their shares in Clientèle Life for new ordinary shares in Clientèle; and
- in the shares of Clientèle being listed on the JSE and the listing of the shares of Clientèle Life being terminated.

At your request and for the purposes of the Pre-listing statement of Clientèle to be dated on or about 4 April 2008 ("the Pre-listing Statement"), we present our report on the historical financial information of Clientèle presented in Appendix 2 of the Pre-listing Statement, in compliance with the Listings Requirements of the JSE.

Directors' responsibility for the historical financial information

The company's directors are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the Report of Historical Financial Information in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the financial information presented in the Report of Historical Financial Information, included in the Pre-listing Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial information, presents fairly, in all material respects, and for the purposes of the Pre-listing Statement, the financial position of Clientèle at 29 February 2008 in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

B A STOTT

Director

Registered Auditor

Johannesburg

19 March 2008"

UNAUDITED *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION OF CLIENTÈLE AND ITS SUBSIDIARIES

The tables below set out the unaudited *pro forma* consolidated balance sheet and consolidated income statement of Clientèle. The *pro forma* consolidated balance sheet and consolidated income statement have been prepared for illustrative purposes only and because of their nature may not fairly reflect the consolidated balance sheet and consolidated income statement of Clientèle after the acquisition of Clientèle Life. The *pro forma* consolidated balance sheet and consolidated income statement are the responsibility of the directors of Clientèle.

PRO FORMA CONSOLIDATED BALANCE SHEET

(R'000)	Before ¹	Clientèle Life ²	Costs ³	<i>Pro forma</i> After ⁵
Assets				
Property and equipment	–	81 288	–	81 288
Investments in associates	–	237	–	237
Loan to associate	–	450	–	450
Deferred taxation	–	2 823	–	2 823
Inventories	–	1 711	–	1 711
Reinsurance assets	–	29 270	–	29 270
Financial assets held at fair value through profit and loss	–	1 069 005	–	1 069 005
Receivables including insurance receivables	–	26 741	–	26 741
Cash and cash equivalents	–	65 543	(5 000)	60 543
Total assets	–	1 277 068	(5 000)	1 272 068
Equity				
Share capital	–	4 853	–	4 853
Retained surplus	–	113 965	(5 000)	108 965
Non-distributable reserve: Revaluation	–	16 101	–	16 101
SAR Scheme Reserve	–	4 449	–	4 449
Total equity	–	139 368	(5 000)	134 368
Liabilities				
Policyholder liabilities under insurance contracts	–	512 571	–	512 571
Financial liabilities held at fair value through profit and loss	–	511 033	–	511 033
Employee benefits	–	37 244	–	37 244
Accruals and payables including insurance payables	–	65 074	–	65 074
Deferred taxation	–	11 381	–	11 381
Current taxation	–	397	–	397
Total liabilities	–	1 137 700	–	1 137 700
Total equity and liabilities	–	1 277 068	(5 000)	1 272 068
Shares in issue ('000)	–	32 350		323 500
Net asset value per share (cents)	–	430,8		41,5

PRO FORMA CONSOLIDATED INCOME STATEMENT

(R'000)	Before ¹	Clientèle Life ²	Costs ³	<i>Pro forma</i> After ⁵
Revenue				
Insurance premium revenue – individual recurring	–	394 376	–	394 376
Reinsurance premiums	–	(15 479)	–	(15 479)
Net insurance premiums	–	378 897	–	378 897
Other income	–	60 887	–	60 887
Fair value gains on financial assets held at fair value through profit and loss	–	35 372	–	35 372
Total revenue	–	475 156	–	475 156
Net insurance benefits and claims	–	(80 046)	–	(80 046)
Claims and policyholder benefits under insurance contracts	–	(93 353)	–	(93 353)
Insurance claims recovered from reinsurers	–	13 307	–	13 307
Increase in policyholder liabilities under insurance contracts	–	(15 532)	–	(15 532)
Decrease in reinsurance assets	–	(4 108)	–	(4 108)
Fair value adjustment to financial liabilities at fair value through profit and loss	–	(20 674)	–	(20 674)
Expenses	–	(250 668)	(5 000)	(255 668)
Acquisition costs associated with insurance contracts	–	(222 899)	–	222 899
Administration expenses	–	(27 769)	(5 000)	(32 769)
Equity accounted earnings from associates	–	95	–	95
Profit before taxation	–	104 223	–	99 223
Taxation	–	(39 703)	–	(39 703)
Net profit attributable to ordinary shareholders	–	64 520	(5 000)	59 520
Number of shares in issue ('000)	–	32 350		323 500
Earnings per share (cents)	–	199,45		18,40
Headline earnings per share (cents)	–	199,45		18,40

Notes:

1. Extracted from the audited report of historical financial information of Clientèle at 29 February 2008. Amounts are less than R1 000.
2. Extracted from the summarised group results announcement of Clientèle Life for the six months ended 31 December 2007.
3. Represents the write off of estimated costs of the reconstruction.
4. The acquisition by Clientèle of the shares in Clientèle Life is a common control transaction and is accounted for at predecessor values.
5. Represents the *pro forma* consolidated balance sheet and consolidated income statement of Clientèle after the restructuring based on the interim financial results of Clientèle and Clientèle Life. The *pro-forma* consolidated balance sheet is based on the assumption that the restructuring was effective 31 December 2007. The *pro forma* consolidated income statement is based on the assumption that the restructuring was effective 1 July 2007.
6. The *pro forma* financial information is presented in a manner consistent with both the format and accounting policies adopted by the issuer in its report of historical financial information.
7. In quantifying the *pro-forma* adjustments, the issuer has applied accounting policies on the same basis as the issuer would normally adopt in preparing annual financial statements.

REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF CLIENTÈLE

"The Directors
Clientèle Limited
Clientèle House
Morningview Office Park
Corner Rivonia and Alon Roads
Morningside
2196

18 March 2008

Gentlemen

Independent reporting accountant's assurance report on the pro forma balance sheet of Clientèle Limited ("Clientèle")

In order to achieve certain business objectives, the board of directors of Clientèle Life Assurance Company Limited ("Clientèle Life") has proposed a reorganisation ("the Reorganisation") of Clientèle Life which will entail the utilisation of a new limited liability public company, namely Clientèle, as the new JSE Limited ("JSE") listed holding company of Clientèle Life. In order to achieve the aforementioned objective, Clientèle will propose a scheme of arrangement ("the Scheme"), which if implemented, will result:

- in Clientèle Life shareholders exchanging their shares in Clientèle Life for new ordinary shares in Clientèle; and
- in the shares of Clientèle being listed on the JSE and the listing of the shares of Clientèle Life being terminated.

We have performed our limited assurance engagement in respect of the unaudited *pro forma* balance sheet, income statement and financial effects ("the *pro forma* financial information") of Clientèle set out in Appendix 4 and paragraph 5 respectively of the pre-listing statement of Clientèle, to be dated on or about 4 April 2008 ("the Pre-listing Statement") to be issued in connection with the proposed listing. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Listings Requirements, for illustrative purposes only, to provide information about how the Reorganisation might have affected the reported historical financial information presented, had the corporate action been undertaken at the date of the *pro forma* balance sheet being reported on.

Director's responsibility

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Pre-listing Statement and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Clientèle; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the Pre-listing Statement to Clientèle shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by the South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Clientèle, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors and management of the company in respect of the corporate action that is the subject of the Pre-listing Statement.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Clientèle and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Clientèle; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

Director: P McCrystal

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF CLIENTÈLE AND SUBSIDIARY COMPANIES

The following extracts from the articles of association of Clientèle contain certain terms and interpretations which may differ from the 'Definitions and Interpretations' section proper of this Pre-listing Statement. In such event, the content and context of any such terms and interpretations used in this Appendix 6 on Extracts from the articles of association of Clientèle will take precedence.

The following extracts are not meant to be all encompassing due to the volume thereof. A copy in its entirety of the articles of association of Clientèle is available for inspection in the manner indicated in paragraph 29 of the main body of this Pre-listing Statement.

INTERPRETATION

(Extracted from Article number 1)

In these Articles, unless the context otherwise requires:

- 1.1** “**address**” shall include in regard to electronic post, any address furnished by the member for such purpose;
- 1.2** “**Articles**” means the Articles of Association of the company;
- 1.3** “the **Companies Act**” means the Companies Act, No. 61 of 1973, as amended or any act which replaces it;
- 1.4** “**central securities depository**” means a central securities depository as defined in section 1 of the Securities Act;
- 1.5** “**electronic**” means any form of electronic transmission, including electronic post, approved by the directors, utilised to issue, present, deliver, serve and record *inter alia* circulars, statutory notices, financial statements, auditors reports, notifications, proxy forms and other documentation or information pertaining to the company;
- 1.6** “**gazette**” means the Government Gazette of the Republic of South Africa;
- 1.7** “**in writing**” includes, to the extent that the directors so resolve, electronic post but as regards any member, only to the extent that such member has notified the company of an address to be used for the purposes of electronic post;
- 1.8** “**JSE**” means JSE Limited, Registration number 2005/022939/06, a company duly registered and incorporated with limited liability under the company laws of the Republic and licensed as an exchange under the Securities Services Act, No 36 of 2004;
- 1.9** “**JSE Listing Requirements**” means the listing requirements from time to time for companies listed on the JSE;
- 1.10** “**member**” or “**shareholder**” means a registered holder of shares in the company;
- 1.11** “**Memorandum**” means the Memorandum of Association of the company;
- 1.12** “**participant**” means a depository institution accepted by a central securities depository as a participant in terms of the Securities Act;
- 1.13** “**profits**” includes revenue and capital profits;
- 1.14** “**register**” means the register of members kept in terms of the Statutes;
- 1.15** “the **Republic**” means the Republic of South Africa;
- 1.16** “**Securities Act**” means the Securities Services Act, No 36 of 2004;
- 1.17** “**SENS**” means the SECURITIES EXCHANGE NEWS SERVICE, or its successor;

- 1.18** “the **Statutes**” means the Companies Act, the Securities Act and every other statute, ordinance, regulation or rules from time to time, including the JSE Listing Requirements, with which the company must comply;
- 1.19** “**sub-register**” means the record of uncertificated securities administered and maintained by a participant which forms part of the company’s register of members as defined in the Companies Act, provided that no name of any person for whom the participant holds uncertificated securities as nominee shall form part of the sub-register;
- 1.20** “**uncertificated securities**” means securities as defined in section 91A of the Companies Act which are transferable without a written instrument and are not evidenced by a certificate;
- 1.21** references to members represented by proxy shall include members represented by an agent appointed under a general or special power of attorney and references to members present or acting in person shall include corporations represented or acting in the manner prescribed in the Statutes;
- 1.22** expressions defined in the Companies Act, or any statutory modification thereof, in force at the date on which these Articles become binding on the company, shall have the meanings so defined;
- 1.23** words in the singular number shall include the plural, and words in the plural number shall include the singular, words importing any one gender include the other two genders, and words importing persons shall include created entities (corporate or not);
- 1.24** where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;
- 1.25** expressions defined in these Articles shall bear the same meanings in schedules or annexures to these Articles which do not themselves contain their own definitions;
- 1.26** the word “share” shall include stock, options or any rights to or interests in shares and other securities;
- 1.27** where any term is defined within the context of any particular Article in these Articles, the term so defined, unless it is clear from the Article in question that the term so defined has limited application to the relevant Article, shall bear the meaning ascribed to it for all purposes in terms of these Articles, notwithstanding that that term has not been defined in this interpretation clause;
- 1.28** the rule of construction that a contract shall be interpreted against the party responsible for the drafting or preparation of the contract, shall not apply to these Articles.

• **ISSUE OF SHARES AND VARIATION OF RIGHTS**

(Extracted from Articles number 3)

- 3.1** Subject to any relevant provisions of the Memorandum of the company and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in the company, any shares whether in the initial or in any increased capital may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the company may from time to time determine. Preference shares may be issued and existing shares may be converted into preference shares on the basis that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as shall be prescribed in these Articles or the resolution authorising or effecting such issue or conversion.
- 3.2** With the prior approval of the company in general meeting, subject to the Statutes and the approval of the Issuer Services Division of the JSE (where necessary) any securities in the company authorised but unissued from time to time may be issued by the directors to such person or persons on such terms and conditions and with such rights or restrictions attached thereto as the directors may determine. Securities in the company which are authorised but unissued shall be offered to the existing members *pro rata* to their shareholding in the company, unless:
- 3.2.1** otherwise empowered by a general meeting of members; or
- 3.2.2** issued for the acquisition of assets or reduction debt.
- 3.3** All or any of the rights, privileges or conditions for the time being attached to any class of shares for the time being forming part of the share capital of the company may (unless otherwise provided by the terms of issue of the shares of that class) whether or not the company is being wound up, be

varied in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a resolution passed in the same manner as a special resolution of the company at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to a general meeting shall *mutatis mutandis* apply to any such separate general meeting except that:

- 3.3.1** the necessary quorum shall be a member or members of the class present in person, or represented by proxy and holding at least 51% (fifty one per cent) of the capital paid or credited as paid on the issued shares of that class;
 - 3.3.2** if at any adjourned meeting of such holders a quorum as above defined is not present, those holders who are present shall be a quorum; and
 - 3.3.3** any holder of shares of the class present in person or represented by proxy may demand a poll and, on a poll, shall have 1 (one) vote for each share of the class of which he is the holder.
- 3.4** No person shall be recognised by the company as holding any share upon any trust, and no notice of any trust expressed or implied or constructive shall be entered in the register or be receivable by the company, and the company shall not, except only as otherwise provided by these Articles or by the Statutes or by any order of a Court of competent jurisdiction, be bound by or compelled in any way to recognise any equitable, contingent, future, partial or representative interest in any share or any right in or in respect of any share other than an absolute right to the entirety thereof in the registered holder and such other rights in case of transmission thereof as are hereinafter mentioned.

• **CERTIFICATES**

(Extracted from Article number 4)

- 4.1** Until the company offers the right to elect whether securities shall be in certificated or uncertificated form referred to in Article 4.2 or if an offeree elects to hold some or all of its securities in certificated form:
- 4.1.1** share certificates shall be issued in terms of section 94 of the Companies Act and under the authority of the directors in such manner and form as the directors shall from time to time prescribe. If any shares are not numbered all share certificates in respect of such shares shall be numbered in numerical progression and each share certificate distinguished by its appropriate number and by such endorsement as may be required by the Statutes. All signatures on share certificates shall be autographic unless the directors by resolution shall determine that signatures generally or in any particular case or cases shall be affixed to such certificates by mechanical means in such manner as the auditors of the company shall have approved in writing;
 - 4.1.2** each member shall be entitled to 1 (one) certificate for all the shares of a particular class registered in his name, or to several certificates, each for a part of such shares. Every share certificate shall specify the number of shares in respect of which it is issued;
 - 4.1.3** a certificate for shares registered in the names of 2 (two) or more persons shall be delivered to the person first named in the register as a holder thereof and delivery of a certificate for a share to that person shall be a sufficient delivery to all joint holders of that share;
 - 4.1.4** in the case of any share registered in the names of 2 (two) or more persons as joint holders, the person first named in the register shall, save as may otherwise be provided in these Articles, be the only person recognised by the company as having any title to such share and to the certificate therefore;
 - 4.1.5** if any certificate be worn out or defaced then upon production thereof to the company the same may be cancelled and a new certificate in lieu thereof be issued, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the directors and on such indemnity being given and after such advertisement (if any) of the loss or destruction as the directors deem adequate at the expense of the party claiming the new certificate, a new certificate in lieu thereof may be given to the party entitled to such lost or destroyed certificate. In case of loss or destruction the member to whom the new certificate is given shall repay to the company all expenses incidental to the investigation by the company of the evidence of such destruction or loss and to such indemnity; and
 - 4.1.6** if a warrant to bearer is lost, it may not be renewed unless suitable documentation is provided to the satisfaction of the company.

- 4.2** Notwithstanding any provisions to the contrary contained in any law, the common law, an agreement or these Articles:
- 4.2.1** the relevant provisions of the Companies Act shall apply to the uncertificated securities of the company;
 - 4.2.2** when any new offer of securities is made by the company, the offeree shall, subject to the Statutes, be entitled to elect whether all or part of the securities offered to it shall be in certificated or uncertificated form;
 - 4.2.3** a holder of uncertificated securities in the company shall not be entitled to certificates and the company shall not issue certificates evidencing or purporting to evidence title to uncertificated securities of the company, unless the shareholder gives the participant notice that such shareholder wishes to withdraw its uncertificated securities and to obtain a certificate in respect of all or part of that shareholder's uncertificated securities maintained by the participant in terms of the Companies Act and the Securities Act;
 - 4.2.4** in the event of a withdrawal referred to in Article 4.2.3, certificates shall be issued under the authority of the directors in such manner and form as the directors shall from time to time determine; and
 - 4.2.5** each original certificate issued to a shareholder of specific securities in certificated form in the company shall be issued without charge, but for every subsequent certificate issued in respect of the same securities to the same shareholder or every certificate issued in respect of a withdrawal requested in terms of Article 4.2.3, the directors shall be entitled, as they may deem fit, to require a charge in settlement of the reasonable costs included in such issue.
- 4.3** Upon the death, insolvency or placing under curatorship by reason of insanity or prodigality of any joint holder of any share, the sole remaining joint holder or the first named of 2 (two) or more remaining joint holders, as the case may be, shall be the only person recognised by the company as having any title to such share.

• **TRANSFER OF SHARES**

(Extracted from Article number 7)

- 7.1** There shall be no restriction on the transfer of shares in the issued share capital of the company.
- 7.2** The transferor of any share shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect thereof.
- 7.3** The transfer of any share shall be implemented in accordance with the provisions of the Statutes using the then common form of transfer.
- 7.4** Every instrument of transfer shall be left at the transfer office of the company at which it is presented for registration, accompanied by the certificate of the securities to be transferred, and or such other evidence as the company may require to prove the title of the transferor or his rights to transfer the securities. All authorities to sign transfer deeds granted by members for the purpose of transferring shares which may be lodged, produced or exhibited with or to the company at any of its proper offices shall as between the company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon, until such time as express notice in writing of the revocation of the same shall have been given and lodged at each of the company's offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice, the company shall be entitled to give effect to any instrument signed under the authority to sign, and certified by any officer of the company as being in order, before the giving and lodging of such notice.
- 7.5** The company shall not be bound to allow the exercise of any act or matter by an agent for a member unless a duly certified copy of such agent's authority is produced and filed with the company.
- 7.6** All instruments of transfer which shall be registered, shall be retained by the company, but any instrument of transfer which the directors may decline to register shall (except in the case of fraud), on demand, be returned to the person depositing the same.
- 7.7** If the company is not listed on the JSE, the transfer books and register of members may, upon notice being given by advertisement in the gazette and a newspaper circulating in the district in which the office of the company is situate, and, in the case of any branch register in the manner required by the Statutes, be closed during such time as the directors think fit, not exceeding in the whole 60 (sixty) days in each year. If the company is listed on the JSE, the company shall comply with the JSE Listings Requirements in regard to the closing of the transfer books and register of members and any branch register.

- **ALTERATION OF CAPITAL AND MEMORANDUM**

(Extracted from Article number 8)

Subject to the provisions of the Statutes, the company may from time to time by special resolution:

- 8.1** increase its share capital by new shares of such amount, or increase the number of its shares having no par value, as it thinks expedient;
- 8.2** increase its stated capital constituted by shares of no par value by transferring reserves or profits to the stated capital, with or without a distribution of shares;
- 8.3** consolidate and divide all or any part of its share capital into shares of larger amount than its existing shares or consolidate and reduce the number of the issued no par value shares;
- 8.4** convert any shares (whether or not having a par value) into stock and re-convert any stock into shares of any denomination, or into shares of no par value;
- 8.5** increase the number of its issued no par value shares without an increase of its stated capital;
- 8.6** subdivide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum;
- 8.7** convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value;
- 8.8** convert its stated capital constituted either by ordinary or preference shares of no par value into share capital consisting of shares having a par value;
- 8.9** cancel shares which at the time of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled or may cancel shares of no par value which have not so been taken or agreed to be taken;
- 8.10** alter the provisions of its Memorandum with respect to the objects and powers of the company; and
- 8.11** convert any shares in the capital of the company to shares of a different class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares:

Provided that:

- A. where shares are converted into stock, the directors may from time to time, if they think fit, fix the minimum amount or number of units of stock transferable, with the power, nevertheless at their discretion, to waive any such restrictions in any particular case;
- B. moneys other than dividends due to shareholders or the amount payable on the redemption of any preference shares shall be held in trust by the company indefinitely until lawfully claimed by the shareholder concerned.

- **MEETINGS OF MEMBERS**

(Extracted from Article number 9)

- 9.1** The company, at such times as are in the Statutes prescribed, shall hold general meetings of members to be known and described in the notices calling such meetings as annual general meetings.
- 9.2** The directors may, whenever they think fit, convene a general meeting, and a general meeting shall also be convened on a requisition made in terms of the Statutes or, in default, may be convened by the requisitionists as provided by and subject to the provisions of the Statutes. If at any time there shall not be within the Republic sufficient directors capable of acting to form a quorum, any director or members holding not less than 10% (ten percent) of the issued share capital of the company, of any class of share, may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.
- 9.3** Subject to the provisions of the Statutes relating to meetings of which special notice is required to be given, an annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 (twenty one) clear days' notice in writing at the least, and a meeting of the company, other than an annual general meeting or a meeting for the passing of a special resolution, shall be called by 14 (fourteen) clear days' notice in writing at the least.

- 9.4** Provided that the directors have taken reasonable steps to give notice of a meeting, the accidental omission to give and/or the accidental giving of a defective notice (provided that by reason of such defect it is not misleading) of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.
- 9.5** The notice shall be given in the manner hereinafter provided to such persons as are entitled under these Articles to such notice from the company and also, at the same time, to the Issuer Services Division of the JSE.

• **PROCEEDINGS AT MEETINGS OF MEMBERS**

(Extracted from Article number 10)

- 10.1** All business that is transacted at a general meeting, and all that is transacted at the annual general meeting, with the exception of the declaration or sanctioning of a dividend, the consideration of the audited financial statements, the appointment of auditors, the election of directors and the fixing of the remuneration of the auditors, shall be deemed to be special business.
- 10.2** Business may be transacted at any meeting of members only while a quorum is present. 3 (three) members personally present (or if the member is a body corporate the body corporate must be represented) and entitled to vote shall be a quorum for a general meeting and an annual general meeting.
- 10.3** If within 20 (twenty) minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or, if that day be a public holiday in the Republic, to the next succeeding day which is not a public holiday in the Republic, Saturday or Sunday.
- 10.4** The chairperson, if any, of the board of directors shall preside as chairperson at every meeting of members of the company. If there is no such chairperson, or if at any meeting he is not present within 15 (fifteen) minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present shall choose some director, or if no director be present, or if all the directors present decline to take the chair, they shall choose some member present to be chairperson of the meeting.
- 10.5** The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned as a result of a direction given in terms of any applicable provision in the Statutes, notice of the adjourned meeting shall be given in the manner prescribed by such provision but, save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 10.6** At any meeting of members a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll shall be demanded by any person entitled to vote at the meeting and, unless a poll is so demanded, a declaration by the chairperson that a resolution has, on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.
- 10.7** If a poll is demanded as aforesaid it shall be taken in such manner and at such place and time as the chairperson of the meeting directs and either immediately or after an interval or adjournment (not exceeding 7 (seven) days). Scrutineers shall be elected to count the votes and to declare the result of the poll and their declaration, which shall be announced by the chairperson of the meeting, shall be deemed to be the resolution of the meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the chairperson of the meeting shall determine the same, and the determination of the chairperson made in good faith shall be final and conclusive.

- 10.8** In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.
- 10.9** The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded. The demand for a poll may be withdrawn.

• **VOTES OF MEMBERS**

(Extracted from Article number 11)

- 11.1** Subject to any rights or restrictions attaching to any class or classes of share and to the provisions of Article 6.2, on a show of hands a member of the company present in person or by proxy shall have only 1 (one) vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of members he represents have only 1 (one) vote. On a poll a member who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the company or if the share capital is divided into shares of no par value, shall be entitled to 1 (one) vote in respect of each share he holds. No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.
- 11.2** When there are joint registered holders of any shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- 11.3** Any person entitled to a share in terms of Article 6.2 may vote at any meeting in respect thereof in the same manner as if he were the registered holder of that share: Provided that (except where the directors have previously accepted his right to vote in respect of that share) 24 (twenty four) hours at least before the time of holding the meeting at which he proposes to vote, he shall have satisfied the directors that he is entitled to exercise the right referred to in Article 6.2. Several executors of a deceased member in whose name shares stand in the register shall, for the purposes of this Article, be deemed joint holders of those shares.
- 11.4** Any member shall be entitled to appoint a proxy. A proxy need not be a member of the company.
- 11.5** The form appointing a proxy shall be in writing under the hand of the appointer or of his agent duly authorised in writing, or, if the appointer is a corporate body, under the hand of an officer or agent authorised by that body. The holder of a general or special power of attorney given by a member shall be entitled to vote, if duly authorised under that power to attend and take part in the meetings and proceedings of the company or companies generally, whether or not he be himself a member of the company. The form appointing a proxy shall be deemed to confer authority to demand a poll.
- 11.6** The form appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the registered office of the company, or such other address in the Republic as the directors may from time to time in their discretion appoint, not less than 48 (forty eight) hours (or such lesser period as the directors may determine in relation to any particular meeting), excluding Saturdays, Sundays and public holidays, before the time for holding the meeting (including an adjourned meeting) at which the person named in the form proposes to vote, or in the case of a poll not less than 24 (twenty four) hours (or such lesser period determined as aforesaid in relation to the particular poll) before the time appointed for the taking of the poll, and in default the form of proxy shall not be treated as valid. No form appointing a proxy shall be valid after the expiration of 6 (six) months from the date when it was signed, except at an adjourned meeting or on a poll demanded at a meeting or adjourned meeting in cases where the meeting was originally held within 6 (six) months from the said date, unless so specifically stated in the proxy itself. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

11.7 Subject to the provisions of the Companies Act, a form appointing a proxy may be in any usual or common form.

• **BORROWING POWERS**

(Extracted from Article number 12)

12.1 The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the company or of any third party.

12.2 For the purpose of the provisions of Article 12.1 the borrowing powers of the company shall be unlimited.

• **DIRECTORS**

(Extracted from Article number 13)

13.1 Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four).

13.2 The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.2, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

13.3 The appointment of a director shall take effect upon compliance with the requirements of the Statutes.

13.4 The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

13.5 The remuneration of the executive directors shall from time to time be determined by in sub-committee by an appointed quorum of non-executive directors, when appropriate assisted by independent advisers. The remuneration of non-executive directors shall be approved by the company in general meeting.

13.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.

13.7 The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.

13.8 A director shall cease to hold office as such -

13.8.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or

13.8.2 if he becomes of unsound mind; or

13.8.3 if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or

- 13.8.4** if he is absent from meetings of the directors for 6 (six) consecutive months without leave of the directors and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the directors resolve that the office be vacated, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; or
- 13.8.5** if he is removed under Article 13.16; or
- 13.8.6** 1 (one) month or, with the permission of the directors earlier, after he has given notice in writing of his intention to resign; or
- 13.8.7** if he shall pursuant to the provisions of the Statutes be disqualified or cease to hold office or be prohibited from acting as director; or
- 13.8.8** if the majority of directors of the company sign an ordinary resolution removing him as a director from office.
- 13.9** The company and the directors shall comply with the provisions of the Statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto, no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 13.10** No director shall, as a director, vote in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but these prohibitions shall not apply to:
- 13.10.1** any contract or dealing with a company or partnership or corporation of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;
- 13.10.2** any contract by or on behalf of the company to give to the directors or any of them any security by way of indemnity or in respect of advances made by them or any of them;
- 13.10.3** any contract to subscribe for or to underwrite or sub-underwrite any shares in or debentures or obligations of the company or any company in which the company may in any way be interested;
- 13.10.4** any resolution to allot shares in or debentures or obligations of the company to any director of the company or to any matter arising out of or consequent upon any such resolution;
- 13.10.5** any contract for the payment of commission in respect of the subscription for such shares, debentures or obligations.
- The above prohibitions may at any time or times be suspended or relaxed to any extent by the company in general meeting.
- 13.11** A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the board of directors.
- 13.12** Any general notice given to the directors of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Statutes.
- 13.13** For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.
- 13.14** Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.

- 13.15** A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the directors may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.5 or 13.6: Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.
- 13.16** Subject to the provisions of the Statutes, a majority of directors may remove a director at a directors meeting before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual general meeting of the company and shall then retire and be eligible for re-election.
- 13.17** The company may by ordinary resolution in general meeting from time to time increase (or reduce, but not below 4 (four)) the number of directors and may also determine in what manner or rotation such increased (or reduced) number is to go out of office. Whenever such increase is made the members at the said meeting or failing them, the directors, may fill the new seats so created.

• **ROTATION OF DIRECTORS**

(Extracted from Article number 15)

- 15.1** At the first annual general meeting all of the directors shall retire, and at the annual general meeting held in each year thereafter 1/3 (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual general meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.16 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any annual general meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.16, be computed from the date of his last election or appointment.
- 15.2** Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the company secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 15.3** Subject to Article 15.2 the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the Statutes shall be complied with.
- 15.4** If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.
- 15.5** For the purposes of this Article 15, "director" shall mean a non-executive director.

• MANAGING DIRECTORS

(Extracted from Article number 16)

- 16.1** The directors may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the offices of chairperson (subject to the JSE Listing Requirements) and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 16.2** A managing director may be appointed by contract for a maximum period of 3 (three) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract. The managing director shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director.
- 16.3** A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.
- 16.4** The directors may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and, after powers have been conferred upon him by the directors in terms hereof, he shall be deemed to derive such powers directly from this Article.

• POWERS OF DIRECTORS

(Extracted from Article number 20)

- 20.1** The management of the company shall be vested in the directors who, in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the Statutes expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the directors which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the directors by any other Article.
- 20.2** It is hereby declared pursuant to the provisions of the Statutes that although the directors shall have power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall become binding on the company only in the event of the specific transaction proposed by the directors being approved by a resolution passed by the company in general meeting.
- 20.3** The directors shall have the power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.

20.4 Without in any way limiting or restricting the general powers of the directors to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the directors may from time to time without any further sanction or consent of the company in general meeting, but subject to the Statutes, grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment under the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the directors in their discretion may from time to time think fit. For the purpose of this Article, the expression “executive director” shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The directors may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the discretion of the directors.

- **CAPITALISATION**

(Extracted from Article number 25)

Subject to the statutes, the company in general meeting or the directors may at any time and from time to time pass a resolution that it is expedient to capitalise any sum forming part of the undivided profits standing to the credit of the company's reserve fund, or any sum in the hands of the company and available for dividend, or any sum carried to reserves as the result of a sale or revaluation of the assets of the company or part thereof, or any sum received by way of premium on the issue of any shares, debentures or debenture stock of the company, and that any such sum or sums be set free for distribution and be appropriated to and amongst the members, either with or without deduction for income tax rateably, according to their rights and shareholdings in such manner as the resolution may direct, provided that no such distribution shall be made by the company unless recommended by the directors, and the directors shall, in accordance with such resolution, apply such sum or sums in paying up fully paid shares or debentures or debenture stock of the company and appropriate such shares, debentures or debenture stock to or distribute the same amongst the holders of such shares rateably according to their shareholding thereof respectively as aforesaid, or otherwise deal with such sum or sums as provided for in such resolution. Where any difficulty arises in respect of such distribution the directors may settle the same as they think expedient (but they may not issue fractional certificates and fractions which would otherwise have been distributed shall be consolidated and sold for the benefit of the members who would have been entitled to the fractions), fix the value for distribution of any fully paid shares, debentures or debenture stock, make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights, and vest any shares or assets in trustees upon such trusts for the persons entitled in the appropriation or distribution as may seem just and expedient to the directors. When deemed requisite a contract shall be entered into and filed in accordance with the Statutes, and the directors may appoint any person to sign such contract on behalf of the persons entitled in the appropriation or distribution, and such appointments shall be effective and the contract may provide for the acceptance by the holders of the shares to be allotted to them respectively in satisfaction of their claims in respect of the sum so capitalised. The directors shall be entitled to grant to the shareholders the right to elect to receive scrip dividends in lieu of cash dividends or a cash dividend in lieu of capitalisation or bonus shares.

- **NOTICES**

(Extracted from Article number 29)

29.1 Notices shall be served by the company upon each beneficial owner of shares in the company (to the extent required by the Statutes insofar as the company has sufficient details), the Issuer Services Division of the JSE, through the post in a prepaid letter, envelope or wrapper addressed to such member at his registered address or, subject to Article 30, by transmission by electronic post to such member at an address for the time being notified for the purposes of the company, or transmitted by telegram, telex or telefax to his registered address, and in addition hereto notices shall be made through SENS.

- 29.2** Any member may notify in writing to the company an address in the Republic, which address shall be deemed his registered place of address within the meaning of Article 29.1, and if he has not named such an address, he shall be deemed to have waived his right to served with notices.
- 29.3** A member entitled to a share shall be bound by every notice given in terms of Article 29.1.
- 29.4** The company shall not be bound to enter any person in the register of members until that person gives the company an address for entry on the register.
- 29.5** Any notice to be given by advertisement shall, subject to the Statutes, be published in such Johannesburg daily newspaper or newspapers and in such daily newspaper or newspapers circulating in the district in which any branch or duplicate register or transfer office has been established as the directors may determine.
- 29.6** All notices may with respect to any registered shares to which persons are jointly entitled be given to whichever of such persons is recognised by the company as having any title to such shares in terms of Article 4.1, as the case may be, and notice so given shall be sufficient notice to all the holders of such shares.
- 29.7** Any notices sent by the company by post shall be deemed to have been served on the day on which the letter, envelope or wrapper containing the same is posted and, in proving such service, it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and posted.
- 29.8** Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall have been given to the person from whom he derives his title to such share.
- 29.9** Any notice or document sent by post to any member in pursuance of these Articles shall, notwithstanding that such member be then deceased, and whether or not the company has notice of his death, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by such members, until some other person be registered in his stead as the holder or joint holder thereof, and such service shall, for all purposes of these Articles, be deemed a sufficient service of such notice or document on his heirs, executors or administrators, and all persons (if any) jointly interested with him in any such shares.
- 29.10** Where a given number of days' notice or notice extending over any other period is required to be given, the day of service and the day of the meeting shall not, unless it is otherwise provided, be counted in such number of days or other period.
- 29.11** Every notice calling any general meeting of the company shall comply with the provisions of the Statutes.
- 29.12** The holder of a share warrant shall not, unless it be otherwise expressed in the share warrant, be entitled in respect thereof to notice of any general meeting of the company or otherwise.
- 29.13** Any notice required to be given by the company to the holder of a share warrant to bearer or to the members, or any of them, and not expressly provided for by these Articles, shall be sufficiently given if given, by advertisement in a Johannesburg daily newspaper, provided that where a branch register or transfer office has been established, such advertisement shall also be inserted in at least one daily newspaper circulating in the district in which any branch register or transfer office is located. Any notice given by advertisement shall be deemed to have been served on the first day when the newspaper containing such advertisement shall be published.

• **ACQUISITION OF SHARES AND STOCK**

(Extracted from Article number 36)

- 36.** The company may by special resolution of the members approve the acquisition by the company of shares and stock issued by it and/or its holding company, in accordance with the requirements of the Statutes. The company agrees that any of its subsidiaries may acquire shares and stock in the company, only subject to compliance with the requirements of the Statutes and the approval of the members of the company by resolution passed *mutatis mutandis* as if it were a special resolution.

• **DIVIDENDS AND OTHER PAYMENTS TO MEMBERS**

(Extracted from Article number 38)

- 38.1** Subject to the provisions of the Statutes, the company may make payments to its members from time to time.
- 38.2** The company in general meeting (subject to obtaining the declaration of the directors referred to in Article 38.3) or the directors, with due regard to the sustainability of the business of the company as a going concern, may from time to time determine a dividend (provided that the company in general meeting may not declare a larger dividend than that declared by the directors) or other payment to be made to the members in such manner as the company in general meeting or the directors, as the case may be, may determine and direct at the time of declaration, including, without limiting the foregoing, that a payment shall be made by distribution of specific assets or in a specific currency (and if the latter the date of conversion of the currency in which the dividend or other payment is approved, into such other currencies). If any difficulty arises in regard to any payment, the directors may settle same as they consider appropriate. A period of 14 (fourteen) days at least shall be allowed between the date of declaration or confirmation of any dividend, whichever is the later, and the date of closing of the transfer registers in respect of such dividend.
- 38.3** The declaration of the directors as to whether:
- 38.3.1** the company is, or would be after the payment able to pay its debts as they become due in the ordinary course of business;
- 38.3.2** the consolidated assets of the company, fairly valued would, after the dividend or other payment, not be less than the consolidated liabilities of the company,
- shall be conclusive as regards the company in general meeting declaring a dividend or making any other payment to members.
- 38.4** Dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later. Dividends may be paid by crossed, not negotiable cheque or otherwise as the directors may from time to time determine, and shall either be sent by post to the last registered address of the member or person entitled thereto or given to him personally and reasonable proof of payment in terms hereof, will be sufficient proof of compliance by the company. The company shall not be responsible for the loss in transmission of any cheque or other document mailed to the registered address of any member, whether or not it was so sent at his request.
- 38.5** No notice of change of address or instructions as to payment given after the last day of trade for a dividend or other payment by the company in general meeting or the directors, shall become effective until after the dividend or other payment has been made, unless the company in general meeting or the directors so determine at the time the dividend or other payment is approved.
- 38.6** All unclaimed dividends or other payments to members as contemplated in this Article may be invested or otherwise be made use of by the directors for the benefit of the company until claimed, provided that any dividend remaining unclaimed for a period of not less than 3 (three) years from the date on which it became payable may be forfeited by resolution of the directors for the benefit of the company.
- 38.7** The company shall be entitled at any time to delegate its obligations to any member in respect of unclaimed dividends or other unclaimed payments to any one of the company's bankers from time to time.
- 38.8** Unless the Statutes or these Articles require a resolution to be passed by the company in general meeting to authorise the reduction by the company of its share capital, stated capital and any capital redemption reserve fund or any share premium account, the directors shall have the power, to the extent necessary, to resolve that the company reduce its share capital, stated capital and any capital redemption reserve fund or any share premium account, whether accompanied by a payment to members as contemplated in this Article 38, or without any payment to members.

The following extracts from the articles of association of Clientèle's subsidiary companies as are detailed in Appendix 9, may contain certain terms and definitions which differ from the 'Definitions and Interpretations' section proper of this Pre-listing Statement. In such event, the content and context of any such terms and definitions used in this Appendix on Extracts from the Articles of Association of Clientèle and subsidiary companies will take precedence.

The following extracts, which are deemed to be more relevant to prospective purchasers of the Company's shares, are not meant to be all encompassing due to the volume thereof. Copies in their entirety of the relevant articles of association are available for inspection in the manner indicated in paragraph 29 of the main body of this Pre-listing Statement.

Clientèle Life:

Pertinent articles are as follows:

• **BORROWING POWERS OF DIRECTORS**
(Extracted from Article numbers 12.1 and 12.2)

Subject to the prior written consent of the Registrar and in accordance with any conditions that may be determined by the Registrar, the directors may: -

12.1 in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company without limitation; and

12.2 secure the payment: or repayment of any sums of money borrowed or raised in terms of Article 12.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

• **QUALIFICATION OF DIRECTORS**
(Extracted from Article number 13.4)

13.4 The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

• **REMUNERATION OF DIRECTORS AND POWERS TO SO IMPLEMENT:**
(Extracted from Article numbers 13.5 and 13.6)

13.5 The remuneration of the directors shall from time to time be determined by the company in general meeting.

13.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.

The remaining subsidiary companies of Clientèle as listed in Appendix 9, have all adopted identical articles of association. Pertinent articles are as follows:

• **QUALIFICATION OF DIRECTORS**
(Extracted from Article number 13.4)

13.4 The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

• **REMUNERATION OF DIRECTORS AND POWERS TO SO IMPLEMENT:**
(Extracted from Article numbers 14.1 and 14.2)

14.1 The remuneration of the directors shall from time to time be determined by the directors. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors including those of attending and travelling to and from meetings of the directors or any committee of the directors or at any meeting of members of the company.

14.2 The directors may pay any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration by way of salary, commission, percentage of profits or by any or all of these modes or otherwise as they may determine.

• **BORROWING POWERS OF DIRECTORS**
(Extracted from Article numbers 16.1 and 16.2)

16.1 The directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company without limitation.

16.2 The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of Article 16.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

In addition to any directorships held of companies within the group, the directors hold or have held the following directorships or have been partners in the following entities within the five years preceding the last practicable date:

Name	Current directorships/ partnerships	Nature of business	Past directorships/ partnerships	Nature of business
G Q Routledge	Genasys Group Holdings (Proprietary) Limited Capricorn Ventures (Proprietary) Limited Haven Sandown One (Proprietary) Limited Wild Oats (Proprietary) Limited	IT Private equity Private equity Property	Conservation Corporation South Africa (Proprietary) Limited Spier Holdings (Proprietary) Limited	Tourism Tourism
G J Soll	N/A	N/A	N/A	N/A
P J A Cunningham	Maccon Investment Holdings (Proprietary) Limited Intercontinental Financial Management (Proprietary) Limited	Property/Golf Course Developers Financial Consultants	Freestone Property Holdings Limited	Property Fund
A D T Enthoven	Dimpho Di Kopane – s21 Lomold (Pty) Ltd Lomotek Polymers (Pty) Ltd Spier Holdings (Pty) Ltd Spier Wines Holdings (Pty) Ltd Calvus Properties (Proprietary) Limited Double Flash Investments 209 (Proprietary) Limited Etana Holdings (Proprietary) Limited Haven Holdings (Proprietary) Limited Hollard Business Associates (Proprietary) Limited Hollard Dealer Partners (Proprietary) Limited Hollard Life Assurance Company Limited Pacific Breeze Trading 466 (Proprietary) Limited Pickent Holdings (Proprietary) Limited R. Enthoven And Sons (Proprietary) Limited Reside Properties (Proprietary) Limited	Arts Recreational Finance & Insurance Finance & Insurance Tourism Tourism Property Financial Intermediation Activities auxiliary to financial intermediation Insurance Other business activities Insurance Retail Insurance Insurance Other business activities	Biolytix SA (Pty) Ltd De Zalze Development (Pty) Ltd De Zalze Farming (Pty) Ltd Go-Organic at Spier (Pty) Ltd Spier Farm Holdings (Pty) Ltd Spier Hotel Holdings (Pty) Ltd Spier Hotel Operations (Pty) Ltd Spier Leisure Holdings (Pty) Ltd Spier Properties (Pty) Ltd Spier Resort Management (Pty) Ltd Spier Films (Pty) Ltd Spier Vintage Train Company (Pty) Ltd Watergat Road Wine Celler Services Ltd Capricorn Capital Partners (Proprietary) Limited Capricorn Capital Partners Holding Company (Pty) Limited	Manufacturing Property Development Farming Farming Farming Tourism Tourism Tourism Property Tourism Recreational Tourism Winery Private Equity Private Equity
B Frodsham	N/A	N/A	N/A	N/A
I B Hume	N/A	N/A	N/A	N/A
S D Molapo	I Can Consulting Services (50% ownership) DML Molapo & Associates (50% ownership) I Can Foundation (60% ownership) Excellerate (51%)	IT Consulting Business Consulting Skills Development Services	Katanga Properties (70% ownership) Mabidi Tyres (60% ownership) I Can Investments (70%)	Real Estate Tyre manufacture and sale Investments
B W Reekie	N/A	N/A	QED Actuaries and Consultants (Proprietary) Limited	Actuarial consulting

CORPORATE GOVERNANCE

The following statement on Corporate Governance, which is substantially the same as that embraced by Clientèle Life, has been adopted by the Board. Certain terms and definitions as herein contained may differ from the 'Definitions and Interpretations' section proper of this Pre-listing Statement. In such event, the content and context of any such terms and definitions used in this Appendix 8 on Corporate Governance will take precedence.

Introduction

The Board embraces the principles of corporate governance as enunciated in the King Committee's Code on Corporate Practice and Conduct ("King"), and has encouraged a culture within Clientèle that ensures that the enterprise is run on an ethical basis with the emphasis on integrity and acceptable business practices.

The only significant non-compliance with King is that the Board comprises an equal number of executive and non-executive directors. King's recommendation is that Board should comprise of more non-executive directors than executive directors. As the Company's sphere of business activity expands following implementation of the restructuring, an effort will be made to attract and appoint additional non-executive directors to the Board.

As governance structures are dynamic, Clientèle reviews its corporate governance practices on an ongoing basis, including the identification and implementation of best practice where deemed appropriate. Clientèle conducts its business activities with integrity in order to be responsive to the needs of all stakeholders, including shareholders, policyholders, Independent Field Advertisers ("IFAs"), employees, industry regulators and government.

Board

Composition of the Board

Clientèle has a Board consisting of eight directors. These directors bring a wide range of experience, insight and professional skills to the Board.

Appointments to the Board

In terms of the Memorandum of Association of the Company, the directors shall have the power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the Board.

Procedures for appointments to the Board are formal and transparent. Prior to appointment, prospective directors have:

- discussions with the Chairman and Managing Director regarding the Company's expectations of the director, the potential contribution of the director to the Group and the areas of such director's expertise; and
- the benefit of an informal induction program aimed at broadening that director's understanding of the Group as well as the business environment and markets in which the group operates. The induction program includes meetings with senior management and the provision of information relating to the business and financial performance of the group.

The role of the directors requires them to maintain high standards of ethics, integrity and values, and represent the interests of all shareholders.

Appointments to the Board shall be dealtwith by the Board as a whole.

In order to qualify as a Board member, a proposed candidate should have adequate strategic, analytical, communication and knowledge competencies. In general, he/she should:

- have the ability to make informed decisions;
- be entrepreneurial;
- be able to appreciate the wider business picture and perspective;
- have integrity in personal and business dealings;
- be objective at all times about what is in the best interest of the Company; and
- be able to devote sufficient time to carrying out their duties and responsibilities effectively.

The appointment of directors is subject to approval by shareholders in General Meetings.

Role and function of the Board

The Board is responsible for the corporate governance and the ultimate control of the businesses of Clientèle, as well as ensuring that there is clear strategic direction and that appropriate management structures are in place. Some of these structures, which are described in this corporate governance review, are designed to provide a reasonable level of assurance as to the proper control and conduct of Clientèle's affairs.

The Board meets at least four times a year under the chairmanship of Mr G Q Routledge. Additional meetings are arranged as and when necessary. Mr G J Soll, the managing director, oversees and manages Clientèle's daily operations.

Board Mandate

The Clientèle Board is responsible to shareholders and other stakeholders and is ultimately accountable for the performance and affairs of the Company. In addition to defining Clientèle's objectives, the Board monitors the following:

- the progress of strategic direction and policy;
- approving and monitoring budgets
- operational performance;
- the approval of major capital expenditure;
- the consideration of significant financial and non-financial matters;
- risk management;
- compliance;
- succession planning;
- the executive management team's activities; and
- any other matters that may have a material impact on the company's affairs.

Independence of the Board

By adhering to a number of key principles, the Board's independence from the daily executive management team is ensured:

- The roles of chairman and managing director are separate;
- Four of the eight directors are non-executive, two of whom are independent;
- The group audit and remuneration committee consist of two non-executive directors;
- Non-executive directors remuneration is not tied to the group's financial performance; and
- All directors have access to the advice and services of the company secretary and are entitled, at the expense of Clientèle and after consultation with the group chairman, to seek independent professional advice on the affairs of the group.

Share dealing by directors and senior personnel

Clientèle has implemented a code relating to share dealing by directors and all personnel who, by virtue of the key positions they hold, have comprehensive knowledge of the group's affairs. The code imposes closed periods to prohibit dealing in Clientèle securities before the announcement of mid-year and year-end financial results or in any other period considered price sensitive, in compliance with the requirements of the Insider Trading Act and the JSE in respect of dealings by directors. The company secretary undertakes the administration required to ensure compliance with this code under the direction of the chairman.

Board committees

Four standing committees of the Board, to which certain of its functions have been delegated, have been put into place. The group audit committee, the group remuneration committee, the group product committee and the group investment committee operate according to the terms of reference stipulated by the Board.

Details of these committees follow.

Group audit committee

The group audit committee's function includes discharging its duties relating to corporate accountability and

the associated risks in terms of management, insurance and reporting in order to review and assess the integrity of the risk control systems of the group. In order to achieve its objectives the group audit committee has set up two standing committees to assist it in its obligations to the board, they are:

- the group risk and compliance committee; and
- the group actuarial committee.

Members of the group audit committee

Messrs P J A Cunningham (chairman, independent non-executive director) and G Q Routledge (independent non-executive director).

Principal objectives

The group audit committee's principal objectives are to:

- Act as an effective communication channel between the Board on the one hand and the external auditors, the head of internal audit, the chairman of the actuarial committee, the chairman of the risk and compliance committee and the chairman of the investment committee (in relation to taxation matters) on the other;
- assist the Board in ensuring that the external audit is conducted in a thorough, objective and cost effective manner;
- satisfy the Board that adequate internal, financial and operating controls are being identified, addressed and monitored by management;
- provide the Board with an assessment of the effectiveness of the external audit and the internal audit functions;
- enhance the quality, effectiveness, relevance and communication value of the published financial statements and other public documentation of a financial nature issued by Clientèle with focus being placed on the actuarial assumptions, parameters, valuations and reporting guidelines and practices adopted by the statutory actuary as appropriate to Clientèle's life insurance activities;
- provide the Board with an independent point of reference in seeking a resolution of interpretative and controversial issues that impact on the published financial statements and other public announcements issued by Clientèle;
- review significant accounting and reporting issues, including recent professional and regulatory pronouncements;
- review effectiveness of the system for monitoring compliance with laws and regulations, and the results of management's investigation and follow-up (including disciplinary action) on any fraudulent acts or accounting irregularities;
- review the group's general insurance arrangements;
- review the group's risk philosophy, strategy and policies recommended by executive management;
- review compliance with risk policies and with the overall risk profile of the group;
- review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring risk;
- review the adequacy and effectiveness of the group's risk management function and its implementation by management; and
- ensure that material risks have been identified, assessed and have either received or are receiving attention.

The members of the audit committee review the audit plans, budgets and scope of the external and internal audit functions. The external auditors, head of internal audit, statutory actuary, compliance officer and group secretary all have unrestricted access to the chairman of the audit committee at all times.

Meetings

Audit committee meetings are held at least four times a year and are attended by Clientèle's external auditors and statutory actuary at least bi-annually and the head of internal audit, the compliance officer and appropriate members of the senior executive management team.

Group risk and compliance committee

The group risk and compliance committee is a sub-committee of the group audit committee. The group compliance officer chairs the group risk and compliance committee. The committee is tasked with integrating and monitoring the management of risk and compliance in respect of the activities of the group. The

objectives of this function include facilitating the risk management and reporting processes on a corporate and business unit level. As risk management continues to evolve the group's processes and structure are constantly being reviewed.

Members

G J Soll (executive director), I B Hume (executive director), B W Reekie (executive director), P J McDonald (compliance officer), P J A Cunningham (independent non-executive director) and members of senior management.

Group actuarial committee

The group actuarial committee is a sub-committee of the group audit committee. The group actuarial committee has been formed to assist the group audit committee in fulfilling its functions to the Board in overseeing matters related to embedded value and the actuarial valuation. The group actuarial committee meets at least four times annually and is attended by the group's statutory actuary.

Members

G J Soll (executive director), I B Hume (executive director), B W Reekie (executive director), B Frodsham (executive director) and members of senior management.

Group investment committee

The group investment committee is a sub-committee of the Board and has been formed to assist the Board with its responsibilities regarding management of investment assets, balance sheet management and taxation.

Members

G J Soll (executive director), I B Hume (executive director), B W Reekie (executive director), G Q Routledge (independent non-executive director) and members of senior management.

Group product committee

The group product committee is a sub-committee of the Board and has been formed to assist the Board with its responsibilities of overseeing an appropriate and compliant product offering to Clientèle's target market that is profitable and sustainable.

Members

B Frodsham (executive director), G J Soll (executive director) B W Reekie (executive director), and members of senior management.

Group remuneration committee

Board responsibility

The Board of directors are responsible for remuneration. To assist the Board in fulfilling its responsibilities, it has appointed and mandated a group remuneration committee consisting of two non-executive directors.

Members

Messrs G Q Routledge (independent non-executive director) and P J A Cunningham (independent, non-executive director) and by invitation Mr G J Soll (group managing director).

Group remuneration committee purpose

The overall purpose of the remuneration committee is to formulate remuneration strategy and policies for approval by the Board, and to monitor the implementation of such policies and report thereon to the Board, thereby enabling the Board to discharge its responsibilities relating to the following:

- determining the policy for executive remuneration, and approving the individual remuneration packages for each of the executive directors and other senior executives, as appropriate;
- ensuring that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance staff at all levels in support of realising corporate objectives and safeguarding stakeholder interests;
- reviewing the design and management of salary structures and policies, incentive schemes and share schemes to ensure that they motivate sustained high performance linked to company performance;
- recommending the level of non-executive directors' fees, including the chairman's fee, to the board after receiving inputs from executive directors, for ultimate approval by shareholders; and

- ensuring compliance with applicable laws and codes of conduct.

Group Executive committee

This committee comprises of the executive directors and senior executives of the group and is responsible for the day-to-day running of the group. The group managing director chairs the committee which meets as and when necessary.

Meeting attendance by directors as directors of Clientèle Life for the year ended 30 June 2007

	Board	Group audit committee	Group risk and compliance committee	Group actuarial committee	Group investment committee	Group product committee	Group remuneration committee
Number of meetings held	3	4	3	6	1	4	1
G Q Routledge	3/3	4/4	–	–	1/1	–	1/1
G J Soll	3/3	4/4	3/3	6/6	1/1	4/4	1/1
P J A Cunningham	3/3	4/4	3/3	–	–	–	1/1
I B Hume	3/3	4/4	3/3	6/6	1/1	–	–
P R Enthoven	2/3	–	–	–	–	–	–
B Frodsham	1/1	–	–	2/6	–	4/4	–
S D Molapo	1/1	–	–	–	–	–	–
P Felton	1/1	2/2	–	–	–	–	–

Internal, financial and operating controls

The Board acknowledges its responsibility for ensuring that Clientèle implements and monitors the effectiveness of systems of internal, financial and operating controls. These systems are designed to guard against material misstatement and loss.

The identification of risks and the detailed design, implementation and monitoring of adequate systems of internal, financial and operating controls are delegated to the group executive committee by the Board. The group audit committee reviews these matters regularly on behalf of the Board.

Even effective systems of internal, financial and operating controls, no matter how well designed, have inherent limitations, including the possibility of circumventing or overriding such controls. Such systems can therefore not be expected to provide absolute assurance. Effective systems of internal, financial and operating controls, therefore, aim to provide reasonable assurance as to the reliability of financial information and, in particular, of the financial statements.

Moreover, changes in the business and operating environment could have an impact on the effectiveness of such controls which, accordingly, are reviewed and reassessed continuously.

Clientèle maintains internal, financial and operating controls that are designed to provide reasonable assurance regarding:

- the safeguarding of assets against unauthorised use or dispossession;
- compliance with applicable laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The internal audit function assists in providing the Board and executive management with monitoring mechanisms for identifying risks and assessing controls appropriate to managing such risks.

The board has not been made aware of any issue that would constitute a material breakdown in the functioning of these controls up to the date of this report.

Compliance

The primary role of the compliance function is to minimise regulatory risk by assisting management to comply with statutory, regulatory and supervisory requirements. The compliance function facilitates the management of compliance through the analysis of statutory and regulatory requirements and the implementation of the required systems, processes and procedures.

Internal audit

Clientèle's internal auditors perform a review and appraisal of the group's operational activities and operate with the full authority of the Board and have direct access to the chairman of the group audit committee.

The internal audit function assists in providing the board and executive management with monitoring mechanisms for identifying risks and assessing controls appropriate to managing such risks.

Internal audit is charged with examining and evaluating the effectiveness of Clientèle's operational activities, the attendant business risks and the systems of internal, financial and operating controls, with major weaknesses being brought to the attention of the group audit committee, the external auditors and members of senior executive management for their consideration and remedial action. The work of internal audit is focused on the areas of greatest risk within Clientèle as determined by a risk assessment process. The output from the process is summarised in a plan, which is approved by the group audit committee.

Audit committee

The Audit Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to, inter alia:

- appoint, compensate and oversee the work of the external auditors appointed to conduct the annual audits. These firms will report directly to the Audit Committee;
- resolve any disagreements between management and the external auditors regarding financial reporting;
- confirm work that the external audit team performs as part of audit services;
- approve all auditing and permitted non-audit services performed by the external auditors;
- retain independent counsel, accountants and others to advise the committee or assist in the conduct of an investigation;
- seek any information it requires from employees – all of whom are directed to cooperate with the committee's request – or external parties;
- meet with management, external auditors or outside counsel, as necessary;
- delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing such decisions are presented to the full Audit Committee at its next scheduled meeting;

External audit

PricewaterhouseCoopers Inc. is Clientèle's appointed firm of external auditors.

Company secretarial function

The group company secretary, Mrs W van Zyl, is required to provide the directors of the company, collectively and individually, with guidance on their duties, responsibilities and powers. She is also required to ensure that the directors are aware of legislation relevant to, or affecting, the company and to report at any meetings of the shareholders of the company or of the company's directors any failure to comply with such legislation, including the JSE Listings Requirements.

The group company secretary is required to ensure that minutes of all shareholders' meetings, directors' meetings and the meetings of any committee of the directors are properly recorded and that all required returns are lodged in accordance with the requirements of the Companies Act, the Long-term Insurance Act and other relevant legislation. The administration of closed periods for dealing in listed securities of Clientèle is also the responsibility of the group company secretary.

Code of business ethics

Clientèle subscribes to the highest levels of professionalism and integrity in conducting its business and dealings with stakeholders. Clientèle employees and representatives are expected to act in a manner that inspires trust and confidence from the general public.

Clientèle places a high value on integrity, honesty and trust. Reference and criminal checks are carried out on all job applicants and their qualifications are verified before offers of employment are made. The principle of 'zero tolerance' of fraud and corruption will continue to be applied to employees, IFAs and professional presenters. All employees are required to report all incidences of suspected or actual fraudulent events or other financial irregularities to internal audit for investigation. The induction training of new employees includes modules dealing with the code of ethics, compliance therewith and Clientèle's stance on fraud. Existing policies on the reporting of breaches of the code of ethics ensure confidentiality and protection to

persons making reports, as outlined by the Protected Disclosure Act. Internal disciplinary procedures are fully compliant with the Labour Relations Act.

Group financial statements

The directors are responsible for the preparation of the group financial statements of Clientèle, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The annual group financial statements have been prepared from the accounting records and the use of appropriate policies supported by reasonable and prudent judgements and estimates and fairly present the state of affairs of Clientèle. The independent auditors are responsible for auditing and reporting on these group financial statements. The group financial statements have been audited in accordance with International Standards on Auditing. The group’s auditors also provide taxation services and advice.

The directors are of the opinion that the group is financially sound and operates as a going concern. The group financial statements have accordingly been prepared on this basis.

Statutory actuary

The independent statutory actuary for Clientèle Life, Mr. R Williams of QED Actuaries and Consultants (Proprietary) Limited, who is not in the employ of Clientèle or Clientèle Life, is responsible for assisting the Board of Clientèle Life in all actuarial matters, conducting the actuarial valuation of the assets and liabilities of the company and calculating the embedded value of the company. The statutory actuary attends the interim and year end audit committee meetings.

Employment equity

A strong culture of Employment Equity exists within Clientèle and all statutory requirements in terms of the Employment Equity Act have been complied with. We strive to ensure that all aspects of our work environment and employment practices mirror the society in which we operate and are non-discriminatory.

Training and development

The company has been successful in creating a strong learning environment and each and every employee received training during the year. In line with both the Employment Equity Act as well as the Skills Development Act additional focus has been placed on upskilling those members of staff who have been drawn from the previously disadvantaged groups. Management have also been exposed to management diversity training to ensure that they are able to effectively manage our very diverse staff complement.

Broad Based Black Economic Empowerment

Clientèle through its membership of the Life Offices Association is a signatory to the Financial Services Charter and as such is committed to the transformation of our society through Broad Based Black Economic Empowerment. We believe it is imperative to include as wide a section of our previously disenfranchised as possible by placing emphasis on the “Broad Based” aspect of Black Economic Empowerment in any initiatives we follow.

With this in the forefront of our strategy we firmly believe that our achievements to date through the Independent Field Advertisers Opportunity (“IFA”) clearly demonstrate our commitment to enhancing the lives of a greater section of our population. Our achievement in providing insurance products to the LSM 3 to 6 groupings of individuals who were previously under serviced are clearly reflected in our annual results.

Clientèle has again secured the services of an independent rating agency to verify our progress and earlier this year we submitted our BEE scorecard to the Financial Sector Charter council.

Social responsibility

We continue to develop previously disenfranchised members of our community by providing IFAs with income generating opportunities and skills development programmes. Many of these IFAs have little or no formal education and through these initiatives are today playing an integral role in our economy.

We continue to support various charitable projects that support disabled and disadvantaged children. In addition this year we entered in to a partnering agreement that supports a curriculum based HIV/AIDS programme throughout our schools across the country. The programme is entitled You, Me & HIV (YMHIV) and is aimed to address the challenges educators face in addressing HIV/AIDS in the classrooms across the Nation. It is a programme that we will actively support over the next three years through to 2009.

SUBSIDIARY AND JOINTLY CONTROLLED COMPANIES, MATERIAL INTER-COMPANY LOANS, MATERIAL BORROWINGS AND LOANS, AND OTHER TRANSACTIONS

1. SUBSIDIARY COMPANIES

At the last practicable date, assuming implementation of the restructuring, the following are the subsidiary companies comprising the group:

Name of entity and registration number	Place and date of incorporation	Shares in issue	Effective percentage holding	Date of becoming subsidiary	Principal business
Clientèle Life Assurance Company Limited (Registration number 1973/016606/06)	Pretoria, South Africa on 21 December 1973	32 350 000	100	26 May 2008	Life insurance
Independent Field Advertisers (Proprietary) Limited (Registration number 2007/025767/07)	Pretoria, South Africa on 10 September 2007	1	100	26 May 2008	Currently dormant
Clientèle Short Term (Proprietary) Limited (Registration number 2007/023821/07)	Pretoria, South Africa on 23 August 2007	1	100	26 May 2008	Legal expenses insurance
Clientèle Properties South (Proprietary) Limited (Registration number 2005/030653/07)	Pretoria, South Africa on 30 August 2005	1	100	26 May 2008	Property
Clientèle Properties North (Proprietary) Limited (Registration number 2001/029155/07)	Pretoria, South Africa on 5 December 2001	1	100	26 May 2008	Currently dormant
Clientèle Loans (Proprietary) Limited (Registration number 2007/026058/07)	Pretoria, South Africa on 11 September 2007	1	100	26 May 2008	Lending (not yet operational)
Clientèle Payments (Proprietary) Limited (Registration number 2007/023887/07)	Pretoria, South Africa on 23 August 2007	1	100	26 May 2008	Currently dormant

Notes in regard to the subsidiary companies:

1. Directors of subsidiary companies

The directors of the subsidiary companies, all of whom are South African and are based at Clientèle House, Morningview Office Park, Corner Rivonia and Alon Roads, Morningside, 2196, South Africa, are as follows:

Clientèle Life Assurance Company Limited:

Patrick Jocelyn Anthony Cunningham*
 Patrick Robert Enthoven**
 (Alternate: Adrian Dominic 'T hooft Enthoven)
 Brenda-Lee Frodsham*
 Iain Bruce Hume*

Sebo David Molapo*
 Basil William Reekie*
 Gavin Quentin Routledge*
 Gavin John Soll*

Independent Field Advertisers (Proprietary) Limited:

Francois Marais*

Gavin John Soll*

Clientèle Short Term (Proprietary) Limited:

Brenda-Lee Frodsham*

Iain Bruce Hume*

Gavin John Soll*

G Q Routledge*

Miles Louis Japhet***

Clientèle Properties South (Proprietary) Limited:

Iain Bruce Hume*

Gavin John Soll*

Brenda-Lee Frodsham*

Clientèle Properties North (Proprietary) Limited:

Brenda-Lee Frodsham*

Gavin John Soll*

Iain Bruce Hume*

Clientèle Loans (Proprietary) Limited:

Iain Bruce Hume*

Gavin John Soll*

Brenda-Lee Frodsham*

Clientèle Payments (Proprietary) Limited:

Iain Bruce Hume*

Gavin John Soll*

Brenda-Lee Frodsham*

* Detailed information on director provided in paragraph 9 commencing on page 67 of the main body of the Pre-listing Statement.

** Mr P R Enthoven (*Non executive director*) (*BA(UCT)*).

Mr Patrick Enthoven is based in California, United States and is a co-founder and current chairman of the Hollard Insurance Group worldwide. Mr Enthoven is actively involved in various insurance and investment companies, locally and abroad.

Name	Current directorships/ partnerships	Nature of business	Past directorships/ partnerships	Nature of business
P R Enthoven	Adampol (Proprietary) Limited	Other activities	Haven Sandown Two (Proprietary) Limited	Other activities
	AFS (Proprietary) Limited	Insurance	Hollard Life Assurance Company Limited	Insurance
	Blankenese Investments (Proprietary) Limited	Investments	Pickent Holdings (Proprietary) Limited	Insurance
	Clientèle Life Limited	Insurance	R. Enthoven and Sons (Proprietary) Limited	Insurance
	Haven Holdings (Proprietary) Limited	Activities auxiliary to finance intermediation	The Hollard Insurance Company Limited	Insurance
	Hollard Acceptances (Proprietary) Limited	Insurance		
	Hollard Holdings (Proprietary) Limited	Insurance		
	Hollard Life Assurance Company Limited	Insurance		
	Sirlands Investments (Proprietary) Limited	Investments		
	The Hollard Insurance Company Limited	Insurance		
	AFS General Insurance Company Limited	Insurance		
	Haven Design (Proprietary) Limited	Other activities		
	Haven Sandown One (Proprietary) Limited	Private equity		
	Haven Services (Proprietary) Limited	Other activities		
	Legalwise North America LLC	Insurance		
	Merrymeeting Incorporation	Insurance		
	Spier Properties (Proprietary) Limited	Property		

*** Mr M L Japhet

Miles Louis Japhet obtained a BSc Hons (Econ/Pol) from the University of Bristol, England in 1977 and the ACII qualification in 1984.

Mr Japhet started his career in the insurance industry in 1979 as an employee of Robert Enthoven Insurance Brokers. He co-founded the Hollard group in 1980 and has held various positions in the Hollard Group since, including CEO of the Hollard insurance Company from 1985 to 1998, Managing Director of Hollard Life Insurance from 1993 to 1998 and Deputy Chairman of Hollard Insurance and Hollard Life from 1999 to 2006. Mr Japhet is currently a director of Red Sands Insurance Company (Gibraltar), a director/chairman of Lombard Insurance Company and the Chairman of Hollard Seguros (Mozambique).

Current directorships/ partnerships	Nature of business	Past directorships/ partnerships	Nature of business
Captain Stirling Investments 93 (Proprietary) Limited	Investments	Carguard (O.V.S.) (Eiendoms) Beperk	Retail
HCV Underwriting Managers (Proprietary) Limited	Insurance	Carguard Eastern Cape (Proprietary) Limited	Retail
Hollard Holdings (Proprietary) Limited	Insurance	Carguard Transvaal (Proprietary) Limited	Retail
Hollard Life Assurance Company Limited	Insurance	Casa Luigi Properties (Proprietary) Limited	Properties
Hollard Mocambique Companhia de Seguros	Insurance	Folio Investment Company (Proprietary) Limited	Investments
Lombard Consolidated (Proprietary) Limited	Retail	Hollard Asset Management (Proprietary) Limited	Insurance
Lombard Insurance Company Limited	Insurance	Hollard Business Associates (Proprietary) Limited	Insurance
Petsure (Proprietary) Limited	Insurance	Hollard Health (Proprietary) Limited	Health and social work
Shaheen Insurance Company Limited	Insurance	Hollard Holdings (Proprietary) Limited	Insurance
South African Underwriting Managers (Proprietary) Limited	Insurance	Hollard Life Assurance Company Limited	Insurance
The Hollard Insurance Company Limited	Insurance	Hollard Life Properties (Proprietary) Limited	Properties
		Hollard Risk Capital (Proprietary) Limited	Investments
		Lanfranc Property Holdings Limited	Properties
		Manzillo Insurance (PCC) Limited	Insurance
		Ndebele Cultural Village (Proprietary) Limited	Insurance
		NER Investments (Proprietary) Limited	Investments
		New Berea Centre (Proprietary) Limited	Insurance
		The Hollard Insurance Company Limited	Insurance
		Zimisele Underwriting Management Company (Proprietary) Limited	Insurance
		Red Sands Insurance Company (Europe) Limited	Insurance
		Skillful 114 (Proprietary) Limited	Retail
		Tallyprops 12 (Proprietary) Limited	Real estate
		Uplands College Section 21	Community Service

2. Notwithstanding that some of the subsidiaries have been a part of the group for some time, save for Clientèle Life, it is only Clientèle Short Term (Proprietary) Limited and Clientèle Properties South (Proprietary) Limited that have commenced operations.

As detailed in paragraph 4 commencing on page 59 of the Pre-listing Statement, Clientèle Legal, a division of Clientèle Short Term (Proprietary) Limited commenced business on 1 November 2007. Its results to date are not material to those of the group.

As detailed in paragraph 4 commencing on page 59 of the Pre-listing Statement, a subsidiary of Clientèle Loans (Proprietary) Limited, still to be formed, will commence business during May 2008.

As detailed in paragraph 20 on page 79 of the Pre-listing Statement, Clientèle Properties South (Proprietary) Limited recently acquired the properties referred to therein.

3. None of the subsidiary companies of Clientèle have issued or offered any share for subscription or sale during the three years preceding this Pre-listing Statement.

In addition to the above, Clientèle has the following unlisted associates:

Clientèle USA LLC, which is a United States of America incorporated company. The business of Clientèle USA LLC is the distribution of life insurance policies. Clientèle has an indirect shareholding of 33,3%;

Legal Sense (Proprietary) Limited, a South African incorporated company. The business of Legal Sense (Proprietary) Limited is the distribution and servicing of corporate legal policies. Clientèle has a 49% indirect shareholding.

Both of the associates are accounted for by the equity method of accounting.

2. MATERIAL INTER-COMPANY LOANS

At 31 December 2007, the following is the only material inter-company loan of the group. No further material loans have arisen since 31 December 2007.

R'000

Amounts owing by subsidiaries

Clientèle Properties South (Proprietary) Limited

43 138

The loan due from Clientèle Properties South (Pty) Limited arose on 25 June 2007 and bears interest at 10% per annum, is secured by the land and buildings on Erven 1501, 1502 and 1506 Morningside Ext.71 and is to be repaid by 30 June 2017.

Save as above, at the last practicable date, the group has no other material borrowings or material loans owing.

3. OTHER TRANSACTIONS

Save for the restructuring there have been no other material transactions.

PRICE HISTORY OF CLIENTÈLE LIFE SHARES ON THE JSE

The shares of Clientèle are yet to be listed on the JSE. Accordingly, the recent price and trading history of the shares of Clientèle Life on the JSE is provided below as an indicative guide to the possible trading patterns of Clientèle shares once listed. In this regard, attention is drawn to note 5 of paragraph 5 on page 61 of the main body of this Pre-listing Statement.

The highest, lowest and closing price of the shares of Clientèle Life on the JSE for each quarter commencing from 1 April 2006 to 31 December 2007 and the quarterly volume is as follows:

Quarter ended	High share price (cents)	Low share price (cents)	Closing highest share price (cents)	Volume
30 June 2006	5 400	5 400	5 400	2 000
30 September 2006	5 820	5 650	5 685	48 500
31 December 2006	6 400	6 000	6 406	7 980
31 March 2007	7 834	7 000	7 833	5 107
30 June 2007	8 202	8 202	8 202	500
30 September 2007	8 500	8 100	8 250	1 484
31 December 2007	9 100	8 500	9 100	9 723

The highest, lowest and closing highest price of the shares of Clientèle Life on the JSE for each month commencing from 1 January 2007 to 31 January 2008 and the aggregated monthly volume is as follows:

Quarter ended	High share price (cents)	Low share price (cents)	Closing highest share price (cents)	Volume
31 January 2007	–	–	6 450	–
28 February 2007	7 600	7 000	7 600	2 667
31 March 2007	7 834	7 832	7 833	2 440
30 April 2007	–	–	8 125	–
31 May 2007	8 202	8 202	8 202	500
30 June 2007	–	–	7 914	–
31 July 2007	–	–	8 200	–
31 August 2007	8 100	8 100	8 100	700
30 September 2007	8 500	8 250	8 250	784
31 October 2007	–	–	8 790	–
30 November 2007	–	–	9 100	–
31 December 2007	–	–	9 050	–
31 January 2008	9 100	8 500	9 100	162 603

The highest, lowest and closing price of the shares of Clientèle Life on the JSE for each trading day commencing from 7 January 2008 to 29 February 2008 (being the last practicable date prior to the finalisation of this document) and the daily volume are as follows:

Date	High share price (cents)	Low share price (cents)	Closing share price (cents)	Volume
7 January 2008	–	–	9 050	–
8 January 2008	9 100	9 100	9 100	32 386
9 January 2008	–	–	9 100	–
10 January 2008	9 000	9 000	9 000	4 000
11 January 2008	–	–	9 000	–
14 January 2008	9 000	9 000	9 000	1 353
15 January 2008	9 000	8 500	8 500	27 586
16 January 2008	–	–	8 500	–
17 January 2008	8 500	8 500	8 500	420
18 January 2008	8 500	8 500	8 500	75 377
21 January 2008	8 500	8 500	8 500	10 000
22 January 2008	8 500	8 500	8 500	9 723
23 January 2008	8 500	8 500	8 500	100
24 January 2008	8 500	8 500	8 500	300
25 January 2008	8 500	8 500	8 500	500
28 January 2008	–	–	–	–
29 January 2008	8 500	8 500	8 500	500
30 January 2008	8 500	8 500	8 500	88
31 January 2008	–	–	–	–
1 February 2008	–	–	–	–
4 February 2008	–	–	–	–
5 February 2008	–	–	–	–
6 February 2008	–	–	–	–
7 February 2008	–	–	–	–
8 February 2008	–	–	–	–
11 February 2008	–	–	–	–
12 February 2008	–	–	–	–
13 February 2008	–	–	–	–
14 February 2008	–	–	–	–
15 February 2008	–	–	–	–
18 February 2008	–	–	–	–
19 February 2008	–	–	–	–
20 February 2008	–	–	–	–
21 February 2008	–	–	–	–
22 February 2008	–	–	–	–
25 February 2008	8 350	8 300	8 350	5 082
26 February 2008	–	–	–	–
27 February 2008	–	–	–	–
28 February 2008	8 400	8 200	8 400	3 786
29 February 2008	–	–	–	–



Clientèle Life Assurance Company Limited

(Incorporated in the Republic of South Africa)
 (Registration number: 1973/016606/06)
 Share code: CLE ISIN: ZAE000013397
 ("Clientèle Life" or "the Company")

The "DEFINITIONS AND INTERPRETATIONS" contained on pages 7 to 9 of the document which contains this Form of Proxy, where required, have been used in this Form of Proxy

FORM OF PROXY

FOR SCHEME MEETING OF CLIENTÈLE LIFE TO BE HELD IN THE BOARDROOM OF CLIENTÈLE LIFE, CLIENTÈLE HOUSE, MORNINGVIEW OFFICE PARK, CORNER RIVONIA AND ALON ROADS, MORNINGSIDE, SOUTH AFRICA AT 09:00 ON WEDNESDAY, 30 APRIL 2008, OR ANY ADJOURNMENT THEREOF

Important notes concerning this Form of Proxy:

- This Form of Proxy is for use only by those shareholders who have not yet dematerialised their shares in Clientèle Life or who have dematerialised their shares in Clientèle Life and such dematerialised shares are recorded in own-name.
- If you as a shareholder have already dematerialised your shares and such shares are not recorded in the records of Clientèle Life in own-name, you must **not** use this Form of Proxy. In such event, and if you wish to attend the scheme meeting or to vote thereat in person or by way of proxy, you must notify your duly appointed CSDP or broker, as the case may be, in the manner stipulated in the custody agreement which you concluded of your intentions regarding attending and voting who will then furnish you with the letter of representation in writing to attend the scheme meeting or to be represented thereat by proxy.

I/We (name in full in clear BLOCK LETTERS)

of (address in full in clear BLOCK LETTERS)

being the holder/s of Clientèle Life shares, do hereby appoint (see note 1):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the scheme meeting,

as my/our proxy to attend and speak on my/our behalf at the scheme meeting and at any adjournment thereof and, if deemed fit, agreeing (see note 2 overleaf):

with modification	(delete whichever is not applicable)
without modification	

to a scheme of arrangement in terms of section 311 of the Companies Act ("the scheme") proposed by Clientèle between Clientèle Life and its shareholders ("scheme members"), and to vote for and/or against the scheme and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 3 overleaf):

For the scheme	Number of votes*
Abstain from voting	Number of votes*
Against the scheme	Number of votes*

* One vote per share held.

Signed at _____ on _____ 2008

Signature _____

Capacity of signatory (where applicable) _____

Note: Authority of signatory to be attached – see note 11 overleaf

Assisted by me (where applicable) _____

Full name _____

Signature _____

NB If a scheme member agrees that the scheme may be modified, the scheme member may, if he/she so desires, indicate the manner and extent of any such modification to which the proxy may agree on a separate form which must be lodged at or posted to the address stipulated in note 4 overleaf, together with this form of proxy. In addition, please refer to the conditions stipulated in note 4 overleaf.

Please read the notes overleaf.

Notes:

1. Each scheme member is entitled to appoint one or more proxies (none of whom need be a member of Clientèle Life) to attend, speak and vote, or abstain from voting, in place of that scheme member at the scheme meeting or any adjournment thereof.
2. A scheme member may insert the name of a proxy or the names of two alternative proxies of the scheme member's choice in the space/s provided, with or without deleting "the chairperson of the scheme meeting" but the scheme member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the scheme meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A scheme member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the scheme member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairperson of the scheme meeting, if the chairperson is the authorised proxy, to vote in favour of the scheme, or any other proxy to vote or abstain from voting as he/she deems fit, in respect of all the scheme member's votes exercisable at the scheme meeting.
4. If a scheme member agrees that the scheme may be modified, the scheme member may indicate the manner and the extent of such modification to which the proxy may agree on a separate sheet of paper which must be lodged with or posted to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) to be received by no later than 09:00 on Friday, 25 April 2008 or may be handed to the chairperson of the scheme meeting not less than 10 (ten) minutes before the scheduled time for the commencement of the scheme meeting.
5. It should be noted that, notwithstanding that a scheme member may indicate that the scheme may not be modified, the chairperson of the scheme meeting (if the chairperson is the authorised proxy) or any other proxy shall nevertheless be entitled to agree to a modification of the scheme in terms of which the scheme consideration is increased or is more favourable to scheme members.
6. If a scheme member fails to indicate whether the scheme may be approved with or without modification, or fails to indicate the manner and the extent of any modification to which the proxy may agree, such failure shall be deemed to authorise the chairperson of the scheme meeting, if the chairperson deems fit, or any other proxy as he/she deems fit, to agree to the scheme with or without modification, in respect of all the scheme member's votes exercisable at the scheme meeting.
7. Forms of proxy must be lodged with or posted to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) to be received by no later than 09:00 on Friday, 25 April 2008. Alternatively, forms of proxy may be handed to the chairperson of the scheme meeting not less than 10 (ten) minutes before the scheduled time for the commencement of the scheme meeting.
8. The completion and lodging of this form of proxy will not preclude the relevant scheme member from attending the scheme meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such scheme member wish to do so.
9. The chairperson of the scheme meeting may reject or accept any form of proxy which is completed and/or received, other than in accordance with these notes, provided that the chairperson is satisfied as to the manner in which the scheme member concerned wishes to vote.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the Company or its transfer secretaries or waived by the chairperson of the scheme meeting.
12. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with Clientèle Life or the transfer secretaries of Clientèle Life.
13. Where shares are held jointly, all joint holders are required to sign.
14. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. Shareholders who own dematerialised shares not recorded in own-name and who wish to attend the scheme meeting or to vote by way of proxy, must contact their CSDP or broker, as the case may be, who will furnish them with the necessary letter of representation in writing to attend the scheme meeting or to be represented thereat by proxy. This must be done in terms of the custody agreement concluded with the CSDP or broker.



Clientèle Life Assurance Company Limited

(Incorporated in the Republic of South Africa)
 (Registration number: 1973/016606/06)
 Share code: CLE ISIN: ZAE000013397
 ("Clientèle Life" or "the Company")

FORM OF ACCEPTANCE, SURRENDER AND TRANSFER ("Form")

The "DEFINITIONS AND INTERPRETATIONS" contained on pages 7 to 9 of the document which contains this Form, where required, have been used in this Form

Important notes concerning this Form:

This Form is only for use by shareholders who have not yet dematerialised their shares in Clientèle Life.

- If you as a shareholder have already dematerialised your shares you must **not** use this Form. If you own shares in dematerialised form and you have not been contacted by your CSDP or broker within a reasonable period of time, it is advisable that you make contact with your CSDP or broker so as to notify your intentions regarding acceptance of the scheme of arrangement being proposed by Clientèle Limited between the Company and its shareholders.
- Full details of the scheme are contained in the document to shareholders dated 4 April 2008 ("document"), to which document this Form is attached and forms part. Accordingly, all definitions and interpretations used in this Form shall, unless the context otherwise requires, have the corresponding meaning and interpretation attributed in such document.
- This Form is attached for the convenience of shareholders who may wish to surrender their documents of title prior to the date of the scheme meeting to be held at 09:00 on Wednesday, 30 April 2008.

Instructions:

1. A separate Form is required for each certificated shareholder.
2. Part A – to be completed by all certificated shareholders.
3. Part B – must be completed by all certificated shareholders who are emigrants from or non-residents of the Common Monetary Area. See notes 1 and 2 overleaf.

To: The transfer secretaries

by hand

Computershare Investor Services (Proprietary) Limited
 Ground Floor
 70 Marshall Street
 Johannesburg, 2001, South Africa

by post

Computershare Investor Services (Proprietary) Limited
 PO Box 61763
 Marshalltown, 2107, South Africa

Dear Sirs

I/We hereby surrender and enclose the share certificate/s, certified transfer deed/s and/or other documents of title, details of which have been completed below, in respect of my/our holding of shares in Clientèle Life.

PART A To be completed in BLOCK CAPITALS by all certificated shareholders.

Surname or Name of corporate body: _____

First names (in full): _____

Title (Mr/Mrs/Miss/etc.): _____

Address to which the consideration should be sent (if different from registered address): _____

Postal code: _____

Country code and telephone number () _____

Share certificates and/or other documents of title surrendered:

Name of registered shareholder (separate form for each shareholder)	Certificate number(s) (in numerical order)	Number of shares covered by each certificate
Total shares		

PART B To be completed in BLOCK CAPITALS by certificated shareholders who are emigrants from the Common Monetary Area ("emigrants") and non-residents of the Common Monetary Area (see notes 1 and 2 below).

The scheme consideration will be forwarded to the authorised dealer in South Africa controlling the emigrants blocked assets in terms of the Exchange Control Regulations as nominated below for its control and credited to the emigrant's blocked assets account. Accordingly, certificated shareholder emigrants must provide the following information:

Name of authorised dealer: _____

Account number: _____

Address: _____

Account number: _____

If emigrants make no nomination above, the transfer secretaries will hold the consideration in trust.

Non-residents must complete Part B if they wish the consideration to be settled with their authorised dealer in South Africa.

Signature of shareholder _____

Date _____ 2008 Telephone number () _____

Signatories may be called upon for evidence of their authority or capacity to sign this Form.

Notes:

1. Emigrants from the Common Monetary Area must complete Part B.
2. All other non-residents of the Common Monetary Area must complete Part B if they wish the consideration to be paid to an authorised dealer in South Africa.
3. If Part B is not properly completed by emigrants, the consideration will be held in trust by the transfer secretaries pending receipt of the necessary nomination or instruction.
4. If this Form is returned with the relevant documents of title, it will be treated as a conditional surrender which is made subject to the scheme becoming operative. The transfer secretaries will hold documents of title surrendered in anticipation of the scheme becoming operative in trust until the scheme becomes operative. In the event that the scheme does not become operative for any reason whatsoever, the transfer secretaries will, within five business days, return the documents of title to the certificated shareholders concerned, by ordinary post, at the risk of such shareholders.
5. The consideration will not be sent to shareholders unless and until documents of title in respect of the relevant Clientèle Life shares have been surrendered to the Company's transfer secretaries.
6. If a shareholder produces evidence to the satisfaction of Clientèle Life and Clientèle that documents of title in respect of Clientèle Life shares have been lost or destroyed, Clientèle and/or Clientèle Life may waive the surrender of such documents of title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
7. If this Form is not signed by the shareholder, the shareholder will be deemed to have irrevocably appointed the Company Secretary of Clientèle Life to implement the shareholder's obligations under the scheme on his/her behalf.
8. Persons who have acquired shares in Clientèle Life after 4 April 2008, the date of posting of the document to which this Form is attached and forms part, can obtain copies of the Form and the document from Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa).
9. No receipts will be issued for documents lodged, unless specifically requested. Depositors are requested to prepare the required receipts.
10. Signatories may be called upon for evidence of their authority or capacity to sign this Form.
11. Any alteration to this Form must be signed in full and not initialled.
12. If this Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form for noting (unless it has already been noted by Clientèle Life or its transfer secretaries).
13. Where the shareholder is a company or a close corporation, unless it has already been registered with Clientèle Life or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form must be submitted if so requested by Clientèle Life.
14. Where there are joint holders of any shares, only that holder whose name stands first in the register in respect of such shares need sign this Form.

