2 September 2009

Update is a newsletter produced by the investor relations department of Metropolitan Holdings Limited. It provides information on the different businesses in the group as well as financial news. Contact Sue Snow (financial media) on (021) 940-6119 / ssnow@metropolitan.co.za or Natalie Amos (investor relations) on (021) 940-6112 / namos@metropolitan.co.za for further information.

Unaudited group results for the six months ended 30 June 2009

Metropolitan's performance consistent despite economic downturn

Metropolitan's interim financial results for the six months to 30 June 2009, announced today (Wednesday 2 September), demonstrate that the group's ability to generate good cash returns has been sustained during these turbulent times.

"However, in certain respects we have fared better than expected, given the severity and extended duration of the recession and its impact on the financial position of our clients – both their ability to pay and their inclination to buy," says group chief executive Wilhelm van Zyl.

A salient feature of Metropolitan's results was the fact that neither the quantity nor the quality of new business production was as adversely affected as anticipated. Total new recurring premium income was 11% higher than in the equivalent six months of 2008, with all the life businesses achieving steady growth in this all-important area. Single premium income of R1.6 billion was collected despite the economic conditions. Very importantly, lapses at inception did not deteriorate as much as it had been envisaged they would.

"Although we are undoubtedly seeing the effects of the recession on the persistency of our in-force book of business, concerted retention efforts have meant that, overall, our persistency rates did not drop as much as we feared they might," says Van Zyl.

The value of the group's new life business did, however, fall by 5% as increases in retail business were negated by reductions in corporate (mainly due to reduced risk margins) and international (as a result of expense increases) business.

As Van Zyl points out, Metropolitan's performance on both the capital and cashflow fronts was also noteworthy.

"Thanks to focused management action we have strengthened our capital position at all levels. Our group capital adequacy requirement (CAR) cover of 3.2 times is generous in the present economic climate. The life companies' CAR cover of 2.4 times is also entirely appropriate. In addition, with net funds received from clients of R2 billion, we have succeeded in maintaining our positive cashflow status."

Many factors were responsible for three of the businesses within the group – retail, corporate and asset management - contributing less to group operating profit and core headline earnings of R408 million than they did in the equivalent period in 2008. Chief amongst these was the sharp decline in average investment asset levels, lower absolute investment performance thanks to continued market turbulence, lower risk profits and increased new business strain.

The international cluster and the Metropolitan Health Group (MHG) were the exceptions, with operating profit before tax up 4% and 26% respectively.

MHG's sterling achievement can largely be ascribed to continued growth in scheme membership, particularly of the Government Employees Medical Scheme (GEMS), as well as improved operational efficiencies due to increasing economies of scale. MHG's status as the largest administrator of closed medical schemes in the country remained uncontested.

International's contribution to operating profit was boosted by performances in the group's established markets of Namibia and Botswana. The so-called new markets contributed to an increase in new business for the cluster, with Nigeria playing the most significant part.

New recurring premium income in the retail cluster was 8% up, boosted by good sales through the personal financial adviser channel (tied agents). Both the independent (brokers) and wholesale distribution channels experienced a slowdown in new business. Retail single premium income fell 25% primarily because of restrictions that came into effect with respect to third party and other distribution agreements.

As far as the corporate cluster was concerned, a higher volume of risk business was the main driver of the 28% increase in new recurring premium income. In addition, significant quantities of new off balance sheet administration business were written on the new Neon product.

Good asset allocation decisions and an improvement in equity investment performance in the short term point to the fact that the investment process at Metropolitan Asset Managers (MetAM) is being successfully turned around. Further evidence of this is expected by year-end.

According to an independent report published earlier this month (August 2009) by Ketola Research, Metropolitan, of all the major life assurers in South Africa, has produced the best total return to shareholders over the past five years, thanks in part to "generous dividends and capital reductions".

For the period under review, shareholders will receive an interim dividend that has been maintained at 40 cents per share despite the severity of the downturn, a reflection of the board's confidence in both the group's current stability and its future prospects taking the current market volatility into account.

"Although all of our businesses are facing threats posed by the ongoing changes to the highly regulated environments in which they operate, we believe we are well positioned to turn these into opportunities thanks to our customer-centric approach in conjunction with our proven adaptability, track record of innovation and large-scale administration capabilities," concludes Van Zyl.

On 26 August shareholders approved the refinancing of Metropolitan's empowerment partnership with Kagiso Trust Investments (KTI). This will allow the group to further entrench its position as a leading driver of transformation in the financial services sector.

Summary of Metropolitan's results to June 2009

	June 2008	**June 2009**	**% growth**
Diluted core headline earnings	R472m	R408m	(14)
Diluted core headline earnings per share	70.03c	61.54c	(12)
Diluted earnings	R275m	R250m	(9)
Diluted earnings per share	40.80c	37.71c	(8)
Return on embedded value	2.9%	0.0%	[redacted]
Embedded value per share	1 819c	1 654c	
Interim dividend per ordinary share	40.00c	40.00c	-
Total recurring premium new business	R565m	R628m	11
Total premiums received	R5.6bn	R5.3bn	(5)
Present value of future premium income (PVP)	R4.6bn	R4.1bn	(10)
Total assets under management	R106bn	R98bn	(7)

Notes

- Core headline earnings are a particularly appropriate measure of the performance of financial services groups such as Metropolitan in that they eliminate items of both a once-off and an inherently volatile nature, such as changes to the valuation basis, investment variances and capital appreciation/depreciation.
- Diluted core headline earnings have been adjusted for the convertible redeemable preference shares, the staff share scheme shares and the treasury shares in issue – all dilutory in nature. The preference shares were issued to Metropolitan's strategic empowerment partner, Kagiso Trust Investments (KTI).

end

METROPOLITAN HOLDINGS FINANCIAL SERVICES GROUP

UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

- Net funds received from clients – R2 billion
- New business recurring premiums – up 11%
- Metropolitan Health group operating profit before tax - up 26%
- Dividend per share maintained
- Group CAR strengthened to 3.2x
- BEE transaction re-financed

REVIEW OF OPERATIONS AND PROSPECTS

Operating environment

The investment markets continued to be extremely turbulent and unpredictable, long bond interest rates increased once again and inflation remained above comfortable levels. These factors put pressure on our clients' disposable income, as well as on the group's financial and other operating measures during the period.

Salient features and highlights

- Diluted core headline earnings per share for the half-year were subdued, decreasing by 12% over 1H08.
- Earnings and headline earnings, which include adjustments for economic and other market value impacts, were less affected.
- The general economic slow-down affected growth in operating profit across the group.
- Total recurring new business premium income increased by 11%, with growth in all three life businesses; the value of group new business, however, fell 7% to R104 million.
- Investment income after tax on shareholder assets was 10% higher.
- The economic capital required by the group remained reasonably stable despite a marginal reduction to R4.4 billion, mainly as a result of a decline in projected economic volatilities.
- The overall capital position of the group improved, resulting in a group CAR cover of 3.2 times.
- The embedded value per share held up well, only dropping from 1 709 cents (31 December 2008) to 1 654 cents, a reflection of the final dividend of 55 cents per share paid in April.
- The group's unbroken record of positive cash flow from clients continued, with a net inflow of R2 billion being recorded.

Operational overview

Retail

- New recurring premium income was 8% higher, mainly boosted by good sales through the personal financial adviser channel.
- Single premium new business was down 25% as a result of restrictions on various third party and other distribution agreements.
- The mix of new business sold during the period changed, with a move from savings to risk products.
- The increasingly difficult consumer conditions led to a higher propensity to lapse or surrender life insurance policies. Ongoing focused management action in this area resulted in better-than-expected overall persistency experience during the period under review.
- As can be expected in the current economic climate, the direct marketing business had a negative impact on both operating profit and value of new business (VNB). This business continues to receive focused attention.

- The retail new business margin increased from 0.7% to 1.0% (present value of future premiums (PVP) basis). Changes to the commission structures, together with higher new business expenses, were more than compensated for by increased new business production and economic assumption changes.
- Operating profit before tax decreased by 5%, dampened by lower average investment assets, the effects of the worsening economic environment on certain product lines and new business strain on investment products as a result of the implementation of the changed commission regulations.

Corporate

- New recurring premium income ended the period up 28%, driven by an increase in risk premiums.
- In addition, a significant volume of pure administration business was written on the new Neon product. Including this business on-balance sheet would have boosted recurring new business by an estimated 38%.
- The new business PVP margin, however, decreased from 1.1% to 0.8%, reflecting a change in the mix of business written.
- Although the growth in off balance sheet administration business did not contribute to new business premium income, it did affect the new business margin as it assisted with the recovery of costs and boosted the value of new business.
- Risk margins, especially on funeral and disability business, remained under pressure throughout the period while expenses were firmly under control.
- Operating profit after tax was 25% lower, impacted by lower average investment levels, the change in the mix of business and reduced risk profits.

International

- New business recurring premium income, from all seven operations, was boosted by the performance in the "new" countries and grew by 8% compared to 1H08.
- The three northern operations all increased their premium income and are progressing satisfactorily.
- With the inclusion of all seven operations in the number for the first time, a reduced new business margin of 1.3% (PVP) was recorded.
- Total operating profit before tax increased by 4%, despite higher start-up losses in the northern operations and tough conditions in all markets.

Asset management

- The value of new business, comprising collective investment inflows and new third-party mandates, grew by 5%.
- MetAM delivered good relative investment performance over the period.
- However, operating profit before tax declined by 56% as a result of lower absolute investment market performance as well as increased staff costs.

Health

- New business flows increased, 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 795 000 (more than two million lives), confirming MHG's status as South Africa's largest administrator of closed medical schemes.
- As a result of the continued growth in members, together with improved operational efficiencies attributable to increasing economies of scale, operating profit before tax increased by 26% compared to 1H08.
- Operating profit after tax was reduced by STC of R13 million on a dividend paid to Metropolitan Holdings.

Prospects

- Metropolitan continues to create prosperity for Africa's people by providing appropriate products that are both accessible and affordable.
- All the businesses are facing opportunities and threats posed by ongoing changes in the highly regulated environments in which they operate.

- Food and transport inflation, together with rising unemployment, remain the biggest challenges to the group's core target market. Further deterioration in the above factors could curtail new business prospects and possibly threaten the persistency of the in-force book.
- The board is satisfied that the group remains strategically well positioned, thanks to its strong focus on client service, product innovation, business retention, cost containment, diversification 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 2009.

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 2008 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 2008. In finalising the December 2008 annual financial statements, various refinements were made to the application of IFRS, as disclosed in the 2008 annual report. As a result, certain line items were reclassified in the statement of financial position at 30 June 2009. 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 year

Metropolitan cancelled 16 million listed ordinary shares that were held at 31 December 2008.

Related parties

There have been no significant changes to the nature of the related party transactions as described in note 42 of the 2008 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

Wiseman Nkuhlu resigned from the board with effect from 17 March 2009. JJ Njeke was appointed acting chairman. After an association of 20 years with Metropolitan, Dr Sonn will be retiring as a director on 11 October 2009. The board extends its grateful thanks for his invaluable contribution. 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 2009. The group is party to legal proceedings in the normal course of business, and appropriate provisions are made when losses are expected to materialise.

EVENTS AFTER REPORTING PERIOD

On 26 August 2009 shareholder approval was granted for the refinancing of the strategic empowerment transaction with Kagiso Trust Investments (Pty) Ltd. No other material events occurred between the reporting 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 1 September 2009. This dividend is payable to the holders of ordinary shares recorded in the register of the company at the close of business on Friday, 25 September 2009 and will be paid on Monday, 28 September 2009. The last day to trade "cum" dividend will be Thursday, 17 September 2009. The shares will trade "ex" dividend from the start of business on Friday, 18 September 2009. Share certificates may not be dematerialised or rematerialised between Friday, 18 September and Friday, 25 September 2009, 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, 28 September 2009.

Preference share (unlisted) dividend

Dividends of R29 million (14%), R5 million (40 cents per share) and R26 million (16%) were declared on 1 September 2009 on the A1, A2 and A3 Metropolitan preference shares respectively, payable on 30 September 2009. 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

JJ Njeke	*Acting group chairman*
Wilhelm van Zyl	*Group chief executive*

Cape Town
1 September 2009

Directors:

JJ Njeke (acting 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, John Newbury, Bulelwa Paledi, Andile Sangqu, Marius Smith, Franklin Sonn, Johan van Reenen

Secretary: Bongiwe Gobodo-Mbomvu

Registration number: 2000/031756/06

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JSE code:	MET
NSX code:	MTD
ISIN NO:	ZAE000050456

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Sponsor

Merrill Lynch

Basis of presentation of financial information

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 periods presented. The preparation of financial statements in accordance with International Financial Reporting Standards (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 judgement, assumptions and accounting estimates are disclosed in detail in the annual financial statements for the year ended 31 December 2008, and with the exception of the principal economic assumptions, have remained unchanged since then.

Restatement of 2008 results

- Certain policy loans were previously disclosed as loans and receivables within the financial instruments category. These policy loans (R202 million) together with the related insurance (R158 million) and investment contract liabilities (R44 million) were derecognised. The opening balances in June 2008 for insurance (R134 million) and investment (R41 million) contract liabilities were also restated. This resulted in net insurance benefits and claims for 2008 increasing by R24 million as only insurance claims are recorded in the income statement. This had no impact on the group's earnings.
- The disclosure of scrip lending fees received was changed from that disclosed in the June 2008 results. Scrip lending fee income of R5 million, previously disclosed as investment income, has been reclassified as fee income as this class was considered more appropriate. This had no impact on the group's earnings.
- The disclosure of sales remuneration has been reconsidered. Distribution costs are no longer considered part of sales remuneration and have been reallocated to other expenses. This resulted in an increase of other expenses of R67 million for June 2008 (December 2008: R140 million) and a corresponding decrease in sales remuneration. This had no impact on the group's earnings in any of the reporting periods.
- Fee income on certain investment contracts was incorrectly allocated in the June and December 2008 results. This resulted in a decrease in fee income of R77 million for June 2008 (December 2008: decrease of R80 million). The investment and insurance liabilities were also restated for June 2008. This had no impact on the group's earnings in any of the reporting periods.

Embedded value

Revised embedded value guidance from the Actuarial Society of South Africa, which is intended to be materially consistent with the CFO Forum's European Embedded Value (EEV) Principles issued in May 2004, became effective for reporting periods ending on or after 31 December 2008. The disclosed embedded value results have been prepared in accordance with these new guidelines. The diluted embedded value at 30 June 2008 has been restated accordingly, (decrease of R129 million).

Standards and interpretations of published standards effective in 2009 and relevant to the group

- IAS 1 (Revised) - Presentation of financial statements. The revised standard prohibits the presentation of non-owner changes in equity in the statement of changes in equity, requiring all such income and expense items to be presented separately from owner changes in equity. The group has therefore prepared a statement of comprehensive income as well as a statement of changes in equity for the current results.
- The following standards: IFRS 2 (Amendment) - Share-based payments, IFRS 7 (Amendment) – Financial instruments disclosures: Improving disclosures about financial instruments, IFRIC 16 – Hedges of a net investment in a foreign operation and AC 503 (Revised) – Accounting for black economic empowerment transactions had no impact on the group's earnings.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**30.06.2009 Rm**	30.06.2008 Rm	31.12.2008 Rm
ASSETS			
Intangible assets	**488**	525	525
Owner-occupied properties	**700**	607	678
Property and equipment	**197**	278	186
Investment properties	**3 117**	2 790	3 031
Investment in associates	**1 365**	592	663
Investment in joint venture	**-**	54	35
Employee benefit assets	**241**	319	248
Financial instrument assets (1)	**51 903**	62 682	53 692
Insurance and other receivables	**1 441**	1 425	1 507
Deferred income tax	**10**	7	12
Reinsurance contracts	**230**	271	212
Current income tax assets	**13**	40	14
Cash and cash equivalents	**8 971**	6 466	8 810
Non-current assets held for sale	**-**	19	-
Total assets	**68 676**	76 075	69 613
EQUITY			
Equity attributable to owners of the parent	**5 749**	6 527	5 847
Minority interests	**166**	131	141
Total equity	**5 915**	6 658	5 988
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts (2)	**32 573**	33 048	32 023
Capitation contracts	**2**	2	2
Financial instrument liabilities			
Investment contracts	**24 453**	28 376	25 209
– with discretionary participation features (2)	**10 589**	13 637	11 278
– designated as fair value through income	**13 864**	14 739	13 931
Other financial instrument liabilities (3)	**2 448**	3 949	3 119
Deferred income tax	**118**	428	127
Employee benefit obligations	**258**	246	188
Other payables	**2 870**	3 368	2 934
Current income tax liabilities	**39**	-	23
Total liabilities	**62 761**	69 417	63 625
Total equity and liabilities	**68 676**	76 075	69 613

(1) Financial instrument assets consist of the following:

Assets designated as fair value through income: R50 002 million (30.06.2008: R59 629; 31.12.2008: R50 795 million)

Assets held for trading: R822 million (30.06.2008: R1 814 million; 31.12.2008: R1 764 million)

Available-for-sale assets: R5 million (30.06.2008 R7 million; 31.12.2008: R5 million)

Loans and receivables: R1 074 million (30.06.2008; R1 232 million; 31.12.2008: R1 128 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 fair value through income: R337 million (30.06.2008: R391 million; 31.12.2008: R272 million)

Liabilities held for trading: R768 million (30.06.2008: 2 216 million; 31.12.2008: R1 498 million)

Liabilities at amortised cost: R1 343 million (30.06.2008: R1 342 million; 31.12.2008: R1 349 million)

METROPOLITAN HOLDINGS – GROUP RESULTS

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES ON REPORTING BASIS	**30.06.2009 Rm**	30.06.2008 Rm	31.12.2008 Rm
Total assets per balance sheet	**68 676**	76 075	69 613
Actuarial value of policy liabilities per balance sheet	**(57 026)**	(61 424)	(57 232)
Other liabilities per balance sheet	**(5 735)**	(7 993)	(6 393)
Minority interests	**(166)**	(131)	(141)
Excess – group per reporting basis	**5 749**	6 527	5 847
Net assets – other businesses	**(458)**	(1 274)	(934)
Excess – long-term insurance business (4)	**5 291**	5 253	4 913
LONG-TERM INSURANCE BUSINESS (4)			
Change in excess of long-term insurance business (4)	**378**	(462)	(802)
Increase in share capital	**-**	(19)	(39)
Metropolitan Nigeria	**(74)**	-	-
Change in other reserves	**16**	(26)	(45)
Dividend paid	**77**	852	1 053
Total surplus arising	**397**	345	167
Operating profit	**295**	357	734
Investment income on excess	**187**	157	309
Net realised and fair value (losses)/gains on excess	**70**	(42)	(329)
Investment variances (5)	**182**	(7)	(387)
Basis and other changes	**(337)**	(262)	(197)
Employee benefit assets (6)	**-**	142	37
Consolidation adjustments	**33**	45	75
Income tax expenses/(credits) (7)	**168**	(1)	(170)
Adjustment for finance costs	**24**	23	49
Results of long-term insurance business (4)	**622**	412	121
Results of other group businesses	**(48)**	(15)	(277)
Results of operations per income statement	**574**	397	(156)

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES ON STATUTORY BASIS	**30.06.2009 Rm**	30.06.2008 Rm	31.12.2008 Rm
Reporting excess – long-term insurance business (4)	**5 291**	5 253	4 913
Disregarded assets in terms of statutory requirements (8)	**(443)**	(436)	(489)
Capital adjustments	**501**	330	300
Statutory excess – long-term insurance business (4)	**5 349**	5 147	4 724
Capital adequacy requirement (CAR) (Rm)	**2 186**	1 843	2 336
Ratio of long-term insurance business excess to CAR (times)	**2.4**	2.8	2.0
Discretionary margins	**1 583**	1 956	1 756

(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) Includes deferred tax on contract holder capital gains and losses.

(8) Disregarded assets are those as defined in the South African Long Term Insurance Act and are only applicable to South African Long Term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators.

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED INCOME STATEMENT	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Net insurance premiums received	**4 809**	4 585	10 405
Fee income (9)	**570**	504	1 071
Investment income	**2 140**	2 021	4 396
Net realised and fair value losses	**(386)**	(1 920)	(8 484)
Net income	**7 133**	5 190	7 388
Net insurance benefits and claims	**4 270**	3 760	8 069
Change in liabilities	**(124)**	(1 143)	(4 468)
Change in insurance contract liabilities	**586**	(427)	(1 451)
Change in investment contracts with DPF liabilities	**(688)**	(630)	(2 990)
Change in reinsurance provision	**(22)**	(86)	(27)
Fair value adjustments on investment contract liabilities	**401**	496	189
Fair value adjustments on collective investment scheme liabilities	**5**	5	18
Depreciation, amortisation and impairment expenses (*)	**46**	125	221
Employee benefit expenses (#)	**799**	569	1 269
Sales remuneration	**501**	481	1 095
Other expenses (*)	**661**	500	1 151
Expenses	**6 559**	4 793	7 544
Results of operations	**574**	397	(156)
Share of (loss)/profit of associates	**(17)**	3	(2)
Share of loss of joint venture	**-**	(7)	(26)
Finance costs (10)	**(88)**	(94)	(188)
Profit/(loss) before tax	**469**	299	(372)
Income tax (expenses)/credits	**(270)**	(76)	77
Earnings	**199**	223	(295)
Attributable to:			
Owners of the parent	**186**	206	(319)
Minority interests	**13**	17	24
	199	223	(295)
Basic earnings per share (cents)	**35.63**	39.31	(61.23)
Diluted earnings per share (cents)	**37.71**	40.80	(27.06)

(9) Fee income consists of the following:

Investment contracts: R33 million (30.06.2008: R43 million; 31.12.2008: R94 million)

Trust and fiduciary services: R73 million (30.06.2008: R64 million; 31.12.2008: R144 million)

Other fee income: R464 million (30.06.2008: R397 million; 31.12.2008: R833 million)

(10) Finance costs consist of the following:

Preference shares: R64 million (30.06.2008: R69 million; 31.12.2008: R138 million)

Subordinated redeemable debt: R23 million (30.06.2008: R23 million; 31.12.2008: R46 million)

Other: R1 million (30.06.2008: R2 million; 31.12.2008: R4 million)

(*) A provision for a loan impairment raised in prior years for Metropolitan Card Operations has been reversed during the current period and written off against other expenses.

(#) June 2008 is net of R142 million employee benefit asset recognised (December 2008: R75 million).

METROPOLITAN HOLDINGS – GROUP RESULTS

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of parent	Basic earnings			Diluted earnings		
	6 mths to 30.06.2009 Rm	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Earnings	**186**	206	(319)	**186**	206	(319)
Finance costs – preference shares				**64**	69	138
Diluted earnings				**250**	275	(181)
Goodwill impairment	**37**	30	44	**37**	30	44
Headline earnings (11)	**223**	236	(275)	**287**	305	(137)
Net realised and fair value (gains)/losses on excess	**(33)**	41	603	**(33)**	41	603
Basis and other changes and investment variances	**152**	267	580	**152**	267	580
Employee benefit assets	**-**	(142)	(37)	**-**	(142)	(37)
Dilutory effect of subsidiaries (12)				**2**	1	1
Investment income on treasury shares – contract holders (13)				**-**	-	1
Core headline earnings (14)	**342**	402	871	**408**	472	1 011

(11) 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.

(12) 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.

(13) 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.

(14) 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 owners of parent	**6 mths to 30.06.2009**	6 mths to 30.06.2008	12 mths to 31.12.2008
Basic			
Core headline earnings	**65.52**	76.72	167.18
Headline earnings	**42.72**	45.04	(52.78)
Earnings	**35.63**	39.31	(61.23)
Weighted average number of shares (million)	**522**	524	521
Diluted			
Core headline earnings	**61.54**	70.03	151.12
Weighted average number of shares (million)	**663**	674	669
Headline earnings	**43.29**	45.25	(20.48)
Earnings	**37.71**	40.80	(27.06)
Weighted average number of shares (million)	**663**	674	669

DIVIDENDS	**2009**	**2008**
Ordinary listed shares (cents per share)		
Interim	**40.00**	40.00
Final		55.00
Total		95.00

METROPOLITAN HOLDINGS – GROUP RESULTS

DIVIDENDS

Convertible redeemable preference shares		**A1**	**A2**	**A3**
Number of shares	million	75.8	12.7	34.4
Redemption value (per share)	R	5.12	9.18	9.18
Paid – 31 March 2008	Rate	16.1%	59 cps	18.0%
	Rm	31	8	28
Paid – 30 September 2008	Rate	16.9%	40 cps	18.7%
	Rm	32	5	29
Payable – 31 March 2009	Rate	16.8%	55 cps	19.0%
	Rm	33	7	30
Payable – 30 September 2009	Rate	14.1%	40 cps	15.8%
	Rm	29	5	26

ANALYSIS OF DILUTED CORE HEADLINE EARNINGS	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Retail business	**192**	225	448
Operating profit	**270**	284	612
Tax	**(78)**	(59)	(164)
Corporate business	**50**	72	153
Operating profit	**70**	93	211
Tax	**(20)**	(21)	(58)
International business	**46**	45	94
Operating profit	**51**	49	107
Tax	**(5)**	(4)	(13)
Asset management business	**10**	24	65
Operating profit	**15**	34	92
Tax	**(5)**	(10)	(27)
Health business	**41**	43	100
Operating profit	**77**	61	142
Tax	**(36)**	(18)	(42)
Shareholder capital	**69**	63	151
Holding company expenses	**(38)**	(32)	(55)
Strategic ventures	**(37)**	(36)	(78)
Investment income on shareholder excess	**238**	243	501
Income tax on investment income	**(94)**	(112)	(217)
Diluted core headline earnings	**408**	472	1 011

RESULTS OF OPERATIONS FROM ADMINISTRATION BUSINESS (gross of minority interests and before finance costs and tax)	**Net income Rm**	**Expenses Rm**	**Results of operations 6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Health business	472	(395)	**77**	61	141
Asset administration	54	(36)	**18**	23	56
Asset management	49	(51)	**(2)**	15	37
Metropolitan Card Operations	7	(35)	**(28)**	(22)	(48)
	582	(517)	**65**	77	186

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Earnings	**199**	223	(295)
Other comprehensive income for the year, net of tax	**(15)**	12	40
Exchange differences on translating foreign operations	**(35)**	-	16
Land and buildings revaluation	**29**	17	30
Change in non-distributable reserves	**1**	-	-
Income tax relating to components of other comprehensive income	**(10)**	(5)	(6)
Total comprehensive income for the year	**184**	235	(255)
Total comprehensive income attributable to:			
Owners of the parent	**182**	217	(283)
Minority interest	**2**	18	28
	184	235	(255)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Changes in share capital			
Balance at beginning	**51**	19	19
Staff share scheme shares released	**5**	3	31
Decrease in treasury shares held on behalf of contract holders	**1**	1	1
Balance at end	**57**	23	51
Changes in other reserves			
Balance at beginning	**532**	495	495
Total comprehensive income	**(4)**	11	36
Employee share schemes – value of services provided	**1**	2	4
Transfer to retained earnings	**(3)**	-	(3)
Balance at end (15)	**526**	508	532
Changes in retained earnings			
Balance at beginning	**5 264**	6 303	6 303
Total comprehensive income	**186**	206	(319)
Dividend paid	**(287)**	(312)	(520)
Shares repurchased	**-**	(201)	(203)
Transfer from other reserves	**3**	-	3
Balance at end	**5 166**	5 996	5 264
Equity attributable to owners of the parent	**5 749**	6 527	5 847
Changes in minority interests			
Balance at beginning	**141**	124	124
Total comprehensive income	**2**	18	28
Dividend paid	**(14)**	(12)	(12)
Metropolitan Nigeria transferred to subsidiary	**36**		
Other	**1**	1	1
Balance at end	**166**	131	141
Total equity	**5 915**	6 658	5 988

(15) Other reserves consist of the following:

Land and buildings revaluation reserve: R199 million (30.06.2008: R173 million; 31.12.2008: R182 million)

Foreign currency translation reserve: (R23 million) (30.06.2008: (R11 million); 31.12.2008: R1 million)

Fair value reserve: R53 million (30.06.2008: R50 million; 31.12.2008: R53 million)

Non-distributable reserve: R297 million (30.06.2008: R296 million; 31.12.2008: R296 million)

METROPOLITAN HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF CASH FLOWS	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Net cash inflow/(outflow) from operating activities	**507**	(1 140)	1 455
Net cash outflow from investing activities	**(43)**	(85)	(163)
Net cash outflow from financing activities	**(302)**	(586)	(760)
Net cash flow	**162**	(1 811)	532
Effect of foreign exchange rate changes	**(1)**	3	4
Cash resources at beginning	**8 810**	8 274	8 274
Cash resources at end	**8 971**	6 466	8 810

SEGMENT REPORT	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Revenue			
Premiums received	**5 335**	5 643	11 855
Retail	**3 418**	3 666	7 931
Corporate	**1 307**	1 490	2 899
Health	**6**	9	19
International	**604**	478	1 006
Fee income	**570**	504	1 071
Retail	**27**	38	64
Corporate	**46**	42	92
Asset management	**98**	105	220
Health	**456**	380	787
International	**-**	6	34
Shareholder capital	**2**	6	11
Inter-segment fee income	**(59)**	(73)	(137)
Expenses			
Payments to contract holders	**5 226**	4 646	9 795
Retail	**2 488**	2 321	5 013
Corporate	**2 403**	1 992	4 141
Health	**8**	8	16
International	**327**	325	625
Other expenses	**2 095**	1 769	3 924
Retail	**1 158**	1 094	2 415
Corporate	**176**	168	325
Asset management	**87**	81	141
Health	**388**	325	664
International	**213**	169	381
Shareholder capital	**126**	(10)	119
Inter-segment expenses	**(53)**	(58)	(121)

- 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 did not change materially from 31 December 2008, 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.
- In June 2008 and December 2008 shareholder capital expenses are net of first-time recognition of employee benefit assets and the movements in employee benefit assets not being utilised by the group.

METROPOLITAN HOLDINGS – GROUP RESULTS

EMBEDDED VALUE	**30.06.2009 Rm**	30.06.2008 Rm	31.12.2008 Rm
Reporting excess – long-term insurance business	**5 291**	5 253	4 913
Disregarded assets (16)	**(174)**	(124)	(177)
Dilutory effect of subsidiaries (17)	**(4)**	(7)	(7)
Reclassification from non-covered business	**(58)**	21	7
Diluted net asset value – covered business	**5 055**	5 143	4 736
Net value of in-force business	**3 866**	4 159	4 161
Individual life	**3 205**	3 390	3 501
Gross value of in-force business	**3 576**	3 843	3 864
Less cost of capital	**(371)**	(453)	(363)
Employee benefits	**661**	769	660
Gross value of in-force business	**840**	911	842
Less cost of capital	**(179)**	(142)	(182)
Diluted embedded value – covered business	**8 921**	9 302	8 897
Non-covered business			
Net assets – other businesses	**458**	1 274	934
Reclassification to covered business	**58**	(21)	(7)
Consolidation adjustments	**(121)**	(135)	(121)
Adjustments for dilution	**1 019**	1 056	1 029
Dilutory effect of subsidiaries (17)	**88**	90	88
Staff share scheme loans	**85**	119	91
Treasury shares held on behalf of contract holders	**10**	8	9
Liability – convertible redeemable preference shares	**836**	839	841
Diluted net asset value – non-covered business	**1 414**	2 174	1 835
Net value of in-force business	**633**	582	598
Asset management	**219**	233	280
Health	**718**	681	664
Holding company expenses (18)	**(304)**	(332)	(346)
Diluted embedded value – non-covered business	**2 047**	2 756	2 433
Diluted adjusted net asset value	**6 469**	7 317	6 571
Value of in-force business	**4 499**	4 741	4 759
Diluted embedded value	**10 968**	12 058	11 330
Required capital – covered business (adjusted for qualifying debt)	**3 644**	3 586	3 813
Surplus capital – covered business	**1 411**	1 546	923
Diluted embedded value per share (cents)	**1 654**	1 819	1 709
Diluted net asset value per share (cents)	**976**	1 104	991
Diluted number of shares in issue (million) (19)	**663**	663	663

(16) Disregarded assets as disclosed in the statement of actuarial values of assets and liabilities are adjusted for internally developed software, receivables older than 12 months and recognised employee benefit assets.

(17) For accounting purposes, Metropolitan Health and Metropolitan Kenya have been consolidated at 100% in 2008 in the balance sheet. For embedded value purposes, disclosed on a diluted basis, the minority interests and related funding have been reinstated.

(18) The holding company expenses reflect the present value of projected recurring expenses of that company.

(19) 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	30.06.2009 Rm	30.06.2008 Rm	31.12.2008 Rm
Covered business					
Metropolitan Life Ltd	4 478	3 276	**7 754**	8 199	7 709
Metropolitan Odyssey	36	-	**36**	35	35
Union Life	39	11	**50**	36	45
International	502	579	**1 081**	1 032	1 108
Metropolitan Life International	59	-	**59**	52	58
Metropolitan Namibia	154	299	**453**	393	468
Metropolitan Botswana	122	62	**184**	188	194
Metropolitan Lesotho	132	203	**335**	311	315
Metropolitan Kenya	8	3	**11**	17	16
Metropolitan Ghana	(11)	12	**1**	15	8
Metropolitan Swaziland	8	(5)	**3**	-	12
Metropolitan Nigeria	30	5	**35**	56	37
Total covered business	5 055	3 866	**8 921**	9 302	8 897
Non-covered business					
Asset management	54	219	**273**	295	377
Metropolitan Health Group	185	718	**903**	890	923
Metropolitan Holdings (after consolidation adjustments)	1 175	(304)	**871**	1 571	1 133
Total non-covered business	1 414	633	**2 047**	2 756	2 433
Total embedded value	6 469	4 499	**10 968**	12 058	11 330
Diluted net asset value – non-covered business	(1 352)				
Disregarded assets	174				
Reporting excess – long-term insurance business	5 291				

- Net of minority interests.
- An additional R15 million was invested in Metropolitan Ghana in August 2009.

METROPOLITAN HOLDINGS – GROUP RESULTS

VALUE OF NEW BUSINESS	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Retail business	**26**	23	211
Gross value of new business	**31**	27	223
Less: Cost of capital	**(5)**	(4)	(12)
Corporate business	**10**	13	20
Gross value of new business	**15**	20	31
Less: Cost of capital	**(5)**	(7)	(11)
International business	**4**	6	17
Gross value of new business	**4**	6	17
Less: Cost of capital	**(0)**	(0)	(0)
Value of covered new business	**40**	42	248
Value of non-covered new business	**64**	70	123
Asset management	**23**	22	39
Health	**41**	48	84
Total value of new business	**104**	112	371

- The results exclude Metropolitan Ghana, Metropolitan Kenya, Metropolitan Nigeria and Metropolitan Swaziland as these businesses are in start-up phase.
- 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 – COVERED BUSINESS	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Recurring premiums			
Retail business	**450**	416	961
Corporate business	**110**	86	210
International business	**68**	49	107
	628	551	1 278
Single premiums			
Retail business	**1 103**	1 474	3 239
Corporate business	**419**	589	979
International business	**68**	68	96
	1 590	2 131	4 314
Annual premium equivalent (APE)	**787**	764	1 709
Retail business	**560**	563	1 285
Corporate business	**152**	145	308
International business	**75**	56	116
Present value of premiums (PVP)	**4 138**	4 622	10 354
Retail business	**2 620**	3 157	7 426
Corporate business	**1 200**	1 238	2 431
International business	**318**	227	497

- From June 2009 all international premiums have been included.
- Net of minority interests.

PROFITABILITY OF NEW BUSINESS – COVERED BUSINESS	**6 mths to 30.06.2009**	6 mths to 30.06.2008	12 mths to 31.12.2008
% of APE	**5.1**	5.5	14.5
Retail business	**4.6**	4.1	16.4
Corporate business	**6.6**	9.0	6.5
International business	**5.3**	10.7	14.7
% of PVP	**1.0**	0.9	2.4
Retail business	**1.0**	0.7	2.8
Corporate business	**0.8**	1.1	0.8
International business	**1.3**	2.6	3.4

- Corporate value of new business includes value generated in respect of new administration contracts secured, where premium income is not applicable.
- International business margins include premium income but no value of new business for start up businesses.

• METROPOLITAN HOLDINGS – GROUP RESULTS

SOURCE OF NEW BUSINESS PRODUCTION – COVERED BUSINESS Individual life – insurance and investment business	**30.06.2009** **APE** **%**	**Total premium** **%**	30.06.2008 APE %	Total premium %	31.12.2008 APE %	Total premium %
Personal financial advisors	**45**	**47**	40	32	39	31
Broker distribution	**22**	**32**	25	28	27	36
Wholesale distribution	**22**	**9**	17	5	20	7
Third party business	**1**	**5**	9	29	5	19
International	**10**	**7**	9	6	9	7

PRINCIPAL ASSUMPTIONS (South Africa) (20)	**30.06.2009** **%**	30.06.2008 %	31.12.2008 %
Pre-tax investment return			
Equities	**12.8**	13.0	11.0
Properties	**10.3**	13.0	8.5
Government stock	**9.3**	11.0	7.5
Cash	**8.3**	9.0	6.5
Risk discount rate (RDR) (21)	**11.8**	12.8	10.0
Investment return (before tax) – smoothed bonus	**11.6**	12.4	9.8
Expense inflation rate	**6.0**	7.8	4.3

(20) 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.

(21) The June 2008 RDR has been restated to comply with PGN 107 (Embedded value reporting).

MINORITY INTERESTS	**30.06.2009** **%**	30.06.2008 %	31.12.2008 %
Metropolitan Health Group	**17.6**	17.6	17.6
Union Life	**50.0**	50.0	50.0
Metropolitan Namibia	**18.0**	18.0	18.0
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	50.0

METROPOLITAN HOLDINGS – GROUP RESULTS

LONG-TERM INSURANCE BUSINESS: SENSITIVITIES – 30.06.2009		Net worth	In-force business			New business written		
			Net value	Gross value	Cost of CAR	Net value	Gross value	Cost of CAR
		Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value		**5 055**	**3 866**	**4 416**	**(550)**	**40**	**50**	**(10)**
1%	increase in risk discount rate		3 601	4 151	(550)	28	38	(10)
	% change		(7)	(6)	-	(30)	(24)	-
1%	reduction in risk discount rate		4 173	4 723	(550)	52	62	(10)
	% change		8	7	-	30	24	-
10%	decrease in future expenses		4 183	4 733	(550)	58	68	(10)
	% change (1)		8	7	-	45	36	-
10%	decrease in lapse, paid-up and surrender rates		4 014	4 564	(550)	73	83	(10)
	% change		4	3	-	83	66	-
5%	decrease in mortality and morbidity for assurance business		4 031	4 581	(550)	58	68	(10)
	% change		4	4	-	45	36	-
5%	decrease in mortality for annuity business		3 846	4 396	(550)	39	49	(10)
	% change		(1)	-	-	(3)	(2)	-
1%	reduction in gross investment return, inflation rate and risk discount rate	5 116	3 955	4 481	(526)	54	64	(10)
	% change (2)	1	2	1	(4)	35	28	-
1%	reduction in gross investment return only (no change in risk discount rate)	4 970	3 716	4 242	(526)	32	42	(10)
	% change (2)	(2)	(4)	(4)	(4)	(20)	(16)	-
1%	reduction in inflation rate	5 200	3 797	4 347	(550)	50	60	(10)
	% change	3	(2)	(2)	-	25	20	-
10%	fall in market value of equities and properties	4 768	3 661	4 211	(550)			
	% change	(6)	(5)	(5)	-			
10%	reduction in premium indexation take-up rate		3 787	4 337	(550)	36	46	(10)
	% change		(2)	(2)	-	(10)	(8)	-
10%	decrease in non commission related acquisition expenses					58	68	(10)
	% change					45	36	-

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) Bonus rates are assumed to change commensurately.

(3) 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	Non-covered business Rm	Covered business NAV Rm	VoIF Rm	Cost of CAR Rm	Total covered Rm	6 mths to 30.06.2009 Total group EV Rm	6 mths to 30.06.2008 Total group EV Rm	12 mths to 31.12.2008 Total group EV Rm
Profit from new business	66	(107)	159	(10)	42	**108**	115	388
Embedded value from new business	64	(107)	157	(10)	40	**104**	112	371
Expected return to end of year	2	-	2	-	2	**4**	3	17
Profit from existing business	(69)	207	(197)	(20)	(10)	**(79)**	421	391
Expected return – unwinding of RDR	37	-	243	(25)	218	**255**	301	550
Expected (or actual) net of tax profit transfer to net worth	-	341	(341)	-	-	**-**	-	-
Operating experience variances	(75)	25	(26)	-	(1)	**(76)**	146	76
Operating assumption changes	(31)	(159)	(73)	5	(227)	**(258)**	(26)	(235)
Embedded value profit from operations	(3)	100	(38)	(30)	32	**29**	536	779
Investment return on net worth	(51)	267	-	30	297	**246**	82	(281)
Investment variances	(13)	161	(104)	-	57	**44**	(203)	(982)
Economic assumption changes	(17)	(128)	(142)	(4)	(274)	**(291)**	(232)	247
Change in risk margin	-	-	-	-	-	**-**	-	(8)
Exchange rate movements	-	(19)	(6)	-	(25)	**(25)**	(4)	16
Total embedded value profit	(84)	381	(290)	(4)	87	**3**	179	(229)
Changes in share capital	-	-	-	-	-	**-**	(201)	(201)
Dividend paid	(238)	(63)	-	-	(63)	**(301)**	(330)	(539)
Finance costs – preference shares	(64)	-	-	-	-	**(64)**	(69)	(138)
PGN 107 restatement	-	-	-	-	-	**-**	(129)	-
Change in embedded value	(386)	318	(290)	(4)	24	**(362)**	(550)	(1 107)
Time weighted return on embedded value (%)						**0.0**	2.9	(2.1)

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)	Positive contribution from higher than expected mortality profits partially offset by negative variances from higher than expected expenses.
Value of in force (VoIF)	Negative contributions mainly from greater than expected net employee benefit outflows.
Operating assumption changes	
Other business	Negative contribution from lower future profitability expected from the asset management businesses.
Long-term insurance business	
Net asset value (NAV)	Negative changes from the strengthening of the mortality basis at longer durations for grouped individual business, an increase in the assumed per policy expense for individual life contracts and a strengthening of the expense basis for international.
Value of in force (VoIF)	Negative change due to an increase in the assumed future expenses of the corporate business and an increase in assumed withdrawals on grouped individual and smoothed bonus business.

METROPOLITAN HOLDINGS – GROUP RESULTS

FUNDS RECEIVED FROM CLIENTS	Gross inflow Rm	Gross outflow Rm	**6 mths to 30.06.2009 Net inflow Rm**	6 mths to 30.06.2008 Net inflow Rm	12 mths to 31.12.2008 Net inflow Rm
Retail business	3 418	(2 488)	**930**	1 345	2 920
Corporate business	1 307	(2 403)	**(1 096)**	(502)	(1 243)
International business	604	(327)	**277**	153	382
Long-term insurance business cash flows	5 329	(5 218)	**111**	996	2 059
Health business	7 291	(7 873)	**(582)**	1 151	1 837
Asset administration business	10 070	(8 319)	**1 751**	2 438	3 321
Asset management business	1 086	(446)	**640**	961	959
Corporate business	48	-	**48**	5	159
Total funds received from clients	23 824	(21 856)	**1 968**	5 551	8 335

PREMIUMS RECEIVED	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Recurring premiums	**3 726**	3 561	7 472
Retail business	**2 313**	2 235	4 689
Corporate business	**888**	901	1 924
International business	**525**	425	859
Single premiums	**1 603**	2 073	4 364
Retail business	**1 105**	1 431	3 242
Corporate business	**419**	589	975
International business	**79**	53	147
Capitation contracts – health business	**6**	9	19
Segment premiums received	**5 335**	5 643	11 855
Adjustment for premiums received from investment contract holders	**(555)**	(1 067)	(1 706)
Transfers between insurance, investment and investment with DPF contracts	**29**	9	256
Net insurance premiums per income statement	**4 809**	4 585	10 405

- June 2008 and December 2008 exclude premiums received in Metropolitan Nigeria as it was a joint venture.

METROPOLITAN HOLDINGS – GROUP RESULTS

PAYMENTS TO CONTRACT HOLDERS	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Individual life	**2 723**	2 553	5 475
Death and disability claims	**582**	559	1 084
Maturity claims	**803**	839	1 710
Annuities	**373**	323	664
Withdrawal benefits	**73**	68	156
Surrenders	**926**	840	1 977
Re-insurance recoveries	**(34)**	(76)	(116)
Employee benefits	**2 495**	2 085	4 304
Death and disability claims	**616**	566	1 191
Maturity claims	**75**	143	211
Annuities	**378**	335	695
Withdrawal benefits	**173**	209	378
Terminations	**286**	191	508
Disinvestments	**1 073**	742	1 538
Re-insurance recoveries	**(106)**	(101)	(217)
Capitation contracts	**8**	8	16
Total payments to contract holders	**5 226**	4 646	9 795
Adjustment for payments to investment contract holders	**(985)**	(895)	(1 982)
Transfers between insurance, investment and investment with DPF contracts	**29**	9	256
Net insurance benefits and claims per income statement	**4 270**	3 760	8 069

- Segment information is disclosed in the segment report and reconciles to total payments to policyholders.
- June 2008 and December 2008 exclude payments to contract holders in Metropolitan Nigeria as it was a joint venture.

NUMBER OF EMPLOYEES	**30.06.2009**	30.06.2008	31.12.2008
Indoor staff	**5 496**	5 205	5 338
Insurance companies	**2 708**	2 684	2 751
Retail	**1 227**	1 248	1 280
Union Life	**112**	103	107
Cover2Go	**13**	16	16
Employee benefits	**404**	389	400
International	**419**	403	425
Group services	**533**	525	523
Metropolitan Health Group	**2 360**	2 057	2 108
Asset management	**80**	80	81
Asset administration	**66**	65	77
Metropolitan Card Operations	**14**	50	34
Metropolitan Retirement Administrators	**138**	132	139
DirectFin Solutions	**114**	118	129
Holding company	**16**	19	19
Field staff	**3 762**	3 636	3 715
Retail	**2 686**	2 619	2 713
Union Life	**187**	186	173
International	**889**	831	829
Total	**9 258**	8 841	9 053

METROPOLITAN HOLDINGS – GROUP RESULTS

ANALYSIS OF EXPENSES	**6 mths to 30.06.2009 Rm**	6 mths to 30.06.2008 Rm	12 mths to 31.12.2008 Rm
Depreciation, amortisation and impairment expenses	**46**	125	221
Employee benefit expenses	**799**	569	1 269
Sales remuneration	**501**	481	1 095
Other expenses	**661**	500	1 151
Finance costs	**88**	94	188
Total expenses	**2 095**	1 769	3 924
Long-term insurance business	**1 502**	1 395	2 979
Administration expenses	**853**	797	1 555
Sales remuneration	**501**	481	1 095
Asset management fees	**96**	98	209
Direct property expenses	**52**	19	120
Administration business	**511**	447	888
Finance costs – preference shares and subordinated redeemable debt	**87**	92	186
Holding company	**38**	38	63
Employee benefit assets	**-**	(142)	(75)
Consolidation adjustments	**(43)**	(61)	(117)
Total expenses	**2 095**	1 769	3 924

- Segment information is disclosed in the segment report.

METROPOLITAN HOLDINGS – GROUP RESULTS

ASSETS UNDER MANAGEMENT	30.06.2009 Rm	30.06.2008 Rm	31.12.2008 Rm
Intangible assets	**488**	525	525
Owner-occupied properties	**700**	607	678
Property and equipment	**197**	278	186
Investment properties	**3 117**	2 790	3 031
Investment in associates	**1 365**	592	663
Investment in joint venture	**-**	54	35
Employee benefit assets	**241**	319	248
Financial assets	**51 903**	62 682	53 692
Equity securities	**20 225**	30 442	21 167
Debt securities	**15 737**	14 082	15 968
Funds on deposit and other money market instruments	**4 134**	4 388	3 409
Unit-linked investments	**9 911**	10 724	10 256
Derivative financial instruments	**822**	1 814	1 764
Loans and receivables	**1 074**	1 232	1 128
Insurance and other receivables	**1 441**	1 425	1 507
Deferred income tax	**10**	7	12
Reinsurance contracts	**230**	271	212
Current income tax assets	**13**	40	14
Cash and cash equivalents	**8 971**	6 466	8 810
Non-current assets held for sale	**-**	19	-
Total on-balance sheet assets	**68 676**	76 075	69 613
Collective investments	**18 777**	20 135	18 832
Health	**4 808**	4 434	4 624
Asset management – segregated assets	**4 443**	3 893	3 238
Employee benefits – segregated assets	**1 499**	1 399	1 550
Total assets under management	**98 203**	105 936	97 857

ANALYSIS OF ASSETS UNDER MANAGEMENT	30.06.2009 Rm	30.06.2008 Rm	31.12.2008 Rm
On-balance sheet assets			
Managed and administered by Metam	**49 362**	55 175	50 092
Properties	**3 802**	3 384	3 689
Collective investment schemes	**2 014**	1 357	1 647
Investment assets	**43 546**	50 434	44 756
Administered and/or managed by Metropolitan Collective Investments (excludes managed by Metam)	**1 043**	971	977
Managed by external managers	**14 014**	14 545	13 754
Other assets	**4 257**	5 384	4 790
	68 676	76 075	69 613
Off-balance sheet assets			
Managed and administered by Metam	**8 600**	8 525	7 543
Collective investment schemes	**3 344**	3 806	3 535
Segregated assets	**5 256**	4 719	4 008
Administered and/or managed by Metropolitan Collective Investments (includes white label funds)	**15 432**	16 329	15 297
Employee benefits – segregated assets	**687**	573	780
Health	**4 808**	4 434	4 624
Total assets under management	**98 203**	105 936	97 857

METROPOLITAN HOLDINGS – GROUP RESULTS

ANALYSIS OF ASSETS BACKING GROUP EXCESS	**30.06.2009**		30.06.2008		31.12.2008	
	Rm	**%**	Rm	%	Rm	%
Equity securities	**1 900**	**33.0**	3 379	51.8	2 504	42.8
Collective investment schemes	**636**	**11.1**	927	14.2	629	10.8
Debt securities	**703**	**12.2**	328	5.0	295	5.0
Owner-occupied properties	**655**	**11.4**	607	9.3	671	11.5
Investment properties	**303**	**5.2**	170	2.6	286	4.9
Cash and cash equivalents	**1 947**	**33.9**	1 585	24.3	2 100	35.9
Goodwill	**177**	**3.1**	214	3.3	209	3.6
Other net assets	**765**	**13.3**	657	10.1	495	8.5
	7 086	**123.2**	7 867	120.6	7 189	123.0
Redeemable preference shares	**(836)**	**(14.5)**	(839)	(12.9)	(841)	(14.4)
Subordinated redeemable debt	**(501)**	**(8.7)**	(501)	(7.7)	(501)	(8.6)
Excess - group per reporting basis	**5 749**	**100.0**	6 527	100.0	5 847	100.0

GROUP EXCESS – TOP 10 EQUITY HOLDINGS	**30.06.2009**		30.06.2008		31.12.2008	
	Rm	**%**	Rm	%	Rm	%
MTN Group Ltd	**137**	**7.2**	275	8.1	192	7.6
Billiton Plc	**96**	**5.0**	238	7.0	125	5.0
Sasol Ltd	**88**	**4.6**	222	6.6	100	4.0
Standard Bank Group Ltd	**81**	**4.3**	167	4.9	115	4.6
Anglo American Plc	**70**	**3.7**	263	7.8	90	3.6
FirstRand Ltd	**67**	**3.5**	72	2.1	132	5.3
Compagnie Financiere Richemont	**66**	**3.5**			70	2.8
ABSA Ltd	**60**	**3.2**				
Vodacom group Ltd	**53**	**2.8**				
Bidvest Ltd	**44**	**2.3**				
Impala Platinum Holdings Ltd			243	7.2	122	4.9
Remgro Plc			117	3.5		
Grindrod Ltd			76	2.3		
Richemont Securities AG			138	4.1		
Imperial Holdings Ltd					78	3.1
RMB Holdings					60	2.4
	762	**40.1**	1 811	53.6	1 084	43.3
Total equities backing excess	**1 900**	**100.0**	3 379	100.0	2 504	100.0

METROPOLITAN HOLDINGS – GROUP RESULTS

STOCK EXCHANGE PERFORMANCE	30.06.2009	31.12.2008	30.06.2008	31.12.2007
6 month period				
Value of listed shares traded (rand million) (22)	**2 180**	2 126	2 592	2 570
Volume of listed shares traded (million) (22)	**195**	192	200	170
Shares traded (% of average listed shares in issue) (22)	**72.9**	71.1	72.7	61.4
Value of shares traded – life insurance (J857 – Rbn)	**43.1**	45.2	47.8	54.4
Value of shares traded – top 40 index (J200 – Rbn)	**1 045**	1 320	1 367	1 277
Trade prices				
Highest (cents per share)	**1 295**	1 367	1 520	1 635
Lowest (cents per share)	**941**	890	1 080	1 314
Last sale of period (cents per share)	**1 165**	1 080	1 093	1 509
Percentage (%) change during period (23)	**16.4**	(2.4)	(47.5)	3.1
Percentage (%) change – life insurance sector (J857)	**32.0**	(44.7)	(55.1)	(4.1)
Percentage (%) change – top 40 index (J200)	**3.9**	(54.1)	19.6	5.4
30 June/31 December				
Price/diluted core headline earnings ratio	**9.47**	7.15	7.80	10.61
Dividend yield % (dividend on listed shares)	**8.15**	8.80	9.06	6.30
Dividend yield % – top 40 index (J200)	**3.80**	4.27	2.32	2.39
Total shares issued (million)				
Listed on JSE	**528**	542	539	559
Ordinary shares	**524**	538	533	553
Share incentive scheme	**4**	4	6	6
Unlisted – share purchase scheme	**12**	14	17	23
Total ordinary shares in issue	**540**	556	556	582
Treasury shares held by subsidiary	**-**	(16)	(16)	(26)
Treasury shares held on behalf of contract holders	**(1)**	(1)	(1)	(1)
Adjustment to staff share scheme shares (24)	**(16)**	(17)	(21)	(26)
Share incentive scheme	**(4)**	(4)	(4)	(4)
Share purchase scheme	**(12)**	(13)	(17)	(22)
Basic number of shares in issue	**523**	522	518	529
Adjustment to staff share scheme shares	**16**	17	21	26
Treasury shares held on behalf of contract holders	**1**	1	1	1
Convertible redeemable preference shares	**123**	123	123	123
Diluted number of shares in issue (25)	**663**	663	663	679
Market capitalisation at end (Rbn) (26)	**7.72**	7.16	7.25	10.25
Percentage (%) of life insurance sector	**6.69**	7.05	5.26	4.93

(22) Percentages have been annualised.

(23) 31.12.2008 and 30.06.2008 are net of 16 million shares acquired for R200 million (31.12.2007: 20 million shares acquired for R310 million)

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

(25) 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.

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