

The Sanlam Group

This is Sanlam

We are a leading financial services group, established in 1918, with our head office in Bellville near Cape Town in South Africa.

We have offices throughout South Africa and also have business interests elsewhere in Africa, Europe, India and Australia.

Our vision

Our vision is to be the leader in wealth creation and protection in South Africa, leading that process in the emerging markets and playing a niche role in the developed markets.

What we do

We provide financial solutions to individual and institutional clients.

These solutions include individual, group and short-term insurance, personal financial services such as estate planning, trusts, wills, personal loans, health management, savings and linked products, business fitness assessment and insurance investment management, asset management, property asset management, stockbroking, employee benefits, risk management and capital market activities.

From a life insurance company with our establishment in 1918, we have, in short, grown into a diversified one-stop financial services group, offering our clients a journey for life for their financial needs.

Our values

Our shared business philosophy has its roots in an entrepreneurial culture with its essence captured in traditional values of honesty, diligence, superior ethical behaviour, innovation, stakeholder values and strong ties with business partners. Our business model is focused on client-centricity and on being solution orientated.



Group structure

Sanlam Limited	1 Retail cluster	2 Institutional cluster
Scope of business	<p>The Retail cluster includes Sanlam Personal Finance, Sanlam Developing Markets and Sanlam UK.</p> <ul style="list-style-type: none">• Sanlam Personal Finance is a major provider of a wide range of individual life insurance and personal financial services and solutions, including estate planning and trusts, home loans, personal loans, linked products, money transfer and financial services in South Africa, Namibia and the UK.• Sanlam Developing Markets provides affordable financial services solutions primarily to the entry-level market in South Africa and to the wider financial services segments in other developing markets in which Sanlam operates (seven other African countries as well as India).• Sanlam UK provides life, specialist pension, investment management and financial advice services in the United Kingdom market.	<p>The Institutional cluster includes Sanlam Investments, Sanlam Employee Benefits and Sanlam Investment : Capital Management.</p> <ul style="list-style-type: none">• Sanlam Investments incorporates Sanlam's investment-related businesses in South Africa, Europe, Rest of Africa, India and Australia. Sanlam Investments' areas of service and solutions include traditional asset management, alternative investment solutions, property asset management, collective investments (unit trusts), private client investment management and stockbroking, multi-manager management and investment administration.• Sanlam Employee Benefits provides life insurance, investment and annuity solutions for group schemes and retirement funds and fund administration for retirement and umbrella funds.• Sanlam Investment : Capital Management provides risk management, debt and equity financing, structured product solutions, product development and associated capital market activities.
Contribution to Group Equity Value	R27 419 million	R11 408 million
Contribution to net Group operating result	R825 million	R357 million
Contribution to Group new business volumes	R17 732 million	R25 403 million

3 Short-term Insurance cluster	4 Corporate
<p>The Short-term Insurance cluster is comprised of a 57% shareholding in Santam, the leading short-term insurer in South Africa, and a direct 69% interest in MiWay, the Group's direct financial services business.</p> <ul style="list-style-type: none">• Santam focuses on the corporate, commercial and personal markets. It has a market share in excess of 20% and a countrywide infrastructure and broker network. Santam has related business interests in Africa.• MiWay focuses on short-term insurance through a direct sales channel, with the intention of adding other financial services over time.	<p>The corporate head office is responsible for the Group's centralised functions, which include strategic direction, financial and risk management, group marketing and communications, group human resources and information technology, group sustainability management, corporate social investment and general group services.</p>
R7 422 million	R3 953 million
R266 million	(R26) million
R6 646 million	

Start with what you hope for . . .



“Start with what you hope for”

Our latest corporate advertising campaign, launched in October 2009 under the theme, *Start with what you hope for*, encourages our clients and potential clients to take action if they want to fulfil their hopes.

What one sees and hears in this new campaign are but small elements of Sanlam’s corporate positioning in its ongoing transformation programme. In latter years this programme included moving from mainly an insurance company to a more comprehensive financial services group and, more recently, shifting from a strict product focus to a broad and intensified client-centric focus.

The new campaign builds on this evolution of the Sanlam brand. In our focus on clients and their financial needs, the essence of the Sanlam brand lies in a journey of Sanlam and its clients to reach specific financial destinations together. But this journey requires the client to take action to achieve what he or she hopes for. And Sanlam wants to be the partner in doing that by understanding the hopes of our clients and helping them with their financial planning on their way to fulfilling their dreams and aspirations.

Instead of shooting footage for the television advertisements, we asked the public to submit their home movies of precious moments in their lives from which our advertising agency selected engaging scenes portraying that most basic of human emotions, Hope.

“Start with what you hope for” connects the future with the current. It requires the clients to take action and Sanlam will be the worthy partner on their journey to fulfilling their hopes and dreams.

The Sanlam Group

Our strategy

Our steadfast strategy has five pillars:

- To apply our resources to optimise our capital structure;
- To implement growth opportunities through acquisitions and collaboration;
- To maintain our tight grip on costs;
- To persist with our transformation initiatives to build a world-class financial services group; and
- To explore opportunities for diversification through a wider range of financial solutions and geographic expansion.

Performance review

The Group achieved an overall satisfactory operational performance for the first six months of the 2010 financial year.

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 9,1% for the six months ended 30 June 2010 fell short of this target, but still represents a strong performance given the relatively weak investment markets. On a normalised basis, i.e. assuming a normalised investment market performance and excluding any once-off items, the annualised return of 13,2% for the six months is broadly in line with the target of 13,4%.

Total new business volumes, excluding white label business, decreased by 3%, the combined result of strong growth in new life business, offset by a decline in new investment business from a high base in 2009. New life business volumes increased by 13%, with strong contributions from the South African and UK operations. The rest of Africa operations contributed satisfactory new business volumes given the difficult economic environment and stronger rand exchange rate. New investment business declined by 8% from the high base in 2009. Excluding the R2,7 billion increase in the Public Investment Corporation's mandate in the first half of 2009, new investment business volumes are in line with 2009 on a comparable basis, a satisfactory result given the impact of lower short-term interest rates on demand for money market solutions. The low conversion rate of low margin money market outflows at Glacier into Sanlam equity-based products is, however, disappointing.

Core earnings of R1 839 million are 2% up on 2009, the combined effect of a 14% increase in the net result from financial services, substantially offset by a 25% decline in net investment income earned on the capital portfolio. An excellent improvement in Santam's contribution was offset by a decline in operating earnings at Sanlam Capital Markets, Sanlam Employee Benefits and Sanlam Investments. The latter is essentially attributable to a once-off release of expense over provisions in 2009. Employee Benefits experienced an increase in risk claims, while low business activity impacted on the Sanlam Capital Markets results. Both Sanlam Personal Finance and Sanlam Developing Markets experienced an increase in their effective income tax rate. On a comparable basis the net result from financial services increased by 25%, a particularly pleasing result in a difficult environment. Net investment income decreased due to the significant decline in short-term interest rates and as a result of lower capital levels following corporate activity since the end of June 2009. Core earnings per share increased by 2%, but by a satisfactory 8% if the above-mentioned once-off items are excluded. Share buy-backs during the first half of 2010 had only a minor impact on the weighted average number of shares in issue.

The Sanlam Group continued

The investment return earned on the Group's capital portfolio was marginally positive during the six months due to weak investment markets. This contributed to normalised headline earnings per share increasing by only 2% on 2009. Diluted headline earnings per share, which include the International Financial Reporting Standards (IFRS) impact of Sanlam and Santam shares, and investments in associated companies held by the policyholders' fund, are 5% down on 2009.

Some of our corporate achievements in 2010

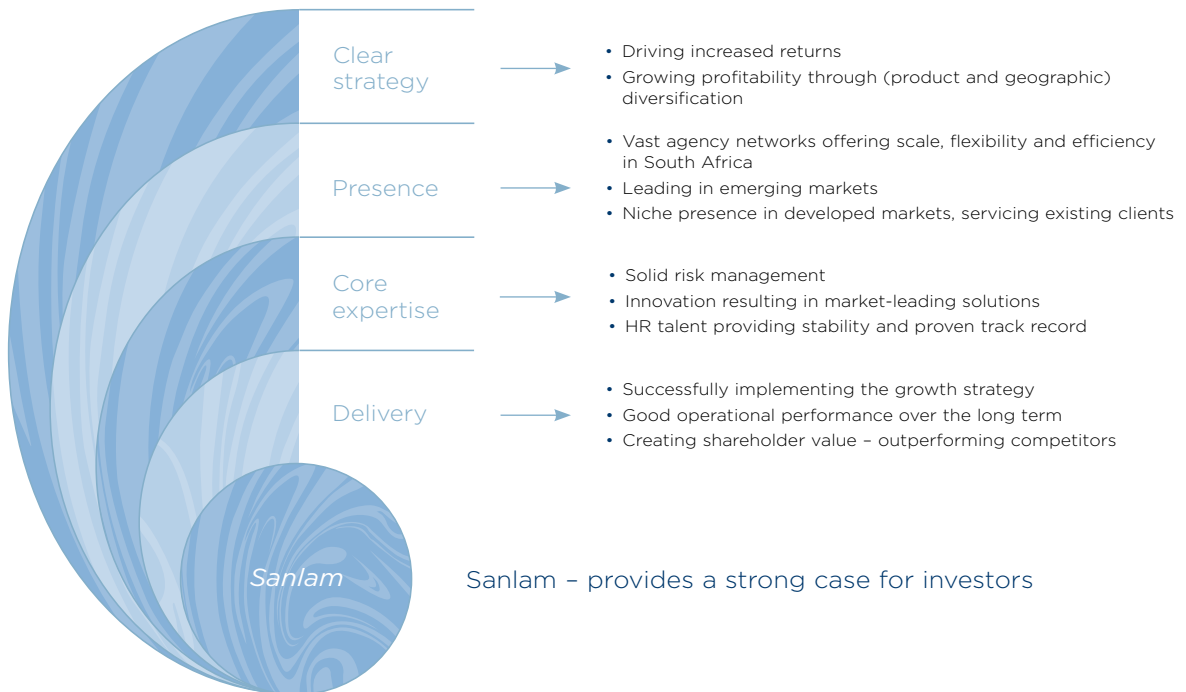
- The Sanlam Group has earned top spot in five of the nine categories at the prestigious Financial Intermediaries Association's (FIA) Annual Recognition Awards.

In addition to Santam winning all 3 short-term insurance categories, Sanlam received the awards for Product Supplier of the Year - Investment Products Recurring Premium and Product Supplier of the Year - Investment Products Single Premium. These Sanlam savings products were voted the best in the market by independent brokers.

- Sanlam was rated the top company for the volume and tone of sustainability coverage in the South African media for the period April to June 2010 by Media Tenor through the analysis of media coverage in conjunction with the sustainability consultants, Trialogue. We also led the charts for the period January to June 2010.
- The Investment Analysts Society of Southern Africa again awarded the IAS Award to Sanlam as the company with the best financial reporting to and communication with the investment community in 2010. This is the tenth time that Sanlam wins this award since its listing twelve years ago in 1998.
- The *Investment Week* named Kokkie Kooyman of SIM Global as Fund Manager of the Year in the specialist Financial category. *Investment Week's* awards recognise fund managers who have consistently outperformed others over a three-year period.
- PlexCrown Fund Ratings recognised Sanlam Investment Management as third-best fund manager in the industry – the highest ranking Sanlam and SIM have ever attained in these ratings.
- Sanlam Collective Investments was runner up for the Morningstar award in the category Best Large Fund House. The winner was Nedgroup which is a (outsourced) Best of Breed manager. So Sanlam Investments was in fact the best in-house manager over all.
- HedgeNews Africa awarded Blue Ink Investments best performing fund of hedge funds for its Blue Ink-ubator diversified fund for delivering the best risk-adjusted returns in 2009.
- In the first half of 2010, the office of the Ombudsman for Long-term Insurance (OLTI), rewarded Sanlam's complaints team for the consistent service to its office over the past ten years. It is the first time in its 25 years in the industry that the OLTI has publicly commended an insurer for its service.



Investment case



Clear strategy

Sanlam's strategy is two-pronged. Firstly, it aims to drive **increased returns** through a continual focus on optimising capital, cutting costs and maximising efficiencies. Since 2005, over R21 billion of existing capital (over 40% of the current Group Equity Value) has been redeployed.

The second part of the strategy is **growing profitably through diversification** by providing the full spectrum of financial services and diversifying revenue streams into new income markets and geographies, thus spreading the risk and underpinning a resilient performance in all market conditions. With a large stable life business at its core, Sanlam provides stability and consistency during difficult times, while its investment and capital market businesses capitalise on more favourable equity market conditions.

Our vision is to be a diversified financial services group that is unrivalled in wealth creation and protection in South Africa, leading in emerging markets, and specialised in developed markets.

Presence

Retail

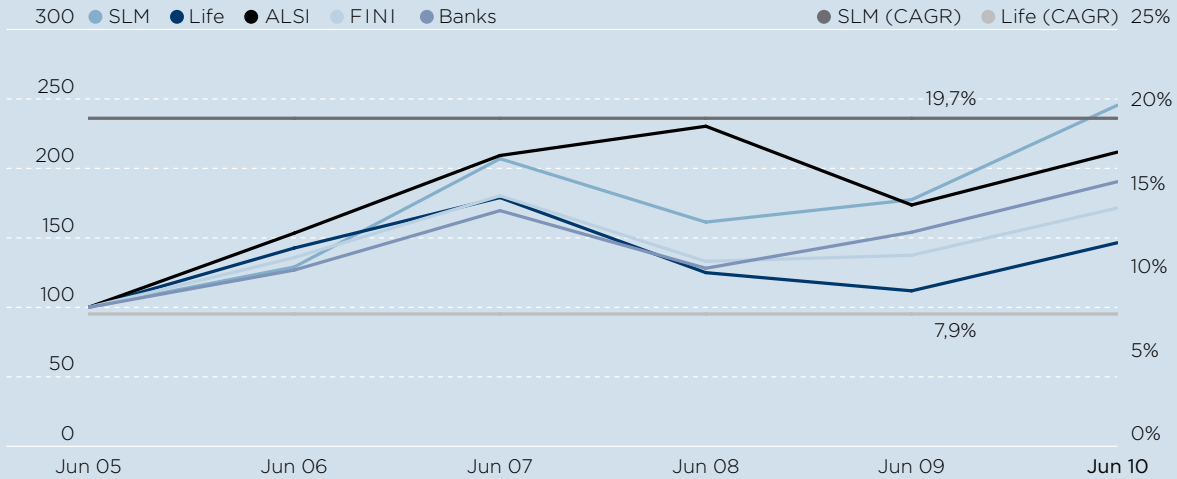
An internal distribution network of 1 907 tied financial advisers in **South Africa** servicing the middle- and upper-income markets, and 2 481 agents deployed for the lower-income market in SA, provides scale, flexibility and efficiency in servicing our broad range of clients. In addition, there are more than 10,000 independent financial advisers (IFAs) who support our various businesses. Sanlam is also expanding its breadth of distribution, by moving into the direct market, thereby entrenching the Group's leadership position in the future.

There are approximately 3 million policyholders in Sanlam's SA core life businesses, *Sanlam Personal Finance* and *Sanlam Sky Solutions*, which equals about a quarter of the economically active population in the country.

Sanlam also has a strong corps of tied financial agents in the **emerging markets** with 2 262 in the rest of Africa and close to 19 000 in India. It has a niche presence in **developed markets**, following its SA clients' money abroad, with *Merchant Investors* and *Principal* providing life, fund management and private client solutions in the UK.

Investment case continued

Creating shareholder value



Institutional

Sanlam has a vast footprint in the corporate market in South Africa with almost every large SA corporation being a client of one of our businesses.

Sanlam Investments is predominantly entrenched in South Africa, and has a presence in Europe, Australia, rest of Africa and India. This presence includes traditional asset management, alternative investment solutions, property asset management, collective investments (unit trusts), private client investment management and stockbroking, multi-manager management and investment administration.

Sanlam Employee Benefits provides life insurance, investment and annuity solutions to group schemes and retirement funds. The Group's capital markets business, *Sanlam Capital Markets*, provides risk management, structured product solutions and associated capital market activities.

Core expertise

Solid risk management expertise is a core attribute required in running the Sanlam life and investment businesses, ensuring solid safety barriers in the operations. Sanlam centrally adopts conservative risk/return measures in all its pursuits, with a minimum hurdle rate being a prerequisite for all

acquisitions and new capital allocations. Capital in existing businesses is also rigorously evaluated against these return hurdles. Not only is the Group planting the seeds for future growth through a disciplined and methodical approach to ventures, it also ensures that overall returns of the Group are enhanced over the long term.

Innovation has allowed the Group to pre-empt changes in an uncertain regulatory environment through market-leading solutions such as the *SanlamConnect* and *Sanlam Life Power* ranges, as well as to increase the breadth of solution and distribution offering through the solutions of *Sanlam Liquid* and *MiWay*.

Sanlam has the **human resources talent** to boast a stable, proven track record, having operated for over 92 years in life insurance. In addition, a relatively stable executive management team has some 160 years of combined experience in life insurance and investments.

The Group's employment standards have earned most of its businesses full accreditation from the international "Investors in People Standards". In working to attract, motivate and retain top talent, Sanlam encourages employees to make a difference at every level within the organisation through incentives which are directly aligned with the performance of the businesses.

Investment case continued

Sanlam pioneered black economic empowerment in South Africa in 1993 and since then has been at the forefront, implementing its own **empowerment and transformation** strategies to ensure its long-term sustainability.

Delivery

Management has built solid foundations from which to grow the business by **successfully implementing growth strategies** in emerging markets in SA, the rest of Africa and India.

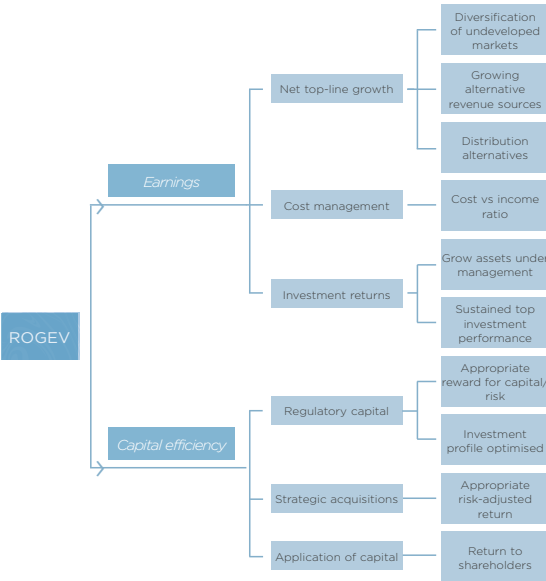
Good and improving **operational performance** over the long term is evident in new business flows, net life cash flows, change in the mix of offerings, strong growth in value of new business and new business margins.

In creating shareholder value, Sanlam has outperformed its competitors since listing and, on average, has generated close to 12% higher share price returns per annum over the past five years.

How we measure ourselves

The Sanlam Group’s performance measurement and financial communication philosophy is based on its values which include **transparency, honesty and integrity**. We are therefore passionate about providing useful, clear and value-added information in our financial statements to our shareholders and other stakeholders. We view the requirements of IFRS and other relevant regulations and legislation as the minimum compliance standards. Our disclosures are further aligned with the Group’s internal reporting structure to ensure that external users of the financial statements have the same insight into the Group’s financial results as Sanlam’s management.

Optimising shareholder value through maximising Return on Group Equity Value is the primary goal of the Group. Sanlam’s strategic focus areas of capital efficiency, earnings growth, costs and efficiencies, diversification and transformation are aimed at achieving this objective.



The interaction of these strategies can be illustrated as follows:

The performance indicators used by the Group to measure the success of the main components of its strategy are classified into the following categories:

- **Shareholder value** (all strategic focus areas)
- **Business volumes** (future earnings growth)
- **Earnings** (earnings growth and costs and efficiencies)
- **Diversification**
- **Transformation**
- **Capital efficiency**

Shareholder value

Group Equity Value

Group Equity Value (GEV) is a measure of the value of the Group’s operations, and is the aggregate of the following:

- The embedded value of the Group’s life insurance operations (referred to as covered business), which comprises the capital supporting these operations and the net present value of the shareholder profits to be earned from these operations’ book of in-force business;
- The fair value of other Group operations based on longer-term assumptions, which includes the investment management, capital markets, short-term insurance and the non-covered wealth management operations of the Group; and
- The fair value of discretionary and other capital.

Growth in GEV per share is the most appropriate performance indicator to measure value creation for shareholders as it indicates the value that has been created in the Group during a reporting period.

Given the exposure of the Group’s capital base to financial instruments, investment market performance has a significant impact on the growth in GEV per share. An adjusted return on GEV is therefore also disclosed to

How we measure ourselves continued

eliminate this impact of investment markets and to more accurately reflect management's impact on value creation.

Business volumes

Business volumes have a direct impact on the Group's assets under management and administration and commensurately on the future earnings growth. In addition to business volume indicators, the Value of New Business indicator measures the profitability of new life insurance business written during the year.

New business volumes

New business volumes measure the total new life insurance, short-term insurance and investment business written by the Group's operations during the year. New business contributes to the Group's assets under management and administration and thus increases the asset base from which the Group earns financial services income.

Net fund flows

Net fund flows are the aggregate of the following:

- New business volumes written during the year;
- Premiums earned from existing business in force at the beginning of the year; and
- Payments to clients.

Net fund flows are a measure of the net business retained within the Group and have a direct impact on the Group's assets under management and administration and commensurately the asset base on which the Group earns financial services income.

Value of new business and new business margin

The value of new business measures the net present value of future shareholder profits that the Group expects to earn from the new life insurance business written during the year. The new business margin is an indicator of the profitability of the new life insurance business written during the year.

Earnings

Sanlam uses four key indicators to assess earnings performance and operational efficiencies. These indicators are also presented on a per share basis (as applicable), to reflect the earnings attributable to shareholders.

Net result from financial services

This is the earnings from the Group's operating activities, net of minorities and tax.

Core earnings

Core earnings is the aggregate of the net result from financial services (refer above) and net investment income earned on the Group's capital. It is an indication of 'stable' earnings as it incorporates the relatively stable portion of the investment return earned on the capital, being investment income (interest, dividends and rental), but excludes investment surpluses which are volatile in nature owing to fluctuations in investment markets.

Normalised headline earnings

Headline earnings is a JSE disclosure requirement, equating to profit for the year excluding certain specified identifiable re-measurements. Headline earnings is therefore equal to core earnings plus net investment surpluses (which are volatile in nature), equity-accounted earnings and other appropriate costs/amortisations.

Headline earnings includes what Sanlam refers to as 'fund transfers'. Sanlam invests policyholder funds in the shares of Group companies, but is required in terms of IFRS to show these assets only at the consolidated Group interest (in respect of shares in subsidiaries), and at zero (in respect of Sanlam shares), instead of at fair value. This results in a non-economical mismatch between policyholder assets and liabilities, for which a 'fund transfer' to/from the shareholders' fund is made.

Owing to this inconsistency within headline earnings, Sanlam discloses a normalised headline earnings figure, which excludes the effect of fund transfers, and therefore more accurately reflects the actual economic performance of the Group.

Administration cost ratio

The administration cost ratio measures the administration costs incurred by the Group as a percentage of financial services income after sales remuneration. This ratio is an indicator of the cost and operational efficiency of the Group.

Diversification

Diversification is measured through an analysis of net result from financial services and new business volumes based on:

- Geographical exposure;
- Market segmentation; and
- Type of business.

Transformation

Transformation is inextricably linked to the long-term sustainability of the Group. The 2009 Annual Report includes an abridged Sustainability and Management Review which measures the Group's performance on the triple bottom-line basis (economic, social and environmental performance) as well as against the targets of the Financial Sector Charter in South Africa. The full version of the Sustainability Management Review is published on the Sanlam website (www.sanlam.co.za).

Capital efficiency

The Group's actions in respect of capital management are covered in detail in the financial review.

Analysis of Return

Analysis of Annualised Return on Group Equity Value: 1H10

Component of Group Equity Value (<i>weighting</i>)		Annualised Actual Return	Weighted ROGEV
SANLAM PERSONAL FINANCE	43,4% (R21,8bn) Dec 2009: 42,1%	11,6%	4,9% (11,6% x 0,421*)
SANLAM DEVELOPING MARKETS	8,1% (R4,1bn) Dec 2009: 7,3%	18,0%	1,3% (18,0% x 0,073*)
SANLAM UK	3,1% (R1,6bn) Dec 2009: 2,9%	8,7%	0,2% (8,7% x 0,029*)
INSTITUTIONAL CLUSTER	22,7% (R11,4bn) Dec 2009: 23,4%	1,8%	0,4% (1,8% x 0,234*)
SHORT-TERM INSURANCE	14,8% (R7,4bn) Dec 2009: 14,0%	11,6%	1,6% (11,6% x 0,140*)
OTHER	7,9% (R3,9bn) Dec 2009: 10,3%	–	0,5%

*Weighting of GEV at beginning of year 1H10 ACTUAL ROGEV: 4,9% + 1,3% + 0,2% + 0,4% + 1,6% + 0,5% = 8,9% 1H10 ROGEV PER SHARE: = 9,1%

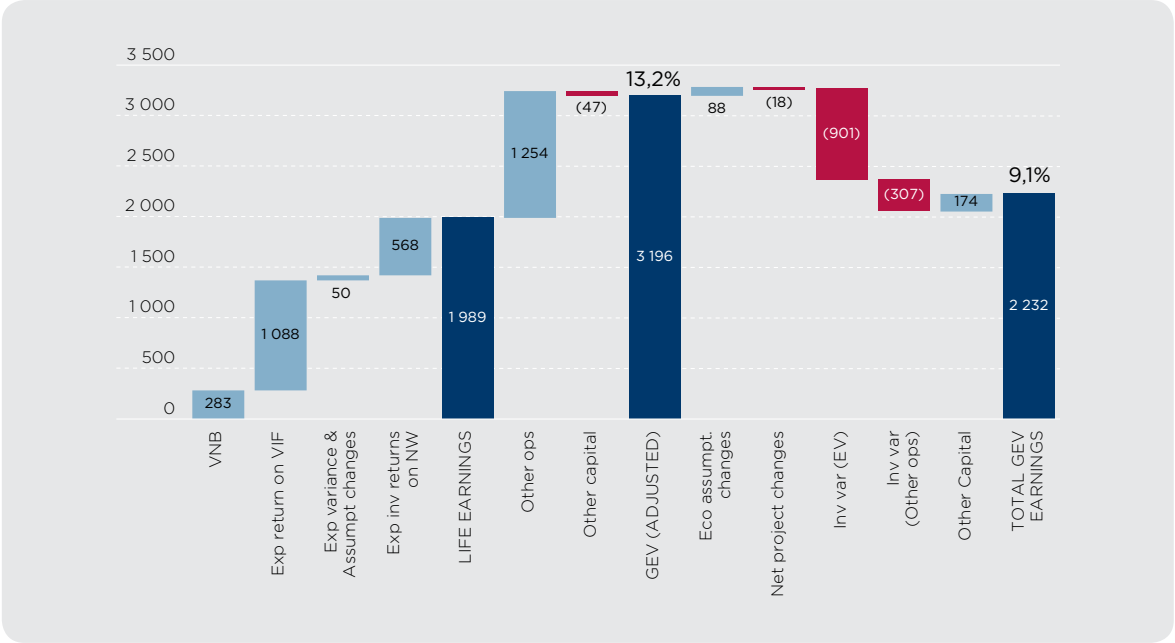
Analysis of Annualised Adjusted Return on Group Equity Value: 1H10

Component of Group Equity Value (<i>weighting</i>)		Annualised Adjusted Return	Weighted ROGEV
SANLAM PERSONAL FINANCE	43,4% (R21,8bn) Dec 2009: 42,1%	17,3%	7,3% (17,3% x 0,421*)
SANLAM DEVELOPING MARKETS	8,1% (R4,1bn) Dec 2009: 7,3%	13,8%	1,0% (13,8% x 0,073*)
SANLAM UK	3,1% (R1,6bn) Dec 2009: 2,9%	18,1%	0,5% (18,1% x 0,029*)
INSTITUTIONAL CLUSTER	22,7% (R11,4bn) Dec 2009: 23,4%	10,9%	2,5% (10,9% x 0,234*)
SHORT-TERM INSURANCE	14,8% (R7,4bn) Dec 2009: 14,0%	12,9%	1,8% (12,9% x 0,140*)
OTHER	7,9% (R3,9bn) Dec 2009: 10,3%	–	(0,2%)

*Weighting of GEV at beginning of year 1H10 ADJUSTED ROGEV: 7,3% + 1,0% + 0,5% + 2,5% + 1,8% - 0,2% = 12,9% 1H10 ADJUSTED ROGEV PER SHARE: = 13,2%

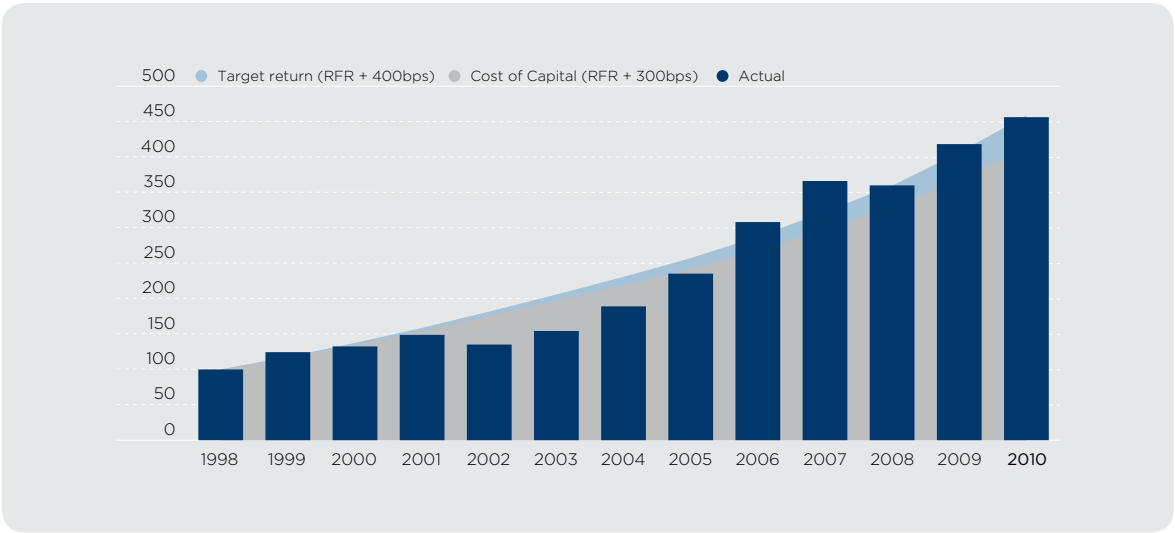
Analysis of Return continued

GEV Earnings (Rm)



ROEGEV vs Target

Cumulative ROEGEV exceed cost of capital since listing, but recently falling short against target (market impact).



*Annualised

Analysis of Return continued

Calculation of Annual Return on Equity (ROE)

	2005	2006	2007	2008	2009	1H10
IFRS NAV (Opening balance)	19 685	25 020	29 121	29 334	27 651	30 044
Restatement: change in accounting policy						(248)
Add: Consolidation reserve	2 820	1 931	1 859	1 843	539	503
Equity base	22 505	26 951	30 980	31 177	28 190	30 299
IFRS profit for the year attributable to shareholders	10 927	6 945	5 494	2 494	4 397	1 986
Less: Consolidation reserve transfer	(730)	(205)	366	(736)	55	40
Add: Items recognised directly in equity:						
Share based payments	64	74	74	134	139	79
Foreign currency translation differences	81	318	(99)	60	(309)	(92)
Impact of treasury shares	25	(188)	(288)	(307)	(274)	(137)
Deficit on change in subsidiary shareholding						(29)
Equity earnings	10 367	6 944	5 547	1 645	4 008	1 847
ROE (annualised)	46,1%	25,8%	17,9%	5,3%	14,2%	12,6%

Calculation of Cumulative Internal Rate of Return (IRR)

	2005	2006	2007	2008	2009	1H10
Movement in shareholders' fund						
Opening balance	22 505	26 951	30 980	31 177	28 190	30 299
Equity earnings	10 367	6 944	5 547	1 645	4 008	1 847
Dividends paid	(1 363)	(1 533)	(1 768)	(1 968)	(1 978)	(2 112)
Net shares bought back	(4 558)	(1 382)	(3 582)	(2 664)	327	(926)
Closing balance	26 951	30 980	31 177	28 190	30 547	29 108
	(22 505)					
	5 921	(26 951)				
	2 915	2 915	(30 980)			
	5 350	5 350	5 350	(31 177)		
	4 632	4 632	4 632	4 632	(28 190)	
	32 198	32 198	32 198	32 198	32 198	
IRR up to December 2009	23,9%	16,4%	12,6%	9,3%	14,2%	

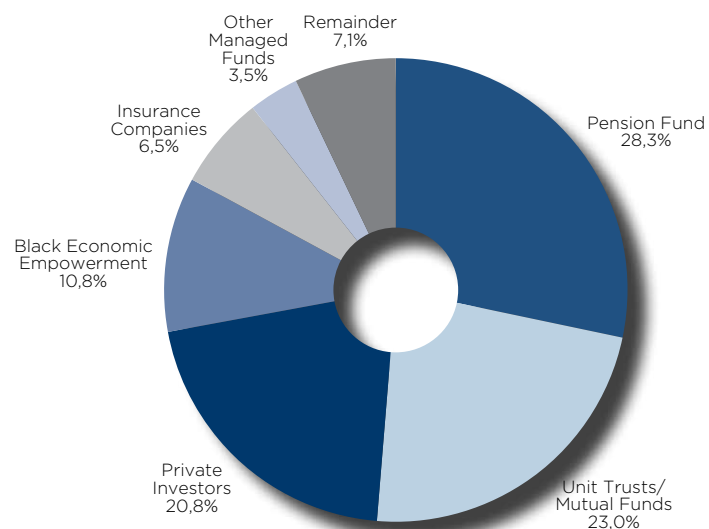
Shareholder categories

An analysis of beneficial shareholdings supported by the Section 140a enquiry process confirmed the following beneficial shareholder types:

Beneficial shareholder categories – June 2010

Category	Total shareholding	% of issued capital
Pension Fund	593 769 822	28,27
Unit Trusts/Mutual Funds	483 422 337	23,02
Private Investors	435 732 435	20,75
Black Economic Empowerment	226 000 000	10,76
Insurance Companies	136 204 383	6,49
Other Managed Funds	74 088 666	3,53
Foreign Government	35 767 206	1,70
Custodians	20 887 946	0,99
Trading Position	10 634 600	0,51
Investment Trust	6 817 272	0,32
University	3 938 879	0,19
Charity	3 104 810	0,15
American Depositary Receipts	2 042 255	0,10
Local Authority	694 907	0,03
Delivery by Value (Collateral)	276 484	0,01
Remainder	66 617 998	3,18
Total	2 100 000 000	100,00

Beneficial shareholders split by category⁽¹⁾ – June 2010

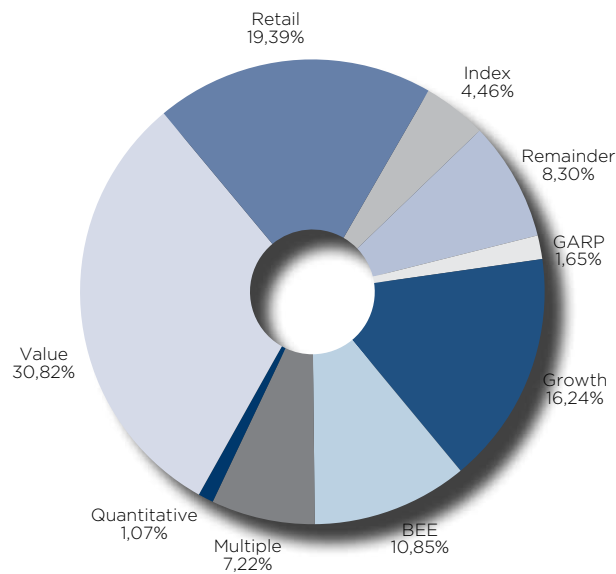


⁽¹⁾ Includes categories above 1% only

Analysis of investment styles

Analysis into institutional attributes broadly indicates the following split of investment approach within the shareholder base:

Analysis of investment styles⁽¹⁾ – June 2010



⁽¹⁾ Includes categories above 1% only

Economic and Financial Markets Review



Developments in the global and domestic economy and financial markets since the beginning of 2010 have proceeded more or less as we expected, although we derive little satisfaction from this. In a nutshell, our view has been that the sharp fall in economic activity will be followed by an equally sharp rebound, although not back to previous levels, followed by a protracted period of what can at best be described as “muddling through” while the comprehensive set of legacy issues from the financial crisis is being dealt with.

This is by and large how events are panning out, with the first quarter seeing upward revisions to forecasts, followed by doubts setting in in the second quarter, and we are currently in a phase during which forecasts are being adjusted downwards again. Sentiment has fluctuated between optimism that the worst is behind us and pessimism that the world is faced with a significant risk of falling back into recession, the so-called “double-dip scenario”.

The sharp contraction in international trade and manufacturing production has now been reversed, but with restocking being completed and various incentives for households to purchase durable goods such as motor vehicles coming to an end, there is an inevitable loss of momentum. Fiscal stimulus has run its course and the impact of ultra-expansionary monetary policy is being blunted by the ongoing necessity to deleverage.

The core event of the first half of 2010 has been the Greek sovereign debt crisis and the accompanying fear of the rest of the European periphery suffering contagion, along with the possibility of a second

leg to the global banking crisis emanating from European banks. Strong policy steps by European governments and the ECB allayed the fears regarding an imminent Greek default, and the results of stress tests conducted on European banks helped to confirm confidence in the European banking system.

However, the Greek crisis has focused people's minds on the greater problem of extremely high sovereign debt across the developed world and the inevitability of a long period of fiscal consolidation lying ahead, with its concomitant constraining influence on economic growth. On the positive side, there are many examples in history of countries that completed fiscal consolidation programmes successfully without jeopardising growth too much by implementing growth-enhancing structural reforms.

Financial markets have responded to the ebb and flow of sentiment, with risk appetite rising and falling almost daily along with the economic news flow. Although the VIX has declined after its spike at the time of the Greek crisis, it has not returned to the level that prevailed in the first quarter of 2010. Equity markets have been directionless due to the unusual uncertainty facing investors, and they have rather sought the safety of US treasury bonds, regardless of doubts regarding the US fiscal situation and the dollar.

Although the risk of a double-dip recession has increased, it is not the core scenario. A number of factors are against the double-dip scenario becoming a reality: the factors that generally cause recessions (e.g. inventory declines, job shedding and a drop in home purchases) have already occurred to such an extent that there is little room for further large falls from current levels, the corporate business sector is in exceptional financial health with profit margins having almost recovered to pre-crisis levels and large cash holdings, and the financial sector is not reinforcing recessionary trends, as it did in 2008 – in fact, financial conditions are exceptionally easy.

In addition, one can count on the US Federal Reserve to fight any emerging deflationary trend in that economy by all the means at its disposal.

Economic and Financial Markets Review continued

Economic and market developments in South Africa followed more or less the same pattern. After a surprisingly buoyant first quarter, imitating the sharp recovery in the global manufacturing sector, economic growth slowed markedly in the second quarter in spite of the start of the FIFA World Cup. Indications are that the second half of the year will be equally lethargic, but this will not prevent the economy from recording approximately 3% growth for the calendar year owing to a low base in 2009.

Job losses have been disproportionate to the severity of the economic downturn, totalling 1,1 million in the past 18 months (a rational response from employers to high union-enforced wage increases – see below.) However, in spite of this the trend in real disposable income has turned positive, increasing by 2,3% in the fourth quarter of 2009 and 5,1% in the first quarter of 2010 respectively (seasonally adjusted and annualised). Households have therefore made a healthy contribution to real gross domestic expenditure recently, in spite of being hamstrung by persistently high debt levels. The more positive mood among households is also reflected in rising consumer confidence.

The continuing strengthening in the exchange rate of the rand has played an important role in lowering inflation from 6,3% at the start of the year to 3,7% in July, measured by the consumer price index. This has enabled the Reserve Bank to take greater cognisance of the sluggishness of the economic recovery, and to reduce its repo rate by a further 0,5 percentage point in March. Further declines cannot be ruled out and should be seen as recognition on the part of the Reserve Bank that its initial response to the recession was perhaps too timid. However, the negative consequences of an increasing public sector wage bill for government's efforts to reign in the fiscal deficit may yet prevent the Reserve Bank from adding further monetary stimulus to the economy.

Long-term bond yields have followed inflation and the repo rate downwards, with the 10-year generic government bond yield declining by approximately 1 percentage point in 2010 to date.

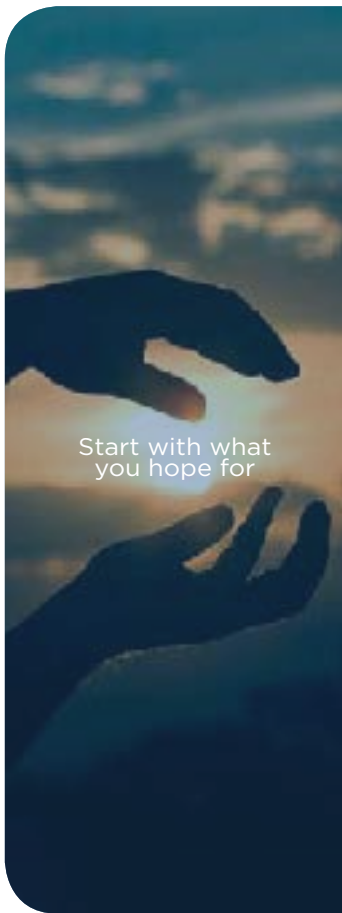
The increase in disposable income referred to above was to a large extent attributable to strong increases in wages in spite of the recession and job

losses, especially in the public sector. (For example, remuneration per worker in the public sector increased by 19,4% in the fourth quarter of 2009, compared with the same period a year ago.)

Although marginally lower than in the first half of 2009, wage settlements averaged 8,2% in the first half of 2010, with the public sector increases currently under dispute still to come.

The JSE All Share Index has by and large been range bound in 2010, fluctuating between 26 000 and 29 000. House prices have improved marginally (by about 4% since the start of the year), resulting in very little support to household finances from wealth effects.


The business environment for financial services therefore continues to be challenging, with the risk being to the downside.



INVESTOR PRESENTATION 2010 INTERIM RESULTS

Agenda

- Key Observations in 1H10
- Financial Review
- Strategy & Prospects
- Appendix - Review of Clusters



Start with what
you hope for

KEY OBSERVATIONS IN 1H10

Headlines for 1H10 – Road Map

Highlights	Stable Core Earnings	Strong Net Cash Inflows	Higher VNB & Margins	ROGEV
Macro Themes	Delayed Economic Recovery	Higher Average Equity Levels	Declining Short-term Interest Rates	Stronger Rand
Strategic Delivery	Profitable Growth	Expanding Distribution & Diversification	Persistency - Protecting the Base	Capital

Headlines for 1H10 - Highlights

Highlights

Key performance indicators reflecting a satisfactory result in challenging conditions

What Sanlam Delivered in 1H10

Earnings per share :

- Net result from financial services per share up 14%
- Core earnings & normalised headline earnings per share up 2%

Business Volumes :

- Overall new business volumes resilient at R50bn (-3%)
- New life business volumes increased by 13%
- Net life VNB up 16% to R283m; margin of 2,32% (up from 2,23%)
- Total net fund inflows of R6,6bn (retail net life inflows up 44%)

Group Equity Value per share of 2 479cps :

- Annualised ROGEV per share of 9,1%
- Annualised adjusted ROGEV per share of 13,2%

Headlines for 1H10 – Macro Themes

Macro
Themes

Economic recovery is fragile and slow
(both locally and internationally).
Risk aversion is still very prevalent

Delayed Economic Recovery

Rest of Africa :

- Delayed impact of global financial market crisis
- Effect of reduced state revenue filters through to consumers

South Africa :

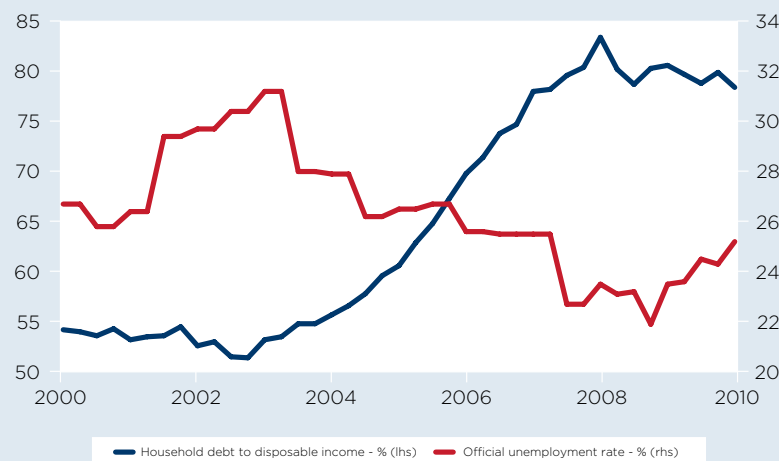
- High consumer debt levels - impact on discretionary spend
- High unemployment levels
- Lower prime rate offset by major hikes in electricity prices

Developed Markets :

- Slowly improving investor confidence
- Risk aversion is still very prevalent

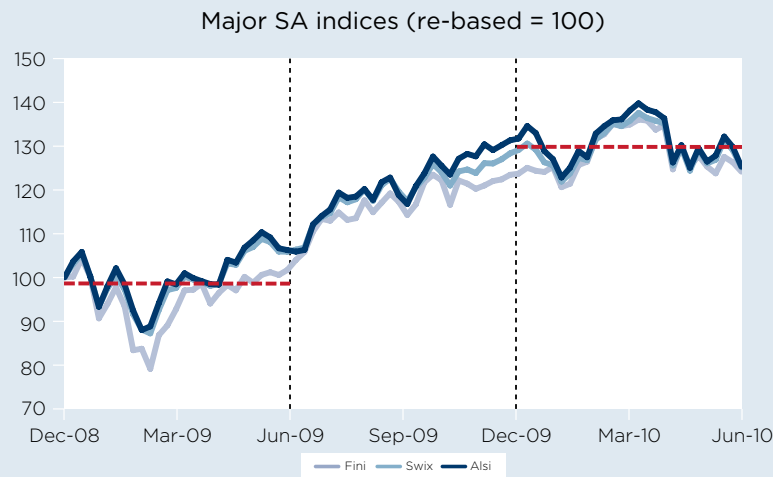
SA Consumer
SA households still under duress

- 1,1m people in SA lost their jobs since the beginning of 2009



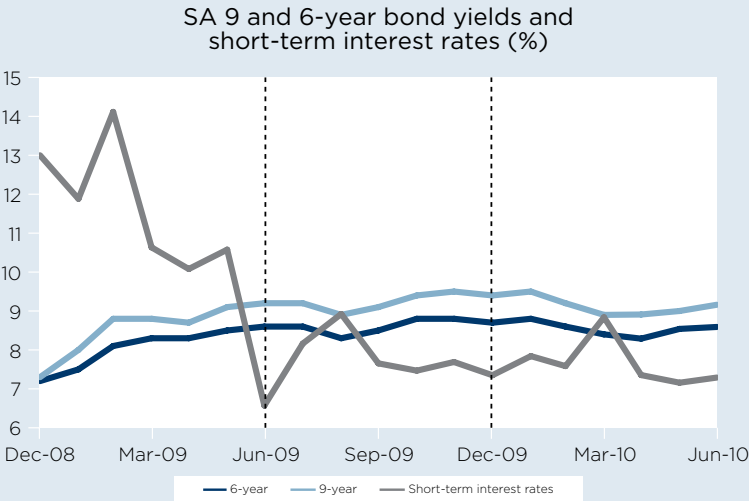
Higher Relative Equity Levels

- Positive impact on asset-based earnings (avg Alsi levels up 31% yoy)
- However, 5% decline from Dec-09 to Jun-10, negatively impacted on net investment returns and net fund flows



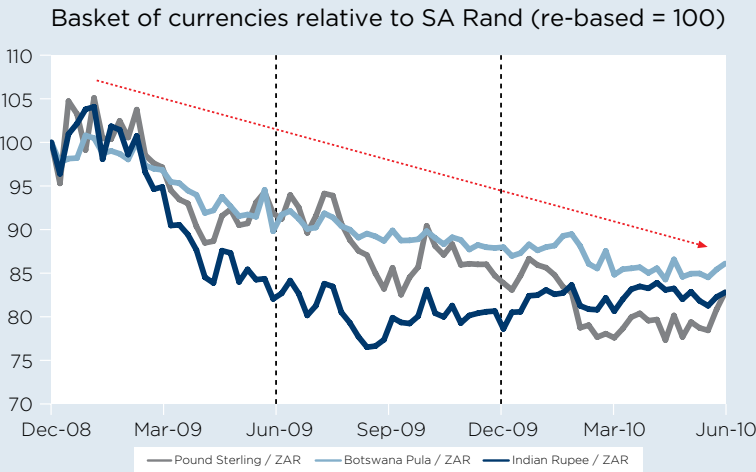
Bond Yields & Interest Rates

- LT rates remained unchanged (no material impact on valuation)
- Lower average ST rates – resulting in lower returns on “float”, net investment returns and net fund flows (money market funds)



Stronger Rand

- Negative impact on the translated Rand results of the Group’s foreign entities (profits, investment return, net fund flows and VNB)



Underwriting Conditions

A mixed bag

- Santam : ✓
 - Favourable turnaround in underwriting conditions (absence of large fire-related corporate claims)
- Sanlam Employee Benefits : ✗
 - Deterioration in operating earnings and net fund flows due to cyclical increase in risk claims
- Sanlam Personal Finance : ✗
 - Moderate deterioration in risk claims experience

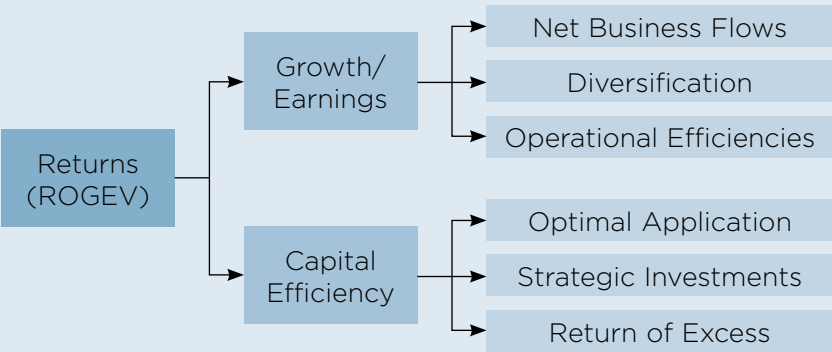
Headlines for 1H10 – Strategic Delivery

Strategic
Delivery

Key objective : Maximising shareholder value
(growth, diversification, capital,
costs & transformation)

Strategic Focus on Returns

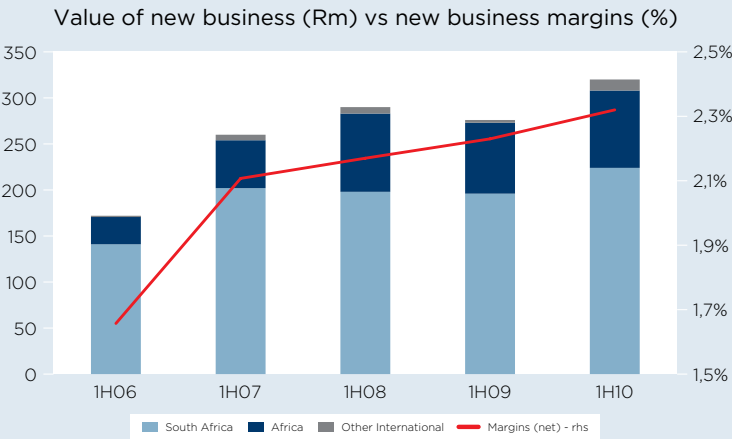
- Maximise profitable growth
- Maximise capital efficiencies



Growth

Profitable volume growth

- Amidst a difficult business environment, VNB in 1H10 grew by 16% yoy (CAGR 17%pa), while average margins continued to rise



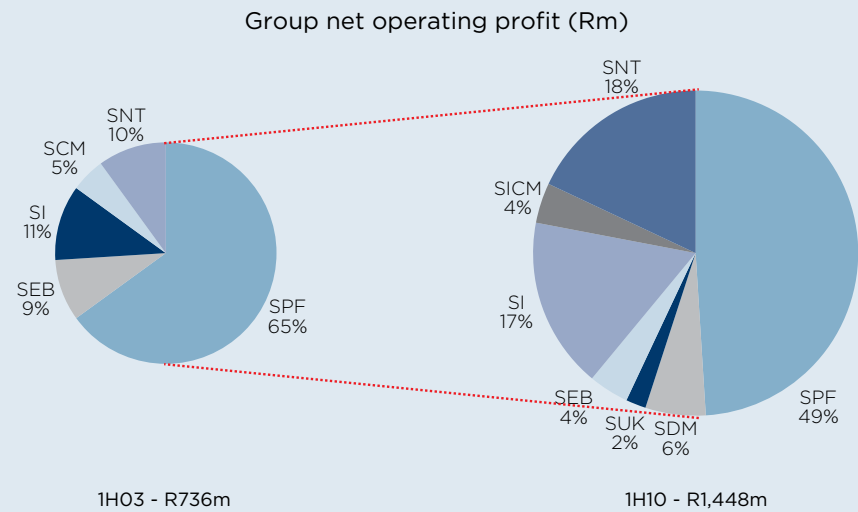
Growth

Expanding distribution reach

- Continued to expand Sanlam’s tied agency force at SPF (1,907), Sky (2,481) and in the rest of Africa (2,262)
- MiWay on track to achieve break-even towards end of 2010
- SDM JV with JD Group (using JD infrastructure and client base)
- Launch of Sanlam I-Cover
- Sanlam Uganda launched in April 2010
- Formal agreements being finalised in our Nigerian JV
- Santam acquired Indwe

Diversification

Providing new growth opportunities & spreading the risk



Diversification

Continued diversification into non-life operations

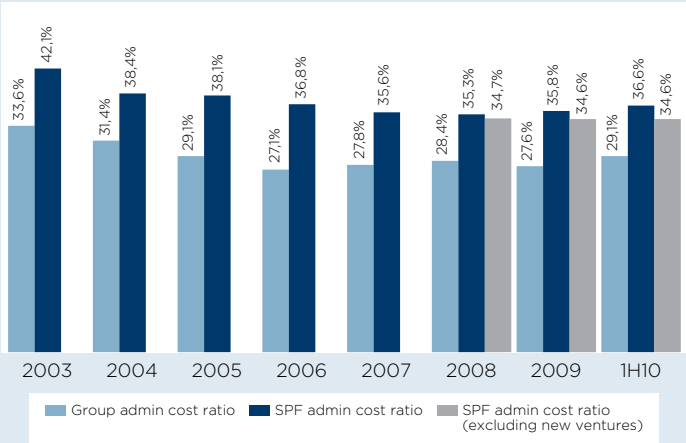
- Sanlam Health Management acquired Eternity Health – elevating Sanlam to SA’s 4th largest fund administrator
- SDM launched a venture aimed at establishing health management businesses in Africa
- In Botswana, BIHL follows a similar diversification strategy :
 - Acquired interest in general insurer – Legal Guard
 - Complementing its micro-lending exposure (Letshego)
- SI continued with the implementation of its international investment partner strategy
- Shriram General Insurance is the only short-term insurer in India with an underwriting profit (total policies renewed/issued for July > 90k)

Operational Efficiencies

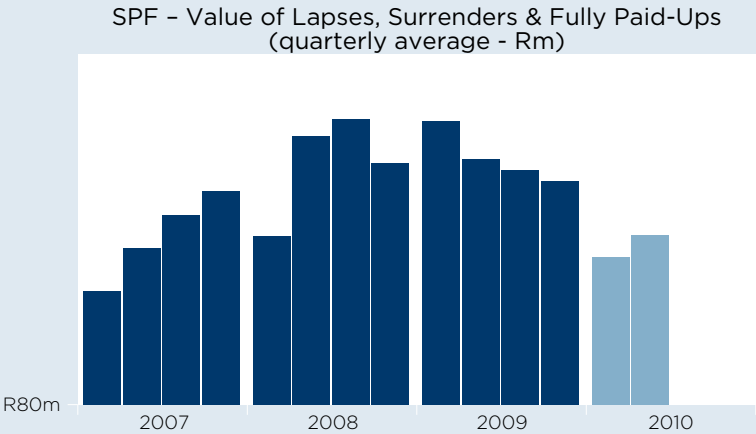
Focus on costs

- Continued focus on costs in light of Sanlam’s expansionary mode

Group net operating profit (Rm)

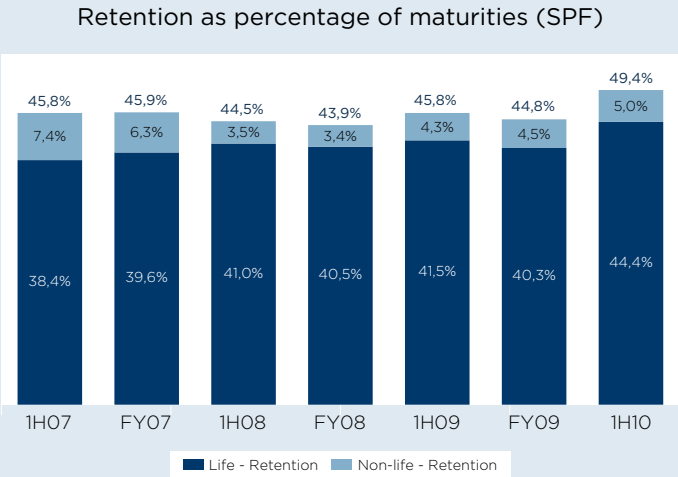


Focus on Quality
Persistency - Middle income market (SA)

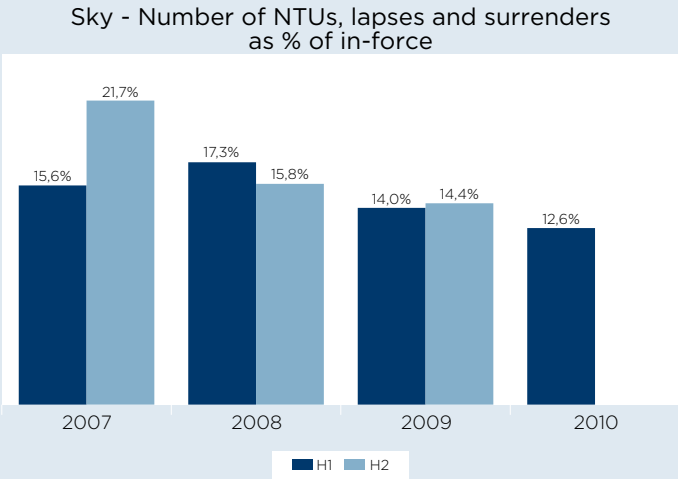


Focus on Quality
Persistency - Successful retention of business

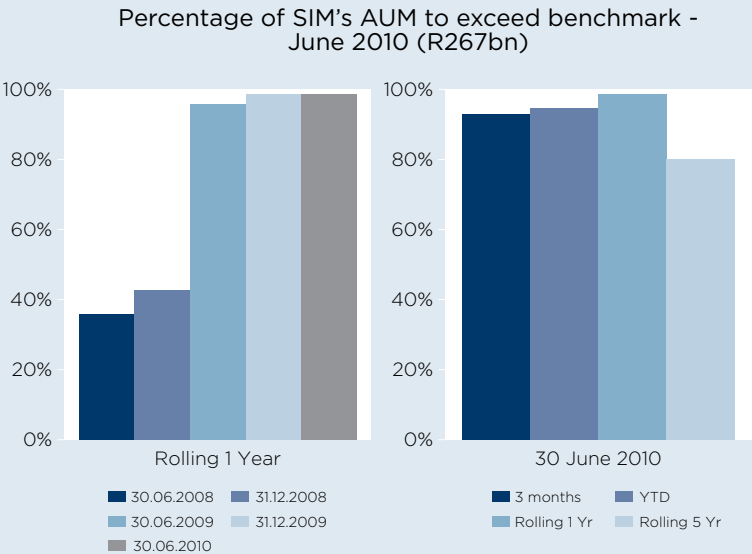
- Level of retention of maturing policies improved over 1H10



Focus on Quality
Persistency - Lower income market (SA)



Investment Performance
Focus on top half investment performance



Global winner- Kokkie Kooyman
Global Financial Fund Manager of the year Investment Week

	Sanlam Global Financial Fund	MSCI World Financial Index	Out-performance
10 year (compound return)	13%	-1%	14%
5 year (compound return)	7%	-7%	14%
3 year (compound return)	-8%	-22%	14%

Figures to 30 June 2010

“The Investment Week awards highlights funds that consistently outperform and which judges believe will continue to do so. Other funds vying in the category included Hiscox Far Eastern (\$57 million) and Jupiter Financial Opportunities (£1.1 bn)”

Market recognition
Investment performance

SIM recognised as third-best fund manager
Highest rating ever achieved by either SIM or Sanlam

PlexCrown™
Fund Ratings (Pty) Limited
South Africa's leading fund research and ratings agency

June 2010 PlexCrown Survey

Best rated funds:

- SIM Balanced
- SIM Finance
- General Equity
- SIM Managed Aggressive FoF
- SIM Moderate Aggressive FoF
- SIM Moderate FoF
- SIM Top Choice
- SIM Value

Sanlam Collective Investments
Runner up in the BEST LARGE FUND HOUSE category

MORNINGSTAR
Morningstar South Africa
2010 Fund Awards Methodology

HedgeNews Africa Awards 2009
Best performing FoHF

BLUINK
investments

- Blue Ink was awarded the best performing fund of hedge funds for their Blue Ink-ubator diversified fund
- Based on the best risk-adjusted returns generated in 2009

Market Recognition

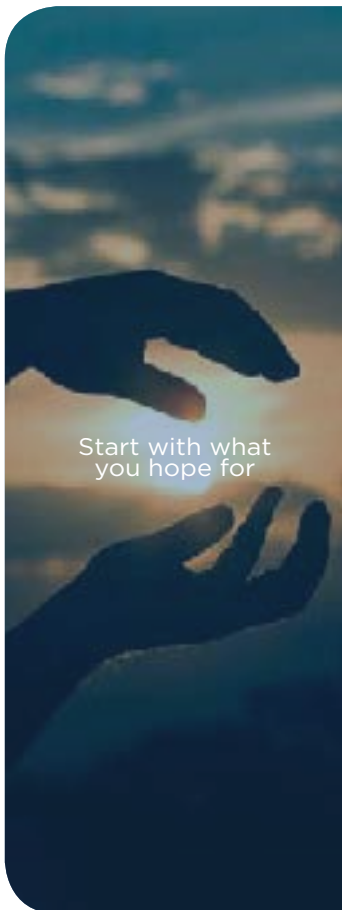
Distribution and service

- Financial Intermediaries Association's (FIA) Annual Recognition Awards :
 - Sanlam won 5 out of the 9 categories overall
 - SPF received the IFA awards for both Recurring and Single premium investment product suppliers
 - Santam received all 3 awards in the short-term insurance category
- In 1H10, the office of the Ombudsman for Long-term Insurance (OLTI), rewarded Sanlam's complaints team for the consistent service to its office over the past ten years (1st time in its 25 year history that the OLTI has publicly commended an insurer for its service)
- EB awards from the Professional Management Research (PMR) :
 - 1st position and gold status for both group life or risk products, and group pension and provident funds (only industry player with two 1st positions)
 - 3rd position and bronze status for investment products
- POA awards for 2010: Umbrella Fund Administrator of the Year

Discretionary Capital

Ongoing focus on efficient utilisation of capital in 2010 ...

- Capital discipline remains a key commitment to the Group
- Application of current discretionary capital in 1H10 :
 - R866m used to acquire 36m Sanlam shares
 - R62m used to acquire 0,6m Santam shares
 - R200m consumed by new business ventures (MiWay and Channel Life)
- Balance of R2,8bn of discretionary capital



SANLAM GROUP FINANCIAL REVIEW

Changes in Key Assumptions

- SDM accounting policy changes :
 - Eliminated Channel Life's Negative Rand Reserves
 - Commission accounting policies adjusted
- Formation of Sanlam Investments : Capital Management (SICM) :
 - Sanlam Capital Markets
 - Sanlam Private equity
 - Sanlam Structured Solutions (Derivative Unit)
 - Sanlam Properties
- Changes in RDR :
 - Broadly in line with Jun-09 (no material impact on relative VNB & margins)
 - Marginally down from Dec-09 (only slight impact on ROGEV)

Salient features

		1H10	1H09	Δ
Group Equity Value*	cps	2 479	2 473	0%
ROGEV per share* (annualised)	%	9,1	16,2	
Adjusted ROGEV per share* (annualised)	%	13,2	13,1	
Net operating profit	R mil	1 422	1 242	14%
Core earnings	R mil	1 839	1 797	2%
	cps	89,8	87,9	2%
Normalised headline earnings	R mil	1 650	1 613	2%
	cps	80,5	78,9	2%
Headline earnings	R mil	1 610	1 672	(4%)
	cps	79,2	83,0	(5%)
New business volumes	R mil	49 781	51 485	(3%)
Net fund flows	R mil	6 649	7 677	(13%)
SIM AUM	R bn	443	403	10%
Value of new covered bus. (net)	R mil	283	243	16%
New covered business margin	%	2,32	2,23	

* Note: Comparative figures are as at 31 December 2009

Business Flows

Rand Million	1H10	1H09	Δ	Net Flows 1H10
By business				
• Personal Finance	14 954	14 700	2%	2 012
• Developing Markets	1 279	1 316	(3%)	1 025
• Sanlam UK	1 499	955	57%	378
• Institutional Cluster	22 878	25 550	(10%)	689
• Santam	6 646	6 179	8%	2 315
By license				
• Life insurance	8 293	7 342	13%	1 033
• Life license	606	991	(39%)	(412)
• Investments	31 711	34 188	(7%)	3 483
• Short-term insurance	6 646	6 179	8%	2 315
	47 256	48 700	(3%)	6 419
White label	2 525	2 785	(9%)	230
Total	49 781	51 485	(3%)	6 649

Business Flows

Covered business

Rand Million	1H10	1H09	Δ	Net Flows 1H10
Personal Finance	6 007	5 433	11%	1 205
• SA recurring premiums	527	452	17%	
• SA single premiums	5 173	4 609	12%	
• Non-SA operations	307	372	(17%)	
Developing Markets	1 279	1 316	(3%)	1 025
• SA recurring premiums	423	370	14%	
• Non-SA operations	664	681	(2%)	
	1 087	1 051	3%	
• SA single premiums	192	265	(28%)	
Sanlam UK	557	451	24%	(26)
Employee Benefits	450	142	217%	(1 171)
Total (ex-White label)	8 293	7 342	13%	1 033

Value of New Covered Business

Rand Million	1H10	1H09	Δ
Value of New Business	320	276	16%
• Personal Finance	154	135	14%
• Developing Markets	146	136	7%
• Sanlam UK	9	-	-
• Employee Benefits	11	5	120%
Net of minorities	283	243	16%
New Business Margin	2,50%	2,41%	
• Personal Finance	1,85%	1,80%	
• Developing Markets	5,13%	4,83%	
• Sanlam UK	1,56%	0,00%	
• Employee Benefits	1,02%	0,71%	
Net of minorities	2,32%	2,23%	

Business Flows

Investments

Rand Million	1H10	1H09	Δ	Net Flows 1H10
Retail Cluster	9 889	9 771	1%	1 211
• SA Operations	4 989	5 153	(3%)	
• Non-SA Operations	4 900	4 618	6%	
Institutional Cluster	21 822	24 417	(11%)	2 272
• Segregated funds	5 998	7 920	(24%)	
• Multi-Manager	3 453	1 768	95%	
• Private Investments	3 769	3 133	20%	
• Collective Investment	7 191	10 269	(30%)	
• SA Operations	20 411	23 090	(12%)	
• Non-SA Operations	1 411	1 327	6%	
Total (ex-White label)	31 711	34 188	(7%)	3 483

Net operating profit

Rand Million	1H10	1H09	Δ
Retail cluster	825	797	4%
• Personal Finance	712	691	3%
• Developing Markets	82	93	(12%)
• Sanlam UK	31	13	138%
Institutional cluster	357	388	(8%)
• Investments	238	248	(4%)
• Employee Benefits	62	65	(5%)
• Capital Markets	57	75	(24%)
Santam	300	118	154%
MiWay	(34)	(36)	6%
Corporate and other	(26)	(25)	(4%)
Total	1 422	1 242	14%

Net operating profit

continued

Rand Million	1H10	1H09	Δ
Net result from financial services	1 422	1 242	14%
• Lower effective tax rate	-	(80)	
• Letshego equity-accounting	(18)	-	
• Release of expense over provisions	-	(40)	
Net profit on comparable basis	1 404	1 122	25%

Income Statement

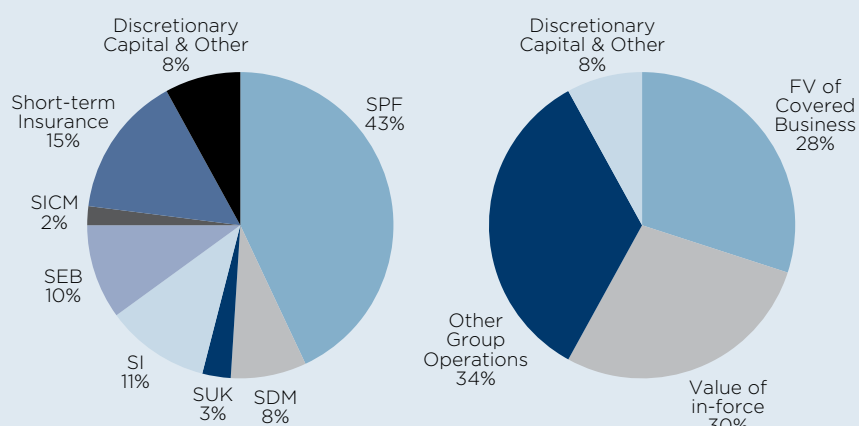
Rand Million	1H10	1H09	Δ
Net operating profit	1 422	1 242	14%
Investment income	417	555	(25%)
Core earnings	1 839	1 797	2%
Cents per share	89,8	87,9	2%
Net investment surpluses	22	23	
Net equity-accounted headline earnings	60	10	
Project expenses	(19)	(15)	
Secondary tax on companies	(209)	(162)	
Amortisation & BEE costs	(43)	(40)	
Normalised headline earnings	1 650	1 613	2%
Cents per share	80,5	78,9	2%

Group Equity Value

Rand Million	June 2010		Dec 2009	
Covered business	29 311	58%	28 988	57%
• Personal Finance	20 120		19 884	
• Developing Markets	3 696		3 479	
• Sanlam UK	659		665	
• Employee Benefits	4 836		4 960	
Other operations	16 938	34%	16 833	33%
• Retail Cluster	2 944		2 707	
• Institutional Cluster	6 572		6 977	
• Short-term insurance	7 422		7 149	
Discretionary capital	2 800	6%	3 500	7%
Other	1 153	2%	1 703	3%
Total	50 202	100%	51 024	100%
GEV (cps)	2 479		2 473	

Composition of Group Equity Value

R50,2 billion or R24,79 per share



Discretionary Capital

Analysis of Change

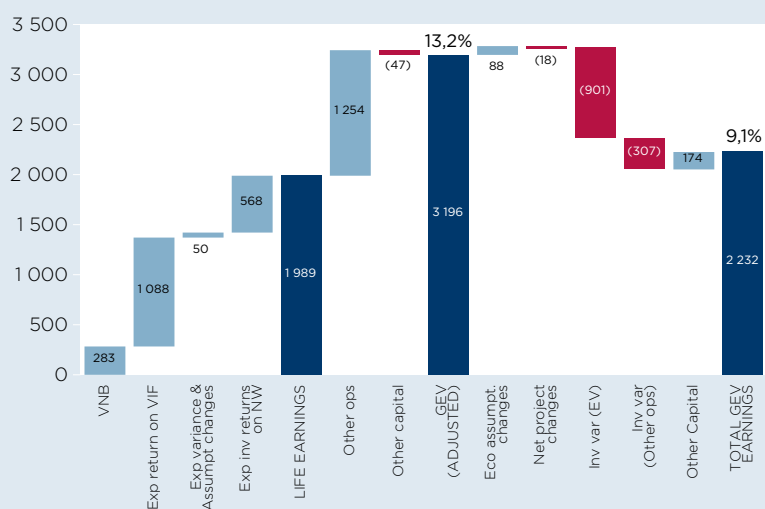
Rand Billion

Balance - Dec 2009	3,5
• Share buy-backs	(0,9)
• Corporate activity (MiWay, Channel & Santam)	(0,2)
• Investment return & other adjustments	0,4
Balance - June 2010	2,8

Return on Group Equity Value

Rand Million	June 2010		June 2009	
Covered business	1 158	8,2%	770	5,5%
• Personal Finance	928	9,6%	446	4,6%
• Developing Markets	237	14,3%	86	6,2%
• Sanlam UK	9	2,7%	4	1,2%
• Employee Benefits	(16)	(0,6%)	234	8,6%
Other operations	947	11,6%	790	12,0%
• Retail Cluster	420	33,4%	18	1,6%
• Institutional Cluster	125	3,6%	241	8,1%
• Short-term insurance	402	11,6%	531	21,2%
Discretionary & other capital	127		(475)	
Total	2 232	8,9%	1 085	4,9%
cps		9,1%		5,2%
cps (adjusted basis)		13,2%		12,2%

GEV Earnings



Group Solvency

	June 2010	Dec 2009
Sanlam Life		
• Life CAR (Rm)	7 875	7 675
• Statutory capital (Rm)	23 110	23 498
CAR cover (x)	2,9	3,1
• Required capital (Rm)	14 176	14 165
– Capital	12 125	12 200
– Debt	2 051	1 965
CAR cover (x)	1,8	1,8
Santam		
• Solvency level (% of premiums)	44%	44%
Sanlam Capital Markets		
• Capital (Rm)	450	450
Capital at risk (% utilised)	46%	66%

Summary

Strategic objectives are being achieved:

- Business volumes:
 - Strong life flows (+13%), offset by investment flows (-8%)
 - Net VNB +16% and margins of 2,32%
- Profitability: Commendable operating profit result
 - Net result from financial services +25% on comparable basis
- Capital management: Value adding initiatives
 - Utilised R1,1bn on share buy backs, as well as ventures to further grow & diversify Group

Focus areas:

- Capital efficiency & optimal application of discretionary capital
- Bedding down new ventures



STRATEGIC FOCUS & PROSPECTS FOR 2010 & BEYOND

Goal

Delivering sustainable growth

South Africa:

- Fully optimise and expand our diversified financial services presence:
 - Improve operational efficiency and performance
 - Optimise the capital structure
 - Pursue selective add-on or diversification opportunities
 - Transformation

International:

- Africa / India : Position ourselves to have a scale position in the financial sector in these markets over time
- UK : A differentiated strategy / niche approach, aimed at providing specialist financial services

Growth Strategy

- From a cluster level perspective :
 - Independently and actively pursuing comprehensive growth strategies
- Three major sources of future growth/returns :
 - Short-term - Internal focus on “doing business better”
 - Medium-term - Internal restructuring & co-ordination
 - Long-term - New markets (offshore, untapped and non-traditional)
- It is clear that the majority of longer-term growth potential lies in offshore expansion

Overview of Growth Strategy

LONG-TERM	New Markets	Continued Diversification <ul style="list-style-type: none">• Offshore (Africa, India, SIIP)• Non-traditional & niche• Untapped (lower income)
MEDIUM-TERM	Co-ordination	Optimisation of Synergies <ul style="list-style-type: none">• Optimising businesses• Closer co-operation and co-ordination internally• Establish business rules
SHORT-TERM	Internal Focus	Improved Efficiencies and Performance <ul style="list-style-type: none">• Operational performance• Focus on optimisation• Capital utilisation• Growth



OUTLOOK

Outlook for 2010

Business Environment :

- Uncertainty and volatility in global financial markets likely to continue
- Delayed impact in Africa
- Retail customer remains under pressure
- Regulatory changes

Challenges:

- Persistency in lower income market in SA and Africa
- Cost control
- Profitable growth opportunities
- High base effects from 2H09

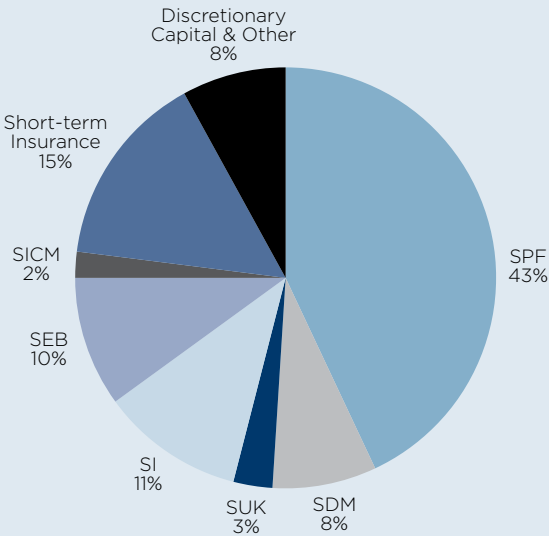
But 1H10 results show we are on track

Group's portfolio is adequately diversified to spread the risks & creates a sound platform from which to operate

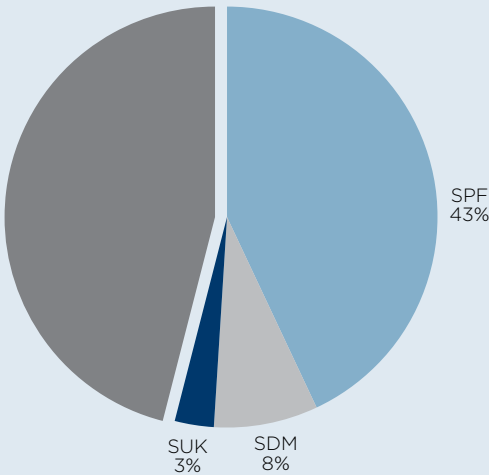


APPENDIX: BUSINESS CLUSTERS OPERATIONAL REVIEW

A Portfolio of Diversified Assets
Group Equity Value of R50,2 billion or R24,79 per share



1. Retail Cluster (SPF, SDM & SOK)



Stability & Growth
(Optimise Capital)

Sanlam Personal Finance (SPF)

Overall

- Profits before tax up 9%
- Life sales up 11% - recurring sales up 18%
- VNB up 14%
- VNB margins improve to 1,85%
- Life net cash inflow up 30%

Key Challenges

- Uncertain business environment
- Margin & unit cost pressure
- Increasing regulatory requirements
- Vesting new growth initiatives

Snapshot

	1H10	%Δ
Net Operating Profit	▲ R712m	+3%
New business flows	▲ R14 954m	+2%
- SA Recurring	▲ R552m	+13%
- SA Single	▲ R10 137m	+4%
- Non SA	▼ R4 265m	-5%
PVNB Premiums*	▲ R8 306m	+11%
VNB*	▲ R154m	+14%
Margin*	▲ 1,85% vs 1,80%	
Annualised ROGEV	11,6%	
Annualised Adjusted ROGEV	17,3%	

*Covered business only, before minorities

Sanlam Developing Markets (SDM)

Overall

- Successful bedding down of SA integration, including alignment of accounting policies
- Gradual diversification into wider financial services in Botswana
- Economic conditions tough and persistency remains under pressure in some areas
- Regular premium volumes continue to grow at a reasonable pace
- Overall VNB margin maintained
- Negative experience variances in SA are disappointing, but being addressed

Key Challenges

- Second half expected to be difficult in current economic environment
- Successful implementation of new ventures in SA, Africa and India is critical
- Indian regulatory changes will put pressure on volumes and profitability

Snapshot

	1H10	%Δ
Net Operating Profit	▼ R82m	-12%
New business flows	▼ R1 279m	-3%
- SA Recurring	▲ R423m	+14%
- SA Single	▼ R192m	-28%
- Non-SA	▼ R664m	-2%
PVNB Premiums	▲ R2 847m	+1%
VNB	▲ R146m	+7%
Margin	▲ 5,13% vs 4,83%	
Annualised ROGEV	18,0%	
Annualised Adjusted ROGEV	13,8%	

Sanlam UK

Overall

- Economic uncertainty and volatile financial markets continue to impact performance
- Improved performance from all businesses, in particular MI
- Continued execution of growth plans and business linkages
- Nucleus achieved break-even and £1.5bn assets

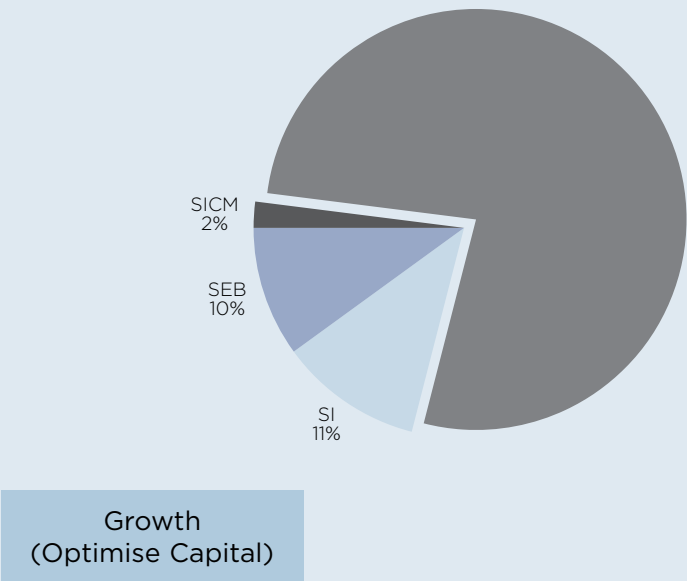
Key Challenges

- Execution risk of ‘growth phase’ businesses in face of economic and regulatory pressures
- Achieving sufficient scale

Snapshot

	1H10	%Δ
Net Operating Profit	▲ R31m	+138%
New business flows	▲ R1 499m	+57%
- Life: Mainly SP	▲ R557m	+24%
- Non-Life	▲ R942m	+87%
PVNB Premiums	▲ R577m	+25%
VNB	▲ R9m	
Margin	▲ 1,56% vs 0,00%	
Annualised ROGEV	8,7%	
Annualised Adjusted ROGEV	18,1%	

2. Institutional Cluster (SI, SEB and SICM)



Sanlam Investments (SI)

Overall

- Sound investment performance creates a base for increased fund flows
- Market recognition by industry
- Executing on International strategy

Key Challenges

- Sustained superior investment performance to remain a priority
- Innovate to ensure relevant solutions
- Driving operational efficiencies due to expansion strategy

Snapshot

	1H10	%Δ
Net Operating Profit	▼ R238m	-4%
Gross business flows*	▼ R22 428m	-12%
- SA: Segregated	▼ R5 998m	-24%
- SA: Other	▼ R14 948m	-4%
- Non-SA	▼ R1 482m	-22%
Net flows	▼ R1 860m	
FUM	▲ R443bn	+10%
Profit Margin**	▼ 14bps	
Annualised ROGEV	3,8%	
Annualised Adjusted ROGEV	13,9%	

* Excludes White label, but includes SPE, SSS and Sanlam Properties

** Profit margin on a 12 months rolling basis

Sanlam Employee Benefits (SEB)

Overall

- Group Risk experienced a larger than average number of mortality claims > R2m
- Funding levels remain amongst best in market
- Exits, withdrawals “repatriated” to Sanlam increased from 1% to > 50%

Key Challenges

- “Bottoming out” of claims experience
- Realisation of efficiencies in admin
- Umbrella and Admin new business

Snapshot

	1H10	%Δ
Net Operating Profit	▼ R62m	-5%
New business flows	▲ R450m	+217%
- Recurring	▲ R91m	+20%
- Single	▲ R359m	+444%
PVNB Premiums	▲ R1 081m	+54%
VNB	▲ R11m	+120%
Margin	▲ 1,02% vs 0,71%	
Annualised ROGEV	-0,6%	
Annualised Adjusted ROGEV	9,1%	

Sanlam Investment: Capital Management (SICM)

New Sub-Cluster in Investments Cluster

- SCM, SPE, SSSD, SPD

Overall

- Trying conditions
 - Slow and fragile economic recovery
 - Risk aversion
 - Both lead to lower deal flow
- Benefits of sub-cluster still expected
- Business model resilient

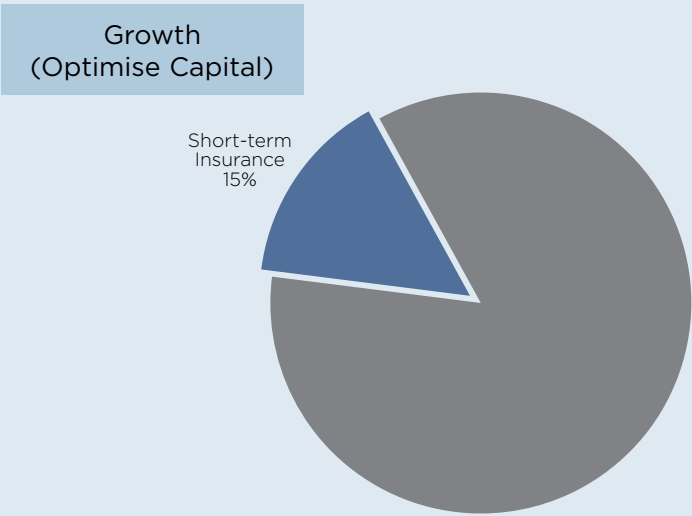
Key Challenges

- Continuation of weak recovery and risk aversion – can mitigate for some time through synergies

Snapshot

	1H10	%Δ
Net Operating Profit	▼ R57m	-24%
Total Revenue	▼ R201m	-10%
Cost to income ratio	▲ 70% vs 63%	
GEV	R836m	
Annualised ROGEV	2,8%	
Annualised Adjusted ROGEV	2,7%	

3. Short-term Insurance (Santam)



Santam

Overall

- Satisfactory premium growth, above the industry
- Major improvement in underwriting margins due to lower claim levels
- Turnaround in corporate property and portfolio management
- Investment returns lower in line with market, but positive impact of derivative structure
- Solvency at upper end of 35%-45% target range

Key Challenges

- Risk management
- Grow corporate property book while maintaining profitability
- Continued focus on profitability of motor book and portfolio management
- Client retention

Snapshot

	1H10	%Δ
Net Operating Profit*	▲ R300m	+154%
Gross written premium	▲ R7 717m	+6%
Net earned premiums	▲ R6 646m	+8%
- Net claims ratio	▼ 65,2%	
- Net acquisition ratio	▲ 26,7%	
- Underwriting ratio	▲ 8,1%	
Solvency	44%	
Annualised ROGEV	12,0%	
Annualised Adjusted ROGEV	13,3%	

* Contribution to Sanlam's Net Operating Profit

Notes

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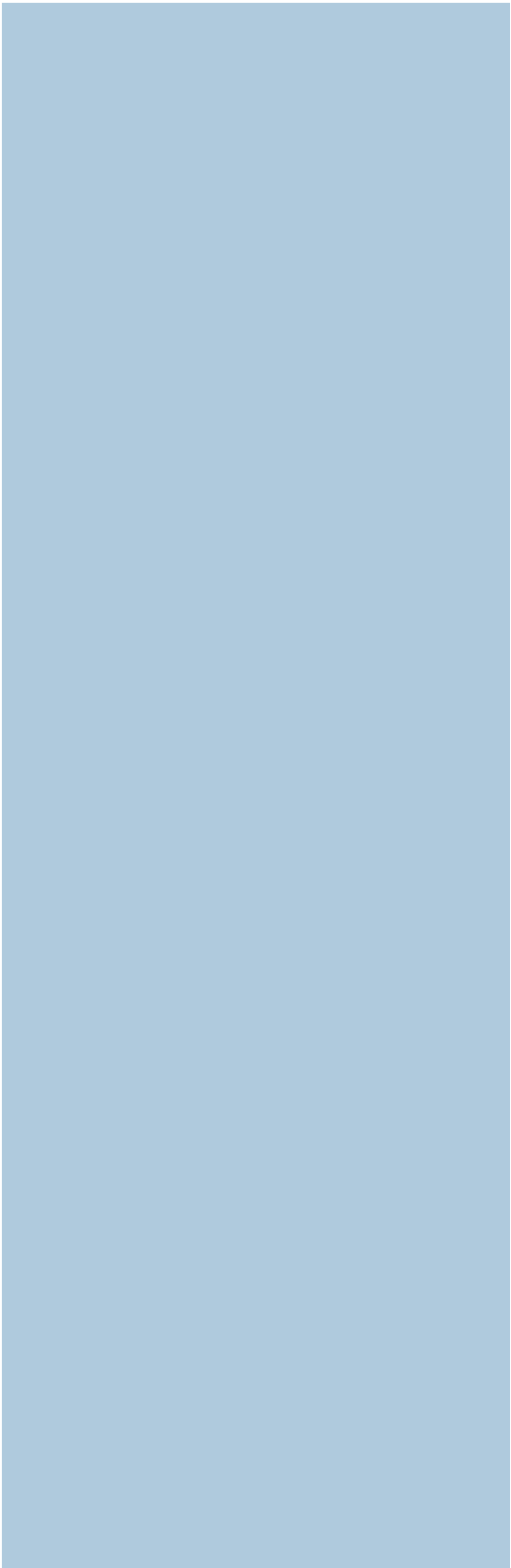
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Salient Results

for the six months ended 30 June 2010

		2010	2009	Δ
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	69,4	60,8	14%
Core earnings per share ⁽¹⁾	cents	89,8	87,9	2%
Normalised headline earnings per share ⁽²⁾	cents	80,5	78,9	2%
Diluted headline earnings per share	cents	79,2	83,0	-5%
Net result from financial services	R million	1 422	1 242	14%
Core earnings ⁽¹⁾	R million	1 839	1 797	2%
Normalised headline earnings ⁽²⁾	R million	1 650	1 613	2%
Headline earnings	R million	1 610	1 672	-4%
Group administration cost ratio ⁽³⁾	%	29,1	26,7	
Group operating margin ⁽⁴⁾	%	17,9	15,1	
Business volumes				
New business volumes	R million	49 781	51 485	-3%
Net fund flows	R million	6 649	7 677	-13%
Net new covered business				
Value of new covered business	R million	283	243	16%
Covered business PVNBP ⁽⁵⁾	R million	12 220	10 906	12%
New covered business margin ⁽⁶⁾	%	2,32	2,23	
Group Equity Value				
Group Equity Value ⁽⁷⁾	R million	50 202	51 024	-2%
Group Equity Value per share ⁽⁷⁾	cents	2 479	2 473	0%
Annualised return on Group Equity Value per share ^{(7),(8)}	%	9,1	16,2	
Adjusted annualised return on Group Equity Value per share ⁽⁷⁾	%	13,2	13,1	
SANLAM LIFE INSURANCE LIMITED				
Shareholders' fund ⁽⁷⁾	R million	35 282	37 036	
Capital Adequacy Requirements (CAR) ⁽⁷⁾	R million	7 875	7 675	
CAR covered by prudential capital ⁽⁷⁾	times	2,9	3,1	

Notes

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

⁽²⁾ Normalised headline earnings = core earnings, net project expenses, 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 2009.

⁽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

In challenging business conditions during the six months ended 30 June 2010 the Group performed well, with all key performance indicators reflecting a satisfactory result on a comparable basis. This again confirms the Group's track record of resilient results as our diversification strategy, combined with prudent operational and financial practices, contributed towards its defensive character in adverse trading conditions. The Group's core operations continue to provide a stable base, complemented by an increasing contribution from investments in new growth initiatives.

Business environment

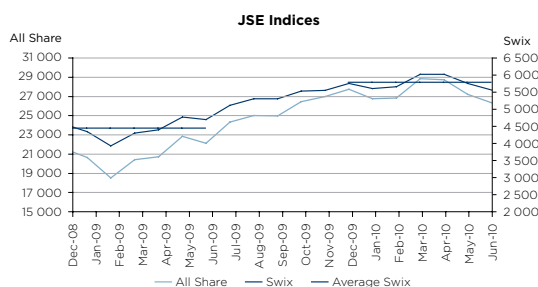
In the 2009 Sanlam Annual Report we expressed the view that the so-called green shoots of recovery at the time were not expected to burst into vigorous international growth and that especially Africa was likely to experience a delayed recovery. The business environment experienced in the first six months of 2010 confirmed that view. Amidst some signs of a global economic upturn, the recovery remains fragile and has been mired by fears of the contagious impact of sovereign debt problems experienced in the European Union. This is evident in an increase in risk margins in Europe and a return to global equity market volatility.

Key aspects of the economic and business environment during the six months and the impact on the Group's results are contextualised in the sections that follow.

Equity markets

The South African equity market closely followed international trends, recording negative growth during the first two months of the year, followed by optimistic buoyancy during March and April, only to revert back into negative territory in May and June. The FTSE/JSE All Share Index at the end of June 2010 closed 5% down on its 31 December 2009 level. The MSCI world index in Rand lost 6% over the same period. The strong equity market performance in the latter half of 2009, however, contributed to higher average market levels during

the first six months of 2010 compared to the same period in 2009.



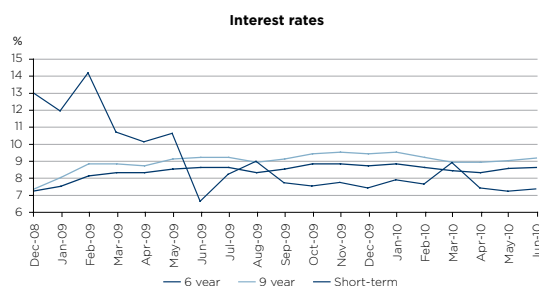
These conditions had a major impact on the Group's results:

- **Net result from financial services:** The higher average market levels supported an increase in the average level of assets under management and commensurately the asset-based fee income and profitability of the Group's asset management operations. The market volatility and associated uncertainty and risk aversion, however, limited deal flow and profitability in the capital management operations.
- **Net investment return:** The negative equity market returns during the first six months of 2010, compared to the moderately positive returns in the comparable period in 2009, depressed the return earned on the capital portfolio, thereby limiting growth in headline earnings.
- **Net fund flows:** The strong equity market performance in the latter part of 2009 raised investor confidence and caused certain retail investors to switch from money market funds back into equities. As a result, notwithstanding ongoing growth in new funds attracted to the Glacier platform, the strong allocation of funds from the platform to the Glacier wrap and money market funds experienced during 2008 and 2009 reversed during the first six months of 2010, resulting in a net outflow from these solutions. Demand for Sanlam Collective Investments' institutional funds (primarily dividend income fund) also decreased from the high base in 2009. The demand for Sanlam

UK's investment solutions benefited from some increase in UK investor confidence on the back of improving equity markets.

Interest rates

Long-term interest rates remained largely unchanged from 2009 and had no material impact on the reported results. In contrast, short-term interest rates decreased sharply towards the end of June 2009, resulting in significantly lower average short-term rates during the first six months of 2010 compared to the same period in 2009.



This had a material impact on the Group results compared to the first six months of 2009:

- Net result from financial services: The Group's operating earnings include interest earned on working capital cash balances ('float'). The main drivers behind this profit source are the level of cash balances and short-term interest rates. The significant decrease in the latter had a major negative impact on float income.
- Net investment return: The decrease in short-term interest rates also reduced the return earned on the cash held in the capital portfolio.
- Net fund flows: The attractiveness of money market funds is directly linked to short-term interest rates. The sharp decline in money market returns, coupled with stronger equity markets, reduced demand for money market solutions offered by Glacier and Sanlam Collective Investments.

Foreign currency exchange rates

The exchange rate of the Rand against the currencies to which the Group has major exposure, is summarised in the table below (negative variances indicate a strengthening of the Rand).

Foreign currency/ Rand	Europe Euro	United Kingdom GBP	USA US\$	Botswana BWP	Kenya KES
31/12/2008	12,85	13,33	9,24	1,26	0,13
30/06/2009	10,83	12,72	7,72	1,18	0,11
	-15,7%	-4,6%	-16,5%	-6,3%	-15,4%
31/12/2009	10,56	11,89	7,36	1,13	0,10
30/06/2010	9,39	11,47	7,66	1,10	0,10
	-11,1%	-3,5%	4,1%	-2,7%	0,0%
Average 1H09	12,19	13,64	9,13	1,24	0,12
Average 1H10	9,97	11,47	7,52	1,12	0,10
	-18,2%	-15,9%	-17,6%	-9,7%	-16,7%

The Rand continued to strengthen during the first six months of 2010 against the currencies to which the Group has a major exposure. The stronger average exchange rate of the South African currency impacted on the reported results:

- Net result from financial services: A negative effect on the rand-based earnings recorded by the Group's operations in the UK, Botswana and Kenya.
- Net investment return: A reduction in the investment return earned on the capital portfolio's foreign exposure in rand terms.
- Net fund flows and value of new covered business: A reduction in the Rand value of the growth in new business volumes, value of new covered business and net fund flows recorded by Sanlam UK and Sanlam Developing Markets.

Economic conditions

Consumer debt levels in South Africa remain high and continue to impact on the level of discretionary expenditure. A decrease in mortgage lending rates since 2008 provided some relief but was largely offset by major hikes in electricity prices and other consumption expenditure. Discretionary savings in the mass middle market therefore remain under pressure, with a very low demand for recurring premium saving solutions. The demand for risk solutions, however, are less affected by economic conditions and continued to grow.

Executive Review continued

As anticipated in the 2009 annual report, African resources-based economies are experiencing a delayed impact of the global financial markets crisis as the effect of reduced state revenue in particular took some time to filter through to consumers. This is reflected in pressure on new business volumes achieved in most of the African countries where the Group operates. A return to global economic growth, although prolonged in the developed markets, should provide some relief on the back of an increased demand for resources.

Improving investor confidence enabled Sanlam UK to stage a major improvement in both new life and investment business.

Underwriting conditions

Santam experienced a favourable turnaround in underwriting results during the first six months of 2010. The first half of 2009 was in particular marred by large fire-related corporate claims, the absence of which in 2010 contributed to a strong improvement in underwriting profits. Underwriting margins can, however, not be expected to be maintained at the current level.

Employee Benefits' operating earnings and net fund flows deteriorated during the six months to June 2010 due to a cyclical increase in risk claims. Sanlam Personal Finance also reported some deterioration in risk underwriting experience, but to a lesser extent.

Performance review

The Group achieved an overall satisfactory operational performance for the first six months of the 2010 financial year.

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

9,1% for the six months ended 30 June 2010 fell short of this target, but still represents a strong performance given the relatively weak investment markets. On a normalised basis, i.e. assuming a normalised investment market performance and excluding any once-off items, the annualised return of 13,2% for the six months is broadly in line with the target of 13,4%.

Total new business volumes, excluding white label business, decreased by 3%, the combined result of strong growth in new life business, offset by a decline in new investment business from a high base in 2009. New life business volumes increased by 13%, with strong contributions from the South African and UK operations. The rest of Africa operations contributed satisfactory new business volumes given the difficult economic environment and stronger rand exchange rate. New investment business declined by 8% from the high base in 2009. Excluding the R2,7 billion increase in the Public Investment Corporation's mandate in the first half of 2009, new investment business volumes are in line with 2009 on a comparable basis, a satisfactory result given the impact of lower short-term interest rates on demand for money market solutions. The low conversion rate of low margin money market outflows at Glacier into Sanlam equity-based products is, however, disappointing.

Core earnings of R1 839 million are 2% up on 2009, the combined effect of a 14% increase in the net result from financial services, substantially offset by a 25% decline in net investment income earned on the capital portfolio. An excellent improvement in Santam's contribution was offset by a decline in operating earnings at Sanlam Capital Markets, Sanlam Employee Benefits and Sanlam Investments. The latter is essentially attributable to a once-off release of expense over provisions in 2009. Employee Benefits experienced an increase in risk claims, while low business activity impacted on the Sanlam Capital Markets results. Both Sanlam Personal Finance and Sanlam Developing Markets experienced an increase in their effective income

tax rate. On a comparable basis the net result from financial services increased by 25%, a particularly pleasing result in a difficult environment. Net investment income decreased due to the significant decline in short-term interest rates and as a result of lower capital levels following corporate activity since the end of June 2009. Core earnings per share increased by 2%, but by a satisfactory 8% if the above-mentioned once-off items are excluded. Share buy-backs during the first half of 2010 had only a minor impact on the weighted average number of shares in issue.

The investment return earned on the Group's capital portfolio was marginally positive during the six months due to weak investment markets. This contributed to normalised headline earnings per share increasing by only 2% on 2009. Diluted headline earnings per share, which include the International Financial Reporting Standards (IFRS) impact of Sanlam and Santam shares, and investments in associated companies held by the policyholders' fund, are 5% down on 2009.

Delivering on strategy

The Group's well established strategy successfully supported the results achieved for the first six months of 2010. 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, which are also reflected in five main priority areas for 2010 as identified in the 2009 annual report. Good progress has been made on all of these:

- **Grow the business through profitable volume growth, client service and cost management**

Amidst a difficult business environment the Group achieved net new fund inflows of R6,6 billion. The value of new life business for the first six months increased by 16%, at a higher average margin than for the comparable period in 2009. At the same time the service culture of the Group received market

recognition in a number of areas. Among them Santam received all three awards in the short-term insurance category issued by the IFA community. Sanlam Personal Finance received the IFA awards for both Recurring and Single premium investment product suppliers.

The Group's asset managers continue to produce sound asset management results and Sanlam Investments exceeded almost 100% of their mandates measured over a one year period. Amongst a number of their recent market accolades, Kokkie Kooyman of SIM Global was recognised as the best Financial fund manager in the world.

- **Expanding distribution reach**

The development of multiple distribution capacity is a cornerstone of the Group's growth strategy and is being pursued by all businesses. MiWay, our fledgling direct short-term insurance venture, remains on track to achieve critical mass and break-even towards the end of the year. The direct distribution of other financial services products will follow soon. Sanlam Developing Markets concluded a joint venture agreement with the JD Group that will see the distribution of their products through the JD infrastructure. In the rest of Africa, Sanlam Uganda was formally launched in April 2010 while formal agreements are being finalised in respect of our new Nigerian insurance joint venture. In India, we are in particular pleased with the growth achieved by Shriram General, our short-term insurance joint venture.

- **Continued diversification into non-life operations**

A number of new initiatives were concluded that added to the Group's portfolio of non-life businesses. Sanlam Health Management acquired Eternity Health Administrators, which added the Chartered Accountants Medical Aid Fund as a client. Its membership of some 30 000 increased our principal members under administration to some 90 000 and elevated

Executive Review

continued

Sanlam Health Management to the fourth largest fund administrator in South Africa. At the same time Sanlam Developing Markets launched a venture aimed at establishing health management businesses in Africa on the back of the Group's existing African footprint. In Botswana, Botswana Insurance Holdings Limited follows a similar diversification strategy. During the reporting period it acquired an interest in a general insurer, Legal Guard, to add to its interest in Letshego, an important player in the African personal loans market. Sanlam Investments continued with the implementation of its international investment partner strategy through a number of selected smaller acquisitions.

- **Unlocking of and the efficient utilisation of discretionary capital**

Capital discipline remains a key commitment of the Group. R866 million of discretionary capital has been utilised during the six months to buy back 36 million Sanlam shares. Some R62 million was used to acquire 0,6 million Santam shares (increasing the effective Santam holding to 57%) while a number of new business ventures consumed a further R200 million. These included additional capital of just more than R85 million allocated to MiWay, to facilitate its growth, and Channel Life, to align its solvency position with that of Sanlam Sky. Given the adverse equity market performance no significant further excess capital was identified for the period, leaving some R2,8 billion in discretionary capital as at 30 June 2010.

- **Attracting and retaining previously disadvantaged people**

The balanced transformation of our staff and intermediary profile to best align it with the requirements necessary to optimally service our existing client base while also reaching our target markets, remains on track. Our accreditation and commitment to the Investors in People (IPP) standard contributes to a positive culture of managing diversity. In terms of Employment Equity our number of black advisers has

increased to 71% as at June 2010, while the appointment of Yvonne Muthien and Temba Mvusi as Executive Directors increased the number of black Sanlam Board members to 47%.

Looking ahead

'Optimism in the face of uncertainty' best describes the outlook for the second half of the year. 2010 started with renewed investor confidence that the worst of the financial markets crisis was over and that the world was gearing up for accelerated growth. Whilst global economic growth is gradually returning, uncertainty and risk aversion remains, aggravated by the emergence of sovereign credit risk in Europe and regular economic data that confirms a prolonged upturn at best.

We remain confident and optimistic that the Group will continue to deliver sound operating results. The business environment is however expected to remain challenging in the second half of the year, with only slow economic recovery in most of the economies in which we operate. This is not expected to result in any meaningful performance improvement in the second half of the year compared to the first six months of 2010 or relative to the strong second half of 2009. The second half performance in 2009 was in particular assisted by the improvement in investment markets experienced during that period. Relative market movements during the second half of 2010 will have a major impact on the level of normalised headline earnings growth to be reported for the full 2010 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 2010 are presented based on and in compliance with International Financial Reporting Standards (IFRS), as applicable. The basis of presentation and accounting policies are consistent with those applied in the 2009 annual report, apart from the following:

- Segmental reporting: The Investment Management and Capital Markets segments were restructured. Sanlam Private Equity, Sanlam Properties (excluding the property management operations that were reallocated to the Corporate segment) and Sanlam Structured Solutions were reallocated from Sanlam Investments and combined with Sanlam Capital Markets to form the new Capital Management segment in line with the new management structures.
- Accounting policies: Sanlam Sky Solutions and Channel Life were integrated into a single business unit after the acquisition of the minority shareholder interest in Channel Life during 2009. As part of the integration, Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative reserves held as part of its insurance contract policy liabilities. Refer page 59 for further information, including the impact on earnings and the Group shareholders' fund.

Comparative information has been restated accordingly, apart from Group Equity Value that has not been restated for the change in accounting policies based on its immaterial impact on this performance measure.

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 2010

R million	June 2010			December 2009		
	Total	Fair value of assets	Value of in force	Total	Fair value of assets	Value of in force
Embedded value of covered business	29 311	14 050	15 261	28 988	14 247	14 741
Sanlam Personal Finance	20 120	8 078	12 042	19 884	8 098	11 786
Sanlam Developing Markets	3 696	1 179	2 517	3 479	1 363	2 116
Sanlam UK	659	222	437	665	217	448
Sanlam Employee Benefits	4 836	4 571	265	4 960	4 569	391
Other group operations	16 938	16 938	-	16 833	16 833	-
Retail cluster	2 944	2 944	-	2 707	2 707	-
Institutional cluster	6 572	6 572	-	6 977	6 977	-
Short-term insurance	7 422	7 422	-	7 149	7 149	-
Capital diversification	(700)	(700)	-	(700)	(700)	-
Other capital and net worth adjustments	1 853	1 853	-	2 403	2 403	-
	47 402	32 141	15 261	47 254	32 783	14 741
Discretionary capital	2 800	2 800	-	3 500	3 500	-
Group Equity Value	50 202	34 941	15 261	51 024	36 283	14 741
Issued shares for value per share (million)	2 025,3			2 063,1		
Group Equity Value per share (cents)	2 479			2 473		
Share price (cents)	2 286			2 275		
Discount	-8%			-8%		

The GEV as at 30 June 2010 amounted to R50,2 billion, down 2% on the R51 billion at the end of 2009. On a per share basis GEV increased marginally from 2 473 cents to 2 479 cents at 30 June 2010, after allowing for the 104 cents per share dividend paid during 2010. The Sanlam share price traded at an 8% discount to GEV by close of trading on 30 June 2010, in line with the discount at the end of 2009.

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 and the valuation of the investment management operations is driven by, amongst others, the level of assets under management. The weak equity markets during the first half of 2010, depressed both the investment return earned on the capital backing the covered business operations and the growth in the Institutional cluster's assets under management. This had a negative impact on the growth in GEV per share since December 2009. In the context of these conditions, the annualised return on GEV (ROGEV) per share of 9,1% for the first six months of 2010 is an overall satisfactory performance.

Comments on the results

continued

Return on Group Equity Value for the six months ended 30 June 2010

	June 2010		June 2009	
	Earnings R million	Return* %	Earnings R million	Return* %
Covered business	1 158	8,2	770	5,5
Sanlam Personal Finance	928	9,6	446	4,6
Sanlam Developing Markets	237	14,3	86	6,2
Sanlam UK	9	2,7	4	1,2
Sanlam Employee Benefits	(16)	-0,6	234	8,6
Other operations	947	11,6	790	12,0
Sanlam Personal Finance	284	38,3	133	19,6
Sanlam Developing Markets	81	71,4	2	24,9
Sanlam UK	55	13,6	(117)	-25,7
Institutional cluster	125	3,6	241	8,1
Short-term insurance	402	11,6	531	21,2
Discretionary and other capital	127		(475)	
Balance of portfolio	366		(180)	
Shriram goodwill less value of in-force acquired	-		(39)	
Treasury shares and other	(127)		(128)	
Change in net worth adjustments	(112)		(128)	
Return on Group Equity Value	2 232	8,9	1 085	4,9
Return on Group Equity Value per share		9,1		5,2

* Annualised

Covered business achieved an annualised return of 8,2% compared to 5,5% in the first half of 2009. The return on covered business was positively impacted relative to the first six months of 2009 by the following:

- Higher expected earnings from covered business (R1,1 billion in 2010 compared to R0,8 billion in 2009) based on the higher risk discount rate applied to the calculation of the value of in-force business (VIF) at the end of 2009 compared to 2008. The unwinding of VIF is commensurately higher in 2010 compared to 2009.
- Significantly lower economic assumption changes. Long-term interest rates, and commensurately the risk discount rate assumption, increased by some 2% during the first half of 2009, which decreased the valuation of VIF and resulted in R1 billion negative economic assumption changes. Long-term interest rates remained largely unchanged during 2010, which contributed to R88 million positive economic assumption changes in 2010.
- The 16% growth in value of new business.

This was, however, to an extent offset by the following:

- An R844 million increase in negative investment variances on VIF and the capital portfolio supporting these operations. This is attributable to relatively weaker investment returns during the first half of 2010 compared to the same period in 2009.

- A R207 million reduction in operating experience variances. Persistency experience weakened at Employee Benefits and Sanlam Developing Markets, which contributed to an overall R39 million negative persistency experience for the Group in 2010 compared to marginally positive experience in the first half of 2009. Risk experience variances were negatively impacted (R29 million reduction) by the high claims cycle in Employee Benefits and some deterioration in Sanlam Personal Finance's risk underwriting experience. The higher effective tax rate at Sanlam Personal Finance and Sanlam Developing Markets during the first half of 2010 contributed to a reduction in the working capital and other experience variances.
- A R49 million decrease in operating assumption charges. Sanlam Personal Finance strengthened its assumptions basis for lapses of risk business in older age categories, being the main contributor to the decline in operating assumption changes.

The **other Group operations** yielded an overall annualised return of 12%, on a similar level than the comparable period in 2009. The retail clusters recorded strong growth, which was partially offset by a lower contribution from the Institutional cluster. Most of Sanlam Personal Finance's non-life operations are performing well, which is reflected in strong earnings growth and a commensurate increase in the valuation of these operations. Sanlam Developing Markets' non-life performance is driven by an increase in the listed value of its interests in Letshego and Funeral Services Group. The ROGEV of the Institutional cluster was impacted by an increase in the working capital requirements of its operations to support the growing cluster. The strong new business flows into Sanlam UK's non-life platforms supported a turnaround in the valuation and ROGEV earnings of these operations, in particular Nucleus. The 2009 comparative earnings were also negatively impacted by a required write-down in the valuation of Principal following the financial markets crisis, which partly reversed in 2010.

The return on **discretionary and other capital** was positively impacted relative to 2009 by the switch in the RSA portfolio's asset mix from equities to cash as well as improved equity market performance in 2010 applicable to the portion of discretionary and other capital held in the Botswana operations.

Earnings

Summarised shareholders' fund income statement for the six months ended 30 June 2010

R million	2010	2009	Δ
Net result from financial services	1 422	1 242	14%
Net investment income	417	555	-25%
Core earnings	1 839	1 797	2%
Project expenses	(19)	(15)	-27%
Net equity-accounted headline earnings	60	10	500%
BEE transaction costs	(3)	(3)	-
Net investment surpluses	22	23	-4%
Secondary Tax on Companies	(209)	(162)	-29%
Amortisation of intangible assets	(40)	(37)	-8%
Normalised headline earnings	1 650	1 613	2%
Other non-headline earnings and impairments	376	(58)	
Normalised attributable earnings	2 026	1 555	30%

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 839 million are 2% up on 2009. The net result from financial services increased by 14%, partially offset by a 25% decline in net investment income. On a per share basis, core earnings increased by 2%.

The **net result from financial services** is not directly comparable to the first six months of 2009 due to the following:

- The 2009 results include a once-off release of expense over provisions at Sanlam Investments of some R40 million after tax.
- The effective tax rate of Sanlam Personal Finance and Sanlam Developing Markets increased in 2010. This is in essence due to the effect of the utilisation of available tax losses in the past. These losses have been fully utilised in 2009, resulting in a normalised tax expense in 2010.
- Letshego's equity-accounted earnings are included in the 2010 results. The Group obtained significant influence over Letshego in the second half of 2009, with its earnings commensurately only equity-accounted with effect from 1 July 2009.

Excluding these non-recurring items, the net result from financial services increased by 25% on a comparable basis, a particularly pleasing result.

The table below provides an analysis of the net result from financial services per business. The discussions that follow are based on the comparable earnings.

Net result from financial services for the six months ended 30 June 2010

R million	2010	2009	Δ
Retail cluster	807	717	13%
Sanlam Personal Finance	712	641	11%
Sanlam Developing Markets	64	63	2%
Sanlam UK	31	13	138%
Institutional cluster	357	348	3%
Sanlam Investments	238	208	14%
Sanlam Employee Benefits	62	65	-5%
Capital Management	57	75	-24%
Short-term insurance cluster	266	82	224%
Santam	300	118	154%
MiWay	(34)	(36)	6%
Corporate and other	(26)	(25)	-4%
Net result from financial services on comparable basis	1 404	1 122	25%
Lower effective tax rate	-	80	
Letshego equity-accounting	18	-	
Release of expense over provisions	-	40	
Net result from financial services	1 422	1 242	14%

- Sanlam Personal Finance's net result from financial services for the six months of R712 million is 11% up on 2009. Before tax and minority interests, the gross result from financial services is 9% higher than in 2009. Market related profit benefited from higher fund fees (based on the higher level of assets under management), increased releases from the asset mismatch reserve (based on the higher level of this reserve during the first half of 2010 compared to the same period in 2009 due largely to higher longer-term interest rates) and increased profits from Sanlam Personal Loans and Sanlam Home Loans (sold after 30 June 2010) largely due to improved bad debt experience. Life business profits were negatively impacted by worse risk underwriting experience as well as increased new business strain emanating from the increase in new life business volumes. Working capital profits were in line with 2009, with the negative impact of lower short-term interest rates being offset by a higher level of working capital cash.
- The Sanlam Developing Markets net result from financial services of R64 million is 2% up on 2009 (up 24% before tax and minority shareholders' interest).
 - The South African operations' gross contribution decreased by 23%, primarily due to a strengthening of the persistency, premium collection and claims experience basis at the end of 2009, with further strengthening in 2010.
 - Botswana Life increased its pre-tax result from financial services by 59%. Positive claims experience and a turnaround from annuity mismatch losses in the first half of 2009 to profits in 2010 are the main contributors.
 - The rest of the African operations reported earnings in line with 2009.
- Sanlam UK's net result from financial services more than doubled from 2009, notwithstanding the stronger rand exchange rate. Merchant Investors and Punter Southall Group were the main contributors, but Principal and Buckles also reported improved earnings.
- The Institutional cluster operations recorded a 3% increase in net result from financial services, a 2% increase before tax and minorities.
 - Sanlam Investments' net result from financial services of R238 million is up 14% on the comparable period in 2009 (up 11% to R325 million before tax and minorities). Fee income increased in line with higher assets under management, supported by the higher average level of investment markets. Net performance fees earned also recovered from a relatively low base in 2009, a particularly satisfactory performance that reflects an outperformance of benchmarks across a wide section of the business. The majority of businesses contributed to performance fee income, but with a particularly strong contribution from Sanlam Investment Management and SIM Global.
 - Sanlam Employee Benefits' net result from financial services decreased by 5% from R65 million in 2009 to R62 million for the first half of 2010. This is primarily attributable to worse claims experience emanating from the current high claims cycle.
 - The Capital Management business grouping includes the results of Sanlam Capital Markets (the main contributor to the cluster's results), Sanlam Private Equity, Sanlam Properties and Sanlam Structured Solutions. The lack of deal flow in particularly the market activity division of Sanlam Capital Markets, contributed to a 24% decline in the net result from financial services of this segment from R75 million to R57 million. Both Sanlam Private Equity and Sanlam Properties recorded satisfactory growth. Sanlam Properties' net result from financial services includes only property development profits in 2010 after the disposal of the property management business to Vukile effective 1 January 2010. A profit of R326 million was realised on the disposal of the operations, which are reported outside of headline earnings.

Comments on the Results

continued

- Santam reported excellent results for the first half of 2010, with its net result from financial services increasing by 154%. Before tax and minorities, the result from financial services is up 139% on 2009. Underwriting profit increased more than fourfold following the improved claims experience. Interest earned on working capital decreased by 6%, the combined result of higher float balances, but lower short-term interest rates.

Net investment income declined by 25%. The main drivers of the decline were:

- A reduction in the size of the capital portfolio following corporate activity during the second half of 2009 and the first six months of 2010. A total of some R600 million was utilised for investments in Group operations over this period. In addition, R866 million was utilised for share buy-backs in 2010. This reduced net investment income by some R35 million.
- The reduction in short-term interest rates contributed to R60 million lower return on the cash exposure of the capital backing Sanlam Life's covered business.
- Santam's net investment income was similarly impacted by the lower short-term interest rate environment.

Normalised headline earnings

Normalised headline earnings of R1 650 million are 2% higher than the comparable period in 2009. The increase in normalised headline earnings is in the main attributable to the following:

- An increase of 2% in core earnings as discussed above.
- Net investment surpluses in line with 2009.
- An increase in equity-accounted earnings, in part due to the inclusion of earnings relating to the Vukile units received as consideration for the disposal of the Sanlam Properties property management operations.
- The 29% increase in the secondary tax on companies (STC) charge due to a higher level of dividends paid and a decrease in STC credits following the 10% reduction in the equity exposure of the capital backing Sanlam Life's covered business at the end of June 2009 to release additional discretionary capital.

Business volumes

New business flows

New business volumes, excluding white label, decreased by 3% on the first six months of 2009. Excluding the R2,7 billion new mandate awarded to Sanlam Investment Management by the PIC in 2009 as well as rollovers of discontinued single premium business in Sanlam Developing Markets, new business volumes increased by 3% on a comparable basis.

New business volumes for the six months ended 30 June 2010

R million	2010	2009	Δ
Sanlam Personal Finance	14 954	14 700	2%
South Africa	10 689	10 214	5%
Africa	4 265	4 486	-5%
Sanlam Developing Markets	1 087	1 051	3%
South Africa	423	370	14%
Africa	544	605	-10%
Other international	120	76	58%
Sanlam UK	1 499	955	57%
Institutional cluster	22 878	22 788	0%
Sanlam Investments	22 428	22 646	-1%
Sanlam Employee Benefits	450	142	217%
Sanlam	6 646	6 179	8%
New business on comparable basis	47 064	45 673	3%
PIC new business	-	2 762	
Sanlam Developing Markets discontinued business	192	265	-28%
White label	2 525	2 785	-9%
Total new business	49 781	51 485	-3%

Sanlam Personal Finance new business sales increased by 2% on 2009. This low level of growth is largely attributable to a slowdown in Namibian collective investments sales from the high base in 2009 and a decrease in sales of Glacier money market solutions following lower short-term interest rates and the shift to equity-based solutions. Excluding these two product lines, new business volumes increased by a strong 18%.

- South African recurring premium sales increased by a healthy 13%, driven by strong growth in risk business (up 17%) and ad hoc premium increases (up 52%). Savings and retirement business recurring premium sales were marginally lower than 2009 in the context of the continued pressure on disposable income. South African single premium sales increased by 4%. Excluding Glacier money market sales, single premiums increased by 19%.
- Namibia new business volumes decreased by 5% on 2009, but excluding collective investments, they recorded a 5% increase in new sales volumes.

Sanlam Developing Markets inflows are 3% higher than 2009, excluding the discontinued single premium business.

- South African inflows are 14% higher than the comparable period in 2009, with the Sanlam Sky field channel and Safrican recording strong growth.
- African inflows are 10% lower than 2009. This is in the main attributable to the strengthening of the rand exchange rate and a reduction in Botswana Life annuity sales, which are negatively impacted by lower interest rates. This was partly offset by good credit life and group life volumes. The other African operations recorded strong growth on 2009.
- Shriram's new business volumes increased by 58% on 2009, driven by strong sales from the existing channel and credit life sales.

Comments on the Results

continued

Sanlam UK recorded an excellent 57% increase in new business sales, notwithstanding the strengthening of the rand against the pound. Both life and investment business contributed to the growth. The improvement in investment markets and economic conditions since the middle of 2009, albeit still challenging, flowed through to higher sales and advisor productivity.

The **Institutional cluster** new business volumes are in line with 2009. A 62% decrease in institutional collective investment scheme business (primarily dividend income funds) hides an otherwise strong performance by the cluster. Money market solutions were negatively impacted by the sharp decrease in short-term interest rates. This product line is however low margin business and accordingly does not have a significant impact on profitability. Segregated fund flows increased by 16%, with Sanlam Multi Manager and Sanlam Private Investments recording exceptional growth of 95% and 20%.

Sanlam Employee Benefits more than doubled its contribution, with recurring premiums increasing by 20% and single premium sales increasing fourfold.

Santam recorded an 8% increase in net premium inflows over the first six months of 2010. Market prices remain soft especially in commercial business, putting pressure on premium rates.

Net fund flows

The Group remained successful in retaining funds under management and achieved net inflows (excluding white label business) for the six months of R6,4 billion. This compares to net inflows of R9,9 billion in 2009, excluding the R2,7 billion new PIC mandate and a low margin outflow of R4,5 billion at Sanlam Private Investments in 2009. Net life inflows (excluding Employee Benefits) performed well and increased by 44% on 2009. This is the combined effect of strong new business volumes and good retention of existing funds. Net investment business fund flows decreased from R5,4 billion in 2009 to R3,1 billion in 2010.

Net fund flows for the six months ended 30 June 2010

R million	2010	2009
Sanlam Personal Finance	2 012	3 411
Life business	1 205	929
Investment business	807	2 482
Sanlam Developing Markets	1 025	610
Sanlam UK	378	(111)
Institutional cluster	689	2 571
Sanlam Employee Benefits	(1 171)	(499)
Sanlam Investments	1 860	3 070
Santam	2 315	1 676
Net fund flows excluding white label	6 419	8 157
White label	230	(480)
Total net fund flows	6 649	7 677

Both **Sanlam Personal Finance** and **Sanlam Developing Markets** achieved healthy increases in net life business inflows. Sanlam Personal Finance's net investment flows, however, decreased by R1,7 billion compared to the first half of 2009. This is primarily due to lower Namibia Collective Investment and Glacier money market net inflows attributable to both lower new business volumes and increased outflows. **Sanlam Employee Benefits** reported increased net outflows due to the higher claims experience. **Sanlam Investments** net fund

flows were negatively impacted by the lower collective investments new business volumes. The much improved claims experience at **Santam** supported a strong increase in this business' contribution.

Value of new covered business

The value of new covered business written by the Group during the first six months of 2010 is 16% up on the comparable period in 2009 (before and after minorities). This growth is in line with the growth in new life business volumes. Particularly satisfactory is the increase in new business margin from 2,41% in 2009 to 2,50% in 2010.

Value of new covered business for the six months ended 30 June 2010

R million	2010	2009	Δ
Value of new covered business	320	276	16%
Sanlam Personal Finance	154	135	14%
Sanlam Developing Markets	146	136	7%
Sanlam UK	9	-	
Sanlam Employee Benefits	11	5	120%
Net of minorities	283	243	16%
Present value of new business premiums	12 811	11 469	12%
Sanlam Personal Finance	8 306	7 488	11%
Sanlam Developing Markets	2 847	2 814	1%
Sanlam UK	577	463	25%
Sanlam Employee Benefits	1 081	704	54%
Net of minorities	12 220	10 906	12%
New covered business margin	2,50%	2,41%	
Sanlam Personal Finance	1,85%	1,80%	
Sanlam Developing Markets	5,13%	4,83%	
Sanlam UK	1,56%	-	
Sanlam Employee Benefits	1,02%	0,71%	
Net of minorities	2,32%	2,23%	

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2010. The total capital of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, amounted to R35 billion on 30 June 2010. Its admissible regulatory capital at the end of June 2010 amounted to R23 billion, which covered its regulatory Capital Adequacy Requirements (CAR) 2,9 times, compared to 3,1 times on 31 December 2009. No policyholder portfolio held a negative bonus stabilisation reserve in excess of 7,5% of policyholder liabilities at the end of June 2010.

Santam's capital (shareholders' funds including bonds) constituted 44% of net earned premiums on 30 June 2010, 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 2010 and changed the outlook from negative to stable:

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: A+(zaf)

Santam Limited:

- National Insurer Financial Strength: AA+(zaf)
- National Long-term: AA(zaf)
- Subordinated debt: A+(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.

Desmond Smith
Chairman

Sanlam Limited
Cape Town
8 September 2010

Johan van Zyl
Group Chief Executive

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 2009 financial statements, apart from the changes indicated 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 2009, apart from changes in the economic assumptions and change in accounting policy for Channel Life's insurance contracts, as set out below.

The basis of preparation and presentation of the shareholders' information is also consistent with that applied in the 2009 financial statements, apart from the following change in segmental reporting:

- The Investment Management and Capital Markets segments were restructured. Sanlam Private Equity, Sanlam Properties (excluding property management operations that were reallocated to the Corporate segment) and Sanlam Structured Solutions were reallocated from Sanlam Investments and combined with Sanlam Capital Markets to form the new Capital Management segment. Comparative information has been restated accordingly. The impact on the applicable segments' results was immaterial.

Application of new and revised IFRSs and interpretations

The following new or revised IFRSs and interpretations are applied in the Group's 2010 financial year:

- IAS 27 Amended Consolidated and Separate Financial Statements

- IAS 39 Amended Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRS 3 Revised Business Combinations
- IFRIC 17 Distribution of Non-cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- April 2009 Improvements to IFRS
- Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions
- AC 504: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in a South African Pension Fund Environment

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 2010 and the financial position at 30 June 2010.

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

- Amendment to IAS 32 – Classification of Rights Issues (effective 1 February 2010)
- IAS 24 revised – Related Party Disclosures (effective 1 January 2011)
- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
- May 2010 Improvements to IFRS (mostly effective 1 January 2011)

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.

Accounting policies and basis of presentation continued

Change in accounting policies

Sanlam Sky Solutions and Channel Life were integrated into a single business unit after the acquisition of the minority shareholder interest in Channel Life during 2009. As part of the integration, Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative rand reserves held as part of its insurance contract policy liabilities. The alignment of the accounting policies results in a more consistent presentation of the Sanlam Group results.

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 2010 and the related statements of comprehensive income, changes in equity and cash flow for the six-month period then ended and other explanatory notes.

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" and in the manner required by the Companies Act of South Africa.

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" and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Director: MP Rapson

Registered Auditor

Cape Town

8 September 2010

External audit reports continued

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 2010, which has been prepared in accordance with the basis of preparation and presentation. 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.

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 2010 was not prepared in accordance with the basis of preparation and presentation.

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 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 2010 has not been properly prepared, in all material respects, in accordance with the basis of preparation and presentation.

Ernst & Young Inc.

Director: MP Rapson

Registered Auditor

Cape Town

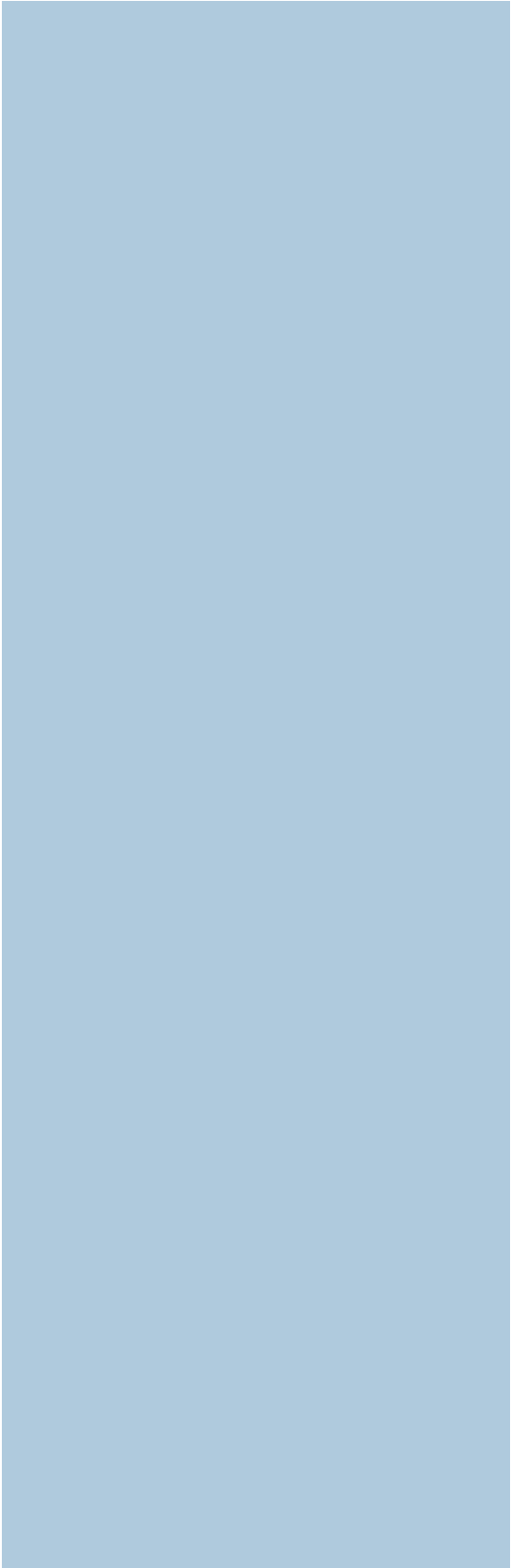
8 September 2010

Shareholders' Information

for the six months ended 30 June 2010

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Group Equity Value

at 30 June 2010

R million	Note	June Reviewed 2010		
		Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		21 800	9 758	12 042
Covered business ⁽¹⁾		20 120	8 078	12 042
Glacier		758	758	-
Sanlam Personal Loans		194	194	-
Multi-Data		143	143	-
Sanlam Trust		171	171	-
Sanlam Home Loans		115	115	-
Anglo African Finance		46	46	-
Sanlam Healthcare Management		160	160	-
Sanlam Namibia Holdings		93	93	-
Sanlam Developing Markets		4 059	1 542	2 517
Covered business ⁽¹⁾		3 696	1 179	2 517
Other SDM operations		363	363	-
Sanlam UK		1 560	1 123	437
Covered business ⁽¹⁾		659	222	437
Principal		294	294	-
Buckles		47	47	-
Punter Southall Group		256	256	-
Other UK operations		50	50	-
Preference shares and interest-bearing instruments		254	254	-
Institutional cluster		11 408	11 143	265
Covered business ⁽¹⁾		4 836	4 571	265
Sanlam Investments		5 736	5 736	-
Coris Administration		-	-	-
Capital Management		836	836	-
Short-term insurance		7 422	7 422	-
MiWay		127	127	-
Shriram General Insurance		115	115	-
Santam		7 180	7 180	-
Group operations		46 249	30 988	15 261
Capital diversification		(700)	(700)	-
Discretionary capital		2 800	2 800	-
Balanced portfolio - other		3 157	3 157	-
Group Equity Value before adjustments to net worth		51 506	36 245	15 261
Net worth adjustments		(1 304)	(1 304)	-
Present value of holding company expenses		(1 274)	(1 274)	-
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares		(30)	(30)	-
Group Equity Value		50 202	34 941	15 261
Value per share (cents)	6	2 479	1 725	754
Analysis per type of business				
Covered business ⁽¹⁾		29 311	14 050	15 261
Sanlam Personal Finance		20 120	8 078	12 042
Sanlam Developing Markets		3 696	1 179	2 517
Sanlam UK		659	222	437
Institutional cluster		4 836	4 571	265
Other Group operations	5	16 938	16 938	-
Discretionary and other capital		3 953	3 953	-
Group Equity Value		50 202	34 941	15 261

⁽¹⁾ Refer embedded value of covered business on page 50.

Restated June Reviewed 2009			Restated December Audited 2009		
Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
20 364	9 457	10 907	21 496	9 710	11 786
18 939	8 032	10 907	19 884	8 098	11 786
695	695	-	762	762	-
73	73	-	133	133	-
172	172	-	166	166	-
149	149	-	160	160	-
120	120	-	120	120	-
40	40	-	42	42	-
93	93	-	130	130	-
83	83	-	99	99	-
3 062	1 237	1 825	3 741	1 625	2 116
3 040	1 215	1 825	3 479	1 363	2 116
22	22	-	262	262	-
1 461	1 014	447	1 498	1 050	448
685	238	447	665	217	448
253	253	-	283	283	-
38	38	-	38	38	-
236	236	-	259	259	-
-	-	-	7	7	-
249	249	-	246	246	-
10 887	10 795	92	11 937	11 546	391
5 109	5 017	92	4 960	4 569	391
4 622	4 622	-	5 993	5 993	-
24	24	-	-	-	-
1 132	1 132	-	984	984	-
5 636	5 636	-	7 149	7 149	-
110	110	-	127	127	-
115	115	-	115	115	-
5 411	5 411	-	6 907	6 907	-
41 410	28 139	13 271	45 821	31 080	14 741
(1 137)	(1 137)	-	(700)	(700)	-
2 785	2 785	-	3 500	3 500	-
2 643	2 643	-	3 595	3 595	-
45 701	32 430	13 271	52 216	37 475	14 741
(1 211)	(1 211)	-	(1 192)	(1 192)	-
(1 194)	(1 194)	-	(1 165)	(1 165)	-
(17)	(17)	-	(27)	(27)	-
44 490	31 219	13 271	51 024	36 283	14 741
2 172	1 524	648	2 473	1 759	715
27 773	14 502	13 271	28 988	14 247	14 741
18 939	8 032	10 907	19 884	8 098	11 786
3 040	1 215	1 825	3 479	1 363	2 116
685	238	447	665	217	448
5 109	5 017	92	4 960	4 569	391
13 637	13 637	-	16 833	16 833	-
3 080	3 080	-	5 203	5 203	-
44 490	31 219	13 271	51 024	36 283	14 741

Change in Group Equity Value

for the six months ended 30 June 2010

R million	Six months Reviewed		Full year Audited
	2010	2009	2009
Earnings from covered business ⁽¹⁾	1 158	770	4 421
Earnings from other Group operations	947	790	3 802
Operations valued based on ratio of price to assets under management	96	187	1 381
Assumption changes	(79)	(30)	177
Change in assets under management	48	119	807
Earnings for the period and changes in capital requirements	98	323	732
Foreign currency translation differences and other	29	(225)	(335)
Operations valued based on discounted cash flows	340	12	43
Expected return	151	156	306
Operating experience variances and other	3	44	(32)
Assumption changes	205	(160)	(174)
Foreign currency translation differences	(19)	(28)	(57)
Operations valued at net asset value – earnings for the period	28	60	143
Listed operations – investment return	483	531	2 235
Earnings from discretionary and other capital	127	(475)	(774)
Investment return	366	(180)	(334)
Shriram Life Insurance goodwill less value of in-force acquired	-	(39)	(87)
Treasury shares and other	(127)	(128)	(244)
Change in adjustments to net worth	(112)	(128)	(109)
Group Equity Value earnings	2 232	1 085	7 449
Dividends paid	(2 112)	(1 978)	(1 978)
Shares cancelled	(1 233)	(615)	(615)
Cost of treasury shares acquired	302	760	930
Sanlam share buy back	(866)	-	-
Transfer to shares cancelled	1 233	615	615
Share incentive scheme and other	(65)	145	315
Change in accounting policy	(11)	-	-
Group Equity Value at beginning of the period	51 024	45 238	45 238
Group Equity Value at end of the period	50 202	44 490	51 024

⁽¹⁾ Refer embedded value of covered business on page 50.

Return on Group Equity Value

for the six months ended 30 June 2010

	Six months Reviewed				Full year Audited	
	2010		Restated 2009		Restated 2009	
	Earnings R million	Return %	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	1 212	11,6	579	5,6	3 003	14,3
Covered business ⁽¹⁾	928	9,6	446	4,6	2 815	14,4
Other operations	284	38,3	133	19,6	188	13,2
Sanlam Developing Markets	318	18,0	88	6,4	569	19,2
Covered business ⁽¹⁾	237	14,3	86	6,2	467	16,7
Other operations	81	71,4	2	24,9	102	63,8
Sanlam UK	64	8,7	(113)	-14,3	(89)	-5,8
Covered business ⁽¹⁾	9	2,7	4	1,2	(14)	-2,1
Other operations	55	13,6	(117)	-25,7	(75)	-8,9
Institutional cluster	109	1,8	475	8,4	2 607	24,2
Covered business ⁽¹⁾	(16)	-0,6	234	8,6	1 153	20,8
Sanlam Investments	113	3,8	174	7,1	1 165	23,2
Coris Administration	(2)	-	(46)	-97,8	(70)	-129,6
Capital Management	14	2,8	113	25,7	359	38,4
Short-term insurance	402	11,6	531	21,2	2 133	40,5
Discretionary and other capital	127		(475)		(774)	
Balance of portfolio	366		(180)		(334)	
Shriram Life Insurance goodwill less value of in-force acquired	-		(39)		(87)	
Treasury shares	(127)		(128)		(244)	
Change in net worth adjustments	(112)		(128)		(109)	
Return on Group Equity Value	2 232	8,9	1 085	4,9	7 449	16,5
Return on Group Equity Value per share		9,1		5,2		16,2

* Annualised

⁽¹⁾ Refer embedded value of covered business on page 50.

Return on Group Equity Value

for the six months ended 30 June 2010

R million	Six months Reviewed		Full year Audited
	2010	2009	2009
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 38	2 026	1 555	4 444
Group Equity Value earnings not restated for change in accounting policies	-	(8)	9
Earnings recognised directly in equity	(17)	(263)	(189)
Net foreign currency translation gains	(92)	(303)	(309)
Dilution from Santam treasury share transactions	(6)	(5)	(19)
Share-based payments	81	45	139
Movement in fair value adjustment – shareholders' fund at fair value	179	444	2 442
Movement in adjustments to net worth	(108)	(171)	(139)
Present value of holding company expenses	(109)	(142)	(113)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	(3)	14	4
Change in intangible assets less value of in-force acquired	4	(43)	(30)
Treasury shares and other	(127)	(121)	(244)
Growth from covered business: value of in-force ⁽¹⁾	279	(351)	1 126
Return on Group Equity Value	2 232	1 085	7 449

⁽¹⁾ Refer embedded value of covered business on page 50.

Adjusted return on Group Equity Value

for the six months ended 30 June 2010

	Six months Reviewed				Full year Audited	
	2010		Restated 2009		Restated 2009	
	Earnings R million	Return %	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	1 788	17,3	1 392	13,7	2 579	12,3
Covered business	1 504	15,7	1 259	13,3	2 391	12,2
Other operations	284	38,3	133	19,6	188	13,2
Sanlam Developing Markets	246	13,8	292	21,8	722	24,4
Covered business	227	13,7	290	21,8	705	25,2
Other operations	19	15,0	2	24,9	17	10,6
Sanlam UK	130	18,1	(68)	(8,7)	(37)	(2,4)
Covered business	38	11,8	32	9,6	93	13,7
Other operations	92	23,3	(100)	(22,2)	(130)	(15,3)
Institutional cluster	633	10,9	867	15,5	2 327	20,1
Covered business	220	9,1	353	13,1	939	16,9
Other operations	413	12,2	514	17,6	1 388	22,8
Short-term insurance	446	12,9	243	9,4	545	10,3
Discretionary and other capital	(47)		(134)		(96)	
Adjusted return on Group Equity Value	3 196	12,9	2 592	11,8	6 040	13,4
Adjusted return on Group Equity Value per share		13,2		12,2		13,1

Shareholders' fund at fair value

at 30 June 2010

R million	June Reviewed 2010		
	Fair value	Fair value adjustment	Net asset value
Covered business, discretionary and other capital	20 738	118	20 620
Property and equipment	237	-	237
Owner-occupied properties	503	-	503
Goodwill ⁽²⁾	500	-	500
Value of business acquired ⁽²⁾	737	-	737
Other intangible assets	44	-	44
Deferred acquisition costs	1 503	-	1 503
Investments	19 136	118	19 018
Equities and similar securities	7 298	112	7 186
Associated companies	874	6	868
Joint ventures			
Shriram Life Insurance and other ⁽³⁾	247	-	247
Public sector stocks and loans	77	-	77
Investment properties	780	-	780
Other interest-bearing and preference share investments	9 860	-	9 860
Net term finance	-	-	-
Term finance	(5 272)	-	(5 272)
Assets held in respect of term finance	5 272	-	5 272
Net deferred tax	139	-	139
Net working capital	(1 385)	-	(1 385)
Minority shareholders' interest	(676)	-	(676)
Other Group operations	16 938	8 450	8 488
Sanlam Investments	5 736	4 348	1 388
SIM Wholesale	3 515	3 151	364
International	1 787	818	969
Sanlam Collective Investments	434	379	55
Sanlam Personal Finance	1 680	1 056	624
Glacier	758	519	239
Sanlam Personal Loans ⁽⁴⁾	194	-	194
Multi-Data	143	133	10
Sanlam Trust	171	169	2
Sanlam Home Loans	115	-	115
Anglo African Finance	46	32	14
Sanlam Healthcare Management	160	132	28
Sanlam Namibia Holdings	93	71	22
Sanlam UK	901	55	846
Principal	294	-	294
Buckles	47	16	31
Punter Southall Group	256	(11)	267
Other UK operations	50	50	-
Preference shares, interest-bearing instruments and other	254	-	254
Sanlam Developing Markets other operations	363	154	209
Coris Administration	-	10	(10)
Capital Management	836	108	728
MiWay	127	142	(15)
Shriram General Insurance	115	-	115
Santam	7 180	3 824	3 356
Goodwill held on Group level in respect of the above businesses	-	(1 247)	1 247
Shareholders' fund at fair value	37 676	8 568	29 108
Value per share (cents)	1 860	423	1 437

Restated June Reviewed 2009			Restated December Audited 2009		
Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
20 277	120	20 157	22 103	119	21 984
209	-	209	194	-	194
613	-	613	614	-	614
497	-	497	497	-	497
774	-	774	753	-	753
48	-	48	45	-	45
1 348	-	1 348	1 390	-	1 390
18 422	120	18 302	19 656	119	19 537
8 472	112	8 360	8 051	112	7 939
225	8	217	369	7	362
247	-	247	247	-	247
550	-	550	199	-	199
491	-	491	744	-	744
8 437	-	8 437	10 046	-	10 046
-	-	-	-	-	-
(4 790)	-	(4 790)	(5 397)	-	(5 397)
4 790	-	4 790	5 397	-	5 397
279	-	279	61	-	61
(1 165)	-	(1 165)	(344)	-	(344)
(748)	-	(748)	(763)	-	(763)
13 637	6 271	7 366	16 833	8 270	8 563
4 622	3 539	1 083	5 993	4 510	1 483
2 981	2 359	622	3 696	3 215	481
1 314	912	402	1 909	989	920
327	268	59	388	306	82
1 425	895	530	1 612	926	686
695	414	281	762	442	320
73	33	40	133	-	133
172	160	12	166	144	22
149	142	7	160	141	19
120	-	120	120	-	120
40	18	22	42	24	18
93	68	25	130	99	31
83	60	23	99	76	23
776	28	748	833	9	824
253	1	252	283	-	283
38	(5)	43	38	1	37
236	19	217	259	1	258
-	13	(13)	7	7	-
249	-	249	246	-	246
22	18	4	262	87	175
24	-	24	-	-	-
1 132	434	698	984	153	831
110	84	26	127	106	21
115	-	115	115	-	115
5 411	2 520	2 891	6 907	3 726	3 181
-	(1 247)	1 247	-	(1 247)	1 247
33 914	6 391	27 523	38 936	8 389	30 547
1 656	312	1 344	1 888	407	1 481

Shareholders' fund at fair value continued

at 30 June 2010

R million	June Reviewed 2010		Net asset value
	Fair value	Fair value adjustment	
Reconciliation to Group Equity Value			
Group Equity Value before adjustments to net worth	51 506	36 245	15 261
Add: Goodwill and value of business acquired replaced by value of in-force	1 431	1 431	-
Merchant Investors	356	356	-
Sanlam Sky Solutions	749	749	-
Channel Life	124	124	-
Shriram Life Insurance ⁽³⁾	190	190	-
Other	12	12	-
Less: Value of in-force	(15 261)	-	(15 261)
Shareholders' fund at fair value	37 676	37 676	-

	June Reviewed 2010	June Reviewed 2009	December Audited 2009
Reconciliation to Group statement of financial position			
Shareholders' fund at net asset value	29 108	27 523	30 547
Consolidation reserve	(518)	(460)	(503)
Shareholder's fund per Group statement of financial position	28 590	27 063	30 044

⁽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.

Restated June Reviewed 2009			Restated December Audited 2009		
Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
45 701	32 430	13 271	52 216	37 475	14 741
1 484	1 484	-	1 461	1 461	-
356	356	-	356	356	-
786	786	-	770	770	-
136	136	-	133	133	-
190	190	-	190	190	-
16	16	-	12	12	-
(13 271)	-	(13 271)	(14 741)	-	(14 741)
33 914	33 914	-	38 936	38 936	-

Shareholders' fund income statement

for the six months ended 30 June 2010

R million	Sanlam Personal Finance		Sanlam Developing Markets ⁽³⁾		Sanlam UK	
	2010	2009	2010	2009	2010	2009
Financial services income	3 465	3 184	2 062	1 778	182	182
Sales remuneration	(601)	(532)	(508)	(435)	(26)	(28)
Income after sales remuneration	2 864	2 652	1 554	1 343	156	154
Underwriting policy benefits	(844)	(808)	(830)	(736)	-	-
Administration costs	(1 048)	(952)	(502)	(454)	(126)	(141)
Result from financial services before tax	972	892	222	153	30	13
Tax on financial services income	(243)	(189)	(73)	(23)	-	(3)
Result from financial services after tax	729	703	149	130	30	10
Minority shareholders' interest	(17)	(12)	(67)	(37)	1	3
NET RESULT FROM FINANCIAL SERVICES	712	691	82	93	31	13
Net investment income	278	343	28	34	11	1
Dividends received – Group companies	61	110	-	-	-	-
Other investment income	274	270	41	66	13	1
Tax on investment income	(57)	(37)	(9)	(16)	(2)	-
Minority shareholders' interest	-	-	(4)	(16)	-	-
CORE EARNINGS	990	1 034	110	127	42	14
Project expenses	(10)	(13)	(9)	(2)	-	-
Amortisation of intangibles	(3)	-	(20)	(23)	(11)	(12)
BEE transaction costs	-	-	-	-	-	-
Net equity-accounted headline earnings	-	-	13	-	-	-
Equity-accounted headline earnings	-	-	26	(1)	-	-
Minority shareholders' interest	-	-	(13)	1	-	-
Net investment surpluses	28	(44)	(4)	(48)	-	-
Investment surpluses – Group companies	72	(63)	-	-	-	-
Other investment surpluses	(43)	28	13	(97)	-	-
Tax on investment surpluses	(1)	(9)	4	30	-	-
Minority shareholders' interest	-	-	(21)	19	-	-
Secondary tax on companies – after minorities	(39)	(119)	(15)	-	-	-
NORMALISED HEADLINE EARNINGS	966	858	75	54	31	2
Profit/(loss) on disposal of operations	-	-	-	-	-	-
Impairments	30	(3)	(1)	-	23	(43)
NORMALISED ATTRIBUTABLE EARNINGS	996	855	74	54	54	(41)
Fund transfers	-	-	-	-	-	-
Attributable profit per Group statement of comprehensive income	996	855	74	54	54	(41)
Ratios						
Admin ratio ⁽¹⁾	36,6%	35,9%	32,3%	33,8%	80,8%	91,6%
Operating margin ⁽²⁾	33,9%	33,6%	14,3%	11,4%	19,2%	8,4%
Diluted earnings per share						
Adjusted weighted average number of shares (million)						
Net result from financial services (cents)	34,7	33,8	4,0	4,5	1,5	0,6
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 Developing Markets, Sanlam Investments and Capital Management were restated. Refer to page 66.

	Sanlam Employee Benefits		Short-term Insurance		Sanlam Investments ⁽³⁾		Capital Management ⁽³⁾		Subtotal: Operating businesses	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	1 315	1 056	6 871	6 415	1 036	866	201	224	15 132	13 705
	(16)	(19)	(1 006)	(969)	-	-	-	-	(2 157)	(1 983)
	1 299	1 037	5 865	5 446	1 036	866	201	224	12 975	11 722
	(919)	(815)	(4 331)	(4 503)	-	-	-	-	(6 924)	(6 862)
	(289)	(130)	(846)	(699)	(711)	(518)	(140)	(141)	(3 662)	(3 035)
	91	92	688	244	325	348	61	83	2 389	1 825
	(29)	(27)	(193)	(71)	(78)	(85)	(4)	(8)	(620)	(406)
	62	65	495	173	247	263	57	75	1 769	1 419
	-	-	(229)	(91)	(9)	(15)	-	-	(321)	(152)
	62	65	266	82	238	248	57	75	1 448	1 267
	66	122	25	54	4	3	1	-	413	557
	-	-	-	-	-	-	-	-	61	110
	83	142	52	85	11	9	1	-	475	573
	(17)	(20)	(7)	15	(4)	(2)	-	-	(96)	(60)
	-	-	(20)	(46)	(3)	(4)	-	-	(27)	(66)
	128	187	291	136	242	251	58	75	1 861	1 824
	-	-	-	-	-	-	-	-	(19)	(15)
	-	-	(2)	(2)	(4)	-	-	-	(40)	(37)
	-	-	(3)	(3)	-	-	-	-	(3)	(3)
	-	-	17	10	-	-	18	-	48	10
	-	-	30	17	-	-	18	-	74	16
	-	-	(13)	(7)	-	-	-	-	(26)	(6)
	(32)	15	16	20	39	(4)	-	-	47	(61)
	-	-	-	-	-	-	-	-	72	(63)
	(31)	21	13	56	55	(2)	-	-	7	6
	(1)	(6)	14	(18)	(11)	1	-	-	5	(2)
	-	-	(11)	(18)	(5)	(3)	-	-	(37)	(2)
	-	-	(17)	(5)	-	-	(1)	-	(72)	(124)
	96	202	302	156	277	247	75	75	1 822	1 594
	-	-	-	-	-	-	326	-	326	-
	(2)	(8)	-	(3)	-	(1)	-	-	50	(58)
	94	194	302	153	277	246	401	75	2 198	1 536
	-	-	-	-	-	-	-	-	-	-
	94	194	302	153	277	246	401	75	2 198	1 536
	22,2%	12,5%	14,4%	12,8%	68,6%	59,8%	69,7%	62,9%	28,2%	25,9%
	7,0%	8,9%	11,7%	4,5%	31,4%	40,2%	30,3%	37,1%	18,4%	15,6%
	3,0	3,2	13,0	4,0	11,6	12,1	2,8	3,7	70,7	62,0

Shareholders' fund income statement continued

for the six months ended 30 June 2010

R million	Subtotal: Operating businesses	
	2010	2009
Financial services income	15 132	13 705
Sales remuneration	(2 157)	(1 983)
Income after sales remuneration	12 975	11 722
Underwriting policy benefits	(6 924)	(6 862)
Administration costs	(3 662)	(3 035)
Result from financial services before tax	2 389	1 825
Tax on result from financial services	(620)	(406)
Result from financial services after tax	1 769	1 419
Minority shareholders' interest	(321)	(152)
NET RESULT FROM FINANCIAL SERVICES	1 448	1 267
Net investment income	413	557
Dividends received – Group companies	61	110
Other investment income	475	573
Tax on investment income	(96)	(60)
Minority shareholders' interest	(27)	(66)
CORE EARNINGS	1 861	1 824
Project expenses	(19)	(15)
Amortisation of intangibles	(40)	(37)
BEE transaction costs	(3)	(3)
Net equity-accounted headline earnings	48	10
Equity-accounted headline earnings	74	16
Minority shareholders' interest	(26)	(6)
Net investment surpluses	47	(61)
Investment surpluses – Group companies	72	(63)
Other investment surpluses	7	6
Tax on investment surpluses	5	(2)
Minority shareholders' interest	(37)	(2)
Secondary tax on companies – after minorities	(72)	(124)
NORMALISED HEADLINE EARNINGS	1 822	1 594
Profit/(loss) on disposal of operations	326	-
Impairments	50	(58)
NORMALISED ATTRIBUTABLE EARNINGS	2 198	1 536
Fund transfers	-	-
Attributable profit per Group statement of comprehensive income	2 198	1 536
Ratios		
Admin ratio	28,2%	25,9%
Operating margin	18,4%	15,6%
Diluted earnings per share		
Adjusted weighted average number of shares (million)		
Net result from financial services (cents)	70,7	62,0
Core earnings (cents)		

	Corporate & Other		Consolidation entries		Six months		Full year
	2010	2009	2010	2009	2010	2009	2009
	82	87	-	-	15 214	13 792	29 279
	-	-	-	-	(2 157)	(1 983)	(4 206)
	82	87	-	-	13 057	11 809	25 073
	-	-	-	-	(6 924)	(6 862)	(13 910)
	(137)	(123)	-	-	(3 799)	(3 158)	(6 934)
	(55)	(36)	-	-	2 334	1 789	4 229
	29	11	-	-	(591)	(395)	(1 116)
	(26)	(25)	-	-	1 743	1 394	3 113
	-	-	-	-	(321)	(152)	(408)
	(26)	(25)	-	-	1 422	1 242	2 705
	65	108	(61)	(110)	417	555	976
	-	-	(61)	(110)	-	-	-
	83	118	-	-	558	691	1 368
	(18)	(10)	-	-	(114)	(70)	(247)
	-	-	-	-	(27)	(66)	(145)
	39	83	(61)	(110)	1 839	1 797	3 681
	-	-	-	-	(19)	(15)	(28)
	-	-	-	-	(40)	(37)	(84)
	-	-	-	-	(3)	(3)	(7)
	12	-	-	-	60	10	41
	12	-	-	-	86	16	73
	-	-	-	-	(26)	(6)	(32)
	47	21	(72)	63	22	23	1 032
	-	-	(72)	63	-	-	-
	50	21	-	-	57	27	1 363
	(3)	-	-	-	2	(2)	(256)
	-	-	-	-	(37)	(2)	(75)
	(137)	(38)	-	-	(209)	(162)	(150)
	(39)	66	(133)	(47)	1 650	1 613	4 485
	-	-	-	-	326	-	35
	-	-	-	-	50	(58)	(76)
	(39)	66	(133)	(47)	2 026	1 555	4 444
	-	-	(40)	59	(40)	59	(56)
	(39)	66	(173)	12	1 986	1 614	4 388
					29,1%	26,7%	27,7%
					17,9%	15,1%	16,9%
					2 049,0	2 044,4	2 053,1
	(1,3)	(1,2)	-	-	69,4	60,8	131,8
					89,8	87,9	179,3

Notes to the shareholders' fund information

for the six months ended 30 June 2010

1. ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED

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

R million	Total		Life Insurance ⁽¹⁾		Life Licence ⁽²⁾		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
Sanlam Personal Finance	14 954	14 700	6 007	5 433	-	-	8 947	9 267
South Africa	10 689	10 214	5 700	5 061	-	-	4 989	5 153
Recurring	552	487	527	452	-	-	25	35
Single	9 328	8 995	4 364	3 877	-	-	4 964	5 118
Continuations	809	732	809	732	-	-	-	-
Africa	4 265	4 486	307	372	-	-	3 958	4 114
Recurring	50	38	50	38	-	-	-	-
Single	4 215	4 448	257	334	-	-	3 958	4 114
Sanlam Developing Markets	1 279	1 316	1 279	1 316	-	-	-	-
South Africa	615	635	615	635	-	-	-	-
Recurring	423	370	423	370	-	-	-	-
Single	192	265	192	265	-	-	-	-
Africa	544	605	544	605	-	-	-	-
Recurring	192	195	192	195	-	-	-	-
Single	352	410	352	410	-	-	-	-
Other international	120	76	120	76	-	-	-	-
Recurring	70	58	70	58	-	-	-	-
Single	50	18	50	18	-	-	-	-
Sanlam UK	1 499	955	557	451	-	-	942	504
Other international	1 499	955	557	451	-	-	942	504
Recurring	7	5	7	5	-	-	-	-
Single	1 492	950	550	446	-	-	942	504
Sanlam Employee Benefits	450	142	450	142	-	-	-	-
South Africa	450	142	450	142	-	-	-	-
Recurring	91	76	91	76	-	-	-	-
Single	359	66	359	66	-	-	-	-
Sanlam Investments	22 428	25 408	-	-	606	991	21 822	24 417
Employee benefits	535	410	-	-	535	410	-	-
Recurring	32	6	-	-	32	6	-	-
Single	503	404	-	-	503	404	-	-
Collective investment schemes	7 191	10 269	-	-	-	-	7 191	10 269
Retail funds	5 181	5 031	-	-	-	-	5 181	5 031
Wholesale business	2 010	5 238	-	-	-	-	2 010	5 238
Segregated funds	13 220	12 821	-	-	-	-	13 220	12 821
Wholesale business	9 451	9 688	-	-	-	-	9 451	9 688
Private Investments	3 769	3 133	-	-	-	-	3 769	3 133
Non-South African	1 482	1 908	-	-	71	581	1 411	1 327
Short-term insurance	6 646	6 179	-	-	-	-	6 646	6 179
New business excluding white label	47 256	48 700	8 293	7 342	606	991	38 357	40 367
White label	2 525	2 785	-	-	-	-	2 525	2 785
Sanlam Collective Investments	2 525	2 785	-	-	-	-	2 525	2 785
Sanlam Developing Markets	-	-	-	-	-	-	-	-
Total new business	49 781	51 485	8 293	7 342	606	991	40 882	43 152
Recurring premiums on existing funds:								
Sanlam Personal Finance	4 919	4 763						
Sanlam Developing Markets	1 499	1 337						
Sanlam UK	263	300						
Institutional cluster	2 151	1 484						
Total funds received	58 613	59 369						

⁽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	2010	2009
Analysed per market		
Retail		
Life business	6 315	5 696
Sanlam Personal Finance	5 700	5 061
Sanlam Developing Markets	615	635
Non-life business	13 939	13 317
Sanlam Personal Finance	4 989	5 153
Sanlam Private Investments	3 769	3 133
Sanlam Collective Investments	5 181	5 031
South African	20 254	19 013
Non-South African	6 428	6 122
Sanlam Personal Finance	4 265	4 486
Sanlam Developing Markets	664	681
Sanlam UK	1 499	955
Total retail	26 682	25 135
Institutional		
Group Life business	985	552
Sanlam Employee Benefits	450	142
Investment Management	535	410
Non-life business	11 461	14 926
Segregated	5 998	7 920
Sanlam Multi-Manager	3 453	1 768
Sanlam Collective Investments	2 010	5 238
South African	12 446	15 478
Investment Management Non-South African	1 482	1 908
Total institutional	13 928	17 386
White label	2 525	2 785
Sanlam Collective Investments	2 525	2 785
Sanlam Developing Markets	-	-
Short-term insurance	6 646	6 179
Total new business	49 781	51 485

Notes to the shareholders' fund information

for the six months ended 30 June 2010

2. ANALYSIS OF PAYMENTS TO CLIENTS

R million	Total		Life Insurance ⁽¹⁾		Life Licence ⁽²⁾		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
Sanlam Personal Finance	17 861	16 052	9 642	9 221	-	-	8 219	6 831
South Africa	13 690	12 755	9 163	8 804	-	-	4 527	3 951
Surrenders	1 564	1 777	1 564	1 777	-	-	-	-
Other	12 126	10 978	7 599	7 027	-	-	4 527	3 951
Africa	4 171	3 297	479	417	-	-	3 692	2 880
Surrenders	53	130	53	130	-	-	-	-
Other	4 118	3 167	426	287	-	-	3 692	2 880
Sanlam Developing Markets	1 753	2 043	1 753	2 043	-	-	-	-
South Africa	1 318	1 664	1 318	1 664	-	-	-	-
Surrenders	209	162	209	162	-	-	-	-
Other	1 109	1 502	1 109	1 502	-	-	-	-
Africa	413	374	413	374	-	-	-	-
Surrenders	11	75	11	75	-	-	-	-
Other	402	299	402	299	-	-	-	-
Other international	22	5	22	5	-	-	-	-
Surrenders	16	5	16	5	-	-	-	-
Other	6	-	6	-	-	-	-	-
Sanlam UK	1 384	1 366	846	759	-	-	538	607
Other international	1 384	1 366	846	759	-	-	538	607
Surrenders	1 192	1 224	654	617	-	-	538	607
Other benefits	192	142	192	142	-	-	-	-
Sanlam Employee Benefits	3 407	1 852	3 407	1 852	-	-	-	-
South Africa	3 407	1 852	3 407	1 852	-	-	-	-
Terminations	1 306	134	1 306	134	-	-	-	-
Other	2 101	1 718	2 101	1 718	-	-	-	-
Sanlam Investments	20 932	22 611	-	-	1 382	972	19 550	21 639
Employee benefits	1 299	957	-	-	1 299	957	-	-
Terminations	873	422	-	-	873	422	-	-
Other	426	535	-	-	426	535	-	-
Collective investment schemes	6 114	7 587	-	-	-	-	6 114	7 587
Retail funds	3 948	4 265	-	-	-	-	3 948	4 265
Wholesale business	2 166	3 322	-	-	-	-	2 166	3 322
Segregated funds	9 150	12 570	-	-	-	-	9 150	12 570
Wholesale business	7 350	6 866	-	-	-	-	7 350	6 866
Private Investments	1 800	5 704	-	-	-	-	1 800	5 704
Non-South African	4 369	1 497	-	-	83	15	4 286	1 482
Short-term insurance	4 331	4 503	-	-	-	-	4 331	4 503
Payments to clients excluding white label	49 668	48 427	15 648	13 875	1 382	972	32 638	33 580
White label	2 295	3 265	-	-	-	-	2 295	3 265
Sanlam Collective Investments	2 295	3 265	-	-	-	-	2 295	3 265
Sanlam Developing Markets	-	-	-	-	-	-	-	-
Total payments to clients	51 963	51 692	15 648	13 875	1 382	972	34 933	36 845

⁽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

R million	Total		Life Insurance ⁽¹⁾		Life Licence ⁽²⁾		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
Sanlam Personal Finance	2 012	3 411	1 205	929	-	-	807	2 482
South Africa	1 656	1 989	1 115	741	-	-	541	1 248
Africa	356	1 422	90	188	-	-	266	1 234
Sanlam Developing Markets	1 025	610	1 025	610	-	-	-	-
South Africa	335	(132)	335	(132)	-	-	-	-
Africa	547	636	547	636	-	-	-	-
Other international	143	106	143	106	-	-	-	-
Sanlam UK	378	(111)	(26)	(8)	-	-	404	(103)
Sanlam Employee Benefits	(1 171)	(499)	(1 171)	(499)	-	-	-	-
Sanlam Investments	1 860	3 070	-	-	(412)	292	2 272	2 778
Employee benefits	(400)	(274)	-	-	(400)	(274)	-	-
Collective investment schemes	1 077	2 682	-	-	-	-	1 077	2 682
Retail funds	1 233	766	-	-	-	-	1 233	766
Wholesale business	(156)	1 916	-	-	-	-	(156)	1 916
Segregated funds	4 070	251	-	-	-	-	4 070	251
Wholesale business	2 101	2 822	-	-	-	-	2 101	2 822
Private Investments	1 969	(2 571)	-	-	-	-	1 969	(2 571)
Non-South African	(2 887)	411	-	-	(12)	566	(2 875)	(155)
Santam	2 315	1 676	-	-	-	-	2 315	1 676
Net inflow/(outflow) excluding white label	6 419	8 157	1 033	1 032	(412)	292	5 798	6 833
White label	230	(480)	-	-	-	-	230	(480)
Sanlam Collective Investments	230	(480)	-	-	-	-	230	(480)
Sanlam Developing Markets	-	-	-	-	-	-	-	-
Total net inflow/(outflow)	6 649	7 677	1 033	1 032	(412)	292	6 028	6 353

⁽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 2010

3. ANALYSIS OF NET INFLOW/(OUTFLOW) OF FUNDS (continued)

R million	2010	2009
Analysed per market		
Retail		
Life business	1 450	609
Sanlam Personal Finance	1 115	741
Sanlam Developing Markets	335	(132)
Non-life business	3 743	(557)
Sanlam Personal Finance	541	1 248
Sanlam Private Investments	1 969	(2 571)
Sanlam Collective Investments	1 233	766
South African	5 193	52
Non-South African	1 424	2 053
Sanlam Personal Finance	356	1 422
Sanlam Developing Markets	690	742
Sanlam UK	378	(111)
Total retail	6 617	2 105
Institutional		
Group Life business	(1 571)	(773)
Sanlam Employee Benefits	(1 171)	(499)
Investment Management	(400)	(274)
Non-life business	1 945	4 738
Segregated	2 015	3 032
Sanlam Multi-Manager	86	(210)
Sanlam Collective Investments	(156)	1 916
South African	374	3 965
Investment Management Non-South African	(2 887)	411
Total institutional	(2 513)	4 376
White label	230	(480)
Sanlam Collective Investments	230	(480)
Sanlam Developing Markets	-	-
Short-term insurance	2 315	1 676
Total net inflow	6 649	7 677

4. NORMALISED DILUTED EARNINGS PER SHARE

In terms of IFRS, the policyholders' fund's investments in Sanlam shares, Group subsidiaries and associated companies, 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 and associated companies). 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, Group subsidiaries and associated companies held by the policyholders' fund.

	Six months Reviewed	Full year Audited
	Restated 2009	Restated 2009
	2010 Cents	2009 Cents
Normalised diluted earnings per share:		
Net result from financial services	69,4	131,8
Core earnings	89,8	179,3
Headline earnings	80,5	218,5
Profit attributable to shareholders' fund	98,9	216,5
	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement on page 38):		
Net result from financial services	1 422	2 705
Core earnings	1 839	3 681
Headline earnings	1 650	4 485
Profit attributable to shareholders' fund	2 026	4 444
Reconciliation of normalised headline earnings:		
Headline earnings per note 1 on page 64	1 610	4 429
Less: Fund transfers	40	56
Normalised headline earnings	1 650	4 485
	million	million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 64)	2 033,4	2 028,1
Add: Weighted average Sanlam shares held by policyholders	15,6	25,0
Adjusted weighted average number of shares for normalised diluted earnings per share	2 049,0	2 053,1

Notes to the shareholders' fund information

for the six months ended 30 June 2010

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 and the non-life businesses in Sanlam Developing Markets, which are 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		
	June Reviewed	December Audited	
	2010 R million	Restated 2009 R million	Restated 2009 R million
Ratio of price to assets under management	5 984	5 580	6 279
SIM Wholesale	3 515	2 981	3 696
SIM International	1 516	1 314	1 669
Sanlam Collective Investments	434	327	388
Capital Management	132	622	144
Principal	294	253	283
Sanlam Namibia Holdings	93	83	99
Discounted cash flows	2 194	1 911	2 063
Glacier	758	695	762
Sanlam Personal Loans	194	73	133
Multi-Data	143	172	166
Sanlam Trust	171	149	160
Sanlam Home Loans	115	120	120
Punter Southall Group	256	236	259
Other	557	466	463
Net asset value	1 240	735	1 322
SIM International	271	-	240
MiWay	127	110	127
Shriram General Insurance	115	115	115
SDM other operations	23	-	-
Capital Management	704	510	840
Fair value of unlisted businesses	9 418	8 226	9 664

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%

R million	Weighted average assumption	Fair value of Sanlam businesses		
		Base value	Decrease in assumption	Increase in assumption
Ratio of price to assets under management	P/AuM = 1,4% (Dec 2009: 1,63%)	5 984	5 441	6 514
Discounted cash flows	RDR = 18,4% (Dec 2009: 18,5%)	2 194	2 361	2 095
	PGR = 2,5% - 5% (Dec 2009: 2,5% - 5%)	2 194	2 169	2 274

6. VALUE PER SHARE

	June Reviewed 2010 million	2009 million	December Audited 2009 million
Number of shares for value per share:			
Number of ordinary shares in issue at beginning of the period	2 160,0	2 190,1	2 190,1
Shares cancelled	(60,0)	(30,1)	(30,1)
Number of ordinary shares in issue	2 100,0	2 160,0	2 160,0
Shares held by subsidiaries in shareholders' fund	(126,3)	(159,8)	(151,8)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive schemes	28,3	37,6	37,1
Number of shares under option that would have been issued at fair value	(2,4)	(10,5)	(5,4)
Convertible deferred shares held by Ubuntu-Botho	25,7	20,9	23,2
Adjusted number of shares for value per share	2 025,3	2 048,2	2 063,1

7. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2010 and 2009 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 36,4 million shares from 17 March 2010 to 30 June 2010 in terms of the general authorities. The lowest and highest prices paid were R22,35 and R25,11 per share respectively. The total consideration paid of R866 million was funded from existing cash resources. All repurchases were effected through the JSE trading system without any prior understanding or arrangement between the Group and the counter parties. Authority to repurchase 405,5 million shares, or 19,3% of Sanlam's issued share capital at the time, remain outstanding in terms of the general authority granted at the annual general meeting held on 9 June 2010.

The financial effects of the share repurchases during 2010 on the IFRS earnings and net asset value per share are illustrated in the table below. Tangible net asset value excludes goodwill, value of business acquired, other intangible assets and deferred acquisition cost included in the shareholders' fund at net asset value.

Cents	Before repurchases	After repurchases
Basic earnings per share:		
Profit attributable to shareholders' fund	99,8	100,2
Headline earnings	81,0	81,2
Diluted earnings per share:		
Profit attributable to shareholders' fund	97,4	97,7
Headline earnings	79,0	79,2
Value per share:		
Equity value	2 477	2 479
Net asset value	1 429	1 412
Tangible net asset value	1 151	1 129

Embedded value of covered business

at 30 June 2010

R million	Note	June Reviewed 2010	2009	December Audited 2009
Sanlam Personal Finance		20 120	18 939	19 884
Adjusted net worth		8 078	8 032	8 098
Net value of in-force covered business		12 042	10 907	11 786
Value of in-force covered business		13 883	12 649	13 645
Cost of capital		(1 659)	(1 613)	(1 694)
Minority shareholders' interest		(182)	(129)	(165)
Sanlam Developing Markets		3 696	3 040	3 479
Adjusted net worth		1 179	1 215	1 363
Net value of in-force covered business		2 517	1 825	2 116
Value of in-force covered business		3 130	2 428	2 786
Cost of capital		(261)	(273)	(307)
Minority shareholders' interest		(352)	(330)	(363)
Sanlam UK		659	685	665
Adjusted net worth		222	238	217
Net value of in-force covered business		437	447	448
Value of in-force covered business		466	479	480
Cost of capital		(29)	(32)	(32)
Minority shareholders' interest		-	-	-
Sanlam Employee Benefits		4 836	5 109	4 960
Adjusted net worth		4 571	5 017	4 569
Net value of in-force covered business		265	92	391
Value of in-force covered business		1 194	1 014	1 300
Cost of capital		(929)	(922)	(909)
Minority shareholders' interest		-	-	-
Embedded value of covered business		29 311	27 773	28 988
Adjusted net worth ⁽¹⁾		14 050	14 502	14 247
Net value of in-force covered business	1	15 261	13 271	14 741
Embedded value of covered business		29 311	27 773	28 988

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

Change in embedded value of covered business

at 30 June 2010

R million	Note	Total	Six months Reviewed		
			2010		
			Value of in-force	Cost of capital	Adjusted net worth
Embedded value of covered business at the beginning of the period as reported		28 988	17 626	(2 885)	14 247
Change in accounting policies	8	(49)	201	36	(286)
Embedded value of covered business at the beginning of the period – restated		28 939	17 827	(2 849)	13 961
Value of new business	2	283	955	(42)	(630)
Net earnings from existing covered business		1 138	(300)	36	1 402
Expected return on value of in-force business		1 088	1 020	68	-
Expected transfer of profit to adjusted net worth		-	(1 255)	-	1 255
Operating experience variances	3	82	(99)	(15)	196
Operating assumption changes	4	(32)	34	(17)	(49)
Expected investment return on adjusted net worth		568	-	-	568
Embedded value earnings from operations		1 989	655	(6)	1 340
Economic assumption changes	5	88	72	15	1
Investment variances – value of in-force		(436)	(449)	16	(3)
Investment variances – investment return on adjusted net worth		(441)	-	-	(441)
Exchange rate movements		(24)	(26)	2	-
Net project expenses	6	(18)	-	-	(18)
Embedded value earnings from covered business		1 158	252	27	879
Acquired value of in-force		6	5	(1)	2
Transfers from/(to) other Group operations		-	-	-	-
Change in utilisation of capital diversification		-	-	-	-
Transfers from covered business		(792)	-	-	(792)
Embedded value of covered business at the end of the period		29 311	18 084	(2 823)	14 050
Analysis of earnings from covered business					
Sanlam Personal Finance		928	220	36	672
Sanlam Developing Markets		237	152	8	77
Sanlam UK		9	(14)	3	20
Sanlam Employee Benefits		(16)	(106)	(20)	110
Embedded value earnings from covered business		1 158	252	27	879

	Six months Reviewed 2009			Full year audited 2009	
	Total	Value of in-force	Cost of capital	Adjusted net worth	Total
	28 591	15 939	(2 361)	15 013	28 591
	-	-	-	-	-
	28 591	15 939	(2 361)	15 013	28 591
	243	882	(37)	(602)	607
	1 145	(307)	83	1 369	2 430
	839	771	68	-	1 714
	-	(1 155)	-	1 155	-
	289	102	(1)	188	636
	17	(25)	16	26	80
	546	-	-	546	1 091
	1 934	575	46	1 313	4 128
	(1 020)	(526)	(487)	(7)	(1 206)
	176	88	41	47	1 149
	(209)	-	-	(209)	515
	(96)	(95)	7	(8)	(137)
	(15)	-	-	(15)	(28)
	770	42	(393)	1 121	4 421
	228	72	(28)	184	210
	-	-	-	-	17
	(292)	-	-	(292)	(729)
	(1 524)	-	-	(1 524)	(3 522)
	27 773	16 053	(2 782)	14 502	28 988
	446	(157)	(235)	838	2 815
	86	11	6	69	467
	4	(2)	3	3	(14)
	234	190	(167)	211	1 153
	770	42	(393)	1 121	4 421

Value of new business

for the six months ended 30 June 2010

R million	Note	Six months Reviewed 2010	2009	Full year Audited 2009
Value of new business (at point of sale):				
Gross value of new business		366	321	797
Sanlam Personal Finance		172	154	354
Sanlam Developing Markets		160	156	335
Sanlam UK		11	1	17
Sanlam Employee Benefits		23	10	91
Cost of capital		(46)	(45)	(108)
Sanlam Personal Finance		(18)	(19)	(34)
Sanlam Developing Markets		(14)	(20)	(45)
Sanlam UK		(2)	(1)	(3)
Sanlam Employee Benefits		(12)	(5)	(26)
Value of new business		320	276	689
Sanlam Personal Finance		154	135	320
Sanlam Developing Markets		146	136	290
Sanlam UK		9	-	14
Sanlam Employee Benefits		11	5	65
Value of new business attributable to:				
Shareholders' fund	2	283	243	607
Sanlam Personal Finance		147	133	308
Sanlam Developing Markets		116	105	220
Sanlam UK		9	-	14
Sanlam Employee Benefits		11	5	65
Minority shareholders' interest		37	33	82
Sanlam Personal Finance		7	2	12
Sanlam Developing Markets		30	31	70
Sanlam UK		-	-	-
Sanlam Employee Benefits		-	-	-
Value of new business		320	276	689
Geographical analysis:				
South Africa		224	196	484
Africa		84	77	186
Other international		12	3	19
Value of new business		320	276	689

R million	Note	Six months Reviewed 2010	2009	Full year Audited 2009
Analysis of new business profitability:				
Before minorities:				
Present value of new business premiums		12 811	11 469	26 365
Sanlam Personal Finance		8 306	7 488	16 573
Sanlam Developing Markets		2 847	2 814	5 711
Sanlam UK		577	463	951
Sanlam Employee Benefits		1 081	704	3 130
New business margin		2,50%	2,41%	2,61%
Sanlam Personal Finance		1,85%	1,80%	1,93%
Sanlam Developing Markets		5,13%	4,83%	5,08%
Sanlam UK		1,56%	0,00%	1,47%
Sanlam Employee Benefits		1,02%	0,71%	2,08%
After minorities:				
Present value of new business premiums		12 220	10 906	25 102
Sanlam Personal Finance		8 179	7 395	16 269
Sanlam Developing Markets		2 383	2 344	4 752
Sanlam UK		577	463	951
Sanlam Employee Benefits		1 081	704	3 130
New business margin		2,32%	2,23%	2,42%
Sanlam Personal Finance		1,80%	1,80%	1,89%
Sanlam Developing Markets		4,87%	4,48%	4,63%
Sanlam UK		1,56%	0,00%	1,47%
Sanlam Employee Benefits		1,02%	0,71%	2,08%

Notes to the embedded value of covered business

for the six months ended 30 June 2010

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	18 084	(2 823)	15 261	
• Risk discount rate increase by 1%	17 101	(3 422)	13 679	(10)

2. Value of new business sensitivity analysis

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
Base value	325	(42)	283	
• Risk discount rate increase by 1%	271	(49)	222	(22)

R million	Six months Reviewed 2010	2009	Full year Audited 2009
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3. Operating experience variances

Risk experience	138	167	363
Investment guarantee reserve	-	64	64
Working capital and other	(56)	58	209
Total operating experience variances	82	289	636

4. Operating assumption changes

Mortality and morbidity	7	34	(124)
Persistency	(148)	(6)	(67)
Modelling improvements and other	109	(11)	271
Total operating assumption changes	(32)	17	80

5. Economic assumption changes

Investment yields and risk premiums	103	(707)	(866)
Long-term asset mix assumptions	(15)	(313)	(340)
Total economic assumption changes	88	(1 020)	(1 206)

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 2010	2009	December Audited 2009
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	9,2	9,4
Equities and offshore investments	12,7	12,7	12,9
Hedged equities	9,7	9,7	9,9
Property	10,2	10,2	10,4
Cash	8,2	8,2	8,4
Return on required capital	10,0	10,0	10,3
Inflation rate	6,2	6,2	6,4
Risk discount rate	11,7	11,7	11,9
SDM Limited			
Point used on the relevant yield curve	6 year	6 year	6 year
Fixed-interest securities	8,4	8,7	8,6
Equities and offshore investments	11,9	12,2	12,1
Hedged equities	n/a	n/a	n/a
Property	9,4	9,7	9,6
Cash	7,4	7,7	7,6
Return on required capital	9,7	10,0	9,9
Inflation rate	5,4	5,7	5,6
Risk discount rate	10,9	11,2	11,1
Merchant Investors			
Point used on the relevant yield curve	15 year	15 year	15 year
Fixed-interest securities	3,9	4,1	4,5
Equities and offshore investments	7,2	7,3	7,7
Hedged equities	7,2	7,3	7,7
Property	7,2	7,3	7,7
Cash	3,9	4,1	4,5
Return on required capital	3,9	4,1	4,5
Inflation rate	3,2	3,3	3,8
Risk discount rate	7,7	7,8	8,2
Botswana Life Insurance			
Fixed-interest securities	10,0	10,5	10,0
Equities and offshore investments	13,5	14,0	13,5
Hedged equities	n/a	n/a	n/a
Property	11,0	11,5	11,0
Cash	9,0	9,5	9,0
Return on required capital	10,1	10,6	10,1
Inflation rate	7,0	7,5	7,0
Risk discount rate	13,5	14,0	13,5

Notes to the embedded value of covered business

for the six months ended 30 June 2010

7. Economic assumptions (continued)

%	June Reviewed 2010	2009	December Audited 2009
Asset mix for assets supporting required capital			
Sanlam Life			
Equities	34	34	34
Hedged equities	13	13	13
Property	3	3	3
Fixed-interest securities	15	15	15
Cash	35	35	35
	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

8. Change in accounting policies

Channel Life's accounting policies for insurance contracts have been aligned with the rest of the Sanlam Group. In terms of the amended accounting policies, no negative rand reserves are recognised on an individual policy level. Channel Life's capital and economic bases have also been aligned with that of SDM Limited. The impact of the aforementioned amendments was to reduce embedded value by R49 million at 1 January 2010 as follows:

- A R286 million reduction in required capital with a commensurate R36 million decrease in the cost of capital.
- The gross value of in force business increased by R201 million commensurate with an increase in future taxable income following the elimination of the negative rand reserves.

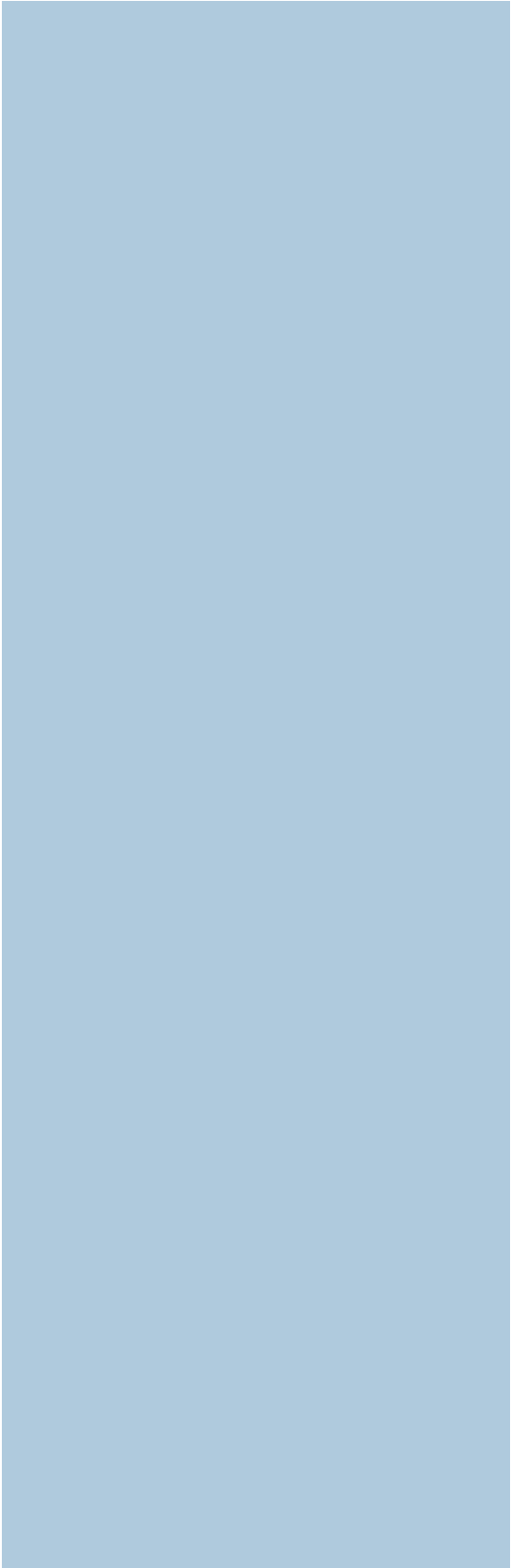
Comparative information has not been restated based on the immaterial impact of the changes on the embedded value of covered business, embedded value earnings and value of new business. The full impact is recognised as a change to the opening embedded value of covered business on 1 January 2010.

Group Financial Statements

for the six months ended 30 June 2010

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Statement of Financial Position

at 30 June 2010

R million	June Reviewed 2010	Restated December Audited 2009
ASSETS		
Property and equipment	411	375
Owner-occupied properties	652	652
Goodwill	2 817	2 810
Other intangible assets	78	45
Value of business acquired	1 208	1 210
Deferred acquisition costs	2 189	2 140
Long-term reinsurance assets	499	499
Investments	288 732	288 278
Properties	15 137	15 757
Equity-accounted investments	3 250	1 964
Equities and similar securities	134 972	141 570
Public sector stocks and loans	54 787	49 905
Debentures, insurance policies, preference shares and other loans	31 800	30 075
Cash, deposits and similar securities	48 786	49 007
Deferred tax	631	626
Short-term insurance technical assets	1 780	2 064
Working capital assets	33 706	36 230
Trade and other receivables	23 799	24 250
Cash, deposits and similar securities	9 907	11 980
Total assets	332 703	334 929
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	22	23
Treasury shares	(2 893)	(3 200)
Other reserves	8 969	9 081
Retained earnings	22 492	23 892
Shareholders' fund	28 590	29 796
Minority shareholders' interest	2 588	2 628
Total equity	31 178	32 424
Long-term policy liabilities	245 693	246 330
Insurance contracts	123 784	124 107
Investment contracts	121 909	122 223
Term finance	6 574	6 916
Margin business	3 538	3 341
Other interest-bearing liabilities	3 036	3 575
External investors in consolidated funds	10 241	10 534
Cell owners' interest	598	535
Deferred tax	683	763
Short-term insurance technical provisions	7 760	8 304
Working capital liabilities	29 976	29 123
Trade and other payables	27 046	25 842
Provisions	1 386	1 396
Taxation	1 544	1 885
Total equity and liabilities	332 703	334 929

Statement of Comprehensive Income

For the six months ended 30 June 2010

R million	Note	Reviewed 2010	Restated Reviewed 2009
Net income		20 709	15 838
Financial services income		16 002	15 018
Reinsurance premiums paid		(1 681)	(1 765)
Reinsurance commission received		168	147
Investment income		7 679	8 863
Investment surpluses		(1 153)	(6 519)
Finance cost – margin business		(95)	(114)
Change in fair value of external investors' liability		(211)	208
Net insurance and investment contract benefits and claims		(11 089)	(7 513)
Long-term insurance and investment contract benefits		(7 001)	(3 219)
Short-term insurance claims		(4 719)	(5 776)
Reinsurance claims received		631	1 482
Expenses		(6 139)	(5 356)
Sales remuneration		(2 326)	(2 100)
Administration costs		(3 813)	(3 256)
Impairments		49	(62)
Amortisation of intangibles		(42)	(37)
Net operating result		3 488	2 870
Equity-accounted earnings		235	(5)
Finance cost – other		(138)	(164)
Profit before tax		3 585	2 701
Taxation		(1 210)	(856)
Shareholders' fund		(951)	(616)
Policyholders' fund		(259)	(240)
Profit for the period		2 375	1 845
Other comprehensive income			
Movement in foreign currency translation reserve		(125)	(383)
Comprehensive income for the period		2 250	1 462
Allocation of comprehensive income			
Profit for the period		2 375	1 845
Shareholders' fund		1 986	1 614
Minority shareholders' interest		389	231
Comprehensive income for the period		2 250	1 462
Shareholders' fund		1 894	1 311
Minority shareholders' interest		356	151
Earnings attributable to shareholders of the company (cents):			
Profit for the year			
Basic earnings per share	1	100,2	82,1
Diluted earnings per share	1	97,7	80,1

Statement of Changes in Equity

for the six months ended 30 June 2010

R million	Reviewed 2010	Restated Reviewed 2009
Shareholders' fund:		
Balance at beginning of the period	29 796	27 412
Comprehensive income	1 894	1 311
Profit for the period	1 986	1 614
Other comprehensive income: movement in foreign currency translation reserve	(92)	(303)
Net (acquisition)/disposal of treasury shares ⁽¹⁾	(1 054)	18
Share-based payments	79	45
Deficit on change in subsidiary shareholding	(29)	-
Dividends paid ⁽²⁾	(2 096)	(1 954)
Balance at end of the period	28 590	26 832
Minority shareholders' interest		
Balance at beginning of the period	2 628	2 596
Comprehensive income	356	151
Profit for the period	389	231
Other comprehensive income: movement in foreign currency translation reserve	(33)	(80)
Net (acquisition)/disposal of treasury shares ⁽¹⁾	(57)	9
Share-based payments	12	9
Dividends paid	(241)	(279)
Acquisitions, disposals and other movements in minority interests	(110)	(116)
Balance at end of the period	2 588	2 370
Shareholders' fund	29 796	27 412
Minority shareholders' interest	2 628	2 596
Total equity at beginning of the period	32 424	30 008
Shareholders' fund	28 590	26 832
Minority shareholders' interest	2 588	2 370
Total equity at end of the period	31 178	29 202

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries and the share incentive trust.

⁽²⁾ Dividend of 104 cents per share paid during 2010 (2009: 98 cents per share) in respect of the 2009 financial year.

Cash Flow Statement

For the six months ended 30 June 2010

R million	Reviewed 2010	Reviewed 2009
Cash flow from operating activities	1 386	357
Cash flow from investment activities	(2 385)	(2 411)
Cash flow from financing activities	(1 308)	(147)
Net decrease in cash and cash equivalents	(2 307)	(2 201)
Cash, deposits and similar securities at beginning of the period	60 984	55 145
Cash, deposits and similar securities at end of the period	58 677	52 944

Notes to the financial statements

for the six months ended 30 June 2010

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 47 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 2010	Reviewed 2009
	cents	cents
Basic earnings per share:		
Headline earnings	81,2	85,0
Profit attributable to shareholders' fund	100,2	82,1
Diluted earnings per share:		
Headline earnings	79,2	83,0
Profit attributable to shareholders' fund	97,7	80,1
	R million	R million
Analysis of earnings:		
Profit attributable to shareholders' fund	1 986	1 614
Less: Net profit on disposal of operations	(326)	-
Profit on disposal of operations	(364)	-
Tax on profit on disposal of operations	38	-
(Less)/Plus: Impairments	(50)	58
Impairments	(49)	60
Minority shareholders' interest	(1)	(2)
Headline earnings	1 610	1 672
<i>Headline earnings include re-measurements of investment properties, which are largely attributable to policyholder funds.</i>		
	million	million
Number of shares:		
Number of ordinary shares in issue at beginning of the period	2 160,0	2 190,1
Less: Weighted number of shares cancelled	(40,0)	(20,1)
Less: Weighted Sanlam shares held by subsidiaries (including policyholders)	(137,2)	(202,0)
Adjusted weighted average number of shares for basic earnings per share	1 982,8	1 968,0
Add: Weighted conversion of deferred shares	24,7	20,0
Add: Total number of shares and options	28,3	37,6
Less: Number of shares (under option) that would have been issued at fair value	(2,4)	(10,5)
Adjusted weighted average number of shares for diluted earnings per share	2 033,4	2 015,1

2. Reconciliation of segmental information

R million	Reviewed 2010	Reviewed 2009
Segment financial services income (per shareholders' fund information)	15 214	13 792
Sanlam Personal Finance	3 465	3 184
Sanlam Developing Markets	2 062	1 778
Sanlam UK	182	182
Sanlam Employee Benefits	1 315	1 056
Short-term insurance	6 871	6 415
Sanlam Investments	1 036	866
Sanlam Capital Management	201	224
Corporate, consolidation and other	82	87
IFRS adjustments	788	1 226
Total financial services income	16 002	15 018
Segment results (per shareholders' fund information after tax and minorities)	2 026	1 555
Sanlam Personal Finance	996	855
Sanlam Developing Markets	74	54
Sanlam UK	54	(41)
Sanlam Employee Benefits	94	194
Short-term insurance	302	153
Sanlam Investments	277	246
Sanlam Capital Management	401	75
Corporate, consolidation and other	(172)	19
Reverse minority shareholders' interest included in segment result	389	231
Fund transfers	(40)	59
Total profit for the period	2 375	1 845

Additional segmental information is provided in the Shareholders' information (refer page 34 to 41).

Notes to the financial statements

for the six months ended 30 June 2010

3. Change in accounting policies and reclassifications

Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative rand reserves held as part of its insurance contract policy liabilities.

Comparative information has been restated for the change in accounting policies and reclassifications due to re-assessment of Investment classifications, as follows:

R million	Six months ended 30 June 2009		December 2009	
	Restated	Reported	Restated	Reported
Shareholders fund at the beginning of the period	27 412	27 651		
Shareholders fund at the end of the period	26 832	27 063	29 796	30 044
Retained earnings at the beginning of the period			22 219	22 458
Retained earnings at the end of the year			23 892	24 140
Public sector stocks and loans			49 905	50 803
Debentures, insurance policies, preference shares and other loans			30 075	34 792
Cash, deposits and similar securities			49 007	43 392
Deferred tax asset			626	515
Trade and other receivables			24 250	24 261
Insurance contract policy liabilities			124 107	123 774
Taxation payable			1 885	1 870
Comprehensive income for the period	1 462	1 454		

The impact on individual line items in the Statement of Comprehensive Income, basic earnings per share and diluted earnings per share is immaterial.

4. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2009 annual report. In respect of the pension and retirement fund investigation referred to in note 34.4 of the report, Sanlam and the curator of the funds have reached a settlement agreement. Sanlam offered to make a payment of R175 million to the funds involved. This amount has been paid from existing provisions. In addition, the Sanlam Capital Markets' R7 billion guarantee was increased to R8,5 billion. The circumstances surrounding the other contingent liabilities remain 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 2010 as reflected in these financial statements.

Group secretary

Johan Bester

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(Registration number 1959/001562/06)

JSE share code (primary listing): SLM

NSX share code: SLA

ISIN number: ZAE000070660

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⁽¹⁾ Executive

⁽²⁾ British

Sponsor

Deutsche Securities (SA) (Proprietary) Limited

Sanlam Personal Finance

Who we are

We provide clients in the middle, affluent, self-employed and professional markets of South Africa and Namibia with a comprehensive range of appropriate and competitive financial services solutions designed to facilitate their long-term wealth creation, protection and niche financing needs.

Engineering these solutions around client needs and delivering the solutions through credible financial advice enables us to grow SPF on a sustainable basis, thereby maximising shareholder value while building long-term relationships with our clients.

We achieve this through our people – we foster a culture of passion for our clients and place great emphasis on diversity and innovation. At SPF we strive to be an employer of choice.

SPF offers the following financial services and advice, either directly or in conjunction with Group companies or other business partners:

- Transactional requirements
 - Debit card
- Financing and credit needs
 - Home solutions
 - Personal loans
 - Niche trade and bridging finance

Namibia

- Life (individual and group), linked and unit trust solutions

Our competitive advantage is our established client-centric strategy, which is driven by focused market segmentation and diversification of our financial services solutions, as well as our extensive distribution footprint.

South Africa

- Client protection
 - Life and disability insurance, short-term insurance, and medical scheme administration
- Providing for retirement
 - Retirement annuity and preservation fund solutions
- Providing for non-retirement savings needs
 - Endowments, savings accounts and fixed deposits
- Protecting and growing wealth
 - Linked investment solutions
- Managing assets in retirement
 - Flexible investment-linked annuities
 - Guaranteed annuities
- Ensuring transfer of wealth between generations
 - Estate and trust services

Sanlam Personal Finance continued

Sanlam Personal Finance

<i>R million</i>	1H10	%Δ
Net Operating Profit	712	3
New business flows	14 954	2
- SA Recurring	552	13
- SA Single	10 137	4
- Namibia	4 265	(5)
PVNB Premiums*	8 306	11
VNB*	154	14
Margin*	1,85% vs 1,80%	
Annualised ROGEV	11,6%	
Annualised Adjusted ROGEV	17,3%	

* Excludes non-life business, before minorities

Group Profile and Shareholding Structure

South African operations		%
Middle market and self-employed focus		
Sanlam Individual Life division	100	Life insurance
Sanlam Home Loans ⁽¹⁾	50	Home loan joint venture with Absa
Multi Data	100	Electronic money transfer
Sanlam Trust	100	Estate and trust services
Sanlam Liquid	100	Debit card and savings facility
Anglo African Finance	65	Niche trade and bridge finance
Sanlam Health Management	100	Medical scheme services
Sanlam Linked Investments	100	Linked product provider
Affluent market focus		
Glacier ⁽²⁾	100	Financial services for affluent market

⁽¹⁾ Sanlam's 50% share was sold to Absa on 1 August 2010.

⁽²⁾ Glacier will also source solutions from the middle market and self-employed operations above.

Non-South African operations		%
Sanlam Namibia Holdings	54	Financial services in Namibia
Sanlam Life Namibia	100	Closed fund business in Namibia

Sanlam Personal Finance continued

Analysis of Operating Profit (per Profit Source)

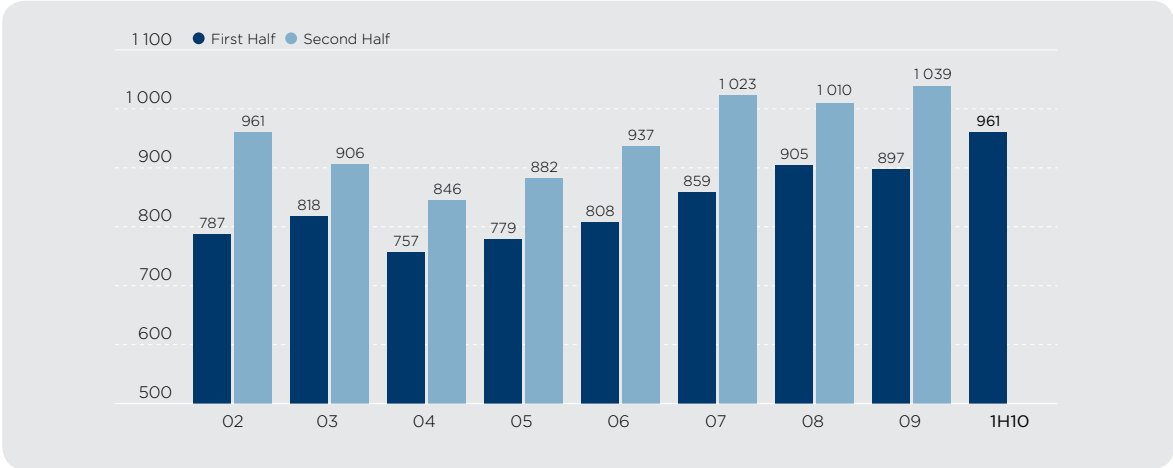
	June 2010 <i>R million</i>	June 2009 <i>R million</i>
Admin income	164	130
Risk income	227	248
Market Related income	581	514
Net interest income (working capital & loan business)	178	183
Other	403	331
Operating profit before tax & minorities	972	892
Minorities	(19)	(14)
Operating profit after minorities, before tax	953	878
Admin Ratio	36,6%	35,9%

Analysis of Operating Profit (per Business Unit)

	June 2010 <i>R million</i>	June 2009 <i>R million</i>
Middle Market	740	753
Strategic Business Development	89	30
Sanlam Personal Loans	72	32
Other	17	(2)
Glacier	71	60
Namibia	72	49
Operating profit before tax & minorities	972	892

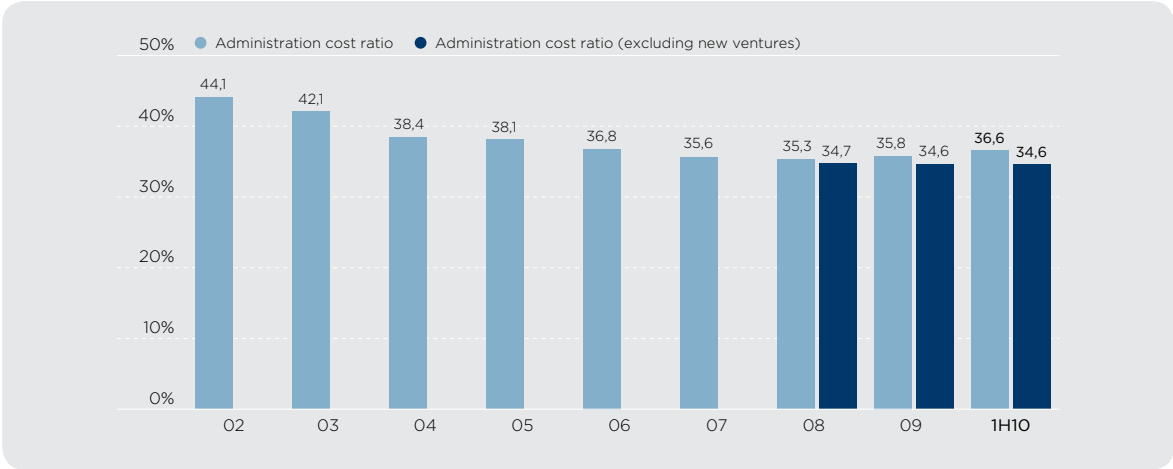
Sanlam Personal Finance continued

Administration Costs (Rm)



* Excludes the costs associated with new ventures of R87m in 2010, R111m in 2009 and R52m in 2008 (the majority relating to Sanlam Healthcare Management/Health distribution and Sanlam Home Solutions)

Administration Cost Ratio (%)



Sanlam Personal Finance continued

Analysis of New Business (per Product Line)

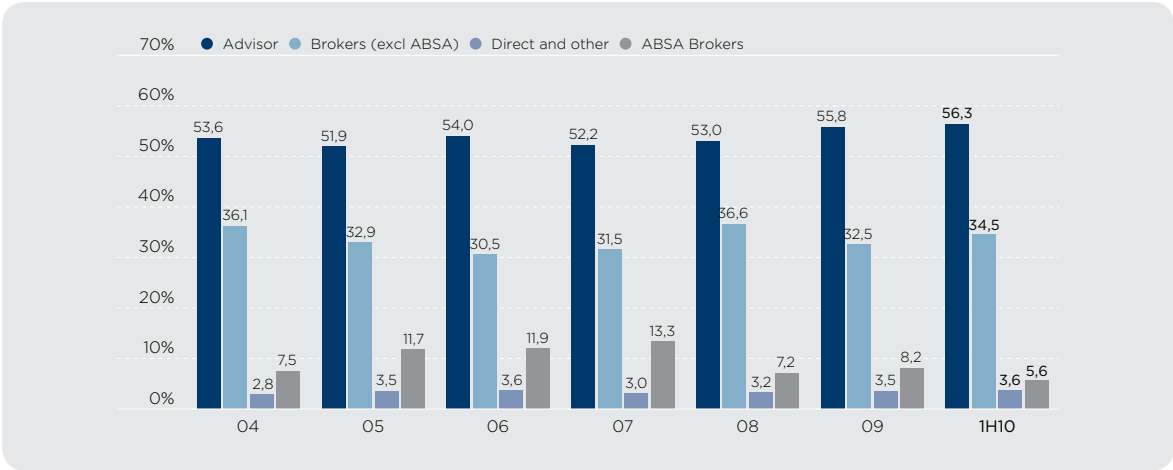
<i>R million</i>	June 2010 <i>Total</i>	June 2010 <i>Life</i>	June 2010 <i>Non-Life</i>	June 2009 <i>Total</i>	June 2009 <i>Life</i>	June 2009 <i>Non-Life</i>
SA Recurring	552	527	25	487	452	35
Risk	220	220	0	186	186	0
Investment	116	96	20	118	91	27
RA's	116	114	2	117	110	7
Premium changes	100	97	3	66	65	1
SA Single	10 137	5 173	4 964	9 727	4 609	5 118
Discretionary savings*	5 755	823	4 932	5 879	774	5 105
Retirement Savings	359	352	7	285	280	5
Continuations	809	809	0	732	732	0
Contractual Life business**	3 086	3 086	0	2 750	2 750	0
Other	128	103	25	81	73	8
Namibia	4 265	307	3 958	4 486	372	4 114
Life (Retail & Institutional)	307	307	0	372	372	0
Non-Life	3 958	0	3 958	4 114	0	4 114
Unit trust	3 585	0	3 585	3 838	0	3 838
Linked discretionary	373	0	373	276	0	276

* Discretionary – includes endowments, term annuities, guaranteed plans and Glacier (money market, wrap, hedge and non-life linked).

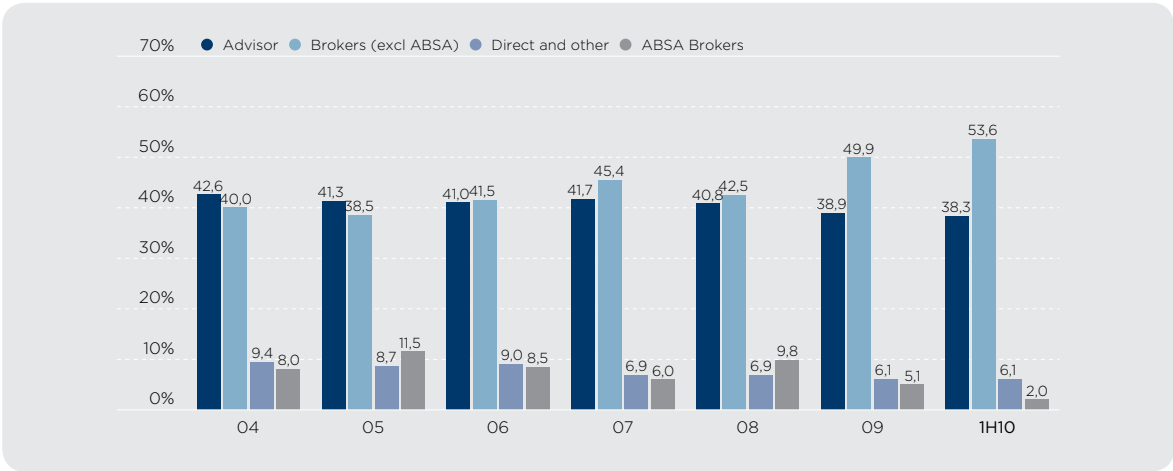
** Contractual – life annuities and ILLA's

Sanlam Personal Finance continued

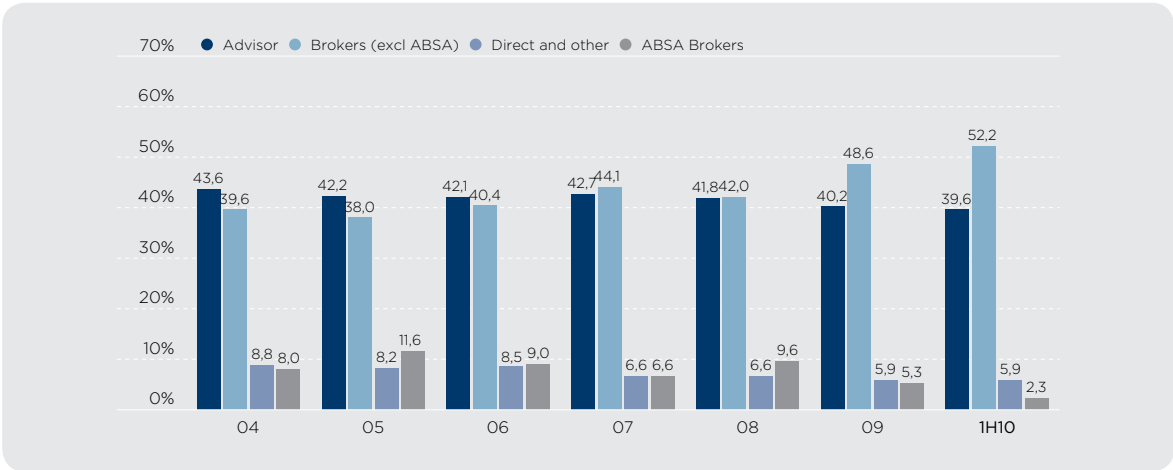
SA New Recurring Premiums (%)



SA Single Premiums (life & non-life) (%)

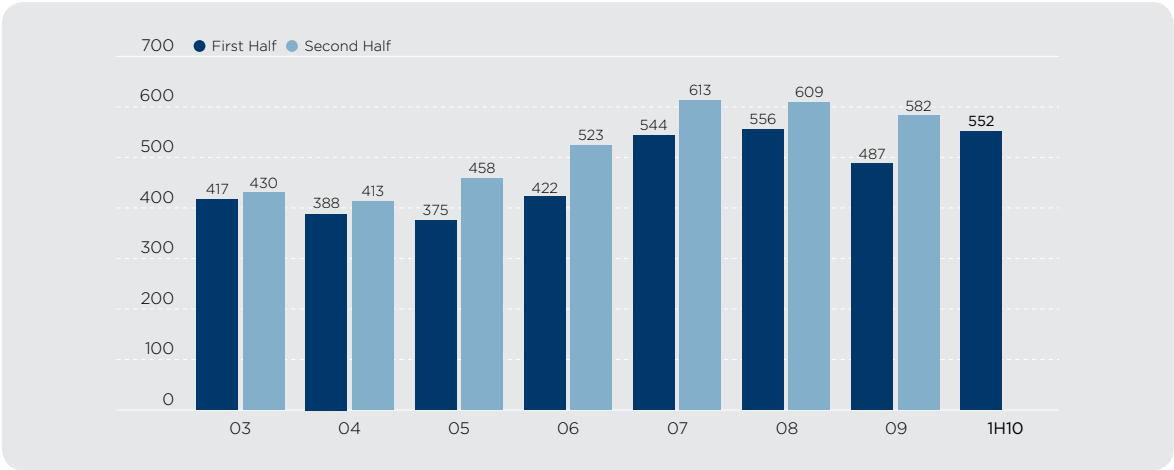


SA Total Premiums (life & non-life) (%)

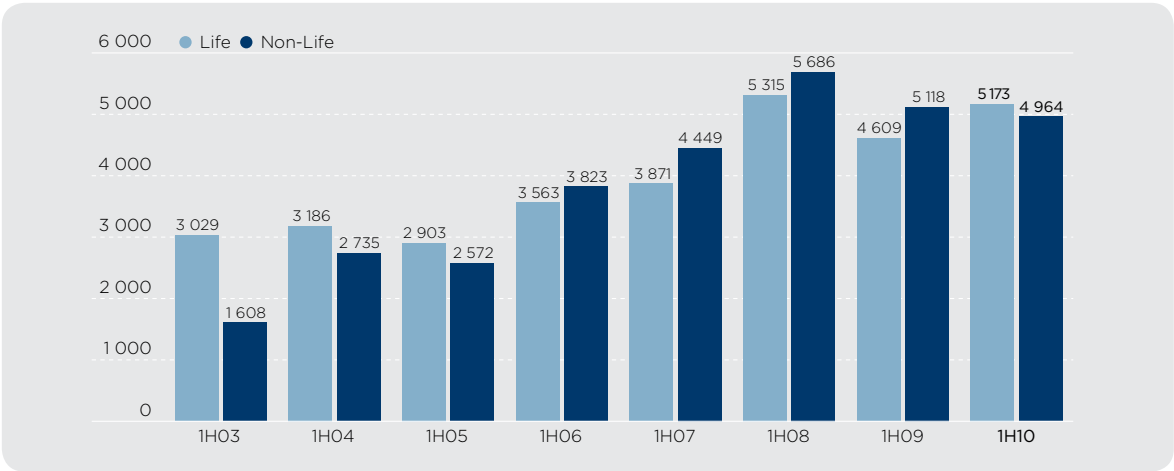


Sanlam Personal Finance continued

SA New Business Recurring Premiums (Rm)

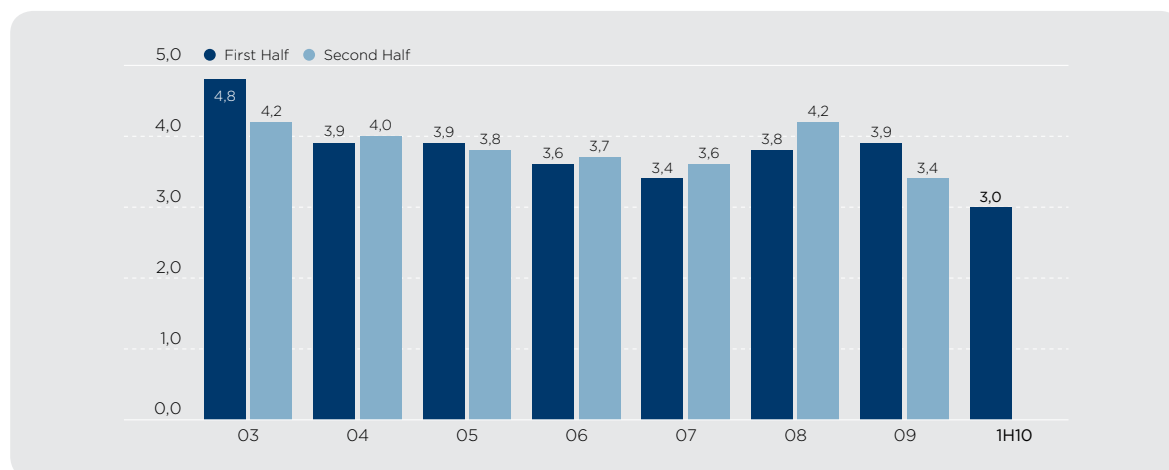


SA Single Premiums (life vs non-life) (Rm)

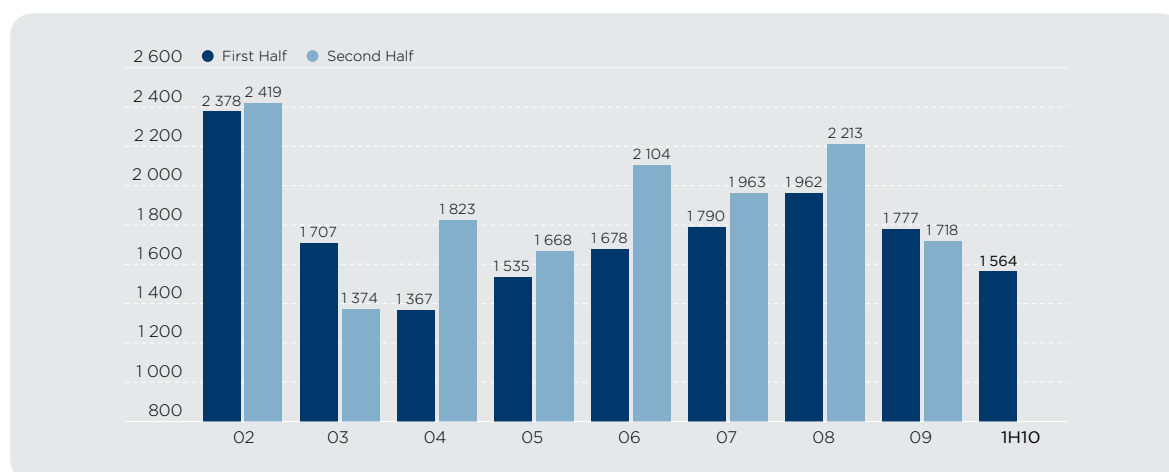


Sanlam Personal Finance continued

SA Persistency: Number of Lapses, Surrenders & Fully Paid-Up Policies as % of In Force



SA Surrender Benefits Paid (Rm)



SA Total Benefits Paid

	June 2010 R million	June 2009 R million
Total life benefits	9 163	8 804
Death & disability benefits	1 005	1 015
Maturity benefits	4 452	4 166
Life & term annuities	2 027	1 762
Surrenders	1 564	1 777
Other	115	84
Non-life benefits (linked)	4 527	3 951
Total benefits paid	13 690	12 755

Sanlam Developing Markets

Who we are

Sanlam Developing Markets (SDM) provides affordable financial solutions to the entry-level market in South Africa and all market segments in other developing markets where Sanlam has established a presence, currently Botswana, Kenya, Tanzania, Zambia, Ghana, Uganda and India.

We focus on establishing a diverse mix of operations across the African continent and in India with the aim of ensuring sustainable delivery and growth across the various businesses that make up SDM.

Our client-centric approach is aimed at protecting and growing the financial interests of our clients across all our markets by providing superior and affordable financial solutions.

The success of SDM can largely be ascribed to our principle of partnering with reputable and established operations in developing markets where potential for growth has been identified. Our preference for partnerships rather than outright acquisitions has enabled us to allocate our capital resources and expertise to support these partnerships by strengthening their operational base and distribution channels to enable further growth.

Sanlam Developing Markets continued

Sanlam Developing Markets

<i>R million</i>	1H10	%Δ
Net operating profit	82	(12)
New business flows	1 279	(3)
- SA Recurring	423	14
- SA Single	192	(28)
- Non-SA Recurring	262	4
- Non-SA Single	402	(6)
PVNB premiums	2 847	1
VNB	146	7
Margin	5,13% vs 4,83%	
Annualised ROGEV	18,0%	
Annualised Adjusted ROGEV	13,8%	

Group Profile and Shareholding Structure

South Africa	Rest of Africa	Other international
Sanlam Sky ⁽¹⁾ (100%)	Botswana Life (54%)	Shriram Life India (26%)
Safrican (85%)	Pan Africa Life Kenya (50%)	
	ELAC Ghana (49%)	
	African Life Tanzania (65%)	
	African Life Zambia (70%)	
	Sanlam Uganda (100%)	

⁽¹⁾ Includes Channel Life

Sanlam Developing Markets continued

Operating profit for the period ended 30 June 2010

	Operating profit before tax R million	Tax R million	Operating profit after tax R million	Minorities R million	Operating profit after tax & minorities June 2010 R million	Operating profit after tax & minorities June 2009 R million
RSA	44	(27)	17	(1)	16	56**
Africa	190	(47)	143	(66)	77	42
Other International *	(12)	1	(11)	-	(11)	(5)
Total	222	(73)	149	(67)	82	93

Note: Prior year's figures restated for accounting policy changes

* Sanlam's share only

** Operating profit RSA: the prior year includes a R30m special tax release

New Business Premiums for the period ended 30 June 2010 (by Product Type)

	RSA R million	Africa R million	* Other International R million	Total June 2010 R million	Total June 2009 R million
Risk	389	304	16	709	636
Savings	34	101	104	239	104
Investment Continuations	192	-	-	192	320
Immediate Annuities	-	139	-	139	256
Total New business	615	544	120	1 279	1 316

Note: Prior year's figures restated for accounting policy changes

* Sanlam's share only

New Business recurring premiums for the period ended 30 June 2010 (by Distribution Channel)

	RSA R million	Africa R million	* Other International R million	Total June 2010 R million	Total June 2009 R million
Brokers	112	45	-	157	188
Agents	189	124	70	383	297
Bancassurance	-	14	-	14	18
Direct	4	9	-	13	17
Group business and Other	118	-	-	118	103
Total New business	423	192	70	685	623

Note: Prior year's figures restated for accounting policy changes

* Sanlam's share only

Sanlam Developing Markets continued

New Business single premiums for the period ended 30 June 2010
(by Distribution Channel)

	RSA R million	Africa R million	* Other International R million	Total June 2010 R million	Total June 2009 R million
Brokers	192	22	-	214	291
Agents	-	0	50	50	25
Bancassurance	-	213	-	213	124
Direct	-	-	-	-	-
Group business and Other	-	117	-	117	253
Total New business	192	352	50	594	693

Note: Prior year's figures restated for accounting policy changes

* Sanlam's share only

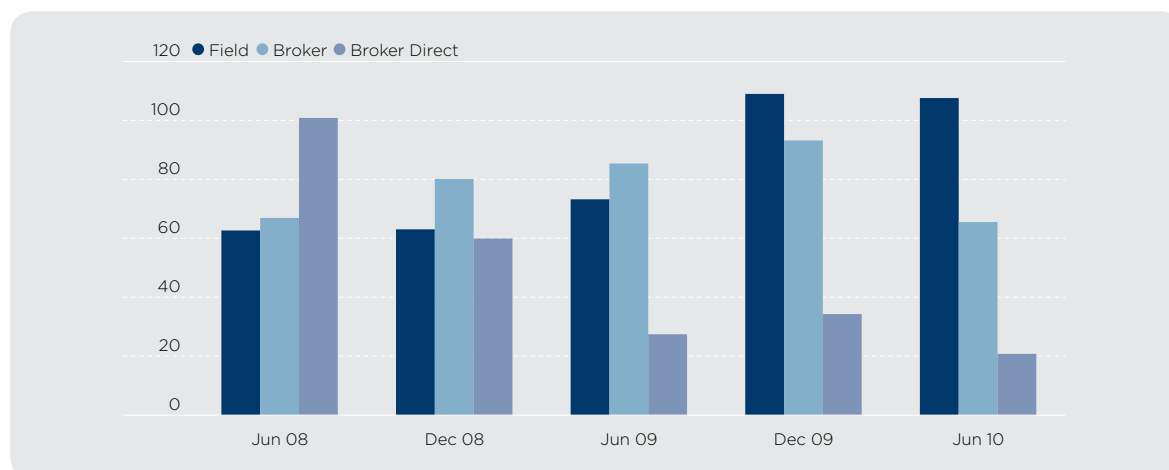
Present Value of New Business Premiums for the period ended 30 June 2010
(by Distribution Channel)

	RSA R million	Africa R million	* Other International R million	Total June 2010 R million	Total June 2009 R million
Brokers	545	182	-	727	932
Agents	611	435	196	1 242	990
Bancassurance	-	249	-	249	154
Direct	6	39	-	45	58
Group business and Other	467	117	-	584	680
Total New business	1 629	1 022	196	2 847	2 814

Note: Prior year's figures restated for accounting policy changes

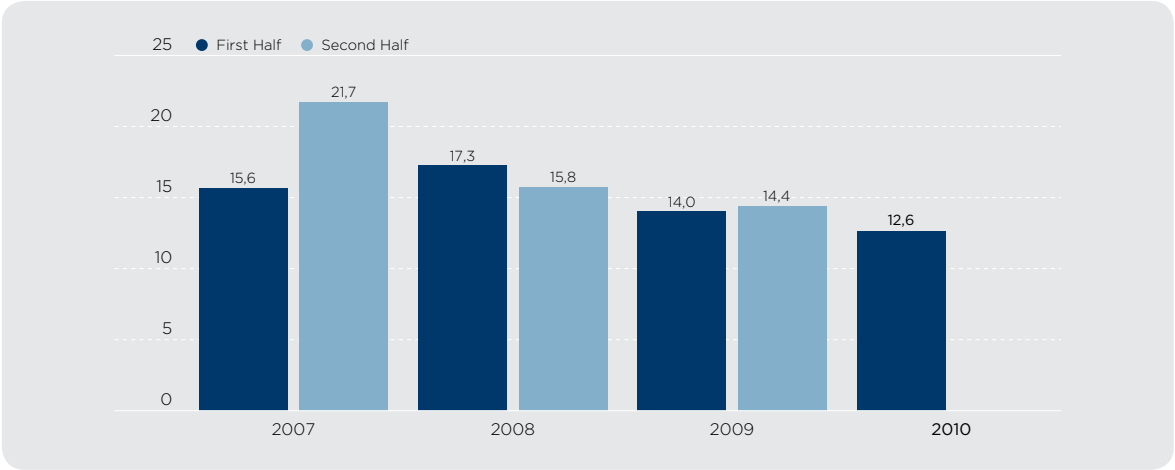
* Sanlam's share only

Sanlam Sky (including Channel Life) - Number of Sales Cases ('000)

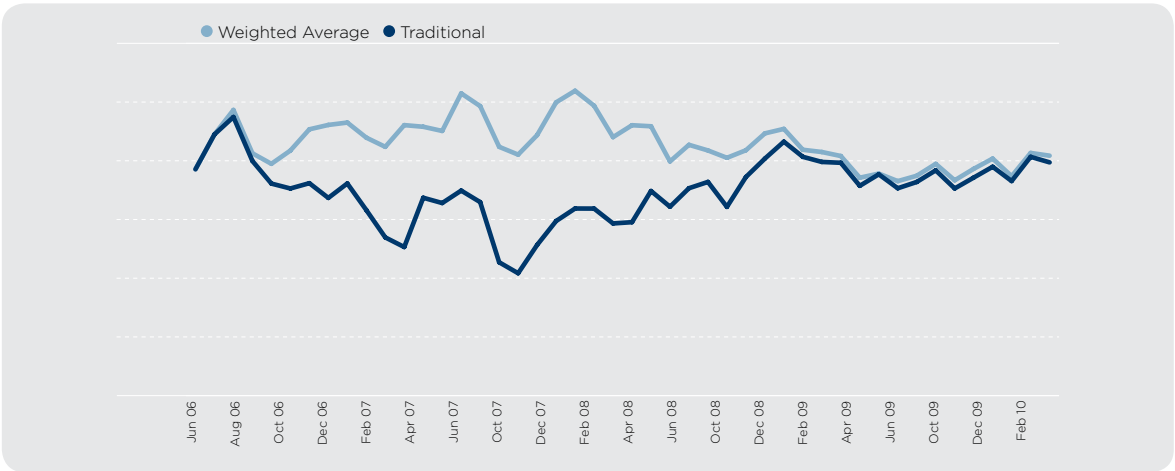


Sanlam Developing Markets continued

Sanlam Sky (excluding Channel Life) - Number of Not-Taken-Ups (NTU's), lapses and surrenders as percentage of in-force



Sanlam Sky (excluding Channel Life) NTU rates (by month of inception)
Weighted average (all channels including direct business) vs traditional channels only



Sanlam UK

Who we are

The Sanlam UK cluster consists of subsidiary companies Merchant Investors (100% owned), Principal (95% owned) and Buckles (71% owned). The portfolio is further complemented by Sanlam's minority holdings in Intrinsic, Nucleus and the Punter Southall Group. Our growing portfolio of financial services businesses operating in distribution, product packaging, administration and asset management services.

Sanlam UK's role is to create a framework that will enable each of our businesses to thrive through the establishment of quality intermediary relationships, the linking of business opportunities, sharing of knowledge and experience, and having access to the necessary capital for growth.

Sanlam UK continued

Sanlam UK

<i>R million</i>	1H10	%Δ
Net profit	31	138
New business flows - Subsidiaries	1 499	57
- Life insurance	557	24
- Investment	942	87
PVNB premiums	577	25
VNB	9	-
Margin	1,56% vs 0,00%	
Annualised ROGEV	8,7%	
Annualised Adjusted ROGEV	18,1%	

Group profile and shareholding structure

Investment	Shareholding	Description
Merchant Investors	100%	Bristol-based niche player in the affluent life and specialist pension markets
Principal	95%	Leading independent investment management company specialising in discretionary portfolio management
Buckles	71%	Largest independent financial adviser practice based in Wales
Nucleus	41%	Linked investment product platform controlled by independent financial advisers
Intrinsic	28%	Multi-tied financial intermediary business consisting of financial planning and mortgage advisory divisions
Punter Southall Group	26%	UK-based financial services advisory group

Sanlam UK continued

Key performance measurements – 30 June 2010

		Total controlled entities ¹	Total - associates ²	Sanlam UK	Total
Funds under Management (£bn)	2010	2,7	2,1		4,8
	2009	2,3	1,6		3,9
Funds under Administration (£bn)	2010	0	0,6		0,6
	2009	0	0,3		0,3
Number of Advisers	2010	37	1 663		1 700
	2009	48	1 654		1 702
Flows					
- New business (£m)	2010	130,7	436,6		567,3
	2009	70,0	250,0		320,0
- Total (£m)	2010	153,6	436,6		590,2
	2009	92,0	250,0		342,0
- Net flows (£m)	2010	39,5	311,3		350,8
	2009	(8,1)	79,0		70,9
- VNB (Life Insurance) (£m)	2010	0,8	0,0		0,8
	2009	0,0	0,0		0,0
Operating Profit (£m)	2010	2,3	0,9	(0,6)	2,6
	2009	1,5	(0,1)	(0,4)	1,0

(1) Total controlled entities comprise of Merchant Investors (100%), Principal (95%) and Buckles (71%)

(2) Total associates comprise of Punter Southall Group (26%), Intrinsic (28%) and Nucleus (41%)

Sanlam Investments

Who we are

Sanlam Investments is one of the core clusters within the Sanlam Group and consists of 15 businesses working collaboratively to offer individual and institutional clients access to a comprehensive range of specialised investment and risk management expertise spanning local and international asset management, private equity, hedge funds, employee benefits, property investments and more.

Each business within the Sanlam Investments cluster functions as an entrepreneurial entity with a shared focus on delivering leading performance and exceptional client service. We achieve this by instilling passionate ownership as an intrinsic value among our employees.

We are based in Cape Town, with a strong presence in sub-Saharan Africa and footprints in the United Kingdom, Europe, Australia and India. Our diverse client base includes retirement funds, corporations, financial institutions, individual investors, trade unions, non-governmental organisations, governments and their agencies.

Sanlam Investments continued

Sanlam Investments

<i>R million</i>	1H10	%Δ
Net operating profit	238	(4)
New business flows*	22 428	(12)
– SA: Segregated	5 998	(24)
– SA: Other	14 948	(4)
– Non-SA	1 482	(22)
Net flows*	1 860	–
FUM (R billion)	443	10
Annualised ROGEV	3,8%	
Annualised Adjusted ROGEV	13,9%	

* Excludes White Label, but includes SPE, SSS and Sanlam Properties

Profile of Sanlam Investments

Sanlam Investment Management (SIM)	One of the largest investment managers in South Africa as measured by assets under management, SIM manages financial assets for individual, institutional, retail and corporate clients and offers investment strategies in vehicles ranging from collective investments to institutional portfolios. SIM is grouped into eight multi-specialist investment capabilities that share a common research platform. These are Equities, Fixed Interest, Absolute Return, Liability Driven, Active Quants, Balanced Mandates, Socially Responsible Investing and Hedge Funds. Our structure ensures focus, a small-team culture and speedy decision-making so our clients get access to our best thinking and investment expertise at all times.
Sanlam Collective Investments (SCI)	The third largest manager of collective investment portfolios in South Africa, SCI offers a wide range of retail, multi-managed, institutional and third-party collective investment funds.
Sanlam Employee Benefits (SEB)	Sanlam Employee Benefits specialises in the provision of risk, investment, umbrella fund and fund administration services to institutions and retirement funds.
Sanlam Multi Manager International (SMMI)	An investment management advisory business, SMMI is dedicated to active multi-management.
Sanlam Private Investments (SPI)	SPI is a private client portfolio management and stockbroking business, serving high net worth individuals, charitable trusts and smaller institutions.
Sanlam Capital Markets (SCM)	SCM is a provider of risk management and structured product solutions.
SIM Emerging Markets (SIM-EM)	A fund and investment management business, SIM-EM focuses on emerging markets, particularly in Africa and Asia. SIM-EM has offices in Namibia, Botswana, Nigeria, Kenya, Zambia and India.
Sanlam International Investment Partners (SIIP)	SIIP actively seeks to form partnerships with investment teams in developed markets such as the US, UK, Europe and Australasia and to work with them to build businesses which can capably service their unique markets.
Sanlam Properties (SP)	Sanlam Properties specialises in strategic property services, including portfolio management, development, sales and listings.
Sanlam Asset Management – Ireland (SAMI)	SAMI is an international investment management business based in Dublin, and manages funds domiciled in Ireland for the Sanlam Group.
Sanlam Private Equity (SPE)	One of the largest private equity fund managers in South Africa, SPE offers both direct and fund-of-funds investment programmes. SPE also drives the Group's BEE investment programme.
SIM Global	SIM Global actively manages long-only international funds from South Africa for local and international clients.
Blue Ink	A specialist alternative investment provider, focusing on hedge fund-of-funds, is based in Switzerland with offices in South Africa. The business also specialises in alternative investment strategies.
Sanlam Structured Solutions (SSS)	SSS offers derivative-based skills to the Investments cluster to enhance returns on portfolios and to improve the product offering to clients, such as derivative, tax and legal-based structured products.
Simeka	Wholly owned by Sanlam Investments, Simeka is an employee benefits consulting company operating independently within the larger Investments cluster.

Sanlam Investments continued

Income Statement per Division

<i>R million</i>	Total Investment Cluster		Total South African operation		Total Rest of Africa operation*		Total International operation	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
Income	932	852	745	641	66	61	121	150
Operating expenses	(521)	(381)	(409)	(271)	(53)	(42)	(59)	(68)
Asset Management and distribution fees paid	(164)	(134)	(159)	(130)	-	-	(5)	(4)
Profit before tax & performance fees	247	337	177	240	13	19	57	78
Performance fees	78	11	33	3	1	-	44	8
Profit before tax	325	348	210	243	14	19	101	86
Tax and minorities	(87)	(101)	(61)	(66)	(16)	(16)	(10)	(19)
Equity accounted earnings	-	1	-	1	-	-	-	-
Operating profit after tax	238	248	149	178	(2)	3	91	67
Assets under management (Rbn)	443	403	379	343	28	25	36	35

* Includes equity-accounted income of Indian Joint Ventures

Split in Assets Under Management (Rbn)

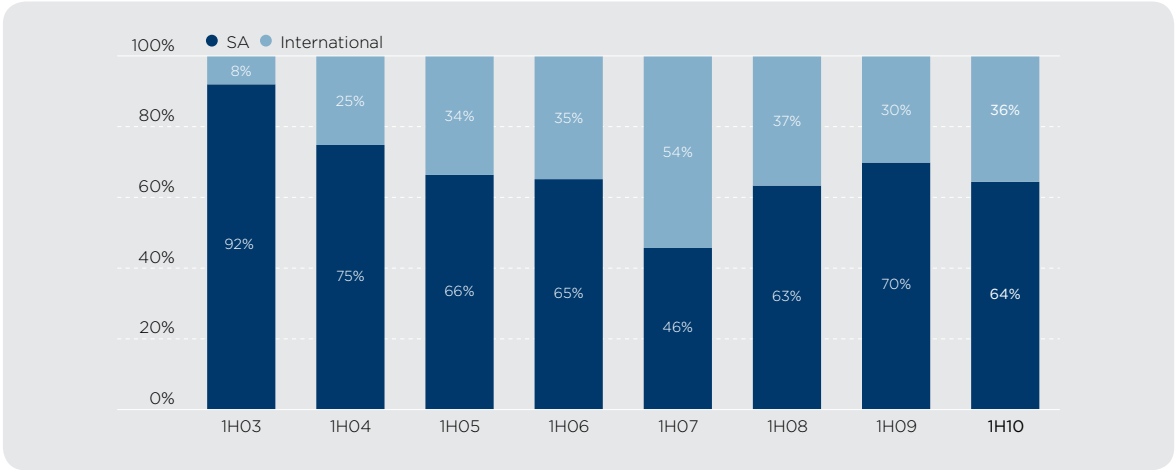
	June 2010	June 2009
Wholesale	343,9	321,3
- Sanlam (SA assets)	180,1	165,6
- Sanlam (International assets)	33,6	31,6
- Segregated *	117,8	108,0
- Sanlam Properties	-	4,5
- Sanlam Collective Investments	12,4	11,6
Retail	99,3	81,5
- Sanlam Private Investments	45,6	34,4
- Sanlam Collective Investments	46,4	39,7
- Sanlam Multi Manager (Glacier) **	7,3	7,4
Total AUM (Consolidated)	443,2	402,8

* The assets of SIM Emerging Markets are included in this number.

** The rest of Sanlam Multi Manager assets are included in Sanlam and Segregated assets.

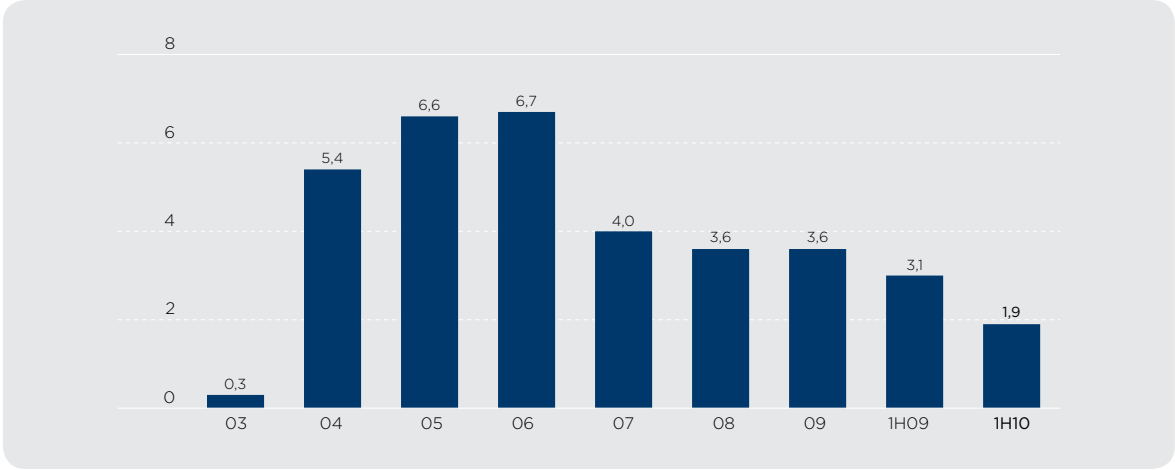
Sanlam Investments continued

Split of Operating Profit before Tax (South Africa and International) – 6 months ending 30 June



Note: Comparative numbers restated to exclude SP, SPE & SSS

Net Fund Flows (Rbn) – excluding White Labels



Note: 2005 excludes PIC outflows of R6.0bn
2006 excludes PIC outflows of R21.6bn
AUM for Sanlam Properties, Sanlam Private Equity and Sanlam Private Investments included, although profits are consolidated into Capital Markets

Sanlam Employee Benefits

Who we are

Sanlam Employee Benefits (SEB) specialises in the provision of risk and investment solutions as well as administration services to institutions and retirement funds.

SEB consists of four entrepreneurial divisions: Sanlam Group Risk, Sanlam Structured Solutions, Sanlam Umbrella Solutions and Sanlam Retirement Fund Administration (Coris Platform).

Our underlying philosophy is to be driven by the needs of our clients. We therefore dedicate our time and resources to creating employee benefit solutions that help retirement fund members realise their life-long goal of having sufficient resources enabling them to enjoy their retirement.

We offer our clients institutional investment products (market-linked investments and smoothed bonus portfolios), group life benefits, group disability benefits, cell insurance schemes, retirement fund administration, annuity solutions and an umbrella fund offering.

The SEB brand is associated with well-established and highly rated retirement fund research. Our research findings are presented annually at the SEB Benchmark Symposium and are sought after by pension fund trustees, principal officers, consultants as well as competitors.

Sanlam Employee Benefits continued

Sanlam Employee Benefits

<i>R million</i>	1H10	%Δ
Net operating profit	62	(5)
New business flows	450	217
Recurring	91	20
Single	359	444
PVNB premiums	1 081	54
VNB	11	120
Margin	1,02% vs 0,71%	
Annualised ROGEV	-0,6%	
Annualised Adjusted ROGEV	9,1%	

Group profile and shareholding structure

Investment	Shareholding	Description
Sanlam Employee Benefits (SEB)	100	Retirement fund business
Sanlam Umbrella Fund Administrators (SUFA)	100	Umbrella fund administration (SME focus)
Sanlam Customised Insurance Limited (SCIL)	100	Cell captive insurer
Infinit Group Solutions	50,1	Distribution of diversified Group risk products
Coris Capital	100	Retirement fund administration

Analysis of Operating Profit

	June 2010 <i>R million</i>	June 2009 <i>R million</i>
Underwriting risk	48	75
Investment & other	75	57
Administration	(32)	(40)
Operating profit	91	92

Analysis of New Business (per Product Line)

	June 2010 <i>R million</i>	June 2009 <i>R million</i>
Recurring	91	76
Guaranteed	8	2
Annuity	0	0
Risk	83	74
Single	359	66
Guaranteed	171	11
Annuity	179	53
Risk	9	2

Sanlam Investment : Capital Management (SICM)

Who we are

SICM is a sub-cluster in the Investments Cluster consisting of Sanlam Capital Markets ("SCM"), Sanlam Private Equity ("SPE"), the derivative unit of Sanlam Structured Solutions ("SSS") and Sanlam Properties ("SP"). The grouping of these businesses is aimed extracting synergies for the Sanlam Group while respecting necessary governance principles.

The Market Activity Division of SCM and SSS are financial engineering businesses that provide risk management solutions for their clients. The Debt and Equity Divisions of SCM and SPE provide financing solutions to clients using debt or equity instruments and their derivatives. SP conducts property development on a limited scale.

Sanlam Investment : Capital Management continued

Sanlam Investment : Capital Management

<i>R million</i>	1H10	%Δ
Net operating profit	57	(24)
Total revenue	201	(10)
Cost to income ratio	70% vs 63%	
Group Equity Value	836	
Annualised ROGEV	2,8%	
Annualised Adjusted ROGEV	2,7%	

Analysis of Operating Profit

	June 2010 <i>R million</i>	June 2009 <i>R million</i>
Sanlam Capital Markets	143	162
Capital	12	16
Equities	61	104
Debt	82	46
Market Activity	(12)	(4)
Sanlam Structured Solutions	13	13
Sanlam Private Equity	17	18
Sanlam Property Developments	28	31
Total Operating Revenue	201	224
Total Operating Expenses	(140)	(141)
Income before taxation	61	83
Taxation	(4)	(8)
Operating profit	57	75

Santam Limited

Who we are and what we do

Santam is the leading short-term insurer in South Africa offering clients a wide variety of highly specialised insurance products and services. Its core business has been the same for over 90 years - to take care of its clients' insurance needs by protecting the things that are important to them. Recent accolades include: the Deloitte Best Company to Work For in 2009 as voted by staff, the top business-to-business short-term insurer in the Markinor Top Brand survey in 2009, the Ask Afrika Orange Index 2009 for excellent customer service and the Best Personal, Commercial and Corporate insurer by the Financial Intermediaries Association in 2009 and 2010. Santam offers personal, commercial, corporate and specialist risk solutions and insures most of the largest 100 companies listed on the Johannesburg Stock Exchange.

With a countrywide infrastructure and broker network and more than 650 000 policyholders, Santam's yellow umbrella is truly covering South Africa. Santam also has business interests in Zimbabwe, Malawi, Uganda, Tanzania and Zambia. The company holds strategic investments in various companies in the insurance industry, including the subsidiary Santam Namibia Ltd.

Santam has two world-class call centres in Cape Town and Johannesburg respectively. Highly trained consultants assist brokers and clients with, among other, insurance quotes and policy amendments.

Santam Limited continued

Santam

<i>R million</i>	1H10	%Δ
Net operating profit*	300	154
Gross written premium	7 717	6
New earned premiums	6 646	8
- Net claims ratio	65,2%	
- Net acquisition ratio	26,7%	
- Underwriting ratio	8,1%	
Group solvency	44%	
Annualised ROGEV	12,0%	
Annualised Adjusted ROGEV	13,3%	

* Contribution to Sanlam's net operating profit.

Business Profile

Insurance classes	% contribution to gross written premium
Motor	40
Property	28
Alternative risk	16
Liability	6
Engineering	4
Transportation	2
Accident and health	2
Crop	1
Miscellaneous	<1
Guarantee	<1

Key Results

<i>R million</i>	June 2010	June 2009	%Δ
Gross written premium	7 717	7 291	6
Underwriting result	539	94	473
Investment return on insurance funds	204	217	(6)
Net insurance result	743	311	139

Santam Limited continued

Net operating profit for the year ended 30 June 2010

	June 2010	June 2009	%Δ
Net earned premiums	6 646	6,179	8
Interest on working capital	204	217	(6)
Financial services income	6 850	6 396	7
Sales remuneration	(1 014)	(940)	(8)
Income after sales remuneration	5 836	5 456	7
Underwriting policy benefits	(4 331)	(4 503)	4
Administration costs	(762)	(642)	(19)
Result from financial services before tax	743	311	139
Tax on result from financial services	(208)	(90)	(131)
Result from financial services after tax	535	221	142
Minority shareholders' interest	(235)	(103)	(128)
Net result from financial services (Sanlam's share)	300	118	154

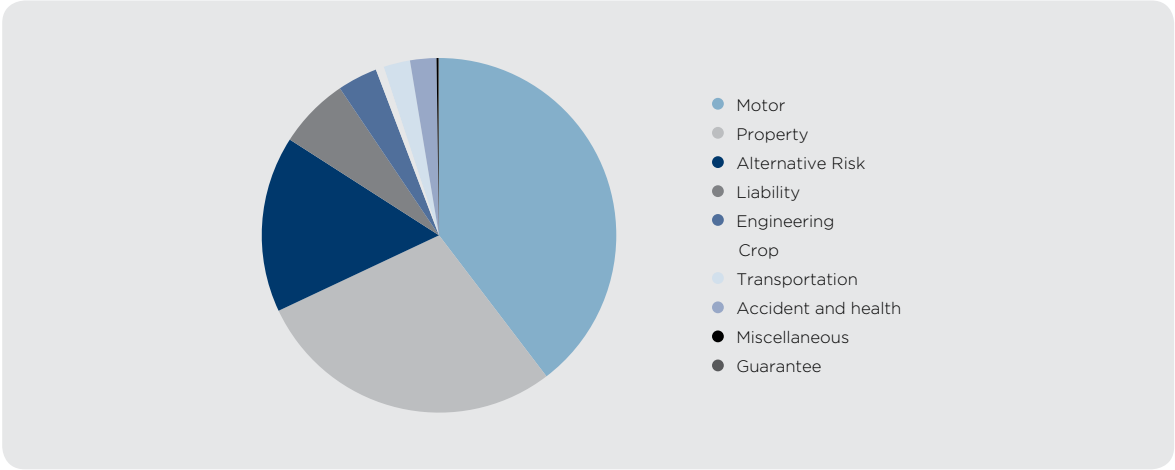
Key Ratios

		June 2010	June 2009
Ratios		%	%
Net claims ratio		65,2	72,9
Net acquisition cost ratio		26,7	25,6
Net underwriting ratio		8,1	1,5
Solvency			
Net asset value (NAV)	Rm	5 016	4 266
NAV per share	cps	4 440	3 525
Net written premium**	Rm	13 318	11 307
Group Solvency	%	44	42

** Net written premium is for rolling 12 months

Santam Limited continued

GWP per Insurance Class (%) – Continuing activities only



Underwriting Surplus per Insurance Class (Rm) – Continuing activities only

