Sanlam

90 years of thinking ahead

Sanlam Group

Registered name: Sanlam Limited
(Registration number 1959/001562/06)
JSE share code: SLM
NSX share code: SLA
ISIN number: ZAE000070660

Interim results for the six months ended 30 June 2008

Contents

Sanlam Group Interim Results June 2008

Key features

Earnings

- Net result from financial services per share down 3%
- Core earnings per share up 4%
- Normalised headline earnings per share decreased by 57%
- Diluted headline earnings per share decreased by 24%

Business volumes

- Total new business volumes up 2% to R51 billion
- Value of new covered business up 12% to R290 million
- New covered business margin of 2,39%
- Net fund inflows of R5,5 billion

Group Equity Value

- Group Equity Value per share of R22,54
- Return on Group Equity Value per share of zero%

Capital management

- 81 million shares bought back during 2008 for R1,6 billion
- Discretionary capital of R3 billion at 30 June 2008

SALIENT RESULTS for the six months ended 30 June 2008		2008	2007	△
SANLAM LIMITED GROUP				
Earnings:				
Net result from financial services per share	cents	**62,6**	64,7	-3%
Core earnings per share (1)	cents	**89,7**	86,2	4%
Normalised headline earnings per share (2)	cents	**58,8**	135,9	-57%
Diluted headline earnings per share	cents	**94,5**	124,2	-24%
Net result from financial services	R million	**1 334**	1 488	-10%
Core earnings (1)	R million	**1 913**	1 983	-4%
Normalised headline earnings (2)	R million	**1 254**	3 126	-60%
Headline earnings	R million	**1 955**	2 745	-29%
Group administration cost ratio (3)	%	**28,0**	26,7	
Group operating margin (4)	%	**17,8**	22,5	
Gross business volumes:				
New business volumes	R million	**50 985**	49 820	2%
Net fund flows	R million	**5 470**	1 250	
New covered business				
Value of new covered business	R million	**290**	260	12%
Covered business PVNBP (5)	R million	**12 141**	11 214	8%
New covered business margin (6)	%	**2,39**	2,32	
Group Equity Value:				
Group Equity Value (7)	R million	**46 539**	51 293	-9%
Group Equity Value per share (7)	cents	**2 254**	2 350	-4%
Return on Group Equity Value per share (7) (8)	%	**0,0**	18,8	
SANLAM LIFE INSURANCE LIMITED				
Shareholders' fund (7)	R million	**33 638**	37 933	
Capital Adequacy Requirements (CAR) (7)	R million	**8 100**	7 525	
CAR covered by prudential capital (7)	times	**2,8**	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) Comparative figures are as at 31 December 2007.
(8) 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 the first six months of 2008. The world-wide confidence crisis caused by major capital write-offs in the financial services sector was aggravated by a significant increase in the cost of energy and high food price inflation. These trends spilled over into South Africa and the other countries in which the Sanlam group operates. In South Africa in particular, rising interest rates added to these global factors and exacerbated the impact on consumer confidence and discretionary spending.

Global equity and debt markets remained under pressure during the period. As for most international markets, the South African equity market fell well short of the performance achieved in 2007. The JSE All Share Index gained 5% (excluding dividends) in the first six months in 2008 versus a gain of 14% in the comparable period in 2007. The period under review was, however, also characterised by an unprecedented level of divergence in the performance of resources shares compared to the other South African equity sectors. Buoyant resources shares materially cushioned the under performance of financial and industrial shares with these indices being 27% and 18% down respectively for the first six months of 2008.

Performance review

In the context of this challenging business environment, the Group achieved satisfactory trading results for the six months to 30 June 2008. The diversified nature of the Group's operations provided resilience in the turbulent market conditions, with the retail investment and life businesses recording a strong six-month performance that largely offset some deterioration in the operating results of the institutional and short-term insurance operations. The lower performance level of these operations reflects the impact of the prevailing market volatility but should also be measured against the positive impact that the strong investment markets and favourable underwriting conditions of the past few financial years had on the operating profit and business flows reported by the investment management, capital markets and short-term insurance businesses. Notwithstanding the lower earnings level, the core operations of all the major Group businesses remained sound.

In pursuit of the target to maximise growth in the Group's Equity Value per share, Sanlam continued with its share buy-back programme. The value created by the buy-back strategy is evident in the incremental return and earnings growth achieved on a per share basis. The diluted number of shares in issue at the end of June 2008 is down 5% from December 2007, while the weighted average number of shares in issue for the first six months reduced by 7,3% relative to the comparable period in 2007.

Core earnings per share increased by 4%, which reflects the success of the Group's diversification strategy to provide resilience in the current market conditions. Core earnings for the first six months of 2008 of R1 913 million are 4% lower than the comparable period in 2007, the combined result of a 10% decrease in the net result from financial services (net operating profit) and a 17% increase in net investment income. The operating profit is reported after allowing for a 33% increase in the cost of writing new life business, the effect of a substantial increase in new life business volumes. Significantly lower investment return on the Group's capital portfolio, due to the volatile investment markets, combined with an overweight position in financial and industrial shares, contributed to a 57% decrease in normalised headline earnings per share. Diluted headline earnings per share, which include the International Financial Reporting Standards (IFRS) impact of Sanlam and Santam shares held by the policyholders' fund, decreased by 24%.

Total new business volumes are 2% up on the comparable period in 2007. Excluding the volatile white label flows, new business volumes increased by 4%. New life business volumes increased by 24%, a particularly satisfactory result from both Sanlam Personal Finance and Sanlam Developing Markets against the background of the prevailing economic environment. The value of new covered business of R290 million is 12% up on 2007, with new business margins improving from 2,32% in the first half of 2007 to 2,39% in 2008. Sanlam Personal Finance's new investment business also recorded exceptional growth of 33% compared to the first six months of 2007, supported by continued healthy growth in the affluent market. This was however offset by a 12% decline from a relatively high base in new investment business attracted by the Institutional cluster. The Group recorded strong net fund inflows of R7,3 billion, excluding white label business, compared to R1,1 billion in the first half of 2007.

Group Equity Value (GEV) per share amounted to R22,54 at 30 June 2008. Taking into account the payment of a 93 cents per share dividend in May 2008, this represents a 0% annualised return per share on the R23,50 GEV at the end of December 2007. The biggest negative contributor to the return was a 24% decrease in the Santam share price during the six months, while the annualised return recorded by covered business (7,1%) as well as the other non-listed businesses (-6,0%) was negatively impacted by low investment returns for the period. This is an acceptable overall result given the adverse market conditions. The Group's cumulative performance since Sanlam's demutualisation in 1998 is only marginally below the long-term target of the 10-year bond yield plus 3% to 4%, which confirms the sustained value creation within the Group. The Sanlam share price traded at a 26% discount to GEV at close of trading on 30 June 2008, in line with the historic low levels at which financial services companies are currently trading internationally.

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 remains on optimal capital utilisation, growth and diversification, operational efficiency, and transformation.

A competitive business environment necessitates optimal operational efficiencies. The Group successfully implemented a number of programmes over the past few years to improve efficiencies and to reduce its cost base and will continue to do so. A joint back office integration project between Sanlam and Santam is receiving particular attention with significant benefits expected for both entities.

Sanlam UK has now been established as a separate business unit and incorporates all of the Group's interests in the United Kingdom market. This restructuring will ensure improved focus on the Group's niche presence in this market and will ensure that distribution and other synergies between the businesses are optimised.

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 R1,6 billion was used to buy back 81,2 million Sanlam shares in the market. A further 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 R660 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, Sanlam Multi-Manager International, Intrinsic and Nucleus 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 recent finalisation of the Shriram General Insurance joint venture between the two entities 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 application of capital for the share buy-back programme and corporate activity reduced the level of discretionary capital in the Group to R3 billion at the end of June 2008. The Board remains committed to the utilisation of the remaining discretionary capital in the most efficient manner. The preference is to invest in value-adding strategic initiatives. Any potential transaction will however be evaluated against the Group's primary focus of creating shareholder value through maximising return on GEV. The buy back of Sanlam shares continues to be an attractive option in periods of share price weakness.

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.

Over the past ten years, the Trust has been extremely successful in finding these beneficiaries. Shares due to just over 53 000 beneficiaries, representing less than 3% of the number of policyholders to whom free shares were originally allocated in 1998, still remain in the Trust. The number of shares (about 22 million) represents only 1% of the free shares originally allocated to policyholders. The Trust's term ends on 22 October 2008, at which stage it will be closed and any remaining shares in the Trust will revert to Sanlam in terms of the demutualisation proposal approved by the High Court of South Africa.

The Trust has been a party to the Sanlam / Ubuntu-Botho empowerment transaction as approved by shareholders and concluded in 2004. As an integral part of the transaction, Sanlam facilitated the sale of 52 million of the shares (that would potentially revert to it) from the Trust to Ubuntu-Botho at the ruling market price at the time of 765 cents per share, thus capping the value of any shares that will finally revert to Sanlam at that price. Sanlam at the same time introduced a mechanism that has ensured that the value of the benefits accruing to beneficiaries of the Demutualisation Trust remained unaffected. The Sanlam / Ubuntu-Botho transaction created a major broad based black shareholder for Sanlam, which includes the Sanlam Ubuntu-Botho Community Development Trust, targeting community upliftment and development projects.

Looking ahead

The challenging macro-economic and volatile financial market conditions are not expected to abate for the remainder of the year, and are likely to continue to impact on growth in the Group's key operational performance indicators. Financial market volatility inevitably has a major impact on Group earnings. Relative market movements for the remainder of 2008 may therefore have an impact on the level of Group earnings to be reported for the full 2008 financial year.

The Group, however is confident that it has the required resources and depth in management and staff to successfully confront these challenges to continue on its growth trajectory into the future.

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 interim results for the six months ended 30 June 2008 are presented based on and in compliance with IFRS. The Group's external auditors, Ernst & Young Inc., have reviewed the financial statements.

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, 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 30 June 2008

R million	**30 June 2008 Total**	**30 June 2008 Fair value of assets**	**30 June 2008 Value of in force**	31 December 2007 Total	31 December 2007 Fair value of assets	31 December 2007 Value of in force
Embedded value of covered business	**28 618**	**14 855**	**13 763**	28 432	14 710	13 722
Sanlam Personal Finance	**19 974**	**8 300**	**11 674**	20 089	8 285	11 804
Sanlam Developing Markets	**2 281**	**925**	**1 356**	2 160	860	1 300
Sanlam UK	**1 030**	**510**	**520**	921	447	474
Sanlam Employee Benefits	**5 333**	**5 120**	**213**	5 262	5 118	144
Other group operations	**13 935**	**13 935**	**-**	15 451	15 451	-
Retail cluster	**2 820**	**2 820**	**-**	1 967	1 967	-
Institutional cluster	**6 105**	**6 105**	**-**	7 109	7 109	-
Santam	**5 010**	**5 010**	**-**	6 375	6 375	-
Capital diversification	**(1 057)**	**(1 057)**	**-**	(1 232)	(1 232)	-
Other capital	**2 043**	**2 043**	**-**	2 542	2 542	-
	43 539	**29 776**	**13 763**	45 193	31 471	13 722
Discretionary capital	**3 000**	**3 000**	**-**	6 100	6 100	-
Group Equity Value	**46 539**	**32 776**	**13 763**	51 293	37 571	13 722

Issued shares for value per share (million)	**2 064,3**	2 182,8
Group Equity Value per share (cents)	**2 254**	2 350
Share price (cents)	**1 660**	2 275
Discount	**(26%)**	(3%)

The GEV as at 30 June 2008 amounted to R46,5 billion. This is 9% lower than the R51,3 billion at the end of December 2007. On a per share basis GEV decreased by 4% from 2 350 cents to 2 254 cents at 30 June 2008. The decrease in GEV per share is largely attributable to:

- The payment of the annual dividend of R2 billion (93 cents per share) in May 2008.
- A reduction of R1,4 billion in the value of the Group's investment in Santam, due to a 24% fall in Santam's share price during the period.
- A reduction in the valuation of the businesses in the Institutional cluster, the result of an overall decrease in the cluster's assets under management since 31 December 2007. The valuation base for these operations is directly linked to the level of assets under management.

Return on Group Equity Value for the six months ended 30 June 2008

	June 2008		June 2007	
	Earnings R million	**Return* %**	Earnings R million	Return* %
Sanlam Personal Finance	**503**	**4,8**	1 886	21,0
Covered business	**490**	**4,9**	1 785	21,0
Other operations	**13**	**2,2**	101	20,0
Sanlam Developing Markets	**173**	**16,4**	286	31,4
Covered business	**180**	**17,4**	253	27,6
Other operations	**(7)**	**-43,8**	33	-
Sanlam UK	**161**	**20,2**	213	32,2
Covered business	**139**	**32,5**	44	10,5
Other operations	**22**	**6,0**	169	69,0
Institutional cluster	**(109)**	**-1,8**	1 475	24,9
Covered business	**189**	**7,3**	352	10,7
Investment management & fund administration	**(332)**	**-9,9**	983	41,1
Capital Markets	**34**	**17,7**	140	58,5
Santam	**(1 422)**	**-39,6**	1 393	55,6
Discretionary and other capital	**119**		(58)	
Balance of portfolio	**240**		444	
Shares delivered to Sanlam Demutualisation Trust	**(26)**		(48)	
Shriram goodwill less value of in-force acquired	**(43)**		(105)	
Treasury shares and other	**(130)**		(203)	
Change in net worth adjustments	**78**		(146)	
Return on Group Equity Value	**(575)**	**-2,2**	5 195	23,4

Covered business	**998**	**7,1**	2 434	18,6
Sanlam Personal Finance	**490**	**4,9**	1 785	21,0
Sanlam Developing Markets	**180**	**17,4**	253	27,6
Sanlam UK	**139**	**32,5**	44	10,5
Institutional cluster	**189**	**7,3**	352	10,7
Other non-listed operations	**(270)**	**-6,0**	1 426	43,2
Sanlam Personal Finance	**13**	**2,2**	101	20,0
Sanlam Developing Markets	**(7)**	**-43,8**	33	-
Sanlam UK	**22**	**6,0**	169	69,0
Institutional cluster	**(298)**	**-8,4**	1 123	43,8
Santam	**(1 422)**	**-39,6**	1 393	55,6
Discretionary and other capital	**119**		(58)	
Return on Group Equity Value	**(575)**	**-2,2**	5 195	23,4
Return on Group Equity Value per share		**0,0**		22,7

* *Annualised*

The Group achieved a -2,2% (zero% per share) annualised **return on GEV** for the first six months of 2008, significantly lower than the comparable 2007 performance. The main contributors to this result are the fall in the Santam share price and the impact of lower equity markets on the valuation of the Group's asset management businesses.

The return on **covered business** is a combination of the investment return earned on the capital supporting these operations and the earnings from the book of in-force business (VIF). Overall, covered business recorded an annualised return of 7,1% for the first six months of 2008, compared to a return of 18,6% in the same period in 2007. This decrease is largely attributable to changes in the investment and economic environment, which resulted in the investment return earned on the capital supporting the covered business of Sanlam Personal Finance and Sanlam Employee Benefits declining from 6% (R838 million) in the first six months of 2007 to 0,7% (R94 million) in 2008. This can be ascribed to the volatility in investment markets coupled with an overweight exposure in the applicable portfolios to the underperforming financial and industrial sectors. The annualised return on VIF decreased from 26,2% in 2007 to 11,7% in 2008, again substantially linked to the weak investment returns. Negative investment variances amounted to R108 million for the first six months of 2008 compared to favourable investment variances of R247 million for the comparable period in 2007. The increase in interest rates and inflation resulted in a change in the economic assumptions used to calculate the value of in-force covered business. This had a negative impact of R712 million on the earnings from covered business, compared to negative economic assumptions changes of R118 million in 2007. Changes in tax legislation contributed R187 million to the earnings from covered business in 2008, compared to R285 million in 2007. The combined effect of these external factors is a relative reduction in the earnings from covered business of R1,8 billion in 2008 when compared to the first half of 2007. These negative return attributes were somewhat compensated for by a 12% increase in the value of new covered business. Excluding the impact of the above economic factors, the normalised annualised return on covered business amounts to 20,6%, which reflects an improvement on 2007.

The Group's **other non-listed operations** recorded an annualised return of -6% in 2008, which is well down on the 43,2% earned in the first half of 2007. This under performance is due, partly to lower returns from all of these operations, but in particular to a significant reduction in the return from the Institutional cluster businesses. Negative investment returns resulted in a reduction in the assets under management of the Group's investment management businesses, which in turn impacted on the valuations of these businesses with a commensurate negative impact on the GEV earnings.

The **Santam** share price derated during the period in line with other listed financial services companies, decreasing from R104,00 at the end of December 2007 to R78,71 at 30 June 2008. Combined with dividends declared by Santam during the first six months of 2008, the Group's investment return on Santam was negative R1,4 billion (-39.6% annualised), a R2,8 billion turnaround from the earnings recorded in the comparable period in 2007.

Earnings

Summarised shareholders' fund income statement for the six months ended 30 June 2008

R million	**2008**	2007	△
Net result from financial services	**1 334**	1 488	-10%
Net investment income	**579**	495	17%
CORE EARNINGS	**1 913**	1 983	-4%
Project expenses	**(40)**	(31)	-29%
Net equity-accounted headline earnings	**(4)**	104	-104%
BEE transaction costs	**(3)**	(4)	25%
Net investment surpluses	**(447)**	1 200	-137%
Secondary Tax on Companies (STC)	**(99)**	(92)	-8%
Discontinued operations	**(35)**	(11)	-218%
Amortisation of value of business acquired	**(31)**	(23)	-35%
NORMALISED HEADLINE EARNINGS	**1 254**	3 126	-60%
Disposal of associates and subsidiaries	**-**	614	
Other non-headline earnings and impairments	**(103)**	-	
Normalised attributable earnings	**1 151**	3 740	-69%

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 six months of R1 913 million are 4% down on 2007 (up 4% on a per share basis). This is the net result of a 10% fall in the net result from financial services, in part offset by a 17% increase in net investment income. The latter was positively impacted by relatively higher average cash interest rates during the first six months of 2008.

The **net result from financial services** of **R1 334 million** is R154 million (10%) lower than in the comparative period 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 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 first six months of 2008.

- 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 per share increased by 7% (-1% in absolute terms), with a very strong growth from the Retail cluster.

Net result from financial services for the six months ended 30 June 2008

R million	2008	2007	△
Net result from financial services on comparable basis	**1 848**	1 858	-1%
Retail cluster	**1 280**	1 113	15%
Institutional cluster	**408**	524	-22%
Santam	**188**	245	-23%
Corporate and other	**(28)**	(24)	-17%
Direct Financial Services (MiWay launched in 2008)	**(23)**	-	-
New business strain	**(491)**	(370)	-33%
Net result from financial services	**1 334**	1 488	-10%

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

Net result from financial services for the six months ended 30 June 2008

R million	2008	2007	△
Retail cluster	**808**	**754**	7%
Sanlam Personal Finance	**678**	629	8%
Sanlam Developing Markets	**78**	80	-3%
Sanlam UK	**52**	45	16%
Institutional cluster	**389**	513	-24%
Sanlam Investments	**272**	373	-27%
Sanlam Employee Benefits	**83**	48	73%
Sanlam Capital Markets	**34**	92	-63%
Santam	**188**	245	-23%
Corporate and other	**(51)**	(24)	-113%
Net result from financial services	**1 334**	1 488	-10%

- **Sanlam Personal Finance's** net operating profit for the year to date is 8% higher than in 2007. The higher interest rate environment supported market related profit, while risk underwriting profit benefited from improved underwriting experience. This was to an extent offset by lower growth in administration profit due to new business strain following the strong growth in new business volumes. Excluding the impact of new business strain, the Sanlam Personal Finance earnings increased by 10%.

- The **Sanlam Developing Markets** net operating profit is 3% down on 2007. This is mainly attributable to an increase in new business strain, the impact of changes in economic assumptions on Channel Life and the poor investment market performance in Botswana in the first half of 2008 compared to particularly good investment performance in 2007. Strong growth in new life business volumes in the first half of 2008 (refer below) resulted in an increase of R67 million (after tax and minorities) in the new business strain recognised at inception of the contracts compared to the same period in 2007. A portion of the profit earned by the Botswana operations is linked to the investment return earned on specific policyholder reserves. The weak performance of the Botswana stock market in 2008 relative to 2007 resulted in negative investment variances in 2008. This was to an extent offset by a weakening of the rand exchange rate against the Botswana pula. Excluding the impact of new business strain, Sanlam Developing Markets increased its contribution to the Group net result from financial services by 34%, which is a reflection of the major improvement in its performance on a normalised basis.
- **Sanlam UK** recorded a 16% growth in its net operating profit, which is largely attributable to a strong performance by Sanlam Multi-Manager International, the first-time inclusion of the results of the newly acquired Principal and Buckles businesses as well as the weakening in the exchange rate.
- The **Instutional cluster** businesses had a challenging first six months of 2008 with net operating profit for the six months 24% lower than 2007. <u>Sanlam Investments</u> recorded a 27% reduction in earnings. The volatile investment markets had a major negative impact on these businesses' investment performance, in particular Octane and SIM Global, which earned significantly lower performance fees. Profit before tax and gross performance fees increased by 8% on the comparable period in 2007, a satisfactory result in the challenging environment. Administration costs increased by 19%, mainly due to business expansion, with Simeka, Blue Ink and the transfer of investment linked business from Sanlam Employee Benefits impacting on the expense base subsequent to the first half of 2007. <u>Sanlam Employee Benefits</u> performed well to post a 73% increase in its net profit. The performance can mostly be ascribed to an increase in risk underwriting profit following improved claims experience and the positive impact of higher interest rates on market related profit. The 2007 result also included provisions to correct historic errors on the administration platform. <u>Sanlam Capital Markets</u> was adversely affected by the significant market turbulence in the first half of 2008, with reported results that are significantly lower than the comparable period in 2007. The volatility in debt and equity markets, together with the associated uncertainty experienced by market participants in these conditions, resulted in a slowdown in deal flow during the first half of 2008. This, combined with the impact of widening credit spreads on the valuation of credit positions, lead to a 63% reduction in its reported earnings.
- **Santam's** net operating earnings for the six months is 23% lower than 2007. Santam's earnings should however be evaluated against the high underwriting margin of 8,7% achieved in 2007. For the first half of 2008 Santam reported an underwriting margin of 5,8%, which represents a very satisfactory result in the current short-term insurance market, in particular given a number of large industrial related claims experienced in the corporate business unit.

Normalised headline earnings

Normalised headline earnings of R1 254 million are 60% lower than the first six months of 2007. This is largely the result of a substantial reduction in investment surpluses and equity-accounted earnings. The JSE All Share Index increased by 5% during the first half of 2008, but this was mainly driven by an exceptionally strong resources sector, specifically BHP Billiton, Anglo American and Sasol, which masked a substantial fall in value in most other sectors. The Sanlam and Santam portfolios were underweight these three shares which resulted in a material fall in relative returns. The lower capital base following the continued buy-back of Sanlam shares in 2007 and 2008 also contributed to the lower earnings, but the 137% reduction in reported <u>investment surpluses</u> was in essence due to the relatively weaker investment performance for the six months. The sharp fall in <u>equity-accounted earnings</u> is attributable to lower contributions from the Safair Lease Finance joint venture and an investment linked to the market value of the Vukile listed property fund as well as the impact of the disposal of the Group's interest in Peermont during 2007.

Discontinued operations relate to the results of Santam's operations in Europe that are in the process of being closed down and/or disposed of.

Earnings per share

On a per share basis core earnings are 4% up on 2007 and normalised headline earnings are 57% down on the comparable 2007 period. Diluted headline earnings per share decreased by 24%. The higher growth on a per share basis is due to the lower weighted average number of shares in issue following the share buy-backs.

Business volumes

New business flows

Total new business volumes increased by 2% from R49,8 billion in the first six months of 2007 to R51 billion in the first half of 2008.

New business volumes for the six months ended 30 June 2008

R million	**2008**	2007	△
Sanlam Personal Finance	**15 824**	11 928	33%
South Africa	**11 559**	8 864	30%
Africa	**4 265**	3 064	39%
Sanlam Developing Markets	**1 214**	1 050	16%
South Africa	**665**	681	-2%
Africa	**449**	316	42%
Other international	**100**	53	89%
Sanlam UK	**807**	566	43%
Institutional cluster	**23 305**	26 348	-12%
Sanlam Investments	**23 035**	26 072	-12%
Sanlam Employee Benefits	**270**	276	-2%
Santam	**6 085**	5 476	11%
White label	**3 750**	4 452	-16%
Total new business	**50 985**	49 820	2%

Sanlam Personal Finance continued its strong performance of 2007 and reported a 33% increase in new business volumes. Life business increased by 32% with growth of 33% in new investment business, an exemplary performance in the current economic environment.

Total South African new business volumes increased by 30% compared to 2007.

- Recurring premium life sales are marginally down on the same period in 2007. The impact of increasing financial strain on the Topaz middle market clients is evident in the reduction in the sales volumes of savings and retirement solutions. Recurring risk solution sales are less exposed and new business volumes grew by a satisfactory 20% over 2007. Advisor numbers that lagged the previous year also had a negative impact on recurring business sales, but this has been addressed through appropriate management action.
- Single premium life sales are up 37% on 2007 with a 69% increase in Glacier's life business the main contributor. Topaz life sales increased by 21%, with volatile equity market conditions and rising interest rates increasing the demand for Topaz guaranteed solutions.
- Investment business reflects growth of 28% on 2007, supported by a more than doubling in the growth of money market products. Sales of equity based solutions are marginally down on 2007.

The Namibian operations recorded a 39% improvement in volumes, largely attributable to continued out performance by collective investment flows that are 41% up on 2007. Some of these inflows are however not expected to be retained over the longer term.

Sanlam Developing Markets inflows are 16% higher than 2007.

- The core recurring premium business in South Africa performed well to achieve a 29% increase in new business. This was however offset by a 23% reduction in the sale of single premium business.
  - Sanlam Sky Solutions (formerly African Life) volumes are well ahead of 2007, with both new recurring and single premium volumes up 65% on 2007. This strong performance is the result of specific actions implemented to address the trend of declining sales experienced in 2006 and the beginning of 2007. In particular, agents remuneration and branches having been restructured resulted in an increase in the number of agents and a reduction in agent turnover.
  - Channel Life's new recurring premiums are slightly lower than the comparative period in 2007 based on an under performance by the call centre, which was closed at the end of May 2008. Single premium new business volumes decreased by 50% on 2007 following the disposal of Alternative Channel during the 2007 financial year, which contributed most of the single premium business. As these flows were low margin business, the impact on profitability is negligible with a positive effect on the overall profitability of new business.
- Other African business inflows are 42% up on 2007, supported by strong growth in all regions, and with both recurring and single premium volumes increasing by 42%. The Kenyan business performed exceptionally well to increase its total new business volumes by 67% despite the impact of political violence at the start of the year.
- Shriram is continuing its strong sales performance with year-to-date sales of R100 million, compared to R53 million in 2007. The total number of accredited agents reached 17 500 at the end of June 2008, compared to 11 300 a year earlier.

Sanlam UK comprises Merchant Investors' new business volumes. The business has been successful in expanding its distribution platform and reach with new business volumes increasing by 43% on 2007.

New business volumes in the **Institutional cluster** are down 12% from a high base in 2007.

- Sanlam Investments' new business volumes decreased by 12% compared to 2007, largely attributable to a reduction in institutional inflows at Sanlam Collective Investments and Sanlam Multi-Manager. The South African investment businesses performed well when evaluated against the high base in 2007. Segregated fund flows, excluding Sanlam Multi-Manager, recorded particularly strong growth of 25% on 2007 with Sanlam Private Investments reporting growth of 8% despite the large inflows experienced in 2007. Sanlam Collective Investments wholesale flows decreased by 46% and its overall new business flows by 24% as a result thereof. Sanlam Multi-Manager experienced a 43% reduction in new business volumes. Both these trends were not unexpected given the relatively strong inflows in 2007, coupled with the impact of the current subdued economic outlook. The International businesses grew their contribution to new business volumes by 16% compared to the first half of 2007. The hedge fund business, Blue Ink, is the main contributor to this growth. Inflows at SIM Global are down 19%.
- Sanlam Employee Benefits inflows are marginally lower than the comparable 2007 inflows. Recurring premiums are 15% lower with single premiums reflecting growth of 5%.

Santam recorded an 11% increase in net premium inflows over the first six months of 2007, which is in line with expectations and above industry growth. This is a satisfactory performance in the current business environment.

Net business flows

Total inflows increased by 3% on 2007 while outflows in respect of fund withdrawals and policy benefits are down by 5%. This resulted in an overall net inflow of funds amounting to R5,5 billion compared to a net inflow of R1,3 billion in the corresponding period in 2007. Excluding the volatile white label business, net business flows improved from R1,1 billion in the first half of 2007 to R7,3 billion during 2008. Life business net flows improved significantly from a R2,2 billion net outflow in 2007 to a net inflow of R639 million in 2008, a combination of improved net flows in all of the Group's life businesses. Sanlam Investments also reported an improvement, with net inflows of R3,1 billion in 2008 compared to net outflows of R2,5 billion in 2007. The main contributor to the improvement is South African segregated business, which recorded net inflows of R3 billion compared to net outflows of R4,5 billion in 2007. This was however somewhat offset by a deterioration in Multi-Manager net flows.

Net business flows for the six months ended 30 June 2008

R million	**2008**	2007
Sanlam Personal Finance	**2 221**	2 627
Life business	**861**	(411)
Investment business	**1 360**	3 038
Sanlam Developing Markets	**673**	497
Sanlam UK	**91**	(187)
Institutional cluster	**2 538**	(3 627)
Sanlam Employee Benefits	**(517)**	(1 097)
Sanlam Investments	**3 055**	(2 530)
Santam	**1 768**	1 767
Net business flows before white label	**7 291**	1 077
White label	**(1 821)**	173
Total net business flows	**5 470**	1 250

Value of new covered business (VNB)

Total VNB for the first six months of 2008 of R290 million reflects strong growth of 12% (13% after minorities) with an improvement in new business margins from 2,32% in 2007 to 2,39% in 2008 (2,11% and 2,17% respectively after minorities), despite the negative impact of a 2,4% increase in the risk discount rate following a similar rise in long-term interest rates. On a comparable basis, before adjusting for the change in economic assumptions, VNB and PVNBP increased by 28% and 11% respectively, with new business margins improving from 2,32% to 2,67%. This is reflective of the strong operational performance and the resilient results achieved in the current economic environment. The table below presents the VNB results before and after the change in economic assumptions.

Value of new covered business for the six months ended 30 June 2008

R million	**2008**	2007	△
After economic assumption changes			
Value of new covered business	**290**	260	12%
Sanlam Personal Finance	**160**	142	13%
Sanlam Developing Markets	**113**	88	28%
Sanlam UK	**3**	4	-25%
Sanlam Employee Benefits	**14**	26	-46%
Net of minorities	**250**	222	13%

Present value of new business premiums	**12 141**	11 214	8%
Sanlam Personal Finance	**8 089**	6 859	18%
Sanlam Developing Markets	**2 330**	2 010	16%
Sanlam UK	**836**	579	44%
Sanlam Employee Benefits	**886**	1 766	-50%
Net of minorities	**11 501**	10 535	9%
New covered business margin	**2,39%**	2,32%	
Sanlam Personal Finance	**1,98%**	2,07%	
Sanlam Developing Markets	**4,85%**	4,38%	
Sanlam UK	**0,36%**	0,69%	
Sanlam Employee Benefits	**1,58%**	1,47%	
Net of minorities	**2,17%**	2,11%	
Before economic assumption changes			
Value of new covered business	**334**	260	28%
Sanlam Personal Finance	**190**	142	34%
Sanlam Developing Markets	**133**	88	51%
Sanlam UK	**4**	4	-
Sanlam Employee Benefits	**6**	26	-77%
Net of minorities	**292**	222	32%
Present value of new business premiums	**12 503**	11 214	11%
Sanlam Personal Finance	**8 372**	6 859	22%
Sanlam Developing Markets	**2 423**	2 010	21%
Sanlam UK	**837**	579	45%
Sanlam Employee Benefits	**872**	1 766	-51%
Net of minorities	**11 848**	10 535	12%
New covered business margin	**2,67%**	2,32%	
Sanlam Personal Finance	**2,27%**	2,07%	
Sanlam Developing Markets	**5,49%**	4,38%	
Sanlam UK	**0,48%**	0,69%	
Sanlam Employee Benefits	**0,69%**	1,47%	
Net of minorities	**2,46%**	2,11%	

Sanlam Personal Finance's VNB for the first six months of 2008 is 13% higher than 2007. The impact of the higher risk discount rate masks a very strong new life business performance during the reporting period as the change in economic assumptions reduced the year-to-date VNB by R30 million. VNB margins improved on a comparable basis from 2,07% in 2007 to 2,27% in 2008.

Sanlam Developing Markets recorded VNB of R113 million in 2008, which is 28% up on 2007 despite a R20 million negative impact from the change in economic assumptions. This result reflects the strong growth in new business volumes. VNB margins increased from 4,38% in 2007 to

4,85% in 2008, supported by an improved contribution by the African operations, which were not affected to the same extent by economic assumption changes as the South African operations. On a comparable basis, VNB margins increased from 4,38% in 2007 to 5,49%.

Sanlam Employee Benefits' lower new business performance is also reflected in the 46% decrease in VNB during 2008. The 50% decrease in PVNBP is however mostly attributable to a decision by the end of the 2007 financial year to include the investment business as investment flows in Sanlam Investments. Comparative VNB information has not been restated for this change in classification.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2008. The total capital of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, amounted to R33,6 billion on 30 June 2008. Its allocated regulatory capital at the end of June 2008 amounted to R22,5 billion, which covered its regulatory Capital Adequacy Requirement (CAR) 2,8 times, compared to 3,5 times on 31 December 2007. No policyholder portfolios held negative bonus stabilisation reserves below the statutory reporting funding level of 92,5%.

Santam's regulatory capital (shareholders' funds including subordinated debt) constituted 40% of net earned premiums on 30 June 2008 compared to 42% as at 31 December 2007. The solvency level is within 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

No interim dividend has been declared. 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.

Roy Andersen
Chairman

Johan van Zyl
Group Chief Executive

Sanlam Limited
Cape Town
3 September 2008

Interim Financial Statements for the six months ended 30 June 2008

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The accounting policies adopted for the purposes of the financial statements comply with International Financial Reporting Standards, specifically IAS 34 on interim financial reporting, and with applicable legislation. The condensed financial statements are presented in terms of IAS 34, with additional disclosure where applicable, using accounting policies consistent with those applied in the 2007 financial statements. 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 (refer to page ___ for the major assumptions applied).

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 (also refer to page___):

- From Sanlam Personal Finance: Merchant Investors;
- From Sanlam Investments: Sanlam Multi-Manager International; and
- 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.

Group Equity Value (GEV)

Long-term incentives granted by the Group on Sanlam Limited shares are accounted for as dilutive instruments with effect from the 2007 annual results. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of these instruments. In the June 2007 comparative information, which has not been restated, the GEV was reduced with the fair value of these shares, with no adjustment to the number of shares in issue. The change in basis does not have a material impact on the June 2007 GEV and Return on GEV on a per share basis.

The GEV disclosed for June 2007 accordingly equates to the total group embedded value disclosed in the 2007 interim results report.

Change in embedded value assumptions and methodology

The methodology and assumptions used to determine the embedded value of covered business was adjusted in the 2007 annual report with effect from December 2007 in preparation for the revised embedded value guidance from the Actuarial Society of South Africa that becomes effective for reporting periods ending on or after 31 December 2008. These are intended to be materially consistent with the CFO Forum's European Embedded Value (EEV) Principles. No adjustment has been made to the June 2007 published embedded value.

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 IAS 19 *The Limit on Defined Benefit Asset, Minimum Funding Requirement and their Interaction*

The application of these interpretations did not have a significant impact on the Group's reported results and cash flows for the six months ended 30 June 2008 and the financial position at 30 June 2008.

The following new or revised IFRSs and interpretations have effective dates applicable to the Group's 2009 financial year and have not been early adopted:

- IAS 1 Revised (effective 1 January 2009)
- IFRS 2 Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- IFRS 3 Revised Business Combinations (effective 1 July 2009)
- IAS 27 Amended Consolidated and Separate Financial Statements (effective 1 July 2009)
- IAS 23 Borrowing costs (effective 1 January 2009)
- IAS 32 Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)

The application of these revised standards 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 mainly be applied on a prospective basis.

EXTERNAL AUDIT REVIEW

The appointed external auditors, Ernst & Young Inc., reviewed the condensed balance sheet of the Sanlam Limited group as at 30 June 2008 and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes set out on pages ___ to ___. The review was conducted in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

The external auditors have also conducted a limited assurance review of the Sanlam Limited Shareholders' Information on pages ___ to ___ for the six months ended 30 June 2008, which comprises the Report on Group Equity Value, Report on Shareholders' Fund Financial Statements and Report on Embedded Value of Covered Business and related notes, in accordance with the International Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

Copies of the unqualified reports of Ernst & Young Inc. are available for inspection at the registered office of the company.

Shareholders’ information for the six months ended 30 June 2008

Contents

GROUP EQUITY VALUE

at 30 June 2008	June Reviewed 2008 R million	2007 R million	December Audited 2007 R million
Embedded value of covered business	**28 618**	28 286	28 432
Sanlam Personal Finance	**19 974**	19 397	20 089
Adjusted net worth	**8 300**	8 735	8 285
Value of in-force	**11 674**	10 662	11 804
Sanlam Developing Markets	**2 281**	2 049	2 160
Adjusted net worth	**925**	650	860
Value of in-force	**1 356**	1 399	1 300
Sanlam UK	**1 030**	904	921
Adjusted net worth	**510**	423	447
Value of in-force	**520**	481	474
Sanlam Employee Benefits	**5 333**	5 936	5 262
Adjusted net worth	**5 120**	5 415	5 118
Value of in-force	**213**	521	144
Other Group operations	**13 935**	15 037	15 451
Retail cluster	**2 820**	1 920	1 967
Institutional cluster	**6 105**	6 221	7 109
Santam	**5 010**	6 896	6 375
Capital diversification	**(1 057)**	(1 201)	(1 232)
Other capital	**2 043**	704	2 542
	43 539	42 826	45 193
Discretionary capital	**3 000**	5 800	6 100
Group equity value	**46 539**	48 626	51 293
Group equity value per share (cents)	**2 254**	2 188	2 350

SHAREHOLDERS' FUND AT FAIR VALUE

at 30 June 2008	June Reviewed 2008 R million	2007 R million	December Audited 2007 R million
Property and equipment	**204**	209	214
Owner-occupied properties	**610**	604	612
Goodwill	**475**	476	487
Value of business acquired	**826**	967	843
Deferred acquisition costs	**1 177**	857	1 079
Investments	**33 925**	39 636	38 453
Sanlam businesses	**13 935**	15 037	15 451
Sanlam Investments	**5 625**	5 681	6 530
SIM Wholesale	**3 778**	3 992	4 443
International	**1 538**	1 359	1 710
Sanlam Collective Investments	**309**	330	377
Sanlam Personal Finance	**1 125**	1 146	1 192
Glacier	**584**	569	593
Sanlam Personal Loans	**73**	114	104
Multi-Data	**172**	115	143
Sanlam Trust	**111**	96	104
Sanlam Home Loans	**61**	187	177
Other	**124**	65	71
Sanlam UK	**1 449**	739	747
Principal	**584**	-	-
Punter Southall Group	**318**	298	297
Other	**547**	441	450
Alfinanz	**21**	35	28
Coris Administration	**46**	-	38
Sanlam Capital Markets	**434**	540	541
Santam	**5 010**	6 896	6 375
Other	**225**	-	-
Associated companies	**336**	137	347
Joint ventures	**465**	484	378
Safair Lease Finance	**254**	271	209
Shriram and other	**211**	213	169
Other investments	**19 189**	23 978	22 277
Other equities and similar securities	**11 346**	11 719	11 112
Public sector stocks and loans	**1 171**	1 803	2 697
Investment properties	**360**	310	245
Other interest-bearing and preference share investments	**6 312**	10 146	8 223
Net term finance	**-**	-	-
Term finance	**(4 933)**	(5 142)	(5 068)
Assets held in respect of term finance	**4 933**	5 142	5 068
Net deferred tax	**-**	(415)	(95)
Net working capital	**(1 273)**	(2 670)	(888)
Minority shareholders' interest	**(941)**	(927)	(857)
Shareholders' fund at fair value	**35 003**	38 737	39 848
Fair value per share (cents)	**1 696**	1 743	1 826

SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2008

	Six months Reviewed		Full year Audited
	2008	2007	2007
	R million	R million	R million
Result from financial services before tax	**1 966**	2 335	4 539
Sanlam Personal Finance	**895**	819	1 857
Sanlam Developing Markets	**126**	179	343
Sanlam UK	**67**	53	71
Sanlam Employee Benefits	**117**	67	173
Short-term Insurance	**403**	615	987
Investment Management	**400**	549	1 208
Capital Markets	**-**	90	73
Corporate and other	**(42)**	(37)	(173)
Tax on financial services income	**(397)**	(529)	(997)
Minority shareholders' interest	**(235)**	(318)	(513)
Net result from financial services	**1 334**	1 488	3 029
Net investment income	**579**	495	1 117
Core earnings	**1 913**	1 983	4 146
Net project expenses	**(40)**	(31)	(85)
BEE transaction costs	**(3)**	(4)	(5)
Net equity-accounted headline earnings	**(4)**	104	152
Net investment surpluses	**(447)**	1 200	1 264
Amortisation of value of business acquired	**(31)**	(23)	(51)
Net loss from discontinued operations	**(35)**	(11)	(91)
Net Secondary Tax on Companies	**(99)**	(92)	(131)
Normalised headline earnings	**1 254**	3 126	5 199
Other equity-accounted earnings	**32**	-	-
Profit on disposal of subsidiaries and associates	**-**	614	668
Impairment of investments and goodwill	**(135)**	-	(7)
Normalised attributable earnings	**1 151**	3 740	5 860
Fund transfers	**701**	(381)	(366)
Attributable earnings per Group income statement	**1 852**	3 359	5 494

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the six months ended 30 June 2008

	2008	2007
	R million	R million
1. NEW BUSINESS		
Analysed per market:		
Retail		
Life business	**6 485**	5 063
Sanlam Personal Finance	**5 820**	4 382
Sanlam Developing Markets	**665**	681
Non-life business	**15 358**	13 849
Sanlam Personal Finance	**5 739**	4 482
Sanlam Private Investments	**4 016**	3 730
Sanlam Collective Investments	**5 603**	5 637
South African	**21 843**	18 912
Non-South African	**5 621**	3 999
Sanlam Personal Finance	**4 265**	3 064
Sanlam Developing Markets	**549**	369
Sanlam UK	**807**	566
Total Retail	**27 464**	22 911
Institutional		
Group life business	**477**	972
Sanlam Employee Benefits (1)	**270**	276
Investment Management (1)	**207**	696
Non-life business	**11 714**	14 806
Segregated	**6 379**	5 111
Sanlam Multi-Manager	**2 099**	3 672
Sanlam Collective Investments	**3 236**	6 023
South African	**12 191**	15 778
Investment Management non-SA	**1 495**	1 203
Institutional	**13 686**	16 981
White label	**3 750**	4 452
Sanlam Collective Investments	**3 750**	3 998
Sanlam Developing Markets	**-**	454
Short-term insurance	**6 085**	5 476
Total new business	**50 985**	49 820

(1) Comparative figures have been restated for a reclassification of life licence business from Sanlam Employee Benefits to Investment Management.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION *(continued)*

	2008 R million	2007 R million
2. NET FLOW OF FUNDS		
Analysed per market:		
Retail		
Life business	**851**	(377)
Sanlam Personal Finance	**768**	(454)
Sanlam Developing Markets	**83**	77
Non-life business	**3 922**	4 867
Sanlam Personal Finance	**1 300**	1 732
Sanlam Private Investments	**2 583**	2 445
Sanlam Collective Investments	**39**	690
South African	**4 773**	4 490
Non-South African	**834**	1 582
Sanlam Personal Finance	**153**	1 349
Sanlam Developing Markets	**590**	420
Sanlam UK	**91**	(187)
Total Retail	**5 607**	6 072
Institutional		
Group Life business	**(1 218)**	(2 174)
Sanlam Employee Benefits (1)	**(517)**	(1 097)
Investment Management (1)	**(701)**	(1 077)
Non-life business	**1 552**	(4 617)
Segregated	**2 974**	(4 522)
Sanlam Multi-Manager	**(2 349)**	470
Sanlam Collective Investments	**927**	(565)
South African	**334**	(6 791)
Investment Management non-SA	**(418)**	29
Total Institutional	**(84)**	(6 762)
White label	**(1 821)**	173
Sanlam Collective Investments	**(1 821)**	60
Sanlam Developing Markets	**-**	113
Short-term insurance	**1 768**	1 767
Total net flow of funds	**5 470**	1 250

(1) Comparative figures have been restated for a reclassification of life licence business from Sanlam Employee Benefits to Investment Management.

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.

	Six months Reviewed		Full year Audited
	2008 cents	2007 cents	2007 cents
Normalised diluted earnings per share:			
Net result from financial services	62,6	64,7	133,3
Core earnings	89,7	86,2	182,4
Headline earnings	58,8	135,9	228,7
Profit attributable to shareholders' fund	54,0	162,5	257,8
	R million	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement):			
Net result from financial services	1 334	1 488	3 029
Core earnings	1 913	1 983	4 146
Headline earnings	1 254	3 126	5 199
Profit attributable to shareholders' fund	1 151	3 740	5 860
	million	million	million
Adjusted number of shares:			
Weighted average number of shares for diluted earnings per share (refer below)	2 068,1	2 209,8	2 189,3
Add: Weighted average Sanlam shares held by policyholders	64,5	90,8	83,9
Adjusted weighted average number of shares for normalised diluted earnings per share	2 132,6	2 300,6	2 273,2
Number of ordinary shares in issue at beginning of period	2 303,6	2 303,6	2 303,6
Shares cancelled	(63,5)	-	-
Number of ordinary shares in issue	2 240,1	2 303,6	2 303,6
Shares held by subsidiaries in shareholders' fund	(218,5)	(91,1)	(168,9)
Outstanding long-term incentive scheme shares and options	43,2	-	43,3
Number of shares under option to be issued at fair value	(14,4)	-	(7,3)
Convertible deferred shares held by Ubuntu-Botho	13,9	9,7	12,1
Adjusted number of shares for value per share	2 064,3	2 222,2	2 182,8

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 81,2 million shares from 6 March 2008 to 30 June 2008 in terms of the general authorities. The lowest and highest prices paid were R16,51 and R21,49 per share respectively. The total consideration paid of R1,6 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 210,4 million shares, or 9,4% 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:

		Before repurchases	**After repurchases**
Basic earnings per share:			
Profit attributable to shareholders' fund	cents	90,9	91,4
Headline earnings	cents	95,9	96,5
Diluted earnings per share:			
Profit attributable to shareholders' fund	cents	89,1	89,5
Headline earnings per share	cents	94,0	94,5
Value per share:			
Equity value	cents	2 245	2 254
Net asset value	cents	1 366	1 340
Tangible net asset value	cents	1 085	1 048

EMBEDDED VALUE OF COVERED BUSINESS
at 30 June 2008

EMBEDDED VALUE OF COVERED BUSINESS at 30 June 2008

	Note	June Reviewed 2008 R million	June 2007 R million	December Audited 2007 R million
Sanlam Personal Finance		**19 974**	19 397	20 089
Adjusted net worth		**8 300**	8 735	8 285
Net value of in-force covered business		**11 674**	10 662	11 804
Value of in-force covered business		**13 309**	12 327	13 452
Cost of capital		**(1 528)**	(1 582)	(1 555)
Minority shareholders' interest		**(107)**	(83)	(93)
Sanlam Developing Markets		**2 281**	2 049	2 160
Adjusted net worth		**925**	650	860
Net value of in-force covered business		**1 356**	1 399	1 300
Value of in-force covered business		**1 956**	1 922	1 833
Cost of capital		**(280)**	(155)	(268)
Minority shareholders' interest		**(320)**	(368)	(265)
Sanlam UK		**1 030**	904	921
Adjusted net worth		**510**	423	447
Net value of in-force covered business		**520**	481	474
Value of in-force covered business		**560**	513	506
Cost of capital		**(40)**	(32)	(32)
Minority shareholders' interest		**-**	-	-
Sanlam Employee Benefits		**5 333**	5 936	5 262
Adjusted net worth		**5 120**	5 415	5 118
Net value of in-force covered business		**213**	521	144
Value of in-force covered business		**1 075**	951	961
Cost of capital		**(862)**	(430)	(817)
Minority shareholders' interest		**-**	-	-
Embedded value of covered business		**28 618**	28 286	28 432
Adjusted net worth		**14 855**	15 223	14 710
Net value of in-force covered business	1	**13 763**	13 063	13 722
Embedded value of covered business		**28 618**	28 286	28 432

EMBEDDED VALUE OF COVERED BUSINESS

at 30 June 2008 *(continued)*

CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS for the six months ended 30 June 2008

		Six months Reviewed				Full year Audited
		2008			2007	2007
R million	Note	**Total**	**Value of in-force**	**Adjusted net worth**	Total	Total
Embedded value of covered business at the beginning of the year		**28 432**	**13 722**	**14 710**	27 403	27 403
Value of new business		**290**	**825**	**(535)**	260	565
Net earnings from existing covered business		**1 268**	**(106)**	**1 374**	1 003	2 085
Expected return on value of in-force business		**919**	**919**	**-**	768	1 493
Expected transfer of profit to adjusted net worth		**-**	**(1 134)**	**1 134**	-	-
Operating experience variances	3	**284**	**78**	**206**	223	315
Operating assumption changes		**65**	**31**	**34**	12	277
Net project expenses	4	**(32)**	**-**	**(32)**	(31)	(77)
Embedded value earnings from life operations		**1 526**	**719**	**807**	1 232	2 573
Economic assumption changes	5	**(712)**	**(688)**	**(24)**	(118)	(128)
Tax changes	6	**187**	**187**	**-**	285	291
Investment variances		**(239)**	**(238)**	**(1)**	238	210
Exchange rate movements		**131**	**131**	**-**	9	(22)
Change in minority shareholders' interest		**(115)**	**(70)**	**(45)**	(133)	(85)
EEV changes		**-**	**-**	**-**	-	272
Growth from covered business		**778**	**41**	**737**	1 513	3 111
Investment return on adjusted net worth		**220**	**-**	**220**	921	1 589
Embedded value earnings from covered business		**998**	**41**	**957**	2 434	4 700
Transfers to other Group operations		**-**	**-**	**-**	-	(205)
Net transfers to/from covered business		**(812)**	**-**	**(812)**	(1 551)	(3 466)
Embedded value of covered business at the end of the		**28 618**	**13 763**	**14 855**	28 286	28 432

Analysis of earnings from covered business					
Sanlam Personal Finance	**490**	**(130)**	**620**	1 785	3 953
Sanlam Developing Markets	**180**	**56**	**124**	253	351
Sanlam UK	**139**	**46**	**93**	44	63
Sanlam Employee Benefits	**189**	**69**	**120**	352	333
Embedded value earnings from covered business	**998**	**41**	**957**	2 434	4 700

VALUE OF NEW BUSINESS (VNB)

for the six months ended 30 June 2008

VALUE OF NEW BUSINESS for the six months ended 30 June 2008

R million	Note	Six months Reviewed **2008**	Six months Reviewed 2007	Full year Audited 2007
Value of new business (at point of sale):				
Gross value of new business		**332**	278	657
Sanlam Personal Finance		**178**	147	363
Sanlam Developing Markets		**128**	95	233
Sanlam UK		**6**	7	13
Sanlam Employee Benefits		**20**	29	48
Cost of capital		**(41)**	(18)	(90)
Sanlam Personal Finance		**(18)**	(5)	(39)
Sanlam Developing Markets		**(15)**	(7)	(30)
Sanlam UK		**(2)**	(3)	(5)
Sanlam Employee Benefits		**(6)**	(3)	(16)
Value of new business		**290**	260	567
Sanlam Personal Finance		**160**	142	324
Sanlam Developing Markets		**113**	88	203
Sanlam UK		**3**	4	8
Sanlam Employee Benefits		**14**	26	32
Value of new business attributable to:				
Shareholders' fund	2	**250**	222	493
Sanlam Personal Finance		**157**	141	321
Sanlam Developing Markets		**76**	51	132
Sanlam UK		**3**	4	8
Sanlam Employee Benefits		**14**	26	32
Minority shareholders' interest		**40**	38	74
Sanlam Personal Finance		**3**	1	3
Sanlam Developing Markets		**37**	37	71
Sanlam UK		**-**	-	-
Sanlam Employee Benefits		**-**	-	-
Value of new business		**290**	260	567
Geographical analysis:				
South Africa		**198**	202	426
Africa		**85**	52	125
Other international		**7**	6	16
Value of new business		**290**	260	567
Analysis of new business profitability:				
Before minorities:				
Present value of new business premiums		**12 141**	11 214	23 886
Sanlam Personal Finance		**8 089**	6 859	14 985
Sanlam Developing Markets		**2 330**	2 010	5 476
Sanlam UK		**836**	579	1 327
Sanlam Employee Benefits		**886**	1 766	2 098
New business margin		**2,39%**	2,32%	2,37%
Sanlam Personal Finance		**1,98%**	2,07%	2,16%
Sanlam Developing Markets		**4,85%**	4,38%	3,71%
Sanlam UK		**0,36%**	0,69%	0,60%
Sanlam Employee Benefits		**1,58%**	1,47%	1,53%

VALUE OF NEW BUSINESS (VNB)

for the six months ended 30 June 2008 *(continued)*

VALUE OF NEW BUSINESS for the six months ended 30 June 2008 *(continued)*

		Six months Reviewed		Full year Audited
R million	Note	**2008**	2007	2007
Analysis of new business profitability *(continued)*:				
After minorities:				
Present value of new business premiums		**11 501**	10 535	21 886
Sanlam Personal Finance		**8 020**	6 811	14 873
Sanlam Developing Markets		**1 759**	1 379	3 588
Sanlam UK		**836**	579	1 327
Sanlam Employee Benefits		**886**	1 766	2 098
New business margin		**2,17%**	2,11%	2,25%
Sanlam Personal Finance		**1,96%**	2,07%	2,16%
Sanlam Developing Markets		**4,32%**	3,70%	3,68%
Sanlam UK		**0,36%**	0,69%	0,60%
Sanlam Employee Benefits		**1,58%**	1,47%	1,53%

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the six months ended 30 June 2008

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	**16 397**	**(2 634)**	**13 763**	
• Increase risk discount rate by 1,0%	15 428	(3 438)	11 990	-13%
• Decrease risk discount rate by 1,0%	17 500	(1 922)	15 578	13%

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	**285**	**(35)**	**250**	
• Increase risk discount rate by 1,0%	246	(42)	204	-18%
• Decrease risk discount rate by 1,0%	333	(28)	305	22%

	Six months Reviewed 2008 R million	Six months Reviewed 2007 R million	Full year Audited 2007 R million
3. OPERATING EXPERIENCE VARIANCES			
Risk experience	**116**	111	254
Group stabilised business outflows	**24**	(14)	(20)
Working capital and other	**144**	126	81
Total operating experience variances	**284**	223	315

4. 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.

	2008 R million	2007 R million	2007 R million
5. ECONOMIC ASSUMPTION CHANGES			
Investment yields and inflation gap	**(715)**	(80)	(95)
Long-term asset mix assumptions	**3**	(38)	(33)
Total economic assumption changes	**(712)**	(118)	(128)
6. TAX CHANGES			
Change in corporate tax rate	**187**	-	-
Change in policyholders' fund tax rate	**-**	135	141
Reduction in STC rate from 12,5% to 10,0%	**-**	150	150
Total tax changes	**187**	285	291

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS
for the six months ended 30 June 2008 *(continued)*

	June Reviewed 2008 %	2007 %	December Audited 2007 %
7. ECONOMIC ASSUMPTIONS			
Gross investment return, risk discount rate and inflation			
SANLAM LIFE:			
Point used on the government bond yield curve	**9 year**	10 year	9 year
Fixed-interest securities	**10,7**	8,4	8,3
Equities and offshore investments	**14,2**	10,4	11,8
Hedged equities	**11,2**	8,4	8,8
Property	**11,7**	9,4	9,3
Cash	**9,7**	6,4	7,3
Return on required capital	**12,2**	7,6	9,7
Inflation rate	**7,7**	4,9	5,3
Risk discount rate	**13,2**	10,9	10,8
MERCHANT INVESTORS:			
Point used on the government bond yield curve	**15 year**	15 year	15 year
Fixed-interest securities	**5,2**	5,3	4,6
Equities and offshore investments	**8,4**	7,8	7,8
Hedged equities	**8,4**	7,8	7,8
Property	**8,4**	7,8	7,8
Cash	**5,2**	5,3	4,6
Return on required capital	**5,2**	5,3	4,6
Inflation rate	**4,5**	3,9	3,7
Risk discount rate	**8,9**	9,0	8,3
SANLAM SKY SOLUTIONS:			
Point used on the government bond yield curve	**6 year**	6 year	6 year
Fixed-interest securities	**11,0**	8,7	8,6
Equities and offshore investments	**14,5**	10,7	12,1
Hedged equities	**n/a**	n/a	n/a
Property	**12,0**	9,7	9,6
Cash	**10,0**	6,7	6,6
Return on required capital	**12,3**	8,7	9,4
Inflation rate	**8,0**	5,7	5,6
Risk discount rate	**13,5**	11,2	11,1
BOTSWANA LIFE INSURANCE:			
Fixed-interest securities	**10,5**	10,5	10,5
Equities and offshore investments	**14,0**	12,5	14,0
Hedged equities	**n/a**	n/a	n/a
Property	**11,5**	11,5	11,5
Cash	**9,5**	8,5	8,5
Return on required capital	**10,6**	11,1	9,5
Inflation rate	**7,5**	7,5	7,5
Risk discount rate	**14,0**	14,0	14,0

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the six months ended 30 June 2008 *(continued)*

	June Reviewed 2008 %	2007 %	December Audited 2007 %
7. ECONOMIC ASSUMPTIONS (*continued*)			
Asset mix for assets supporting the required capital [(1)]			
SANLAM LIFE:			
Equities	**44**	-	44
Hedged equities	**13**	20	13
Property	**3**	-	3
Fixed-interest securities	**25**	50	25
Cash	**15**	30	15
	100	100	100
MERCHANT INVESTORS:			
Equities	**-**	-	-
Hedged equities	**-**	-	-
Property	**-**	-	-
Fixed-interest securities	**-**	-	-
Cash	**100**	100	100
	100	100	100
SANLAM SKY SOLUTIONS:			
Equities	**50**	50	50
Hedged equities	**-**	-	-
Property	**-**	-	-
Fixed-interest securities	**-**	-	-
Cash	**50**	50	50
	100	100	100
BOTSWANA LIFE INSURANCE:			
Equities	**15**	68	69
Hedged equities	**-**	-	-
Property	**10**	8	1
Fixed-interest securities	**25**	14	30
Cash	**50**	10	-
	100	100	100

[(1)] **From 31 December 2007 the cost of capital is based on the higher of an internally assessed required capital and the statutory capital adequacy requirement, previously based on the statutory capital adequacy requirement.**

Group financial statements for the six months ended 30 June 2008

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GROUP BALANCE SHEET at 30 June 2008

	June Reviewed 2008 R million	2007 R million	December Audited 2007 R million
ASSETS			
Property and equipment	**313**	280	298
Owner-occupied properties	**648**	622	650
Goodwill	**2 607**	2 391	2 447
Value of business acquired	**1 583**	970	1 000
Deferred acquisition costs	**1 834**	1 536	1 693
Long-term reinsurance assets	**474**	416	487
Investments	**279 140**	297 002	290 101
Properties	**14 622**	15 640	15 648
Equity-accounted investments	**1 632**	1 264	1 759
Equities and similar securities	**142 369**	152 217	149 038
Public sector stocks and loans	**41 621**	49 339	49 887
Debentures, insurance policies, preference shares and other loans	**30 751**	30 767	34 091
Cash, deposits and similar securities	**48 145**	47 775	39 678
Deferred tax	**430**	333	475
Non-current assets held for sale	**2 239**	-	2 060
Short-term insurance technical assets	**2 782**	2 248	2 263
Working capital assets	**44 542**	46 446	38 791
Trade and other receivables	**33 749**	35 259	27 972
Cash, deposits and similar securities	**10 793**	11 187	10 819
Total assets	**336 592**	352 244	340 265
EQUITY AND LIABILITIES			
Shareholders' fund	**27 666**	28 936	29 334
Minority shareholders' interest	**2 484**	3 275	2 220
Total equity	**30 150**	32 211	31 554
Long-term policy liabilities	**237 518**	248 350	244 660
Insurance contracts	**120 144**	128 749	128 398
Investment contracts	**117 374**	119 601	116 262
Term finance	**6 740**	6 238	6 594
Margin business	**2 968**	2 764	2 687
Other interest-bearing liabilities	**3 772**	3 474	3 907
External investors in consolidated funds	**11 680**	12 767	12 278
Cell owners' interest	**422**	383	336
Deferred tax	**907**	1 981	1 354
Non-current liabilities held for sale	**1 781**	-	1 606
Short-term insurance technical provisions	**8 404**	8 235	7 719
Working capital liabilities	**38 990**	42 079	34 164
Trade and other payables	**35 951**	38 855	30 431
Provisions	**1 039**	1 106	973
Taxation	**2 000**	2 118	2 760
Total equity and liabilities	**336 592**	352 244	340 265

GROUP INCOME STATEMENT for the six months ended 30 June 2008

	Six months Reviewed 2008 R million	2007 R million	Full year Audited 2007 R million
Net income	**6 572**	31 115	52 504
Financial services income	**13 816**	12 588	26 715
Reinsurance premiums paid	**(1 624)**	(1 310)	(2 685)
Reinsurance commission received	**195**	187	373
Investment income	**8 250**	7 587	14 740
Investment surpluses	**(14 212)**	14 816	15 885
Finance cost – margin business	**(126)**	(120)	(246)
Change in fair value of external investors liability	**273**	(2 633)	(2 278)
Net insurance and investment contract benefits and claims	**1 446**	(20 735)	(33 414)
Long-term insurance and investment contract benefits	**5 205**	(17 483)	(26 413)
Short-term insurance claims	**(5 107)**	(3 886)	(8 533)
Reinsurance claims received	**1 348**	634	1 532
Expenses	**(5 173)**	(4 596)	(9 939)
Sales remuneration	**(1 987)**	(1 698)	(3 554)
Administration costs	**(3 186)**	(2 898)	(6 385)
Impairment of investments and goodwill	**(135)**	-	(7)
Amortisation of value of business acquired	**(31)**	(23)	(51)
Net operating result	**2 679**	5 761	9 093
Equity-accounted earnings	**63**	201	228
Finance cost – other	**(160)**	(117)	(281)
Profit before tax	**2 582**	5 845	9 040
Taxation	**(528)**	(1 820)	(2 493)
Shareholders' fund	**(419)**	(1 195)	(1 678)
Policyholders' fund	**(109)**	(625)	(815)
Profit from continued operations	**2 054**	4 025	6 547
Discontinued operations	**(63)**	(21)	(168)
Profit for the year	**1 991**	4 004	6 379
Attributable to:			
Shareholders' fund	**1 852**	3 359	5 494
Minority shareholders' interest	**139**	645	885
	1 991	4 004	6 379
Earnings attributable to shareholders of the company (cents):			
Basic earnings per share	**91.4**	154,5	256,6
Diluted earnings per share	**89.5**	152,0	250,9
Earnings attributable to shareholders of the company from continuing operations (cents):			
Basic earnings per share	**93.1**	155,0	260,8
Diluted earnings per share	**91.2**	152,5	255,1

GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2008

	Six months Reviewed 2008 R million	2007 R million	Full year Audited 2007 R million
Shareholders' fund:			
Balance at beginning of the period	**29 334**	29 121	29 121
Total recognised income	**2 313**	3 354	5 395
Profit for the period	**1 852**	3 359	5 494
Movement in foreign currency translation reserve	**461**	(5)	(99)
Net movement in treasury shares	**(684)**	(1 862)	(3 551)
Net realised investment surpluses on treasury shares	**(159)**	(203)	(288)
Cost of net treasury shares acquired (1)	**(525)**	(1 659)	(3 263)
Share-based payments	**49**	28	74
Dividends paid (2)	**(1 907)**	(1 705)	(1 705)
Shares cancelled	**(1 439)**	-	-
Balance at end of the period	**27 666**	28 936	29 334
Minority shareholders' interest:			
Balance at beginning of the period	**2 220**	3 934	3 934
Total recognised income	**265**	640	858
Profit for the period	**139**	645	885
Movement in foreign currency translation reserve	**126**	(5)	(27)
Net movement in treasury shares	**69**	(541)	(527)
Net realised investment surpluses on treasury shares	**47**	-	24
Cost of net treasury shares disposed/(acquired) (1)	**22**	(541)	(551)
Share-based payments	**7**	4	10
Dividends paid	**(245)**	(255)	(1 474)
Acquisitions, disposals and other movements in minority interests	**168**	(507)	(581)
Balance at end of the period	**2 484**	3 275	2 220
Shareholders' fund	**29 334**	29 121	29 121
Minority shareholders' interest	**2 220**	3 934	3 934
Total equity at beginning of the period	**31 554**	33 055	33 055
Shareholders' fund	**27 666**	28 936	29 334
Minority shareholders' interest	**2 484**	3 275	2 220
Total equity at end of the period	**30 150**	32 211	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 six months ended 30 June 2008

	Six months Reviewed		Full year Audited
	2008	2007	2007
	R million	R million	R million
Net cash inflow from operating activities	**5 746**	1 017	30
Net cash inflow from investment activities	**4 679**	14 653	9 859
Net cash outflow from financing activities	**(1 881)**	(1 355)	(3 227)
Net increase in cash and cash equivalents	**8 544**	14 315	6 662
Cash, deposits and similar securities at beginning of the period	**51 309**	44 647	44 647
Cash, deposits and similar securities at end of the period	**59 853**	58 962	51 309
Cash, deposits and similar securities classified as held for sale	**(915)**	-	(812)
Cash, deposits and similar securities at end of the period – continuing operations	**58 938**	58 962	50 497
Cash inflow from discontinued operations	**103**	60	4
Cash, deposits and similar securities at beginning of the period	**812**	808	808
Cash, deposits and similar securities at end of the period – discontinued operations	**915**	868	812

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

	Six months Reviewed 2008 cents	2007 cents	Full year Audited 2007 cents
1. EARNINGS PER SHARE			
Basic earnings per share:			
Headline earnings	**96,5**	126,2	225,7
Profit attributable to shareholders' fund	**91,4**	154,5	256,6
Diluted earnings per share:			
Headline earnings	**94,5**	124,2	220,8
Profit attributable to shareholders' fund	**89,5**	152,0	250,9
	R million	R million	R million
Analysis of earnings:			
Profit attributable to shareholders	**1 852**	3 359	5 494
Less: Net profit on disposal of subsidiaries	**-**	(13)	(44)
Less: Net profit on disposal of associates	**-**	(601)	(624)
Less: Equity-accounted non-headline earnings	**(32)**	-	-
Plus: Impairment of investments and goodwill	**135**	-	7
Headline earnings	**1 955**	2 745	4 833
	million	million	million
Number of shares:			
Number of ordinary shares in issue at beginning of period	**2 303,6**	2 303,6	2 303,6
Less: Weighted average number of shares cancelled	**(31,8)**	-	-
Less: Weighted average Sanlam shares held by subsidiaries (including policyholders)	**(245,6)**	(129,4)	(162,4)
Weighted average number of shares for basic earnings per share	**2 026,2**	2 174,2	2 141,2
Add: Weighted conversion of deferred shares	**13,1**	8,7	12,1
Add: Total number of shares and options	**43,2**	42,7	43,3
Less: Number of shares (under option) that would have been issued at fair value	**(14,4)**	(15,8)	(7,3)
Weighted average number of shares for diluted earnings per share	**2 068,1**	2 209,8	2 189,3

2. RECONCILIATION OF SEGMENTAL INFORMATION

	Six months Reviewed		Full year Audited
	2008	2007	2007
	R million	R million	R million
Segment financial services income	**12 880**	11 936	25 026
Sanlam Personal Finance	**3 090**	2 922	6 257
Sanlam Developing Markets	**1 504**	1 262	2 817
Sanlam UK	**218**	141	265
Sanlam Employee Benefits	**1 006**	908	1 796
Short-term Insurance	**5 829**	5 299	11 035
Investment Management	**1 061**	1 105	2 514
Sanlam Capital Markets	**97**	237	283
Corporate, consolidation and other	**75**	62	59
IFRS adjustments	**936**	652	1 689
Total financial services income	**13 816**	12 588	26 715
Segment result	**1 151**	3 740	5 860
Sanlam Personal Finance	**(1 788)**	4 140	6 677
Sanlam Developing Markets	**46**	232	474
Sanlam UK	**85**	55	112
Sanlam Employee Benefits	**122**	418	775
Short-term Insurance	**33**	504	570
Investment Management	**234**	427	908
Sanlam Capital Markets	**34**	139	139
Corporate, consolidation and other	**2 385**	(2 175)	(3 795)
Reverse minority shareholders' interest included in segment result	**139**	645	885
Fund transfers	**701**	(381)	(366)
Total profit for the period	**1 991**	4 004	6 379

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 Limited group as reflected in these financial statements.

Group secretary
Johan Bester

Registered office
2 Strand Road, Bellville 7530, South Africa
Telephone +27 21 947-9111
Fax +27 21 947-3670

Postal address
PO Box 1, Sanlamhof 7532, South Africa

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

Transfer secretaries:
Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street, Johannesburg 2001,
South Africa
PO Box 61051, Marshalltown 2107, South Africa
Tel +27 83 900 3755
Fax +27 11 688-5200

www.sanlam.co.za