Sanlam Group Interim Results

for the six months ended 30 June 2009

Contents

Key features

Earnings

- Net result from financial services per share decreased by 4%
- Core earnings per share down 2%
- Normalised headline earnings per share up 34%

Business volumes

- New business volumes up 1% to R51 billion
- Net value of new covered business down 3% to R243 million
- Net new covered business margin of 2,23%, up from 2,17%
- Net fund inflows of R7,7 billion, up 40%

Group Equity Value

- Group Equity Value per share of R21,72
- Annualised return on Group Equity Value per share of 5,2%

Capital management

- Discretionary capital of R2,8 billion at 30 June 2009
- Sanlam Life CAR cover of 2,5 times

Salient Results

for the six months ended 30 June 2009

		2009	2008	Δ
Sanlam Group				
Earnings				
Net result from financial services per share	cents	**60,4**	62,6	-4%
Core earnings per share (1)	cents	**87,5**	89,7	-2%
Normalised headline earnings per share (2)	cents	**78,5**	58,8	34%
Diluted headline earnings per share	cents	**82,6**	94,5	-13%
Net result from financial services	R million	**1 234**	1 334	-7%
Core earnings (1)	R million	**1 789**	1 913	-6%
Normalised headline earnings (2)	R million	**1 605**	1 254	28%
Headline earnings	R million	**1 664**	1 955	-15%
Group administration cost ratio (3)	%	**26,8**	28,0	
Group operating margin (4)	%	**15,1**	17,8	
Business volumes				
New business volumes	R million	**51 485**	50 985	1%
Net fund flows	R million	**7 677**	5 470	40%
Net new covered business				
Value of new covered business	R million	**243**	250	-3%
Covered business PVNBP (5)	R million	**10 906**	11 501	-5%
New covered business margin (6)	%	**2,23**	2,17	
Group Equity Value				
Group Equity Value (7)	R million	**44 490**	45 238	-2%
Group Equity Value per share (7)	cents	**2 172**	2 213	-2%
Annualised return on Group Equity Value per share (7) (8)	%	**5,2**	(1,7)	
Adjusted annualised return on Group Equity Value per share (7)	%	**12,2**	12,4	
Sanlam Life Insurance Limited				
Shareholders' fund (7)	R million	**31 620**	34 419	
Capital adequacy requirements (CAR) (7)	R million	**8 200**	8 075	
CAR covered by prudential capital (7)	times	**2,5**	2,7	

(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 2008.*
(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

The Sanlam Group has shown pleasing resilience in challenging markets to record a solid operational performance for the six months ended 30 June 2009. The strategic diversification into different market segments and solution offerings, as well as the effect of prudent practices and assumptions followed in the past, shielded the Group from the most severe impact of the economic downturn.

Business environment

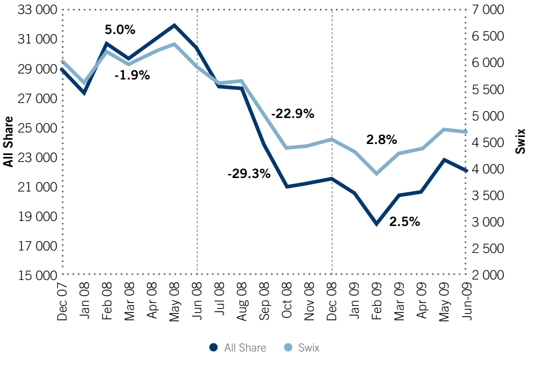
The depressing financial and economic impact of the global financial market crisis continued unabated during the first half of 2009, although there were signs of some recovery in global equity markets towards the end of the reporting period.

A lower demand for resources following the slowdown in the world's largest economies had a negative impact on the wealth creation and growth achieved in the African commodity based economies in which the Group operates. The Group's key exposure remains to the performance of the South African economy, which, as no exception, followed the developed world into a recession. This is reflected in major pressure on consumers' disposable income, in addition to the effects of the high interest rate and inflation conditions of the past two years. The result has been contracting consumer spending, in particular in the middle-income market. The interest rate cuts announced by the South African Reserve Bank over the past few months should provide some relief to consumers, but it is likely to take some time before this will be evident in increased consumer demand.

The South African equity market recorded marginally positive returns for the six months ended 30 June 2009 on the back of stronger international markets and expectations that the worst of the financial market crisis may be over. Overall market levels, however, remain significantly lower than the comparative period in 2008 and continue to display high levels of volatility.

JSE Indices

The JSE All Share and Swix indices increased by 2,5% and 2,8% respectively during the first half of 2009, recovering only slightly from the dismal performance in the second half of 2008. The All Share Index remains 28% lower than the closing level at 30 June 2008, with the Swix Index 21% lower. Average funds under management were commensurately significantly lower during the first half of 2009 compared to the same period in 2008, which impacted negatively on fund-based fee income of the Group.



Performance review

In the context of the challenging environment, the Group achieved a pleasing operational performance for the first six months of the 2009 financial year. This has been aided by the diversified nature of the Group's operations, in respect of market segmentation, solutions offering and geographical presence, which provided a platform for ongoing growth in new business volumes and a sound level of profitability. The pressure on the middle-income retail market in South Africa is however evident in declining new business volumes at Sanlam Personal Finance and Sanlam Private Investments, but this was offset by strong performances in the institutional and entry-level markets. Operating profit also reflects a varied performance, with a solid contribution from the retail life insurance and capital markets businesses, almost offsetting the negative impact of the prevailing market conditions on the reported earnings of the short-term insurance and investment management operations. Notwithstanding the pressure on earnings, the core operations of all the major Group businesses remain sound.

The primary performance target of the Group is to optimise shareholder value through maximising the return on Group Equity Value (GEV). 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 annualised return on GEV per share of 5% for the six months ended 30 June 2009 fell short of this target, but still represents a strong performance given the relatively weak investment markets

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and an increase of some 2% in long-term interest rates (and commensurately risk discount rates applied) during the period. The increase in risk discount rates in particular reduced the valuation and GEV earnings of the life insurance and wealth management operations. On a normalised basis, i.e. assuming a normalised investment market performance and excluding any once-off items, the annualised return of 12,2% for the six months exceeded the target of 11,3%.

Total new business volumes, excluding the volatile and low margin white label business, grew by 3%, a particularly pleasing result in the current environment. Retail business sales declined by 8%, with Sanlam Personal Finance and Sanlam Private Investments reporting declines of 7% and 22% respectively. This was to an extent offset by strong growth of 8% achieved by Sanlam Developing Markets. Institutional business sales recorded a sterling performance, increasing by 27% on 2008. Most of the institutional business units contributed to this growth. The value of new covered business (after minorities) decreased by 3% from R250 million in the first half of 2008 to R243 million in 2009, reflecting the impact of lower new life business volumes in the middle-income market. The profitability of new covered business has been maintained through continued focus on cost management and the quality of new business written, with overall margins increasing from 2,17% in 2008 to 2,23% in 2009.

Core earnings of R1 789 million are 6% lower than in 2008, the combined effect of a 7% decrease in the net result from financial services and a 4% decline in net investment income earned on the capital portfolio. The relatively lower base of assets under management impacted on the growth in fee income and the profitability of especially the investment management businesses. This was further aggravated by a number of large commercial property claims at Santam. Core earnings per share decreased by only 2%, supported by the effect of the share buy-back programme during 2008, which resulted in a 4% reduction in the weighted average number of shares in issue compared to the first half of 2008.

The investment return earned on the Group's capital portfolio was marginally positive during the first six months of 2009, with positive local equity market return somewhat offset by a reduction in the valuation of interest-bearing instruments and offshore investments. The investment return, however, improved significantly compared to the negative performance in the first half of 2008. Normalised headline earnings per share benefited from the turnaround in investment return and increased by 34% on 2008. Diluted headline earnings per share, which include the International Financial Reporting Standards (IFRS) impact of Sanlam and Santam shares held by the policyholders' fund, are 13% down on 2008.

Delivering on strategy

The Group's focussed strategy continued to serve it well during the first six months of 2009, which was characterised by the prolonged impact of the most challenging environment faced by the Group in many years. The Board and management remain committed to the Group's key objective of maximising shareholder value. This is underpinned by the five pillars of optimal capital utilisation, earnings growth, cost control and efficiencies, diversification and transformation.

As indicated in the Group's 2008 annual report, a more prudent approach is required in the application of discretionary capital in the current financial and economic environment. The focus has accordingly been on further optimising the capital base of the Group, while only a few selected investments have been made in existing operations and future growth markets. No share buy-backs occurred during the first six months of 2009.

A major portion of the Group's capital is utilised by the covered business operations. Capital management and modelling within these operations receive continuous attention to achieve an optimal capital level, taking cognisance of the impact of changes in the capital management structure on expected return on GEV. This process indicated that shareholder value can be further enhanced by implementing a more conservative asset mix for the capital backing the covered business operations, thereby reducing the level of required capital. The Sanlam Board approved as a target a 10% reduction in the capital portfolio's exposure to both equities and fixed-interest instruments and a consequential 20% increase in the cash exposure. This will result in less volatility in the capital base and released some R900 million of capital to the Group's discretionary capital portfolio. The change in asset mix caused an increase in the cost of capital and consequently a once-off R313 million reduction in the value of in-force covered business (refer results commentary below). This negative impact will be more

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than offset through a value enhancing application of the additional discretionary capital.

A total of R375 million was utilised for corporate activity during the period. The largest transactions concluded are as follows:

- Some R200 million was utilised to acquire minority shareholders' interest in Channel Life, increasing the Group's interest to just under 100%. This acquisition will enable the Group to further enhance synergies between the life businesses operating in the entry-level market segment in South Africa and to more effectively manage the capital requirements of the growth achieved in this market.
- MiWay required additional financing of R30 million to fund the start-up losses of this business. A further R17 million has been utilised since the end of June 2009 to acquire a proportionate share of the PSG Group's interest in MiWay. The remainder of PSG's interest was acquired by existing shareholders.
- Sanlam UK has been further capitalised by R30 million, which includes an increase in the Group's interest in Principal from 86% to 89%.
- The Shriram Life Insurance acquisition agreement allowed for three performance payments based on the achievement of new business growth and expense targets. The third payment of R39 million became due during the six months.

The release of R900 million of capital from covered business, investment return and the application of capital for corporate activity contributed to a net increase in the level of discretionary capital in the Group to R2,8 billion at the end of June 2009. The Board remains committed to the utilisation of the discretionary capital in the most efficient manner, with a preference for new value-enhancing initiatives. The buy-back of Sanlam shares is not a priority but will be considered in periods of share price weakness.

Despite pressure from the economic downturn, the Group continues with initiatives to enhance its growth platform. To this end, Sanlam Developing Markets is expanding its distribution reach across all territories, with the following important milestones reached during the six months:

- Advisor numbers in South Africa increased by 29% to 1 786, unprofitable business has been discontinued and the integration of the back office and administration functions of the South African businesses has been initiated;
- A new distribution channel has been launched by Shriram Life Insurance to cover the northern Indian territories, augmenting the focus to date on the south of India; and
- Bancassurance joint venture arrangements have been strengthened in Africa.

Sanlam Investments' international expansion is also progressing according to plan. The establishment of the SMC wealth and investment management joint ventures will provide Sanlam Investments with a strong entry point into the fast growing Indian market. Sanlam International Investment Partners' operational structure has been embedded and a number of international niche acquisition opportunities are being evaluated.

Cost efficiency has been a strategic focus for the past five years, but received even more intensified focus in light of the financial market crisis and subsequent recessionary environment. The investment management operations and Sanlam Personal Finance, which have been impacted most by lower assets under management and new business volumes respectively, made a concerted effort to reduce costs even further. Sanlam Investments reported a 9% reduction in expenditure, excluding the impact of a release of excess provisions. Sanlam Personal Finance initiated plans to reduce its cost base by some R100 million. Containment of cost in all other business units is also receiving appropriate attention, although not to the detriment of future growth opportunities.

Efforts to increase the representation of previously disadvantaged individuals at middle and senior management level is a priority for the Group's transformation. It remains a challenge given Sanlam's traditional low staff turnover, the freezing of vacancies in the current environment and a shortage of individuals with the required specialised financial services expertise. We will, however, continue to use all available opportunities to meet our targets in the years to come.

Looking ahead

International sentiment has improved over the last few months, with many analysts of the opinion that the world economy is at or past its lowest point of the current

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recession. Risk aversion has also started to subside with a renewed interest from international investors in developing markets. This bodes well for the South African equity market, which has seen a major improvement in performance since the end of June. A continuation of positive equity market returns will support improved profitability in the Group's investment management operations in particular and should be positive for fund flows into equity-based solutions. Investment market volatility has, however, not fully subsided and downside risk remains high.

The improved sentiment has also provided some support for commodity prices, which should underpin an improvement in the real economy of many of the African countries in which the Group operates. The negative trend in the South African economy is expected to stabilise and show gradual recovery on the back of higher commodity prices and improving consumer confidence and spending power as the benefits of the recent interest rate cuts start to emerge over the next few months. Any material impact of the improvement in economic conditions is however only expected to reflect in the Group's operating results from 2010 onwards.

Challenging trading conditions are therefore expected to persist for the remainder of the 2009 financial year, but we remain confident that our businesses are well set to continue weathering the challenges. Relative market movements during the second half of the year will impact on the level of earnings growth to be reported for the full 2009 financial year.

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 six months ended 30 June 2009 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 30 June 2009

	30 June 2009			31 December 2008		
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	**27 773**	**14 502**	**13 271**	28 591	15 013	13 578
Sanlam Personal Finance	**18 939**	**8 032**	**10 907**	19 574	8 275	11 299
Sanlam Developing Markets	**3 040**	**1 215**	**1 825**	2 796	1 032	1 764
Sanlam UK	**685**	**238**	**447**	680	234	446
Sanlam Employee Benefits	**5 109**	**5 017**	**92**	5 541	5 472	69
Other group operations	**13 637**	**13 637**	**–**	13 560	13 560	–
Retail cluster	**2 223**	**2 223**	**–**	2 287	2 287	–
Institutional cluster	**5 778**	**5 778**	**–**	6 000	6 000	–
Short-term insurance	**5 636**	**5 636**	**–**	5 273	5 273	–
Capital diversification	**(1 137)**	**(1 137)**	**–**	(1 429)	(1 429)	–
Other capital and net worth adjustments	**1 432**	**1 432**	**–**	2 416	2 416	–
	41 705	**28 434**	**13 271**	43 138	29 560	13 578
Discretionary capital	**2 785**	**2 785**	**–**	2 100	2 100	–
Group Equity Value	**44 490**	**31 219**	**13 271**	45 238	31 660	13 578
Issued shares for value per share (million)	**2 048,2**			2 044,2		
Group Equity Value per share (cents)	**2 172**			2 213		
Share price (cents)	**1 728**			1 700		
Discount	**-20%**			-23%		

The GEV as at 30 June 2009 amounted to R44,5 billion, down 2% on the R45,2 billion at the end of 2008. On a per share basis GEV decreased by 2% from 2 213 cents to 2 172 cents at 30 June 2009, including the effect of the 98 cents per share dividend paid during 2009. The Sanlam share price traded at a 20% discount to GEV by close of trading on 30 June 2009.

Comments on the Results
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As a financial services organisation, the Group has a major exposure to financial markets in that the shareholder capital portfolio is invested in financial instruments, a portion of the fee income base is linked to the level of assets under management, while the valuation of the in force book of covered business is impacted by changes in long-term interest rates and investment return assumptions. In addition to the subdued investment market performance in the first half of 2009, an increase of some 2% in long-term interest rates required a commensurate increase in the risk-adjusted discount rate used for the valuation of the Group's covered and wealth management businesses. Given these conditions, the annualised return on GEV (ROGEV) per share of 5% for the first six months of 2009 is an overall satisfactory performance. This is testimony to the defensive qualities of the Group's diversified portfolio of businesses. The return on the Group's international operations was negatively impacted by a stronger rand and the impact on the Sanlam UK operations of the recession in the United Kingdom. This was, however, compensated for by a satisfactory return achieved on the other Group operations.

Return on Group Equity Value for the six months ended 30 June 2009

	June 2009		June 2008	
	Earnings R million	Return* %	Earnings R million	Return* %
Covered business	**770**	**5,5**	998	7,1
Sanlam Personal Finance	**446**	**4,6**	490	4,9
Sanlam Developing Markets	**86**	**6,2**	180	17,4
Sanlam UK	**4**	**1,2**	139	32,5
Sanlam Employee Benefits	**234**	**8,6**	189	7,3
Other operations	**790**	**12,0**	(1 692)	-20,7
Sanlam Personal Finance	**133**	**19,6**	13	2,2
Sanlam Developing Markets	**2**	**24,9**	(7)	-43,8
Sanlam UK	**(117)**	**-25,7**	25	8,5
Institutional cluster	**241**	**8,1**	(301)	-8,1
Short-term insurance	**531**	**21,2**	(1 422)	-39,6
Discretionary and other capital	**(475)**		119	
Balance of portfolio	**(180)**		240	
Shares delivered to Sanlam Demutualisation Trust	**–**		(26)	
Shriram goodwill less value of in-force acquired	**(39)**		(43)	
Treasury shares and other	**(128)**		(130)	
Change in net worth adjustments	**(128)**		78	
Return on Group Equity Value	**1 085**	**4,9**	(575)	-2,2
Return on Group Equity Value per share		**5,2**		0,0

** Annualised*

Covered business achieved a return of 6% compared to 7% in the first half of 2008. This lower level of return is mainly attributable to an increase in the cost associated with the capital required to back these operations. As indicated above, the Sanlam Board approved a more conservative asset mix for the required capital, which reduced the overall capital to be held in respect of covered business by R900 million. A consequence of the more conservative asset mix is a reduction in the expected investment return to be earned on the required capital in future. This increased the opportunity cost of holding the capital, referred to as the cost of capital, by R313 million. Excluding this once-off net increase in the cost of capital, the annualised return on covered business amounted to 8%. The return on covered business includes positive operating experience variances of R289 million, of which the majority relates to underwriting experience that was better than the assumptions used in the actuarial basis. The focus on quality of business written also contributed to positive persistency experience, a particularly satisfactory result given the overall negative market experience. This was offset by negative economic assumption changes following the increase in risk discount rates.

Comments on the Results
continued

The other Group operations yielded an overall annualised return of 12%, compared to a negative return of 21% for the comparable period in 2008. Sanlam Personal Finance and Santam delivered a marked improvement on their 2008 performances. This was however offset by negative earnings of R117 million recorded by Sanlam UK. Most of Sanlam Personal Finance's other operations had a strong first six months of 2009, with future earnings prospects remaining positive. This supported the valuations, despite the 2% increase in the risk discount rate during the period. The return was also positively impacted by the release of some R40 million of capital from Glacier. The investment in Santam also performed well, with the Santam share price increasing by 7% after allowing for the payment of its final dividend. The Sanlam UK businesses are experiencing the aftermath of the financial market crisis more severely than the South African based operations. The level of assets under management and profitability of Principal and Buckles were in particular negatively impacted by the UK economic and financial market conditions. Under these conditions, a prudent approach was followed in valuing these businesses, which required a further write-down of R77 million in their carrying values. The stronger rand against the pound also aggravated the negative earnings. The valuation of the businesses in the Institutional cluster remained on an overall basis broadly in line with the end of 2008, with the GEV earnings for the first six months to 30 June 2009 comprising mostly of the net operating profit earned during the period.

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

- Negative investment return of R180 million on the balance of the capital portfolio. This can mostly be ascribed to negative return on the offshore exposure in the portfolio due to the strengthening of the rand exchange rate, marked-to-market losses on the interest-bearing instruments held, in line with the All Bond return, as well as negative investment return on the discretionary capital invested in the Botswana equity markets;
- The write-off for GEV purposes of the R39 million goodwill recognised in respect of the last remaining performance payment to Shriram in terms of the acquisition agreement of Shriram Life Insurance in India;
- A negative change of R128 million in the net worth adjustments. This is largely due to an increase in the allowance for corporate costs in line with the expected inflationary increase in the annual corporate expenses; and
- A loss of R128 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.

Earnings

Summarised shareholders' fund income statement for the six months ended 30 June 2009

R million	2009	2008	Δ
Net result from financial services	**1 234**	1 334	-7%
Net investment income	**555**	579	-4%
Core earnings	**1 789**	1 913	-6%
Project expenses	**(15)**	(40)	63%
Net equity-accounted headline earnings	**10**	(4)	>100%
BEE transaction costs	**(3)**	(3)	–
Net investment surpluses	**23**	(447)	>100%
Secondary Tax on Companies (STC)	**(162)**	(99)	-64%
Discontinued operations	**–**	(35)	–
Amortisation of value of business acquired	**(37)**	(31)	-19%
Normalised headline earnings	**1 605**	1 254	28%
Other non-headline earnings and impairments	**(58)**	(103)	44%
Normalised attributable earnings	**1 547**	1 151	34%

Comments on the Results
continued

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 789 million are 6% down on 2008, the combined effect of a 7% reduction in the net result from financial services for the period and a 4% decline in net investment income. On a per share basis, core earnings decreased by 2%, reflecting the impact of the 4% reduction in the weighted average number of shares in issue due to the share buy-backs during 2008.

The net result from financial services of R1 234 million for the first six months of 2009 is 7% lower than in 2008. As indicated before, the following items have an impact on this result:

- 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 investment management policies. Similarly, the Group's actuarial valuation basis for most insurance contracts does not allow for the capitalisation of certain 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 reported by Sanlam Developing Markets), as well as in instances of a change in business mix (as experienced by Sanlam Personal Finance) in the first half of 2009.
- The impact of MiWay only becoming operational during February 2008.

On a comparable basis the net result from financial services increased by 1% on 2008, a very pleasing result in the current environment.

Net result from financial services for the six months ended 30 June 2009

R million	**2009**	**2008**	Δ
Net result from financial services on comparable basis	**1 872**	1 848	1%
Retail cluster	**1 364**	1 265	8%
Institutional cluster	**415**	423	-2%
Santam	**118**	188	-37%
Corporate and other	**(25)**	(28)	11%
MiWay (launched in February 2008)	**(36)**	(23)	-57%
New business strain	**(602)**	(491)	-23%
Net result from financial services	**1 234**	1 334	-7%

Comments on the Results
continued

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 2009

R million	2009	2008	Δ
Retail cluster	**789**	793	-1%
Sanlam Personal Finance	**691**	678	2%
Sanlam Developing Markets	**85**	78	9%
Sanlam UK	**13**	37	-65%
Institutional cluster	**388**	404	-4%
Sanlam Investments	**264**	287	-8%
Sanlam Employee Benefits	**65**	83	-22%
Sanlam Capital Markets	**59**	34	74%
Short-term insurance cluster	**82**	165	-50%
Santam	**118**	188	-37%
MiWay	**(36)**	(23)	-57%
Corporate and other	**(25)**	(28)	11%
Net result from financial services	**1 234**	1 334	-7%

- Sanlam Personal Finance's net result from financial services for the six months of R691 million is 2% up on 2008. Before tax and minority interests, the gross result from financial services is marginally down on 2008. Risk underwriting profit increased by 28% to R248 million, underpinned by an improved underwriting experience. The relatively lower level of assets under management during the first half of 2009 reduced fund-based fee income, with a commensurate negative impact on administration fee income. Containment of costs, however, assisted in limiting the decline in overall administration profit to 11%. Market related profit of R514 million is also 7% lower than 2008, largely attributable to lower interest earned on working capital and a lower release of profit from the asset mismatch provision. The balance of the asset mismatch provision was some R500 million lower at the end of 2008 compared to 2007, resulting in a relatively lower base from which profit is released.

- The Sanlam Developing Markets net result from financial services of R85 million is 9% up on 2008 (up 13% before tax and minority shareholders' interest).

  – The South African operations more than doubled their contribution to the gross result from financial services. Sanlam Sky Solutions reported an increase in earnings, but the main contributor to the growth was Channel Life, whose 2008 earnings were impacted by expenses relating to the closure of its call centre.

  – Botswana Life managed to increase its gross result from financial services by 8%, with positive mortality experience on the annuity book and a reduction in the credit default provision being partially offset by the negative impacts of the weak equity markets and some mismatch losses in the annuity portfolio.

  – The rest of Africa operations reported lower earnings on an overall basis. Most territories experienced lower new business volumes in the current economic environment, which resulted in an under recovery of fixed costs. Also contributing to the lower earnings are additional bad debt provisions, a strengthening of persistency bases, as well as lower credit life business following a general reduction in lending activities of banks in the current environment.

- As indicated before, the retail market in the United Kingdom (UK) has been more severely impacted by the financial crisis than South Africa. Despite some recent improvement in sentiment and economic statistics, the first six months of 2009 has been characterised by continued economic uncertainty, rising unemployment, poor consumer confidence and depressed financial and housing markets. This had a particularly negative impact on the Punter Southall Group, Principal and Buckles, whose results are directly affected by investment market performance and business volumes. Both these indicators underperformed in the first half of the 2009 financial year, impacting negatively on the earnings reported by these operations. Merchant Investors provided some resilience and reported an improved performance. The growth in rand-based

Comments on the Results
continued

earnings was further negatively impacted by an average 9% strengthening of the rand against the British pound, which contributed to an overall 65% decline in Sanlam UK's net result from financial services.

- The Institutional cluster operations were in particular affected by a lower average level of assets under management, following the underperformance in investment markets since June 2008.
  - Sanlam Investments' net result from financial services of R264 million is down 8% on the comparable period in 2008 (down 12% to R370 million before tax and minorities). Excluding the impact of a release of over provisions of some R40 million (after tax), the net result from financial services decreased by 22%, which is mainly attributable to a decline in the average level of assets under management in 2009 compared to the same period in 2008, as well as a R14 million decrease in performance fees earned. A positive development has been that both SIM Global and Octane have reached the high water mark for a number of their portfolios and have started earning performance fees again. Costs were also well managed and are 9% lower than 2008, excluding the positive impact of the release of provisions.
  - Sanlam Employee Benefits' net result from financial services decreased by 22% from R83 million in 2008 to R65 million for the first half of 2009. Good growth in risk underwriting profit was more than offset by an under recovery of fixed cost at Sanlam Structured Solutions, following low new business volumes and a reduction in interest earned on working capital.
  - Sanlam Capital Markets made a welcome return to profitability and recorded a gross result from financial services of R61 million compared to a breakeven position in the first half of 2008. After taxation, the net result from financial services increased by 74% from R34 million in 2008 to R59 million. The equities division had a very strong six months, driven by equity-backed finance transactions. The debt division also recorded satisfactory results, despite continued pressure from credit valuations. Deal flow at the market activity division, however, remained subdued, which contributed to an under-performance by this division. Capital allocated to Sanlam Capital Markets was increased by R50 million during the period, translating into a return of 26% on the R450 million capital base, a very satis-factory result in the prevailing conditions.
- The underwriting results of the short-term insurance cluster were hard hit by a number of large fire-related corporate claims, in line with a general increase in these claims across the industry. This contributed to a 50% decline in the cluster's net result from financial services. Santam still managed to achieve an underwriting margin of 1,5%, a satisfactory result compared to the industry average. Income earned on Santam's float was significantly higher as a result of a higher level of float.
- Corporate administration expenses are 11% lower than 2008, the combined effect of timing differences in the recognition of expenses and focussed cost management.

Net investment income declined by 4%. This is mainly attributable to a lower absolute level of capital following the utilisation of discretionary capital for share buy-backs and corporate activity during 2008 and 2009.

Normalised headline earnings

Normalised headline earnings of R1 605 million are 28% higher than the comparable period in 2008. The increase in normalised headline earnings is in the main attributable to the following:

- A reduction of 6% in core earnings as discussed above.
- Investment markets performed relatively better in the first six months of 2009 than the comparable period in 2008 (refer discussion of business environment above). The performance of the capital portfolio compared to mandate also improved. This resulted in a turnaround of the negative investment surpluses of R447 million recorded in 2008 to a net positive return of R23 million in 2009.
- The 64% increase in the secondary tax on companies (STC) charge is mainly attributable to the utilisation of available STC credits for the dividend paid in May 2009. STC credits generated in the first half of 2009 are lower than in 2008 due to the utilisation of discretionary capital during 2008 and 2009 for share buy-backs and other corporate activity (thereby reducing the absolute level of capital on which investment income is earned), as well as a decrease in the capital portfolio's exposure to equities.

Comments on the Results
continued

Business volumes

New business flows

New business volumes, excluding white label, increased by 3% on the first six months of 2008.

New business volumes for the six months ended 30 June 2009

R million	**2009**	2008	Δ
Sanlam Personal Finance	**14 700**	15 824	-7%
South Africa	**10 214**	11 559	-12%
Africa	4 486	4 265	5%
Sanlam Developing Markets	**1 316**	1 214	8%
South Africa	**635**	665	-5%
Africa	**605**	449	35%
Other international	**76**	100	-24%
Sanlam UK	955	807	18%
Institutional cluster	**25 550**	23 305	10%
Sanlam Investments	**25 408**	23 035	10%
Sanlam Employee Benefits	**142**	270	-47%
Santam	**6 179**	6 085	2%
New business excluding white label	48 700	47 235	3%
White label	**2 785**	3 750	-26%
Total new business	**51 485**	50 985	1%

Sanlam Personal Finance new business sales slowed down as the challenging economic and business environment impacted on Topaz middle market sales in particular. The Topaz market is more sensitive to the current economic environment and investment market volatility. The combined life and non-life sales are 7% lower than the comparable period in 2008.

- Total South African new business volumes decreased by 12% compared to 2008.
  - Recurring premium life sales are 10% lower than the same period in 2008. The high interest rate and inflation environment of 2007 and 2008 continues to negatively impact disposable income, with a commensurate negative impact on recurring premium savings and retirement solutions. Recurring risk business is less sensitive to these conditions and are 7% higher than 2008.
  - Single premium life sales are down 13% on 2008. The market conditions are now also impacting on Glacier's volumes, which are 8% lower than the comparable period in 2008. Part of the lower demand can be attributed to clients' preference to reduce their personal debt, but alternative investment classes, for example property, has also become more attractive as an investment choice after decreasing valuations over the past two years. Single premium sales of Topaz life solutions decreased by 17% on 2008. Guaranteed plans performed strongly in 2008, but demand slowed down in the first six months of 2009 as the recent interest rate cuts reduced the attractiveness of guaranteed rates.
  - Investment business is also struggling with lower demand for Glacier investment solutions. The same drivers affecting Glacier life sales are also impacting on the investment solution sales. This contributed to a 10% reduction in new investment business volumes.
- The Namibian operations recorded a 5% increase in volumes, which is attributable to demand for both life insurance solutions and unit trusts. The same factors impacting on the South African operations are also affecting Namibia.

Sanlam Developing Markets inflows are 8% higher than 2008. Excluding the discontinued South African single premium business, new business volumes grew by 17% – a commendable result.

Comments on the Results
continued

- South African inflows are 5% lower than the comparable period in 2008, but this includes the impact of discontinued single premium business. Single premiums recorded comprise of continuations of existing business reaching maturity date and are expected to decline over time as the in-force book winds down. The core recurring premiums business is up 5% on 2008. Sanlam Sky Solutions increased its new recurring premium sales by 8%, with a strong underlying performance masked by an intentional decision to scale back on low margin broker direct business. This decision has resulted in a marked improvement in the quality and profitability (as measured by the value of new business margin) of business written. Channel Life individual life sales underperformed during the first six months of 2009, offsetting an otherwise healthy growth contribution from Safrican and group benefits business.
- African inflows are 35% up on 2008, supported by a sterling performance from Botswana, the largest African operation. Recurring premiums increased by 30%, with single premiums exceeding 2008 by 37%. Both individual life and annuity sales performed strongly in Botswana with bancassurance volumes also well up on the comparable period in 2008. A weaker rand exchange rate also had a positive impact on the rand-based growth recorded by Botswana Life. Apart from Ghana, the other African operations are in general struggling to record growth on the prior year, being affected by the economic downturn caused by low commodity prices and the closure of mines.
- Shriram's new business volumes of R76 million is 24% lower than 2008, in part due to a marked switch from single to recurring business. The latter increased by 57% on 2008. Single premiums are well down as the Indian market did not escape the impact of the tougher economic environment. The outlook for the rest of the year has improved, with the new distribution channel expected to start contributing to new business volumes.

Sanlam UK started to experience a slowdown in new business volumes towards the end of 2008 as the UK economy continued to deteriorate. This trend continued into the first six months of 2009, with new life business volumes decreasing by 44% on the first half of 2008. Principal contributed new business of R504 million for the six months. The combined life and investment new business volumes are 18% up on 2008. New business volumes are only expected to improve in 2010, as the UK economy emerges from its deepest recession in years.

The **Institutional cluster** recorded an overall 10% increase in new business volumes. Retail business volumes are reflecting a similar result to Sanlam Personal Finance, as the client bases are affected similarly by the pressure on consumer spending power and risk aversion caused by market volatility. In contrast, institutional business flows were particularly strong.

- Sanlam Investments new business volumes increased by 10% compared to 2008.
  - The South African businesses performed strongly in the current environment, exceeding the 2008 new business sales by 9%. The biggest contributor is RSA segregated business, recording growth of 24%. Segregated business include an increase of R2,7 billion in the mandate awarded by the Public Investment Corporation (PIC). The pressure on the retail middle market is reflected in the new retail business recorded by Sanlam Collective Investments, which is 10% down on 2008. This was however offset by strong wholesale business inflows, which contributed to an overall 16% increase in Sanlam Collective Investments' new business sales compared to 2008. Sanlam Private Investments is also experiencing the effect of the pressures on the retail market, with its volumes decreasing by 22% on the high base in 2008.
  - New inflows in the Rest of Africa increased by 35%, with especially segregated business performing exceptionally well.
  - International (non-Africa) investment business flows are 23% lower than the first six months of 2008. The volatile international investment markets continued to impact on Octane and SIM Global, with both businesses lagging the comparable period. Recent outperformance of investment mandates, combined with a reduction in investor risk aversion, should be positive for future net inflows into these businesses.
- Sanlam Employee Benefits' new business volumes are 47% lower than the comparable 2008 inflows, an overall disappointing result. This is largely attributable to lower single premium volumes (65% lower than 2008), with new recurring premiums decreasing by 7%. The competitiveness of Sanlam Employee Benefits' pricing is being investigated as part of the process to regain market share. The Group however continues to be driven by profitability and not by pure market share.

Comments on the Results
continued

Santam recorded a 2% increase in net premium inflows over the first six months of 2009. Net written premiums of continued operations increased by 7%, a very satisfactory result in the difficult industry conditions. The relatively low level of growth is in part attributable to reinsurance reinstatement premiums paid following the large corporate claims.

Net fund flows

The Group has been very successful in retaining funds under management and achieved net inflows (excluding white label business) for the six months of R8,2 billion, 12% up on the R7,3 billion in the corresponding period in 2008. Excluding a low margin outflow at Sanlam Private Investments (refer below), net fund inflows increased by 74% to R12,7 billion, a particularly satisfactory result in the current environment. Total inflows increased by 2% to R59,4 billion while outflows in respect of fund withdrawals and policy benefits of R51,7 billion were down by 2%.

Net fund flows for the six months ended 30 June 2009

R million	**2009**	2008
Sanlam Personal Finance	**3 411**	2 221
Life business	**929**	861
Investment business	**2 482**	1 360
Sanlam Developing Markets	**610**	673
Sanlam UK	**(111)**	91
Institutional cluster	**2 571**	2 538
Sanlam Employee Benefits	**(499)**	(517)
Sanlam Investments	**3 070**	3 055
Santam	**1 676**	1 768
Net fund flows excluding white label	**8 157**	7 291
White label	**(480)**	(1 821)
Total net fund flows	**7 677**	5 470

The main contributors to the increase in net inflows are Sanlam Personal Finance and Sanlam Investment Management.

- Net inflows of investment business at **Sanlam Personal Finance** were supported by good retention of Namibian unit trusts. Despite lower life new business volumes, Sanlam Personal Finance managed to increase its net inflow of life business. This is the combined result of improved retention as well as lower equity markets reducing the value of benefit payments. The persistency levels of life business during the six months, measured in terms of the aggregate of lapses, surrenders and paid-ups, deteriorated only marginally relative to that of the first six months in 2008.
- **Sanlam Investments'** net inflows of R3,1 billion include a withdrawal of low margin custody business of R4,5 billion at Sanlam Private Investments, which will have a negligible impact on earnings. Excluding this flow, Sanlam Investments increased its net inflows by R4,5 billion, of which R2,7 billion is attributable to the new PIC mandate.

Value of new covered business

Despite an overall 7% decline in new life insurance business volumes, the Group retained the profitability of new business. The total value of new life business (VNB) of R276 million is 5% lower than that reported in 2008. Net of minority interests VNB decreased by 3% to R243 million. The overall average new life business margin (after minorities) increased from 2,17% to 2,23%.

Comments on the Results
continued

Value of new covered business for the six months ended 30 June 2009

R million	**2009**	2008	Δ
Value of new covered business	**276**	290	-5%
Sanlam Personal Finance	**135**	160	-16%
Sanlam Developing Markets	**136**	113	20%
Sanlam UK	**–**	3	-100%
Sanlam Employee Benefits	**5**	14	-64%
Net of minorities	**243**	250	-3%
Present value of new business premiums	**11 469**	12 141	-6%
Sanlam Personal Finance	**7 488**	8 089	-7%
Sanlam Developing Markets	**2 814**	2 330	21%
Sanlam UK	**463**	836	-45%
Sanlam Employee Benefits	**704**	886	-21%
Net of minorities	**10 906**	11 501	-5%
New covered business margin	**2,41%**	2,39%	
Sanlam Personal Finance	**1,80%**	1,98%	
Sanlam Developing Markets	**4,83%**	4,85%	
Sanlam UK	**–**	0,36%	
Sanlam Employee Benefits	**0,71%**	1,58%	
Net of minorities	**2,23%**	2,17%	

Sanlam Personal Finance's VNB decreased by 16% to R135 million. This is attributable to the lower new business volumes, partially compensated for by the change in business mix towards risk underwriting and a strong focus on containment of costs. The average VNB margin declined from 1,98% in 2008 to 1,80%, which still represents a satisfactory performance.

The **Sanlam Developing Markets** operations reported a commendable 20% increase in gross VNB to R136 million, continuing its growth trend. The average VNB margin decreased marginally from 4,85% to 4,83%. The South African operations' margins improved, principally due to the intentional change in business mix away from the low margin broker direct business. Botswana Life's VNB margin decreased slightly compared to the first six months of 2008, the result of a strengthening of the persistency basis and a reduction in annuity margins following a decline in interest rates. The VNB and margins of the other African operations were negatively impacted by lower sales volumes and a general strengthening of the persistency bases.

Both **Sanlam UK** and **Sanlam Employee Benefits** reported a significant reduction in VNB in line with their new business performance.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2009. The total capital of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, amounted to R31,6 billion on 30 June 2009. Its admissible regulatory capital at the end of June 2009 amounted to R20,7 billion, which covered its regulatory Capital Adequacy Requirements (CAR) 2,5 times, compared to 2,7 times on 31 December 2008. No policyholder portfolio held a negative bonus stabilisation reserve in excess of 7,5% of policyholder liabilities at the end of June 2009.

Santam's capital (shareholders' funds including bonds) constituted 42% of net earned premiums on 30 June 2009, which is at the higher end of the target range of 35% to 45% set by Santam.

Comments on the Results
continued

FitchRatings has affirmed the following ratings of the Group in 2009:

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:

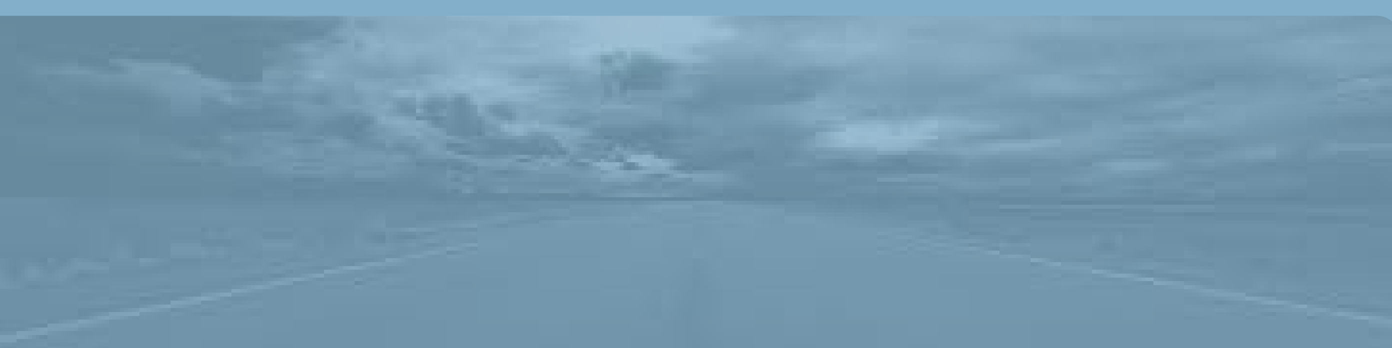
- National Insurer Financial Strength: AA+(zaf)
- National Long-term: AA(zaf)

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	**Johan van Zyl**
Chairman Group	Chief Executive

Sanlam Limited
Cape Town
2 September 2009



SANLAM GROUP
INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2009

Accounting policies and basis of presentation

The accounting policies adopted for purposes of the financial statements comply with International Financial Reporting Standards (IFRS), 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 2008 financial statements, apart from the changes resulting from new and revised standards (refer below). 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 2008, apart from changes in the economic assumptions.

The basis of preparation and presentation of the shareholders' information is also consistent with that applied in the 2008 financial statements.

Application of new and revised IFRSs and interpretations

The following new or revised IFRSs and interpretations are applied in the Group's 2009 financial year:

- IAS 1 Revised Presentation of Financial Statements
- IAS 1 Amended Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 32 Amended Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS 2 Amended Share-based Payment – Vesting Conditions and Cancellations
- May 2008 Improvements to IFRS
- Amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- Amendment to IFRS 7 Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- AC 503: Amendment to AC 503 – Accounting for Black Economic Empowerment (BEE) Transactions

The application of these standards and interpretations did not have a significant impact on the Group's reported results and cash flows for the six months ended 30 June 2009 and the financial position at 30 June 2009. The following presentational changes were introduced upon adoption of the revised IAS 1:

- The Group income statement has been replaced with a Group statement of comprehensive income, presenting all items of recognised income and expense in one statement;
- The Group statement of changes in equity only includes details of transactions with owners – non-owner changes in equity are presented in a single line; and
- The Group balance sheet has been renamed to a Group statement of financial position.

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

- IAS 27 Amended Consolidated and Separate Financial Statements (effective 1 July 2009)
- IAS 39 Amended Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- IFRS 3 Revised Business Combinations (effective 1 July 2009)
- IFRS 5 Amended Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009)
- IFRIC 17 Distribution of Non-cash Assets to Owners (effective 1 July 2009)
- April 2009 Improvements to IFRS (mostly effective 1 January 2010)
- Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)
- AC 504: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in a South African Pension Fund Environment (effective 1 April 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 cannot be quantified as it will depend on the nature and structure of a specific business combination.

External Audit Reports

Report on review of interim condensed financial statements

To the directors of Sanlam Limited

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Sanlam Limited as of 30 June 2009 and the related statements of comprehensive income, changes in equity and cash flow for the six-month period then ended and other explanatory notes set out on pages 20 and 56 to 61.

Directors' responsibility

The Group's directors are responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 – "Interim Financial Reporting".

Auditor's responsibility

Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard of Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of Sanlam Limited were not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, "*Interim Financial Reporting*".

Ernst & Young Inc.
Director: MP Rapson
Registered Auditor
Cape Town
2 September 2009

Limited assurance report of the independent auditors on the Sanlam Limited financial information for the Shareholders' Fund

To the directors of Sanlam Limited

Introduction

We have carried out a limited assurance engagement on the Sanlam Limited financial information for the Shareholders' Fund (Sanlam Limited Shareholders' Information) for the six months ended 30 June 2009 on pages 24 to 54, which has been prepared in accordance with the basis of preparation and presentation set out on page 20. This report should be read in conjunction with the reviewed interim condensed financial statements where the policy liabilities are calculated on the financial soundness valuation basis.

Respective responsibilities of directors and independent auditors

The directors are responsible for the interim Group financial statements, and the Sanlam Limited Shareholders' Information. Our responsibilities in relation to the interim Group financial statements are to review the interim financial information as set out on page 21.

Our responsibilities, as independent assurance providers, in relation to the Sanlam Limited Shareholders' Information are to express a limited assurance conclusion to the board of directors to confirm that nothing has come to our attention during our limited assurance engagement that causes us to believe that the Sanlam Limited Shareholders' Information at 30 June 2009 was not prepared in accordance with the basis of preparation and presentation set out on page 20.

Scope of engagement

We conducted our limited assurance engagement in accordance with the International Standards on Assurance Engagements: ISAE 3000, *"Assurance Engagements other than Audits or Reviews of Historical Financial Information"*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for financial, accounting and actuarial matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that

External Audit Reports
continued

we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Limited assurance conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Shareholders' Information at 30 June 2009 has not been properly prepared, in all material respects, in accordance with the basis of preparation and presentation set out on page 20.

Ernst & Young Inc.
Director: MP Rapson
Registered Auditor
Cape Town
2 September 2009

Shareholders' Information

for the six months ended 30 June 2009

Contents

Sanlam Group
Group Equity Value

at 30 June 2009

R million	Note	June Reviewed 2009 Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		20 364	9 457	10 907
Covered business [(1)]		18 939	8 032	10 907
Glacier		695	695	–
Sanlam Personal Loans		73	73	–
Multi-Data		172	172	–
Sanlam Trust		149	149	–
Sanlam Home Loans		120	120	–
Anglo African Finance		40	40	–
Sanlam Healthcare Management		93	93	–
Sanlam Namibia Holdings		83	83	–
Sanlam Developing Markets		3 062	1 237	1 825
Covered business [(1)]		3 040	1 215	1 825
Alfinanz		22	22	–
Sanlam UK		1 461	1 014	447
Covered business [(1)]		685	238	447
Principal		253	253	–
Buckles		38	38	–
Punter Southall Group		236	236	–
Other UK operations		–	–	–
Preference shares and interest-bearing instruments		249	249	–
Institutional cluster		10 887	10 795	92
Covered business [(1)]		5 109	5 017	92
Sanlam Investments		5 244	5 244	–
Coris Administration		24	24	–
Capital Markets		510	510	–
Short-term insurance		5 636	5 636	–
MiWay		110	110	–
Shriram General Insurance		115	115	–
Santam		5 411	5 411	–
Group operations		41 410	28 139	13 271
Capital diversification		(1 137)	(1 137)	–
Discretionary capital		2 785	2 785	–
Balanced portfolio – other		2 643	2 643	–
Group Equity Value before adjustments to net worth		45 701	32 430	13 271
Net worth adjustments		(1 211)	(1 211)	–
Present value of holding company expenses		(1 194)	(1 194)	–
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares		(17)	(17)	–
Group Equity Value		44 490	31 219	13 271
Value per share (cents)	6	2 172	1 524	648
Analysis per type of business				
Covered business [(1)]		27 773	14 502	13 271
Sanlam Personal Finance		18 939	8 032	10 907
Sanlam Developing Markets		3 040	1 215	1 825
Sanlam UK		685	238	447
Institutional cluster		5 109	5 017	92
Other Group operations	5	13 637	13 637	–
Discretionary and other capital		3 080	3 080	–
Group Equity Value		44 490	31 219	13 271

[(1)] *Refer embedded value of covered business on page 46.*

June Reviewed 2009			December Audited 2008		
Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
21 099	9 425	11 674	20 997	9 698	11 299
19 974	8 300	11 674	19 574	8 275	11 299
584	584	–	696	696	–
73	73	–	71	71	–
172	172	–	190	190	–
111	111	–	144	144	–
61	61	–	133	133	–
54	54	–	33	33	–
–	–	–	78	78	–
70	70	–	78	78	–
2 302	946	1 356	2 813	1 049	1 764
2 281	925	1 356	2 796	1 032	1 764
21	21	–	17	17	–
2 335	1 815	520	1 527	1 081	446
1 030	510	520	680	234	446
584	584	–	299	299	–
78	78	–	69	69	–
318	318	–	219	219	–
56	56	–	18	18	–
269	269	–	242	242	–
11 582	11 369	213	11 541	11 472	69
5 333	5 120	213	5 541	5 472	69
5 769	5 769	–	5 581	5 581	–
46	46	–	54	54	–
434	434	–	365	365	–
5 235	5 235	–	5 273	5 273	–
110	110	–	110	110	–
115	115	–	115	115	–
5 010	5 010	–	5 048	5 048	–
42 553	28 790	13 763	42 151	28 573	13 578
(1 057)	(1 057)	–	(1 429)	(1 429)	–
3 000	3 000	–	2 100	2 100	–
2 852	2 852	–	3 499	3 499	–
47 348	33 585	13 763	46 321	32 743	13 578
(809)	(809)	–	(1 083)	(1 083)	–
(763)	(763)	–	(1 052)	(1 052)	–
(46)	(46)	–	(31)	(31)	–
46 539	32 776	13 763	45 238	31 660	13 578
2 254	1 587	667	2 213	1 549	664
28 618	14 855	13 763	28 591	15 013	13 578
19 974	8 300	11 674	19 574	8 275	11 299
2 281	925	1 356	2 796	1 032	1 764
1 030	510	520	680	234	446
5 333	5 120	213	5 541	5 472	69
13 935	13 935	–	13 560	13 560	–
3 986	3 986	–	3 087	3 087	–
46 539	32 776	13 763	45 238	31 660	13 578

Sanlam Group
Change in Group Equity Value

for the six months ended 30 June 2009

R million	Six months Reviewed 2009	Six months Reviewed 2008	Full year Audited 2008
Earnings from covered business [1]	**770**	998	919
Earnings from other Group operations	**790**	(1 692)	(1 885)
Operations valued based on ratio of price to assets under management	**187**	(335)	(715)
Assumption changes	**(30)**	10	(99)
Change in assets under management	**119**	(430)	(1 005)
Earnings for the period and changes in capital requirements	**323**	(103)	188
Foreign currency translation differences and other	**(225)**	188	201
Operations valued based on discounted cash flows	**12**	31	144
Expected return	**156**	132	275
Operating experience variances and other	**44**	12	(6)
Assumption changes	**(160)**	(194)	(104)
Foreign currency translation differences	**(28)**	81	(21)
Operations valued at net asset value – earnings for the period	**60**	34	(35)
Listed operations – investment return	**531**	(1 422)	(1 279)
Earnings from discretionary and other capital	**(475)**	119	(440)
Investment return	**(180)**	214	68
Shriram Life Insurance goodwill less value of in-force acquired	**(39)**	(43)	(43)
Treasury shares and other	**(128)**	(130)	(269)
Change in adjustments to net worth	**(128)**	78	(196)
Group Equity Value earnings	**1 085**	(575)	(1 406)
Dividends paid	**(1 978)**	(1 968)	(1 968)
Shares cancelled	**(615)**	(1 439)	(2 481)
Cost of treasury shares acquired	**760**	(772)	(200)
Sanlam share buy back	**–**	(1 616)	(2 238)
Transfer to shares cancelled	**615**	1 439	2 481
Share incentive scheme and other	**145**	(595)	(443)
Group Equity Value at beginning of the period	**45 238**	51 293	51 293
Group Equity Value at end of the period	**44 490**	46 539	45 238

[1] *Refer embedded value of covered business on page 46.*

Sanlam Group
Return on Group Equity Value

for the six months ended 30 June 2009

	Six months Reviewed 2009		Six months Reviewed 2008		Full year Audited 2008	
	Earnings R million	Return %	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	**579**	**5,6**	503	4,8	744	3,5
Covered business [1]	**446**	**4,6**	490	4,9	453	2,3
Other operations	**133**	**19,6**	13	2,2	291	24,4
Sanlam Developing Markets	**88**	**6,4**	173	16,4	648	29,6
Covered business [1]	**86**	**6,2**	180	17,4	659	30,5
Other operations	**2**	**24,9**	(7)	(43,8)	(11)	(39,3)
Sanlam UK	**(113)**	**(14,3)**	164	22,7	(356)	(23,4)
Covered business [1]	**4**	**1,2**	139	32,5	(36)	(3,9)
Other operations	**(117)**	**(25,7)**	25	8,5	(320)	(53,3)
Institutional cluster	**475**	**8,4**	(112)	(1,8)	(723)	(5,8)
Covered business [1]	**234**	**8,6**	189	7,3	(157)	(3,0)
Sanlam Investments	**227**	**8,3**	(343)	(10,0)	(547)	(8,2)
Coris Administration	**(46)**	**(97,8)**	8	46,5	16	42,1
Capital markets	**60**	**28,4**	34	17,7	(35)	(8,8)
Short-term insurance	**531**	**21,2**	(1 422)	(39,6)	(1 279)	(20,1)
Discretionary and other capital	**(475)**		119		(440)	
Balance of portfolio	**(180)**		240		114	
Shares delivered to Sanlam Demutualisation Trust	**–**		(26)		(46)	
Shriram Life Insurance goodwill less value of in-force acquired	**(39)**		(43)		(43)	
Treasury shares	**(128)**		(130)		(269)	
Change in net worth adjustments	**(128)**		78		(196)	
Return on Group Equity Value	**1 085**	**4,9**	(575)	(2,2)	(1 406)	(2,7)
Return on Group Equity Value per share		**5,2**		0,0		(1,7)

[1] *Refer embedded value of covered business on page 46*

R million	Six months Reviewed 2009	2008	Full year Audited 2008
Reconciliation of return on Group Equity Value:			
The return on Group Equity Value reconciles as follows to normalised attributable earnings:			
Normalised attributable earnings per shareholders' fund income statement on page 34	**1 547**	1 151	1 758
Earnings recognised directly in equity	**(263)**	481	175
Net foreign currency translation gains	**(303)**	461	60
Dilution from Santam treasury share transactions	**(5)**	(29)	(19)
Share-based payments	**45**	49	134
Movement in fair value adjustment – shareholders' fund at fair value	**444**	(2 168)	(2 724)
Movement in adjustments to net worth	**(171)**	50	(200)
Present value of holding company expenses	**(142)**	30	(259)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	**14**	48	63
Change in intangible assets less value of in-force acquired	**(43)**	(28)	(4)
Treasury shares and other	**(121)**	(130)	(271)
Growth from covered business: value of in-force [1]	**(351)**	41	(144)
Return on Group Equity Value	**1 085**	(575)	(1 406)

[1] *Refer embedded value of covered business on page 46.*

Sanlam Group
Adjusted return on Group Equity Value

for the six months ended 30 June 2009

	Six months Reviewed 2009		Six months Reviewed 2008		Full year Audited 2008	
	Earnings R million	Return %	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	1 392	13,7	1 441	14,0	2 697	12,7
Covered business	1 259	13,3	1 428	14,7	2 406	12,0
Other operations	133	19,6	13	2,2	291	24,4
Sanlam Developing Markets	292	21,8	221	21,2	561	25,6
Covered business	290	21,8	228	22,2	572	26,5
Other operations	2	24,9	(7)	(43,8)	(11)	(39,3)
Sanlam UK	(68)	(8,7)	74	10,0	(52)	(3,4)
Covered business	32	9,6	49	10,9	141	15,3
Other operations	(100)	(22,2)	25	8,5	(193)	(32,2)
Institutional cluster	867	15,5	318	5,2	980	7,9
Covered business	353	13,1	333	13,1	558	10,6
Other operations	514	17,6	(15)	(0,4)	422	5,9
Short-term insurance	243	9,4	335	10,8	669	10,5
Discretionary and other capital	(134)		285		549	
Adjusted return on Group Equity Value	2 592	11,8	2 674	10,7	5 404	10,5
Adjusted return on Group Equity Value per share		12,2		13,6		12,4

Sanlam Group
Shareholders' fund at fair value

at 30 June 2009

R million	Fair value	Fair value adjustment	Net asset value
	June Reviewed 2009		
Covered business, discretionary and other capital	20 277	120	20 157
Property and equipment	209	–	209
Owner-occupied properties	613	–	613
Goodwill (2)	497	–	497
Value of business acquired (2)	774	–	774
Other intangible assets	48	–	48
Deferred acquisition costs	1 348	–	1 348
Investments	18 422	120	18 302
Equities and similar securities	8 472	112	8 360
Associated companies	225	8	217
Joint ventures			
Safair Lease Finance	–	–	–
Shriram Life Insurance and other (3)	247	–	247
Public sector stocks and loans	550	–	550
Investment properties	491	–	491
Other interest-bearing and preference share investments	8 437	–	8 437
Net term finance	–	–	–
Term finance	(4 790)	–	(4 790)
Assets held in respect of term finance	4 790	–	4 790
Net deferred tax	279	–	279
Net working capital	(1 165)	–	(1 165)
Minority shareholders' interest	(748)	–	(748)
Other Group operations	13 637	6 271	7 366
Sanlam Investments	5 244	3 973	1 271
SIM Wholesale	3 603	2 793	810
International	1 314	912	402
Sanlam Collective Investments	327	268	59
Sanlam Personal Finance	1 425	895	530
Glacier	695	414	281
Sanlam Personal Loans (4)	73	33	40
Multi-Data	172	160	12
Sanlam Trust	149	142	7
Sanlam Home Loans	120	–	120
Anglo African Finance	40	18	22
Sanlam Healthcare Management	93	68	25
Sanlam Namibia Holdings	83	60	23
Sanlam UK	776	28	748
Principal	253	1	252
Buckles	38	(5)	43
Punter Southall Group	236	19	217
Other UK operations	–	13	(13)
Preference shares and interest-bearing instruments	249	–	249
Alfinanz	22	18	4
Coris Administration	24	–	24
Sanlam Capital Markets	510	–	510
MiWay	110	84	26
Shriram General Insurance	115	–	115
Santam	5 411	2 520	2 891
Goodwill held on Group level in respect of the above businesses	–	(1 247)	1 247
Shareholders' fund at fair value	33 914	6 391	27 523
Value per share (cents)	1 656	312	1 344

June Reviewed 2008			December Audited 2008		
Fair value	**Fair value adjustment**	**Net asset value**	**Fair value**	**Fair value adjustment**	**Net asset value**
21 068	**169**	**20 899**	**20 577**	**120**	**20 457**
204	–	204	228	–	228
610	–	610	613	–	613
475	–	475	473	–	473
826	–	826	802	–	802
–	–	–	–	–	–
1 177	–	1 177	1 260	–	1 260
19 990	169	19 821	18 247	120	18 127
11 346	112	11 234	9 036	112	8 924
336	15	321	234	8	226
254	48	206	–	–	–
211	–	211	208	–	208
1 171	–	1 171	1 411	–	1 411
360	–	360	491	–	491
6 312	(6)	6 318	6 867	–	6 867
–	–	–	–	–	–
(4 933)	–	(4 933)	(5 101)	–	(5 101)
4 933	–	4 933	5 101	–	5 101
–	–	–	352	–	352
(1 273)	–	(1 273)	(451)	–	(451)
(941)	–	(941)	(947)	–	(947)
13 935	**6 334**	**7 601**	**13 560**	**5 827**	**7 733**
5 769	4 417	1 352	5 581	3 949	1 632
3 778	3 010	768	3 903	2 844	1 059
1 682	1 174	508	1 358	854	504
309	233	76	320	251	69
1 125	656	469	1 423	837	586
584	317	267	696	387	309
73	(18)	91	71	27	44
172	159	13	190	164	26
111	105	6	144	127	17
61	–	61	133	–	133
54	40	14	33	19	14
–	–	–	78	58	20
70	53	17	78	55	23
1 305	141	1 164	847	28	819
584	24	560	299	2	297
78	(1)	79	69	8	61
318	62	256	219	–	219
56	56	–	18	18	–
269	–	269	242	–	242
21	21	–	17	13	4
46	20	26	54	28	26
434	–	434	365	–	365
110	34	76	110	58	52
115	–	115	115	–	115
5 010	2 292	2 718	5 048	2 161	2 887
–	(1 247)	1 247	–	(1 247)	1 247
35 003	**6 503**	**28 500**	**34 137**	**5 947**	**28 190**
1 696	**315**	**1 381**	**1 670**	**291**	**1 379**

Sanlam Group
Shareholders' fund at fair value

at 30 June 2009 continued

R million	June Reviewed 2009 Fair value	Fair value adjustment	Net asset value
Reconciliation to Group Equity Value			
Group Equity Value before adjustments to net worth	**45 701**	**32 430**	**13 271**
Add: Goodwill and value of business acquired replaced by value of in-force	**1 484**	**1 484**	–
Merchant Investors	**356**	**356**	–
Sanlam Sky Solutions	**786**	**786**	–
Channel Life	**136**	**136**	–
Shriram Life Insurance [3]	**190**	**190**	–
Other	**16**	**16**	–
Less: Value of in-force	**(13 271)**	–	**(13 271)**
Shareholders' fund at fair value	**33 914**	**33 914**	–

R million	June Reviewed 2009	June Reviewed 2008	December Audited 2008
Reconciliation to Group statement of financial position			
Shareholders' fund at net asset value	**27 523**	28 500	28 190
Consolidation reserve	**(460)**	(834)	(539)
Shareholders' fund per Group statement of financial position	**27 063**	27 666	27 651

(1) *Group businesses listed above are not consolidated, but reflected as investments at fair value.*

(2) *The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Sky Solutions, Channel Life and Merchant Investors and are excluded in the build-up of the Group Equity Value, as the current value of in-force business for these life insurance companies are included in the embedded value of covered business.*

(3) *The carrying value of Shriram Life Insurance includes goodwill of R190 million that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.*

(4) *The life insurance component of Sanlam Personal Loans' operations is included in the value of in-force business and therefore excluded from the Sanlam Personal Loans fair value.*

	June Reviewed 2008			December Audited 2008		
	Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
	47 348	33 585	13 763	46 321	32 743	13 578
	1 418	1 418	–	1 394	1 394	–
	356	356	–	356	356	–
	778	778	–	760	760	–
	115	115	–	110	110	–
	151	151	–	151	151	–
	18	18	–	17	17	–
	(13 763)	–	(13 763)	(13 578)	–	(13 578)
	35 003	35 003	–	34 137	34 137	–

Sanlam Group
Shareholders' fund income statement

for the six months ended 30 June 2009

	Sanlam Personal Finance		Sanlam Developing Markets		Sanlam UK	
R million	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial services income	**3 184**	3 090	**1 794**	1 504	**182**	182
Sales remuneration	**(532)**	(508)	**(462)**	(419)	**(28)**	(23)
Income after sales remuneration	**2 652**	2 582	**1 332**	1 085	**154**	159
Underwriting policy benefits	**(808)**	(782)	**(736)**	(559)	**–**	–
Administration costs	**(952)**	(905)	**(454)**	(400)	**(141)**	(113)
Result from financial services before tax	**892**	895	**142**	126	**13**	46
Tax on financial services income	**(189)**	(203)	**(20)**	(12)	**(3)**	(8)
Result from financial services after tax	**703**	692	**122**	114	**10**	38
Minority shareholders' interest	**(12)**	(14)	**(37)**	(36)	**3**	(1)
Net result from financial services	**691**	678	**85**	78	**13**	37
Net investment income	**343**	401	**34**	38	**1**	11
Dividends received – Group companies	**110**	86	**–**	–	**–**	–
Other investment income	**270**	391	**66**	78	**1**	12
Tax on investment income	**(37)**	(76)	**(16)**	(14)	**–**	(1)
Minority shareholders' interest	**–**	–	**(16)**	(26)	**–**	–
Core earnings	**1 034**	1 079	**119**	116	**14**	48
Project expenses	**(13)**	(32)	**(2)**	–	**–**	–
Amortisation of value of business aquired	**–**	–	**(23)**	(21)	**(12)**	(10)
BEE transaction cost	**–**	–	**–**	–	**–**	–
Net equity-accounted headline earnings	**–**	–	**–**	3	**–**	–
Equity-accounted headline earnings	**–**	–	**(1)**	6	**–**	–
Minority shareholders' interest	**–**	–	**1**	(3)	**–**	–
Net investment surpluses	**(44)**	(998)	**(48)**	(37)	**–**	–
Investment surpluses – Group companies	**(63)**	(945)	**–**	–	**–**	–
Other investment surpluses	**28**	(72)	**(97)**	(71)	**–**	–
Tax on investment surpluses	**(9)**	19	**30**	4	**–**	–
Minority shareholders' interest	**–**	–	**19**	30	**–**	–
Secondary tax on companies – after minorities	**(119)**	(136)	**–**	(14)	**–**	–
Net loss from discontinued operations	**–**	–	**–**	–	**–**	–
Loss from discontinued operations	**–**	–	**–**	–	**–**	–
Minority shareholders' interest	**–**	–	**–**	–	**–**	–
Normalised headline earnings	**858**	(87)	**46**	47	**2**	38
Other equity-accounted earnings	**–**	–	**–**	–	**–**	32
Profit on disposal of subsidiaries	**–**	–	**–**	–	**–**	–
Impairment	**(3)**	(120)	**–**	(1)	**(43)**	–
Normalised attributable earnings	**855**	(207)	**46**	46	**(41)**	70
Fund transfers	–	–	**–**	–	**–**	–
Attributable profit per Group statement of comprehensive income	**855**	(207)	**46**	46	**(41)**	70
Ratios						
Admin ratio [(1)]	**35,9%**	35,1%	**34,1%**	36,9%	**91,6%**	71,1%
Operating margin [(2)]	**33,6%**	34,7%	**10,7%**	11,6%	**8,4%**	28,9%
Diluted earnings per share						
Adjusted weighted average number of shares (million)						
Net result from financial services (cents)	**33,8**	31,8	**4,2**	3,7	**0,6**	1,7
Core earnings (cents)						

(1) *Administration costs as a percentage of income earned by the shareholders' fund less sales remuneration.*

(2) *Result from financial services before tax as a percentage of income earned by the shareholders' fund less sales remuneration.*

(3) *Comparative information for Sanlam UK and Sanlam Investments have been restated for the reallocation of Sanlam Multi-Manager International from Sanlam UK to Sanlam Investments.*

Sanlam Employee Benefits		Short-term Insurance		Sanlam Investments		Sanlam Capital Markets		Subtotal: Operating businesses	
2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
1 056	1 006	**6 415**	5 829	**928**	1 097	**162**	97	**13 721**	12 805
(19)	(18)	**(969)**	(837)	**–**	–	**–**	–	**(2 010)**	(1 805)
1 037	988	**5 446**	4 992	**928**	1 097	**162**	97	**11 711**	11 000
(815)	(726)	**(4 503)**	(3 937)	**–**	–	**–**	–	**(6 862)**	(6 004)
(130)	(145)	**(699)**	(652)	**(558)**	(676)	**(101)**	(97)	**(3 035)**	(2 988)
92	117	**244**	403	**370**	421	**61**	–	**1 814**	2 008
(27)	(34)	**(71)**	(92)	**(91)**	(96)	**(2)**	34	**(403)**	(411)
65	83	**173**	311	**279**	325	**59**	34	**1 411**	1 597
–	–	**(91)**	(146)	**(15)**	(38)	**–**	–	**(152)**	(235)
65	83	**82**	165	**264**	287	**59**	34	**1 259**	1 362
122	95	**54**	53	**3**	19	**–**	–	**557**	617
–	–	**–**	–	**–**	–	**–**	–	**110**	86
142	117	**85**	103	**9**	29	**–**	–	**573**	730
(20)	(22)	**15**	(4)	**(2)**	(4)	**–**	–	**(60)**	(121)
–	–	**(46)**	(46)	**(4)**	(6)	**–**	–	**(66)**	(78)
187	178	**136**	218	**267**	306	**59**	34	**1 816**	1 979
–	–	**–**	(3)	**–**	–	**–**	–	**(15)**	(35)
–	–	**(2)**	–	**–**	–	**–**	–	**(37)**	(31)
–	–	**(3)**	(3)	**–**	–	**–**	–	**(3)**	(3)
–	–	**10**	6	**–**	(19)	**–**	–	**10**	(10)
–	–	**17**	11	**–**	(16)	**–**	–	**16**	1
–	–	**(7)**	(5)	**–**	(3)	**–**	–	**(6)**	(11)
15	(56)	**20**	(137)	**(4)**	(36)	**–**	–	**(61)**	(1 264)
–	–	**–**	–	**–**	–	**–**	–	**(63)**	(945)
21	(65)	**56**	(396)	**(2)**	(35)	**–**	–	**6**	(639)
(6)	9	**(18)**	138	**1**	–	**–**	–	**(2)**	170
–	–	**(18)**	121	**(3)**	(1)	**–**	–	**(2)**	150
–	–	**(5)**	(10)	**–**	–	**–**	–	**(124)**	(160)
–	–	**–**	(35)	**–**	–	**–**	–	**–**	(35)
–	–	**–**	(63)	**–**	–	**–**	–	**–**	(63)
–	–	**–**	28	**–**	–	**–**	–	**–**	28
202	122	**156**	36	**263**	251	**59**	34	**1 586**	441
–	–	**–**	–	**–**	–	**–**	–	**–**	32
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(8)	–	**(3)**	(3)	**(1)**	(2)	**–**	–	**(58)**	(126)
194	122	**153**	33	**262**	249	**59**	34	**1 528**	347
–	–	**–**	–	**–**	–	**–**	–	**–**	–
194	122	**153**	33	**262**	249	**59**	34	**1 528**	347
12,5%	14,7%	**12,8%**	13,1%	**60,1%**	61,6%	**62,3%**	100,0%	**25,9%**	27,2%
8,9%	11,8%	**4,5%**	8,1%	**39,9%**	38,4%	**37,7%**	0,0%	**15,5%**	18,3%
3,2	3,9	**4,0**	7,7	**12,9**	13,5	**2,9**	1,6	**61,6**	63,9

Sanlam Group Shareholders' fund income statement

for the six months ended 30 June 2009 continued

R million	Subtotal: Operating Business 2009	2008	Corporate & Other 2009	2008	Consolidation entries 2009	2008
Financial services income	**13 721**	12 805	**87**	75	**–**	–
Sales remuneration	**(2 010)**	(1 805)	**–**	–	**–**	–
Income after sales remuneration	**11 711**	11 000	**87**	75	**–**	–
Underwriting policy benefits	**(6 862)**	(6 004)	**–**	–	**–**	–
Administration costs	**(3 035)**	(2 988)	**(123)**	(117)	**–**	–
Result from financial services before tax	**1 814**	2 008	**(36)**	(42)	**–**	–
Tax on financial services income	**(403)**	(411)	**11**	14	**–**	–
Result from financial services after tax	**1 411**	1 597	**(25)**	(28)	**–**	–
Minority shareholders' interest	**(152)**	(235)	**–**	–	**–**	–
Net result from financial services	**1 259**	1 362	**(25)**	(28)	**–**	–
Net investment income	**557**	617	**108**	48	**(110)**	(86)
Dividends received – Group companies	**110**	86	**–**	–	**(110)**	(86)
Other investment income	**573**	730	**118**	32	**–**	–
Tax on investment income	**(60)**	(121)	**(10)**	16	**–**	–
Minority shareholders' interest	**(66)**	(78)	**–**	–	**–**	–
Core earnings	**1 816**	1 979	**83**	20	**(110)**	(86)
Project expenses	**(15)**	(35)	**–**	(5)	**–**	–
Amortisation of value of business aquired	**(37)**	(31)	**–**	–	**–**	–
BEE transaction cost	**(3)**	(3)	**–**	–	**–**	–
Net equity-accounted headline earnings	**10**	(10)	**–**	6	**–**	–
Equity-accounted headline earnings	**16**	1	**–**	6	**–**	–
Minority shareholders' interest	**(6)**	(11)	**–**	–	**–**	–
Net investment surpluses	**(61)**	(1 264)	**21**	(128)	**63**	945
Investment surpluses – Group companies	**(63)**	(945)	**–**	–	**63**	945
Other investment surpluses	**6**	(639)	**21**	(128)	**–**	–
Tax on investment surpluses	**(2)**	170	**–**	–	**–**	–
Minority shareholders' interest	**(2)**	150	**–**	–	**–**	–
Secondary tax on companies – after minorities	**(124)**	(160)	**(38)**	61	**–**	–
Net loss from discontinued operations	**–**	(35)	**–**	–	**–**	–
Loss from discontinued operations	**–**	(63)	**–**	–	**–**	–
Minority shareholders' interest	**–**	28	**–**	–	**–**	–
Normalised headline earnings	**1 586**	441	**66**	(46)	**(47)**	859
Other equity-accounted earnings	**–**	32	**–**	–	**–**	–
Profit on disposal of subsidiaries	**–**	–	**–**	–	**–**	–
Impairment	**(58)**	(126)	**–**	(9)	**–**	–
Normalised attributable earnings	**1 528**	347	**66**	(55)	**(47)**	859
Fund transfers	**–**	–	**–**	–	**59**	701
Attributable profit per Group statement of comprehensive income	**1 528**	347	**66**	(55)	**12**	1 560
Ratios						
Admin ratio [1]	**25,9%**	27,2%				
Operating margin [2]	**15,5%**	18,3%				
Diluted earnings per share						
Adjusted weighted average number of shares (million)						
Net result from financial services (cents)	**61,6**	63,9	**(1,2)**	(1,3)	**–**	–
Core earnings (cents)						

(1) *Administration costs as a percentage of income earned by the shareholders' fund less sales remuneration.*
(2) *Result from financial services before tax as a percentage of income earned by the shareholders' fund less sales remuneration.*
(3) *Comparative information for Sanlam UK and Sanlam Investments have been restated for the reallocation of Sanlam Multi-Manager International from Sanlam UK to Sanlam Investments.*

Total Six months Reviewed 2009	Total Six months Reviewed 2008	Total Full year Audited 2008
13 808	12 880	**26 969**
(2 010)	(1 805)	**(3 861)**
11 798	11 075	**23 108**
(6 862)	(6 004)	**(12 287)**
(3 158)	(3 105)	**(6 561)**
1 778	1 966	**4 260**
(392)	(397)	**(966)**
1 386	1 569	**3 294**
(152)	(235)	**(492)**
1 234	1 334	**2 802**
555	579	**1 068**
–	–	**–**
691	762	**1 432**
(70)	(105)	**(221)**
(66)	(78)	**(143)**
1 789	1 913	**3 870**
(15)	(40)	**(56)**
(37)	(31)	**(77)**
(3)	(3)	**(7)**
10	(4)	**16**
16	7	**24**
(6)	(11)	**(8)**
23	(447)	**(1 699)**
–	–	**–**
27	(767)	**(2 515)**
(2)	170	**625**
(2)	150	**191**
(162)	(99)	**(59)**
–	(35)	**(22)**
–	(63)	**(41)**
–	28	**19**
1 605	1 254	**1 966**
–	32	**33**
–	–	**3**
(58)	(135)	**(244)**
1 547	1 151	**1 758**
59	701	**736**
1 606	1 852	**2 494**
26,8%	28,0%	**28,4%**
15,1%	17,8%	**18,4%**
2 044,4	2 132,6	**2 094,0**
60,4	62,6	**133,8**
87,5	89,7	**184,8**

Notes to the shareholders' fund information

for the six months ended 30 June 2009

1. Analysis of new business and total funds received

Analysed per business, reflecting the split between life and non-life business

	Total		Life Insurance [1]		Life Licence [2]		Other	
R million	2009	2008	2009	2008	2009	2008	2009	2008
Sanlam Personal Finance	**14 700**	**15 824**	**5 433**	**6 014**	–	–	**9 267**	**9 810**
South Africa	10 214	11 559	5 061	5 820	–	–	5 153	5 739
Recurring	487	558	452	505	–	–	35	53
Single	8 995	10 164	3 877	4 478	–	–	5 118	5 686
Continuations	732	837	732	837	–	–	–	–
Africa	4 486	4 265	372	194	–	–	4 114	4 071
Recurring	38	32	38	32	–	–	–	–
Single	4 448	4 233	334	162	–	–	4 114	4 071
Sanlam Developing Markets	**1 316**	**1 214**	**1 316**	**1 214**	–	–	–	–
South Africa	635	665	635	665	–	–	–	–
Recurring	370	352	370	352	–	–	–	–
Single	265	313	265	313	–	–	–	–
Africa	605	449	605	449	–	–	–	–
Recurring	195	150	195	150	–	–	–	–
Single	410	299	410	299	–	–	–	–
Other international	76	100	76	100	–	–	–	–
Recurring	58	37	58	37	–	–	–	–
Single	18	63	18	63	–	–	–	–
Sanlam UK	**955**	**807**	**451**	**807**	–	–	**504**	–
Other international	955	807	451	807	–	–	504	–
Recurring	5	10	5	10	–	–	–	–
Single	950	797	446	797	–	–	504	–
Sanlam Employee Benefits	**142**	**270**	**142**	**270**	–	–	–	–
South Africa	142	270	142	270	–	–	–	–
Recurring	76	82	76	82	–	–	–	–
Single	66	188	66	188	–	–	–	–
Sanlam Investment	**25 408**	**23 035**	–	–	**991**	**686**	**24 417**	**22 349**
Employee benefits	410	207	–	–	410	207	–	–
Recurring	6	–	–	–	6	–	–	–
Single	404	207	–	–	404	207	–	–
Collective investment schemes	10 269	8 839	–	–	–	–	10 269	8 839
Retail funds	5 031	5 603	–	–	–	–	5 031	5 603
Wholesale business	5 238	3 236	–	–	–	–	5 238	3 236
Segregated funds	12 821	12 494	–	–	–	–	12 821	12 494
Wholesale business	9 688	8 478	–	–	–	–	9 688	8 478
Private Investments	3 133	4 016	–	–	–	–	3 133	4 016
Non-South African	1 908	1 495	–	–	581	479	1 327	1 016
Short-term insurance	**6 179**	**6 085**	–	–	–	–	**6 179**	**6 085**
New business excluding white label	**48 700**	**47 235**	**7 342**	**8 305**	**991**	**686**	**40 367**	**38 244**
White label	**2 785**	**3 750**	–	–	–	–	**2 785**	**3 750**
Sanlam Collective Investments	2 785	3 750	–	–	–	–	2 785	3 750
Sanlam Developing Markets	–	–	–	–	–	–	–	–
Total new business	**51 485**	**50 985**	**7 342**	**8 305**	**991**	**686**	**43 152**	**41 994**
Recurring premiums on existing funds:								
Sanlam Personal Finance	4 763	4 525						
Sanlam Developing Markets	1 337	1 106						
Sanlam UK	300	286						
Institutional cluster	1 484	1 462						
Total funds received	**59 369**	**58 364**						

[1] *Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*

[2] *Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.*

1. Analysis of new business and total funds received *(continued)*

R million	2009	2008
Analysed per market		
Retail		
Life business	**5 696**	6 485
Sanlam Personal Finance	**5 061**	5 820
Sanlam Developing Markets	**635**	665
Non-life business	**13 317**	15 358
Sanlam Personal Finance	**5 153**	5 739
Sanlam Private Investments	**3 133**	4 016
Sanlam Collective Investments	**5 031**	5 603
South African	**19 013**	21 843
Non-South African	**6 122**	5 621
Sanlam Personal Finance	**4 486**	4 265
Sanlam Developing Markets	**681**	549
Sanlam UK	**955**	807
Total retail	**25 135**	27 464
Institutional		
Group life business	**552**	477
Sanlam Employee Benefits	**142**	270
Investment Management	**410**	207
Non-life business	**14 926**	11 714
Segregated	**7 920**	6 379
Sanlam Multi-Manager	**1 768**	2 099
Sanlam Collective Investments	**5 238**	3 236
South African	**15 478**	12 191
Investment Management Non-South African	**1 908**	1 495
Total institutional	**17 386**	13 686
White label	**2 785**	3 750
Sanlam Collective Investments	**2 785**	3 750
Sanlam Developing Markets	**–**	–
Short-term insurance	**6 179**	6 085
Total new business	**51 485**	50 985

Notes to the shareholders' fund information

for the six months ended 30 June 2009 continued

2. Analysis of payments to clients

	Total		Life Insurance [1]		Life Licence [2]		Other	
R million	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Sanlam Personal Finance	**16 052**	**18 128**	**9 221**	**9 677**	**–**	**–**	**6 831**	**8 451**
South Africa	**12 755**	13 791	**8 804**	9 351	**–**	–	**3 951**	4 440
Surrenders	**1 777**	1 962	**1 777**	1 962	**–**	–	**–**	–
Other	**10 978**	11 829	**7 027**	7 389	**–**	–	**3 951**	4 440
Africa	**3 297**	4 337	**417**	326	**–**	–	**2 880**	4 011
Surrenders	**130**	62	**130**	62	**–**	–	**–**	–
Other	**3 167**	4 275	**287**	264	**–**	–	**2 880**	4 011
Sanlam Developing Markets	**2 043**	**1 647**	**2 043**	**1 647**	**–**	**–**	**–**	**–**
South Africa	**1 664**	1 326	**1 664**	1 326	**–**	–	**–**	–
Surrenders	**162**	202	**162**	202	**–**	–	**–**	–
Other	**1 502**	1 124	**1 502**	1 124	**–**	–	**–**	–
Africa	**374**	321	**374**	321	**–**	–	**–**	–
Surrenders	**75**	91	**75**	91	**–**	–	**–**	–
Other	**299**	230	**299**	230	**–**	–	**–**	–
Other international	**5**	–	**5**	–	**–**	–	**–**	–
Surrenders	**5**	–	**5**	–	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–	**–**	–
Sanlam UK	**1 366**	**1 002**	**759**	**1 002**	**–**	**–**	**607**	**–**
Other international	**1 366**	1 002	**759**	1 002	**–**	–	**607**	–
Surrenders	**1 224**	740	**617**	740	**–**	–	**607**	–
Other	**142**	262	**142**	262	**–**	–	**–**	–
Sanlam Employee Benefits	**1 852**	**1 993**	**1 852**	**1 993**	**–**	**–**	**–**	**–**
South Africa	**1 852**	1 993	**1 852**	1 993	**–**	–	**–**	–
Terminations	**134**	195	**134**	195	**–**	–	**–**	–
Other	**1 718**	1 798	**1 718**	1 798	**–**	–	**–**	–
Sanlam Investments	**22 611**	**20 236**	**–**	**–**	**972**	**1 411**	**21 639**	**18 825**
Employee benefits	**957**	1 164	**–**	–	**957**	1 164	**–**	–
Terminations	**422**	687	**–**	–	**422**	687	**–**	–
Other	**535**	477	**–**	–	**535**	477	**–**	–
Collective investment schemes	**7 587**	7 873	**–**	–	**–**	–	**7 587**	7 873
Retail funds	**4 265**	5 564	**–**	–	**–**	–	**4 265**	5 564
Wholesale business	**3 322**	2 309	**–**	–	**–**	–	**3 322**	2 309
Segregated funds	**12 570**	9 286	**–**	–	**–**	–	**12 570**	9 286
Wholesale business	**6 866**	7 853	**–**	–	**–**	–	**6 866**	7 853
Private Investments	**5 704**	1 433	**–**	–	**–**	–	**5 704**	1 433
Non-South African	**1 497**	1 913	**–**	–	**15**	247	**1 482**	1 666
Short-term insurance	**4 503**	**4 317**	**–**	**–**	**–**	**–**	**4 503**	**4 317**
Payments to clients excluding white label	**48 427**	**47 323**	**13 875**	**14 319**	**972**	**1 411**	**33 580**	**31 593**
White label	**3 265**	**5 571**	**–**	**–**	**–**	**–**	**3 265**	**5 571**
Sanlam Collective Investments	**3 265**	5 571	**–**	–	**–**	–	**3 265**	5 571
Sanlam Developing Markets	**–**	–	**–**	–	**–**	–	**–**	–
Total payments to clients	**51 692**	**52 894**	**13 875**	**14 319**	**972**	**1 411**	**36 845**	**37 164**

[1] *Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*
[2] *Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.*

3. Analysis of net inflow/(outflow) of funds

	Total		Life Insurance [1]		Life Licence [2]		Other	
R million	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Sanlam Personal Finance	**3 411**	**2 221**	**929**	**861**	**–**	**–**	**2 482**	**1 360**
South Africa	**1 989**	2 068	**741**	768	**–**	–	**1 248**	1 300
Africa	**1 422**	153	**188**	93	**–**	–	**1 234**	60
Sanlam Developing Markets	**610**	**673**	**610**	**673**	**–**	**–**	**–**	**–**
South Africa	**(132)**	83	**(132)**	83	**–**	–	**–**	–
Africa	**636**	471	**636**	471	**–**	–	**–**	–
Other international	**106**	119	**106**	119	**–**	–	**–**	–
Sanlam UK	**(111)**	**91**	**(8)**	**91**	**–**	**–**	**(103)**	**–**
Sanlam Employee Benefits	**(499)**	**(517)**	**(499)**	**(517)**	**–**	**–**	**–**	**–**
Sanlam Investments	**3 070**	**3 055**	**–**	**–**	**292**	**(469)**	**2 778**	**3 524**
Employee benefits	**(274)**	(701)	**–**	–	**(274)**	(701)	**–**	–
Collective investment schemes	**2 682**	966	**–**	–	**–**	–	**2 682**	966
Retail funds	**766**	39	**–**	–	**–**	–	**766**	39
Wholesale business	**1 916**	927	**–**	–	**–**	–	**1 916**	927
Segregated funds	**251**	3 208	**–**	–	**–**	–	**251**	3 208
Wholesale business	**2 822**	625	**–**	–	**–**	–	**2 822**	625
Private Investments	**(2 571)**	2 583	**–**	–	**–**	–	**(2 571)**	2 583
Non-South African	**411**	(418)	**–**	–	**566**	232	**(155)**	(650)
Santam	**1 676**	**1 768**	**–**	**–**	**–**	**–**	**1 676**	**1 768**
Net inflow/(outflow) excluding white label	**8 157**	**7 291**	**1 032**	**1 108**	**292**	**(469)**	**6 833**	**6 652**
White label	**(480)**	**(1 821)**	**–**	**–**	**–**	**–**	**(480)**	**(1 821)**
Sanlam Collective Investments	**(480)**	(1 821)	**–**	–	**–**	–	**(480)**	(1 821)
Sanlam Developing Markets	**–**	–	**–**	–	**–**	–	**–**	–
Total net inflow/(outflow)	**7 677**	**5 470**	**1 032**	**1 108**	**292**	**(469)**	**6 353**	**4 831**

[1] Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

[2] Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

Notes to the shareholders' fund information

for the six months ended 30 June 2009 continued

3. Analysis of net inflow/(outflow) of funds *(continued)*

R million	2009	2008
Analysed per market		
Retail		
Life business	609	851
Sanlam Personal Finance	741	768
Sanlam Developing Markets	(132)	83
Non-life business	(557)	3 922
Sanlam Personal Finance	1 248	1 300
Sanlam Private Investments	(2 571)	2 583
Sanlam Collective Investments	766	39
South African	52	4 773
Non-South African	2 053	834
Sanlam Personal Finance	1 422	153
Sanlam Developing Markets	742	590
Sanlam UK	(111)	91
Total retail	2 105	5 607
Institutional		
Group life business	(773)	(1 218)
Sanlam Employee Benefits	(499)	(517)
Investment Management	(274)	(701)
Non-life business	4 738	1 552
Segregated	3 032	2 974
Sanlam Multi-Manager	(210)	(2 349)
Sanlam Collective Investments	1 916	927
South African	3 965	334
Investment Management Non-South African	411	(418)
Total institutional	4 376	(84)
White label	(480)	(1 821)
Sanlam Collective Investments	(480)	(1 821)
Sanlam Developing Markets	–	–
Short-term insurance	1 676	1 768
Total net inflow	7 677	5 470

4. 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, in management's view, 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
	2009 cents	**2008 cents**	**2008 cents**
Normalised diluted earnings per share:			
Net result from financial services	**60,4**	62,6	133,8
Core earnings	**87,5**	89,7	184,8
Headline earnings	**78,5**	58,8	93,9
Profit attributable to shareholders' fund	**75,7**	54,0	84,0
	R million	**R million**	**R million**
Analysis of normalised earnings (refer shareholders' fund income statement on page 34):			
Net result from financial services	**1 234**	1 334	2 802
Core earnings	**1 789**	1 913	3 870
Headline earnings	**1 605**	1 254	1 966
Profit attributable to shareholders' fund	**1 547**	1 151	1 758
Reconciliation of normalised headline earnings:			
Headline earnings per note 1 on page 60	**1 664**	1 955	2 702
Less: Fund transfers	**(59)**	(701)	(736)
Normalised headline earnings	**1 605**	1 254	1 966
	million	**million**	**million**
Adjusted number of shares:			
Weighted average number of shares for diluted earnings per share (refer to note 1 on page 60)	**2 015,1**	2 068,1	2 043,5
Add: Weighted average Sanlam shares held by policyholders	**29,3**	64,5	50,5
Adjusted weighted average number of shares for normalised diluted earnings per share	**2 044,4**	2 132,6	2 094,0

Notes to the shareholders' fund information

for the six months ended 30 June 2009 continued

5. Fair value of other Group operations

The shareholders' fund at fair value includes the value of the Sanlam businesses based on directors' valuation, apart from Santam, which is valued according to ruling share prices.

Valuation methodology

The fair value of the unlisted Sanlam businesses has been determined by the application of the following valuation methodologies:

Valuation method	Fair value of Sanlam business		
	June Reviewed		December Audited
R million	**2009**	**2008**	**2008**
Ratio of price to assets under management	**5 580**	5 839	5 958
SIM Wholesale	**3 603**	3 778	3 903
SIM International	**1 314**	1 682	1 358
Sanlam Collective Investments	**327**	309	320
Principal	**253**	–	299
Sanlam Namibia Holdings	**83**	70	78
Discounted cash flows	**1 911**	1 765	1 964
Glacier	**695**	584	696
Sanlam Personal Loans	**73**	73	71
Multi-Data	**172**	172	190
Sanlam Trust	**149**	111	144
Sanlam Home Loans	**120**	61	133
Punter Southall Group	**236**	318	219
Other	**466**	446	511
Net asset value	**735**	1 321	590
Principal	**–**	584	–
Buckles	**–**	78	–
MiWay	**110**	110	110
Shriram General Insurance	**115**	115	115
Sanlam Capital Markets	**510**	434	365
Fair value of unlisted businesses	**8 226**	8 925	8 512

The main assumptions applied in the primary valuation for the unlisted businesses are presented below. The sensitivity analysis is based on the following changes in assumptions:

Assumption	Change in assumption
Ratio of price to assets under management (P/AuM)	**0,1%**
Risk discount rate (RDR)	**1,0%**
Perpetuity growth rate (PGR)	**1,0%**

		Fair value of Sanlam business		
R million	**Weighted average assumption**	**Base value**	**Decrease in assumption**	**Increase in assumption**
Ratio of price to assets under management	P/AuM = 1,46% (Dec 2008: 1,44%)	5 580	5 096	6 064
Discounted cash flows	RDR = 18,3% (Dec 2008: 17,9%)	1 911	2 032	1 809
	PGR = 2,5% – 5% (Dec 2008: 2,5% – 5%)	1 911	1 869	1 959

6. Value per share

	June Reviewed		December Audited
	2009 million	2008 million	2008 million
Number of shares for value per share:			
Number of ordinary shares in issue at beginning of the period	**2 190,1**	2 303,6	2 303,6
Shares cancelled	**(30,1)**	(63,5)	(113,5)
Number of ordinary shares in issue	**2 160,0**	2 240,1	2 190,1
Shares held by subsidiaries in shareholders' fund	**(159,8)**	(218,5)	(197,3)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive schemes	**37,6**	43,2	45,5
Number of shares under option that would have been issued at fair value	**(10,5)**	(14,4)	(12,7)
Convertible deferred shares held by Ubuntu-Botho	**20,9**	13,9	18,6
Adjusted number of shares for value per share	**2 048,2**	2 064,3	2 044,2

7. Share repurchases

The Sanlam shareholders granted general authorities to the Group at the 2009 and 2008 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares during 2009 in terms of the general authorities.

Sanlam Group
Embedded value of covered business

at 30 June 2009

R million	Note	June Reviewed 2009	June Reviewed 2008	December Audited 2008
Sanlam Personal Finance		**18 939**	19 974	19 574
Adjusted net worth		**8 032**	8 300	8 275
Net value of in-force covered business		**10 907**	11 674	11 299
Value of in-force covered business		**12 649**	13 309	12 809
Cost of capital		**(1 613)**	(1 528)	(1 378)
Minority shareholders' interest		**(129)**	(107)	(132)
Sanlam Developing Markets		**3 040**	2 281	2 796
Adjusted net worth		**1 215**	925	1 032
Net value of in-force covered business		**1 825**	1 356	1 764
Value of in-force covered business		**2 428**	1 956	2 432
Cost of capital		**(273)**	(280)	(284)
Minority shareholders' interest		**(330)**	(320)	(384)
Sanlam UK		**685**	1 030	680
Adjusted net worth		**238**	510	234
Net value of in-force covered business		**447**	520	446
Value of in-force covered business		**479**	560	481
Cost of capital		**(32)**	(40)	(35)
Minority shareholders' interest		**–**	–	–
Sanlam Employee Benefits		**5 109**	5 333	5 541
Adjusted net worth		**5 017**	5 120	5 472
Net value of in-force covered business		**92**	213	69
Value of in-force covered business		**1 014**	1 075	824
Cost of capital		**(922)**	(862)	(755)
Minority shareholders' interest		**–**	–	–
Embedded value of covered business		**27 773**	28 618	28 591
Adjusted net worth [1]		**14 502**	14 855	15 013
Net value of in-force covered business	1	**13 271**	13 763	13 578
Embedded value of covered business		**27 773**	28 618	28 591

[1] *Excludes subordinated debt funding of Sanlam Life.*

Sanlam Group
Change in embedded value of covered business

for the six months ended 30 June 2009

		Six months Reviewed 2009			
R million	Note	Total	Value of in-force	Cost of capital	Adjusted net worth
Embedded value of covered business at beginning of the period		28 591	15 939	(2 361)	15 013
Value of new business	2	243	882	(37)	(602)
Net earnings from existing covered business		1 145	(307)	83	1 369
Expected return on value of in-force business		839	771	68	–
Expected transfer of profit to adjusted net worth		–	(1 155)	–	1 155
Operating experience variances	3	289	102	(1)	188
Operating assumption changes	4	17	(25)	16	26
Expected investment return on adjusted net worth		546	–	–	546
Embedded value earnings from operations		1 934	575	46	1 313
Economic assumption changes	5	(1 020)	(526)	(487)	(7)
Tax changes – change in corporate tax rates		–	–	–	–
Investment variances – value of in-force		176	88	41	47
Investment variances – investment return on adjusted net worth		(209)	–	–	(209)
Exchange rate movements		(96)	(95)	7	(8)
Net project expenses	6	(15)	–	–	(15)
Embedded value earnings from covered business		770	42	(393)	1 121
Acquired value of in-force		228	72	(28)	184
Change in utilisation of capital diversification		(292)	–	–	(292)
Transfers from covered business		(1 524)	–	–	(1 524)
Embedded value of covered business at end of the period		27 773	16 053	(2 782)	14 502
Analysis of earnings from covered business					
Sanlam Personal Finance		446	(157)	(235)	838
Sanlam Developing Markets		86	11	6	69
Sanlam UK		4	(2)	3	3
Sanlam Employee Benefits		234	190	(167)	211
Embedded value earnings from covered business		770	42	(393)	1 121

[1] *June 2008 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.*

Six months Reviewed 2008				Full year Audited 2008
Total	Value of in-force	Cost of capital	Adjusted net worth	Total
28 432	16 316	(2 594)	14 710	28 432
250	777	(36)	(491)	612
1 200	(188)	112	1 276	1 885
886	857	29	–	1 838
–	(1 070)	–	1 070	–
250	71	6	173	278
64	(46)	77	33	(231)
588	–	–	588	1 180
2 038	589	76	1 373	3 677
(705)	(532)	(157)	(16)	356
196	191	5	–	215
(234)	(288)	54	–	(1 435)
(368)	–	–	(368)	(1 864)
103	113	(10)	–	23
(32)	–	–	(32)	(53)
998	73	(32)	957	919
–	–	–	–	–
(175)	–	–	(175)	197
(637)	–	–	(637)	(957)
28 618	16 389	(2 626)	14 855	28 591
490	(158)	28	620	453
180	63	(7)	124	659
139	54	(8)	93	(36)
189	114	(45)	120	(157)
998	73	(32)	957	919

Sanlam Group
Value of new business

for the six months ended 30 June 2009

R million	Note	Six months Reviewed 2009	Six months 2008	Full year Audited 2008
Value of new business (at point of sale):				
Gross value of new business		**321**	332	787
Sanlam Personal Finance		**154**	178	419
Sanlam Developing Markets		**156**	128	343
Sanlam UK		**1**	6	6
Sanlam Employee Benefits		**10**	20	19
Cost of capital		**(45)**	(42)	(89)
Sanlam Personal Finance		**(19)**	(18)	(33)
Sanlam Developing Markets		**(20)**	(15)	(41)
Sanlam UK		**(1)**	(3)	(5)
Sanlam Employee Benefits		**(5)**	(6)	(10)
Value of new business		**276**	290	698
Sanlam Personal Finance		**135**	160	386
Sanlam Developing Markets		**136**	113	302
Sanlam UK		**–**	3	1
Sanlam Employee Benefits		**5**	14	9
Value of new business attributable to:				
Shareholders' fund	2	**243**	250	612
Sanlam Personal Finance		**133**	157	377
Sanlam Developing Markets		**105**	76	225
Sanlam UK		**–**	3	1
Sanlam Employee Benefits		**5**	14	9
Minority shareholders' interest		**33**	40	86
Sanlam Personal Finance		**2**	3	9
Sanlam Developing Markets		**31**	37	77
Sanlam UK		**–**	–	–
Sanlam Employee Benefits		**–**	–	–
Value of new business		**276**	290	698
Geographical analysis:				
South Africa		**196**	198	507
Africa		**77**	85	181
Other international		**3**	7	10
Value of new business		**276**	290	698

R million	Six months Reviewed 2009	2008	Full year Audited 2008
Analysis of new business profitability:			
Before minorities:			
Present value of new business premiums	**11 469**	12 141	26 033
Sanlam Personal Finance	**7 488**	8 089	17 371
Sanlam Developing Markets	**2 814**	2 330	5 332
Sanlam UK	**463**	836	1 484
Sanlam Employee Benefits	**704**	886	1 846
New business margin	**2,41%**	2,39%	2,68%
Sanlam Personal Finance	**1,80%**	1,98%	2,22%
Sanlam Developing Markets	**4,83%**	4,85%	5,66%
Sanlam UK	**0,00%**	0,36%	0,07%
Sanlam Employee Benefits	**0,71%**	1,58%	0,49%
After minorities:			
Present value of new business premiums	**10 906**	11 501	24 459
Sanlam Personal Finance	**7 395**	8 020	17 080
Sanlam Developing Markets	**2 344**	1 759	4 049
Sanlam UK	**463**	836	1 484
Sanlam Employee Benefits	**704**	886	1 846
New business margin	**2,23%**	2,17%	2,50%
Sanlam Personal Finance	**1,80%**	1,96%	2,21%
Sanlam Developing Markets	**4,48%**	4,32%	5,56%
Sanlam UK	**0,00%**	0,36%	0,07%
Sanlam Employee Benefits	**0,71%**	1,58%	0,49%

Notes to the embedded value of covered business

for the six months ended 30 June 2009

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	**16 053**	**(2 782)**	**13 271**	
• Risk discount rate increase by 1%	15 108	(3 382)	11 726	(12)

2. Value of new business sensitivity analysis

	Gross value of new business R million	Cost of capital R million	Value of new business R million	Change from base value %
Base value	**280**	**(37)**	**243**	
• Risk discount rate increase by 1%	241	(43)	198	(19)

3. Operating experience variances

R million	Six months Reviewed 2009	2008	Full year Audited 2008
Risk experience	**167**	90	307
Investment guarantee reserve	**64**	24	(117)
Working capital and other	**58**	136	88
Total operating experience variances	**289**	250	278

4. Operating assumption changes

R million	Six months Reviewed 2009	2008	Full year Audited 2008
Mortality and morbidity	**34**	(13)	(196)
Persistency	**(6)**	(34)	(31)
Modelling improvements and other	**(11)**	111	(4)
Total operating assumption changes	**17**	64	(231)

5. Economic assumption changes

R million	Six months Reviewed 2009	2008	Full year Audited 2008
Investment yields and risk premiums	**(707)**	(710)	363
Long-term asset mix assumptions	**(313)**	5	(7)
Total economic assumption changes	**(1 020)**	(705)	356

6. 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.

7. Economic assumptions

%	June Reviewed 2009	June Reviewed 2008	December Audited 2008
Gross investment return, risk discount rate and inflation			
Sanlam life			
Point used on the relevant yield curve	**9 year**	9 year	9 year
Fixed-interest securities	**9,2**	10,7	7,3
Equities and offshore investments	**12,7**	14,2	10,8
Hedged equities	**9,7**	11,2	7,8
Property	**10,2**	11,7	8,3
Cash	**8,2**	9,7	6,3
Return on required capital	**10,0**	12,2	8,8
Inflation rate	**6,2**	7,7	4,3
Risk discount rate	**11,7**	13,2	9,8
SDM Limited			
Point used on the relevant yield curve	**6 year**	6 year	6 year
Fixed-interest securities	**8,7**	11,0	7,3
Equities and offshore investments	**12,2**	14,5	10,8
Hedged equities	**n/a**	n/a	n/a
Property	**9,7**	12,0	8,3
Cash	**7,7**	10,0	6,3
Return on required capital	**10,0**	12,3	8,6
Inflation rate	**5,7**	8,0	4,3
Risk discount rate	**11,2**	13,5	9,8
Merchant investors			
Point used on the relevant yield curve	**15 year**	15 year	15 year
Fixed-interest securities	**4,1**	5,2	3,7
Equities and offshore investments	**7,3**	8,4	7,0
Hedged equities	**7,3**	8,4	7,0
Property	**7,3**	8,4	7,0
Cash	**4,1**	5,2	3,7
Return on required capital	**4,1**	5,2	3,7
Inflation rate	**3,3**	4,5	2,9
Risk discount rate	**7,8**	8,9	7,5
Botswana Life Insurance			
Fixed-interest securities	**10,5**	10,5	10,5
Equities and offshore investments	**14,0**	14,0	14,0
Hedged equities	**n/a**	n/a	n/a
Property	**11,5**	11,5	11,5
Cash	**9,5**	9,5	9,5
Return on required capital	**10,6**	10,6	10,6
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 2009 continued

7. Economic assumptions *(continued)*

%	June Reviewed 2009	June Reviewed 2008	December Audited 2008
Asset mix for assets supporting required capital			
Sanlam life			
Equities	34	44	44
Hedged equities	13	13	13
Property	3	3	3
Fixed-interest securities	15	25	25
Cash	35	15	15
	100	100	100
SDM Limited			
Equities	50	50	50
Hedged equities	–	–	–
Property	–	–	–
Fixed-interest securities	–	–	–
Cash	50	50	50
	100	100	100
Merchant investors			
Equities	–	–	–
Hedged equities	–	–	–
Property	–	–	–
Fixed-interest securities	–	–	–
Cash	100	100	100
	100	100	100
Botswana Life Insurance			
Equities	15	15	15
Hedged equities	–	–	–
Property	10	10	10
Fixed-interest securities	25	25	25
Cash	50	50	50
	100	100	100

Group Financial Statements

for the six months ended 30 June 2009

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Statement of financial position

at 30 June 2009

R million	**Reviewed June 2009**	**December Audited 2008**
Assets		
Property and equipment	**376**	382
Owner-occupied properties	**651**	652
Goodwill	**2 668**	2 623
Other intangible assets	**50**	–
Value of business acquired	**1 205**	1 309
Deferred acquisition costs	**2 047**	1 970
Long-term reinsurance assets	**493**	506
Investments	**262 316**	268 530
Properties	**15 490**	15 981
Equity-accounted investments	**1 314**	1 317
Equities and similar securities	**119 926**	120 284
Public sector stocks and loans	**46 460**	50 531
Debentures, insurance policies, preference shares and other loans	**34 763**	35 309
Cash, deposits and similar securities	**44 363**	45 108
Deferred tax	**572**	712
Short-term insurance technical assets	**2 665**	2 250
Working capital assets	**34 981**	38 974
Trade and other receivables	**26 396**	28 908
Cash, deposits and similar securities	**8 585**	10 066
Total assets	**308 024**	317 908
Equity and liabilities		
Capital and reserves		
Share capital and premium	**23**	23
Treasury shares	**(3 359)**	(4 142)
Other reserves	**9 100**	9 312
Retained earnings	**21 299**	22 458
Shareholders' fund	**27 063**	27 651
Minority shareholders' interest	**2 370**	2 596
Total equity	**29 433**	30 247
Long-term policy liabilities	**225 111**	229 268
Insurance contracts	**116 101**	120 879
Investment contracts	**109 010**	108 389
Term finance	**6 471**	6 763
Margin business	**2 882**	2 830
Other interest-bearing liabilities	**3 589**	3 933
External investors in consolidated funds	**9 273**	9 822
Cell owners' interest	**475**	447
Deferred tax	**303**	440
Short-term insurance technical provisions	**8 700**	8 229
Working capital liabilities	**28 258**	32 692
Trade and other payables	**25 428**	29 325
Provisions	**1 541**	1 453
Taxation	**1 289**	1 914
Total equity and liabilities	**308 024**	317 908

Statement of comprehensive income

for the six months ended 30 June 2009

R million	Note	Reviewed 2009	Reviewed 2008
Net income		**15 854**	6 572
Financial services income		**15 034**	13 816
Reinsurance premiums paid		**(1 765)**	(1 624)
Reinsurance commission received		**147**	195
Investment income		**8 863**	8 250
Investment surpluses		**(6 519)**	(14 212)
Finance cost – margin business		**(114)**	(126)
Change in fair value of external investors' liability		**208**	273
Net insurance and investment contract benefits and claims		**(7 513)**	1 446
Long-term insurance and investment contract benefits		**(3 219)**	5 205
Short-term insurance claims		**(5 776)**	(5 107)
Reinsurance claims received		**1 482**	1 348
Expenses		**(5 383)**	(5 173)
Sales remuneration		**(2 127)**	(1 987)
Administration costs		**(3 256)**	(3 186)
Impairments		**(62)**	(135)
Amortisation of value of business acquired		**(37)**	(31)
Net operating result		**2 859**	2 679
Equity-accounted earnings		**(5)**	63
Finance cost – other		**(164)**	(160)
Profit before tax		**2 690**	2 582
Taxation		**(853)**	(528)
Shareholders' fund		**(613)**	(419)
Policyholders' fund		**(240)**	(109)
Profit from continuing operations		**1 837**	2 054
Discontinued operations		**–**	(63)
Profit for the period		**1 837**	1 991
Other comprehensive income			
Movement in foreign currency translation reserve		**(383)**	587
Comprehensive income for the period		**1 454**	2 578
Allocation of comprehensive income			
Profit for the period		**1 837**	1 991
Shareholders' fund		**1 606**	1 852
Minority shareholders' interest		**231**	139
Comprehensive income for the period		**1 454**	2 578
Shareholders' fund		**1 303**	2 313
Minority shareholders' interest		**151**	265
Earnings attributable to shareholders of the company (cents)			
Profit for the year			
Basic earnings per share	1	**81,6**	91,4
Diluted earnings per share	1	**79,7**	89,5
Earnings attributable to shareholders of the company from continuing operations (cents):			
Profit for the year			
Basic earnings per share	1	**81,6**	93,1
Diluted earnings per share	1	**79,7**	91,2

Statement of changes in equity

for the six months ended 30 June 2009

R million	Reviewed 2009	Reviewed 2008
Shareholders' fund		
Balance at beginning of the period	**27 651**	29 334
Comprehensive income	**1 303**	2 313
Profit for the period	**1 606**	1 852
Other comprehensive income: movement in foreign currency translation reserve	**(303)**	461
Net movement in treasury shares	**633**	(684)
Net realised investment surpluses on treasury shares	**(146)**	(159)
Cost of net treasury shares disposed/(acquired) [(1)]	**779**	(525)
Share-based payments	**45**	49
Dividends paid [(2)]	**(1 954)**	(1 907)
Shares cancelled	**(615)**	(1 439)
Balance at end of the period	**27 063**	27 666
Minority shareholders' interest		
Balance at beginning of the period	**2 596**	2 220
Comprehensive income	**151**	265
Profit for the period	**231**	139
Other comprehensive income: movement in foreign currency translation reserve	**(80)**	126
Net movement in treasury shares	**9**	69
Net realised investment surpluses on treasury shares	**(13)**	47
Cost of net treasury shares disposed [(1)]	**22**	22
Share-based payments	**9**	7
Dividends paid	**(279)**	(245)
Acquisitions, disposals and other movements in minority interests	**(116)**	168
Balance at end of the period	**2 370**	2 484
Shareholders' fund	**27 651**	29 334
Minority shareholders' interest	**2 596**	2 220
Total equity at beginning of the period	**30 247**	31 554
Shareholders' fund	**27 063**	27 666
Minority shareholders' interest	**2 370**	2 484
Total equity at end of the period	**29 433**	30 150

(1) *Comprises movement in cost of shares held by subsidiaries and the share incentive trust.*
(2) *Dividend of 98 cents per share paid during 2009 (2008: 93 cents per share) in respect of the 2008 financial year.*

Cash flow statement

for the six months ended 30 June 2009

R million	Reviewed 2009	Reviewed 2008
Cash flow from operating activities	**357**	5 746
Cash flow from investment activities	**(2 411)**	4 679
Cash flow from financing activities	**(147)**	(1 881)
Net (decrease)/increase in cash and cash equivalents	**(2 201)**	8 544
Cash, deposits and similar securities at beginning of the period	**55 145**	51 309
Cash, deposits and similar securities at end of the period	**52 944**	59 853
Non-current assets classified as held for sale	**–**	(915)
Cash, deposits and similar securities at end of the period – continuing operations	**52 944**	58 938
Cash flows relating to discontinued operations		
Included in the above are the following cash flows from discontinued operations:		
Cash flow from operating activities	**–**	(215)
Cash flow from investment activities	**–**	318
Cash flow from financing activities	**–**	–
Net increase in cash and cash equivalents	**–**	103
Cash, deposits and similar securities at beginning of the period – discontinued operations	**–**	812
Cash, deposits and similar securities at end of the period – discontinued operations	**–**	915

Notes to the financial statements

for the six months ended 30 June 2009

1. Earnings per share

For basic earnings per share the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue. For diluted earnings per share the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme, treasury shares held by subsidiaries and the conversion of deferred shares. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue. Refer to page 43 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and should be used when evaluating the Group's economic performance.

	Reviewed 2009	Reviewed 2008
	cents	cents
Basic earnings per share:		
Headline earnings	**84,6**	96,5
Profit attributable to shareholders' fund	**81,6**	91,4
Diluted earnings per share:		
Headline earnings	**82,6**	94,5
Profit attributable to shareholders' fund	**79,7**	89,5
Basic earnings per share for continuing operations:		
Profit attributable to shareholders' fund	**81,6**	93,1
Diluted earnings per share for continuing operations:		
Profit attributable to shareholders' fund	**79,7**	91,2
	R million	**R million**
Analysis of earnings:		
Profit attributable to shareholders' fund	**1 606**	1 852
Less: Equity-accounted non-headline earnings	**–**	(32)
Plus: Impairments	**58**	135
Impairments	**60**	135
Minority shareholders' interest	**(2)**	–
Headline earnings	**1 664**	1 955
Headline earnings include re-measurements of investment properties, which are largely attributable to policyholder funds.		
Analysis of earnings from continuing operations:		
Profit attributable to shareholders' fund	**1 606**	1 852
Discontinued operations	**–**	35
Loss from discontinued operations	**–**	74
Tax on loss from discontinued operations	**–**	(11)
Minority shareholders' interest	**–**	(28)
Profit attributable to shareholders' fund from continuing operations	**1 606**	1 887
	million	**million**
Number of shares:		
Number of ordinary shares in issue at beginning of period	**2 190,1**	2 303,6
Less: Weighted number of shares cancelled	**(20,1)**	(31,8)
Less: Weighted Sanlam shares held by subsidiaries (including policyholders)	**(202,0)**	(245,6)
Adjusted weighted average number of shares for basic earnings per share	**1 968,0**	2 026,2
Add: Weighted conversion of deferred shares	**20,0**	13,1
Add: Total number of shares and options	**37,6**	43,2
Less: Number of shares (under option) that would have been issued at fair value	**(10,5)**	(14,4)
Adjusted weighted average number of shares for diluted earnings per share	**2 015,1**	2 068,1

2. Reconciliation of segmental information

R million	Reviewed 2009	Reviewed 2008
Segment financial services income (per shareholders' fund information)	**13 808**	12 880
Sanlam Personal Finance	**3 184**	3 090
Sanlam Developing Markets	**1 794**	1 504
Sanlam UK	**182**	182
Sanlam Employee Benefits	**1 056**	1 006
Short-term Insurance	**6 415**	5 829
Sanlam Investments	**928**	1 097
Sanlam Capital Markets	**162**	97
Corporate, consolidation and other	**87**	75
IFRS adjustments	**1 226**	936
Total financial services income	**15 034**	13 816
Segment result (per shareholders' fund information after tax and minorities)	**1 547**	1 151
Sanlam Personal Finance	**855**	(207)
Sanlam Developing Markets	**46**	46
Sanlam UK	**(41)**	70
Sanlam Employee Benefits	**194**	122
Short-term Insurance	**153**	33
Sanlam Investments	**262**	249
Sanlam Capital Markets	**59**	34
Corporate, consolidation and other	**19**	804
Reverse minority shareholders' interest included in segment result	**231**	139
Fund transfers	**59**	701
Total profit for the period	**1 837**	1 991

Additional segmental information is provided in the Shareholders' fund information (refer pages 30 to 37).

3. Pension and Retirement Fund Investigation

Shareholders are referred to the ongoing investigations by the Financial Services Board (FSB) and the National Prosecuting Authorities into alleged fraud within a number of pension and retirement funds. The events in question took place in the mid to late 1990's. Sanlam acted as administrator for three of these funds at the time and has been supporting the authorities since their investigation started in 2004.

Sanlam in 2006 made a payment in good faith to the funds, representing the benefit, plus interest, that Sanlam indirectly received through the sale of a company that previously formed part of the Sanlam group, which was the controlling shareholder of the participating employers of three of the funds.

The curator of the funds subsequently issued civil claims against a number of parties, including Sanlam, for the alleged losses suffered by the funds. Sanlam and the curator of the funds are involved in litigation in respect of the merits of his claims against Sanlam. Sanlam was not involved in fraudulent or illegal activities relating to these cases.

We are confident that, inter alia through the involvement of the FSB, an amicable resolution to this matter will be reached in due course.

4. Contingent Liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2008 annual report. The circumstances surrounding these contingent liabilities remained materially unchanged.

5. 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 30 June 2009 as reflected in these financial statements.

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