OLD MUTUAL | plc

24 May 2007

Results for the quarter ended 31 March 2007

Good operating performance and positioning for further sustainable growth

- **Excellent investment performance driving continued strong net inflows of £4.5 billion**
- **Funds under management increased 5% to £249 billion and are on track to reach £300 billion by the end of 2008**
- **APE sales up 9% with contributions from investment in retail and offshore distribution channels in life businesses, strong bancassurance results, as well as the continued success of Skandia's open architecture platform**
- **On a local currency basis, all geographic segments achieved increases in adjusted operating profits: Africa up 33%; US up 11%; Europe up 38%**
- **Group adjusted operating profit increased 5% and adjusted earnings reached 4.2p per share**

Jim Sutcliffe, Chief Executive, commented:

"The overall start to 2007 has been positive, with good increases in life sales in South Africa, continued growth in our US asset management business and strong performance by Nedbank. The Skandia results continue to exceed our acquisition plans and will be accretive this year as forecast. We are on track to achieve our target of £300 billion of funds under management by the end of 2008 with a satisfying 5% growth during the first quarter.

While we still expect exchange rates and synergy and infrastructural costs to hold back earnings growth this year, the operating delivery from the Group is good and we are well positioned to grow strongly in 2008."

Financial highlights

- Adjusted operating profit* (IFRS basis) up 5% to £398 million (Q1 2006: £380 million)
- Profit for the quarter attributable to equity holders of the parent (IFRS basis) £248 million (Q1 2006: £170 million)
- Adjusted operating earnings per share* (IFRS basis) unchanged at 4.2p (Q1 2006: 4.2p)
- Basic earnings per share (IFRS basis) 4.9p (Q1 2006: 3.8p)
- Net cash flow in relation to funds under management of £4.5 billion (Q1 2006: £4.2 billion) representing 1.9% of opening funds under management
- Funds under management of £249 billion at 31 March 2007 (31 December 2006: £237** billion), an increase of 5.1%
- Total life assurance sales, on an Annual Premium Equivalent (APE) basis, of £421 million, an increase of 8.8% (Q1 2006: £387 million)
- PVNBP of £3,325 million, an increase of 9.3% (Q1 2006: £3,041 million)
- Adjusted embedded value per share (EEV basis) 159.0p at 31 March 2007 (31 December 2006: 157.2p)

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Notes

Wherever the terms asterisked in the Financial highlights are used, whether in the Financial highlights, the Chief Executive's Statement, the Group Finance Director's Review or the Business Review, the following definitions apply:

* 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, the impact of closure of unclaimed shares trusts, 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. 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.

** 2006 restated due to sale of Spanish business

Forward-looking statements

This announcement contains forward-looking statements with respect to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond Old Mutual plc's control, including, among other things, UK domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties or of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in territories where Old Mutual plc or its affiliates operate.

As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.

Notes to Editors:

A conference call for analysts and investors will take place at 9.00 a.m. (UK time) and 10.00 a.m. (Swedish and South African time) today. Analysts and investors who wish to participate in the call should dial the following toll free numbers:

UK	0800 953 1444
Sweden	0200 895 350
South Africa	0800 994 090

Copies of these results together with high-resolution images (at http://oldmutual.com/vpage.jsp?page_id=2220) and biographical details of the executive directors of Old Mutual plc, are available in electronic format to download from the Company's website.

A Financial Disclosure Supplement relating to the Company's Q1 results can be found on the website. This contains a summary of key financial data for the first quarters of 2007 and 2006.

For further information on Old Mutual plc, please visit our website at *www.oldmutual.com.*

Chief Executive's Statement

A positive start to the year

Old Mutual's open architecture model and good investment performance from our investment managers have continued to win strong net inflows in the first quarter, with net client cash flow of £4.5 billion. Overall funds under management by the Group increased 5.1% to £249 billion from the 2006 year-end position of £237 billion, benefiting from positive equity markets in the main countries in which we operate. Earnings on an IFRS basis were flat in Sterling terms, at 4.2p, but the strength of Sterling against the Rand and the US dollar for the first quarter of 2007 compared to the first quarter of 2006 disguises some underlying good performances by our businesses in local currency terms.

Europe

Skandia's open architecture offerings have continued to propel strong new business growth in the UK and offshore UK, with total Europe net inflows of £1.5 billion for the first quarter. Pension sales have continued to benefit from post-A Day demand, increasing by 24% compared to the first quarter of 2006. Unit trust sales were down by 3%. Offshore sales have also recovered markedly from the weakness experienced at the beginning of 2006. IFRS profit for the UK & Offshore increased by 16% for the period.

Profits at Skandia Nordic were unusually high, benefiting from higher levels of funds under management, which increased by SEK 4 billion and some exceptional profits in smaller lines of business. However, sales were depressed by the removal of the tax privileges of a key product, Kapitalpension, and by our early adoption of a level commission structure. Margins on new business fell with lower volumes affecting experience ratios and the costs of the new Skandia Liv arrangements which have now been put in place. Good progress is being made in putting this division on to a sounder footing for the future, and investing in a solid IT base. We are looking forward to welcoming our new CEO for the Nordic business, Bertil Hult, who is expected to join us in September 2007.

Within Skandia's European and Latin American businesses, Poland again performed well but Italian sales disappointed. Funds under management grew by 20% and the value of new business grew by 15%. Margins remained above target at 19%.

Our plans for significant spending on achieving the previously announced synergies at Skandia during 2007 remain in place, with the bulk of the expenditure coming through during the rest of the year. We remain on track to meet our stated targets.

South Africa

Our South African life business achieved good sales growth during the quarter benefiting from the investment we have made in our distribution network over the past few years. Retail life sales grew strongly up 27% partially offsetting lower Institutional sales. Bancassurance sales achieved through the Nedbank channel have also continued to grow strongly. Lumpy Institutional life sales were down for the quarter and funds under management were adversely affected by the loss of two large investment mandates. Investment performance by our South African asset management business, which went through an adverse patch in 2006, has recovered strongly. We have now completed the transformation of our asset management business to a boutique model and we remain confident that it will benefit our clients. Profits benefited from the strong JSE and some one-off items, and are up 34% in Rand terms.

Nedbank has continued its return to health, with a 24% increase in headline earnings in Rand terms. Nedbank exceeded its 2007 target of 20% RoE for the first time in the first quarter. Its cost to income ratio for the quarter was below its target of 55% for the year, although this will be affected during the rest of 2007 by Nedbank's continuing high levels of investment in its retail programme. Nedbank's market share statistics improved during the quarter, but loan impairments deteriorated as a result of the tighter credit environment.

Chief Executive's Statement

The combined ratio at our general insurance business, Mutual & Federal, was affected by some adverse weather-related and motor claims that led to its result being slightly higher in local currency terms for the period, even though the premium cycle does now appear to have turned, with a recent hardening of rates. Contribution from its long-term investment return was lower than in the equivalent period of 2006 as a result of the significant amount of capital returned to its shareholders under the special dividend paid last year.

USA

Our asset management business attracted $6.2 billion of net cash inflow from clients during the first quarter, which, together with powerful market and investment performance, raised its total funds under management by $16 billion to $290 billion. IFRS adjusted operating profit was up by 27% in local currency terms for the period. Sales by Old Mutual Capital Partners rose by 17%, with mutual funds up by 40%, underlining the potential of our retail strategy initiatives. We completed the acquisition of Ashfield, our new large cap manager, during February. Old Mutual Asset Managers (UK), which is now reported as part of the US asset management division, had an excellent three months, with unit trust sales up by 50%.

Sales at our US life business were strong, at $1.1 billion gross (Annual Premium Equivalent of $132 million), an increase of 25% (APE basis) on the equivalent period in 2006 when there was a slow start to the year. Margins were a healthy 18%, helped by strong sales by the Bermudan business and strong demand for equity indexed annuities. IFRS adjusted operating profit was lower than the equivalent period in 2006, but in line with the 2006 full year run rate, as a result of some adverse annuitant mortality experience and increases in the prevailing interest rate environment. The business remains on track to return cash to the Group by the end of 2007.

Our previously-announced review of the historic book of the US life business continues and we aim to complete this by August 2007. Two of the key items under review are hedging and longevity modelling; the latter produced an experience loss of $9 million in the quarter, while the former broke even.

Asia Pacific

Our businesses in the Asia Pacific region have continued to make good progress, with strong growth in life sales in India and China.

Economic Capital

We are taking this opportunity to publish for the first time data on the Group's Economic Capital Position. The relevant data (set out in Appendix I) show that the Group had a strong position on an Economic Capital basis at 31 December 2006.

Outlook

The overall start to 2007 has been positive, with good increases in life sales in South Africa, continued growth in our US asset management business and strong performance by Nedbank. The Skandia results continue to exceed our acquisition plans and will be accretive this year as forecast. We are on track to achieve our target of £300 billion of funds under management by the end of 2008 with a satisfying 5% growth during the first quarter. While we still expect exchange rates and synergy and infrastructural costs to have an effect this year, the operating delivery from the Group is good and we are well positioned to grow strongly in 2008.

Jim Sutcliffe
Chief Executive

Group Finance Director's Review

GROUP RESULTS

Group Highlights (£m)	Q1 2007	Q1 2006	Change
Adjusted operating profit (IFRS basis) (pre-tax)	**398**	380	5%
Profit before tax (IFRS)	**478**	401	19%
Adjusted operating earnings per share (IFRS basis)	**4.2p**	4.2p	-
Basic earnings per share (IFRS basis)	**4.9p**	3.8p	29%
Value of new business	**58**	59*	(2%)
PVNBP	**3,325**	3,041*	9%
Life assurance sales (APE)	**421**	387*	9%
Unit trust / mutual funds sales	**1,935**	2,165*	(11%)
Net fund inflows (£bn)	**4.5**	4.2	7%

Group Highlights	Q1 2007	FY 2006	Change
Embedded Value (£bn)	**8.7**	8.6	1%
Adjusted Embedded Value per share (EEV basis)	**159.0p**	157.2p	1%
Funds under management (£bn)	**249**	237**	5%
Return on equity (annualised basis) (%) ***	**13.7%**	12.0%	

Strong sales and net fund inflows continued in the first quarter of 2007 driving funds under management (FUM) to £249 billion, well on the way to our target of £300 billion by the end of 2008. Adjusted operating profit rose 5% in the period with higher FUM and operational leverage driving strong cash generation and a corresponding increase in return on shareholders equity.

Skandia continues to exceed expectations delivering £1.5 billion net fund inflows and £66 million in adjusted operating profits during the quarter and our US business powered ahead to $291 billion FUM. Elsewhere Nedbank and OMSA delivered very strong growth in profits offsetting the 31% decline in the Rand compared to the first quarter of 2006.

The first quarter of 2007 although good for unit trust sales was not as strong as the equivalent period last year due to the market correction in February and a period of poor investment performance at OMSA in 2006.

Adjusted Embedded Value per share up by 1.1%

Adjusted Group Embedded Value (EV) increased to £8.7 billion at 31 March 2007 (31 December 2006: £8.6 billion). The adjusted Group EV per share has increased to 159.0p at 31 March 2007 from 155.9p (restated from 157.2p after a fair value adjustment to the prior period balance sheet). This was driven by excellent investment performance, solid operating profits and the market value increase of our subsidiaries offset by adverse movement in foreign exchange rates.

* Pro forma three months

** 2006 restated due to sale of Spanish business

*** Return on equity is calculated using adjusted operating profit after tax and minority interests on an IFRS basis with allowance for accrued coupon payments on the Group's hybrid capital. The average shareholders' equity used in the calculation excludes hybrid capital.

Group Finance Director's Review

Skandia synergies on track

The Skandia acquisition provides significant opportunities for growth throughout Europe. In addition the integration and synergy benefits of £70 million per annum (announced in June 2006) are on track to be delivered by the end of 2008. 2007 is the key year for investment in synergy initiatives with £10 million incurred in the first quarter and it is expected that £46 million will be incurred in 2007 as a whole.

Value of new business flat

The value of new business in the first quarter of 2007 was £58 million driven by growth in the US and Europe offset by lower value of institutional business in South Africa coupled with the impact of foreign exchange movements.

Capital position

The Group's gearing level remains comfortably within our target range, with senior debt gearing at 31 March of 1.9% (6.0% at 31 December 2006) and total gearing, including hybrid capital, of 21.5% (21.8% at 31 December 2006).

In January 2007, the Group issued €750 million of Lower Tier 2 Preferred Callable Securities, the proceeds of which were used in part to finance the maturity of a €400 million senior Eurobond that matured in April 2007.

Old Mutual discloses strong Economic Capital position

Old Mutual plc today announces for the first time results from its Economic Capital (EC) Programme. These results show that, as at 31 December 2006, the Group had available financial resources (AFR) significantly in excess of the amount of economic capital the Group believes would be required to support its target rating.

Old Mutual plc's Economic Capital requirement as at 31 December 2006 stood at £4.1 billion. The corresponding AFR of the Group was £7.1 billion, giving an economic surplus of 73%. A comfortable surplus also exists within each of our South African, US and European regions, meaning that the Group is not reliant for its economic solvency on the need to transfer capital between geographies.

Jonathan Nicholls
Group Finance Director

24 May 2007

COMPARATIVE INFORMATION

Following the acquisition of Skandia by Old Mutual plc, and the resultant listing of Old Mutual plc shares on the Stockholm Stock Exchange, Old Mutual plc has adopted quarterly reporting from the period ended 30 September 2006. The reporting format for the first quarter 2007 reporting period is as follows:

- All group comparative quarterly reporting information on earnings include Skandia from the date of acquisition of 1 February 2006.
- Within the financial statements the Europe division comparative information is from the date of acquisition of 1 February 2006
- Where Europe information is shown within the business review this has been adjusted on a pro forma basis to reflect ownership from 1 January 2006.

EUROPE

On track for £70 billion funds under management in 2008

Highlights (£m)	Q1 2007	Pro forma* Q1 2006	% change
Life assurance sales (APE)	**278**	239	16%
Mutual fund sales	**1,009**	1,219	(17%)
Value of New Business	**36**	34	6%
PVNBP	**2,237**	1,940	15%
Net fund inflows (£bn)	**1.5**	1.4	7%
IFRS adjusted operating profit	**66**	48	38%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

Highlights (£bn)	Q1 2007	FY 2006	% change
Funds under management	**55**	51	8%

A good start to the year

Our European businesses delivered pleasing performance on the back of strong sales and an increasing asset base. Skandia is well on track to deliver on the 2008 growth and synergy targets. Overall net inflows were £1.5 billion equating to 3% of opening FUM. Life sales on an APE basis for the covered business reached £278 million for the first quarter, 16% higher than the same quarter last year.

The value of new business after tax (covered business) grew by 6% compared with same quarter last year and reached £36 million in the first quarter driven by a strong increase in new business volumes in UK more than offsetting a decline in Nordic associated with the lower new sales volumes.

Although underlying adjusted operating profits are growing strongly it should be remembered that 2007 is a key year for investing in synergies and around £46 million will be incurred during the year.

Business Review

UNITED KINGDOM AND OFFSHORE

Highlights (£m)	Q1 2007	Pro forma* Q1 2006	% Change
Life assurance sales (APE)	**192**	151	27%
UK life assurance sales (APE)	**119**	96	24%
Unit trust sales	**608**	624	(3%)
Value of new business	**20**	13	54%
PVNBP	**1,673**	1,299	29%
New business margin	**10%**	9%	
Net fund inflows (£bn)	**1.2**	0.8	50%
IFRS adjusted operating profit	**37**	32	16%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months and have been restated to include the results of Old Mutual International. No restatement has been made in respect of Selestia Life and Pension, which is now reported under Life assurance business rather than unit trust

Highlights (£bn)	Q1 2007	FY 2006	% Change
Funds under management	**39**	36	8%

Strong new business growth in UK life and mutual fund sales

Skandia's leading open architecture model continues to deliver strong new business growth. The first quarter was characterised by strong sales, strong net fund inflows and ongoing recognition from our distributors. Life sales on an APE basis and like for like unit trust sales were up in the quarter to 31 March 2007 compared to the first quarter of 2006, due to growth in single premium business, the continued impact of A day and strong portfolio bond sales.

Pension sales substantially higher

The new business levels for the first quarter of 2007 were significantly higher than the first quarter of 2006 due to higher single premium pension sales in the UK and the continued impact of Pensions A Day change of regulations in the UK. UK Pensions business grew in the quarter by 24%, building on the increase in volumes experienced during 2006 which arose from these changes in regulation, to £64 million APE.

International business increased strongly in the quarter benefiting from strong portfolio bond sales in the UK and single premium business in the Far East.

Underlying unit trust sales up 6%

As announced on 30 April, Skandia has brought together Skandia Life, Skandia MultiFunds and Selestia, under the banner "Selestia Investment Solutions" giving financial advisers a single, easy-to-understand market proposition backed by one comprehensive range of products and one sales team with which to interact. Sales for Selestia Life and Pension (Q1 2006: £51 million) are now reported under life assurance business rather than under unit trusts. Our Selestia and Skandia MultiFUNDS businesses continue to benefit from IFA's shift to open architecture investment platforms as the preferred strategy for the management of clients' assets with underlying sales up 6%. The Global Property Securities Fund remains Skandia's best selling fund for five consecutive months, together with the launch of the Skandia-manufactured "Best Ideas" funds, including the UK Best Ideas in October, has improved net fund inflows across the group, generating gross direct subscriptions exceeding £270 million for the quarter.

Margins improved with new business growing

Life new business APE margins post-tax at a product level improved from 9% to 10% for the quarter. The improvement in margin is due to a combination of increased scale benefits and a shift towards single premium retail pension business.

The value of new business improved by 54% to £20 million due to strong sales growth and mix of business across our core products. This increase in the value of new business coupled with the 27% increase in life assurance sales gives rise to the proportionate increase in profit margin.

Growing adjusted operating profits

Adjusted operating profit for the UK increased to £37 million, driven by a significantly higher level of funds under management and continued growth from investment and insurance contracts.

Plans to deliver the synergy benefits remain on track. £18 million of synergy costs are expected to be incurred in 2007 with £7 million having been incurred in the first quarter. The IT outsourcing to HCL in India became effective from 1 February. Staff have been transferred to HCL and the new relationship has been operating effectively.

The mutual fund business continues to perform well. Integration of the Skandia MultiFUNDS and Selestia fund supermarkets is on track to deliver the committed run rate savings by year end. The integration of back office operations and sales teams have been successful and efforts are now focused on the July launch of the new combined platform, bringing together the best aspects of each proposition.

Strong growth in funds under management and net fund inflows

Net fund inflows were £1.2 billion for the quarter representing 3% of opening funds under management. The favourable position resulted strong inflows and from market movements marginally ahead in the quarter giving rise to growth in funds under management.

Business Review

NORDIC

Highlights (SEKm)	Q1 2007	Pro forma* Q1 2006	% Change
Life assurance sales (APE)	**479**	559	(14%)
Mutual funds sales	**495**	1,138	(57%)
Value of new business	**87**	161	(46%)
PVNBP	**2,226**	3,737	(40%)
New business margin	**18%**	29%	
Net fund inflows (SEK bn)	**0.7**	1.9	(63%)
IFRS adjusted operating profit	**301**	235	28%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

Highlights (SEK bn)	Q1 2007	FY 2006	% Change
Funds under management	**111**	107	4%

Strong IFRS profits but law changes affect sales

IFRS profits increased by 28% in the first quarter to SEK 301 million due to increased fees reflecting higher asset levels and a positive result from risk business, but also boosted by lower new business strain from lesser sales. Costs will increase in the remainder of 2007 as integration and IT spend accelerates which will hold back full year profits.

From 1 February 2007 the Swedish Kapitalpension product was eliminated overnight following a change in regulations. This negatively impacted sales as Kapitalpension products accounted for 10% of sales in 2006. Sales were also affected negatively by a reduction in business from smaller brokers due to the effect of the new commission model in Sweden and the pressure from some competitors that enhanced up-front commission with small brokers to gain business. Slower sales in Sweden were partially compensated by record growth in Denmark, 38% in Life sales (APE).

Margin negatively impacted by new Liv arrangements and weak sales

Life new business margin was 18% compared to 29% for the first quarter of 2006. The 1 January 2007 change in arrangements between Skandia and Skandia Liv accounted for around 400 basis points of this change, expense overruns accounted for around a further 500 basis points and changes in product mix and assumptions accounted for the remainder. We expect margins to remain around this level in the first half of 2007, rising with the benefit of the introduction of new products in the second half of 2007 and the positive impact of cost synergies and will achieve our targeted range during 2008.

Funds under management passed another record milestone

Funds under management increased in the first quarter of 2007 to SEK 111 billion due to continued positive net fund inflows and good fund performance.

Continued growth in banking business

Both deposit and loan books increased in the first quarter reaching new highs. Lending increased to SEK 52 billion, up 20% on the first quarter of 2006, mainly due to strong mortgage lending in Norway. Loan growth was at a slower pace than in 2006 as the business focused on preserving net interest margin in the face of stiff competition. The number of customers increased by 4.5% over the past twelve months. Operating profit for the first quarter of 2007 is lower than the first quarter of 2006 mainly due to costs associated with Basel II.

Business Review

Putting the business on a sound footing for the future

With effect from 1 January 2007 Skandia and Skandia Liv renegotiated the arrangements between both companies and signed agreements resolving a number of operational legacy issues. We believe the resolution of these issues will now allow us to offer a clear combined strategy for the Nordic region which will benefit stakeholders. In addition we continue to make good progress on improving operational efficiency and look to improve the product offering in the market in the second half of 2007. The change programme will have a negative impact on IFRS profits for the rest of the year in line with previous market guidance.

Head of Nordic

On 4 May 2007 we announced the appointment of Bertil Hult as the new head for Skandia's Nordic Division, further boosting the quality of the management team in Sweden which continues to be improved. Bertil is well known and respected in Sweden with a strong knowledge of financial services.

Business Review

EUROPE AND LATIN AMERICA (ELAM)

Highlights (€m)	Q1 2007	Pro forma* Q1 2006	% Change
Life assurance sales (APE)	**75**	69	9%
Mutual fund sales	**544**	747	(27%)
Value of new business	**15**	13	15%
New business margin	**19%**	19%	
PVNBP	**599**	536	12%
Net fund inflows (€bn)	**0.4**	0.7	(43%)
IFRS adjusted operating profit	**11**	(1)	>100%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months and excludes businesses subsequently divested

Highlights (€bn)	Q1 2007	FY 2006	% Change
Funds under management (€bn)	**12**	10	20%

9% growth in life new business sales (APE)

Life sales on an APE basis rose 9% with strong growth in regular premium sales across Central Europe partially offset by lower single premium sales in Southern Europe. Sales in Southern Europe decreased year-on-year reflecting the strong and exceptional growth experienced in the first quarter of 2006. Sales in Central Europe, which are predominantly regular premium, have increased 48% compared to the same period in 2006.

Mutual fund sales down but value has increased

Although sales are down over the first quarter of 2006, the revenue arising from these inflows is significantly higher. Sales in the first quarter of 2006 predominantly arose from low margin institutional asset management business, while the sales this quarter have significantly higher margin leading to a positive adjusted operating profit contribution for the quarter.

Funds under management €12 billion after €0.4 billion net fund inflows and reclassifications

Funds under management for 31 December 2006 have been restated to exclude Skandia Vida, the Spanish business sold in 2006. Net fund inflows in the quarter were 4% of opening funds under management. Funds under management increased with the inclusion of Skandia Global Funds €0.7 billion, the transfer of Palladyne into ELAM €0.5 billion and the contribution of net fund inflows €0.4 billion, partially offset by the transfer of Liechtenstein into UK (€0.5 billion). Market movements were broadly flat despite the market drop in February.

Net fund inflows have been negatively impacted by the loss of a significant part of the high volume low margin institutional business from Spain.

Business Review

Value of new business up 15%, with profit margin above target at 19%

The value of new business for the first quarter of 2007 was well ahead of the first quarter of 2006, reflecting the emphasis on profitable growth, strong sales of regular premium products in Central Europe and expense control.

The post-tax profit margin of 19% achieved for the quarter is ahead of our medium-term target range of 16-18%, principally reflecting the higher margin contribution from less developed markets. We continue to anticipate that margin pressure will increase in these markets and have lowered our margin on certain products for the remainder of the year in order to competitively reposition our offerings in these markets.

Well positioned

ELAM is well placed to achieve further growth driven by rising market shares and growing importance of the unit linked segment within ELAM's markets. Product development and innovation remain at the heart of our offer with seven new products launched in the quarter and further offerings in the pipeline for the next quarter. Poland continues to grow and is now a significant contributor to the business unit's overall result. After a slow 2006, Germany has had an encouraging start to the year with sales well up on the equivalent period of the prior year although of lower margin. Significant investment is being made in distribution in our Latin American and Central European markets to ensure we are well placed to benefit from this market growth.

Strong adjusted operating profit result

The adjusted operating result reflects the scale benefit of strong organic growth in both unit linked and mutual fund businesses together with expense discipline. Higher funds under management have led to increased fund based fees. The 2006 comparator was negatively impacted by approximately €5 million of exceptional costs allocated to the business unit arising from legacy issues and from professional fees in connection with Skandia's bid defence.

Sale of business

As disclosed previously, a strategic decision was taken to divest the traditional life business in Spain. This transaction was closed on 5 April 2007.

Business Review

AFRICA

The African businesses continue to benefit from the expanding South African economy where GDP is forecast to grow 4.4% during 2007 and stock markets are performing strongly with the JSE recording a 9% rise in the quarter. We are well positioned across all key product and market sectors to benefit from these positive economic conditions and are well on the way to our target of R1 trillion assets under management (OMSA and Nedbank).

OMSA's head office has now been successfully relocated to Johannesburg in the province of Gauteng. Gauteng is the largest market in South Africa and the relocation facilitates the forging of closer relationships with Nedbank and Mutual & Federal.

Highlights (£m)	**Q1 2007**	Q1 2006	% Change
Life assurance sales (APE)	**75**	87	(14%)
Unit trust sales	**272**	406	(33%)
IFRS adjusted operating profit	**307**	301	2%

Highlights (Rm)	**Q1 2007**	Q1 2006	% Change
Life assurance sales (APE)	**1,061**	940	13%
Unit trust sales	**3,847**	4,374	(12%)
IFRS adjusted operating profit	**4,327**	3,245	33%

Highlights	**Q1 2007**	FY 2006	% Change
Funds under management (£bn)	**40**	40	-
Funds under management (Rbn)	**576**	549	5%

Business Review

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

Strong retail sales

Highlights (Rm)	Q1 2007	Q1 2006	% Change
Unit trust sales	**3,671**	4,172	(12%)
Life assurance sales (APE)	**1,017**	901	13%
Value of new business	**122**	141	(13%)
PVNBP	**6,555**	6,033	9%
Net fund inflows (Rbn)	**(2.6)**	(1.4)	(86%)
Life assurance adjusted operating profit*	**882**	712	24%
Asset management adjusted operating profit	**240**	248	(3%)
Long term investment return (LTIR)	**676**	380	78%
IFRS adjusted operating profit	**1,798**	1,340	34%
APE margin (post tax)	**11%**	16%	

*Includes income from associated undertakings

Highlights (Rm)	Q1 2007	FY 2006	% Change
SA client funds under management (Rbn)	**442**	424	4%
Return on Allocated Capital	**37%**	23%	

Retail life sales grew strongly, up by 27%, partially offset by lower Institutional life sales. Concerns over poor investment performance in the first nine months of 2006 were reflected in lower retail unit trust sales and prompted some institutional outflows. Investment performance has recovered and for the year to 31 March 2007 it was excellent, which should assist in driving sales going forward.

We announced in January 2007 the restructuring of Old Mutual Asset Managers (SA) into twelve autonomous boutique investment houses under the umbrella of Old Mutual Investment Group South Africa (OMIGSA). Given the global trends in asset management and the ongoing swing to non-life business, the strategy is to replicate the success of our US asset management model into South Africa in order to deliver strong investment performance and raise the marketing profile of the investment skills and expertise in order to win a growing flow of asset management mandates. The restructuring has resulted in some changes for staff and asset consultants and clients have adopted a cautious approach to the new structure which we expected in the short to medium term. The process of change is being managed tightly to ensure a focus on client retention and delivering excellent performance.

Business Review

Unit trust sales impacted by poor investment performance during 2006

Unit trust sales declined by 12% compared to the first quarter of 2006 primarily as a result of concerns over short-term investment performance in our core funds during 2006 and uncertainty over the restructuring of the asset management business. Strongly improved investment performance in the first quarter of 2007 should benefit sales going forward.

Life assurance sales (APE) up 13% with strong Retail result

Overall, life sales (APE) rose 13%, with Retail life sales up 27% and Institutional life sales down 26% on the first quarter of 2006.

Retail life sales continue their recovery - up 27%

Retail APE (Rm)	**Q1 2007**	Q1 2006	% Change
Savings	**307**	278	10%
Protection	**243**	183	33%
Annuity	**54**	42	29%
Group Schemes	**233**	155	50%
Total	**837**	658	27%
Single	**205**	184	11%
Recurring	**632**	474	33%

Retail life sales were 27% higher than in 2006, driven by the continued good sales in Group Schemes off the back of growing distribution and a focus on recurring premium protection business in the agency broker channels.

Group Schemes' sales force numbers have increased by 14% since March 2006 (10% since December 2006). This, together with the development of alternative distribution channels, most notably brokers and direct, has delivered excellent sales growth, some 50% higher than 2006.

Bancassurance sales through Nedbank continued to grow strongly and were up 39% on the corresponding period last year. Credit life sales reflected the continued buoyancy of personal credit extension and OMSA continues to secure a higher proportion of Nedbank broker sales. Overall, Bancassurance sales through Nedbank accounted for 16% of OMSA's total Retail life sales on an APE basis.

Commission Regulation

The development of new commission regulations by National Treasury has been delayed and is only likely to be finalised for implementation in early 2008. It is expected that these regulations could have an impact on Retail sales, although actions are being taken to reduce the likely impact, with the objective of improving the efficiency and effectiveness of distribution channels and the viability of our agents.

Institutional life sales impacted by lumpy bulk annuity sales

Institutional APE (Rm)	Q1 2007	Q1 2006	% Change
Savings	**85**	70	21%
Protection	**9**	18	(50%)
Annuity	**26**	83	(69%)
Healthcare	**60**	72	(17%)
Total	**180**	243	(26%)
Single	**107**	149	(28%)
Recurring	**73**	94	(22%)

Single premium sales (which tend to be lumpy by nature) were 28% below last year's levels, with the 2006 result including a large annuity sale which was not repeated in the first quarter of 2007. *Symmetry* sales were 56% higher than in 2006, reflecting its good investment track record. Institutional recurring premiums were disappointing, reflecting low Protection sales and declining membership of our *Oxygen* Healthcare scheme. A new 75,000 member scheme will be added in the second quarter supporting our efforts to boost healthcare administration. We are continuing to review our options for the Healthcare administration business.

Margins lower due to mix

New business APE margins fell from 16% in the first quarter of 2006 to 11% in 2007. Within this result, the Retail margin improved from 10% to 13% whilst the Institutional margin decreased from 31% to 6% The improvement in the Retail margin resulted from the impact of good volumes and tight expense management, whilst the Institutional result reflected the mix of lower margin products, and in particular the absence of significant high margin with-profit annuity business, and the impact of distribution expenses spread over lower volumes.

Across OMSA, the after-tax value of new life business was R122 million, 13% lower than in 2006 reflecting primarily a lower Institutional margin.

Investment performance has recovered strongly

Performance across the directly managed OMIGSA funds has shown a strongly improving trend in the first quarter, with 83% of directly managed assets outperforming benchmarks over the year to 31 March 2007 (up from 69% as for 31 December 2006). This takes performance over the three years to 31 March 2007 up to 86% of funds outperforming benchmarks, from 81% at 31 December 2006. The Macro Strategy Investments Boutique Global Balanced offering ranked third over twelve months, and has moved up to first over the three years to March 2007 in the AF Large Manager Watch.

Business Review

4% growth in funds under management, but net fund inflows remain disappointing

Funds under management at 31 March 2007 were 4% higher than at 31 December 2006, primarily driven by higher market levels. Net fund inflows were a negative R2.6 billion in the quarter, primarily due to two large terminations, one due to concerns over investment performance and the other as a result of a client restructuring its portfolio, and to lower net unit trust inflows. Whilst investment performance has improved significantly over the last six months there is a risk that we could lose further funds in the short term during the transition to the multi-boutique model.

Adjusted operating profit up 34%

Adjusted operating profit before tax was up 34% on the first quarter of 2006. Core operating profits increased broadly in line with expectations, benefiting from the impact of higher markets that have produced higher asset based charges.

Life operating profit in the first quarter benefited from a lower share based payments charge on the back of a decrease in the Old Mutual plc share price since 31 December 2006 and from a significant profit arising on the realisation of an asset in our joint venture private client stock broking business.

Asset management profits were held back by less attractive investment conditions for our structured finance business, the costs associated with the investment in the new boutique structure in OMIGSA and loss of fee income as a result of the withdrawal of client funds.

The LTIR has increased by 78% to R676 million. This is attributable to a change in methodology to better reflect the substantial returns being earned on shareholder funds and to a higher level of investable assets upon which the return is based as a result of strong stock market performance.

BANKING - NEDBANK GROUP (NEDBANK)

Delivering 2007 recovery targets – emphasis on profitable growth

Nedbank is delivering its 2007 performance targets with the positive momentum of 2006 continuing into the first quarter of 2007. Adjusted operating profits rose 38% to R2,238 million and Nedbank's annualised return on average ordinary shareholders' equity (ROE) rose to 20.4%, up from 18.6% for the year to 31 December 2006 (Q1 2006: 18.3%).

Highlights (Rm)	Q1 2007	Q1 2006	% Change
Net interest income*	**3,176**	2,420	31%
Non-interest revenue*	**2,273**	2,252	1%
Net interest margin*	**3.89%**	3.83%	-
Cost to income ratio*	**53.3%**	56.7%	-
ROE*	**20.4%**	18.3%	-
ROE* (excluding goodwill)	**23.9%**	21.8%	-
IFRS adjusted operating profit	**2,238**	1,625	38%
Headline earnings*	**1,272**	1,026	24%

*As reported by Nedbank

Net interest income (NII)

NII grew by 31% to R3,176 million. Nedbank's net interest margin increased slightly from 3.83% in the first quarter of 2006 to 3.89% for the first quarter of 2007. NII benefited from average interest earning banking assets growth of 29.1% (Q1 2007 compared to Q1 2006) and an endowment benefit from interest rate increases in the latter half of 2006. This was partially offset by margin compression mainly from pressure on deposit pricing as the sector sources a higher proportion of its' funding from the wholesale deposit market, together with increased competition.

Impairment charge on loans and advances in line with expectations

The impairment charge on loans and advances ratio at 0.59% was in line with the experience in the first quarter of 2006. Impairments continued to benefit from recoveries in both Nedbank Corporate and Nedbank Capital. The Nedbank Retail impairments charge on loans and advances ratio rose to 1.31% from 1.10% in December 2006, but is in line with the ratio of 1.36% for the corresponding period in 2006. Retail impairments historically follow a seasonal trend with an increase in the first quarter. Impairments in Imperial Bank worsened to 1.19% from 0.87% in December 2006 and 0.89% in March 2006.

Non-interest revenue (NIR)

NIR for the period increased by 1% to R2,273 million (Q1 2006: R2,252 million). Commission and fee income grew by a pleasing 14.2% in spite of the fee reductions instituted by Nedbank Retail in July 2006, the low level of wholesale fee increases implemented last year and the continued migration from cheque payments to electronic transfers in the Business Banking environment. Overall NIR growth has been affected by lower trading income for the period of R191 million, compared to the high base of R509 million in the first quarter of 2006 (a record trading quarter for Nedbank). In line with expectations Nedbank Corporate recorded lower property private equity gains of R83 million for the quarter to 31 March 2007 compared to R117 million in the first quarter of 2006. Nedbank Capital had private equity gains of R99 million compared to R31 million for the same period last year and good fee income. However, Nedbank Capital's NIR was adversely impacted by the lower trading income referred to above mostly due to changes in the equity markets which impacted the business alliance with Macquarie negatively during the period. All other trading areas performed in line with expectations.

Expenses

Expenses continue to be well managed, increasing by 9.6% to R2,903 million (Q1 2006: R2,648 million).

Staff expenses grew by 14.5%, reflecting the investment Nedbank continues to make in client-facing staff and an increase in bonus provisions as a result of improved financial performance.

Marketing costs increased as planned by 25.9% as Nedbank continues to invest in the Nedbank brand. Media tracking indicates that spontaneous awareness levels of the Nedbank brand have increased from 69% (December 2005) to 82% (February 2007).

Cost-to-income ratio improves to 53.3%

The 'jaws' ratio remained positive, with total revenue growth of 16.6% being 7.0% above expense growth of 9.6%, resulting in the cost-to-income ratio improving from 56.7% for the 2006 first quarter to 53.3%. This ratio is not forecast to be sustained at this level for the full year as Nedbank invests in its distribution network, ongoing marketing, systems optimisation, staff training and new appointments, predominantly in frontline positions, but the target for the year remains 55%.

Advances

Average interest-earning banking assets grew by 29.1%, largely driven by the growth in advances of 22.3% with good growth being reflected across most categories of advances.

Deposits

Nedbank maintained a strong liquidity position throughout the first quarter of 2007. Deposits increased by 14.0% (annualised) from December 2006.

Capital management

Nedbank continues to be well capitalised with a Tier 1 capital adequacy ratio of 8.2% (31 December 2006: 8.3%) and a total capital adequacy ratio of 12.4% (31 December 2006: 11.8%). During the quarter Nedbank issued R2.4 billion of NED7 and NED8 Tier 2 subordinated debt. Shortly after the quarter end, perpetual preference shares were issued totalling R364.4 million. These initiatives, together with the planned redemption of the NED2 R4 billion bond on its call date in July 2007 (subject to regulatory approval), a number of asset securitisations and further Tier 2 capital raisings, are part of Nedbank's ongoing long-term capital management programme which seeks to achieve an optimal and prudent capital structure.

GENERAL INSURANCE – MUTUAL & FEDERAL

Highlights (Rm)	**Q1 2007**	Q1 2006	% Change
Gross premiums*	**2,415**	2,151	12%
Earned premiums*	**1,956**	1,782	10%
Claims ratio*	**66%**	65%	-
Combined ratio*	**98.3%**	96.3%	-
Solvency ratio*	**47%**	75%	-
Return on capital* (3 year average)	**30.0%**	20.7%	-
IFRS adjusted operating profit	**220**	226	(3%)

* As reported by Mutual & Federal

Solid performance

Mutual & Federal continues to deliver solid results despite the softer insurance market compared to twelve months ago.

Premium growth at 10%

Earned premiums rose in line with expectations during the quarter and follows corrective action taken in the Personal division as well as strong premium flows in the Risk Finance division.

Combined ratio deteriorated

Mutual & Federal generated an underwriting surplus of R33 million, down 50% from a surplus of R66 million in the first quarter of 2006. The combined ratio (the ratio of claims, commissions and expenses to net earned premiums) increased to 98.3% (Q1 2006: 96.3%).

Results impacted by bad weather

The claims ratio increased slightly from 65% to 66% as a result of high levels of weather-related claims during January and March as well as ongoing increases in the frequency and severity of motor claims. Whilst trading conditions in the commercial environment remain favourable, rates in the personal market remain soft.

Solvency ratio driven by 2006 special dividend

The solvency ratio was lower than the prior year figure following the special dividend of R2.1 billion paid in September 2006 but the return on capital improved accordingly during the period from 21% to 30%.

Reserving methodologies

The 2007 underwriting results have been favourably impacted by a release of R24 million (2006: R9 million) from reserves following ongoing enhancement to reserving methodologies. The adjusted operating profit includes R54 million arising from a change in the LTIR from 11.1% to 15.6%.

Business Review

UNITED STATES

Strong asset growth and excellent investment performance continues

Life sales and new business margins on target

Highlights (£m)	Q1 2007	Q1 2006*	% Change
Life assurance sales (APE)	**68**	61	11%
Mutual fund / Unit Trust sales	**540**	425	27%
Net fund inflows (£bn)	**3**	2.9*	3%
IFRS adjusted operating profit	**63**	64	(2%)

Highlights ($m)	Q1 2007	Q1 2006*	% Change
Life assurance sales (APE)	**132**	106	25%
Mutual fund / Unit Trust sales	**1,055**	744	42%
Net fund inflows ($bn)	**6.2**	5.1*	22%
IFRS adjusted operating profit	**124**	112	11%

Highlights	Q1 2007	FY 2006*	% Change
Funds under management (£bn)	**148**	140	6%
Funds under management ($bn)	**291**	274	6%

* 2006 comparative information has been restated to include OMAM (UK), and excludes fund flows related to eSecLending, which was sold in 2006.

Our US business achieved excellent net fund inflows and sales growth during the first quarter of 2007, driving funds under management to $291 billion, 6% higher than at 31 December 2006. The business continues to benefit from good investment performance, wider style capabilities and enhanced distribution. Our co-ordinated retail distribution strategy has made good progress and the launch of a domestic variable annuity product remains on track for our first sales during the forthcoming quarter.

Adjusted operating profit in local currency improved despite $9 million benefit in the life business in the first quarter of 2006, as well as the adverse effect of high interest rates and negative mortality experience on the life business result since the middle of 2006. Exchange rate depreciation of 13% since the first quarter of 2006 has also had a negative impact on the Sterling equivalent results.

US ASSET MANAGEMENT

Strong net fund inflows and improved profitability

Highlights ($m)	Q1 2007	Q1 2006	% Change
Mutual fund / Unit Trust sales	**1,055**	744	42%
Net fund inflows ($bn)	**6.2**	5.1*	22%
IFRS adjusted operating profit	**65**	51	27%
Operating margin	**28%**	21%	-

Highlights	Q1 2007	FY 2006	% Change
Funds under management ($bn)	**290**	274	6%

* 2006 comparative information has been restated to include OMAM (UK), and excludes fund flows related to eSecLending, which was sold in 2006.

$6.2 billion in net fund inflows and 6% growth in funds under management for the quarter

Net fund inflows of $6.2 billion have been achieved in the quarter driven by sustained momentum at Acadian and Rogge in particular. Strong investment performance, net fund inflows and the acquisition of Ashfield resulted in an overall increase in funds under management of $16 billion during the first quarter of 2007.

Expanding the business

The acquisition of San Francisco based Ashfield Capital Partners was completed in February, and effective from 1 January 2007 adding large cap growth capability to the fold.

We continue to be pleased by progress made on our retail initiative, with Old Mutual Capital gross sales up 17% to $0.7 billion, compared to $0.6 billion during the first quarter of 2006. Mutual fund sales increased 40% to $0.5 billion versus the corresponding period last year.

OMAM (UK) unit trust sales increased 50% to $0.6 billion for the quarter (Q1 2006: $0.4 billion), benefiting from investment made during 2006 to enhance the product offering and distribution capabilities of the business.

Adjusted operating profit up 27%

Adjusted operating profit for the first quarter increased $14 million compared to the corresponding period in 2006, driven by higher average asset levels as a result of strong net fund inflows and positive markets. The operating margin has also benefited from the increased asset base and the resulting economies of scale.

Investment performance continues to show strength versus our peers

Our member firms continue to deliver excellent investment performance. At 31 March 2007, 89% and 93% of assets outperformed their benchmarks over three and five years respectively. 76% and 77% of assets ranked in the first quartile of their peer group over the same period.

US LIFE

Continuation of strong sales and healthy margins

Highlights ($m)	Q1 2007	Q1 2006	% Change
Life assurance sales (APE)	**132**	106	25%
Value of new business	**24**	19	26%
PVNBP	**1,180**	906	30%
New business margin	**18%**	18%	
IFRS adjusted operating profit	**59**	61	(3%)

Highlights	Q1 2007	FY 2006	% Change
Funds under management ($bn)	**22**	22	0%

Life sales volumes within target range at good margins

Total life sales were $1.1 billion on a gross basis and $132 million on an APE basis, a 25% increase over the same period last year. Sales of equity-indexed annuities and Old Mutual Bermuda were the largest contributors to the increase over prior year and represented 73% of total APE.

Offshore sales through Old Mutual Bermuda increased by 109% to $48 million (APE) compared to the same period last year and represented 36% of APE sales in our US life business. Attractive product offering and successful expansion of distribution relationships are the major factors creating the growth opportunity.

Funds under management at the end of the quarter remained flat with strong sales offset by surrenders of a large block of Multi-Year Guaranteed Annuities reaching the end of their guarantee period.

The business remains on track to return cash in 2007.

Margin healthy

The new business margin of 18% is healthy and in line with the target. This reflects strong investment performance, a higher volume of profitable Old Mutual Bermuda business, and improvements in life insurance pricing over the prior year.

13% underlying growth in adjusted operating profit

Excluding non-recurring income in the first quarter of 2006 of $9 million adjusted operating profit was up 13%, despite the adverse impact of interest rate and annuitant mortality experience.

Effective financial management and risk control

As previously announced, we continue to undertake an actuarial review to deal with the specific issues which we disclosed last year, in particular EIA hedging costs and annuity longevity in connection with SPIA products. At this stage no amendments have been made to the VIF although some allowance has been made in the value of new business particularly for Equity Indexed Annuities ('EIA') products to ensure that the VNB is not overstated. It is expected that a full allowance and disclosure for these and any other items covered by the review will be made at the second quarter as previously stated.

With the growing volumes of EIA and VA business on our books, we moved to a new hedge trading service provider, Milliman, in the middle of last year and we are looking to improve our systems even further. In the first quarter of 2007, US Life made a small experience profit on the hedge trading activities, albeit with some daily volatility, which was almost completely offset by a $3 million experience loss on base costs of hedges compared with assumptions.

In 2006 we highlighted mortality (annuitant longevity) as the primary source of our experience losses. Mortality experience losses in 2006 were $32 million (after tax), and were partially offset by a number of gains, and in the first quarter of 2007, losses of $9 million were attributed to this. The mortality losses derive almost exclusively from one block of 300 large cases, written in 2004 and 2005. This block is not large enough to be statistically significant and therefore its future behaviour is difficult to predict. We continue to believe it is appropriate to allow the selection effects in this block to run off over time. However, if the mortality experience continues at current levels, we will make a revision to our actuarial models during the year. Overall, the experience losses are not expected to require loss recognition under IFRS, but clearly IFRS profits will continue to be affected if losses continue to emerge as the business runs off.

Business Review

OTHER

Highlights (£m)	Q1 2007	Pro forma* Q1 2006	% Change
Australia Unit trust / Mutual funds sales	**114**	115	(1%)
Australia institutional sales	**56**	-	n/a
Skandia:BSAM (China) Gross Premiums **	**16**	10	60%
KMOM (India) Gross Premiums **	**56**	49	14%
IFRS adjusted operating (loss) / profit	**1**	1	-

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

** This represents 100% of the businesses; OM owns 50% of Skandia:BSAM (equity accounting applied) and 26% of KMOM (proportionate consolidation applied)

Highlights (£bn)	Q1 2007	FY 2006	% Change
Funds under management***	**6**	6	0%

*** Excludes KMOM

GBP exchange rates	AUD	RMB	INR
Closing	2.43	15.19	85.26
YTD Average	2.49	15.19	86.04

Australia

Skandia Group Australia consists of retail mutual funds (ASL) and institutional investment funds (Intech). After breaking even for the first time in 2006, the business posted a profit of £0.5 million (AUD 1.2 million) for the first quarter and is on course to achieve improved profits in 2007. Funds under management closed at AUD 14.8 billion (Q1 2006: AUD 4.2 billion), consisting of retail AUD 5.4 billion and institutional AUD9.4 billion. Integration of the Intech business, acquired late 2006, is proceeding according to plan.

China

Skandia:BSAM, our 50:50 joint venture with the Beijing State-owned Asset Management Company (BSAM) in China, is now in its third full year of operation and continues to show strong sales growth. The business sells unit-linked products and has licences to operate in Beijing, Shanghai and Jiangsu Province. The Nanjing branch in the Jiangsu province has received local regulatory approval, and is now open for business. Plans are underway to apply for a further provincial licence and to open another sub branch in a major city in Jiangsu Province before the end of the year. Dean Richards (previously from Old Mutual South Africa) has recently been appointed as CEO of the joint venture. For the three months ended 31 March 2007 the venture reported a loss of RMB 12.8 million. Despite its recent entry into the market, of the 25 foreign owned joint venture insurance companies in China, Skandia:BSAM had the ninth largest gross premium flows (up one place from the previous quarter).

India

Kotak Mahindra Old Mutual (KMOM), our joint venture with the Kotak Mahindra Group continues to show steady progress. The business now has 76 branches in 48 cities across India, more than 3,000 employees and a tied-agency force of 20,000. Old Mutual has an option to increase its shareholding in the business, when the Indian Government's proposed increase in the foreign direct investment limit, currently capped at 26%, comes into effect. In line with the Kotak Mahindra Group, KMOM has a 31 March year-end. The business recorded a deficit for the twelve months ended 31 March 2007 of INR 619.2 million. The increase in gross premiums is attributable to improved distribution through both tied agencies and bancassurance (essentially the Kotak Group).

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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 three months ended 31 March 2007, which comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, statement of changes in equity and related notes as set out on pages 30 to 62. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 “Review of interim financial information” issued by the Auditing Practices Board. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors and has been prepared to meet the requirements of the Stockholmsbörsen AB ("Stockholm Stock Exchange").

Review work performed

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

Review conclusions

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the three months ended 31 March 2007.

KPMG Audit Plc
Chartered Accountants
8 Salisbury Square, London, EC4Y 8BB
24 May 2007

Consolidated Income Statement

for the three months ended 31 March 2007

	Notes	3 months ended 31 March 2007	3 months ended 31 March 2006	£m Year ended 31 December 2006
Revenue				
Gross earned premiums	3(iii)	**1,158**	1,205	4,713
Outward reinsurance		**(73)**	(65)	(267)
Net earned premiums		**1,085**	1,140	4,446
Investment income (net of investment losses)		**2,937**	4,296	10,439
Banking interest and similar income		**699**	535	2,441
Fee and commission income, and income from service activities		**572**	496	2,262
Other income		**59**	68	324
Share of associated undertakings' profit after tax		**6**	1	6
Total revenues		**5,358**	6,536	19,918
Expenses				
Claims and benefits (including change in insurance contract provisions)		**(2,104)**	(2,353)	(7,999)
Reinsurance recoveries		**62**	46	245
Net claims and benefits incurred		**(2,042)**	(2,307)	(7,754)
Change in provision for investment contract liabilities		**(1,366)**	(2,361)	(4,655)
Losses on loans and advances		**(34)**	(35)	(123)
Finance costs (including interest and similar expenses)		**(23)**	(18)	(91)
Banking interest expense		**(418)**	(287)	(1,461)
Fees and commission expense, and other acquisition costs		**(181)**	(173)	(714)
Other operating and administrative expenses		**(658)**	(712)	(2,826)
Change in third party interest in consolidated funds		**(71)**	(196)	(278)
Goodwill impairment	4(ii)	**(1)**	(1)	(8)
Amortisation of PVIF and other acquired intangibles		**(86)**	(69)	(379)
Profit on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	**-**	24	85
Total expenses		**(4,880)**	(6,135)	(18,204)
Profit before tax		**478**	401	1,714
Income tax expense	5	**(162)**	(152)	(621)
Profit for the financial period		**316**	249	1,093
Profit for the financial period attributable to:				
Equity holders of the parent		**248**	170	836
Minority interests				
Ordinary shares		**51**	60	207
Preferred securities		**17**	19	50
Profit for the financial period		**316**	249	1,093

Earnings per share		3 months ended 31 March 2007	3 months ended 31 March 2006	Pence Year ended 31 December 2006
Basic earnings per ordinary share	6(i)	**4.9**	3.8	17.0
Diluted earnings per ordinary share	6(i)	**4.7**	3.5	16.1
Weighted average number of shares – millions	6(i)	**4,877**	4,241	4,705

Adjusted Operating Profit

for the three months ended 31 March 2007

Reconciliation of adjusted operating profit to profit after tax

	Notes	3 months ended 31 March 2007	3 motnhs ended 31 March 2006	£m Year ended 31 December 2006
South Africa	3(ii)	**307**	301	1,118
United States	3(ii)	**63**	64	264
Europe	3(ii)	**66**	45	239
Other	3(ii)	**1**	1	1
		437	411	1,622
Finance costs		**(33)**	(28)	(130)
Other shareholders' expenses		**(6)**	(3)	(33)
Adjusted operating profit*		**398**	380	1,459
Adjusting items	4(i)	**19**	(23)	16
Profit for the financial period before tax		**417**	357	1,475
Total income tax expense	5(i)	**(162)**	(152)	(621)
Income tax attributable to policyholder returns		**61**	44	239
Profit for the financial period after tax		**316**	249	1,093

Adjusted operating profit after tax attributable to ordinary equity holders

	Notes	3 months ended 31 March 2007	3 months ended 31 March 2006	£m Year ended 31 December 2006
Adjusted operating profit*		**398**	380	1,459
Tax on adjusted operating profit	5(iii)	**(100)**	(104)	(395)
		298	276	1,064
Minority interest – ordinary shares		**(54)**	(57)	(224)
Minority interest – preferred securities		**(17)**	(19)	(50)
		227	200	790

	Notes	3 months ended 31 March 2007	3 months ended 31 March 2006	£m Year ended 31 December 2006
Weighted average number of shares – millions	6(ii)	**5,404**	4,757	5,222
Adjusted operating earnings per share** - pence	6(ii)	**4.2**	4.2	15.1

* 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, the impact of closure of unclaimed share trusts, 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. 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
at 31 March 2007

	At 31 March 2007	At 31 March 2006	At 31 December 2006
			£m
Assets			
Goodwill and other intangible assets	**5,443**	5,577	5,367
Investments in associated undertakings	**91**	77	83
Investment property	**868**	866	804
Property, plant and equipment	**480**	587	499
Deferred tax assets	**395**	431	511
Reinsurers' share of insurance contract provisions	**862**	156	763
Deferred acquisition costs	**1,704**	1,281	1,578
Current tax receivable	**70**	45	60
Loans, receivables and advances	**23,433**	23,823	22,804
Derivative financial instruments – assets	**1,112**	1,542	1,238
Financial assets fair valued through income statement	**73,993**	73,181	73,065
Other financial assets	**12,348**	12,929	11,568
Short-term securities	**1,536**	1,941	1,819
Other assets	**4,085**	4,149	3,635
Assets held-for-sale	**1,136**	1,201	1,165
Cash and balances with the Central Banks	**2,846**	2,700	2,951
Placements with other banks	**784**	514	665
Total assets	**131,186**	131,000	128,575
Liabilities			
Insurance contract provisions	**22,650**	24,682	22,495
Financial liabilities fair valued through income statement	**58,986**	55,888	57,586
Third party interests in consolidation of funds	**3,073**	2,251	3,041
Borrowed funds	**1,839**	2,363	1,676
Provisions	**558**	401	542
Deferred revenue	**352**	183	311
Deferred tax liabilities	**1,264**	1,216	1,393
Current tax payable	**346**	244	283
Amounts owed to other depositors	**25,042**	26,281	25,052
Derivative financial instruments – liabilities	**915**	1,549	1,060
Liabilities held-for-sale	**1,104**	1,146	1,107
Other liabilities	**6,213**	5,497	5,266
Total liabilities	**122,342**	121,701	119,812
Net assets	**8,844**	9,299	8,763
Shareholders' equity			
Equity attributable to equity holders of the parent	**7,353**	7,539	7,237
Minority interests			
Ordinary shares	**813**	1,105	848
Preferred securities	**678**	655	678
Total minority interests	**1,491**	1,760	1,526
Total equity	**8,844**	9,299	8,763

Consolidated Cash Flow Statement

for the three months ended 31 March 2007

	3 months ended 31 March 2007	3 months ended 31 March 2006	£m Year ended 31 December 2006
Cash flows from operating activities			
Profit before tax	**478**	401	1,714
Non-cash movements in profit before tax	**(1,265)**	(1,418)	(3,421)
Changes in working capital	**1,476**	1,595	8,326
Taxation paid	**(43)**	(45)	(317)
Net cash inflow from operating activities	**646**	533	6,302
Cash flows from investing activities			
Acquisitions of financial investments	**(1,015)**	(1,195)	(4,294)
Disposal / (acquisition) of investment properties	**1**	(3)	(4)
Net acquisition of other fixed assets	**(29)**	(49)	(159)
Acquisition of interests in subsidiaries	**(167)**	(1,277)	(1,318)
Disposal of interests in subsidiaries, associated undertakings and strategic investments	**-**	26	78
Receipts from Unclaimed Share Trust	**62**	-	-
Net cash outflow from investing activities	**(1,148)**	(2,498)	(5,697)
Cash flows from financing activities			
Dividends paid to:			
Equity holders of the Company	**-**	-	(281)
Equity minority interests and preferred security interests	**(82)**	(78)	(200)
Interest payable (excluding banking interest payable)	**(20)**	(30)	(52)
Net proceeds from issue of ordinary shares (including by subsidiaries to minority interests)	**158**	46	52
Issue of subordinated debt	**432**	270	297
Other debt issued / (repaid)	**(242)**	402	(96)
Net cash inflow / (outflow) from financing activities	**246**	610	(280)
Net (decrease) / increase in cash and cash equivalents	**(256)**	(1,355)	325
Effects of exchange rate changes on cash and cash equivalents	**(50)**	41	(575)
Cash and cash equivalents on acquisition of new subsidiaries	**-**	581	581
Cash and cash equivalents at beginning of the period	**3,634**	3,303	3,303
Cash and cash equivalents at end of the period	**3,328**	2,570	3,634
Consisting of:			
Cash and balances with the central banks	**2,846**	2,700	2,951
Placements with other banks	**784**	514	665
Other cash equivalents	**796**	440	1,101
Cash and cash equivalents subject to consolidation of funds	**(1,098)**	(1,084)	(1,083)
Total	**3,328**	2,570	3,634

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

Cash and cash equivalents subject to consolidation of funds are not included in the cash flow as they relate to the minority holding in the funds.

Statement of Changes in Equity

for the three months ended 31 March 2007

Three months ended 31 March 2007	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	5,501	7,237	1,526	8,763
Change in equity arising in the period				
Fair value gains / (losses):				
Property revaluation	-	1	-	1
Available for sale investments	-	6	-	6
Net investment hedge	-	21	-	21
Shadow accounting	-	(10)	-	(10)
Currency translation differences / exchange differences on translating foreign operations	-	(139)	(41)	(180)
Other movements	-	(3)	(2)	(5)
Aggregate tax effect of items taken directly to or transferred from equity	-	1	-	1
Net expense recognised directly in equity	-	(123)	(43)	(166)
Profit for the period	-	248	68	316
Total recognised income and expense for the period	-	125	25	150
Dividend for the period	-	(22)	(60)	(82)
Net purchase of treasury shares	-	4	-	4
Exercise of share options	1	1	-	1
Fair value of equity settled share options	-	8	-	8
Equity holders' funds at end of the period	5,502	7,353	1,491	8,844

Statement of Changes in Equity *continued*

for the three months ended 31 March 2007

£m

Three months ended 31 March 2007	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 period	550	746	2,901	(421)	2,773	688	7,237
Changes in equity arising in the period:							
Fair value gains / (losses):							
Property revaluation	-	-	1	-	-	-	1
Available for sale investments	-	-	6	-	-	-	6
Net investment hedge	-	-	-	21	-	-	21
Shadow accounting	-	-	(10)	-	-	-	(10)
Currency translation differences / exchange differences on translating foreign operations	-	-	-	(139)	-	-	(139)
Other movements	-	-	-	-	(3)	-	(3)
Aggregate tax effect of items taken directly to or transferred from equity	-	-	(1)	(5)	7	-	1
Net expense recognised directly in equity	-	-	(4)	(123)	4	-	(123)
Profit for the period	-	-	-	-	248	-	248
Total recognised income and expense for the period	-	-	(4)	(123)	252	-	125
Dividend for the period	-	-	-	-	(22)	-	(22)
Net purchase of treasury shares	-	-	-	-	4	-	4
Exercise of share options	-	1	-	-	-	-	1
Fair value of equity settled share options	-	-	8	-	-	-	8
Attributable to equity holders of the parent at end of the period	550	747	2,905	(544)	3,007	688	7,353

£m

Other reserves	At 31 March 2007
Merger reserve	2,716
Available for sale reserve	23
Investment property revaluation reserve	48
Share-based payments reserve	118
Attributable to equity holders of the parent at end of the period	2,905

Retained earnings have been reduced by £701 million at 31 March 2007 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Dividends for the period are amounts declared to holders of perpetual callable securities.

Statement of Changes in Equity

for the three months ended 31 March 2007

Three months ended 31 March 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):				
Available for sale investments	-	(262)	-	(262)
Net investment hedge	-	(13)	-	(13)
Shadow accounting	-	114	-	114
Currency translation differences / exchange differences on translating foreign operations	-	59	18	77
Other movements	-	2	2	4
Aggregate tax effect of items taken directly to or transferred from equity	-	36	-	36
Net expense recognised directly in equity	-	(64)	20	(44)
Profit for the period	-	170	79	249
Total recognised income and expense for the period	-	106	99	205
Dividend for the period	-	(22)	(56)	(78)
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	-	-	49	49
Exercise of share options	9	13	-	13
Fair value of equity settled share options	-	8	-	8
Equity holders' funds at end of the period	5,488	7,539	1,760	9,299

Statement of Changes in Equity *continued*

for the three months ended 31 March 2007

Three months ended 31 March 2006	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):							
Available for sale investments	-	-	(262)	-	-	-	(262)
Net investment hedge	-	-	-	(13)	-	-	(13)
Shadow accounting	-	-	114	-	-	-	114
Currency translation differences / exchange differences on translating foreign operations	-	-	-	59	-	-	59
Other movements	-	-	(1)	-	3	-	2
Aggregate tax effect of items taken directly to or transferred from equity	-	-	33	1	2	-	36
Net expense recognised directly in equity	-	-	(116)	47	5	-	(64)
Profit for the period	-	-	-	-	170	-	170
Total recognised income and expense for the period	-	-	(116)	47	175	-	106
Dividend for the period	-	-	-	-	(22)	-	(22)
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	12	-	-	-	-	13
Fair value of equity settled share options	-	-	8	-	-	-	8
Attributable to equity holders of the parent at end of the period	549	742	2,798	404	2,358	688	7,539

Other reserves	£m At 31 March 2007
Merger reserve	2,716
Available for sale reserve	(48)
Investment property revaluation reserve	38
Share-based payments reserve	92
Attributable to equity holders of the parent at end of the period	2,798

Retained earnings have been reduced by £701 million at 31 March 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.

Statement of Changes in Equity *continued*

for the three months ended 31 March 2007

Year ended 31 December 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 year	4,090	4,751	1,668	6,419
Change in equity arising in the year				
Fair value gains / (losses):				
Property revaluation	-	28	-	28
Net investment hedge	-	75	-	75
Available for sale investments	-	(94)	-	(94)
Shadow accounting	-	28	-	28
Currency translation differences / exchange differences on translating foreign operations	-	(852)	(208)	(1,060)
Other movements	-	38	(42)	(4)
Aggregate tax effect of items taken directly to or transferred from equity	-	14	-	14
Net expense recognised directly in equity	-	(763)	(250)	(1,013)
Profit for the year	-	836	257	1,093
Total recognised income and expense for the year	-	73	7	80
Dividend for the year	-	(321)	(160)	(481)
Net sale of treasury shares	-	18	-	18
Issue of ordinary share capital by the Company	1,400	2,674	-	2,674
Net acquisition of interests in subsidiaries	-	-	11	11
Exercise of share options	11	14	-	14
Fair value of equity settled share options	-	28	-	28
Equity holders' funds at end of the year	5,501	7,237	1,526	8,763

Statement of Changes in Equity *continued*

for the three months ended 31 March 2007

£m

Year ended 31 December 2006	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	410	730	374	357	2,192	688	4,751
Changes in equity arising in the year:							
Fair value gains / (losses):							
Property revaluation	-	-	28	-	-	-	28
Net investment hedge	-	-	-	75	-	-	75
Available for sale investments	-	-	(94)	-	-	-	(94)
Shadow accounting	-	-	28	-	-	-	28
Currency translation differences / exchange differences on translating foreign operations	-	-	-	(852)	-	-	(852)
Other movements	-	-	(6)	-	44	-	38
Aggregate tax effect of items taken directly to or transferred from equity	-	-	11	(1)	4	-	14
Net expense recognised directly in equity	-	-	(33)	(778)	48	-	(763)
Profit for the year	-	-	-	-	836	-	836
Total recognised income and expense for the year	-	-	(33)	(778)	884	-	73
Dividend for the year	-	-	-	-	(321)	-	(321)
Net sale of treasury shares	-	-	-	-	18	-	18
Issue of ordinary share capital by the Company	139	3	2,532	-	-	-	2,674
Exercise of share options	1	13	-	-	-	-	14
Fair value of equity settled share options	-	-	28	-	-	-	28
Attributable to equity holders of the parent at end of the year	550	746	2,901	(421)	2,773	688	7,237

£m

Other reserves	At 31 December 2006
Merger reserve	2,716
Available for sale reserve	28
Investment property revaluation reserve	48
Cash flow hedge reserve	(1)
Share-based payments reserve	110
Attributable to equity holders of the parent at end of the year	2,901

Retained earnings have been reduced by £704 million at 31 December 2006 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment Trusts and other related undertakings.

Notes to the Consolidated Interim Financial Statements

for the three months ended 31 March 2007

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 three months ended 31 March 2007 and the position at that date have been prepared using accounting policies consistent with those applied in the preparation of the Group's 2006 Annual Report. 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 2006.

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 the income statement or as available for sale, owner-occupied property 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 three months ended 31 March 2007 and 2006 are unaudited, but have been reviewed by the Auditors whose report is presented on page 29. The Auditors have reported on the statutory accounts for the year ended 31 December 2006 and the accounts have been delivered to the Registrar of Companies. The Auditors' report in respect of the year ended 31 December 2006 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 2006.

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 2006.

Restatement of comparative information

The Group has made certain restatements of comparative information to reflect segmental reporting changes effective 1 January 2007. These relate to the transfers of asset management businesses from Other to United States and Europe, and from Africa to the UK. This segmentation better reflects the management of these businesses. All other comparative information is unchanged.

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)
31 March 2007		
Rand	**14.1398**	**14.3655**
US dollars	**1.9549**	**1.9686**
Swedish Krona	**13.6975**	**13.7605**
Euro	**1.4912**	**1.4723**
31 March 2006*		
Rand	10.7804	10.6957
US dollars	1.7523	1.7390
Swedish Krona	13.6458	13.5186
Euro	1.4568	1.4326
1 February 2006		
Swedish Krona		13.5347
31 December 2006*		
Rand	12.4740	13.6746
US dollars	1.8429	1.9569
Swedish Krona	13.5918	13.3924
Euro	1.4671	1.4837

* The income statement rate applied in respect of Skandia is a two-month average rate for the period to 31 March 2006 and an 11 average month rate for the period to 31 December 2006.

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

Notes to the Consolidated Interim Financial Statements *continued*

for the three months ended 31 March 2007

3 Segment information continued

(ii) Income statement – primary and secondary segment information

Three months ended 31 March 2007	South Africa Long-term business	Asset management	Banking	General insurance
Revenue				
Gross earned premiums	363	-	-	152
Outward reinsurance	(9)	-	-	(22)
Net earned premiums	354	-	-	130
Investment income (net of investment losses)	1,622	14	31	28
Banking interest and similar income	-	-	638	-
Fee and commission income, and income from service activities	27	40	123	-
Other income	18	6	17	-
Share of associated undertakings' profit after tax	6	-	6	-
Inter-segment revenues	41	16	12	9
Total revenue	2,068	76	827	167
Expenses				
Claims and benefits (including change in insurance contract provisions)	(1,300)	-	-	(92)
Reinsurance recoveries	8	-	-	9
Net claims and benefits incurred	(1,292)	-	-	(83)
Change in provision for investment contract liabilities	(397)	-	-	-
Losses on loans and advances	-	-	(33)	-
Finance costs (including interest and similar expenses)	-	-	-	-
Banking interest expense	-	-	(392)	-
Fees and commission expense, and other acquisition costs	(34)	(1)	(17)	(32)
Other operating and administrative expenses	(98)	(29)	(205)	(9)
Change in third party interest in consolidated funds	-	-	-	-
Goodwill impairment	-	-	-	(1)
Amortisation of PVIF and other acquired intangibles	-	-	-	-
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-
Inter-segment expenses	(15)	(21)	(29)	(12)
Total expenses	(1,836)	(51)	(676)	(137)
Profit before tax	232	25	151	30
Adjusting items	(82)	-	-	(14)
Income tax attributable to policyholder returns	(35)	-	-	-
Adjusted operating profit	115	25	151	16

Notes to the Consolidated Interim Financial Statements *continued*

for the three months ended 31 March 2007

3 Segment information continued

(ii) Income statement – primary and secondary segment information three months ended 31 March 2007 *continued*

United States		Europe			Other			£m
Long-term business	Asset management	Long-term business	Asset management	Banking	Asset management	Corporate	Inter-segment (revenue) / expense	Total
584	-	59	-	-	-	-	-	1,158
(25)	-	(17)	-	-	-	-	-	(73)
559	-	42	-	-	-	-	-	1,085
135	2	1,009	(1)	-	-	5	92	2,937
-	-	-	-	61	-	-	-	699
-	110	174	80	8	10	-	-	572
-	5	3	2	-	-	4	4	59
-	-	-	-	-	-	(6)	-	6
-	2	46	9	-	-	3	(138)	-
694	119	1,274	90	69	10	6	(42)	5,358
(681)	-	(31)	-	-	-	-	-	(2,104)
37	-	8	-	-	-	-	-	62
(644)	-	(23)	-	-	-	-	-	(2,042)
-	-	(969)	-	-	-	-	-	(1,366)
-	-	-	-	(1)	-	-	-	(34)
-	-	-	-	-	-	(23)	-	(23)
-	-	-	-	(26)	-	-	-	(418)
(9)	(2)	(46)	(21)	(1)	(2)	-	(16)	(181)
(28)	(84)	(108)	(37)	(20)	(7)	(24)	(9)	(658)
-	-	-	-	-	-	-	(71)	(71)
-	-	-	-	-	-	-	-	(1)
(7)	-	(77)	(1)	(1)	-	-	-	(86)
-	-	-	-	-	-	-	-	-
(2)	-	(11)	(30)	(17)	-	(1)	138	-
(690)	(86)	(1,234)	(89)	(66)	(9)	(48)	42	(4,880)
4	33	40	1	3	1	(42)	-	478
26	-	45	2	1	-	3	-	(19)
-	-	(26)	-	-	-	-	-	(61)
30	33	59	3	4	1	(39)	-	398

3 Segment information continued

(ii) Income statement – primary and secondary segment information

Three months ended 31 March 2006	South Africa			
	Long-term business	Asset management	Banking	General insurance
Revenue				
Gross earned premiums	497	-	-	190
Outward reinsurance	(7)	-	-	(25)
Net earned premiums	490	-	-	165
Investment income (net of investment losses)	1,859	6	57	46
Banking interest and similar income	-	-	510	-
Fee and commission income, and income from service activities	31	45	159	-
Other income	18	5	9	-
Share of associated undertakings' profit/(loss) after tax	1	-	(1)	-
Inter-segment revenues	25	18	1	-
Total revenue	2,424	74	735	211
Expenses				
Claims and benefits (including change in insurance contract provisions)	(1,623)	-	-	(99)
Reinsurance recoveries	8	-	-	(8)
Net claims and benefits incurred	(1,615)	-	-	(107)
Change in provision for investment contract liabilities	(466)	-	-	-
Losses on loans and advances	-	-	(35)	-
Finance costs (including interest and similar expenses)	-	-	-	-
Banking interest expense	-	-	(278)	-
Fees and commission expense, and other acquisition costs	(37)	-	(24)	(36)
Other operating and administrative expenses	(152)	(23)	(252)	(18)
Change in third party interest in consolidated funds	-	-	-	-
Goodwill impairment	-	-	-	(1)
Amortisation of PVIF and other acquired intangibles	-	-	-	-
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	-	-	24	-
Inter-segment expenses	(20)	(21)	(3)	-
Total expenses	(2,290)	(44)	(568)	(162)
Profit before tax	134	30	167	49
Adjusting items	13	-	(24)	(28)
Income tax attributable to policyholder returns	(40)	-	-	-
Adjusted operating profit	107	30	143	21

3 Segment information continued

(ii) Income statement – primary and secondary segment information three months ended 31 March 2006 *continued*

United States		Europe			Other			£m
Long-term business	Asset management	Long-term business	Asset management	Banking	Asset management	Corporate	Inter-segment (revenue) / expense	Total
461	-	57	-	-	-	-	-	1,205
(18)	-	(15)	-	-	-	-	-	(65)
443	-	42	-	-	-	-	-	1,140
190	1	1,912	-	-	-	(6)	231	4,296
-	-	-	-	25	-	-	-	535
-	115	89	51	4	5	-	(3)	496
1	12	2	1	1	-	10	9	68
-	-	-	1	-	-	-	-	1
-	3	16	-	-	-	2	(65)	-
634	131	2,061	53	30	5	6	172	6,536
(598)	-	(33)	-	-	-	-	-	(2,353)
44	-	2	-	-	-	-	-	46
(554)	-	(31)	-	-	-	-	-	(2,307)
-	-	(1,895)	-	-	-	-	-	(2,361)
-	-	-	-	-	-	-	-	(35)
-	-	-	-	-	-	(18)	-	(18)
-	-	-	-	(9)	-	-	-	(287)
(37)	(8)	(7)	(13)	(1)	(1)	-	(9)	(173)
(22)	(94)	(69)	(28)	(12)	(3)	(7)	(32)	(712)
-	-	-	-	-	-	-	(196)	(196)
-	-	-	-	-	-	-	-	(1)
-	-	(68)	(1)	-	-	-	-	(69)
-	-	-	-	-	-	-	-	24
(3)	-	(2)	(14)	-	-	(2)	65	-
(616)	(102)	(2,072)	(56)	(22)	(4)	(27)	(172)	(6,135)
18	29	(11)	(3)	8	1	(21)	-	401
17	-	54	1	-	-	(10)	-	23
-	-	(4)	-	-	-	-	-	(44)
35	29	39	(2)	8	1	(31)	-	380

3 Segment information continued

(ii) Income statement – primary and secondary segment information

Year ended 31 December 2006	South Africa			
	Long-term business	Asset management	Banking	General insurance
Revenue				
Gross earned premiums	1,628	-	-	687
Outward reinsurance	(33)	-	-	(89)
Net earned premiums	1,595	-	-	598
Investment income (net of investment losses)	5,207	43	181	101
Banking interest and similar income	-	-	2,299	-
Fee and commission income, and income from service activities	107	153	584	-
Other income	73	28	36	-
Share of associated undertakings' profit after tax	6	-	6	-
Inter-segment revenues	96	53	8	-
Total revenue	7,084	277	3,114	699
Expenses				
Claims and benefits (including change in insurance contract provisions)	(4,706)	-	-	(404)
Reinsurance recoveries	21	-	-	29
Net claims and benefits incurred	(4,685)	-	-	(375)
Change in provision for investment contract liabilities	(1,096)	-	-	-
Losses on loans and advances	-	-	(120)	-
Finance costs (including interest and similar expenses)	-	-	-	-
Banking interest expense	-	-	(1,386)	-
Fees and commission expense, and other acquisition costs	(152)	(4)	(85)	(125)
Other operating and administrative expenses	(532)	(115)	(967)	(58)
Change in third party interest in consolidated funds	-	-	-	-
Goodwill impairment	-	-	(5)	(3)
Amortisation of PVIF and other acquired intangibles	-	-	-	-
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	-	-	17	-
Inter-segment expenses	(65)	(62)	(23)	(6)
Total expenses	(6,530)	(181)	(2,569)	(567)
Profit before tax	554	96	545	132
Adjusting items	(23)	-	(11)	(50)
Income tax attributable to policyholder returns	(125)	-	-	-
Adjusted operating profit	406	96	534	82

3 Segment information continued

(ii) Income statement – primary and secondary segment information year ended 31 December 2006 *continued*

United States		Europe			Other			£m
Long-term business	Asset management	Long-term business	Asset management	Banking	Asset management	Corporate	Inter-segment (revenue) / expense	Total
2,128	-	270	-	-	-	-	-	4,713
(81)	-	(64)	-	-	-	-	-	(267)
2,047	-	206	-	-	-	-	-	4,446
736	5	3,791	6	-	2	3	364	10,439
-	-	-	-	142	-	-	-	2,441
-	465	613	269	30	41	-	-	2,262
-	33	31	(3)	(8)	1	123	10	324
-	-	-	-	-	(6)	-	-	6
-	14	180	39	33	1	11	(435)	-
2,783	517	4,821	311	197	39	137	(61)	19,918
(2,708)	-	(181)	-	-	-	-	-	(7,999)
164	-	31	-	-	-	-	-	245
(2,544)	-	(150)	-	-	-	-	-	(7,754)
-	-	(3,559)	-	-	-	-	-	(4,655)
-	-	-	-	(3)	-	-	-	(123)
-	-	-	-	-	-	(91)	-	(91)
-	-	-	-	(75)	-	-	-	(1,461)
(34)	(19)	(163)	(57)	(6)	(9)	-	(60)	(714)
(77)	(359)	(417)	(122)	(71)	(25)	(47)	(36)	(2,826)
-	-	-	-	-	-	-	(278)	(278)
-	-	-	-	-	-	-	-	(8)
(22)	-	(349)	(7)	(1)	-	-	-	(379)
-	68	-	-	-	-	-	-	85
(15)	-	(89)	(132)	(31)	(4)	(8)	435	-
(2,692)	(310)	(4,727)	(318)	(187)	(38)	(146)	61	(18,204)
91	207	94	(7)	10	1	(9)	-	1,714
33	(67)	246	9	1	-	(154)	-	(16)
-	-	(114)	-	-	-	-	-	(239)
124	140	226	2	11	1	(163)	-	1,459

3 Segment information continued

(iii) Gross earned premiums

					£m
Three months ended 31 March 2007	**South Africa**	**United States**	**Europe**	**Other**	**Total**
Long-term business – insurance contracts	**257**	**584**	**59**	**-**	**900**
Long-term business – investment contracts with discretionary participation features	**106**	**-**	**-**	**-**	**106**
Total long-term business	**363**	**584**	**59**	**-**	**1,006**
General insurance	**152**	**-**	**-**	**-**	**152**
Gross earned premiums	**515**	**584**	**59**	**-**	**1,158**
Long-term business – other investment contracts recognised as deposits	**283**	**41**	**2,266**	**-**	**2,590**

					£m
Three months ended 31 March 2006	South Africa	United States	Europe	Other	Total
Long-term business – insurance contracts	368	461	57	-	886
Long-term business – investment contracts with discretionary participation features	129	-	-	-	129
Total long-term business	497	461	57	-	1,015
General insurance	190	-	-	-	190
Gross earned premiums	687	461	57	-	1,205
Long-term business – other investment contracts recognised as deposits	336	60	1,319	-	1,715

					£m
Year ended 31 December 2006	South Africa	United States	Europe	Other	Total
Long-term business – insurance contracts	1,183	2,128	270	-	3,581
Long-term business – investment contracts with discretionary participation features	445	-	-	-	445
Total long-term business	1,628	2,128	270	-	4,026
General insurance	687	-	-	-	687
Gross earned premiums	2,315	2,128	270	-	4,713
Long-term business – other investment contracts recognised as deposits	1,493	216	7,889	-	9,598

3 Segment information continued

(iv) Funds under management

At 31 March 2007	South Africa	United States	Europe	Other	£m Total
Long-term business policyholder funds	**19,743**	**13,075**	**40,429**	**30**	**73,277**
Unit trusts and mutual funds	**5,617**	**5,620**	**10,950**	**2,225**	**24,412**
Third party client funds	**12,610**	**128,324**	**1,926**	**3,856**	**146,716**
Total client funds under management	**37,970**	**147,019**	**53,305**	**6,111**	**244,405**
Shareholder funds	**2,171**	**988**	**1,458**	**20**	**4,637**
Total funds under management	**40,141**	**148,007**	**54,763**	**6,131**	**249,042**

At 31 March 2006	South Africa	United States	Europe	Other	£m Total
Long-term business policyholder funds	23,720	14,020	34,984	27	72,751
Unit trusts and mutual funds	5,832	2,323	9,974	1,790	19,919
Third party client funds	14,623	131,019	1,608	8	147,258
Total client funds under management	44,175	147,362	46,566	1,825	239,928
Shareholder funds	2,936	901	2,149	4	5,990
Total funds under management	47,111	148,263	48,715	1,829	245,918

At 31 December 2006	South Africa	United States	Europe	Other	£m Total
Long-term business policyholder funds	19,937	12,929	39,113	41	72,020
Unit trusts and mutual funds	5,183	3,131	10,841	2,544	21,699
Third party client funds	12,950	122,945	2,315	3,167	141,377
Total client funds under management	38,070	139,005	52,269	5,752	235,096
Shareholder funds	2,066	975	1,296	-	4,337
Total funds under management	40,136	139,980	53,565	5,752	239,433

3 Segment information continued

(v) Value of new business (after tax)

The tables below set out the geographic analysis of the value of new business (VNB) after tax. Annual premium equivalent (APE) is calculated as recurring premiums plus 10 per cent 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 APE margin and PVNBP 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 contribution.

£m	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
Recurring premiums			
South Africa*	**52**	55	234
United States	**15**	17	64
Europe**	**97**	63	357
	164	135	655
Single premiums			
South Africa*	**230**	323	1,344
United States	**534**	436	1,977
Europe**	**1,805**	1,150	5,476
	2,569	1,909	8,797
APE			
South Africa*	**75**	87	368
United States	**68**	61	262
Europe**	**278**	178	905
	421	326	1,535
PVNBP			
South Africa*	**484**	584	2,497
United States	**604**	517	2,284
Europe**	**2,237**	1,579	7,111
	3,325	2,680	11,892
VNB			
South Africa*	**10**	14	69
United States	**12**	11	45
Europe**	**36**	24	130
	58	49	244

3 Segment information continued

(v) Value of new business (after tax) continued

	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
APE margin			
South Africa*	**14%**	17%	19%
United States	**18%**	18%	17%
Europe**	**13%**	13%	14%
	14%	15%	16%
PVNBP margin			
South Africa*	**2.1%**	2.5%	2.8%
United States	**2.0%**	2.1%	2.0%
Europe**	**1.6%**	1.5%	1.8%
	1.7%	1.8%	2.1%

* Gross of minority interests

** For the period from 1 February 2006

4 Adjusting items

(i) Summary of adjusting items

In determining the adjusted operating profit of the Group adjustments are made to profit before tax to reflect the directors' view of the underlying long-term performance of the Group. These items are summarised below:

£m

Three months ended 31 March 2007	Notes	South Africa	United States	Europe	Other	Total
Income / (expense)						
Goodwill impairment and impact of acquisition accounting	4(ii)	**(1)**	**(7)**	**(48)**	**-**	**(56)**
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	**-**	**-**	**-**	**-**	**-**
Short term fluctuations in investment return	4(iv)	**86**	**(19)**	**-**	**-**	**67**
Investment return adjustment for Group equity and debt instruments held in life funds	4(v)	**11**	**-**	**-**	**-**	**11**
Dividends declared to holders of perpetual preferred callable securities	4(vi)	**-**	**-**	**-**	**10**	**10**
Closure of unclaimed shares trusts	4(vii)	**-**	**-**	**-**	**(13)**	**(13)**
Total adjusting items		**96**	**(26)**	**(48)**	**(3)**	**19**
Tax on adjusting items	5(iii)	**(9)**	**8**	**3**	**(3)**	**(1)**
Minority interest in adjusting items		**3**	**-**	**-**	**-**	**3**
Total adjusting items after tax and minority interests		**90**	**(18)**	**(45)**	**(6)**	**21**

£m

Three months ended 31 March 2006	Notes	South Africa	United States	Europe	Other	Total
Income / (expense)						
Goodwill impairment and impact of acquisition accounting	4(ii)	(1)	(8)	(49)	-	(58)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	24	-	-	-	24
Short term fluctuations in investment return	4(iv)	107	(9)	(6)	-	92
Investment return adjustment for Group equity and debt instruments held in life funds	4(v)	(91)	-	-	-	(91)
Dividends declared to holders of perpetual preferred callable securities	4(vi)	-	-	-	10	10
Total adjusting items		39	(17)	(55)	10	(23)
Tax on adjusting items	5(iii)	(19)	5	11	(1)	(4)
Minority interest in adjusting items		(7)	-	4	-	(3)
Total adjusting items after tax and minority interests		13	(12)	(40)	9	(30)

4 Adjusting items continued

(i) Summary of adjusting items continued

Year ended 31 December 2006	Notes	South Africa	United States	Europe	Other	Total
						£m
Income / (expense)						
Goodwill impairment and impact of acquisition accounting	4(ii)	(8)	(22)	(256)	-	(286)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	17	68	-	-	85
Short term fluctuations in investment return	4(iv)	338	(12)	-	-	326
Investment return adjustment for Group equity and debt instruments held in life funds	4(v)	(148)	-	-	-	(148)
Dividends declared to holders of perpetual preferred callable securities	4(vi)	-	-	-	39	39
Closure of unclaimed shares trusts	4(vii)	(115)	-	-	115	-
Total adjusting items		84	34	(256)	154	16
Tax on adjusting items	5(iii)	(47)	18	46	(4)	13
Minority interest in adjusting items		10	-	7	-	17
Total adjusting items after tax and minority interests		47	52	(203)	150	46

(ii) Goodwill impairment and impact of acquisition accounting

In applying acquisition accounting in accordance with IFRS deferred acquisition costs and revenue are not recognised. These are reversed in the acquisition balance sheet and replaced by goodwill, other intangible assets and the value of the acquired present value of in-force business ('acquired PVIF'). In determining its adjusted operating profit the Group recognises deferred revenue and acquisition costs in relation to policies sold by acquired businesses pre-acquisition, and excludes the impairment of goodwill and the amortisation of acquired other intangibles and acquired PVIF.

The amortisation of deferred costs and revenue for the Skandia businesses for the three months to 31 March 2007 was £31 million. The amortisation of acquired PVIF for the Skandia businesses was £63 million over the same period.

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

Three months ended 31 March 2007	South Africa	United States	Europe	Other	Total
					£m
Amortisation of acquired PVIF					
Long-term business	-	7	63	-	70
Amortisation of acquired deferred costs and revenue					
Long-term business	-	-	(33)	-	(33)
Asset management	-	-	2	-	2
Amortisation of other acquired intangible assets					
Long-term business	-	-	15	-	15
Banking	-	-	1	-	1
Goodwill impairment					
General insurance	1	-	-	-	1
	1	7	48	-	56

4 Adjusting items continued

(ii) Goodwill impairment and impact of acquisition accounting continued

Three months ended 31 March 2006	South Africa	United States	Europe	Other	£m Total
Amortisation of acquired PVIF					
Long-term business	-	8	58	-	66
Amortisation of acquired deferred costs and revenue					
Asset management	-	-	(20)	-	(20)
Amortisation of other acquired intangible assets					
Long-term business	-	-	10	-	10
Asset management	-	-	1	-	1
Goodwill impairment					
General insurance	1	-	-	-	1
	1	8	49	-	58

Year ended 31 December 2006	South Africa	United States	Europe	Other	£m Total
Amortisation of acquired PVIF					
Long-term business	-	22	293	-	315
Amortisation of acquired deferred costs and revenue					
Long-term business	-	-	(103)	-	(103)
Asset management	-	-	2	-	2
Amortisation of other acquired intangible assets					
Long-term business	-	-	56	-	56
Asset management	-	-	7	-	7
Banking	-	-	1	-	1
Goodwill impairment					
Banking	5	-	-	-	5
General insurance	3	-	-	-	3
	8	22	256	-	286

4 Operating profit adjusting items *continued*

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

No subsidiaries, associated undertakings or strategic investments were disposed of in the three months ended 31 March 2007.

Three months ended 31 March 2006	South Africa	United States	Europe	Other	Total £m
Banking	24	-	-	-	24
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments before tax	24	-	-	-	24

Year ended 31 December 2006	South Africa	United States	Europe	Other	Total £m
Asset management	-	68	-	-	68
Banking	17	-	-	-	17
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments before tax	17	68	-	-	85

4 Operating profit adjusting items *continued*

(iv) Long-term investment return

Profit before tax includes actual investment returns earned on the shareholder assets of the Group. Adjusted operating profit is stated after recalculating shareholder asset investment returns based on a long-term investment return rate. The difference 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 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.

Long term investment rates	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
South Africa long-term business – weighted average return	15.6%	11.1%	11.3%
South Africa general insurance – weighted average return	15.6%	11.1%	11.1%
Equities	12.5%	13.0%	13.0%
Cash and other investible assets – Rand denominated	8.0%	9.0%	9.0%
Cash and other investible assets – other currencies	8.0%	6.0%	6.0%
United States – weighted average	6.2%	5.9%	5.9%
Europe long-term business – weighted average	4.0%	4.4%	4.6%

Analysis of short-term fluctuations in investment return

Three months ended 31 March 2007	South Africa	United States*	Europe	Total £m
Long-term business				
Actual investment return attributable to shareholders	121	151	1	273
Less: long-term investment return	(50)	(170)	(1)	(221)
	71	(19)	-	52
General insurance business				
Actual investment return attributable to shareholders	29	-	-	29
Less: long-term investment return	(14)	-	-	(14)
	15	-	-	15
Total short-term fluctuations in investment return	86	(19)	-	67

*The actual investment return attributable to shareholders for the US long-term business reflects total investment income, as a distinction is not drawn between shareholder and policyholder funds.

4 Operating profit adjusting items *continued*

(iv) Long-term investment return continued

Three months ended 31 March 2006	South Africa	United States*	Europe	Total £m
Long-term business				
Actual investment return attributable to shareholders	115	196	(6)	305
Less: long-term investment return	(37)	(205)	-	(242)
	78	(9)	(6)	63
General insurance business				
Actual investment return attributable to shareholders	44	-	-	44
Less: long-term investment return	(15)	-	-	(15)
	29	-	-	29
Total short-term fluctuations in investment return	107	(9)	(6)	92

Year ended 31 December 2006	South Africa	United States*	Europe	Total £m
Long-term business				
Actual investment return attributable to shareholders	434	620	5	1,059
Less: long-term investment return	(149)	(632)	(5)	(786)
	285	(12)	-	273
General insurance business				
Actual investment return attributable to shareholders	101	-	-	101
Less: long-term investment return	(48)	-	-	(48)
	53	-	-	53
Total short-term fluctuations in investment return	338	(12)	-	326

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

Adjusted operating profit includes investment returns on policyholder investments in Group equity and debt instruments by the Group's life funds. These include investments in the Company's ordinary shares, and the subordinated liabilities and ordinary securities of the Group's South Africa banking subsidiary. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are included in adjusted operating profit. For the three months ended 31 March 2007, the investment return adjustment attributable to such items decreased adjusted operating profit by £11 million (three months ended 31 March 2006: increase of £91 million, year ended 31 December 2006: increase of £148 million).

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

Dividends declared to the holders of the Group's perpetual preferred callable securities were £10 million in the three months ended 31 March 2007 (three months ended 31 March 2006: £10 million, year ended 31 December 2006: £39 million). These are recognised in finance costs on an accruals basis for the purpose of determining adjusted operating profit. In the IFRS financial statements this cost is recognised in equity.

4 Operating profit adjusting items *continued*

(vii) Closure of unclaimed shares trusts

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. It was determined that the gross proceeds from the sale of unclaimed shares by these trusts should be paid to Old Mutual plc. Under the terms of the deeds establishing the USTs, the trustees of the USTs were required, following their termination, to liquidate the residual assets of the USTs and to distribute them in accordance with the directions given by Old Mutual plc. Following discussions with the South African National Treasury, the Company announced on 30 January 2007 that it intended, subject to shareholders approval at the Company's Annual General meeting in May 2007, to use substantially all of the proceeds realised to discharged late claims in cash for a further period of three years (to 31 August 2009), to fund good causes in the jurisdictions of the trust concerned or to enhance benefits for certain specific small policyholders of the Group's South African and Namibian life businesses.

The impact of the closure of these trusts was reflected in the 2006 Group Financial Statements. Income of £115 million was recognised by Old Mutual plc. Expenses of £115 million were recognised by the Group's South Africa long-term business. The income related to the anticipated receipt of sales proceeds from the trusts. The expenses related to anticipated cost of the current proposals to discharge the Group's obligations following the closure of the trusts. This item had no impact on the profit before tax or adjusted operating profit of the Group, and was excluded from the adjusted operating profit of Old Mutual plc and the Group's South Africa long-term business.

During 2007 payments of the proceeds have been made by the Group's South Africa long-term business to OM plc. These payments resulted in the realisation of foreign exchange losses. These losses, amounting to £13 million in the three months ended 31 March 2007, have been excluded from adjusted operating profit and is consistent with the treatment of the original sales proceeds and costs that were accrued on the closure of the trusts in 2006.

5 Income tax expense

(i) Analysis of total income tax expense

£m	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
Current tax			
United Kingdom tax			
Corporation tax	**24**	(1)	61
Double tax relief	**(7)**	-	(26)
Overseas tax			
South Africa	**59**	74	282
United States	**(5)**	1	16
Europe	**14**	12	54
Secondary tax on companies (STC)	**8**	4	36
Prior period adjustments	**3**	3	(3)
Total current tax	**96**	93	420
Deferred tax			
Origination of temporary differences	**63**	56	203
Changes in tax rates / bases	**-**	-	-
Write down / (recognition) of deferred tax assets	**3**	3	(2)
Total deferred tax	**66**	59	201
Total income tax expense	**162**	152	621

(ii) Reconciliation of total income tax expense

£m	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
Profit before tax	**478**	401	1,714
Tax at standard rate of 30% (2005: 30%)	**143**	120	514
Different tax rate or basis on overseas operations	**(6)**	-	(21)
Untaxed and low taxed income	**(41)**	(48)	(141)
Disallowable expenses	**14**	49	61
Net movement on deferred tax assets not recognised	**2**	(1)	19
STC	**-**	4	37
Income tax attributable to policyholder returns	**45**	27	173
Other	**5**	1	(21)
Total income tax expense	**162**	152	621

5 Income tax expense continued

(iii) Income tax on adjusted operating profit

	3 months ended 31 March 2007	3 months ended 31 March 2006	£m Year ended 31 December 2006
Income tax expense	**162**	152	621
Tax on adjusting items			
Impact of acquisition accounting	**5**	9	52
Profit on disposal of subsidiaries, associated undertakings and strategic investments	**-**	(3)	8
Short-term fluctuations in investment return	**(3)**	(9)	(43)
Income tax attributable to policyholders returns	**(61)**	(44)	(239)
Tax on dividends declared to holders of perpetual preferred callable securities recognised in equity	**(3)**	(1)	(4)
Income tax on adjusted operating profit	**100**	104	395

6 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 trusts and other related undertakings.

£m	**3 months ended 31 March 2007**	3 months ended 31 March 2006	Year ended 31 December 2006
Profit for the financial period attributable to equity holders of the parent	248	170	836
Dividends declared to holders of perpetual preferred callable securities	(7)	(9)	(35)
Profit attributable to ordinary equity holders	241	161	801

Dividends declared to holders of perpetual preferred callable securities of £10 million for the three months ended 31 March 2007 are stated net of tax credits of £3 million.

Millions	**3 months ended 31 March 2007**	3 months ended 31 March 2006	Year ended 31 December 2006
Weighted average number of ordinary shares in issue	5,501	4,878	5,339
Shares held in charitable foundations	(19)	(19)	(19)
Shares held in ESOP trusts	(78)	(102)	(98)
Adjusted weighted average number of ordinary shares	5,404	4,757	5,222
Shares held in life funds	(292)	(291)	(292)
Shares held in Black Economic Empowerment trusts	(235)	(225)	(225)
Weighted average number of ordinary shares	4,877	4,241	4,705
Basic earnings per ordinary share (pence)	4.9	3.8	17.0

Diluted earnings per share recognises the dilutive impact of share options held in ESOP trusts and Black Economic Empowerment trusts 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	**3 months ended 31 March 2007**	3 months ended 31 March 2006	Year ended 31 December 2006
Weighted average number of ordinary shares in issue	4,877	4,241	4,705
Adjustments for share options held by ESOP trusts	61	78	62
Adjustments for shares held in Black Economic Empowerment trusts	235	225	225
	5,173	4,544	4,992
Diluted earnings per ordinary share (pence)	4.7	3.5	16.1

6 Earnings and earnings per share *continued*

(ii) Adjusted operating earnings per ordinary share

Adjusted operating earnings per ordinary share is determined based on adjusted operating profit. 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, the impact of closure of unclaimed shares trusts, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities and income / (expenses) from closure of unclaimed share trusts.

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

			£m
	3 months ended 31 March 2007	3 months ended 31 March 2006	Year ended 31 December 2006
Profit for the financial period attributable to equity holders of the parent	248	170	836
Adjusting items	(19)	23	(16)
Tax on adjusting items	1	4	(13)
Minority interest on adjusting items	(3)	3	(17)
Adjusted operating profit after tax attributable to ordinary equity holders	227	200	790
Adjusted weighted average number of ordinary shares (millions)	5,404	4,757	5,222
Adjusted operating earnings per ordinary share (pence)	4.2	4.2	15.1

7 Post balance sheet events

On 4 April 2007, the Group concluded the sale of its Spanish with-profits savings businesses having gained the approval of the Spanish regulator. The assets and liabilities are classified as being held-for-sale in the balance sheet.

On 10 April 2007, the Company repaid a €400 million Euro fixed rate bond.

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. The ISIN number of the Company's shares is GB0007389926.

At 31 March 2007, the Company had 5,502,231,430 ordinary shares of 10p each in issue (31 December 2006: 5,500,895,508). No shares were held by the Company as treasury stock at 31 March 2007 (31 December 2006: nil) and no shares were bought back by the Company during the three months then ended (2006: nil).

Websites

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

www.oldmutual.com

www.oldmutual.co.za

Appendix I

Old Mutual discloses strong Economic Capital position

Old Mutual plc today announces for the first time results from its Economic Capital (EC) Programme. These results show that, as at 31 December 2006, the Group had available financial resources (AFR) significantly in excess of the amount of economic capital the Group believes would be required to support its target rating.

As with many other large internationally diversified groups, Old Mutual has developed a framework for assessing its economic exposure to risk across the Group. This framework was developed with the assistance of Oliver Wyman, who confirm that it is consistent with current market practice for European–based global insurers regarding the calculation of Economic Capital. The intention of this framework is to look beyond the physical capital constraints imposed by local or Group-level regulatory or rating agency requirements. This will allow risk to be better understood, risk-adjusted earnings to be derived and shareholder value creating activities to be more readily identified.

Old Mutual has implemented the Economic Capital framework in an internal model that allows management to take an economic or realistic view of the risks borne within each of its businesses, and which is consistent with our approach to determining European Embedded Value.

The Group is planning to enhance the analysis of its risk-taking relative to its risk appetite over the next year, by the introduction of quantified risk exposures across all its business units (BUs).

Following the integration of Skandia into the Group's EC calculations, we have confirmed that the acquired businesses had a high level of economic solvency and that their absorption into Old Mutual further enhanced the Group's economic solvency.

Definitions

Old Mutual defines its EC requirement as the capital required to ensure that, even in a worst-case scenario, it has sufficient AFR to meet in full its obligations to policyholders and senior debt holders. The worst-case scenario is that which occurs with the same probability as the default of an A rated bond in the next year. Based on long-term studies, Old Mutual has chosen to fix this probability at 0.07%, in accordance with its target A rating.

The Group's AFR is defined as the value of assets held by the Group in excess of its economic liabilities, and which might prudently be used over the coming year to meet capital requirements following such a scenario.

Methodology

The EC requirement has been calculated through a detailed process of identifying, quantifying and aggregating the impact of risks across the Group's principal BUs. Risks were classified into five categories – Market, Credit, Liability, Business and Operational. Nedbank has a slightly different risk classification, more compatible with banking groups, so these risks have been re-classified for inclusion in Old Mutual's aggregated results.

Our approach is to examine the impact of possible risk events on the economic balance sheet over a one-year horizon. This approach is consistent with standard market practice and also reflects the emerging requirements for Solvency II. A number of the more material risks were assessed using stochastic modelling. Less material risks, or those less conducive to such an approach, were quantified using sensitivity analysis or a combination of expert judgement and benchmarking.

The standalone risks were then combined to produce a Group requirement based on assumed correlations between each pair of risks. The correlations reflected those that may occur under stressed scenarios, which may differ, typically adversely, from those that are exhibited under more normal conditions.

Appendix I

Limitations

Old Mutual recognises that the risks captured within an EC framework cannot capture all possible risks that may befall a Group over the following 12 month period. In particular the risk of capital loss owing to decisions yet to be taken, e.g. strategic risks, cannot realistically be modelled.

Old Mutual calculates its EC requirement on a basis consistent with other market leaders in this area. In the early stages of model development, there is a risk that elements of the EC models may be inappropriately calibrated or of insufficient robustness. This risk reduces as the models become more sophisticated and more widely understood and utilised. While our results are now at a sufficient level of rigour and stability to be reported externally, we are constantly looking to improve the accuracy and coverage of our analysis. Over the last year the Group has enhanced its operational risk and ALM risk reporting by the introduction of more sophisticated measurement. It is anticipated that modelling enhancements will continue to be made, which may make results from year to year not strictly comparable.

Nevertheless, the Group believes that the substantial margin that exists between its AFR and EC requirement supports the view that the Group is strongly capitalised on an economic basis.

Link to Solvency II

The European Commission is continuing to develop a new prudential framework for insurance companies (Solvency II). The main aims of this framework are:

- to ensure the financial stability of the insurance industry
- to protect policyholders through establishing solvency requirements better matched to the true risks of the business
- to encourage proper risk control

The Commission intends to adopt proposals for a framework directive in mid 2007, which will contain high-level principles. Solvency II is then intended to be implemented around 2010. Old Mutual welcomes the intention of European insurance regulators to recognise the outputs of such models as part of the forthcoming Solvency II regulatory framework, and believes that it is well placed to benefit from the Solvency II standards when they are introduced.

Use of EC measures

In addition to informing capital allocation decisions, the Group is intending to use the insights from its EC work in a number of distinct areas.

i. Quantifying its Group Risk Appetite and risk exposures, ensuring that the risk exposures of its BUs remain compatible with this appetite. The two main exposure measures used are capital at risk and earnings at risk, each of which consider the annual volatility of Group performance

ii. Measuring and monitoring profitability allowing for risk and the cost of capital required to support that risk. Introducing Return on Risk Adjusted Capital (RORAC) measures for each principal BU, enabling local and plc management to monitor the risk-reward trade-offs underpinning business activities

iii. Providing quantitative input into strategic decision-making related to acquisitions and disposals

iv. Providing support to the pricing of products to maximise returns on a risk-adjusted basis

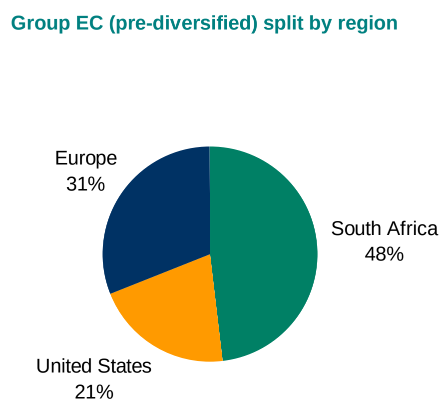
Appendix I

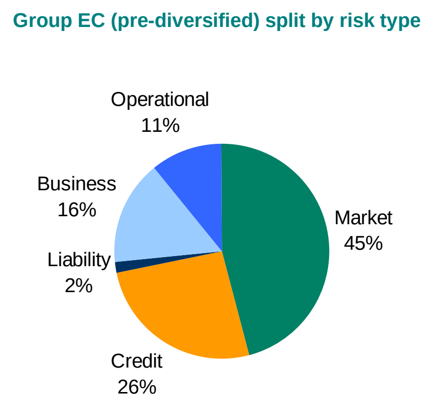
Group Results

Old Mutual plc's Economic Capital requirement as at 31 December 2006 stood at £4.1 billion. The corresponding AFR of the Group was £7.1 billion, giving an economic surplus of 73%.

A comfortable surplus also exists within each of our South African, US and European regions, meaning that the Group is not reliant for its economic solvency on the need to transfer capital between geographies.

The EC requirement is split as follows:





The analysis of Group EC split by region shows a significant difference from the position prior to the acquisition of Skandia, when the split was South Africa 80%, USA 19% and Europe 1%.

Market risk represents the largest element of group Economic Capital split by risk type. This includes the impact of both assets backing policyholder liabilities and shareholder assets. The mix of other risks is well spread.

The results confirm that the Group is strongly capitalised on an economic basis.

Group diversification benefit

The EC requirement of Old Mutual plc is lower than the sum of the standalone EC requirements of the separate BUs. This diversification benefit, which arises since risks arising in different BUs are not perfectly correlated, has the effect of reducing the Group's EC requirement by 16%. The corresponding figure excluding Skandia is 13%, demonstrating the incremental diversification achieved through acquiring a material European presence. These figures do not include the diversification benefit enjoyed within each business unit. If diversification benefit had been defined as the total both within and across business units, the resultant figure would have been 37% at 31 December 2006.

At the same time, the Old Mutual Group is subject to additional constraints regarding its ability to move capital from one geography to another to meet such capital shortfalls. In order to ensure that capital fungibility is not a constraining factor, we test the solvency of each main geography separately to the same standard. Currently, each geography is able to meet its EC requirement from its own AFR.