Registered name: Sanlam Limited
(Registration number 1959/001562/06)

JSE share code: SLM
NSX share code: SLA
ISIN number: ZAE000028262

Audited Results for the year ended 31 December 2004

Highlights

Strong Earnings

- Headline earnings per share up 31%
- Strong performance by all businesses
  - Result from operations before tax up 46%
  - Operating margin of 23,3% (17,5% for 2003)

Dividend up 25% to 50 cents per share

Significantly improved Business Flows

- Net funds inflow of R17 billion (R5 billion in 2003)
- New Life business inflows up 12%
- Investment inflows up 86% to R41 billion

Embedded Value

- Embedded value of 1 346 cents per share
  - Return on embedded value of 27,7% (22,5% per share)
- Embedded value of new Life business of R324 million (up 40%)
- New business embedded value margin up from 12,7% to 16,5%

SALIENT FEATURES for the year ended 31 December 2004		**2004**	2003	△
SANLAM LIMITED GROUP				
Earnings:				
Result from operations before tax	R million	**3 520**	2 405	46%
Core earnings [(1)]	R million	**3 340**	2 641	26%
Headline earnings [(2)]	R million	**3 185**	2 351	35%
Adjusted headline earnings based on the LTRR [(3)]	R million	**4 141**	3 291	26%
Net result from operations per share	cents	**72,1**	53,2	36%
Core earnings per share [(1)]	cents	**122,3**	100,2	22%
Headline earnings per share [(2)]	cents	**116,6**	89,2	31%
Adjusted headline earnings per share based on the LTRR [(3)]	cents	**151,6**	124,9	21%
Group administration cost ratio [(4)]	%	**30,6**	33,6	
Group operating margin [(5)]	%	**23,3**	17,5	
Business volumes:				
New business volumes	R million	**59 852**	38 786	54%
Net fund flows	R million	**16 591**	4 956	235%
New business embedded value	R million	**324**	232	40%
Life insurance new business APE [(6)]	R million	**1 958**	1 832	7%
New business embedded value margin	%	**16,5**	12,7	
Embedded value:				
Embedded value	R million	**36 682**	29 231	
Embedded value per share	cents	**1 346**	1 131	
Growth from life business	%	**26,9**	24,7	
Return on embedded value [(7)]	%	**27,7**	14,0	
SANLAM LIFE INSURANCE LIMITED				
Shareholders' funds	R million	**25 983**	19 736	
Capital adequacy requirements (CAR)	R million	**6 550**	7 175	
CAR covered by prudential capital	times	**3,7**	2,6	

Notes

(1) Core earnings = net result from operations, investment income and equity–accounted earnings.
(2) Headline earnings = core earnings after assistance to policyholders' funds and net gains/losses on derivative instruments.
(3) Adjusted headline earnings based on the LTRR = net result from operations and total investment return based on a long-term rate of return.
(4) Administration costs as a percentage of income earned by the shareholders' funds less sales remuneration.
(5) Result from operations as a percentage of income earned by the shareholders' funds less sales remuneration.
(6) APE = annual premium equivalent and is equal to new recurring premiums (excluding indexed growth premiums) plus 10% of single premiums.
(7) Growth in embedded value (with dividends paid, capital raised and cost of treasury shares acquired reversed) as a percentage of embedded value at the beginning of the period.

EXECUTIVE REVIEW

Overall performance

In the year to December 2004, we delivered on tough targets and the benefits of our wide-reaching initiatives started to flow through to the Group's financial performance more strongly. New business fund inflows for Group operations amounted to R59,9 billion, an improvement of 54% on 2003. Net fund inflows of almost R16,6 billion are substantially higher than the R5 billion recorded in 2003. The embedded value of new life business written improved by 40% to R324 million. Headline earnings per share improved by 31% to 116,6 cents, while core earnings per share are up 22% due to an improved operational performance across the Group and particularly the favourable underwriting results of Santam.

Strategic delivery

We have followed through in our "back to basics" drive, tackling the systemic factors undermining the Group's performance:

- We have concentrated on becoming a more **customer-centric** organisation, particularly in the development of new products and services, and improving our service interface through various initiatives such as comprehensive broker and advisor training to ensure profitable future growth.

- Greater efficiency is key to competing effectively in a lower inflation environment. We have tackled **cost structures** across the Group, particularly in the Life Insurance cluster. Benefits from the major cost-cutting exercise in Sanlam Life are evident in its operating results and the improvement in its new business embedded value margin. The R250 million of annualised cost savings promised, was delivered in 2004.

- The marked improvement in **investment performance** from Sanlam Investment Management ('SIM') remains core to Sanlam's recovery and future performance. SIM posted strong growth in gross and net fund inflows in 2004 and has continued the trend of improved investment performance. Notably, SIM produced the top performing unit trust in South Africa for the second year running.

- The restructuring of some of **Sanlam's UK operations** into Sanlam Financial Services UK and Sanlam Multi Manager International has been completed and the refocused operations made a welcome return to profitability.

- **Gensec Bank** returned its banking license in June 2004 and has been fully restructured into Sanlam Capital Markets ('SCM'). SCM has made good progress extracting synergies within the Group and its maiden results for the year are in line with our expectations.

- Our **employee benefits** business has been refocused and separated from the Sanlam Individual Life business, and a new leadership team is in place. The business relocated to our Johannesburg office to establish a sound operating base from which to drive new growth and stem the loss of market share.

- Our **co-operation agreement with Absa** continues to develop steadily at all levels, evidenced by improved mutual support of products and services, and the early success of Sanlam Home Loans.

Looking ahead

For the most part, the recovery phase of our turnaround strategy is now complete. The extensive cost-cutting and restructuring undertaken has positioned the Group to deliver against the challenges facing the industry, and Sanlam in particular.

Looking ahead, we will continue to concentrate on finding the most effective ways to unlock and return value to shareholders, while investing in those areas with the greatest potential to deliver sustainable profitable growth. In particular, we will focus on further improving distribution reach, redeploying the Group's "lazy" capital and establishing the new Sanlam brand.

We will continue to work closely with Absa to broaden our existing product offering, explore cross-selling opportunities and drive a greater share of Absa Brokers' volumes.

We will continue to give substance to our truly South African positioning, across all the dimensions of black economic empowerment. The integration of the Ubuntu-Botho consortium into the working life of the Group will continue steadily, informed by the need to convert potential into new business inflows. Our investment in the development of our people and our operating systems will be a feature of the year ahead, as will our investment in positive socio-economic progress on a wide front.

Capital efficiency is a major focus point. We are committed to optimising Sanlam's capital base to ensure sufficient financial strength and the efficient use of capital. Sanlam's capital utilisation strategy will primarily focus on investing in profitable structural growth opportunities that will support and complement the Group's strategy. Any excess capital will be returned to shareholders through the most efficient combination of capital distribution and share buy-backs. The monetisation of a portion of Sanlam's stake in Absa will lower capital concentration risk and is essential to effectively execute the capital strategy. The Barclays transaction, if concluded, will accelerate the implementation of this strategy.

Our strategy and its execution has delivered good results in 2004 which have been enhanced by strong equity markets and the exceptionally favourable underwriting cycle that supported the Santam results. Sanlam is set to deliver shareholder value through its distribution initiatives and operational and capital efficiencies. The immediate challenge is to leverage our improved positioning into increased new business inflows and market share gains.

Dividend

Sanlam's philosophy to date has been to maintain a smoothed dividend growth pattern. This implies that the dividend will not necessarily follow the annual earnings pattern. The sound earnings performance and Sanlam's strong capital position enabled the lifting of the overall level of the dividend in respect of 2004. The intention is to revert to a smoothed real dividend growth pattern from this new base.

The Board declared a dividend of 50 cents per share payable on Wednesday, 18 May 2005 to shareholders recorded in the register on Friday, 22 April 2005. This represents an increase of 25% over the 40 cents per share dividend declared in respect of 2003.

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies namely Sanlam Share Account (Pty) Ltd and Sanlam Fundshares Nominee (Pty) Ltd) will be closed for all transfers, off market transactions and dematerialisations or rematerialisations from Monday, 11 April 2005 to Friday, 22 April 2005, both dates included.

The last date of trade to qualify for this dividend will be Friday, 15 April 2005 and shares will trade ex div from Monday, 18 April 2005.

Roy Andersen
Chairman

Johan van Zyl
Group Chief Executive

Sanlam Limited
Cape Town
2 March 2005

COMMENTS ON THE ANNUAL RESULTS TO DECEMBER 2004

Earnings

Summarised income statement for the year ended 31 December 2004

R million	2004	2 003	△
Net result from operations	**1 968**	1 402	40%
Equity-accounted earnings	**969**	781	24%
Net investment income	**403**	458	-12%
CORE EARNINGS	**3 340**	2 641	26%
Financial assistance to policyholder funds	**-**	(290)	
Net loss on derivatives	**(155)**	-	
HEADLINE EARNINGS	**3 185**	2 351	35%
Net realised investment surpluses	**700**	134	
Discontinuance expenses	**(18)**	(77)	
Impairment of investments and goodwill	**(256)**	(248)	
Amortisation of goodwill	**(328)**	(277)	
Attributable earnings	**3 283**	1 883	74%
Net result from operations	**1 968**	1 402	40%
LTRR investment return	**2 173**	1 889	15%
LTRR EARNINGS	**4 141**	3 291	26%

Headline earnings of R3 185 million for the year are up 35% on 2003. Core earnings of R3 340 million, are up by 26%. This excludes the once-off or abnormal effect of financial assistance provided to the policyholder funds in 2003 and the impact of derivative instruments held in the shareholders' capital portfolio. Growth in diluted headline and core earnings per share is lower at 31% and 22% respectively. This is largely due to the dilution effect of the new Sanlam shares issued to Ubunto-Botho Investments as part of the black empowerment transaction completed earlier in 2004.

The exceptional growth in earnings is largely the result of strong growth in operating income from all major Group operations, with gross operating income improving by 46% on 2003. Santam delivered another outstanding performance, which was complemented by sterling performances from Sanlam Individual Life, the Investment cluster, Sanlam Financial Services (UK) and Sanlam Capital Markets. After accounting for taxation and the Santam minorities' share of income, net operating income is up 40% on 2003.

Net dividend, rental and interest earned on the shareholders' discretionary portfolio were down 12% on 2003. The reduction is partly due to lower prevailing interest rates. In terms of current accounting standards and Sanlam's election during the implementation of AC133, any changes in the market value of these investments are excluded from headline earnings. Equity-accounted income rose by 24% to R969 million and reflects Absa's good operating performance over the period. Equity-accounted income largely represents the Sanlam shareholder funds' proportionate share of Absa's earnings for the twelve months to 30 September 2004.

The funding levels of all policyholder funds have improved to such an extent that no additional financial support was required in 2004 (2003: R290 million). The net fair value adjustment of the hedges in place against adverse market movements in respect of Sanlam shareholder funds' discretionary investment portfolio at 31 December 2004 amounted to a loss of R155 million - reflecting the strong growth in equity markets towards the end of 2004. The value adjustment required in respect of hedging structures in place in 2003 was minimal and was not disclosed separately in the 2003 results.

Attributable earnings increased by 74% to R3 283 million. This represents total earnings for the period, apart from unrealised investment surpluses that are taken directly to equity in terms of Sanlam's accounting policies. Attributable earnings are stated net of the aggregate net realised investment surplus of R700 million, expenditure of R18 million in finalising the termination of certain Gensec Bank operations, amortised goodwill and an impairment of the investment in the Safair Lease Finance ('SLF') joint venture. SLF is included in the discontinuing operations of Gensec Bank and has a substantial foreign currency exposure. The strong appreciation of the rand and a comprehensive review of the expected cash flows and residual values over the lease periods required a review of the carrying value of the investment. Based on the latest valuation, an impairment of R210 million was deemed prudent.

Earnings based on a long-term rate of investment return of 11% pre-tax per annum (2003: 12%) increased by 26% from R3 291 million in 2003 to R4 141 million.

The withdrawal of AC121 (Disclosure in the financial statements of long-term insurers) and the compulsory full implementation of International Financial Reporting Standards in 2005, will require a review of the Group's accounting policies, which will include a review of the designation of investments and the accounting treatment of derivatives.

Impact of the Ubuntu-Botho transaction

Following the approval by shareholders in April 2004, Ubuntu-Botho Investments (Proprietary) Limited ('Ubuntu-Botho'), a black empowerment consortium led by Patrice Motsepe, acquired an initial 8% of Sanlam's ordinary share capital and became one of the largest beneficial shareholders in Sanlam.

The net increase in Sanlam's issued shares due to the transaction, and to a lesser extent other treasury share activity, resulted in a dilution of approximately 5% in the return on embedded value per share for 2004. The calculated weighted average number of Sanlam shares in issue includes 5,8 million (3 million weighted) of the Sanlam 'A' deferred shares issued to Ubuntu-Botho, which in terms of the relevant value added formula, qualified for conversion into ordinary shares based on Sanlam's business flows for the year. The right to convert is determined and vests on the finalisation of each full year's audited results.

The transfer of 56,5 million Sanlam treasury shares to the Sanlam Ubuntu-Botho Community Development Trust to establish its 20% holding in Ubuntu-Botho, is accounted for as a disposal of treasury shares for no consideration in terms of Generally Accepted Accounting Practice. This does not impact on the income statement. The financial effects of the transaction as set out in the circular to shareholders on the transaction, provided for the possible write down of the carrying value of these shares (R303 million pro forma) in the income statement.

Business volumes

New Business Volumes for the year ended 31 December 2004			
R million	**2004**	2003	△
Individual Life single	**7 259**	6 062	20%
Individual Life recurring	**1 448**	1 504	-4%
Group business	**2 493**	2 446	2%
Life business	**11 200**	10 012	12%
Investment cluster	**27 637**	15 021	84%
Innofin	**6 068**	5 103	19%
SFS UK	**5 950**	1 500	
Namibia Unit Trust	**1 278**	395	
Investment business	**40 933**	22 019	86%
Short-term insurance	**7 719**	6 755	14%
TOTAL	**59 852**	38 786	54%

New business flows

Overall new business inflows for the Group improved by 54% to R59,9 billion. This is the combined result of an 86% improvement in gross investment related inflows and satisfactory growth overall in new Life business flows and short-term insurance premiums.

The **Investment cluster** performed exceptionally well by attracting new investment flows of R27,6 billion. New wholesale third party investment mandates for the year amounted to R8,7 billion, compared with R5 billion in 2003 and only R0,4 billion in 2002. Net new mandates totalled R3 billion (R0,3 billion in 2003). Sanlam Collective Investments achieved R11 billion in new inflows, 40% more than in 2003. Sanlam Multi Manager and Sanlam Private Investments both received over R3 billion in new inflows, which is three times that achieved in 2003. New business inflows of **Sanlam Financial Services** in the United Kingdom amounted to R6 billion. The actuarial consulting business, PSolve, contributed 80% of new business flows.

The 12% growth in **Life insurance** new inflows is encouraging after the disappointing inflows in 2003. Individual single premiums, which constitute approximately 65% of new Life inflows, are up by 20% on 2003. This is largely due to a R600 million maiden contribution from Merchant Investors Assurance and 26% growth in Investment linked life annuities sold by Innofin. New Individual recurring business is down 4%, while new Group Life business is 2% up on 2003. The overall Life Annual Premium Equivalent ('APE') of R1 958 million is 7% up on 2003.

Short-term insurance premiums, net of reinsurance, increased by 14% on 2003. The growth in premiums is the combined impact of a 2% improvement in gross new premiums written and the optimisation of Santam's level of reinsurance.

Net funds inflow

Net funds inflow exceeded R16 billion, a significant improvement on the R5 billion achieved for the 2003 financial year. The bulk of the net flows came from investment flows, with strong net inflows achieved by Innofin and all the major businesses in the Investment cluster, as well as from Sanlam Financial Services ('SFS') in the UK. The net outflow of Sanlam Individual Life funds of recent years has been curbed and a net inflow was recorded for the year. The continuing net loss of Group Life business remains a concern and is receiving high priority.

New business embedded value

A combination of cost savings in the Life cluster, higher new business inflows and a 1,1% reduction in the risk discount rate, contributed to a 40% increase to R324 million in the embedded value of new life business written during the year. The profitability of the new life business, as measured by the ratio of the embedded value of the new business to the Annual Premium Equivalent, improved from 12.7% in 2003 to 16.5%. This margin is at the high end of what we regard as sustainable in the current industry environment.

Result from operations

Result from operations for the year ended 31 December 2004

R million	**2004**	2003	△
Life Insurance cluster	**1 768**	1 467	21%
Individual Life	**1 580**	1 285	23%
Employee Benefits	**188**	182	3%
Short-term insurance	**1 369**	735	86%
Investment cluster	**431**	270	60%
Sanlam Capital Markets	**90**	55	64%
Independent Financial Services	**50**	(1)	
Corporate income	**75**	73	3%
Corporate expenses	**(186)**	(120)	-55%
Continuing operations	**3 597**	2 479	45%
Discontinued operations	**(77)**	(74)	
Gross result from operations	**3 520**	2 405	46%

The result from operations increased by **46%** to **R3 520 million**. Solid performances were delivered by all businesses, with an exceptional contribution from Santam.

The Sanlam **Individual Life** operating profit of R1 580 million is 23% up on 2003. These results include a first contribution (R61 million) from Merchant Investors Assurance ('MIA'). Except for the MIA contribution, the improved performance is largely attributable to a lower cost base and the resulting rise in administration income. The growth was tempered by a decrease in interest earned on working capital due to lower interest rates. Before interest earned, operating profit rose by 52% on 2003.

Sanlam **Employee Benefits** profit increased by 3% on 2003 to R188 million due to improved underwriting profit benefiting from favourable claims experience.

Exceptional underwriting performance in property, motor and personal lines contributed to **Santam**'s underwriting surplus of R1 166 million. Operating profit of R1 369 million (17,7% of net premiums earned), which also includes the interest earned on the free float, is 86% higher than 2003.

The **Investment cluster** operating result of R431 million is 60% up on 2003. All operations in the Cluster performed well. Fees received by Sanlam Properties from the Vukile listing and incentive fees earned on the outperformance of benchmarks by the wholesale investment manager contributed to the strong results. International operations contributed R77 million from a very low 2003 base.

Sanlam Capital Markets achieved an annual operating profit of R90 million in line with target and an after tax return on capital of 21% for 2004.

Independent Financial Services recorded a major improvement on 2003, largely due to an improved performance by the actuarial consulting business (within SFS) operating in the UK.

Other income is 3% up on 2003; the relatively low increase is due to shrinking margins on the preference share portfolio. The substantial increase in corporate expenses can mostly be attributed to the Corporate Social Investment spend that has been transferred to a centralised budget from 2004 and a once-off provision for a special Group branding campaign.

Discontinuing operations consist of the remaining Gensec assets and related liabilities that do not match the profile and criteria set for the ongoing SCM operations. Following the official return of the Gensec banking license on 21 June 2004, the assets constituting discontinuing operations are from 1 July 2004 part of Sanlam's capital portfolio and their results are being reported as part of investment return. Discontinued expenditure reflected in operating profit for the period to June 2004 includes the final provision in respect of the settlement of the Fieldstone court case and a prudent adjustment to the valuation of certain debt instruments.

Solvency

At 31 December 2004 the statutory capital requirement ('CAR') of the Life business amounted to R6,6 billion. Capital allocated to Sanlam Life and qualifying for regulatory capital purposes amounted to R23,9 billion, which covered the capital requirement 3,7 times (2,6 times at the end of 2003). The improved cover can be attributed to improved equity markets and the active management of the shareholders' funds.

Embedded value

At 31 December 2004 Sanlam's **embedded value** amounted to R36,7 billion or 1 346 cents per share. This represents an increase of 25% on the R29,2 billion at the end of December 2003. Taking into account the dividend paid in respect of the 2003 financial year of R1,1 billion, the R0,8 billion capital raised by issuing new shares to Ubuntu-Botho, and R0,4 billion utilised to buy back 39,1 million Sanlam shares during the period, the return on embedded value to the end of 2004 amounted to 27,7%. The growth per share is lower at 22,5% essentially due to the dilution effect of the new shares issued as part of the Ubuntu-Botho transaction.

The value of Sanlam Life's **in-force book** ('VIF') at the end of December 2004 amounted to R8,7 billion, after taking into account the cost of capital at risk of R1,4 billion. Growth from life insurance business, based on the starting value of VIF, amounted to 26,9% compared with growth of 24,7% in 2003. The improvement is largely the result of a 40% increase to R324 million in the embedded value of new business written and positive investment variances.

GROUP BALANCE SHEET at 31 December 2004

	2004 R million	2003 R million
ASSETS		
Property and equipment	**184**	220
Owner-occupied properties	**380**	390
Goodwill	**1 865**	1 855
Investments	**191 913**	156 622
Deferred tax	**342**	257
Short-term insurance technical assets	**1 980**	2 302
Working capital assets	**31 360**	34 410
Trade and other receivables	**20 211**	22 602
Cash, deposits and similar securities	**11 149**	11 808
Total assets	**228 024**	196 056
EQUITY AND LIABILITIES		
Shareholders' funds	**27 642**	21 687
Minority shareholders' interest	**2 796**	1 931
Long-term policy liabilities	**162 226**	134 079
Insurance contracts	**107 889**	94 556
Investment contracts	**54 337**	39 523
Term finance	**4 791**	4 200
Deferred tax	**1 678**	651
Short-term insurance technical provisions	**5 198**	5 156
Working capital liabilities	**23 693**	28 352
Total equity and liabilities	**228 024**	196 056
Segregated funds not included in the above balance sheet	**121 678**	83 181
Total assets under management and administration	**349 702**	279 237

GROUP INCOME STATEMENT for the year ended 31 December 2004

	Note	**2004 R million**	2003 R million
FUNDS RECEIVED FROM CLIENTS	1	**70 731**	48 883
Result from operations before tax	4	**3 520**	2 405
Tax on result from operations	5	**(1 032)**	(724)
Result from operations after tax		**2 488**	1 681
Minority shareholders' interest		**(520)**	(279)
NET RESULT FROM OPERATIONS		**1 968**	1 402
Net investment income		**403**	458
Investment income	6	**648**	699
Tax on investment income	5	**(102)**	(131)
Minority shareholders' interest		**(143)**	(110)
Net equity-accounted earnings		**969**	781
Equity-accounted earnings		**1 298**	1 025
Tax on equity-accounted earnings	5	**(329)**	(244)
CORE EARNINGS		**3 340**	2 641
Financial assistance provided to policyholders' funds		**-**	(290)
Net investment surpluses on derivative instruments		**(155)**	-
Investment surpluses on derivative instruments		**(218)**	-
Tax on investment surpluses on derivative instruments	5	**48**	-
Minority shareholders' interest		**15**	-
HEADLINE EARNINGS		**3 185**	2 351
Net realised investment surpluses		**700**	134
Realised investment surpluses		**779**	215
Tax on realised investment surpluses	5	**1**	(56)
Minority shareholders' interest		**(80)**	(25)
Net discontinuance costs		**(18)**	(77)
Discontinuance costs		**(20)**	(108)
Tax on discontinuance costs	5	**2**	31
Impairment of investments and goodwill		**(256)**	(248)
Amortisation of goodwill		**(328)**	(277)
ATTRIBUTABLE EARNINGS		**3 283**	1 883
Diluted earnings per share (cents):			
• **Net result from operations**		**72,1**	53,2
• **Core earnings**		**122,3**	100,2
• **Headline earnings**		**116,6**	89,2
• **Attributable earnings**		**120,2**	71,5
Basic attributable earnings per share		**121,7**	72,1
Adjusted weighted average number of shares for diluted earnings per share (million)	8	**2 731,3**	2 634,5
ADJUSTED HEADLINE EARNINGS based on the long-term rate of return (LTRR) *(R million)*		**4 141**	3 291
Adjusted headline earnings based on the LTRR *(cents per share)*		**151,6**	124,9

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2004

	2004 **R million**	2003 R million
Shareholders' funds at beginning of year	**21 687**	20 651
Attributable earnings	**3 283**	1 883
Dividends paid	**(1 082)**	(972)
Net unrealised investment surpluses (1)	**3 588**	693
Unrealised investment surpluses	**4 718**	1 047
Tax on unrealised investment surpluses	**(865)**	(289)
Minority shareholders' interest	**(265)**	(65)
Movement in foreign currency translation reserve	**(157)**	(211)
Cost of treasury shares acquired (2)	**(83)**	(344)
Cost of treasury shares donated to the Sanlam Ubuntu-Botho Community Development Trust	**(314)**	-
Net realised investment surplus on other treasury shares	**(126)**	-
New shares issued (3)	**865**	-
Cost relating to share issuance	**(19)**	-
Adoption of AC133	**-**	(13)
Shareholders' funds at end of year	**27 642**	21 687

(1) *Upon the introduction of AC133, investments were classified as available-for-sale and Sanlam elected to take unrealised investment surpluses directly to equity.*

(2) *Comprises movement in cost of shares held by subsidiaries and the share incentive trust.*

(3) *Comprises 113 million new ordinary shares at R7,65 per share, 56,5 million 'A' deferred shares at R0,01 per share and 52 million 'A' preference shares at R0,01 per share.*

CASH FLOW STATEMENT

for the year ended 31 December 2004

	2004 **R million**	2003 R million
Net cash inflow from operating activities before dividends paid	**1 124**	1 329
Dividends paid	**(1 062)**	(951)
Net cash (outflow)/inflow from investment activities	**(1 331)**	129
Net cash inflow/(outflow) from financing activities	**453**	(1 463)
Net decrease in cash and cash equivalents	**(816)**	(956)
Cash, deposits and similar securities at beginning of year	**11 769**	12 725
Cash, deposits and similar securities at end of year	**10 953**	11 769

ABRIDGED SHAREHOLDERS’ FUNDS BALANCE SHEET – NET ASSET VALUE

(All businesses consolidated at NAV)

at 31 December 2004

	2004 **R million**	2003 R million
Assets		
Goodwill	**1 865**	1 855
Investments	**32 565**	26 010
Working capital and other assets	**30 091**	33 249
Total assets	**64 521**	61 114
Equity and liabilities		
Shareholders’ funds	**27 642**	21 687
Minority shareholders’ interest	**2 971**	2 217
Term finance, working capital and other liabilities	**33 908**	37 210
Total equity and liabilities	**64 521**	61 114

ABRIDGED SHAREHOLDERS' FUNDS BALANCE SHEET – FAIR VALUE

(Group businesses listed below not consolidated, but reflected as investments at fair value)

at 31 December 2004

	Note	**2004 R million**	2003 R million
Assets			
Property and equipment		**106**	113
Owner-occupied properties		**370**	370
Goodwill [(1)]		**351**	-
Investments			
Sanlam businesses	7	**7 785**	6 237
Investment Management [(2)]		**2 384**	1 904
Sanlam Financial Services		**349**	378
Sanlam Capital Markets [(3)]		**483**	1 001
Gensec Properties		**12**	52
Innofin [(4)]		**187**	214
Santam		**4 028**	2 688
Other [(5)]		**342**	-
Associated company – Absa		**9 429**	5 181
Joint venture – Safair Lease Finance [(6)]		**140**	-
Other investments			
Other equities		**7 441**	6 670
Public sector stocks and loans		**1 550**	1 916
Investment properties		**619**	607
Other interest-bearing investments		**7 809**	6 033
Deferred tax		**233**	3
Working capital assets		**6 932**	5 296
Total assets		**42 765**	32 426
Equity and liabilities			
Shareholders' funds		**29 982**	22 819
Minority shareholders' interest		**63**	-
Term finance		**5 064**	4 501
Deferred tax		**1 143**	298
Working capital liabilities		**6 513**	4 808
Total equity and liabilities		**42 765**	32 426
Net asset value per share (cents)		**1 100**	883

(1) The goodwill relates to the consolidation of Merchant Investors Assurance and is excluded in the build-up of the Group embedded value, as the current value of in-force business for this life insurance company is included in the embedded value.

(2) Included in Investment Management are Sanlam Investment Management, Sanlam Collective Investments, Tasc (for 2003) and the Investment Cluster's international businesses.

(3) The comparative figures for December 2003 refer to Gensec Bank (including the discontinued operations). The December 2004 figure includes only the activities of Sanlam Capital Markets.

(4) The value of Innofin on 31 December 2004 excludes the value of the Illa business, as this is included in the calculation of the Group value of in-force business. On 31 December 2003, the value of the Illa business was still included in the value of Innofin as disclosed above.

(5) Other businesses comprise Direct Axis, Sanlam Home Loans, Multi-Data and Sanlam Trust, which were consolidated at underlying net asset value in 2003 and Break-Thru Financial Services, Bull and Bear Financial Services, Simeka Employee Benefits, Green Capital and Octogen. Octogen is included at original cost in the 2003 comparative figures, within other equities.

(6) The Safair Lease Finance joint venture was previously included in the value of Gensec Bank, but as it is part of the discontinued operations, it is excluded from the value of Sanlam Capital Markets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

	2004 R million	2003 R million
1. FUNDS RECEIVED FROM CLIENTS		
Life insurance	**11 200**	10 012
Investments	**40 933**	22 019
Short-term insurance	**7 719**	6 755
Total new business	**59 852**	38 786
Premiums on existing business	**10 879**	10 097
Total funds received from clients	**70 731**	48 883
2. PAYMENTS TO CLIENTS		
Life insurance	**25 517**	25 136
Investments	**24 226**	14 416
Short-term insurance	**4 397**	4 375
Total payments to clients	**54 140**	43 927
3. NET FLOW OF FUNDS		
Life insurance	**(3 438)**	(5 027)
Investments	**16 707**	7 603
Short-term insurance	**3 322**	2 380
Total net inflow of funds	**16 591**	4 956
4. ANALYSIS OF RESULT FROM OPERATIONS		
Per business cluster		
Life insurance	**1 768**	1 467
Short-term insurance	**1 369**	735
Investment management	**431**	270
Sanlam Capital Markets	**90**	55
Independent Financial Services	**50**	(1)
Corporate income	**75**	73
Corporate costs	**(186)**	(120)
Result from continuing operations	**3 597**	2 479
Discontinuing operations	**(77)**	(74)
Result from operations before tax	**3 520**	2 405

NOTES *(continued)*

	2004 R million	2003 R million
ANALYSIS OF RESULT FROM OPERATIONS *(continued)*		
Functional analysis		
Financial services income	**17 079**	15 970
Sales remuneration	**(1 961)**	(1 892)
Income after sales remuneration	**15 118**	14 078
Underwriting policy benefits	**(6 965)**	(6 877)
Administration costs	**(4 633)**	(4 796)
Result from operations before tax	**3 520**	2 405
5. TAXATION		
Result from operations	**1 032**	724
Current year	**1 018**	714
Prior year	**(4)**	9
Equity-accounted earnings included in result from operations	**18**	1
Investment income – current year	**102**	131
Equity-accounted earnings	**329**	244
Tax on derivatives	**(48)**	-
Realised investment surpluses	**(1)**	56
Taxation on discontinuance costs	**(2)**	(31)
Income tax charged to income statement	**1 412**	1 124
Tax on unrealised investment surpluses (taken to equity)	**865**	289
Investment surpluses – normal	**128**	-
Investment surpluses – capital gains tax	**110**	145
Investment surplus on investment in associated company - capital gains tax	**627**	144
Total income tax	**2 277**	1 413
6. INVESTMENT INCOME		
Interest-bearing investments	**370**	326
Equities	**323**	312
Properties	**32**	61
Other	**(77)**	-
Total investment income	**648**	699

NOTES *(continued)*

	2004 R million	2003 R million

7. SANLAM BUSINESSES: EXCESS OF FAIR VALUE OVER NET ASSET VALUE

The shareholders' funds balance sheet at fair value include the value of the companies below based on directors' valuation, apart from Santam, which is valued according to ruling share prices.

	2004 R million	2003 R million
Net asset value of businesses	**4 116**	3 772
Investment Management [(1)]	**504**	368
Sanlam Financial Services UK	**288**	402
Sanlam Capital Markets	**483**	1 001
Gensec Properties	**5**	28
Innofin	**146**	152
Santam	**2 662**	1 821
Other [(2)]	**28**	-
Goodwill recognised in respect of above businesses	**1 027**	1 198
Deferred capital gains tax on investments at fair value	**302**	135
Revaluation adjustment of interest in businesses to fair value	**2 340**	1 132
Fair value of businesses	**7 785**	6 237

8. NUMBER OF SHARES FOR CENTS PER SHARE CALCULATIONS

	million	million
Earnings per share		
Number of ordinary shares in issue at beginning of period	**2 654,6**	2 654,6
Add: Weighted number of shares issued	**84,8**	-
Less: Weighted Sanlam shares held by subsidiaries	**(41,1)**	(44,1)
Adjusted weighted average number of shares for basic earnings per share	**2 698,3**	2 610,5
Add: Conversion of deferred shares	**3,0**	-
Add: Total number of shares under option	**132,1**	157,8
Less: Number of shares (under option) that would have been issued at fair value	**(102,1)**	(133,8)
Adjusted weighted average number of shares for diluted earnings per share	**2 731,3**	2 634,5
Value per share		
Number of ordinary shares in issue	**2 767,6**	2 654,6
Shares held by subsidiaries	**(47,5)**	(69,4)
Convertible deferred shares held by Ubuntu-Botho	**5,8**	-
Adjusted number of shares for value per share	**2 725,9**	2 585,2

(1) Included in Investment Management are Sanlam Investment Management, Sanlam Collective Investments, Tasc (for 2003) and the Investment Cluster's international businesses

(2) Included in Other businesses are Direct Axis, Sanlam Home Loans, Multi-Data, Sanlam Trust, Break-Thru Financial Services, Bull and Bear Financial Services, Simeka Employee Benefits, Green Capital and Octogen.

ACCOUNTING POLICIES AND ACTUARIAL BASIS

The accounting policies adopted for the purposes of the financial statements comply with South African Statements of Generally Accepted Accounting Practice and with applicable legislation. Except for the change in accounting policy relating to goodwill, as detailed below, these accounting policies are consistent with those of the previous year.

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, Generally Accepted Accounting Practice, including accepted actuarial practice, and the stipulations contained in the demutualisation proposal. There were no material changes in the financial soundness valuation basis or embedded value calculation methodology since 31 December 2003, except for the deduction of the fair value of the outstanding employee share incentive options.

CHANGES IN REPORTING STRUCTURES AND ACCOUNTING POLICIES

The results of Innofin have been transferred from the Investment Cluster to the Life Insurance cluster. Results from operations of prior periods have been restated accordingly and for December 2003, R22 million of profit is transferred from the Investment cluster to the Life Insurance cluster. The embedded value calculation now also includes the value of in-force life insurance business written by Innofin on Sanlam Life's license. The non-insurance business is still valued on a fair value approach.

As the regulatory requirements for Sanlam's acquisition of Merchant Investors Assurance (MIA) were only satisfied late in December 2003 the results of the company were not consolidated into the Sanlam group for the 2003 annual report. The full investment was included at the cost of R383 million in equity investments. MIA is consolidated from 2004 and its net asset value as at acquisition date is included in the consolidated 2004 results with an accompanying adjustment to goodwill. In the embedded value calculation the goodwill is reversed and replaced by the value of MIA's in-force business.

Following the restructuring of the Group's international advisory and asset management businesses, Sanlam has, with effect from 1 July 2003, reduced its holding in the advisory and related businesses (Sanlam Financial Services UK) to 60%. Sanlam's Investment Cluster regained a 100% holding in the asset and multi-manager components. The results of the investment manager are included with the Investment cluster for the 2004 year. For 2003 the results are included in the Independent Financial Services Cluster for the first six months and in the Investment Cluster for the second half of the year.

The presentation of deferred tax in respect of the policyholder funds has been amended in line with a directive issued by the Financial Services Board. In terms of the directive deferred tax assets and liabilities should be recognised and separately disclosed for all temporary differences of the policyholder funds. This deferred tax was previously included in and disclosed as part of long-term policy liabilities. Comparative figures have been restated to transfer the applicable deferred tax balances from long-term policy liabilities to a deferred tax liability.

The accounting policy for goodwill has been amended as required by IFRS 3 (AC140). Goodwill in respect of business combinations with an agreement date on or after 31 March 2004 are not amortised, but reflected at original cost less provisions for impairment. In terms of the transitional provisions of IFRS 3 (AC140), the accounting policy for business combinations with an agreement date before 31 March 2004 remains unchanged for the 2004 financial year.

The migration to new International Financial Reporting Standards ('IFRS') for insurers will, in its full extent, last a number of years. IFRS 4, the standard for the first phase of IFRS on insurance contracts, was only recently issued with an effective date of 1 January 2005. Future results may be impacted, as the development of guidance for the long-term insurance industry, both from an accounting and actuarial perspective, is an ongoing process.

As was the case in the 2003 results, the Gensec result from operations is split between continuing (Sanlam Capital Markets) and discontinuing operations. The results of all the operations are included in headline earnings and only the expenses directly attributable to termination of operations are excluded from headline earnings.

In the 2003 year-end results the Group introduced the concept of core earnings. Core earnings comprise the Group's results from operations, equity-accounted income and investment income, and as such it represents the headline earnings previously published for June 2003. To maintain comparability we will continue to report core earnings in 2004. Due to the distorted result achieved by including the value adjustment of derivatives in headline earnings, whilst the value adjustment of the underlying hedged portfolio of shares is taken directly to equity, this amount has also been excluded from core earnings.

AUDITED RESULTS

A copy of the unqualified audit opinion of the joint auditors, Ernst & Young and PricewaterhouseCoopers Inc, on the group results is available for inspection at the registered office of the company.

ADJUSTED HEADLINE EARNINGS – LTRR

	2004 R million	2003 R million
The LTRR investment return is determined by applying the long-term expected return of 11% (2003: 12%) to the average monthly shareholders' fund investments		
Adjusted headline earnings – long-term rate of return (LTRR)		
Net result from operations	**1 968**	1 402
LTRR investment return	**2 173**	1 889
Net equity-accounted earnings	**969**	781
Investment return after taxation	**1 204**	1 108
Adjusted headline earnings – LTRR	**4 141**	3 291
Reconciliation of headline earnings and LTRR headline earnings		
Headline earnings per income statement	**3 185**	2 351
Net realised investment surpluses per income statement	**700**	134
Net unrealised investment surpluses taken directly to equity	**3 588**	693
Net LTRR adjustment	**(3 332)**	113
Adjusted headline earnings – LTRR	**4 141**	3 291
Analysis of net LTRR adjustment		
Investment return	**(4 224)**	(61)
Equities	**(750)**	168
Surplus on investment in associated company	**(3 505)**	(676)
Interest-bearing investments	**47**	461
Properties	**(16)**	(14)
Tax	**618**	163
Minority shareholders' interest	**274**	11
Net LTRR adjustment	**(3 332)**	113
ASSETS SUBJECT TO LTRR		
Investments per shareholders' funds balance sheet at net asset value	**32 565**	26 010
Less: Investment in associated companies	**(9 763)**	(5 391)
Investment in joint ventures	**(165)**	(309)
Investments held in respect of term finance	**(3 809)**	(4 454)
Investments held in respect of capital market activity	**(62)**	(1 568)
Investments from discontinued operations, matched by liabilities	**(905)**	-
Other	**(168)**	(289)
LTRR investments	**17 693**	13 999

EMBEDDED VALUE

for the year ended 31 December 2004

		2004 R million	2003 R million
1.	**EMBEDDED VALUE**		
	Sanlam group shareholders' funds at fair value	**29 982**	22 819
	Adjustment for discounting capital gains tax (1)	**138**	91
	Adjustment to include business under value of in-force (2)	**(321)**	(449)
	Present value of strategic corporate expenses (3)	**(883)**	(592)
	Fair value of share incentive scheme (4)	**(799)**	(431)
	STC deferred tax asset written down (5)	**(100)**	-
	Sanlam group shareholders' adjusted net assets	**28 017**	21 438
	Net value of life insurance business in-force	**8 697**	7 793
	Value of life insurance business in-force	**10 097**	9 143
	• Individual business	**8 959**	7 884
	• Employee benefits	**1 138**	1 259
	Cost of capital at risk	**(1 400)**	(1 350)
	• Individual business	**(1 128)**	(936)
	• Employee benefits	**(272)**	(414)
	Minorities interest in value of in-force	**(32)**	-
	Sanlam group embedded value	**36 682**	29 231
	Embedded value per share (cents) (6)	**1 346**	1 131
	Number of shares (million) (6)	**2 726**	2 585
2.	**EMBEDDED VALUE EARNINGS**		
	Embedded value from new life insurance business (7)	**324**	218
	Earnings from existing life insurance business	**1 358**	1 404
	Expected return	**1 145**	1 153
	Operating experience variations (8)	**142**	241
	Operating assumption changes (8)	**71**	10
	Embedded value earnings from life operations	**1 682**	1 622
	Economic assumption changes	**197**	99
	Tax changes	**-**	(6)
	Investment variances (9)	**253**	(50)
	Exchange rate movements	**(37)**	-
	Growth from life insurance business	**2 095**	1 665
	Investment return on shareholders' adjusted net assets	**6 389**	2 226
	Change in minority interest in value of in-force	**(32)**	-
	Increase in fair value of share incentive scheme (4)	**(368)**	(150)
	Total embedded value earnings before dividends are paid, capital raised and cost of treasury shares acquired	**8 084**	3 741
	Dividends paid	**(1 082)**	(972)
	Capital raised	**846**	-
	Cost of treasury shares acquired	**(397)**	(344)

Change in Sanlam group embedded value	**7 451**	2 425

EMBEDDED VALUE *(continued)*

	2004 **R million**	2003 R million
2. EMBEDDED VALUE EARNINGS *(continued)*		
Growth from life insurance business as a % of beginning value of in-force	**26,9%**	24,7%
Return on embedded value (6)	**27,7%**	14,0%
Return on embedded value per share (6)	**22,5%**	14,2%
3. NEW BUSINESS EMBEDDED VALUE		
Value of new business	**342**	260
Individual business – RSA	**282**	200
Employee benefits – RSA	**46**	57
International (10)	**14**	3
Cost of capital at risk	**(18)**	(28)
Individual business – RSA	**(10)**	(17)
Employee benefits – RSA	**(5)**	(11)
International (10)	**(3)**	-
Net value of new business (7)	**324**	232
Net value of new business as a percentage of the annual premium equivalent		
Annual Premium Equivalent (APE) (11)	**1 958**	1 832
Individual business – RSA	**1 489**	1 470
Employee benefits – RSA	**356**	343
International (10)	**113**	19
Net value of new business	**324**	232
Individual business – RSA	**272**	183
Employee benefits – RSA	**41**	46
International (10)	**11**	3
APE margin (8)	**16,5%**	12,7%
Individual business – RSA	**18,3%**	12,4%
Employee benefits – RSA	**11,5%**	13,4%
International (10)	**9,7%**	15,8%

EMBEDDED VALUE *(continued)*

	Gross value of in-force business R million	Cost of capital at risk R million	Net value of in-force business R million	Change from base %
4. SENSITIVITY				
Value of in-force business less cost of capital				
Base value	**10 097**	**(1 400)**	**8 697**	
• Increase risk discount rate by 1,0% to 11,8%	9 481	(1 724)	7 757	(11%)
• Decrease risk discount rate by 1,0% to 9,8%	10 773	(1 040)	9 733	12%
• Investment return (and inflation) decreased by 1,0%, *coupled with a 1,0% decrease in risk discount rate to 9,8%,* and with bonus rates changing commensurately	10 119	(1 341)	8 778	1%
• Investment return (and inflation) decreased by 1,0% and with bonus rates changing commensurately	9 284	(1 665)	7 619	(12%)
• Non-commission maintenance expenses (excluding investment expenses) increase by 10%	9 798	(1 396)	8 402	(3%)
• Discontinuance rates increase by 10%	9 890	(1 347)	8 543	(2%)
• Mortality and morbidity increased by 10% for assurances, coupled with a 10% decrease in mortality for annuities	9 547	(1 384)	8 163	(6%)
• Assets fall by 10%	9 259	(1 377)	7 882	(9%)
Value of new business				
Base value	**342**	**(18)**	**324**	
• Increase risk discount rate by 1,0% to 11,8%	305	(21)	284	(12%)
• Decrease risk discount rate by 1,0% to 9,8%	383	(14)	369	14%
• Investment return (and inflation) decreased by 1,0%, *coupled with a 1,0% decrease in risk discount rate to 9,8%,* and with bonus rates changing commensurately	359	(18)	341	5%
• Investment return (and inflation) decreased by 1,0% and with bonus rates changing commensurately	322	(20)	302	(7%)
• Non-commission maintenance expenses (excluding investment expenses) increase by 10%	319	(18)	301	(7%)
• Non-commission acquisition expenses increase by 10%	296	(17)	279	(14%)
• Discontinuance rates increase by 10%	321	(17)	304	(6%)
• Mortality and morbidity increased by 10% for assurances, coupled with a 10% decrease in mortality for annuities	292	(18)	274	(15%)
• New business volumes decrease by 10%	271	(16)	255	(21%)

EMBEDDED VALUE *(continued)*

5. METHODOLOGY

The embedded value methodology applied is consistent with the methodology used in the 31 December 2003 Embedded Value report. There are no material changes in the methodology used, except for the deduction of the fair value of the employee share incentive scheme.

6. PRINCIPAL ASSUMPTIONS

	2004 % p.a.	2003 % p.a.
Gross investment return and inflation [12]		
Fixed-interest securities	**8,3**	9,4
Equities and offshore investments	**10,3**	11,4
Hedged equities [13]	**8,3**	8,4
Property	**9,3**	10,4
Cash	**6,3**	7,4
Risk discount rate	**10,8**	11,9
Return on capital at risk [14]	**9,1**	10,0
Unit cost and salary inflation	**4,3**	5,4
Consumer price index inflation	**3,3**	3,9

Decrements, expenses and bonuses

Future mortality, morbidity and discontinuance rates and future expense levels are based on recent experience where appropriate.

Future rates of bonuses for traditional participating business, stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at the respective valuation dates.

Sanlam Life's current surrender and paid-up bases are assumed to be maintained in the future.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, consistent with the recommendations of the Actuarial Society of South Africa as set out in its proposed Professional Guidance Note 105.

Premiums in respect of individual business are assumed to be rerated, where applicable, in line with deterioration in mortality, with a three-year delay from the point where mortality losses would be experienced.

Taxation

Projected corporate tax is allowed for at a rate of 30%. Allowance is made for capital gains tax. The assumed rollover period for realisation of investments is five years for property and equity assets supporting policy reserves. For property and equity assets supporting capital at risk the assumed rollover period is also five years, except for Santam (ten years) and ABSA (not discounted).

Allowance for secondary tax on companies is made by placing a present value on the tax liability generated by the net cash dividends paid that is attributable to the life company. It is assumed that over the long-term the proportion of cash dividends paid would fall to a level of 50% from the current 100% level.

EMBEDDED VALUE *(continued)*

	2004 %	2003 %
Long-term asset mix for assets supporting the capital at risk		
Equities	**42**	42
Hedged equities	**26**	26
Property	**8**	8
Fixed-interest securities	**20**	20
Cash	**4**	4
	100	100

	2004 R million	2003 R million
7. NEW BUSINESS PREMIUMS		
Financial statements		
New business premiums	**11 200**	10 012
Less: Premium increases (index growth)	**(619)**	(643)
Plus: Optional reduction in premiums	**36**	38
Less: Other life business (15)	**(83)**	(314)
Premiums used in the calculation of annual premium equivalent	**10 534**	9 093
New business embedded value premiums		
Recurring premiums	**1 005**	1 026
Single premiums	**9 529**	8 067
Premiums used in the calculation of annual premium equivalent	**10 534**	9 093

(1) *Adjustment to allow for the delay before incurring the capital gains tax liability included in the fair value.*

(2) *Reverse goodwill relating to Merchant Investors Assurance (MIA), as its value of in-force business is included in the total value of life insurance business in force. (The December 2003 adjustment also includes the transfer of Innofin's life insurance business from net assets to value of in-force.)*

(3) *The December 2004 value is calculated by multiplying the 2004 recurring corporate expenses not related to life business (after tax) of R103 million by the share price of 1300 cents and dividing by the headline earnings per share based on the long-term rate of return of 151,6 cents.*

(4) *The fair value of the Sanlam employee share incentive scheme has been determined using a statistical model. Actual options outstanding have been valued based on the actual share price and dividend yield at the valuation date.*

(5) *The deferred tax asset in respect of unused STC credits, included in the net asset value, is reversed as the value of in-force business already includes an allowance for STC.*

(6) *Total embedded value earnings before dividends paid, capital raised and cost of treasury shares acquired, as a percentage of embedded value at the beginning of the period. Per share values are net of the dilution resulting from the Ubuntu-Botho transaction and deferred shares earned for the period.*

(7) *The net value of new business for 2004 includes R2 million of minority shareholders' interest. The 2003 net value of new business has been restated to include Innofin to enhance comparability. However, the embedded value earnings for 2003 has not been restated.*

EMBEDDED VALUE *(continued)*

(8) *The main contributor to the operating experience variation is positive risk experience of R168 million. Expense savings contributed R37 million to the operating experience variation, R99 million to the operating assumption changes and also gave rise to an improved new business embedded value margin.*

(9) *Investment variances include the effect of changes in CAR management actions and the long-term asset mix.*

(10) *International includes Sanlam Namibia and MIA.*

(11) *APE (annual premium equivalent) is equivalent to new recurring premiums plus 10% of single premiums.*

(12) *The economic assumptions used for all life business except MIA.*

(13) *The assumed future return for these assets is lower than that of equities, which are not hedged, reflecting the cost of derivative instruments.*

(14) *The investment return on assets supporting the capital at risk is based on the long-term asset mix for these funds.*

(15) *The majority of profits in respect of these premiums accrue to Sanlam Investment Management.*

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