



Rest insured

Santam Limited and its subsidiaries

Reviewed Interim Report
for the six months ended 30 June 2010

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- 80% increase in headline earnings
- Exceptional underwriting returns achieved
- Strong cash flows generated
- Group solvency ratio of 44%
- Special dividend of 500 cents per share
- Interim dividend of 185 cents per share

FINANCIAL REVIEW

From an underwriting perspective, Santam experienced an exceptional first half, particularly when compared to the same period in 2009. Whilst Santam's underwriting margin was very favourable, investment returns were under pressure as a result of weaker equity markets. Overall earnings for the group showed a significant improvement. Both headline earnings of R577 million and headline earnings per share of 511 cents showed an increase of 80% compared to 2009.

Growth in gross written premiums was satisfactory at 6% despite the continuing soft market. It is expected that the industry will grow below the nominal growth of the economy as a result of continued pressure on disposable income whilst the difficult economic environment persists. Positive growth was achieved across the largest classes, including motor and property, but achieving an appropriate rate for the risk insured, as the domestic economy recovered slowly from recession, remains a challenge.

The net underwriting result for the first six months of the year was very pleasing, showing a continued improvement from the second half of 2009 and all business units performed well. This was particularly influenced by the absence of large industrial accident and fire-related claims in the commercial and corporate business units. The net underwriting result of R533 million was significantly higher than the R88 million achieved during the first half of 2009. The overall net underwriting margin of 8% was favourably impacted by improved margins in the property and motor classes. Underwriting performance of the personal and non-specialist commercial businesses also showed positive improvements due to a lower claims frequency and cost. It was particularly pleasing to see a continued turnaround in the performance of the previous loss making lines, corporate property and portfolio management, both of which performed well during the past six months, recording positive margins. Amongst the specialist classes, the liability and engineering business units continued to perform well, while the crop business saw margins under pressure as a result of increased hail claims in the summer rainfall areas. The net acquisition cost ratio of 26.8% was higher than the 25.7% for the same period in 2009, mainly due to timing differences on management expenses.

Investment return on insurance funds of R203 million was slightly below the R218 million for the comparable period in 2009. Despite increased float balances, returns from interest bearing instruments were lower due to lower interest rates. The group's operating activities generated healthy cash flows of R825 million, somewhat lower than the same period in 2009 as several large prior year claims are now being settled.

The combined effect of the insurance activities resulted in a net insurance margin of 11% for the past six months compared to 5% for the comparable period in 2009.

Performance of the investment portfolio was under pressure due to continued volatility in the investment markets, with equity markets closing below the December 2009 levels. The company's equity portfolio outperformed the ALSI index as mandates are essentially linked to the SWIX index. Reported investment results benefited from the derivative fence structure which substantially matured during the second quarter. Dividend income was lower as a direct consequence of the economic environment while lower interest rates also resulted in lower interest earnings.

Net earnings from associated companies were positive for the period mainly due to higher earnings from key associates.

At 30 June 2010 the group's international solvency ratio was at 44%, at the upper end of the long-term target range of between 35% and 45%. As this solvency margin is in excess of optimal risk adjusted capital requirements, the board approved a special dividend of 500 cents per share in line with the group's continued focus on efficient capital management. The special dividend will be paid simultaneously with the interim dividend for the year.

Given the concerns about the economy and markets at the time, a conservative approach was warranted when the interim dividend of 166 cents per share was declared at the halfway mark in 2009. The board has decided

to declare an interim dividend of 185 cents per share, up 11,4% on 2009, in recognition of overall improving conditions and aligning the split between interim and final dividend with the policy under normal conditions.

The board would like to extend its gratitude to Santam's management, staff, brokers and other business partners for their efforts and contributions during the past six months.

PROSPECTS

General consensus is that economic growth is expected to be fairly flat for the remainder of the year, with domestic insurance industry premium growth most likely below the nominal growth of the economy. It is anticipated that the market will continue to be soft, both for commercial and personal lines business as the recovery of the domestic economy is slower than anticipated. We remain concerned over the low levels of disposable income of individuals and earnings pressure on businesses which make achievement of an appropriate risk rate challenging. Expectations are that underwriting margins could normalise within the long-term target range of between 4% and 6%. The company will continue its efforts to optimise profitability in all aspects of the business with a strong focus on risk management and improving efficiencies. Santam is well positioned to face current challenges with its unique diversification and scale benefits.

It remains difficult to predict financial markets and we expect the current volatility to remain. Until there is more clarity regarding sovereign debt exposures of several developed countries and its impact on the world economy, markets will remain under pressure. In line with general consensus we expect interest rates to remain at current or lower levels for the foreseeable future, limiting significant increases in returns on cash-related investments.

EVENTS AFTER THE REPORTING PERIOD

Santam exercised its pre-emptive right as a shareholder and partner in order to purchase the remaining shares in Indwe Broker Holdings (Indwe) for a consideration of R263 million to become the 100% shareholder of Indwe. This transaction is still subject to conclusion of legal agreements and regulatory approval.

DECLARATION OF DIVIDEND (NUMBER 113)

Notice is hereby given that the board has declared an interim dividend of 185 cents per share (2009: 166 cents) as well as a special dividend of 500 cents per share (2009: zero cents). Shareholders are advised that the last day to trade "cum dividend" will be Thursday, 16 September 2010. The shares will trade "ex dividend" from the commencement of business on Friday, 17 September 2010. The record date will be Thursday, 23 September 2010, and the payment date will be Monday, 27 September 2010. Certificated shareholders may not dematerialise or rematerialise their shares between Friday, 17 September 2010, and Thursday, 23 September 2010, both dates inclusive.

AUDITORS' REPORT

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

On behalf of the board

VP Khanyile
Chairman

IM Kirk
Chief Executive Officer

1 September 2010

Consolidated statements of financial position

	Notes	Reviewed At 30 June 2010 R million	Reviewed At 30 June 2009 R million	Audited At 31 Dec 2009 R million
ASSETS				
Non-current assets				
Property and equipment		53	51	47
Intangible assets		139	171	143
Deferred income tax		106	57	88
Investments in associates		217	173	198
Financial assets – at fair value through income				
Equity securities	4	3 116	3 181	3 191
Debt securities	4	3 570	2 726	3 146
Reinsurance assets		347	672	382
Current assets				
Financial assets – at fair value through income				
Derivatives	4	–	32	–
Short-term money market instruments	4	4 065	3 530	4 554
Reinsurance assets		1 196	1 733	1 429
Deferred acquisition costs		238	224	259
Loans and receivables including insurance receivables	4	1 966	2 225	2 262
Income tax assets		6	39	4
Cash and cash equivalents		1 717	1 857	1 379
Total assets		16 736	16 671	17 082
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital		107	107	107
Treasury shares		(652)	(658)	(660)
Other reserves		1 297	1 259	1 268
Distributable reserves		4 264	3 558	4 080
		5 016	4 266	4 795
Non-controlling interest		73	140	144
Total equity		5 089	4 406	4 939
LIABILITIES				
Non-current liabilities				
Deferred income tax		131	12	129
Financial liabilities – at fair value through income				
Debt securities	5	885	835	839
Derivatives	4	5	–	9
Financial liabilities – at amortised cost				
Cell owners' interest		598	475	535
Insurance liabilities		1 302	2 049	1 332
Provisions for other liabilities and charges		4	–	5
Current liabilities				
Financial liabilities – at fair value through income				
Debt securities		24	24	24
Investment contracts		345	267	333
Derivatives	4	5	10	108
Financial liabilities – at amortised cost				
Collateral guarantee contracts		104	97	101
Insurance liabilities		6 323	6 588	6 931
Deferred reinsurance acquisition revenue		32	33	53
Provisions for other liabilities and charges		28	26	27
Trade and other payables		1 606	1 763	1 570
Current income tax liabilities		255	86	147
Total liabilities		11 647	12 265	12 143
Total shareholders' equity and liabilities		16 736	16 671	17 082

Consolidated statements of comprehensive income

	Notes	Reviewed Six months ended 30 June 2010 R million	Reviewed Six months ended 30 June 2009 R million	Change %	Audited Year ended 31 Dec 2009 R million
Gross written premium		7 717	7 291	6%	15 026
Less: reinsurance premium		1 418	1 416		2 132
Net premium		6 299	5 875	7%	12 894
Less: Change in unearned premium					
Gross amount		(308)	(370)		(108)
Reinsurers' share		(39)	67		106
Net insurance premium revenue		6 646	6 178	8%	12 896
Investment income	6	335	365	(8%)	707
Income from reinsurance contracts ceded		134	127		209
Net (losses)/gains on financial assets and liabilities at fair value through income		(15)	56		479
Net income		7 100	6 726	6%	14 291
Insurance claims and loss adjustment expenses		4 728	5 784		10 241
Insurance claims and loss adjustment expenses recovered from reinsurers		(397)	(1 281)		(1 141)
Net insurance benefits and claims		4 331	4 503	(4%)	9 100
Expenses for the acquisition of insurance contracts		1 148	1 067		2 127
Expenses for marketing and administration		768	647		1 425
Expenses for asset management services rendered		16	12		25
Amortisation of intangible assets		4	6		25
Expenses		6 267	6 235	1%	12 702
Results of operating activities		833	491	70%	1 589
Finance costs		(42)	(50)		(114)
Share of profit of associates		24	(1)		49
Impairment charge on net investment of associates		–	(4)		(6)
Profit before tax		815	436	87%	1 518
Income tax expense	7	(229)	(104)		(402)
Profit for the period		586	332	77%	1 116
Other comprehensive income					
Currency translation differences		(19)	(28)		(80)
Total comprehensive income for the period		567	304		1 036
Profit attributable to:					
– equity holders of the company		578	316	83%	1 082
– non-controlling interest		8	16		34
		586	332		1 116
Total comprehensive income attributable to:					
– equity holders of the company		559	288	94%	1 002
– non-controlling interest		8	16		34
		567	304		1 036
Earnings attributable to equity shareholders					
Earnings per share (cents)	10				
Basic earnings per share		512	280	83%	959
Diluted earnings per share		503	276	82%	942
Weighted average number of shares – millions		112.91	112.75		112.80
Weighted average number of ordinary shares for diluted earnings per share – millions		114.94	114.48		114.87

Consolidated statements of changes in equity

	Attributable to equity holders of the company				Non-controlling interest	Total
	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	R million	R million
Balance as at 1 January 2009	107	(680)	1 251	3 586	138	4 402
Profit for the period	—	—	—	1 082	34	1 116
Other comprehensive income:						
Currency translation differences	—	—	(80)	—	—	(80)
Total comprehensive income for the period ended 31 December 2009	—	—	(80)	1 082	34	1 036
Proceeds from shares issued	—	—	—	—	—	—
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
Profit for the period	—	—	—	578	8	586
Other comprehensive income:						
Currency translation differences	—	—	(19)	—	—	(19)
Total comprehensive income for the period ended 30 June 2010	—	—	(19)	578	8	567
Proceeds from shares issued	—	—	—	—	—	—
Purchase of treasury shares	—	(13)	—	—	—	(13)
Sale of treasury shares	—	21	—	—	—	21
Loss on sale of treasury shares	—	—	—	(18)	—	(18)
Transfer to reserves	—	—	48	(48)	—	—
Share-based payments	—	—	—	23	(1)	22
Dividends paid	—	—	—	(339)	—	(339)
Excess paid on acquisition of non-controlling interest	—	—	—	(12)	—	(12)
Interest acquired from non-controlling interest	—	—	—	—	(78)	(78)
Balance as at 30 June 2010	107	(652)	1 297	4 264	73	5 089
Balance as at 1 January 2009	107	(680)	1 251	3 586	138	4 402
Profit for the period	—	—	—	316	16	332
Other comprehensive income:						
Currency translation differences	—	—	(28)	—	—	(28)
Total comprehensive income for the period ended 30 June 2009	—	—	(28)	316	16	304
Proceeds from shares issued	—	—	—	—	—	—
Purchase of treasury shares	—	(17)	—	—	—	(17)
Sale of treasury shares	—	39	—	—	—	39
Loss on sale of treasury shares	—	—	—	(31)	—	(31)
Transfer to reserves	—	—	36	(36)	—	—
Share-based payments	—	—	—	21	—	21
Dividends paid	—	—	—	(298)	(14)	(312)
Balance as at 30 June 2009	107	(658)	1 259	3 558	140	4 406

Consolidated statements of cash flows

		Reviewed Six months ended 30 June 2010 R million	Reviewed Six months ended 30 June 2009 R million	Audited Year ended 31 Dec 2009 R million
	Notes			
Cash generated from operations		825	958	1 839
Interest paid		(42)	(50)	(114)
Income tax paid		(138)	2	(115)
Net cash from operating activities		645	910	1 610
Cash flows from investing activities				
Cash generated/(utilised) in investment activities		66	(515)	(1 477)
Acquisition of subsidiary, net of cash acquired	8	(94)	(11)	(11)
Cash acquired/(sold) through acquisition/sale of subsidiary	8	95	2	(23)
Purchases of equipment		(19)	(18)	(37)
Purchases of software		–	(17)	–
Proceeds from sale of equipment		1	–	1
Acquisition of associated companies		–	–	(7)
Proceeds from sale of associated companies		–	–	33
Acquisition of book of business		–	(2)	(2)
Proceeds from sale of subsidiary		–	–	56
Net cash from investing activities		49	(561)	(1 467)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		–	–	–
Purchase of treasury shares		(13)	(17)	(53)
Proceeds on sale of treasury shares		4	8	20
Increase/(Decrease) in investment contract liabilities		1	(136)	(101)
Dividends paid to company's shareholders		(339)	(298)	(485)
Dividends paid to non-controlling interest		–	(14)	(28)
Increase in cell owners' interest		62	28	87
Purchase of subsidiary from non-controlling interest	9	(90)	–	–
Net cash used in financing activities		(375)	(429)	(560)
Net increase/(decrease) in cash and cash equivalents		319	(80)	(417)
Cash and cash equivalents at beginning of period		1 379	1 938	1 938
Exchange gains/(losses) on cash and cash equivalents		19	(1)	(142)
Cash and cash equivalents at end of period		1 717	1 857	1 379

Notes to the interim financial information

1. Basis of presentation

This condensed consolidated interim financial information for the six months ended 30 June 2010 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 interim 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.

2. Accounting policies

The principal accounting policies applied in preparing the reviewed results for the six months ended 30 June 2010 are consistent with those of the annual financial statements for the year ended 31 December 2009, 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 2010.

- IAS 27 (revised) – *Consolidated and Separate Financial Statements*

This standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

- IFRS 3 (revised) – *Business Combinations*

The new standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

3. Segment information

The Executive committee (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 while underwriting result and net insurance result are measures 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 six months ended 30 June 2010

Business activity	Insurance activities R million	Investment activities R million	Total R million
Revenue	7 717	93	7 810
Gross written premium	7 717		7 717
Net written premium	6 299		6 299
Net earned premium	6 646		6 646
Claims incurred	4 331		4 331
Net commission	1 014		1 014
Management expenses	762	6	768
Underwriting result	539	(6)	533
Investment return on insurance funds	203		203
Net insurance result	742	(6)	736
Investment income net of management fee		59	59
Income from associates net of impairment		24	24
Amortisation of intangible assets	(4)		(4)
Income before taxation	738	77	815
Total assets	9 833	6 903	16 736
Total liabilities	10 728	919	11 647

Insurance class	Gross written premium R million	Underwriting result R million	Total assets R million	Total liabilities R million
Accident and health	185	13	22	144
Alternative risk	1 240	11	332	1 683
Crop	57	5	9	23
Engineering	282	62	124	307
Guarantee	7	5	11	25
Liability	500	190	461	1 850
Miscellaneous	11	3	2	14
Motor	3 059	111	44	1 562
Property	2 189	81	699	1 803
Transportation	187	58	77	248
Unallocated	–	(6)	14 955	3 988
TOTAL	7 717	533	16 736	11 647

Comprising:

Commercial insurance	3 535	444	1 327	4 706
Personal insurance	2 942	84	122	1 270
Alternative risk	1 240	11	332	1 683
Unallocated	–	(6)	14 955	3 988
TOTAL	7 717	533	16 736	11 647

3.2 For the six months ended 30 June 2009

Business activity	Insurance activities R million	Investment activities R million	Total R million
Revenue	7 291	146	7 437
Gross written premium	7 291		7 291
Net written premium	5 875		5 875
Net earned premium	6 178		6 178
Claims incurred	4 503		4 503
Net commission	940		940
Management expenses	641	6	647
Underwriting result	94	(6)	88
Investment return on insurance funds	218		218
Net insurance result	312	(6)	306
Investment income net of management fee		141	141
Income from associates net of impairment		(5)	(5)
Amortisation of intangible assets	(6)		(6)
Income before taxation	306	130	436
Total assets	10 559	6 112	16 671
Total liabilities	11 396	869	12 265

Insurance class	Gross written premium R million	Underwriting result R million	Total assets R million	Total liabilities R million
Accident and health	188	5	28	137
Alternative risk	1 025	9	386	1 865
Crop	67	103	2	5
Engineering	278	55	97	285
Guarantee	6	4	13	27
Liability	503	244	659	2 022
Miscellaneous	9	(6)	7	24
Motor	2 956	(4)	68	1 422
Property	2 064	(333)	1 281	2 580
Transportation	195	17	87	303
Unallocated	–	(6)	14 043	3 595
TOTAL	7 291	88	16 671	12 265

Comprising:

Commercial insurance	3 453	167	2 175	5 691
Personal insurance	2 813	(82)	67	1 114
Alternative risk	1 025	9	386	1 865
Unallocated	–	(6)	14 043	3 595
TOTAL	7 291	88	16 671	12 265

3.3 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		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

	Reviewed At 30 June 2010 R million	Reviewed At 30 June 2009 R million	Audited At 31 Dec 2009 R million
4. Financial assets			
The group's financial assets are summarised below by measurement category			
Financial assets at fair value through income	10 741	9 459	10 774
Loans and receivables	1 966	2 225	2 262
Total financial assets	12 707	11 684	13 036
Financial assets at fair value through income			
Equity securities			
– quoted	2 808	2 849	2 872
– unquoted	308	332	319
	3 116	3 181	3 191
Derivatives (net)	(10)	22	(117)
Debt securities			
– quoted			
government and other bonds	1 793	1 626	1 639
long-term money market instruments	1 026	815	756
– unquoted			
redeemable preference shares	751	285	751
	3 570	2 726	3 146
Short-term money market instruments	4 065	3 530	4 554
Total financial assets at fair value through income	10 741	9 459	10 774
5. Debt securities – at fair value through income			
At the beginning of the year	839	972	972
Fair value adjustment	46	(137)	(133)
	885	835	839
Accrued interest	24	24	24
	909	859	863

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 the final maturity date of 15 September 2022, a variable interest rate (JIBAR-based) plus additional margin will apply.

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 volatility in net profit.

	Reviewed At 30 June 2010 R million	Reviewed At 30 June 2009 R million	Audited At 31 Dec 2009 R million
6. Investment income			
Dividend income	55	141	198
Interest income	258	300	612
Foreign exchange differences	22	(76)	(103)
	335	365	707
7. Tax			
South African normal taxation			
Current year	240	76	240
Charge for the year	206	55	213
STC	34	21	27
Prior year	(7)	(4)	25
Foreign taxation	13	10	27
Income taxation for the year	246	82	292
Deferred taxation	(17)	22	110
Current year	(12)	16	96
STC	(5)	6	14
	229	104	402
Reconciliation of taxation rate (%)			
Normal South African taxation rate	28.0	28.0	28.0
Adjust for			
– Exempt income	(1.9)	(6.1)	(4.1)
– Investment results	(1.2)	(3.0)	(2.6)
– STC	3.6	2.6	2.7
– Other	(0.4)	2.4	2.5
Net reduction	0.1	(4.1)	(1.5)
Effective rate	28.1	23.9	26.5

	Reviewed Six months ended 30 June 2010	Reviewed Six months ended 30 June 2009	Audited Year ended 31 Dec 2009
8. Business combinations			
Disposals			
Net asset value sold	–	–	(3)
Onerous contract as a result of disposal	–	–	(5)
Proceeds on sale of subsidiaries	–	–	56
Profit on sale of subsidiaries	–	–	54
Acquisition/Increase in shareholding			
On 1 January 2010, Swanvest 120 (Pty) Ltd acquired 100% of the voting equity interest in Emerald Risk Transfer (Pty) Ltd to obtain specialist underwriting skills in the corporate property environment. The company was sold by its main shareholder, Supergroup, as part of their strategy to dispose of non-core businesses. As at 30 June 2010 the fair valued amounts recognised as at the acquisition date for each major class of assets acquired and liabilities assumed were only provisional.			
Provisional details of the assets and liabilities acquired at fair value are as follows:			
Deferred taxation	3		
Fixed assets	4		
Intangible assets	–		
Reinsurance assets	13		
Loans and receivables	67		
Cash and cash equivalents	95		
Insurance liabilities	(32)		
Trade and other payables	(53)		
Taxation	(2)		
Provisional net asset value acquired	95	3	7
Purchase consideration paid	94	11	11
Investment in associated share previously acquired	–	1	1
Provisional excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost	(1)	9	5
Comparative information on acquisitions and disposals relate to several smaller transactions reported on in detail in prior periods.			
9. Transactions with non-controlling partners			
On 1 January 2010, Santam Ltd acquired the non-controlling interest of 33.3% in Centriq Holdings (Pty) Ltd.			
Non-controlling interest acquired	78	–	–
Excess paid on acquisition of non-controlling interest	12	–	–
Purchase consideration paid	90	–	–

	Reviewed Six months ended 30 June 2010	Reviewed Six months ended 30 June 2009	Audited Year ended 31 Dec 2009
10. Earnings per share			
Basic earnings per share			
Profit attributable to the company's equity holders (R million)	578	316	1 082
Weighted average number of ordinary shares in issue (million)	112.91	112.75	112.80
Earnings per share (cents)	512	280	959
Diluted earnings per share			
Profit attributable to the company's equity holders (R million)	578	316	1 082
Weighted average number of ordinary shares in issue (million)	112.91	112.75	112.80
Adjusted for share-options	2.03	1.73	2.07
Weighted average number of ordinary shares for diluted earnings per share (million)	114.94	114.48	114.87
Diluted basic earnings per share (cents)	503	276	942
Headline earnings per share			
Profit attributable to the company's equity holders	578	316	1 082
Adjust for:			
Impairment charge on net investment of associates	—	4	6
Profit on sale of subsidiaries and associates	—	—	(76)
Provisional excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost	(1)	—	—
Tax charge	—	—	10
Headline earnings (R million)	577	320	1 022
Weighted average number of ordinary shares in issue (million)	112.91	112.75	112.80
Headline earnings per share (cents)	511	284	906
Diluted headline earnings per share			
Headline earnings (R million)	577	320	1 022
Weighted average number of ordinary shares for diluted earnings per share (million)	114.94	114.48	114.87
Diluted headline earnings per share (cents)	502	280	889
11. Dividends per share			
Dividend per share (cents)	185	166	466
Special dividend per share (cents)	500	—	—

NON-EXECUTIVE DIRECTORS

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

EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Sana-Ullah Bray

**SANTAM HEAD OFFICE AND
REGISTERED ADDRESS**

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Registration number 1918/001680/06

ISIN ZAE000093779

JSE share code: SNT

NSX share code: SNM

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