AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Overview

Key features

Earnings

- Net result from financial services per share in line with 2007
- Core earnings per share up 1%
- Normalised headline earnings per share decreased by 59%
- Diluted headline earnings per share decreased by 40%
- Dividend per share up 5% to 98 cents per share

Business volumes

- Total new business volumes down 2% to R100 billion
- Value of new covered business up 23% to R698 million
- New covered business margin of 2,68%, up from 2,37%
- Net fund inflows of R9,1 billion

Group Equity Value

- Group Equity Value per share of R22,13
- Return on Group Equity Value per share of -1,7%

Capital management

- 117 million shares bought back during 2008 for R2,2 billion
- Discretionary capital of R2,1 billion at 31 December 2008
- Sanlam Life CAR cover of 2,7 times

Salient Results

for the year ended 31 December 2008

		2008	2007	Δ
SANLAM LIMITED GROUP				
Earnings:				
Net result from financial services per share	cents	**133,8**	133,3	0%
Core earnings per share [(1)]	cents	**184,8**	182,4	1%
Normalised headline earnings per share [(2)]	cents	**93,9**	228,7	-59%
Diluted headline earnings per share	cents	**132,2**	220,8	-40%
Net result from financial services	R million	**2 802**	3 029	-7%
Core earnings [(1)]	R million	**3 870**	4 146	-7%
Normalised headline earnings [(2)]	R million	**1 966**	5 199	-62%
Headline earnings	R million	**2 702**	4 833	-44%
Group administration cost ratio [(3)]	%	**28,4**	27,8	
Group operating margin [(4)]	%	**18,4**	20,8	
Gross business volumes:				
New business volumes	R million	**100 136**	102 004	-2%
Net fund flows	R million	**9 122**	11 363	
New covered business				
Value of new covered business	R million	**698**	567	23%
Covered business PVNBP [(5)]	R million	**26 033**	23 886	9%
New covered business margin [(6)]	%	**2,68**	2,37	
Group Equity Value:				
Group Equity Value	R million	**45 238**	51 293	-12%
Group Equity Value per share	cents	**2 213**	2 350	-6%
Return on Group Equity Value per share [(7)]	%	**-1,7**	18,8	
SANLAM LIFE INSURANCE LIMITED				
Shareholders' fund	R million	**34 419**	37 933	
Capital Adequacy Requirement (CAR)	R million	**8 075**	7 525	
CAR covered by prudential capital	times	**2,7**	3,5	

Notes

[(1)] Core earnings = net result from financial services and net investment income (including dividends received from non-operating associates).

[(2)] Normalised headline earnings = core earnings, net investment surpluses, secondary tax on companies and equity-accounted headline earnings less dividends received from non-operating associates, but excluding fund transfers. Headline earnings include fund transfers.

[(3)] Administration costs as a percentage of income after sales remuneration.

[(4)] Result from financial services as a percentage of income after sales remuneration.

[(5)] PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

[(6)] New covered business margin = value of new covered business as a percentage of PVNBP.

[(7)] Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the period.

Executive Review

Business environment

The turmoil in international financial markets that started to emerge in the second half of 2007, intensified during 2008. A worldwide confidence crisis caused by major capital write-offs in the financial services sector culminated in a general melt-down in international investment markets, impacting on the operating environment in both South Africa and the other countries in which the Sanlam group operates. The South African economy with its open currency and investment markets has not been shielded from the international events.

Global equity and debt markets remained under pressure during the year. As for most international markets, the South African equity market fell well short of the performance achieved in 2007. The FTSE/JSE All Share Index lost 26% (excluding dividends) during 2008 versus a gain of 16% in the comparable period in 2007. These conditions set the stage for a difficult trading environment.

Performance review

In the context of this challenging business environment, the Group achieved solid operating results for the 2008 financial year. The diversified nature of the Group's operations provided some resilience in the turbulent market conditions, with the short-term insurance and life businesses recording strong operational performances that largely offset some deterioration in the operating results of the investments and capital markets operations. The lower performance level of the latter operations reflects the impact of the prevailing market volatility but should also be measured against the extraordinary impact that the strong investment markets of the past few financial years had on their operating profit and business flows. The results of the life insurance operations are reported after the upfront cost associated with the strong growth in new business volumes, which masks the positive result flowing from the in-force book of business. Notwithstanding the pressure on earnings, the core operations of all the major Group businesses remained sound.

The primary performance target of the Group is to optimise shareholder value through maximising the return on Group Equity Value (GEV). The Group embarked on a strategy of transformation into a diversified financial services organisation five years ago, with a clear focus on maximising return for our shareholders and other stakeholders. A target has been set for the growth in GEV to exceed the Group's cost of capital on a sustainable basis. Cost of capital is set at the government long bond yield plus 3%. The target is to exceed this return by at least 1%. The negative return per share of 1,7% achieved in 2008 fell short of the target of some 12% due to the adverse impact of the investment markets. On a normalised basis, i.e. assuming a normalised investment market performance and excluding any once-off items, the return of 12,4% met the target. Over a running five-year period the total return on Group Equity Value (ROGEV) comfortably exceeded the growth target.

Delivering on strategy

Despite the challenges facing the Group in the current business environment, the Board and management remain committed to the Group's key objective of maximising shareholder value. The Group has a sound platform and strategic base from which to continue to grow. The focus during 2008 remained on optimal capital utilisation, earnings growth, costs and efficiencies, diversification and transformation.

Last year's difficult economic conditions, particularly the substantial drop in equity markets, put a damper on earnings, particularly in respect of investment returns. The Group was, however, still able to gain market share on a profitable basis by attracting substantial new business, particularly in the retail area. In spite of substantial increased new business strain caused by the growth in new business, core earnings per share increased by 1% from 2007, bearing testimony to our excellent operational results in tough conditions.

Reducing costs while at the same time upping efficiency has been a strategic focus for the past five years. However, given the intensified pressure on capital last year, we took a decision to increase our efforts. Steps taken include cost-cutting initiatives such as freezing non-essential staff positions, especially in the more mature parts of our business. As was to be expected, our United Kingdom based businesses felt the global events significantly harder than what we did in South Africa. As a result a strong focus was placed on containment of costs and achieving greater efficiency by identifying and exploiting synergies and partnerships across our business interests in the UK.

Executive Review
continued

Capital management is an ongoing theme in the Group. Discretionary Group capital amounted to R6,1 billion at the end of 2007. A total amount of R2,2 billion was used to buy back 117 million Sanlam shares in the market. Some R1,1 billion was applied towards corporate activity aimed at further diversifying the Group's solution offering and distribution reach. The following are the largest transactions concluded:

- A total amount of R561 million was utilised to strengthen our business presence in the United Kingdom. Sanlam UK acquired an 86% interest in Principal Investment Holdings, a UK-based private client business, as well as a 60% interest in Buckles Holdings, a financial advisory and ancillary services company. These acquisitions, together with Merchant Investors, Intrinsic, Nucleus and our interest in the Punter Southall Group form the new Sanlam UK cluster.
- MiWay Finance, a direct financial services company, was launched in February 2008. The Group has a direct 55% interest in MiWay, as well as an indirect interest of 25% through Santam. Sanlam contributed R110 million to the start-up capitalisation of the business.
- The success of the Group's Shriram Life joint venture with the Shriram group of India was extended during the year with the formation of Shriram General Insurance, a joint venture between Sanlam and the Shriram Group to further expand and diversify the Group's financial services offering in this market. Sanlam obtained a 26% interest in the new joint venture for a total consideration of R115 million.
- Approximately R200 million of discretionary capital was invested to acquire an additional 2,5 million Santam shares in the market, increasing the Group's effective interest in Santam to 57%.
- The Group disposed of its interest in the Safair Lease Finance joint venture with the Imperial Group towards the end of 2008 for a consideration of R434 million.
- It was announced in February 2009 that the Group will acquire the PSG Group's 34,6% interest in Channel Life (including loan accounts) for an amount of R197 million, subject to regulatory approval. This will increase the Group's interest in Channel Life to 97,6%.

The application of capital for the share buy-back programme, corporate activity, negative investment market performance and some allowance for illiquid investments reduced the level of discretionary capital in the Group to R2,1 billion at the end of 2008. The Board remains committed to the utilisation of the remaining discretionary capital in the most efficient manner. The preference is to utilise such capital on new initiatives that will further the Group's strategic goals. Unemployed capital is value dilutive and will in time be returned to shareholders. The buy back of Sanlam shares continues to be an attractive option in periods of share price weakness.

In 2008 a major focus area included achieving employment equity and training targets. We can proudly announce that for the first time, more than 50% of our employees were black last year. However, achieving targets at middle and senior management level remains challenging and in 2009 we will be investigating creative ways of speeding up progress. We also welcomed the first black Executive Director to the Sanlam board in May 2008. Raisibe Morathi, Chief Executive of Sanlam Group Services, was previously an independent non-executive director on the Sanlam board.

Sanlam Demutualisation Trust

In one of the largest empowerment and wealth creation transactions in South African history, Sanlam Limited listed on the JSE Securities Exchange and the Namibian Stock Exchange in November 1998. As part of the demutualisation of Sanlam, free Sanlam Limited shares were distributed to more than 2 million Sanlam policyholders. Shares allocated to policyholders that Sanlam could not trace at that stage, were transferred to the Sanlam Demutualisation Trust, managed by an independent board of trustees. The Trust's mandate was to find as many of the beneficiaries of these shares as possible, to ensure that all policyholders receive the benefit of their free shares.

The Trust's term ended on 22 October 2008. Over the ten years, the Trust has been extremely successful in finding these beneficiaries. Shares due to just over 48 600 beneficiaries, representing less than 2,5% of the number of policyholders to whom free shares were originally allocated in 1998, remained unclaimed in the Trust. The

Executive Review
continued

number of shares (about 19 million) represents only 1% of the free shares originally allocated to policyholders.

Looking ahead

Recessionary conditions in most of the major international economies are likely to have a negative impact on South African trade, with an expected lower demand for commodities and reduced economic growth for the foreseeable future. These conditions will have an unavoidable impact on the Group's operations, in particular on the investment management and capital markets operations that are more exposed to the market volatility and negative sentiment, but also on the life insurance businesses that are reliant on the level of consumer confidence and disposable income in its target client base. Some slowdown in new business flows can therefore be expected.

This sets the stage for a challenging 2009 and although we are confident that our businesses are robust enough to weather these challenges, it will impact on our ability to repeat our 2008 operational performance.

Forward-looking statements

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, amongst others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Comments On The Results

Introduction

The Sanlam Group results for the year ended 31 December 2008 are presented based on and in compliance with International Financial Reporting Standards (IFRS), as applicable.

Group Equity Value (GEV)

GEV is the aggregate of the following components:

- ***The embedded value of covered business, being the life insurance businesses of the Group, which comprises the required capital supporting these operations and the net present value of their in-force books of business (VIF);***
- ***The fair value of other Group operations based on longer term assumptions, which includes the investment management, capital markets, credit, short-term insurance and the non-covered wealth management operations of the Group; and***
- ***The fair value of discretionary and other capital.***

GEV provides an indication of the value of the Group's operations, but without placing any value on future new covered business to be written by the Group's life insurance businesses. Sustainable return on GEV is the primary performance benchmark used by the Group in evaluating the success of its strategy to maximise shareholder value.

Group Equity Value at 31 December 2008

	2008			2007		
R million	**Total**	**Fair value of assets**	**Value of in force**	**Total**	**Fair value of assets**	**Value of in force**
Embedded value of covered business	**28 591**	**15 013**	**13 578**	28 432	14 710	13 722
Sanlam Personal Finance	**19 574**	**8 275**	**11 299**	20 089	8 285	11 804
Sanlam Developing Markets	**2 796**	**1 032**	**1 764**	2 160	860	1 300
Sanlam UK	**680**	**234**	**446**	921	447	474
Sanlam Employee Benefits	**5 541**	**5 472**	**69**	5 262	5 118	144
Other group operations	**13 560**	**13 560**	**-**	15 451	15 451	-
Retail cluster	**2 287**	**2 287**	**-**	1 820	1 820	-
Institutional cluster	**6 000**	**6 000**	**-**	7 256	7 256	-
Short-term insurance	**5 273**	**5 273**	**-**	6 375	6 375	-
Capital diversification	**(1 429)**	**(1 429)**	**-**	(1 232)	(1 232)	-
Other capital	**2 416**	**2 416**	**-**	2 542	2 542	-
	43 138	**29 560**	**13 578**	45 193	31 471	13 722
Discretionary capital	**2 100**	**2 100**	**-**	6 100	6 100	-
Group Equity Value	**45 238**	**31 660**	**13 578**	51 293	37 571	13 722

Issued shares for value per share (million)	**2 044,2**	2 182,8
Group Equity Value per share (cents)	**2 213**	2 350
Share price (cents)	**1 700**	2 275
Discount	**-23%**	-3%

Comments On The Results
continued

The GEV as at 31 December 2008 amounted to R45,2 billion, down 12% on the R51,3 billion at the end of 2007. On a per share basis GEV decreased by 6% from 2 350 cents to 2 213 cents at 31 December 2008, after allowing for the 93 cents per share dividend paid during 2008. The Sanlam share price traded at a 23% discount to GEV by close of trading on 31 December 2008.

As a financial services organisation, the Group is to a large extent exposed to investment markets, both in respect of the shareholder capital portfolio that is invested in financial instruments, as well as a significant portion of the fee income base that is linked to the level of assets under management. Therefore, viewed against the major downturn in investment markets, Sanlam did well to achieve a negative return on GEV (ROGEV) per share of only 1,7% for 2008, significantly better than the overall equity market. This is testimony to the defensive qualities of the Group's diversified portfolio of businesses. The investment management operations were severely impacted by these conditions, but this was offset by a resilient performance by the life operations. Although the return for 2008 is below the Group's long-term target, the cumulative ROGEV per share since demutualisation is only slightly lower than target.

Return on Group Equity Value for the year ended 31 December 2008

	2008		2007	
	Earnings R million	Return %	Earnings R million	Return %
Covered business	**919**	**3,2**	4 700	17,2
Sanlam Personal Finance	**453**	**2,3**	3 953	22,2
Sanlam Developing Markets	**659**	**30,5**	351	18,0
Sanlam UK	**(36)**	**-3,9**	63	7,3
Sanlam Employee Benefits	**(157)**	**-3,0**	333	4,9
Other operations	**(1 885)**	**-12,2**	4 428	33,7
Sanlam Personal Finance	**291**	**24,4**	169	16,0
Sanlam Developing Markets	**(11)**	**-39,3**	26	-
Sanlam UK	**(320)**	**-53,3**	149	33,9
Institutional cluster	**(566)**	**-8,0**	1 722	29,4
Short-term insurance	**(1 279)**	**-20,1**	2 362	42,0
Discretionary and other capital	**(440)**		(209)	
Balance of portfolio	**114**		365	
Shares delivered to Sanlam Demutualisation Trust	**(46)**		(71)	
Shriram goodwill less value of in-force acquired	**(43)**		(108)	
Treasury shares and other	**(269)**		(286)	
Change in net worth adjustments	**(196)**		(109)	
Return on Group Equity Value	**(1 406)**	**-2,7**	8 919	19,1
Return on Group Equity Value per share		**-1,7**		18,8

Comments On The Results
continued

Covered business yielded a return of 3% compared to 17% in 2007. This lower level of return is attributable to the negative investment market performance during 2008, which decreased the return earned on the supporting capital from positive earnings of R1,6 billion in 2007 to a loss of R0,7 billion in 2008, and also resulting in negative investment variances of R1,4 billion on the value of in force business in 2008. Sanlam Personal Finance, Sanlam UK and Sanlam Employee Benefits' return on covered business were depressed by these items compared to the returns in 2007, with Sanlam Employee Benefits in particular being negatively impacted by the return on adjusted net worth, given its disproportionate size relative to its value of in-force. A very strong new business performance, combined with lower equity exposure in its supporting capital base, contributed to a sterling 31% return on covered business for Sanlam Developing Markets.

The other Group operations were more severely impacted by the market conditions and yielded a negative return of 12% for 2008 compared to positive earnings of 34% in 2007. The Group's investment in Santam was the largest contributor to this under performance. Compared to positive earnings of R2,4 billion in 2007 (42% return), the investment in Santam yielded a negative return of R1,3 billion (20% negative return) in 2008, a turnaround of R3,6 billion. The decline in the Santam share price was however in line with the general market performance. Operations in the Institutional cluster achieved a negative return of 8%. As mentioned above, this performance is directly linked to the lower overall level of assets under management following the negative investment market performance during the year. The Group's businesses in the UK are experiencing the aftermath of the financial markets crisis more severely than the South African based operations, with the UK economy officially in recession. These economic conditions, combined with lower assets under management, is expected to have a negative impact on the business flows and profitability and consequently also the valuation, of these operations. This is reflected in the more than 50% negative return reported for the Sanlam UK non-life operations. The newly acquired Principal private client business is the main contributor to this under performance. Since the acquisition of Principal in the first half of the year, the UK equity markets recorded record losses with a commensurate reduction in Principal's assets under management. This, combined with a more than 20% strengthening of the Rand against the British Pound since acquisition, required a write down of approximately R180 million in the Principal carrying value.

The return on discretionary and other capital was impacted by the following:

- The write-off for GEV purposes of the R43 million goodwill recognised in respect of a performance payment to Shriram in terms of the acquisition agreement of Shriram Life in India;
- Some R125 million profit realised on the disposal of the Group's interest in the Safair Lease Finance joint venture;
- A negative change of R196 million in the net worth adjustments. This is largely due to an increase in the allowance for corporate costs following a change in the calculation methodology. Up to the 2007 financial year, the Group allowed for the interest earned on the cash held in respect of the annual dividend between year-end and the dividend payment date. With effect from the 2008 financial year, it is assumed that the dividend is paid at the beginning of each reporting period, resulting in an increase in the net corporate expenses assumed in the calculation of GEV;
- A loss of R46 million incurred on the delivery of Sanlam shares to the Sanlam Demutualisation Trust (the Trust). As part of the Ubuntu-Botho (UB) empowerment transaction, the Trust sold 52 million Sanlam shares to UB in exchange for UB preference shares. This was based on expectations at the time of the number of shares that the Trust will deliver to its beneficiaries. As part of the transaction, Sanlam undertook to deliver Sanlam shares to the Trust in instances of shortfalls, in exchange for an equivalent number of UB preference shares. The Trust delivered more shares than expected and started to experience shortfalls in its stock of Sanlam shares, which required of the Group to transfer Sanlam shares to it during the year. The fair value of the UB shares received in exchange was less than the fair value of the Sanlam shares delivered, resulting in a loss of R46 million, which can be seen as part of the financing costs of the UB transaction.
- A loss of R269 million recognised in respect of treasury shares. This loss is substantially attributable to losses recognised on the delivery of share incentive scheme shares to participants at the applicable strike prices.

Comments On The Results
continued

Earnings

Summarised shareholders' fund income statement for the year ended 31 December 2008

R million	2008	2007	Δ
Net result from financial services	**2 802**	3 029	-7%
Net investment income	**1 068**	1 117	-4%
CORE EARNINGS	**3 870**	4 146	-7%
Project expenses	**(56)**	(85)	34%
Net equity-accounted headline earnings	**16**	152	-89%
BEE transaction costs	**(7)**	(5)	-40%
Net investment surpluses	**(1 699)**	1 264	-234%
Secondary Tax on Companies (STC)	**(59)**	(131)	55%
Discontinued operations	**(22)**	(91)	76%
Amortisation of value of business acquired	**(77)**	(51)	-51%
NORMALISED HEADLINE EARNINGS	**1 966**	5 199	-62%
Disposal of associates and subsidiaries	**3**	668	
Other non-headline earnings and impairments	**(211)**	(7)	
Normalised attributable earnings	**1 758**	5 860	-70%

Core earnings

Core earnings comprise the net result from financial services (operating profit) and net investment income earned on the shareholders' fund, but exclude abnormal and non-recurring items as well as investment surpluses. Net investment income includes dividends received from non-operating associated companies and joint ventures, but excludes the equity-accounted retained earnings.

Core earnings for the year of R3 870 million are 7% down on 2007, the combined effect of a 7% reduction in the net result from financial services for the year and a 4% decline in net investment income over the same period. On a per share basis, core earnings increased by 1%, reflecting the impact of the 8% reduction in the weighted average number of shares in issue due to the share buy-backs during 2008 and 2007.

The net result from financial services of R2 802 million for the 2008 financial year is 7% lower than in 2007. In evaluating this performance, cognisance should be taken of the impact of a number of material items:

- In terms of IFRS only variable costs incurred in writing new investment management policy contracts can be capitalised and expensed over the lifetime of the contract in line with fees earned. All fixed acquisition costs must be expensed at inception of the policy. Similarly, the Group's actuarial valuation basis for most insurance contracts does not allow for the capitalisation of upfront acquisition costs, which commensurately results in accounting losses at inception of these contracts. These losses, referred to as new business strain, have a particularly pronounced impact on earnings in strong new business growth scenarios, as achieved by the Group in the 2008 financial year.
- The initial losses incurred by MiWay whilst in its start-up phase. MiWay is performing in line with expectations, with the initial start-up losses being anticipated in its business plan.

On a comparable basis the net result from financial services is in line with 2007, a very pleasing result in the current environment.

Comments On The Results
continued

Net result from financial services for the year ended 31 December 2008

R million	2008	2007	Δ
Net result from financial services on comparable basis	**3 922**	3 905	0%
Retail cluster	**2 785**	2 542	10%
Institutional cluster	**774**	1 110	-30%
Santam	**494**	372	33%
Corporate and other	**(131)**	(119)	-10%
Direct Financial Services (MiWay launched in 2008)	**(55)**	-	-
New business strain	**(1 065)**	(876)	-22%
Net result from financial services	**2 802**	3 029	-7%

The table below provides an analysis of the net result from financial services per individual business.

Net result from financial services for the year ended 31 December 2008

R million	2008	2007	Δ
Retail cluster	**1 757**	1 690	4%
Sanlam Personal Finance	**1 555**	1 418	10%
Sanlam Developing Markets	**144**	227	-37%
Sanlam UK	**58**	45	29%
Institutional cluster	**737**	1 086	-32%
Sanlam Investments	**589**	869	-32%
Sanlam Employee Benefits	**183**	123	49%
Sanlam Capital Markets	**(35)**	94	-137%
Santam	**494**	372	33%
MiWay	**(55)**	-	-
Corporate and other	**(131)**	(119)	-10%
Net result from financial services	**2 802**	3 029	-7%

- Sanlam Personal Finance's gross result from financial services for the year of R1 975 million is 6% up on 2007. Market related income which contributes some two thirds of SPF's profit grew by 12%, largely due to higher interest earned on working capital. The higher interest rates during the year also contributed to a higher level of asset mismatch reserve held during the year in respect of non-participating business and therefore the consequential increased level of profit released from the reserve in terms of the profit entitlement policy. Risk profits – some 22% of profit – declined by 1% largely due to some deterioration in claims experience, in particular in respect of mortality claims. The average underwriting margin decreased from 17,3% to 16,3%. Administration profit decreased by 9% largely due to an increase of 17% in new business strain on the increased new business volumes. The increase in administration costs was contained at 5% notwithstanding inflationary pressures and new business units (e.g. Sanlam Health Management) established during the period. The profit contribution from non-life operations amounted to R85m, marginally up from that in 2007 despite pressure on the profitability of Sanlam Home Loans and Sanlam Personal Loans. This is substantially due to some deterioration in the level of

Comments On The Results
continued

arrears as well as a deliberate scaling back in new loans granted (down 38% and 9% respectively). Net of taxation and minorities the results increased by 10% to R1 555 million.

- The Sanlam Developing Markets gross result from financial services of R218 million is 36% down on 2007. Notwithstanding some fall in profitability in Botswana, due to the negative impact of the fall in equity markets, a strong performance by all the other African operations led to an overall 18% increase in profit from the Rest of Africa. The South African operations however reported a substantial fall in profit. Two main factors contributed to this lower profit level; a major negative mortality experience in a Channel Life product and increased new business strain. Corrective action has been taken to curtail the negative claims experience at Channel. New business costs expensed in 2008 increased by 31% to R335m after tax and minorities. The deferred benefit is reflected in the value of the in-force book and will have a positive impact on future profitability. After allowing for taxation and minority interest the SDM net operating results are down 37% to R144m. The taxation charge in both years benefited from some reversal of an overprovision in prior years.
- Sanlam UK reported gross operating profit of R68 million, a 39% improvement on their 2007 results. The 2008 results, however, include a maiden contribution from Principal and Buckles. Excluding these new acquisitions, earnings growth is 16%. A weaker average exchange rate contributed to this growth but Merchant Investors and the PS Group both achieved satisfactory trading results in a difficult UK business environment. Profit net of tax and minorities increased by 29% to R58 million.
- The Institutional cluster operations were in particular affected by the financial turmoil in 2008 and reported a 32% fall in operating earnings for the year.
  - Sanlam Investments' gross operating results of R825 million are down 33% on 2007. This turnaround is substantially due to the volatile investment markets which had a major negative impact on these businesses' investment performance. This resulted in significantly lower performance fees being earned, down from R526 million in 2007 to R107 million in 2008. Other factors contributing to the performance include an initial diluting impact of expenditure on new ventures and acquisitions. Administration costs increased by 8%, mainly due to once-off restructuring costs of R47 million and costs associated with business expansion, with Simeka, Blue Ink, Atom Funds Management, the growth of the Emerging Markets business and the transfer of investment linked business from Sanlam Employee Benefits impacting on the expense base. The effect of these items has been somewhat offset by a reduction in performance bonuses. Profit net of minorities and tax amounted to R589 million, down 32% on 2007. Major progress has been made over the past few years in transforming the business from a wholesale asset manager into a diversified boutique of investment related businesses. The wholesale asset manager contributed only a third of net profit in 2008, with the non-South African businesses contributing 29%.
  - Sanlam Employee Benefits continued its recent turnaround in profitability and posted gross profit of R258 million, a 49% improvement on 2007. The Group Risk business' profit contribution increased by 33% due to an 8% increase in total recurring premiums and an improvement in underwriting experience. The migration of the policy administration business to Coris Capital and progress towards an initial breakeven target remains on track. The loss for the year attributable to this business of R32m is well down on the R74 million recorded in 2007. Adverse market conditions required a R69 million charge to the income statement in respect of an increase in the minimum investment guarantee reserve held for employee benefit products, resulting in a 23% fall in the contribution from the Structured Solutions unit. Profit net of tax and minorities amounted to R183 million, 49% up on 2007.
  - Capital Markets recorded its first loss of R61 million since its formation. This is the result of the volatility in debt and equity markets, the impact of widening credit spreads on the valuation of credit positions and a slowdown in deal flow associated with the uncertainty experienced by market participants in these conditions. Under the prevailing circumstances this business performed well to contain its downside risk. After allowing for the effect of tax, the loss for the period amounted to R35 million.

Comments On The Results
continued

- Santam's gross operating results for the year of R1 288 million are 30% higher than in 2007, the combined effect of a 12% increase in underwriting results and a 69% increase in income earned on working capital. The latter benefited from a higher working capital level, higher average interest rates as well as a positive contribution from some bond exposure in the backing portfolio during the year. The claims ratio of 68% was in line with 2007 while the average underwriting margin of 6,4% is marginally up on the 6,2% reported in 2007. Taking into account a marginal increase during the year to 57% in Sanlam's effective holding, Santam's contribution to the Group's after tax results increased by 33% to R494 million. These results exclude the earnings from discontinued operations in Europe, which is recognised separately in the income statement. These operations reported a net loss of R22 million (Sanlam's effective interest) for the year compared to a loss of R91 million in 2007.
- An initial pre-tax loss of R127 million incurred by MiWay is within its original business plan. MiWay made substantial inroads into the direct insurance market since inception in the first quarter of 2008 and already had some 26 000 short-term insurance policyholders by the end of December. The initial focus has been on short-term insurance. Diversification to also include other financial services will follow in due course. Continuing strong growth in new business volumes should keep MiWay on target to break even on a monthly basis towards the end of 2009, which will be a remarkable achievement for this fledgling operation.
- Corporate administration expenses were well maintained within inflationary limits.

Normalised headline earnings

Normalised headline earnings of R1 966 million are 62% lower than the comparative period in 2007. The reduction in normalised headline earnings is in the main attributable to the following:

- A reduction of 7% in core earnings as discussed above.
- Project expenditure of R56 million (net of taxation and minorities) spent on Sanlam Personal Finance's SanlamConnect distribution channel and the MiWay direct distributional channel (up to its launch in February 2008) during their set-up phases. No further project cost is envisaged in respect of these projects. Ongoing costs incurred on the process refinements will be accounted for as operational expenditure.
- Equity-accounted earnings from non-operating investments decreased substantially in 2008. This is due to the disposal of the Group's interest in Peermont Global during 2007 as well as a reduction in earnings from the Safair Lease Finance joint venture ('SLF') and investments held by Sanlam Developing Markets, Sanlam Investments, Sanlam Personal Finance and Santam. The Group disposed of its interest in SLF effective from the end of 2008.
- Investment surpluses amounting to R1 264 million (after tax and minorities) in 2007 turned around to aggregate negative investment returns of R1 699 million (after tax and minorities) in the 2008 financial year. This is the effect of the substantial deterioration in global equity markets during 2008. The FTSE/JSE all share index return in 2008 was – 26% relative to a positive return of 16% in 2007.
- The 55% fall in the secondary tax on companies (STC) charge is mainly attributable to the increased availability of STC credits generated to offset the charge in respect of the dividend paid in 2008.
- Discontinued operations relate to Santam's operations in Europe that have been unwound and disposed of. The profit or loss earned from discontinued operations must be recognised separately in the income statement in terms of IFRS.

Comments On The Results
continued

Business volumes

New business flows

Total new business volumes decreased by 2% from R102 billion in 2007 to R100 billion for the 2008 financial year.

New business volumes for the year ended 31 December 2008

R million	2008	2007	Δ
Sanlam Personal Finance	**31 070**	26 516	17%
South Africa	**22 644**	19 137	18%
Africa	**8 426**	7 379	14%
Sanlam Developing Markets	**2 594**	3 615	-28%
South Africa	**1 449**	2 767	-48%
Africa	**968**	722	34%
Other international	**177**	126	40%
Sanlam UK	**2 350**	1 293	82%
Institutional cluster	**45 476**	50 177	-9%
Sanlam Investments	**44 961**	49 299	-9%
Sanlam Employee Benefits	**515**	878	-41%
Santam	**12 165**	11 407	7%
White label	**6 481**	8 996	-28%
Total new business	**100 136**	102 004	-2%

Sanlam Personal Finance's total new business volumes increased by 17%. Recurring premium business (including both life and non-life) increased by 3% compared to 2007 with single premium business achieving growth of 18%. These results are commendable in the very tough economic environment.

- South African new business volumes increased by 18%, with good support experienced for both investment and life solutions.
  - New recurring premium life sales were in line with that of 2007. The impact of the high inflation and interest rate environment on clients' disposable income is evident in a fall in the sale of contractual savings products. This was however offset by an ongoing strong demand for risk solutions that led to a 16% growth in new business sales of these solutions.
  - Total single premium life sales are up 24% on 2007, a very satisfactory performance but somewhat down on the 37% growth reported for the first six months of 2008. Growth in the Glacier life insurance solution range accelerated during the year to achieve an increase of 46% in inflows. Guaranteed plan and contractual preservation fund solutions were popular in the volatile market conditions, while equity linked savings solutions reflect lower sales volumes in 2008.
  - Investment business increased by 16% in 2008 as Glacier continued its strong growth in new business flows, confirming the successful diversification of the business into the investment space. The new Topaz linked investment solution also made a solid contribution to overall investment business volumes. The growth was supported by a strong demand for money market solutions with less demand for equity-linked solutions due to the market volatility and uncertainty.
- The Namibian operations experienced another good year and increased its new business volumes by 14%.

Comments On The Results
continued

Sanlam Developing Markets delivered sterling results with a 33% increase in new life insurance business, excluding the discontinued, relatively low margin single premium business. Only continuations of existing single premium business are reflected in the 2008 single premium new business volumes.

- South African total new recurring premium business inflows increased by 31% to R765 million, the combined result of 43% growth in Sanlam Sky (previously African Life SA) and a 14% increase in Channel Life sales. Sanlam Sky's results were supported by an increase in manpower and average premium size as well as a recovery from the negative impact of administrative problems experienced in 2007. The operational problems experienced by the Channel Life call centre led to its closure in the first half of 2008. Notwithstanding the loss of these volumes, Channel Life managed to record strong new recurring business volumes.
- The other African operations continued on their strong growth trajectory with an increase of 34% in new business volumes. Botswana Life remains the main contributor to African flows and increased its recurring premiums by 32% to R183 million, and single premiums by 18% to R475 million. Recurring premium business was supported by the launch of new solutions in late 2007, improvements in validation and the strengthening of broker relationships. The single premium growth from the annuity product is particularly satisfactory and local assets have been acquired to back this portfolio. The other African operations also had a very good year and reported R310 million (up 72%) of new business volumes, with all operations growing in excess of 30% and Zambia and Tanzania more than doubling their sales volumes.
- Shriram Life, our 26% held life operation in India, is continuing its strong sales performance, albeit at a somewhat slower pace, with 2008 full year sales of R177 million, up 40% on 2007. India is not escaping the global economic downturn, which is reflected in a lower demand for single premium savings products. Optimising the productivity of Shriram's substantial agency force remains a challenge receiving ongoing focus. At the same time an investment is being made in additional complimentary distribution capacity.

The **Sanlam UK** unit was established in 2008 to consolidate the Group's UK operations. Its total new business volumes for the year amounted to R2,3 billion. This comprises R1,4 billion in new life insurance business from Merchant Investors (up 10% on 2007), and a first time contribution of R0,9 billion of new investment inflows in Principal, the newly acquired private client investment business. Both these operations were affected by the major slowdown in the UK economy.

Institutional new business flows are down 9% compared to the 2007 financial year.

- New life insurance business of R2,2 billion is down 19% on 2007. This performance should be evaluated against a background of severe market turmoil as well as a deliberate strategy to hold back on growth in certain areas during the restructuring of the Employee Benefits business. New recurring premiums increased by 13% on 2007 but this has been more than offset by lower single premium business flows.
- New investment inflows are down 9% to R43,3 billion. South African wholesale segregated inflows performed well and increased by 18% to R11,8 billion. The South African multi manager unit, as well as the private client and collective investment businesses, however, all recorded lower new inflows in 2008 – these businesses attracted large volumes of business in 2007 that was not expected to continue. The market conditions weighed heavily on the non-SA operations, which halved their 2008 new inflows to R2,1 billion.

Comments On The Results

continued

Net fund flows

Net inflows (excluding white label business) for the year amounted to R10,6 billion, 11% up on the R9,6 billion in the corresponding period in 2007. Total inflows increased by 1% to R109,5 billion while outflows in respect of fund withdrawals and policy benefits of R99 billion were up by only 0,6%.

Net fund flows for the year ended 31 December 2008

R million	2008	2007
Sanlam Personal Finance	**3 876**	3 693
Life business	**1 170**	(1 182)
Investment business	**2 706**	4 875
Sanlam Developing Markets	**1 218**	2 266
Sanlam UK	**89**	(172)
Institutional cluster	**1 650**	390
Sanlam Employee Benefits	**(1 994)**	(3 594)
Sanlam Investments	**3 644**	3 984
Santam	**3 734**	3 379
Net business flows before white label	**10 567**	9 556
White label	**(1 445)**	1 807
Total net fund flows	**9 122**	11 363

Value of new covered business (VNB)

The Group's life insurance operations reported exceptional new business value for 2008. The total value of new life business (VNB) of R698 million is 23% higher than that reported in 2007. Net of minority interests VNB improved by 24% to R612 million. The overall average new life business margin increased from 2,37% to 2,68%. This improved performance is the combined effect of cost efficiencies, higher new business volumes and beneficial product mix. At the same time lower long-term interest rates resulted in a reduction in the discount rate applied. The latter contributed R49 million to the increase in total VNB.

Comments On The Results
continued

Value of new covered business for the year ended 31 December 2008

R million	2008	2007	Δ
Value of new covered business	**698**	567	23%
Sanlam Personal Finance	**386**	324	19%
Sanlam Developing Markets	**302**	203	49%
Sanlam UK	**1**	8	-88%
Sanlam Employee Benefits	**9**	32	-72%
Net of minorities	**612**	493	24%
Present value of new business premiums	**26 033**	23 886	9%
Sanlam Personal Finance	**17 371**	14 985	16%
Sanlam Developing Markets	**5 332**	5 476	-3%
Sanlam UK	**1 484**	1 327	12%
Sanlam Employee Benefits	**1 846**	2 098	-12%
Net of minorities	**24 459**	21 886	12%
New covered business margin	**2,68%**	2,37%	
Sanlam Personal Finance	**2,22%**	2,16%	
Sanlam Developing Markets	**5,66%**	3,71%	
Sanlam UK	**0,07%**	0,60%	
Sanlam Employee Benefits	**0,49%**	1,53%	
Net of minorities	**2,50%**	2,25%	

Sanlam Personal Finance's VNB increased by 19% to R386 million. This result was positively impacted by the good sales recorded for the year as well as the change in economic assumptions, with the average VNB margin increasing from 2,16% in 2007 to 2,22%.

The **Sanlam Developing Markets** operations contributed to an exceptional 49% increase in gross VNB to R302 million following the 53% growth achieved in 2007. The average VNB margin improved from 3,71% to 5,66%. This improvement can be ascribed to the strong new business growth achieved as well as the decision to discontinue the sale of low margin single premium business. Sanlam Sky increased its VNB by 87% while Ghana, Zambia and Tanzania more than doubled their contribution during 2008 on the back of the strong new business growth. Channel Life's VNB was however negatively impacted by deteriorating mortality experience and a consequential strengthening of the mortality basis. The Botswana operations are continuing to do well, with VNB increasing by 22% and margins broadly in line with 2007.

The **Sanlam UK** operations reported nominal VNB for 2008 as increased expenditure on the Merchant Investors distribution infrastructure offset the benefit of increased business volumes.

Sanlam Employee Benefits similarly reported a major reduction in VNB in 2008. This is essentially due to the lower level of new life business in 2008.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of the 2008 financial year. The total capital of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, amounted to R34,4 billion on 31 December 2008. Its admissible regulatory capital at the end of December 2008 amounted to R21,4 billion, which covered its regulatory Capital Adequacy Requirement (CAR) 2,7 times, compared to 3,5 times on 31 December 2007. No policyholder portfolio held a negative bonus stabilisation reserve in excess of 7,5% of policyholder liabilities at the end of 2008.

Comments On The Results
continued

Following Santam's capital reduction in 2007 its regulatory capital (shareholders' funds including bonds) constituted 47% of net earned premiums on 31 December 2007. The adverse market conditions in 2008 resulted in a marginal reduction in the solvency level to 44% on 31 December 2008. This reduced solvency level is still at the higher end of the target range of 35% to 45% set by Santam.

FitchRatings has affirmed the following ratings of the Group in 2008:

Sanlam Limited:
- National Long-term: AA-(zaf)

Sanlam Life Insurance Limited:
- National Insurer Financial Strength: AA+(zaf)
- National Long-term: AA(zaf)
- National Short-term: F1+(zaf)
- Subordinated debt: AA-(zaf)

Santam Limited:
- National Insurer Financial Strength: AA+(zaf)
- National Long-term: AA(zaf)

Dividend

It is Sanlam's practice to pay only an annual dividend, given the cost associated with the distribution of a dividend to our large shareholder base.

Sustainable growth in dividend payments is an important consideration for the Board in determining the dividend for the year. The Board uses cash operating earnings as a guideline in setting the level of the dividend, subject to the Group's liquidity and solvency requirements. The operational performance of the Group in the 2008 financial year enabled the Board to increase the dividend per share by 5% to 98 cents. Taking into account the reduction in the number of shares in issue following the share buy-backs during the year, this will keep the total rand value of the dividend distribution in line with that of 2007, maintaining a cash operating earnings cover of approximately 1,1 times.

The cash dividend for the year ended 31 December 2008 will be paid to shareholders in the register on Friday, 24 April 2009. The last date to trade to qualify for this dividend will be Friday, 17 April 2009, and Sanlam shares will trade ex-dividend from Monday, 20 April 2009. Dividend payment by way of electronic bank transfers will be effected on Wednesday, 6 May 2009. The mailing of cheque payments in respect of dividends due to those shareholders who have not elected to receive electronic dividend payments will commence on or as soon as practically possible after this date. Share certificates may not be dematerialised or rematerialised between Monday, 20 April 2009 and Friday, 24 April 2009. In the event that the South African National Elections are confirmed for Wednesday, 22 April 2009, a public holiday may be declared and the dividend timetable stated above would be impacted. In this event, the last day to trade to qualify for this dividend will be Thursday, 16 April 2009 with the corresponding ex dividend date being changed to Friday, 17 April 2009. The record and payment dates would remain as stated above.

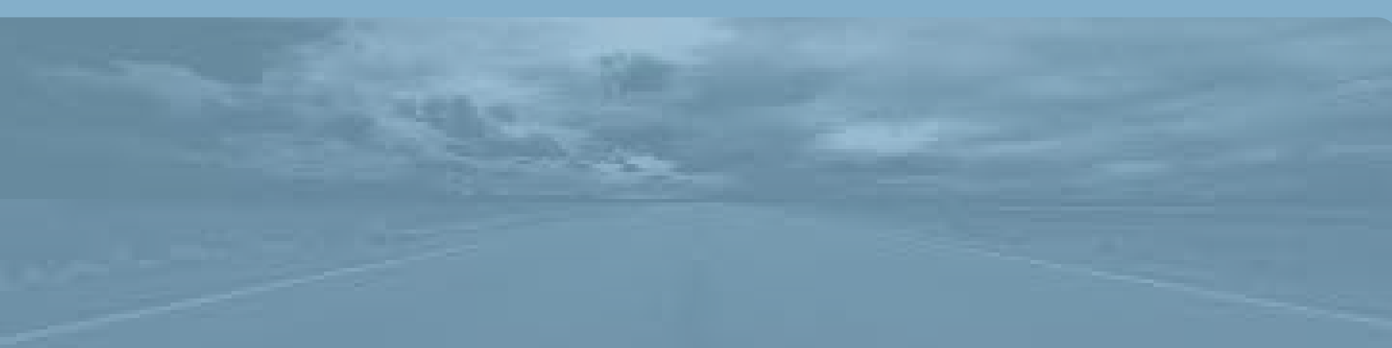
Annual general meeting

These financial results will be tabled at the annual general meeting. Shareholders are invited to attend this meeting, to be held on Wednesday, 3 June 2009 at 14:00 at the Sanlam head office in Bellville.

Roy Andersen
Chairman
Sanlam Limited
Cape Town
4 March 2009

Johan van Zyl
Group Chief Executive

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008



Financial Statements for the year ended 31 December 2008

Accounting Policies and Basis of Presentation

The accounting policies adopted for the purposes of the financial statements comply with International Financial Reporting Standards and with applicable legislation. The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2007, apart from changes in the economic assumptions.

The basis of presentation of the results is also consistent with that applied in the 2007 financial statements and shareholders' information, apart from the following:

Segmental reporting

The Group announced the creation of a Sanlam UK cluster during June 2008, which consolidates the Group's operations in the United Kingdom (UK). The following businesses have been transferred from other Group clusters to the Sanlam UK cluster:

- From Sanlam Personal Finance: Merchant Investors;
- From Independent Financial Services: Punter Southall Group, Intrinsic and Nucleus.

The newly acquired UK businesses, Principal and Buckles, also form part of the Sanlam UK cluster.

Responsibility for the remaining businesses formerly included in the Independent Financial Services cluster has been transferred to the Group Finance function. These operations are accordingly not presented separately anymore but included in the Corporate and Other cluster.

Comparative information in the Group's segmental reporting and shareholders' information has been restated to reflect these changes in the Group's operational structure.

The results for MiWay, the Group's direct financial services business launched in February 2008, are included in the Short-term Insurance cluster.

Application of new and revised standards

The following new or revised IFRSs and interpretations are applied in the Group's 2008 financial year:

- IFRIC 11 IFRS 2 Group and Treasury share Transactions
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS19 The Limit on Defined Benefit Asset, Minimum Funding Requirement and their Interaction
- IAS 39 Amended Financial Instruments: Recognition and Measurement – Reclassification of financial assets
- IFRS 7 Amended Financial Instruments: Disclosure – Reclassification of financial assets

The application of these standards and interpretations did not have a significant impact on the Group's reported results and cash flows for the year ended 31 December 2008 and the financial position at 31 December 2008. The Group has not applied the reclassification option from fair value to amortised cost measurement allowed in terms of the recently amended IAS 39 to any of its financial instruments.

The following new or revised IFRSs and interpretations have effective dates applicable to future financial years and have not been early adopted:

- IAS 1 Revised Presentation of Financial Statements (effective 1 January 2009)
- IAS 1 Amended Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Amended Consolidated and Separate Financial Statements (effective 1 July 2009)

Accounting Policies and Basis of Presentation
continued

- IAS 32 Amended Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 39 Amended Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- IFRS 2 Amended Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- IFRS 3 Revised Business Combinations (effective 1 July 2009)
- May 2008 Improvements to IFRS (mostly effective 1 January 2009)

The application of these revised standards and interpretations in future financial reporting periods is not expected to have a significant impact on the Group's reported results, financial position and cash flows, except for IFRS 3 Revised and IAS 27 Amended for which the impact can not be quantified as it will depend on the nature and structure of a specific business combination, combined with the fact that the revised standards will be applied on a prospective basis.

External audit

The Group financial statements have been extracted from the Group's 2008 annual financial statements, which have been audited by Ernst & Young Inc. and their unqualified audit opinion is available for inspection at the company's registered office. The Shareholders' information has also been subject to external audit by Ernst & Young Inc..

Group Equity Value
at 31 December 2008

	2008 R million	2007 R million
Embedded value of covered business	**28 591**	28 432
Sanlam Personal Finance	**19 574**	20 089
Adjusted net worth	**8 275**	8 285
Value of in-force	**11 299**	11 804
Sanlam Developing Markets	**2 796**	2 160
Adjusted net worth	**1 032**	860
Value of in-force	**1 764**	1 300
Sanlam UK	**680**	921
Adjusted net worth	**234**	447
Value of in-force	**446**	474
Sanlam Employee Benefits	**5 541**	5 262
Adjusted net worth	**5 472**	5 118
Value of in-force	**69**	144
Other Group operations	**13 560**	15 451
Retail cluster	**2 287**	1 820
Institutional cluster	**6 000**	7 256
Short-term insurance	**5 273**	6 375
Capital diversification	**(1 429)**	(1 232)
Other capital	**2 416**	2 542
	43 138	45 193
Discretionary capital	**2 100**	6 100
Group equity value	**45 238**	51 293
Group equity value per share (cents)	**2 213**	2 350

Shareholders' information for the year ended 31 December 2008

Shareholders' Fund at Fair Value

at 31 December 2008

	2008 R million	2007 R million
Property and equipment	**228**	214
Owner-occupied properties	**613**	612
Goodwill	**473**	487
Value of business acquired	**802**	843
Deferred acquisition costs	**1 260**	1 079
Investments	**31 807**	38 474
› Sanlam businesses	**13 560**	15 451
› Sanlam Investments	**5 581**	6 677
SIM Wholesale	**3 903**	4 443
International	**1 358**	1 857
Sanlam Collective Investments	**320**	377
› Sanlam Personal Finance	**1 423**	1 192
Glacier	**696**	593
Sanlam Personal Loans	**71**	104
Multi-Data	**190**	143
Sanlam Trust	**144**	104
Sanlam Home Loans	**133**	177
Sanlam Healthcare Management	**78**	-
Other	**111**	71
› Sanlam UK	**847**	600
Principal	**299**	-
Punter Southall Group	**219**	297
Other	**329**	303
› Alfinanz	**17**	28
› Coris Administration	**54**	38
› Sanlam Capital Markets	**365**	541
› Short-term insurance	**5 273**	6 375
› Associated companies	**234**	347
› Joint ventures	**208**	378
› Safair Lease Finance	**-**	209
› Shriram and other	**208**	169
› Other investments	**17 805**	22 298
› Other equities and similar securities	**9 036**	11 112
› Public sector stocks and loans	**1 411**	2 697
› Investment properties	**491**	245
› Other interest-bearing and preference share investments	**6 867**	8 244
Net term finance	**-**	-
› Term finance	**(5 101)**	(5 068)
› Assets held in respect of term finance	**5 101**	5 068
Net deferred tax	**352**	(95)
Net working capital	**(451)**	(909)
Minority shareholders' interest	**(947)**	(857)
Shareholders' fund at fair value	**34 137**	39 848
Fair value per share (cents)	**1 670**	1 826

Shareholders' information for the year ended 31 December 2008

Shareholders' Fund Income Statement

for the year ended 31 December 2008

	2008 R million	2007 R million
Result from financial services before tax	**4 260**	4 539
› Sanlam Personal Finance	**1 975**	1 857
› Sanlam Developing Markets	**218**	343
› Sanlam UK	**68**	49
› Sanlam Employee Benefits	**258**	173
› Short-term Insurance	**1 161**	987
› Investment Management	**825**	1 230
› Capital Markets	**(61)**	73
› Corporate and other	**(184)**	(173)
Tax on financial services income	**(966)**	(997)
Minority shareholders' interest	**(492)**	(513)
Net result from financial services	**2 802**	3 029
Net investment income	**1 068**	1 117
Core earnings	**3 870**	4 146
Net project expenses	**(56)**	(85)
BEE transaction costs	**(7)**	(5)
Net equity-accounted headline earnings	**16**	152
Net investment surpluses	**(1 699)**	1 264
Amortisation of value of business acquired	**(77)**	(51)
Net loss from discontinued operations	**(22)**	(91)
Net Secondary Tax on Companies	**(59)**	(131)
Normalised headline earnings	**1 966**	5 199
Other equity-accounted earnings	**33**	-
Profit on disposal of subsidiaries and associates	**3**	668
Impairments	**(244)**	(7)
Normalised attributable earnings	**1 758**	5 860
Fund transfers	**736**	(366)
Attributable earnings per Group income statement	**2 494**	5 494

Shareholders' information for the year ended 31 December 2008

Notes to the Shareholder's Fund Information

	2008 R million	2007 R million
1. NEW BUSINESS		
Analysed per market:		
Retail		
› Life business	**12 862**	12 195
Sanlam Personal Finance	**11 413**	9 428
Sanlam Developing Markets	**1 449**	2 767
› Non-life business	**29 105**	29 601
Sanlam Personal Finance	**11 231**	9 709
Sanlam Private Investments	**7 094**	8 300
Sanlam Collective Investments	**10 780**	11 592
› **South African**	**41 967**	41 796
› **Non-South African**	**11 921**	9 520
Sanlam Personal Finance	**8 426**	7 379
Sanlam Developing Markets	**1 145**	848
Sanlam UK	**2 350**	1 293
Total Retail	**53 888**	51 316
Institutional		
› Group life business	**1 500**	2 388
Sanlam Employee Benefits [(1)]	**515**	878
Investment Management [(1)]	**985**	1 510
› Non-life business	**23 324**	23 490
Segregated	**11 810**	10 012
Sanlam Multi-Manager	**4 040**	5 238
Sanlam Collective Investments	**7 474**	8 240
› **South African**	**24 824**	25 878
› Investment Management non-SA	**2 778**	4 407
Total Institutional	**27 602**	30 285
White label	**6 481**	8 996
› Sanlam Collective Investments	**6 481**	7 794
› Sanlam Developing Markets	**-**	1 202
Short-term insurance	**12 165**	11 407
Total new business	**100 136**	102 004

[(1)] *Comparative figures have been restated for a reclassification of life licence business from Sanlam Employee Benefits to Investment Management and Botswana Insurance Fund Management business from life insurance to life licence.*

Shareholders' information for the year ended 31 December 2008

Notes to the Shareholder's Fund Information

continued

	2008 R million	2007 R million
2. NET FLOW OF FUNDS		
Analysed per market:		
Retail		
› Life business	795	162
Sanlam Personal Finance	794	(1 210)
Sanlam Developing Markets	1	1 372
› Non-life business	7 058	9 569
Sanlam Personal Finance	2 897	3 762
Sanlam Private Investments	3 215	3 762
Sanlam Collective Investments	946	2 045
› **South African**	7 853	9 731
› **Non-South African**	1 491	1 863
Sanlam Personal Finance	185	1 141
Sanlam Developing Markets	1 217	894
Sanlam UK	89	(172)
Total Retail	9 344	11 594
Institutional		
› Group life business	(2 736)	(4 745)
Sanlam Employee Benefits [1]	(1 994)	(3 594)
Investment Management [1]	(742)	(1 151)
› Non-life business	985	(1 907)
Segregated	2 663	(1 753)
Sanlam Multi-Manager	(3 406)	75
Sanlam Collective Investments	1 728	(229)
› **South African**	(1 751)	(6 652)
› Investment Management non-SA	(760)	1 235
Total Institutional	(2 511)	(5 417)
White label	(1 445)	1 807
› Sanlam Collective Investments	(1 445)	1 255
› Sanlam Developing Markets	-	552
Short-term insurance	3 734	3 379
Total new business	9 122	11 363

[1] *Comparative figures have been restated for a reclassification of life licence business from Sanlam Employee Benefits to Investment Management and Botswana Insurance Fund Management business from life insurance to life licence.*

Notes to the Shareholder's Fund Information

3. NORMALISED DILUTED EARNINGS PER SHARE

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam balance sheet, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these shares, resulting in a mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's earnings. The number of shares in issue must also be reduced with the treasury shares held by the policyholders' fund for the calculation of IFRS basic and diluted earnings per share. This is not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund varies significantly. The Group therefore calculates normalised diluted earnings per share to eliminate the impact of investments in Sanlam shares and Group subsidiaries held by the policyholders' fund.

	2008 cents	2007 cents
Normalised diluted earnings per share:		
Net result from financial services	**133,8**	133,3
Core earnings	**184,8**	182,4
Headline earnings	**93,9**	228,7
Profit attributable to shareholders' fund	**84,0**	257,8

	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement):		
Net result from financial services	**2 802**	3 029
Core earnings	**3 870**	4 146
Headline earnings	**1 966**	5 199
Profit attributable to shareholders' fund	**1 758**	5 860

	million	million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer below)	**2 043,5**	2 189,3
Add: Weighted average Sanlam shares held by policyholders	**50,5**	83,9
Adjusted weighted average number of shares for normalised diluted earnings per share	**2 094,0**	2 273,2
Number of ordinary shares in issue at beginning of period	**2 303,6**	2 303,6
Shares cancelled	**(113,5)**	-
Number of ordinary shares in issue	**2 190,1**	2 303,6
Shares held by subsidiaries in shareholders' fund	**(197,3)**	(168,9)
Outstanding long-term incentive scheme shares and options	**45,5**	43,3
Number of shares under option to be issued at fair value	**(12,7)**	(7,3)
Convertible deferred shares held by Ubuntu-Botho	**18,6**	12,1
Adjusted number of shares for value per share	**2 044,2**	2 182,8

Shareholders' information for the year ended 31 December 2008

Notes to the Shareholder's Fund Information

continued

4. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2007 and 2008 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 117,2 million shares from 6 March 2008 to 31 December 2008 in terms of the general authorities. The lowest and highest prices paid were R15,33 and R21,49 per share respectively. The total consideration paid of R2,2 billion was funded from existing cash resources. All repurchases were effected through the JSE trading system without any prior understanding or arrangement between the Group and the counter-parties. Authority to repurchase 174,5 million shares, or 7,8% of Sanlam's issued share capital at the time, remain outstanding in terms of the general authority granted at the annual general meeting held on 4 June 2008.

The financial effects of the share repurchases during 2008 on IFRS earnings and net asset value per share are illustrated in the table below. Tangible net asset value excludes goodwill, value of business acquired and deferred acquisition cost included in the shareholders' fund at net asset value.

		Before repurchases	After repurchases
Basic earnings per share:			
› Profit attributable to shareholders' fund	cents	125,8	125,0
› Headline earnings	cents	135,9	135,4
Diluted earnings per share:			
› Profit attributable to shareholders' fund	cents	123,0	122,0
› Headline earnings per share	cents	132,8	132,2
Value per share:			
› Equity value	cents	2 201	2 213
› Net asset value	cents	1 388	1 353
› Tangible net asset value	cents	1 143	1 094

Embedded Value of Covered Business
at 31 December 2008

Embedded Value of Covered Business at 31 December 2008

	Note	2008 R million	2007 R million
Sanlam Personal Finance		**19 574**	20 089
Adjusted net worth		**8 275**	8 285
Net value of in-force covered business		**11 299**	11 804
› Value of in-force covered business		**12 809**	13 452
› Cost of capital		**(1 378)**	(1 555)
› Minority shareholders' interest		**(132)**	(93)
Sanlam Developing Markets		**2 796**	2 160
Adjusted net worth		**1 032**	860
Net value of in-force covered business		**1 764**	1 300
› Value of in-force covered business		**2 432**	1 833
› Cost of capital		**(284)**	(268)
› Minority shareholders' interest		**(384)**	(265)
Sanlam UK		**680**	921
Adjusted net worth		**234**	447
Net value of in-force covered business		**446**	474
› Value of in-force covered business		**481**	506
› Cost of capital		**(35)**	(32)
› Minority shareholders' interest		**-**	-
Sanlam Employee Benefits		**5 541**	5 262
Adjusted net worth		**5 472**	5 118
Net value of in-force covered business		**69**	144
› Value of in-force covered business		**824**	961
› Cost of capital		**(755)**	(817)
› Minority shareholders' interest		**-**	-
Embedded value of covered business		**28 591**	28 432
Adjusted net worth		**15 013**	14 710
Net value of in-force covered business	1	**13 578**	13 722
Embedded value of covered business		**28 591**	28 432

Shareholders' information for the year ended 31 December 2008

Embedded Value of Covered Business

at 31 December 2008 *continued*

Change in Embedded value of covered business for the year ended 31 December 2008

		2008			2007
R million	Note	Total	Value of in-force	Adjusted net worth	Total
Embedded value of covered business at the beginning of the year		28 432	13 722	14 710	27 403
Value of new business [(2)]	2	612	1 677	(1 065)	489
Net earnings from existing covered business		1 885	(693)	2 578	1 996
› Expected return on value of in-force business		1 838	1 838	-	1 442
› Expected transfer of profit to adjusted net worth		-	(2 195)	2 195	-
› Operating experience variances	3	278	(92)	370	288
› Operating assumption changes	4	(231)	(244)	13	266
Expected investment return on adjusted net worth		1 180	-	1 180	1 048
Embedded value earnings from operations		3 677	984	2 693	3 533
Economic assumption changes	5	356	402	(46)	(109)
Tax changes	6	215	216	(1)	291
Investment variances – value of in-force		(1 435)	(1 769)	334	271
Investment variances – investment return on adjusted net worth		(1 864)	-	(1 864)	541
Exchange rate movements		23	23	-	(22)
Net project expenses	7	(53)	-	(53)	(77)
EEV changes		-	-	-	272
Embedded value earnings from covered business		919	(144)	1 063	4 700
Transfers to other Group operations [(3)]		-	-	-	(205)
Change in utilisation of capital diversification		197	-	197	(300)
Net transfers from covered business		(957)	-	(957)	(3 166)
Embedded value of covered business at the end of the year		28 591	13 578	15 013	28 432
Analysis of earnings from covered business					
Sanlam Personal Finance		453	(505)	958	3 953
Sanlam Developing Markets		659	464	195	351
Sanlam UK		(36)	(28)	(8)	63
Sanlam Employee Benefits		(157)	(75)	(82)	333
Embedded value earnings from covered business		919	(144)	1 063	4 700

[(1)] Comparative information has been restated to allocate the change in minority shareholders' interest to the individual line items. All line items are accordingly presented net of minority shareholders' interest.

[(2)] The 2007 comparative value of new business is before the impact of the adoption of EEV methodology at 31 December 2007. Value of new business disclosed below is after the EEV changes to ensure consistent comparison with the 2008 results.

[(3)] Reallocation of Botswana Insurance Fund Management from covered business to other Group operations.

Shareholders' information for the year ended 31 December 2008

Embedded Value of Covered Business

at 31 December 2008 *continued*

Value of New Business for the year ended 31 December 2008

R million	Note	2008	2007
Value of new business (at point of sale):			
Gross value of new business		**787**	657
› Sanlam Personal Finance		**419**	363
› Sanlam Developing Markets		**343**	233
› Sanlam UK		**6**	13
› Sanlam Employee Benefits		**19**	48
Cost of capital		**(89)**	(90)
› Sanlam Personal Finance		**(33)**	(39)
› Sanlam Developing Markets		**(41)**	(30)
› Sanlam UK		**(5)**	(5)
› Sanlam Employee Benefits		**(10)**	(16)
Value of new business		**698**	567
› Sanlam Personal Finance		**386**	324
› Sanlam Developing Markets		**302**	203
› Sanlam UK		**1**	8
› Sanlam Employee Benefits		**9**	32
Value of new business attributable to:			
Shareholders' fund	2	**612**	493
› Sanlam Personal Finance		**377**	321
› Sanlam Developing Markets		**225**	132
› Sanlam UK		**1**	8
› Sanlam Employee Benefits		**9**	32
Minority shareholders' interest		**86**	74
› Sanlam Personal Finance		**9**	3
› Sanlam Developing Markets		**77**	71
› Sanlam UK		**-**	-
› Sanlam Employee Benefits		**-**	-
Value of new business		**698**	567
Geographical analysis:			
South Africa		**507**	426
Africa		**181**	125
Other international		**10**	16
Value of new business		**698**	567

Embedded Value of Covered Business

at 31 December 2008 *continued*

Value of New Business for the year ended 31 December 2008 *continued*

R million	Note	2008	2007
Analysis of new business profitability:			
Before minorities:			
Present value of new business premiums		**26 033**	23 886
› Sanlam Personal Finance		**17 371**	14 985
› Sanlam Developing Markets		**5 332**	5 476
› Sanlam UK		**1 484**	1 327
› Sanlam Employee Benefits		**1 846**	2 098
New business margin		**2,68%**	2,37%
› Sanlam Personal Finance		**2,22%**	2,16%
› Sanlam Developing Markets		**5,66%**	3,71%
› Sanlam UK		**0,07%**	0,60%
› Sanlam Employee Benefits		**0,49%**	1,53%
After minorities:			
Present value of new business premiums		**24 459**	21 886
› Sanlam Personal Finance		**17 080**	14 873
› Sanlam Developing Markets		**4 049**	3 588
› Sanlam UK		**1 484**	1 327
› Sanlam Employee Benefits		**1 846**	2 098
New business margin		**2,50%**	2,25%
› Sanlam Personal Finance		**2,21%**	2,16%
› Sanlam Developing Markets		**5,56%**	3,68%
› Sanlam UK		**0,07%**	0,60%
› Sanlam Employee Benefits		**0,49%**	1,53%

Notes to the Embedded Value of Covered Business

1. VALUE OF IN-FORCE SENSITIVITY ANALYSIS

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
Base value	**15 939**	**(2 361)**	**13 578**	
Interest rate and assets				
› Risk discount rate increase by 1%	14 907	(3 067)	11 840	-13
› Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	16 338	(2 296)	14 042	3
› Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	15 079	(2 318)	12 761	-6
› Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	16 488	(1 895)	14 593	7
Expenses and persistency				
› Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	16 424	(2 359)	14 065	4
› Discontinuance rates decrease by 10%	16 251	(2 427)	13 824	2
Insurance risk				
› Mortality and morbidity decrease by 5% for life assurance business	16 543	(2 358)	14 185	4
› Mortality and morbidity decrease by 5% for life annuity business	15 817	(2 353)	13 464	-1

2. VALUE OF NEW BUSINESS SENSITIVITY ANALYSIS

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
Base value	**685**	**(73)**	**612**	
Interest rate and assets				
› Risk discount rate increase by 1%	586	(88)	498	-19
› Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	726	(74)	652	7
Expenses and persistency				
› Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	731	(73)	658	8
› Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	744	(71)	673	10
› Discontinuance rates decrease by 10%	765	(77)	688	12
Insurance risk				
› Mortality and morbidity decrease by 5% for life assurance business	772	(73)	699	14
› Mortality and morbidity decrease by 5% for life annuity business	658	(73)	585	-4

Shareholders' information for the year ended 31 December 2008

Notes to the Embedded Value of Covered Business

continued

	2008 R million	2007 R million
3. OPERATING EXPERIENCE VARIANCES		
Risk experience	**307**	215
Investment guarantee reserve shortfall	**(117)**	-
Working capital and other	**88**	73
Total operating experience variances	**278**	288
4. OPERATING ASSUMPTION CHANGES		
Mortality and morbidity	**(196)**	98
Persistency	**(31)**	(18)
Modelling improvements and other	**(4)**	186
Total operating assumption changes	**(231)**	266
5. ECONOMIC ASSUMPTION CHANGES		
Investment yields and risk premium	**363**	(86)
Long-term asset mix assumptions	**(7)**	(23)
Total economic assumption changes	**356**	(109)
6. TAX CHANGES		
Change in corporate tax rate	**215**	-
Change in policyholders' fund tax rate	**-**	141
Reduction in STC rate from 12,5% to 10,0%	**-**	150
Total tax changes	**215**	291

7. NET PROJECT EXPENSES

Net project expenses relate to once-off expenditure on the Group's distribution platform that has not been allowed for in the embedded value assumptions.

Notes to the Embedded Value of Covered Business

continued

8. ECONOMIC ASSUMPTIONS

	2008 %	2007 %
Gross investment return, risk discount rate and inflation		
SANLAM LIFE:		
› Point used on the relevant yield curve	9 year	9 year
› Fixed-interest securities	7,3	8,3
› Equities and offshore investments	10,8	11,8
› Hedged equities	7,8	8,8
› Property	8,3	9,3
› Cash	6,3	7,3
› Return on required capital	8,8	9,7
› Inflation rate	4,3	5,3
› Risk discount rate	9,8	10,8
MERCHANT INVESTORS:		
› Point used on the relevant yield curve	15 year	15 year
› Fixed-interest securities	3,7	4,6
› Equities and offshore investments	7,0	7,8
› Hedged equities	7,0	7,8
› Property	7,0	7,8
› Cash	3,7	4,6
› Return on required capital	3,7	4,6
› Inflation rate	2,9	3,7
› Risk discount rate	7,5	8,3
SDM LIMITED:		
› Point used on the relevant yield curve	6 year	6 year
› Fixed-interest securities	7,3	8,6
› Equities and offshore investments	10,8	12,1
› Hedged equities	n/a	n/a
› Property	8,3	9,6
› Cash	6,3	6,6
› Return on required capital	8,6	9,4
› Inflation rate	4,3	5,6
› Risk discount rate	9,8	11,1
BOTSWANA LIFE INSURANCE:		
› Point used on the relevant yield curve	n/a	n/a
› Fixed-interest securities	10,5	10,5
› Equities and offshore investments	14,0	14,0
› Hedged equities	n/a	n/a
› Property	11,5	11,5
› Cash	9,5	8,5
› Return on required capital	10,6	9,5
› Inflation rate	7,5	7,5
› Risk discount rate	14,0	14,0

Notes to the Embedded Value of Covered Business
continued

8. ECONOMIC ASSUMPTIONS *continued*

	2008 %	2007 %
Asset mix for assets supporting the required capital		
SANLAM LIFE:		
› Equities	44	44
› Hedged equities	13	13
› Property	3	3
› Fixed-interest securities	25	25
› Cash	15	15
MERCHANT INVESTORS:		
› Equities	-	-
› Hedged equities	-	-
› Property	-	-
› Fixed-interest securities	-	-
› Cash	100	100
	100	**100**
SDM LIMITED:		
› Equities	50	50
› Hedged equities	-	-
› Property	-	-
› Fixed-interest securities	-	-
› Cash	50	50
	100	**100**
BOTSWANA LIFE INSURANCE:		
› Equities	15	69
› Hedged equities	-	-
› Property	10	1
› Fixed-interest securities	25	30
› Cash	50	-
	100	**100**

Group financial statements for the year ended 31 December 2008

Group Balance Sheet

at 31 December 2008

	2008 R million	2007 R million
ASSETS		
Property and equipment	382	298
Owner-occupied properties	652	650
Goodwill	2 623	2 447
Value of business acquired	1 309	1 000
Deferred acquisition costs	1 970	1 693
Long-term reinsurance assets	506	487
Investments	268 530	290 101
› Properties	15 981	15 648
› Equity-accounted investments	1 317	1 759
› Equities and similar securities	120 284	149 038
› Public sector stocks and loans	50 531	49 887
› Debentures, insurance policies, preference shares and other loans	35 309	34 091
› Cash, deposits and similar securities	45 108	39 678
Deferred tax	712	475
Non-current assets held for sale	-	2 060
Short-term insurance technical assets	2 250	2 263
Working capital assets	38 974	41 357
› Trade and other receivables	28 908	30 538
› Cash, deposits and similar securities	10 066	10 819
Total assets	317 908	342 831
EQUITY AND LIABILITIES		
Shareholders' fund	27 651	29 334
Minority shareholders' interest	2 596	2 220
Total equity	30 247	31 554
Long-term policy liabilities	229 268	244 660
› Insurance contracts	120 879	128 398
› Investment contracts	108 389	116 262
Term finance	6 763	6 594
› Margin business	2 830	2 687
› Other interest-bearing liabilities	3 933	3 907
External investors in consolidated funds	9 822	12 278
Cell owners' interest	447	336
Deferred tax	440	1 354
Non-current liabilities held for sale	-	1 606
Short-term insurance technical provisions	8 229	7 719
Working capital liabilities	32 692	36 730
› Trade and other payables	29 325	32 997
› Provisions	1 453	973
› Taxation	1 914	2 760
Total equity and liabilities	317 908	342 831

2007 comparative Trade and other payables and Trade and other receivables have been increased by R2,6 billion for inappropriate set-off in the prior period.

Group Income Statement
for the year ended 31 December 2008

	2008 R million	2007 R million
Net income	**19 700**	52 504
› Financial services income	**28 578**	26 715
› Reinsurance premiums paid	**(2 990)**	(2 685)
› Reinsurance commission received	**401**	373
› Investment income	**17 044**	14 740
› Investment surpluses	**(24 672)**	15 885
› Finance cost – margin business	**(244)**	(246)
› Change in fair value of external investors liability	**1 583**	(2 278)
Net insurance and investment contract benefits and claims	**(4 352)**	(33 414)
› Long-term insurance and investment contract benefits	**3 062**	(26 413)
› Short-term insurance claims	**(9 189)**	(8 533)
› Reinsurance claims received	**1 775**	1 532
Expenses	**(11 134)**	(9 939)
› Sales remuneration	**(4 189)**	(3 554)
› Administration costs	**(6 945)**	(6 385)
Impairment of investments and goodwill	**(247)**	(7)
Amortisation of value of business acquired	**(77)**	(51)
Net operating result	**3 890**	9 093
Equity-accounted earnings	**34**	228
Finance cost – other	**(391)**	(281)
Profit before tax	**3 533**	9 040
Taxation	**(621)**	(2 493)
› Shareholders’ fund	**(428)**	(1 678)
› Policyholders’ fund	**(193)**	(815)
Profit from continued operations	**2 912**	6 547
Discontinued operations	**25**	(168)
Profit for the year	**2 937**	6 379
Attributable to:		
Shareholders’ fund	**2 494**	5 494
Minority shareholders’ interest	**443**	885
	2 937	6 379
Earnings attributable to shareholders of the company (cents):		
Basic earnings per share	**125,0**	256,6
Diluted earnings per share	**122,0**	250,9
Earnings attributable to shareholders of the company from continuing operations (cents):		
Basic earnings per share	**126,1**	260,8
Diluted earnings per share	**123,1**	255,1

Group Statement of Changes in Equity

for the year ended 31 December 2008

	2008 R million	2007 R million
Shareholders' fund:		
Balance at beginning of the period	**29 334**	29 121
Total recognised income	**2 554**	5 395
› Profit for the period	**2 494**	5 494
› Movement in foreign currency translation reserve	**60**	(99)
Net movement in treasury shares	**17**	(3 551)
› Net realised investment surpluses on treasury shares	**(307)**	(288)
› Cost of net treasury shares acquired [1]	**324**	(3 263)
Share-based payments	**134**	74
Dividends paid [2]	**(1 907)**	(1 705)
Shares cancelled	**(2 481)**	-
Balance at end of the period	**27 651**	29 334
Minority shareholders' interest:		
Balance at beginning of the period	**2 220**	3 934
Total recognised income	**537**	858
› Profit for the period	**443**	885
› Movement in foreign currency translation reserve	**94**	(27)
Net movement in treasury shares	**(48)**	(527)
› Net realised investment surpluses on treasury shares	**(28)**	24
› Cost of net treasury shares disposed/(acquired) (1)	**(20)**	(551)
Share-based payments	**23**	10
Dividends paid	**(366)**	(1 474)
Acquisitions, disposals and other movements in minority interests	**230**	(581)
Balance at end of the period	**2 596**	2 220
Shareholders' fund	**29 334**	29 121
Minority shareholders' interest	**2 220**	3 934
Total equity at beginning of the period	**31 554**	33 055
Shareholders' fund	**27 651**	29 334
Minority shareholders' interest	**2 596**	2 220
Total equity at end of the period	**30 247**	31 554

[1] *Comprises movement in cost of shares held by subsidiaries and the share incentive trust.*
[2] *Dividend of 93 cents per share paid during 2008 (2007: 77 cents per share) in respect of the 2007 financial year.*

Group Cash Flow Statement

for the year ended 31 December 2008

	2008 R million	2007 R million
Net cash inflow from operating activities	6 810	30
Net cash (outflow)/inflow from investment activities	(404)	9 859
Net cash outflow from financing activities	(2 570)	(3 227)
Net increase in cash and cash equivalents	3 836	6 662
Cash, deposits and similar securities at beginning of the period	51 309	44 647
Cash, deposits and similar securities at end of the period	55 145	51 309
Cash, deposits and similar securities classified as held for sale	-	(812)
Cash, deposits and similar securities at end of the period – continuing operations	55 145	50 497
Cash inflow from discontinued operations	(812)	4
Cash, deposits and similar securities at beginning of the period	812	808
Cash, deposits and similar securities at end of the period – discontinued operations	-	812

Notes to the Financial Statements

for the year ended 31 December 2008

1. EARNINGS PER SHARE

	2008 cents	2007 cents
Basic earnings per share:		
Headline earnings	**135,4**	225,7
Profit attributable to shareholders' fund	**125,0**	256,6
Diluted earnings per share:		
Headline earnings	**132,2**	220,8
Profit attributable to shareholders' fund	**122,0**	250,9

	R million	R million
Analysis of earnings:		
Profit attributable to shareholders	**2 494**	5 494
Less: Net profit on disposal of subsidiaries	**(3)**	(44)
Less: Net profit on disposal of associates	**-**	(624)
Less: Equity-accounted non-headline earnings	**(33)**	-
Plus: Impairment of investments and goodwill	**244**	7
Headline earnings	**2 702**	4 833

	million	million
Number of shares:		
Number of ordinary shares in issue at beginning of period	**2 303,6**	2 303,6
Less: Weighted average number of shares cancelled	**(64,3)**	-
Less: Weighted average Sanlam shares held by subsidiaries (including policyholders)	**(243,5)**	(162,4)
Weighted average number of shares for basic earnings per share	**1 995,8**	2 141,2
Add: Weighted conversion of deferred shares	**14,9**	12,1
Add: Total number of shares and options	**45,5**	43,3
Less: Number of shares (under option) that would have been issued at fair value	**(12,7)**	(7,3)
Weighted average number of shares for diluted earnings per share	**2 043,5**	2 189,3

Group financial statements for the year ended 31 December 2008

Notes to the Financial Statements

for the year ended 31 December 2008 *continued*

2. SEGMENTAL INFORMATION

	2008 R million	2007 R million
Segment financial services income	**26 969**	25 026
› Sanlam Personal Finance	**6 678**	6 257
› Sanlam Developing Markets	**3 115**	2 817
› Sanlam UK	**399**	217
› Sanlam Employee Benefits	**2 059**	1 796
› Short-term Insurance	**12 274**	11 035
› Sanlam Investments	**2 259**	2 562
› Sanlam Capital Markets	**107**	283
› Corporate, consolidation and other	**78**	59
› IFRS adjustments	**1 609**	1 689
Total financial services income	**28 578**	26 715
Segment result	**1 758**	5 860
› Sanlam Personal Finance	**80**	2 795
› Sanlam Developing Markets	**53**	474
› Sanlam UK	**(35)**	96
› Sanlam Employee Benefits	**(85)**	775
› Short-term Insurance	**358**	570
› Sanlam Investments	**526**	922
› Sanlam Capital Markets	**(35)**	139
› Corporate, consolidation and other	**896**	89
Reverse minority shareholders' interest included in segment result	**443**	885
Fund transfers	**736**	(366)
Total profit for the period	**2 937**	6 379
Segment assets	**74 582**	83 506
› Sanlam Life	**33 938**	36 468
› Sanlam Developing Markets	**4 887**	5 397
› Sanlam UK	**1 692**	1 368
› Short-term Insurance	**16 736**	17 300
› Sanlam Investments	**3 217**	3 252
› Sanlam Capital Markets	**22 104**	25 932
› Corporate, consolidation and other	**(7 992)**	(6 211)
IFRS adjustments	**(539)**	(1 843)
Policyholders' fund	**243 865**	261 168
Total assets	**317 908**	342 831

3. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosed in the 2007 annual report. The circumstances surrounding these contingent liabilities remained materially unchanged.

4. SUBSEQUENT EVENTS

No material facts or circumstances have arisen between the dates of the balance sheet and this report that affect the financial position of the Sanlam Group at 31 December 2008 as reflected in these financial statements.

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Johan Bester

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(Registration number 1959/001562/06)
JSE share code: SLM
NSX share code: SLA
ISIN number: ZAE000070660
Incorporated in South Africa

Transfer secretaries:
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