

Interim results for the
half year to 30 June 2004

Building Momentum

HIGHLIGHTS

- Adjusted operating earnings per share*: 6.8p (2003: 5.6p), an increase of 21% in Sterling
82.7c (2003: 73.4c), an increase of 13% in Rand
- Basic loss per share: 1.8p (2003: Earnings of 5.6p**)
21.9c (2003: Earnings of 72.1c**)
- Life sales of £262m on an annual premium equivalent basis (2003: £261m)
- Return on equity 19% (2003: 16%***)
- Total assets under management £130bn at 30 June 2004 (£125bn at 31 December 2003)
- Adjusted embedded value: 114p per share (31 December 2003: 105p***)
R12.86 per share (31 December 2003: R12.49***)
- Interim dividend of 1.75p (2003: 1.7p), 19.8 cents in Rand**** (2003: 19.5 cents)

Jim Sutcliffe, Chief Executive, commented:

“Through our strategy of diversity we have built momentum in the first half, taking advantage of improved conditions in some key markets. Our US asset management and South African general insurance businesses had a particularly good half-year, although there is still work to be done to improve life sales in South Africa and to deliver recovery at Nedcor. We look forward to the rest of 2004 with confidence.”

Wherever the items asterisked in the Highlights are used, whether in the Highlights or the Operating and Financial Review, the following apply:

* Adjusted operating profit represents the directors' view of the underlying performance of the Group. For life assurance and general insurance businesses, adjusted operating profit is based on a long-term investment return and includes investment return on own shares held in policyholders' funds. For banking business, adjusted operating profit excludes the loss on disposal/write-down of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change in credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties. Adjusted operating earnings per share is similarly based, but is stated after tax and minority interests, with the calculation of the weighted average number of shares including own shares held in policyholders' funds.

The segmental adjusted operating profit for 2004 is shown before elimination of inter-segment results.

** Comparative figures have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 37 “Purchases and Sales of Own Shares”. Details of the changes are set out in notes 1, 3, 4 and 5(b)(iv) to the attached Financial Statements.

*** Comparative figures have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 38 “Accounting for ESOP Trusts”. Details of the changes are set out in note 1 to the attached Financial Statements.

**** Indicative only, being the Rand equivalent of 1.75p converted at the exchange rate prevailing on 30 June 2004. The actual amount to be paid by way of interim dividend to holders of shares on the South African branch register will be by reference to the exchange rate prevailing at the close of business on 7 October 2004, as determined by the Company, and will be announced on 8 October 2004.

Old Mutual plc

Results for the six months ended 30 June 2004 *continued*

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Notes to editors:

A webcast of the analysts presentation and Q&A will be broadcast live at 9.30 a.m. (UK time) today on our website at www.oldmutual.com.

High-resolution images are available for the media to view and download on www.uppa.co.uk. To access these, please register, log in and then search on 'Old Mutual'. Alternatively, you can contact UPPA directly on +44 (0) 20 7421 6000 or email contact@uppa.co.uk.

10 August 2004

Operating and Financial Review

Chief Executive's Statement

Our adjusted operating earnings for the first half of 2004 improved to 6.8p / 82.7c per share (2003: 5.6p / 73.4c). Return on average equity was a creditable 19%, helped by strong growth at our US businesses, recovery at Nedcor, another solid profit contribution from our South African life business and an excellent first half at Mutual & Federal. We have shown our confidence in the strength of the Group's business and our generally positive results for the half-year by declaring an increased interim dividend of 1.75p (2003: 1.7p) per share, which will be paid on 30 November 2004.

These improved operating results have been accompanied by progress in our journey to develop a powerful international financial services business from our South African core. We have invested further in our US life business, and our UK distribution and asset management businesses have built their teams and capabilities. We have also been working hard at our Black Economic Empowerment (BEE) plans in South Africa and remain committed to introducing BEE shareholdings at the South African level to support our continuing efforts to normalise our staff complement and procurement practices.

Adjusted embedded value grew over the period by 9% in Sterling terms and 3% in Rand.

Basic earnings per share were negative, mainly as a result of short term market fluctuations in the value of US life's bond portfolio and the impact of the \$90 million regulatory settlement at our US asset management affiliate Pilgrim Baxter.

The Group's net fund flow from customers was healthy around the world, with a net positive total of £4.0 billion, including a record \$5.3 billion from our US asset management business. Investment performance continues to be the key for our businesses to attract client assets. On a three-year basis, more than three-quarters of our US funds under management and more than two-thirds of our South African third party asset management clients have received returns above benchmark and more than 70% of our UK unit trusts were in the top half of their comparator groups.

Markets remained at higher levels than in the equivalent period in 2003. Together with the strong net cash flow, this led to assets under management, the driver for much of our revenues, being up 12% on 30 June 2003 levels.

Nedcor stabilised through the early stages of its recovery programme during the first half. Our target for Nedcor remains to achieve a run-rate Return on Equity of 20% by the end of 2006 for delivery in 2007. Adjusted operating profit (under UK GAAP) of R712 million was below that for the equivalent period in 2003 (R1,308 million), but was a substantial improvement on the loss incurred in the second half of 2003. Before restructuring costs, Nedcor covered its cost of capital and we expect it to make steady progress to our goal over the next three years.

Operating and Financial Review

Chief Executive's Statement *continued*

Important steps were also taken by Nedcor during the period to fulfil the strategic imperatives that we had agreed with management. These included: the strengthening of capital through the completion of its R5.2 billion rights issue; disposal of non-core operations outside South Africa; the installation of a new executive team; the reduction of risk and volatility through the repatriation of surplus capital and an interest rate hedging programme; and tackling the expense base through retrenchments announced in the first quarter.

Life sales for the Group as a whole were flat overall. A 21% increase in sales in US Dollar terms at our US life business offset disappointing sales at our South African life business, so that 53% of our sales came from the US in this period. Margins were well above our long-term expectations in the US life business at 22%. In South Africa, margins were in line with our long-term expectations at a product level, but our product mix produced a lower result than last year. In the UK, Selestia continued to make strong progress by building its sales (£197 million, as compared with £86 million in the equivalent period in 2003).

We were very pleased with the results from our now 88%-owned South African general insurance subsidiary, Mutual & Federal, as it achieved top-of-the-cycle underwriting results and benefited from favourable claims conditions. These excellent results have enabled Mutual & Federal to declare a special dividend, of which some R753 million will be for our benefit.

Our total gearing* was 17.5% at the end of June, compared to 21.7% at the end of 2003. In South Africa, we have 2.5 times the statutory requirements in our life company, and Nedcor's capital adequacy ratio was 12.3% at 30 June 2004. A M Best have confirmed our US life business's credit ratings.

Outlook

We expect the momentum built up in the period to June will continue and that our results for the year will benefit from management action initiated in the first half. We shall be making further investment in our strategic development, including the launch of a new retail strategy at our US asset management business. Volatility of currencies and markets will affect us, as usual, but the benefits of our diversity will continue to mitigate this.

Jim Sutcliffe

Chief Executive

10 August 2004

* As defined in the footnote on page 12.

Operating and Financial Review

Group Finance Director's Review

SEGMENTAL REVIEW – SOUTH AFRICA

LIFE ASSURANCE

Our South African life assurance business continued to deliver strong profit, although sales were lower than planned. Adjusted operating profit, excluding long term investment return (LTIR), of R1,825 million was up 15% on the R1,592 million recorded in the same period for 2003, driven by tighter expense control, favourable experience variances and a 10% increase in average asset levels.

The LTIR of R1,023 million declined by 5% from R1,075 million for the comparative period. This reduction reflects the impact that the investments in Nedcor and Mutual & Federal, outlined under Capital below, had on the average shareholder assets used in the calculation, as well as the reduction in the effective LTIR rate arising from an increase in the cash component of the portfolio.

Total life sales on an Annual Premium Equivalent (APE) basis for the period were R1,356 million, 14% lower than the corresponding period last year principally caused by significantly lower Group Business sales. Individual Business and Group Business contributed R1,158 million (2003: R1,196 million) and R198 million (2003: R380 million) respectively to this result.

Individual Business single premiums were flat at R3,099 million when compared to the equivalent period last year, with higher annuity sales being offset by lower investment business. Individual Business recurring premiums of R848 million were 5% down on the R888 million in the same period last year, with significantly higher Group Schemes sales offset by lower investment business in the middle market. Individual Business sales were achieved despite the negative productivity impact of completing accreditation for advisors and brokers in line with the Financial Advisory and Intermediary Services Act. The successful launch of *Masthead* for the broker market is designed to strengthen the position of independent brokers, who remain a key channel. While life Individual Business was disappointing, non-life sales in Unit Trusts and Fairbairn Capital increased by 28% over the prior period.

Group Business single premiums fell 60% from the equivalent period last year with no significant large flows in the period, while Group Business recurring premiums of R93 million were 21% behind the R117 million in the same period last year. Progress on the pipeline for Group Business has been disappointing, although the pipeline remains significant and is subject to an unpredictable sales pattern.

The after-tax value of new business at R264 million was 7% lower than the comparative period in 2003, although total margins improved slightly from 18% in 2003 to 19% for the current period due to tight expense management in the distribution business. The value of in-force business of R9,190 million at 30 June 2004 decreased from R9,832 million at 31 December 2003 due to the negative effect of economic assumption changes and investment variances.

Operating and Financial Review

Group Finance Director's Review *continued*

Life company net cash flow was a negative R2.8 billion in the six months, including a negative R0.9 billion in respect of life wrapped asset management flows. The remaining life result reflects a positive R0.3 billion in respect of Individual Business (2003: negative R0.7 billion) and a negative R2.2 billion for Group Business (2003: positive R0.2 billion) as a result of significantly lower Group Business single premiums.

The life company's capital on the relevant local basis increased by R1.9 billion during the period to R31.0 billion at 30 June 2004, and the company remains well capitalised with excess assets of 2.5 times the required statutory capital.

ASSET MANAGEMENT

Adjusted operating profit for the South African asset management businesses, excluding Nedcor, decreased to R217 million in 2004, compared to R233 million in the equivalent period in 2003. Higher asset levels and improved performance fees were offset by lower trading fees in the unit trust company following changes to industry guidelines regarding trading in units, charges relating to share incentive arrangements and development of administration infrastructure.

Total net client inflows to the asset management businesses were R4.8 billion, excluding the R0.9 billion of life wrapped assets noted under life above. This included R2.6 billion of inflows following the successful transfer of mandates from Quaystone clients.

BANKING – NEDCOR

The first six months of 2004 have seen Nedcor make good progress in restoring the performance of the Group and laying a foundation for growth. As previously noted, it is going to take time for the full benefits of the recovery programme to emerge, although the progress and improvements made to date have been encouraging.

Nedcor's adjusted operating profit, which includes its asset management operations, of R712 million was a decrease of 46% compared to the same period last year, but an improvement on the second half of 2003.

Nedcor's net interest income of R3,549 million reflects an increase of 2% over the first half of 2003. Improved margins at 3.05% were the primary drivers as expensive fixed rate funding started to unwind. Non-interest revenue at R3,156 million was a decrease of 5% over R3,332 million in the second half of 2003 (based on a reclassification of asset management result). This is primarily attributable to a reduction in profits from exchange and securities trading.

Operating and Financial Review

Group Finance Director's Review *continued*

Translation losses are substantially lower at R213 million (2003: R658 million). Nedcor has repatriated, restructured and hedged offshore capital to reduce foreign currency exposure from R7.1 billion to a net R3.1 billion during the past six months. The capital volatility arising from foreign exchange movements has now been substantially neutralised.

The cost-to-income ratio, on an SA GAAP basis and excluding the effect of translation losses, at 77.6% reflects a deterioration from the 2003 ratio of 65.4% mainly due to lower revenue growth and re-engineering expenses. This negative gearing effect of expense growth exceeding income growth has accordingly impacted earnings. The headcount reductions will only impact the cost base from the second half of the year. Nedcor continues to focus on internal expense reduction as a key part of its recovery programme.

In February, Nedcor launched a rights issue which raised R5.2 billion of additional ordinary capital. Part of the net proceeds were used to repay the R2 billion advanced by Old Mutual in December and other short term financing of R0.5 billion. This, together with the realisation of non-core investments, the focus on managing advances growth and the reduction of foreign currency exposure through the repatriation of offshore capital, have all contributed to increasing the primary capital adequacy ratio from 10.1% at 31 December 2003 to 12.3% at 30 June 2004.

GENERAL INSURANCE – MUTUAL & FEDERAL

Mutual & Federal, the Group's 88% owned South African general insurance operation, has had an exceptional six months with an adjusted operating profit of R569 million, including long term investment return, representing an increase of 55% from R368 million last year.

The strong performance was principally attributable to an improvement in the underwriting surplus to R266 million (2003: R93 million). This represented an underwriting ratio of 8.5% to net earned premiums (10.7% on an SA GAAP basis), which was a marked improvement over the 3.5% achieved in the equivalent period in 2003. This has been aided by the strong underwriting cycle in the first half of 2004, combined with an absence of severe weather-related claims and strong claims control with a focus on quality and speed of claims settlement.

Gross premium income of R3,592 million was 19% higher than last year as a result of new business acquired and rating adjustments in unprofitable segments of the business.

Operating and Financial Review

Group Finance Director's Review *continued*

SEGMENTAL REVIEW – UNITED STATES

US LIFE

Our US life business's adjusted operating profit of \$73 million was 18% up on the \$62 million achieved in 2003. This increase was driven by the impact of the continued growth in scale of the business, with funds under management increasing by 22% to \$15.3 billion.

Over the past year the business has demonstrated its ability to exploit opportunities in changing market conditions by adding pertinent new distribution and through rapid product development. In distribution we added a corporate and offshore channel. In products, the business has used its traditional equity index competence to produce both profitable annuity and life products, which respectively took second and fifth place market share nationally for the period. Total APE for the first half of 2004, at \$251 million, was 21% higher than achieved in the first half of 2003. The average margin on new business after tax increased from 11% to 22% of APE and the value of new business after tax at \$54 million was \$32 million higher than in 2003 driven mainly by movements in interest rates, the change in product mix and a reduction in the costs of gathering new business.

US life continue to manage the capital efficiently and \$16 million was injected to support new business volumes. The business is now generating positive statutory profits, reducing the business's need for future capital support from the Group. The Risk Based Capital (RBC) remains in excess of 200% of the statutory requirement.

US ASSET MANAGEMENT

The Group's US asset management business delivered adjusted operating profit of \$87 million, an increase of 43% on the equivalent period in 2003. The stable equity markets in the first half of 2004, in conjunction with strong transaction and performance fees and positive net fund inflows, were the key factors driving this positive result. Average asset levels for 2004 were \$159 billion, compared to \$127 billion, adjusted for sold firms, for the comparative 2003 period.

Funds under management increased in the first half of 2004 by 6% from \$154 billion to \$163 billion following net client inflows of \$5.3 billion and positive market movements of \$4.1 billion. These inflows were achieved in both equity and fixed income portfolios and included \$1.5 billion from the US life business and \$2.0 billion in cash collateral assets for eSecLending, our securities lending business. Our strategy of maintaining a diversity of separate specialist affiliates has ensured that the issues affecting Pilgrim Baxter & Associates (PBA) had no material impact on other affiliates. At 30 June 2004, the funds under management remain well diversified, comprising 45% US equities, 10% international equities, 34% fixed income and 11% alternative and other assets.

Operating and Financial Review

Group Finance Director's Review *continued*

Strong investment performance has been maintained at previously high levels. 81% and 93% of mandates outperformed their respective benchmarks on an asset weighted basis over three and five years respectively. Over 70% of these funds also achieved top quartile performance relative to their peers over the same periods.

In June, PBA reached agreements with the US Securities and Exchange Commission and the Office of the New York State Attorney General to settle the regulatory actions against the firm. The agreements settled charges brought against PBA in November 2003 in relation to past trading activity in the PBHG Funds permitted by the former management of the firm. New leadership appointed at PBA in November has instituted significant reforms at the firm and worked with the authorities to settle the charges. Total fines and penalties agreed by PBA were \$90 million. PBA has also committed to future fee reductions of \$10 million.

SEGMENTAL REVIEW – UK & REST OF WORLD

Adjusted operating profit from the Group's UK and Rest of World asset management and life assurance businesses, excluding Nedcor, was £4 million in the first half of 2004, lower than the £9 million earned in the equivalent period in 2003. This result includes the adjusted operating profit from Bermuda (£5 million) and African countries other than South Africa (£4 million), offset by an adjusted operating loss from the Group's operations in the UK (£5 million).

Selestia's business continues to grow, with funds under management increasing by 65% in 2004 to £477 million as a result of sales reaching £197 million, 49% higher than the second half of 2003.

OMAM(UK) has achieved adjusted operating profits of £3 million compared to a loss of £1 million in the equivalent period in 2003, with average assets 7% higher and a larger proportion of high margin hedge fund assets driving this increase, despite net external client outflows of £54 million for the period. Investment performance remains strong with 77% of unit trust assets above the peer comparative median over three years.

GROUP RESULTS

Solid performances across each of our business units have contributed to Old Mutual's improved results during the first half of 2004, with adjusted operating profits before tax of £422 million increasing by 7% from £395 million in the equivalent period of 2003.

Net fund flows remain strong on a Group basis with increased sales in the US market for both life and asset management more than offsetting the impact of lower sales in South Africa. Following stable financial markets, total funds under management for the Group increased steadily to £130 billion from £125 billion at the end of 2003.

Operating and Financial Review

Group Finance Director's Review *continued*

Adjusted operating earnings per share improved to 6.8p per share (2003: 5.6p), representing a 21% increase over the first half of 2003. The basic loss per share was 1.8p compared to basic earnings of 5.6p in 2003. Basic earnings have been impacted by the fines and penalties relating to PBA and negative short term fluctuations arising predominantly from the impact on our US Life portfolio of higher prevailing yields.

Operating profit on ordinary activities before tax, which includes goodwill amortisation and impairment, restructuring and integration costs, fines and penalties, short term fluctuations in investment return and adjustments for investment return for own shares held in the policyholders' funds, similarly declined to a loss of £10 million compared to a profit of £392 million in 2003.

ACHIEVED PROFITS

The Group's adjusted operating profit on an achieved profits basis of £468 million increased by 9% from £429 million in 2003. Adjusted operating profit for life assurance of £326 million was up by 14% from £287 million in the first half of 2003, driven by increased new business in the US and improved experience variances in South Africa. Adjusted operating earnings per share on an achieved profits basis rose from 6.0p to 7.4p. Achieved profits equity shareholders' funds (adjusted for own shares held in policyholder funds and to bring listed Group subsidiaries to market value) of £4,380 million at 30 June 2004 increased by 9% from £4,015 million at 31 December 2003, benefiting from an improvement in the Rand exchange rate, an increase in the share price of Mutual & Federal and the impact of the Nedcor rights issue. The resultant adjusted embedded value per share increased to 114p from 105p.

CAPITAL

The Group's gearing level remains favourable, with senior debt gearing* at 30 June 2004 of 11% (15% at 31 December 2003) and total gearing*, including hybrid capital, of 17.5% (21.7% at 31 December 2003). Hybrid capital excludes hybrid debt from banking activities and comprises the \$750 million of Guaranteed Cumulative Perpetual Preferred Securities issued during May 2003 that are reported as part of non-equity minority interests in the financial statements. The increased stake in Mutual & Federal and our participation in the Nedcor rights issue were funded from the Group's existing financial resources. We continue to monitor the potential implications of all new regulations including the Financial Groups Directive.

Strong support from Old Mutual ensured that Nedcor's rights offer was a success, raising R5.2 billion and restoring Nedcor's capital base resulting in a capital adequacy ratio of 12.3% (10.1% at 31 December 2003).

Operating and Financial Review

Group Finance Director's Review *continued*

The Group's investment in Mutual & Federal was increased to 88% as a result of the offer to acquire the outstanding minority interests, which resulted in acceptances representing 37% of Mutual & Federal's issued share capital. Mutual & Federal's solvency margin, being the ratio of net assets to net premiums, is anticipated to reduce to 43% following the payment of a special dividend in November. This remains comfortably above the minimum required to support current operations and facilitate the future growth of the business.

The solvency ratios of the Group's major life businesses at 30 June 2004 remain well above the minimum statutory requirements, with South Africa's excess assets (before regulatory asset limitations) equivalent to 2.5 times the statutory minimum, and the US business in excess of 200% RBC requirement.

In May 2004, Old Mutual plc raised a new £1.1 billion five-year syndicated revolving credit facility and at the same time retired a number of existing bank credit facilities. The new facility was undrawn at 30 June 2004.

TAXATION

The Group's effective tax rate (based on the tax charge as a proportion of adjusted operating profit) of 25% represents a decrease from 33% in the first half of 2003. The rate is primarily lower as a result of a lower effective tax rate at Nedcor, which reflects the decision to report certain transactional taxes as an expense in adjusted operating profit. The rate was also favourably affected by a reduction in Secondary Tax on Companies (Nedcor paid a scrip dividend this year) and by an increase in the proportion of low tax income earned relative to income taxed at the standard South African tax rate.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

We are continuing to make good progress towards the transition to IFRS across the Group by 1 January 2005. Our IFRS project, established in 2002, has now started focusing on the systems, process and reporting changes required for compliance with IFRS. The International Financial Reporting Standards that will have the most impact on the Group, in common with our peers, are those that deal with financial instruments and insurance and investment contracts. We are concerned by the uncertainty in accounting for financial instruments resulting from continued changes by the International Accounting Standards Board to IAS 39 and the fact that the European Commission is yet to endorse the standard. Until IAS 39 is endorsed, there remains considerable uncertainty as to the impact and timing of implementation.

Operating and Financial Review

Group Finance Director's Review *continued*

DIVIDEND

The Board has declared an interim dividend of 1.75p per share (2003: 1.7p), which will be paid on 30 November 2004 to shareholders on the register at the close of business on 22 October 2004. The equivalent of this dividend in the local currencies of South Africa, Malawi, Namibia and Zimbabwe will be determined by the Company on 7 October 2004 and will be announced to the markets on 8 October 2004. The Company's shares will trade ex-dividend from the opening of business on 18 October 2004 on the JSE Securities Exchange South Africa and the Malawi, Namibian and Zimbabwe Stock Exchanges, and from the opening of business on 20 October 2004 on the London Stock Exchange. The last dates to trade cum-dividend will therefore be 15 October 2004 in South Africa, Malawi, Namibia and Zimbabwe and 19 October 2004 in London.

No dematerialisation or rematerialisation of shares within the South African STRATE system may take place between 18 October 2004 and 22 October 2004 (both dates inclusive).

Julian V F Roberts

Group Finance Director

10 August 2004

** Senior debt gearing is defined as senior debt over senior debt plus adjusted embedded value on an achieved profits basis. Senior debt excludes debt from banking activities and is net of cash and short term investments which are immediately available to repay debt. Total gearing is similarly based but includes hybrid capital instruments within debt.*

Independent Review Report by KPMG Audit Plc to Old Mutual plc

Introduction

We have been engaged by the Company to review the financial information set out on pages 14 to 49 and the supplementary financial information set out on pages 50 to 64 prepared on an achieved profits basis, and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

KPMG Audit Plc

Chartered Accountants
London
10 August 2004

Consolidated Profit and Loss Account

for the six months ended 30 June 2004

| Notes | £m | | | Rm | | |
|--|--------------------------------|---|--------------------------------|--------------------------------|---|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)*** | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)*** | Year to 31 December 2003 |
| Operating income | | | | | | |
| Life assurance – gross written premiums | 2,425 | 2,193 | 4,577 | 29,481 | 28,382 | 56,520 |
| General insurance – gross written premiums | 296 | 233 | 526 | 3,592 | 3,010 | 6,486 |
| Asset management – total revenue | 308 | 291 | 684 | 3,743 | 3,768 | 8,448 |
| Banking – total operating income | 552 | 568 | 1,107 | 6,705 | 7,348 | 13,671 |
| Profit and loss account | | | | | | |
| South Africa | | | | | | |
| Technical result | 148 | 123 | 253 | 1,801 | 1,592 | 3,124 |
| Long term investment return | 84 | 83 | 178 | 1,023 | 1,075 | 2,198 |
| Life assurance | 5(b)(iii) 232 | 206 | 431 | 2,824 | 2,667 | 5,322 |
| Asset management | 5(c) 14 | 18 | 53 | 156 | 233 | 656 |
| Banking | 5(d)(i) 33 | 74 | (10) | 401 | 959 | (118) |
| General insurance | 5(e) 47 | 28 | 73 | 569 | 368 | 909 |
| | 326 | 326 | 547 | 3,950 | 4,227 | 6,769 |
| United States | | | | | | |
| Life assurance | 5(b)(iii) 43 | 39 | 86 | 522 | 505 | 1,062 |
| Asset management | 5(c) 44 | 37 | 81 | 544 | 479 | 1,000 |
| | 87 | 76 | 167 | 1,066 | 984 | 2,062 |
| United Kingdom & Rest of World | | | | | | |
| Life assurance | 5(b)(iii) 5 | 8 | 24 | 62 | 104 | 297 |
| Asset management | 5(c) 10 | 1 | (4) | 121 | 14 | (48) |
| Banking | 5(d)(i) 22 | 27 | 4 | 263 | 349 | 48 |
| | 37 | 36 | 24 | 446 | 467 | 297 |
| | 450 | 438 | 738 | 5,462 | 5,678 | 9,128 |
| Other shareholders' income / (expenses) | 5(f) (8) | (13) | (40) | (97) | (168) | (494) |
| Debt service costs | (20) | (30) | (48) | (243) | (388) | (593) |
| Adjusted operating profit * | 5(a) 422 | 395 | 650 | 5,122 | 5,122 | 8,041 |
| Goodwill amortisation and impairment | 10 (66) | (47) | (206) | (802) | (608) | (2,544) |
| Loss on disposal / write-down of investment in Dimension Data Holdings plc | | | | | | |
| | - | (11) | (5) | - | (136) | (60) |
| Restructuring and integration costs | 5(d)(ii) (8) | (10) | (32) | (94) | (134) | (394) |
| Change in credit provisioning methodology | 5(d)(iii) - | (74) | (87) | - | (963) | (1,074) |
| Fines and penalties | 7 (49) | - | - | (596) | - | - |
| Short term fluctuations in investment return | 6 (287) | 125 | 143 | (3,486) | 1,618 | 1,767 |
| Investment return adjustment for own shares held in policyholders' funds | 5(b)(iv) (22) | 14 | 12 | (266) | 181 | 148 |
| Operating (loss) / profit on ordinary activities before tax | (10) | 392 | 475 | (122) | 5,080 | 5,884 |
| Non-operating items | 9(b) 12 | (13) | (32) | 149 | (168) | (404) |
| Profit on ordinary activities before tax | 2 | 379 | 443 | 27 | 4,912 | 5,480 |
| Tax on profit on ordinary activities | 8 (22) | (191) | (241) | (267) | (2,472) | (2,976) |
| (Loss) / profit on ordinary activities after tax | (20) | 188 | 202 | (240) | 2,440 | 2,504 |
| Minority interests – equity | 11(a) (13) | 15 | 117 | (158) | 194 | 1,445 |
| Minority interests – non-equity | (29) | (14) | (46) | (352) | (181) | (568) |
| (Loss) / profit for the financial period | (62) | 189 | 273 | (750) | 2,453 | 3,381 |
| Dividends paid and proposed | 4 (60) | (60) | (166) | (678) | (741) | (2,006) |
| Retained (loss) / profit for the financial period | (122) | 129 | 107 | (1,428) | 1,712 | 1,375 |

Consolidated Profit and Loss Account *continued*

for the six months ended 30 June 2004

| | Notes | £m | | | Rm | | |
|---|-------|--------------------------------|--|--------------------------------|--------------------------------|--|--------------------------------|
| | | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)** | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)** | Year to 31 December 2003 |
| The adjusted operating profit on an after-tax and minority interest basis is determined as follows: | | | | | | | |
| Adjusted operating profit | | 422 | 395 | 650 | 5,122 | 5,122 | 8,041 |
| Tax on adjusted operating profit | 8 | (106) | (129) | (224) | (1,290) | (1,673) | (2,763) |
| | | 316 | 266 | 426 | 3,832 | 3,449 | 5,278 |
| Minority interests – equity | 11(a) | (31) | (42) | (7) | (379) | (538) | (96) |
| – non-equity | | (29) | (14) | (46) | (352) | (181) | (568) |
| Adjusted operating profit after tax and minority interests | | 256 | 210 | 373 | 3,101 | 2,730 | 4,614 |

Earnings per share

| | | p | | | c | | |
|--|---|--------------|-------|-------|---------------|-------|-------|
| Adjusted operating earnings per share* | 3 | 6.8 | 5.6 | 10.0 | 82.7 | 73.4 | 123.8 |
| Basic (loss) / earnings per share | 3 | (1.8) | 5.6 | 8.0 | (21.9) | 72.1 | 99.1 |
| Diluted (loss) / earnings per share | 3 | (1.8) | 5.5 | 8.0 | (21.9) | 71.0 | 99.1 |
| Dividend per share | 4 | 1.75 | 1.70 | 4.8 | 19.8** | 19.5 | 56.0 |
| Adjusted weighted average number of shares – millions | | 3,745 | 3,717 | 3,727 | 3,745 | 3,717 | 3,727 |
| Weighted average number of shares – millions | | 3,429 | 3,401 | 3,411 | 3,429 | 3,401 | 3,411 |

* Adjusted operating profit represents the directors' view of the underlying performance of the Group. For life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return and includes investment return on own shares held in policyholders' funds. For banking business, adjusted operating profit excludes the loss on disposal / write down of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change in credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties.

Adjusted operating earnings per share is similarly based, but is stated after tax and minority interests, with the calculation of the weighted average number of shares including own shares held in policyholders' funds.

The segmental analysis within the consolidated profit and loss account has been prepared after eliminating inter-segment results. Details of the total segmental results are set out in note 5.

** Indicative only – the actual amount of the dividend per share in Rand will be determined by reference to the exchange rate prevailing on 7 October 2004 and announced by the Company on 8 October 2004.

*** Comparative figures for the six months ended 30 June 2003 have been restated to reflect the adoption of Urgent Issues Taskforce Abstracts 37 "Purchases and Sales of Own shares" and 38 "Accounting for ESOP Trusts" (UITF38). Comparative figures for the year ended 31 December 2003 have been restated to reflect the adoption of UITF38. Details of the changes are set out in notes 1, 3, 4 and 5(b)(iv).

Consolidated Statement of Total Recognised Gains and Losses

for the six months ended 30 June 2004

| | £m | | | Rm | | |
|---|-------------|-------------|-------------|----------------|-------------|-------------|
| | 6 months to | 6 months to | Year to | 6 months to | 6 months to | Year to |
| | 30 June | 30 June | 31 December | 30 June | 30 June | 31 December |
| | 2004 | 2003 | 2003 | 2004 | 2003 | 2003 |
| Notes | | (Restated) | (Restated) | | (Restated) | (Restated) |
| (Loss) / profit for the financial period | (62) | 189 | 273 | (750) | 2,453 | 3,381 |
| Foreign exchange movements | 98 | 139 | 176 | (591) | (1,918) | (2,574) |
| Total recognised gains and losses for the period | 36 | 328 | 449 | (1,341) | 535 | 807 |
| Prior period adjustment | 1 109 | | | 1,301 | | |
| Total recognised gains and losses since last annual report | 145 | | | (40) | | |

Reconciliation of Movements in Consolidated Equity Shareholders' Funds

for the six months ended 30 June 2004

| | £m | | | Rm | | |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| | 6 months to | 6 months to | Year to | 6 months to | 6 months to | Year to |
| | 30 June | 30 June | 31 December | 30 June | 30 June | 31 December |
| | 2004 | 2003 | 2003 | 2004 | 2003 | 2003 |
| Notes | | (Restated) | (Restated) | | (Restated) | (Restated) |
| Total recognised gains and losses for the period | 36 | 328 | 449 | (1,341) | 535 | 807 |
| Dividends paid and proposed | 4 (60) | (60) | (166) | (678) | (741) | (2,006) |
| | (24) | 268 | 283 | (2,019) | (206) | (1,199) |
| Issue of new capital | - | 37 | 37 | - | 479 | 457 |
| Net sale of shares held in ESOP Trusts | 3 | 2 | 6 | 31 | 21 | 76 |
| Shares issued under employee incentive schemes | 8 | - | 4 | 97 | - | 49 |
| Net (decrease) / increase to equity shareholders' funds | (13) | 307 | 330 | (1,891) | 294 | (617) |
| Equity shareholders' funds at the beginning of the period (originally £2,863 million (R34,175 million) before prior year adjustment of £109 million (R1,301 million)) | 2,754 | 2,424 | 2,424 | 32,874 | 33,491 | 33,491 |
| Equity shareholders' funds at the end of the period | 2,741 | 2,731 | 2,754 | 30,983 | 33,785 | 32,874 |

Consolidated Balance Sheet

at 30 June 2004

| | Notes | £m | | | Rm | | |
|---|-------|-----------------------|---|-------------------------------------|-----------------------|---|-------------------------------------|
| | | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) |
| Intangible assets | | | | | | | |
| Goodwill | 10 | 1,229 | 1,264 | 1,552 | 13,892 | 15,088 | 19,198 |
| Insurance and other assets | | | | | | | |
| Investments | | 24,582 | 23,433 | 21,415 | 277,868 | 279,712 | 264,886 |
| Assets held to cover linked liabilities | | 6,141 | 5,860 | 4,716 | 69,416 | 69,949 | 58,333 |
| | 5(g) | 30,723 | 29,293 | 26,131 | 347,284 | 349,661 | 323,219 |
| Reinsurers' share of technical provisions | | 384 | 374 | 385 | 4,341 | 4,465 | 4,762 |
| Debtors | | 665 | 702 | 1,177 | 7,517 | 8,380 | 14,557 |
| Other assets | | 659 | 607 | 778 | 7,449 | 7,244 | 9,628 |
| Cash at bank and in hand | | 540 | 695 | 614 | 6,104 | 8,296 | 7,595 |
| Prepayments and accrued income | | 868 | 738 | 683 | 9,812 | 8,809 | 8,448 |
| Total insurance and other assets | | 33,839 | 32,409 | 29,768 | 382,507 | 386,855 | 368,209 |
| Banking assets | | | | | | | |
| Cash and balances at central banks | | 1,045 | 1,025 | 760 | 11,812 | 12,235 | 9,401 |
| Treasury bills and other eligible bills | | 845 | 888 | 1,566 | 9,552 | 10,600 | 19,370 |
| Loans and advances to banks | | 1,178 | 2,092 | 1,467 | 13,316 | 24,972 | 18,146 |
| Loans and advances to customers | | 16,263 | 15,136 | 14,679 | 183,832 | 180,674 | 181,567 |
| Debt securities | | 1,493 | 1,420 | 886 | 16,876 | 16,952 | 10,959 |
| Equity securities | | 342 | 317 | 411 | 3,866 | 3,784 | 5,084 |
| Interest in associated undertakings | | 134 | 144 | 132 | 1,515 | 1,719 | 1,633 |
| Other assets | | 2,684 | 2,758 | 1,858 | 30,339 | 32,923 | 22,981 |
| Prepayments and accrued income | | 323 | 262 | 539 | 3,651 | 3,126 | 6,667 |
| Total banking assets | | 24,307 | 24,042 | 22,298 | 274,759 | 286,985 | 275,808 |
| Total assets | | 59,375 | 57,715 | 53,618 | 671,158 | 688,928 | 663,215 |

Consolidated Balance Sheet *continued*

at 30 June 2004

| | Notes | £m | | | Rm | | |
|---|-------|-----------------------|---|-------------------------------------|-----------------------|---|-------------------------------------|
| | | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) |
| Capital and reserves | | | | | | | |
| Called up share capital | | 384 | 384 | 383 | 4,341 | 4,584 | 4,737 |
| Share premium account | | 595 | 587 | 584 | 6,726 | 7,007 | 7,224 |
| Merger reserve | | 184 | 184 | 184 | 2,080 | 2,196 | 2,276 |
| Profit and loss account | | 1,979 | 2,000 | 1,981 | 21,744 | 22,995 | 23,456 |
| Reserve in respect of own shares held in policyholders' funds | | (401) | (401) | (401) | (3,908) | (3,908) | (3,908) |
| Equity shareholders' funds | | 2,741 | 2,754 | 2,731 | 30,983 | 32,874 | 33,785 |
| Minority interests | | | | | | | |
| Equity | 11(a) | 815 | 652 | 795 | 9,213 | 7,783 | 9,834 |
| Non-equity | 11(b) | 666 | 658 | 606 | 7,528 | 7,854 | 7,492 |
| | | 1,481 | 1,310 | 1,401 | 16,741 | 15,637 | 17,326 |
| Subordinated liabilities | | - | 15 | 17 | - | 179 | 210 |
| Insurance and other liabilities | | | | | | | |
| Technical provisions | | 22,389 | 21,157 | 19,381 | 253,079 | 252,545 | 239,727 |
| Technical provisions for linked liabilities | | 6,141 | 5,860 | 4,716 | 69,416 | 69,949 | 58,333 |
| Provisions for other risks and charges | | 485 | 551 | 575 | 5,482 | 6,576 | 7,112 |
| Creditors | | 2,506 | 2,287 | 2,607 | 28,327 | 27,292 | 32,250 |
| Amounts owed to credit institutions | 12 | 359 | 377 | 497 | 4,063 | 4,501 | 6,147 |
| Convertible loan stock | 13(a) | 351 | 357 | 385 | 3,968 | 4,261 | 4,762 |
| Accruals and deferred income | | 114 | 135 | 140 | 1,289 | 1,611 | 1,732 |
| Total insurance and other liabilities | | 32,345 | 30,724 | 28,301 | 365,624 | 366,735 | 350,063 |
| Banking liabilities | | | | | | | |
| Deposits by banks | | 1,698 | 4,381 | 3,348 | 19,194 | 52,295 | 41,412 |
| Customer accounts | | 15,773 | 13,976 | 14,057 | 178,293 | 166,827 | 173,874 |
| Debt securities in issue | | 1,615 | 468 | 1,111 | 18,255 | 5,586 | 13,742 |
| Other liabilities | | 3,030 | 3,200 | 1,947 | 34,250 | 38,199 | 24,083 |
| Provision for liabilities and charges | | 29 | 229 | 103 | 328 | 2,732 | 1,274 |
| Subordinated liabilities | | 654 | 648 | 588 | 7,393 | 7,745 | 7,273 |
| Convertible loan stock | 13(b) | 9 | 10 | 14 | 97 | 119 | 173 |
| Total banking liabilities | | 22,808 | 22,912 | 21,168 | 257,810 | 273,503 | 261,831 |
| Total liabilities | | 59,375 | 57,715 | 53,618 | 671,158 | 688,928 | 663,215 |

Consolidated Cash Flow Statement

for the six months ended 30 June 2004

| | £m | | | Rm | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Net cash (outflow) / inflow from operating activities | (117) | (631) | 237 | (1,422) | (8,164) | 2,925 |
| Net cash outflow from returns on investments and servicing of finance (including dividends paid to minority interests) | (50) | (61) | (128) | (608) | (790) | (1,580) |
| Total tax paid | (137) | (90) | (174) | (1,665) | (1,165) | (2,149) |
| Net cash inflow from capital expenditure and financial investment | 58 | 64 | 227 | 705 | 829 | 2,804 |
| Net cash (outflow) / inflow from acquisitions and disposals | (66) | (23) | 83 | (802) | (298) | 1,025 |
| Equity dividends paid | (115) | (114) | (178) | (1,398) | (1,476) | (2,198) |
| Net cash inflow from financing activities | 124 | 165 | 231 | 1,507 | 2,136 | 2,851 |
| Net cash (outflow) / inflow excluding long term business | (303) | (690) | 298 | (3,683) | (8,928) | 3,678 |
| Cash flows relating to insurance and other activities were invested as follows: | | | | | | |
| (Decrease) / increase in cash holdings | (153) | 102 | 36 | (1,859) | 1,320 | 445 |
| (Decrease) / increase in net portfolio investments | (115) | (233) | 616 | (1,399) | (3,016) | 7,605 |
| | (268) | (131) | 652 | (3,258) | (1,696) | 8,050 |
| Cash flows relating to banking activities were invested as follows: | | | | | | |
| Decrease in cash and balances at central banks | (35) | (559) | (354) | (425) | (7,232) | (4,372) |
| Net cash (outflow) / inflow excluding long term business | (303) | (690) | 298 | (3,769) | (8,928) | 3,678 |
| Reconciliation of operating profit to operating cash flow | | | | | | |
| Operating profit / (loss) from insurance and other activities | (47) | 384 | 690 | (571) | 4,978 | 8,521 |
| Operating profit / (loss) from banking activities | (5) | (6) | (144) | (61) | (79) | (1,778) |
| Operating (loss) / profit on ordinary activities before tax | (52) | 378 | 546 | (632) | 4,899 | 6,743 |
| Unrealised investment (gains) / losses | 150 | (185) | (161) | 1,823 | (2,395) | (1,988) |
| Other insurance and other activities non cash flow items | 146 | (246) | 387 | 1,775 | (3,185) | 4,779 |
| Other banking non cash flow items | (361) | (578) | (535) | (4,388) | (7,483) | (6,609) |
| Net cash (outflow) / inflow from operating activities | (117) | (631) | 237 | (1,422) | (8,164) | 2,925 |

The cash flows presented in this statement exclude all cash flows relating to policyholders' funds for the long term business.

Notes to the Financial Statements

for the six months ended 30 June 2004

1 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

The results for the six months to 30 June 2004 and the position at that date have been prepared using accounting policies consistent with those used in the Group 2003 Annual Report except for:

- the adoption of Urgent Issues Task Force (UITF) Abstract 38 "Accounting for ESOP Trusts", the effects of which are described below.
- the adoption of the Statement of Recommended Practice on "Accounting for Insurance Business" issued by the Association of British Insurers in November 2003 ("ABI SORP") (previously December 1998 version), the implementation of which does not impact the interim financial statements.

The results of the Group's banking operations have been prepared in accordance with the British Bankers' Association Statements of Recommended Practice on Advances (1997), Securities (1990), Derivatives (2001), Contingent Liabilities and Commitments (1996) and Segmental Reporting (1993).

Comparative figures have been restated to reflect the adoption of UITF Abstract 38 "Accounting for ESOP Trusts". This abstract requires that the Group's holdings in own shares held by Employee Share Ownership Trusts (ESOPs) be accounted for as a deduction from shareholders' funds (profit and loss account) rather than recorded as an asset. In addition, purchases and sales of such own shares should be shown as changes in shareholders' funds such that no profit or loss is recognised. In the majority of cases, the ESOP Trusts have waived their rights to dividends such that there is no impact on operating profit after tax. The reductions in equity shareholders' funds at 30 June 2004, 31 December 2003 and 30 June 2003 were £113 million (R1,270 million), £109 million (R1,301 million) and £110 million (R1,356 million) respectively, representing the original cost of these shares.

In the second half of 2003 the Group adopted UITF Abstract 37 "Purchases and Sales of Own Shares". As a result, shares of the Company held by the Group's long term policyholders' funds were accounted for as a deduction from equity rather than as an asset and the investment return earned and dividends paid on these shares were no longer shown in the profit and loss account. The 30 June 2003 comparative figures have been restated to reflect the adoption of this Abstract. For the six months ended 30 June 2003, operating profit after tax increased by £14 million (R181 million) and dividends paid have been restated to exclude dividends in respect of own shares, resulting in an overall increase in retained profit of £18 million (R232 million). Basic earnings per share have been restated to reflect a reduction in the weighted average number of shares in issue of 316 million. At 30 June 2003, the reduction in equity shareholders' funds was £267 million (R3,303 million). Full details of the changes are set out in notes 3, 4 and 5(b)(iv).

The results for the six months ended 30 June 2004 and 2003 are unaudited, but have been reviewed by the auditors whose report is presented on page 13. The auditors have reported on the statutory accounts for the year ended 31 December 2003 and the accounts have been delivered to the Registrar of Companies. The auditors' report in respect of the year ended 31 December 2003 was unqualified and did not contain a statement under section 237 (2) or (3) of the UK Companies Act 1985.

These financial statements do not constitute statutory accounts as described in section 240 of the UK Companies Act 1985.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

2 FOREIGN CURRENCIES

The information contained in these financial statements is expressed in both Sterling and South African Rand. This is in order to meet both the legal requirements of the UK Companies Act 1985 and to provide the users of the accounts in South Africa with illustrative information.

The principal exchange rates used to translate the operating results, assets and liabilities of key foreign business segments to Sterling are:

| | Rand | | | US\$ | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Profit and loss account (average rate) | 12.1544 | 12.9459 | 12.3487 | 1.8222 | 1.6110 | 1.6354 |
| Balance sheet (closing rate) | 11.3037 | 12.3692 | 11.9367 | 1.8144 | 1.6528 | 1.7833 |

3 EARNINGS AND EARNINGS PER SHARE

Basic earnings per share is calculated based upon the profit after tax attributable to equity shareholders.

The directors' view is that adjusted operating earnings per share derived from adjusted operating profit or loss after tax and minority interests provides a better indication of the underlying performance of the Group. For life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return and includes investment return on own shares held in policyholders' funds. For banking business, adjusted operating profit excludes the loss on disposal / write down of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change in credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties.

Adjusted operating earnings per shares is similarly based, but is stated after tax and minority interests, with the calculation of the weighted average number of shares including own shares held in policyholders' funds.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

3 EARNINGS AND EARNINGS PER SHARE *continued*

A table reconciling operating profit on ordinary activities after tax and minority interests to adjusted operating profit after tax and minority interests is set out below.

| Notes | £m | | | Rm | | |
|--|--------------------------------|--|--------------------------------|--------------------------------|--|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 |
| (Loss) / profit on ordinary activities after tax and minority interests | (62) | 189 | 273 | (750) | 2,453 | 3,381 |
| Goodwill amortisation and impairment net of minority interests | 47 | 40 | 128 | 571 | 518 | 1,581 |
| Loss on disposal / write-down of investment in Dimension Data Holdings plc net of minority interests | - | 6 | 3 | - | 78 | 30 |
| Restructuring and integration costs net of tax and minority interests | 5(d)(ii) 3 | 5 | 13 | 34 | 69 | 160 |
| Change in credit provisioning methodology net of tax and minority interests | 5(d)(iii) - | 24 | 31 | - | 311 | 376 |
| Fines and penalties net of tax | 7 41 | - | - | 499 | - | - |
| Short term fluctuations in investment returns net of tax and minority interests | 211 | (55) | (95) | 2,563 | (712) | (1,170) |
| Investment return adjustment for own shares held in policyholders' funds | 5(b)(iv) 22 | (14) | (12) | 266 | (181) | (148) |
| Non-operating items net of tax and minority interests | 9 (6) | 15 | 32 | (82) | 194 | 404 |
| Adjusted operating profit after tax and minority interests | 256 | 210 | 373 | 3,101 | 2,730 | 4,614 |
| | | | p | | | c |
| Basic (loss) / earnings per share | (1.8) | 5.6 | 8.0 | (21.9) | 72.1 | 99.1 |
| Impact of exclusion of own shares held in policyholders' funds on weighted average number of shares | 0.1 | (0.5) | (0.7) | 1.9 | (6.1) | (8.4) |
| | (1.7) | 5.1 | 7.3 | (20.0) | 66.0 | 90.7 |
| Goodwill amortisation and impairment net of minority interests | 1.3 | 1.1 | 3.4 | 15.2 | 13.9 | 42.4 |
| Loss on disposal / write-down of investment in Dimension Data Holdings plc net of minority interests | - | 0.2 | 0.1 | - | 2.1 | 0.8 |
| Restructuring and integration costs net of tax and minority interests | 0.1 | 0.1 | 0.3 | 0.9 | 1.9 | 4.3 |
| Change in credit provisioning methodology net of tax and minority interests | - | 0.6 | 0.8 | - | 8.4 | 10.1 |
| Fines and penalties net of tax | 1.1 | - | - | 13.3 | - | - |
| Short term fluctuations in investment returns net of tax and minority interests | 5.6 | (1.5) | (2.5) | 68.4 | (19.2) | (31.3) |
| Investment return adjustment for own shares held in policyholders' funds | 0.6 | (0.4) | (0.3) | 7.1 | (4.9) | (4.0) |
| Non-operating items net of tax and minority interests | (0.2) | 0.4 | 0.9 | (2.2) | 5.2 | 10.8 |
| Adjusted operating earnings per share after tax and minority interests | 6.8 | 5.6 | 10.0 | 82.7 | 73.4 | 123.8 |

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

3 EARNINGS AND EARNINGS PER SHARE *continued*

Basic loss per share is calculated by reference to the loss on ordinary activities after tax and minority interests of £62 million (R750 million) for the six months ended 30 June 2004 (June 2003 (restated): profit of £189 million (R2,453 million); December 2003: profit of £273 million (R3,381 million)) and a weighted average number of shares in issue of 3,429 million (June 2003 (restated): 3,401 million; December 2003: 3,411 million). The weighted average number of shares is calculated as follows:

| | millions | | |
|---|-----------------------|-------------------------------------|---------------------------|
| | At 30 June 2004 | At 30 June 2003 (Restated) | At 31 December 2003 |
| Total weighted average number of shares in issue | 3,840 | 3,814 | 3,824 |
| Shares held in ESOP Trusts | (95) | (97) | (97) |
| Adjusted weighted average number of shares | 3,745 | 3,717 | 3,727 |
| Shares held in policyholders' funds | (316) | (316) | (316) |
| Weighted average number of shares | 3,429 | 3,401 | 3,411 |

In accordance with UITF Abstract 37 "Purchases and Sales of Own Shares", shares in the Company held in policyholders' funds are not included in the weighted average number of shares used in basic earnings per share calculations. No adjustment is required for UITF Abstract 38 "Accounting for ESOP Trusts" as the shares in the Company held in ESOP Trusts have already been excluded from the calculation as, in the majority of cases, the ESOP Trusts have waived their rights to dividends on these shares.

The diluted earnings per share calculation reflects the impact of the potential issue of shares in respect of ESOP Trusts and the US Dollar Guaranteed Convertible Bond.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

4 DIVIDEND

| | £m | | | Rm | | |
|--|--------------------------------|--|--------------------------------|--------------------------------|--|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 |
| 2004 interim dividend proposed: 1.75p (19.8c*) | 60 | - | - | 678 | - | - |
| 2003 final dividend paid: 3.1p (36.5c) | - | - | 106 | - | - | 1,265 |
| 2003 interim dividend paid: 1.7p (19.5c) | - | 60 | 60 | - | 741 | 741 |
| | 60 | 60 | 166 | 678 | 741 | 2,006 |

Provision has been made for an interim dividend of 1.75p (19.8c*) per share calculated using the number of shares in issue at 30 June 2004 of 3,849 million less 95 million shares in Employee Share Ownership Plans and 316 million shares held in policyholders' funds of Group companies. The dividend will be paid on 30 November 2004 to all shareholders on the register at the close of business on 17 October 2004, being the record date for the dividend.

As a consequence of the exchange control arrangements in place in South Africa and other relevant African territories, dividends to shareholders on the branch registers in those countries (or in the case of Namibia, the Namibian section of the principal register) are settled through Dividend Access Trusts established for that purpose.

As described in note 1, in accordance with UITF Abstract 37 "Purchases and Sales of Own Shares", dividends paid have been restated to exclude dividends on shares in the Company held in policyholders' funds.

** Indicative only - the actual amount of the dividend per share in Rand will be determined by reference to the exchange rate prevailing on 7 October 2004 and announced by the Company on 8 October 2004.*

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS

5(a) Summary of operating profit on ordinary activities before tax

| Notes | £m | | | | Rm | | | | |
|--|--------------|---------------|--------------------|-----------|--------------|---------------|--------------------|------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total | |
| 6 months to 30 June 2004 | | | | | | | | | |
| Life assurance | 5(b)(iii) | | | | | | | | |
| Total segmental result | | 234 | 40 | 4 | 278 | 2,848 | 486 | 50 | 3,384 |
| Inter-segment result | | (2) | 3 | 1 | 2 | (24) | 36 | 12 | 24 |
| Result from third parties | | 232 | 43 | 5 | 280 | 2,824 | 522 | 62 | 3,408 |
| Asset management | 5(c) | | | | | | | | |
| Total segmental result | | 21 | 47 | 8 | 76 | 241 | 580 | 97 | 918 |
| Inter-segment result | | (7) | (3) | 2 | (8) | (85) | (36) | 24 | (97) |
| Result from third parties | | 14 | 44 | 10 | 68 | 156 | 544 | 121 | 821 |
| Banking | 5(d)(i) | | | | | | | | |
| Total segmental result | | 27 | - | 22 | 49 | 328 | - | 263 | 591 |
| Inter-segment result | | 6 | - | - | 6 | 73 | - | - | 73 |
| Result from third parties | | 33 | - | 22 | 55 | 401 | - | 263 | 664 |
| General insurance business | 5(e) | 47 | - | - | 47 | 569 | - | - | 569 |
| Other shareholders' income / (expenses) | 5(f) | 1 | - | (9) | (8) | 12 | - | (109) | (97) |
| Debt service costs | | (2) | - | (18) | (20) | (24) | - | (219) | (243) |
| Adjusted operating profit | | 325 | 87 | 10 | 422 | 3,938 | 1,066 | 118 | 5,122 |
| Goodwill amortisation and impairment | 10 | (39) | (26) | (1) | (66) | (474) | (316) | (12) | (802) |
| Restructuring and integration costs | 5(d)(ii) | (8) | - | - | (8) | (94) | - | - | (94) |
| Fines and penalties | 7 | - | (49) | - | (49) | - | (596) | - | (596) |
| Short term fluctuations in investment return | 6 | (85) | (201) | (1) | (287) | (1,032) | (2,443) | (11) | (3,486) |
| Investment return adjustment for own shares held in policyholders' funds | 5(b)(iv) | (22) | - | - | (22) | (266) | - | - | (266) |
| Operating (loss) / profit on ordinary activities before tax | | 171 | (189) | 8 | (10) | 2,072 | (2,289) | 95 | (122) |
| Analysed as: | | | | | | | | | |
| Life assurance | | 143 | (160) | 4 | (13) | 1,744 | (1,945) | 51 | (150) |
| Asset management | | 14 | (29) | 9 | (6) | 156 | (344) | 109 | (79) |
| Banking | | (13) | - | 22 | 9 | (155) | - | 263 | 108 |
| General insurance business | | 28 | - | - | 28 | 339 | - | - | 339 |
| Other shareholders' income / (expenses) | | 1 | - | (9) | (8) | 12 | - | (109) | (97) |
| Debt service costs | | (2) | - | (18) | (20) | (24) | - | (219) | (243) |
| Operating (loss) / profit on ordinary activities before tax | | 171 | (189) | 8 | (10) | 2,072 | (2,289) | 95 | (122) |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

5(a) Summary of operating profit on ordinary activities before tax *continued*

| Notes | £m | | | | Rm | | | | |
|--|--------------|---------------|--------------------|-------------|--------------|---------------|--------------------|--------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total | |
| 6 months to 30 June 2003 (restated) | | | | | | | | | |
| Life assurance | 5(b)(iii) | 206 | 39 | 8 | 253 | 2,667 | 505 | 104 | 3,276 |
| Asset management | 5(c) | 18 | 37 | 1 | 56 | 233 | 479 | 14 | 726 |
| Banking | 5(d)(i) | 74 | - | 27 | 101 | 959 | - | 349 | 1,308 |
| General insurance business | 5(e) | 28 | - | - | 28 | 368 | - | - | 368 |
| Other shareholders' income / (expenses) | 5(f) | 2 | - | (15) | (13) | 26 | - | (194) | (168) |
| Debt service costs | | - | - | (30) | (30) | - | - | (388) | (388) |
| Adjusted operating profit | | 328 | 76 | (9) | 395 | 4,253 | 984 | (115) | 5,122 |
| Goodwill amortisation | 10 | (13) | (29) | (5) | (47) | (167) | (376) | (65) | (608) |
| Write-down of investment in Dimension Data Holdings plc | | (11) | - | - | (11) | (136) | - | - | (136) |
| Restructuring and integration costs | 5(d)(ii) | (10) | - | - | (10) | (134) | - | - | (134) |
| Change in credit provisioning methodology | 5(d)(iii) | (74) | - | - | (74) | (963) | - | - | (963) |
| Short term fluctuations in investment return | 6 | (168) | 303 | (10) | 125 | (2,175) | 3,922 | (129) | 1,618 |
| Investment return adjustment for own shares held in policyholders' funds | 5(b)(iv) | 14 | - | - | 14 | 181 | - | - | 181 |
| Operating profit / (loss) on ordinary activities before tax | | 66 | 350 | (24) | 392 | 859 | 4,530 | (309) | 5,080 |
| Analysed as: | | | | | | | | | |
| Life assurance | | 72 | 340 | 8 | 420 | 932 | 4,401 | 104 | 5,437 |
| Asset management | | 18 | 10 | (4) | 24 | 233 | 129 | (51) | 311 |
| Banking | | (33) | - | 27 | (6) | (428) | - | 349 | (79) |
| General insurance business | | 7 | - | - | 7 | 96 | - | - | 96 |
| Other shareholders' income / (expenses) | | 2 | - | (25) | (23) | 26 | - | (323) | (297) |
| Debt service costs | | - | - | (30) | (30) | - | - | (388) | (388) |
| Operating profit / (loss) on ordinary activities before tax | | 66 | 350 | (24) | 392 | 859 | 4,530 | (309) | 5,080 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

5(a) Summary of operating profit on ordinary activities before tax *continued*

| Notes | £m | | | | Rm | | | | |
|--|--------------|---------------|--------------------|-------------|--------------|---------------|--------------------|----------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total | |
| Year to 31 December 2003 | | | | | | | | | |
| Life assurance | 5(b)(iii) | 431 | 86 | 24 | 541 | 5,322 | 1,062 | 297 | 6,681 |
| Asset management | 5(c) | 53 | 81 | (4) | 130 | 656 | 1,000 | (48) | 1,608 |
| Banking | 5(d)(i) | (10) | - | 4 | (6) | (118) | - | 48 | (70) |
| General insurance business | 5(e) | 73 | - | - | 73 | 909 | - | - | 909 |
| Other shareholders' income / (expenses) | 5(f) | - | - | (40) | (40) | - | - | (494) | (494) |
| Debt service costs | | (4) | - | (44) | (48) | (49) | - | (544) | (593) |
| Adjusted operating profit | | 543 | 167 | (60) | 650 | 6,720 | 2,062 | (741) | 8,041 |
| Goodwill amortisation and impairment | 10 | (140) | (57) | (9) | (206) | (1,729) | (703) | (112) | (2,544) |
| Loss on disposal of investment in Dimension Data Holdings plc | | (5) | - | - | (5) | (60) | - | - | (60) |
| Restructuring and integration costs | 5(d)(ii) | (32) | - | - | (32) | (394) | - | - | (394) |
| Change in credit provisioning methodology | 5(d)(iii) | (87) | - | - | (87) | (1,074) | - | - | (1,074) |
| Short term fluctuations in investment return | 6 | (37) | 196 | (16) | 143 | (457) | 2,420 | (196) | 1,767 |
| Investment return adjustment for own shares held in policyholders' funds | 5(b)(iv) | 12 | - | - | 12 | 148 | - | - | 148 |
| Operating profit / (loss) on ordinary activities before tax | | 254 | 306 | (85) | 475 | 3,154 | 3,779 | (1,049) | 5,884 |
| Analysed as: | | | | | | | | | |
| Life assurance | | 402 | 278 | 12 | 692 | 4,964 | 3,433 | 149 | 8,546 |
| Asset management | | 53 | 28 | (13) | 68 | 656 | 346 | (159) | 843 |
| Banking | | (272) | - | 4 | (268) | (3,350) | - | 48 | (3,302) |
| General insurance business | | 75 | - | - | 75 | 933 | - | - | 933 |
| Other shareholders' income / (expenses) | | - | - | (44) | (44) | - | - | (543) | (543) |
| Debt service costs | | (4) | - | (44) | (48) | (49) | - | (544) | (593) |
| Operating profit / (loss) on ordinary activities before tax | | 254 | 306 | (85) | 475 | 3,154 | 3,779 | (1,049) | 5,884 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| | £m | | | | Rm | | | |
|-----------------------------------|--------------|---------------|--------------------|--------------|---------------|---------------|--------------------|---------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| (b) Life assurance | | | | | | | | |
| (i) Gross premiums written | | | | | | | | |
| 6 months to 30 June 2004 | | | | | | | | |
| Individual business | | | | | | | | |
| Single | 295 | 1,131 | 58 | 1,484 | 3,580 | 13,747 | 711 | 18,038 |
| Recurring | 449 | 94 | 26 | 569 | 5,460 | 1,143 | 313 | 6,916 |
| | 744 | 1,225 | 84 | 2,053 | 9,040 | 14,890 | 1,024 | 24,954 |
| Group business | | | | | | | | |
| Single | 210 | - | 7 | 217 | 2,547 | - | 92 | 2,639 |
| Recurring | 147 | - | 8 | 155 | 1,790 | - | 98 | 1,888 |
| | 357 | - | 15 | 372 | 4,337 | - | 190 | 4,527 |
| | 1,101 | 1,225 | 99 | 2,425 | 13,377 | 14,890 | 1,214 | 29,481 |
| 6 months to 30 June 2003 | | | | | | | | |
| Individual business | | | | | | | | |
| Single | 282 | 873 | 41 | 1,196 | 3,644 | 11,302 | 531 | 15,477 |
| Recurring | 391 | 91 | 26 | 508 | 5,062 | 1,178 | 337 | 6,577 |
| | 673 | 964 | 67 | 1,704 | 8,706 | 12,480 | 868 | 22,054 |
| Group business | | | | | | | | |
| Single | 325 | - | 8 | 333 | 4,204 | - | 104 | 4,308 |
| Recurring | 147 | 4 | 5 | 156 | 1,903 | 52 | 65 | 2,020 |
| | 472 | 4 | 13 | 489 | 6,107 | 52 | 169 | 6,328 |
| | 1,145 | 968 | 80 | 2,193 | 14,813 | 12,532 | 1,037 | 28,382 |
| Year to 31 December 2003 | | | | | | | | |
| Individual business | | | | | | | | |
| Single | 563 | 1,815 | 87 | 2,465 | 6,952 | 22,413 | 1,074 | 30,439 |
| Recurring | 833 | 186 | 51 | 1,070 | 10,286 | 2,297 | 630 | 13,213 |
| | 1,396 | 2,001 | 138 | 3,535 | 17,238 | 24,710 | 1,704 | 43,652 |
| Group business | | | | | | | | |
| Single | 715 | - | 20 | 735 | 8,829 | - | 247 | 9,076 |
| Recurring | 294 | - | 13 | 307 | 3,631 | - | 161 | 3,792 |
| | 1,009 | - | 33 | 1,042 | 12,460 | - | 408 | 12,868 |
| | 2,405 | 2,001 | 171 | 4,577 | 29,698 | 24,710 | 2,112 | 56,520 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(b) Life assurance <i>continued</i> | £m | | | | Rm | | | |
|--|--------------|---------------|--------------------|--------------|--------------|---------------|--------------------|---------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| (ii) Gross new business premiums written | | | | | | | | |
| 6 months to 30 June 2004 | | | | | | | | |
| Individual business | | | | | | | | |
| Single | 295 | 1,131 | 58 | 1,484 | 3,580 | 13,747 | 711 | 18,038 |
| Recurring | 70 | 25 | 4 | 99 | 848 | 304 | 46 | 1,198 |
| | 365 | 1,156 | 62 | 1,583 | 4,428 | 14,051 | 757 | 19,236 |
| Group business | | | | | | | | |
| Single | 210 | - | 7 | 217 | 2,547 | - | 92 | 2,639 |
| Recurring | 8 | - | 1 | 9 | 93 | - | 17 | 110 |
| | 218 | - | 8 | 226 | 2,640 | - | 109 | 2,749 |
| Total gross new business premiums written | 583 | 1,156 | 70 | 1,809 | 7,068 | 14,051 | 866 | 21,985 |
| Annual premium equivalent | 129 | 138 | 12 | 279 | 1,554 | 1,679 | 143 | 3,376 |

Annual premium equivalent is defined as one tenth of single premiums plus recurring premiums.

6 months to 30 June 2003

| | | | | | | | | |
|--|------------|------------|-----------|--------------|--------------|---------------|------------|---------------|
| Individual business | | | | | | | | |
| Single | 282 | 873 | 41 | 1,196 | 3,644 | 11,302 | 531 | 15,477 |
| Recurring | 69 | 41 | 4 | 114 | 888 | 531 | 52 | 1,471 |
| | 351 | 914 | 45 | 1,310 | 4,532 | 11,833 | 583 | 16,948 |
| Group business | | | | | | | | |
| Single | 325 | - | 8 | 333 | 4,204 | - | 104 | 4,308 |
| Recurring | 9 | - | 2 | 11 | 120 | - | 26 | 146 |
| | 334 | - | 10 | 344 | 4,324 | - | 130 | 4,454 |
| Total gross new business premiums written | 685 | 914 | 55 | 1,654 | 8,856 | 11,833 | 713 | 21,402 |
| Annual premium equivalent | 139 | 128 | 11 | 278 | 1,793 | 1,661 | 142 | 3,596 |

Year to 31 December 2003

| | | | | | | | | |
|--|--------------|--------------|------------|--------------|---------------|---------------|--------------|---------------|
| Individual business | | | | | | | | |
| Single | 563 | 1,815 | 87 | 2,465 | 6,952 | 22,413 | 1,074 | 30,439 |
| Recurring | 158 | 76 | 7 | 241 | 1,951 | 939 | 86 | 2,976 |
| | 721 | 1,891 | 94 | 2,706 | 8,903 | 23,352 | 1,160 | 33,415 |
| Group business | | | | | | | | |
| Single | 715 | - | 20 | 735 | 8,829 | - | 247 | 9,076 |
| Recurring | 18 | - | 3 | 21 | 222 | - | 37 | 259 |
| | 733 | - | 23 | 756 | 9,051 | - | 284 | 9,335 |
| Total gross new business premiums written | 1,454 | 1,891 | 117 | 3,462 | 17,954 | 23,352 | 1,444 | 42,750 |
| Annual premium equivalent | 304 | 258 | 21 | 583 | 3,751 | 3,180 | 255 | 7,186 |

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(b) Life assurance <i>continued</i> | £m | | | | Rm | | | |
|---|--------------|---------------|--------------------|------------|--------------|---------------|--------------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| (iii) Life assurance adjusted operating profit | | | | | | | | |
| 6 months to 30 June 2004 | | | | | | | | |
| Individual business | 103 | 40 | 1 | 144 | 1,252 | 486 | 15 | 1,753 |
| Group business | 47 | - | 1 | 48 | 573 | - | 14 | 587 |
| Technical result | 150 | 40 | 2 | 192 | 1,825 | 486 | 29 | 2,340 |
| Long term investment return | 84 | - | 2 | 86 | 1,023 | - | 21 | 1,044 |
| Total segmental result | 234 | 40 | 4 | 278 | 2,848 | 486 | 50 | 3,384 |
| Inter-segment result | (2) | 3 | 1 | 2 | (24) | 36 | 12 | 24 |
| Adjusted operating profit | 232 | 43 | 5 | 280 | 2,824 | 522 | 62 | 3,408 |

Total segmental result includes administration fees paid to / received from other Group life companies and investment management fees paid to the Group's asset management companies in respect of shareholders' funds.

6 months to 30 June 2003

| | | | | | | | | |
|----------------------------------|------------|-----------|----------|------------|--------------|------------|------------|--------------|
| Individual business | 89 | 39 | 6 | 134 | 1,152 | 505 | 78 | 1,735 |
| Group business | 34 | - | - | 34 | 440 | - | - | 440 |
| Technical result | 123 | 39 | 6 | 168 | 1,592 | 505 | 78 | 2,175 |
| Long term investment return | 83 | - | 2 | 85 | 1,075 | - | 26 | 1,101 |
| Adjusted operating profit | 206 | 39 | 8 | 253 | 2,667 | 505 | 104 | 3,276 |

Year to 31 December 2003

| | | | | | | | | |
|----------------------------------|------------|-----------|-----------|------------|--------------|--------------|------------|--------------|
| Individual business | 183 | 86 | 17 | 286 | 2,260 | 1,062 | 210 | 3,532 |
| Group business | 70 | - | 2 | 72 | 864 | - | 25 | 889 |
| Technical result | 253 | 86 | 19 | 358 | 3,124 | 1,062 | 235 | 4,421 |
| Long term investment return | 178 | - | 5 | 183 | 2,198 | - | 62 | 2,260 |
| Adjusted operating profit | 431 | 86 | 24 | 541 | 5,322 | 1,062 | 297 | 6,681 |

| (iv) Investment return adjustment for own shares held in policyholders' funds | £m | | | Rm | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Dividend income | 9 | 9 | 14 | 109 | 117 | 173 |
| Unrealised gains / (losses) on investment in own shares | 13 | (23) | (26) | 157 | (298) | (321) |
| Net investment gains / (losses) | 22 | (14) | (12) | 266 | (181) | (148) |

In accordance with UITF 37 "Sales and purchases of Own Shares", the net investment return on shares in the Company held by policyholders' funds and shown above are not included within statutory operating profit. However, as described in note 3 above, the investment return for own shares held in policyholders' funds is included within the Group's adjusted operating profit.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| | £m | | | Rm | | |
|---|-------------|--------------|---------------------------|--------------|----------------|---------------------------|
| | Revenue | Expenses | Adjusted operating profit | Revenue | Expenses | Adjusted operating profit |
| 5(c)(i) Asset management | | | | | | |
| 6 months to 30 June 2004 | | | | | | |
| South Africa | | | | | | |
| Fund management | | | | | | |
| Old Mutual Asset Managers | 20 | (12) | 8 | 243 | (147) | 96 |
| Old Mutual Unit Trusts | 10 | (8) | 2 | 122 | (105) | 17 |
| Other | 8 | (7) | 1 | 97 | (82) | 15 |
| Other financial services | 22 | (14) | 8 | 267 | (178) | 89 |
| | 60 | (41) | 19 | 729 | (512) | 217 |
| Nedcor Unit Trusts and Portfolio Management | 21 | (19) | 2 | 255 | (231) | 24 |
| | 81 | (60) | 21 | 984 | (743) | 241 |
| US asset management | 177 | (130) | 47 | 2,152 | (1,572) | 580 |
| UK & Rest of World | | | | | | |
| Fund management | 24 | (16) | 8 | 292 | (194) | 98 |
| Selestia investment platform | 3 | (6) | (3) | 36 | (73) | (37) |
| Other financial services | 7 | (12) | (5) | 85 | (146) | (61) |
| Nedcor Unit Trusts and Portfolio Management | 27 | (19) | 8 | 328 | (231) | 97 |
| | 61 | (53) | 8 | 741 | (644) | 97 |
| Total segmental result | 319 | (243) | 76 | 3,877 | (2,959) | 918 |
| Inter-segment result | | | | | | |
| South Africa | (8) | 1 | (7) | (97) | 12 | (85) |
| US asset management | (3) | - | (3) | (36) | - | (36) |
| UK & Rest of World | - | 2 | 2 | - | 24 | 24 |
| | (11) | 3 | (8) | (133) | 36 | (97) |
| Adjusted operating profit | | | | | | |
| South Africa | 73 | (59) | 14 | 887 | (731) | 156 |
| US asset management | 174 | (130) | 44 | 2,116 | (1,572) | 544 |
| UK & Rest of World | 61 | (51) | 10 | 741 | (620) | 121 |
| | 308 | (240) | 68 | 3,744 | (2,923) | 821 |

Total segmental result includes £6m (R73 million) in relation to interest received on short-term funding provided to the Group's banking subsidiary. The remainder of the inter-segment elimination represents investment management fees paid to/received from the Group's life assurance companies and other asset management companies.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(c)(i) Asset management <i>continued</i> | £m | | | Rm | | |
|---|------------|--------------|---------------------------|--------------|----------------|---------------------------|
| | Revenue | Expenses | Adjusted operating profit | Revenue | Expenses | Adjusted operating profit |
| 6 months to 30 June 2003 | | | | | | |
| South Africa | | | | | | |
| Fund management | | | | | | |
| Old Mutual Asset Managers | 14 | (8) | 6 | 181 | (104) | 77 |
| Old Mutual Unit Trusts | 9 | (6) | 3 | 117 | (78) | 39 |
| Other | 7 | (6) | 1 | 91 | (78) | 13 |
| Other financial services | 24 | (16) | 8 | 311 | (207) | 104 |
| | <u>54</u> | <u>(36)</u> | <u>18</u> | <u>700</u> | <u>(467)</u> | <u>233</u> |
| US asset management | 159 | (122) | 37 | 2,058 | (1,579) | 479 |
| UK & Rest of World | | | | | | |
| Fund management | 20 | (15) | 5 | 259 | (194) | 65 |
| Private client - Gerrard | 51 | (48) | 3 | 660 | (621) | 39 |
| Selestia investment platform | 3 | (8) | (5) | 39 | (99) | (60) |
| Other financial services | 4 | (6) | (2) | 52 | (82) | (30) |
| | <u>78</u> | <u>(77)</u> | <u>1</u> | <u>1,010</u> | <u>(996)</u> | <u>14</u> |
| | <u>291</u> | <u>(235)</u> | <u>56</u> | <u>3,768</u> | <u>(3,042)</u> | <u>726</u> |
| Year to 31 December 2003 | | | | | | |
| South Africa | | | | | | |
| Fund management | | | | | | |
| Old Mutual Asset Managers | 33 | (20) | 13 | 408 | (247) | 161 |
| Old Mutual Unit Trusts | 21 | (13) | 8 | 259 | (161) | 98 |
| Other | 16 | (12) | 4 | 198 | (148) | 50 |
| Other financial services | 42 | (24) | 18 | 519 | (296) | 223 |
| | <u>112</u> | <u>(69)</u> | <u>43</u> | <u>1,384</u> | <u>(852)</u> | <u>532</u> |
| Nedcor Unit Trusts and Portfolio Management | 36 | (26) | 10 | 445 | (321) | 124 |
| | <u>148</u> | <u>(95)</u> | <u>53</u> | <u>1,829</u> | <u>(1,173)</u> | <u>656</u> |
| US asset management | 347 | (266) | 81 | 4,285 | (3,285) | 1,000 |
| UK & Rest of World | | | | | | |
| Fund management | 43 | (35) | 8 | 531 | (432) | 99 |
| Private client – Gerrard | 91 | (83) | 8 | 1,124 | (1,025) | 99 |
| Selestia investment platform | 3 | (10) | (7) | 37 | (123) | (86) |
| Other financial services | 10 | (24) | (14) | 123 | (296) | (173) |
| Nedcor Unit Trusts and Portfolio Management | 42 | (41) | 1 | 519 | (506) | 13 |
| | <u>189</u> | <u>(193)</u> | <u>(4)</u> | <u>2,334</u> | <u>(2,382)</u> | <u>(48)</u> |
| | <u>684</u> | <u>(554)</u> | <u>130</u> | <u>8,448</u> | <u>(6,840)</u> | <u>1,608</u> |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(c)(ii) US asset management | £m | | | Rm | | |
|---|---|---|---|---|---|---|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Revenue | | | | | | |
| Investment management fees | 153 | 145 | 304 | 1,860 | 1,880 | 3,754 |
| Transaction, performance and other fees | 24 | 14 | 43 | 292 | 178 | 531 |
| | 177 | 159 | 347 | 2,152 | 2,058 | 4,285 |
| Expenses | | | | | | |
| Remuneration | 56 | 58 | 117 | 681 | 755 | 1,445 |
| Other expenses | 74 | 64 | 149 | 891 | 824 | 1,840 |
| | 130 | 122 | 266 | 1,572 | 1,579 | 3,285 |
| | 47 | 37 | 81 | 580 | 479 | 1,000 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| | £m | | | Rm | | |
|--|--------------|--------------------|------------|--------------|--------------------|--------------|
| | South Africa | UK & Rest of World | Total | South Africa | UK & Rest of World | Total |
| 5(d) Banking | | | | | | |
| (i) Banking adjusted operating profit | | | | | | |
| 6 months to 30 June 2004 | | | | | | |
| Interest receivable | 917 | 59 | 976 | 11,146 | 717 | 11,863 |
| Interest payable | (647) | (37) | (684) | (7,864) | (450) | (8,314) |
| Net interest income | 270 | 22 | 292 | 3,282 | 267 | 3,549 |
| Dividend income | 4 | - | 4 | 49 | - | 49 |
| Fees and commissions receivable | 202 | 12 | 214 | 2,455 | 146 | 2,601 |
| Fees and commissions payable | (20) | (2) | (22) | (243) | (28) | (271) |
| Net other operating income | 55 | 9 | 64 | 668 | 109 | 777 |
| Total operating income | 511 | 41 | 552 | 6,211 | 494 | 6,705 |
| Specific and general provisions charge | (58) | (1) | (59) | (705) | (12) | (717) |
| Net income | 453 | 40 | 493 | 5,506 | 482 | 5,988 |
| Operating expenses | (431) | (19) | (450) | (5,239) | (231) | (5,470) |
| | 22 | 21 | 43 | 267 | 251 | 518 |
| Share of associated undertakings' profit | 5 | 1 | 6 | 61 | 12 | 73 |
| Total segmental result | 27 | 22 | 49 | 328 | 263 | 591 |
| Inter-segment result | 6 | - | 6 | 73 | - | 73 |
| Adjusted operating profit | 33 | 22 | 55 | 401 | 263 | 664 |

Total segmental result includes £6 million (R73 million) in relation to inter-company interest payable for short term funding now repaid.

6 months to 30 June 2003

| | | | | | | |
|--|------------|-----------|------------|--------------|------------|--------------|
| Interest receivable | 1,062 | 71 | 1,133 | 13,750 | 919 | 14,669 |
| Interest payable | (818) | (46) | (864) | (10,590) | (596) | (11,186) |
| Net interest income | 244 | 25 | 269 | 3,160 | 323 | 3,483 |
| Dividend income | 6 | - | 6 | 78 | - | 78 |
| Fees and commissions receivable | 196 | 5 | 201 | 2,537 | 65 | 2,602 |
| Fees and commissions payable | (5) | (1) | (6) | (65) | (13) | (78) |
| Net other operating income | 88 | 10 | 98 | 1,139 | 124 | 1,263 |
| Total operating income | 529 | 39 | 568 | 6,849 | 499 | 7,348 |
| Specific and general provisions charge | (69) | - | (69) | (893) | - | (893) |
| Net income | 460 | 39 | 499 | 5,956 | 499 | 6,455 |
| Operating expenses | (387) | (16) | (403) | (5,010) | (207) | (5,217) |
| | 73 | 23 | 96 | 946 | 292 | 1,238 |
| Share of associated undertakings' profit | 1 | 4 | 5 | 13 | 57 | 70 |
| Adjusted operating profit | 74 | 27 | 101 | 959 | 349 | 1,308 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(d) Banking <i>continued</i> | £m | | | Rm | | |
|---|--------------|--------------------|---------|--------------|--------------------|----------|
| | South Africa | UK & Rest of World | Total | South Africa | UK & Rest of World | Total |
| (i) Banking adjusted operating profit <i>continued</i> | | | | | | |
| Year to 31 December 2003 | | | | | | |
| Interest receivable | 2,156 | 114 | 2,270 | 26,619 | 1,411 | 28,030 |
| Interest payable | (1,643) | (80) | (1,723) | (20,295) | (981) | (21,276) |
| Net interest income | 513 | 34 | 547 | 6,324 | 430 | 6,754 |
| Dividend income | 12 | - | 12 | 150 | 2 | 152 |
| Fees and commissions receivable | 396 | 19 | 415 | 4,891 | 229 | 5,120 |
| Fees and commissions payable | (36) | (2) | (38) | (445) | (28) | (473) |
| Net other operating income | 157 | 14 | 171 | 1,946 | 172 | 2,118 |
| Total operating income | 1,042 | 65 | 1,107 | 12,866 | 805 | 13,671 |
| Specific and general provisions charge | (232) | (2) | (234) | (2,868) | (18) | (2,886) |
| Net income | 810 | 63 | 873 | 9,998 | 787 | 10,785 |
| Operating expenses | (824) | (65) | (889) | (10,169) | (807) | (10,976) |
| | (14) | (2) | (16) | (171) | (20) | (191) |
| Share of associated undertakings' profit | 4 | 6 | 10 | 53 | 68 | 121 |
| Adjusted operating (loss) / profit | (10) | 4 | (6) | (118) | 48 | (70) |

Operating expenses includes translation losses of £18 million (R213 million) (June 2003: £51 million (R658 million)); December 2003: £110 million (R1,356 million)).

| (ii) Restructuring and integration costs | £m | | | Rm | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Costs before tax and minority interests | 8 | 10 | 32 | 94 | 134 | 394 |
| Tax | (2) | - | (6) | (27) | - | (74) |
| Costs after tax and before minority interests | 6 | 10 | 26 | 67 | 134 | 320 |
| Minority interests | (3) | (5) | (13) | (33) | (65) | (160) |
| Costs after tax and minority interests | 3 | 5 | 13 | 34 | 69 | 160 |

Restructuring and integration costs incurred in connection with the acquisition of BoE by Nedcor Limited have been excluded from adjusted operating profit.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *CONTINUED*

| | £m | | | Rm | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| 5(d) Banking <i>continued</i> | | | | | | |
| (iii) Change in credit provisioning methodology | | | | | | |
| Charge before tax and minority interests | - | 74 | 87 | - | 963 | 1,074 |
| Tax | - | (22) | (26) | - | (289) | (322) |
| Charge after tax and before minority interests | - | 52 | 61 | - | 674 | 752 |
| Minority interests | - | (28) | (30) | - | (363) | (376) |
| Charge after tax and minority interests | - | 24 | 31 | - | 311 | 376 |

During 2003, the Group's banking subsidiary, Nedcor Limited, implemented a revised methodology for the calculation of credit provisions for loans and advances in accordance with changes to local reporting requirements (AC133: "Financial Instruments – Recognition and Measurement"). The revised methodology requiring the discounting of future cash flows on advances is acceptable under UK GAAP reporting and was therefore adopted in preparation of the Group's 2003 financial statements, resulting in a one-off increase in opening specific provisions due to the discounting effect. Further investigation of the transitional adjustment following publication of the 2003 interim results resulted in an increased charge of £9 million (R111 million) that was recognised in the second half of 2003.

This adjustment has been taken to the profit and loss account in the Group's financial statements but excluded from adjusted operating profit.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| | £m | | | Rm | | |
|---|------------------------------------|------------------------------------|---------------------------|------------------------------------|------------------------------------|---------------------------|
| | Earned premiums net of reinsurance | Claims incurred net of reinsurance | Adjusted operating profit | Earned premiums net of reinsurance | Claims incurred net of reinsurance | Adjusted operating profit |
| 5(e) General insurance business | | | | | | |
| 6 months to 30 June 2004 | | | | | | |
| Commercial | 105 | 64 | 14 | 1,276 | 776 | 175 |
| Corporate | 9 | 5 | 1 | 109 | 63 | 14 |
| Personal lines | 116 | 82 | 5 | 1,410 | 999 | 54 |
| Risk financing | 28 | 17 | 2 | 340 | 205 | 23 |
| | <u>258</u> | <u>168</u> | <u>22</u> | <u>3,135</u> | <u>2,043</u> | <u>266</u> |
| Long term investment return | | | 25 | | | 303 |
| | | | <u>47</u> | | | <u>569</u> |
| 6 months to 30 June 2003 | | | | | | |
| Commercial | 85 | 58 | 5 | 1,101 | 750 | 63 |
| Corporate | 9 | 4 | 1 | 110 | 56 | 12 |
| Personal lines | 95 | 71 | 1 | 1,240 | 920 | 18 |
| Risk financing | 18 | 16 | - | 227 | 206 | - |
| | <u>207</u> | <u>149</u> | <u>7</u> | <u>2,678</u> | <u>1,932</u> | <u>93</u> |
| Long term investment return | | | 21 | | | 275 |
| | | | <u>28</u> | | | <u>368</u> |
| Year to 31 December 2003 | | | | | | |
| Commercial | 185 | 123 | 17 | 2,284 | 1,516 | 216 |
| Corporate | 17 | 13 | (1) | 210 | 156 | (15) |
| Personal lines | 206 | 150 | 6 | 2,543 | 1,853 | 75 |
| Risk financing | 52 | 36 | 4 | 637 | 442 | 53 |
| | <u>460</u> | <u>322</u> | <u>26</u> | <u>5,674</u> | <u>3,967</u> | <u>329</u> |
| Long term investment return | | | 47 | | | 580 |
| | | | <u>73</u> | | | <u>909</u> |
| 5(f) Other shareholders' income / (expenses) | | | | | | |
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Interest receivable | 4 | 1 | 6 | 49 | 13 | 74 |
| Net other income / (expenses) | 7 | 1 | (5) | 85 | 13 | (62) |
| Net corporate expenses | (19) | (15) | (41) | (231) | (194) | (506) |
| Other shareholders' income / (expenses) | <u>(8)</u> | <u>(13)</u> | <u>(40)</u> | <u>(97)</u> | <u>(168)</u> | <u>(494)</u> |

Net corporate expenses include £2 million (R24 million) (June 2003: £1 million (R12 million); December 2003: £5 million (R62 million)) in connection with the International Financial Reporting Standards conversion project.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(g) Funds under management | £m | | | | Rm | | | |
|--|---------------|---------------|--------------------|----------------|----------------|----------------|--------------------|------------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| At 30 June 2004 | | | | | | | | |
| Investments including assets held to cover linked liabilities | 18,937 | 9,477 | 2,309 | 30,723 | 214,059 | 107,125 | 26,100 | 347,284 |
| SA asset management | | | | | | | | |
| Fund management | | | | | | | | |
| Old Mutual Asset Managers | 6,318 | - | - | 6,318 | 71,417 | - | - | 71,417 |
| Old Mutual Unit Trusts | 351 | - | - | 351 | 3,968 | - | - | 3,968 |
| | 6,669 | - | - | 6,669 | 75,385 | - | - | 75,385 |
| Other financial services | 803 | - | - | 803 | 9,077 | - | - | 9,077 |
| Nedcor Unit Trusts | 974 | - | - | 974 | 11,010 | - | - | 11,010 |
| Nedcor Portfolio Management | 2,970 | - | - | 2,970 | 33,572 | - | - | 33,572 |
| | 11,416 | - | - | 11,416 | 129,044 | - | - | 129,044 |
| US asset management | - | 75,559 | 5,761 | 81,320 | - | 854,096 | 65,121 | 919,217 |
| UK & Rest of World asset management | | | | | | | | |
| Fund management | - | - | 2,063 | 2,063 | - | - | 23,320 | 23,320 |
| Selestia investment platform | - | - | 350 | 350 | - | - | 3,956 | 3,956 |
| Other financial services | - | - | 281 | 281 | - | - | 3,176 | 3,176 |
| Nedcor Unit Trusts | - | - | 539 | 539 | - | - | 6,093 | 6,093 |
| Nedcor Portfolio Management | - | - | 3,264 | 3,264 | - | - | 36,895 | 36,895 |
| | - | - | 6,497 | 6,497 | - | - | 73,440 | 73,440 |
| Total funds under management | 30,353 | 85,036 | 14,567 | 129,956 | 343,103 | 961,221 | 164,661 | 1,468,985 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(g) Funds under management <i>continued</i> | £m | | | | Rm | | | |
|--|---------------|---------------|--------------------|----------------|----------------|----------------|--------------------|------------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| At 31 December 2003 | | | | | | | | |
| Investments including assets held to cover linked liabilities | 19,437 | 8,317 | 1,539 | 29,293 | 232,012 | 99,278 | 18,371 | 349,661 |
| SA asset management | | | | | | | | |
| Fund management | | | | | | | | |
| Old Mutual Asset Managers | 5,378 | - | - | 5,378 | 64,196 | - | - | 64,196 |
| Old Mutual Unit Trusts | 293 | - | - | 293 | 3,497 | - | - | 3,497 |
| | <u>5,671</u> | <u>-</u> | <u>-</u> | <u>5,671</u> | <u>67,693</u> | <u>-</u> | <u>-</u> | <u>67,693</u> |
| Other financial services | 697 | - | - | 697 | 8,320 | - | - | 8,320 |
| Nedcor Unit Trusts | 865 | - | - | 865 | 10,325 | - | - | 10,325 |
| Nedcor Portfolio Management | 2,771 | - | - | 2,771 | 33,077 | - | - | 33,077 |
| | <u>10,004</u> | <u>-</u> | <u>-</u> | <u>10,004</u> | <u>119,415</u> | <u>-</u> | <u>-</u> | <u>119,415</u> |
| US asset management | - | 72,532 | 5,895 | 78,427 | - | 865,793 | 70,367 | 936,160 |
| UK & Rest of World asset management | | | | | | | | |
| Fund management | - | - | 2,027 | 2,027 | - | - | 24,196 | 24,196 |
| Selestia investment platform | - | - | 213 | 213 | - | - | 2,543 | 2,543 |
| Other financial services | - | - | 345 | 345 | - | - | 4,118 | 4,118 |
| Nedcor Unit Trusts | - | - | 707 | 707 | - | - | 8,439 | 8,439 |
| Nedcor Portfolio Management | - | - | 4,210 | 4,210 | - | - | 50,254 | 50,254 |
| | <u>-</u> | <u>-</u> | <u>7,502</u> | <u>7,502</u> | <u>-</u> | <u>-</u> | <u>89,550</u> | <u>89,550</u> |
| Total funds under management | 29,441 | 80,849 | 14,936 | 125,226 | 351,427 | 965,071 | 178,288 | 1,494,786 |

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

5 SEGMENTAL ANALYSIS *continued*

| 5(g) Funds under management <i>continued</i> | £m | | | | Rm | | | |
|--|---------------|---------------|--------------------|----------------|----------------|----------------|--------------------|------------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| At 30 June 2003 (restated) | | | | | | | | |
| Investments including assets held to cover linked liabilities | 16,011 | 7,823 | 2,297 | 26,131 | 198,043 | 96,764 | 28,412 | 323,219 |
| SA asset management | | | | | | | | |
| Fund management | | | | | | | | |
| Old Mutual Asset Managers | 4,613 | - | - | 4,613 | 57,063 | - | - | 57,063 |
| Old Mutual Unit Trusts | 177 | - | - | 177 | 2,186 | - | - | 2,186 |
| | <u>4,790</u> | <u>-</u> | <u>-</u> | <u>4,790</u> | <u>59,249</u> | <u>-</u> | <u>-</u> | <u>59,249</u> |
| Other financial services | 318 | - | - | 318 | 3,933 | - | - | 3,933 |
| Nedcor Unit Trusts | 335 | - | - | 335 | 4,144 | - | - | 4,144 |
| Nedcor Portfolio Management | 2,748 | - | - | 2,748 | 33,991 | - | - | 33,991 |
| | <u>8,191</u> | <u>-</u> | <u>-</u> | <u>8,191</u> | <u>101,317</u> | <u>-</u> | <u>-</u> | <u>101,317</u> |
| US asset management | - | 68,929 | 5,781 | 74,710 | - | 852,597 | 71,506 | 924,103 |
| UK & Rest of World asset management | | | | | | | | |
| Fund management | - | - | 1,889 | 1,889 | - | - | 23,365 | 23,365 |
| Other financial services | - | - | 287 | 287 | - | - | 3,550 | 3,550 |
| Nedcor Unit Trusts | - | - | 729 | 729 | - | - | 9,017 | 9,017 |
| Nedcor Portfolio Management | - | - | 3,805 | 3,805 | - | - | 47,065 | 47,065 |
| | <u>-</u> | <u>-</u> | <u>6,710</u> | <u>6,710</u> | <u>-</u> | <u>-</u> | <u>82,997</u> | <u>82,997</u> |
| UK Private Client – Gerrard | - | - | 11,992 | 11,992 | - | - | 148,331 | 148,331 |
| Total funds under management | 24,202 | 76,752 | 26,780 | 127,734 | 299,360 | 949,361 | 331,246 | 1,579,967 |

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

6 INSURANCE LONG TERM INVESTMENT RETURN ON SHAREHOLDERS' FUNDS

As permitted by the ABI SORP, balances on the long term business and general business technical accounts are stated after allocating an investment return earned by the insurance businesses, based on a long term investment return, to/from the non-technical account.

For the South African and Namibian long term business, the return is applied to an average value of investible shareholders' assets. For general insurance business, the return is an average value of investible assets supporting shareholders' funds and insurance liabilities. For the US long term business, the return earned by assets, mainly bonds, has been smoothed with reference to the actual yield earned by the portfolio. Short term fluctuations in investment return represent the difference between actual return and long term investment return.

The principal long term rates of investment return for equities and other investible assets are as follows:

| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
|--|--------------------------------|--------------------------------|--------------------------------|
| South Africa and Namibia long term and general insurance businesses – weighted average return | 13.0% | 13.4% | 13.4% |
| Equities | 14.0% | 14.0% | 14.0% |
| Cash and other investible assets – Rand denominated | 12.5% | 12.5% | 12.5% |
| Cash and other investible assets – other currencies | 9.0% | 9.0% | 9.0% |
| United States | 6.09% | 6.04% | 6.04% |

The long term rates of return are based on achieved real rates of return adjusted for current inflation expectations and consensus economic investment forecasts, and are reviewed annually for appropriateness. The directors are of the opinion that these rates of return are appropriate and have been selected with a view to ensuring that returns credited to operating earnings are not inconsistent with the actual returns expected to be earned over the long term.

| | £m | | | Rm | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Analysis of short term fluctuations in investment return | | | | | | |
| Life assurance | | | | | | |
| Actual investment return attributable to shareholders | (183) | 240 | 326 | (2,224) | 3,107 | 4,026 |
| Long term investment return credited to operating result | 86 | 85 | 183 | 1,044 | 1,101 | 2,260 |
| | (269) | 155 | 143 | (3,268) | 2,006 | 1,766 |
| General insurance | | | | | | |
| Actual investment return attributable to shareholders | 7 | 1 | 51 | 85 | 13 | 630 |
| Long term investment return credited to operating result | 25 | 21 | 47 | 303 | 272 | 580 |
| | (18) | (20) | 4 | (218) | (259) | 50 |
| Other shareholders' income / (expenses) | | | | | | |
| Actual investment return attributable to shareholders | - | (10) | (3) | 5 | (129) | (37) |
| Long term investment return credited to operating result | - | - | 1 | 5 | - | 12 |
| | - | (10) | (4) | - | (129) | (49) |
| (Deficit) / excess of actual return over longer term return | (287) | 125 | 143 | (3,486) | 1,618 | 1,767 |

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

7 FINES AND PENALTIES

On 21 June 2004, one of the Group's US asset management affiliates, Pilgrim Baxter & Associates Ltd (PBA), reached agreements with the US Securities and Exchange Commission (SEC) and the Office of the New York State Attorney General (NYAG) which settle all charges brought by these authorities against PBA in relation to market timing in the US mutual fund business.

PBA agreed to pay \$40 million in disgorgement of past fees, as well as \$50 million in civil penalties. This has resulted in a charge of £49 million (R596 million) for the period ended 30 June 2004, which has been taken to the profit and loss account in the Group's financial statements, but excluded from adjusted operating profit. Tax deductions have been recognised on the disgorgement of past fees, resulting in a tax credit of £8 million (R97 million).

In addition PBA will reduce fees to investors by approximately \$10 million over the next five years.

There are several related private lawsuits arising from the conduct alleged in the civil suits filed by the SEC and NYAG. These class action lawsuits are at a very early procedural stage and it is not possible to say, at this time, whether or not the amount of the ultimate liability to be borne by the Group will be material. As a result, no amount has been recognised for additional fines or other penalties that may arise, as significant uncertainty remains over the quantum of any settlement.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | £m | | | Rm | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| United Kingdom tax | | | | | | |
| UK corporation tax | 9 | 11 | 34 | 109 | 142 | 420 |
| Double tax relief | (7) | (5) | (24) | (85) | (65) | (296) |
| | 2 | 6 | 10 | 24 | 77 | 124 |
| Overseas tax | | | | | | |
| South African tax | 72 | 76 | 160 | 875 | 984 | 1,976 |
| United States tax | 17 | 11 | 11 | 207 | 142 | 136 |
| Rest of World tax | 5 | 2 | 4 | 61 | 26 | 49 |
| Secondary taxation on companies (STC) | 7 | 5 | 14 | 85 | 65 | 173 |
| | 101 | 94 | 189 | 1,228 | 1,217 | 2,334 |
| Adjustment in respect of prior periods | - | 4 | (8) | - | 52 | (99) |
| Current tax for period | 103 | 104 | 191 | 1,252 | 1,346 | 2,359 |
| Deferred tax | (81) | 87 | 50 | (985) | 1,126 | 617 |
| Reported tax charge | 22 | 191 | 241 | 267 | 2,472 | 2,976 |
| The tax charge is analysed as follows: | | | | | | |
| Adjusted operating profit | 106 | 129 | 224 | 1,290 | 1,673 | 2,763 |
| Restructuring and integration costs | (2) | - | (6) | (27) | - | (74) |
| Change in credit provisioning methodology | - | (22) | (26) | - | (289) | (322) |
| Short term fluctuations in investment return | (74) | 82 | 49 | (899) | 1,062 | 609 |
| Fines and penalties | (8) | - | - | (97) | - | - |
| Non-operating items | - | 2 | - | - | 26 | - |
| Reported tax charge | 22 | 191 | 241 | 267 | 2,472 | 2,976 |

| | £m | | | Rm | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Reconciliation of tax charge | | | | | | |
| Tax at UK rate of 30.0 per cent. (2003: 30.0 per cent.) on profit on ordinary activities before tax | 1 | 110 | 133 | 8 | 1,419 | 1,644 |
| Untaxed and low taxed income (including tax exempt investment return) | (27) | (34) | (113) | (328) | (440) | (1,395) |
| Disallowable expenditure | 49 | 86 | 179 | 596 | 1,113 | 2,210 |
| STC | 7 | 5 | 14 | 85 | 65 | 173 |
| Movement in deferred tax | 81 | (87) | (50) | 985 | (1,126) | (617) |
| Other | (8) | 24 | 28 | (94) | 315 | 344 |
| Current tax charge | 103 | 104 | 191 | 1,252 | 1,346 | 2,359 |

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

9 ACQUISITIONS AND DISPOSALS / NON OPERATING ITEMS

9(a) Acquisitions

Mutual and Federal Insurance Company Limited

During the period the Group acquired an additional 37.0% of the equity share capital of its general insurance subsidiary, Mutual and Federal Insurance Company Limited, bringing its total holding to 87.6%. Cash consideration of £102 million (R1,343 million) was paid.

The table below shows the fair value of the assets and liabilities acquired.

| | £m | | | Rm |
|---|-------------------------------|---------------------------|------------------------------------|------------------------------------|
| | Book value on acquisitions | Fair value adjustments | Provisional fair value to Group | Provisional fair value to Group |
| Goodwill | 10 | (10) | - | - |
| Investments | 304 | - | 304 | 4,214 |
| Technical assets | 73 | - | 73 | 1,006 |
| Insurance debtors | 28 | - | 28 | 394 |
| All other assets | 115 | - | 115 | 1,589 |
| Minority interests | (3) | - | (3) | (38) |
| Technical provisions | (266) | - | (266) | (3,692) |
| Insurance creditors | (12) | - | (12) | (173) |
| Provisions | (11) | - | (11) | (155) |
| All other liabilities | (25) | - | (25) | (363) |
| Total net assets of Mutual and Federal Insurance Company Limited | 213 | (10) | 203 | 2,782 |
| Additional share acquired by the Group | | | 75 | 1,029 |
| Cash consideration paid | | | 102 | 1,343 |
| Goodwill arising on acquisition | | | 27 | 314 |

Fair Value Adjustments

In accordance with Financial Reporting Standard 7 "Fair Values in Acquisition Accounting", the book value of goodwill has been deducted in determining the fair value of the net assets acquired as it is not a separately identifiable asset. There were no other fair value adjustments.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

9 ACQUISITIONS AND DISPOSALS / NON OPERATING ITEMS *continued*

9(b) Disposals / Non-operating items

The following gains and losses on the disposal of business operations have been disclosed as non-operating:

| | £m | | | Rm | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| United States – asset management affiliates | 1 | (13) | (15) | 12 | (168) | (194) |
| South Africa – banking subsidiary | 11 | - | - | 137 | - | - |
| United Kingdom – asset management subsidiaries | - | - | (17) | - | - | (210) |
| Profit / (loss) on disposal before tax | 12 | (13) | (32) | 149 | (168) | (404) |
| Tax – United States asset management affiliates | - | (2) | - | - | (26) | - |
| Profit / (loss) on disposal after tax | 12 | (15) | (32) | 149 | (194) | (404) |
| Minority interest - South Africa banking subsidiary | (6) | - | - | (67) | - | - |
| Profit / (loss) on disposal after tax and minority interests | 6 | (15) | (32) | 82 | (194) | (404) |

United States – asset management affiliates

The gain for the period represents contingent consideration received on disposals made in prior periods.

South Africa – banking subsidiary

During the period Nedbank disposed of Chiswell Associates Ltd for cash consideration of £20 million (R241 million). The profit on disposal was £11 million (R137 million) after charging goodwill of £2 million (R20 million). No tax was payable and the minority interest attributable was £6 million (R67 million).

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

10 GOODWILL

| | Notes | £m | | | Rm | | |
|--|-------|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| At beginning of period | | 1,264 | 1,598 | 1,598 | 15,088 | 22,075 | 22,075 |
| Additions arising on acquisitions in period | 9(a) | 27 | - | - | 314 | - | - |
| Adjustment in respect of prior year acquisitions | | - | 81 | - | - | 1,000 | - |
| Disposals | 9(b) | (2) | (159) | (20) | (20) | (1,898) | (259) |
| Amortisation and impairment for the period | | (63) | (194) | (44) | (766) | (2,396) | (570) |
| Foreign exchange and other movements | | 3 | (62) | 18 | (724) | (3,693) | (2,048) |
| At end of period | | 1,229 | 1,264 | 1,552 | 13,892 | 15,088 | 19,198 |
| Represented by: | | | | | | | |
| Cost less impairments | | 1,518 | 1,508 | 1,817 | 17,159 | 18,001 | 22,476 |
| Accumulated amortisation | | (289) | (244) | (265) | (3,267) | (2,913) | (3,278) |
| At end of period | | 1,229 | 1,264 | 1,552 | 13,892 | 15,088 | 19,198 |

Amortisation for the period

The goodwill amortisation charge for the period of £66m (R802 million) (June 2003: £47 million (R608 million); December 2003: £206 million (R2,544 million)) comprises £63 million (R766 million) (June 2003: £44 million (R570 million); December 2003: £194 million (R2,396 million)) disclosed above, and £3 million (R36 million) (June 2003: £3 million (R38 million); December 2003: £12 million (R148 million)) included within interests in associated undertakings. The charge for the period includes an impairment of £26 million (R310 million) in respect of Group adjustments associated with our banking subsidiaries.

Notes to the Financial Statements *continued*

for the six months ended 30 June 2004

11 MINORITY INTERESTS

| | £m | | | Rm | | |
|--|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| 11(a) Equity interests | | | | | | |
| At beginning of period | 652 | 783 | 783 | 7,783 | 10,816 | 10,816 |
| Minority interests' share of profit / (loss) | 13 | (117) | (15) | 158 | (1,445) | (194) |
| Minority interests' share of dividends paid | (5) | (61) | (36) | (61) | (753) | (466) |
| Net acquisition /(disposal) of interests | 101 | (41) | (5) | 1,228 | (506) | (65) |
| Foreign exchange and other movements | 54 | 88 | 68 | 105 | (329) | (257) |
| At end of period | 815 | 652 | 795 | 9,213 | 7,783 | 9,834 |

| | £m | | | Rm | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | Year to 31 December 2003 | 6 months to 30 June 2003 | 6 months to 30 June 2004 | Year to 31 December 2003 | 6 months to 30 June 2003 |
| Reconciliation of minority interests share of profit / (loss) | | | | | | |

The minority interest charge / (credit) is analysed as follows:

| | | | | | | |
|--|-----------|--------------|-------------|------------|----------------|--------------|
| Adjusted operating profit | 31 | 7 | 42 | 379 | 96 | 538 |
| Amortisation and impairment of goodwill | (19) | (78) | (7) | (231) | (963) | (90) |
| Loss on disposal / write-down of investment in Dimension Data Holdings plc | - | (2) | (5) | - | (30) | (58) |
| Restructuring and integration costs | (3) | (13) | (5) | (33) | (160) | (65) |
| Change in credit provisioning methodology | - | (30) | (28) | - | (376) | (363) |
| Short term fluctuations | (2) | (1) | (12) | (24) | (12) | (156) |
| Non-operating items | 6 | - | - | 67 | - | - |
| Reported charge / (credit) | 13 | (117) | (15) | 158 | (1,445) | (194) |

| | £m | | | Rm | | |
|---|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| 11(b) Non-equity interests | | | | | | |
| R2,000 million non-cumulative preference shares (banking subsidiary) ¹ | 177 | 168 | 162 | 2,000 | 2,000 | 2,000 |
| R825 million non-cumulative preference shares (banking subsidiary) ² | 73 | 69 | - | 825 | 825 | - |
| US\$750 million cumulative preferred securities ³ | 413 | 421 | 454 | 4,668 | 5,020 | 5,624 |
| Other (general insurance subsidiary) ⁴ | 5 | 3 | - | 57 | 36 | - |
| | 668 | 661 | 616 | 7,550 | 7,881 | 7,624 |
| Unamortised issue costs | (11) | (12) | (14) | (124) | (143) | (181) |
| Undistributed profits due to non-equity minority interests | 9 | 9 | 4 | 102 | 116 | 49 |
| At end of period | 666 | 658 | 606 | 7,528 | 7,854 | 7,492 |

¹ 200 million R10 preference shares issued by Nedbank Limited (Nedbank), a banking subsidiary of the Group. These shares are non-redeemable and non-cumulative and pay a cash dividend equivalent to 75% of the prime overdraft interest rate of Nedbank. Preference shareholders are only entitled to vote during periods when a dividend or any part of it remains unpaid after the due date for payment and when resolutions are proposed that directly affect any rights attaching to the shares or the rights of the holders. Preference shareholders will be entitled to receive their dividends in priority to any payment of dividends made in respect of any other class of Nedbank's shares.

² 77.3 million R10 preference shares issued at R10.68 per share by Nedbank during November 2003 on the same terms as the securities described in 1 above.

³ US\$750 million Guaranteed Cumulative Perpetual Preference Securities issued on 19 May 2003 by Old Mutual Capital Funding L.P., a subsidiary of the Group. Subject to certain limitations, holders of these securities are entitled to receive preferential cash distributions at a fixed rate of 8.0% per annum payable in arrear on a quarterly basis. The Group may defer payment of distributions in its sole discretion, but such an act may restrict Old Mutual plc from paying dividends on its ordinary shares for a period of 12 months. Arrears of distributions are payable cumulatively only on redemption of the securities or at the Group's option. The securities are perpetual, but may be redeemed at the discretion of the Group from 22 December 2008. The costs of issue are being amortised over the period to 22 December 2008.

⁴ The Group has a general insurance subsidiary that offers clients a share of underwriting surpluses which accrue in respect of certain policies and which is payable in the form of a preference dividend.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

12 AMOUNTS OWED TO CREDIT INSTITUTIONS

| | £m | | | Rm | | |
|--|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| Bank and other loans | | | | | | |
| Repayable within one year: | | | | | | |
| Floating rate notes ¹ | 17 | 11 | - | 192 | 131 | - |
| Commercial paper | - | 17 | 155 | - | 203 | 1,917 |
| | 17 | 28 | 155 | 192 | 334 | 1,917 |
| Repayable between one and two years: | | | | | | |
| Floating rate notes ¹ | - | - | 12 | - | - | 148 |
| Repayable between two and five years: | | | | | | |
| Floating rate notes ¹ | - | 6 | 6 | - | 72 | 74 |
| Term loan ³ | 25 | 25 | 27 | 283 | 298 | 334 |
| Fixed rate notes ⁴ | 193 | 196 | 212 | 2,182 | 2,340 | 2,622 |
| Other ⁶ | 52 | 48 | 46 | 588 | 573 | 569 |
| | 270 | 275 | 291 | 3,053 | 3,283 | 3,599 |
| Repayable after five years: | | | | | | |
| Floating rate notes ² | 29 | 31 | 33 | 328 | 370 | 408 |
| Fixed rate notes ⁵ | 37 | 37 | 6 | 418 | 442 | 75 |
| Other | 6 | 6 | - | 72 | 72 | - |
| | 72 | 74 | 39 | 818 | 884 | 483 |
| | 359 | 377 | 497 | 4,063 | 4,501 | 6,147 |

Floating rate notes:

¹ US\$20 million repayable on 17 September 2004 and US\$10.5 million repayable on 18 January 2005.

² £29 million note repayable on 31 December 2010, with the holders having the option to elect for early redemption every six months.

Term loan:

³ US\$45 million term loan repayable on 30 June 2006.

Fixed rate notes:

⁴ €400 million Euro notes due 2007. The capital and interest on these were immediately swapped into US Dollars on issue.

⁵ Consists of a €30 million bond and a €10 million bond both due in 2010 and a €20 million bond due in 2013. These were all issued during 2003 and the capital and interest were immediately swapped into US Dollars at a fixed rate.

Other:

⁶ Other amounts owed to credit institutions consist principally of preference shares issued by a subsidiary of the Group.

During the period, the Company entered into a new £1,100 million 5 year multi-currency Revolving Credit Facility, which matures during May 2009, and cancelled its existing £900 million, US\$600 million and US\$60 million facilities. The new facility was undrawn at 30 June 2004.

Notes to the Financial Statements *continued*
for the six months ended 30 June 2004

13 CONVERTIBLE LOAN STOCK

13(a) Insurance and other assets

At 30 June 2004, the Group had in issue US\$636 million 3.625 per cent. Convertible Bonds maturing on 2 May 2005, which are guaranteed by Old Mutual plc. On maturity the holder has the right to elect to convert the loan stock into the ordinary shares of Old Mutual plc at a conversion price of 190p per share and an exchange rate of one US dollar to 69.52p Sterling.

13(b) Banking

| | £m | | | Rm | | |
|--|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| Compulsory convertible loan maturing 6 November 2005 (13.75 per cent.) | 3 | 3 | 4 | 29 | 37 | 49 |
| Compulsory convertible loan maturing 31 December 2005 (18.12 per cent.) | 6 | 7 | 10 | 68 | 82 | 124 |
| | 9 | 10 | 14 | 97 | 119 | 173 |

These debt instruments are convertible into BoE Bank Ltd ordinary shares. The Group has the option to purchase these shares.

Achieved Profits Basis Supplementary Information

for the six months ended 30 June 2004

1 CONSOLIDATED PROFIT AND LOSS ACCOUNT ON AN ACHIEVED PROFITS BASIS

| | £m | | | Rm | | |
|--|--------------------------------|---|--------------------------------|--------------------------------|---|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)*** | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)*** | Year to 31 December 2003 |
| South Africa | | | | | | |
| Life assurance | 252 | 230 | 468 | 3,062 | 2,977 | 5,786 |
| Asset management | 14 | 18 | 53 | 156 | 233 | 656 |
| Banking | 33 | 74 | (10) | 401 | 959 | (118) |
| General insurance | 47 | 28 | 73 | 569 | 368 | 909 |
| | 346 | 350 | 584 | 4,188 | 4,537 | 7,233 |
| United States | | | | | | |
| Life assurance | 69 | 57 | 128 | 839 | 742 | 1,581 |
| Asset management | 44 | 37 | 81 | 544 | 479 | 1,000 |
| | 113 | 94 | 209 | 1,383 | 1,221 | 2,581 |
| United Kingdom & Rest of World | | | | | | |
| Life assurance | 5 | - | 2 | 60 | 4 | 25 |
| Asset management | 10 | 1 | (4) | 121 | 14 | (48) |
| Banking | 22 | 27 | 4 | 263 | 349 | 48 |
| | 37 | 28 | 2 | 444 | 367 | 25 |
| | 496 | 472 | 795 | 6,015 | 6,125 | 9,839 |
| Other shareholders' income / (expenses) | (8) | (13) | (40) | (97) | (168) | (494) |
| Debt service costs | (20) | (30) | (48) | (243) | (388) | (593) |
| Adjusted operating profit* | 468 | 429 | 707 | 5,675 | 5,569 | 8,752 |
| Goodwill amortisation and impairment | (66) | (47) | (206) | (802) | (608) | (2,544) |
| Loss on disposal / write-down of investment in Dimension Data Holdings plc | - | (11) | (5) | - | (136) | (60) |
| Restructuring and integration costs | (8) | (10) | (32) | (94) | (134) | (394) |
| Change in credit provisioning methodology | - | (74) | (87) | - | (963) | (1,074) |
| Fines and penalties | (49) | - | - | (596) | - | - |
| Short term fluctuations in investment return (including economic assumption changes) | | | | | | |
| Life assurance | (181) | (104) | 71 | (2,200) | (1,345) | 872 |
| Other | (18) | (30) | - | (219) | (388) | - |
| Investment return adjustment for own shares held in policyholders' funds | (22) | 14 | 12 | (266) | 181 | 148 |
| Other life assurance changes ** | - | (39) | (86) | - | (506) | (1,065) |
| Operating profit on ordinary activities before tax | 124 | 128 | 374 | 1,498 | 1,670 | 4,635 |
| Non-operating items | 12 | (13) | (32) | 149 | (168) | (404) |
| Profit on ordinary activities before tax | 136 | 115 | 342 | 1,647 | 1,502 | 4,231 |
| Tax on profit on ordinary activities | (63) | (127) | (211) | (766) | (1,650) | (2,605) |
| Profit / (loss) on ordinary activities after tax | 73 | (12) | 131 | 881 | (148) | 1,626 |
| Minority interests – equity | (13) | 14 | 115 | (159) | 183 | 1,420 |
| Minority interests – non-equity | (29) | (14) | (46) | (352) | (181) | (568) |
| Profit / (loss) for the financial period | 31 | (12) | 200 | 370 | (146) | 2,478 |
| Dividends paid and proposed | (60) | (60) | (166) | (678) | (741) | (2,006) |
| Retained (loss) / profit for the financial period | (29) | (72) | 34 | (308) | (887) | 472 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

1 CONSOLIDATED PROFIT AND LOSS ACCOUNT ON AN ACHIEVED PROFITS BASIS *continued*

| | £m | | | Rm | | |
|--|--------------------------------|--|--------------------------------|--------------------------------|--|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)** | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated)** | Year to 31 December 2003 |
| The adjusted operating profit on an after-tax and minority interests basis is determined as follows: | | | | | | |
| Adjusted operating profit | 468 | 429 | 707 | 5,675 | 5,569 | 8,752 |
| Tax on adjusted operating profit | (131) | (148) | (250) | (1,595) | (1,916) | (3,087) |
| | 337 | 281 | 457 | 4,080 | 3,653 | 5,665 |
| Minority interests – equity | (31) | (43) | (9) | (380) | (557) | (111) |
| – non-equity | (29) | (14) | (46) | (352) | (181) | (568) |
| Adjusted operating profit after tax and minority interests | 277 | 224 | 402 | 3,348 | 2,915 | 4,986 |
| Earnings per share – achieved profits basis | | | | | | |
| | p | | | c | | |
| Adjusted operating earnings per share* | 7.4 | 6.0 | 10.8 | 89.4 | 78.4 | 133.8 |
| Basic earnings / (loss) per share | 0.9 | (0.4) | 5.9 | 10.8 | (4.3) | 72.6 |
| Adjusted weighted average number of shares – millions | 3,745 | 3,717 | 3,727 | 3,745 | 3,717 | 3,727 |
| Weighted average number of shares – millions | 3,429 | 3,401 | 3,411 | 3,429 | 3,401 | 3,411 |

* Adjusted operating profit represents the directors' view of the underlying performance of the Group. For life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return and includes investment returns on own shares held within the policyholders' funds. For banking business, adjusted operating profit excludes the loss on disposal / write-down of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change of credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties. Adjusted operating earnings per share are similarly based, but are stated after tax and minority interests, with the calculation of the weighted average number of shares including own shares held in policyholders' funds. The segmental analysis within the achieved profits consolidated profit and loss account has been prepared after eliminating inter-segment results.

** Refer to segmental analysis of results in section 7.

*** Comparative figures for the six months ended 30 June 2003 have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 37 "Purchases and Sales of Own Shares" and 38 "Accounting for ESOP Trusts" (UITF38). Comparative figures for the year ended 31 December 2003 have been restated to reflect the adoption of UITF38.

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

2 CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES ON AN ACHIEVED PROFITS BASIS

| | £m | | | Rm | | |
|---|--------------------------------|--|--|--------------------------------|--|--|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 (Restated) | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 (Restated) |
| Profit / (loss) for the financial period | 31 | (12) | 200 | 370 | (146) | 2,478 |
| Foreign exchange movements | 146 | 227 | 307 | (556) | (1,634) | (2,186) |
| Total recognised gains and losses for the period | 177 | 215 | 507 | (186) | (1,780) | 292 |
| Prior period adjustment | 109 | | | 1,301 | | |
| Total recognised gains and losses since last annual report | 286 | | | 1,115 | | |

3 RECONCILIATION OF MOVEMENTS IN THE CONSOLIDATED ACHIEVED PROFITS EQUITY SHAREHOLDERS' FUNDS

| | £m | | | Rm | | |
|--|--------------------------------|--|--|--------------------------------|--|--|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 (Restated) | 6 months to 30 June 2004 | 6 months to 30 June 2003 (Restated) | Year to 31 December 2003 (Restated) |
| Total recognised gains and losses for the period | 177 | 215 | 507 | (186) | (1,780) | 292 |
| Dividends paid and proposed | (60) | (60) | (166) | (678) | (741) | (2,006) |
| Issue of new capital | - | 37 | 37 | - | 479 | 457 |
| Net sale of shares held in ESOP Trusts | 3 | 2 | 6 | 31 | 21 | 76 |
| Shares issued under employee incentive schemes | 8 | - | 4 | 97 | - | 49 |
| Net increase / (decrease) in achieved profits equity shareholders' funds | 128 | 194 | 388 | (736) | (2,021) | (1,132) |
| Achieved profits equity shareholders' funds at the beginning of the period (originally £3,561 million (R42,503 million) before prior year adjustment of £109 million (R1,301 million)) | 3,452 | 3,064 | 3,064 | 41,202 | 42,334 | 42,334 |
| Achieved profits equity shareholders' funds at the end of the period | 3,580 | 3,258 | 3,452 | 40,466 | 40,313 | 41,202 |

Achieved Profits Basis Supplementary Information *continued*
for the six months ended 30 June 2004

4 CONSOLIDATED BALANCE SHEET ON AN ACHIEVED PROFITS BASIS

| | £m | | | Rm | | |
|--|-----------------------|---|-------------------------------------|-----------------------|---|-------------------------------------|
| | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) |
| Assets: | | | | | | |
| Goodwill | 1,229 | 1,264 | 1,552 | 13,892 | 15,088 | 19,198 |
| Insurance and other assets | 33,839 | 32,409 | 29,768 | 382,507 | 386,855 | 368,209 |
| Banking assets | 24,307 | 24,042 | 22,298 | 274,759 | 286,985 | 275,808 |
| Total long term in-force business asset | 841 | 700 | 528 | 9,509 | 8,353 | 6,539 |
| Total assets | 60,216 | 58,415 | 54,146 | 680,667 | 697,281 | 669,754 |
| Liabilities: | | | | | | |
| Achieved profits equity shareholders' funds | 3,580 | 3,452 | 3,258 | 40,466 | 41,202 | 40,313 |
| Minority interests | 1,483 | 1,312 | 1,402 | 16,767 | 15,662 | 17,337 |
| Subordinated liabilities | - | 15 | 17 | - | 179 | 210 |
| Insurance and other liabilities | 32,345 | 30,724 | 28,301 | 365,624 | 366,735 | 350,063 |
| Banking liabilities | 22,808 | 22,912 | 21,168 | 257,810 | 273,503 | 261,831 |
| Total liabilities | 60,216 | 58,415 | 54,146 | 680,667 | 697,281 | 669,754 |
| Reconciliation of total long term in-force business asset | | | | | | |
| Value of in-force business | 1,288 | 1,276 | 1,234 | 14,559 | 15,227 | 15,270 |
| OMUSL statutory solvency adjustment | (433) | (566) | (681) | (4,895) | (6,756) | (8,420) |
| OMI life subsidiaries statutory solvency adjustment | (18) | (17) | (19) | (203) | (203) | (234) |
| Adjustment for discounting CGT | 4 | 7 | (6) | 48 | 85 | (77) |
| Total long term in-force business asset | 841 | 700 | 528 | 9,509 | 8,353 | 6,539 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

5 BASIS OF PREPARATION

The results for the six months to 30 June 2004 and the position at that date have been prepared on the same basis as those used in the Group 2003 Annual Report, except as set out below. These supplementary financial statements have been prepared in accordance with the methodology for supplementary reporting for long term insurance business (the achieved profits method) issued in December 2001 by the Association of British Insurers.

Changes in accounting policies

Comparative figures have been restated to reflect the adoption of UITF Abstract 38 "Accounting for ESOP Trusts". This Abstract requires that the Group's holdings in own shares held by Employee Share Ownership Trusts (ESOP Trusts) be accounted for as a deduction from shareholders' funds (profit and loss account) rather than recorded as an asset. In addition, purchases and sales of such own shares should be shown as changes in shareholders' funds such that no profit or loss is recognised. In the majority of cases, the ESOP Trusts have waived their rights to dividends such that there is no impact on operating profit after tax. The reductions in achieved profits equity shareholders' funds at 30 June 2004, 31 December 2003 and 30 June 2003 were £113 million (R1,270 million), £109 million (R1,301 million) and £110 million (R1,356 million) respectively, representing the original cost of these shares.

In the second half of 2003 the Group adopted UITF Abstract 37 "Purchases and Sales of Own Shares". As a result, shares of the Company held by the Group's long term policyholders' funds were accounted for as a deduction from equity rather than as an asset and the investment return earned and dividends paid on these shares were no longer shown in the profit and loss account. The 30 June 2003 comparative figures have been restated to reflect the adoption of this Abstract. For the six months ended 30 June 2003, operating profit after tax increased by £14 million (R181 million) and dividends paid have been restated to exclude dividends in respect of own shares, resulting in an overall increase in retained profit of £18 million (R232 million). Basic earnings per share have been restated to reflect a reduction in the weighted average number of shares in issue of 316 million. At 30 June 2003, the reduction in achieved profits equity shareholders' funds was £267 million (R3,303 million).

In determining the adjusted embedded value, a pro forma adjustment has been made to include the market value of own shares held in policyholders' funds.

Achieved Profits Basis Supplementary Information *continued*
for the six months ended 30 June 2004

6 COMPONENTS OF ACHIEVED PROFITS EQUITY SHAREHOLDERS' FUNDS

| | £m | | | Rm | | |
|---|-----------------------|---|-------------------------------------|-----------------------|---|-------------------------------------|
| | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) | At 30 June 2004 | At 31 December 2003 (Restated) | At 30 June 2003 (Restated) |
| Shareholders' adjusted net worth | 2,294 | 2,178 | 2,025 | 25,933 | 26,000 | 25,054 |
| Equity shareholders' funds | 2,741 | 2,754 | 2,731 | 30,983 | 32,874 | 33,785 |
| Adjustment to include OMUSL on a statutory solvency basis | (433) | (566) | (681) | (4,895) | (6,756) | (8,420) |
| Adjustment to include OMI life subsidiaries on a statutory solvency basis | (18) | (17) | (19) | (203) | (203) | (234) |
| Adjustment for discounting CGT | 4 | 7 | (6) | 48 | 85 | (77) |
| Value of in-force business | 1,288 | 1,276 | 1,234 | 14,559 | 15,227 | 15,270 |
| Value of in-force business before cost of solvency capital | 1,466 | 1,450 | 1,377 | 16,567 | 17,304 | 17,041 |
| Cost of solvency capital | (178) | (174) | (143) | (2,008) | (2,077) | (1,771) |
| Minority interest in value of in-force | (2) | (2) | (1) | (26) | (25) | (11) |
| Achieved profits equity shareholders' funds | 3,580 | 3,452 | 3,258 | 40,466 | 41,202 | 40,313 |
| Pro-forma adjustment to bring Group investments to market value | | | | | | |
| Achieved profits equity shareholders' funds | 3,580 | 3,452 | 3,258 | 40,466 | 41,202 | 40,313 |
| Adjustment to bring listed subsidiaries to market value | 488 | 288 | 424 | 5,517 | 3,444 | 5,240 |
| Adjustment for market value of own shares held in policyholders' funds | 312 | 275 | 267 | 3,527 | 3,283 | 3,303 |
| Adjusted embedded value | 4,380 | 4,015 | 3,949 | 49,510 | 47,929 | 48,856 |
| Adjusted embedded value per share | 113.8 | 104.6 | 103.1 | 1,286 | 1,249 | 1,275 |
| Number of shares in issue at the end of the period including own shares held in policyholders' funds – millions | 3,849 | 3,837 | 3,832 | 3,849 | 3,837 | 3,832 |

The shareholders' adjusted net worth includes goodwill relating to OMUSL of £60 million (R678 million) (December 2003: £63 million (R752 million); June 2003: £70 million (R866 million)).

The table below sets out a geographical analysis of the value of in-force business.

| | £m | | | Rm | | |
|---|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| South Africa | 813 | 824 | 776 | 9,190 | 9,832 | 9,594 |
| Individual business | 513 | 507 | 476 | 5,799 | 6,053 | 5,881 |
| Group business | 300 | 317 | 300 | 3,391 | 3,779 | 3,713 |
| United States | 415 | 393 | 394 | 4,691 | 4,691 | 4,879 |
| United Kingdom & Rest of World | 60 | 59 | 64 | 678 | 704 | 797 |
| Value of in-force business | 1,288 | 1,276 | 1,234 | 14,559 | 15,227 | 15,270 |

Achieved Profits Basis Supplementary Information *continued*
for the six months ended 30 June 2004

6 COMPONENTS OF ACHIEVED PROFITS EQUITY SHAREHOLDERS' FUNDS *continued*

The encumbered and unencumbered capital for South Africa and United States is shown in the table below.

| | £m | | | Rm | | |
|----------------------|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
| South Africa | | | | | | |
| | 1,429 | 1,551 | 1,294 | 16,152 | 18,513 | 16,006 |
| Encumbered capital | 1,086 | 1,021 | 1,077 | 12,271 | 12,186 | 13,325 |
| Unencumbered capital | 343 | 530 | 217 | 3,881 | 6,327 | 2,681 |
| United States | | | | | | |
| | 406 | 391 | 361 | 4,591 | 4,666 | 4,461 |
| Encumbered capital | 162 | 153 | 163 | 1,836 | 1,822 | 2,021 |
| Unencumbered capital | 244 | 238 | 198 | 2,755 | 2,844 | 2,440 |

For South Africa the average unencumbered capital applicable was £290 million (R3,522 million) (December 2003: £196 million (R2,419 million); June 2003: £159 million (R2,061 million)). These average figures were used to determine the expected return on unencumbered capital.

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

7 SEGMENTAL ANALYSIS OF RESULTS

| | £m | | | | Rm | | | |
|---|--------------|---------------|--------------------|------------|--------------|---------------|--------------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| 6 months to 30 June 2004 | | | | | | | | |
| New business contribution | 35 | 43 | 1 | 79 | 425 | 523 | 12 | 960 |
| Profits from existing business | | | | | | | | |
| Expected return on in-force business | 91 | 26 | 3 | 120 | 1,106 | 316 | 36 | 1,458 |
| Expected return on encumbered capital | 55 | 4 | 2 | 61 | 668 | 49 | 24 | 741 |
| Experience variances | 48 | (1) | - | 47 | 583 | (12) | - | 571 |
| Operating assumption changes | 4 | (10) | (1) | (7) | 49 | (122) | (12) | (85) |
| Expected return on unencumbered capital | 19 | 7 | - | 26 | 231 | 85 | - | 316 |
| Life assurance adjusted operating profits before tax | 252 | 69 | 5 | 326 | 3,062 | 839 | 60 | 3,961 |
| Investment return variances | | | | | | | | |
| On value of in-force | (49) | 9 | - | (40) | (596) | 109 | - | (487) |
| On capital | (57) | (13) | (2) | (72) | (693) | (158) | (24) | (875) |
| Effect of economic assumption changes | (61) | (6) | (2) | (69) | (741) | (73) | (24) | (838) |
| Life assurance achieved profits before tax | 85 | 59 | 1 | 145 | 1,032 | 717 | 12 | 1,761 |
| Attributed tax | (27) | (18) | - | (45) | (328) | (219) | - | (547) |
| Life assurance achieved profits after tax | 58 | 41 | 1 | 100 | 704 | 498 | 12 | 1,214 |

| | £m | | | | Rm | | | |
|---|--------------|---------------|--------------------|------------|--------------|---------------|--------------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| 6 months to 30 June 2003 | | | | | | | | |
| New business contribution | 35 | 28 | 1 | 64 | 459 | 357 | 16 | 832 |
| Profits from existing business | | | | | | | | |
| Expected return on in-force business | 86 | 19 | 3 | 108 | 1,115 | 246 | 40 | 1,401 |
| Expected return on encumbered capital | 70 | 5 | 2 | 77 | 909 | 70 | 26 | 1,005 |
| Experience variances | 35 | (2) | (3) | 30 | 451 | (21) | (40) | 390 |
| Operating assumption changes | (7) | - | (3) | (10) | (95) | - | (38) | (133) |
| Expected return on unencumbered capital | 11 | 7 | - | 18 | 138 | 90 | - | 228 |
| Life assurance adjusted operating profits before tax | 230 | 57 | - | 287 | 2,977 | 742 | 4 | 3,723 |
| Investment return variances | | | | | | | | |
| On value of in-force | (18) | (4) | 2 | (20) | (232) | (52) | 31 | (253) |
| On capital | (147) | (13) | 1 | (159) | (1,902) | (171) | 16 | (2,057) |
| Effect of economic assumption changes | 56 | 17 | 2 | 75 | 720 | 217 | 28 | 965 |
| Effect of changes in and cost of solvency capital | (44) | - | - | (44) | (565) | - | - | (565) |
| Effect of BoE Life | 5 | - | - | 5 | 59 | - | - | 59 |
| Life assurance achieved profits before tax | 82 | 57 | 5 | 144 | 1,057 | 736 | 79 | 1,872 |
| Attributed tax | (67) | (17) | (3) | (87) | (867) | (221) | (39) | (1,127) |
| Life assurance achieved profits after tax | 15 | 40 | 2 | 57 | 190 | 515 | 40 | 745 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

7 SEGMENTAL ANALYSIS OF RESULTS *continued*

| | £m | | | | Rm | | | |
|---|--------------|---------------|--------------------|------------|--------------|---------------|--------------------|--------------|
| | South Africa | United States | UK & Rest of World | Total | South Africa | United States | UK & Rest of World | Total |
| Year to 31 December 2003 | | | | | | | | |
| New business contribution | 108 | 57 | 2 | 167 | 1,334 | 704 | 25 | 2,063 |
| Profits from existing business | | | | | | | | |
| Expected return on in-force business | 188 | 39 | 6 | 233 | 2,322 | 482 | 74 | 2,878 |
| Expected return on encumbered capital | 147 | 11 | 5 | 163 | 1,818 | 136 | 62 | 2,016 |
| Experience variances | 22 | (8) | (5) | 9 | 272 | (99) | (62) | 111 |
| Operating assumption changes | (23) | 15 | (6) | (14) | (284) | 185 | (74) | (173) |
| Expected return on unencumbered capital | 26 | 14 | - | 40 | 324 | 173 | - | 497 |
| Life assurance adjusted operating profits before tax | 468 | 128 | 2 | 598 | 5,786 | 1,581 | 25 | 7,392 |
| Investment return variances | | | | | | | | |
| On value of in-force | 27 | 20 | 3 | 50 | 333 | 247 | 37 | 617 |
| On capital | (36) | (1) | (12) | (49) | (450) | (12) | (148) | (610) |
| Effect of economic assumption changes | 79 | (11) | 2 | 70 | 976 | (136) | 25 | 865 |
| Effect of changes in and cost of solvency capital | (59) | - | - | (59) | (729) | - | - | (729) |
| Effect of FSV economic assumption changes | (32) | - | - | (32) | (395) | - | - | (395) |
| Effect of BoE Life | 5 | - | - | 5 | 59 | - | - | 59 |
| Life assurance achieved profits before tax | 452 | 136 | (5) | 583 | 5,580 | 1,680 | (61) | 7,199 |
| Attributed tax | (127) | (34) | - | (161) | (1,568) | (420) | - | (1,988) |
| Life assurance achieved profits after tax | 325 | 102 | (5) | 422 | 4,012 | 1,260 | (61) | 5,211 |

Expected return on the unencumbered capital for South Africa and the United States is 13.0% p.a. (December 2003: 13.4%; June 2003: 13.4%) and 6.0% p.a. (December 2003: 7.0%; June 2003: 7.0%) respectively. For South Africa the expected return is applied to the average unencumbered capital given in section 6.

The segmental results of the United States include the operating profit generated by Old Mutual Reassurance in Ireland, which provides reinsurance to the United States life companies, and OMNIA Life (Bermuda) Ltd.

The effect of changes in and cost of solvency capital for South Africa reflects changes in the amount of solvency capital required and in the mix of assets backing the solvency capital.

The effect of FSV economic assumption changes reflects the impact of reducing the economic assumptions for the South African actuarial liability valuation by 3% p.a.

The effect of BoE Life reflects the recognition of the initial value of the in-force business on acquisition.

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

7 SEGMENTAL ANALYSIS OF RESULTS *continued*

The difference between the total tax charge shown in the above segmental analysis and the total tax charge shown in the profit and loss account in section 1, represents the tax charge on the non-life businesses.

| | £m | | | Rm | | |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 | 6 months to 30 June 2004 | 6 months to 30 June 2003 | Year to 31 December 2003 |
| Tax on life assurance achieved profit | | | | | | |
| South Africa – value of in-force | 24 | 56 | 119 | 292 | 723 | 1,469 |
| – capital | 3 | 11 | 8 | 36 | 144 | 99 |
| United States | 18 | 17 | 34 | 219 | 221 | 420 |
| UK & Rest of World | - | 3 | - | - | 39 | - |
| | 45 | 87 | 161 | 547 | 1,127 | 1,988 |
| Tax on other business | 18 | 40 | 50 | 219 | 523 | 617 |
| Tax on profit on ordinary activities | 63 | 127 | 211 | 766 | 1,650 | 2,605 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

8 VALUE OF NEW BUSINESS

The tables below set out a geographical analysis of the value of new business (VNB) for the six months to 30 June 2004, six months to 30 June 2003 and the year to 31 December 2003. Annual Premium Equivalent (APE) is calculated as recurring premiums plus 10% of single premiums. New business profitability, as measured by the ratio of the VNB to the APE, is also shown under "Margin" below.

The value of new business is shown both on a gross and after tax basis. The assumptions and tax rates used to calculate the value of new business are set out in section 9.

| | Individual business | Group business | South Africa | United States | UK & Rest of World | Total |
|----------------------------------|------------------------|-------------------|-----------------|------------------|-----------------------|--------|
| 6 months to 30 June 2004 | | | | | | |
| £m | | | | | | |
| Recurring premiums | 70 | 8 | 78 | 25 | 5 | 108 |
| Single premiums | 255 | 86 | 341 | 1,127 | 62 | 1,530 |
| Annual Premium Equivalent | 96 | 17 | 113 | 138 | 11 | 262 |
| Value of new business before tax | 27 | 8 | 35 | 43 | 1 | 79 |
| Value of new business after tax | 17 | 5 | 22 | 30 | 1 | 53 |
| Margin before tax | 28% | 49% | 31% | 31% | 9% | 30% |
| Margin after tax | 18% | 30% | 19% | 22% | 9% | 20% |
| Rm | | | | | | |
| Recurring premiums | 848 | 93 | 941 | 304 | 63 | 1,308 |
| Single premiums | 3,099 | 1,049 | 4,148 | 13,698 | 759 | 18,605 |
| Annual Premium Equivalent | 1,158 | 198 | 1,356 | 1,674 | 139 | 3,169 |
| Value of new business before tax | 328 | 97 | 425 | 523 | 12 | 960 |
| Value of new business after tax | 204 | 60 | 264 | 365 | 12 | 641 |
| 6 months to 30 June 2003 | | | | | | |
| £m | | | | | | |
| Recurring premiums | 68 | 9 | 77 | 40 | 6 | 123 |
| Single premiums | 238 | 203 | 441 | 892 | 44 | 1,377 |
| Annual Premium Equivalent | 92 | 29 | 121 | 129 | 11 | 261 |
| Value of new business before tax | 22 | 13 | 35 | 20 | 1 | 56 |
| Value of new business after tax | 14 | 8 | 22 | 14 | 1 | 37 |
| Margin before tax | 24% | 46% | 29% | 15% | 12% | 22% |
| Margin after tax | 15% | 28% | 18% | 11% | 12% | 14% |
| Rm | | | | | | |
| Recurring premiums | 888 | 117 | 1,005 | 513 | 81 | 1,599 |
| Single premiums | 3,084 | 2,626 | 5,710 | 11,547 | 569 | 17,826 |
| Annual Premium Equivalent | 1,196 | 380 | 1,576 | 1,668 | 138 | 3,382 |
| Value of new business before tax | 285 | 174 | 459 | 253 | 16 | 728 |
| Value of new business after tax | 177 | 108 | 285 | 177 | 16 | 478 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

8 VALUE OF NEW BUSINESS *continued*

| | Individual business | Group business | South Africa | United States | UK & Rest of World | Total |
|----------------------------------|------------------------|-------------------|-----------------|------------------|-----------------------|--------|
| Year to 31 December 2003 | | | | | | |
| £m | | | | | | |
| Recurring premiums | 157 | 18 | 175 | 67 | 11 | 253 |
| Single premiums | 475 | 472 | 947 | 1,715 | 100 | 2,762 |
| Annual Premium Equivalent | 205 | 65 | 270 | 238 | 21 | 529 |
| Value of new business before tax | 68 | 40 | 108 | 49 | 2 | 159 |
| Value of new business after tax | 42 | 25 | 67 | 36 | 2 | 105 |
| Margin before tax | 33% | 61% | 40% | 21% | 10% | 30% |
| Margin after tax | 21% | 38% | 25% | 15% | 10% | 20% |
| Rm | | | | | | |
| Recurring premiums | 1,933 | 227 | 2,160 | 827 | 134 | 3,121 |
| Single premiums | 5,867 | 5,823 | 11,690 | 21,178 | 1,242 | 34,110 |
| Annual Premium Equivalent | 2,520 | 809 | 3,329 | 2,945 | 258 | 6,532 |
| Value of new business before tax | 840 | 494 | 1,334 | 605 | 25 | 1,964 |
| Value of new business after tax | 519 | 309 | 828 | 445 | 25 | 1,298 |

The new business shown above for 30 June 2004 for South African Group recurring premium business includes bulk new business into existing schemes, with value of new business of £1 million (R10 million) after tax and APE of £3 million (R33 million).

The new business shown above for the United States for 31 December 2003 and 30 June 2003 excludes the value of OMNIA Life (Bermuda) business that was acquired during 2003, and which is included within the value of new business shown in section 7.

The value of new individual unit trust and some group market-linked business written by the life companies is excluded, as the profits on this business arise in the asset management subsidiaries. The value of new business also excludes premium increases arising from indexation arrangements in respect of existing business, as these are already included in the value of in-force business. The premiums shown for the United States exclude reinsurance ceded externally.

A reconciliation of the new business premiums shown in the notes to the financial statements to those shown above, for the six months to 30 June 2004, is set out below.

| | £m | | Rm | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | Recurring premiums | Single premiums | Recurring premiums | Single premiums |
| 6 months to 30 June 2004 | | | | |
| New business premiums in the notes to the financial statements | 108 | 1,701 | 1,308 | 20,677 |
| Less: | | | | |
| United States reinsurance ceded externally | - | (4) | - | (49) |
| Group market-linked business not valued | - | (127) | - | (1,542) |
| Unit trust business not valued | - | (40) | - | (481) |
| New business premiums as per achieved profits supplementary statements | 108 | 1,530 | 1,308 | 18,605 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

9 ASSUMPTIONS

The principal assumptions used in the calculation of the value of in-force business and the value of new business are set out below.

- The pre-tax investment and economic assumptions used for South African and United States businesses were as follows:

| | At 30 June 2004 | At 31 December 2003 | At 30 June 2003 |
|---------------------------|-----------------------|---------------------------|-----------------------|
| South Africa | | | |
| Fixed interest return | 10.4% | 9.4% | 9.4% |
| Equity return | 12.4% | 11.4% | 11.4% |
| Property return | 11.4% | 10.4% | 10.4% |
| Inflation | 6.9% | 6.4% | 6.4% |
| Risk discount rate | 12.9% | 11.9% | 11.9% |
| United States | | | |
| Treasury yield | 4.6% | 4.3% | 3.6% |
| Inflation | 3.0% | 3.0% | 3.0% |
| New money yield assumed | 6.4% | 6.0% | 5.8% |
| Net portfolio earned rate | 6.2% | 6.4% | 6.6% |
| Risk discount rate | 8.6% | 8.3% | 7.6% |

- For the other operations, appropriate investment and economic assumptions were chosen on bases consistent with those adopted in South Africa. Where applicable, rates of future bonuses have been set at levels consistent with the investment return assumptions. Projected company taxation is based on the current tax basis that applies in each country.
- For the South African business, full allowance has been made for STC that may be payable in South Africa. Account has been taken of the impact of CGT in South Africa. It has been assumed that 10% of the equity portfolio (excluding group subsidiaries) will be traded each year. For the United States business full allowance has been made for existing tax attributes of the companies, including the use of existing carry forwards and preferred tax credit investments. Achieved profits results are initially calculated on an after tax basis and are then grossed up to the pre-tax level for presentation in the profit and loss account and the segmental analysis of results. The tax rates used were the effective corporation tax rates of 37.8% for South African business (December 2003: 37.8%; June 2003: 37.8%), 30% for United States business (December 2003: 25%; June 2003: 30%) and 0% for United Kingdom and Rest of World business (December 2003: 0%; June 2003: 0%) except for the investment return on South African capital, for which the attributed tax was derived from the primary accounts.
- The assumed future mortality, morbidity and voluntary discontinuance rates have been based as far as possible on analyses of recent operating experience. Allowance has been made where appropriate for the effect of expected AIDS-related claims.
- The management expenses attributable to life assurance business have been analysed between expenses relating to the acquisition of new business and the maintenance of business in-force. The future expenses attributable to life assurance business do not include Group holding company expenses.
- No allowance has been made for future development costs.
- Future investment expenses are based on the current scales of fees payable by the life assurance companies to the asset management subsidiaries. To the extent that these fees include profit margins for the asset management subsidiaries, these margins have not been included in the value of in-force business or the value of new business.
- The effect of increases in premiums over the period for policies in-force has been included in the value of in-force business only where such increases are associated with indexation arrangements. Other increases in premiums of existing policies are included in the value of new business.

Achieved Profits Basis Supplementary Information *continued* for the six months ended 30 June 2004

9 ASSUMPTIONS *continued*

- New schemes written on which recurring single premiums are expected to be received on a regular basis are treated as new business. The annualised premium is recognised as recurring premium new business at inception of the scheme and is determined by annualising the actual premiums received during the year in question. Subsequent recurring single premiums received in future years are not treated as new business, as these have already been provided for in calculating the value of in-force business.
- The sensitivity of the value of in-force and value of new business to changes in the central risk discount rate are set out in section 10.

The principal exchange rates used to translate the operating results of key foreign business segments to Sterling are:

| | Rand | | | US\$ | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months to 30 June 2004 | Year to 31 December 2003 | 6 months to 30 June 2003 | 6 months to 30 June 2004 | Year to 31 December 2003 | 6 months to 30 June 2003 |
| Profit and loss account (average rate) | 12.1544 | 12.3487 | 12.9459 | 1.8222 | 1.6354 | 1.6110 |
| Balance sheet (closing rate) | 11.3037 | 11.9367 | 12.3692 | 1.8144 | 1.7833 | 1.6528 |

Achieved Profits Basis Supplementary Information *continued*

for the six months ended 30 June 2004

10 ALTERNATIVE ASSUMPTIONS

The tables below for South Africa and the United States show the sensitivity of the value of in-force at 30 June 2004 and the value of new business for the six months to 30 June 2004 to changes in the central risk discount rate. In determining the values at different central discount rates, all other assumptions have been left unchanged. The value of new business is shown before tax.

The sensitivity of the adjustment for discounting CGT, which is included in the shareholders' adjusted net worth, to changes in the central discount rate is not material and is not included in the table below.

| | £m | | Rm | |
|---------------------------------------|--|--|--|--|
| | Value of in-force business at 30 June 2004 | Value of new life business at 30 June 2004 | Value of in-force business at 30 June 2004 | Value of new life business at 30 June 2004 |
| South Africa | | | | |
| Central assumptions | 813 | 35 | 9,190 | 425 |
| Value before cost of solvency capital | 964 | 40 | 10,897 | 486 |
| Cost of solvency capital | (151) | (5) | (1,707) | (61) |
| Effect of: | | | | |
| Central discount rate +1% | 706 | 30 | 7,980 | 363 |
| Value before cost of solvency capital | 910 | 37 | 10,282 | 451 |
| Cost of solvency capital | (204) | (7) | (2,302) | (88) |
| Central discount rate -1% | 942 | 41 | 10,649 | 500 |
| Value before cost of solvency capital | 1,027 | 44 | 11,614 | 540 |
| Cost of solvency capital | (85) | (3) | (965) | (40) |
| United States | | | | |
| Central assumptions | 415 | 43 | 4,691 | 523 |
| Value before cost of solvency capital | 440 | 49 | 4,974 | 596 |
| Cost of solvency capital | (25) | (6) | (283) | (73) |
| Effect of: | | | | |
| Central discount rate +1% | 396 | 37 | 4,476 | 450 |
| Value before cost of solvency capital | 426 | 44 | 4,815 | 535 |
| Cost of solvency capital | (30) | (7) | (339) | (85) |
| Central discount rate -1% | 435 | 50 | 4,917 | 608 |
| Value before cost of solvency capital | 455 | 55 | 5,143 | 668 |
| Cost of solvency capital | (20) | (5) | (226) | (60) |