Old Mutual plc

Results for the six months ended 30 June 2006

Results on track, with increasingly diversified earnings

Highlights

❑ Adjusted operating profit* (IFRS** basis):	up 36% to £771 million (30 June 2005: £566 million****) and up 32% to R8,714 million (30 June 2005: R6,584 million)
❑ Adjusted operating profit (European embedded value (EEV) basis):	up 39% to £885 million (30 June 2005: £638 million) and up 35% to R10,001 million (30 June 2005: R7,420 million)
❑ Profit for the period attributable to equity holders:	£380 million (30 June 2005: £387 million) R4,295 million (30 June 2005: R4,509 million)
❑ Adjusted operating earnings per share* (IFRS basis):	down 2% to 8.5p (30 June 2005: 8.7p) and down 5% to 96.0c (30 June 2005: 100.7c)
❑ Adjusted operating earnings per share (EEV basis):	down 3% to 9.8p (30 June 2005: 10.1p) and down 5% to 111.4c (30 June 2005: 117.7c)
❑ Basic earnings per share:	8.0p (30 June 2005: 11.2p), 90.2c (30 June 2005: 130.2c)

- ❑ Total life assurance sales, on an Annual Premium Equivalent (APE) basis, of £732 million, an increase of 130%
- ❑ Funds under management £218 billion (30 June 2005: £158 billion), an increase of 38%, R2,891 billion (30 June 2005: R1,896 billion)
- ❑ Adjusted embedded value per share 143.2p, R18.95 at 30 June 2006 (30 June 2005: 135.9p, R16.25) (EEV basis)
- ❑ Return on equity 14.1% (30 June 2005: 19.0%)
- ❑ Interim dividend increased by 13.5% to 2.1p (27.8 cents***)

Commenting on the results, Jim Sutcliffe, Chief Executive, said:

"It has been a good first half, with encouraging growth across our business and we have been able to declare a significant increase in the dividend. Skandia's results are ahead of our expectations and the integration is progressing well. Currency movements always affect our results, but Old Mutual is now a significantly bigger and more diverse organisation than in the past and we are well placed in some very attractive markets."

Wherever the items asterisked in the Highlights are used, whether in the Highlights, the Chief Executive's Statement or the Group Finance Director's Review, the definitions set out on page 2 apply.

Old Mutual plc

Results for the six months ended 30 June 2006

ENQUIRIES:

Old Mutual plc UK

Media:	
Miranda Bellord (UK)	Tel: +44 (0) 20 7002 7133
Nad Pillay (SA)	Tel: +27 (0) 21 504 8026
Investors:	
Malcolm Bell (UK)	Tel: +44 (0) 20 7002 7166
Deward Serfontein (SA)	Tel: +27 (0) 21 509 8709
College Hill (UK)	
Tony Friend	Tel: +44 (0) 20 7457 2020
Gareth David	

Notes to Editors:

A webcast of the analysts presentation and Q&A will be broadcast live at 9.30 a.m. (UK time), 10.30 a.m. (South African and Swedish time), today on our website, www.oldmutual.com. High-resolution images of Jim Sutcliffe are available at www.oldmutual.com/vpage.jsp?page_id=7004. Copies of these results and the associated analysts presentation, together with photographs and biographical details of the executive directors of Old Mutual plc, are available in electronic format to download from the Company's website. (An interview with Jim Sutcliffe, Chief Executive, Old Mutual in video/audio and text is now available on the Company's website and on http://www.cantos.com).

The full 2006 interim results release, together with the Financial Disclosure Supplement, can be found on the website at www.oldmutual.com.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Old Mutual plc and its group companies, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions, levels of securities markets, interest rates, credit or other risks of lending and investment activities, and competitive and regulatory factors.

14 September 2006

* For long-term assurance and general insurance business, adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, initial costs of Black Economic Empowerment schemes, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments and dividends declared to holders of perpetual preferred callable securities. Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit, but is stated after tax and minority interests and excludes income attributable to Black Economic Empowerment Trusts. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment Trusts.

** The financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards as set out in the basis of preparation note on page 39 of this document.

*** Indicative only, being the Rand equivalent of 2.1p converted at the exchange rate prevailing on 30 June 2006. The actual amount to be paid by way of interim dividend to holders of shares on the South African branch register will be calculated by reference to the exchange rate prevailing at the close of business on 5 October 2006, as determined by the Company, and will be announced on 6 October 2006.

**** The 2005 comparative financial information does not include Skandia, 2006 includes 5 months from 1 February 2006.

Chief Executive's Statement

The first half of 2006 has been a period of strong growth for the Old Mutual Group. Our clients around the world entrusted us with significantly more money to manage on their behalf, while underlying growth in both funds under management, up 19%, and adjusted operating profit, up 36%, was encouraging. We have increased the interim dividend by 13.5% to 2.1p, or an indicative 27.8c at the period-end exchange rate for Rand shareholders.

We are pleased with the progress at Skandia under Julian Roberts' management since he became CEO in February. Skandia has exceeded our expectations and this important acquisition has transformed both the geographic and business profile of Old Mutual. We expect funds under management in this business to double within the next five years and Skandia, which is also generating sufficient cash to fund its own growth, is expected to provide a significant enhancement in EEV earnings from 2007 onwards. The synergies of £70 million, highlighted at the time of acquisition, have also been confirmed and are on track for full delivery from 2008. We believe there are significant opportunities to leverage Skandia's skill set to maximise growth.

South Africa

In South Africa, our businesses have continued to make good progress, with individual life sales well ahead at Old Mutual Life Assurance Company and a strong increase in profits at Nedbank. Unit trust sales have also continued to grow substantially. Healthcare sales disappointed and impacted an otherwise encouraging picture. A clear strategy to address this has been initiated by Paul Hanratty, who became Chief Executive of OMSA in July. We have also announced plans to build on the success of Old Mutual Asset Managers (South Africa) by establishing within it a number of investment boutiques that will be able to offer specialised investment management services. Return on Equity (RoE) of 23% and cash generation by this business were both excellent and Return on Embedded Value (RoEV) of 13% was in line with expectations.

Bancassurance has continued to grow, with a 21% increase in sales at Nedbank over the equivalent period in 2005, and we are making progress with our plans to extract synergies through the life business working more closely with its sister businesses in South Africa. Our general insurer, Mutual & Federal, has maintained underwriting disciplines during a period of increased competition and reduced underwriting margins, and has again underlined its sound financial footing by announcing a significant return of excess capital to shareholders through a special dividend. Nedbank continues to deliver improved financial results, with performance for the period reflecting the benefits of an increasing focus on client service and organic growth, coupled with the operating efficiencies achieved over the last two years. Adjusted operating profit rose by 54% in the first half and the group remains on track to deliver 20% RoE in 2007.

United States

In the US, overall net client cash flow remained strongly positive at our asset management business. Underlying funds under management also grew despite a lacklustre market performance. Excluding the effects of the disposal of the low margin eSecLending business, underlying funds under management grew by 10%. Our retail sales initiative, OMCAP, continued to make progress, with an increase of 473% in sales compared to the equivalent period in 2005.

US Life had a satisfactory half year. We are continuing to aim for total sales of around $4 billion for the year, with a view to managing the business's capital requirements and fulfilling our stated goal of US Life returning cash from 2007. Continued growth in variable annuity sales out of our operation in Bermuda were particularly strong, and are running at a rate of about $100 million per month – ten times the rate of sale when we bought the business in 2003. Profit increased 11% as a result of underlying asset growth, although embedded value profit was affected by lower value of new business and operating assumption changes.

During the half, we announced that Scott Powers, previously CEO of the US asset management business, would take charge of the whole of our US operations. We anticipate that benefits will emerge as our businesses there work more closely together in the future to address the changing demands of the baby-boomer generation.

Europe

In the UK, sales grew at Skandia by 16% against the favourable background of A-day and strong mutual fund inflows. Progress is being made to restructure the UK business to deliver improved efficiencies. This includes the integration of Selestia and Skandia MultiFUNDS, which is proceeding well.

In Sweden, sales were flat, but our net cash flow was positive and we were pleased with the loyalty shown to Skandia by both customers and staff despite the distractions of the prolonged bid process. The adjusted operating profit result came through strongly, reaching SEK572 million before tax, and embedded value profit was SEK755 million before tax.

In the European and Latin American (ELAM) business unit, strong growth in sales and market share was achieved in a number of countries, especially in unit trust lines. We continue to see plenty of opportunities for expansion in existing operations and new markets. It was also pleasing to see the business start to generate cash.

Other

Our other businesses also had a good half, with continued growth in sales, profit and funds under management. Old Mutual Asset Managers (UK) has maintained its profile as a very capable unit trust and hedge fund manager despite the less favourable conditions for hedge funds during the period. Our 26%-owned Indian life associate has achieved significant sales growth and now has over 4,000 sales agents. Our Chinese joint venture, which operates out of offices in Shanghai and Beijing, continued its rapid growth. Total sales in India and China now approach 8% of our total life sales and will soon rival some of our more established businesses. In Australia, we also produced continued growth in sales, profit and market share.

Outlook

We are developing our strategy to take the Group forward as the integration phase of Skandia moves on to business as usual. We have a powerful set of engines with plenty of opportunities to grow organically through our mature, cash-generative franchises in southern Africa and Sweden, our comprehensive suite of asset management and life product skills in the USA, and our strong and expanding presence in the UK and Europe, as well as the new businesses we have established in the Asia-Pacific region. We see excellent opportunities to build further on our position as a leading international provider of innovative, client-focused, open architecture financial services products.

Our businesses are in good shape and are well positioned to take on current and future challenges. We expect the progress seen in the first half to continue as our businesses mature and we remain on track for the full year.

Jim Sutcliffe
Chief Executive

14 September 2006

Group Finance Director's Review

GROUP RESULTS

Old Mutual continued to grow strongly during the first half of 2006 with good net cash flow from clients in all our major businesses, including our newly acquired European business units. Despite the issuance of new shares as part of the acquisition of Skandia, the earnings per share dilution was small, and Return on Equity remained well above our cost of capital. Funds under management, the key driver of our revenue, have grown significantly since year end, with the positive impact of net client cash flow and generally higher market levels being offset by currency movements and the sale of eSecLending in May.

New Business APE including Skandia on a pro forma basis was up 8% overall, reflecting good progress in all our markets in the first half, with strong growth in our Skandia businesses offsetting a managed rationalisation of sales at US Life and more modest growth at OMSA as the shift towards open architecture and unit trust sales continues. Nearly 60% of our life sales are now in Europe. Unit trust and mutual fund sales showed rapid growth of 70% including Skandia on a pro forma basis.

Embedded value per share reduced primarily because of foreign exchange impacts, the use of higher discount rates to reflect increases in interest rates in many countries and the purchase of Skandia, where we were happy to accept some reduction in embedded value per share in exchange for the benefit of further diversifying the risk profile of the Group and the enhanced growth prospects. The return on embedded value was a creditable 13.8%. The value of new business at £111 million roughly doubled the figure delivered in the equivalent period last year despite the increase in discount rate.

Strong profit results as Skandia exceeds expectations

We have benefited significantly from the earnings arising from the acquisition of Skandia, steady progress in the USA and the continuing recovery at Nedbank, with adjusted operating profit before tax increasing by 36% from £566 million for the first six months of 2005 to £771 million for the first half of 2006, and adjusted operating earnings per share down 2% to 8.5p despite the issue of additional shares for the purchase of Skandia.

The Group's adjusted operating profit on a European Embedded Value (EEV) basis was £885 million for the first six months of 2006, which is a 39% increase on 2005, primarily reflecting the significant contribution from Skandia as a result of strong new business growth and the increased profit from the non-covered business in Nedbank and the asset management businesses. The strong results meant that the adjusted embedded value operating profit per share was only slightly down from 10.1 to 9.8p.

Group profit attributable to equity holders for the half year 2006 of £380 million leads to basic earnings per share of 8.0p. Basic earnings per share were affected by the dilutive impact of the requirement to amortise the intangible assets acquired, the additional shares now in issue as a result of the acquisition of Skandia and the lower overall short-term fluctuations in investment returns.

Adjusted Group embedded value per share

Adjusted embedded value (adjusted for own shares held in policyholders' funds and to bring listed Group subsidiaries to market value) was £7.9 billion, resulting in an adjusted embedded value per share of 143.2p at 30 June 2006. The significant underlying operating earnings have pushed the number upwards, and our experience and investment variances have in total been positive. Despite the strength of the South African stock market, foreign exchange impacts and the increase in interest rates and hence discount rates over the period have had a negative impact on the embedded value. Moreover the high growth nature of Skandia meant that the acquisition was completed at a price in excess of embedded value. Accordingly, the embedded value per share was diluted by approximately 19p at the time of acquisition.

Strong net client cash flows and equity markets drive underlying funds growth

Funds under management of £218 billion at 30 June 2006, up 19% from £183 billion (excluding Skandia) at 31 December 2005, includes favourable net cash inflows of £9 billion (excluding eSecLending) for the six months to 30 June 2006. The impact of firm equity markets across all our geographies was partially muted by currency impacts, particularly in South Africa. Funds under management at our US businesses, while benefiting from strong net cash flows, positive equity markets and strong investment performance, are shown net of a reduction of $25.4 billion in client assets during the first half as a result of the sale of eSecLending by US Asset Management during the second quarter of 2006.

Taxation

The Group's effective tax rate* for the period ended 30 June 2006 of 29% increased from 24% for the corresponding period in 2005. The net effective rate in 2006 has increased because of a decrease in lower taxed investment income earned in South Africa as a proportion of profits. This is due to a decrease in OMSA's profits as a result of the increase in the investment return adjustment for Group equity and debt instruments held in life funds and an increase in Nedbank's profits, much of which is taxed at the South African statutory tax rate of 29%. These effects have been partly offset by untaxed profit on the disposal of subsidiaries. The 2005 effective tax rate also benefited from recognition of a previously unrecognised deferred tax asset, without which the 2005 effective tax rate would have been 27%.

* Based on the tax charge excluding income tax attributable to policyholder returns as a proportion of profit before tax but after income tax attributable to policyholder returns.

Capital

Highlights	**H1 2006**	FY 2005
Senior debt gearing**	**8.8%**	5.2%
Total gearing	**25.4%**	14.7%

The Group's gearing level remains comfortably within our target range, with senior debt gearing at 30 June 2006 of 8.8% (5.2% at 31 December 2005) and total gearing, including hybrid capital, of 25.4% (14.7% at 31 December 2005)*** reflecting the impact of funding the acquisition of Skandia.

The Group's economic capital programme is now moving to its implementation stage, with internal models being used to measure risk-adjusted returns within our businesses. Our position on an economic basis continues to be very strong, with available financial resources significantly in excess of the economic capital the Group believes would be required to support its target credit rating.

The Group remains in compliance with the Financial Groups Directive (FGD) capital requirements, which apply to all EU-based financial conglomerates, with a surplus of £1 billion at 30 June 2006.

** Senior debt gearing is defined as senior debt over senior debt plus adjusted embedded value. Senior debt excludes debt from banking activities and is net of cash and short-term investments that are immediately available to repay debt and derivative assets relating to swaps associated with senior debt, so as to reflect debt valued on effective currency and interest rate positions. Total gearing is similarly based, but includes hybrid capital instruments within debt.

*** Hybrid capital excludes hybrid debt from banking activities and includes $750 million of Guaranteed Cumulative Perpetual Preferred Securities issued during 2003 that are reported as part of minority interests in the financial statements, £350 million of Perpetual Preferred Callable Securities issued in March 2005 and EUR500 million of Perpetual Preferred Callable Securities issued in November 2005 which are both reported as part of equity shareholders' funds, the £300 million of 10 Year Non-Call 5 Year Preferred Callable Securities issued in January 2006 and R3 billion unsecured substantial callable notes issued by OMSA.

Dividend

The Directors of Old Mutual plc have declared an interim dividend of 2.1p per share* for the six months ended 30 June 2006, to be paid on 30 November 2006, representing an increase in dividend per share of 13.5% over the 2005 interim dividend and 20% over the 2004 interim dividend, reflecting the Group's good IFRS earnings.

Richard Hoskins
Acting Group Finance Director

14 September 2006

* The record date for this dividend payment is the close of business on 20 October 2006 for all the Exchanges where the Company's shares are listed. The last day to trade cum-dividend on the JSE, and on the Namibian, Zimbabwe and Malawi Stock Exchanges will be 13 October 2006 and on the London and Stockholm Stock Exchanges 17 October 2006. The shares will trade ex-dividend from the opening of business on 16 October 2006 on the JSE, and on the Namibian, Zimbabwe and Malawi Stock Exchanges, and from the opening of business on 18 October 2006 on the London and Stockholm Stock Exchanges.

Shareholders on the South African, Zimbabwe and Malawi branch registers and the Namibian section of the principal register will be paid the local currency equivalents of the dividend under the dividend access trust arrangements established in each country. Shareholders who hold their shares through VPC AB, the Swedish nominee, will be paid the equivalent of the dividend in Swedish Krona (SEK). Local currency equivalents of the dividend for all five territories will be determined by the Company using exchange rates prevailing at close of business on 5 October 2006 and will be announced by the Company on 6 October 2006.

Share certificates may not be dematerialised or rematerialised on the South African branch register between 16 October 2006 and 20 October 2006, both dates inclusive, and transfers between the registers may not take place during that period.

SOUTH AFRICA

Operating profit up 25%

Highlights (£m)*	**H1 2006**	H1 2005	% change
Adjusted operating profit	**595**	476	25%
Embedded value adjusted operating profit	**637**	524	22%
Life assurance sales (APE)	**183**	171	7%
Unit trust sales	**795**	511	56%
Funds under management (£bn)	**39**	36	8%

Highlights (Rm)*	**H1 2006**	H1 2005	% change
Adjusted operating profit	**6,724**	5,532	22%
Embedded value adjusted operating profit	**7,199**	6,090	18%
Life assurance sales (APE)	**2,062**	1,991	4%
Unit trust sales	**8,985**	5,948	51%
Funds under management (Rbn)	**514**	431	19%

* Includes results for Namibia and Old Mutual International.

Performance

Our businesses continue to benefit from an expanding South African economy with GDP growth at 4.1% over the first six months of 2006. We are well positioned across all product sectors to benefit from these positive economic conditions, as we progress further towards the objective of becoming the financial provider of choice to every economically active home and business in South Africa.

Adjusted operating profit increased by 22% (25% in GBP) in the first half of 2006 to R6,724 million (30 June 2005: R5,532 million) principally driven by strengthening profit growth at Nedbank, as the business continues to recover. A buoyant banking market coupled with operating efficiencies achieved over the last two years has meant that Nedbank is well on track to deliver a 20% ROE in 2007, from the base of 18.3% delivered in the first half of the year. Whilst the impact of exchange rates on half-year earnings for the group was minimal, a more significant impact is expected on full year earnings.

Unit trust sales for the half-year increased by 51% in South Africa as the business continues to benefit from a number of factors including more focused product level marketing initiatives and sales growth through open architecture solutions. Life sales, which on an Annual Premium Equivalent (APE) basis increased by 4% to R2,062 million, benefited from good growth in our core Retail and Group single premium business offset by a decline in the Healthcare and Group protection business.

South African funds under management increased by 7% to R514 billion (31 December 2005: R480 billion), benefiting from growth in the South African equity market. On a Sterling basis funds under management of

£39 billion have decreased by 11% (31 December 2005: £44 billion) reflecting the devaluation in the Rand over the six months.

LIFE ASSURANCE & ASSET MANAGEMENT- OLD MUTUAL SOUTH AFRICA (OMSA)

Highlights (Rm)	H1 2006	H1 2005	% change
Life assurance*	**1,589**	1,758	(10%)
Long-term investment return (LTIR)	**798**	646	24%
Asset management	**459**	361	27%
Adjusted operating profit	**2,846**	2,765	3%
Return on allocated capital	**23%**	24%	
Embedded value adjusted operating profit (covered business)	**2,869**	2,971	(3%)
Adjusted return on embedded value	**13%**	16%	
Life assurance sales (APE)	**1,847**	1,833	1%
Unit trust sales	**8,506**	5,614	52%
Value of new business	**252**	267	(6%)
Life new business margin	**14%**	15%	
SA client funds under management (Rbn)	**391**	316	24%

* Includes income from associated undertakings.

Strong asset management result offset by lower life assurance earnings

Total earnings increased by 3% to R2,846 million for the first six months of 2006 from R2,765 million for the equivalent period last year, reflecting a strong increase in asset management profits and the LTIR, offset by a decrease of 10% in the life assurance result.

Adjusted operating profit for the asset management businesses, which increased by 27% to R459 million for the half year 2006 (30 June 2005: R361 million), benefited from significant performance fees earned and a strong increase in funds under management since the start of the year. Active targeting of unit trust sales growth through specific product-level marketing also contributed to this result, with unit trust sales increasing by 52% in the first half compared with the first six months of 2005.

The life assurance profit showed a decrease of 10% to R1,589 million from R1,758 million in 2005 as a result of the continued investment in distribution, an increased share-based incentive charge following the strong increase in the Old Mutual share price, a significant decline in investment variances off a high 2005 base due to interest rate movements and the consequences of assumption changes in 2005.

The underlying strength of the South African equity market, resulting in higher investible assets as a result of significant investment gains on the shareholder portfolio, have contributed to the increase of 24% in the LTIR to R798 million for the half year (30 June 2005: R646 million).

EEV earnings

Embedded value adjusted operating profit before tax for covered business has decreased by 3% to R2,869 million, from R2,971 million at June 2005. An increase in the expected return, due to an increase in the opening embedded value has been offset by a reduction in experience variances, which are still positive due to some one-off items in 2005. The annualised return on embedded value has decreased to 13%, from 16% at June 2005. This reduction is due to lower favourable experience variances, a decrease in the expected opening rates of return and a decrease in relative value of new business.

Positive net client cash flows of R6.4 billion

Client funds under management increased by 8% to R391 billion from R362 billion at 31 December 2005, benefiting from the growth in the South African equity market.

Net client cash flows were R6.4 billion for the half year, compared with R17 billion of negative cash flows in the first half of last year. The turnaround in cash flows relates mainly to third party asset management flows which have been positive this half year, but were significantly negative in the same period last year. These flows include R4.2 billion from Mutual & Federal.

OMAM (SA) continued to deliver solid investment performance, ranking third out of the nine institutional asset managers in the Alexander Forbes South African Global Manager Watch (Large) Survey over the three years to the end of June 2006.

Exceptional growth of 52% in unit trust sales

OMSA unit trust sales increased by 52% to R8,506 million (30 June 2005: R5,614 million), driven by more focused product-level marketing, our ongoing investment in distribution, sales growth through open architecture platforms and the current positive investment environment in South Africa.

Net cash flows also increased for the half year to R2.2 billion from R1.9 billion in 2005.

Life sales continue to benefit from investment in distribution

Our focus on improving customer value for money, strengthening our tied agent sales force and relationships with independent sales forces, and building links with our other South African businesses, have all positively impacted sales.

Individual Life sales up 13%

Individual APE (Rm)	**H1 2006**	H1 2005	% change
Savings	**600**	574	5%
Protection	**375**	306	23%
Immediate annuity	**85**	82	4%
Group Schemes	**375**	310	21%
Total	**1,435**	1,272	13%
Single	**393**	334	18%
Recurring	**1,042**	938	11%

Individual business was up 13% to R1,435 million, reflecting the benefits of continuing investment in distribution.

It was pleasing to see the ongoing focus on delivering cross business growth continuing to bear fruit, with single premiums positively impacted by a 91% increase in life APE sales through Nedbank for the first six months of 2006 compared with same period last year.

Individual Life recurring premiums increased by 11% to R1,042 million for the first half from R938 million for the equivalent period last year, with our Group Schemes business continuing to expand on the back of good sales force growth. A significant increase in credit life sales through Nedgroup Life contributed to the 23% increase in Protection business.

Growth in Group Business sales impacted by lower Healthcare

Group APE (Rm)	H1 2006	H1 2005	% change
Savings	**147**	148	(1%)
Protection	**37**	81	(54%)
Annuity	**96**	54	78%
Healthcare	**132**	278	(53%)
Total	**412**	561	(27%)
Single	**227**	182	25%
Recurring	**185**	379	(51%)

Group Business sales decreased by 27% to R412 million (30 June 2005: R561 million) as recurring premiums of R185 million suffered as a result of 53% lower Healthcare sales, decreasing to R132 million for the first half (30 June 2005: R278 million). Steps being taken to address the declining Healthcare sales include reviewing the structure of the business, improving distribution issues and reviewing benefit structures.

Group protection sales were lower by 54%, as incumbents won most tenders and competition remained fierce. We have been successful in retaining more protection business than normal, helping to offset the impact of lower new business levels.

The high growth of 25% in Group single premiums to R227 million (30 June 2005:R182 million) was underpinned by some significant annuity wins in the first half of 2006.

Margin of 14% is in line with expectations

Both Individual and Group Business new business margins have remained in line with the first half of last year, at 12% and 20% respectively, despite the increase in discount rates used to value the margins. The Individual Business margin reflects the impact of the investments in our distribution capability, the switch to lower charge products, an increase in embedded value economic assumptions and more competitive product pricing in some areas. Overall new business margins decreased slightly to 14% from 15% in the first half of 2005 due to the lower proportion of Group Business sales and the change in discount rates.

The after-tax value of new business was R252 million, 6% lower than in the first half of 2005 in line with the reduction in overall margin.

Strong capital position

Our South African life company remains strongly capitalised, with 3.1 times coverage of its Statutory Capital Adequacy Requirement (SCAR) after allowing for statutory limitations on the value of certain assets. This compares favourably with the coverage of 3.0 times at 31 December 2005 and 2.4 times at 30 June 2005.

BANKING - NEDBANK GROUP (NEDBANK)

Highlights (Rm)	H1 2006	H1 2005	% change
Adjusted operating profit	**3,247**	2,114	54%
Headline earnings*	**2,104**	1,398	51%
Net interest income*	**5,039**	4,024	25%
Non-interest revenue*	**4,591**	3,881	18%
Net interest margin*	**3.88%**	3.45%	
Cost to income ratio*	**57.3%**	65.1%	
ROE*	**18.3%**	14.8%	
Total Assets (bn)*	**385**	336	15%
ROA*	**1.15%**	0.85%	

* As reported by Nedbank.

Strong results with adjusted operating profit up 54%

Nedbank continues to deliver improved financial results, with adjusted operating profit of R3,247 million up by 54% on the 2005 equivalent of R2,114 million. This reflects the benefits of organic growth, coupled with the operating efficiencies achieved over the last two years.

Continued growth in net interest income (NII)

NII grew 25% to R5,039 million. Despite margin compression experienced by the industry, Nedbank's margin for the period improved to 3.9% from 3.5% in the first half of 2005, reflecting product mix changes from the growth in higher margin retail and business banking advances, including strong growth in personal loans at Nedbank Retail, the settlement of the expensive funding for the minority shareholders of Peoples Bank in April 2005, higher endowment levels and interest on the proceeds from the sales of the remaining holdings in Net1 UEPS Technologies Inc and State Bank of Mauritius.

Nedbank anticipates some margin reduction for the remainder of the year as a result of asset growth within the banking sector in South Africa being funded largely by wholesale deposits. This is expected to be partially offset by the increased endowment effect from interest rate increases.

Strong growth in Non-interest revenue (NIR)

NIR increased by 18% from R3,881 million to R4,591 million for the period to 30 June 2006. This growth was driven largely by property private equity revaluations in Nedbank Corporate, buoyant and volatile market conditions contributing to a 38.7% increase in overall trading income at Nedbank Capital, increased volume growth resulting in commission and fees growing 18% over the comparative period, and growth in the group's bancassurance operations, with new business premiums increasing by 21% from R2,294 million to R2,767 million. In July 2006 Nedbank Retail reduced bank fees for individual current account clients by an average of 13%.

Cost to Income Ratio reduced to 57%

Expenses continued to be closely managed, as they increased by only 7% to R5,516 million, and revenue growth exceeded expense growth by 15% for the period, resulting in the efficiency ratio improving from 65% to 57%. Nedbank has recruited additional staff in client-facing divisions and has announced a major expansion program whereby it will invest R1 billion over the next three years in expanding its distribution footprint, including opening an additional 400 retail outlets and upgrading their ATM network.

Return on Equity (ROE) on track at 18%

Return on Equity improved significantly from 15% (at 30 June 2005) to 18% for the six month period to 30 June 2006 and the bank remains committed to meeting the 2007 targets of the 55% Cost to Income Ratio and 20% Return on Equity despite the challenge of continued investment in its retail footprint.

Strong capital position maintained

Nedbank remains well capitalised, with its Tier 1 group capital adequacy ratio increasing from 8.5% at 30 June 2005 to 9.1% at 30 June 2006. The total group capital adequacy ratio has increased from 12.2% at 30 June 2005 to 13.3% at 30 June 2006. Nedbank bought back 5.5 million shares in the first half of 2006.

GENERAL INSURANCE – MUTUAL & FEDERAL

Highlights (Rm)	**H1 2006**	H1 2005	% change
Adjusted operating profit	**475**	573	(17%)
Underwriting ratio*	**3.9%**	8.2%	
Gross premiums*	**4,260**	3,962	8%
Earned premiums*	**3,634**	3,323	9%
Solvency ratio*	**75%**	57%	
Return on capital*	**20.4%**	22.7%	

* As reported by Mutual & Federal.

Underwriting surplus achieved in a competitive market

The anticipated deterioration in trading conditions in the short-term insurance market resulted in a 17% decrease in Mutual & Federal's adjusted operating profit for the half year to R475 million (30 June 2005: R573 million). This result was impacted by an escalation in average claim costs as claim patterns returned to more normal levels following the benign claims environment during the comparable period in 2005, combined with moderate premium growth due to increasing pricing pressure in a softening insurance cycle.

Mutual & Federal generated an underwriting surplus of R140 million at an underwriting ratio of 3.9%. Despite the aggressive cutting of premium rates to non-sustainable levels by certain competitors, Mutual & Federal remain committed to maintaining responsible underwriting standards.

Conditions within the short-term insurance market and in the economy in general, continue to provide significant opportunities for business growth at Mutual & Federal while management expressed confidence that premium increases and corrective action planned for the second half of the year, particularly in relation to the motor business, will continue to support modest underwriting profits.

Satisfactory premium growth at 8%

Total gross premiums increased by a satisfactory 8% for the first half to R4,260 million (30 June 2005: R3,962 million) despite the continued softening of the short-term insurance market and the intense level of competition experienced throughout the sector with each division encountering difficulties in defending its client base.

Claims increase in severity and frequency

The general level of commercial and industrial fire claims increased in both severity and frequency in the first half, negatively impacting the results of the commercial portfolio. The personal division was also affected by severe adverse weather conditions in addition to increased theft losses. The motor account, in particular, reflected an underwriting deficit as it continued to be affected by an escalation in the incidence of motor vehicle accidents. This division has also been impacted by increased repair costs relating to imported cars following the recent decline in the Rand.

Investment income increased due to positive operational cash flows

Investment income in the first half remained at a high level following continued growth in the value of listed equities, while interest income benefited from higher levels of cash in hand.

Capital management

Mutual & Federal has announced the payment of a special dividend following a detailed review of its capital requirements. The capitalisation award, with a cash alternative of 800 cents per share, payable on 11 September 2006, representing R2.3 billion or 40% of the net asset value of the company. Following payment of the special dividend, the solvency ratio is expected to decrease from the current level of 75% to approximately 40%, a level which is considered sufficient to sustain the current operations, as well as supporting the future development of the business.

UNITED STATES

Strong growth in adjusted operating profit

Highlights (£m)	**H1 2006**	H1 2005	% change
Adjusted operating profit	**131**	112	17%
Embedded value adjusted operating profit	**126**	133	(5%)
Life assurance sales (APE)	**129**	147	(12%)
Mutual fund sales	**384**	64	500%
Funds under management (£bn)	**126**	117	8%

Highlights ($m)	**H1 2006**	H1 2005	% change
Adjusted operating profit	**234**	210	11%
Embedded value adjusted operating profit	**225**	251	(10%)
Life assurance sales (APE)	**230**	276	(17%)
Mutual fund sales	**687**	120	473%
Funds under management ($bn)	**232**	209	11%

Performance

Our US business is well placed to take advantage of local demographics as we further enhance our products and investment styles. We have introduced a common management structure and aim to implement a coordinated retail distribution strategy, while preserving the autonomy of the individual money management affiliates, and their ability to focus on producing excellent investment performance for clients.

The US businesses delivered an 11% increase in adjusted operating profit to $234 million for the half year 2006 compared with $210 million for the first six months of 2005. Funds under management increased by 11% to $232 billion compared to 30 June 2005, even after the sale of eSecLending in May. Both the life business and the asset management businesses continues to grow through the combined effect of net cash flow from clients, positive equity markets, and good investment performance by our affiliates. We also had another good contribution from transaction and performance fees.

Funds under management at the half year have been impacted by a decrease of $25.4 billion in client assets as a result of the sale of eSecLending. Funds under management at our US life business of $21 billion at 30 June 2006 are now firmly in the $20 to $25 billion range required to meet the target of releasing cash from 2007.

US LIFE

Strong growth in operating profit, up 11%

Highlights ($m)	H1 2006	H1 2005	% change
Adjusted operating profit*	**129**	116	11%
Return on equity	**7.9%**	8.4%	
Embedded value adjusted operating profit (covered business)	**120**	157	(24%)
Return on embedded value	**8.1%**	12.8%	
Life assurance sales (APE)	**230**	276	(17%)
Value of new business	**40**	55	(27%)
New business margin	**17%**	20%	
Funds under management ($bn)	**21**	20	5%

* Restated to exclude amortisation of the present value of acquired in-force business.

Adjusted operating profit in the US life business increased by 11% to $129 million for the half year from $116 million achieved in the first six months of 2005. This result reflects the continued growth in assets and in-force business, combined with financial disciplines implemented to both progress the business and enable the targeted release of cash from 2007.

Return on equity for the year of 7.9% benefited from the strong operating profit result but was negatively impacted by recent capital injections to fund growth and maintain the targeted risk-based capital ratio.

On track for full year sales target

Our goal for this business is to grow assets by achieving sales of $4 billion so as to release cash from 2007. We are well on track, with funds under management at 30 June 2006 of $21 billion, the business is on target to deliver full year sales at a similar level to 2005.

In accordance with expectations, Life APE sales for the first half were 17% lower at $230 million (30 June 2005: $276 million), compared with record half-year 2005 sales. Second quarter sales were up 17% on the first quarter. We continue to focus on maintaining pricing disciplines and targeting growth in more profitable product areas rather than indiscriminately pursuing volume growth.

Offshore annuity APE sales through Old Mutual Bermuda continued to show excellent growth of 54%, increasing to $54 million (30 June 2005: $35 million) and now represent almost a quarter of sales for the US Life business. This growth reflected a further strengthening of relationships in the existing bank distribution network and an overall expansion in the network during the first half of 2006.

Our adjusted embedded value operating profits were affected by a lower value of new business due to the decline in new business sales and a change in operating assumption to reflect the higher than expected usage of a product feature which allows clients to withdraw 10% of their fund without any surrender charge.

Pricing disciplines maintained

Positive investment yields, combined with the focus on achieving profitability through the maintenance of strong pricing disciplines, resulted in a robust margin of 17% in the first half of 2006 despite the impact of a significant increase in the risk discount rate.

The after-tax value of new business decreased by 27% to $40 million compared with $55 million for the half year 2005, reflecting the impact of the reduction in sales, in addition to the increase in the risk discount rate and the unusually high margin achieved in the first half of 2005.

Continued strengthening of this business

We are committed to ensuring that adequate infrastructure is in place to support this growing business, with the implementation of new actuarial and financial systems now substantially complete, providing significant enhancements to our internal processes.

We will continue to maintain strong pricing disciplines to achieve sales growth in the higher margin, more profitable areas of the business.

US ASSET MANAGEMENT

Operating profit up 12%

The Group's US asset management business delivered 12% growth in adjusted operating profit to $105 million for the six months to 30 June 2006, compared with $94 million for the equivalent period last year. Operating profit benefited from the continuation of strong net cash inflows, combined with strong transaction and performance fees sourced primarily from Heitman and Acadian.

Highlights ($m)	**H1 2006**	H1 2005	% change
Adjusted operating profit	**105**	94	12%
Funds under management ($bn)	**231**	209	11%
Net fund flows ($bn)	**9.7***	20.1	(52%)
Operating margin	**26%**	25%	

* Excludes impact of eSecLending.

Continued strong net inflows

The combination of strong net cash flows, positive equity markets and the focus on delivering superior investment performance, contributed to a 11% increase in asset levels to $231 billion compared with the first half 2005, and an increase of 2% from $226 billion funds since the start of the year. Excluding the effect of the sale of eSecLending, funds under management increased by 10% from $211 billion at 31 December 2005.

Funds under management benefited from net fund inflows of $20 billion for the first half of 2006, including $10.3 billion relating to eSecLending. International / emerging markets equity, core equity and global fixed income products attracted the largest inflows, with strong investment performance and net positive market movements contributing a further $9.4 billion towards the increase in funds under management for the half year.

Strong investment performance

Continued positive net fund inflows reflected the excellent investment performance achieved by our member firms. At 30 June 2006, 88% and 92% of assets had outperformed their benchmarks over three and five years respectively. Over the same periods 55% and 66% of assets respectively ranked in the first quartile of their peer group.

Executing on growth

Our retail initiative continued to gather momentum with year to date gross sales of $1.2 billion, of which $687 million related to open-end mutual fund sales. This sales momentum is a result of the wholesaling team effort in place for over a year now, as well as having over 400 National Account selling agreements in place. We have continued to expand our product line and in May 2006 launched the Old Mutual Analytic Global Defensive Equity Fund.

In February 2006, the US asset management business exercised its option to purchase a majority interest in Copper Rock Capital Partners, a small-cap growth equity manager headquartered in Boston. The investment team brought with them a solid performance record, contributing to a doubling of funds under management since February, including healthy growth of assets in the Old Mutual Copper Rock Emerging Growth Fund.

The US Asset Management business remains committed to its strategy of identifying product and sector gaps in its portfolio and selectively pursuing opportunities that will assist in development of those areas.

Continuing strong net inflows and forthcoming product introductions place the business in a favourable position to increase total funds under management and earnings going forward. As always the business model is focused on enabling the member firms to deliver superior investment returns to clients.

EUROPE

Highlights (£m)*	H1 2006	Proforma H1 2005	% change
Adjusted IFRS operating profit	**120**	39	208%
Embedded value adjusted operating profit (covered business)	**183**	137	34%
Life assurance sales (APE)	**420**	359	17%
Mutual fund sales	**1,790**	1,184	51%
Return on invested capital	**9%**	n/a	
Return on embedded value	**13.3%**	n/a	
Funds under management (£bn)	**47**	36	31%

* All current and prior year numbers reflect 5 months of results. All prior year numbers are proforma, adjusted to Old Mutual accounting policies. Prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Strong operating results

A strong operating result both on an IFRS and EEV basis was delivered, with the integration remaining on track both in terms of realisation of synergies and estimated synergy costs.

Adjusted operating profit on an IFRS basis increased from £39 million to £120 million driven by higher funds under management, higher sales volumes and increased fee income achieved across most areas of the business.

The embedded value adjusted operating profit before tax of £183 million increased from £137 million, benefiting from excellent new sales in many regions including UK post A-day sales, as well as significant growth in the Europe and Latin America division (ELAM) particularly in Italy, Poland and France and positive experience effects. In addition, experience variances improved reflecting a higher level of fee income and better persistency experience compared to that assumed in all three divisions.

Particularly pleasing was the increase in UK mutual fund sales, with 75% sales growth in the UK from Skandia MultiFUNDS and Selestia combined, as the industry shift to open architecture platforms continued.

Margins after tax on life business improved, after factoring in the Head office expenses allocation. Healthy net cash inflows of £3 billion, led to funds under management increasing by 7% since 31 December 2005, benefiting also from the strength of equity markets. This was also reflected in the increase in total fund based fees of 58%.

The results from Skandia are above expectations with strong sales and we are pleased that the business has shown minimal disruption from the acquisition in February. Much, of course, remains to be done. We outlined our future strategy on 20 June 2006 and we are committed to all the goals laid out at that time.

UNITED KINGDOM

Highlights (£m)*	H1 2006	Proforma H1 2005	% change
Long-term business	**63**	16	297%
Asset management	**4**	(7)	163%
IFRS adjusted operating profit	**67**	9	644%
Embedded value adjusted operating profit (covered business)	**86**	52	65%
Life assurance sales (APE)	**262**	225	16%
Mutual fund sales	**1,170**	667	75%
Value of new business	**26**	17	53%
Life new business margin	**10%**	8%	
Funds under management (bn)	**31**	23	35%

* All current and prior year numbers reflect 5 months of results. All prior year numbers are proforma adjusted onto old Mutual accounting policies. Prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Strong earnings

The improvement in the adjusted operating result in the first half of 2005 of £9 million, to £67 million in the first half 2006 is primarily driven by higher fund base fees as asset appreciation and net fund inflows have increased funds under management.

In addition the 2005 result was impacted by a number of one-off charges in 2005, as provisions were required to address changes in fee structure.

Embedded value adjusted operating profit before tax increased from £52 million to £86 million, driven by growth in new business, operating leverage and improved experience variances from the positive impact of high fee income. Skandia UK also saw a rise in surrender rates associated with increased A-day related pension transfer activity and we believe this trend was experienced across the industry. We are currently undertaking measures to improve long-term persistency performance.

Life sales up 16%, Mutual Fund sales up 75%

Skandia UK continued to deliver strong new business growth, with life APE sales up 16% to £262 million (30 June 2005: £225 million).

UK onshore unit-linked sales grew by 39% to £162 million, benefiting from increased transfer activity and higher regular premium investments following the implementation of Pensions ‘A’ Day regulations, with an 89% growth in pensions sales.

Offshore sales declined by 5% to £100 million. Whilst strong growth was experienced by Royal Skandia in international markets, this was offset by lower UK sourced sales, where volumes were adversely impacted by uncertainty surrounding the tax treatment of trusts.

Mutual fund sales increased by 75% to £1,170 million (30 June 2005: £667 million), benefiting from strong tax year end sales and the continuing industry shift to open architecture investment platforms.

Profit margins

Value of new business for life business after tax of £26 million resulted in a profit margin (after tax and after allocating Head Office expenses) of 10%. Skandia UK's margin has benefited from favourable operating leverage from strong new sales and an improvement in product mix, as Skandia sold proportionately less of some lower margin International products. The long-term goal, as communicated on 20 June 2006, is to achieve margins in the 11-12% range.

Funds under management

Funds under management have increased by 7% to £31 billion from 31 December 2005, benefiting from strong net inflows from unit-linked and mutual funds coupled with favourable market movements.

The largest increase was experienced within mutual funds driven by strong performance in Skandia MultiFUNDS (SMFL), Selestia and Skandia Investment Management (SIML).

SMFL/Selestia inflows are growing strongly as fund platforms become the industry standard for mutual funds investments. SIML has continued to broaden its fund range, with new funds such as Global Best Ideas Funds (GBI) launched in June 2006.

SIML funds were added to the Selestia platform in June and the SMFL/Selestia integration plan continues to gain momentum in line with the plans announced by the Group on 20 June 2006.

NORDIC

Highlights (SEKm)*	H1 2006	Proforma H1 2005	% change
Long-term business	**481**	276	75%
Asset management	**12**	10	18%
Banking	**79**	58	36%
Adjusted operating profit	**572**	344	66%
Embedded value adjusted operating profit (covered business)	**755**	460	64%
Life assurance sales (APE)	**904**	916	(1%)
Mutual fund sales	**793**	820	(3%)
Value of new business	**260**	261	-
Life new business margin	**29%**	29%	
Funds under management (bn)	**99**	82	21%

* All current and prior year numbers reflect 5 months of results. All prior year numbers are proforma adjusted onto Old Mutual accounting policies. Prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Nordic division delivers good profits

Adjusted operating profit increased from SEK344 million to SEK572 million benefiting from higher fund-based fees in the unit-linked business, improved risk result and higher rebates from fund managers. Within Nordic, a majority of fee income is fund based and it grew 38% with funds growing by 21%. Whilst Nordic's banking result has improved in 2006 due to lower head office expense allocation, underlying business performance was dampened by both lower net interest income due to a change in product mix and increased competition as well as higher transaction and project costs following the Basel II implementation.

Embedded value adjusted operating profit increased from SEK460 million to SEK755 million driven by a higher return on in-force business and significant improvements in experience variances mainly related to higher fee income and surrenders in line with that assumed as part of the restatement. The value of new business was relatively stable.

During the prior year there was increased transfer activity from other products as a result of the new Kapitalpension product. As expected during the first half of 2006, the levels of surrenders in unit-linked business have levelled off with the reduced impact of conversions to Kapitalpension.

Sales

Unit-linked APE sales in the Nordic region decreased by 1% to SEK904 million with 7% growth in recurring premiums offset by a 31% decrease in single premiums, reflecting a downturn in Kapitalpension product sales over the second quarter, as the rush to convert older contracts has tailed off. For the same reason, surrenders were also lower.

The downturn in Kapitalpension is reflected in the declining market share for unit-linked business in Sweden, which was 17.9% on a moving twelve months basis compared to 18.7% a quarter earlier. New sales within the corporate segment in Sweden were stable and Skandia's market share in that segment grew slightly to 18.3%. The corporate segment accounts for more than two-thirds of new sales in Sweden.

Profit margins maintained

Strong profit margins for unit linked business were maintained in the first half of 2006, and the VNB after tax of SEK260 million resulted in a profit margin after tax of 29%. We expect that structural changes in the Swedish market will squeeze margins down to the 22-25% range as communicated on 20 June.

Funds under management

Despite the decrease in equity markets during the second quarter of 2006, total funds under management retained most of the increase seen in 2005. The increase was driven by higher net inflows from customers into unit-linked funds.

Lending in the bank increased by 14% compared to 31 December 2005, resulting mainly from mortgages in Norway.

EUROPE AND LATIN AMERICA (ELAM)

Highlights (Euro m)*	H1 2006	Proforma H1 2005	% change
Long-term business	**19**	12	58%
Asset management	**(3)**	(6)	42%
Adjusted operating profit	**16**	6	167%
Embedded value adjusted operating profit (covered business)	**60**	74	(19%)
Life assurance sales (APE)	**132**	95	39%
Mutual fund sales	**816**	665	23%
Value of new business	**25**	17	47%
Life new business margin	**19%**	18%	
Funds under management (bn)	**13**	10	30%

* All current and prior year numbers reflect 5 months of results. All prior year numbers are proforma adjusted onto Old Mutual accounting policies. Prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Positive growth in IFRS profit

Adjusted operating profit increased to Euro 16 million compared to Euro 6 million in the prior year driven by increased fee income as funds under management have continued to grow, higher inflows together with maintained cost control. Total fund based fees increased 50% during the first six months as the total funds within Unit Linked and Mutual Funds grew by 30% from 30 June 2005.

Within Mutual Funds, Colombia and Skandia Global Funds are the largest positive contributors to the IFRS result whereas the businesses in some other countries are still in a start up phase.

Embedded value adjusted operating profit of Euro 60 million declined from Euro 74 million despite higher value of new business compared to last year due to strong growth in the value of new business in Italy, Poland and France. This was because there was some positive one-off effects in the value of new business and experience variance due to the German overhang in 2005 as well as changes in operating assumptions in 2005.

Strong growth in sales

Life APE sales growth has been particularly strong in Italy, Poland and France, with exceptionally strong single premium sales in Italy in the first quarter of 2006.

The new business inflow in Germany continues to recover even though the market is still slower than in the first years before the pension reform. Germany, like Austria, has a steady book of regular premium contracts generating a good level of regular inflow.

ELAM achieved growth of 23% in mutual fund sales to Euro 816 million (30 June 2005: Euro 665 million), primarily driven by excellent sales in Spain and Colombia in the first quarter.

Margin of 19% achieved

The overall new business margin of 19% was slightly higher than the expected long-term margin of 16-18% as communicated on 20 June due to a shift in the geographical new business mix.

Funds under management

Despite the decrease in equity markets during the second quarter of 2006, total funds under management remain stable at Euro 13 billion when compared to 31 December 2005. Net client cash flows were positively impacted by strong inflows within mutual funds offset by withdrawals in the short-term asset management business, primarily due to the downturn in equity markets during the second quarter of 2006.

OTHER

Highlights (£m)	**H1 2006**	H1 2005*	% change
Adjusted operating profit	**9**	8	13%
Funds under management (£bn)	**7**	6	17%
Unit trust sales	**779**	450	73%

* Includes results of Skandia Australia and Skandia-BSAM (China).

A year of strong organic growth

The success of our organic growth strategy continues with our other businesses (including Old Mutual Asset Managers (OMAM (UK)), Skandia Australia, Old Mutual Asset Managers Bermuda and our Asian operations) delivering adjusted operating profit of £9 million for the half year 2006.

OMAM (UK) produced solid results, with adjusted operating profit of £6 million driven by strong hedge fund and retail unit trust performance.

Unit trust sales increased by 73% to £779 million for the first half (30 June 2005: £450 million) driven by strong sales at OMAM (UK) as the business continued to benefit from the expansion of its product portfolio and the further strengthening of its distribution capabilities.

Expansion into Asia

Our life associate in India, Kotak Mahindra Old Mutual, continues to make strong progress. Total premium income on an APE basis reached £55 million for the first six months of the year, an increase of 92% over the first half of 2005. The business now has more than 2,000 employees and a tied-agency force of 14,000, and operates from 51 branches in 39 cities across India.

Skandia-BSAM, our joint venture with the Beijing state-owned Asset Management Company, now in its second year of operation, has made a very good start to the year, achieving 87% of its annual sales target at the half-year. In addition to the current branches in Beijing and Shanghai, we will be opening a third branch in Nanjing before the end of the year.

Australian Skandia Limited has been in operation for five years and provides investors with a choice of flexible, long-term savings solutions. Australia remains an attractive market, with the business showing strong fund inflows.

Going forward we will continue to pursue organic growth, with new product launches and further development of our distribution team capabilities planned for OMAM (UK). The business is also focusing on diversifying its revenue streams, primarily through growth in the institutional business.

We are also committed to expanding our operations in India and China through the development and offering of financial solutions to the emerging middle class in those countries.

Summary Consolidated Income Statement

for the six months ended 30 June 2006

The following table summarises the Group's results in the consolidated income statement on page 30. Adjusted operating profit represents the Directors' view of the underlying performance of the Group. This summary does not form part of the interim financial statements.

	Notes	**6 months ended 30 June 2006** £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
South Africa				
Long-term business		**224**	214	475
Asset management		**55**	37	85
Banking		**274**	176	421
General insurance		**42**	49	102
		595	476	1,083
United States				
Long-term business		**72**	62	106
Asset management		**59**	50	118
		131	112	224
Europe				
Long-term business		**111**	-	-
Asset management		**3**	(2)	(4)
Banking		**6**	-	-
		120	(2)	(4)
Other				
Long-term business		**(1)**	-	-
Asset management		**10**	10	20
		9	10	20
Finance costs		**(63)**	(19)	(37)
Other shareholders' income/(expenses)		**(21)**	(11)	(25)
Adjusted operating profit*	3(ii)	**771**	566	1,261
Adjusting items	4	**(40)**	87	218
Profit before tax (net of income tax attributable to policyholder returns)		**731**	653	1,479
Total income tax expense	5	**(296)**	(181)	(484)
Less: income tax attributable to policyholder returns		**84**	21	127
Income tax attributable to shareholders		**(212)**	(160)	(357)
Profit for the financial period		**519**	493	1,122
Profit for the financial period attributable to:				
Equity holders of the parent		**380**	387	867
Minority interests				
Ordinary shares		**113**	78	203
Preferred securities		**26**	28	52
		519	493	1,122

* For long-term and general insurance business, adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, initial costs of Black Economic Empowerment schemes, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments and dividends declared to holders of perpetual preferred callable securities.

Summary Consolidated Income Statement *continued*

for the six months ended 30 June 2006

Adjusting items comprise:

	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Income / (expense)				
Goodwill impairment and impact of acquisition accounting	4(i)	**(135)**	(14)	(22)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(ii)	**97**	(4)	58
Short-term fluctuations in investment return	4(iii)	**73**	133	363
Investment return adjustment for Group equity and debt instruments held in life funds	4(iv)	**(97)**	(28)	(109)
Initial costs of Black Economic Empowerment schemes	4(v)	**-**	-	(72)
Dividends declared to holders of perpetual preferred callable securities	4(vi) / 8	**22**	-	-
Adjusting items		**(40)**	87	218

Adjusted operating profit after tax attributable to ordinary equity holders is determined as follows:

	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Adjusted operating profit		**771**	566	1,261
Tax on adjusted operating profit	5	**(196)**	(137)	(314)
		575	429	947
Minority interests – ordinary shares		**(119)**	(76)	(185)
Minority interests – preferred securities		**(26)**	(28)	(52)
Adjusted operating profit after tax attributable to ordinary equity holders		**430**	325	710

Earnings per share attributable to ordinary equity holders	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	Pence Year ended 31 December 2005
Adjusted operating earnings per ordinary share*	7(ii)	**8.5**	8.7	18.5
Basic earnings per ordinary share	7(i)	**8.0**	11.2	25.1
Diluted earnings per ordinary share	7(i)	**7.5**	11.2	24.3
Adjusted weighted average number of shares – millions	7(ii)	**5,063**	3,753	3,840
Weighted average number of shares – millions	7(i)	**4,547**	3,467	3,456

* Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit. It is stated after tax attributable to adjusted operating profit and minority interests. It excludes income attributable to Black Economic Empowerment trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment trusts.

Independent Review Report by KPMG Audit Plc to Old Mutual plc

Introduction

We have been engaged by the Company to review the financial information for the six months ended 30 June 2006, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the statement of changes in equity and the related notes ('the Financial Information') as set out on pages 30 to 62 and to review the European Embedded Value basis supplementary information for the six months ended 30 June 2006 as set out on pages 66 to 92 ("the Supplementary Information").

The Supplementary Information has been prepared in accordance with the European Embedded Value Principles issued in May 2004 by the European CFO Forum as supplemented by the Additional Guidance on European Embedded Value Disclosures issued in October 2005 (together "the EEV Principles") using the methodology and assumptions set out on page 83.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with either the Financial Information or the Supplementary 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 and also to provide a review conclusion to the Company on the Supplementary Information. Our reviews have 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 and the Supplementary Information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Financial Information 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 financial statements except where any changes, and the reasons for them, are disclosed. The Directors have accepted responsibility for preparing the Supplementary Information in accordance with the EEV Principles and for determining the assumptions used in the application of those principles.

Review work performed

We conducted our review of the Financial Information in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. We conducted our review of the Supplementary Information having regard to that Bulletin. A review consists principally of making enquiries of Group management and applying analytical procedures to the Financial Information, the Supplementary Information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK & Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Financial Information or the Supplementary Information.

Independent Review Report by KPMG Audit Plc to Old Mutual plc *continued*

Review conclusions

On the basis of our reviews we are not aware of any material modifications that should be made either to the Financial Information or to the EEV basis Supplementary Information as presented for the six months ended 30 June 2006.

KPMG Audit Plc

Chartered Accountants

8 Salisbury Square, London EC4Y 8BB

14 September 2006

Consolidated Income Statement

for the six months ended 30 June 2006

	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Revenue				
Gross earned premiums	3(iii)	**2,411**	2,148	4,473
Outward reinsurance		**(129)**	(80)	(197)
Net earned premiums		**2,282**	2,068	4,276
Investment income (net of investment losses)		**3,661**	2,501	6,569
Banking interest and similar income		**1,304**	944	2,018
Fee and commission income, and income from service activities		**1,074**	576	1,274
Other income		**127**	104	215
Share of associated undertakings' profit after tax		**3**	6	17
Total revenues		**8,451**	6,199	14,369
Expenses				
Claims and benefits (including change in insurance contract provisions)		**(3,759)**	(3,334)	(7,795)
Reinsurance recoveries		**109**	88	226
Net claims incurred		**(3,650)**	(3,246)	(7,569)
Change in provision for investment contract liabilities (including amortisation)		**(832)**	(448)	(1,202)
Losses on loans and advances		**(73)**	(53)	(103)
Finance costs (including interest and similar expenses)		**(42)**	(22)	(40)
Banking interest expense		**(712)**	(576)	(1,254)
Fees, commissions and other acquisition costs		**(381)**	(164)	(389)
Other operating and administrative expenses		**(1,414)**	(951)	(2,155)
Change in provision for third party interest in consolidated funds		**(453)**	(50)	(80)
Goodwill impairment	4(i)	**(2)**	(2)	(5)
Amortisation of PVIF and other acquired intangibles		**(174)**	(9)	(24)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(ii)	**97**	(4)	58
Total expenses		**(7,636)**	(5,525)	(12,763)
Profit before tax		**815**	674	1,606
Income tax expense	5	**(296)**	(181)	(484)
Profit for the financial period		**519**	493	1,122
Profit for the financial period attributable to:				
Equity holders of the parent		**380**	387	867
Minority interests				
Ordinary shares		**113**	78	203
Preferred securities		**26**	28	52
Profit for the financial period		**519**	493	1,122

Earnings and dividend per share		6 months ended 30 June 2006	6 months ended 30 June 2005	Pence Year ended 31 December 2005
Basic earnings per ordinary share	7(i)	**8.0**	11.2	25.1
Diluted earnings per ordinary share	7(i)	**7.5**	11.2	24.3
Dividend per ordinary share	8	**3.65**	3.5	5.35
Weighted average number of shares – millions		**4,547**	3,467	3,456

Consolidated Balance Sheet

at 30 June 2006

	Notes	At 30 June 2006	At 30 June 2005	At 31 December 2005
				£m
Assets				
Goodwill and other intangible assets		**5,444**	1,302	1,570
Investments in associated undertakings		**56**	132	93
Investment property		**728**	704	847
Property, plant and equipment		**476**	457	538
Deferred tax assets		**536**	505	458
Reinsurers' share of insurance contract provisions		**819**	362	455
Deferred acquisition costs		**1,419**	815	1,089
Current tax receivable		**74**	28	29
Loans, receivables and advances		**20,530**	15,600	18,456
Derivative financial instruments – assets		**1,280**	1,971	1,604
Financial assets fair valued through income statement		**66,739**	28,470	35,378
Other financial assets		**12,235**	11,886	12,265
Short-term securities		**911**	1,293	1,764
Other assets		**3,526**	2,721	2,409
Assets held-for-sale		**1,168**	-	-
Cash and balances with the central banks		**2,078**	1,946	3,051
Placements with other banks		**720**	324	568
Total assets		**118,739**	68,516	80,574
Liabilities				
Insurance contract provisions		**21,751**	19,794	23,258
Financial liabilities fair valued through income statement		**52,311**	15,863	21,187
Third party interests in consolidation of funds		**2,261**	708	966
Borrowed funds	9	**2,203**	1,048	1,433
Provisions		**371**	237	285
Deferred revenue		**207**	123	138
Deferred tax liabilities		**1,259**	486	611
Current tax payable		**229**	154	178
Deposits from other banks		**1,377**	1,090	2,577
Amounts owed to other depositors		**18,380**	14,776	15,509
Other money market deposits		**2,886**	3,122	3,059
Derivative financial instruments – liabilities		**1,241**	1,893	1,634
Liabilities held-for-sale		**1,105**	-	-
Other liabilities		**4,680**	4,016	3,320
Total liabilities		**110,261**	63,310	74,155
Net assets		**8,478**	5,206	6,419
Shareholders' equity				
Equity attributable to equity holders of the parent		**6,932**	3,816	4,751
Minority interests				
Ordinary shares		**868**	737	1,012
Preferred securities		**678**	653	656
Total minority interests		**1,546**	1,390	1,668
Total equity		**8,478**	5,206	6,419

Consolidated Cash Flow Statement

for the six months ended 30 June 2006

	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Cash flows from operating activities				
Profit before tax		**815**	674	1,606
Non-cash movements in profit before tax		**(1,454)**	(1,328)	(4,046)
Changes in working capital		**7,309**	597	3,482
Taxation paid		**(172)**	(199)	(314)
Net cash inflow / (outflow) from operating activities		**6,498**	(256)	728
Cash flows from investing activities				
(Acquisition) / disposal of financial investments		**(6,568)**	1,057	644
(Acquisition) / disposal of investment properties		**(37)**	(11)	40
Net acquisition of other fixed assets		**(50)**	(28)	(100)
Acquisition of interests in subsidiaries		**(1,351)**	(106)	(56)
Disposal of interests in subsidiaries, associated undertakings and strategic investments		**113**	(16)	33
Net cash (outflow) / inflow from investing activities		**(7,893)**	896	561
Cash flows from financing activities				
Dividends paid to:				
Equity holders of the parent	8	**(174)**	(118)	(184)
Ordinary minority interests and preferred security interests		**(82)**	(47)	(99)
Interest payable (excluding banking interest payable)		**(43)**	-	(40)
Net proceeds from issue of ordinary shares (including by subsidiaries to minority interests)		**17**	3	2
Repayment of convertible debt		**-**	(341)	(336)
Issue of subordinated debt		**264**	-	259
Other debt issued / (repaid)		**404**	-	(10)
Issue of perpetual preferred callable securities		**-**	347	688
Net cash inflow / (outflow) from financing activities		**386**	(156)	280
Net (decrease) / increase in cash and cash equivalents		**(1,009)**	484	1,569
Effects of exchange rate changes on cash and cash equivalents		**(405)**	(120)	86
Cash and cash equivalents on acquisition of new subsidiaries		**167**	-	-
Cash and cash equivalents at beginning of the period		**3,303**	1,648	1,648
Cash and cash equivalents at end of the period		**2,056**	2,012	3,303
Consisting of:				
Cash and balances with the central banks		**2,078**	1,946	3,051
Placements with other banks		**720**	324	568
Other cash equivalents		**346**	226	381
		3,144	2,496	4,000
Cash and cash equivalents subject to consolidation of funds		**(1,088)**	(484)	(697)
		2,056	2,012	3,303

Cash flows presented in this statement include all cash flows relating to policyholders' funds for the long-term business.

Statement of Changes in Equity

for the six months ended 30 June 2006

Six months ended 30 June 2006	Millions Number of shares issued and fully paid	Attributable to equity holders of the parent	Total minority interest	£m Total equity
Equity holders' funds at beginning of the period	4,090	4,751	1,668	6,419
Change in equity arising in the period				
Fair value gains / (losses):				
Property revaluation	-	2	-	2
Available-for-sale investments	-	(422)	-	(422)
Net investment hedge	-	(25)	-	(25)
Shadow accounting	-	209	-	209
Currency translation differences / exchange differences on translating foreign operations	-	(565)	(181)	(746)
Other movements	-	57	(61)	(4)
Aggregate tax effect of items taken directly to or transferred from equity	-	62	-	62
Net expense recognised directly in equity	-	(682)	(242)	(924)
Profit for the period	-	380	139	519
Total recognised income and expense for the period	-	(302)	(103)	(405)
Dividend for the period	-	(196)	(60)	(256)
Net purchase of treasury shares	-	(13)	-	(13)
Issue of ordinary share capital by the Company	1,389	2,670	-	2,670
Net acquisition of interests in subsidiaries	-	-	41	41
Exercise of share options	9	12	-	12
Fair value of equity settled share options	-	10	-	10
Equity holders’ funds at end of the period	5,488	6,932	1,546	8,478

Statement of Changes in Equity *continued*

for the six months ended 30 June 2006

Six months ended 30 June 2006	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total £m
Attributable to equity holders of the parent at beginning of the period		410	730	374	357	2,192	688	4,751
Changes in equity arising in the period:								
Fair value gains / (losses):								
Property revaluation		-	-	2	-	-	-	2
Available-for-sale investments		-	-	(422)	-	-	-	(422)
Net investment hedge		-	-	-	(25)	-	-	(25)
Shadow accounting		-	-	209	-	-	-	209
Currency translation differences / exchange differences on translating foreign operations		-	-	-	(565)	-	-	(565)
Other movements		-	-	(2)	-	59	-	57
Aggregate tax effect of items taken directly to or transferred from equity		-	-	52	5	5	-	62
Net expense recognised directly in equity		-	-	(161)	(585)	64	-	(682)
Profit for the period		-	-	-	-	380	-	380
Total recognised income and expense for the period		-	-	(161)	(585)	444	-	(302)
Dividend for the period	8	-	-	-	-	(196)	-	(196)
Net purchase of treasury shares		-	-	-	-	(13)	-	(13)
Issue of ordinary share capital by the Company		138	-	2,532	-	-	-	2,670
Exercise of share options		1	11	-	-	-	-	12
Fair value of equity settled share options		-	-	10	-	-	-	10
Attributable to equity holders of the parent at end of the period		549	741	2,755	(228)	2,427	688	6,932

Other reserves	£m At 30 June 2006
Merger reserve	2,716
Available-for-sale reserve	(91)
Investment property revaluation reserve	38
Share based payments reserve	92
Attributable to equity holders of the parent at end of the period	2,755

Retained earnings have been reduced by £724 million at 30 June 2006 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Included in the dividend for the period is £22 million of dividends declared to holders of perpetual preferred callable securities (note 8).

Statement of Changes in Equity *continued*

for the six months ended 30 June 2006

Six months ended 30 June 2005	Notes	Millions Number of shares issued and fully paid	Attributable to equity holders of the parent	Total minority interest	£m Total equity
Equity holders' funds at beginning of the period		3,854	3,265	1,431	4,696
Changes in equity arising in the period					
Fair value gains / (losses):					
Net investment hedge		-	(50)	-	(50)
Available-for-sale investments		-	84	-	84
Shadow accounting		-	(11)	-	(11)
Currency translation differences / exchange differences on translating foreign operations		-	(100)	(85)	(185)
Cash flow hedge amortisation		-	2	-	2
Redemption of convertible bonds		-	(18)	-	(18)
Other movements		-	44	(39)	5
Aggregate tax effect of items taken directly to or transferred from equity		-	(16)	-	(16)
Net expense recognised directly in equity		-	(65)	(124)	(189)
Profit for the period		-	387	106	493
Total recognised income and expense for the period		-	322	(18)	304
Dividend for the period	8	-	(118)	(47)	(165)
Net purchase of treasury shares		-	(7)	-	(7)
Issue of perpetual preferred callable securities		-	347	-	347
Net disposal of interests in subsidiaries		-	-	24	24
Exercise of share options		3	3	-	3
Fair value of equity settled share options		-	4	-	4
Equity holders' funds at end of the period		3,857	3,816	1,390	5,206

Statement of Changes in Equity *continued*

for the six months ended 30 June 2006

Six months ended 30 June 2005	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total £m
Attributable to equity holders of the parent at beginning of the period		386	600	445	122	1,712	-	3,265
Changes in equity arising in the period:								
Fair value gains / (losses):								
Net investment hedge		-	-	(50)	-	-	-	(50)
Available-for-sale investments		-	-	84	-	-	-	84
Shadow accounting		-	-	(11)	-	-	-	(11)
Currency translation differences / exchange differences on translating foreign operations		-	-	-	(100)	-	-	(100)
Cash flow hedge amortisation		-	-	2	-	-	-	2
Redemption of convertible bonds		-	-	(18)	-	-	-	(18)
Other movements		-	-	-	-	44	-	44
Aggregate tax effect of items taken directly to or transferred from equity		-	-	(16)	-	-	-	(16)
Net expense recognised directly in equity		-	-	(9)	(100)	44	-	(65)
Profit for the period		-	-	-	-	387	-	387
Total recognised income and expense for the period		-	-	(9)	(100)	431	-	322
Dividend for the period	8	-	-	-	-	(118)	-	(118)
Net purchase of treasury shares		-	-	-	-	(7)	-	(7)
Issue of perpetual preferred callable securities		-	(3)	-	-	-	350	347
Exercise of share options		-	3	-	-	-	-	3
Fair value of equity settled share options		-	-	-	-	4	-	4
Attributable to equity holders of the parent at end of the period		386	600	436	22	2,022	350	3,816

Other reserves	£m At 30 June 2005
Merger reserve	184
Available-for-sale reserve	207
Investment property revaluation reserve	28
Cash flow hedge reserve	11
Share based payments reserve	6
Attributable to equity holders of the parent at end of the period	436

Retained earnings were reduced by £533 million, at 30 June 2005 in respect of own shares held in policyholder funds, ESOP trusts and related undertakings.

Statement of Changes in Equity *continued*

for the six months ended 30 June 2006

Year ended 31 December 2005	Notes	Millions Number of shares issued and fully paid	£m Attributable to equity holders of the parent	Total minority interest	Total equity
Equity holders' funds at beginning of the year		3,854	3,265	1,431	4,696
Changes in equity arising in the year					
Fair value gains / (losses):					
Property revaluation		-	27	-	27
Net investment hedge		-	(78)	-	(78)
Available-for-sale investments		-	(249)	-	(249)
Shadow accounting		-	117	-	117
Currency translation differences / exchange differences on translating foreign operations		-	263	12	275
Cash flow hedge amortisation		-	(12)	-	(12)
Redemption of convertible bonds		-	(18)	-	(18)
Other movements		-	(21)	23	2
Aggregate tax effect of items taken directly to or transferred from equity		-	34	-	34
Net income recognised directly in equity		-	63	35	98
Profit for the year		-	867	255	1,122
Total recognised income and expense for the year		-	930	290	1,220
Dividend for the year	8	-	(184)	(99)	(283)
Net purchase of treasury shares		-	(182)	-	(182)
Issue of perpetual preferred callable securities		-	679	-	679
Issue of share capital by the Company		231	159	-	159
Net disposal of interests in subsidiaries		-	-	26	26
Exercise of share options		5	4	-	4
Fair value of equity settled share options		-	80	20	100
Equity holders' funds at end of the year		4,090	4,751	1,668	6,419

Statement of Changes in Equity *continued*

for the six months ended 30 June 2006

£m

Year ended 31 December 2005	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total
Attributable to equity holders of the parent at beginning of the year		386	600	445	122	1,712	-	3,265
Changes in equity arising in the year:								
Fair value gains / (losses):								
Property revaluation		-	-	27	-	-	-	27
Net investment hedge		-	-	(50)	(28)	-	-	(78)
Available-for-sale investments		-	-	(249)	-	-	-	(249)
Shadow accounting		-	-	117	-	-	-	117
Currency translation differences / exchange differences on translating foreign operations		-	-	-	263	-	-	263
Cash flow hedge amortisation		-	-	(12)	-	-	-	(12)
Redemption of convertible bonds		-	-	(18)	-	-	-	(18)
Other movements		-	-	-	-	(21)	-	(21)
Aggregate tax effect of items taken directly to or transferred from equity		-	-	34	-	-	-	34
Net expense recognised directly in equity		-	-	(151)	235	(21)	-	63
Profit for the year		-	-	-	-	867	-	867
Total recognised income and expense for the year		-		(151)	235	846	-	930
Dividend for the year	8	-	-	-	-	(184)	-	(184)
Net purchase of treasury shares		-	-	-	-	(182)	-	(182)
Issue of perpetual preferred callable securities		-	(9)	-	-	-	688	679
Issue of share capital by the Company		23	136	-	-	-	-	159
Exercise of share options		1	3	-	-	-	-	4
Fair value of equity settled share options		-	-	80	-	-	-	80
Attributable to equity holders of the parent at end of the year		410	730	374	357	2,192	688	4,751

£m

Other reserves	At 31 December 2005
Merger reserve	184
Available-for-sale reserve	68
Investment property revaluation reserve	39
Cash flow hedge reserve	(3)
Share based payments reserve	86
Attributable to equity holders of the parent at end of the year	374

Retained earnings were reduced by £712 million at 31 December 2005 in respect of own shares held in policyholders funds, ESOP trusts, Black Economic Empowerment trusts and related undertakings.

Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2006

1 Basis of preparation

Old Mutual plc ("the Company") is a company incorporated in the UK.

These interim financial statements consolidate the results of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and jointly controlled entities.

The Group's results for the six months ended 30 June 2006 and the position at that date have been prepared using accounting policies consistent with those applied in the preparation of the Group's 2005 Annual Report, except as set out below. The information presented in these interim financial statements is consistent with that presented in the Group's financial statements for the year ended 31 December 2005 except for revised segment presentation.

The interim financial statements have been prepared on the basis of presentation, recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

The interim financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair valued through income statement, available-for-sale financial instruments and investment property. Non–current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The results for the six months ended 30 June 2006 and 2005 are unaudited, but have been reviewed by the Auditors whose report is presented on page 28. The Auditors have reported on the statutory accounts for the year ended 31 December 2005 and the accounts have been delivered to the Registrar of Companies. The Auditors' report in respect of the year ended 31 December 2005 was unqualified and did not contain a statement under section 237(2) or (3) of the UK Companies Act 1985. These interim financial statements do not constitute statutory accounts as described in section 240 of the UK Companies Act 1985. Consequently these interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2005.

Segment presentation

Segment information presented in the summary consolidated income statement on page 26 and note 3 to the interim financial statements on pages 41 to 49, has been amended to facilitate the reporting of the enlarged operations of the Group following the acquisition of Skandia, which was effective on 1 February 2006.

The Group's results are now analysed across four geographic segments. This segmentation is consistent with the Group's management structure. The primary geographic segments are South Africa, United States, Europe and Other. The Europe and Other segments principally comprise the operations of Skandia. 'Europe' includes Skandia operations in the UK, Nordic, Continental Europe, Latin America and pre-existing Old Mutual UK life operations. 'Other' includes Skandia operations in China, Australia and the pre-existing Old Mutual UK asset management and India operations. The United States segment remains as previously stated in the segmental analysis presented in the audited financial statements for the year ended 31 December 2005. Reallocations of certain comparative information have been made to include the Nedbank and OMI UK operations in the South Africa segment. This geographic segmentation better reflects the management and customer bases of these businesses.

Notes to the Consolidated Interim Financial Statements *continued*

for the six months ended 30 June 2006

1 Basis of preparation *continued*

The Group continues to manage its business across four principal lines of business. These are the basis of the secondary segmentation. The lines of business are long-term business, asset management, banking and general insurance.

Revised and new reporting standards

No revised disclosures and measurements have been required as a result of new or amended international standards and interpretations that the Group had not previously chosen to adopt in preparing the financial statements for the year ended 31 December 2005. The most notable change to IFRS since the last reporting period was the amendment to IAS19, Employee Benefits, which introduced an option to recognise all actuarial gains and losses on defined benefit arrangements through a separate statement of recognised income and expense. The Group has chosen not to apply this option and continues to account for actuarial gains and losses in the income statement using the ‘corridor approach’.

Restatement of comparative information

The Group has made restatements to reflect South African banking business comparative information on a consistent basis in all reported periods. This follows disclosure adjustments in the 31 December 2005 financial statements. It has required adjustments to previously stated information for the period ended 30 June 2005. Balance sheet adjustments were made to reclassify banking assets and liabilities fair valued through income statement, and certain banking provisions as other liabilities. Income statement adjustments were made to reclassify bank interest income between interest income and revenue. None of these restatements impacted the net profit, total assets or total liabilities as previously stated.

Alignment of accounting policies

Following the acquisition of Skandia, the Group’s insurance and investment contract accounting policies have been extended to include the ‘unbundling’ approach to unit-linked assurance contracts, previously adopted by Skandia in its own financial statements. This is in accordance with IFRS4, and requires that the insurance and investment elements of unit-linked contracts are separated and accounted for independently in accordance with the relevant policies for insurance contracts and financial liabilities.

2 Foreign currencies

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

	Income Statement (Average rate)	Balance Sheet (Closing rate)
30 June 2006		
Rand	**11.3003**	**13.2312**
US dollars	**1.7904**	**1.8469**
Swedish Krona	**13.5477***	**13.3231**
Euro	**1.4525**	**1.4465**
1 February 2006		
Swedish Krona		**13.5347**
30 June 2005		
Rand	11.6325	11.9624
US dollars	1.8731	1.7918
31 December 2005		
Rand	11.5812	10.8923
US dollars	1.8195	1.7187

* The income statement rate applied in respect of Skandia is a five-month average rate.

3 Segment information

(i) Basis of segmentation

The Group's primary segmentation is on a geographic basis, the four geographic segments are based on the Group's management structure of the business; namely South Africa, United States, Europe and Other. The Group operates across four principal lines of business; long-term business, asset management, banking and general insurance. These are the secondary segments.

Income statement information, based on the group's geographical and business segments, is presented in the form of a matrix that follows the same format as the summary consolidated income statement presented on page 26, and can be reconciled to the consolidated income statement presented on page 30.

Analysis of gross earned premiums and funds under management is also presented.

3 Segment information *continued*

(ii) Income statement

Six months ended 30 June 2006	South Africa	United States	Europe	Other	Total revenue / (expense) including inter segment	Inter segment (revenue) / expense	£m Total revenue / (expense) excluding inter segment
Revenue							
Long-term business	3,331	1,269	879	(1)	5,478	(102)	5,376
Asset management	145	231	116	54	546	(28)	518
Banking	1,571	-	68	-	1,639	2	1,641
General insurance	376	-	-	-	376	-	376
Other shareholders' income	1	-	7	-	8	(6)	2
Consolidation of funds	157	-	381	-	538	-	538
Inter segment revenue	(67)	(6)	(60)	(1)	(134)	134	-
	5,514	1,494	1,391	52	8,451	-	8,451
Expenses							
Long-term business	(3,049)	(1,236)	(881)	-	(5,166)	57	(5,109)
Asset management	(90)	(98)	(116)	(44)	(348)	67	(281)
Banking	(1,274)	-	(62)	-	(1,336)	4	(1,332)
General insurance	(312)	-	-	-	(312)	-	(312)
Finance costs and other shareholders' expenses	(15)	-	(55)	-	(70)	6	(64)
Consolidation of funds	(157)	-	(381)	-	(538)	-	(538)
Inter segment expenses	67	6	60	1	134	(134)	-
	(4,830)	(1,328)	(1,435)	(43)	(7,636)	-	(7,636)
Profit before tax							
Long-term business	282	33	(2)	(1)	312	(45)	267
Asset management	55	133	-	10	198	39	237
Banking	297	-	6	-	303	6	309
General insurance	64	-	-	-	64	-	64
Finance costs and other shareholders' income / (expenses)	(14)	-	(48)	-	(62)	-	(62)
	684	166	(44)	9	815	-	815

3 Segment information *continued*

(ii) Income statement *continued*

Six months ended 30 June 2006	South Africa	United States	Europe	Other	£m Total
Profit before tax	684	166	(44)	9	815
Goodwill impairment and impact of acquisition accounting					
Long-term business	-	13	117	-	130
Asset management	-	-	3	-	3
General insurance	2	-	-	-	2
	2	13	120	-	135
(Profit) / loss on disposal of subsidiaries, associated undertakings and strategic investments					
Banking	(23)	-	-	-	(23)
Asset management	-	(74)	-	-	(74)
	(23)	(74)	-	-	(97)
Short-term fluctuations in investment return					
Long-term business	(88)	26	13	-	(49)
General insurance	(24)	-	-	-	(24)
	(112)	26	13	-	(73)
Investment return adjustment for Group equity and debt instruments held in life funds					
Long-term business	97	-	-	-	97
Dividends declared to holders of perpetual preferred callable securities	-	-	(22)	-	(22)
Total adjusting items	(36)	(35)	111	-	40
Policyholder tax charge included in tax charge in income statement					
Long-term business	(67)	-	(17)	-	(84)
Adjusted operating profit	581	131	50	9	771
Adjusted operating profit comprises:					
Long-term business	224	72	111	(1)	406
Asset management	55	59	3	10	127
Banking	274	-	6	-	280
General insurance	42	-	-	-	42
Finance costs and other shareholder's income / (expenses)	(14)	-	(70)	-	(84)
	581	131	50	9	771

Notes to the Consolidated Interim Financial Statements *continued*

for the six months ended 30 June 2006

3 Segment information *continued*

(ii) Income statement *continued*

£m

Six months ended 30 June 2005	South Africa	United States	Europe	Other	Total revenue / (expense) including inter segment	Inter segment (revenue) / expense	Total revenue / (expense) excluding inter segment
Revenue							
Long-term business	2,923	1,266	-	-	4,189	(52)	4,137
Asset management	116	191	12	40	359	(30)	329
Banking	1,297	-	-	-	1,297	(1)	1,296
General insurance	346	-	-	-	346	-	346
Other shareholders' income	1	-	12	-	13	-	13
Consolidation of funds	62	-	16	-	78	-	78
Inter segment revenue	(76)	(6)	-	(1)	(83)	83	-
	4,669	1,451	40	39	6,199	-	6,199
Expenses							
Long-term business	(2,628)	(1,194)	-	-	(3,822)	29	(3,793)
Asset management	(79)	(144)	(14)	(30)	(267)	34	(233)
Banking	(1,122)	-	-	-	(1,122)	8	(1,114)
General insurance	(276)	-	-	-	(276)	2	(274)
Finance costs and other shareholders' expenses	(5)	-	(38)	-	(43)	10	(33)
Consolidation of funds	(62)	-	(16)	-	(78)	-	(78)
Inter segment expenses	71	5	6	1	83	(83)	-
	(4,101)	(1,333)	(62)	(29)	(5,525)	-	(5,525)
Profit before tax							
Long-term business	295	72	-	-	367	(23)	344
Asset management	37	47	(2)	10	92	4	96
Banking	175	-	-	-	175	7	182
General insurance	70	-	-	-	70	2	72
Finance costs and other shareholders' income / (expenses)	(4)	-	(26)	-	(30)	10	(20)
Net inter segment (expenses) / revenue	(5)	(1)	6	-	-	-	-
	568	118	(22)	10	674	-	674

3 Segment information *continued*

(ii) Income statement *continued*

Six months ended 30 June 2005	South Africa	United States	Europe	Other	Total £m
Profit before tax	568	118	(22)	10	674
Goodwill impairment and impact of acquisition accounting					
Long-term business	-	12	-	-	12
General insurance	2	-	-	-	2
	2	12	-	-	14
(Profit) / loss on disposal of subsidiaries, associated undertakings and strategic investments					
Asset management	-	3	-	-	3
Banking	1	-	-	-	1
	1	3	-	-	4
Short-term fluctuations in investment return included in profit before tax					
Long-term business	(88)	(22)	-	-	(110)
General insurance	(23)	-	-	-	(23)
	(111)	(22)	-	-	(133)
Investment return adjustment for Group equity and debt instruments held in life funds					
Long-term business	28	-	-	-	28
Net inter segment expenses / (revenue)	5	1	(6)	-	-
Total adjusting items	(75)	(6)	(6)	-	(87)
Policyholder tax charge included in tax charge in income statement					
Long-term business	(21)	-	-	-	(21)
Adjusted operating profit	472	112	(28)	10	566
Adjusted operating profit comprises:					
Long-term business	214	62	-	-	276
Asset management	37	50	(2)	10	95
Banking	176	-	-	-	176
General insurance	49	-	-	-	49
Finance costs and other shareholders' income / (expenses)	(4)	-	(26)	-	(30)
	472	112	(28)	10	566

3 Segment information *continued*

(ii) Income statement *continued*

£m

Year ended 31 December 2005	South Africa	United States	Europe	Other	Total revenue / (expense) including inter segment	Inter segment (revenue) / expense	Total revenue / (expense) Excluding Inter segment
Revenue							
Long-term business	7,394	2,604	-	-	9,998	(89)	9,909
Asset management	242	454	28	85	809	(61)	748
Banking	2,815	-	-	-	2,815	(3)	2,812
General insurance	727	-	-	-	727	-	727
Other shareholders' income	5	-	45	-	50	(9)	41
Consolidation of funds	95	-	37	-	132	-	132
Inter segment revenue	(134)	(13)	(12)	(3)	(162)	162	-
	11,144	3,045	98	82	14,369	-	14,369
Expenses							
Long-term business	(6,653)	(2,511)	-	-	(9,164)	63	(9,101)
Asset management	(157)	(342)	(29)	(65)	(593)	70	(523)
Banking	(2,360)	-	-	-	(2,360)	16	(2,344)
General insurance	(562)	-	-	-	(562)	-	(562)
Finance costs and other shareholders' expenses	(13)	-	(101)	-	(114)	13	(101)
Consolidation of funds	(95)	-	(37)	-	(132)	-	(132)
Inter segment expenses	124	13	22	3	162	(162)	-
	(9,716)	(2,840)	(145)	(62)	(12,763)	-	(12,763)
Profit before tax							
Long-term business	741	93	-	-	834	(26)	808
Asset management	85	112	(1)	20	216	9	225
Banking	455	-	-	-	455	13	468
General insurance	165	-	-	-	165	-	165
Finance costs and other shareholders' income / (expenses)	(8)	-	(56)	-	(64)	4	(60)
Net inter segment (expenses) / revenue	(10)	-	10	-	-	-	-
	1,428	205	(47)	20	1,606	-	1,606

3 Segment information *continued*

(ii) Income statement *continued*

Year ended 31 December 2005	South Africa	United States	Europe	Other	Total £m
Profit before tax	1,428	205	(47)	20	1,606
Goodwill impairment and impact of acquisition accounting					
Long-term business	-	17	-	-	17
General insurance	5	-	-	-	5
	5	17	-	-	22
(Profit) / loss on disposal of subsidiaries, associated undertakings and strategic investments					
Asset management	-	6	-	-	6
Banking	(64)	-	-	-	(64)
	(64)	6	-	-	(58)
Short-term fluctuations in investment return included in profit before tax					
Long-term business	(279)	(4)	-	-	(283)
General insurance	(80)	-	-	-	(80)
	(359)	(4)	-	-	(363)
Investment return adjustment for Group equity and debt instruments held in life funds					
Long-term business	109	-	-	-	109
Initial costs of Black Economic Empowerment schemes					
Long-term business	28	-	-	-	28
Banking	30	-	-	-	30
General insurance	12	-	-	-	12
Other shareholders' income / (expense)	2	-	-	-	2
	72	-	-	-	72
Net inter segment expenses / (revenue)	10	-	(10)	-	-
Total adjusting items	(227)	19	(10)	-	(218)
Policyholder tax charge included in tax charge in income statement					
Long-term business	(124)	-	-	-	(124)
Asset management	-	-	(3)	-	(3)
	(124)	-	(3)	-	(127)
Adjusted operating profit	1,077	224	(60)	20	1,261
Adjusted operating profit comprises:					
Long-term business	475	106	-	-	581
Asset management	85	118	(4)	20	219
Banking	421	-	-	-	421
General insurance	102	-	-	-	102
Finance costs and other shareholders' income / (expenses)	(6)	-	(56)	-	(62)
	1,077	224	(60)	20	1,261

Notes to the Consolidated Interim Financial Statements *continued*

for the six months ended 30 June 2006

3 Segment information *continued*

(iii) Gross earned premiums

			£m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
Long-term business – insurance contracts			
South Africa	**643**	552	1,191
United States	**1,025**	1,029	2,110
Europe	**127**	-	-
	1,795	1,581	3,301
Long-term business – investment contracts with discretionary participation features			
South Africa	**249**	231	482
Total long-term business	**2,044**	1,812	3,783
General insurance	**367**	336	690
Gross earned premiums	**2,411**	2,148	4,473
Long-term business – other investment contracts recognised as deposits			
South Africa	**681**	632	1,314
United States	**110**	186	341
Europe	**3,290**	-	-
	4,081	818	1,655

Notes to the Consolidated Interim Financial Statements *continued*

for the six months ended 30 June 2006

3 Segment information *continued*

(iv) Funds under management

At 30 June 2006

£m	South Africa	United States	Europe	Other	Total
Long-term business policyholder funds	**19,610**	**10,654**	**33,564**	**1,268**	**65,096**
Unit trusts and mutual funds	**4,718**	**-**	**9,881**	**4,097**	**18,696**
Third party client funds	**12,854**	**114,431**	**1,443**	**1,558**	**130,286**
Total client funds under management	**37,182**	**125,085**	**44,888**	**6,923**	**214,078**
Shareholder funds	**1,652**	**682**	**2,056**	**15**	**4,405**
Total funds under management	**38,834**	**125,767**	**46,944**	**6,938**	**218,483**

South Africa third party client funds at 30 June 2006 include £1,504 million in respect of funds which were acquired by the Group on 19 May 2006.

At 30 June 2005

£m	South Africa	United States	Europe	Other	Total
Long-term business policyholder funds	19,265	11,334	269	1,350	32,218
Unit trusts and mutual funds	3,633	-	-	1,601	5,234
Third party client funds	10,958	105,373	753	1,123	118,207
Total client funds under management	33,856	116,707	1,022	4,074	155,659
Shareholder funds	2,180	443	(16)	218	2,825
Total funds under management	36,036	117,150	1,006	4,292	158,484

At 31 December 2005

£m	South Africa	United States	Europe	Other	Total
Long-term business policyholder funds	23,644	12,498	392	1,359	37,893
Unit trusts and mutual funds	5,091	-	-	2,013	7,104
Third party client funds	12,811	119,168	1,114	1,404	134,497
Total client funds under management	41,546	131,666	1,506	4,776	179,494
Shareholder funds	2,536	659	(16)	225	3,404
Total funds under management	44,082	132,325	1,490	5,001	182,898

4 Adjusting items

(i) Goodwill impairment and impact of acquisition accounting

Goodwill impairment and acquisition accounting adjustments to adjusted operating profit are summarised below:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Goodwill impairment	**2**	2	5
Amortisation of deferred costs and revenue	**(54)**	-	-
Amortisation of PVIF	**158**	12	17
Amortisation of other acquired intangible assets	**29**	-	-
	135	14	22

Goodwill impairment of £2 million was incurred by the Group's South African general insurance business (30 June 2005: £2 million, 31 December 2005: £5 million).

In applying acquisition accounting deferred revenue and acquisition costs are not recognised. These are reversed in the acquisition balance sheet and replaced by an intangible asset for the value of the acquired present value of in-force business ('acquired PVIF'). In determining adjusted operating profit the Group recognises deferred revenue and acquisition costs in relation to policies sold by acquired businesses pre-acquisition, and excludes the amortisation of acquired PVIF.

The amortisation of deferred costs and revenue for the Skandia businesses, for the five months ended 30 June 2006 was £54 million. The amortisation of acquired PVIF for the Skandia businesses was £145 million over the same period.

The exclusion of PVIF amortisation is a change in methodology in respect of calculating the adjusted operating profit of the Group's long-term business in the United States, and comparative information has been restated accordingly. The US long-term business PVIF amortisation charge in the six months to 30 June was £13 million (30 June 2005: £12 million, 31 December 2005: £17 million).

(ii) Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments

The before and after tax profit / (loss) on disposal of subsidiaries, associates and strategic investments is summarised below:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments before tax	**97**	(4)	58
Tax	**(3)**	-	1
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments after tax	**94**	(4)	59
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments after tax is attributable to:			
Equity holders of the parent	**85**	(4)	32
Minority interests – ordinary shares	**9**	-	27
	94	(4)	59

4 Adjusting items *continued*

(iii) Long-term investment return

Profit before tax is calculated on the basis of actual investment return earned by the long-term business. Adjusted operating profit is stated after allocating an investment return earned by the Group's long-term and general insurance businesses based on a long-term investment return. The differences between the actual and the long-term investment returns are short-term fluctuations in investment return.

Long-term rates of return are based on achieved real rates of return appropriate to the underlying asset base, adjusted for current inflation expectations and consensus economic investment forecasts, and are reviewed frequently, usually annually, for appropriateness. These rates of return have been selected with a view to ensuring that returns credited to adjusted operating profit are consistent with the actual returns expected to be earned over the long-term.

For South Africa long-term business, the return is applied to an average value of investible shareholders' assets, adjusted for net fund flows. For the Group's South Africa general insurance business, the return is an average value of the investible assets supporting shareholders' funds and insurance liabilities, adjusted for net fund flows. For US and Europe long-term businesses, the return is applied to average investible assets.

	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
South Africa long-term business and general insurance – weighted average return	**11.1%**	11.1%	11.1%
Equities	**13.0%**	13.0%	13.0%
Cash and other investible assets – Rand denominated	**9.0%**	9.0%	9.0%
Cash and other investible assets – other currencies	**6.0%**	6.0%	6.0%
United States	**5.9%**	5.9%	5.9%
Europe long-term business - weighted average return	**4.4%**	-	-
Equities	**11.2%**	-	-
Cash and other investible assets – all currencies	**3.9%**	-	-

Analysis of short-term fluctuations in investment return	**6 months ended 30 June 2006**	6 months ended 30 June 2005	£m Year ended 31 December 2005
Long-term business			
Actual investment return attributable to shareholders	**125**	168	415
Less: long-term investment return	**(76)**	(58)	(132)
	49	110	283
General insurance business			
Actual investment return attributable to shareholders	**54**	46	133
Less: long-term investment return	**(30)**	(23)	(53)
	24	23	80
Short-term fluctuations in investment return	**73**	133	363

4 Adjusting items *continued*

(iv) Investment return adjustment for Group equity and debt instrument held in life funds

Adjusted operating profit includes investment returns on life fund investments in Group equity and debt instruments. These include investments in the Company's ordinary shares, and the subordinated liabilities and ordinary securities of the Group's banking subsidiary in South Africa. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are included in adjusted operating profit. In the six months to 30 June 2006 the total investment return attributable to such items was £97 million (30 June 2005: £28 million, 31 December 2005: £109 million).

(v) Initial costs of Black Economic Empowerment schemes

In 2005, the Group implemented certain Black Economic Empowerment Schemes, which will ultimately increase black shareholdings in its South African businesses. Implementation of this scheme occurred in August 2005 and resulted in the issue of new ordinary shares in Old Mutual plc and its subsidiaries to various share trusts for the benefit of black employees within the Group and to a number of black controlled entities beneficially owned by black clients or distributors, black community groups and Black Business Partners in South Africa.

Upfront costs incurred in the implementation of these schemes during 2005 were excluded from adjusted operating profit. These consisted of share-based payments charges in accordance with IFRS2, administration costs associated with implementation and running of the schemes and performance fees accrued in respect of the black business partners. The ongoing costs of these schemes are now included within the adjusted operating profit of the South African businesses.

(vi) Dividends declared to holders of perpetual preferred callable securities

Dividends declared to the holders of the Group's perpetual preferred callable securities were £22 million for the six months ended 30 June 2006. These have been included within finance costs for the purpose of determining adjusted operating profit.

5 Income tax expense

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Current tax			
United Kingdom tax			
Corporation tax	**14**	-	5
Overseas tax			
South Africa	**155**	115	256
United States	**6**	(2)	-
Europe	**24**	3	1
Secondary tax on companies (STC)	**7**	8	17
Prior period adjustments	**3**	10	27
Total current tax	**209**	134	306
Deferred tax			
Origination of temporary differences	**82**	50	201
Changes in tax rates / bases	**-**	3	6
Write down / (recognition) of deferred tax assets	**5**	(6)	(29)
Total deferred tax	**87**	47	178
Total income tax expense	**296**	181	484

Income tax on adjusted operating profit is determined as follows:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Income tax expense	**296**	181	484
Tax on adjusting items			
Impact of acquisition accounting	**19**	4	6
Profit on disposal of subsidiaries, associated undertakings and strategic investments	**(3)**	-	1
Short-term fluctuations in investment return	**(27)**	(27)	(55)
Initial costs of Black Economic Empowerment schemes	**-**	-	5
Income tax attributable to policyholders included within adjusted operating profit	**(84)**	(21)	(127)
Tax on dividends declared to holders of perpetual preferred callable securities recognised in equity	**(5)**	-	-
Income tax on adjusted operating profit	**196**	137	314

6 Acquisitions

On 26 January 2006, the Company's offer for Försäkringsaktiebolaget Skandia (publ) (Skandia) was declared unconditional. Settlement of acceptances received up to that date was effective on 3 February 2006, which resulted in the Company obtaining 72.1% of Skandia. The offer was extended and further acceptances were received and settled, on 17 February 2006 (17.4%), and on 23 March 2006 (8.7%), Consequently, following further permitted open market purchases the Group's interest in Skandia is 98.8%.

The Company has instigated a compulsory purchase of the remaining Skandia shares. This is anticipated to be completed by the end of the financial year.

Under the terms of the offer, consideration was paid to Skandia shareholders by way of a combination of cash and shares in Old Mutual plc. To date, cash consideration of £1,243 million has been paid by the Company and the Company has issued 1,389 million Old Mutual plc shares, with a fair value of £2,670 million.

The results of Skandia have been included in the interim financial statements of the Group from 1 February 2006.

Total revenue and profit before tax for the six months ended 30 June 2006 was £1,129 million and £7 million, respectively.

The fair value of the consideration paid for the Group's 98.8% holding in Skandia is as follows:

	£m 6 months ended 30 June 2006
Cash paid	1,243
Fair value of 1,389 million Old Mutual plc shares issued, based on the published prices at applicable dates of exchange	2,670
Costs of acquisition	64
Total consideration	3,977

The acquisition of Skandia in exchange for the Group's ordinary shares means that merger relief is applicable under section 131 of the Companies Act 1985. As a result £2,532 million has been credited to the merger reserve within the Company's balance sheet.

6 Acquisitions *continued*

The fair value of the assets and liabilities acquired were as follows:

	Book value	Fair value and accounting policy adjustments	Acquired intangibles	Fair value
				£m
Assets				
Intangible assets	52	(41)	3,056	3,067
Deferred acquisition costs (DAC)	1,422	(1,422)	-	-
Deferred tax assets	40	(6)	-	34
Other assets	39,366	(266)	-	39,100
Total assets	40,880	(1,735)	3,056	42,201
Liabilities				
Deferred revenue liability (DRL)	1,214	(1,214)	-	-
Provisions	84	60	-	144
Deferred tax liabilities	234	(118)	503	619
Other liabilities	38,431	(51)	-	38,380
Total liabilities	39,963	(1,323)	503	39,143
Net assets acquired	917	(412)	2,553	3,058
Less: Minority share of net assets acquired (1.2%)				(38)
Residual goodwill				957
Total consideration				3,977

The residual goodwill above will be finalised once the compulsory purchase of the remaining shares held by minority interests is completed. In accordance with IFRS, the Group will finalise its assessment of the valuation of Skandia assets and liabilities acquired within a year of the acquisition date.

Separate intangible assets have been identified and valued at £3,056 million, using estimated post-tax cash flows and post-tax discount rates. These intangibles represent the value of the PVIF, the values of the Skandia distribution network, customer relationships in respect of non-life businesses, and the Skandia brand. No other intangibles were identified which were capable of reliable measurement. A deferred tax liability of £503 million has been provided for in respect of these intangible assets, based on the tax rates applicable in the various territories, on the grounds that the assets have no tax base, thereby creating temporary differences on which deferred tax must be provided.

The useful economic lives of the PVIF and other intangibles have been assessed, taking into account factors such as the usage of the asset, life cycles, obsolescence, maintenance, and period of control over the asset. PVIF and other intangible assets will be amortised over a period of between 10 and 20 years. Related deferred tax liabilities will be amortised in line with the amortisation of the particular intangible asset.

Other fair valuation adjustments principally comprise the derecognition of DAC, DRL and related balances (including deferred tax impacts thereon) on the basis that these items have no fair value at acquisition. These items are included in the calculation of the PVIF.

Remaining fair value and accounting policy adjustments relate to the derecognition of goodwill shown in Skandia's balance sheet in respect of Skandiabanken Denmark and Bankhall, recognition at fair value of certain assets and liabilities previously recorded at amortised cost in Skandia's balance sheet, and other adjustments to reflect up to date estimates in respect of certain litigation issues and tax.

6 Acquisitions *continued*

The residual goodwill of £957 million represents the value of the Skandia workforce and synergies, both from increased revenues and reduced costs, expected to arise across the Skandia business and within our UK life assurance operations, as a result of the acquisition. In addition, goodwill also represents the value of new business growth and other customer intangible assets which cannot be reliably measured.

The traditional life insurance business of Skandia's Spanish operation is shown as held-for-sale in the Group balance sheet, as the business is in the process of being marketed for sale.

As a consequence of the acquisition of the Skandia Group, Livfösäkringsaktiebolaget Skandia (publ) (Skandia Liv), is now a related party to the Old Mutual Group. Skandia Liv is a wholly owned subsidiary of Skandia and its business is conducted on a mutual basis. Skandia Liv's result is not consolidated in the financial statements of the Old Mutual Group, as no direct benefits accrue to the Group as result of its ownership.

The following agreements between the Skandia Group and Skandia Liv give rise to transactions between the two:

- Agreement to co-operate in market-related and employee support - this involves distribution support, customer service, market communication, administration of group insurance products, and employee support by Skandia on behalf of Skandia Liv. In the five months ended 30 June 2006, Skandia received £45 million in return for services rendered under this agreement.

- Agreement on pensions provision - Skandia Liv provides occupational pensions to employees of the Skandia Group, and the office premises for this function. The charges to Skandia for the five months to June 2006 were £13 million and £6 million respectively.

- Agreement on IT services - Skandia provides IT services to Skandia Liv. The amount charged to Skandia Liv for the five months to June 2006 was £4 million.

7 Earnings and earnings per share

(i) Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity shareholders by the weighted average number of ordinary shares in issue during the period excluding own shares held in policyholder funds, ESOP trusts, Black Economic Empowerment schemes and other related undertakings.

£m	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Year ended 31 December 2005
Profit for the financial period attributable to equity holders of the parent	**380**	387	867
Dividends declared to holders of perpetual preferred callable securities	**(17)**	-	-
Profit attributable to ordinary equity holders	**363**	387	867

Millions	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Year ended 31 December 2005
Weighted average number of ordinary shares in issue	**5,184**	3,855	3,951
Shares held in charitable foundations	**(19)**	(10)	(19)
Shares held in ESOP trusts	**(102)**	(92)	(92)
Adjusted weighted average number of ordinary shares	**5,063**	3,753	3,840
Shares held in life funds	**(291)**	(286)	(290)
Shares held in Black Economic Empowerment schemes	**(225)**	-	(94)
Weighted average number of ordinary shares	**4,547**	3,467	3,456
Basic earnings per ordinary share (pence)	**8.0**	11.2	25.1

Diluted earnings per share recognises the dilutive impact of share options held in ESOP trusts and Black Economic Empowerment schemes which are currently in the money in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full period.

Millions	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Year ended 31 December 2005
Weighted average number of ordinary shares in issue	**4,547**	3,467	3,456
Adjustments for share options held by ESOP trusts	**78**	-	20
Adjustments for shares held in Black Economic Empowerment schemes	**225**	-	94
	4,850	3,467	3,570
Diluted earnings per ordinary share (pence)	**7.5**	11.2	24.3

7 Earnings and earnings per share *continued*

(ii) Adjusted earnings per share

Adjusted operating profit represents the Directors' view of the underlying performance of the Group. For long-term and general insurance business adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, initial costs of Black Economic Empowerment schemes, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments, and dividends declared to holders of perpetual preferred callable securities.

The reconciliation of profit for the financial period to adjusted operating profit after tax attributable to ordinary equity holders is as follows:

			£m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
Profit for the financial period attributable to equity holders of the parent	**380**	387	867
Goodwill impairment, amortisation of PVIF and other acquired intangibles	**111**	10	15
(Profit) / loss on disposal of subsidiaries, associated undertakings and strategic investments	**(85)**	4	(32)
Short-term fluctuations in investment return	**(44)**	(104)	(294)
Investment return adjustment for Group equity and debt instruments held in life funds	**97**	28	109
Initial costs of Black Economic Empowerment schemes	**-**	-	54
Income attributable to Black Economic Empowerment trusts of listed subsidiaries	**(12)**	-	(9)
Dividends declared to holders of perpetual preferred callable securities	**(17)**	-	-
Adjusted operating profit after tax attributable to ordinary equity holders	**430**	325	710
Adjusted weighted average number of ordinary shares (millions)	**5,063**	3,753	3,840
Adjusted operating earnings per ordinary share (pence)	**8.5**	8.7	18.5

8 Dividends

Dividends paid were as follows:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
2004 Final dividend paid - 3.5p per 10p share	**-**	118	118
2005 Interim dividend paid - 1.85p per 10p share	**-**	-	66
2005 Final dividend paid - 3.65p per 10p share	**174**	-	-
Dividends to ordinary equity holders	**174**	118	184
Dividends declared to holders of perpetual preferred callable securities	**22**	-	-
Dividend payments for the period	**196**	118	184

Dividends paid to ordinary equity holders, as above, are calculated using the number of shares in issue at the record date, less treasury shares held in ESOP Trusts, life funds of Group companies, Black Economic Empowerment trusts and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of 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.

The Directors have declared a 2006 interim dividend of 2.1p per share, which will be paid on 30 November 2006 to all ordinary equity holders on the register at the close of business on 20 October 2006, being the record date for the dividend. No provision has been recognised in respect of this dividend.

In March 2006, £22 million was declared and paid to holders of perpetual preferred callable securities (30 June 2005: £nil, 31 December 2005: £nil).

9 Borrowed funds

	Notes	At 30 June 2006	At 30 June 2005	At 31 December 2005
				£m
Senior debt securities and term loan	9(i)	**1,159**	562	595
Subordinated debt securities	9(ii)	**1,044**	483	838
Convertible bonds		**-**	3	-
		2,203	1,048	1,433

(i) Senior debt securities and term loan

	At 30 June 2006	At 30 June 2005	At 31 December 2005
			£m
Floating rate notes	**269**	163	167
Fixed rate notes	**373**	312	327
Revolving credit facility	**422**	-	-
Term loan	**-**	25	26
Investment fund borrowings	**95**	62	75
	1,159	562	595

The maturities of the senior debt securities and term loan are as follows:

	Less than 1 year	Greater than 1 year and less than 5 years	Greater than 5 years	Total
				£m
Floating rate notes	**107**	**48**	**114**	**269**
Fixed rate notes	**304**	**55**	**14**	**373**
Revolving credit facility	**-**	**-**	**422**	**422**
Investment fund borrowings	**95**	**-**	**-**	**95**
	506	**103**	**550**	**1,159**

Fixed rate notes comprise SEK375 million of borrowings, which were swapped from fixed to floating, €60 million of Euro denominated debt for which the capital and interest has been swapped to floating rate US dollars and €400 million swapped in to fixed rate US dollars.

The company has a £1,250 million five-year multi-currency revolving credit facility, which had an original maturity date of September 2010. On 18 August 2006, syndicate banks agreed to extend the maturity date of £1,232 million of the facility by twelve months to September 2011. At 30 June 2006 £524 million of this facility was drawn down, £422 million in the form of debt and £102 million in the form of irrevocable letters of credit. At 30 June 2005 and 31 December 2005, the facility was not drawn down.

The Group repaid a US$45 million term loan on 30 June 2006.

9 Borrowed funds *continued*

(ii) Subordinated debt securities

£m	At 30 June 2006	At 30 June 2005	At 31 December 2005
Banking			
US$40 million repayable 17 April 2008 (6 month LIBOR)[1]	**22**	22	23
US$18 million repayable 31 August 2009 (6 month LIBOR less 1.5 per cent)[1]	**10**	10	11
R2.0 billion repayable 20 September 2011 (11.3 per cent)[2]	**156**	173	190
R4.0 billion repayable 9 July 2012 (13.0 per cent)[2]	**321**	355	391
	509	560	615
Other			
R3.0 billion repayable 27 October 2020 (8.9 per cent)[3]	**227**	-	275
£300 million repayable 21 January 2016 (5.0 per cent)[4]	**292**	-	-
R250 million preference shares repayable 9 June 2011[5]	**19**	-	-
R550 million preference shares repaid	**-**	46	50
SEK850 million repayable in 2017[6]	**68**	-	-
	606	46	325
Less: banking subordinated debt securities held by other Group companies	**(71)**	(123)	(102)
Total subordinated liabilities	**1,044**	483	838

The subordinated notes rank behind the claims against the Group depositors and other unsecured, unsubordinated creditors. None of the Group's subordinated notes are secured.

1 These instruments are matched either by advances to clients or covered against exchange rate fluctuations.

2 These notes are subordinated to all unsecured, unsubordinated claims against the issuer, Nedbank Limited, but rank equally with all other unsecured unsubordinated obligations and are callable by the Issuer after five years from the date of issue, i.e. 20 September 2006 and 9 July 2007, at which time the interest converts to a floating three-month LIBOR rate. The Group plans to redeem these notes on 20 September 2006.

3 These bonds have a maturity date of 27 October 2020 and pay a coupon of 8.92% to 27 October 2015 and 3 month JIBAR plus 1.59% thereafter. The Group has the option to repay the bonds at par on 27 October 2015 and at 3 monthly intervals thereafter.

4 These bonds, issued on 20 January 2006, have a maturity date of 21 January 2016 and pay a coupon of 5.0% to 21 January 2011 and 6 month LIBOR plus 1.13% thereafter. The coupon on the bonds was swapped into floating rate of 6 month STIBOR+0.50%. The Group has the option to repay the bonds at par on 21 January 2011 and at 6 monthly intervals thereafter.

5 These preference shares are redeemable on 9 June 2011 and pay a variable cumulative coupon of 61.0% of the Prime Rate as quoted by Nedbank Limited. The Group has the option to redeem the shares at par at any time before the final redemption date but after giving an agreed period of notice.

6 SEK700 million relates to bonds with a call date of 28 March 2007 and pay a coupon of 8.1%. SEK150 million relates to bonds with a call date of 28 June 2007 and pay a coupon of 7.82%. Both mature in 2017.

10 Contingent liabilities

	At 30 June 2006	At 30 June 2005	£m At 31 December 2005
Guarantees and assets pledged as collateral security	**1,030**	836	1,016
Irrevocable letters of credit	**275**	324	756
Secured lending	**1,894**	1,048	1,528
Other contingent liabilities	**276**	127	110
	3,475	2,335	3,410

11 Post balance sheet events

The Group's South African banking subsidiary has announced that it intends to redeem a R2.0 billion subordinated bond on the call date of 20 September 2006. This is subject to regulatory approval, and a second bond of approximately R1.5 billion will be issued on or around that date if redemption occurs.

On 31 May 2006 Old Mutual announced that the Old Mutual South Africa Unclaimed Shares Trust (UST), together with similar trusts set up in Namibia, Zimbabwe, Malawi and Bermuda, would be closed at the end of August 2006. Arrangements are still being finalised with regard to utilisation of the proceeds of sale, when realised, of the remaining shares in the USTs, but it is anticipated that provision will be made against the monies realised to meet any further claims for a minimum of three years and that a significant portion of the remaining net proceeds will be effectively used for good causes in the respective countries from which they arose. Further details of these arrangements will be provided in the Group's 2006 annual report and accounts.

Summary Consolidated Income Statement (Rand)

for the six months ended 30 June 2006

The following table translates the Group's summary consolidated income statement on page 26 from Sterling to Rand. Adjusted operating profit represents the Directors' view of the underlying performance of the Group. This summary does not form part of the interim financial statements.

			Rand m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
South Africa			
Long-term business	**2,531**	2,490	5,501
Asset management	**622**	422	984
Banking	**3,096**	2,047	4,876
General insurance	**475**	573	1,178
	6,724	5,532	12,539
United States			
Long-term business	**814**	721	1,228
Asset management	**667**	582	1,368
	1,481	1,303	2,596
Europe			
Long-term business	**1,254**	-	-
Asset management	**34**	(23)	(46)
Banking	**68**	-	-
	1,356	(23)	(46)
Other			
Long-term business	**(11)**	-	-
Asset management	**113**	128	232
	102	128	232
Finance costs	**(712)**	(216)	(422)
Other shareholders' income / (expenses)	**(237)**	(140)	(291)
Adjusted operating profit*	**8,714**	6,584	14,608
Adjusting items	**(452)**	1,020	2,530
Profit before tax (net of income tax attributable to policyholder returns)	**8,262**	7,604	17,138
Total income tax expense	**(3,345)**	(2,102)	(5,601)
Less: income tax attributable to policyholder returns	**949**	244	1,465
Income tax attributable to shareholders	**(2,396)**	(1,858)	(4,136)
Profit for the financial period	**5,866**	5,746	13,002
Profit for the financial period attributable to:			
Equity holders of the parent	**4,295**	4,509	10,041
Minority interests			
Ordinary shares	**1,277**	910	2,356
Preferred securities	**294**	327	605
	5,866	5,746	13,002

* For long-term and general insurance business adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, initial costs of Black Economic Empowerment schemes, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments, and dividends declared to holders of perpetual preferred callable securities.

Summary Consolidated Income Statement (Rand)

for the six months ended 30 June 2006

Adjusting items comprise:

			Rand m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
Income / (expense)			
Goodwill impairment and impact of acquisition accounting	**(1,526)**	(151)	(241)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	**1,096**	(47)	672
Short-term fluctuations in investment return	**825**	1,547	4,204
Investment return adjustment for Group equity and debt instruments held in life funds	**(1,096)**	(329)	(1,271)
Initial costs of Black Economic Empowerment schemes	**-**	-	(834)
Dividends declared to holders of perpetual preferred callable securities	**249**	-	-
Adjusting items	**(452)**	1,020	2,530

Adjusted operating profit after tax attributable to ordinary equity holders is determined as follows:

			Rand m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
Adjusted operating profit	**8,714**	6,584	14,608
Tax on adjusted operating profit	**(2,215)**	(1,594)	(3,636)
	6,499	4,990	10,972
Minority interests – ordinary shares	**(1,345)**	(883)	(2,148)
Minority interests – preferred securities	**(294)**	(327)	(605)
Adjusted operating profit after tax attributable to ordinary equity holders	**4,860**	3,780	8,219

			Cents
Earnings per share attributable to ordinary equity holders	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Year ended 31 December 2005
Adjusted operating earnings per share*	**96.0**	100.7	214.0
Basic earnings per share	**90.2**	130.2	290.5
Diluted earnings per share	**84.6**	130.2	281.3
Adjusted weighted average number of shares – millions	**5,063**	3,753	3,840
Weighted average number of shares – millions	**4,547**	3,467	3,456

* Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit. It is stated after tax, attributable to adjusted operating profit and minority interests. It excludes income attributable to Black Economic Empowerment trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment trusts.

Consolidated Balance Sheet (Rand)

At 30 June 2006

	At 30 June 2006	At 30 June 2005	At 31 December 2005
			Rand m
Assets			
Goodwill and other intangible assets	**72,031**	15,573	17,102
Investments in associated undertakings	**741**	1,579	1,009
Investment property	**9,632**	8,422	9,224
Property, plant and equipment	**6,298**	5,466	5,863
Deferred tax assets	**7,092**	6,041	4,992
Reinsurers' share of insurance contract provisions	**10,836**	4,333	4,957
Deferred acquisition costs	**18,775**	9,747	11,860
Current tax receivable	**979**	335	314
Loans, receivables and advances	**271,636**	186,613	201,032
Derivative financial instruments – assets	**16,936**	23,578	17,466
Financial assets fair valued through income statement	**883,036**	340,570	385,347
Other financial assets	**161,884**	142,181	133,594
Short-term securities	**12,054**	15,467	19,218
Other assets	**46,653**	32,550	26,235
Assets held-for-sale	**15,454**	-	-
Cash and balances with the central banks	**27,494**	23,279	33,230
Placements with other banks	**9,526**	3,876	6,182
Total assets	**1,571,057**	819,610	877,625
Liabilities			
Insurance contract provisions	**287,792**	236,784	253,332
Financial liabilities fair valued through income statement	**692,137**	189,759	230,769
Third party interests in consolidation of funds	**29,916**	8,469	10,521
Borrowed funds	**29,148**	12,537	15,609
Provisions	**4,909**	2,835	3,100
Deferred revenue	**2,739**	1,474	1,504
Deferred tax liabilities	**16,658**	5,814	6,656
Current tax payable	**3,030**	1,846	1,934
Deposits from other banks	**18,219**	13,039	28,073
Amounts owed to other depositors	**243,189**	176,756	168,928
Other money market deposits	**38,186**	37,347	33,320
Derivative financial instruments – liabilities	**16,420**	22,645	17,801
Liabilities held-for-sale	**14,620**	-	-
Other liabilities	**61,922**	48,029	36,158
Total liabilities	**1,458,885**	757,334	807,705
Net assets	**112,172**	62,276	69,920
Shareholders' equity			
Equity attributable to equity holders of the parent	**91,716**	45,638	51,745
Minority interests			
Ordinary shares	**11,485**	8,828	11,027
Preferred securities	**8,971**	7,810	7,148
Total minority interests	**20,456**	16,638	18,175
Total equity	**112,172**	62,276	69,920

European Embedded Value Supplementary Information

for the six months ended 30 June 2006

1 Summary income statement on a European embedded value basis

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
South Africa			
Covered business	**266**	262	579
Asset management	**55**	37	85
Banking	**274**	176	421
General insurance	**42**	49	102
	637	524	1,187
United States			
Covered business	**67**	83	122
Asset management	**59**	50	118
	126	133	240
Europe			
Covered business	**183**	-	-
Asset management	**3**	(2)	(4)
Banking	**6**	-	-
	192	(2)	(4)
Other	**9**	10	20
	9	10	20
Finance costs	**(63)**	(19)	(37)
Other shareholders' income / (expenses)	**(16)**	(8)	(19)
Adjusted operating profit*	**885**	638	1,387
Adjusting items	**87**	276	636
Profit before tax (net of income tax attributable to policyholder returns)	**972**	914	2,023
Income tax attributable to shareholders	**(241)**	(218)	(485)
Profit for the financial period	**731**	696	1,538
Profit for the financial period attributable to:			
Equity holders of the parent	**561**	590	1,281
Minority interests			
Ordinary shares	**144**	78	205
Preferred securities	**26**	28	52
Profit for the financial period	**731**	696	1,538

* For long-term and general insurance business, European Embedded Value (EEV) adjusted operating profit is based on the expected investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, EEV adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, initial costs of Black Economic Empowerment schemes, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments and dividends declared to holders of perpetual preferred callable securities.

1 Summary income statement on a European Embedded Value basis *continued*

Adjusting items comprise:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Income / (expense)			
Goodwill impairment and amortisation of non-covered business acquired intangible assets	**(6)**	(2)	(5)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	**97**	(4)	58
Short-term fluctuations in investment returns (including economic assumption changes)			
Covered business	**(50)**	210	524
Other	**24**	23	80
Cost of capital changes	**-**	49	51
Initial costs of Black Economic Empowerment schemes	**-**	-	(72)
Dividends declared to holders of perpetual preferred callable securities	**22**	-	-
Adjusting items	**87**	276	636

Adjusted operating profit after tax attributable to ordinary equity holders is determined as follows:

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Adjusted operating profit	**885**	638	1,387
Tax on adjusted operating profit	**(238)**	(154)	(352)
	647	484	1,035
Minority interests			
Ordinary shares	**(122)**	(76)	(187)
Preferred securities	**(26)**	(28)	(52)
Adjusted operating profit after tax attributable to ordinary equity holders	**499**	**380**	**796**

Embedded value earnings per share attributable to ordinary equity holders of the parent	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Pence Year ended 31 December 2005
Adjusted operating earnings per share*	**9.8**	10.1	20.7
Basic earnings per share	**12.0**	17.0	37.1
Adjusted weighted average number of shares – millions	**5,063**	3,753	3,840
Weighted average number of shares – millions	**4,547**	3,467	3,456

* EEV adjusted operating earnings per share is calculated on the same basis as EEV adjusted operating profit, stated after tax, and minority interests. It excludes income attributable to Black Economic Empowerment trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment trusts.

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

1 Summary income statement on a European Embedded Value basis *continued*

	6 months ended 30 June 2006	6 months ended 30 June 2005	£m Year ended 31 December 2005
Adjusted operating profit for the covered business	**516**	345	701
South Africa	**266**	262	579
United States	**67**	83	122
Europe	**183**	-	-
Tax on adjusted operating profit for the covered business	**140**	99	191
South Africa	**72**	75	150
United States	**22**	24	41
Europe	**46**	-	-
Adjusted operating profit after tax for the covered business	**376**	246	510
South Africa	**194**	187	429
United States	**45**	59	81
Europe	**137**	-	-
Reconciliation of tax on adjusted operating profit			
Tax on adjusted operating profit for the covered business	**140**	99	191
Tax on adjusted operating profit for other business	**98**	55	161
Tax on adjusted operating profit	**238**	154	352

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

2 Reconciliation of movements in group embedded value

	6 months ended 30 June 2006	6 months ended 30 June 2005*	£m Year ended 31 December 2005*
Group embedded value at beginning of the period	**5,808**	4,754	4,754
Exclusion of goodwill in respect of US covered business	**-**	(59)	(59)
Restated group embedded value at beginning of the period	**5,808**	4,695	4,695
Change in equity arising in the period			
Fair value (losses) / gains	**(55)**	18	(77)
Currency translation differences / exchange differences on translating foreign operations	**(921)**	(264)	263
Cash flow hedge amortisation	**-**	2	(12)
Redemption of convertible bond	**-**	(18)	(18)
Aggregate tax effects of items taken directly to or transferred from equity	**10**	-	-
Other	**44**	(182)	(383)
Net income recognised directly into equity	**(922)**	(444)	(227)
Profit for the period	**561**	590	1,281
Total recognised income and expense for the period	**(361)**	146	1,054
Dividend for the period	**(196)**	(118)	(184)
Issue of perpetual preferred callable securities	**-**	-	159
Issue of share capital	**2,670**	-	-
Exercise of share options	**12**	3	4
Fair value equity settled share options	**10**	4	80
Exclusion of adjustment to include Skandia long-term business on a statutory solvency basis as at the date of acquisition	**(3,352)**	-	-
Acquired value of in-force business of Skandia (on Old Mutual basis)	**2,085**	-	-
Group embedded value at end of the period	**6,676**	4,730	5,808

* The prior period results have been restated to:

(i) Exclude goodwill relating to United States long-term business of £66 million, £63 million and £59 million as at 30 June 2006, 30 June 2005 and 1 January 2005. Any changes in value over the prior periods results from and is included in currency translation differences.

(ii) Include the adjustment for market value of life funds' investments in Group equity and debt instruments in the adjusted net worth of the covered business of £467 million, £339 million and £368 million as at 30 June 2006, 30 June 2005 and 1 January 2005 respectively.

(iii) Remove the perpetual preferred callable securities including accrued dividends of £350 million and £699 million at 30 June 2005 and 31 December 2005 respectively.

3 Components of group embedded value

£m	At 30 June 2006	At 30 June 2005	At 31 December 2005
Adjusted net worth attributable to ordinary equity holders of the parent	**2,839**	3,078	3,829
Equity	**6,932**	3,816	4,751
Adjustment to include long-term business on a statutory solvency basis:			
South Africa	**110**	92	110
United States	**(656)**	(819)	(800)
Europe*	**(3,321)**	-	-
Adjustment for market value of life funds' investments in Group equity and debt instruments held in life funds	**470**	339	467
Adjustment to remove perpetual preferred callable securities and accrued dividends	**(696)**	(350)	(699)
Value of in-force business	**3,837**	1,652	1,979
Value of in-force business before items listed below	**4,407**	2,032	2,372
Additional time-value of financial options and guarantees	**(49)**	(67)	(49)
Cost of required capital	**(492)**	(310)	(340)
Minority interest in value of in-force	**(29)**	(3)	(4)
Group embedded value	**6,676**	4,730	5,808

* Includes £804 million of goodwill in respect of covered business.

£m	At 30 June 2006	At 30 June 2005	At 31 December 2005
Pro-forma adjustments to bring Group investments to market value			
Group embedded value	**6,676**	4,730	5,808
Adjustment to bring listed subsidiaries to market value	**1,010**	510	1,101
Adjustment for present value of future Black Economic Empowerment Scheme deferred consideration	**172**	-	206
Adjusted Group embedded value	**7,858**	5,240	7,115
Adjusted Group embedded value per share	**143.2p**	135.9p	174.0p
Return on Group embedded value (ROEV) % p.a.	**13.8%**	16.2%	16.5%
Number of shares in issue at the end of the period including own shares held in policyholders' funds – millions	**5,488**	3,857	4,090

The adjustments to include long-term business on a statutory solvency basis reflect the difference between the net worth of each business on the statutory basis (as required by the local regulator) and their portion of the Group's consolidated equity. In South Africa, these values exclude items that are eliminated or shown separately on consolidation (such as Nedbank, Mutual & Federal and inter-company loans).

The ROEV is calculated as the annualised adjusted operating profit after tax and minorities of £499 million less dividends declared to holders of perpetual preferred callable securities divided by the opening group embedded value plus 5/6 of the embedded value of Skandia as of 1 February 2006.

European Embedded Value Supplementary Information *continued*

at 30 June 2006

4 Reconciliation of embedded value of the covered business with the adjusted embedded value

	At 30 June 2006	At 30 June 2005	At 31 December 2005
			£m
Embedded value of the covered business	**6,277**	3,540	4,221
Adjusted net worth*	**2,440**	1,888	2,242
Value of in-force business**	**3,837**	1,652	1,979
Adjusted net worth of the asset management business	**1,265**	1,174	1,237
South Africa	**149**	145	151
United States	**974**	1,029	1,086
Europe	**142**	-	-
Market value of the banking business	**2,164**	1,368	2,050
South Africa	**1,952**	1,368	2,050
Europe	**212**	-	-
Market value of the general insurance business			
South Africa	**491**	414	614
Net other business	**302**	160	789
Adjustment for present value of future Black Economic Empowerment scheme deferred consideration	**172**	-	206
Perpetual preferred securities (US$ denominated)	**(458)**	(458)	(458)
Perpetual preferred callable securities	**(679)**	(350)	(679)
£ denominated	**(346)**	(350)	(350)
Euro denominated	**(333)**	-	(329)
Debt	**(1,659)**	(608)	(845)
Rand denominated	**(245)**	(46)	(325)
US$ denominated	**(494)**	(517)	(475)
£ denominated	**(44)**	(45)	(45)
SEK denominated	**(876)**	-	-
Accrued dividends to holders of perpetual preferred callable securities	**(17)**	-	(20)
Adjusted Group embedded value	**7,858**	5,240	7,115

* Adjusted net worth is after the elimination of inter-company loans.

** Net of minority interests.

The impact of marking all debt to market value is an increase in embedded value of £27 million as at 30 June 2006, a reduction in embedded value of £17 million as at 30 June 2005 and a reduction in embedded value of £62 million as at 31 December 2005.

5 Components of embedded value of the covered business

			£m
	At 30 June 2006	At 30 June 2005	At 31 December 2005
Embedded value of the covered business	**6,277**	3,540	4,221
Adjusted net worth	**2,440**	1,888	2,242
Value of in-force business	**3,837**	1,652	1,979
South Africa			
Adjusted net worth	**1,544**	1,437	1,755
Required capital	**1,292**	1,405	1,569
Free surplus	**252**	32	186
Value of in-force business	**1,087**	1,039	1,301
Value of in-force business before items listed below	**1,323**	1,312	1,565
Additional time-value of financial options and guarantees*	**-**	(37)	-
Cost of required capital	**(232)**	(233)	(260)
Minority interest in value of in-force	**(4)**	(3)	(4)
United States			
Adjusted net worth	**463**	451	487
Required capital	**460**	444	484
Free surplus	**3**	7	3
Value of in-force business	**661**	613	678
Value of in-force business before items listed below	**794**	720	807
Additional time-value of financial options and guarantees	**(42)**	(30)	(49)
Cost of required capital	**(91)**	(77)	(80)
Europe			
Adjusted net worth	**433**	-	-
Required capital	**349**	-	-
Free surplus	**84**	-	-
Value of in-force business	**2,089**	-	-
Value of in-force business before items listed below	**2,290**	-	-
Additional time-value of financial options and guarantees	**(7)**	-	-
Cost of required capital	**(169)**	-	-
Minority interest in value of in-force	**(25)**	-	-

* No additional time-value of financial options and guarantees is necessary in South Africa since 31 December 2005 due to:
a) Higher provisions for such options and guarantees held within policyholder liabilities
b) Allowance being made for reasonable management action to take place
c) A realistic proportion of policyholders who will take up guaranteed annuity option.

The adjusted net worth excludes acquired intangibles and goodwill.

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

6 Basis of preparation

This supplementary information has been prepared in accordance with the European Embedded Value (EEV) Principles issued in May 2004 by the European Chief Financial Officers' Forum. The results for the six months to 30 June 2006 and the position at that date have been prepared on the same basis as that used in the 31 December 2005 EEV supplementary statements subject to the following changes:

(i) the Group embedded value now includes the adjustment for market value of life funds' investments in Group equity and debt instruments, and;

(ii) the Group embedded value now excludes perpetual preferred callable securities and accrued dividends.

Following the acquisition of Skandia, covered business, as defined in the 31 December 2005 EEV supplementary statements now includes the traditional life and unit-linked assurance business of Skandia. The treatment within this supplementary information of all business other than covered business is unchanged from the primary financial information.

The embedded value of Selestia Life and Pensions Company has not been included in the covered business at 30 June 2006, but will be included at 31 December 2006.

7 Analysis of covered business embedded value results (after tax)

£m

Total covered business	6 months ended 30 June 2006 Adjusted net worth	6 months ended 30 June 2006 Value of in-force business	6 months ended 30 June 2006 Total	6 months ended 30 June 2005 Adjusted net worth	6 months ended 30 June 2005 Value of in-force business	6 months ended 30 June 2005 Total	Year ended 31 December 2005 Adjusted net worth	Year ended 31 December 2005 Value of in-force business	Year ended 31 December 2005 Total
Embedded value of the covered business at beginning of the period	**2,242**	**1,979**	**4,221**	2,081	1,474	3,555	2,081	1,474	3,555
Exclusion of goodwill in respect of the United States covered business	**-**	**-**	**-**	(59)	-	(59)	(59)	-	(59)
Acquired embedded value of Skandia	**391**	**2,085**	**2,476**	-	-	-	-	-	-
	2,633	**4,064**	**6,697**	2,022	1,474	3,496	2,022	1,474	3,496
New business contribution	**(195)**	**306**	**111**	(55)	109	54	(91)	204	113
Expected return on existing business – return on value of in-force	**-**	**160**	**160**	-	89	89	-	187	187
Expected return on existing business – transfer to net worth	**304**	**(304)**	**-**	101	(101)	-	240	(240)	-
Experience variances	**13**	**9**	**22**	4	22	26	(7)	13	6
Operating assumption changes	**6**	**(7)**	**(1)**	(22)	29	7	(44)	110	66
Expected return on adjusted net worth	**84**	**-**	**84**	70	-	70	138	-	138
Adjusted operating profit after tax	**212**	**164**	**376**	98	148	246	236	274	510
Investment return variances on in-force business	**2**	**19**	**21**	19	32	51	20	92	112
Investment return variances on adjusted net worth	**70**	**-**	**70**	86	-	86	264	-	264
Effect of economic assumption changes	**-**	**(129)**	**(129)**	-	26	26	-	36	36
Effect of changes in and cost of required capital	**-**	**-**	**-**	-	32	32	-	33	33
Profit after tax	**284**	**54**	**338**	203	238	441	520	435	955
Exchange rate movements	**(351)**	**(255)**	**(606)**	(112)	(60)	(172)	55	72	127
Change in minority interest	**(3)**	**(26)**	**(29)**	-	-	-	(4)	(2)	(6)
Net transfers from covered business	**(123)**	**-**	**(123)**	(225)	-	(225)	(351)	-	(351)
Embedded value of the covered business at end of the period	**2,440**	**3,837**	**6,277**	1,888	1,652	3,540	2,242	1,979	4,221

7 Analysis of covered business embedded value results (after tax) *continued*

£m

South Africa covered business	6 months ended 30 June 2006 Adjusted net worth	6 months ended 30 June 2006 Value of in-force business	6 months ended 30 June 2006 Total	6 months ended 30 June 2005 Adjusted net worth	6 months ended 30 June 2005 Value of in-force business	6 months ended 30 June 2005 Total	Year ended 31 December 2005 Adjusted net worth	Year ended 31 December 2005 Value of in-force business	Year ended 31 December 2005 Total
Embedded value of the covered business at the beginning of period	**1,755**	**1,301**	**3,056**	1,566	1,030	2,596	1,566	1,030	2,596
New business contribution	**(17)**	**44**	**27**	(17)	42	25	(22)	84	62
Expected return on existing business – return on value of in-force	**-**	**75**	**75**	-	66	66	-	137	137
Expected return on existing business – transfer to net worth	**99**	**(99)**	**-**	92	(92)	-	185	(185)	-
Experience variances	**8**	**4**	**12**	28	(1)	27	52	(8)	44
Operating assumption changes	**-**	**13**	**13**	(12)	21	9	3	62	65
Expected return on adjusted net worth	**67**	**-**	**67**	60	-	60	121	-	121
Adjusted operating profit after tax	**157**	**37**	**194**	151	36	187	339	90	429
Investment return variances on in-force business	**6**	**49**	**55**	12	39	51	18	99	117
Investment return variances on adjusted net worth	**79**	**-**	**79**	90	-	90	264	-	264
Effect of economic assumption changes	**-**	**(74)**	**(74)**	-	-	-	-	40	40
Effect of changes in and cost of required capital	**-**	**-**	**-**	-	32	32	-	33	33
Profit after tax	**242**	**12**	**254**	253	107	360	621	262	883
Exchange rate movements	**(322)**	**(225)**	**(547)**	(142)	(98)	(240)	5	11	16
Change in minority interest	**2**	**(1)**	**1**	-	-	-	(4)	(2)	(6)
Net transfers from covered business	**(133)**	**-**	**(133)**	(240)	-	(240)	(433)	-	(433)
Embedded value of the covered business at end of the period	**1,544**	**1,087**	**2,631**	1,437	1,039	2,476	1,755	1,301	3,056
Return on embedded value (ROEV)% p.a.			12.7%			14.4%			16.5%

The main operating assumption changes are a reduction in the Retirement Fund tax rate in South Africa from 18% to 9% and a change in the allocation of head-office expenses between new business and renewal expenses.

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

The transfers from covered business include the purchase of additional shares in Nedbank Group Limited, an increase inter company loans, dividend payments, as well as head office expenses.

7 Analysis of covered business embedded value results (after tax) *continued*

The segmental results of South Africa include the Old Mutual Life Insurance Company Namibia and Old Mutual International (Guernsey) both of which are managed by the South African operations.

The embedded value for the South Africa covered business is after the adjustment for market value of life funds' investments in Group equity and debt instruments.

Return on embedded value is the annualised adjusted operating profit after tax divided by opening embedded value.

7 Analysis of covered business embedded value results (after tax) *continued*

£m

United States covered business	6 months ended 30 June 2006 Adjusted net worth	Value of in-force business	Total	6 months ended 30 June 2005 Adjusted net worth	Value of in-force business	Total	Year ended 31 December 2005 Adjusted net worth	Value of in-force business	Total
Embedded value of the covered business at beginning of the period	**487**	**678**	**1,165**	515	444	959	515	444	959
Exclusion of goodwill in respect of US covered business	**-**	**-**	**-**	(59)	-	(59)	(59)	-	(59)
	487	**678**	**1,165**	456	444	900	456	444	900
New business contribution	**(45)**	**67**	**22**	(38)	67	29	(69)	120	51
Expected return on existing business – return on value of in-force	**-**	**32**	**32**	-	23	23	-	50	50
Expected return on existing business – transfer to net worth	**26**	**(26)**	**-**	9	(9)	-	55	(55)	-
Experience variances	**(3)**	**(1)**	**(4)**	(24)	23	(1)	(59)	21	(38)
Operating assumption changes	**6**	**(19)**	**(13)**	(10)	8	(2)	(47)	48	1
Expected return on adjusted net worth	**8**	**-**	**8**	10	-	10	17	-	17
Adjusted operating profit after tax	**(8)**	**53**	**45**	(53)	112	59	(103)	184	81
Investment return variances on in-force business	**-**	**14**	**14**	7	(7)	-	2	(7)	(5)
Investment return variances on adjusted net worth	**(7)**	**-**	**(7)**	(4)	-	(4)	-	-	-
Effect of economic assumption changes	**-**	**(36)**	**(36)**	-	26	26	-	(4)	(4)
Profit after tax	**(15)**	**31**	**16**	(50)	131	81	(101)	173	72
Exchange rate movements	**(33)**	**(48)**	**(81)**	30	38	68	50	61	111
Net transfers from covered business	**24**	**-**	**24**	15	-	15	82	-	82
Embedded value of the covered business at end of the period	**463**	**661**	**1,124**	451	613	1,064	487	678	1,165
Return on embedded value (ROEV)% p.a.			**8.1%**			12.8%			8.5%

The operating assumption changes include a strengthening of the assumed rate of usage of the penalty free withdrawal option in the deferred annuity product, valuation modelling improvements and the impact of changing the definition of required capital in Old Mutual (Bermuda) Limited to that appropriate to manage the business.

The transfer to covered business is in respect of capital injections and head office expenses.

The segmental results of United States include Old Mutual Reassurance (Ireland) Limited (OMRe), which provides reinsurance to the United States life companies and Old Mutual (Bermuda) Limited.

Return on embedded value is the annualised adjusted operating profit after tax divided by opening embedded value in US dollars.

7 Analysis of covered business embedded value results (after tax) *continued*

			£m
	6 months ended 30 June 2006		
Europe covered business	Adjusted net worth	Value of in-force business	Total
Embedded value of covered business at beginning of the period			
Acquired embedded value of Skandia	391	2,085	2,476
New business contribution	(134)	196	62
Expected return on existing business – return on value of in-force	-	53	53
Expected return on existing business – transfer to net worth	180	(180)	-
Experience variances	8	6	14
Operating assumption changes	-	(1)	(1)
Expected return on adjusted net worth	9	-	9
Adjusted operating profit after tax	63	74	137
Investment return variances on in-force business	(4)	(44)	(48)
Investment return variances on adjusted net worth	(2)	-	(2)
Effect of economic assumption changes	-	(19)	(19)
Profit after tax	57	11	68
Exchange rate movements	4	18	22
Minority interest	(5)	(25)	(30)
Net transfers from covered business	(14)	-	(14)
Embedded value of the covered business at end of the period	433	2,089	2,522
Return on embedded value (ROEV)% p.a.			13.3%

The transfers from covered business include head office expenses and repayment of internal financing arrangements.

The segmental results of Europe include the Skandia Life companies in the United Kingdom, Nordic region, Europe and Latin America.

The embedded value for the Europe covered business is after the adjustment for market value of life funds' investments in Group equity and debt instruments.

Return on embedded value is the annualised adjusted operating profit after tax divided by opening embedded value.

8 Value of new business (after tax)

The tables below set out the geographic analysis of the value of new business (VNB) after tax for the six months ended 30 June 2006 and 30 June 2005 and the year ended 31 December 2005. Annual premium equivalent (APE) is calculated as recurring premiums plus 10% of single premiums. New business profitability is measured by both the ratio of the VNB to the APE as well as to the present value of new business premiums (PVNBP), and shown under "Margin" below. PVNBP is defined as the present value of regular premiums plus single premiums for any given period and is calculated on the same assumptions as for the value of new business.

			£m
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
Recurring premiums			
South Africa*	**114**	118	239
United States	**33**	39	81
Europe**	**166**	-	-
	313	157	320
Single premiums			
South Africa*	**685**	531	1,183
United States	**957**	1,081	2,086
Europe**	**2,537**	-	-
	4,179	1,612	3,269
APE			
South Africa*	**183**	171	358
United States	**129**	147	290
Europe**	**420**	-	-
	732	318	648
PVNBP			
South Africa*	**1,234**	1,108	2,380
United States	**1,115**	1,269	2,477
Europe**	**3,484**	-	-
	5,833	2,377	4,857
VNB			
South Africa*	**27**	25	62
United States	**22**	29	51
Europe**	**62**	-	-
	111	54	113

8 Value of new business (after tax) *continued*

	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
APE margin			
South Africa*	**15%**	15%	17%
United States	**17%**	20%	18%
Europe**	**15%**	-	-
	15%	17%	17%
PVNBP margin			
South Africa*	**2.2%**	2.3%	2.6%
United States	**2.0%**	2.3%	2.1%
Europe**	**1.8%**	-	-
	1.9%	2.3%	2.3%

* Gross of minority interests.

** For the period from 1 February 2006.

The value of new unit trust linked retirement annuities and pension fund asset management business written by the South African long-term business, which amounted to £255 million in the six months ended 30 June 2006, is excluded as the profits on this business arise in the asset management business. The value of new business also excludes premium increases arising from indexation arrangements in respect of exiting business, as these are already included in the value of in-force business.

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

9 Product analysis of new covered business premiums

South Africa	6 months ended 30 June 2006 Recurring	6 months ended 30 June 2006 Single	6 months ended 30 June 2005 Recurring	6 months ended 30 June 2005 Single	Year ended 31 December 2005 Recurring	£m Year ended 31 December 2005 Single
Total business	**114**	**685**	118	531	239	1,183
Individual business	**97**	**475**	85	369	184	795
Savings	**28**	**395**	30	294	58	635
Protection	**34**	**3**	27	3	63	6
Annuity	**-**	**76**	-	71	-	153
Group Schemes	**35**	**1**	28	1	63	1
Group business	**17**	**210**	33	162	55	388
Savings	**2**	**124**	2	115	5	248
Protection	**3**	**-**	7	-	14	-
Annuity	**-**	**86**	-	47	-	140
Healthcare	**12**	**-**	24	-	36	-
Total business*	**114**	**685**	118	531	239	1,183
Individual business	**97**	**475**	85	369	184	795
Insurance contracts	**55**	**74**	42	75	101	151
Investment contracts with discretionary participating features	**20**	**13**	22	7	40	21
Other investment contracts	**22**	**388**	21	287	43	623
Group business	**17**	**210**	33	162	55	388
Insurance contracts	**15**	**86**	31	47	50	140
Investment contracts with discretionary participating features	**2**	**68**	2	67	5	149
Other investment contracts	**-**	**56**	-	48	-	99

United States	6 months ended 30 June 2006 Recurring	6 months ended 30 June 2006 Single	6 months ended 30 June 2005 Recurring	6 months ended 30 June 2005 Single	Year ended 31 December 2005 Recurring	£m Year ended 31 December 2005 Single
Total business	**33**	**957**	39	1,081	81	2,086
Fixed deferred annuity	**-**	**28**	-	-	-	32
Equity indexed annuity	**-**	**584**	-	654	-	1,265
Variable annuity	**-**	**264**	-	189	-	394
Life	**33**	**-**	39	-	81	-
Immediate annuity	**-**	**81**	-	166	-	319
Other (corporate)	**-**	**-**	-	72	-	76
Total business*	**33**	**957**	39	1,081	81	2,086
Insurance contracts	**33**	**847**	39	895	81	1,744
Other investment contracts	**-**	**110**	-	186	-	342

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

9 Product analysis of new covered business premiums *continued*

Europe**	£m 6 months ended 30 June 2006 Recurring	Single
Total business	**166**	**2,537**
Unit-linked assurance	162	2,528
Life	4	9

* The classification of insurance contracts, investment contracts with discretionary participating features and other investment contracts is in accordance with the IFRS definitions. All categories of business are subject to EEV accounting.

** Gross of minority interests for the period from 1 February 2006.

10 Assumptions

Introduction

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 assumptions are best estimate and actively reviewed.

- Both operating profit and value of new business are calculated on closing assumptions.
- 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.
- 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 value of new business has been accumulated to the period end.
- 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 note 11.

Economic assumptions

	At 30 June 2006	At 30 June 2005	At 31 December 2005
South Africa			
Risk-free rate (10 year Government bond)	**8.8%**	8.3%	7.6%
Cash return	**6.8%**	6.3%	5.6%
Equity return	**12.3%**	11.8%	11.1%
Property return	**10.3%**	9.8%	9.1%
Expense Inflation	**5.8%**	5.3%	4.6%
Risk discount rate	**11.1%**	10.6%	9.9%
Risk margin	**2.3%**	2.3%	2.3%
United States			
Risk free rate (10 year Treasury yield)	**5.2%**	3.9%	4.4%
Expense Inflation	**3.0%**	3.0%	3.0%
New money yield assumed	**6.2%**	4.9%	5.5%
Net portfolio earned rate	**5.9%**	5.7%	5.6%
Risk discount rate	**8.4%**	7.1%	7.6%
Risk margin	**3.2%**	3.2%	3.2%

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

10 Assumptions *continued*

	At 30 June 2006
Europe	
United Kingdom	
Risk-free rate (10 year Government bond)	**4.7%**
Cash return	**3.7%**
Equity return	**7.7%**
Property return	**6.2%**
Expense Inflation	**4.1%**
Risk discount rate	**6.9%**
Risk margin	**2.2%**
Nordic	
Risk-free rate (10 year Government bond)	4.0%
Cash return	3.0%
Equity return	7.0%
Property return	5.5%
Expense Inflation	3.0%
Risk discount rate	7.0%
Risk margin	3.0%
Balance of Europe	
Risk-free rate (10 year Government bond)	2.8% to 5.0%
Cash return	1.8% to 4.0%
Equity return	5.8% to 8.0%
Property return	4.3% to 6.5%
Expense Inflation	2.5% to 3.6%
Risk discount rate	4.4% to 7.5%
Risk margin	1.6% to 3.1%

- The pre-tax investment and economic assumptions are updated every six months to reflect the economic conditions prevailing on the valuation date. Risk-free rates have a duration similar to that of the underlying liabilities. Equity and property risk premiums incorporate both historical relationships and the Directors' view of future projected returns in each geography.
- The risk margins have been calculated using a bottom-up market consistent approach, and reflect the distinctive risks of the products in the respective business units. The calibration of the South African and United States risk margins were not redone for June 2006, and the same risk margins were used as for December 2004 and 2005. The calibration of the Europe risk margins was done for December 2005, as part of the restatement of Skandia’s embedded value onto the Old Mutual EEV basis.
- Where applicable, rates of future bonuses or crediting rates 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.

10 Assumptions *continued*

- For the South African business projected taxation is based on the current tax basis that applies in each country. Full allowance has been made for secondary tax on companies (STC) that may be payable in South Africa. Full account has been taken of the impact of capital gains tax introduced in South Africa with effect from 1 October 2001. It has been assumed that 10% of the equity portfolio (excluding Group subsidiaries) will be traded each year. The effective tax rate was 35%, except for the investment return on capital for which the attributed tax was derived from the primary accounts.
- For the United States full allowance has been made for existing tax attributes of the companies, including the use of existing carry-forwards and preferred tax credit investments. The effective rate was 34%.
- For the Europe businesses, projected tax is based on the current tax rate that applies in each country. In Sweden, no allowance has been made for additional tax on dividends remitted to the UK. Tax has however been allowed for on dividends to be remitted to the UK from the Isle of Man. The effective tax rates for Sweden, UK and the rest of Europe were 2.2%, 29.8% and a range of 10.9% to 43.9%.

Non-economic assumptions

- 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 include 30% of the Group holding company expenses, with 15% allocated to South Africa, 4% allocated to United States and 11% allocated to Europe.
- The allocation of these expenses aligns to the proportion that the management expenses incurred by the business bears to the total management expenses incurred in the Group.
- No allowance has been made for future productivity improvements in the expense assumptions.
- No development expenses have been excluded from the calculations and no material allowance has been made for future development expenses.
- 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.

Financial options and guarantees

- The nature of the financial options and guarantees for the South Africa and United States businesses was outlined in the December 2005 financial statements.
- While certain products within the Europe businesses provide financial options and guarantees, these are immaterial due to the predominantly unit-linked nature of the business.

10 Assumptions *continued*

- The approaches and models used to determine the time value of the financial options and guarantees as at 30 June 2006 for South Africa are consistent with the approaches as at 31 December 2005. The time value of financial options and guarantees is zero, reflecting the fact that the investment guarantee reserves held as part of the statutory valuation are sufficient.
- The time value of financial options and guarantees in the United States businesses are now valued using a proprietary scenario generator. The 'real world' stochastic model has been used with mean reversion calibrated to 17 US$ denominated index-linked government bond prices. Interest rate scenarios range from 0.4% to 30%. The mean interest rate and standard deviation at 6 months and 20 years respectively were 4% and 2.9% and 4.8% and 2.4%.

Required capital

- For the South African business, the required capital is calculated independently in each of the major business units. The non-investment items are based on a multiple of the non-investment components of the local Statutory Capital Adequacy Requirements set out in PGN104 issued by the Actuarial Society of South Africa (ASSA). The investment item is based on internal models developed for capital allocation and pricing purposes. The models project assets and liabilities for the business forward for 10 years using stochastically determined investment returns on a realistic basis. Bonus rates and adjustments to non-vested bonuses are determined using a consistent formula based on a weighted average of past returns and the level of the Bonus Smoothing Account (BSA) at the time. To the extent that the BSA falls to lower than normally allowable minimum levels, the shareholder is considered to be required to provide support to the business, and the capital requirement is based on the discounted value of the maximum shareholder support in the 99th worst percentile case. The required capital is invested in local equities, local cash and international cash. The asset allocation as at 30 June 2006 is 60%, 20% and 20% respectively. European Embedded Value Supplementary Information.
- The required capital of Old Mutual International, based in Guernsey, is set at the maximum of 1% of funds under management and £10 million, a level considered by the Directors to be appropriate to manage the business. The required capital is invested in short-dated fixed interest assets.
- For the United States business, the required capital is based on the multiple of the local Risk Based Capital (RBC) requirement that management deems necessary to maintain the desired credit rating for the company in question. The multiples vary by company from 200% to 300% and average 270% as at 30 June 2006. The required capital for OMNIA (Bermuda) Limited and Old Mutual Reassurance (Ireland) Limited in Ireland is based on the level of capital considered by management appropriate to manage the business which is calculated as 125% of US RBC calculated on local reserves, subject to a minimum of local statutory requirements. The required capital for the United States business is invested in fixed interest assets.
- For the Europe businesses the required capital reflects the level of capital considered by management appropriate to manage the business allowing for local minimum statutory requirements. In aggregate required capital amounts to 149% of local minimum statutory requirements. The investment of required capital varies by territory and combines cash and long-term fixed interest investments.

European Embedded Value Supplementary Information *continued*

for the six months ended 30 June 2006

11 Sensitivity test

The tables below for South Africa, United States and Europe show the sensitivity of the value of in-force at 30 June 2006 and the value of new business for the six months to 30 June 2006 to a 100bp increase in the risk discount rate.

		£m
		30 June 2006
South Africa	Value of in-force business	Value of new business
Central assumptions	1,087	27
Central discount rate increasing by 1%	926	21

		£m
		30 June 2006
United States	Value of in-force business	Value of new Business
Central assumptions	661	22
Central discount rate increasing by 1%	615	18

		£m
		30 June 2006
Europe	Value of in-force business	Value of new Business
Central assumptions	2,089	62
Central discount rate increasing by 1%	1,946	53

European Embedded Value Supplementary Information (Rand)

for the six months ended 30 June 2006

12 Summary income statement on a European embedded value basis

	6 months ended 30 June 2006	6 months ended 30 June 2005	Rand m Year ended 31 December 2005
South Africa			
Covered business	**3,006**	3,048	6,706
Asset management	**622**	422	984
Banking	**3,096**	2,047	4,876
General insurance	**475**	573	1,178
	7,199	6,090	13,744
United States			
Covered business	**757**	966	1,413
Asset management	**667**	582	1,368
	1,424	1,548	2,781
Europe			
Covered business	**2,068**	-	-
Asset management	**34**	(23)	(46)
Banking	**68**	-	-
	2,170	(23)	(46)
Other			
	101	128	232
	101	128	232
	-	-	-
Finance costs	**(712)**	(216)	(422)
Other shareholders' income / (expenses)	**(181)**	(107)	(222)
Adjusted operating profit	**10,001**	7,420	16,067
Adjusting items	**983**	3,219	7,365
Profit before tax (net of income tax attributable to policyholder returns)	**10,984**	10,639	23,432
Income tax attributable to shareholders	**(2,723)**	(2,536)	(5,617)
Profit for the financial period	**8,261**	8,103	17,815
Profit for the financial period attributable to:			
Equity holders of the parent	**6,339**	6,866	14,832
Minority interests			
Ordinary shares	**1,628**	910	2,378
Preferred securities	**294**	327	605
Profit for the financial period	**8,261**	8,103	17,815

European Embedded Value Supplementary Information (Rand) *continued*

for the six months ended 30 June 2006

12 Summary income statement on a European embedded value basis *continued*

Adjusting items comprise:

	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
			Rand m
Income / (expense)			
Goodwill impairment and amortisation of non-covered business acquired intangible assets	**(68)**	(19)	(58)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	**1,096**	(47)	672
Short-term fluctuations in investment returns (including economic assumption changes)			
Covered business	**(565)**	2,443	6,069
Other	**271**	272	925
Cost of capital changes	**-**	570	591
Initial costs of Black Economic Empowerment schemes	**-**	-	(834)
Dividends declared to holders of perpetual preferred callable securities	**249**	-	-
Adjusting items	**983**	3,219	7,365

Adjusted operating profit after tax attributable to ordinary equity holders is determined as follows:

	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 December 2005
			Rand m
Adjusted operating profit	**10,001**	7,420	16,067
Tax on adjusted operating profit	**(2,689)**	(1,791)	(4,077)
	7,312	5,629	11,990
Minority interests – ordinary shares	**(1,379)**	(883)	(2,169)
Minority interests – preferred securities	**(294)**	(327)	(605)
Adjusted operating profit after tax attributable to ordinary equity holders	**5,639**	4,419	9,216

Embedded value earnings per share attributable to ordinary equity holders	**6 months ended 30 June 2006**	6 months ended 30 June 2005	Year ended 31 December 2005
			Cents
Adjusted operating earnings per share	**111.4**	117.7	240.0
Basic earnings per share	**135.2**	198.1	429.2
Adjusted weighted average number of shares - millions	**5,063**	3,753	3,840
Weighted average number of shares - millions	**4,547**	3,467	3,456

13 Components of group embedded value

Rand m	At 30 June 2006	At 30 June 2005	At 31 December 2005
Adjusted net worth attributable to ordinary equity holders of the parent	**37,563**	36,809	41,706
Equity attributable to equity holders of the parent	**91,716**	45,638	51,745
Adjustment to include long-term business on a statutory solvency basis:			
South Africa	**1,455**	1,100	1,198
United States	**(8,680)**	(9,797)	(8,710)
Europe	**(43,940)**	-	-
Adjustment for market value of life funds' investments in Group equity and debt instruments	**6,208**	4,055	5,087
Adjustment to remove perpetual preferable callable securities and accrued dividends	**(9,196)**	(4,187)	(7,614)
Value of in-force business	**50,768**	19,762	21,556
Value of in-force business before items listed below	**58,310**	24,302	25,837
Additional time-value of financial options and guarantees	**(648)**	(802)	(534)
Cost of required capital	**(6,510)**	(3,708)	(3,703)
Minority interest in value of in-force	**(384)**	(30)	(44)
Group embedded value	**88,331**	56,571	63,262

Rand m	At 30 June 2006	At 30 June 2005	At 31 December 2005
Pro-forma adjustments to bring Group investments to market value			
Group embedded value	**88,331**	56,571	63,262
Adjustment to bring listed subsidiaries to market value	**13,363**	6,101	11,987
Adjustment for present value of Black Economic Empowerment Scheme deferred consideration	**2,276**	-	2,244
Adjusted Group embedded value	**103,970**	62,672	77,493
Adjusted Group embedded value per share	**1,895c**	1,625c	1,895c
Return on Group embedded value (ROEV) % p.a.	**13.8%**	16.2%	16.5%
Number of shares in issue at the end of the period including own shares held in policyholders' funds – millions	**5,488**	3,857	4,090

The adjustments to include long-term business on a statutory solvency basis reflect the difference between the net worth of each business on the statutory basis (as required by the local regulator) and their portion of the Group's consolidated equity. In South Africa, these values exclude items that are eliminated or shown separately on consolidation (such as Nedbank, Mutual & Federal and inter company loans).

Refer to note 3 for the detail of the ROEV% calculation.

European Embedded Value Supplementary Information (Rand) *continued*

at 30 June 2006

14 Reconciliation of embedded value of the covered business with the adjusted embedded value

	At 30 June 2006	At 30 June 2005	At 31 December 2005
			Rand m
Embedded value of the covered business	**83,052**	42,347	45,977
Adjusted net worth*	**32,284**	22,585	24,421
Value of in-force business**	**50,768**	19,762	21,556
Adjusted net worth of the asset management business	**16,737**	14,044	13,474
South Africa	**1,971**	1,735	1,645
United States	**12,887**	12,309	11,829
Europe	**1,879**	-	-
Market value of the banking business	**28,632**	16,365	22,329
South Africa	**25,827**	16,365	22,329
Europe	**2,805**	-	-
Market value of the general insurance business			
South Africa	**6,497**	4,952	6,688
Net other business	**3,984**	1,903	8,598
Adjustment for present value of future Black Economic Empowerment Scheme deferred consideration	**2,276**	-	2,244
Perpetual preferred securities (US$ denominated)	**(6,060)**	(5,479)	(4,989)
Perpetual preferred callable securities	**(8,984)**	(4,187)	(7,396)
£ denominated	**(4,578)**	(4,187)	(3,812)
Euro denominated	**(4,406)**	-	(3,584)
Debt	**(21,951)**	(7,273)	(9,214)
Rand denominated	**(3,242)**	(550)	(3,550)
US$ denominated	**(6,536)**	(6,185)	(5,174)
£ denominated	**(582)**	(538)	(490)
SEK denominated	**(11,591)**	-	-
Accrued dividends to holders of perpetual preferred callable securities	**(213)**	-	(218)
Adjusted Group embedded value	**103,970**	62,672	77,493

* Adjusted net worth is after the elimination of inter-company loans.

** Net of minority interests.

The impact of marking all debt to market value is an increase in embedded value of R357 million as at 30 June 2006, a reduction in embedded value of R203 million at 30 June 2005 and a reduction in embedded value of R675 million as at 31 December 2005.

European Embedded Value Supplementary Information (Rand) *continued*

for the six months ended 30 June 2006

15 Value of new business (after tax)

	Six months ended 30 June 2006	Six months ended 30 June 2005	Rand m Year ended 31 December 2005
Recurring premiums			
South Africa*	**1,289**	1,372	2,771
United States	**373**	454	932
Europe**	**1,876**	-	-
	3,538	1,826	3,703
Single premiums			
South Africa*	**7,739**	6,179	13,705
United States	**10,814**	12,575	24,163
Europe**	**28,669**	-	-
	47,222	18,754	37,868
APE			
South Africa*	**2,062**	1,991	4,141
United States	**1,458**	1,712	3,348
Europe**	**4,746**	-	-
	8,266	3,703	7,489
PVNBP			
South Africa*	**13,945**	12,896	27,569
United States	**12,600**	14,762	28,687
Europe**	**39,370**	-	-
	65,915	27,658	56,256
VNB			
South Africa*	**305**	296	715
United States	**249**	337	591
Europe**	**701**	-	-
	1,255	633	1,306
APE margin			
South Africa*	**15%**	15%	17%
United States	**17%**	20%	18%
Europe**	**15%**	-	-
	15%	17%	17%
PVNBP margin			
South Africa*	**2.2%**	2.3%	2.6%
United States	**2.0%**	2.3%	2.1%
Europe**	**1.8%**	-	-
	1.9%	2.3%	2.3%

* Gross of minority interests.

** For the period from 1 February 2006.

Shareholder Information

Listings and share analysis

The Company's shares are listed on the London, Malawi, Namibian, Stockholm and Zimbabwe Stock Exchanges and on the JSE Limited. The primary listing is on the London Stock Exchange and the other listings are all secondary listings. Listing on the Stockholm Stock Exchange began on 2 February 2006. The ISIN number of the Company's shares is GB0007389926.

At 30 June 2006, the Company had 5,488,239,004 ordinary shares of 10p each in issue (2005: 3,856,783,314). A total of 1,398,281,314 shares were issued during the six months then ended (2005: 2,840,324), of which 1,389,361,918 related to acquisition of Skandia and the remainder were issued under the Company's employee share plans. The time-weighted average number of shares in issue during the six months to 30 June 2006 was 5,184,072,305 (2005: 3,855,136,627). No shares were held by the Company as treasury stock at 30 June 2006 (2005: nil) and no shares were bought back by the Company during the six months then ended (2005: nil).

Financial calendar

The Company's financial calendar for the following 12 months is as follows:

Third quarter results	28 November 2006
Interim dividend payment date	30 November 2006
Final results for 2006	February 2007
First quarter 2007 results and Annual General Meeting	May 2007
Interim results for 2007	August 2007

Websites

Further information on the Company can be found at the following websites:

www.oldmutual.com

www.oldmutual.co.za