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Santam Limited and its subsidiaries

Audited Abridged Financial Report
for the year ended 31 December 2009

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NON-EXECUTIVE DIRECTORS

BTPKM Gamedze, DCM Gihwala, JG le Roux,
NM Magau, JP Möller, YG Muthien, P de V Rademeyer,
JP Rowse, GE Rudman, DK Smith (Chairman), J van Zyl,
BP Vundla

EXECUTIVE DIRECTORS

IM Kirk (Chief Executive Officer),
MJ Reyneke (Financial Officer)

COMPANY SECRETARY

Sana-Ullah Bray

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Registration number 1918/001680/06

ISIN ZAE000093779

JSE share code: SNT

NSX share code: SNM

TRANSFER SECRETARIES

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70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown, 2107
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SPONSOR

Investec Bank Limited

- 55% increase in headline earnings per share
- Solid underwriting performance given challenging market conditions
- Significant improvement of investment returns
- Strong cash flows generated
- Healthy solvency ratio of 44%
- Total dividend of 466 cents per share, up 8.4%

Consolidated statements of financial position

	Notes	Audited At 31 Dec 09 R million	Audited At 31 Dec 08 R million
ASSETS			
Non-current assets			
Property and equipment		47	42
Intangible assets		143	155
Deferred income tax		88	81
Investments in associates		198	195
Financial assets – at fair value through income			
Equity securities	4	3 191	3 111
Debt securities	4	3 146	2 688
Derivatives	4	–	1
Reinsurance assets		382	700
Current assets			
Financial assets – at fair value through income			
Derivatives	4	–	135
Short-term money market instruments	4	4 554	3 089
Reinsurance assets		1 429	1 281
Deferred acquisition costs		259	271
Loans and receivables including insurance receivables	4	2 262	2 688
Income tax assets		4	73
Cash and cash equivalents		1 379	1 938
Total assets		17 082	16 448
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital		107	107
Treasury shares		(660)	(680)
Other reserves		1 268	1 251
Distributable reserves		4 080	3 586
		4 795	4 264
Minority interest		144	138
Total equity		4 939	4 402
LIABILITIES			
Non-current liabilities			
Deferred income tax		129	12
Financial liabilities – at fair value through income			
Debt securities	6	839	972
Investment contracts		–	142
Derivatives	4	9	–
Financial liabilities – at amortised cost			
Cell owners' interest		535	447
Collateral guarantee contracts		–	93
Insurance liabilities		1 332	2 068
Provisions for other liabilities and charges		5	–
Current liabilities			
Financial liabilities – at fair value through income			
Debt securities	6	24	24
Investment contracts		333	251
Derivatives	4	108	–
Financial liabilities – at amortised cost			
Collateral guarantee contracts		101	–
Insurance liabilities		6 931	6 088
Deferred reinsurance acquisition revenue		53	82
Provisions for other liabilities and charges		27	25
Trade and other payables		1 570	1 804
Current income tax liabilities		147	38
Total liabilities		12 143	12 046
Total shareholders' equity and liabilities		17 082	16 448

Consolidated statements of comprehensive income

	Notes	Audited Year ended 31 Dec 09 R million	Audited Year ended 31 Dec 08 R million	Change %
CONTINUING OPERATIONS				
Gross written premium		15 026	14 179	6%
Less: Reinsurance premium		2 132	2 306	
Net premium		12 894	11 873	9%
Less: Change in unearned premium				
Gross amount		(108)	94	
Reinsurers' share		106	63	
Net insurance premium revenue		12 896	11 716	10%
Investment income	7	707	949	(26%)
Income from reinsurance contracts ceded		209	340	
Net gains/(losses) on financial assets and liabilities at fair value through income		479	(721)	
Net income		14 291	12 284	16%
Insurance claims and loss adjustment expenses		10 241	9 422	
Insurance claims and loss adjustment expenses recovered from reinsurers		(1 141)	(1 415)	
Net insurance benefits and claims		9 100	8 007	14%
Expenses for the acquisition of insurance contracts		2 127	2 014	
Expenses for marketing and administration		1 425	1 296	
Expenses for asset management services rendered		25	26	
Amortisation of intangible assets		25	7	
Expenses		12 702	11 350	12%
Results of operating activities		1 589	934	70%
Finance costs		(114)	(152)	
Share of profit/(loss) of associates		49	(2)	
Impairment charge on net investment in associate		(6)	(6)	
Profit before tax		1 518	774	96%
Income tax expense	8	(402)	(54)	
Profit for the year from continuing operations		1 116	720	55%
DISCONTINUED OPERATIONS				
Profit for the year from discontinued operations	5	–	25	
Profit for the year		1 116	745	50%
Other comprehensive income				
Currency translation differences		(80)	5	
Total comprehensive income for the year		1 036	750	
Profit attributable to:				
– equity holders of the company		1 082	724	
– minority interest		34	21	
		1 116	745	
Total comprehensive income attributable to:				
– equity holders of the company		1 002	729	
– minority interest		34	21	
		1 036	750	
EARNINGS ATTRIBUTABLE TO EQUITY SHAREHOLDERS				
Earnings per share (cents)	10			
Basic earnings per share		959	644	49%
Diluted earnings per share		942	640	47%
Weighted average number of ordinary shares – millions		112.80	112.50	
Weighted average number of ordinary shares for diluted earnings per share – millions		114.87	113.10	

Consolidated statements of changes in equity

	Attributable to equity holders of the company					Minority interest	Total
	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	Amounts recognised directly in equity relating to non-current assets held for sale R million	R million	R million
Balance as at 1 January 2008	105	(726)	1 147	3 448	71	133	4 178
Profit for the year	—	—	—	724	—	21	745
Other comprehensive income:							
Currency translation differences	—	—	5	—	—	—	5
Total comprehensive income for the year ended 31 December 2008	—	—	5	724	—	21	750
Proceeds from shares issued	2	—	—	—	—	—	2
Purchase of treasury shares	—	(29)	—	—	—	—	(29)
Sale of treasury shares	—	75	—	—	—	—	75
Loss on sale of treasury shares	—	—	—	(66)	—	—	(66)
Transfer to reserves	—	—	99	(99)	—	—	—
Share-based payments	—	—	—	39	—	—	39
Dividends paid	—	—	—	(460)	—	(16)	(476)
Amounts recognised directly in equity relating to assets and liabilities held for sale	—	—	—	—	(71)	—	(71)
Balance as at 31 December 2008	107	(680)	1 251	3 586	—	138	4 402
Profit for the year	—	—	—	1 082	—	34	1 116
Other comprehensive income:							
Currency translation differences	—	—	(80)	—	—	—	(80)
Total comprehensive income for the year ended 31 December 2009	—	—	(80)	1 082	—	34	1 036
Purchase of treasury shares	—	(53)	—	—	—	—	(53)
Sale of treasury shares	—	73	—	—	—	—	73
Loss on sale of treasury shares	—	—	—	(53)	—	—	(53)
Transfer to reserves	—	—	97	(97)	—	—	—
Share-based payments	—	—	—	47	—	—	47
Dividends paid	—	—	—	(485)	—	(28)	(513)
Balance as at 31 December 2009	107	(660)	1 268	4 080	—	144	4 939

Consolidated statements of cash flows

	Notes	Audited Year ended 31 Dec 09 R million	Audited Year ended 31 Dec 08 R million
Cash generated from operations		1 839	1 527
Interest paid		(114)	(152)
Income tax paid		(115)	(669)
Net cash from operating activities		1 610	706
Cash flows from investing activities			
Cash (utilised)/generated in investment activities		(1 477)	921
Acquisition of subsidiary	9	(11)	(3)
Net cash sold through the sale of subsidiary		(23)	(1 139)
Purchases of equipment		(37)	(48)
Proceeds from sale of equipment		1	1
Acquisition of associated companies		(7)	(55)
Proceeds from sale of associated companies		33	–
Acquisition of book of business		(2)	(10)
Proceeds from sale of subsidiary	9	56	–
Proceeds from sale of business operations		–	61
Net cash from investing activities		(1 467)	(272)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		–	2
Purchase of treasury shares		(53)	(29)
Proceeds on sale of treasury shares		20	10
Decrease in investment contract liabilities		(101)	(138)
Dividends paid to company's shareholders		(485)	(460)
Dividends paid to minorities		(28)	(16)
Increase in cell owners' interest		87	111
Net cash used in financing activities		(560)	(520)
Net decrease in cash and cash equivalents		(417)	(86)
Cash and cash equivalents at beginning of year		1 938	1 983
Exchange (losses)/gains on cash and cash equivalents		(142)	41
Cash and cash equivalents at end of year		1 379	1 938
Assets held for sale		–	–
Cash and cash equivalents at end of year – Continuing operations		1 379	1 938
Cash flows relating to discontinued operations			
Included in the above are the following cash flows from discontinued operations:			
Operating cash flows		–	(453)
Investing cash flows		–	(400)
Financing cash flows		–	(1)
Net decrease in cash and cash equivalents		–	(854)
Cash and cash equivalents at beginning of year		–	812
Translation gains on cash and cash equivalents		–	42
Cash and cash equivalents at end of year		–	–

Notes to the abridged financial report

1. Basis of presentation

This condensed consolidated financial information for the year ended 31 December 2009 has been prepared in accordance with IAS 34 – *Interim Financial Reporting* and in compliance with the Listing Requirements of the JSE Limited. The condensed consolidated financial information does not include all of the information required by IFRS for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRS.

In the 2008 statement of comprehensive income, the European insurance operations are presented in terms of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

2. Accounting policies

The principal accounting policies used in preparing the audited results for the year ended 31 December 2009 are consistent with those applied in the annual financial statements for the year ended 31 December 2008 in terms of IFRS, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised) – *Presentation of Financial Statements*

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The group has elected to present one performance statement: a statement of comprehensive income and to rename the balance sheet to the statement of financial position. The abridged financial statements have been prepared under the revised disclosure requirements.

- IFRS 8 – *Operating segments*

This standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Segments have been identified by business activity, i.e. insurance activities and investment activities. The insurance activities comprise commercial insurance, personal insurance and alternative risks.

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the group Executive committee (Exco), under the leadership of the Chief Executive.

3. Segment information

Exco reviews the group's internal reporting in order to assess performance and allocate resources. The operating segments identified are representative of the internal structure of the group.

Exco reviews the two core activities of the group, i.e. insurance activities and investment activities, on a monthly basis. Insurance activities are all insurance underwriting activities undertaken by the group and comprise commercial insurance, personal insurance and alternative risks. Insurance activities are also further analysed by insurance class. Investment activities are all investment-related activities undertaken by the group.

Exco considers the performance of insurance activities based on gross written premium as a measure of growth as well as underwriting result and net insurance result as a measure of profitability.

Investment activities are measured based on net investment income and income from associated companies.

Other information provided to Exco is measured in a manner consistent with that in the financial statements.

3.1 For the year ended 31 December 2009

Business activity	Insurance activities R million	Investment activities R million	Total R million
Revenue	15 026	695	15 721
Gross written premium	15 026		15 026
Net written premium	12 894		12 894
Net earned premium	12 896		12 896
Claims incurred	9 100		9 100
Net commission	1 918		1 918
Management expenses	1 412	13	1 425
Underwriting result	466	(13)	453
Investment return on insurance funds	420		420
Net insurance result	886	(13)	873
Investment income net of management fee and finance costs		627	627
Income from associates net of impairment		43	43
Amortisation of intangible assets	(25)	–	(25)
Income before taxation	861	657	1 518
Total assets	10 547	6 535	17 082
Total liabilities	11 271	872	12 143

Insurance class	Gross written premium R million	Underwriting result R million	Total assets R million	Total liabilities R million
Accident and health	382	3	25	147
Alternative risk	1 638	16	306	1 740
Crop	472	83	140	302
Engineering	562	127	107	308
Guarantee	16	6	12	27
Liability	1 126	517	488	1 941
Miscellaneous	19	(4)	5	17
Motor	6 147	(29)	33	1 487
Property	4 266	(321)	890	2 082
Transportation	398	68	64	265
Unallocated	–	(13)	15 012	3 827
Total	15 026	453	17 082	12 143

Comprising:

Commercial insurance	7 489	657	1 692	5 341
Personal insurance	5 899	(207)	72	1 235
Alternative risk	1 638	16	306	1 740
Unallocated	–	(13)	15 012	3 827
Total	15 026	453	17 082	12 143

3.2 For the year ended 31 December 2008

Business activity	Insurance activities R million	Investment activities R million	Total R million
Revenue	14 179	(472)	13 707
Gross written premium	14 179		14 179
Net written premium	11 873		11 873
Net earned premium	11 716		11 716
Claims incurred	8 007		8 007
Net commission	1 674		1 674
Management expenses	1 283	13	1 296
Underwriting result	752	(13)	739
Investment return on insurance funds	540		540
Net insurance result	1 292	(13)	1 279
Investment income net of management fee and finance costs		(490)	(490)
Income from associates net of impairment		(8)	(8)
Amortisation of intangible assets	(7)	–	(7)
Income before taxation	1 285	(511)	774
Total assets	10 318	6 130	16 448
Total liabilities	11 050	996	12 046

Insurance class	Gross written premium R million	Underwriting result R million	Total assets R million	Total liabilities R million
Accident and health	378	37	30	135
Alternative risk	1 726	(31)	549	2 014
Crop	575	74	151	321
Engineering	539	121	76	288
Guarantee	20	13	16	30
Liability	1 130	410	684	2 038
Miscellaneous	23	8	5	20
Motor	5 535	275	50	1 217
Property	3 859	(172)	606	1 864
Transportation	394	17	86	313
Unallocated	–	(13)	14 195	3 806
Total	14 179	739	16 448	12 046

Comprising:

Commercial insurance	7 176	649	1 684	5 289
Personal insurance	5 277	134	20	937
Alternative risk	1 726	(31)	549	2 014
Unallocated	–	(13)	14 195	3 806
Total	14 179	739	16 448	12 046

	Audited At 31 Dec 09 R million	Audited At 31 Dec 08 R million
4 Financial assets		
The group's financial assets, net of derivatives, are summarised below by measurement category.		
Financial assets at fair value through income	10 774	9 024
Loans and receivables	2 262	2 688
Total financial assets	13 036	11 712
Financial assets at fair value through income		
Equity securities		
– quoted	2 872	2 764
– unquoted	319	347
	3 191	3 111
Derivatives (net)	(117)	136
Debt securities		
– quoted		
government and other bonds	1 639	1 369
long-term money market instruments	756	776
– unquoted		
redeemable preference shares	751	543
	3 146	2 688
Short-term money market instruments	4 554	3 089
Total financial assets at fair value through income	10 774	9 024
5. Discontinued operations		
Santam Europe Limited and Westminster Motor Insurance Association were disposed of on 15 September 2008 and 22 December 2008, respectively. The following are the results for these companies until the date of disposal included as 'Discontinued operations' in the statement of comprehensive income.		
Analysis of the result of discontinued operations		
Gross written premium	–	250
Net premium	–	26
Net insurance premium revenue	–	447
Net investment and reinsurance income	–	56
Release of translation reserve	–	71
Net profit on sale of business operations	–	13
Net insurance benefits and claims	–	425
Expenses	–	113
Profit before tax	–	49
Income tax	–	(24)
Profit for the year from discontinued operations	–	25

	Audited At 31 Dec 09 R million	Audited At 31 Dec 08 R million
6. Debt securities – at fair value through income		
At the beginning of the year	972	908
Fair value adjustment	(133)	64
	839	972
Accrued interest	24	24
	863	996
<p>During 2007 the company issued unsecured subordinated callable notes to the value of R1 billion in two tranches. The fixed effective rate for the R600 million issue was 8.6% and 9.6% for the second tranche of R400 million, representing the R203 companion bond plus an appropriate credit spread at the time of the issues. The fixed coupon rate, based on the nominal value of the issues, amounts to 8.25% and for both tranches the optional redemption date is 15 September 2017. Between the optional redemption date and final maturity date of 15 September 2022, a variable interest rate (JIBAR-based) plus additional margin will apply.</p> <p>Per conditions set by the Regulator, Santam is required to maintain liquid assets equal to the value of the callable notes until maturity. The callable notes are therefore measured at fair value to minimise undue income statement volatility.</p>		
7. Investment income		
Dividend income	198	342
Interest income	612	466
Foreign exchange differences	(103)	141
	707	949
8. Tax		
South African normal taxation		
Current year	240	153
Charge for the year	213	127
STC	27	26
Prior year	25	3
Foreign taxation	27	16
Income taxation for the year	292	172
Deferred taxation	110	(118)
Current year	96	(114)
STC	14	(1)
Prior year	–	(3)
	402	54

	Audited At 31 Dec 09 R million	Audited At 31 Dec 08 R million
8. Tax (continued)		
Reconciliation of taxation rate (%)		
Normal South African taxation rate	28.0	28.0
Adjusted for		
– Exempt income	(4.1)	(9.7)
– Investment results	(2.6)	(15.1)
– STC	2.7	3.3
– Other	2.5	0.5
Net reduction	(1.5)	(21.0)
Effective rate (%)	26.5	7.0
9. Business combinations		
Disposals		
Net asset value sold	(3)	–
Onerous contract as result of disposal	(5)	–
Proceeds on sale of subsidiaries	56	–
Profit on sale of subsidiaries	54	–
Acquisitions/Increases in shareholding		
Purchase consideration paid	11	3
Less: Net asset value acquired	(7)	–
Investment in associated share previously acquired	1	–
Goodwill	5	3

	Audited At 31 Dec 09 R million	Audited At 31 Dec 08 R million
10. Earnings per share		
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	1 082	724
Weighted average number of ordinary shares in issue (million)	112.80	112.50
Earnings per share (cents)	959	644
Earnings per share – Continuing operations (cents)	959	621
Earnings per share – Discontinued operations (cents)	–	23
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	1 082	724
Weighted average number of ordinary shares in issue (million)	112.80	112.50
Adjusted for share options	2.07	0.60
Weighted average number of ordinary shares for diluted earnings per share (million)	114.87	113.10
Diluted basic earnings per share (cents)	942	640
Diluted basic earnings per share – Continuing operations (cents)	942	618
Diluted basic earnings per share – Discontinued operations (cents)	–	22
Headline earnings per share		
Profit attributable to the company's equity holders (R million)	1 082	724
Adjust for:		
Impairment charge on net investment of associates	6	–
(Profit)/Loss on sale of subsidiaries and associates	(76)	8
Profit on sale of business operations	–	(2)
Translation reserve released on sale of European operations	–	(71)
Tax charge	10	–
Headline earnings (R million)	1 022	659
Weighted average number of ordinary shares in issue (million)	112.80	112.50
Headline earnings per share (cents)	906	586
Headline earnings per share – Continuing operations (cents)	906	621
Headline earnings per share – Discontinued operations (cents)	–	(35)
Diluted headline earnings per share		
Headline earnings (R million)	1 022	659
Weighted average number of ordinary shares for diluted earnings per share (million)	114.87	113.10
Diluted headline earnings per share (cents)	889	582
Diluted headline earnings per share – Continuing operations (cents)	889	618
Diluted headline earnings per share – Discontinued operations (cents)	–	(36)
11. Dividends per share		
Dividend per share (cents)	466	430

COMMENTS

After a challenging first half, Santam experienced a significantly better second half. This resulted in a pleasing overall performance for 2009 against the backdrop of the difficult economic climate and underwriting conditions.

In line with the industry as a whole, underwriting margins came under considerable pressure, particularly in the first six months. Investment returns improved on firmer equity markets, especially when viewed against the poor performance in 2008. The group delivered significantly improved earnings, with headline earnings of R1 022 million up 55% on 2008. This equated to headline earnings per share of 906 cents compared to 586 cents in the prior year.

Growth of 6% in gross written premiums was a credible achievement in the economic climate, comparing favourably with the industry. While positive growth was achieved across most classes of business, achieving an appropriate rate for the risk insured remained a challenge.

The improvement in the second half was mainly due to fewer large industrial accident and fire-related claims in the corporate business unit. The net underwriting result of R453 million for the year was lower than the R739 million in 2008, but significantly up on the R88 million recorded at the halfway mark. The overall net underwriting margin of 3.5% was adversely impacted by negative margins in the property and motor classes. Underwriting performance in the personal and non-specialist commercial business came under pressure from a marked increase in claims frequency and cost. Although margins in commercial motor remained satisfactory, personal lines motor posted negative results, in particular business sourced through the portfolio management business unit. The company did not escape the large industrial accident and fire-related claims experienced across the industry, which affected underwriting margins as evidenced by the negative result of the property class. Of the specialist classes, the liability, engineering and crop businesses continued to perform well. The net acquisition cost ratio of 25.9% increased slightly from 25.3% in 2008, mainly due to a higher net commission ratio as a result of reduced reinsurance commission earned.

Investment return on insurance funds of R420 million reduced from R540 million in 2008, mainly as a result of lower interest rates and despite higher float balances. The group's operating activities generated healthy cash flows of R1 839 million during the year, 20% higher than the R1 527 million in 2008.

The combined effect of insurance activities resulted in a net insurance margin of 6.8% for the year compared to 10.9% in 2008.

Investment performance improved significantly during the year as equity markets strengthened. This was in contrast to the losses sustained during the prior year in which investment markets were severely depressed. The company continued to employ its strategy of proactively hedging its equity investments to minimise capital losses in the event of lower market returns. As a result the company hedged R2 billion of its equity exposure in June 2009 through a one-year derivative fence structure. The fence has an attachment point of 4471 (SWIX40 index) with downside protection of 10% from said attachment point as well as upside participation of 20% from said point. At 31 December 2009, the SWIX40 index closed at 5244, 17% above the attachment point. On 31 December 2009, the structure had a negative fair value of R108 million which was accounted for. This will effectively be released to income over the next six months if the structure is maintained to maturity. Despite a reduction in interest rates during the period, interest earnings were higher in comparison to 2008 due to higher levels of interest-bearing instruments.

Net earnings from associated companies of R49 million improved notably compared to the negative returns in 2008. This was due to improved earnings by key associates.

The group solvency ratio was a healthy 44% at 31 December 2009, on par with 2008, and within our long-term target range of between 35% and 45%.

Santam sold its 35% stake in Lion of Africa Insurance Company during December 2009. With this becoming a 100% black-owned business turning in excellent results, our partners and Santam considered it appropriate for Santam to exit at this point. Santam is proud of its partnership with South Africa's first black-owned insurance company that spanned more than 11 years. We wish the company and its management success with their future endeavours.

Further unit allocations in the Emthunzini BEE Staff Trust were made to black staff in terms of Santam's Broad Based Black Economic Empowerment (BBEE) scheme.

The board would like to extend its gratitude to Santam's management, staff, brokers and other business partners for their efforts and contributions in the past year, which underpinned a pleasing set of results.

Prospects

We expect underwriting margins to remain under pressure, both in commercial and personal lines, due to the softer market. The positive sentiment in South Africa in anticipation of the 2010 FIFA World Cup™, as well as signs of a global recovery from one of the worst financial crises since the great depression, should have a positive impact on industry volumes. However, any economic recovery is likely to be gradual. We remain concerned about the low levels of disposable income among individuals and earnings pressure on businesses, which will continue to make it difficult to achieve the appropriate rates for risks insured.

Santam's diversified business lines position it well to face these challenges. We will also continue our efforts to optimise profitability across the business with a strong focus on risk management and efficiencies.

We share the general consensus that financial markets are overvalued in the short term, but remain optimistic over the medium to longer term. While volatility in global and local financial markets will impact our investment performance during 2010, the proactive hedging of our equity exposure will lessen its effect over the short term. In line with general consensus we see interest rates remaining at current levels for the foreseeable future, limiting major growth in returns on cash-related investments.

The company successfully concluded the acquisition of the entire shareholding of Emerald Risk Transfer (Pty) Ltd, effective 1 January 2010. As a specialist corporate property underwriting manager, the business will in future underwrite Santam's corporate property business. The group also concluded a transaction to acquire the minority shareholding in Centriq Insurance, which will become a wholly owned subsidiary. The transaction is subject to regulatory approval.

Declaration of dividend (Number 112)

Notice is hereby given that the board has declared a final dividend of 300 cents per share (2008: 264 cents). Shareholders are advised that the last day to trade "cum dividend" will be Thursday, 18 March 2010. The shares will trade "ex dividend" from the commencement of business on Friday, 19 March 2010. The record date will be Friday, 26 March 2010, and the payment date will be Monday, 29 March 2010. Certificated shareholders may not dematerialise or rematerialise their shares between Friday, 19 March 2010, and Friday, 26 March 2010, both dates inclusive.

Auditors' report

The company's external auditors, PricewaterhouseCoopers Inc, have audited the condensed financial report. A copy of their unqualified audit opinion is available on request at the company's registered office.

On behalf of the board

DK Smith
Chairman

IM Kirk
Chief Executive Officer

3 March 2010