

METROPOLITAN HOLDINGS FINANCIAL SERVICES GROUP

UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

- Net funds received from clients – R5.6 billion
- Diluted core headline earnings per share - up 14%
- Retail new business premiums – up 21%
- International new business premiums - up 17%
- Total assets under management exceeded R106 billion

REVIEW OF OPERATIONS AND PROSPECTS

Operating environment

Until very recently South Africa had been enjoying a prolonged period of buoyant equity and property markets, strong GDP growth and significant disposable income across most consumer classes. Then in the first half of 2008 there was an almost complete reversal. The investment markets were extremely turbulent and unpredictable, interest rates continued to increase and inflation soared to above 10%, driven mainly by imported price pressures (particularly relating to food and oil). All of these factors put pressure on financial and other operating measures.

The risk discount rate (RDR), which is based on the ten-year interest rate yield curve, was increased by 2.5% over the six months to 30 June 2008, the largest increase in a single reporting season since embedded value reporting was introduced in South Africa in 1998.

Salient features and highlights

- Diluted core headline earnings per share for the half-year remained very strong at 70 cents, increasing by 14% over 2007.
- The growth in diluted core headline earnings per share was partially assisted by a further reduction of shares in issue – a direct result of ongoing capital management activities.
- Earnings and headline earnings, which include adjustments for negative economic and other market value impacts, reflected an overall decline on 2007.
- The general economic slow-down challenged operating profit across the group; however, most of the businesses still managed to grow their contributions.
- Total recurring new business premiums increased by 6%, while the value of new business was severely reduced as a result of the spike in the RDR.
- Investment income on shareholder assets was 38% higher.
- Positive operating experience variances once again emerged in the embedded value, highlighting the successes achieved through pro-active management interventions.
- The economic capital model is subject to constant refinement and the capital required as at 30 June 2008 remained stable despite the recent turbulent markets.
- Enhanced by share buy-backs, embedded value per share held up very well, reducing slightly from 1 857 cents to 1 838 cents, despite a final dividend pay-out of 59 cents per share in April.
- The unbroken record of positive cashflow from clients continued, with a net inflow of R5.6 billion being recorded.

Operational overview

Retail

- New business APE (annual premium equivalent, comprising recurring premiums plus 10% of single premiums) was 21% higher.
- The increasingly difficult consumer conditions led to a higher propensity to lapse or surrender life insurance policies. However, management action in this area has been intensified, resulting in better-than-expected overall persistency during the period under review.
- The new business margin reduced from 1.6% to 0.7% (present value of future premiums (PVP) basis) as the increase in the economic parameters together with higher new business expenses had a greater impact than the improved new business production. A reduction in the RDR of 1.5%, as has been experienced post the reporting date, would have increased the value of new business to levels similar to those reflected in the prior year.
- At the end of 2007 a deferred tax asset was recognised for accumulated tax losses in the policyholder funds. As a result, the tax profits (tax charged but not paid) that emerged during 2007 in the retail business were not repeated in the current year.
- Operating profit increased by 4%, boosted by higher average investment assets and a lower income tax charge, but dampened by the change in accounting policy referred to above as well as the worsening economic environment.

Corporate

- New business APE could not match the stellar performance recorded during 2007, and ended the period down 45%. Excluding the very large single premium received in 1Q07, new single premium business was up by over 80%.
- The new business PVP margin, however, showed an increase from 1.0% to 1.1%, reflecting the higher proportion of more profitable recurring premium business written.
- Risk margins remained under pressure throughout the period while expenses were firmly under control.
- Operating profit was 3% higher, with an increased contribution from investment business and a lower tax charge having been almost totally neutralised by the lower risk profits.

International

- New business APE, which includes only the established southern African operations, was boosted by the performance in Lesotho, ending 17% up.
- The three northern operations all increased their APE and are progressing well.
- The agreement to establish a life insurance business in Swaziland was finalised and the company has started operating, increasing our non South African life companies to seven.
- Overall, the southern operations recorded a strong new business margin of 2.7% (PVP).
- Total operating profit increased by an impressive 10% despite start-up losses in all of the northern operations.

Asset management

- The value of new business, comprising collective investment inflows and new third-party mandates, grew by 38%.
- MetAM delivered very good relative investment performance over the period.
- Operating profit, however, declined by 31% as a result of lower absolute investment market performance as well as increased staff costs.

Health

- New business continued to add value, mostly as a result of the tremendous growth in membership of the Government Employees Medical Scheme (GEMS).
- Total principal members under administration, including franchise, at the end of June were in excess of 700 000 (more than 1.8 million lives), confirming MHG's status as South Africa's largest administrator of closed schemes.
- As a result of the continued growth in members, together with the improved operational efficiencies, operating profit increased by 34%.

Prospects

- Metropolitan continues to capitalise on its focused market positioning, in line with its strategy to create prosperity for Africa's people by providing accessible, affordable and appropriate products.
- All the businesses within the group are well prepared for the opportunities and threats posed by ongoing changes in the highly regulated environments in which they operate.
- Food and transport inflation remain the biggest challenges to the group's core target market. Further increases in these factors will continue to curtail new business prospects.
- The board is satisfied that the business is well positioned, thanks to its strong focus on client service, product innovation, business retention, cost containment and capital management.

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited interim results of the Metropolitan Holdings financial services group for the six months ended 30 June 2008.

These results have been prepared in accordance with International Accounting Standard 34 (IAS34) – Interim financial reporting; guidelines issued by the Actuarial Society of South Africa; and the disclosure requirements of the JSE Limited (JSE). The accounting policies of the group have been applied consistently to all the periods presented. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates as well as the exercise of managerial judgement in the application of the group's accounting policies. Such critical judgements and accounting estimates are disclosed in detail in the annual financial statements at 31 December 2007 and, with the exception of the principal economic assumptions, have remained unchanged since then.

The accounting treatment of certain items has been changed from that disclosed in June 2007. In finalising the December 2007 annual financial statements, various refinements were made to the application of IFRS, as disclosed in the 2007 annual report. As a result, certain line items were reclassified in the balance sheet at 30 June 2007. Neither shareholder equity nor earnings were affected.

More information on these restatements and reclassifications is available in the SENS announcement or on the Metropolitan website, www.metropolitan.co.za.

Corporate activity during the year

Metropolitan cancelled 26 million listed ordinary shares held at 31 December 2007, and bought back a further 16 million such shares for R201 million.

Related parties

There have been no significant changes to the nature of the related party transactions as described in note 42 of the 2007 annual financial statements.

CORPORATE GOVERNANCE

The board has satisfied itself that appropriate principles of corporate governance were applied throughout the period under review.

DIRECTORATE CHANGES AND DIRECTORS' SHAREHOLDING

Peter Doyle and Abel Sithole resigned as directors with effect from 31 March 2008. No further changes have been made to the directorate. All transactions in listed shares involving directors were disclosed on SENS as required.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The group had no material capital commitments at 30 June 2008. The group is party to legal proceedings in the normal course of business, and appropriate provisions are made when losses are expected to materialise.

POST BALANCE SHEET EVENTS

No material post balance sheet events occurred between the balance sheet date and the date of approval of the interim results.

DIVIDEND DECLARATION

Ordinary listed shares

The dividend policy for ordinary listed shares, approved by the directors and consistent with prior years, is to provide shareholders with stable dividend growth that reflects expected growth in underlying earnings in the medium term, while allowing the dividend cover to fluctuate.

An interim dividend of 40.00 cents per ordinary share was declared on 2 September 2008. This dividend is payable to the holders of ordinary shares recorded in the register of the company at the close of business on Friday, 3 October 2008 and will be paid on Monday, 6 October 2008. The last day to trade "cum" dividend will be Friday, 26 September 2008. The shares will trade "ex" dividend from the start of business on Monday, 29 September 2008. Share certificates may not be dematerialised or rematerialised between Monday, 29 September and Friday, 3 October 2008, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to certificated shareholders on or about payment date. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 6 October 2008.

Preference share (unlisted) dividend

Dividends of R32 million (16.9%), R5 million (40.00 cents per share) and R29 million (18.7%) were declared on 2 September 2008 on the A1, A2 and A3 Metropolitan preference shares respectively, payable on 30 September 2008. The declaration rates were determined as set out in the company's articles. These amounts are included under finance costs in these results.

Signed on behalf of the board

Wiseman Nkuhlu
Wilhelm van Zyl

Group chairman
Group chief executive

Cape Town
2 September 2008

Directors:

Wiseman Nkuhlu (non-executive group chairman), Wilhelm van Zyl (group chief executive), Phillip Matlakala (executive director), Preston Speckmann (group finance director), Fatima Jakoet, Peter Lamprecht, Syd Muller, Bulelwa Ndamase, John Newbury, JJ Njeke, Andile Sangqu, Marius Smith, Franklin Sonn, Johan van Reenen

Secretary: Bongiwe Gobodo-Mbomvu

Registration number: 2000/031756/06

Registered office: 7 Parc du Cap, Mispel Road, Bellville 7535

JSE code: MET

NSX code: MTD

ISIN NO: ZAE000050456

Transfer secretaries

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Sponsor

Merrill Lynch

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED BALANCE SHEET	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
ASSETS			
Intangible assets	525	433	562
Owner-occupied properties	607	435	592
Property and equipment	278	171	233
Investment properties	2 790	2 468	2 710
Investment in associates	592	1 047	405
Investment in joint ventures	54	-	61
Employee benefit assets	319	131	177
Financial instrument assets ⁽¹⁾	62 884	57 739	60 489
Insurance and other receivables	1 425	1 262	1 476
Deferred income tax	7	4	15
Reinsurance contracts	271	237	179
Current income tax assets	40	-	-
Cash and cash equivalents	6 466	7 623	8 274
Non-current assets held for sale	19	-	185
Total assets	76 277	71 550	75 358
EQUITY			
Capital and reserves attributable to equity holders	6 527	6 542	6 817
Minority interests	131	79	124
Total equity	6 658	6 621	6 941
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts ⁽²⁾	33 283	32 579	33 531
Capitation contracts	2	3	1
Financial instrument liabilities			
Investment contracts	28 343	27 092	28 426
– with discretionary participation features ⁽²⁾	13 637	13 849	14 273
– designated as at fair value through income	14 706	13 243	14 153
Other financial instrument liabilities ⁽³⁾	3 949	2 394	2 863
Deferred income tax	428	267	492
Employee benefit obligations	246	237	252
Other payables	3 368	2 133	2 545
Current income tax liabilities	-	224	307
Total liabilities	69 619	64 929	68 417
Total equity and liabilities	76 277	71 550	75 358

(1) Financial instrument assets consist of the following:

Assets designated as at fair value through income: R59 629 million (30.06.2007: R55 582 million; 31.12.2007: R58 264 million)

Assets held for trading: R1 814 million (30.06.2007: R768 million; 31.12.2007: R850 million)

Available-for-sale assets: R7 million (30.06.2007: R104 million; 31.12.2007: R7 million)

Loans and receivables: R1 434 million (30.06.2007: R1 285 million; 31.12.2007: R1 368 million)

(2) Under IFRS4, the group continues to account for long-term insurance contracts and investment contracts with discretionary participation features using SA GAAP.

(3) Other financial instrument liabilities consist of the following:

Liabilities designated as at fair value through income: R391 million (30.06.2007: R205 million; 31.12.2007: R635 million)

Liabilities held for trading: R2 216 million (30.06.2007: R852 million; 31.12.2007: R858 million)

Liabilities at amortised cost: R1 342 million (30.06.2007: R1 337 million; 31.12.2007: R1 370 million)

METROPOLITAN HOLDINGS – GROUP RESULTS

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES ON REPORTING BASIS	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
Total assets per balance sheet	76 277	71 550	75 358
Actuarial value of policy liabilities per balance sheet	(61 626)	(59 671)	(61 957)
Other liabilities per balance sheet	(7 993)	(5 258)	(6 460)
Minority interests	(131)	(79)	(124)
Excess – group per reporting basis	6 527	6 542	6 817
Net assets – other businesses	(1 274)	(1 492)	(1 102)
Excess – long-term insurance business ⁽⁴⁾	5 253	5 050	5 715
LONG-TERM INSURANCE BUSINESS ⁽⁴⁾			
Change in excess of long-term insurance business ⁽⁴⁾	(462)	(786)	(121)
Increase in share capital	(19)	(4)	(12)
Acquisition of Union Life (formerly known as HTG Life)	-	-	(54)
Change in other reserves	(26)	37	(36)
Dividend paid	852	1 432	1 606
Total surplus arising	345	679	1 383
Operating profit	357	322	754
Investment income on excess	157	147	289
Net realised and fair value gains on excess	(42)	274	364
Investment variances ⁽⁵⁾	(7)	20	29
Basis and other changes	(262)	(89)	(180)
Employee benefit assets ⁽⁶⁾	142	5	48
Deferred tax ⁽⁷⁾	-	-	79
Consolidation adjustments	45	127	217
Income tax expenses ⁽⁸⁾	(1)	210	549
Adjustment for finance costs	23	23	47
Results of long-term insurance business ⁽⁴⁾	412	1 039	2 196
Results of other group businesses	(15)	242	289
Results of operations per income statement	397	1 281	2 485

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES ON STATUTORY BASIS	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
Reporting excess – long-term insurance business ⁽⁴⁾	5 253	5 050	5 715
Disallowed assets in terms of statutory requirements ⁽⁹⁾	(436)	(211)	(293)
Capital adjustments	330	402	91
Statutory excess – long-term insurance business ⁽⁴⁾	5 147	5 241	5 513
Capital adequacy requirement (CAR) (Rm)	1 843	1 580	1 609
Ratio of long-term insurance business excess to CAR (times)	2.8	3.3	3.4
Discretionary margins	1 956	2 341	2 151

(4) The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group. It includes minority interests and other items, which are eliminated on consolidation. It excludes non-insurance business.

(5) Investment variances reflect the impact of actual investment returns on the value of future expense recoveries and include any change in the PGN 110 (Allowance for embedded investment derivatives) liability.

(6) Recognition of Metropolitan Staff Retirement Fund surplus

(7) Deferred tax asset created at 31 December 2007 in respect of accumulated tax losses.

(8) June 2008 and December 2007 includes deferred tax on contract holder capital gains.

(9) Disallowed assets include goodwill, deferred acquisition costs and employee benefit assets.

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED INCOME STATEMENT	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Net insurance premiums received	4 585	4 101	8 792
Fee income	576	407	807
Investment income	2 026	1 513	3 632
Net realised and fair value gains	(1 920)	3 703	4 407
Net income	5 267	9 724	17 638
Net insurance benefits and claims	3 736	3 069	6 192
Change in liabilities	(1 042)	2 940	4 215
Change in insurance contract liabilities	(326)	1 807	2 617
Change in investment contracts with DPF liabilities	(630)	1 155	1 562
Change in reinsurance provision	(86)	(22)	36
Fair value adjustments on investment contract liabilities	496	848	1 518
Fair value adjustments on collective investment scheme liabilities	5	3	13
Depreciation, amortisation and impairment expenses	125	71	169
Employee benefit expenses	569	597	1 145
Sales remuneration and distribution costs	548	533	1 127
Other expenses	433	382	774
Expenses	4 870	8 443	15 153
Results of operations	397	1 281	2 485
Share of profit of associates	3	2	5
Share of loss of joint ventures	(7)	-	-
Finance costs	(94)	(92)	(174)
Profit before tax	299	1 191	2 316
Income tax expenses	(76)	(362)	(788)
Earnings	223	829	1 528
Attributable to:			
Equity holders of group	206	818	1 503
Minority interests	17	11	25
	223	829	1 528

METROPOLITAN HOLDINGS – GROUP RESULTS

RECONCILIATION OF HEADLINE EARNINGS attributable to equity holders of group	Basic earnings			Diluted earnings		
	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Earnings	206	818	1 503	206	818	1 503
Finance costs – preference shares				69	61	124
Diluted earnings				275	879	1 627
Goodwill impairment	30			30		
Headline earnings ⁽¹⁰⁾	236	818	1 503	305	879	1 627
Net realised and fair value gains on excess	41	(573)	(719)	41	(573)	(719)
Basis and other changes and investment variances	267	66	64	267	66	64
Employee benefit assets	(142)	(5)	(48)	(142)	(5)	(48)
Dilutory effect of subsidiaries ⁽¹¹⁾				1	1	6
Investment income on treasury shares – contract holders ⁽¹²⁾				-	12	13
STC on special dividend		60	60	-	60	60
Core headline earnings ⁽¹³⁾	402	366	860	472	440	1 003

(10) Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances, basis and other changes and the first-time recognition of an employee benefit asset. Adjustments to headline earnings, as required by SAICA Circular 8/2007, relate to returns on shareholder assets only.

(11) Metropolitan Health and Metropolitan Kenya are consolidated at 100% in the results. For the purposes of diluted core headline earnings, minority interests and investment returns are reinstated.

(12) For diluted core headline earnings, treasury shares held on behalf of contract holders are deemed to be issued. For diluted earnings and headline earnings, these shares are deemed to be cancelled.

(13) Net realised and fair value gains on investment assets, investment variances and basis and other changes can be volatile; therefore core headline earnings have been disclosed that comprise operating profit and investment income on shareholder assets.

EARNINGS PER SHARE (cents) attributable to equity holders of group	6 mths to 30.06.2008	6 mths to 30.06.2007	12 mths to 31.12.2007
Basic			
Core headline earnings	76.72	67.65	160.15
Headline earnings	45.04	151.20	279.89
Earnings	39.31	151.20	279.89
Weighted average number of shares (million)	524	541	537
Diluted			
Core headline earnings	70.03	61.28	142.27
Weighted average number of shares (million) ⁽⁷⁾	674	718	705
Headline earnings	45.25	124.15	232.43
Earnings	40.80	124.15	232.43
Weighted average number of shares (million) ⁽⁷⁾	674	708	700

DIVIDENDS	2008	2007
Ordinary listed shares (cents per share)		
Interim	40.00	36.00
Final		59.00
Total		95.00

METROPOLITAN HOLDINGS – GROUP RESULTS

DIVIDENDS

Convertible redeemable preference shares		A1	A2	A3
Paid – 31 March 2007	Rate	13.5%	125.00 cps	13.3%
	Rm	26	16	21
Paid – 30 September 2007	Rate	14.4%	36.00 cps	15.6%
	Rm	27	5	24
Paid – 31 March 2008	Rate	16.1%	59.00 cps	18.0%
	Rm	31	8	28
Payable – 30 September 2008	Rate	16.9%	40.00 cps	18.7%
	Rm	32	5	29
Redemption value (per share)	R	5.12	9.18	9.18

ANALYSIS OF DILUTED CORE HEADLINE EARNINGS	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Retail business	225	217	460
Operating profit	284	307	622
Tax	(59)	(90)	(162)
Corporate business	72	70	176
Operating profit	93	98	248
Tax	(21)	(28)	(72)
International business	45	41	110
Operating profit	49	46	116
Tax	(4)	(5)	(6)
Asset management business	24	35	70
Operating profit	34	51	96
Tax	(10)	(16)	(26)
Health business	43	32	64
Operating profit	61	53	116
Tax	(18)	(21)	(52)
Shareholder capital	63	45	123
Holding company expenses	(32)	(26)	(58)
Strategic ventures	(36)	(20)	(44)
Investment income on shareholder excess	243	176	384
Income tax on investment income	(112)	(85)	(159)
Diluted core headline earnings	472	440	1 003

RESULTS OF OPERATIONS FROM ADMINISTRATION BUSINESS (gross of minority interests and before finance costs and tax)	Net income	Expenses	Results of operations		
			6 mths to 30.06.2008	6 mths to 30.06.2007	12 mths to 31.12.2007
	Rm	Rm	Rm	Rm	Rm
Health business	395	(334)	61	53	111
Asset administration	60	(37)	23	37	62
Asset management	58	(43)	15	14	35
Metropolitan Card Operations	24	(46)	(22)	(20)	(22)
	537	(460)	77	84	186

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Changes in share capital			
Balance at beginning	19	(136)	(136)
Staff share scheme shares released	3	72	105
Treasury shares held on behalf of contract holders	1	53	50
Balance at end	23	(11)	19
Changes in other reserves			
Balance at beginning	495	413	413
Total recognised income	12	-	70
Revaluation of land and buildings	12	5	65
Foreign currency translation differences	-	(5)	5
Employee share schemes – value of services provided	1	1	12
Transfer to retained earnings	-	(2)	-
Balance at end ⁽¹⁴⁾	508	412	495
Changes in retained income			
Balance at beginning	6 303	6 417	6 417
Earnings for period	206	818	1 503
Dividend paid	(312)	(716)	(926)
Shares repurchased	(201)	(380)	(691)
Transfer from other reserves	-	2	-
Balance at end	5 996	6 141	6 303
Capital and reserves attributable to equity holders	6 527	6 542	6 817
Changes in minority interests			
Balance at beginning	124	109	109
Total recognised income	20	12	26
Earnings for period	17	13	25
Foreign currency translation differences	3	(1)	1
Dividend paid	(12)	(49)	(49)
Net change in minority interests	(1)	7	38
Balance at end	131	79	124
Total equity	6 658	6 621	6 941

(14) Other reserves consist of the following:

Land and buildings revaluation reserve: R173 million (30.06.2007: R102 million; 31.12.2007: R161 million)

Foreign currency translation reserve: (R11 million) (30.06.2007: (R21 million); 31.12.2007: (R11 million))

Fair value reserve: R50 million (30.06.2007: R36 million; 31.12.2007: R50 million)

Non-distributable reserve: R296 million (30.06.2007: R295 million; 31.12.2007: R295 million)

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED CASH FLOW STATEMENT	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Net cash (outflow)/inflow from operating activities	(1 140)	2 075	3 166
Net cash outflow from investing activities	(85)	(197)	(115)
Net cash outflow from financing activities	(586)	(1 145)	(1 668)
Net cash flow	(1 811)	733	1 383
Net realised and fair value gains on cash resources	3	3	4
Cash resources at beginning	8 274	6 887	6 887
Cash resources at end	6 466	7 623	8 274

SEGMENT REPORT	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Revenue			
Premiums received	5 643	5 937	11 667
Retail	3 666	3 078	6 726
Corporate	1 490	2 397	3 947
Health	9	10	19
International	478	452	975
Fee income	457	398	787
Corporate	33	17	50
Asset management	105	102	213
Health	380	332	683
International	6	-	-
Shareholder capital	6	5	11
Inter-segment fee income	(73)	(58)	(170)
Expenses			
Payments to contract holders	4 619	3 630	7 539
Retail	2 297	1 928	4 140
Corporate	1 992	1 362	2 712
Health	8	9	17
International	322	331	670
Other expenses	1 769	1 675	3 389
Retail	1 094	945	1 987
Corporate	168	154	312
Asset management	81	71	133
Health	325	285	587
International	169	141	305
Shareholder capital	(10)	142	256
Inter-segment expenses	(58)	(63)	(191)

- The South African operations are segregated into retail, corporate, asset management, health and shareholder capital. The international companies - Botswana, Ghana, Kenya, Lesotho, Mauritius, Namibia, Nigeria and Swaziland - are all managed as a single operating segment.
- Segment assets and liabilities did not change materially from 31 December 2007, except for market-related movements.
- Other segment information used to assess the performance of the operating segments is disclosed throughout the results and includes, diluted core headline earnings, new business premiums, value of new business and profitability of new business as a % of APE.
- Shareholder capital expenses are net of first-time recognition of employee benefit assets.

METROPOLITAN HOLDINGS – GROUP RESULTS

EMBEDDED VALUE	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
Reporting excess – long-term insurance business	5 253	5 050	5 715
Disallowed assets ⁽¹⁵⁾	(124)	(85)	(124)
Adjustments to reporting excess	2 188	2 470	2 057
Net assets – other businesses	1 274	1 492	1 102
Dilutory effect of subsidiaries ⁽¹⁶⁾	83	91	73
Staff share scheme loans	119	155	141
Liability – convertible redeemable preference shares	839	832	837
Treasury shares held on behalf of contract holders	8	9	13
Goodwill and value of in-force business acquired	(135)	(109)	(109)
Diluted net asset value	7 317	7 435	7 648
Value of in-force	4 870	4 873	4 960
Other businesses	582	470	540
Asset management	233	249	257
Health ⁽¹⁷⁾	681	515	666
Holding company expenses	(332)	(294)	(383)
Long-term insurance businesses	4 288	4 403	4 420
Individual life	3 479	3 554	3 566
Gross value of in-force business	3 609	3 695	3 696
Less cost of capital	(130)	(141)	(130)
Employee benefits	809	849	854
Gross value of in-force business	874	924	911
Less cost of capital	(65)	(75)	(57)
Diluted embedded value	12 187	12 308	12 608
Diluted embedded value per share (cents)	1 838	1 761	1 857
Diluted net asset value per share (cents)	1 104	1 064	1 126
Diluted number of shares in issue (million) ⁽¹⁸⁾	663	699	679

(15) Disallowed assets include goodwill, deferred acquisition costs and deferred revenue liabilities.

(16) For accounting purposes, Metropolitan Health, Metropolitan Kenya and Metropolitan Namibia have been consolidated at 100% (2007: Namibia 81%, Health and Kenya 100%) in the balance sheet. For embedded value purposes, disclosed on a diluted basis, the minority interests and related funding have been reinstated.

(17) The value of the health business is net of R54 million at 31.12.2007 and R38 million at 30.06.2007, being the total liability in respect of the option held by MHG management. The liability was settled during February 2008.

(18) The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares and the release of staff share scheme shares, and includes the treasury shares held on behalf of contract holders.

METROPOLITAN HOLDINGS – GROUP RESULTS

EMBEDDED VALUE ATTRIBUTABLE TO GROUP	Net asset value Rm	Value of in-force Rm	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
Metropolitan Life Ltd	4 557	3 785	8 342	8 463	8 940
Metropolitan Odyssey	35	-	35	34	34
Union Life	23	13	36	-	41
Metropolitan Life International	52	-	52	48	50
Metropolitan Namibia	144	238	382	369	417
Metropolitan Botswana	114	71	185	149	178
Metropolitan Lesotho	141	170	311	285	307
Metropolitan Kenya	15	2	17	9	17
Metropolitan Ghana	8	7	15	11	12
Metropolitan Nigeria	54	2	56	-	-
Asset management	62	233	295	363	394
Metropolitan Health Group	209	681	890	692	831
Metropolitan Holdings (after consolidation adjustments)	2 038	(332)	1 706	1 994	1 496
Goodwill and value of business acquired	(135)		(135)	(109)	(109)
Total embedded value	7 317	4 870	12 187	12 308	12 608
Adjustments to reporting excess	(2 188)				
Disallowed assets	124				
Reporting excess – long-term insurance business	5 253				

- Net of minority interests.

VALUE OF NEW BUSINESS	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Retail business	23	45	119
Gross value of new business	24	46	122
Less: Cost of capital	(1)	(1)	(3)
Corporate business	13	23	46
Gross value of new business	17	26	53
Less: Cost of capital	(4)	(3)	(7)
International business	6	9	15
Gross value of new business	6	9	15
Less: Cost of capital	(0)	(0)	(0)
Value of long-term insurance new business	42	77	180
Asset management	22	16	35
Health	48	55	121
Total value of new business	112	148	336

- 2008 and 2007 results exclude Metropolitan Ghana, Metropolitan Kenya and Metropolitan Nigeria as these businesses were in start-up phase. 2007 also excludes results for Union Life as the company was acquired late in 2007.
- Net of minority interests.
- Due to rounding, the cost of capital for the international business is less than R1 million.

METROPOLITAN HOLDINGS – GROUP RESULTS

NEW BUSINESS PREMIUMS	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Recurring premiums			
Retail business	416	361	804
Corporate business	86	116	207
International business	49	42	91
	551	519	1 102
Single premiums			
Retail business	1 474	1 060	2 519
Corporate business	589	1 487	2 154
International business	68	58	121
	2 131	2 605	4 794
Annual premium equivalent (APE)			
	764	780	1 581
Retail business	563	467	1 056
Corporate business	145	265	422
International business	56	48	103
Present value premiums (PVP)			
	4 528	5 283	10 068
Retail business	3 098	2 808	6 033
Corporate business	1 209	2 241	3 613
International business	221	234	422

• 2008 and 2007 exclude Metropolitan Ghana (06.08: R9 million; 06.07: R4 million; 12.07: R9 million APE), Metropolitan Kenya (06.08: R5 million; 06.07: R4 million; 12.07: R4 million APE) and Metropolitan Nigeria (06.08: R5 million) as these businesses are in start-up phase. 2007 excludes results for Union Life as the company was acquired late in 2007.

• Net of minority interests.

PROFITABILITY OF NEW BUSINESS	6 mths to 30.06.2008	6 mths to 30.06.2007	12 mths to 31.12.2007
% of APE	5.5	9.9	11.4
Retail business	4.1	9.6	11.3
Corporate business	9.0	8.7	10.9
International business	10.7	18.8	14.6
% of PVP	0.9	1.5	1.8
Retail business	0.7	1.6	2.0
Corporate business	1.1	1.0	1.3
International business	2.7	3.8	3.6

METROPOLITAN HOLDINGS – GROUP RESULTS

SOURCE OF NEW BUSINESS PRODUCTION – GROUP	30.06.2008		30.06.2007		31.12.2007	
	APE %	Total %	APE %	Total %	APE %	Total %
Individual life – insurance and investment business						
Tied agents and personal financial advisors	40	32	37	29	36	26
Brokers	25	28	24	23	25	25
Wholesale and credit life	17	5	21	8	21	8
Third party business	9	29	8	33	9	34
International	9	6	10	7	9	7

PRINCIPAL ASSUMPTIONS (South Africa) ⁽¹⁹⁾	30.06.2008	30.06.2007	31.12.2007
	%	%	%
Pre-tax investment return			
Equities	13.0	10.5	10.5
Properties	13.0	10.5	10.5
Government stock	11.0	8.5	8.5
Cash	9.0	6.5	6.5
Risk discount rate (RDR)	13.5	11.0	11.0
Investment return (before tax) – smoothed bonus	12.4	9.9	9.9
Expense inflation rate	7.8	5.3	5.3

(19) The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

MINORITY INTERESTS	30.06.2008	30.06.2007	31.12.2007
	%	%	%
Metropolitan Health Group	17.6	17.6	17.6
Union Life	50.0	-	50.0
Metropolitan Namibia	18.0	19.0	19.0
Metropolitan Botswana	24.2	24.2	24.2
Metropolitan Kenya	33.3	33.3	33.3
Metropolitan Ghana	40.0	40.0	40.0
Metropolitan Nigeria	50.0	-	50.0

METROPOLITAN HOLDINGS – GROUP RESULTS

LONG-TERM INSURANCE BUSINESS: SENSITIVITIES – 30.06.2008	Net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of CAR Rm	Net value Rm	Gross value Rm	Cost of CAR Rm
Base value	5 253	4 288	4 483	(195)	42	47	(5)
1% increase in risk discount rate % change		3 926 (8)	4 235 (6)	(308) 58	29 (30)	36 (22)	(7) 44
1% reduction in risk discount rate % change		4 689 9	4 756 6	(67) (66)	55 32	57 23	(2) (49)
10% increase in future expenses % change ⁽¹⁾		3 985 (7)	4 180 (7)	(195) -	25 (40)	30 (36)	(5) -
10% increase in policy discontinuance % change		4 193 (2)	4 387 (2)	(195) -	26 (38)	31 (34)	(5) -
10% increase in mortality and morbidity % change ⁽²⁾		3 942 (8)	4 137 (8)	(195) -	17 (59)	22 (53)	(5) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽³⁾	5 314 1	4 335 1	4 530 1	(195) -	55 33	60 30	(5) 7
1% reduction in gross investment return only (no change in risk discount rate) % change ⁽³⁾	5 187 (1)	3 975 (7)	4 297 (4)	(322) 65	34 (18)	41 (11)	(7) 47
1% reduction in inflation rate % change	5 369 2	4 232 (1)	4 427 (1)	(195) -	53 28	58 25	(5) -
10% fall in market value of equities % change	4 984 (5)	3 983 (7)	4 272 (5)	(289) 48			
10% reduction in premium indexation take-up rate % change		4 202 (2)	4 397 (2)	(195) -	38 (9)	43 (8)	(5) -
10% increase in non commission related acquisition expenses % change					24 (44)	28 (39)	(5) -

Notes

- (1) No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
- (2) Mortality decreases by 10% for annuities; mortality and morbidity increase by 10% for assurance.
- (3) Bonus rates are assumed to change commensurately.
- (4) The change in the value of cost of CAR is disclosed as nil where the sensitivity test results in an insignificant change in the value.

METROPOLITAN HOLDINGS – GROUP RESULTS

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Other businesses	Long-term insurance business		6 mths to 30.06.2008 Total	6 mths to 30.06.2007 Total	12 mths to 31.12.2007 Total
	Rm	NAV Rm	VoIF Rm	Rm	Rm	Rm
Profit from new business	72	(89)	132	115	151	352
Embedded value from new business	70	(89)	131	112	147	336
Expected return to end of year	2	-	1	3	4	16
Profit from existing business	(70)	454	37	421	462	781
Expected return – unwinding of RDR	39	-	262	301	262	540
Expected (or actual) net of tax profit transfer to net worth	-	346	(346)	-	-	-
Operating experience variances	(126)	224	48	146	141	414
Operating assumption changes	17	(116)	73	(26)	59	(173)
Embedded value profit from operations	2	365	169	536	613	1 133
Investment return on net worth	(44)	126	-	82	453	768
Investment variances	(11)	7	(199)	(203)	133	138
Economic assumption changes	30	(140)	(122)	(232)	(48)	(1)
Exchange rate movements	-	(9)	5	(4)	-	(4)
Total embedded value profit	(23)	349	(147)	179	1 151	2 034
Changes in share capital	(201)	-	-	(201)	(380)	(691)
Reallocations	(53)	37	16	-	-	-
Dividend paid	491	(821)	-	(330)	(751)	(960)
Finance costs – preference shares	(69)	-	-	(69)	(61)	(124)
Change in embedded value	145	(435)	(131)	(421)	(41)	259
Time weighted return on embedded value (%) (June results annualised)				2.9	20.3	17.8

ANALYSIS OF VARIANCES AND OPERATING ASSUMPTION CHANGES – 30.06.2008

Operating experience variances

Other businesses	Negative variances from losses or a reduction in profit margins in certain of the non-life companies.
Long-term insurance business	
Net asset value (NAV)	Significant contribution of R142 million from the recognition of an additional employee benefit asset. Positive contribution from higher than expected mortality profits, partially off-set by negative variances from higher than expected expenses.
Value of in force (VoIF)	Positive contributions from persistency on certain lines of individual life business as well as some mortality profits.

Operating assumption changes

Other business	Positive contribution from the reduction in the corporate tax rate from 29% to 28%.
Long-term insurance business	
Net asset value (NAV)	Negative change from an increase in the assumed per policy expense for individual life contracts. Positive change in respect of the assumed mortality on certain lines of business.
Value of in force (VoIF)	Positive contribution mainly from the reduction in the transfer tax rate from 29% to 28%. Negative change due to an increase in the assumed future expenses of the corporate business.

METROPOLITAN HOLDINGS – GROUP RESULTS

FUNDS RECEIVED FROM CLIENTS	Gross inflow Rm	Gross outflow Rm	6 mths to 30.06.2008 Net inflow Rm	6 mths to 30.06.2007 Net inflow Rm	12 mths to 31.12.2007 Net inflow Rm
Retail business	3 666	(2 297)	1 369	1 150	2 586
Corporate business	1 490	(1 992)	(502)	1 035	1 235
International business	478	(322)	156	121	305
Long-term insurance business cash flows	5 634	(4 611)	1 023	2 306	4 126
Health business	6 926	(5 775)	1 151	247	1 364
Asset administration business	10 916	(8 478)	2 438	4 139	6 708
Asset management business	1 037	(76)	961	42	222
Corporate business	5	-	5	-	78
Total funds received from clients	24 518	(18 940)	5 578	6 734	12 498

PREMIUMS RECEIVED	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Recurring premiums	3 561	3 319	6 913
Retail business	2 235	2 018	4 288
Corporate business	901	910	1 793
International business	425	391	832
Single premiums	2 073	2 608	4 735
Retail business	1 431	1 060	2 438
Corporate business	589	1 487	2 154
International business	53	61	143
Capitation contracts – health business	9	10	19
Segment premiums received	5 643	5 937	11 667
Adjustment for premiums received from investment contract holders	(1 058)	(1 836)	(2 875)
Net insurance premiums per income statement	4 585	4 101	8 792

- Excluding premiums received in Nigeria.

METROPOLITAN HOLDINGS – GROUP RESULTS

PAYMENTS TO CONTRACT HOLDERS	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Individual life	2 526	2 179	4 623
Death and disability claims	559	435	952
Maturity claims	839	677	1 417
Annuities	323	285	581
Withdrawal benefits	68	-	7
Surrenders	813	824	1 759
Re-insurance recoveries	(76)	(42)	(93)
Employee benefits	2 085	1 442	2 899
Death and disability claims	566	426	886
Maturity claims	143	53	136
Annuities	335	300	614
Withdrawal benefits	209	212	469
Terminations	191	123	106
Disinvestments	742	397	837
Re-insurance recoveries	(101)	(69)	(149)
Capitation contracts	8	9	17
Total payments to contract holders	4 619	3 630	7 539
Adjustment for payments to investment contract holders	(883)	(561)	(1 347)
Net insurance benefits and claims per income statement	3 736	3 069	6 192

- Segment information is disclosed in the segment report and reconciles to total payments to policyholders.
- Excluding payments to contract holders in Nigeria.

NUMBER OF EMPLOYEES	30.06.2008	30.06.2007	31.12.2007
Indoor staff	5 134	4 651	4 866
Insurance companies	2 684	2 560	2 573
Retail	1 248	1 338	1 305
Union Life	103	-	-
Cover2Go	16	5	7
Employee benefits	389	349	359
International	403	354	381
Group services	525	514	521
Metropolitan Health Group	2 057	1 765	1 956
Asset management	80	74	75
Asset administration	65	61	69
Metropolitan Card Operations	50	41	42
Metropolitan Retirement Administrators	132	132	132
DirectFin Solutions	47	-	-
Holding company	19	18	19
Field staff	3 672	3 216	3 409
Retail	2 619	2 445	2 554
Union Life	186	-	-
DirectFin Solutions	36	-	-
International	831	771	855
Total	8 806	7 867	8 275

METROPOLITAN HOLDINGS – GROUP RESULTS

ANALYSIS OF EXPENSES	6 mths to 30.06.2008 Rm	6 mths to 30.06.2007 Rm	12 mths to 31.12.2007 Rm
Depreciation, amortisation and impairment expenses	125	71	169
Employee benefit expenses	569	597	1 145
Sales remuneration and distribution costs	548	533	1 127
Other expenses	433	382	774
Finance costs	94	92	174
Total expenses	1 769	1 675	3 389
Long-term insurance business	1 395	1 224	2 598
Management expenses	833	612	1 288
Administration expenses	731	555	1 165
Distribution costs	102	57	123
Sales remuneration	445	473	1 001
Asset management fees	98	114	242
Direct property expenses	19	25	67
Administration business	447	385	787
Finance costs – preference shares and subordinated redeemable debt	92	85	170
Holding company	38	28	65
Employee benefit assets	(142)	(5)	(51)
Consolidation adjustments	(61)	(42)	(180)
Total expenses	1 769	1 675	3 389

- Segment information is disclosed in the segment report.

METROPOLITAN HOLDINGS – GROUP RESULTS

ASSETS UNDER MANAGEMENT	30.06.2008 Rm	30.06.2007 Rm	31.12.2007 Rm
Intangible assets	525	433	562
Owner-occupied properties	607	435	592
Property and equipment	278	171	233
Investment properties	2 790	2 468	2 710
Investment in associates	592	1 047	405
Investment in joint ventures	54	-	61
Employee benefit assets	319	131	177
Financial assets	62 884	57 739	60 489
Equity securities	30 442	29 267	31 990
Debt securities	14 082	12 077	14 268
Funds on deposit and other money market instruments	4 388	2 389	2 150
Unit-linked investments	10 724	11 953	9 863
Derivative financial instruments	1 814	768	850
Loans and receivables	1 434	1 285	1 368
Insurance and other receivables	1 425	1 262	1 476
Deferred income tax	7	4	15
Reinsurance contracts	271	237	179
Current income tax assets	40	-	-
Cash and cash equivalents	6 466	7 623	8 274
Non-current assets held for sale	19	-	185
Total on-balance sheet assets	76 277	71 550	75 358
Collective investments	20 135	15 700	18 403
Health	4 434	3 723	4 091
Asset management – segregated assets	3 893	2 801	2 950
Employee benefits – segregated assets	1 399	1 246	1 392
Total assets under management	106 138	95 020	102 194

ANALYSIS OF ASSETS BACKING GROUP EXCESS	30.06.2008		30.06.2007		31.12.2007	
	Rm	%	Rm	%	Rm	%
Equity securities	3 379	51.8	2 451	36.6	3 575	52.4
Collective investment schemes	927	14.2	2 088	31.2	1 325	19.4
Debt securities	328	5.0	597	8.9	523	7.7
Owner-occupied properties	607	9.3	344	5.1	592	8.7
Investment properties	170	2.6	18	0.3	103	1.5
Cash and cash equivalents	1 585	24.3	1 478	22.1	1 490	21.9
Goodwill	214	3.3	109	1.6	244	3.6
Other net assets	657	10.1	942	14.1	303	4.4
Redeemable preference shares	(839)	(12.9)	(832)	(12.4)	(837)	(12.3)
Subordinated redeemable debt	(501)	(7.7)	(501)	(7.5)	(501)	(7.3)
Excess - group per reporting basis	6 527	100.0	6 694	100.0	6 817	100.0

METROPOLITAN HOLDINGS – GROUP RESULTS

GROUP EXCESS – TOP 10 EQUITY HOLDINGS	30.06.2008		30.06.2007		31.12.2007	
	Rm	%	Rm	%	Rm	%
MTN Group Ltd	275	8.1	256	10.4	293	8.2
Anglo American Plc	263	7.8	144	5.9	133	3.7
Impala Platinum Holdings Ltd	243	7.2	138	5.6	157	4.4
Billiton Plc	238	7.0	144	5.9	182	5.0
Sasol Ltd	222	6.6	130	5.3	167	4.7
Standard Bank Group Ltd	167	4.9	195	8.0	211	5.9
Richemont Securities AG	138	4.1	-	-	-	-
Remgro Plc	117	3.5	-	-	70	2.0
Grindrod Ltd	76	2.3	-	-	-	-
FirstRand Ltd	72	2.1	111	4.5	130	3.7
Imperial Holdings Ltd	-	-	101	4.1	111	3.1
Nedbank Group Ltd	-	-	97	4.0	90	2.5
Barloworld Ltd	-	-	88	3.6	-	-
	1 811	53.6	1 404	57.3	1 544	43.2
Total equities backing excess	3 379	100.0	2 451	100.0	3 575	100.0

METROPOLITAN HOLDINGS – GROUP RESULTS

STOCK EXCHANGE PERFORMANCE	30.06.2008	31.12.2007	30.06.2007	31.12.2006
6 month period				
Value of listed shares traded (rand million) ⁽²¹⁾	2 592	2 570	4 454	2 945
Volume of listed shares traded (million) ⁽²¹⁾	200	170	286	233
Shares traded (% of average listed shares in issue) ^(20, 21)	72.7	61.4	100.6	78.8
Value of shares traded – life insurance (J857 – Rbn)	47.8	54.4	53.6	35.4
Value of shares traded – top 40 index (J200 – Rbn)	1 367.3	1 277.0	1 051.1	824.5
Trade prices				
Highest (cents per share)	1 520	1 635	1 691	1 581
Lowest (cents per share)	1 080	1 314	1 421	1 105
Last sale of period (cents per share)	1 093	1 509	1 486	1 500
Percentage (%) change during period ^(20, 22)	(47.5)	3.1	9.1	61.6
Percentage (%) change – life insurance sector (J857) ⁽²⁰⁾	(55.1)	(4.1)	10.8	32.1
Percentage (%) change – top 40 index (J200) ⁽²⁰⁾	19.6	5.4	27.9	33.9
30 June / 31 December				
Price/diluted core headline earnings ratio	7.80	10.61	12.12	13.12
Dividend yield % (dividend on listed shares) ⁽²⁰⁾	9.06	6.30	5.65	5.13
Dividend yield % – top 40 index (J200) ⁽²⁰⁾	2.32	2.39	2.12	2.06
Total shares issued (million)				
Listed on JSE	539	559	550	585
Ordinary shares	533	553	543	578
Share incentive scheme	6	6	7	7
Unlisted – share purchase scheme	17	23	32	41
Total ordinary shares in issue	556	582	582	626
Treasury shares held by subsidiary	(16)	(26)	(6)	(27)
Treasury shares held on behalf of contract holders	(1)	(1)	(1)	(13)
Adjustment to staff share scheme shares ⁽²³⁾	(21)	(26)	(37)	(47)
Share incentive scheme	(4)	(4)	(6)	(7)
Share purchase scheme	(17)	(22)	(31)	(40)
Basic number of shares in issue	518	529	538	539
Adjustment to staff share scheme shares	21	26	37	47
Treasury shares held on behalf of contract holders	1	1	1	13
Convertible redeemable preference shares	123	123	123	123
Diluted number of shares in issue ⁽²⁴⁾	663	679	699	722
Market capitalisation at end (Rbn) ⁽²⁵⁾	7.25	10.25	10.39	10.83
Percentage (%) of life insurance sector ⁽²⁰⁾	5.26	4.93	5.03	5.45

(20) Percentages have been annualised.

(21) 30.06.2008 is net of 16 million shares acquired for R200 million as part of a share buy-back programme (31.12.2007: 20 million shares acquired for R310 million; 30.06.2007: 24 million shares acquired for R380 million; 31.12.2006: 27 million shares acquired for R242 million).

(22) 30.06.2007 has been adjusted for a special dividend of 77 cents per share (31.12.2006: capital reduction of 100 cents per share).

(23) These are shares which have been issued since 1 January 2001, the date on which the group adopted AC133 (now IAS39).

(24) The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares and the release of staff share scheme shares, and includes the treasury shares held on behalf of contract holders.

(25) The market capitalisation is calculated on the fully diluted number of shares in issue.