



INTERIM RESULTS

for the six months ended 30 June 2011



Contents

Overview	
Key features	01
Salient results	02
Executive review	03
Comments on the results	06
Interim financial statements	23
Accounting policies and basis of presentation	24
External audit reports	26
Shareholders' information	29
Group Equity Value	30
Change in Group Equity Value	32
Return on Group Equity Value	32
Adjusted return on Group Equity Value	33
Shareholders' fund at fair value	34
Shareholders' fund income statement	38
Notes to the shareholders' fund information	42
Embedded value of covered business	49
Group financial statements	57
Statement of financial position	58
Statement of comprehensive income	59
Statement of changes in equity	60
Cash flow statement	61
Notes to the financial statements	62
Administration	65

Sanlam Group Interim Results June 2011

Key features

Earnings

- › Net result from financial services per share increased by 22%
- › Normalised headline earnings per share up 35%

Business volumes

- › New business volumes up 11% to R55 billion
- › Net value of new covered business up 26% to R356 million
- › Net new covered business margin of 2,52%, up from 2,32%
- › Net fund inflows of R11 billion, up 72%

Group Equity Value

- › Group Equity Value per share of R28,77
- › Annualised return on Group Equity Value per share of 12,8%
- › Adjusted annualised return on Group Equity Value per share of 12,6%

Capital management

- › Discretionary capital of R3,2 billion at 30 June 2011
- › Sanlam Life CAR cover of 3,2 times

Sanlam Investments: assets under management of R504 billion

SALIENT RESULTS

for the six months ended 30 June 2011

		2011	2010	Δ
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	84,7	69,4	22%
Normalised headline earnings per share ⁽¹⁾	cents	108,6	80,5	35%
Diluted headline earnings per share	cents	109,6	84,1	30%
Net result from financial services	R million	1 716	1 422	21%
Normalised headline earnings ⁽¹⁾	R million	2 202	1 650	33%
Headline earnings	R million	2 205	1 710	29%
Group administration cost ratio ⁽²⁾	%	29,5	29,1	
Group operating margin ⁽³⁾	%	19,8	17,9	
Business volumes				
New business volumes	R million	55 062	49 781	11%
Net fund flows	R million	11 418	6 649	72%
Net new covered business				
Value of new covered business	R million	356	283	26%
Covered business PVNBP ⁽⁴⁾	R million	14 112	12 220	15%
New covered business margin ⁽⁵⁾	%	2,52	2,32	
Group Equity Value				
Group Equity Value ⁽⁶⁾	R million	57 885	57 361	1%
Group Equity Value per share ⁽⁶⁾	cents	2 877	2 818	2%
Annualised return on Group Equity Value per share ⁽⁷⁾	%	12,8	9,1	
Adjusted annualised return on Group Equity Value per share ⁽⁸⁾	%	12,6	13,2	
SANLAM LIFE INSURANCE LIMITED				
Shareholders' fund ⁽⁶⁾	R million	40 572	40 521	
Capital Adequacy Requirements (CAR) ⁽⁶⁾	R million	7 475	7 375	
CAR covered by prudential capital ⁽⁶⁾	times	3,2	3,4	

Notes

⁽¹⁾ Normalised headline earnings = headline earnings, excluding fund transfers.⁽²⁾ Administration costs as a percentage of income after sales remuneration.⁽³⁾ Result from financial services as a percentage of income after sales remuneration.⁽⁴⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.⁽⁵⁾ New covered business margin = value of new covered business as a percentage of PVNBP.⁽⁶⁾ Comparative figures are as at 31 December 2010.⁽⁷⁾ Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the period.⁽⁸⁾ Return on Group Equity Value per share, based on investment return assumptions as at the beginning of the period.

EXECUTIVE REVIEW

It is particularly pleasing to present another set of satisfactory results to our stakeholders, delivering on our promise of sustained value creation.

The Group's strategy, focussed on the five pillars of optimal capital utilisation, earnings growth, costs and efficiencies, diversification and transformation, has been in place for a number of years and remains relevant in a continuously changing world. Our strategy provided a solid base to perform in a challenging business environment over the last three years. The first half of the 2011 financial year was no exception.

In the 2010 annual report we indicated that we did not expect the South African economy to stage a large-scale recovery but to reflect slow, yet steady, progress. We also expected volatility to remain in global investment markets, as well as weakness in developed economies. These expectations summarise actual conditions experienced in the first six months of 2011. Despite overall positive economic growth in South Africa, the economy remains fragile with many consumers still struggling with high debt levels despite historic low lending rates. Increases in administered prices aggravate the pressure on disposable income and are also expected to reflect in an increase in inflation over the next year. The other African economies in which the Group operates continue to exhibit a delayed recovery on the back of higher resource prices. Operating conditions in Botswana were impacted by industrial action in the public sector, of which the full adverse impact on business results may still materialise. Against this backdrop, the Group delivered a solid performance.

Our primary performance target is to optimise shareholder value through maximising the return on Group Equity Value (ROGEV) per share. This measure of performance is regarded as the most appropriate given the nature of the Group's diversified business and incorporates the result of all the major value drivers in the business.

The ROGEV target for 2011 is 12,4%, based on the objective to exceed the Group's cost of capital by 100 basis points. Cost of capital is set at the government (9-year) bond yield at the start of each financial year plus 300 basis points. Over a short-term measurement period the actual return achieved can be distorted by volatile market movements. An 'adjusted' ROGEV that aims to exclude the impact of investment market volatility and other significant items not under management's control, is therefore also reported. This is calculated principally by assuming that for purposes of the investment return earned on the supporting capital of covered business and the valuation of other Group operations, the investment return assumptions used at the beginning of the reporting period were actually achieved in that period.

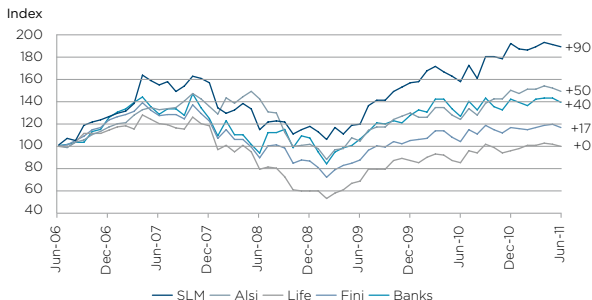
The actual annualised ROGEV per share achieved for the first half of 2011 was 12,8%, impacted negatively by unfavourable equity market performance, but partly offset by the release in the valuation base of the allowance for Secondary Tax on Companies ('STC'). This follows the imminent replacement of STC with a dividend withholding tax effective 1 April 2012. The adjusted annualised ROGEV per share for the same period amounted to 12,6%, exceeding the target. Sustainable value creation remains a key component of the Group's strategy. On a cumulative basis the Group has outperformed the ROGEV performance target since being demutualised in 1998.

Other key performance indicators for the Group's interim results are as follows:

- › Net result from financial services increased by 22% on 2010 to 84,7 cents per share;
- › New business volumes of R55 billion, up 11% on 2010;
- › Value of new life business up 26% to R356 million; and
- › Net fund inflows of R11 billion in 2011 compared to R7 billion in 2010.

Sanlam shareholders have been handsomely rewarded by the success of the Group's strategy over the past few years. Over the last five years, the Sanlam share price (excluding dividends) significantly outperformed the major JSE/FTSE indices.

Sanlam Relative Share Price Performance



Delivering on strategy

We made steady progress on the priorities for 2011 that were outlined in the Group's 2010 Integrated Annual Report. Some major initiatives are:

- › Pursue profitable growth opportunities with the aim of efficiently redistributing discretionary capital

Agreement has been reached with the **Shriram Group**, our partners in India, to increase Sanlam's exposure to the financial services activities of the Shriram Group. These are held through a holding company, Shriram Capital, and include commercial financing, retail financing, a distributor of wealth products and stock broking businesses, as well as a 51% holding in each of the life and general insurance joint ventures with Sanlam. The activities of all these businesses are closely interrelated through cross selling, shared management and services as well as a shared distribution force. A Sanlam investment in Shriram Capital therefore better aligns the current and the future expansion interests of Sanlam with that of our Indian partner, while it also provides Sanlam access to the strong growth and profit generating capacity of the financing entities. This investment is also in line with Sanlam's strategy to diversify both geographically and into broader financial services. In terms of the agreement with Shriram, Sanlam will subscribe for an effective 26% interest in Shriram Capital through a cash contribution of R1,9 billion, while Sanlam's 26% interest in both Shriram Life Insurance and Shriram General Insurance will also be transferred to Shriram Capital. The existing management and governance arrangements in the insurance ventures, as well as Sanlam's entitlement to acquire a further 23% in both ventures, will remain unchanged. The transaction is still subject to regulatory and SARB approval.

We are also investigating a number of opportunities for expansion in **Africa**. This includes potential consolidation in some markets, as well as expansion into new countries, with Mozambique likely to be added in 2011. Other initiatives are at various stages of development and further information will be provided when appropriate. The potential for expansion into South East Asia will also be considered during the remainder of the year.

- › Expand our adviser and broker footprint

Both SPF and SDM are expanding their distribution footprint. After a reduction in SDM's South African sales force as part of its focus on writing quality business, steady progress is being made to increase adviser numbers again. Nucleus, our Independent Financial Adviser (IFA) controlled investment platform in the United Kingdom (UK), continues to grow strongly. Net inflows of R3,7 billion were achieved during the first half of 2011, increasing Nucleus' funds under administration to R13 billion. The target is to further expand our distribution reach during the remainder of the year.

- › To ensure appropriate strategic focus across the Group, the management structure was changed with effect from 1 July 2011 (reported results for the first six months of 2011 are still based on the old structure):
 - o Emerging markets outside of South Africa have been identified as a strategic future growth accelerator for the Group. To ensure appropriate management attention on these markets, all of the operations in Africa (excluding South Africa) and India have been combined into a Sanlam Emerging Markets cluster under the leadership of Heinie Werth (former chief executive of Sanlam Developing Markets). This

includes operations formerly managed within the Sanlam Personal Finance, Short-term Insurance and Institutional clusters, thereby effectively transforming the Group's product-based approach in emerging markets into a holistic country-based approach. This will enable structured and focussed development of the Group's exposure in these markets and contribute to leveraged growth opportunities.

- o The South African consumer landscape is continuously transforming, with particularly entry-level clients migrating to the middle-income market. In line with the Group's client centric strategy to provide clients with a superior 'Journey For Life' experience, it became appropriate to merge the South African operations of Sanlam Developing Markets with that of Sanlam Personal Finance under the leadership of Lizé Lambrechts. This will ensure improved client service and the opportunity for a seamless addition of Sanlam solutions to clients' portfolios as their needs and level of disposable income change. At the same time it will ensure better coordination in targeting the full spectrum of the South African retail client market.
- o The Group's presence in the developed markets is primarily aimed at providing South African retail and institutional clients with international investment opportunities, while augmenting these niche operations with some local distribution footprint to enhance efficiency and economies of scale. The Sanlam UK operations are essentially investment management businesses and directly linked to the Institutional clusters' operations in these markets. The potential exists to extract further synergies from the Group's different UK operations. Management responsibility for Sanlam UK has accordingly been transferred to the Institutional cluster under Johan van der Merwe to ensure focussed management of the Group's developed market exposure.

We are confident that the new management structure will contribute to enhanced growth and value creation for all our stakeholders.

- › Expand our customer base in South Africa through innovation in product design and distribution mechanisms

The restructuring of the South African retail business (as outlined above) is an important step towards focussed management of changing client needs, including the further development of innovative product solutions and distribution channels. This will be a key focus for Sanlam Personal Finance. Within the middle-income and affluent market segments, two new innovative solutions were launched since the fourth quarter of 2010. The Cumulus single premium savings solution was launched in 2011 to alleviate the impact of low short-term interest rates on sales of the traditional guaranteed solutions. Glacier also launched its international offering in October 2010. Both products were well accepted in the market. The development of MiWay's platform for the direct distribution of life insurance solutions will add to the Group's distribution platforms.

Capital management

The Group held discretionary capital of R4 billion at the end of 2010. During 2011, R170 million was added to the pool from the disposal of Fundamo. Utilisation of discretionary capital comprised of R944 million to acquire 34,8 million Sanlam shares in terms of the share buy-back programme, R71 million for the acquisition of some 552 000 Santam shares, R31 million for the establishment of our Nigerian life operations and R87 million for the acquisition of Border Asset Management in the UK and other smaller transactions. The net effect of these cash flows, allowance for illiquid assets and investment return earned on the discretionary capital portfolio, was to reduce the level of discretionary capital to R3,2 billion at 30 June 2011. Capital efficiency is a major strategic focus of the Group and any discretionary capital that will not be used for corporate activity within a reasonable timeframe will be returned to shareholders. The discretionary capital at 30 June 2011 is substantially earmarked for corporate activity and expansion of the Group's footprint in Africa and India. Further share buy-backs will also be considered in periods of share price weakness.

Looking ahead

Operating conditions are expected to remain difficult for the remainder of 2011. The economies of developed markets are likely to remain weak with downside risk increasing significantly since the end of June. This elevates the risk of a slowdown in demand for commodities, which will impact on growth in the resource-based economies in which the Group operates.

Volatility in investment markets is commensurately also expected to remain. The outlook for the remainder of the 2011 financial year therefore remains cautious. Investment market performance for the second half of the year will also impact on the level of headline earnings growth to be reported for the full 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 statements may also relate to our future prospects, developments and business strategies. 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 2011 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 2010 interim and annual report, apart from the following:

- › Further clarification has been obtained regarding the accounting treatment of investments in associates since the release of the Group's interim results for 2010. IFRS contains an exemption to the equity-accounting of investments in associates for those investments held in life insurance funds (i.e. policyholders' funds). These investments can be recognised at fair value in the statement of financial position. The Group's general interpretation of this exemption up to 30 June 2010 was that it only applied in instances where all shares are held in the policyholders' fund. Where a portion of the investment is held by the shareholders' fund, the full investment had to be equity-accounted. The clarification referred to above, however, confirmed that 'split' accounting can be applied and that the policyholders' fund's interest can in all instances be recognised at fair value. This applies to the Group's interest in Vukile. The shareholders' fund's investment is equity-accounted whereas the interest held in the policyholders' fund is carried at fair value. This split accounting now prevents the previous economic mismatch between policy liabilities and policyholder assets. For the six months to 30 June 2010, a fund transfer of R100 million was recognised in respect of the Vukile units held in the policyholders' fund as these holdings were also equity-accounted. This fund transfer has been reversed in the comparative information congruent to the change in clarification. A reallocation between equity-accounted earnings and net investment return was also required in the IFRS statement of comprehensive income. This change aligns the accounting policy applied in the 2010 comparative period to that applied in the 2010 annual report.
- › The replacement of STC in South Africa with a withholding tax basis required the elimination of STC as a future Sanlam cost in the valuation base. This resulted in an increase in the future profitability of new life insurance business written (VNB) as well as the in-force life insurance book (VIF).

Business environment

By their nature the Group's operations are exposed to the volatility of financial markets and economic conditions in general. The main features of the business environment during the first six months of 2011 to take cognisance of in evaluating the Group's results are highlighted below.

Economic conditions

Economic growth in the main geographical regions in Africa and the United Kingdom (UK) where the Group operates remained weak. Administered inflation also continued to put pressure on disposable income of South African retail clients.

Equity markets

The South African equity market delivered a lacklustre performance in the first half of 2011, albeit a relative improvement on the first six months of the 2010 financial year. The FTSE/JSE All Share and Swix Indices both closed 1% down on their 31 December 2010 levels. This compares to the respective 5,1% and 3,5% declines in the first six months of 2010. The strong equity market performance in the latter half of 2010, however, contributed to a 17% higher average market level during the first six months of 2011, as compared to the same period in 2010. This had a positive impact on the relative level of assets under management in 2011 compared to 2010.

Interest rates

Long-term interest rates (9-year) increased by 30bps since 31 December 2010, but are 50bps lower than 30 June 2010. Short-term interest rates declined sharply in the latter half of 2010 and remained at these low levels during the first six months of 2011. Compared to the first half of 2010, short-term interest rates were on average 160bps (20%) lower in 2011.

Foreign currency exchange rates

The rand weakened against the major developed market currencies since December 2010, but continued to strengthen against the emerging market currencies to which the Group has the largest exposure. However, the average rand exchange rate for the first half of 2011 was stronger against all applicable currencies compared to the first half of 2010, as reflected in the table below (negative variances indicate a strengthening of the rand).

Foreign currency/ZAR	Europe EUR	United Kingdom GBP	USA USD	Botswana BWP	India INR	Kenya KES
31/12/2009	10,56	11,89	7,36	1,13	0,16	0,10
30/06/2010	9,39	11,47	7,66	1,10	0,16	0,10
	-11,1%	-3,5%	4,1%	-2,7%	0,0%	0,0%
31/12/2010	8,88	10,36	6,62	1,05	0,15	0,09
30/06/2011	9,83	10,88	6,79	1,04	0,15	0,08
	10,7%	5,0%	2,6%	-1,0%	0,0%	-11,1%
Average: first half 2010	9,97	11,47	7,52	1,12	0,16	0,10
Average: first half 2011	9,67	11,14	6,89	1,07	0,15	0,08
	-3,0%	-2,9%	-8,4%	-4,5%	-6,3%	-20,0%

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 2011

R million	June 2011		
	Total	Fair value of assets	Value of in-force
Embedded value of covered business	33 045	14 225	18 820
Sanlam Personal Finance	22 854	8 207	14 647
Sanlam Developing Markets	4 507	1 274	3 233
Sanlam UK	637	177	460
Sanlam Employee Benefits	5 047	4 567	480
Other group operations	19 751	19 751	-
Retail cluster	3 817	3 817	-
Institutional cluster	7 323	7 323	-
Short-term insurance	8 611	8 611	-
Other capital and net worth adjustments	1 889	1 889	-
	54 685	35 865	18 820
Discretionary capital	3 200	3 200	-
Group Equity Value	57 885	39 065	18 820
Issued shares for value per share (million)	2 011,7		
Group Equity Value per share (cents)	2 877		
Share price (cents)	2 756		
Discount	-4%		

R million	December 2010		
	Total	Fair value of assets	Value of in-force
Embedded value of covered business	31 045	14 033	17 012
Sanlam Personal Finance	21 488	8 144	13 344
Sanlam Developing Markets	3 952	1 104	2 848
Sanlam UK	638	212	426
Sanlam Employee Benefits	4 967	4 573	394
Other group operations	19 413	19 413	-
Retail cluster	3 359	3 359	-
Institutional cluster	7 525	7 525	-
Short-term insurance	8 529	8 529	-
Other capital and net worth adjustments	2 903	2 903	-
	53 361	36 349	17 012
Discretionary capital	4 000	4 000	-
Group Equity Value	57 361	40 349	17 012
Issued shares for value per share (million)	2 035,5		
Group Equity Value per share (cents)	2 818		
Share price (cents)	2 792		
Discount	-1%		

The GEV per share increased by 2% from 2 818 cents at 31 December 2010 to 2 877 cents at 30 June 2011, after payment of a 115 cents per share dividend in May 2011. The Sanlam share price traded at a 4% discount to GEV by close of trading on 30 June 2011, with the discount widening somewhat since December 2010 in the volatile investment market conditions.

The Group operations have a significant exposure to investment markets, both in respect of the shareholder capital portfolio that is invested in financial instruments, as well as a significant portion of the fee income base that is linked to the level of assets under management. The lacklustre investment market performance during the first six months of 2011 had a marked negative impact on the ROGEV for the period. After achieving a ROGEV per share of 9,1% in 2010, an annualised ROGEV per share of 12,8% was recorded for the first half of 2011. This was, however, impacted by the reversal of the STC allowance in the value of in-force (VIF) of R1,2 billion (refer above). The adjusted annualised ROGEV per share for the first half of 2011, which assumes long-term investment return assumptions and excludes items not under management's control, was 12,6%, in excess of the return target.

RETURN ON GROUP EQUITY VALUE

for the six months ended 30 June 2011

	June 2011		June 2010	
	Earnings R million	Return %	Earnings R million	Return %
Covered business	3 158	21,4	1 158	8,2
Sanlam Personal Finance	2 242	22,0	928	9,6
Sanlam Developing Markets	560	30,3	237	14,3
Sanlam UK	72	23,8	9	2,7
Sanlam Employee Benefits	284	11,8	(16)	-0,6
Other operations	845	8,9	947	11,6
Sanlam Personal Finance	190	19,4	284	38,3
Sanlam Developing Markets	10	5,0	81	71,4
Sanlam UK	75	17,3	55	13,6
Institutional cluster	325	8,8	125	3,6
Short-term insurance	245	5,8	402	11,6
Discretionary and other capital	(252)		127	
Balance of portfolio	205		366	
Treasury shares and other	(224)		(127)	
Change in net worth adjustments	(233)		(112)	
Return on Group Equity Value	3 751	13,5	2 232	8,9
Return on Group Equity Value per share		12,8		9,1

Covered business yielded an annualised return of 21,4% compared to 8,2% in 2010. Excluding the reversal of STC, investment variances and economic assumption changes, the ROGEV of covered business amounted to 15,5%, a solid performance. Strong VNB growth and continued positive operating experience variances supported the performance.

The valuations of the other Group operations were in general positively impacted by a higher average level of assets under management, supporting increased future profitability. The investment return earned on Santam and SDM's non-life operations, based on their listed share prices, reflects the overall low market returns.

Earnings**SUMMARISED SHAREHOLDERS' FUND INCOME STATEMENT**

for the six months ended 30 June 2011

R million	2011	2010	Δ
Net result from financial services	1 716	1 422	21%
Net investment return	766	499	54%
Net investment income	413	417	-1%
Net investment surpluses	299	22	>100%
Net equity-accounted earnings	54	60	-10%
Project expenses	(21)	(19)	-11%
BEE transaction costs	(2)	(3)	33%
Secondary tax on companies	(192)	(209)	8%
Amortisation of intangible assets	(65)	(40)	-63%
NORMALISED HEADLINE EARNINGS	2 202	1 650	33%
Other non-headline earnings and impairments	69	376	
Normalised attributable earnings	2 271	2 026	12%

Net result from financial services

The net result from financial services or net operating profit increased by a satisfactory 21%, with particularly strong contributions from the retail and short-term insurance businesses.

NET RESULT FROM FINANCIAL SERVICES

for the six months ended 30 June 2011

R million	2011	2010	Δ
Retail cluster	1 037	825	26%
Sanlam Personal Finance	820	712	15%
Sanlam Developing Markets	196	82	139%
Sanlam UK	21	31	-32%
Institutional cluster	412	357	15%
Sanlam Investments	212	239	-11%
Sanlam Employee Benefits	93	58	60%
Capital Management	107	60	78%
Short-term insurance cluster	319	266	20%
Corporate and other	(52)	(26)	-100%
Net result from financial services	1 716	1 422	21%

The performance of the individual clusters is discussed in further detail below.

Normalised headline earnings

Normalised headline earnings of R2,2 billion are 33% higher than in 2010, largely attributable to the 21% increase in the net result from financial services and a 54% increase in net investment return. A strong six-month performance from international equity markets, combined with the weakening of the rand against developed market currencies during the first half of 2011, contributed to a marked relative improvement in the investment return earned on the Group's capital portfolio. Despite delivering a weak performance in the first half of 2011, the South African investment market also performed better relative to the first six months of 2010. This supported the increase in net investment return. Normalised headline earnings exclude the IFRS accounting impact of investments in Sanlam shares and Group subsidiaries held by the policyholders' fund. Including the effect of fund transfers recognised in terms of IFRS in respect of these shares, headline earnings increased by 29%.

Business volumes

New business flows

New business volumes for the Group increased by 11% to R55 billion (up 10% to R52 billion excluding white label business), a solid performance in a difficult operating environment. The growth is supported by an 18% increase in new life business and a 27% increase in South African retail investment business. Net fund inflows reflect an exemplary 72% growth.

BUSINESS VOLUMES

for the six months ended 30 June 2011

R million	New business		
	2011	2010	Δ
Sanlam Personal Finance	15 960	14 954	7%
Sanlam Developing Markets	1 603	1 279	25%
Sanlam UK	2 289	1 499	53%
Institutional cluster	24 887	22 878	9%
Short-term insurance	7 112	6 646	7%
	51 851	47 256	10%
White label	3 211	2 525	27%
Total new business	55 062	49 781	11%

R million	Net flows		
	2011	2010	Δ
Sanlam Personal Finance	2 236	2 012	11%
Sanlam Developing Markets	1 763	1 025	72%
Sanlam UK	1 172	378	210%
Institutional cluster	3 316	689	381%
Short-term insurance	2 555	2 315	10%
	11 042	6 419	72%
White label	376	230	63%
Total net flows	11 418	6 649	72%

Value of new covered business

The value of new life business (VNB) written during the first six months of 2011 increased by 25% on 2010 to reach R401 million. After minorities, VNB increased by 26% to R356 million. The replacement of Secondary Tax on Companies (STC) in South Africa with a withholding tax basis, results in the elimination of STC as a cost for Sanlam in the future. This increases the future profitability of new business written and commensurately VNB. The change in tax basis increased net VNB by R23 million for the first half of 2011. Excluding this, net VNB increased by a very pleasing 18% at overall sustained margins.

VALUE OF NEW COVERED BUSINESS

for the six months ended 30 June 2011

R million	2011	2010	Δ
<i>After change in STC basis</i>			
Value of new covered business	401	320	25%
Sanlam Personal Finance	203	154	32%
Sanlam Developing Markets	173	146	18%
Sanlam UK	6	9	-33%
Sanlam Employee Benefits	19	11	73%
Net of minorities	356	283	26%
Present value of new business premiums	14 785	12 811	15%
Sanlam Personal Finance	9 264	8 306	12%
Sanlam Developing Markets	3 324	2 847	17%
Sanlam UK	695	577	20%
Sanlam Employee Benefits	1 502	1 081	39%
Net of minorities	14 112	12 220	15%
New covered business margin	2,71%	2,50%	
Sanlam Personal Finance	2,19%	1,85%	
Sanlam Developing Markets	5,20%	5,13%	
Sanlam UK	0,86%	1,56%	
Sanlam Employee Benefits	1,26%	1,02%	
Net of minorities	2,52%	2,32%	

VALUE OF NEW COVERED BUSINESS

for the six months ended 30 June 2011

R million	2011	2010	Δ
<i>Before change in STC basis</i>			
Value of new covered business	378	320	18%
Sanlam Personal Finance	192	154	25%
Sanlam Developing Markets	164	146	12%
Sanlam UK	6	9	-33%
Sanlam Employee Benefits	16	11	45%
Net of minorities	333	283	18%
Present value of new business premiums	14 785	12 811	15%
Sanlam Personal Finance	9 264	8 306	12%
Sanlam Developing Markets	3 324	2 847	17%
Sanlam UK	695	577	20%
Sanlam Employee Benefits	1 502	1 081	39%
Net of minorities	14 112	12 220	15%
New covered business margin	2,56%	2,50%	
Sanlam Personal Finance	2,07%	1,85%	
Sanlam Developing Markets	4,93%	5,13%	
Sanlam UK	0,86%	1,56%	
Sanlam Employee Benefits	1,07%	1,02%	
Net of minorities	2,36%	2,32%	

The performance of the individual clusters is discussed in further detail below.

Cluster performance

Sanlam Personal Finance

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2011

R million	2011	2010	Δ
Group Equity Value			
Group Equity Value	24 978	23 542	6,1%
Covered business	22 854	21 488	6,4%
Other operations	2 124	2 054	3,4%
Annualised return on Group Equity Value	21,7%	11,6%	
Covered business	22,0%	9,6%	
Other operations	19,4%	38,3%	
Business volumes			
New business volumes	15 960	14 954	7%
Life business	6 712	6 007	12%
Investment business	9 248	8 947	3%
South Africa	5 731	4 989	15%
Namibia	3 517	3 958	-11%
Net fund flows	2 236	2 012	11%
Life business	985	1 205	-18%
Investment business	1 251	807	55%
South Africa	894	541	65%
Namibia	357	266	34%
Value of new covered business			
Value of new business	203	154	32%
Including STC allowance	192	154	25%
Reversal of STC allowance	11	-	
Present value of new business premiums	9 264	8 306	12%
New business margin	2,19%	1,85%	
Earnings			
Gross result from financial services	1 146	972	18%
Middle market life and investments	852	741	15%
Glacier	83	71	17%
Sanlam Personal Loans	105	72	46%
Namibia	88	72	22%
Other operations	18	16	13%
Net result from financial services	820	712	15%
Administration cost ratio	37,0%	36,6%	
<i>Excluding growth initiatives</i>	34,0%	34,8%	
Operating margin	36,0%	33,9%	

Sanlam Personal Finance (SPF) recorded overall strong results for the first six months of 2011.

SPF reported annualised ROGEV of 21,7% for 2011, compared to 11,6% for the comparable period in 2010. Both covered and other operations contributed to the performance. The covered business results were supported by the reversal of STC from the VIF. Adjusted ROGEV for SPF, which excludes tax changes, investment variances and economic assumption changes, amounts to 15,4%. The return on other operations were positively impacted by an increase in the valuation of Glacier and Sanlam Personal Loans, attributable to an increase in the level of assets under management and the size of the loan book respectively.

New business volumes increased by 7%. South African new business volumes increased by 14%, the combined effect of a 13% increase in new life business and a 15% increase in investment business sales. The low interest rate environment continues to place pressure on demand for guarantee plan and guaranteed annuity single premium business. The Group's diversified solution offering and product innovation, however, proved effective in offsetting the low sales volumes of these traditional products. SPF launched its new Cumulus product in 2011, which is less sensitive to interest rates. Glacier also launched new offshore solutions in the last quarter of 2010. Market reaction to these new solutions is very positive. Glacier's living annuity solution is also popular in the current low interest rate environment as it offers investment choice and does not lock clients into current interest rates. This contributed to 14% growth in South African single premiums. South African recurring premiums grew by 10%, supported by strong demand for investment products. Competitive market pricing impacted on risk business sales. The Group remains prudent in its approach towards new business growth that does not yield acceptable return. Namibian sales declined by 11%, largely due to a decrease in unit trust sales from a high base in 2010 in a very competitive environment.

The value of new covered business increased by 25% before removal of the allowance for STC, driven by the increase in new life business volumes, effective cost management and good growth in high margin credit life business. New business margins increased in 2011, driven by these same factors.

Overall net fund flows increased by 11%, supported by a 55% increase in net investment business flows. Net life business flows decreased by 18% due to lower single premium sales of guaranteed solutions and an increase in the value of benefit payments following higher average market levels in the first half of 2011 compared to 2010.

The gross result from financial services increased by 18%. The individual life business recorded growth in operating profit of 15%, attributable to higher risk profits from improved claims experience and an increase in administration profit following higher average assets under management. Sanlam Personal Loans increased its contribution to operating profit by a healthy 46% on the back of an increase in its book size and improved bad debt experience. Glacier also reported a satisfactory 17% increase in profit, due to higher management fees earned on the overall higher level of assets under management.

Sanlam Developing Markets

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2011

R million	2011	2010	Δ
Group Equity Value			
Group Equity Value	5 064	4 356	16,3%
Covered business	4 507	3 952	14,0%
Other operations	557	404	37,9%
Return on Group Equity Value	27,9%	18,0%	
Covered business	30,3%	14,3%	
Other operations	5,0%	71,4%	
Business volumes			
New business volumes	1 603	1 279	25%
South Africa	637	615	4%
Botswana	609	388	57%
Rest of Africa	235	156	51%
India	122	120	2%
Net fund flows	1 763	1 025	72%
South Africa	844	335	152%
Botswana	530	357	48%
Rest of Africa	264	190	39%
India	125	143	-13%
Value of new covered business			
Value of new business	173	146	18%
Including STC allowance	164	146	12%
Reversal of STC allowance	9	-	
Present value of new business premiums	3 324	2 847	17%
New business margin	5,20%	5,13%	
Earnings			
Gross result from financial services	360	222	62%
South Africa	179	42	326%
Rest of Africa	180	190	-5%
India	1	(10)	>100%
Net result from financial services	196	82	139%
Administration cost ratio	32,2%	32,3%	
Operating margin	20,2%	14,3%	

Sanlam Developing Markets (SDM) had an overall satisfactory first half despite some temporary disruption in the South African distribution channels (given various steps to improve the quality and retention of new business written) and a strong rand exchange rate impacting negatively on the rand-based results of the Rest of Africa operations.

SDM's annualised ROGEV for the period was negatively impacted by low return on its listed non-life operations in Botswana, in line with general equity market performance. This was compensated for by a 30,3% return on covered business, supported by strong VNB, operating experience variances and operating assumption changes. Excluding tax changes, investment variances and economic assumption changes, SDM achieved an exemplary adjusted ROGEV of 24,9%.

New business volumes increased by 25%, with strong growth from Africa supporting the overall result. South African new business grew by 4%, supported by group business, with individual life recurring premiums declining on 2010. Strategic focus on the quality of business written had, as expected, a temporary negative impact on business volumes. This has been addressed with stability returning to the distribution channels. The positive impact of the focus on quality is reflected in an improvement in persistency. Rest of Africa sales were supported by strong single premium and credit life sales and grew by 55%. Following the regulatory changes in India towards the end of last year, we experienced significant pressure on new recurring premium sales. This was, however, offset by strong growth in single premiums.

The value of new life business written, increased by 12% before the reversal of the STC allowance. Margins, before the positive STC reversal impact, decreased marginally on 2010 largely due to the decrease in individual life recurring premiums in South Africa.

SDM achieved a 62% increase in its gross result from financial services. The South African contribution increased threefold, due to lower new business strain (attributable to the change in business mix from individual life recurring premiums to group business), improvements in persistency and claims experience, further synergies being extracted from the combined South African business and increased release of margins from the in-force book given the growth in size of the book over the last number of years. The Rest of Africa operations recorded a 5% decline in gross operating profit, with non-life operations recording particularly good growth. This was, however, offset by start-up losses at new operations and the negative impact of the stronger average rand exchange rate.

Institutional cluster

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2011

R million	2011	2010	Δ
Group Equity Value			
Group Equity Value	12 370	12 492	-1%
Sanlam Investments	6 451	6 569	-2%
Sanlam Employee Benefits	5 084	4 992	2%
Sanlam Capital Management	835	931	-10%
Return on Group Equity Value	10,0%	1,8%	
Sanlam Investments	6,4%	3,8%	
Sanlam Employee Benefits	12,2%	-0,7%	
Sanlam Capital Management	24,3%	2,8%	
Business volumes			
Net fund flows			
Investments	4 299	2 090	106%
South Africa retail	4 497	3 202	40%
South Africa institutional	(209)	1 775	-112%
Non-South Africa	11	(2 887)	100%
Life business	(607)	(1 171)	48%
New life business volumes	618	450	37%
Recurring premiums	134	91	47%
Single premiums	484	359	35%
Value of new covered business			
Value of new business	19	11	73%
Including STC allowance	16	11	45%
Reversal of STC allowance	3	-	
Present value of new business premiums	1 502	1 081	39%
New business margin	1,26%	1,02%	
Earnings			
Gross result from financial services	561	477	18%
Sanlam Investments	299	327	-9%
Sanlam Employee Benefits	129	86	50%
Sanlam Capital Management	133	64	108%
Net result from financial services	412	357	15%
Cluster administration cost ratio	44,2%	45,0%	

The institutional cluster's 10% annualised ROGEV is the combined result of a very strong performance by the Capital Management operations and a relatively low return by Sanlam Investments. The lacklustre investment market performance during the first six months of 2011 resulted in marginal growth in Sanlam Investments' assets under management since 31 December 2010, impacting directly on the valuation, and hence return, of these operations, which are valued based on assets under management. The strong operating profit performance of the Capital Management operations reflects in the ROGEV achieved for the period. Sanlam Employee Benefits' ROGEV continues to be dampened by the relative size of required capital held in respect of its covered business.

The Institutional cluster reported strong net fund flows during the first half of the 2011 financial year. Operating profit growth was supported by the Capital Management and Employee Benefits businesses, with Sanlam Investments recording a 9% decline in profitability.

New business volumes grew by 37% at Sanlam Employee Benefits (SEB), with both recurring and single premium business performing well. Sanlam Umbrella Solutions achieved record sales and increased its assets under management to some R6 billion. This contributed to a marked improvement in SEB's net fund flows, albeit still negative. The value of new business and new business margins also improved commensurately. The retail investment businesses had a strong six-month period, with Sanlam Collective Investments recording exemplary net inflows.

Gross result from financial services increased by 18%. Sanlam Employee Benefits benefited from a marked improvement in claims experience compared to the same period in 2010. Good progress is being made with the restructuring of the administration business, despite still contributing an operational loss. Sanlam Capital Management recorded a 108% increase in operating profit, with all business lines contributing to the growth. The 2011 results includes profit realised on a property financing transaction of some R45 million, which will not recur. The decline in Sanlam Investments' operating profit is attributable to a reduction in performance fees from R78 million in the first half of 2010 to R33 million in 2011 and a R20 million decline in investment return earned on seeding capital provided for some of the cluster's hedge fund portfolios. Excluding these, operating profit increased by 16%, well in excess of the 11% growth in average assets under management. Performance fees were earned across the business, with the overall decline attributable to a lower contribution from SIM Global. Volatility in performance fees earned by SIM Global is expected given the specialist nature of its investment portfolios.

Sanlam UK

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2011

R million	2011	2010	Δ
Group Equity Value			
Group Equity Value	1 773	1 539	15,2%
Covered business	637	638	-0,2%
Other operations	1 136	901	26,1%
Return on Group Equity Value	20,0%	8,7%	
Covered business	23,8%	2,7%	
Other operations	17,3%	13,6%	
Business volumes			
New business volumes	2 289	1 499	53%
Life business	674	557	21%
Investments	1 615	942	72%
Net fund flows	1 172	378	210%
Life business	261	(26)	>100%
Investments	911	404	125%
Value of new covered business			
Value of new business	6	9	-33%
Present value of new business premiums	695	577	20%
New business margin	0,86%	1,56%	
Earnings			
Gross result from financial services	19	30	-37%
Net result from financial services	21	31	-32%

Sanlam UK continues to operate in a very challenging economic environment. After some relief in the second half of 2010, market volatility returned, combined with uncertainty relating to the impact of the European debt crisis. Growth prospects for the UK economy have also been revised downwards, with consumers starting to feel the impact of austerity measures. Consumer sentiment commensurately turned cautious again, setting the stage for a much more difficult first half of 2011.

Sanlam UK recorded an annualised ROGEV of 20%, supported by a weakening in the rand exchange rate and an increase in the base valuations of the non-life operations, particularly Principal and Nucleus, following a substantial increase in assets under management. The increase in assets under management was driven by positive investment market performance as well as strong net fund inflows.

Sanlam UK achieved strong growth in comparable new business volumes of 53% despite the challenging business environment, with both life and investment business supporting the growth. Sanlam UK continues to deliver on its niche strategy, which reflects in the new business growth.

The decrease in operating profit is largely attributable to positive economic assumption changes in the first half of 2010, which did not recur in 2011. Costs associated with expanding distribution capacity also impacted on the results. Excluding these, Sanlam UK's operating profit is in line with growth in assets under management.

Short-term insurance

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2011

R million	2011	2010	Δ
Group Equity Value			
Group Equity Value	8 611	8 529	1,0%
Return on Group Equity Value	5,8%	11,6%	
Business volumes			
Net earned premiums	7 112	6 646	7%
Net fund flows	2 555	2 315	10%
Earnings			
Gross result from financial services	793	688	15%
Net result from financial services	319	266	20%
Ratios			
Claims	63,8%	65,2%	
Administration costs	27,6%	27,9%	
Combined	91,5%	93,0%	
Underwriting	8,5%	7,0%	

The favourable underwriting experience of 2010 continued into the first half of 2011. The strategic focus on claims management is reflected in the low claims ratio. Growth in net earned premiums was below expectations, with strong competition from the established direct insurers and banks. With claims management initiatives largely implemented, it affords Santam the opportunity to shift focus to gaining market share. Several initiatives are being explored in the traditional intermediated market. At the same time MiWay is continuing to successfully build its direct distribution capacity.

The ROGEV of the short-term insurance cluster largely reflects the investment return earned on the listed Santam shares, which underperformed in line with the South African equity market.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2011. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, of R23,7 billion covered its capital adequacy requirements (CAR) 3,2 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of June 2011.

FitchRatings has affirmed the following ratings of the Group in 2011 and the outlook remained 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

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base.

Desmond Smith
Chairman

Johan van Zyl
Group Chief Executive

Sanlam Limited
Bellville
7 September 2011

Sanlam Group

Interim financial statements
for the six months ended 30 June 2011

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, the AC 500 Standards as issued by the Accounting Practices Board or its successor, 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 2010 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 2010, apart from changes in the economic assumptions.

The basis of preparation and presentation of the shareholders' information is also consistent with that applied in the 2010 financial statements.

The preparation of the Group's reviewed consolidated interim results was supervised by the Financial Director, Kobus Möller CA(SA).

Application of new and revised IFRSs and interpretations

The following new or revised IFRSs and interpretations are applied in the Group's 2011 financial year:

- › Amendment to IAS 32 – Classification of Rights Issues (effective 1 February 2010)
- › IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- › IAS 24 revised – Related Party Disclosures (effective 1 January 2011)
- › 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 standards and interpretations did not have a significant impact on the Group's financial position, reported results and cash flows.

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

- › Amendments to IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters (effective 1 July 2011)
- › Amendment to IFRS 7 – Disclosures – Transfers of Financial Assets (effective date 1 July 2011)
- › Amendments to IAS 12 – Deferred tax: Recovery of underlying assets (effective 1 January 2012)
- › IAS 1 Presentation of financial statements – Amendment regarding presentation of other comprehensive income (effective 1 July 2012)
- › IFRS 9 Financial Instruments (effective 1 January 2013)
- › IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- › IFRS 11 Joint Arrangements (effective 1 January 2013)
- › IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- › IFRS 13 Fair Value Measurement (effective 1 January 2013)
- › IAS 19 Employee Benefits – Amendment regarding removal of corridor method and other comprehensive income treatment (effective 1 January 2013)
- › IAS 27 Consolidated and Separate Financial Statements – Consequential amendments resulting from consolidation project (effective 1 January 2013)
- › IAS 28 Investments in Associates – Consequential amendments resulting from consolidation project (effective 1 January 2013)

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.

Change in accounting policies

Further clarification has been obtained regarding the accounting treatment of investments in associates since the release of the Group's interim results for 2010. IFRS contains an exemption to the equity-accounting of investments in associates for those investments held in life insurance funds (i.e. policyholders' funds). These investments can be recognised at fair value in the statement of financial position. The Group's general interpretation of this exemption up to 30 June 2010 was that it only applies in instances where all shares are held in the policyholders' fund. Where a portion of the investment is held by the shareholders' fund, the full investment had to be equity-accounted. The clarification referred to above, however, confirmed that 'split' accounting can be applied and that the policyholders' fund's interest can in all instances be recognised at fair value. This applies to the Group's interest in Vukile. The shareholders' fund's investment is equity-accounted whereas the interest held in the policyholders' fund is carried at fair value. This split accounting prevents an economic mismatch between policy liabilities and policyholder assets. For the six months to 30 June 2010, a fund transfer was recognised in respect of the Vukile units held in the policyholders' fund as these holdings were also equity-accounted. This fund transfer has been reversed in the comparative information congruent to the change in clarification. The updated application was already applied in respect of the 2010 year-end reporting.

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 2011 and the related statements of comprehensive income, changes in equity and cash flow for the six-month period then ended and other explanatory notes set out on pages 24, 25 and 58 to 64.

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: Malcolm Peter Rapson
Registered Auditor
Chartered Accountant (SA)

Ernst & Young House
35 Lower Long Street
Cape Town

7 September 2011

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITORS ON THE SANLAM LIMITED SHAREHOLDERS' INFORMATION

To the directors of Sanlam Limited

Introduction

We have carried out a limited assurance engagement on the Sanlam Limited Shareholders' Information for the six months ended 30 June 2011 on pages 30 to 56, which has been prepared in accordance with the basis of preparation and presentation set out on pages 24 to 25. This report should be read in conjunction with the reviewed Interim Group 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 condensed financial statements as set out on page 26.

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 2011 was not prepared in accordance with the basis of preparation and presentation set out on pages 24 to 25.

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 2011 has not been properly prepared, in all material respects, in accordance with the basis of preparation and presentation set out on pages 24 to 25.

Ernst & Young Inc

Director: Malcolm Peter Rapson

Registered Auditor

Chartered Accountant (SA)

Ernst & Young House

35 Lower Long Street

Cape Town

7 September 2011

Shareholders' information for the six months ended 30 June 2011

Contents

Group Equity Value	30
Change in Group Equity Value	32
Return on Group Equity Value	32
Adjusted return on Group Equity Value	33
Shareholders' fund at fair value	34
Shareholders' fund income statement	38
Notes to the shareholders' fund information	42
Embedded value of covered business	49

GROUP EQUITY VALUE

at 30 June 2011

R million	Note	June Reviewed 2011		
		Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		24 978	10 331	14 647
Covered business ⁽¹⁾		22 854	8 207	14 647
Glacier		1 061	1 061	-
Sanlam Personal Loans		406	406	-
Multi-Data		110	110	-
Sanlam Trust		143	143	-
Sanlam Home Loans		-	-	-
Anglo African Finance		49	49	-
Sanlam Healthcare Management		250	250	-
Sanlam Namibia Holdings		105	105	-
Sanlam Developing Markets		5 064	1 831	3 233
Covered business ⁽¹⁾		4 507	1 274	3 233
Other SDM operations		557	557	-
Sanlam UK		1 773	1 313	460
Covered business ⁽¹⁾		637	177	460
Principal		419	419	-
Sanlam Private Wealth		36	36	-
Punter Southall Group		260	260	-
Other UK operations		175	175	-
Preference shares and interest-bearing instruments		246	246	-
Institutional cluster		12 370	11 890	480
Covered business ⁽¹⁾		5 047	4 567	480
Sanlam Investments		6 451	6 451	-
Coris Administration and Infnit		37	37	-
Capital Management		835	835	-
Short-term insurance		8 611	8 611	-
MiWay		-	-	-
Shriram General Insurance		145	145	-
Santam		8 466	8 466	-
Group operations		52 796	33 976	18 820
Capital diversification		-	-	-
Discretionary capital		3 200	3 200	-
Balanced portfolio - other		3 376	3 376	-
Group Equity Value before adjustments to net worth		59 372	40 552	18 820
Net worth adjustments		(1 487)	(1 487)	-
Present value of holding company expenses		(1 474)	(1 474)	-
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares		(13)	(13)	-
Group Equity Value		57 885	39 065	18 820
Value per share (cents)	6	2 877	1 942	936
Analysis per type of business				
Covered business ⁽¹⁾		33 045	14 225	18 820
Sanlam Personal Finance		22 854	8 207	14 647
Sanlam Developing Markets		4 507	1 274	3 233
Sanlam UK		637	177	460
Institutional cluster		5 047	4 567	480
Other Group operations	5	19 751	19 751	-
Discretionary and other capital		5 089	5 089	-
Group Equity Value		57 885	39 065	18 820

⁽¹⁾ Refer embedded value of covered business on page 49.

June Reviewed 2010			December Audited 2010			
Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force	
21 800	9 758	12 042	23 542	10 198	13 344	
20 120	8 078	12 042	21 488	8 144	13 344	
758	758	-	965	965	-	
194	194	-	365	365	-	
143	143	-	149	149	-	
171	171	-	185	185	-	
115	115	-	-	-	-	
46	46	-	50	50	-	
160	160	-	235	235	-	
93	93	-	105	105	-	
4 059	1 542	2 517	4 356	1 508	2 848	
3 696	1 179	2 517	3 952	1 104	2 848	
363	363	-	404	404	-	
1 560	1 123	437	1 539	1 113	426	
659	222	437	638	212	426	
294	294	-	318	318	-	
47	47	-	42	42	-	
256	256	-	227	227	-	
50	50	-	140	140	-	
254	254	-	174	174	-	
11 408	11 143	265	12 492	12 098	394	
4 836	4 571	265	4 967	4 573	394	
5 736	5 736	-	6 569	6 569	-	
-	-	-	25	25	-	
836	836	-	931	931	-	
7 422	7 422	-	8 529	8 529	-	
127	127	-	-	-	-	
115	115	-	143	143	-	
7 180	7 180	-	8 386	8 386	-	
46 249	30 988	15 261	50 458	33 446	17 012	
(700)	(700)	-	-	-	-	
2 800	2 800	-	4 000	4 000	-	
3 157	3 157	-	4 157	4 157	-	
51 506	36 245	15 261	58 615	41 603	17 012	
(1 304)	(1 304)	-	(1 254)	(1 254)	-	
(1 274)	(1 274)	-	(1 232)	(1 232)	-	
(30)	(30)	-	(22)	(22)	-	
50 202	34 941	15 261	57 361	40 349	17 012	
2 479	1 725	754	2 818	1 982	836	
29 311	14 050	15 261	31 045	14 033	17 012	
20 120	8 078	12 042	21 488	8 144	13 344	
3 696	1 179	2 517	3 952	1 104	2 848	
659	222	437	638	212	426	
4 836	4 571	265	4 967	4 573	394	
16 938	16 938	-	19 413	19 413	-	
3 953	3 953	-	6 903	6 903	-	
50 202	34 941	15 261	57 361	40 349	17 012	

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2011

R million	Six months Reviewed		Full year Audited
	2011	2010	2010
Earnings from covered business ⁽¹⁾	3 158	1 158	5 057
Earnings from other Group operations	918	947	4 100
Operations valued based on ratio of price to assets under management	233	96	1 136
Assumption changes	-	(79)	137
Change in assets under management	171	48	622
Earnings for the period and changes in capital requirements	12	98	564
Foreign currency translation differences and other	50	29	(187)
Operations valued based on discounted cash flows	255	340	782
Expected return	205	151	301
Operating experience variances and other	25	3	34
Assumption changes	(10)	205	521
Foreign currency translation differences	35	(19)	(74)
Operations valued at net asset value - earnings for the period	120	28	56
Listed operations - investment return	237	483	2 126
Earnings from discretionary and other capital	(252)	127	165
Investment return	205	366	400
Intangible assets less value of in-force acquired	-	-	(20)
Treasury shares and other	(224)	(127)	(153)
Change in adjustments to net worth	(233)	(112)	(62)
Group Equity Value earnings	3 751	2 232	9 322
Dividends paid	(2 279)	(2 112)	(2 112)
Shares cancelled	-	(1 233)	(1 234)
Cost of treasury shares acquired	(948)	302	372
Sanlam share buy back	(944)	(866)	(887)
Transfer to shares cancelled	-	1 233	1 234
Share incentive scheme and other	(4)	(65)	25
Change in accounting policy	-	(11)	(11)
Group Equity Value at beginning of the period	57 361	51 024	51 024
Group Equity Value at end of the period	57 885	50 202	57 361

⁽¹⁾ Refer embedded value of covered business on page 50.**RETURN ON GROUP EQUITY VALUE**

for the six months ended 30 June 2011

	Six months Reviewed				Full year Audited	
	2011		2010		2010	
	Earnings R million	Return* %	Earnings R million	Return* %	Earnings R million	Return %
Sanlam Personal Finance	2 432	21,7	1 212	11,6	4 525	21,1
Covered business ⁽¹⁾	2 242	22,0	928	9,6	3 782	19,0
Other operations	190	19,4	284	38,3	743	46,1
Sanlam Developing Markets	570	27,9	318	18,0	774	21,0
Covered business ⁽¹⁾	560	30,3	237	14,3	676	19,7
Other operations	10	5,0	81	71,4	98	37,4
Sanlam UK	147	20,0	64	8,7	41	2,7
Covered business ⁽¹⁾	72	23,8	9	2,7	(7)	(1,1)
Other operations	75	17,3	55	13,6	48	5,8
Institutional cluster	609	10,0	109	1,8	1 761	14,8
Covered business ⁽¹⁾	284	11,8	(16)	(0,6)	606	12,2
Sanlam Investments	206	6,4	113	3,8	1 023	17,1
Coris Administration and Infnit	12	119,0	(2)	-	23	-
Capital Management	107	24,3	14	2,8	109	11,1
Short-term insurance	245	5,8	402	11,6	2 056	28,8

RETURN ON GROUP EQUITY VALUE (continued)

for the six months ended 30 June 2011

	Six months Reviewed 2011		2010		Full year Audited 2010	
	Earnings R million	Return* %	Earnings R million	Return* %	Earnings R million	Return %
Discretionary and other capital	(252)		127		165	
Balance of portfolio	205		366		400	
Shriram Life Insurance goodwill less value of in-force acquired	-		-		(20)	
Treasury shares and other	(224)		(127)		(153)	
Change in net worth adjustments	(233)		(112)		(62)	
Return on Group Equity Value	3 751	13,5	2 232	8,9	9 322	18,3
Return on Group Equity Value per share		12,8		9,1		18,2

* Annualised

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

R million	Six months Reviewed 2011	2010	Full year Audited 2010
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	2 271	2 026	5 544
Earnings recognised directly in equity	82	75	160
Dilution from Santam treasury share transactions	(5)	(6)	(31)
Share-based payments	87	81	191
Net foreign currency translation gains recognised in other comprehensive income	111	(92)	(408)
Movement in fair value adjustment - shareholders' fund at fair value	(66)	179	2 165
Movement in adjustments to net worth	(206)	(108)	(17)
Present value of holding company expenses	(242)	(109)	(67)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	9	(3)	5
Change in intangible assets less value of in-force acquired	27	4	45
Treasury shares and other	(224)	(127)	(152)
Growth from covered business: value of in-force ⁽¹⁾	1 783	279	2 030
Return on Group Equity Value	3 751	2 232	9 322

⁽¹⁾ Refer embedded value of covered business on page 50.**ADJUSTED RETURN ON GROUP EQUITY VALUE**

for the six months ended 30 June 2011

	Six months Reviewed 2011		2010		Full year Audited 2010	
	Earnings R million	Return* %	Earnings R million	Return* %	Earnings R million	Return %
Sanlam Personal Finance	1 749	15,4	1 788	17,3	3 826	17,8
Covered business	1 559	15,0	1 504	15,7	3 083	15,5
Other operations	190	19,4	284	38,3	743	46,1
Sanlam Developing Markets	513	24,9	246	13,8	770	20,9
Covered business	487	26,2	227	13,7	730	21,3
Other operations	26	13,3	19	15,0	40	15,3
Sanlam UK	111	14,9	130	18,1	107	7,1
Covered business	28	9,0	38	11,8	65	9,8
Other operations	83	19,2	92	23,3	42	5,0
Institutional cluster	711	11,7	633	10,9	1 753	14,7
Covered business	253	10,4	220	9,1	578	11,7
Other operations	458	12,6	413	12,2	1 175	16,8
Short-term insurance	715	17,5	446	12,9	1 614	22,6
Discretionary and other capital	(94)		(47)		182	
Adjusted return on Group Equity Value	3 705	13,3	3 196	12,9	8 252	16,2
Adjusted return on Group Equity Value per share		12,6		13,2		16,0

* Annualised

SHAREHOLDERS' FUND AT FAIR VALUE

at 30 June 2011

R million	June Reviewed 2011		
	Fair value	Fair value adjust- ment	Net asset value
Covered business, discretionary and other capital	22 210	184	22 026
Property and equipment	258	-	258
Owner-occupied properties	487	-	487
Goodwill ⁽²⁾	497	-	497
Value of business acquired ⁽²⁾	696	-	696
Other intangible assets	34	-	34
Deferred acquisition costs	1 551	-	1 551
Investments	19 887	196	19 691
Equities and similar securities	8 474	112	8 362
Associated companies	1 268	84	1 184
Joint ventures			
Shriram Life Insurance and other ⁽³⁾	267	-	267
Public sector stocks and loans	13	-	13
Investment properties	792	-	792
Other interest-bearing and preference share investments	9 073	-	9 073
Net term finance	-	-	-
Term finance	(5 801)	-	(5 801)
Assets held in respect of term finance	5 801	-	5 801
Net deferred tax	290	(12)	302
Net working capital	(761)	-	(761)
Minority shareholders' interest	(729)	-	(729)
Other Group operations	19 751	10 456	9 295
Sanlam Investments	6 451	4 947	1 504
SIM Wholesale	4 042	3 280	762
International	1 885	1 199	686
Sanlam Collective Investments	524	468	56
Sanlam Personal Finance	2 124	1 419	705
Glacier	1 061	798	263
Sanlam Personal Loans ⁽⁴⁾	406	88	318
Multi-Data	110	101	9
Sanlam Trust	143	142	1
Sanlam Home Loans	-	-	-
Anglo African Finance	49	31	18
Sanlam Healthcare Management	250	166	84
Sanlam Namibia Holdings	105	93	12
Sanlam UK	1 136	116	1 020
Principal	419	45	374
Sanlam Private Wealth	36	(9)	45
Punter Southall Group	260	(21)	281
Other UK operations	175	101	74
Preference shares, interest-bearing instruments and other	246	-	246
Sanlam Developing Markets: other operations	557	71	486
Coris Administration and Infnit	37	27	10
Capital Management	835	79	756
MiWay	-	-	-
Shriram General Insurance	145	-	145
Santam	8 466	5 044	3 422
Goodwill held on Group level in respect of the above businesses	-	(1 247)	1 247
Shareholders' fund at fair value	41 961	10 640	31 321
Value per share (cents)	2 086	529	1 557

Restated June Reviewed 2010			December Audited 2010			
Fair value	Fair value adjust- ment	Net asset value	Fair value	Fair value adjust- ment	Net asset value	
20 738	118	20 620	23 623	217	23 406	
237	-	237	222	-	222	
503	-	503	493	-	493	
500	-	500	497	-	497	
737	-	737	716	-	716	
44	-	44	39	-	39	
1 503	-	1 503	1 528	-	1 528	
19 136	118	19 018	19 992	217	19 775	
7 298	112	7 186	7 947	112	7 835	
874	6	868	1 168	105	1 063	
247	-	247	257	-	257	
77	-	77	17	-	17	
780	-	780	993	-	993	
9 860	-	9 860	9 610	-	9 610	
-	-	-	-	-	-	
(5 272)	-	(5 272)	(5 577)	-	(5 577)	
5 272	-	5 272	5 577	-	5 577	
139	-	139	284	-	284	
(1 385)	-	(1 385)	520	-	520	
(676)	-	(676)	(668)	-	(668)	
16 938	8 602	8 336	19 413	10 489	8 924	
5 736	4 348	1 388	6 569	4 977	1 592	
3 515	3 151	364	4 247	3 515	732	
1 787	818	969	1 810	1 024	786	
434	379	55	512	438	74	
1 680	1 056	624	2 054	1 365	689	
758	519	239	965	685	280	
194	-	194	365	104	261	
143	133	10	149	130	19	
171	169	2	185	166	19	
115	-	115	-	-	-	
46	32	14	50	33	17	
160	132	28	235	157	78	
93	71	22	105	90	15	
901	55	846	901	34	867	
294	-	294	318	17	301	
47	16	31	42	(8)	50	
256	(11)	267	227	(43)	270	
50	50	-	140	68	72	
254	-	254	174	-	174	
363	154	209	404	94	310	
-	10	(10)	25	15	10	
836	108	728	931	83	848	
127	142	(15)	-	-	-	
115	-	115	143	-	143	
7 180	3 976	3 204	8 386	5 168	3 218	
-	(1 247)	1 247	-	(1 247)	1 247	
37 676	8 720	28 956	43 036	10 706	32 330	
1 860	431	1 430	2 114	526	1 588	

SHAREHOLDERS' FUND AT FAIR VALUE (continued)

at 30 June 2011

R million	June Reviewed 2011		
	Total	Fair value of assets	Value of in-force
Reconciliation to Group Equity Value			
Group Equity Value before adjustments to net worth	59 372	40 552	18 820
Add: Goodwill and value of business acquired replaced by value of in-force	1 409	1 409	-
Sanlam Life and Pensions Limited UK	356	356	-
Sanlam Developing Markets	825	825	-
Shriram Life Insurance ⁽³⁾	210	210	-
Other	18	18	-
Less: Value of in-force	(18 820)	-	(18 820)
Shareholders' fund at fair value	41 961	41 961	-

	June Reviewed		December Audited
	2011	2010	2010
Reconciliation to Group statement of financial position			
Shareholders' fund at net asset value	31 321	28 956	32 330
Consolidation reserve	(531)	(418)	(552)
Shareholder's fund per Group statement of financial position	30 790	28 538	31 778

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

⁽²⁾ The fair value of business acquired and goodwill relate mainly to the consolidation of Sanlam Sky Solutions, Channel Life and Sanlam Life and Pensions Limited UK 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 R210 million that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.

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

June Reviewed 2010			December Audited 2010		
Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
51 506	36 245	15 261	58 615	41 603	17 012
1 431	1 431	-	1 433	1 433	-
356	356	-	356	356	-
873	873	-	849	849	-
190	190	-	210	210	-
12	12	-	18	18	-
(15 261)	-	(15 261)	(17 012)	-	(17 012)
37 676	37 676	-	43 036	43 036	-

SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2011

R million	Sanlam Personal Finance		Sanlam Developing Markets		Sanlam UK	
	2011	2010	2011	2010	2011	2010
Financial services income	3 854	3 465	2 296	2 062	209	182
Sales remuneration	(670)	(601)	(516)	(508)	(27)	(26)
Income after sales remuneration	3 184	2 864	1 780	1 554	182	156
Underwriting policy benefits	(860)	(844)	(847)	(830)	-	-
Administration costs	(1 178)	(1 048)	(573)	(502)	(163)	(126)
Result from financial services before tax	1 146	972	360	222	19	30
Tax on financial services income	(297)	(243)	(85)	(73)	1	-
Result from financial services after tax	849	729	275	149	20	30
Minority shareholders' interest	(29)	(17)	(79)	(67)	1	1
NET RESULT FROM FINANCIAL SERVICES	820	712	196	82	21	31
Net investment income	369	278	30	28	4	11
Dividends received - Group companies	128	61	-	-	-	-
Other investment income	296	274	43	41	4	13
Tax on investment income	(55)	(57)	5	(9)	-	(2)
Minority shareholders' interest	-	-	(18)	(4)	-	-
Project expenses	(1)	(10)	(7)	(9)	-	-
Amortisation of intangibles	(3)	(3)	(19)	(20)	(19)	(11)
BEE transaction costs	-	-	-	-	-	-
Net equity-accounted headline earnings	-	-	2	13	-	-
Equity-accounted headline earnings	-	-	3	26	-	-
Minority shareholders' interest	-	-	(1)	(13)	-	-
Net investment surpluses	104	28	9	(4)	(1)	-
Investment surpluses - Group companies	(20)	72	-	-	-	-
Other investment surpluses	136	(43)	9	13	(1)	-
Tax on investment surpluses	(12)	(1)	25	4	-	-
Minority shareholders' interest	-	-	(25)	(21)	-	-
Secondary tax on companies - after minorities	(105)	(39)	(1)	(15)	-	-
NORMALISED HEADLINE EARNINGS	1 184	966	210	75	5	31
(Loss)/profit on disposal of operations	-	-	-	-	-	-
Impairments	-	30	(1)	(1)	-	23
NORMALISED ATTRIBUTABLE EARNINGS	1 184	996	209	74	5	54
Fund transfers	-	-	-	-	-	-
Attributable profit per Group statement of comprehensive income	1 184	996	209	74	5	54
Ratios						
Admin ratio ⁽¹⁾	37,0%	36,6%	32,2%	32,3%	89,6%	80,8%
Operating margin ⁽²⁾	36,0%	33,9%	20,2%	14,3%	10,4%	19,2%
Diluted earnings per share						
Adjusted weighted average number of shares (million)						
Net result from financial services (cents)	40,5	34,7	9,7	4,0	1,0	1,5

⁽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 Investments, Sanlam Employee Benefits and Capital Management were restated.

⁽⁴⁾ Corporate and Other includes the consolidation entries in respect of the dividends received and the investment surpluses on the Sanlam Limited shares held by Sanlam Life Insurance Limited.

Sanlam Employee Benefits ⁽³⁾		Short-term insurance		Sanlam Investments ⁽³⁾		Capital Management		Subtotal: Operating businesses		
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
1 433	1 354	7 222	6 871	1 024	994	286	204	16 324	15 132	
(16)	(16)	(1 037)	(1 006)	-	-	-	-	(2 266)	(2 157)	
1 417	1 338	6 185	5 865	1 024	994	286	204	14 058	12 975	
(960)	(919)	(4 487)	(4 331)	-	-	-	-	(7 154)	(6 924)	
(328)	(333)	(905)	(846)	(725)	(667)	(153)	(140)	(4 025)	(3 662)	
129	86	793	688	299	327	133	64	2 879	2 389	
(36)	(28)	(225)	(193)	(75)	(79)	(26)	(4)	(743)	(620)	
93	58	568	495	224	248	107	60	2 136	1 769	
-	-	(249)	(229)	(12)	(9)	-	-	(368)	(321)	
93	58	319	266	212	239	107	60	1 768	1 448	
69	66	13	25	25	4	-	1	510	413	
-	-	-	-	-	-	-	-	128	61	
85	83	18	52	46	11	-	1	492	475	
(16)	(17)	6	(7)	(3)	(4)	-	-	(63)	(96)	
-	-	(11)	(20)	(18)	(3)	-	-	(47)	(27)	
-	-	-	-	(4)	-	-	-	(12)	(19)	
-	(1)	(20)	(2)	(4)	(3)	-	-	(65)	(40)	
-	-	(2)	(3)	-	-	-	-	(2)	(3)	
-	-	26	17	1	-	(1)	18	28	48	
-	-	46	30	2	-	(1)	18	50	74	
-	-	(20)	(13)	(1)	-	-	-	(22)	(26)	
55	(32)	53	16	(18)	39	-	-	202	47	
-	-	-	-	-	-	-	-	(20)	72	
60	(31)	74	13	(4)	55	-	-	274	7	
(5)	(1)	18	14	(3)	(11)	-	-	23	5	
-	-	(39)	(11)	(11)	(5)	-	-	(75)	(37)	
(1)	-	(19)	(17)	-	-	-	(1)	(126)	(72)	
216	91	370	302	212	279	106	78	2 303	1 822	
-	-	-	-	(6)	-	-	326	(6)	326	
-	(2)	-	-	(21)	-	-	-	(22)	50	
216	89	370	302	185	279	106	404	2 275	2 198	
-	-	-	-	-	-	-	-	-	-	
216	89	370	302	185	279	106	404	2 275	2 198	
23,1%	24,9%	14,6%	14,4%	70,8%	67,1%	53,5%	68,6%	28,6%	28,2%	
9,1%	6,4%	12,8%	11,7%	29,2%	32,9%	46,5%	31,4%	20,5%	18,4%	
4,6	2,8	15,7	13,0	10,5	11,7	5,3	2,9	87,2	70,7	

SHAREHOLDERS' FUND INCOME STATEMENT (continued)

for the six months ended 30 June 2011

R million	Subtotal: Operating businesses	
	2011	2010
Financial services income	16 324	15 132
Sales remuneration	(2 266)	(2 157)
Income after sales remuneration	14 058	12 975
Underwriting policy benefits	(7 154)	(6 924)
Administration costs	(4 025)	(3 662)
Result from financial services before tax	2 879	2 389
Tax on result from financial services	(743)	(620)
Result from financial services after tax	2 136	1 769
Minority shareholders' interest	(368)	(321)
NET RESULT FROM FINANCIAL SERVICES	1 768	1 448
Net investment income	510	413
Dividends received – Group companies	128	61
Other investment income	492	475
Tax on investment income	(63)	(96)
Minority shareholders' interest	(47)	(27)
Project expenses	(12)	(19)
Amortisation of intangibles	(65)	(40)
BEE transaction costs	(2)	(3)
Net equity-accounted headline earnings	28	48
Equity-accounted headline earnings	50	74
Minority shareholders' interest	(22)	(26)
Net investment surpluses	202	47
Investment surpluses – Group companies	(20)	72
Other investment surpluses	274	7
Tax on investment surpluses	23	5
Minority shareholders' interest	(75)	(37)
Secondary tax on companies – after minorities	(126)	(72)
NORMALISED HEADLINE EARNINGS	2 303	1 822
(Loss)/profit on disposal of operations	(6)	326
Impairments	(22)	50
NORMALISED ATTRIBUTABLE EARNINGS	2 275	2 198
Fund transfers	-	-
Attributable profit per Group statement of comprehensive income	2 275	2 198
Ratios		
Admin ratio	28,6%	28,2%
Operating margin	20,5%	18,4%
Diluted earnings per share		
Adjusted weighted average number of shares (million)		
Net result from financial services (cents)	87,2	70,7

	Corporate & Other ⁽⁴⁾		Six months		Full year
	2011	2010	2011	2010	2010
	72	82	16 396	15 214	31 839
	-	-	(2 266)	(2 157)	(4 557)
	72	82	14 130	13 057	27 282
	-	-	(7 154)	(6 924)	(13 817)
	(147)	(137)	(4 172)	(3 799)	(8 069)
	(75)	(55)	2 804	2 334	5 396
	23	29	(720)	(591)	(1 387)
	(52)	(26)	2 084	1 743	4 009
	-	-	(368)	(321)	(706)
	(52)	(26)	1 716	1 422	3 303
	(97)	4	413	417	851
	(128)	(61)	-	-	-
	30	83	522	558	1 110
	1	(18)	(62)	(114)	(186)
	-	-	(47)	(27)	(73)
	(9)	-	(21)	(19)	(48)
	-	-	(65)	(40)	(92)
	-	-	(2)	(3)	(8)
	26	12	54	60	141
	26	12	76	86	193
	-	-	(22)	(26)	(52)
	97	(25)	299	22	1 131
	20	(72)	-	-	-
	73	50	347	57	1 536
	4	(3)	27	2	(217)
	-	-	(75)	(37)	(188)
	(66)	(137)	(192)	(209)	(135)
	(101)	(172)	2 202	1 650	5 143
	97	-	91	326	404
	-	-	(22)	50	(3)
	(4)	(172)	2 271	2 026	5 544
	3	60	3	60	(21)
	(1)	(112)	2 274	2 086	5 523
			29,5%	29,1%	29,6%
			19,8%	17,9%	19,8%
			2 027,0	2 049,0	2 045,3
	(2,6)	(1,3)	84,7	69,4	161,5

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the six months ended 30 June 2011

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	
	2011	2010	2011	2010	2011	2010	2011	2010
Sanlam Personal Finance	15 960	14 954	6 712	6 007	-	-	9 248	8 947
South Africa	12 170	10 689	6 439	5 700	-	-	5 731	4 989
Recurring	606	552	564	527	-	-	42	25
Single	10 697	9 328	5 008	4 364	-	-	5 689	4 964
Continuations	867	809	867	809	-	-	-	-
Africa	3 790	4 265	273	307	-	-	3 517	3 958
Recurring	50	50	50	50	-	-	-	-
Single	3 740	4 215	223	257	-	-	3 517	3 958
Sanlam Developing Markets	1 603	1 279	1 603	1 279	-	-	-	-
South Africa	637	615	637	615	-	-	-	-
Recurring	451	423	451	423	-	-	-	-
Single	186	192	186	192	-	-	-	-
Africa	844	544	844	544	-	-	-	-
Recurring	198	192	198	192	-	-	-	-
Single	646	352	646	352	-	-	-	-
Other international	122	120	122	120	-	-	-	-
Recurring	20	70	20	70	-	-	-	-
Single	102	50	102	50	-	-	-	-
Sanlam UK	2 289	1 499	674	557	-	-	1 615	942
Other international	2 289	1 499	674	557	-	-	1 615	942
Recurring	11	7	11	7	-	-	-	-
Single	2 278	1 492	663	550	-	-	1 615	942
Sanlam Employee Benefits	618	450	618	450	-	-	-	-
South Africa	618	450	618	450	-	-	-	-
Recurring	134	91	134	91	-	-	-	-
Single	484	359	484	359	-	-	-	-
Sanlam Investments	24 269	22 428	-	-	561	606	23 708	21 822
Employee benefits	350	535	-	-	350	535	-	-
Recurring	-	32	-	-	-	32	-	-
Single	350	503	-	-	350	503	-	-
Collective investment schemes	11 826	7 191	-	-	-	-	11 826	7 191
Retail funds	8 191	5 181	-	-	-	-	8 191	5 181
Wholesale business	3 635	2 010	-	-	-	-	3 635	2 010
Segregated funds	9 973	13 220	-	-	-	-	9 973	13 220
Wholesale business	6 195	9 451	-	-	-	-	6 195	9 451
Private Investments	3 778	3 769	-	-	-	-	3 778	3 769
Non-South African	2 120	1 482	-	-	211	71	1 909	1 411
Short-term insurance	7 112	6 646	-	-	-	-	7 112	6 646
New business excluding white label	51 851	47 256	9 607	8 293	561	606	41 683	38 357
White label	3 211	2 525	-	-	-	-	3 211	2 525
Sanlam Collective Investments	3 211	2 525	-	-	-	-	3 211	2 525
Total new business	55 062	49 781	9 607	8 293	561	606	44 894	40 882
Recurring premiums on existing funds:								
Sanlam Personal Finance	5 130	4 919						
Sanlam Developing Markets	2 022	1 499						
Sanlam UK	237	263						
Institutional cluster	1 750	2 151						
Total funds received	64 201	58 613						

⁽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 <i>(continued)</i>		
R million	2011	2010
Analysed per market		
Retail		
Life business	7 076	6 315
Sanlam Personal Finance	6 439	5 700
Sanlam Developing Markets	637	615
Non-life business	17 700	13 939
Sanlam Personal Finance	5 731	4 989
Sanlam Private Investments	3 778	3 769
Sanlam Collective Investments	8 191	5 181
South African	24 776	20 254
Non-South African	7 045	6 428
Sanlam Personal Finance	3 790	4 265
Sanlam Developing Markets	966	664
Sanlam UK	2 289	1 499
Total retail	31 821	26 682
Institutional		
Group Life business	968	985
Sanlam Employee Benefits	618	450
Investment Management	350	535
Non-life business	9 830	11 461
Segregated	4 065	5 998
Sanlam Multi-Manager	2 130	3 453
Sanlam Collective Investments	3 635	2 010
South African	10 798	12 446
Investment Management Non-South African	2 120	1 482
Total institutional	12 918	13 928
White label	3 211	2 525
Sanlam Collective Investments	3 211	2 525
Short-term insurance	7 112	6 646
Total new business	55 062	49 781

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2011

2. ANALYSIS OF PAYMENTS TO CLIENTS

R million	Total		Life Insurance ⁽¹⁾		Life Licence ⁽²⁾		Other	
	2011	2010	2011	2010	2011	2010	2011	2010
Sanlam Personal Finance	18 854	17 861	10 782	9 642	-	-	8 072	8 219
South Africa	15 080	13 690	10 168	9 163	-	-	4 912	4 527
Surrenders	1 560	1 564	1 560	1 564	-	-	-	-
Other	13 520	12 126	8 608	7 599	-	-	4 912	4 527
Africa	3 774	4 171	614	479	-	-	3 160	3 692
Surrenders	52	53	52	53	-	-	-	-
Other	3 722	4 118	562	426	-	-	3 160	3 692
Sanlam Developing Markets	1 862	1 753	1 862	1 753	-	-	-	-
South Africa	1 246	1 318	1 246	1 318	-	-	-	-
Surrenders	154	209	154	209	-	-	-	-
Other	1 092	1 109	1 092	1 109	-	-	-	-
Africa	558	413	558	413	-	-	-	-
Surrenders	161	11	161	11	-	-	-	-
Other	397	402	397	402	-	-	-	-
Other international	58	22	58	22	-	-	-	-
Surrenders	58	16	58	16	-	-	-	-
Other	-	6	-	6	-	-	-	-
Sanlam UK	1 354	1 384	650	846	-	-	704	538
Other international	1 354	1 384	650	846	-	-	704	538
Surrenders	1 202	1 192	498	654	-	-	704	538
Other benefits	152	192	152	192	-	-	-	-
Sanlam Employee Benefits	2 680	3 407	2 680	3 407	-	-	-	-
South Africa	2 680	3 407	2 680	3 407	-	-	-	-
Terminations	600	1 306	600	1 306	-	-	-	-
Other	2 080	2 101	2 080	2 101	-	-	-	-
Sanlam Investments	20 641	20 932	-	-	1 245	1 382	19 396	19 550
Employee benefits	1 062	1 299	-	-	1 062	1 299	-	-
Terminations	742	873	-	-	742	873	-	-
Other	320	426	-	-	320	426	-	-
Collective investment schemes	8 450	6 114	-	-	-	-	8 450	6 114
Retail funds	5 220	3 948	-	-	-	-	5 220	3 948
Wholesale business	3 230	2 166	-	-	-	-	3 230	2 166
Segregated funds	9 020	9 150	-	-	-	-	9 020	9 150
Wholesale business	6 768	7 350	-	-	-	-	6 768	7 350
Private Investments	2 252	1 800	-	-	-	-	2 252	1 800
Non-South African	2 109	4 369	-	-	183	83	1 926	4 286
Short-term insurance	4 557	4 331	-	-	-	-	4 557	4 331
Payments to clients excluding white label	49 948	49 668	15 974	15 648	1 245	1 382	32 729	32 638
White label	2 835	2 295	-	-	-	-	2 835	2 295
Sanlam Collective Investments	2 835	2 295	-	-	-	-	2 835	2 295
Total payments to clients	52 783	51 963	15 974	15 648	1 245	1 382	35 564	34 933

⁽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	
	2011	2010	2011	2010	2011	2010	2011	2010
Sanlam Personal Finance	2 236	2 012	985	1 205	-	-	1 251	807
South Africa	1 916	1 656	1 022	1 115	-	-	894	541
Africa	320	356	(37)	90	-	-	357	266
Sanlam Developing Markets	1 763	1 025	1 763	1 025	-	-	-	-
South Africa	844	335	844	335	-	-	-	-
Africa	794	547	794	547	-	-	-	-
Other international	125	143	125	143	-	-	-	-
Sanlam UK	1 172	378	261	(26)	-	-	911	404
Sanlam Employee Benefits	(607)	(1 171)	(607)	(1 171)	-	-	-	-
Sanlam Investments	3 923	1 860	-	-	(389)	(412)	4 312	2 272
Employee benefits	(417)	(400)	-	-	(417)	(400)	-	-
Collective investment schemes	3 376	1 077	-	-	-	-	3 376	1 077
Retail funds	2 971	1 233	-	-	-	-	2 971	1 233
Wholesale business	405	(156)	-	-	-	-	405	(156)
Segregated funds	953	4 070	-	-	-	-	953	4 070
Wholesale business	(573)	2 101	-	-	-	-	(573)	2 101
Private Investments	1 526	1 969	-	-	-	-	1 526	1 969
Non-South African	11	(2 887)	-	-	28	(12)	(17)	(2 875)
Short-term Insurance	2 555	2 315	-	-	-	-	2 555	2 315
Net inflow/(outflow) excluding white label	11 042	6 419	2 402	1 033	(389)	(412)	9 029	5 798
White label	376	230	-	-	-	-	376	230
Sanlam Collective Investments	376	230	-	-	-	-	376	230
Total net inflow/(outflow)	11 418	6 649	2 402	1 033	(389)	(412)	9 405	6 028

⁽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 (continued)

for the six months ended 30 June 2011

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

R million	2011	2010
Analysed per market		
Retail		
Life business	1 866	1 450
Sanlam Personal Finance	1 022	1 115
Sanlam Developing Markets	844	335
Non-life business	5 391	3 743
Sanlam Personal Finance	894	541
Sanlam Private Investments	1 526	1 969
Sanlam Collective Investments	2 971	1 233
South African	7 257	5 193
Non-South African	2 411	1 424
Sanlam Personal Finance	320	356
Sanlam Developing Markets	919	690
Sanlam UK	1 172	378
Total retail	9 668	6 617
Institutional		
Group Life business	(1 024)	(1 571)
Sanlam Employee Benefits	(607)	(1 171)
Investment Management	(417)	(400)
Non-life business	(168)	1 945
Segregated	(422)	2 015
Sanlam Multi-Manager	(151)	86
Sanlam Collective Investments	405	(156)
South African	(1 192)	374
Investment Management Non-South African	11	(2 887)
Total institutional	(1 181)	(2 513)
White label	376	230
Sanlam Collective Investments	376	230
Sanlam Developing Markets	-	-
Short-term insurance	2 555	2 315
Total net inflow	11 418	6 649

4. NORMALISED EARNINGS PER SHARE

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

	Six months Reviewed	Full year Audited	
	2011	2010	2010
	Cents	Cents	Cents
Normalised earnings per share:			
Net result from financial services	84,7	69,4	161,5
Headline earnings	108,6	80,5	251,5
Profit attributable to shareholders' fund	112,0	98,9	271,1
	R million	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement on page 38):			
Net result from financial services	1 716	1 422	3 303
Headline earnings	2 202	1 650	5 143
Profit attributable to shareholders' fund	2 271	2 026	5 544
Reconciliation of normalised headline earnings:			
Headline earnings per note 1 on page 62	2 205	1 710	5 122
Less: Fund transfers	(3)	(60)	21
Normalised headline earnings	2 202	1 650	5 143
	million	million	million
Adjusted number of shares:			
Weighted average number of shares for diluted earnings per share (refer note 1 on page 62)	2 011,0	2 033,4	2 029,0
Add: Weighted average Sanlam shares held by policyholders	16,0	15,6	16,3
Adjusted weighted average number of shares for normalised earnings per share	2 027,0	2 049,0	2 045,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2011

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		December Audited 2010 R million
	June Reviewed 2011 R million	2010 R million	
Ratio of price to assets under management	6 867	5 984	6 946
SIM Wholesale	4 042	3 515	4 247
SIM International	1 673	1 516	1 598
Sanlam Collective Investments	524	434	512
Capital Management	104	132	166
Principal	419	294	318
Sanlam Namibia Holdings	105	93	105
Discounted cash flows	2 773	2 194	2 557
Glacier	1 061	758	965
Sanlam Personal Loans	406	194	365
Multi-Data	110	143	149
Sanlam Trust	143	171	185
Sanlam Home Loans	-	115	-
Punter Southall Group	260	256	227
Other	793	557	666
Net asset value	1 153	1 240	1 171
SIM International	212	271	212
MiWay	-	127	-
Shriram General Insurance	145	115	143
SDM other operations	65	23	51
Sanlam Capital Management	731	704	765
Fair value of unlisted businesses	10 793	9 418	10 674

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 = 1,09% (Dec 2010: 1,08%)	6 867	6 264	7 467
Discounted cash flows	RDR = 18,2% (Dec 2010: 18,4%) PGR = 2,5% - 5% (Dec 2010: 2,5% - 5%)	2 773	2 989	2 603
		2 773	2 710	2 864

6. VALUE PER SHARE

	June Reviewed 2011 million	2010 million	December Audited 2010 million
Number of shares for value per share:			
Number of ordinary shares in issue at beginning of the period	2 100,0	2 160,0	2 160,0
Shares cancelled	-	(60,0)	(60,0)
Number of ordinary shares in issue	2 100,0	2 100,0	2 100,0
Shares held by subsidiaries in shareholders' fund	(157,9)	(126,3)	(125,7)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive schemes	38,3	28,3	34,9
Number of shares under option that would have been issued at fair value	(1,2)	(2,4)	(1,9)
Convertible deferred shares held by Ubuntu-Botho	32,5	25,7	28,2
Adjusted number of shares for value per share	2 011,7	2 025,3	2 035,5

7. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2011 and 2010 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 34,8 million shares from 11 March 2011 to 30 June 2011 in terms of the general authorities. The lowest and highest prices paid were R26,57 and R27,85 per share respectively. The total consideration paid of R944 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 412,1 million shares, or 19,6% 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 8 June 2011.

The financial effects of the share repurchases during 2011 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	116,4	117,0
Headline earnings	112,9	113,5
Diluted earnings per share:		
Profit attributable to shareholders' fund	112,5	113,1
Headline earnings	109,1	109,6
Value per share:		
Equity value	2 875	2 877
Net asset value	1 551	1 531
Tangible net asset value	1 242	1 216

EMBEDDED VALUE OF COVERED BUSINESS

at 30 June 2011

EMBEDDED VALUE OF COVERED BUSINESS

R million	Note	June Reviewed 2011	December Audited 2010
Sanlam Personal Finance		22 854	20 120
Adjusted net worth		8 207	8 078
Net value of in-force covered business		14 647	12 042
Value of in-force covered business		16 543	13 883
Cost of capital		(1 650)	(1 659)
Minority shareholders' interest		(246)	(234)
Sanlam Developing Markets		4 507	3 696
Adjusted net worth		1 274	1 179
Net value of in-force covered business		3 233	2 517
Value of in-force covered business		3 874	3 130
Cost of capital		(283)	(261)
Minority shareholders' interest		(358)	(352)
Sanlam UK		637	659
Adjusted net worth		177	222
Net value of in-force covered business		460	437
Value of in-force covered business		485	466
Cost of capital		(25)	(29)
Minority shareholders' interest		-	-
Sanlam Employee Benefits		5 047	4 836
Adjusted net worth		4 567	4 571
Net value of in-force covered business		480	265
Value of in-force covered business		1 395	1 194
Cost of capital		(915)	(929)
Minority shareholders' interest		-	-
Embedded value of covered business		33 045	29 311
Adjusted net worth ⁽¹⁾		14 225	14 050
Net value of in-force covered business	1	18 820	15 261
Embedded value of covered business		33 045	31 045

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2011

CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS

R million	Note	Six months Reviewed 2011			
		Total	Value of in-force	Cost of capital	Adjusted net worth
Embedded value of covered business at the beginning of the period		31 045	19 840	(2 828)	14 033
Restatement for change in accounting policies	9	-	-	-	-
Restated embedded value of covered business at the beginning of the period		31 045	19 840	(2 828)	14 033
Value of new business	2	356	1 035	(42)	(637)
Net earnings from existing covered business		1 450	(181)	58	1 573
Expected return on value of in-force business		1 181	1 116	65	-
Expected transfer of profit to adjusted net worth		-	(1 443)	-	1 443
Operating experience variances	3	231	15	(16)	232
Operating assumption changes	4	38	131	9	(102)
Expected investment return on adjusted net worth		521	-	-	521
Embedded value earnings from operations		2 327	854	16	1 457
Economic assumption changes	5	(215)	(195)	(19)	(1)
Tax changes	6	1 249	1 244	2	3
Investment variances - value of in-force		(87)	(153)	15	51
Investment variances - investment return on adjusted net worth		(127)	-	-	(127)
Exchange rate movements		19	20	(1)	-
Net project expenses	7	(8)	-	-	(8)
Embedded value earnings from covered business		3 158	1 770	13	1 375
Acquired value of in-force		99	30	(5)	74
Change in utilisation of capital diversification		-	-	-	-
Transfers from covered business		(1 257)	-	-	(1 257)
Embedded value of covered business at the end of the period		33 045	21 640	(2 820)	14 225
Analysis of earnings from covered business					
Sanlam Personal Finance		2 242	1 256	47	939
Sanlam Developing Markets		560	375	(15)	200
Sanlam UK		72	30	4	38
Sanlam Employee Benefits		284	109	(23)	198
Embedded value earnings from covered business		3 158	1 770	13	1 375

Six months Reviewed 2010				Full year audited 2010	
Total	Value of in-force	Cost of capital	Adjusted net worth	Total	
28 988	17 626	(2 885)	14 247	28 988	
(49)	201	36	(286)	(49)	
28 939	17 827	(2 849)	13 961	28 939	
283	955	(42)	(630)	666	
1 138	(300)	36	1 402	2 639	
1 088	1 020	68	-	2 218	
-	(1 255)	-	1 255	-	
82	(99)	(15)	196	468	
(32)	34	(17)	(49)	(47)	
568	-	-	568	1 151	
1 989	655	(6)	1 340	4 456	
88	72	15	1	430	
-	-	-	-	-	
(436)	(449)	16	(3)	332	
(441)	-	-	(441)	4	
(24)	(26)	2	-	(119)	
(18)	-	-	(18)	(46)	
1 158	252	27	879	5 057	
6	5	(1)	2	6	
-	-	-	-	(700)	
(792)	-	-	(792)	(2 257)	
29 311	18 084	(2 823)	14 050	31 045	
928	220	36	672	3 782	
237	152	8	77	676	
9	(14)	3	20	(7)	
(16)	(106)	(20)	110	606	
1 158	252	27	879	5 057	

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2011

VALUE OF NEW BUSINESS

R million	Note	Six months Reviewed		Full year Audited	
		2011*	2011**	2010	2010
Value of new business (at point of sale):					
Gross value of new business		452	429	366	866
Sanlam Personal Finance		224	213	172	428
Sanlam Developing Markets		187	178	160	373
Sanlam UK		7	7	11	14
Sanlam Employee Benefits		34	31	23	51
Cost of capital					
		(51)	(51)	(46)	(104)
Sanlam Personal Finance		(21)	(21)	(18)	(42)
Sanlam Developing Markets		(14)	(14)	(14)	(28)
Sanlam UK		(1)	(1)	(2)	(3)
Sanlam Employee Benefits		(15)	(15)	(12)	(31)
Value of new business					
		401	378	320	762
Sanlam Personal Finance		203	192	154	386
Sanlam Developing Markets		173	164	146	345
Sanlam UK		6	6	9	11
Sanlam Employee Benefits		19	16	11	20
Value of new business attributable to:					
Shareholders' fund	2	356	333	283	666
Sanlam Personal Finance		195	184	147	367
Sanlam Developing Markets		136	127	116	268
Sanlam UK		6	6	9	11
Sanlam Employee Benefits		19	16	11	20
Minority shareholders' interest					
		45	45	37	96
Sanlam Personal Finance		8	8	7	19
Sanlam Developing Markets		37	37	30	77
Sanlam UK		-	-	-	-
Sanlam Employee Benefits		-	-	-	-
Value of new business					
		401	378	320	762
Geographical analysis:					
South Africa		298	275	224	522
Africa		95	95	84	224
Other international		8	8	12	16
Value of new business					
		401	378	320	762

* Excluding STC allowance

**Including STC allowance

R million	Six months Reviewed		Full year Audited	
	2011*	2011**	2010	2010
Analysis of new business profitability:				
Before minorities:				
Present value of new business premiums	14 785	14 785	12 811	27 334
Sanlam Personal Finance	9 264	9 264	8 306	17 555
Sanlam Developing Markets	3 324	3 324	2 847	6 584
Sanlam UK	695	695	577	996
Sanlam Employee Benefits	1 502	1 502	1 081	2 199
New business margin	2,71%	2,56%	2,50%	2,79%
Sanlam Personal Finance	2,19%	2,07%	1,85%	2,20%
Sanlam Developing Markets	5,20%	4,93%	5,13%	5,24%
Sanlam UK	0,86%	0,86%	1,56%	1,10%
Sanlam Employee Benefits	1,26%	1,07%	1,02%	0,91%
After minorities:				
Present value of new business premiums	14 112	14 112	12 220	25 891
Sanlam Personal Finance	9 141	9 141	8 179	17 293
Sanlam Developing Markets	2 774	2 774	2 383	5 403
Sanlam UK	695	695	577	996
Sanlam Employee Benefits	1 502	1 502	1 081	2 199
New business margin	2,52%	2,36%	2,32%	2,57%
Sanlam Personal Finance	2,13%	2,01%	1,80%	2,12%
Sanlam Developing Markets	4,90%	4,58%	4,87%	4,96%
Sanlam UK	0,86%	0,86%	1,56%	1,10%
Sanlam Employee Benefits	1,26%	1,07%	1,02%	0,91%

* Excluding STC allowance

** Including STC allowance

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2011

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS**1. Value of in-force sensitivity analysis**

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
Base value	21 640	(2 820)	18 820	
• Risk discount rate increase by 1%	20 457	(3 418)	17 039	(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	398	(42)	356	
• Risk discount rate increase by 1%	342	(52)	290	(19)

R million	Six months Reviewed 2011	2010	Full year Audited 2010
3. Operating experience variances			
Risk experience	207	138	352
Working capital and other	24	(56)	116
Total operating experience variances	231	82	468
4. Operating assumption changes			
Mortality and morbidity	(131)	7	(13)
Persistency	(29)	(148)	(89)
Modelling improvements and other	198	109	55
Total operating assumption changes	38	(32)	(47)
5. Economic assumption changes			
Investment yields and risk premiums	(222)	103	448
Long-term asset mix assumptions	7	(15)	(18)
Total economic assumption changes	(215)	88	430

6. Tax changes

Tax changes are mostly due to the removal of STC in the embedded value calculations. STC will be replaced by a new dividend withholding tax system in South Africa effective from 1 April 2012.

7. Net project expenses

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

8. Economic assumptions

%	June Reviewed		December Audited
	2011	2010	2010
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	8,7	9,2	8,4
Equities and offshore investments	12,2	12,7	11,9
Hedged equities	9,2	9,7	8,9
Property	9,7	10,2	9,4
Cash	7,7	8,2	7,4
Return on required capital	9,6	10,0	9,3
Inflation rate ⁽¹⁾	5,7	6,2	5,4
Risk discount rate	11,2	11,7	10,9
SDM Limited			
Point used on the relevant yield curve	5 year	6 year	5 year
Fixed-interest securities	8,1	8,4	7,7
Equities and offshore investments	11,6	11,9	11,2
Hedged equities	n/a	n/a	n/a
Property	9,1	9,4	8,7
Cash	7,1	7,4	6,7
Return on required capital	9,4	9,7	9,0
Inflation rate	5,1	5,4	4,7
Risk discount rate	10,6	10,9	10,2
Sanlam Life and Pensions UK Limited ⁽²⁾			
Point used on the relevant yield curve	15 year	15 year	15 year
Fixed-interest securities	4,0	3,9	4,0
Equities and offshore investments	7,2	7,2	7,2
Hedged equities	n/a	7,2	n/a
Property	7,2	7,2	7,2
Cash	4,0	3,9	4,0
Return on required capital	4,0	3,9	4,0
Inflation rate	3,5	3,2	3,5
Risk discount rate	7,7	7,7	7,7
Botswana Life Insurance			
Fixed-interest securities	10,0	10,0	9,5
Equities and offshore investments	13,5	13,5	13,0
Hedged equities	n/a	n/a	n/a
Property	11,0	11,0	10,5
Cash	9,0	9,0	8,5
Return on required capital	10,1	10,1	9,6
Inflation rate	7,0	7,0	6,5
Risk discount rate	13,5	13,5	13,0

⁽¹⁾ Expense inflation of 7,7% (Dec 2010: 7,4%) assumed for Retail business administered on old platforms.

⁽²⁾ Formerly Merchant Investors

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2011

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS (continued)**8. Economic assumptions (continued)**

%	June Reviewed		December Audited
	2011	2010	2010
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
Sanlam Life and Pensions UK Limited			
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

9. Change in accounting policies

During 2010, Channel Life's accounting policies for insurance contracts were 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 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 2011

Contents

Statement of financial position	58
Statement of comprehensive income	59
Statement of changes in equity	60
Cash flow statement	61
Notes to the financial statements	62

STATEMENT OF FINANCIAL POSITION

at 30 June 2011

R million	June Reviewed 2011	December Audited 2010
ASSETS		
Property and equipment	458	470
Owner-occupied properties	651	653
Goodwill	3 218	3 197
Other intangible assets	34	39
Value of business acquired	1 381	1 320
Deferred acquisition costs	2 330	2 270
Long-term reinsurance assets	614	588
Investments	316 579	310 091
Properties	15 672	17 362
Equity-accounted investments	3 914	3 626
Equities and similar securities	159 085	151 190
Public sector stocks and loans	57 923	57 347
Debentures, insurance policies, preference shares and other loans	33 157	31 586
Cash, deposits and similar securities	46 828	48 980
Deferred tax	855	932
Short-term insurance technical assets	1 557	1 560
Working capital assets	39 402	40 071
Trade and other receivables	26 283	27 883
Cash, deposits and similar securities	13 119	12 188
Total assets	367 079	361 191
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	22	22
Treasury shares	(3 861)	(2 824)
Other reserves	8 828	8 622
Retained earnings	25 801	25 958
Shareholders' fund	30 790	31 778
Minority shareholders' interest	2 821	2 608
Total equity	33 611	34 386
Long-term policy liabilities	271 039	265 695
Insurance contracts	132 106	132 985
Investment contracts	138 933	132 710
Term finance	6 986	6 766
Margin business	3 397	3 115
Other interest-bearing liabilities	3 589	3 651
External investors in consolidated funds	12 032	11 655
Cell owners' interest	595	577
Deferred tax	1 039	1 178
Short-term insurance technical provisions	8 084	7 945
Working capital liabilities	33 693	32 989
Trade and other payables	31 043	30 422
Provisions	664	617
Taxation	1 986	1 950
Total equity and liabilities	367 079	361 191

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011

R million	Note	Reviewed 2011	Restated Reviewed 2010
Net income		24 862	20 809
Financial services income		17 505	16 002
Reinsurance premiums paid		(1 707)	(1 681)
Reinsurance commission received		214	168
Investment income		7 442	7 679
Investment surpluses		1 512	(1 053)
Finance cost – margin business		(110)	(95)
Change in fair value of external investors' liability		6	(211)
Net insurance and investment contract benefits and claims		(13 930)	(11 089)
Long-term insurance and investment contract benefits		(9 664)	(7 001)
Short-term insurance claims		(5 220)	(4 719)
Reinsurance claims received		954	631
Expenses		(6 821)	(6 139)
Sales remuneration		(2 485)	(2 326)
Administration costs		(4 336)	(3 813)
Impairments		(22)	49
Amortisation of intangibles		(78)	(42)
Net operating result		4 011	3 588
Equity-accounted earnings		221	235
Finance cost – other		(179)	(138)
Profit before tax		4 053	3 685
Taxation		(1 303)	(1 210)
Shareholders' fund		(947)	(951)
Policyholders' fund		(356)	(259)
Profit for the period		2 750	2 475
Other comprehensive income			
Movement in foreign currency translation reserve		101	(125)
Comprehensive income for the period		2 851	2 350
Allocation of comprehensive income			
Profit for the period		2 750	2 475
Shareholders' fund		2 274	2 086
Minority shareholders' interest		476	389
Comprehensive income for the period		2 851	2 350
Shareholders' fund		2 370	1 994
Minority shareholders' interest		481	356
Earnings attributable to shareholders of the company (cents):			
Profit for the year			
Basic earnings per share	1	117,0	105,2
Diluted earnings per share	1	113,1	102,6

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011

R million	Reviewed 2011	Restated Reviewed 2010
Shareholders' fund:		
Balance at beginning of the period	31 778	29 644
Comprehensive income	2 370	1 994
Profit for the period	2 274	2 086
Other comprehensive income: movement in foreign currency translation reserve	96	(92)
Net acquisition of treasury shares ⁽¹⁾	(1 170)	(1 054)
Share-based payments	87	79
Acquisitions, disposals and other movements in interests	(14)	(29)
Dividends paid ⁽²⁾	(2 261)	(2 096)
Balance at end of the period	30 790	28 538
Minority shareholders' interest		
Balance at beginning of the period	2 608	2 513
Comprehensive income	481	356
Profit for the period	476	389
Other comprehensive income: movement in foreign currency translation reserve	5	(33)
Net acquisition of treasury shares ⁽¹⁾	(14)	(57)
Share-based payments	9	12
Dividends paid	(305)	(241)
Acquisitions, disposals and other movements in minority interests	42	(110)
Balance at end of the period	2 821	2 473
Shareholders' fund	31 778	29 644
Minority shareholders' interest	2 608	2 513
Total equity at beginning of the period	34 386	32 157
Shareholders' fund	30 790	28 538
Minority shareholders' interest	2 821	2 473
Total equity at end of the period	33 611	31 011

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries and the share incentive trust.⁽²⁾ Dividend of 115 cents per share paid during 2011 (2010: 104 cents per share) in respect of the 2010 financial year.

CASH FLOW STATEMENT

for the six months ended 30 June 2011

R million	Reviewed 2011	Reviewed 2010
Cash flow from operating activities	5 532	1 386
Cash flow from investment activities	(5 802)	(2 385)
Cash flow from financing activities	(948)	(1 308)
Net decrease in cash and cash equivalents	(1 218)	(2 307)
Cash, deposits and similar securities at beginning of the period	61 164	60 984
Cash, deposits and similar securities at end of the period	59 946	58 677

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2011

	Reviewed 2011	Restated Reviewed 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 and policyholders. 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.		
	cents	cents
Basic earnings per share:		
Headline earnings	113,5	86,2
Profit attributable to shareholders' fund	117,0	105,2
Diluted earnings per share:		
Headline earnings	109,6	84,1
Profit attributable to shareholders' fund	113,1	102,6
	R million	R million
Analysis of earnings:		
Profit attributable to shareholders' fund	2 274	2 086
Less: Net profit on disposal of operations	(91)	(326)
Profit on disposal of operations	(103)	(364)
Tax on profit on disposal of operations	17	38
Minority shareholders' interest	(5)	-
Plus: Impairments	22	(50)
Impairments	22	(49)
Minority shareholders' interest	-	(1)
Headline earnings	2 205	1 710
<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	2 100,0	2 160,0
Less: Weighted number of shares cancelled	-	(40,0)
Less: Weighted Sanlam shares held by subsidiaries (including policyholders)	(156,8)	(137,2)
Adjusted weighted average number of shares for basic earnings per share	1 943,2	1 982,8
Add: Weighted conversion of deferred shares	30,7	24,7
Add: Total number of shares and options	38,3	28,3
Less: Number of shares (under option) that would have been issued at fair value	(1,2)	(2,4)
Adjusted weighted average number of shares for diluted earnings per share	2 011,0	2 033,4

R million	Reviewed 2011	Reviewed 2010
2. RECONCILIATION OF SEGMENTAL INFORMATION		
Segment financial services income (per shareholders' fund information)	16 396	15 214
Sanlam Personal Finance	3 854	3 465
Sanlam Developing Markets	2 296	2 062
Sanlam UK	209	182
Sanlam Employee Benefits	1 433	1 354
Short-term insurance	7 222	6 871
Sanlam Investments	1 024	994
Sanlam Capital Management	286	204
Corporate, consolidation and other	72	82
IFRS adjustments	1 109	788
Total financial services income	17 505	16 002
Segment results (per shareholders' fund information after tax and minorities)	2 271	2 026
Sanlam Personal Finance	1 184	996
Sanlam Developing Markets	209	74
Sanlam UK	5	54
Sanlam Employee Benefits	216	89
Short-term insurance	370	302
Sanlam Investments	185	279
Sanlam Capital Management	106	404
Corporate, consolidation and other	(4)	(172)
Reverse minority shareholders' interest included in segment result	476	389
Fund transfers	3	60
Total profit for the period	2 750	2 475
Additional segmental information is provided in the Shareholders' information (refer page 34 to 41).		

3. CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

Further clarification has been obtained regarding the accounting treatment of investments in associates since the release of the Group's interim results for 2010. IFRS contains an exemption to the equity-accounting of investments in associates for those investments held in life insurance funds (i.e. policyholders' funds). These investments can be recognised at fair value in the statement of financial position. The Group's general interpretation of this exemption up to 30 June 2010 was that it only applies in instances where all shares are held in the policyholders' fund. Where a portion of the investment is held by the shareholders' fund, the full investment had to be equity-accounted. The clarification referred to above, however, confirmed that 'split' accounting can be applied and that the policyholders' fund's interest can in all instances be recognised at fair value. This applies to the Group's interest in Vukile. The shareholders' fund's investment is equity-accounted whereas the interest held in the policyholders' fund is carried at fair value. This split accounting prevents an economic mismatch between policy liabilities and policyholder assets. For the six months to 30 June 2010, a fund transfer was recognised in respect of the Vukile units held in the policyholders' fund as these holdings were also equity-accounted. This fund transfer has been reversed in the comparative information congruent to the change in clarification. The updated application was already applied in respect of the 2010 year-end reporting.

As reported in the 2010 annual financial statements, following recent queries from SARS and pursuant to the complete restructuring of Santam's investment portfolio in 2007 and 2008, an additional provision was raised for income tax relating to the potential under provisioning for taxation on the net realised gains on traded investments during the said periods.

Comparative information has been restated for the change in accounting policy and under provision of taxation as follows:

R million	Six months ended 30 June 2010	
	Restated	Reported
Shareholders fund at the beginning of the period	29 644	29 796
Shareholders fund at the end of the period	28 538	28 590
Minority shareholders' interest at the beginning of the period	2 513	2 628
Minority shareholders' interest at the end of the period	2 473	2 588
Comprehensive income for the period	2 350	2 250

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

4. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosed in the 2010 annual report. 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 statement of financial position and this report that affect the financial position of the Sanlam Group at 30 June 2011 as reflected in these financial statements.

ADMINISTRATION

GROUP SECRETARY

Sana-Ullah Bray

REGISTERED OFFICE

2 Strand Road, Bellville 7530, South Africa
Telephone +27 (0)21 947-9111
Fax +27 (0)21 947-3670

POSTAL ADDRESS

PO Box 1, Sanlamhof 7532, South Africa
Registered name: Sanlam Limited
(Registration number 1959/001562/06)
JSE share code (primary listing): SLM
NSX share code: SLA
ISIN: ZAE000070660
Incorporated in South Africa

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street, Johannesburg 2001,
South Africa
PO Box 61051, Marshalltown 2107, South Africa
Tel +27 (0)11 373-0000
Fax +27 (0)11 688-5200

WWW.SANLAM.CO.ZA

DIRECTORS

DK Smith (Chairman), PT Motsepe (Deputy Chairman), J van Zyl ⁽¹⁾ (Group Chief Executive),
MMM Bakane-Tuoane, AD Botha, P Buthelezi, FA du Plessis, MV Moosa, JP Möller ⁽¹⁾,
YG Muthien ⁽¹⁾, TI Mvusi ⁽¹⁾, SA Nkosi, I Plenderleith ⁽²⁾, P Rademeyer, RV Simelane,
CG Swanepoel, ZB Swanepoel, PL Zim

⁽¹⁾ Executive

⁽²⁾ British

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited

