

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
Wilhelm van Zyl

Acting group chairman
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: Bongwiwe 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

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Sponsor

Merrill Lynch

METROPOLITAN HOLDINGS FINANCIAL SERVICES GROUP

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: R2 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	30.06.2009		30.06.2008		31.12.2008	
	APE %	Total premium %	APE %	Total premium %	APE %	Total premium %
Individual life – insurance and investment business						
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		
	Rm	Net value Rm	Gross value Rm	Cost of CAR Rm	Net value Rm	Gross value Rm	Cost of CAR Rm
Base value	5 055	3 866	4 416	(550)	40	50	(10)
1% increase in risk discount rate % change		3 601 (7)	4 151 (6)	(550) -	28 (30)	38 (24)	(10) -
1% reduction in risk discount rate % change		4 173 8	4 723 7	(550) -	52 30	62 24	(10) -
10% decrease in future expenses % change ⁽¹⁾		4 183 8	4 733 7	(550) -	58 45	68 36	(10) -
10% decrease in lapse, paid-up and surrender rates % change		4 014 4	4 564 3	(550) -	73 83	83 66	(10) -
5% decrease in mortality and morbidity for assurance business % change		4 031 4	4 581 4	(550) -	58 45	68 36	(10) -
5% decrease in mortality for annuity business % change		3 846 (1)	4 396 -	(550) -	39 (3)	49 (2)	(10) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	5 116 1	3 955 2	4 481 1	(526) (4)	54 35	64 28	(10) -
1% reduction in gross investment return only (no change in risk discount rate) % change ⁽²⁾	4 970 (2)	3 716 (4)	4 242 (4)	(526) (4)	32 (20)	42 (16)	(10) -
1% reduction in inflation rate % change	5 200 3	3 797 (2)	4 347 (2)	(550) -	50 25	60 20	(10) -
10% fall in market value of equities and properties % change	4 768 (6)	3 661 (5)	4 211 (5)	(550) -			
10% reduction in premium indexation take-up rate % change		3 787 (2)	4 337 (2)	(550) -	36 (10)	46 (8)	(10) -
10% decrease in non commission related acquisition expenses % change					58 45	68 36	(10) -

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			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
		NAV Rm	VoIF Rm	Cost of CAR Rm		Total group EV Rm	Total group EV Rm	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.