NEWS RELEASE

5 August 2011

Old Mutual plc
Interim results for the six months ended 30 June 2011

Operational delivery continues, on track for 2012 targets

Financial Summary[1]	H1 2011	Movement
Adjusted operating profit before tax (IFRS basis)	**£845m**	15%
Adjusted operating earnings per share (IFRS basis)	**9.3p**	12%
Net client cash flows - LTS	**£2.4bn**	(£0.3bn)
Net client cash flows - USAM	**(£6.4bn)**	(£1.2bn)
Funds under management	**£302.8bn**	1%[2]
Group ROE (annualised)	**13.1%**	+20bps
Adjusted MCEV per share	**209.9p**	43.3p[3]
Interim dividend	**1.5p**	36%
Total profit after tax for the financial period	**£632m**	£252m[4]

1 All numbers refer to core continuing businesses except for total profit after tax. Percentage movements are shown on a constant currency basis.
2 Compared to 31 December 2010.
3 Compared to 30 June 2010.
4 Compared to H1 2010 as reported in IFRS consolidated income statement.

Strong financial performance

- Profits up 15% at £845 million
- EPS up 12% to 9.3p
- Interim dividend up 36% to 1.5p
- Strong performance from Emerging Markets, with South African Mass Foundation APE sales up 49%
- Continued growth on UK platform with sales of £2.8 billion

Strategic and operational delivery continues

- On-track to meet the ROE, cost and debt reduction targets
- Developing operational and product synergies across our businesses
- US Life sale completed

Robust financial position

- FGD surplus at £2.0 billion
- Strong cash generation and net £0.5 billion of debt repaid as at 31 July 2011
- Adjusted MCEV 209.9p per share at 30 June 2011 (8.4p uplift due to sale of US Life)
- Less than £5 million exposure to sovereign debt of Portugal, Ireland, Italy, Greece and Spain
- Only $40 million exposure to US Government debt

Julian Roberts, Group Chief Executive, commented:

"Old Mutual is a resilient and robust group and this has been a successful half year for us. We have improved our operational performance and the impact of our cost control programme is now clearly visible in our results.

"Current economic conditions in some of the markets where we operate are highly uncertain and we remain cautious over the timing of any recovery. We have a good mix of Emerging Markets and developed world business. We are well placed to grow in Africa and Latin America, which are enjoying both GDP and population growth. In Europe, we are increasingly able to provide our retail customers with the choice and transparency they demand and to take the opportunities created by the changes in regulatory regimes.

"We remain on track to achieve our 2012 targets and despite volatile markets will continue to make further progress against our strategic goals as and when shareholder value can be created."

OLD MUTUAL

Old Mutual plc

Interim Results for the six months ended 30 June 2011

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Notes

Unless otherwise stated, wherever the terms asterisked in the Financial Highlights are used, whether in the Financial Highlights, the Group Chief Executive's Statement, the Group Finance Director's Review or the Business Review, the following definitions apply:

* For long-term business and general insurance businesses, 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 the US Asset Management business, it includes compensation costs in respect of certain long-term incentive schemes defined as non-controlling interests in accordance with IFRS. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, put revaluations related to long-term incentive schemes, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities, and fair value (profits)/losses on certain Group debt instruments.

** 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 non-controlling interests. It excludes income attributable to Black Economic Empowerment (BEE) trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and BEE trusts.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

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 webcast of the presentation and Q&A will be broadcast live at 9:00am (BST), (10:00am (CET)/10:00am (South African time)) today on the Company's website www.oldmutual.com. Analysts and investors who wish to participate in the call should dial the following numbers and quote the passcode 6624519#:

UK/International	+44 (0)20 7136 6283
US	+1 212 444 0412
Sweden	+46 (0)8 5352 6408
South Africa (toll-free)	+27 11 019 7016

Playback (available for 14 days from 8 March), using pass-code 6624519#:

UK/International	+44 (0)20 7111 1244
US	+1 347 366 9565

Copies of these Results, together with high-resolution images and biographical details of the Executive Directors of Old Mutual plc, are available in electronic format to download from the Company's website at www.oldmutual.com.

A Financial Disclosure Supplement relating to the Company's Interim Results can be found on the website. This contains key financial data for 2011 and 2010.

Foreign exchange rates

	GBP/ZAR exchange rates		GBP/SEK exchange rates		GBP/EUR exchange rates		GBP/USD exchange rates	
	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate
H1 2011	**11.14**	**10.86**	**10.30**	**10.16**	**1.15**	**1.11**	**1.62**	**1.61**
H1 2010	11.49	11.45	11.27	11.63	1.15	1.22	1.53	1.50
FY 2010	11.31	10.28	11.14	10.42	1.16	1.16	1.55	1.55

Review of Operations

Introduction

This has been a period of good operational performance and strong profit growth for Old Mutual. IFRS basis Adjusted Operating Profit (IFRS AOP or AOP) was up 15% on the comparative period from improved trading results and we expect the initial impact of operational improvements to provide a more significant contribution to earnings in the future. This improved performance was made against a backdrop of continued economic uncertainty in a number of our markets. We continue to focus on our strategy and we remain on track to meet our 2012 targets.

The Group is in a strong financial position. At 30 June 2011 our FGD surplus was £2.0 billion and we had total liquidity headroom of £1.7 billion.

Strategy Update

We continue to make good progress in delivering the strategy that we set out in March 2010. This is to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and the rest of the world, which will enhance value for both our customers and shareholders, increase our international cash earnings and enhance our overall return on equity.

Our progress against the targets that we set to achieve by the end of 2012 has been maintained. As at 30 June 2011 we have delivered £82m of run rate expense savings versus our target of £100 million, and have delivered a return on equity for the Long Term Savings business of 18.8%, above our target of 16%-18%. At 31 July 2011 we had repaid a net £482 million of debt and are confident of achieving our £1.5 billion debt reduction target by the end of 2012.

We have continued to rationalise our business and reduce its complexity. On 7 April 2011 we announced the completion of the sale of US Life to Harbinger Group inc for $350 million. We have announced that we are closing our Swiss operation to new business. We will maintain our strict value criteria for deciding which businesses remain within the Group.

We are increasing our focus on the consumer by rolling out new and revamped products across our businesses and aligning our business models to the needs of our customers. We continue to look at ways of improving synergies across our businesses and have recently agreed to outsource the South African IT, voice and data infrastructure network services of Old Mutual, Nedbank and Mutual & Federal to Dimension Data. The agreement is expected to generate significant local savings for the operating businesses involved over the next five years.

We have always been clear that any corporate activity we undertake must create demonstrable value for shareholders. In this context, and given the difficult and uncertain economic climate Switzerland was put into run off rather than sold and the new US Asset Management (USAM) management team is focusing on building margins, improving investment performance and driving growth as preparation for a potential IPO.

Dividend

The Board has considered the position in respect of an interim dividend for 2011, and is declaring a dividend of 1.5p per share (or its equivalent in other currencies). The increase reflects our progress in the first half, the Board's confidence in the outlook and also an intention to rebalance the interim and final payouts towards approximately a one third: two thirds ratio. A scrip alternative will be offered to eligible shareholders.

Further details about the interim dividend and scrip dividend alternative can be found in the separate announcement (Ref 76/11) released by the Company this morning.

Long-Term Savings (LTS)

Our LTS division delivered strong results for the year with operating profits of £474 million up 3% on a constant currency basis. This was driven by strong profit growth in our Emerging Markets business. LTS APE Life sales for the half-year were down 3% however unit trust sales were up 10% on a constant currency basis. Funds under management (FUM) increased and underlying margins improved.

We have built on last year's progress in implementing the LTS strategy. We have delivered £67 million of run rate savings against the targeted cost reduction of £75 million. In the Nordic business, we have removed 331 roles from the business in the first half of the year. Wealth Management has met its targeted £45 million in cost savings in July, well ahead of the end of 2012 target.

We are leveraging off the expertise, knowledge and skills we have in South Africa to help grow our other LTS businesses. We launched the South African protection product, *Greenlight*, in Mexico under the name of *Skandia Vive* and we expect *Greenlight* to be launched into other territories in due course.

LTS: Emerging Markets

Our South African business delivered a strong performance with APE life sales up 11% and unit trust sales up 16%. The Mass Foundation Cluster delivered an exceptional performance, with APE Life sales up 49% driven by a combination of the increase in the number of advisers, improved productivity from advisers and improved collection of premiums and persistency. Against a very strong comparative period, Retail Affluent showed flat regular premium sales, with single premium sales down 15% at R4.6 billion. We have continued to introduce new products: in our Corporate segment we have recently launched South Africa's first group disability product that provides 100% income protection; and in the Mass Foundation segment we have launched a 'pay-when-you-can' family funeral plan.

We have made significant progress in preparing our advisers in South Africa to ensure that they pass the FAIS regulatory exams, the deadline for which has been postponed for six months until 30 June 2012. This is an onerous process and one that may have an impact on our sales although it is too early to quantify what this will be.

Emerging Market Net Client Cash Flow (NCCF) improved from an outflow of R2.4 billion in the first half of 2010, to an outflow of R0.2 billion in this period. Within this, South African NCCF improved by R3.8 billion, although remaining negative, and the rest of the Emerging Markets business delivered a positive flow of R1.2 billion. FUM decreased by 1% to R582 billion due to lower market levels.

OMIGSA had a positive half year, with AOP up 13% on the prior period and investment performance for the half remaining stable. Additionally, during the period, OMIGSA secured R9.0 billion of commitments for its innovative Housing Impact Fund for South Africa which aims to provide

120,000 low cost houses and is currently in the process of raising funds for a South African agriculture fund and an African infrastructure fund. OMIGSA also launched a shariah compliant asset allocation fund during the half.

In the Rest of Africa, Namibia saw good performance in Retail Mass and Retail Affluent in both regular premium sales, up 24%, and single premium sales, up 18%. During the period we launched two new unit trusts in Swaziland and we will introduce the first unit trust product into Malawi in the second half. In Kenya, we signed an agreement with PesaPoint, the country's leading independent ATM network, allowing our customers to use the ATM network to pay their premiums and make investments. In the second half of 2011, we will be launching a revised suite of products for the Kenyan mass market and are currently exploring the possibility of broadening our distribution channels. In Zimbabwe, we have rolled out a revamped suite of products.

The first half of the year saw a 14% uplift in life APE sales in Mexico and the Retail Mass team is making good progress and currently accounts for 15% of sales. We further diversified our distribution channels in China through a national distribution deal with Bank of China which will help build on the good first half of this year, with sales up 80% on the comparative period. Our JV in India with Kotak reported 81% growth in single premium sales.

LTS: Nordic

Nordic business performed well in the first half of the year, with sales up 12% and underlying profits, excluding restructuring charges and a one off private equity gain in the comparative period, were strong. NCCF for the period was SEK4.3 billion, down 7% on the first half of 2010, with FUM at SEK142.7 billion down 2% from 31 December 2010.

The introduction of tied agents to Denmark, coupled with innovative products, has led to excellent sales growth, up 64%. We believe that through our tied agency force we are well positioned to prosper from the result of the ban on commission which was introduced on 1 July 2011 in Denmark. In Sweden, retail premium sales rose 9% including strong single premium sales from our *Depå* product. Mutual fund sales were down 14% as clients switched into attractive savings accounts in Skandiabanken.

Our new management team has made excellent progress in restructuring the business with a reduction in headcount by 331 during the first half. We are continuing to improve our product offerings and the revamped *Depå* pension product was released in June in Sweden. In the second half of this year, we will launch an Occupational Pension version of the *Depå* product.

LTS: Retail Europe

Retail Europe had an encouraging first half, with APE sales up 11% against a backdrop of volatile markets and cautious consumer sentiment. New distribution initiatives, combined with our cost saving programme, saw the value of new business increase by 50% over the comparative period. NCCF of €196 million was down marginally on the comparator with FUM at €5.7 billion also down marginally from 31 December 2010.

We have continued to see good growth in Poland, with APE up 22%, driven through increased marketing activity and via new distribution partners in the IFA and bank channels. We launched new products in Germany and Austria in the first half. The new branch in Cape Town, which provides customer service processing and IT support for Retail Europe is functioning well and has processed more than 30,000 transactions. It currently has 25 employees which we expect to grow to 50 as we reach full capacity.

Following a detailed review of operations, we announced the closure of Switzerland to new business, as it was unable to meet our criteria for scale or adding value to another part of the company.

LTS: Wealth Management

Wealth Management had another strong half year, building on the successful operational performance of 2010. Although life sales were down against the first half of 2010, which benefited from the tax shield in Italy, margins improved further. The cost reduction programme has met its £45 million target nearly eighteen months early. NCCF excluding Italy was up 6%.

The UK Platform continues to grow with gross sales increasing 7% against the comparative period and with gross UK sales at £3.4 billion, up from £3.3 billion in the first half of 2010. Wealth Management NCCF growth was strong with net inflows of £1.8 billion. We have focused our sales approach on higher value IFAs and early indications are that we are winning a higher share of wallet. Despite new entrants to the market and increasing competition, we maintained our 6% share of the total UK savings market.

Continental Europe saw APE sales decrease by 43% against the comparative period, as a result of the tax shield granted to Italian residents in the comparative period. Sales in Italy on an APE basis were £40 million during the first half of 2011 (H1 2010: £84 million). Sales in the International business declined by 12% as the result of a planned decline in our lower margin regular premium business and a focus on the higher margin, single premium business, which had the consequence of a marked increase in VNB.

SIG's assets under management continued to grow thanks to the strong performance of its core multi and single manager funds. Its increasingly popular risk targeted Spectrum fund range now exceeds £1 billion in FUM while its sales capability now covers more than 20 countries across four continents.

Nedbank

Nedbank had a very strong six months with headline earnings increasing by 28.8% to R2.77 billion and diluted headline earnings per share up 26.3% to 600 cents. Profits were driven by ongoing strong non-interest revenue (NIR) growth, improving margins and lower retail impairments. This growth was achieved while continuing to invest for the future and strengthening portfolio impairments given the uncertain economic conditions. Given the improvement in operating performance, the Nedbank dividend increased by 25%.

Nedbank Retail increased its earnings from R133 million in the first half of 2010, to R826 million in this period and its ROE from 1.7% to 9.9%. The new strategy of focusing on customers by growing the client base while leveraging product lines is proving successful and is generating high levels of NIR growth and a significantly improving credit loss ratio.

While Nedbank Capital's earnings reduced by 5.9% on the comparative period, the other Cluster's performed strongly: Nedbank Corporate achieved earnings growth of 24.0% driven by improved margins, fair value adjustments and improved income from its private equity property portfolio; Nedbank Business Banking's earnings were up 3.9%, which reflected the difficult conditions for small and medium-sized businesses; and Nedbank Wealth achieved good earnings growth of 16.6%.

The balance sheet remained well capitalised with the core Tier 1 capital adequacy ratio increasing to 10.7%. Nedbank's liquidity buffers were increased by R9 billion and the funding profile continued to lengthen to 27% in preparation for Basel 3.

Mutual & Federal

Mutual & Federal had a very positive first half with a strong underwriting result, despite competitive market conditions, and an improved ROE of 15.8%. Business lines were favourably impacted by improved underwriting and a slight reduction in claims.

The decrease in claims ratio to 64.6% from 68.5% had a positive impact on profits as we contained claims costs and most portfolios delivered satisfactory returns. Our businesses in Namibia and Botswana continued to make a satisfactory contribution. During the period Mutual & Federal, paid dividends of R938 million.

Peter Todd was appointed Chief Executive in January and is building a team to address the business challenges including strengthening the market facing areas and implementation of the step-change programme. Mutual & Federal will continue to improve its IT systems and service and will look to grow its contribution from alternative channels. The direct insurance initiative, iWYZE, is progressing well and is continuing to meet the targets we have set.

US Asset Management

USAM profits improved by 25% due to a change in asset mix, seed gains and tighter expense control. FUM were $260 billion at 30 June 2011, up $1 billion from 31 December 2010 as equity market appreciation was offset by net cash outflows.

Investment performance improved significantly over the past six months, with the one-year outperformance of 73% of USAM's assets against benchmark an important leading indicator. Net outflows have continued with $10.4 billion during the period of which $6.3 billion were from short-term, lower margin products. Gross inflows for the period totalled $14.7 billion (H1 2010: 14.6 billion), with long-term fixed income products and US value investment seeing good inflows. Gross outflows were $25.1 billion for the half (H1 2010: $22.6 billion), largely driven by outflows from stable value, large cap value equity and quant products. Although investment performance is improving, we do not anticipate that the current trend in outflows, particularly in stable value, will reverse in this financial year.

Our new Chief Executive Peter Bain has commenced a strategic global distribution effort in order to leverage USAM's reach and is focusing on addressing various initiatives to increase margin. With continuing improvement in investment performance we believe that cash flows will improve but this may take time.

Outlook

Current economic conditions in some of the markets where we operate are highly uncertain and we remain cautious. We have a good combination of emerging markets and capital efficient developed market businesses and we are well placed to withstand any market volatility.

Julian Roberts
Group Chief Executive
5 August 2011

Group Finance Director's Review

GROUP RESULTS

Overview of Interim 2011 results

Group Highlights[1]	H1 2011	H1 2010 (constant currency)	% Change	H1 2010 (as reported)	% Change
					£m
AOP (IFRS basis, pre-tax)	**845**	734	15%	714	18%
Adjusted operating earnings per share (IFRS basis)	**9.3p**	8.3p	12%	8.1p	15%
Life assurance sales – APE basis	**763**	786	(3%)	769	(1%)
Unit trust/mutual fund sales[2]	**6,806**	5,947	14%	5,865	16%
Return on equity[3]	**13.1%**			12.9%	20bps
Net client cash flows (£bn)	**(3.6)**	(1.7)	(>100%)	(2.0)	(80%)
LTS net client cash flows (£bn)	**2.4**	2.7	(11%)	2.7	(11%)
Funds under management (£bn)	**302.8**	300.4[4]	1%	309.3[4]	(2)%
Interim dividend for the year	**1.5p**			1.1p	36%
Total profit after tax for the financial period	**632**			380	66%

1 The figures in the table are in respect of core continuing businesses only and the H1 2010 comparatives have been restated accordingly

2 Includes all non-covered business sales

3 ROE is calculated as core business IFRS AOP (post-tax) divided by average shareholders' equity (excluding the perpetual preferred callable securities)

4 As at 31 December 2010

Overview

During the six months ended 30 June 2011 ('H1 2011' or 'the period') Old Mutual showed strong growth in profits compared to the six months ended 30 June 2010 ('H1 2010' or 'the comparative period').

AOP earnings per share were up 15% to 9.3p for H1 2011 (H1 2010: 8.1p). AOP on a pre-tax basis was £845 million for the period, an increase of £131 million on H1 2010. On a constant currency basis profits have increased by £111 million with notable improvements in underwriting profitability in Emerging Markets, increased non-interest revenue income in our South African banking business, improvement in operating performance at USAM and a strong underwriting performance at Mutual & Federal. This improved result has been achieved after expensing restructuring charges of £14 million, an approximate £35 million charge in respect of a modelling change for Emerging Markets' Corporate business, and booking a £20 million private equity gain in Emerging Markets.

Group net margin (measured as profit before tax on average assets) increased by 4.7 basis points over the period from 42.6 basis points to 47.3 basis points. The increase was driven by a strong improvement in the net margin at Nedbank, partially offset by reduced margins in the LTS business, which were boosted last year by Nordic private equity gains and UK policyholder tax smoothing.

Return on equity increased to 13.1%, primarily as a result of the increased profits despite an increase in the Group's equity base given the high scrip dividend take-up for the final dividend for 2010 and foreign exchange impacts.

There was a Group net client cash outflow of £3.6 billion in the period, primarily due to net outflows of £6.4 billion in USAM in the period. However, for the half year in aggregate net inflows continued in all our European businesses and in our Emerging Markets business, excluding PIC outflows. USAM's investment performance improved significantly and gross inflows into its affiliates' long-term strategies were higher than the comparative period.

On a constant currency basis FUM increased by 1% driven by positive NCCF in LTS and positive market returns in USAM. The Dow Jones, S&P-500 and the MSCI World rose by 7%, 5% and 4% respectively during the period. The FTSE rose by 1%, but the JSE All Share Index fell by 1% and the SAX ALSI (Stockholm) fell by 4% during the period.

Dividends

The Board has declared a dividend of 1.5p per share and will continue with a progressive dividend policy over time to achieve cover of at least 2.5 times our earnings, consistent with our Group strategy. The Board intends to rebalance the interim and final payouts towards approximately a one third: two thirds ratio. We will offer a scrip dividend election to eligible shareholders.

Exposure to Sovereign Debt in Portugal, Italy, Ireland, Greece, Spain and the US

The Group's exposure to the sovereign debt of Portugal, Italy, Ireland, Greece and Spain remains very low. At June 2011 the Group had less than £5 million exposure to bonds issued by the Italian and Spanish Governments and no exposure to the debt issued by the Greek, Irish or Portuguese Governments. The exposure to US Government debt is $40 million.

Management Discussion and Analysis of Results for H1 2011

The principal businesses of the Group are the Long Term Savings (LTS) division, Nedbank, Mutual & Federal and US Asset Management. The results for each of the LTS businesses, Nedbank, Mutual & Federal and US Asset Management are discussed separately in the Business Review which follows this Report.

£m

AOP analysis	H1 2011	H1 2010 (constant currency)	% Change	H1 2010* (as reported)	% Change
Long-Term Savings	**474**	461	3%	447	6%
Nedbank	**359**	274	31%	266	35%
Mutual & Federal	**47**	34	38%	33	42%
US Asset Management	**47**	37	27%	40	18%
	927	806	15%	786	18%
Finance costs	**(60)**	(68)	12%	(68)	12%
LTIR on excess assets	**18**	16	13%	16	13%
Net interest payable to non-core operations	**(9)**	(9)	-	(9)	-
Other net income and expenses	**(31)**	(11)	(182%)	(11)	(182%)
AOP	**845**	734	15%	714	18%

* The six months ended 30 June 2010 has been restated to reflect US Life as discontinued

Financial Performance

LTS AOP was favourably impacted by foreign exchange with the Rand and Swedish Krona strengthening against Sterling. On a constant currency basis, LTS AOP increased by 3% driven by Emerging Markets with improved profits in Life & Savings and OMIGSA and reduced project spend against the comparative period.

Nedbank's earnings increased during the period driven by strong non-interest revenue (NIR) growth, improving margins and lower retail impairments.

Mutual & Federal delivered a strong underwriting result in the first half of 2011 with Credit Guarantee risks performing particularly well, and reduced claims in many of the other divisions.

USAM AOP benefited from revenue growth driven by positive markets, gains on seed capital, and improvements in investment performance fees.

Finance costs decreased as a result of the reduction in debt levels during the period. However, due to a higher rate on the recent issue of a £500 million 10 year bond we expect a modest rise in net finance charges for the remainder of 2011. Future finance charges will depend on the execution of our debt reduction programme. Total interest cover has increased during the period.

LTIR on excess assets increased due to a large increase in the asset base, set off by a marginal decline in the long-term rate from 9.4% in 2010 to 9.0% in 2011.

The increase in other net income and expenses from £11 million in H1 2010 to £31 million in H1 2011 is primarily due to the non-recurrence of a £16 million stamp duty reserve tax refund in H1 2010.

Group Finance Director's Review

Long-Term Savings

Key performance statistics for the LTS division are as follows:

H1 2011	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Total**
					£m
NCCF (£bn)	**-**	**0.4**	**0.2**	**1.8**	**2.4**
FUM (£bn)	**53.6**	**14.0**	**5.2**	**57.7**	**130.5**
AOP (IFRS basis) (pre-tax)	**299**	**60**	**22**	**93**	**474**
Unit trust/mutual fund sales[2]	**3,158**	**305**	**11**	**2,454**	**5,928**
Life assurance sales (APE)	**255**	**126**	**36**	**346**	**763**
PVNBP (covered business)	**1,656**	**736**	**276**	**2,977**	**5,645**
Value of new business (covered business)	**38**	**28**	**3**	**39**	**108**
Operating MCEV earnings (covered business) (post tax)	**188**	**63**	**(6)**	**100**	**345**
(VNB + Exp Var)/MCEV (covered business)	**7.3%**	**3.7%**	**0.6%**	**5.5%**	**5.3%**

H1 2010 (as reported[1])	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total
					£m
NCCF (£bn)	(0.2)	0.4	0.2	2.3	2.7
FUM as at 31 December 2010 (£bn)	57.0	13.9	5.0	55.9	131.8
AOP (IFRS basis) (pre-tax)	269	58	25	95	447
Unit trust/mutual fund sales[2]	2,729	324	12	2,207	5,272
Life assurance sales (APE)	223	102	32	412	769
PVNBP (covered business)	1,561	553	243	3,611	5,968
Value of new business (covered business)	38	25	2	31	96
Operating MCEV earnings (covered business) (post tax)	144	63	24	64	295
(VNB + Exp Var)/MCEV (covered business)	4.5%	6.4%	(1.1)%	3.9%	4.3%

1 The six months ended 30 June 2010 has been restated to reflect US Life as discontinued

2 Includes all non-covered business sales

Emerging Markets profits improved largely due to better results in Retail Affluent, Mass Foundation Cluster and OMIGSA, and Wealth Management underlying profits increased as a result of higher FUM.

LTS NCCF decreased by £0.3 billion to £2.4 billion. Wealth Management UK platform NCCF continued to grow but this was offset by reduced inflows from Continental Europe, as a result of the end of the Italian tax shield that generated a sales boost in 2010. Net client cash inflows increased in the Retail segment of Emerging Markets.

FUM for LTS at 30 June 2011 decreased by 1% to £130.5 billion (31 December 2010: £131.8 billion). On a constant currency basis FUM increased by £1.2 billion from £129.3 billion at 31 December 2010, driven by positive NCCF offset by negative market movements and the divestment of Lärarfonder, an unprofitable component of Nordic mutual fund assets.

Mutual fund sales in LTS were up by 12% to £5,928 million, with continued strong sales in Wealth Management and Emerging Markets' South African and Latin American businesses. Sales of mutual funds, which make up the bulk of Wealth Management and a large proportion of South African Retail Affluent sales, are not included in the APE margin, PVNBP or Value of New business calculations since they do not fall under the definition of covered business.

The Emerging Markets business accounts for 63% of the LTS IFRS AOP earnings (H1 2010: 60%), 41% of LTS FUM (H1 2010: 43%), and 33% of LTS APE sales (H1 2010: 29%).

Covered business performance

APE Sales decreased by 3% for the LTS division on a constant currency basis but APE sales in Emerging Markets, Nordic and Retail Europe were strongly up. Strong growth in Mass Foundation Cluster regular premiums in Emerging Markets and very strong sales growth in Nordic's Danish business were offset by lower sales in Wealth Management, primarily as a result of the one-off Italian tax shield in 2010.

Regular premium business showed strong growth in the Emerging Markets business driven by the Mass Foundation Cluster, Rest of Africa and Asia & Latin America. Wealth Management, Nordic and Retail Europe showed strong growth in single premiums.

The market-consistent value of new business (VNB) improved for LTS driven by strong UK platform sales and higher margin International business in Wealth Management and higher margin sales in Nordic's Danish businesses.

Across LTS as a whole, new business APE margins have improved to 14% for H1 2011 (H1 2010: 13%), primarily driven by Wealth Management. In Wealth Management, the APE margin increased from 8% to 11%, with beneficial product mix in the International off-shore business, lower acquisition costs in the UK business, and positive persistency and rebate experience. Retail Europe's APE margin increased from 6% to 8% reflecting improved pricing and successful expense management. The APE margin in Emerging Markets decreased from 17% to 15% as increased high margin sales from Mass Foundation Cluster were offset by lower sales and reduced margin in Retail Affluent, and a reduced margin in Corporate due to a change in the mix of business sold. In Nordic, the APE margin decreased from 25% to 23% as a result of assumption changes in Q4 2010 and a lower proportion of top-ups on existing contracts. For LTS as a whole the PVNBP margin improved to 1.9% (H1 2010: 1.4%).

A key metric by which we judge the performance of the business is Group Value Creation for the LTS covered business. It measures the contribution to return on embedded value from management actions of writing profitable new business and managing expense, persistency, risk and other experience compared to that which was assumed. The metric improved by 100 basis points to 5.3%, driven by an increase in Emerging Markets, due to improved persistency experience in Mass Foundation Cluster and improved mortality and morbidity experience in both Mass Foundation Cluster and Retail Affluent, and an increase in Wealth Management, aided by strong growth in VNB with favourable changes in product mix. The metric for Nordic decreased as a result of positive experience variances in H1 2010, relating to the divestment of a private equity holding and positive fund rebate experience.

Outlook

We see positive market dynamics for all of our markets and we are taking further steps to create efficient methods to deliver our business and tailor our distribution to our customers, primarily single premium sales to Affluent market segments and regular premium sales to Developing market segments. We have successfully transferred products between territories and expect to see further benefit in this regard over time.

We see further scope in the field of IT and centralised processing to improve margin and maintain a higher level of IT controls. This will allow local sales teams to operate with lower overheads and high operating leverage. This is demonstrated by the recent signing of a second generation communications outsourcing agreement worth approximately R2.5 billion over a five-year term with Dimension Data and its partner Telkom. The flexibility built into this new outsourcing contract will help us to deliver improved services as well as significant cost reductions across South Africa.

Our Emerging Markets business continues to seek growth opportunities by leveraging the strength and core competencies within its South African business. Management is also focused on the new regulatory requirements on its sales force in South Africa. The FSA has recently indicated that it intends to consult further on charging but there is currently no change to the timetable for the introduction of Retail Distribution Review (RDR), which will take effect from 31 December 2012. Our Wealth Management business is well-placed for the proposed RDR changes, with a portion of the current charging structure for new business already written on the basis of client-agreed fees for platform use. We are currently considering our plans to introduce a fully unbundled charging structure. Nordic management is focused on improving sales, particularly in respect of cross selling between insurance and banking, and improving the distribution and product offerings to enhance NCCF. In Retail Europe there have been a number of initiatives to further leverage its Skandia branch in South Africa.

Further discussion on the outlook for the individual LTS business units is given in the individual Business Reviews which follow this Review.

Group cost savings and ROE and margin targets

At the 2009 Preliminary Results and Strategy Update, the Group introduced three-year cost saving and return on equity targets.

ROE and margin targets	**H1 2011**	**FY 2010**	FY 2009	Target
Long Term Savings*				
Emerging Markets **	**26%**	**25%**	23%**	20%-25%
Nordic	**12%**	**11%**	12%	12%-15%
Retail Europe	**13%**	**20%**	9%	15%-18%
Wealth Management	**14%**	**14%**	8%	12%-15%
LTS Total	**18.8%**	**18.5%**	14.8%	16%-18%
USAM Operating Margin	**20%**	**18%**	18%	25%-30%

* ROE is calculated as IFRS AOP (post tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles.

** Within Emerging Markets, OMSA is calculated as return on allocated capital, and 2009 is adjusted for 2010 LTIR rates.

Good progress is being made by businesses in meeting the ROE targets. At the end of June 2011, Emerging Markets and Wealth Management were comfortably within their target range. Nordic was at the lower end of the target, due to the one-off costs associated with the cost reduction programme. Excluding these costs, Nordic ROE was 12.8%. Retail Europe's ROE has reduced since last year, largely due to ongoing restructuring costs, but it remains on track to deliver its required level of return by 2012.

USAM has made progress with its operating margin and improved seed gains and performance fees have been earned.

£m

Cost reduction targets	Cumulative run rate savings at H1 2011	2011 YTD Cost to achieve	Cumulative cost incurred to date	2012 run rate target
Long Term Savings*				
Emerging Markets	**-**	**-**	-	5
Nordic	**16**	**9**	14	10
Retail Europe	**7**	**2**	7	15
Wealth Management	**44**	**3**	43	45
LTS Total	**67**	**14**	64	75
USAM	**15**	**-**	20	10
Group-wide corporate costs	**-**	**-**	-	15
Total	**82**	**14**	84	100

We are well advanced in delivering the reduction in the cost base of our businesses as announced in March 2010, with £82m of run rate savings met. Wealth Management has substantially delivered its 2012 target of £45 million. Nordic exceeded its headcount reduction target in H1 2011 and now moves to the second phase of its cost reduction programme. Retail Europe has achieved £7 million of run-rate savings as a result of reduced staff costs and centralisation of functions in Berlin. US Asset Management delivered around £15 million of savings in 2010. The newly formed LTS global IT function has made significant steps forward to become an effective operation across all our LTS businesses.

The costs of executing the cost reduction process is restricting 2011 profits from these businesses, and will continue to do so until the programmes are completed. Costs to achieve these savings in H1 2011 totalled £14 million. Restructuring costs of £9 million were incurred at Nordic in the period. Total Nordic restructuring costs are anticipated to be approximately £24 million in 2011, in order to deliver additional identified savings. Retail Europe costs to achieve include an element of dual running costs, while activity is transitioned to South Africa.

Summary MCEV results

	p
Adjusted Group MCEV per share at 31 December 2010	**202.2**
Adjusted operating Group MCEV earnings per share	**9.8**
Covered business	6.6
Non-covered business	3.2
Below the line effects	**(2.1)**
Economic variances and other earnings	(1.3)
Foreign exchange and other movements	(6.8)
Dividends paid to ordinary and preferred shareholders	(3.1)
Nedbank market value uplift	4.6
BEE and ESOP adjustments	1.1
Mark to market of debt	(2.2)
Proceeds of US Life	3.7
Elimination of US Life MCEV	3.4
Retention of OM Re (previously part of US Life)	1.3
Impact of issue of new shares	(2.8)
Adjusted Group MCEV per share at 30 June 2011	**209.9**

The adjusted Group MCEV per share increased by 4% (or 7.7p) from 202.2p at FY 2010 to 209.9p at H1 2011 (H1 2010: 166.6p).

The adjusted operating Group MCEV earnings per share increased by 1.6p from 8.2p (10.6p including US Life) to 9.8p for H1 2011.

Covered business operating MCEV earnings per share increased by 0.5p from 6.1p for H1 2010 (8.5p including US Life) to 6.6p for H1 2011, as a result of:

- A strong positive contribution from experience variances, largely attributable to favourable mortality and persistency experience;
- An improved contribution from new business; and
- An adverse contribution from methodology changes.

Non-covered business operating earnings per share increased by 1.1p from 2.1p for H1 2010 to 3.2p for H1 2011 as a result of:

- Higher profits in the asset management businesses, arising from higher FUM, and
- Higher sterling profits in the banking business due to greater fee income and lower bad debt charges.

A substantial component of the increase in adjusted Group MCEV per share during 2011 was due the impact of the sale of US Life, which resulted in an uplift of £451m (8.4p).

Free surplus generation

The Group generated £521 million of free surplus in the period (H1 2010: £246 million) of which £312 million (H1 2010: £206 million) was generated by the LTS division. £313 million (2010: £204 million) was generated from covered business (which includes US Life and Bermuda). We anticipate that the value of our in-force business will generate at least £1 billion by the end of 2012 and approximately £3 billion by the end of 2015. Over 65% of this surplus is expected to come from non-Emerging Market entities. Non-covered business generated £208 million (H1 2010: £42 million) from banking, property & casualty and asset management.

Sources and uses of free surplus

Gross inflows from core and continuing operations were £690 million (H1 2010: £497 million) and new business spend was £231 million (H1 2010: £227 million). Total free surplus generated from core operations of £521 million is significantly higher than the £176 million in H1 2010 due to higher transfers from the VIF and positive experience in the life businesses, improved profits in the non covered businesses and a lower transfer to capital requirements in Nedbank.

Debt strategy, activity profile and maturities

We have set a target to reduce the Group's debt by £1.5 billion by the end of 2012, while ensuring that the Group's balance sheet and the holding company liquidity continues to be prudently managed. In 2010 the Group repaid net £110 million of debt and in January 2011 we repaid a £300 million Lower Tier 2 security at a cash cost of £397 million (as this had been swapped into Swedish Krona upon issue in 2006). In July 2011 we bought back €550 million of an existing €750 million bond, and we have an option to call the remaining €200 million in January 2012. The Group has followed the FSA's requirements and given six months advance notice of its right to call the remaining €200 million. Notwithstanding such notice, the Board at this time has not made any decision and is not making any representation to bondholders as to whether it will call the bond at the first call date.

The Group issued a £500 million 10 year Tier 2 bond in June 2011, which is expected to be compliant with the anticipated Solvency 2 requirements and qualifies as Tier 2 capital for FGD purposes.

We are confident of our ability to generate sufficient group liquidity to meet our debt reduction target without recourse to capital markets either for IPO proceeds or any sale of shares in Nedbank. A final release of £130 million of cash as a result of selling US Life is expected by the end of 2012 and other initiatives are also being pursued, including the planned legal transfer of certain parts of the Emerging Markets businesses to our South African operations for up to £300 million in cash. The election in H1 2011 by many shareholders to receive scrip dividend allowed for approximately £90 million of cash that would otherwise have been used to make dividend payment to be retained and it can be used to repay debt. We expect these scrip elections to continue. We are assuming that Old Mutual Bermuda can meet its obligations to its customers from its own resources over the next 18 months; our current forecasts suggest that it can.

In the medium term the Group has further first calls on debt instruments amounting to £728 million in 2015 and £500 million in 2016 as well as $750 million retail preferred instrument, which is callable quarterly. In 2020 we have a call on a further £350 million instrument. The £500 million 10 year bond issued in June 2011 is callable in 2021.

Liquidity

In April 2011 the Group renewed its bank facilities by negotiating a five-year, £1.2 billion, syndicated revolving credit facility, which was strongly supported by 17 banks.

At 30 June 2011, the Group had available cash and committed facilities of £1.7 billion (31 December 2010: £1.4 billion). Of this, cash on hand at the holding company was £0.7 billion (31 December 2010: £0.4 billion); a significant proportion of this was used to settle the €550 million bond tender in early July 2011.

In addition to the cash and available resources referred to above at the holding company level, each of the individual businesses also maintain liquidity to support their normal trading operations. During the period a total of R938 million (£84 million) of special & ordinary dividends were paid by Mutual & Federal as a consequence of their implementation of a revised capital management strategy.

Group (excluding Nedbank) net debt movements (IFRS basis)

£m

	H1 2011	H1 2010	FY 2010
Opening net debt	**(2,436)**	(2,273)	(2,273)
Inflows from businesses	**337**	184	433
Outflows to businesses	**(35)**	(118)	-
Holding company expenses and interest costs	**(110)**	(102)	(188)
Change in cash from net repayment / issue of debt	**94**	(44)	(110)
Gross debt raised	**(500)**	-	(10)
Gross debt repaid	**406**	44	120
	(94)	**44**	**110**
Ordinary dividends paid (net of scrip dividend elections)	**(29)**	(37)	(65)
Equity issuance	**3**	2	4
Other movements	**(64)**	(149)	(334)
Closing net debt	**(2,334)**	(2,493)	(2,436)
Net decrease/(increase) in debt	**102**	(220)	(163)

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In addition to the £406 million of debt repaid during the period and the £500 million of debt issued, the Group repaid a further €550 million of debt in July 2011. The Group's gross nominal debt as at 31 July 2011 was £2,750 million compared to gross nominal debt of £3,162 million as at 31 December 2009.

At a Group holding Company level, net inflows from businesses improved from an inflow of £66 million in H1 2010 to an inflow of £302 million in H1 2011. The inflow in the period included a remittance from US Life for £216 million. The holding company made ordinary dividend payments in the period of £29 million and offered a scrip dividend election. The total other movements of £64 million, are in respect of foreign exchange movements, the revaluation of the fair value of Group bonds relating to improved credit spreads, changes in the fair value of associated derivatives and other net flows.

Financial Groups Directive Results

The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive, at 30 June 2011 was £2.0 billion. Following the notice given to the FSA of its right to call the €750 million bond the Group followed the FSA's requirements and excluded the instrument from the regulatory capital surplus calculations as at 30 June 2011. If this instrument had been included in the calculation the surplus would have been £2.7 billion, and on a like-for-like basis the surplus at 31 December 2010 was £2.4 billion and £1.5 billion at 31 December 2009. The reported result at 31 December 2010 was £2.1 billion after deducting the £300 million bond that was called in January 2011.

The like for like increase since 31 December 2010 comprises statutory profits in Emerging Markets and Nedbank and the issue of the £500 million bond in June. These increases have been offset by the impact of the US Life sale (£100 million) and by the payment of Group ordinary and preferred dividends.

The FGD surplus of £2.0 billion represented a coverage ratio of 150%, compared to 146% at 31 December 2010. The Group comfortably met the recent stress tests as required under the EU wide Solvency 2 project.

The Group's FGD surplus is calculated using the 'deduction and aggregation' method, which determines the Group's capital resources less the Group's capital resources requirement. Group capital resources is the sum of the business unit net capital resources, which is calculated as a business units stand-alone capital resources less the book value of the Group's investment; the Group capital resources requirement is the sum of each business unit's capital requirement. The contribution made by each business unit to the Group's regulatory surplus will, therefore, be different from its locally reported surplus since the latter is determined without the deduction for the book value of the Group's investment. Thus, although all our major business units have robust local solvency surpluses, a number of them do not make a positive contribution to the Group's FGD position.

Our subsidiary businesses continue to have strong local statutory capital cover.

Business unit ratios	**H1 2011**	FY 2010	H1 2010
OMLAC(SA)	**4.1x**	3.9x	3.9x
Mutual & Federal	**1.45x**	2.02x	1.84x
Nordic	**6.4x**	9.8x	11.0x
UK	**5.1x**	2.8x	3.6x
Nedbank*	**Core Tier 1: 10.7%** **Tier 1: 12.4%** **Total: 15.2%**	Core Tier 1: 10.1% Tier 1: 11.7% Total: 15.0%	Core Tier 1: 9.9% Tier 1: 11.5% Total: 14.8%

* This includes unappropriated profits.

The recent transfer of the Skandia UK Holding Company from Nordic to the Group holding company has led to a reduction in Nordic's capital cover during the period. Mutual & Federal's capital cover has also reduced following the payment of R938 million in dividends.

Our Group regulatory capital, calculated in line with the FSA's prudential guidelines, is structured in the following way:

	H1 2011		FY 2010*		H1 2010	
Regulatory capital	**£m**	**%**	£m	%	£m	%
Ordinary Equity	**4,902**	**80**	5,269	77	4,228	69
Other Tier 1 Equity	**633**	**10**	653	10	623	10
Tier 1 Capital	**5,535**	**90**	5,922	87	4,851	79
Tier 2	**1,984**	**32**	2,336	35	2,584	42
Deductions from total capital	**(1,403)**	**(22)**	(1,502)	(22)	(1,351)	(21)
Total Capital Resources	**6,116**	**100**	6,756	100	6,084	100

* Capital as reported to FSA. Numbers may vary slightly to those reported in Annual Report and Accounts 2010.

Regulatory capital under Solvency 2

Two key areas for the group in respect of regulatory capital under Solvency 2 are:

- The discussion on the treatment of EPIFP (Expected Profits In Future Premiums), as to whether it should be fully eligible to be treated as Tier 1 capital under Solvency 2 continues. No consensus has yet been reached between the different European bodies.
- We await the completion by regulators of the initial equivalence assessments of the first three non-EEA jurisdictions, one of which is Bermuda. Results are due in November.

Corporate disposals and acquisitions and related party transactions

As set out in the Strategy Update in March 2010, the Group continues to simplify its structure and reduce its spread of businesses to focus on areas of key competence and competitive strength, and drive operational improvements. During the period the sale of US Life was completed. We will explore certain reinsurance arrangements with anticipated completion by the end of 2012. We have closed the Swiss business in Retail Europe to new business and continue to pursue cash generating corporate activities to achieve the Group debt repayment and investment goals.

Following the consolidation in 2010 of operational management of all of the Old Mutual Group's Emerging Markets businesses under a unified management team based in Johannesburg, we now plan to effect the legal transfer for value of the Group's ownership interest of those businesses. The fair value of these interests will be determined independently but is expected to be up to £300m.

Bermuda

The business continued to execute against its run-off strategy of risk reduction while managing for value, including ongoing business service improvements, enhancements to liability management and further de-risking initiatives targeted specifically at the Guaranteed Minimum Accumulation Benefits (GMABs) of the in-force book.

Surrender activity is being proactively managed through further service enhancements and fund expansion, with conservation strategies focused on the non-Universal Guarantee Option book of business (circa $1.7 billion). In excess of 50 funds are currently open on the platform, including a number of new funds added in the reporting period. Engagement with distributors is ongoing, with a strengthening advisor focused strategy to continue to develop the customer proposition and experience. OMB is maintaining high levels of customer service through continued operational and service improvements.

Total surrender activity during the period was higher than in H1 2010, amounting to 9% of the 2010 year-end book. This was a result of initiatives allowing account holders with non-Hong Kong Universal Guarantee Option policies the opportunity to surrender their contracts without incurring penalties. These initiatives increased the rate, value and number of surrenders across this book, with overall surrender activity across GMAB contracts for the period at over four and a half times H1 2010 levels (June 2011: 2,020 policies; June 2010: 446 policies). Management will continue to assess demand for similar offers in the future. We believe that future surrender behaviour will be influenced by the extent to which the underlying fund values of the policyholders are close to the level of the guarantee.

Reserves in respect of GMAB/GMDB liabilities to which shareholders are exposed reduced by $42 million (31 December 2010: $673 million) as a result of the positive performance of equity markets and a weakening dollar.

There have been no investment losses in the period to date and realisations of the fixed income portfolio in the period have been achieved with no net loss compared to holding value. The portfolio has current average rating of A3 (Moody's rating scale).

We continue to monitor daily liability positions and adjust our hedges to manage risk, liquidity and capital accordingly. The hedge portfolio was actively managed over H1 2011 and at 30 June 2011 the business maintained a 55% hedge coverage over equities (31 December 2010: 58%), 22% over foreign exchange (31 December 2010: 39%) and nil on interest rates (31 December 2010: nil).

As disclosed in our Preliminary Results of 2010, Bermuda remains a non-core business, and as such its profits are excluded from the Group's IFRS AOP. However the interest charged on internal loans from Bermuda to Group Head Office are charged to AOP. IFRS pre-tax profit of $79 million was favourably impacted by the guarantee performance in Q2 2011 and partially hedged positions (2010: $83 million loss). Given current equity market conditions, the business still expects some volatility in earnings in the medium term. Statutory capital was $654 million at 30 June 2011 (31 December 2010: $625 million). No further capital injection is anticipated other than in extremely adverse scenarios.

Risk Allocation, Solvency 2 and iCRaFT and Financial Controls Initiative update

The Group's current internal Economic Capital models form the basis of the risk appetite and limit-setting framework, which is applied on the basis of Market Consistent valuation methodologies and assumption setting processes. In this way the Group is able to ensure that risk appetite and exposures are derived with respect to a risk-neutral benchmark, which adds value by ensuring that the Group makes explicit decisions regarding risk assumption inherent in new business and management of the in-force book. We believe that this disciplined approach facilitated better decision-making around risk assumption during the period.

The new Solvency 2 internal model being developed in our integrated Capital, Risk and Finance Transformation (iCRaFT) project builds on the work done under the current Economic Capital model, and will be used in future to generate benefit in respect of making decisions which formally quantify potential investment and market risk exposures and hence support better informed decision-making.

The iCRaFT project is progressing to plan and is on track to deliver the requirements for Solvency 2 compliance. Despite the ongoing uncertainty in respect of certain Solvency 2 detailed implementation measures we remain confident in our current design. We are now entering a phase of the project, in which we will demonstrate the extent that we have embedded the new tools and risk management processes. This marks a significant milestone in the project and ensures that the iCRaFT deliveries are being integrated into business processes and are adding insight in our key risk decisions. This will place us in a favourable position for the 'Use Test' requirements under Solvency 2.

The Group has implemented an internal controls framework which is designed to mitigate the risk of material misstatement in the Group's financial reporting numbers. The control environment is subject to ongoing assessment by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements across all relevant reporting units.

Tax and non-controlling interests

Overall, the effective tax rate on AOP is 22.6%, 21.7% in the comparative period and 23.4% for the full 2010 year. Factors affecting the June 2011 AOP tax rate compared to June 2010 and December 2010 include a decreased proportion of profits being earned on low-taxed dividends and capital profits and increased secondary tax on companies (STC) costs on dividends, offset by prior year adjustments in OMSA and a reduction in the UK tax rate.

Looking forward we would anticipate that the full year effective tax rate on AOP would be around 24% depending on market conditions, profit mix and no significant change in strategic direction.

Group Finance Director's Review

The non-controlling interests' share of AOP increased by 20% to £151 million reflecting the minority share of higher Nedbank earnings, supported by the strengthening of the Rand.

Risks and Uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance and cause actual results to differ materially from expected and historical results.

The Group continues to monitor external factors, including market and regulatory developments, which could have an adverse effect on the ability of the Group to create value and continue to meet Group and individual entity capital requirements and day to day liquidity needs.

The market remains competitive and competition for customers is increasing from both traditional and new players in all markets. We continue to enhance our product development process to deliver product offerings that are fit for purpose (based on feedback received from customers and distributors), remain competitive (by re-pricing products as a result of the economic climate, demographic experiences and also the competitive environment) and closing/discontinuing products where they are no longer viable. We have clear governance structures in place to support this process by providing Group policies, standards and a framework of clear accountability for all decision makers.

The implementation of Solvency 2 requirements continues to dominate the industry and there is still some uncertainty about the details of the directive. Old Mutual is well positioned to meet increased regulatory expectations. The Group provides a co-ordination role in relation to the FSA, which is the lead regulatory authority for Old Mutual plc under the Financial Groups Directive, and liaises with them regularly.

The Group is assessing the implications of the US Foreign Account Tax Compliance Act (FATCA). The legislation will require foreign (non-US) financial institutions (FFIs) to report to the US Internal Revenue Service (IRS) on financial accounts held by US taxpayers. Non-compliant FFIs may have tax withheld on US source income and on the proceeds from US assets.

The implementation of the Group operating model is continuing. Changes designed to implement the 'strategic controller' model at the Group level through revision of the governance structure and processes, clarifying roles and responsibilities of Group and Business Units, and increasing Group presence on Business Unit Boards and Committees are progressing. Risks remain and may arise from the implementation of cost reduction programmes, streamlining of businesses and processes and other strategic initiatives.

The Group continues to strengthen and embed its risk management framework, with increasing importance placed upon ensuring business decisions are within Risk Appetite, and that risk exposures are monitored against Appetite, allocated limits and budgets. Risk Appetite limit allocation is now a key part of the Business Planning Process and the Group is progressing in embedding the Risk Appetite process by increased challenge on risks and management actions, as part of the Quarterly Business Reviews and business planning process.

The Board of Directors has the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements contained in this announcement.

Philip Broadley
Group Finance Director
5 August 2011

Summarised Financial Information IFRS results (as reported)	H1 2011	H1 2010[1]	% Change
			£m
AOP (IFRS basis)(pre-tax)	**845**	714	18%
Adjusted operating earnings per share (IFRS basis)	**9.3**	8.1	15%
Basic earnings per share	**9.7p**	5.1p	90%
IFRS profit after tax	**632**	380	66%
Sales statistics			
Life assurance sales – APE basis	**763**	769	(1)%
Life assurance sales – PVNBP basis	**5,645**	5,968	(5)%
Value of new business	**108**	96	13%
Unit trust/mutual fund sales	**6,806**	5,865	16%
MCEV results			
Adjusted Group MCEV (£bn)	**11.6**	9.1[5]	
Adjusted Group MCEV per share	**209.9p**	166.6p[5]	
AOP Group MCEV earnings (post-tax and non-controlling interests)	**529**	440	20%
Adjusted operating Group MCEV earnings per share	**9.8p**	8.2p	20%
Financial metrics			
Return on equity[2]	**13.1%**	12.9%	
Return on Group MCEV	**11.0%**	11.2%	
Net client cash flows (£bn)	**(3.6)**	(2.0)	(80%)
Funds under management (£bn)	**302.8**	309.3[3]	(2%)
Interim dividend	**1.5p**	1.1p	36%
FGD[4] (£bn)	**2.0**	2.1[3]	(5%)
Net asset value per share	**150.8p**	153.6p	

1 The six months ended 30 June 2010 has been restated to reflect US Life as discontinued

2 ROE is calculated as core business IFRS AOP (post-tax) divided by average shareholders' equity (excluding the perpetual preferred callable securities)

3 As at 31 December 2010

4 The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive, at 30 June 2011 was £2.0 billion. The Group has followed the FSA's requirements, and has given it six months advance notice of its right to call a €750 million Lower Tier 2 instrument at the first call date of 18 January 2012. As a result of that notice, the Lower Tier 2 instrument has been excluded from the regulatory capital surplus calculations as at 30 June 2011. Notwithstanding such notice, the Board at this time has not made any decision and is not making any representation to Bondholders as to whether it will call the bond at the first call date. On a like for like basis, the regulatory capital surplus at 30 June 2011 was £2.7 billion

5 Includes US Life

Group return on equity*	H1 2011	H1 2010	FY 2010
			£m
AOP including accrued hybrid dividends – core operations	**503**	433	855
Opening shareholders' equity excluding hybrid capital – core operations	**7,472**	6,591	6,591
Half year shareholders' equity excluding hybrid capital – core operations	**7,872**	6,877	6,877
Closing shareholders' equity excluding hybrid capital – core operations	**-**	-	7,472
Average shareholders' equity – core operations	**7,672**	6,734	6,980
Return on average equity (annualised)	**13.1%**	12.9%	12.2%

* ROE is calculated as core business IFRS AOP (post-tax) divided by average shareholders' equity (excluding the perpetual preferred callable securities)

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Group debt summary	H1 2011	H1 2010	FY 2010
			£m
Debt securities in issue at book value	**539**	622	550
Liquid assets held centrally	**(694)**	(309)	(438)
Derivative (asset) / liability related to senior debt	**-**	(5)	-
Senior debt	**(155)**	308	112
Hybrid capital and preferred securities	**1,146**	1,146	1,146
Subordinated debt	**1,447**	1,069	1,198
Derivative (asset) / liability related to hybrid capital	**(104)**	(30)	(20)
Total subordinated debt	**2,489**	2,185	2,324
Total net debt	**2,334**	2,493	2,436
Adjusted Group MCEV	**11,605**	9,068	11,030
Senior gearing	**(1.1%)**	2.7%	0.8%
Total gearing	**16.7%**	21.6%	18.1%

Debt	H1 2011	H1 2010	FY 2010
			£m
MCEV basis	**3,195**	2,619	2,829
Total book value of debt	**3,132**	2,837	2,894

Interest cover	H1 2011	H1 2010*	FY 2010
			£m
Finance costs	**60**	68	128
Less reserve movements, revaluation of borrowed funds and derivative assets/ liabilities	**-**	(6)	(2)
Interest payable	**60**	62	126
Preferred security costs	**19**	20	39
Total debt costs	**79**	82	165
Less African debt costs	**(12)**	(12)	(24)
Total debt costs (excluding Africa)	**67**	70	141
AOP before tax and minority interests	**845**	714	1,481
Less Non-controlling interests of Nedbank & M&F pre-tax earnings	**(178)**	(133)	(268)
Add back finance costs included in AOP	**60**	62	126
AOP before tax and debt service costs	**727**	643	1,339
Total interest cover	**9.2 times**	7.8 times	8.1 times
AOP before tax and debt service costs	**905**	776	1,608
Less Africa AOP	**(705)**	(565)	(1,234)
Non-Africa AOP before tax and debt service costs	**200**	211	374
Hard interest cover	**3.0 times**	3.0 times	2.6 times

* The six months ended 30 June 2010 has been restated to reflect US Life as discontinued

Long-Term Savings: Emerging Markets

Encouraging results combined with strong growth in regular premium sales

Highlights	H1 2011	H1 2010	% Change
			Rm
AOP (IFRS basis, pre-tax)	**3,347**	3,099	8%
Return on equity*	**26%**	27%	
Life assurance sales (APE)	**2,846**	2,560	11%
Unit trust/mutual fund sales and other non-life sales	**35,187**	31,357	12%
PVNBP	**18,458**	17,931	3%
Value of new business	**422**	441	(4%)
APE margin	**15%**	17%	
PVNBP margin	**2.3%**	2.5%	
Operating MCEV earnings (covered business, post-tax)	**2,101**	1,650	27%
Return on embedded value (covered business, post-tax)	**13.3%**	11.9%	
Net client cash flows (NCCF) (Rbn)	**(0.2)**	(2.4)	92%

	H1 2011	FY 2010	% Change
			Rbn
Funds under management	**581.8**	585.7	(1%)

* ROE is calculated as IFRS AOP (post tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles, for the rest of Africa and Asia and Latin America, whilst within Emerging Markets, OMSA is calculated as return on allocated capital.

Overview

A new leadership team was put in place at the beginning of April and the Emerging Markets business has been organised into Life and Savings, with Retail Affluent, Mass Foundation Cluster (MFC), Corporate, the Rest of Africa and Asia & Latin America under the leadership of Ralph Mupita, and OMIGSA with all our boutiques under the leadership of Diane Radley. We are pleased with the new focus that this structure has brought to our businesses.

Equity markets have been volatile in the first half of 2011 and have not repeated the strong gains recorded in the second half of 2010. The JSE All Share fell by 1% in the first half of 2011 and markets in Colombia and Mexico declined by 9% and 5% respectively. However, the South African economy remains comparatively strong. Despite the continuing low interest rates South African inflation has increased from 3.5% at the end of 2010 to 4.6% at the end of May, driven by fuel and electricity price increases, although inflation still remains within the Reserve Bank target range of 3% and 6%. Unemployment remains high. Year-on-year GDP growth was 3.6% in the first quarter of 2011. Other Emerging Markets economies also achieved positive year-on-year GDP growth. Chinese GDP grew 9.5% for the second quarter of 2011 and Mexico and Colombia grew by 2.4% and 5.1% respectively in the first quarter of 2011.

Our MFC business performed exceptionally well in the first half of the year with Life APE sales growth of 49%, mainly due to an increase in adviser numbers, higher productivity levels and improved premium collection. We have continued to focus on expanding our distribution network and in South Africa we have achieved significant growth in the retail sales force, up 19% on June 2010. This investment in manpower, training and accreditation, combined with the new jobs created through our iWYZE and Old Mutual Finance (OMF) offerings, underlines our commitment to sustainable job creation in South Africa. Retail Affluent sales were muted on the back of a highly effective single premium product campaign in 2010, and management actions on product mix and training time on regulatory exams in 2011. Corporate sales improved following a large inflation linked annuity deal in the second quarter.

In the first week of July an adapted version of South Africa's Greenlight product was officially launched in Mexico as *Skandia Vive*, a significant step in our expansion into selected emerging markets. The product is the first pure risk product that we sell in Mexico and offers life and disability cover, with South Africa providing the back-office servicing, IT and product support. In China we have secured a national distribution agreement with the Bank of China which should improve production over the remainder of the year.

Once again, Old Mutual South Africa won a number of awards, including three *Imbasa Yegolide Awards* (designed to recognise and reward those service providers who render excellent service to funds) for Employee Benefit Administrator of the Year, for the second year in a row, OMIGSA's Absolute Return Investments boutique as Hedge fund provider of the year and FutureGrowth received the Socially Responsible investor of the year award.

AOP grew by 8% to R3,347 million driven by higher sales and improved asset management results.

Net client cash flow

Excluding Public Investment Corporation (PIC) outflows, NCCF was positive improving from a net outflow of R1.4 billion in the first half of 2010 to a net inflow of R2.2 billion in the first half of 2011. PIC outflows were R2.4 billion in H1 2011 compared to R1.0 billion in H1 2010. No further PIC outflows are expected in the second half of 2011. Total NCCF improved from a net outflow of R2.4 billion in the first half of 2010 to a net outflow of R0.2 billion in the period.

Retail South African NCCF improved significantly from R1.4 billion in H1 2010 to R4.3 billion in H1 2011 benefitting from positive net flows into non-life businesses with ACSIS securing a large deal worth R1.4 billion during the first quarter. MFC has reported steady growth mainly as a result of high sales volumes, improved persistency due to enhanced debit order premium collection and reduced maturity pay-outs. Corporate had increased single and regular premium flows and excluding PIC outflows OMIGSA has reported a slightly lower net outflow of R2.3 billion compared to outflows of R2.6 billion in the first half of 2010. This is largely a result of R1.5 billion money market outflow at FutureGrowth and Symmetry in 2011, and a R300 million outflow at Old Mutual Property.

While not included in NCCF, OMIGSA has R9.0 billion committed to its *Housing Impact Fund*. Responsible Funds are an important part of our commitment to helping build South African infrastructure and increasing jobs for all parts of society.

The rest of our Emerging Markets businesses delivered positive NCCF of R1.2 billion, a reduction from R2.8 billion in the comparative period. In the Latin America business recent market volatility caused higher surrenders in the Colombian Corporate segment and money market fund. This was offset by continued retention efforts resulting in lower surrenders in the voluntary pension fund. NCCF for Mexico was in line with the comparative period. In Namibia, NCCF decreased by R0.7 billion to a net outflow of R0.3 billion as a result of lower unit trust inflows.

Funds under management

FUM decreased by 1% from 31 December 2010 to R581.8 billion as a result of lower market levels. Of the total, R488 billion (FY 2010: R498 billion) is managed in South Africa.

OMIGSA received three Raging Bull awards with OMUT’s Mining and Resources Fund (Best Outright Performance over three years to the end of December 2010) and Marriott’s Dividend Growth Fund receiving two awards (Best Domestic Equity General Fund and Best Broad-Based Domestic Equity Fund on a Straight Performance basis).

IFRS AOP results

IFRS AOP (pre-tax) increased by 8% from R3,099 million to R3,347 million, with strong growth in profits for Retail Affluent (up 30% to R1,358 million) and MFC (up 48% to R802 million).

			Rm
	H1 2011	H1 2010	% Change
Retail Affluent	**1,358**	1,048	30%
Mass Foundation Cluster	**802**	543	48%
Corporate	**67**	548	(88%)
Rest of Africa	**84**	107	(21%)
Asia & Latin America	**97**	86	13%
LTIR	**575**	602	(4%)
Life and Savings	**2,983**	2,934	2%
OMIGSA	**682**	604	13%
Central expenses and administration	**(318)**	(439)	28%
AOP (IFRS basis, pre-tax)	**3,347**	3,099	8%

Life and Savings profits benefited from improved mortality and morbidity experience in the retail businesses and improved persistency experience in MFC mainly due to continued retention efforts and positive investment variances. This was offset by an approximately R400 million increase in the Investment Guarantee Reserve for the Corporate business due to modelling changes related to dynamic policyholder behaviour on Smoothed Bonus products. The LTIR decreased by 4% to R575 million following the reduction in the LTIR rate from 9.4% in 2010 to 9.0% in 2011. The reduction of the LTIR rate reflects the anticipation of lower cash returns on assets supporting the Capital Adequacy Requirement in South Africa.

Despite the comparative period including significant performance fees and mark to market profits in Old Mutual Specialised Finance (OMSFIN), OMIGSA has reported profit growth of 13% mainly due to private equity gains and higher base fees earned on FUM, which were partly offset by lower transactional income.

Central expenses have reduced mainly due to a release of share based payment provisions and lower project costs.

Life APE sales summary

APE sales increased by 11% from R2,560 million to R2,846 million, largely due to strong growth in regular premium sales in MFC.

Rm

By Cluster:	Gross single premiums			Gross regular premiums			Total APE			Total PVNBP		
New business	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%
South Africa												
Mass Foundation Cluster	**12**	6	100%	**952**	640	49%	**953**	641	49%	**4,092**	3,080	33%
Retail Affluent	**4,614**	5,448	(15%)	**647**	645	0%	**1,109**	1,189	(7%)	**8,011**	8,638	(7%)
Corporate	**3,023**	2,098	44%	**205**	226	(9%)	**507**	437	16%	**4,462**	3,944	13%
OMIGSA	**810**	1,305	(38%)	**-**	-	-	**81**	129	(37%)	**810**	1,305	(38%)
Total South Africa	**8,459**	8,857	(5%)	**1,804**	1,511	19%	**2,650**	2,396	11%	**17,375**	16,967	2%
Rest of Africa*	**312**	265	18%	**109**	88	23%	**140**	115	22%	**827**	729	13%
Total Asia & Latin America**	**112**	101	11%	**45**	38	21%	**56**	49	14%	**256**	235	9%
Total Emerging Markets	**8,883**	9,223	(4%)	**1,958**	1,637	20%	**2,846**	2,560	11%	**18,458**	17,931	3%

By Product:												
New business	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%
South Africa												
Savings	**6,309**	7,100	(11%)	**886**	692	28%	**1,517**	1,402	8%	**10,513**	10,726	(2%)
Protection	**-**	4	(100%)	**918**	819	12%	**918**	819	12%	**4,713**	4,488	5%
Annuity	**2,150**	1,753	23%	**-**	-	-	**215**	175	23%	**2,149**	1,753	23%
Total South Africa	**8,459**	8,857	(5%)	**1,804**	1,511	19%	**2,650**	2,396	11%	**17,375**	16,967	2%
Rest of Africa*	**312**	265	18%	**109**	88	24%	**140**	115	22%	**827**	729	13%
Total Asia & Latin America**	**112**	101	11%	**45**	38	18%	**56**	49	14%	**256**	235	9%
Total Emerging Markets	**8,883**	9,223	(4%)	**1,958**	1,637	20%	**2,846**	2,560	11%	**18,458**	17,931	3%

* Rest of Africa represents Namibia only

** Asia & Latin America represents Mexico only

OMSA

Single premium sales

Single premium sales decreased by 5% due to a 15% reduction in Retail Affluent sales following exceptional sales volumes in the comparative period, which resulted from very competitive Fixed Bond pricing. Retail Affluent annuity sales have been negatively impacted by prevailing low interest rates with customers seeking alternative investment options, as reflected in the 10% growth in living annuity sales. Corporate sales increased by 44% due to improved annuity and savings sales, which have benefited from strong flows into smoothed bonus savings products and a large inflation linked annuity transaction, which was secured in the second quarter.

Regular premium sales

Regular premium sales grew by 19% relative to the comparative period through 49% growth in MFC sales which benefited from an increase in the number of advisers, improved adviser productivity and improved debit order premium collection at early policy durations. Retail Affluent sales were in line with the comparative period. Corporate sales decreased by 9%, primarily due to lower risk sales as large scheme wins in 2010 were not repeated, partly offset by a 70% increase in savings sales driven by improved Evergreen and non-umbrella sales. Evergreen sales into Symmetry are now being reported as regular premium sales in Corporate.

Rest of Emerging Markets

Namibian regular premium sales increased by 24% following good Retail Mass performance in the Traditional channel and Retail Affluent sales increased by 17% driven by improved sales through the broker channel. Corporate regular premium sales increased by 51% due to significant business secured in June. Single premium sales increased by 18% with strong Max Investments sales in Retail Affluent, partly offset by lower annuity sales as 2010 included a significant outsourcing deal.

Business Review

Sales growth of 14% in Asia & Latin America was largely due to an 18% increase in regular premium sales in Mexico, relative to the comparative period, benefiting from an increase in financial planner numbers and improved productivity. The Retail Mass distribution team introduced in December 2010 is continuing to make good progress and new contracts represent 15% of total sales.

Life APE sales in China increased by 80% from CNY49 million in the first half of 2010, when sales were negatively impacted by a short-term interruption to the Bank of China distribution channel in Beijing, to CNY88 million in the first half of 2011. Sales benefited from the new product and distribution strategy. China continues to benefit from high growth rates in telemarketing, which was a new channel introduced in early 2010. India has reported healthy growth in single premium business and Group business, which has offset weaker regular premium sales to date. The Indian market is adjusting to the new unit-linked regulations implemented in September 2010.

Unit trust / mutual fund sales and other non-life sales

			Rm
New business	**H1 2011**	H1 2010	+/-%
OMSA	**9,058**	7,784	16%
Rest of Africa	**1,608**	2,258	(29%)
Asia & Latin America	**7,078**	6,231	14%
Total unit trust & mutual fund sales	**17,744**	16,273	9%
Other non-life sales	**17,443**	15,084	16%
Total Emerging Markets	**35,187**	31,357	12%

Total unit trust sales rose by 9%. In South Africa, unit trust sales grew by 16% to R9.1 billion, driven by growth in Max LISP and Galaxy sales, increased Marriott inflows and higher reinvested distributions. Sales in Namibia declined by 29% to R1.6 billion as the significant inflows from two corporate clients during the first half of 2010 were not repeated in 2011. Unit trust sales in Latin America were 14% ahead of the comparative period with strong growth in Colombian voluntary and mandatory pension flows, driven by initiatives focused on attracting new customers and a marketing campaign looking at cross-selling opportunities. Mexican sales benefited from a larger financial planner sales force and improved productivity.

Other non-life sales (in excess of unit trust/mutual fund sales) grew by 16% to R17.4 billion for H1 2011, driven by growth in the ACSIS business.

Value of new business and margins

The value of new business decreased by 4% to R422 million despite an increase in sales volumes due to a reduction in new business margins, with the APE margin decreasing from 17% in the first half of 2010 to 15% in the first half of 2011. APE margin was 3%, 29% and 8% for Retail Affluent, MFC and Corporate respectively. Increased high-margin sales from MFC were offset by lower value of new business in Retail Affluent as a result of lower sales, a less profitable sales mix and erosion of new business profitability of fixed bonds. The value of new business in Corporate has also decreased. This was caused by a less profitable sales mix due to a shift from with-profit annuities to CPI linked annuities.

MCEV results

Operating MCEV earnings (post-tax) increased by 27% compared with the first half of 2010. Operating experience variances were significantly higher than the comparative period, with improved experience variances for mortality in the retail businesses, persistency and expenses. However, these variances are caused partly by seasonality, non-recurring variances from releases from reserves and the unusually high mortality experience profit on one of our major products in the first half of the year. These positive experience variances were partly offset by the increase in the Investment Guarantee Reserve for Corporate business and by a significant reduction in the expected existing business contribution due to the reduction in one-year swap yields during 2010.

Other significant movements affecting the closing MCEV include positive investment variances on our annuity portfolios which were partly offset by negative investment variances on policyholder funds due to lower than expected investment returns and an increase in the swap yield, at most terms, causing a reduction in VIF.

The overall growth in Emerging Markets MCEV was 7.3% for the first half of 2011.

Outlook

We continue to make significant progress towards achieving our strategic objectives of investing in our Emerging Markets businesses by focusing on our customers and promoting a savings culture in the emerging markets in which we operate. While we anticipate that the full potential impacts of the FAIS regulatory exams in South Africa will only emerge in 2012, we have implemented extensive training plans and other measures to assist our representatives in passing the exams in advance of the revised 30 June 2012 deadline. We have accelerated our Retail Affluent and Corporate sales training in the first half of 2011 and expect the emphasis of training in the second half of 2011 will be on the MFC.

Our key areas of focus for the second half of the year will be to continue driving strong sales growth and seeking growth opportunities by leveraging the strength and core competencies of the wider Group.

Long-Term Savings: Nordic

Increased underlying profits and continued strong APE margin

Highlights	H1 2011	H1 2010	% Change
			SEKm
AOP (IFRS basis, pre-tax)	**618**	655	(6%)
Return on equity*	**11.7%**	11.7%	
Life assurance sales (APE)	**1,295**	1,154	12%
Unit trust/mutual fund sales	**3,142**	3,647	(14%)
PVNBP	**7,584**	6,235	22%
Value of new business	**293**	284	3%
APE margin	**23%**	25%	
PVNBP margin	**3.9%**	4.6%	
Operating MCEV earnings (covered business, post-tax)	**647**	712	(9%)
Return on embedded value (covered business, post-tax)	**8.4%**	9.5%	
Net client cash flows (SEKbn)	**4.3**	4.6	(7%)

	H1 2011	FY 2010	SEKbn
Funds under management	**142.7**	145.4	(2%)

* Return on equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles

Overview

The Nordic economies are showing a higher degree of stability than much of the rest of Europe. Although GDP growth has been strong in recent years, especially in Sweden, the Nordic economies are relatively small and are dependent on foreign trade and as a result currencies and equity markets have inevitably been impacted by the European economic turbulence. The Swedish stock exchange (OMX Stockholm 30) fell by 7% in the first half of 2011. Excluding restructuring costs of SEK96 million the Nordic business delivered a strong IFRS AOP result in H1 2011. Changes in the management team have helped refocus the business in delivering its key priorities; strengthening distribution power and improving the product offering to customers, stimulating future NCCF growth, increasing operational efficiency to secure profitable growth, and optimising structures and risk frameworks to unlock value. Product development has been accelerated with the release of the *Depå* pension product in June and a bank savings account, distributed by our internal sales force, which generated deposit inflows of approximately SEK 1.1 billion during the period. The business has implemented voluntary staff redundancy plans in H1, under which 331 employees have left the business, and is well placed to meet efficiency and profitability targets in a rapidly changing business environment.

The Nordic business is making good progress towards the implementation of Solvency 2, as a component of the overall Group Solvency 2 initiative, and is also implementing new UCITS and bank regulatory frameworks.

Net client cash flow

NCCF during the period was SEK4.3 billion, a decrease of 7% against the comparative period. This was driven by a combination of the higher value of surrenders (due to the higher policy fund values), and an increase in partial surrenders in the occupational pension business and lower mutual fund sales.

Funds under management

FUM was SEK142.7 billion at 30 June 2011, down 2% from the position at 31 December 2010. The decline is mainly due to the declining stock markets and the divestment of Lärarfonder (SEK1.8 billion at 31 December 2010), an unprofitable part of Skandia mutual funds, partially offset by positive NCCF in the period.

Life sales summary

SEKm

	Gross single premiums			Gross regular premiums			Total APE			Total PVNBP		
New business	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%	**H1 2011**	H1 2010	+/-%
Sweden												
Corporate	**716**	897	(20%)	**534**	542	(1%)	**606**	631	(4%)			
Retail	**2,500**	1,865	34%	**81**	117	(31%)	**330**	304	9%			
Total Sweden	**3,216**	2,762	16%	**615**	659	(7%)	**936**	935	0%	**5,117**	4,885	5%
Denmark												
Total Denmark	**1,115**	442	152%	**247**	175	41%	**359**	219	64%	**2,467**	1,350	83%
Total Nordic	**4,331**	3,204	35%	**862**	834	3%	**1,295**	1,154	12%	**7,584**	6,235	22%

Business Review

APE sales of SEK1,295 million were up 12% compared to H1 2010, driven by strong sales performance in Denmark but also due to improved retail sales in Sweden. APE sales in the Swedish Retail business increased by 9%, with strong single premium sales in the *Depå* product. *Depå* sales have benefited from improved investment alternatives within the product and increased focus during the period. The growth of the Corporate business was restricted by the delay to the launch of the Occupational Pension version of the *Depå* product, now due to be launched during H2. In addition, current market conditions favour guarantee products, which we currently do not provide under Skandia Link. The introduction of Tied Agents and innovative products in Denmark led to excellent new sales growth during the period. Skandia is well positioned to take advantage of the ban on commission in Denmark introduced on 1 July 2010 and is increasing market share. Denmark now accounts for 28% of the total Nordic APE sales.

Unit trust / mutual fund sales summary

Mutual fund sales of SEK3,142 million were down 14% on H1 2010, as turbulent stock markets led clients to switch funds to attractive savings accounts in Skandiabanken.

			SEKm
New business	**H1 2011**	H1 2010	+/-%
Skandia fonder	**1,131**	1,390	(19%)
Skandiabanken	**2,011**	2,257	(11%)
Total Nordic	**3,142**	3,647	(14%)

IFRS AOP results

IFRS AOP (pre-tax) was SEK618 million (H1 2010: SEK655 million). The H1 2010 result included a one-off income of SEK126 million related to a divestment of a private equity holding. H1 2011 includes restructuring costs of SEK96 million. The staff restructuring process came to an end on 30 June. A headcount reduction of 331 was achieved, marginally ahead of target. Excluding these one-off items, the underlying result in H1 2011 increased 35% compared to H1 2010. This increase is due to higher fund-based fees and rebates in the unit-linked business, improved net interest margin in Skandiabanken and lower administrative expenses (excluding restructuring costs).

			SEKm
	H1 2011	H1 2010	% Change
Long-term business AOP	**516**	554	(7%)
Banking business AOP	**87**	88	(1%)
Asset management AOP	**15**	13	15%
AOP (IFRS basis, pre-tax)	**618**	655	(6%)

Skandiabanken results were in line with 2010 levels. An increase in net interest income, driven by increased market interest rates, was partially offset by increased restructuring costs. Credit losses remain very low at 0.06% in H1 2011 (H1 2010: 0.11%), reflecting the traditionally low-risk nature of our lending business. Deposits increased by 8% compared to H1 2010 and we have seen a strong inflow in the second quarter driven by attractive interest rates and sales by our internal sales force. In a Norwegian customer poll, Skandiabanken had the most satisfied banking customers for the 10th year in a row.

In Q2 Sweden's Supreme Court ruled that past income received from fund rebates would not be taxable.

Value of new business and margins

The value of new business increased, driven by positive new sales in Skandia Link Denmark. The APE margin reduced from 25% to 23% following assumption changes made in Q4 2010 and a lower level of top-ups.

MCEV results

Operating MCEV earnings after tax decreased to SEK647 million (H1 2010: SEK 712 million). The reduction in H1 2011 is primarily due to restructuring expenses and a change in the modelling of tax on expenses. Without these two non-recurring effects operating MCEV earnings after tax would be SEK795 million, a strong increase from 2010. The 2010 comparative period was also positively affected by the SEK 126 million realised gain from the Private Equity divestment.

Outlook

The economic outlook for 2011 remains positive and interest levels are expected to rise as the economy continues to expand. The Nordic savings market is expected to grow, although the environment is competitive with significant pressure on fees and volatile markets driven by the uncertainties regarding the deficits in other European countries. The long term savings market is splitting into an advised market with high levels of service from financial advisers, and a 'self service' market. Management continues to focus on improving sales, especially via cross selling and up selling activities combining insurance and banking; creating and maintaining sustainable margins; delivering the next phase of the cost savings targets, and improving the distribution and product offerings to enhance NCCF. Our restructuring programme, with the announced voluntary redundancies is designed to prepare the business for a sustainable future. In H2 2011, cost reduction activity will continue and we estimate restructuring costs of approximately SEK240 million (£24 million) for the full year.

Long-Term Savings: Retail Europe

Solid first half year with increasing sales

Highlights	H1 2011	H1 2010	% Change
			€m
AOP (IFRS basis) (pre-tax)	**25**	29	(14%)
Return on equity*	**13%**	20%	
Life assurance sales (APE)	**41**	37	11%
Unit trust/mutual fund sales	**13**	14	(7%)
PVNBP	**317**	279	14%
Value of new business	**3**	2	50%
APE margin	**8%**	6%	
PVNBP margin	**1.0%**	0.7%	
Operating MCEV earnings (covered business, post-tax)	**(7)**	27	
Return on embedded value (covered business, post-tax)	**0.6%**	5.1%	
Net client cash flows (€bn)	**0.2**	0.2	-

	H1 2011	FY 2010	% Change
			€bn
Funds under management	**5.7**	5.8	(2%)

* Return on equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles

Overview

GDP growth and unemployment rates improved in all markets in which Retail Europe operates. This was driven by state stimulus packages and strong export conditions. Equity markets were volatile during the period and varied by market. The German DAX posted a gain of 6.7% during the period. Customer sentiment remained cautious in Germany and Austria with demand primarily for guaranteed products. IFAs in these markets currently prefer traditional life policies, given the uncertain outlook, and this has led to a challenging sales environment, given our focus on unit-linked contracts.

Retail Europe's performance in H1 2011 has been encouraging with growth in sales. We continued to bed down changes to the Retail Europe organisation including the relocation of certain administration activities to South Africa. We also developed initiatives to maintain and grow relationships with our existing distribution partners. These initiatives, underpinned by strong cost containment, ensured improvement in our value of new business, which improved by 50% over the comparative period.

Following a detailed review of operations, we have decided to cease writing new business in Switzerland. Significant staff reductions have been communicated and initiatives to protect the value of in force have been implemented.

AOP IFRS was €25 million, €4 million lower than H1 2010.

Net client cash flow

NCCF was €196 million for H1 2011 slightly down on H1 2010, due to the increase in fund values of surrenders resulting from equity market growth over 2010. Persistency levels were improved year-on-year.

Funds under management

FUM of €5.7 billion at 30 June 2011 was marginally lower than 31 December 2010, driven by lower stock market performance outside of Germany.

Sales

APE sales increased 11% to €41 million due to increased new sales of single premiums in Germany and regular premium business in Poland. Our market share in Germany increased compared to H1 2010.

	Gross Single Premiums			Gross Regular Premiums			Total APE			Total PVNBP		
New business	H1 2011	H1 2010	+/-%	H1 2011	H1 2010	+/-%	H1 2011	H1 2010	+/-%	H1 2011	H1 2010	+/-%
												€m
Germany	20	16	25%	12	13	(8%)	14	15	(7%)	123	123	-
Poland	9	10	(10%)	10	7	43%	11	9	22%	61	51	20%
Austria	4	4	-	9	9	-	9	9	-	57	61	(7%)
Switzerland	6	6	-	6	4	50%	7	4	75%	76	44	73%
Total Retail Europe	**39**	**36**	**8%**	**37**	**33**	**12%**	**41**	**37**	**11%**	**317**	**279**	**14%**

Business Review

The sales volumes in Poland benefited from increased marketing activity and new distribution partners in the IFA channels and the newly developed bank channel. Distribution activities showed increased focus on external events and relationship management with new and existing business partners. We successfully launched new products in the first half year in Austria and Germany.

IFRS AOP results

IFRS AOP (pre-tax) decreased €4 million to €25 million in the period. This was due to slightly higher costs for our South African relocation activities, given the duplication of costs in the handover period, and increased sales related expenses and was partially offset by higher fund fees resulting from higher average market levels.

Value of new business and margins

The value of new business increased by €1.2 million to €3.3 million, with a PVNBP margin for the half year of 1.0% and an APE margin of 8%. The main reasons for the improvement were higher new sales, driven in part by new tariffs, and successful expense management.

MCEV results

Operating MCEV earnings after tax decreased by €33.7 million from the comparative period to a loss of €6.8 million, driven by a methodology change in calculating costs for non-hedgeable risks (CNHR).

Outlook

Macro-economic factors continue to have a significant impact on our markets in 2011. The ongoing volatility of equity and bond markets have not supported consumer confidence in the unit-linked markets.

However, we have made significant progress in meeting our 2012 targets and have begun several strategic growth initiatives, most notably in Poland, to build scale and leverage our Skandia branch in South Africa, while maintaining our rigorous cost and capital management controls.

Long-Term Savings: Wealth Management

A strong start for Wealth Management

Highlights	H1 2011	H1 2010	% Change
			£m
AOP (IFRS basis, pre-tax)	**93**	95	(2%)
Return on equity*	**14%**	15%	
Life assurance sales (APE)	**346**	412	(16%)
Unit trust/mutual fund sales	**2,454**	2,207	11%
PVNBP	**2,977**	3,611	(18%)
Value of new business (post-tax)	**39**	31	26%
APE margin	**11%**	8%	
PVNBP margin	**1.3%**	0.9%	
Operating MCEV earnings (covered business, post-tax)	**100**	64	56%
Return on embedded value (covered business, post-tax)	**9.0%**	6.7%	
Net Client Cash Flows (£bn)	**1.8**	2.3	(22%)

	H1 2011	FY 2010	% Change
			£bn
Funds under management	**57.7**	55.9	3%

* Return on equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles

Overview

Wealth Management continued to build on its strong operational performance in 2010. Overall gross sales levels remained constant with 2010 levels while margins improved further. The cost reduction programme has already delivered its end of 2012 target of £45 million of run-rate savings in July, 17 months earlier than planned, which contributed further to improved profitability. FUM remained at record levels for the business with NCCF continuing to make a good contribution to overall fund growth.

Covered new business sales were 16% below the levels recorded in the comparative period, where the tax shield granted to Italian residents caused an increase in sales. This shield expired at the end of H1 2010 and the markets and sales levels have returned to more normal levels in Italy since then. Sales in Italy on an APE basis were £40 million during the first half of 2011 (H1 2010: £84 million).

Sales on the UK Platform continued to grow with a 7% increase against the comparative period. APE Platform sales were up 10%. Gross sales for the UK were £3.4 billion in H1 2011 compared to £3.3 billion in H1 2010. We have taken a targeted sales approach focusing on higher value IFAs in order to increase our share of their total sales. This is an ongoing initiative with early indications that we are already winning a higher 'share of wallet'. As previously highlighted, following a product review in advance of RDR, we decided to close some legacy products to new business in 2010 and are actively planning for widening our platform product portfolio.

VNB for Wealth Management overall improved by 26% and APE margin increased to 11% in H1 2011 from 8% in H1 2010. This was largely driven by actions to improve product mix in the International off-shore products.

On an underlying basis (excluding the smoothing of policyholder tax) profits for Wealth Management increased by 34%, driven by higher FUM and reduced expenses, although on a reported basis AOP decreased by £2 million to £93 million.

Our highly successful *Spectrum* fund range now has FUM in excess of £1 billion. The risk adjusted profile of the fund has proved popular with customers, and the performance of the range of funds has been excellent since launch. Other UK platforms now offer *Spectrum* on their platforms too; this is a strong endorsement for this fund range. The *Skandia Shield* protected investment product has now also been made available to ISA clients following its launch earlier this year, and we are now starting to see strong flows into this fund. The performance of the funds managed by Skandia Investment Group, our in-house fund manager, continues to improve quarter on quarter.

Net client cash flow

NCCF for the period was £1.8 billion, down 22% on H1 2010 when they were boosted by the high sales in the Italian market during the Italian tax shield. Excluding Italian NCCF, total NCCF increased from £1.6 billion in H1 2010 to £1.7 billion in H1 2011. The UK platform business continued to deliver approximately £1 billion of NCCF per quarter.

Funds under management

FUM grew in line with strong NCCF of £1.8 billion to £57.7 billion a 3% rise in the last six months and an 18% rise from the 30 June 2010 level. This represents a substantial rise on the comparable period in 2010. Markets at 30 June 2011 were flat compared to 31 December 2010. FUM included UK assets of £35.3 billion (31 December 2010: £33.9 billion). Of the UK assets, SIS platform assets totalled £18.7 billion, a 12% rise in the last six months and a 41% rise from the 30 June 2010 level, further solidifying our position as one of the largest participants in this market.

Sales

APE sales decreased by 16% to £346 million, this was mainly attributable to lower sales in Italy. Unit Trust fund sales rose by 11% to £2,454 million predominantly in the UK.

£m

Life new business	Gross single premiums H1 2011	H1 2010	+/-%	Gross regular premiums H1 2011	H1 2010	+/-%	Total APE H1 2011	H1 2010	+/-%	Total PVNBP H1 2011	H1 2010	+/-%
UK market												
Pensions	**1,084**	1,136	(5%)	**43**	40	8%	**151**	153	(1%)			
Bonds	**244**	296	(18%)	**-**	-		**25**	30	(17%)			
Protection	**-**	-		**4**	5	(20%)	**4**	5	(20%)			
Savings	**-**	-		**3**	5	(40%)	**3**	5	(40%)			
Total UK	**1,328**	1,432	(7%)	**50**	50	-	**183**	193	(5%)	**1,557**	1,654	(6%)
Of which UK platform	**1,159**	1,067	9%	**21**	18	17%	**137**	125	10%	**1,283**	1,168	10%
International markets												
Unit-linked	**134**	174	(23%)	**17**	28	(39%)	**30**	45	(33%)			
Bonds	**643**	633	2%	**12**	12	-	**77**	76	1%			
Total International	**777**	807	(4%)	**29**	40	(28%)	**107**	121	(12%)	**881**	997	(12%)
Continental Europe markets												
Unit-linked	**520**	936	(44%)	**4**	3	33%	**56**	98	(43%)	**539`**	960	(44%)
Total Wealth Management	**2,625**	3,175	(17%)	**83**	93	(11%)	**346**	412	(16%)	**2,977**	3,611	(18%)

£m

Mutual fund new business	H1 2011	H1 2010	+/-%
UK market	**1,891**	1,666	14%
International markets	**555**	525	6%
Continental Europe markets	**8**	16	(50%)
Total Wealth Management	**2,454**	2,207	11%

The market context for our UK business continues to evolve as an increasing number of IFAs convert their business to platforms. Our strong platform sales in the period reflect this, with APE sales totalling £137 million of the total £183 million sales in the UK, an increase of 10% on sales of £125 million on the comparative period. We continued to experience strong single premium pension business, although this was slightly down on the comparative period. UK mutual fund sales grew strongly up 14% in the period. As in the prior year, we benefited from the seasonality of the tax year-end, along with increased ISA allowances.

APE sales in the UK Legacy market of £46 million decreased by £22 million from £68 million in the equivalent period in 2010. This decrease reflects a reduction in the range of legacy products being offered in 2011.

In the offshore International market APE sales decreased by 12% to £107 million. This was the result of a managed decline in our lower margin regular premium business across the international markets to focus on higher margin, single premium products. As a consequence, the APE margin from international improved from 14% in H1 2010 to 23% in H1 2011. This was the main driver of the improvement in VNB for the Wealth Management business.

Continental Europe APE sales decreased by 43% to £56 million. This represented a 44% increase on the first half of 2009, which we consider to be a more appropriate comparator period given the impact of the one-off tax shield in Italy in 2010.

IFRS AOP results

IFRS AOP (pre-tax) decreased by 2% to £93 million. Adjusting for the effects of policyholder tax profit grew by 34% for Wealth Management driven by higher FUM balances and reduced absolute levels of expenses. Smoothing of policyholder tax gave rise to a profit of £36 million in H1 2010 and £14 million in H1 2011. There will be no further impact from policyholder tax smoothing from 2011.

Net margin post tax

Underlying net margin post tax (excluding the smoothing for policyholder tax) has improved from 24 basis points in H1 2010 to 25 basis points in H1 2011. This is as a result of the business gaining operational leverage as FUM increase and the expense base becoming more efficient through the benefits of the cost reduction programme. Margin increases have been achieved with the backdrop of continued development spend, in particular on IT infrastructure in the run up to RDR, and the transition of the UK business from the current legacy products to new products on the platform offerings. Wealth Management delivered the targeted £45 million of run rate savings in July 2011.

Value of new business and margins

The value of new business increased by £8 million to £39 million and the APE margin and PVNBP margin increased to 11% (H1 2010: 8%) and 1.3% (H1 2010: 0.9%) respectively. The increase in margins is predominately driven by a more beneficial product mix in International due to increased focus on higher margin portfolio bond products and lower acquisition costs. Margins also increased due to favourable experience from economic assumption changes and positive impacts from persistency and rebate assumption changes made at the end of December 2010.

MCEV results

MCEV operating earnings post tax increased by £36 million to £100m for H1 2011, reflecting modelling changes in the Platform business, favourable experience variances (persistency and rebates) and an increase in VNB.

MCEV increased by 4% from £1,977m at the end of 2010 to £2,063m at H1 2011. This was driven predominantly by operating earnings and positive economic variances, partially offset by transfers from covered business.

Return on Embedded Value increased from 6.7% in H1 2010 to 9.0% in H1 2011.

Outlook

Based on the results for the first half of the year, and continuing positive investor sentiment, our outlook for 2011 remains optimistic. Our 2011 sales continue to be in line with our expectations. We expect sales and retail NCCF momentum in the UK to increase once clarity around RDR is achieved and as a result of our plan to widen our product offering on the UK Platform.

A further paper on the Retail Distribution Review (RDR) was issued by the FSA in August 2011. We believe that we are well-placed for the RDR changes since a large proportion of our new business is already written on the basis of something akin to a client-agreed adviser remuneration. In addition, we are considering plans to introduce a fully unbundled charging structure, under which we will pass on rebates to the customer in advance of December 2012.

Despite having achieved our cost targets, our focus on cost reduction will continue and we remain confident that we will meet our 2012 ROE targets.

Business Review

Nedbank Group (Nedbank)

Strong earnings growth while further strengthening portfolio impairments

Highlights	H1 2011	H1 2010	% Change
			Rm
AOP (IFRS basis, pre-tax)	**4,002**	3,052	31%
AOP (IFRS basis) (pre-tax) (£m)	**359**	266	35%
Headline earnings*	**2,772**	2,153	29%
Net interest income*	**8,683**	8,082	7%
Non-interest revenue*	**7,139**	6,158	16%
Net interest margin*	**3.43%**	3.34%	
Credit loss ratio*	**1.21%**	1.46%	
Cost to income ratio*	**55.9%**	55.3%	
Return on Equity*	**12.2%**	10.7%	
Return on Equity (excluding goodwill)*	**13.7%**	12.2%	
Core Tier 1 ratio*	**10.7%**	9.9%	

* As reported by Nedbank in its report to shareholders as at 30 June 2011.

Certain of the Nedbank's reporting ratio calculations have been adjusted, to reflect the move from simple average to daily average measures of the denominator. Comparatives have been restated accordingly.

The full text of Nedbank's results for the six months ended 30 June 2011, released on 1 August 2011, can be accessed on our website http://www.oldmutual.com/mediacentre/pressReleases/viewPressRelease.jsp?pressItem_id=14827. The following is an edited extract:

Economic environment

Global demand has slowed in 2011 as industrial production and consumer spending in China and other large emerging markets moderated due to tighter monetary conditions. In many developed markets the fragile recovery faltered as surging oil prices and reduced fiscal and monetary stimulus negatively impacted consumer confidence and spending. In addition, concerns remain about the scale and increasing cost of sovereign debt in many parts of Europe.

Locally, real GDP grew at an annualised rate of 4.8% in the first quarter of 2011. Conditions softened in the second quarter, with the mining and manufacturing sectors in particular having been impacted by the loss of momentum in global markets and the strong rand. Capacity utilisation and confidence levels remain low, resulting in limited demand for corporate credit.

In the retail sector household loan growth was mostly from continued demand for unsecured loans and instalment sales. Mortgage advances growth remained depressed as buyers continue to be cautious in line with the flat outlook for house prices, high levels of consumer debt and increased living costs.

Given the weak global environment, domestic growth is largely dependent on further fixed-investment spending and an ongoing improvement in consumption levels.

Review of results

Nedbank produced strong earnings growth for the six months ended 30 June 2011 in line with the guidance provided in the trading statements released in July this year.

Headline earnings increased by 28.8% to R2,772 million and profit from operations before taxation and non-trading and capital items was up 36.1%. Diluted headline earnings per share (HEPS) increased by 26.3% from 475 cents to 600 cents. Diluted basic earnings per share increased by 26.2% from 474 cents to 598 cents.

Earnings growth was driven by ongoing strong non-interest revenue (NIR) growth, improving margins and lower retail impairments. This growth was achieved while continuing to invest for the future and strengthening portfolio impairments.

Return on assets increased from 0.75% to 0.92% for the period. This increase, together with a decline in gearing to 13.3 times, resulted in Nedbank's return on average ordinary shareholders' equity (ROE), excluding goodwill, increasing from 12.2% to 13.7%. ROE increased from 10.7% to 12.2% for the period.

The balance sheet remained well-capitalised, with the core Tier 1 capital adequacy ratio increasing to 10.7% (December 2010: 10.1%), while Nedbank's Tier 2 capital position was reduced when the R1.5 billion Ned 5 bond was repaid in April 2011 and not replaced. Nedbank's liquidity buffers were increased by R9.0 billion and the long-term funding profile continued to lengthen to 27.0%, all this in proactive preparation for Basel III.

Net asset value per share grew by 6.1% (annualised) from 9,831 cents in December 2010 to 10,128 cents in June 2011.

Cluster performance

Total operating cluster headline earnings increased strongly by 43.0% from R2,015 million to R2,881 million. Nedbank Retail increased earnings from R133 million in 2010 to R826 million and, importantly, improved ROE from 1.7% to 9.9%. The repositioning of Nedbank Retail is being driven through a client-centred strategy of growing the primary-client base while leveraging the strong product lines. This has generated high levels of NIR growth and a significantly improving credit loss ratio, notwithstanding the continued strengthening of portfolio impairments.

Nedbank Capital's earnings reduced by 5.9% on the comparative period, with fee income down from lower market activity, and the credit loss ratio showed a slight deterioration from the prior period's elevated level. Nedbank Capital reported an increase of 4.3% in its NIR from trading. There has been some margin compression in foreign exchange flow businesses, and the market provided limited trading opportunities.

Nedbank Corporate achieved strong earnings growth of 24.0%, driven by improved margins, fair-value adjustments and improved income from its property private-equity portfolio.

Nedbank Business Banking's earnings were up 3.9%, reflecting the difficult conditions being experienced in the small to medium-sized business sector. In spite of this the cluster achieved an improvement in margins, above-inflation growth in fees and commission, primary-client acquisitions and deepened cross-sell.

Nedbank Wealth achieved good earnings growth of 16.6%, with strong contributions from insurance and asset management together with an improvement in the international wealth management businesses. Apart from strong growth in advice-based sales of financial planning, local Wealth Management had a disappointing performance in the first half of the year as a result of subdued activity and higher impairments.

Further segmental information is available on Nedbank's website at www.nedbankgroup.co.za.

Outlook

Domestic economic growth of 3.5% is currently anticipated for the full year. Increases in international food and fuel prices are expected to push inflation to the upper limit of the target band of 3% to 6% in the final quarter of 2011. Nedbank expects interest rates to remain at current levels for the balance of 2011, with increases currently expected from the first quarter of 2012. Asset growth is expected to remain at conservative levels due to slow employment growth, relatively high levels of debt compared with historic levels, increases in electricity and fuel costs, and concerns about the possibility of interest rate hikes in 2012.

The growth in the South African economy will be dependent on global economic and financial developments, further fixed and infrastructure investment and ongoing improvement in consumption levels. Economic activity is expected to be subdued for the balance of 2011. However, corporate credit demand is expected to improve slightly as the recovery in capital expenditure builds momentum and demand for funding increases. The operating environment for small and medium-sized businesses remains challenging.

Government infrastructure spending will be relatively insensitive to the economic cycle, with substantial amounts set aside to accelerate social and economic infrastructure as announced in this year's National Budget. The flow of this investment should improve as the year progresses, but is only expected to accelerate in 2012.

The retail banking sector should continue to improve modestly as a result of transactional volume growth, with lending activity remaining much the same as in this reporting period.

Prospects

For the full year Nedbank currently expects:

- interest margins to remain at similar levels to those of the first half;
- banking advances to grow in the lower to mid-single digits;
- impairments to continue improving, with the credit loss ratio reducing but remaining above the upper end of Nedbank's target range of 0.60% to 1.00%;
- NIR (excluding fair-value adjustments) to grow at double digits; and
- expenses to grow in early double digits, but to remain less than NIR growth.

The balance sheet remains liquid, strongly capitalised and in a good position to take advantage of growth opportunities as they arise.

Nedbank has had a positive start to the year and remains in a good position to deliver growth in 2011 earnings in excess of its medium- to long-term financial target.

Shareholders are advised that these forecasts have not been reviewed or reported on by Nedbank's auditors.

Business Review

Mutual & Federal (M&F)

Strong performance following renewed focus

Highlights	H1 2011	H1 2010	% Change
			Rm
Underwriting result	**187**	88	113%
Long-term investment return (LTIR)	**316**	310	10%
Restructuring costs	**-**	(14)	
AOP (IFRS basis, pre-tax)	**503**	384	31%
Gross premiums	**4,361**	4,205	4%
Earned premiums*	**3,448**	3,396	2%
Claims ratio	**64.6%**	68.5%	
Combined ratio	**94.7%**	97.4%	
Solvency ratio	**63.5%**	62.0%	
Return on equity	**15.8%**	14.5%	

* Gross of inter-company

Overview

Mutual & Federal delivered an improved ROE and strong underwriting result in the first half of 2011. All business lines benefited from improved underwriting and a slight reduction in commercial and corporate claims, despite seasonally heavy rains in the period.

iWYZE, our direct insurance joint venture with Old Mutual Emerging Markets, is progressing well. It is meeting its growth targets, and is on track to deliver underwriting profitability in accordance with expectations.

We are also making good progress in our preparation for Solvency 2 and its equivalent in South Africa, Solvency Assessment and Management (SAM).

Underwriting and IFRS AOP results

Premiums increased modestly against the comparative period, primarily through inflation adjustments. Increased competition from new direct players has restricted growth in the personal business area but Commercial business lines continue to perform well. Profitability overall was positively impacted by the decrease in the claims ratio from 68.5% to 64.6%, as claims costs were successfully contained. Most risk portfolios delivered satisfactory returns and Credit Guarantee risks performed particularly well. The operations in Namibia and Botswana continued to deliver a satisfactory contribution.

Expenses increased largely due to development costs associated with iWYZE and expenditure related to SAM as well as investment in the strategic step-change programme.

Outlook

In 2011 we anticipate continued benefits of increased collaboration with the wider Old Mutual Group. With new management structures in place, we have begun delivering on the three-year strategic step-change plan focusing on growth while improving operating efficiencies across the business.

We have restructured our capital base and following the payment of almost R1.0 billion of dividends we anticipate a reduction in LTIR earnings but a positive impact on ROE due to the resulting lower Equity levels.

We will continue to develop growth in association with our intermediary partners and grow our market share through improving systems and service. In 2011 we anticipate a growing contribution from alternative channels including iWYZE, niche business and underwriting management agencies. These initiatives are designed to grow revenue while improving expense ratios and so mitigate the impact of any softening in rates in 2011 and 2012 following the recent strong underwriting environment.

US Asset Management

Profits up 25% on higher average FUM, as management aligns business for future growth

Highlights	H1 2011	H1 2010	Change
			$m
AOP (IFRS basis, pre-tax)	**76**	61	25%
Return on Capital	**4.4%**	4.2%	
Operating margin	**20%**	17%	
Net client cash flows ($bn)	**(10.4)**	(8.0)	(30%)

	H1 2011	FY 2010	% Change
			$bn
Funds under management	**260**	259	-

Overview

US Asset Management (USAM) is a global, multi-boutique business comprised of 18 distinct affiliated investment firms which offer over 160 diverse investment strategies. The business provides institutionally driven active investment management and seeks to generate consistent positive alpha. USAM provides strategic capabilities to our affiliates that help them deliver superior investment performance, innovative offerings, and service to their clients.

At 30 June 2011, FUM across all affiliates totalled $260 billion, up marginally by $0.9 billion from 31 December 2010. Equity market appreciation was substantially offset by net cash outflows. While investment performance in long-term products improved during the period, short term products, in particular stable value funds, continued to experience net cash outflows.

Management focus is on improving net client cash flow, margins and investment performance.

Investment performance

Long-term investment performance improved during the period across equity, fixed income and alternative products. For the one-year period ended 30 June 2011, 73% of assets outperformed benchmarks, up from 43% at 31 March 2011. Over the three- and five-year periods to 30 June, 42% and 62% of assets outperformed benchmarks. Since 31 March 2011, the percentage of assets beating benchmarks has improved over each of the one-, three- and five- year periods. Management remains confident that its multi-boutique model, which encourages autonomous investment processes and retention of investment talent, will deliver investment outperformance over the full market cycle. Improving investment performance throughout the business continues to be a focus for the remainder of 2011 and beyond.

IFRS AOP results

IFRS AOP of $76 million increased 25% over the comparative period due to higher revenues combined with expense control. Revenue growth of 7% was driven by positive markets, including gains on seed capital, and improvements in investment performance fees. Operating expenses before variable compensation grew less than 3%.

Management fees were up $6.9 million or 2% over the comparative period. This increase was largely driven by a 2% increase in average FUM over the first half of 2010. Performance and transactions fees were up $3.9 million from H1 2010 to $5.1 million. Seed capital investment returns were up $14.6 million over the comparative period, primarily due to strong market performance in the first quarter.

FUM-driven expenses increased marginally as a result of higher average FUM than the comparative period. Operating margin of 20% was up 300 basis points compared with the period ended 30 June 2010. The improvement was largely driven by increases in seed capital investment returns.

Business Review

Net client cash flows

H1 2011	Opening FUM	Gross inflows	Outflows	Net outflows	Market and other	Closing FUM
						$bn
Short-term flows	42.3	1.0	(7.3)	(6.3)	0.4	36.4
Long-term flows	216.4	13.7	(17.8)	(4.1)	10.9	223.2
Total	**258.7**	**14.7**	**(25.1)**	**(10.4)**	**11.3**	**259.6**

H1 2010	Opening FUM	Gross inflows	Outflows	Net outflows	Market and other	Closing FUM
						$bn
Short-term flows	47.5	1.9	(4.8)	(2.9)	(0.9)	43.6
Long-term flows	213.2	12.7	(17.8)	(5.1)	(8.6)	199.6
Total	**260.7**	**14.6**	**(22.6)**	**(8.0)**	**(9.5)**	**243.2**

While investment performance has improved significantly over the last 6 months, particularly as measured by one-year performance, net outflows have continued through the first half of the year. Net client cash outflows totalled $10.4 billion for the period (comparative period: $8.0 billion). Net outflows from short-term products were $6.3 billion (comparative period: $2.9 billion). Net outflows from long-term strategies for the period were $4.1 billion (comparative period: $5.1 billion). Net long-term strategy outflows improved compared with long term net outflows of $8.2 billion in the second half of 2010.

Gross inflows during the period totalled $14.7 billion (comparative period: $14.6 billion), with long-term fixed income products continuing to experience significant gross inflows. During the period, $4.4 billion of gross inflows came from new client accounts.

Gross outflows totalled $25.1 billion for the period (comparative period: $22.6 billion), largely driven by outflows from stable value funds, large cap value equity, and quantitative products (such as global, international and 130/30). Gross outflows from long-term strategies for the period were $17.8 billion compared to $17.8 billion in the six month period to 30 June 2010 and $23.4 billion for the six month period to 31 December 2010. Outflows in Large Cap Value, EAFE and quantitative strategies were seen across the market in Q1 of 2011.

We continue to improve our analysis and management processes in identifying and better managing assets at risk.

Funds under management

FUM ended the period at $260 billion, up $1 billion from 31 December 2010, as positive market returns were substantially offset by net client cash outflows. $223 billion (86%) of total FUM was in long-term investment products and $37 billion (14%) was in short-term products, compared to a mix of 82% and 18% at 30 June 2010. Long-term investment products were broadly diversified across equities ($132 billion, 59%), fixed income ($62 billion, 28%) and alternative investments ($29 billion, 13%). Short-term products comprised stable value funds ($36 billion, 97%) and cash ($1 billion, 3%).

Non-US clients currently account for 29% of FUM. International, emerging markets, and global equity products account for 22% of the FUM.

Product developments

USAM affiliates launched several new products during the period. Ashfield Capital Partners, LLC and Echo Point Investment Management, LLC both launched global equity product extensions and Acadian Asset Management LLC and Rogge Global Partners launched emerging markets product extensions.

Outlook

The return of public markets to more normal trading fundamentals, which began in 2010, has continued in 2011, providing the opportunity for USAMs' value and quantitative managers to continue to outperform their benchmarks. The one-year outperformance by 73% of USAM's assets is an important leading indicator of a future turn in net flows. While three-year returns remain below benchmark in a number of key products, we expect the near term positive trend to result in client decisions to maintain their relationships with our largest managers. Cash flows for Institutional mandates are often lumpy in nature, and there is often a lag between the turn of performance, the slowing of outflows, and the increase of inflows. However, assuming a continuation of the positive performance trends for long-term assets, USAM expects improved, though still negative, long term flows in the second half of the year, with continued progress in 2012.

The 25% increase in AOP over the comparative period indicates progress in the business. The 2011 full year result is unlikely to show a similar growth rate given ongoing outflows, investment in the business, and the level of seed capital gains experienced in the second half of last year. The challenge of net outflows is the key issue facing USAM. Achieving positive net flows, combined with appreciating markets, will drive the accomplishment of our other goals including increasing AOP growth and improving operating margins. In addition, USAM continues to invest for the future by funding the growth plans of several smaller affiliates who have strong products and performance but sub-scale asset bases. Although these investments currently impact operating margin by approximately 4% we believe that these affiliates are positioned to become engines of growth in the future.

With a new management team in place, we continue to refine and execute the growth strategy for USAM. We are committed to developing our non-US distribution capability, and we expect to report further progress on the execution of the business plan at the year end.

Index to the financial information

For the six months ended 30 June 2011

Statement of directors' responsibilities in respect of the half-yearly financial statements

For the six months ended 30 June 2011

We confirm that to the best of our knowledge:

- the consolidated financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards adopted by the EU and in accordance with the requirements of IAS34 'Interim Financial Reporting'
- the MCEV supplementary information has been prepared in accordance with the Market Consistent Embedded Value Principles (Copyright © Stichting CFO Forum Foundation 2008) issued in June 2008 and updated in October 2009 by the CFO Forum ('the Principles') and the basis of preparation as set out on page 88.
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Julian Roberts
Group Chief Executive
5 August 2011

Philip Broadley
Group Finance Director
5 August 2011

Interim review report for the six months ended 30 June 2011 to Old Mutual plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related notes which include the Reconciliation of Adjusted Operating Profit to Profit after Tax.

We have also been engaged by the company to review the Market Consistent Embedded Value (MCEV) basis supplementary information ('the supplementary information') for the six months ended 30 June 2011.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements or the supplementary information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Services Authority (the UK FSA) and also to provide a review conclusion to the company on the supplementary information. Our review of the condensed set of financial statements 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. Our review of the supplementary information has been undertaken so that we might state to the company those matters we have been engaged to state 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA. The directors have accepted responsibility for preparing the supplementary information contained in the half-yearly financial report on an MCEV basis in accordance with the CFO Forum MCEV Principles as issued in June 2008 and updated in October 2009 ('the MCEV Principles').

As disclosed in note A, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

The supplementary information has been prepared in accordance with the MCEV principles, using the methodology and assumptions as detailed in the basis of preparation of the supplementary information. The supplementary information should be read in conjunction with the group's condensed set of financial statements.

Our responsibility

Our responsibility, is to express to the company a conclusion, based on our review, on the condensed set of financial statements and the supplementary information in the half-yearly financial report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information and supplementary information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Based on our review, nothing has come to our attention that causes us to believe that the supplementary information for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the MCEV principles, using the methodology and assumptions as detailed in the basis of preparation of the supplementary information.

Philip Smart
for and on behalf of KPMG Audit Plc
Chartered Accountants, 15 Canada Square, London, E14 5GL, 5 August 2011

Consolidated income statement

For the six months ended 30 June 2011

£m

	Notes	**6 months ended 30 June 2011**	6 months ended 30 June 2010*	Year ended 31 December 2010
Revenue				
Gross earned premiums	B3	**1,944**	1,700	3,582
Outward reinsurance		**(167)**	(147)	(305)
Net earned premiums		**1,777**	1,553	3,277
Investment return (non-banking)		**843**	1,274	10,791
Banking interest and similar income		**1,994**	2,005	4,082
Banking trading, investment and similar income		**103**	82	204
Fee and commission income, and income from service activities		**1,635**	1,420	3,061
Other income		**94**	107	159
Total revenues		**6,446**	6,441	21,574
Expenses				
Claims and benefits (including change in insurance contract provisions)		**(1,701)**	(1,351)	(5,039)
Reinsurance recoveries		**108**	118	227
Net claims and benefits incurred		**(1,593)**	(1,233)	(4,812)
Change in investment contract liabilities		**(13)**	(876)	(6,899)
Losses on loans and advances		**(253)**	(285)	(552)
Finance costs		**(85)**	(127)	(269)
Banking interest payable and similar expenses		**(1,154)**	(1,252)	(2,519)
Fee and commission expenses, and other acquisition costs		**(496)**	(406)	(963)
Other operating and administrative expenses		**(1,966)**	(1,736)	(3,715)
Change in third party interest in consolidated funds		**(66)**	28	(388)
Amortisation of PVIF and other acquired intangibles	C1(b)	**(117)**	(145)	(297)
Total expenses		**(5,743)**	(6,032)	(20,414)
Share of associated undertakings' profit after tax		**4**	2	7
Loss on disposal of subsidiaries, associated undertakings and strategic investments	C1(c)	**-**	(22)	(22)
Profit before tax		**707**	389	1,145
Income tax expense	D1(a)	**(205)**	(129)	(456)
Profit from continuing operations after tax		**502**	260	689
Discontinued operations				
Profit/(loss) from discontinued operations after tax	G1	**130**	120	(713)
Profit/(loss) after tax for the financial period		**632**	380	(24)
Attributable to				
Equity holders of the parent		**489**	265	(282)
Non-controlling interests				
Ordinary shares		**112**	84	196
Preferred securities		**31**	31	62
Profit/(loss) after tax for the financial period		**632**	380	(24)

Consolidated income statement
For the six months ended 30 June 2011 continued

	Notes	**6 months ended 30 June 2011**	6 months ended 30 June 2010*	Year ended 31 December 2010
				£m
Earnings per share				
Basic earnings per share based on profit from continuing operations (pence)		**7.0**	2.6	8.2
Basic earnings per share based on profit/(loss) from discontinued operations (pence)		**2.7**	2.5	(14.7)
Basic earnings per ordinary share (pence)	C3(a)	**9.7**	5.1	(6.5)
Diluted earnings per share based on profit from continuing operations (pence)		**6.4**	2.4	7.4
Diluted earnings per share based on profit/(loss) from discontinued operations		**2.4**	2.3	(13.5)
Diluted earnings per ordinary share (pence)	C3(a)	**8.8**	4.7	(6.1)
Weighted average number of shares – millions		**4,897**	4,849	4,859

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation (see note A1)

Consolidated statement of comprehensive income

For the six months ended 30 June 2011

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010*	Year ended 31 December 2010
Profit/(loss) after tax for the financial period	**632**	380	(24)
Other comprehensive income for the financial period			
Fair value gains/(losses)			
Property revaluation	**-**	5	26
Net investment hedge	**(25)**	(34)	(87)
Available-for-sale investments			
Fair value gains	**5**	22	32
Recycled to the income statement	**(5)**	1	-
Shadow accounting	**-**	(17)	(15)
Currency translation differences/exchange differences on translating foreign operations	**(296)**	254	1,039
Other movements	**(40)**	11	31
Income tax relating to components of other comprehensive income	**6**	6	13
Total other comprehensive income for the financial period from continuing operations	**(355)**	248	1,039
Total other comprehensive income for the financial period from discontinued operations	**(130)**	182	112
Total other comprehensive income for the financial period	**(485)**	430	1,151
Total comprehensive income for the financial period	**147**	810	1,127
Attributable to			
Equity holders of the parent	**105**	640	594
Non-controlling interests			
Ordinary shares	**11**	139	428
Preferred securities	**31**	31	105
Total comprehensive income for the financial period	**147**	810	1,127

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation (see note A1)

Reconciliation of adjusted operating profit to profit after tax

For the six months ended 30 June 2011

	Notes	**6 months ended 30 June 2011**	6 months ended 30 June 2010*	Year ended 31 December 2010
				£m
Core operations				
Long Term Savings	B2	**474**	447	897
Nedbank	B2	**359**	266	601
M&F	B2	**47**	33	103
USAM	B2	**47**	40	87
		927	786	1,688
Finance costs		**(60)**	(68)	(128)
Long term investment return on excess assets		**18**	16	31
Net interest payable to non-core operations		**(9)**	(9)	(39)
Other shareholders' expenses		**(31)**	(11)	(71)
Adjusted operating profit before tax		**845**	714	1,481
Adjusting items	C1(a)	**(212)**	(260)	(482)
Non-core operations		**23**	(65)	(3)
Profit before tax (net of policyholder tax)		**656**	389	996
Income tax attributable to policyholder returns	B2	**51**	-	149
Profit before tax		**707**	389	1,145
Total income tax expense	D1(a)	**(205)**	(129)	(456)
Profit from continuing operations after tax		**502**	260	689
Profit/(loss) from discontinued operations after tax	G1	**130**	120	(713)
Profit/(loss) after tax for the financial period		**632**	380	(24)

Adjusted operating profit after tax attributable to ordinary equity holders of the parent

	Notes	**6 months ended 30 June 2011**	6 months ended 30 June 2010*	Year ended 31 December 2010
				£m
Adjusted operating profit before tax		**845**	714	1,481
Tax on adjusted operating profit	D1(c)	**(191)**	(155)	(347)
Adjusted operating profit after tax		**654**	559	1,134
Non-controlling interest – ordinary shares		**(120)**	(95)	(217)
Non-controlling interest – preferred securities		**(31)**	(31)	(62)
Adjusted operating profit after tax attributable to ordinary equity holders		**503**	433	855
Adjusted weighted average number of shares (millions)	C3(b)	**5,397**	5,342	5,359
Adjusted operating earnings per share (pence)	C3(b)	**9.3**	8.1	16.0

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation (see note A1).

Basis of preparation

The reconciliation of adjusted operating profit has been prepared so as to reflect the directors' view of the underlying long term performance of the Group. The statement reconciles adjusted operating profit to profit after tax as reported under IFRS as adopted by the EU.

For core life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return, including investment returns on life funds' investments in Group equity and debt instruments, and is stated net of income tax attributable to policyholder returns. For the US Asset Management business it includes compensation costs in respect of certain long term incentive schemes defined as non-controlling interests in accordance with IFRS. For all core businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, revaluations of put options related to long term incentive schemes, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities, and fair value profits/(losses) on certain Group debt instruments. Bermuda and US Life, which are non-core, are not included in adjusted operating profit.

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 non-controlling 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 statement of financial position

At 30 June 2011

	Notes	At 30 June 2011	At 30 June 2010	At 31 December 2010
				£m
Assets				
Goodwill and other intangible assets		**4,833**	5,003	4,965
Mandatory reserve deposits with central banks		**1,073**	985	1,079
Property, plant and equipment		**962**	871	1,015
Investment property		**1,980**	2,026	2,040
Deferred tax assets		**396**	668	416
Investments in associated undertakings and joint ventures		**176**	145	162
Deferred acquisition costs		**1,565**	3,096	1,534
Reinsurers' share of life assurance policyholder liabilities		**1,114**	1,325	982
Reinsurers' share of general insurance liabilities		**115**	125	122
Loans and advances		**49,417**	45,071	51,778
Investments and securities		**106,428**	102,270	106,153
Current tax receivable		**151**	166	156
Client indebtedness for acceptances		**254**	159	190
Trade, other receivables and other assets		**4,144**	3,780	3,934
Derivative financial instruments – assets		**1,770**	1,933	2,503
Cash and cash equivalents		**4,526**	3,267	4,132
Non-current assets held for sale		**6**	18	12,391
Total assets		**178,910**	170,908	193,552
Liabilities				
Life assurance policyholder liabilities		**97,429**	96,826	98,631
General insurance liabilities		**386**	389	397
Third party interests in consolidated funds		**4,711**	2,860	3,584
Borrowed funds	E1	**4,497**	3,928	4,204
Provisions		**230**	226	260
Deferred revenue		**773**	661	730
Deferred tax liabilities		**830**	930	858
Current tax payable		**244**	198	238
Trade, other payables and other liabilities		**5,106**	4,899	5,661
Liabilities under acceptances		**254**	159	190
Amounts owed to bank depositors		**51,564**	47,116	53,236
Derivative financial instruments – liabilities		**1,355**	1,460	1,870
Non-current liabilities held for sale		**-**	-	12,219
Total liabilities		**167,379**	159,652	182,078
Net assets		**11,531**	11,256	11,474
Shareholders' equity				
Equity attributable to equity holders of the parent		**9,031**	9,047	8,951
Non-controlling interests				
Ordinary shares		**1,783**	1,492	1,763
Preferred securities		**717**	717	760
Total non-controlling interests		**2,500**	2,209	2,523
Total equity		**11,531**	11,256	11,474

Condensed consolidated statement of cash flows

For the six months ended 30 June 2011

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010*	Year ended 31 December 2010
Cash flows from operating activities			
Profit before tax	**707**	389	1,145
Non-cash movements in profit before tax	**631**	1,081	(7,398)
Changes in working capital	**918**	1,506	10,229
Taxation paid	**(185)**	(187)	(413)
Net cash inflow from operating activities	**2,071**	2,789	3,563
Cash flows from investing activities			
Net acquisitions of financial investments	**(2,261)**	(2,560)	(2,222)
Acquisition of investment properties	**(23)**	(224)	(162)
Proceeds from disposal of investment properties	**2**	19	272
Acquisition of property, plant and equipment	**(54)**	(69)	(152)
Proceeds from disposal of property, plant and equipment	**9**	10	-
Acquisition of intangible assets	**(31)**	(30)	(78)
Acquisition of interests in subsidiaries	**46**	(124)	(75)
Net movement of interests in subsidiaries, associated undertakings and strategic investments (including cash and cash equivalents disposed of)	**(353)**	2	(16)
Net cash outflow from investing activities	**(2,665)**	(2,976)	(2,433)
Cash flows from financing activities			
Dividends paid to			
Ordinary equity holders of the Company	**(53)**	(62)	(102)
Non-controlling interests and preferred security interests	**(107)**	(99)	(196)
Interest paid (excluding banking interest paid)	**(36)**	(38)	(79)
Proceeds from issue of ordinary shares	**4**	4	5
Net purchase of treasury shares	**(18)**	(29)	(25)
Issue of subordinated and other debt	**831**	584	492
Subordinated and other debt repaid	**(448)**	(41)	(104)
Net cash inflow/(outflow) from financing activities	**173**	319	(9)
Net (decrease)/increase in cash and cash equivalents – continuing operations	**(421)**	132	1,121
Net increase/(decrease) in cash and cash equivalents – discontinued operations	**148**	(329)	(104)
Effects of exchange rate changes on cash and cash equivalents	**(185)**	128	376
Cash and cash equivalents at beginning of the period	**6,154**	4,761	4,761
Cash and cash equivalents at end of the period	**5,696**	4,692	6,154
Consisting of			
Cash and cash equivalents in the statement of financial position	**4,526**	3,267	4,132
Mandatory reserve deposits with central banks	**1,073**	985	1,079
Short term cash balances held in policyholder funds	**97**	440	522
Cash and cash equivalents included in assets held for sale	**-**	-	421
Total	**5,696**	4,692	6,154

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation (see note A1).

Cash flows presented in this statement include all cash flows relating to policyholders' funds for life assurance.

Except for mandatory reserve deposits with central banks, short-term cash balances held in policyholder funds and cash and cash equivalents subject to consolidation of funds, management do not consider that there are any material amounts of cash and cash equivalents which are not available for use in the Group's day to day operations. Mandatory reserve deposits are, however, included in cash and cash equivalents for the purposes of the cash flow statement in line with market practice in South Africa.

Consolidated statement of changes in equity

For the six months ended 30 June 2011

Six months ended 30 June 2011	Notes	Millions Number of shares issued and fully paid	Attributable to equity holders of the parent	Total non-controlling interests	£m Total equity
Shareholders' equity at beginning of the period		**5,695**	**8,951**	**2,523**	**11,474**
Profit after tax for the financial period		**-**	**489**	**143**	**632**
Other comprehensive income					
Fair value gains/(losses)					
Net investment hedge		**-**	**(25)**	**-**	**(25)**
Available-for-sale investments		**-**			
Fair value gains		**-**	**53**	**-**	**53**
Recycled to the income statement		**-**	**(10)**	**-**	**(10)**
Realised on disposal		**-**	**(157)**	**-**	**(157)**
Exchange differences realised on disposal		**-**	**24**	**-**	**24**
Shadow accounting		**-**	**(43)**	**-**	**(43)**
Currency translation differences/exchange differences on translating foreign operations		**-**	**(210)**	**(86)**	**(296)**
Other movements		**-**	**(25)**	**(15)**	**(40)**
Income tax relating to components of other comprehensive income		**-**	**9**	**-**	**9**
Total comprehensive income for the financial period		**-**	**105**	**42**	**147**
Dividends for the period	C4	**-**	**(167)**	**(84)**	**(251)**
Net acquisition of treasury shares		**-**	**(18)**	**-**	**(18)**
Change in participation in subsidiaries		**-**	**-**	**50**	**50**
Reclassification of translation differences on non-controlling interests		**-**	**43**	**(43)**	**-**
Shares issued in lieu of cash dividend		**69**	**92**	**6**	**98**
Exercise of share options		**4**	**3**	**-**	**3**
Other issues of ordinary share capital by the Company		**-**	**1**	**-**	**1**
Change in share-based payments reserve		**-**	**21**	**6**	**27**
Transactions with shareholders		**73**	**(25)**	**(65)**	**(90)**
Shareholders' equity at end of the period		**5,768**	**9,031**	**2,500**	**11,531**

£m

Six months ended 30 June 2011	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total
Attributable to equity holders of the parent at beginning of the period		**570**	**795**	**3,391**	**1,176**	**2,331**	**688**	**8,951**
Profit for the financial period attributable to equity holders of the parent		**-**	**-**	**-**	**-**	**473**	**16**	**489**
Other comprehensive income								
Fair value gains/(losses)								
Net investment hedge		**-**	**-**	**-**	**(25)**	**-**	**-**	**(25)**
Available-for-sale investments								
Fair value gains		**-**	**-**	**53**	**-**	**-**	**-**	**53**
Recycled to income statement		**-**	**-**	**(10)**	**-**	**-**	**-**	**(10)**
Realised on disposal			**-**	**(157)**	**-**	**-**	**-**	**(157)**
Exchange differences realised on disposal			**-**	**-**	**24**	**-**	**-**	**24**
Shadow accounting		**-**	**-**	**(43)**	**-**	**-**	**-**	**(43)**
Currency translation differences/exchange differences on translating foreign operations		**-**	**-**	**-**	**(210)**	**-**	**-**	**(210)**
Other movements		**-**	**-**	**(42)**	**-**	**17**	**-**	**(25)**
Income tax relating to components of other comprehensive income		**-**	**-**	**3**	**-**	**-**	**6**	**9**
Total comprehensive income for the financial period		**-**	**-**	**(196)**	**(211)**	**490**	**22**	**105**
Dividends for the period	C4	**-**	**-**	**-**	**-**	**(145)**	**(22)**	**(167)**
Net acquisition of treasury shares		**-**	**-**	**-**	**-**	**(18)**	**-**	**(18)**
Reclassification of translation differences on non-controlling interests		**-**	**-**	**-**	**43**	**-**	**-**	**43**
Shares issued in lieu of cash dividends		**7**	**-**		**-**	**85**	**-**	**92**
Exercise of share options		**-**	**3**	**-**	**-**	**-**	**-**	**3**
Other issues of ordinary share capital by the company		**-**	**1**	**-**	**-**	**-**	**-**	**1**
Change in share-based payments reserve		**-**	**-**	**21**	**-**	**-**	**-**	**21**
Transactions with shareholders		**7**	**4**	**21**	**43**	**(78)**	**(22)**	**(25)**
Attributable to equity holders of the parent at end of the period		**577**	**799**	**3,216**	**1,008**	**2,743**	**688**	**9,031**

£m

Other reserves attributable to equity holders of the parent	Merger reserve	Available-for-sale reserve	Property revaluation reserve	Share-based payments reserve	Other reserves	Total
At beginning of the period	**2,845**	**225**	**101**	**215**	**5**	**3,391**
Fair value gains/(losses)						
Available-for-sale investments						
Fair value gains	**-**	**53**	**-**	**-**	**-**	**53**
Recycled to income statement	**-**	**(166)**	**-**	**(1)**	**-**	**(167)**
Shadow accounting	**-**	**(43)**	**-**	**-**	**-**	**(43)**
Other movements	**-**	**-**	**(1)**	**(41)**	**-**	**(42)**
Income tax relating to components of other comprehensive income	**-**	**3**	**-**	**-**	**-**	**3**
Change in share-based payments reserve	**-**	**-**	**-**	**21**	**-**	**21**
At end of the period	**2,845**	**72**	**100**	**194**	**5**	**3,216**

Retained earnings were reduced by £528 million at 30 June 2011 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Consolidated statement of changes in equity continued

For the six months ended 30 June 2011

Six months ended 30 June 2010	Notes	Millions Number of shares issued and fully paid	Attributable to equity holders of the parent	Total non-controlling interest	£m Total equity
Shareholders' equity at beginning of the period		5,518	8,464	2,247	10,711
Profit after tax for the financial period		-	265	115	380
Other comprehensive income					
Fair value gains:					
Property revaluation		-	5	-	5
Net investment hedge		-	(34)	-	(34)
Available-for-sale investments					
Fair value gains/(losses)		-	473	(1)	472
Recycled to the income statement		-	(43)	-	(43)
Shadow accounting		-	(246)	-	(246)
Currency translation differences/exchange differences on translating foreign operations		-	259	59	318
Other movements		-	14	(3)	11
Income tax relating to components of other comprehensive income		-	(53)	-	(53)
Total comprehensive income for the financial period		-	640	170	810
Dividends for the period	C4	-	(99)	(77)	(176)
Net acquisition of treasury shares		-	(29)	-	(29)
Acquisition of non-controlling interest in Mutual & Federal	F1	147	51	(51)	-
Change in participation in subsidiaries	F1	-	-	(81)	(81)
Shares issued in lieu of cash dividend		14	15	-	15
Exercise of share options		2	3	-	3
Other issues of ordinary share capital by the Company		1	1	-	1
Change in share-based payments reserve		-	1	1	2
Transactions with shareholders		164	(57)	(208)	(265)
Shareholders' equity at end of the period		5,682	9,047	2,209	11,256

Six months ended 30 June 2010	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total
								£m
Attributable to equity holders of the parent at beginning of the period		552	771	3,087	469	2,897	688	8,464
Profit for the financial period attributable to equity holders of the parent		-	-	-	-	249	16	265
Other comprehensive income								
Fair value gains/(losses)								
Property revaluation		-	-	5	-	-	-	5
Net investment hedge		-	-	-	(34)	-	-	(34)
Available-for-sale investments								
Fair value gains		-	-	473	-	-	-	473
Recycled to income statement		-	-	(43)	-	-	-	(43)
Shadow accounting		-	-	(246)	-	-	-	(246)
Currency translation differences/exchange differences on translating foreign operations		-	-	-	259	-	-	259
Other movements		-	-	7	-	7	-	14
Income tax relating to components of other comprehensive income		-	-	(59)	-	-	6	(53)
Total comprehensive income for the financial period		-	-	137	225	256	22	640
Dividends for the period	C4	-	-	-	-	(77)	(22)	(99)
Net acquisition of treasury shares		-	-	-	-	(29)	-	(29)
Acquisition of non-controlling interest in Mutual & Federal	F1	15	-	129	-	(93)	-	51
Shares issued in lieu of cash dividend		1	3	-	-	11	-	15
Exercise of share options		-	3	-	-	-	-	3
Other issues of ordinary share capital by the Company		-	1	-	-	-	-	1
Change in share-based payments reserve		-	-	1	-	-	-	1
Transactions with shareholders		16	7	130	-	(188)	(22)	(57)
Attributable to equity holders of the parent at end of the period		568	778	3,354	694	2,965	688	9,047

Other reserves attributable to equity holders of the parent	Notes	Merger reserve	Available-for-sale reserve	Property revaluation reserve	Share-based payments reserve	Other reserves	Total
							£m
At beginning of the period		2,716	82	87	191	11	3,087
Fair value gains/(losses)							
Property revaluation		-	-	5	-	-	5
Available-for-sale investments							
Fair value gains		-	473	-	-	-	473
Recycled to income statement		-	(43)	-	-	-	(43)
Shadow accounting		-	(241)	(5)	-	-	(246)
Other movements		-	-	(1)	8	-	7
Income tax relating to components of other comprehensive income		-	(59)	-	-	-	(59)
Acquisition of non-controlling interest in Mutual & Federal	F1	129	-	-	-	-	129
Change in share-based payments reserve		-	-	-	1	-	1
At end of the period		2,845	212	86	200	11	3,354

Retained earnings were reduced by £381 million at 30 June 2010 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Consolidated statement of changes in equity continued

For the six months ended 30 June 2011

		Millions			£m
Year ended 31 December 2010	Notes	Number of shares issued and fully paid	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		5,518	8,464	2,247	10,711
(Loss)/profit after tax for the financial year		-	(282)	258	(24)
Other comprehensive income					
Fair value gains/(losses)					
Property revaluation		-	21	5	26
Net investment hedge		-	(87)	-	(87)
Available-for-sale investments					
Fair value gains		-	562	-	562
Recycled to the income statement		-	(12)	-	(12)
Shadow accounting		-	(349)	-	(349)
Currency translation differences/exchange differences on translating foreign operations		-	794	274	1,068
Other movements		-	1	(4)	(3)
Income tax relating to components of other comprehensive income		-	(54)	-	(54)
Total comprehensive income for the financial year		-	594	533	1,127
Dividends for the year	C4	-	(175)	(152)	(327)
Net acquisition of treasury shares		-	(25)	-	(25)
Acquisition of non-controlling interest in Mutual & Federal	F1	147	51	(51)	-
Change in participation in subsidiaries	F1	-	-	(57)	(57)
Shares issued in lieu of cash dividend		24	30	-	30
Exercise of share options		6	5	-	5
Other issues of ordinary share capital by the Company		-	3	-	3
Change in share-based payments reserve		-	4	3	7
Transactions with shareholders		177	(107)	(257)	(364)
Shareholders' equity at end of the year		5,695	8,951	2,523	11,474

Year ended 31 December 2010	Notes	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total
								£m
Attributable to equity holders of the parent at beginning of the year		552	771	3,087	469	2,897	688	8,464
(Loss)/profit for the financial year attributable to equity holders of the parent		-	-	-	-	(314)	32	(282)
Other comprehensive income								
Fair value gains/(losses)								
Property revaluation		-	-	21	-	-	-	21
Net investment hedge		-	-	-	(87)	-	-	(87)
Available-for-sale investments								
Fair value gains		-	-	562	-	-	-	562
Recycled to income statement		-	-	(12)	-	-	-	(12)
Shadow accounting		-	-	(349)	-	-	-	(349)
Currency translation differences/exchange differences on translating foreign operations		-	-	-	794	-	-	794
Other movements		-	-	15	-	(14)	-	1
Income tax relating to components of other comprehensive income		-	-	(66)	-	-	12	(54)
Total comprehensive income for the financial year		-	-	171	707	(328)	44	594
Dividends for the year	C4	-	-	-	-	(131)	(44)	(175)
Net acquisition of treasury shares		-	-	-	-	(25)	-	(25)
Acquisition of non-controlling interest in Mutual & Federal	F1	15	-	129	-	(93)	-	51
Shares issued in lieu of cash dividends		2	17	-	-	11	-	30
Exercise of share options		1	4	-	-	-	-	5
Other issue of ordinary share capital by the Company		-	3	-	-	-	-	3
Change in share-based payments reserve		-	-	4	-	-	-	4
Transactions with shareholders		18	24	133	-	(238)	(44)	(107)
Attributable to equity holders of the parent at end of the year		570	795	3,391	1,176	2,331	688	8,951

Other reserves attributable to equity holders of the parent	Notes	Merger reserve	Available-for-sale reserve	Property revaluation reserve	Share-based payments reserve	Other reserves	Total
							£m
At beginning of the year		2,716	82	87	191	11	3,087
Fair value gains/(losses)							
Property revaluation		-	-	21	-	-	21
Available-for-sale investments							
Fair value gains		-	562	-	-	-	562
Recycled to income statement		-	(12)	-	-	-	(12)
Shadow accounting		-	(343)	(6)	-	-	(349)
Other movements		-	2	(1)	20	(6)	15
Income tax relating to components of other comprehensive income		-	(66)	-	-	-	(66)
Acquisition of non-controlling interest in Mutual & Federal	F1	129	-	-	-	-	129
Change in share-based payments reserve		-	-	-	4	-	4
At end of the year		2,845	225	101	215	5	3,391

Retained earnings were reduced by £478 million at 31 December 2010 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Notes to the consolidated financial statements
For the six months ended 30 June 2011

A Accounting policies

A1 Basis of preparation

The Group financial information contained herein has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards adopted by the EU and in accordance with the requirements of IAS 34 'Interim Financial Reporting'. The Group's results for the six months ended 30 June 2011 and the position at that date have been prepared using accounting policies consistent with those applied in the preparation of the Group's 2010 Annual Report and Accounts.

The Group financial information has been prepared on the going concern basis which the directors believe appropriate having taken into consideration the matters discussed in the Group Finance Director's Review in the section headed Risk and Uncertainties.

The comparative figures for the financial year ended 31 December 2010 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

As previously reported the Group was in advanced stage negotiations at 31 December 2010 for the disposal of its life assurance operations in the United States, which represented almost the entirety of the US Life operating segment. Following US regulatory approval the disposal of US Life was completed on 7 April 2011. The sale represented the Group's exit from the life assurance market in the United States and therefore met the criteria of a discontinued operation. Consequently the comparative information in the income statement, statement of comprehensive income, statement of cash flows and the related notes has been restated where applicable to reflect this. For the purposes of adjusted operating profit, US Life is classified as a non-core operation for the six months ended 30 June 2011. In preparing the comparative information for the six months ended June 2011 this has required restatement of the published comparatives. The statement of financial position at 30 June 2010 has not required restatement as US Life was not considered held for sale at that point in time. Comparative information for the year ended 31 December 2010 has not required restatement as the US Life operations were already classified as non-core and discontinued at the time of reporting full year results for that period. Details of the impact are provided in notes G1 and G2.

In preparing the consolidated financial statements for the six months ended 30 June 2011 the Emerging Markets business has included its Namibian business but excluded all other African businesses on the basis of their size and political uncertainties related to the ability to access economic benefits. This is consistent with prior periods but will be reconsidered for the full year. Nedbank and Mutual & Federal consolidate the results of all African businesses under their control.

B Segment information

B1 Basis of segmentation

The Group's core operations are Emerging Markets, Nordic, Retail Europe and Wealth Management (collectively Long Term Savings), Nedbank, Mutual & Federal, US Asset Management and Other (including the Group head office functions). The Bermuda business is regarded as non-core. This is consistent with the manner in which management and the Board of Directors considers information when making operating decisions and is the basis on which resources are allocated and performance assessed by management and the Board of Directors. It is consistent with that reported in the previous financial year. This information is presented to the Board in local currency but in preparing these financial statements has been presented in pounds sterling, the presentation currency of the Group. As detailed above US Life is classified as discontinued and as a result also non-core with the comparative segment information restated accordingly, resulting in a reduction in adjusted operating profit before tax and non-controlling interests of £14 million for the six months ended 30 June 2011. The Group generates revenue from four principal business activities: life assurance, asset management, banking and general insurance. The types of products and services from which each operating segment derives its revenues are as follows:

Core operations

Long Term Savings

- Emerging Markets – life assurance and asset management
- Nordic – life assurance, asset management and banking
- Retail Europe – life assurance and asset management
- Wealth Management – life assurance and asset management

Other core operations

- Nedbank – banking and asset management
- Mutual & Federal – general insurance
- US Asset Management – asset management
- Other - other operating segments and business activities

Non-core operations

Non-core operations comprise Bermuda and, up until completion of disposal, US Life, with both businesses engaged in life assurance.

Consolidation adjustments

Adjusted operating profit is one of the key measures reported to the Group's management and Board of Directors for their consideration in the allocation of resources to and the review of performance of the segments. The Group utilises additional measures to assess the performance of each of the segments, in particular the level of net client cash flow and funds under management. Additional performance measures considered by management and the Board of Directors in assessing the performance of the segments can be found in the Market Consistent Embedded Value supplementary information.

Performance measures

In the analysis that follows, consolidation adjustments include the elimination of inter segment revenues, expenses, assets and liabilities together with the impacts of the consolidation of the Group's interest in unit trusts, mutual funds and similar entities.

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B2 Adjusted operating profit statement – segment information six months ended 30 June 2011

	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Revenue					
Gross earned premiums	1,321	65	14	169	1,569
Outward reinsurance	(44)	(4)	(4)	(40)	(92)
Net earned premiums	1,277	61	10	129	1,477
Investment return (non-banking)	1,006	(366)	(55)	184	769
Banking interest and similar income	-	113	-	-	113
Banking trading, investment and similar income	-	(2)	-	-	(2)
Fee and commission income, and income from service activities	198	135	101	493	927
Other income	32	4	1	8	45
Inter-segment revenues	28	11	3	2	44
Total revenues	**2,541**	**(44)**	**60**	**816**	**3,373**
Expenses					
Claims and benefits (including change in insurance contract provisions)	(1,327)	(51)	(11)	(136)	(1,525)
Reinsurance recoveries	47	4	1	38	90
Net claims and benefits incurred	(1,280)	(47)	(10)	(98)	(1,435)
Change in investment contract liabilities	(324)	417	61	(167)	(13)
Losses on loans and advances	-	(2)	(1)	-	(3)
Finance costs (including interest and similar expenses)	-	-	-	-	-
Banking interest payable and similar expenses	-	(61)	-	-	(61)
Fee and commission expenses, and other acquisition costs	(103)	(33)	(43)	(268)	(447)
Other operating and administrative expenses	(508)	(141)	(43)	(173)	(865)
Change in third party interest in consolidated funds	-	-	-	-	-
Amortisation of PVIF and other acquired intangibles	-	-	-	-	-
Income tax attributable to policyholder returns	(28)	(27)	-	4	(51)
Inter-segment expenses	(1)	-	(2)	(21)	(24)
Total expenses	**(2,244)**	**106**	**(38)**	**(723)**	**(2,899)**
Share of associated undertakings' profit/(loss) after tax	2	(2)	-	-	-
Loss on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-	-
Adjusted operating profit/(loss) before tax and non-controlling interests	**299**	**60**	**22**	**93**	**474**
Income tax (expense)/credit	(65)	(2)	(7)	(13)	(87)
Non-controlling interests	-	-	-	-	-
Adjusted operating profit/(loss) after tax and non-controlling interests	**234**	**58**	**15**	**80**	**387**
Adjusting items net of tax and non-controlling interests	(41)	(27)	(15)	(42)	(125)
Profit/(loss) after tax from continuing operations	**193**	**31**	**-**	**38**	**262**
Profit from discontinued operations after tax	-	-	-	-	-
Profit/(loss) after tax attributable to equity holders of the parent	**193**	**31**	**-**	**38**	**262**

B2 Adjusted operating profit statement – segment information six months ended 30 June 2011 continued

£m

Nedbank	M&F	USAM	Other	Consolidation adjustments	Adjusted operating profit	Adjusting items (Note C1)	Non-core operations*	IFRS Income statement
-	375	-	-	-	1,944	-	-	1,944
-	(75)	-	-	-	(167)	-	-	(167)
-	300	-	-	-	1,777	-	-	1,777
-	28	8	28	89	922	(86)	7	843
1,881	-	-	-	-	1,994	-	-	1,994
105	-	-	-	-	103	-	-	103
515	16	223	-	-	1,681	(46)	-	1,635
20	-	6	-	13	84	-	10	94
13	10	3	7	(88)	(11)	-	11	-
2,534	354	240	35	14	6,550	(132)	28	6,446
-	(212)	-	-	-	(1,737)	-	36	(1,701)
-	18	-	-	-	108	-	-	108
-	(194)	-	-	-	(1,629)	-	36	(1,593)
-	-	-	-	-	(13)	-	-	(13)
(250)	-	-	-	-	(253)	-	-	(253)
-	-	-	(60)	-	(60)	(25)	-	(85)
(1,089)	-	-	-	-	(1,150)	(4)	-	(1,154)
(1)	(55)	(6)	-	(23)	(532)	65	(29)	(496)
(806)	(46)	(187)	(39)	(13)	(1,956)	1	(11)	(1,966)
-	-	-	-	(66)	(66)	-	-	(66)
-	-	-	-	-	-	(117)	-	(117)
-	-	-	-	-	(51)	51	-	-
(29)	(12)	-	(22)	88	1	-	(1)	-
(2,175)	(307)	(193)	(121)	(14)	(5,709)	(29)	(5)	(5,743)
-	-	-	4	-	4	-	-	4
-	-	-	-	-	-	-	-	-
359	47	47	(82)	-	845	(161)	23	707
(93)	(11)	(10)	10	-	(191)	(12)	(2)	(205)
(128)	(4)	-	(19)	-	(151)	8	-	(143)
138	32	37	(91)	-	503	(165)	21	359
6	(8)	(5)	(33)	-	(165)	165	-	-
144	24	32	(124)	-	338	-	21	359
-	-	-	-	-	-	-	130	130
144	24	32	(124)	-	338	-	151	489

* Non-core operations relates to Bermuda with the exception of £(4) million of inter-segment revenue and expenses and the profit from discontinued operations after tax, with these reflecting the results of US Life which has been classified as a discontinued operation as detailed in notes A1 and B1. Bermuda profit after tax for the six months ended 30 June 2011 was £25 million. Further detail on the results of discontinued operations is provided in note G1.

Notes to the consolidated financial statements

For the six months ended 30 June 2011 continued

B2 Adjusted operating profit statement – segment information six months ended 30 June 2010 (restated)

	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Revenue					
Gross earned premiums	1,111	61	13	163	1,348
Outward reinsurance	(35)	(3)	(4)	(38)	(80)
Net earned premiums	1,076	58	9	125	1,268
Investment return (non-banking)	541	190	238	358	1,327
Banking interest and similar income	-	79	(1)	-	78
Banking trading, investment and similar income	-	-	-	-	-
Fee and commission income, and income from service activities	180	114	99	433	826
Other income	20	9	-	6	35
Inter-segment revenues	32	9	2	3	46
Total revenues	1,849	459	347	925	3,580
Expenses					
Claims and benefits (including change in insurance contract provisions)	(891)	(41)	(14)	(151)	(1,097)
Reinsurance recoveries	44	-	2	38	84
Net claims and benefits incurred	(847)	(41)	(12)	(113)	(1,013)
Change in investment contract liabilities	(201)	(141)	(231)	(303)	(876)
Losses on loans and advances	-	(2)	(1)	-	(3)
Finance costs (including interest and similar expenses)	-	-	-	-	-
Banking interest payable and similar expenses	-	(36)	-	-	(36)
Fee and commission expenses, and other acquisition costs	(99)	(29)	(37)	(223)	(388)
Other operating and administrative expenses	(436)	(128)	(40)	(186)	(790)
Change in third party interest in consolidated funds	-	-	-	-	-
Amortisation of PVIF and other acquired intangibles	-	-	-	-	-
Income tax attributable to policyholder returns	8	(24)	-	16	-
Inter-segment expenses	(5)	(1)	(1)	(21)	(28)
Total expenses	(1,580)	(402)	(322)	(830)	(3,134)
Share of associated undertakings' profit after tax	-	1	-	-	1
Loss on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-	-
Adjusted operating profit/(loss) before tax and non-controlling interests	269	58	25	95	447
Income tax (expense)/credit	(61)	(13)	(7)	(11)	(92)
Non-controlling interests	-	-	-	-	-
Adjusted operating profit/(loss) after tax and non-controlling interests	208	45	18	84	355
Adjusting items net of tax and non-controlling interests	(19)	(39)	(15)	(45)	(118)
Profit/(loss) after tax from continuing operations	189	6	3	39	237
Profit from discontinued operations after tax	-	-	-	-	-
Profit/(loss) after tax attributable to equity holders of the parent	189	6	3	39	237

B2 Adjusted operating profit statement – segment information six months ended 30 June 2010 (restated) continued

£m

Nedbank	M&F	USAM	Other	Consolidation adjustments	Adjusted operating profit	Adjusting items (Note C1)	Non-core operations*	IFRS Income statement
-	352	-	-	-	1,700	-	-	1,700
-	(67)	-	-	-	(147)	-	-	(147)
-	285	-	-	-	1,553	-	-	1,553
-	25	(2)	35	(2)	1,383	(71)	(38)	1,274
1,927	-	-	-	-	2,005	-	-	2,005
82	-	-	-	-	82	-	-	82
408	11	231	-	(5)	1,471	(51)	-	1,420
50	1	6	-	4	96	-	11	107
10	12	2	16	(95)	(9)	(2)	11	-
2,477	334	237	51	(98)	6,581	(124)	(16)	6,441
-	(233)	-	-	-	(1,330)	-	(21)	(1,351)
-	34	-	-	-	118	-	-	118
-	(199)	-	-	-	(1,212)	-	(21)	(1,233)
-	-	-	-	-	(876)	-	-	(876)
(282)	-	-	-	-	(285)	-	-	(285)
-	-	-	(68)	-	(68)	(59)	-	(127)
(1,207)	-	-	-	-	(1,243)	(9)	-	(1,252)
(2)	(53)	(9)	-	(19)	(471)	77	(12)	(406)
(688)	(42)	(188)	(33)	(6)	(1,747)	22	(11)	(1,736)
-	-	-	-	28	28	-	-	28
-	-	-	-	-	-	(145)	-	(145)
-	-	-	-	-	-	-	-	-
(32)	(8)	-	(22)	95	5	-	(5)	-
(2,211)	(302)	(197)	(123)	98	(5,869)	(114)	(49)	(6,032)
-	1	-	-	-	2	-	-	2
-	-	-	-	-	-	(22)	-	(22)
266	33	40	(72)	-	714	(260)	(65)	389
(53)	(8)	(4)	2	-	(155)	26	-	(129)
(106)	(1)	-	(19)	-	(126)	11	-	(115)
107	24	36	(89)	-	433	(223)	(65)	145
6	(19)	(17)	(75)	-	(223)	223	-	-
113	5	19	(164)	-	210	-	(65)	145
-	-	-	-	-	-	-	120	120
113	5	19	(164)	-	210	-	55	265

* Non-core operations relates to Bermuda with the exception of £(11) million of inter-segment revenue and expenses and the profit from discontinued operations after tax, with these reflecting the results of US Life which has been classified as a discontinued operation as detailed in notes A1 and B1. Bermuda loss after tax for the six months ended 30 June 2010 was £(54) million. Further detail on the results of discontinued operations is provided in note G1.

Notes to the consolidated financial statements

For the six months ended 30 June 2011 continued

B2 Adjusted operating profit statement – segment information year ended 31 December 2010

	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Revenue					
Gross earned premiums	2,353	122	28	351	2,854
Outward reinsurance	(72)	(5)	(8)	(79)	(164)
Net earned premiums	2,281	117	20	272	2,690
Investment return (non-banking)	4,072	1,144	392	4,409	10,017
Banking interest and similar income	-	169	-	-	169
Banking trading, investment and similar income	-	5	-	-	5
Fee and commission income, and income from service activities	372	238	198	912	1,720
Other income	72	8	-	11	91
Inter-segment revenues	54	20	5	12	91
Total revenues	6,851	1,701	615	5,616	14,783
Expenses					
Claims and benefits (including change in insurance contract provisions)	(3,943)	(83)	(25)	(303)	(4,354)
Reinsurance recoveries	83	5	5	75	168
Net claims and benefits incurred	(3,860)	(78)	(20)	(228)	(4,186)
Change in investment contract liabilities	(1,261)	(1,066)	(382)	(4,190)	(6,899)
Losses on loans and advances	-	(4)	(1)	-	(5)
Finance costs (including interest and similar expenses)	-	-	-	-	-
Banking interest payable and similar expenses	-	(78)	-	-	(78)
Fee and commission expenses, and other acquisition costs	(219)	(62)	(75)	(500)	(856)
Other operating and administrative expenses	(941)	(255)	(84)	(390)	(1,670)
Change in third party interest in consolidated funds	-	-	-	-	-
Amortisation of PVIF and other acquired intangibles	-	-	-	-	-
Income tax attributable to policyholder returns	(32)	(48)	-	(69)	(149)
Inter-segment expenses	(2)	(2)	(2)	(43)	(49)
Total expenses	(6,315)	(1,593)	(564)	(5,420)	(13,892)
Share of associated undertakings' profit/(loss) after tax	3	2	-	1	6
Loss on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-	-
Adjusted operating profit/(loss) before tax and non-controlling interests	539	110	51	197	897
Income tax (expense)/credit	(146)	(20)	(13)	(44)	(223)
Non-controlling interests	(1)	-	-	-	(1)
Adjusted operating profit/(loss) after tax and non-controlling interests	392	90	38	153	673
Adjusting items net of tax and non-controlling interests	(1)	(87)	(25)	(140)	(253)
Profit/(loss) after tax from continuing operations	391	3	13	13	420
Loss from discontinued operations after tax	-	-	-	-	-
Profit/(loss) after tax attributable to equity holders of the parent	391	3	13	13	420

B2 Adjusted operating profit statement – segment information year ended 31 December 2010 continued

£m

Nedbank	M&F	USAM	Other	Consolidation adjustments	Adjusted operating profit	Adjusting items (Note C1)	Non-core operations*	IFRS Income statement
-	728	-	-	-	3,582	-	-	3,582
-	(140)	-	-	-	(304)	-	(1)	(305)
-	588	-	-	-	3,278	-	(1)	3,277
-	56	16	61	435	10,585	(93)	299	10,791
3,913	-	-	-	-	4,082	-	-	4,082
199	-	-	-	-	204	-	-	204
946	28	465	1	-	3,160	(99)	-	3,061
35	-	9	(1)	3	137	-	22	159
20	20	4	29	(207)	(43)	-	43	-
5,113	692	494	90	231	21,403	(192)	363	21,574
-	(436)	-	-	-	(4,790)	-	(249)	(5,039)
-	58	-	-	-	226	-	1	227
-	(378)	-	-	-	(4,564)	-	(248)	(4,812)
-	-	-	-	-	(6,899)	-	-	(6,899)
(548)	-	-	1	-	(552)	-	-	(552)
-	-	-	(128)	-	(128)	(141)	-	(269)
(2,422)	-	-	-	-	(2,500)	(19)	-	(2,519)
(3)	(109)	(23)	-	(36)	(1,027)	149	(85)	(963)
(1,485)	(83)	(384)	(93)	(14)	(3,729)	40	(26)	(3,715)
-	-	-	-	(388)	(388)	-	-	(388)
-	-	-	-	-	-	(297)	-	(297)
-	-	-	-	-	(149)	149	-	-
(54)	(20)	-	(77)	207	7	-	(7)	-
(4,512)	(590)	(407)	(297)	(231)	(19,929)	(119)	(366)	(20,414)
-	1	-	-	-	7	-	-	7
-	-	-	-	-	-	(22)	-	(22)
601	103	87	(207)	-	1,481	(333)	(3)	1,145
(128)	(24)	(17)	45	-	(347)	(113)	4	(456)
(232)	(5)	-	(41)	-	(279)	21	-	(258)
241	74	70	(203)	-	855	(425)	1	431
10	(11)	(20)	(151)	-	(425)	425	-	-
251	63	50	(354)	-	430	-	1	431
-	-	-	-	-	-	-	(713)	(713)
251	63	50	(354)	-	430	-	(712)	(282)

* Non-core operations relates to Bermuda with the exception of £(21) million of inter-segment revenue and expenses and the loss from discontinued operations after tax, with these reflecting the results of US Life which has been classified as a discontinued operation as detailed in notes A1 and B1. Bermuda profit after tax for the year ended 31 December 2010 was £22 million. Further detail on the results of discontinued operations is provided in note G1.

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B3 Gross earned premiums

Six months ended 30 June 2011	Long Term Savings				
	Emerging Markets	**Nordic**	**Retail Europe**	**Wealth Management**	**Total Long Term Savings**
Life assurance – insurance contracts	**819**	**65**	**14**	**169**	**1,067**
Life assurance – investment contracts with discretionary participation features	**502**	**-**	**-**	**-**	**502**
General insurance	**-**	**-**	**-**	**-**	**-**
Gross earned premiums	**1,321**	**65**	**14**	**169**	**1,569**
Life assurance – other investment contracts recognised as deposits	**1,030**	**627**	**318**	**3,000**	**4,975**

Six months ended 30 June 2010	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Life assurance – insurance contracts	726	61	13	163	963
Life assurance – investment contracts with discretionary participation features	385	-	-	-	385
General insurance	-	-	-	-	-
Gross earned premiums	1,111	61	13	163	1,348
Life assurance – other investment contracts recognised as deposits	983	561	365	3,489	5,398

Year ended 31 December 2010	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Life assurance – insurance contracts	1,498	122	28	351	1,999
Life assurance – investment contracts with discretionary participation features	855	-	-	-	855
General insurance	-	-	-	-	-
Gross earned premiums	2,353	122	28	351	2,854
Life assurance – other investment contracts recognised as deposits	1,829	1,040	656	6,287	9,812

B4 Impairments of financial assets

£m

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Nordic	**-**	3	4
Total Long Term Savings	**-**	3	4
Nedbank	**22**	282	547
Total	**22**	285	551

B3 Gross earned premiums continued

Nedbank	M&F	USAM	Total core operations	Non-core operations	Total - continuing operations
					£m
-	**-**	**-**	**1,067**	**-**	**1,067**
-	**-**	**-**	**502**	**-**	**502**
-	**375**	**-**	**375**	**-**	**375**
-	**375**	**-**	**1,944**	**-**	**1,944**
-	**-**	**-**	**4,975**	**-**	**4,975**

Nedbank	M&F	USAM	Total core operations	Non-core operations	Total - continuing operations Restated
					£m
-	-	-	963	-	963
-	-	-	385	-	385
-	352	-	352	-	352
-	352	-	1,700	-	1,700
-	-	-	5,398	-	5,398

Nedbank	M&F	USAM	Total core operations	Non-core operations	Total - continuing operations
					£m
-	-	-	1,999	-	1,999
-	-	-	855	-	855
-	728	-	728	-	728
-	728	-	3,582	-	3,582
-	-	-	9,812	-	9,812

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B5 Funds under management

As at 30 June 2011	Long Term Savings				
	Emerging Markets	**Nordic**	**Retail Europe**	**Wealth Management**	**Total Long Term Savings**
Life assurance policyholder funds	**29,570**	**11,923**	**4,529**	**41,062**	**87,084**
Unit trusts and mutual funds	**10,475**	**1,640**	**387**	**15,625**	**28,127**
Third party client funds	**10,757**	**-**	**-**	**-**	**10,757**
Total client funds under management	**50,802**	**13,563**	**4,916**	**56,687**	**125,968**
Shareholder funds	**2,764**	**483**	**255**	**1,023**	**4,525**
Total funds under management	**53,566**	**14,046**	**5,171**	**57,710**	**130,493**

As at 30 June 2010	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Life assurance policyholder funds	25,636	9,509	3,731	35,636	74,512
Unit trusts and mutual funds	8,677	1,465	370	12,239	22,751
Third party client funds	9,469	-	-	-	9,469
Total client funds under management	43,782	10,974	4,101	47,875	106,732
Shareholder funds	2,370	408	199	899	3,876
Total funds under management	46,152	11,382	4,300	48,774	110,608

As at 31 December 2010	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Life assurance policyholder funds	31,750	11,722	4,317	40,401	88,190
Unit trusts and mutual funds	10,613	1,800	398	14,525	27,336
Third party client funds	11,732	-	-	-	11,732
Total client funds under management	54,095	13,522	4,715	54,926	127,258
Shareholder funds	2,882	431	245	958	4,516
Total funds under management	56,977	13,953	4,960	55,884	131,774

B5 Funds under management continued

£m

Nedbank	**M&F**	**USAM**	**Total core operations**	**Non-core operations**	**Total**
868	**-**	**3,444**	**91,396**	**2,459**	**93,855**
5,697	**-**	**4,813**	**38,637**	**-**	**38,637**
3,977	**-**	**153,104**	**167,838**	**-**	**167,838**
10,542	**-**	**161,361**	**297,871**	**2,459**	**300,330**
-	**200**	**228**	**4,953**	**-**	**4,953**
10,542	**200**	**161,589**	**302,824**	**2,459**	**305,283**

£m

Nedbank	M&F	USAM	Total core operations	Non-core operations	Total
711	-	7,667	82,890	9,935	92,825
4,341	-	3,992	31,084	-	31,084
3,973	-	150,706	164,148	-	164,148
9,025	-	162,365	278,122	9,935	288,057
-	171	192	4,239	-	4,239
9,025	171	162,557	282,361	9,935	292,296

£m

Nedbank	M&F	USAM	Total core operations	Non-core operations	Total
846	-	3,846	92,882	13,489	106,371
5,713	-	4,974	38,023	-	38,023
4,164	-	157,555	173,451	-	173,451
10,723	-	166,375	304,356	13,489	317,845
-	210	226	4,952	-	4,952
10,723	210	166,601	309,308	13,489	322,797

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B6 Statement of financial position – segment information at 30 June 2011

	Long Term Savings				
At 30 June 2011	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Total Long Term Savings**
Assets					
Goodwill and other intangible assets	125	981	530	1,412	3048
Mandatory reserve deposits with central banks	-	-	-	-	-
Property, plant and equipment	357	10	4	14	385
Investment property	1,610	-	-	-	1,610
Deferred tax assets	83	83	28	31	225
Investments in associated undertakings and joint ventures	24	4	-	-	28
Deferred acquisition costs	130	77	345	885	1,437
Reinsurers' share of life assurance policyholder liabilities	34	15	7	1,029	1,085
Reinsurers' share of general insurance liabilities	-	-	-	-	-
Loans and advances	419	5,521	1	194	6,135
Investments and securities	33,130	13,851	4,692	41,471	93,144
Current tax receivable	11	1	14	66	92
Client indebtedness for acceptances	-	-	-	-	-
Trade, other receivables and other assets	986	161	66	337	1,550
Derivative financial instruments – assets	527	11	-	-	538
Cash and cash equivalents	217	538	88	455	1,298
Non-current assets held for sale	-	-	-	5	5
Inter-segment assets	1,189	207	64	258	1,718
Total assets	**38,842**	**21,460**	**5,839**	**46,157**	**112,298**
Liabilities					
Life assurance policyholder liabilities	33,816	12,465	4,692	42,327	93,300
General insurance liabilities	-	-	-	-	-
Third-party interests in consolidated funds	-	-	-	-	-
Borrowed funds	276	2	-	-	278
Provisions	157	(46)	5	49	165
Deferred revenue	18	2	225	518	763
Deferred tax liabilities	235	102	111	198	646
Current tax payable	104	35	19	41	199
Trade, other payables and other liabilities	1,903	237	76	593	2,809
Liabilities under acceptances	-	-	-	-	-
Amounts owed to bank depositors	-	6,769	-	4	6,773
Derivative financial instruments – liabilities	162	9	-	1	172
Inter-segment liabilities	163	-	3	468	634
Total liabilities	**36,834**	**19,575**	**5,131**	**44,199**	**105,739**
Net assets	**2,008**	**1,885**	**708**	**1,958**	**6,559**
Equity					
Equity attributable to equity holders of the parent	2,007	1,885	708	1,958	6,558
Non-controlling interests	1	-	-	-	1
Non-controlling interests – ordinary shares	1	-	-	-	1
Non-controlling interests – preference shares	-	-	-	-	-
Total equity	**2,008**	**1,885**	**708**	**1,958**	**6,559**

B6 Statement of financial position – segment information at 30 June 2011 continued

£m

Nedbank	M&F	USAM	Bermuda	Other	Consolidation adjustments	Total
604	28	1,140	-	13	-	4,833
1,073	-	-	-	-	-	1,073
537	24	13	1	2	-	962
19	-	-	-	-	351	1,980
21	15	135	-	-	-	396
108	2	8	-	30	-	176
1	17	12	98	-	-	1,565
29	-	-	-	-	-	1,114
-	115	-	-	-	-	115
43,221	2	-	-	59	-	49,417
7,180	452	220	2,052	54	3,326	106,428
57	-	-	-	2	-	151
254	-	-	-	-	-	254
697	90	149	959	39	660	4,144
763	-	-	-	138	331	1,770
1,081	137	142	59	781	1,028	4,526
1	-	-	-	-	-	6
227	25	2	604	982	(3,558)	-
55,873	907	1,821	3,773	2,100	2,138	178,910
848	-	-	3,281	-	-	97,429
-	386	-	-	-	-	386
-	-	-	-	-	4,711	4,711
2,511	-	10	-	1,698	-	4,497
(6)	30	2	-	39	-	230
-	10	-	-	-	-	773
155	11	-	-	18	-	830
5	2	4	1	33	-	244
1,204	125	179	19	110	660	5,106
254	-	-	-	-	-	254
44,791	-	-	-	-	-	51,564
819	-	-	1	38	325	1,355
688	2	737	-	1,497	(3,558)	-
51,269	566	932	3,302	3,433	2,138	167,379
4,604	341	889	471	(1,333)	-	11,531
2,599	322	860	471	(1,779)	-	9,031
2,005	19	29	-	446	-	2,500
1,734	19	29	-	-	-	1,783
271	-	-	-	446	-	717
4,604	341	889	471	(1,333)	-	11,531

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B6 Statement of financial position – segment information at 30 June 2010

At 30 June 2010	Long Term Savings Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Assets					
Goodwill and other intangible assets	109	960	510	1,536	3,115
Mandatory reserve deposits with central banks	-	-	-	-	-
Property, plant and equipment	345	11	3	14	373
Investment property	1,648	-	-	-	1,648
Deferred tax assets	66	94	70	24	254
Investments in associated undertakings and joint ventures	28	1	-	-	29
Deferred acquisition costs	126	56	261	828	1,271
Reinsurers' share of life assurance policyholder liabilities	19	8	7	744	778
Reinsurers' share of general insurance liabilities	-	-	-	-	-
Loans and advances	285	4,444	1	165	4,895
Investments and securities	28,185	11,145	3,854	36,151	79,335
Current tax receivable	6	4	18	106	134
Client indebtedness for acceptances	-	-	-	-	-
Trade, other receivables and other assets	727	164	55	243	1,189
Derivative financial instruments – assets	322	6	-	-	328
Cash and cash equivalents	384	374	73	223	1,054
Non-current assets held for sale	-	-	-	7	7
Inter-segment assets	1,078	44	31	250	1,403
Total assets	33,328	17,311	4,883	40,291	95,813
Liabilities					
Life assurance business policyholder liabilities	29,364	9,704	3,852	36,531	79,451
General insurance liabilities	-	-	-	-	-
Third-party interests in consolidated funds	-	-	-	-	-
Borrowed funds	283	2	-	-	285
Provisions	143	(14)	4	33	166
Deferred revenue	22	1	148	481	652
Deferred tax liabilities	203	109	172	138	622
Current tax payable	64	25	2	38	129
Trade, other payables and other liabilities	1,456	260	76	515	2,307
Liabilities under acceptances	-	-	-	-	-
Amounts owed to bank depositors	-	5,666	-	-	5,666
Derivative financial instruments – liabilities	109	14	4	-	127
Inter-segment liabilities	87	4	1	169	261
Total liabilities	31,731	15,771	4,259	37,905	89,666
Net assets	1,597	1,540	624	2,386	6,147
Equity					
Equity attributable to equity holders of the parent	1,593	1,540	624	2,386	6,143
Non-controlling interests	4	-	-	-	4
Non-controlling interests – ordinary shares	4	-	-	-	4
Non-controlling interests – preference shares	-	-	-	-	-
Total equity	1,597	1,540	624	2,386	6,147

B6 Statement of financial position – segment information at 30 June 2010 continued

£m

Nedbank	M&F	USAM	Other	Bermuda	US Life	Consolidation adjustments	Total
568	31	1,233	13	1	42	-	5,003
985	-	-	-	-	-	-	985
454	23	18	3	-	-	-	871
18	-	-	-	-	-	360	2,026
36	10	162	9	-	197	-	668
83	1	8	24	-	-	-	145
2	16	26	-	192	1,589	-	3,096
27	-	-	-	-	520	-	1,325
-	125	-	-	-	-	-	125
40,117	2	-	-	-	57	-	45,071
6,341	464	184	39	2,870	11,264	1,773	102,270
32	-	-	-	-	-	-	166
159	-	-	-	-	-	-	159
541	93	128	58	919	276	576	3,780
1,115	-	-	89	6	57	338	1,933
704	90	160	299	55	8	897	3,267
-	-	11	-	-	-	-	18
161	29	-	1,467	614	62	(3,736)	-
51,343	884	1,930	2,001	4,657	14,072	208	170,908
712	-	-	-	4,224	12,439	-	96,826
-	389	-	-	-	-	-	389
-	-	-	-	-	-	2,860	2,860
2,237	-	-	1,406	-	-	-	3,928
(4)	25	3	36	-	-	-	226
1	8	-	-	-	-	-	661
153	7	-	22	-	126	-	930
13	1	8	39	6	2	-	198
1,164	120	171	106	8	261	762	4,899
159	-	-	-	-	-	-	159
41,450	-	-	-	-	-	-	47,116
952	-	-	50	-	9	322	1,460
496	-	1,324	1,483	-	172	(3,736)	-
47,333	550	1,506	3,142	4,238	13,009	208	159,652
4,010	334	424	(1,141)	419	1,063	-	11,256
2,296	321	392	(1,587)	419	1,063	-	9,047
1,714	13	32	446	-	-	-	2,209
1,443	13	32	-	-	-	-	1,492
271	-	-	446	-	-	-	717
4,010	334	424	(1,141)	419	1,063	-	11,256

Notes to the consolidated financial statements

For the six months ended 30 June 2011

B6 Statement of financial position – segment information at 31 December 2010

At 31 December 2010	Long Term Savings				
	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings
Assets					
Goodwill and other intangible assets	120	995	522	1,463	3,100
Mandatory reserve deposits with central banks	-	-	-	-	-
Property, plant and equipment	396	12	3	16	427
Investment property	1,679	-	-	-	1,679
Deferred tax assets	96	78	27	27	228
Investments in associated undertakings and joint ventures	26	4	-	1	31
Deferred acquisition costs	139	66	316	855	1,376
Reinsurers' share of life assurance policyholder liabilities	24	12	8	907	951
Reinsurers' share of general insurance liabilities	-	-	-	-	-
Loans and advances	343	5,216	1	185	5,745
Investments and securities	34,519	13,392	4,466	40,856	93,233
Current tax receivable	4	1	9	95	109
Client indebtedness for acceptances	-	-	-	-	-
Trade, other receivables and other assets	854	191	58	274	1,377
Derivative financial instruments – assets	557	10	-	-	567
Cash and cash equivalents	1,141	198	93	336	1,768
Non-current assets held for sale	-	-	-	6	6
Inter-segment assets	947	58	56	294	1,355
Total assets	40,845	20,233	5,559	45,315	111,952
Liabilities					
Life assurance policyholder liabilities	35,676	12,248	4,460	41,468	93,852
General insurance liabilities	-	-	-	-	-
Third-party interests in consolidated funds	-	-	-	-	-
Borrowed funds	291	2	-	1	294
Provisions	158	(38)	4	50	174
Deferred revenue	22	1	197	498	718
Deferred tax liabilities	225	98	124	224	671
Current tax payable	123	12	4	65	204
Trade, other payables and other liabilities	2,246	259	94	544	3,143
Liabilities under acceptances	-	-	-	-	-
Amounts owed to bank depositors	-	5,957	-	-	5,957
Derivative financial instruments – liabilities	135	10	-	-	145
Non-current liabilities held for sale	-	-	-	-	-
Inter-segment liabilities	123	1	4	99	227
Total liabilities	38,999	18,550	4,887	42,949	105,385
Net assets	1,846	1,683	672	2,366	6,567
Equity					
Equity attributable to equity holders of the parent	1,847	1,683	672	2,366	6,568
Non-controlling interests	(1)	-	-	-	(1)
Non-controlling interests – ordinary shares	(1)	-	-	-	(1)
Non-controlling interests – preference shares	-	-	-	-	-
Total equity	1,846	1,683	672	2,366	6,567

B6 Statement of financial position – segment information at 31 December 2010 continued

£m

Nedbank	M&F	USAM	Other	Bermuda	US Life	Consolidation adjustments	Total
637	33	1,181	14	-	-	-	4,965
1,079	-	-	-	-	-	-	1,079
546	25	16	1	-	-	-	1,015
19	-	-	1	-	-	341	2,040
28	12	148	-	-	-	-	416
96	2	8	25	-	-	-	162
1	19	14	-	124	-	-	1,534
31	-	-	-	-	-	-	982
-	122	-	-	-	-	-	122
46,032	1	-	-	-	-	-	51,778
6,886	553	218	109	2,567	-	2,587	106,153
47	-	-	-	-	-	-	156
190	-	-	-	-	-	-	190
943	84	138	62	1,038	-	292	3,934
1,350	-	-	109	1	-	476	2,503
841	131	171	458	74	-	689	4,132
1	-	-	-	-	12,384	-	12,391
202	23	4	975	874	47	(3,480)	-
58,929	1,005	1,898	1,754	4,678	12,431	905	193,552
846	-	-	-	3,933	-	-	98,631
-	397	-	-	-	-	-	397
-	-	-	-	-	-	3,584	3,584
2,456	-	11	1,443	-	-	-	4,204
(4)	40	3	47	-	-	-	260
1	11	-	-	-	-	-	730
158	13	-	16	-	-	-	858
12	1	7	13	1	-	-	238
1,717	114	210	120	7	-	350	5,661
190	-	-	-	-	-	-	190
47,279	-	-	-	-	-	-	53,236
1,172	-	-	102	-	-	451	1,870
-	-	-	-	-	12,219	-	12,219
431	2	803	1,860	-	157	(3,480)	-
54,258	578	1,034	3,601	3,941	12,376	905	182,078
4,671	427	864	(1,847)	737	55	-	11,474
2,643	409	832	(2,293)	737	55	-	8,951
2,028	18	32	446	-	-	-	2,523
1,714	18	32	-	-	-	-	1,763
314	-	-	446	-	-	-	760
4,671	427	864	(1,847)	737	55	-	11,474

Notes to the consolidated financial statements

For the six months ended 30 June 2011

C Other key performance information

C1 Operating profit adjusting items

(a) Summary of adjusting items

In determining the adjusted operating profit of the Group certain adjustments are made to profit before tax to reflect the directors' view of the underlying long term performance of the Group. The following table shows an analysis of those adjustments from adjusted operating profit to profit before and after tax.

		Long Term Savings				
Six months ended 30 June 2011	Notes	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Long Term Savings**
Income/(expense)						
Goodwill impairment and impact of acquisition accounting	C1(b)	**(1)**	**(29)**	**(20)**	**(43)**	**(93)**
Short-term fluctuations in investment return	C1(d)	**(23)**	**-**	**-**	**(14)**	**(37)**
Investment return adjustment for Group equity and debt instruments held in life funds	C1(e)	**(31)**	**-**	**-**	**-**	**(31)**
Dividends declared to holders of perpetual preferred callable securities	C1(f)	**-**	**-**	**-**	**-**	**-**
Credit-related fair value adjustments on Group debt instruments	C1(h)	**-**	**-**	**-**	**-**	**-**
Total adjusting items		**(55)**	**(29)**	**(20)**	**(57)**	**(161)**
Tax on adjusting items		**14**	**2**	**5**	**15**	**36**
Non-controlling interest in adjusting items		**-**	**-**	**-**	**-**	**-**
Total adjusting items after tax and non-controlling interests		**(41)**	**(27)**	**(15)**	**(42)**	**(125)**

		Long Term Savings				
Six months ended 30 June 2010*	Notes	Emerging Markets	Nordic	Retail Europe	Wealth Management	Long Term Savings
Income/(expense)						
Goodwill impairment and impact of acquisition accounting	C1(b)	(1)	(40)	(21)	(38)	(100)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	C1(c)	-	-	-	-	-
Short-term fluctuations in investment return	C1(d)	(39)	-	-	(19)	(58)
Investment return adjustment for Group equity and debt instruments held in life funds	C1(e)	19	-	-	-	19
Dividends declared to holders of perpetual preferred callable securities	C1(f)	-	-	-	-	-
US Asset Management equity plans and non-controlling interests	C1(g)	-	-	-	-	-
Credit-related fair value adjustments on Group debt instruments	C1(h)	-	-	-	-	-
Total adjusting items		(21)	(40)	(21)	(57)	(139)
Tax on adjusting items		2	1	6	12	21
Non-controlling interest in adjusting items		-	-	-	-	-
Total adjusting items after tax and non-controlling interests		(19)	(39)	(15)	(45)	(118)

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation.

C1 Operating profit adjusting items continued

(a) Summary of adjusting items continued

£m

Nedbank	**M&F**	**USAM**	**Other**	**Total**
(3)	**-**	**(2)**	**-**	**(98)**
-	**(11)**	**-**	**(6)**	**(54)**
-	**-**	**-**	**-**	**(31)**
-	**-**	**-**	**22**	**22**
(4)	**-**	**-**	**(47)**	**(51)**
(7)	**(11)**	**(2)**	**(31)**	**(212)**
2	**2**	**1**	**(2)**	**39**
11	**1**	**(4)**	**-**	**8**
6	**(8)**	**(5)**	**(33)**	**(165)**

£m

Nedbank	M&F	USAM	Other	Total
-	-	(1)	-	(101)
(2)	-	(20)	-	(22)
-	(19)	-	(12)	(89)
-	-	-	-	19
-	-	-	22	22
-	-	1	-	1
(9)	-	-	(81)	(90)
(11)	(19)	(20)	(71)	(260)
3	-	6	(4)	26
14	-	(3)	-	11
6	(19)	(17)	(75)	(223)

Notes to the consolidated financial statements

For the six months ended 30 June 2011

C1 Operating profit adjusting items continued

(a) Summary of adjusting items continued

Year ended 31 December 2010	Notes	Long Term Savings				£m
		Emerging Markets	Nordic	Retail Europe	Wealth Management	Long Term Savings
Income/(expense)						
Goodwill impairment and impact of acquisition accounting	C1(b)	(2)	(89)	(41)	(74)	(206)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	C1(c)	-	-	-	-	-
Short-term fluctuations in investment return	C1(d)	1	(1)	1	(71)	(70)
Investment return adjustment for Group equity and debt instruments held in life funds	C1(e)	(10)	-	-	-	(10)
Dividends declared to holders of perpetual preferred callable securities	C1(f)	-	-	-	-	-
US Asset Management equity plans and non-controlling interests	C1(g)	-	-	-	-	-
Credit-related fair value adjustments on Group debt instruments	C1(h)	-	-	-	-	-
Total adjusting items		(11)	(90)	(40)	(145)	(286)
Tax on adjusting items		10	3	15	5	33
Non-controlling interest in adjusting items		-	-	-	-	-
Total adjusting items after tax and non-controlling interests		(1)	(87)	(25)	(140)	(253)

C1 Operating profit adjusting items continued

(a) Summary of adjusting items continued

£m

Nedbank	M&F	USAM	Other	Total
(6)	-	(2)	-	(214)
(1)	-	(21)	-	(22)
-	(7)	-	(6)	(83)
-	-	-	-	(10)
-	-	-	44	44
-	-	6	-	6
(20)	-	-	(183)	(203)
(27)	(7)	(17)	(145)	(482)
7	(4)	6	(6)	36
30	-	(9)	-	21
10	(11)	(20)	(151)	(425)

Notes to the consolidated financial statements

For the six months ended 30 June 2011

C1 Operating profit adjusting items continued

(b) Goodwill impairment and impact of acquisition accounting

In applying acquisition accounting in accordance with IFRS deferred acquisition costs and deferred revenue are not recognised. These are reversed in the acquisition statement of financial position 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.

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

£m

Six months ended 30 June 2011	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Nedbank**	**USAM**	**Total**
Amortisation of acquired PVIF	**-**	**(26)**	**(10)**	**(36)**	**-**	**-**	**(72)**
Amortisation of acquired deferred costs and revenue	**-**	**11**	**(3)**	**11**	**-**	**-**	**19**
Amortisation of other acquired intangible assets	**(1)**	**(14)**	**(7)**	**(18)**	**(3)**	**(2)**	**(45)**
	(1)	**(29)**	**(20)**	**(43)**	**(3)**	**(2)**	**(98)**

£m

Six months ended 30 June 2010*	Emerging Markets	Nordic	Retail Europe	Wealth Management	Nedbank	USAM	Total
Amortisation of acquired PVIF	-	(57)	(10)	(38)	-	-	(105)
Amortisation of acquired deferred costs and revenue	-	13	(4)	14	-	-	23
Amortisation of other acquired intangible assets	(1)	(13)	(7)	(18)	-	(1)	(40)
Change in acquisition date provisions	-	17	-	4	-	-	21
	(1)	(40)	(21)	(38)	-	(1)	(101)

£m

Year ended 31 December 2010	Emerging Markets	Nordic	Retail Europe	Wealth Management	Nedbank	USAM	Total
Amortisation of acquired PVIF	-	(116)	(21)	(77)	-	-	(214)
Amortisation of acquired deferred costs and revenue	-	23	(7)	34	-	-	50
Amortisation of other acquired intangible assets	(1)	(26)	(13)	(35)	(6)	(2)	(83)
Change in acquisition date provisions	-	30	-	4	-	-	34
Goodwill impairment	(1)	-	-	-	-	-	(1)
	(2)	(89)	(41)	(74)	(6)	(2)	(214)

* The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation.

C1 Operating profit adjusting items continued

(c) Loss on disposal of subsidiaries, associated undertakings and strategic investments

The loss on the disposal of subsidiaries, associated undertakings and strategic investments is analysed below.

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Nedbank	**-**	(2)	(1)
USAM	**-**	(20)	(21)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	**-**	(22)	(22)

(d) Long term investment return

Profit before tax includes actual investment returns earned on the shareholder assets of the Group's life assurance and general insurance businesses. 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, default assumptions, costs of investment management 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 Emerging Markets, the return is applied to an average value of investible shareholders' assets, adjusted for net fund flows. For Nordic, Retail Europe, and Wealth Management, the return is applied to average investible assets. For M&F general insurance business, the return is an average value of investible assets supporting shareholders' funds and insurance liabilities, adjusted for net fund flows.

Notes to the consolidated financial statements

For the six months ended 30 June 2011

C1 Operating profit adjusting items continued

(d) Long term investment return continued

%

Long term investment rates	**6 months ended 30 June 2011**	6 months ended 30 June 2010	Year ended 31 December 2010
Emerging Markets	**9.0**	9.4	9.4
Nordic	**1.7**	1.8	1.8
Retail Europe	**2.1**	2.5	2.5
Wealth Management	**2.0**	2.0	2.0
M&F	**9.0**	9.4	9.4

Analysis of short-term fluctuations in investment return

£m

Six months ended 30 June 2011	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Total Long Term Savings**	**M&F**	**Other**	**Total**
Long term investment return	**52**	**3**	**1**	**35**	**91**	**28**	**18**	**137**
Less: Actual shareholder investment return	**29**	**3**	**1**	**21**	**54**	**17**	**12**	**83**
Short-term fluctuations in investment return	**23**	**-**	**-**	**14**	**37**	**11**	**6**	**54**

£m

Six months ended 30 June 2010**	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total Long Term Savings	M&F	Other	Total
Long term investment return	52	-	1	61	114	27	16	157
Less: Actual shareholder investment return	13	-	1	42	56	8	4	68
Short-term fluctuations in investment return	39	-	-	19	58	19	12	89

£m

Year ended 31 December 2010	Emerging Markets	Nordic	Retail Europe	Wealth Management*	Total Long Term Savings	M&F	Other	Total
Long term investment return	108	2	1	132	243	56	31	330
Less: Actual shareholder investment return	109	1	2	61	173	49	25	247
Short-term fluctuations in investment return	(1)	1	(1)	71	70	7	6	83

- * Wealth Management long term investment return includes £28 million (six months ended 30 June 2010: £56 million; year ended 31 December 2010: £121 million) in respect of income tax attributable to policyholder returns.

** The results for the six months ended 30 June 2010 have been restated to reflect US Life as a discontinued operation.

C1 Operating profit adjusting items continued

(e) Investment return adjustment for Group equity and debt instruments held in life funds

Adjusted operating profit includes investment returns on policyholder investments in Group equity and debt instruments held by the Group's life funds. These include investments in the Company's ordinary shares, and the subordinated liabilities and ordinary securities of Nedbank. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are included in adjusted operating profit. In the six months ended 30 June 2011 the investment return adjustment increased adjusted operating profit by £31 million (six months ended 30 June 2010: decrease of £19 million; year ended 31 December 2010: increase of £10 million).

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

Dividends declared to the holders of the Group's perpetual preferred callable securities were £22 million for the six months ended 30 June 2011 (six months ended 30 June 2010: £22 million; year ended 31 December 2010: £44 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 the consolidated statement of changes in equity.

(g) US Asset Management equity plans and non-controlling interests

US Asset Management has entered into a number of long term incentive arrangements with its asset management affiliates.

In accordance with IFRS requirements the cost of these schemes is disclosed as being attributable to non-controlling interests. However, this is treated as a compensation expense in determining adjusted operating profit. The gain/loss recognised in the six months ended 30 June 2011 was £nil (six months ended 30 June 2010: £1 million loss; year ended 31 December 2010: £9 million loss).

The Group has issued put options to employees as part of some of its US affiliate incentive schemes. The impact of revaluing these instruments is recognised in accordance with IFRS, but excluded from adjusted operating profit. As at 30 June 2011 these instruments were revalued, the impact of which was £nil (six months ended 30 June 2010: £nil; year ended 31 December 2010: £3 million).

(h) Credit-related fair value gains on Group debt instruments

The narrowing of credit spread of the Group's debt instruments in the market price has resulted in losses in the six months ended 30 June 2011 of £47 million (six months ended 30 June 2010: gains of £81 million; year ended 31 December 2010: losses of £183 million) on Other operating segments and losses in the six months ended 30 June 2011 of £4 million (six months ended 30 June 2010: £9 million; year ended 31 December 2010: losses of £20 million) in Nedbank being recorded in the Group's income statement for those instruments that are recorded at fair value.

In the directors' view, such movements are not reflective of the underlying performance of the Group and will reverse over time. They have therefore been excluded from adjusted operating profit.

C2 Foreign currencies

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

	Income statement (average rate)	**Statement of financial position (closing rate)**
30 June 2011		
Rand	**11.1428**	**10.8616**
US Dollars	**1.6165**	**1.6067**
Swedish Kronor	**10.3023**	**10.1564**
Euro	**1.1513**	**1.1073**
30 June 2010		
Rand	11.4878	11.4531
US Dollars	1.5265	1.4963
Swedish Kronor	12.2744	11.6254
Euro	1.1487	1.2208
31 December 2010		
Rand	11.3095	10.2796
US Dollars	1.5459	1.5530
Swedish Kronor	11.1364	10.4227
Euro	1.1650	1.1614

Notes to the consolidated financial statements
For the six months ended 30 June 2011

C3 Earnings and earnings per share

(a) 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
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Profit for the financial period attributable to equity holders of the parent from continuing operations	**359**	145	431
Profit/(loss) for the financial period attributable to equity holders of the parent from discontinued operations	**130**	120	(713)
Profit/(loss) for the financial period attributable to equity holders of the parent	**489**	265	(282)
Dividends declared to holders of perpetual preferred callable securities	**(16)**	(16)	(32)
Profit/(loss) attributable to ordinary equity holders	**473**	249	(314)

Total dividends declared to holders of perpetual preferred callable securities of £16 million for the six months ended 30 June 2011 (six months ended 30 June 2010: £22 million; year ended 31 December 2010: £44 million) are stated net of tax credits of £6 million (six months ended 30 June 2010: £6 million; year ended 31 December 2010: £12 million).

			Millions
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Weighted average number of ordinary shares in issue	**5,470**	5,397	5,422
Shares held in charitable foundations	**(7)**	(7)	(7)
Shares held in ESOP trusts	**(66)**	(48)	(56)
Adjusted weighted average number of ordinary shares	**5,397**	5,342	5,359
Shares held in life funds	**(201)**	(206)	(205)
Shares held in Black Economic Empowerment trusts	**(299)**	(287)	(295)
Weighted average number of ordinary shares	**4,897**	4,849	4,859
Basic earnings per ordinary share (pence)	**9.7**	5.1	(6.5)

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
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Weighted average number of ordinary shares	**4,897**	4,849	4,859
Adjustments for share options held by ESOP trusts	**149**	173	137
Adjustments for shares held in Black Economic Empowerment trusts	**299**	287	295
	5,345	5,309	5,291
Diluted earnings per ordinary share (pence)	**8.8**	4.7	(6.1)

C3 Earnings and earnings per share continued

(b) 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 the US Asset Management business it includes compensation costs in respect of certain long term incentive schemes defined as non-controlling interests in accordance with IFRS. For all core businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, revaluations of put options related to long term incentive schemes, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities, and fair value profits/(losses) on certain Group debt instruments. Bermuda and US Life, which are non-core, are not included in adjusting operating profit.

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

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010 Restated	Year ended 31 December 2010
Profit/(loss) for the financial period attributable to equity holders of the parent	**489**	265	(282)
Adjusting items	**212**	260	482
Tax on adjusting items	**(39)**	(26)	(36)
Non-core operations	**(21)**	65	(1)
(Profit)/loss from discontinued operations – US Life	**(130)**	(120)	713
Non-controlling interest on adjusting items	**(8)**	(11)	(21)
Adjusted operating profit after tax attributable to ordinary equity holders	**503**	433	855
Adjusted weighted average number of ordinary shares (millions)	**5,397**	5,342	5,359
Adjusted operating earnings per ordinary share (pence)	**9.3**	8.1	16.0

(c) Headline earnings per share

In accordance with the JSE Limited (JSE) listing requirements, the Group is required to calculate a 'headline earnings per share' (HEPS), determined by reference to the South African Institute of Chartered Accountants' circular 8/2007 'Headline Earnings'. The table below sets out a reconciliation of basic earnings per ordinary share and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of International Financial Reporting Standards.

						£m
	6 months ended 30 June 2011		6 months ended 30 June 2010 Restated		Year ended 31 December 2010	
	Gross	**Net**	Gross	Net	Gross	Net
Profit/(loss) for the financial period attributable to equity holders of the parent	**489**	**489**	265	265	(282)	(282)
Dividends declared to holders of perpetual preferred callable securities	**(16)**	**(16)**	(16)	(16)	(32)	(32)
Profit/(loss) attributable to ordinary equity holders	**473**	**473**	249	249	(314)	(314)
Adjustments:						
Impairments of goodwill and intangible assets	**-**	**-**	-	-	20	20
Impairment of discontinued operations	**-**	**-**	-	-	827	827
Loss on disposal of subsidiaries, associated undertakings and strategic investments	**29**	**29**	22	16	22	17
Realised gains (including impairments) on available-for-sale financial assets	**(167)**	**(167)**	(43)	(43)	(12)	(12)
Exchange differences realised on disposal	**24**	**24**	-	-	-	-
Headline earnings	**359**	**359**	228	222	543	543
Weighted average number of ordinary shares	**4,897**	**4,897**	4,849	4,849	4,859	4,859
Diluted weighted average number of ordinary shares	**5,345**	**5,345**	5,309	5,309	5,291	5,291
Headline earnings per share (pence)	**7.3**	**7.3**	4.7	4.6	11.2	11.1
Diluted headline earnings per share (pence)	**6.7**	**6.7**	4.3	4.2	10.1	10.0

Notes to the consolidated financial statements

For the six months ended 30 June 2011

C4 Dividends

Dividends paid were as follows:

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
2009 Final dividend paid – 1.5p per 10p share	**-**	77	77
2010 Interim dividend paid – 1.1p per 10p share	**-**	-	54
2010 Final dividend paid – 2.9p per 10p share	**145**	-	-
Dividends to ordinary equity holders	**145**	77	131
Dividends declared to holders of perpetual preferred callable securities	**22**	22	44
Dividend payments for the period	**167**	99	175

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

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

In March 2011 £22 million was declared and paid to holders of perpetual preferred callable securities (March 2010: £22 million; November 2010: £22 million).

An interim dividend of 1.5 pence per 10p share has been declared by the directors. The dividend will be paid on 30 November 2011 to shareholders on the register at the close of business on 14 October 2011. The dividend will absorb an estimated £74 million of shareholders' funds. The Company is planning to offer a scrip dividend alternative for eligible shareholders.

D Other income statement notes

D1 Income tax expense

(a) Analysis of total income tax expense

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010 Restated	Year ended 31 December 2010
Current tax			
United Kingdom tax	**17**	16	23
Overseas tax			
South Africa	**155**	128	346
United States	**2**	-	(4)
Europe	**41**	25	61
Secondary Tax on Companies (STC)	**9**	(2)	4
Prior year adjustments	**(26)**	-	(1)
Total current tax	**198**	167	429
Deferred tax			
Origination and reversal of temporary differences	**13**	(50)	(10)
Changes in tax rates/bases	**(4)**	-	(4)
Write down/recognition of deferred tax assets	**(2)**	12	41
Total deferred tax	**7**	(38)	27
Total income tax expense	**205**	129	456

D1 Income tax expense continued

(b) Reconciliation of total income tax expense

	6 months ended 30 June 2011	6 months ended 30 June 2010 Restated	Year ended 31 December 2010
			£m
Profit before tax	**707**	389	1,145
Tax at standard rate of 26.5% (2010: 28%)	**188**	111	321
Different tax rate or basis on overseas operations	**3**	11	(22)
Untaxed and low taxed income	**(43)**	(66)	(171)
Disallowable expenses	**13**	22	124
Net movement on deferred tax assets not recognised	**20**	60	92
Effect on deferred tax of changes in tax rates	**(3)**	-	(7)
STC	**14**	(1)	(3)
Income tax attributable to policyholder returns	**37**	2	134
Other	**(3)**	(10)	(12)
Prior year adjustments	**(21)**	-	-
Total income tax expense	**205**	129	456

(c) Income tax on adjusted operating profit

	6 months ended 30 June 2011	6 months ended 30 June 2010 Restated	Year ended 31 December 2010
			£m
Income tax expense	**205**	129	456
Tax on adjusting items			
Impact of acquisition accounting	**18**	14	35
Loss/profit on disposal of subsidiaries, associated undertakings and strategic investments	**-**	5	5
Short-term fluctuations in investment return	**26**	11	3
Income tax attributable to policyholders returns	**(51)**	-	(149)
Tax on dividends declared to holders of perpetual preferred callable securities recognised in equity	**(6)**	(6)	(12)
Fair value gains and losses on group debt instruments	**1**	3	5
Tax on non-core operations	**(2)**	(1)	4
Income tax on adjusted operating profit	**191**	155	347

Notes to the consolidated financial statements

For the six months ended 30 June 2011

E Borrowed funds

E1 Borrowed funds

	Group excluding Nedbank	Nedbank	£m At 30 June 2011
Senior debt securities and term loans	**539**	**1,464**	**2,003**
Mortgage backed securities	**-**	**97**	**97**
Subordinated debt securities (net of Group holdings)	**1,447**	**950**	**2,397**
Borrowed funds	**1,986**	**2,511**	**4,497**
Other issues treated as equity for accounting purposes			
US$750 million cumulative preference securities	**458**		
€500 million perpetual preferred callable securities	**338**		
£350 million perpetual preferred callable securities	**350**		
Total: Book value	**3,132**		
Nominal value of the above	**3,277**		

	Group excluding Nedbank	Nedbank	£m At 30 June 2010
Senior debt securities and term loans	622	1,061	1,683
Mortgage backed securities	-	114	114
Subordinated debt securities (net of Group holdings)	1,069	1,062	2,131
Borrowed funds	1,691	2,237	3,928
Other issues treated as equity for accounting purposes			
US$750 million cumulative preference securities	458		
€500 million perpetual preferred callable securities	338		
£350 million perpetual preferred callable securities	350		
Total: Book value	2,837		
Nominal value of the above	3,085		

	Group excluding Nedbank	Nedbank	£m At 31 December 2010
Senior debt securities and term loans	550	1,186	1,736
Mortgage backed securities	-	112	112
Subordinated debt securities (net of Group holdings)	1,198	1,158	2,356
Borrowed funds	1,748	2,456	4,204
Other issues treated as equity for accounting purposes			
US$750 million cumulative preference securities	458		
€500 million perpetual preferred callable securities	338		
£350 million perpetual preferred callable securities	350		
Total: Book value	2,894		
Nominal value of the above	3,045		

E1 Borrowed funds continued

(a) Senior debt securities and term loans

			£m
	At 30 June 2011	At 30 June 2010	At 31 December 2010
Floating rate notes[1]	**927**	737	806
Fixed rate notes[2]	**1,043**	946	928
Revolving credit facility[3]	**-**	-	-
Term loan and other loans	**33**	**-**	2
Total senior debt securities and term loan	**2,003**	1,683	1,736

Senior debt securities and term loans comprise:

1. Floating rate notes

Group excluding Nedbank

- R550 million repayable August 2010 at 3 month ZAR – JIBAR-SAFEX + 4.5% - repaid.
- R100 million repayable February 2011 at 3 month ZAR – JIBAR-SAFEX + 4.5% - repaid.
- US$50 million repayable September 2011 at 3 month LIBOR plus 0.50%.
- £3 million note repayable in December 2010, with holders having the option to elect for early redemption every six months with coupon referenced against six month LIBOR less 0.50% - repaid.

Nedbank

- R1,690 million unsecured senior debt repayable September 2012 at 3 month JIBAR + 1.5%.
- R1,044 million unsecured senior debt repayable September 2015 at JIBAR + 2.20%.
- R1,750 million unsecured senior debt repayable March 2013 inflation linked (3.9% real yield).
- R98 million unsecured senior debt repayable March 2013 inflation linked (3.8% real yield).
- R1,552 million unsecured senior debt repayable April 2013 JIBAR +1.48%.
- R1,027 million unsecured senior debt repayable April 2015 JIBAR +1.75%.
- R80 million unsecured senior debt repayable April 2020 JIBAR +2.15%.
- R837 million unsecured senior debt repayable March 2014 JIBAR +1.05%.
- R677 million unsecured senior debt repayable March 2016 JIBAR + 1.25%.
- R500 million unsecured senior debt repayable April 2014 JIBAR + 1.0%.

2. Fixed rate notes

Group excluding Nedbank

- £500 million Euro bond repayable October 2016 at 7.125%.
- US$16.5 million secured senior debt repayable August 2014 at 5.23%.
- €30 million Euro bond repayable July 2010, capital and interest swapped into fixed rate US dollars at 5.28% - repaid.
- €10 million Euro bond repayable December 2010, capital and interest swapped into floating rate US dollars at 3 month LIBOR + 0.95% - repaid.

Nedbank

- R130 million unsecured senior debt repayable October 2024 at zero coupon.
- R3,244 million unsecured senior debt repayable September 2015 at 10.55%.
- R762 million unsecured senior debt repayable September 2019 at 11.39%.
- R478 million unsecured senior debt repayable April 2015 at R157 + 1.75%.
- R450 million unsecured senior debt repayable March 2014 at R206 + 1.28%.
- R1,137 million unsecured senior debt repayable March 2016 at R157 + 1.5%.

The total fair value of the swap derivatives associated with the senior notes is £nil (June 2010: £5 million; December 2010: £nil). The movement from the prior year is caused by the close out of the Eurobond notes in 2010.

3. Revolving credit facilities and irrevocable letters of credit

In April 2011 the Group signed a new £1,200 million five-year multi-currency revolving credit facility, replacing the £1,232 million facility due to mature in September 2012.

At 30 June 2011 £174 million (June 2010: £517 million; December 2010: £499 million) of this facility was utilised, £nil (June 2010: £nil; December 2010: £nil) in the form of drawn debt and £174 million (June 2010: £517 million; December 2010: £499 million) in the form of irrevocable letters of credit.

The Group has a SEK 1,500 million revolving credit facility, which had a maturity date of 1 July 2011 which has subsequently been extended, at the amount of SEK 1,000 million to 1 July 2012. At 30 June 2011 this facility was undrawn (June 2010 and December 2010: undrawn).

Notes to the consolidated financial statements

For the six months ended 30 June 2011

E1 Borrowed funds continued

(b) Mortgage backed securities - Nedbank

	At 30 June 2011	At 30 June 2010	At 31 December 2010
			£m
R291 million notes (class A1) repayable 18 November 2039 (11.467%)	**-**	17	4
R1.4 billion notes (class A2A) repayable 18 November 2039 (11.817%)	**85**	87	96
R98 million notes (class B note) repayable 18 November 2039 (12.067%)	**7**	6	7
R76 million notes (class C note) repayable 18 November 2039 (13.317%)	**5**	4	5
	97	114	112

(c) Subordinated debt securities

	At 30 June 2011	At 30 June 2010	At 31 December 2010
			£m
Nedbank			
R1.5 billion repayable 24 April 2016 (7.85%)[1]	**-**	132	148
R1.8 billion repayable 20 September 2018 (9.84%)[2]	**175**	160	186
R500 million repayable on 30 December 2010 (8.38%)[3]– repaid	**-**	44	-
R650 million repayable 8 February 2017 (9.03%)[4]	**63**	58	67
R1.7 billion repayable 8 February 2019 (8.9%)[5]	**165**	147	171
R2.0 billion repayable 6 July 2022 (3 month JIBAR plus 0.47%)[6]	**187**	178	198
R500 million repayable 15 August 2017 (3 month JIBAR plus 0.45%)[7]	**46**	44	49
R1.0 billion repayable 17 September 2020 (10.54%)[8]	**98**	92	105
R500 million repayable 14 December 2017 (3 month JIBAR plus 0.70%)[9]	**46**	44	49
R120 million repayable 14 December 2017 (10.38%)[10]	**11**	11	12
R487 million repayable 20 November 2018 (15.05%)[11]	**48**	45	51
R1,265 million repayable 20 November 2018 (JIBAR plus 4.75%)[12]	**118**	112	125
R300 million repayable on 4 December 2013 (JIBAR + 2.5%)[13]	**14**	13	15
US$100 million repayable on 3 March 2022 (3 month USD LIBOR)[14]	**63**	67	65
	1,034	1,147	1,241
Less: banking subordinated debt securities held by other Group companies	**(84)**	(85)	(83)
Banking subordinated debt securities (net of Group holdings)	**950**	1,062	1,158
Group excluding Nedbank			
R3.0 billion repayable 27 October 2020 (8.9%)[15]	**276**	262	293
£300 million repayable 21 January 2016 (5.0%)[16] – repaid	**-**	273	296
R250 million preference shares repayable 9 June 2011[17] - repaid	**-**	22	-
€750 million repayable 18 January 2017 (4.5%)[18]	**671**	512	609
£500 million repayable 3 June 2021 (8.0%)[19]	**500**	-	-
	1,447	1,069	1,198
Total subordinated liabilities	**2,397**	2,131	2,356

E1 Borrowed funds continued

(c) Subordinated debt securities

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

1. Unsecured secondary callable note was issued 24 April 2006 with a call date of 24 April 2011.
2. Unsecured secondary callable note was issued 20 September 2006 at R1.5 billion with a call date of 20 September 2013. On 18 May 2007 an additional R0.3 billion was issued.
3. Unsecured callable Bonds issued 30 March 2006 - repaid.
4. Unsecured secondary callable note was issued 8 February 2007 with a call date of 8 February 2012.
5. Unsecured secondary callable note was issued 8 February 2007 at R1.0 billion. On 19 March 2007 an additional R0.7 billion was issued.
6. Unsecured secondary capital callable note issued 6 July 2007 and has a call date of 6 July 2017.
7. This bond issued on 15 August 2007 is an unsecured secondary capital callable floating rate note with a call date 15 August 2012.
8. This bond issued on 17 September 2007 is an unsecured fixed rate note with a term of 13 years (non-call 8 year).
9. This bond issued on 14 December 2007 is a 10 year (non-call 5 year) floating rate note. After its call date on 14 December 2012 its terms become JIBAR plus 1.70% until maturity.
10. This bond issued on 14 December 2007 is a 10 year (non-call 5 year) fixed rate note. After its call date its terms become floating 3 month JIBAR plus initial margin over mid swaps plus 1.0% until maturity.
11. This bond issued on 20 May 2008 is a perpetual (non-call 10 year) fixed rate note with a call date on 20 November 2018.
12. This bond issued on 20 May 2008 is a perpetual (non-call 10 year) floating rate note with a call date of 20 November 2018.
13. This bond issued on 4 December 2008 is a floating rate note with a call date of 4 December 2013.
14. Dated Tier 2 notes issued 3 March 2009 with call date 3 March 2017.
15. These bonds have a maturity date of 27 October 2020 and pay a coupon of 8.92% to 27 October 2015 and 3 month JIBAR plus 1.59% thereafter. The Group has the option to repay the bonds at par on 27 October 2015 and at 3 monthly intervals thereafter.
16. These bonds, issued on 20 January 2006, have a maturity date of 21 January 2016 and pay a coupon of 5.0% to 21 January 2011 and 6 month LIBOR plus 1.13% thereafter. The coupon on the bonds was swapped into floating rate of 6 month STIBOR plus 0.50%. The Group had the option to repay the bonds at par on 21 January 2011 and at 6 monthly intervals thereafter. These bonds were redeemed at the first call date of 21 January 2011.
17. These preference shares were redeemable on 9 June 2011 and paid a variable cumulative coupon of 61.0% of the Prime Rate as quoted by Nedbank Limited. The Group had the option to redeem the shares at par at any time before the final redemption date but after giving an agreed period of notice, with the Group electing to redeem in 2010.
18. This bond, issued on 16 January 2007, has a maturity date of 18 January 2017 and pays a coupon of 4.5% to 17 January 2012 and 6 month EURIBOR plus 0.96% thereafter. The principal and coupon on the bond were swapped equally into Sterling and US Dollars with coupons of 6 month LIBOR plus 0.34% and 6 month US LIBOR plus 0.31% respectively. The Group has the option to repay the bonds at par on 17 January 2012 and at 6 monthly intervals thereafter. The Group redeemed €550 million of the bond on 1 July 2011.
19. This bond, issued on 3 June 2011, has a maturity date of 3 June 2021 and pays a coupon of 8%. The coupon on the bonds was swapped into floating rate of quarterly STIBOR plus 5.46%. The currency swaps have a 5 year mandatory break clause.

F Other notes

F1 Acquisition of non-controlling interests

Acquisition of non-controlling interest in Mutual & Federal

On 5 February 2010, the Group completed the acquisition of the remaining non-controlling shareholdings in Mutual & Federal Insurance Company Limited, following the fulfilment of all outstanding conditions precedent. On 8 February 2010, 147,313,449 new Old Mutual plc ordinary shares were issued in exchange for Mutual & Federal shares and listed on the London Stock Exchange, of which 68,378,851 were issued to Black Economic Empowerment trusts and 78,934,598 to other previous holders.

Other acquisitions

On 8 February 2010 Nedbank announced that it had obtained regulatory approval for the acquisition of the remaining 49.9% indirect interest in Imperial Bank Limited thereby satisfying all conditions precedent for the acquisition.

The purchase consideration was approximately £162 million (£155 million plus a Johannesburg Interbank Agreed Rate (JIBAR) factor applied up to 5 February 2010) which was settled in four instalments out of existing cash resources of Nedbank Limited. The total amount, which involved interest at the three-month JIBAR, amounted to £165 million.

F2 Events after the reporting date

Following a market tender, on 1 July 2011 the Group redeemed €550 million of the €750 million subordinated debt security repayable 18 January 2017.

Notes to the consolidated financial statements

For the six months ended 30 June 2011

G Discontinued operations

G1 Discontinued operations

The results of the Group's United States life business, US Life, are shown as a discontinued operation in these financial statements. At 31 December 2010 the Group had entered into an agreement to dispose of the controlling interest in US Life to Harbinger OM LLC, an affiliate of Harbinger Capital Partners, and was seeking to gain regulatory approval for the sale. Following regulatory approval the disposal was completed on 7 April 2011.

Analysis of the results is given below.

(a) Income statement from discontinued operations

£m

	Period from 1 January 2011 to 7 April 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Revenue	**342**	758	1,608
Expenses	**(330)**	(704)	(1,557)
Profit before tax from discontinued operations	**12**	54	51
Impairment on remeasurement to fair value less costs to sell	**-**	-	(827)
Loss on disposal	**(29)**	-	-
Realised available-for-sale investment gains and exchange differences on disposal	**133**	-	-
Profit/(loss) before tax	**116**	54	(776)
Income tax credit	**14**	66	63
Profit/(loss) from discontinued operations after tax	**130**	120	(713)

(b) Statement of comprehensive income from discontinued operations

£m

	Period from 1 January 2011 to 7 April 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Profit/(loss) after tax for the financial period	**130**	120	(713)
Other comprehensive income for the financial period	**-**	-	
Fair value (losses)/gains	**-**	-	
Available-for-sale investments			
Fair value gains/(losses)	**48**	452	530
Recycled to the income statement	**(5)**	(43)	(12)
Realised on disposal	**(157)**	-	-
Exchange differences on disposal	**24**	-	-
Shadow accounting	**(43)**	(229)	(334)
Currency translation differences/exchange differences realised on translating foreign operations	**-**	61	29
Other movements	**-**	-	(34)
Aggregate tax on transfers from equity	**3**	(59)	(67)
Total other comprehensive (loss)/income for the financial period	**(130)**	182	112
Total comprehensive income/(loss) for the financial period	**-**	302	(601)
Attributable to			
Equity holders of the parent	**-**	302	(601)
Total comprehensive income/(loss) for the financial period	**-**	302	(601)

c) Net cash flows from discontinued operations

			£m
	Period from 1 January 2011 to 7 April 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Operating activities	**2**	(25)	(167)
Investing activities	**146**	(304)	63
Net cash flows	**148**	(329)	(104)

G2: Contingent liabilities in respect of the disposal of US Life

Following completion of the disposal of US Life to the Harbinger group ('Harbinger') on 7 April 2011, the Group has retained certain residual commitments and contingent liabilities. These relate to sale warranties and indemnities that are typical in transactions of this nature including in respect of litigation (including class actions) and regulatory enforcement actions arising from events occurring before completion. The specific conditions are in effect for varying periods of time, the longest dated of these will expire on 31 December 2015. The main elements are summarised below:

- Harbinger intends to establish certain internal reinsurance arrangements which are subject to regulatory approval. In the event that regulatory approval of the full amount of reinsurance is not forthcoming there is potential for a reduction in the purchase price, up to a maximum of US$50 million.
- US statutory regulations require reserving on a worst case scenario basis for deferred annuity policies that permit free partial withdrawals ('CARVM Reserves'). As such there is redundancy when comparing the worst case scenario and the economic scenarios. These CARVM redundant reserves are currently reinsured from US Life to Old Mutual Reassurance until no later than the end of 2015. Old Mutual plc provides a $280 million letter of credit to back these redundant reserves. In the event that this letter of credit is drawn upon Harbinger are obligated to fully reimburse Old Mutual plc.
- US statutory regulations require reserving on a worst case scenario basis in respect of guarantees included in universal life and term assurance products ('XXX and AXXX Reserves'). As such there is redundancy when comparing the worst case scenario and the economic scenarios. These XXX and AXXX Reserves are currently reinsured from US Life to their own reinsurance vehicle. Prior to close Old Mutual arranged a $535 million third party letter of credit to back the redundant component of these reserves. In the event that this letter of credit is drawn upon Harbinger are obligated to fully reimburse the third party. Old Mutual stands behind Harbinger's commitments. In addition if redundant reserving requirements change Old Mutual must provide further letter of credit financing up to $200 million. Harbinger must replace all XXX and AXXX redundant reserve financing and take Old Mutual fully off risk no later than the end of 2012. Harbinger has announced that it has entered into an agreement with Wilton Re to reinsure this business and therefore meet its commitment to Old Mutual.

Group Market Consistent Embedded Value statement of earnings

For the six months ended 30 June 2011

	Notes	**6 months ended 30 June 2011**	6 months ended 30 June 2010	Year ended 31 December 2010
				£m
Long Term Savings				
Covered business		**436**	369	705
Asset management and other business		**84**	64	127
Banking		**8**	8	16
		528	441	848
Nedbank				
Banking		**359**	266	601
Mutual & Federal				
General insurance		**47**	33	103
US Asset Management				
Asset management		**47**	40	87
Other operating segments				
Finance costs*		**(74)**	(86)	(183)
Other shareholders' expenses**		**(24)**	(5)	(57)
Adjusted operating Group MCEV earnings before tax from core operations		**883**	689	1,399
Adjusted operating Group MCEV earnings before tax from Bermuda non-core operations		**11**	30	(28)
Adjusted operating Group MCEV earnings before tax from continuing operations***		**894**	719	1,371
Adjusting items from continuing operations	C3	**(98)**	(105)	499
Total Group MCEV earnings before tax from continuing operations		**796**	614	1,870
Income tax attributable to shareholders		**(196)**	(161)	(410)
Total Group MCEV earnings after tax from continuing operations		**600**	453	1,460
Total Group MCEV earnings after tax from US Life discontinued operations****	A4	**-**	(35)	227
Total Group MCEV earnings after tax for the financial period		**600**	418	1,687
Total Group MCEV earnings for the financial period attributable to:				
Equity holders of the parent		**457**	303	1,429
Non-controlling interests				
Ordinary shares		**112**	84	196
Preferred securities		**31**	31	62
Total Group MCEV earnings after tax for the financial period		**600**	418	1,687
Basic total Group MCEV earnings per ordinary share (pence)		**9.0**	6.0	28.2
Weighted average number of shares – millions		**5,098**	5,057	5,064

* This includes interest payable from Old Mutual plc to non-core operations of £13 million for the six months ended 30 June 2011 (six months ended 30 June 2010: £18 million; year ended 31 December 2010: £55 million).

** Other shareholder expenses in MCEV £(24) million differ from IFRS £(31) million as a result of the allocation of central costs of £(7) million allocated to the covered business and provisioned in the VIF (IFRS: £(11) million at 30 June 2010 and £(71) million at 31 December 2010; allocation of central costs: £(6) million at 30 June 2010 and £(14) million at 31 December 2010).

*** For long-term business and general insurance businesses, adjusted operating Group MCEV earnings are based on long-term and short-term investment returns respectively, include investment returns on life fund investments in Group equity and debt instruments, and are stated net of income tax attributable to policyholder returns. For the US Asset Management business it includes compensation costs in respect of certain long-term incentive schemes defined as non-controlling interests in accordance with IFRS. For all businesses, adjusted operating MCEV earnings exclude goodwill impairment, the impact of acquisition accounting, put revaluations related to long-term incentive 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 fair value (profits)/losses on certain Group debt movements.

**** This is composed of earnings before tax of £48 million, adjusting items of £180 million and tax of £(1) million for the year ended 31 December 2010 (earnings before tax of £129 million, adjusting items of £(286) million and tax of £122 million for the six months ended 30 June 2010). Further detail relating to adjusting items can be found in section C3.

Adjusted operating Group MCEV earnings per share

For the six months ended 30 June 2011

Six months ended 30 June 2011 £m

	Notes	Core continuing operations	Non-core continuing operations	Discontinued operations	Total
Adjusted operating Group MCEV earnings before tax		**883**	**11**	**-**	**894**
Tax on adjusted operating Group MCEV earnings	B2	**(212)**	**(2)**		**(214)**
Adjusted operating Group MCEV earnings after tax		**671**	**9**	**-**	**680**
Non-controlling interests					
Ordinary shares		**(120)**	**-**	**-**	**(120)**
Preferred securities		**(31)**	**-**	**-**	**(31)**
Adjusted operating MCEV earnings after tax attributable to equity holders		**520**	**9**	**-**	**529**
Adjusted operating Group MCEV earnings per share*		**9.6**	**0.2**	**-**	**9.8**
Adjusted weighted average number of shares – millions					**5,397**

Six months ended 30 June 2010 £m

	Notes	Core continuing operations	Non-core continuing operations	Discontinued operations	Total
Adjusted operating Group MCEV earnings before tax		689	30	129	848
Tax on adjusted operating Group MCEV earnings	B2	(153)	-	(2)	(155)
Adjusted operating Group MCEV earnings after tax		536	30	127	693
Non-controlling interests					
Ordinary shares		(95)	-	-	(95)
Preferred securities		(31)	-	-	(31)
Adjusted operating MCEV earnings after tax attributable to equity holders		410	30	127	567
Adjusted operating Group MCEV earnings per share*		7.7	0.5	2.4	10.6
Adjusted weighted average number of shares – millions					5,343

Year ended 31 December 2010 £m

	Notes	Core continuing operations	Non-core continuing operations	Discontinued operations	Total
Adjusted operating Group MCEV earnings before tax		1,399	(28)	48	1,419
Tax on adjusted operating Group MCEV earnings	B2	(313)	4	(1)	(310)
Adjusted operating Group MCEV earnings after tax		1,086	(24)	47	1,109
Non-controlling interests					
Ordinary shares		(217)	-	-	(217)
Preferred securities		(62)	-	-	(62)
Adjusted operating MCEV earnings after tax attributable to equity holders		807	(24)	47	830
Adjusted operating Group MCEV earnings per share*		15.0	(0.4)	0.9	15.5
Adjusted weighted average number of shares – millions					5,359

* Adjusted operating Group MCEV earnings per share is calculated on the same basis as adjusted operating Group MCEV earnings, but is stated after tax and non-controlling 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.

Components of Group MCEV and adjusted Group MCEV

For the six months ended 30 June 2011

Components of Group MCEV

	Notes	At 30 June 2011	At 30 June 2010	At 31 December 2010
				£m
Adjusted net worth attributable to ordinary equity holders of the parent		**5,431**	4,845	5,737
Equity		**9,031**	9,047	8,951
Adjustment to include long-term business on a statutory solvency basis*:				
Long Term Savings	C5	**(2,167)**	(2,147)	(2,053)
Bermuda	C5	**(34)**	(13)	(29)
US Life	C5	**-**	(619)	260
Adjustment for market value of life funds' investments in Group equity and debt instruments held in life funds		**314**	244	306
Adjustment to remove perpetual preferred callable securities and accrued dividends		**(688)**	(688)	(688)
Adjustment to exclude acquisition goodwill from the covered business:				
Long Term Savings	C5	**(1,025)**	(979)	(1,010)
Value of in-force business		**4,850**	3,208	4,164
Present value of future profits		**5,602**	4,269	5,256
Additional time value of financial options and guarantees		**(163)**	(456)	(433)
Frictional costs		**(268)**	(235)	(276)
Cost of residual non-hedgeable risks		**(321)**	(370)	(383)
Group MCEV		**10,281**	8,053	9,901
Group MCEV value per share (pence)		**186.0**	148.0	181.5
Return on Group MCEV (ROEV) per annum from core operations		**10.7%**	10.7%	10.6%
Return on Group MCEV (ROEV) per annum from continuing non-core operations		**0.3%**	0.5%	(0.3)%
Return on Group MCEV (ROEV) per annum from discontinued operations		**0.0%**	3.5%	0.6%
Return on Group MCEV (ROEV**) per annum		**11.0%**	14.7%	10.9%
Number of shares in issue at the end of the financial period less treasury shares – millions		**5,529**	5,442	5,456

* The adjustments to include long-term business on a statutory solvency basis reflect the difference between the net worth of each business on the statutory basis (as required by the local regulator) and their portion of the Group's consolidated equity shareholder funds. In South Africa, these values exclude items that are eliminated or shown separately on consolidation (such as Nedbank and inter-company loans). For some European countries the value reflected in the adjustment to include long-term business on a statutory solvency basis includes the value of the deferred acquisition cost asset, which is part of the equity.

** The ROEV is calculated as the adjusted operating Group MCEV earnings after tax and non-controlling interests of £529 million (six months ended 30 June 2010: £567 million; year ended 31 December 2010: £830 million) divided by the opening Group MCEV. The operating assumption changes of £(4) million (six months ended 30 June 2010: £0 million) and other operating variances of £(30) million (six months ended 30 June 2010: £12 million) are not annualised.

Components of Group MCEV and adjusted Group MCEV

For the six months ended 30 June 2011

Components of adjusted Group MCEV

	Notes	**At 30 June 2011**	At 30 June 2010	At 31 December 2010
				£m
Group MCEV		**10,281**	8,053	9,901
Pro forma adjustments to bring Group investments to market value				
Adjustment to bring listed subsidiary (Nedbank) to market value		**969**	495	715
Adjustment for value of own shares in ESOP schemes*		**113**	73	85
Adjustment for present value of Black Economic Empowerment scheme deferred consideration**		**299**	241	266
Adjustment to bring external debt to market value		**(57)**	206	63
Adjusted Group MCEV	B1	**11,605**	9,068	11,030
Adjusted Group MCEV per share (pence)		**209.9**	166.6	202.2
Number of shares in issue at the end of the financial period less treasury shares – millions		**5,529**	5,442	5,456

* Includes adjustment for value of excess own shares in employee share scheme trusts. The movement in value between 31 December 2010 and 30 June 2011 is the net effect of the increase in the Old Mutual plc share price, the reduction in excess own shares following employee share grants in March 2011 and the reduction in overall shares held due to exercises of rights to take delivery of, or net settle, share grants during the financial period. The affect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time at 30 June 2011.

** The affect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time at 30 June 2011.

Reconciliation of movements in Group MCEV (after tax)

		6 months ended 30 June 2011			6 months ended 30 June 2010		£m
	Notes	**Covered business MCEV**	**Non-covered business IFRS**	**Total Group MCEV**	Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Opening Group MCEV		**7,515**	**2,386**	**9,901**	6,027	1,602	7,629
Adjusted operating MCEV earnings		**354**	**175**	**529**	452	115	567
Non-operating MCEV earnings		**(27)**	**(44)**	**(71)**	(164)	(101)	(265)
Total Group MCEV earnings		**327**	**131**	**458**	288	14	302
Other movements in IFRS net equity	C4	**37**	**(115)**	**(78)**	(141)	263	122
Closing Group MCEV		**7,879**	**2,402**	**10,281**	6,174	1,879	8,053

		Year ended 31 December 2010		£m
	Notes	Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Opening Group MCEV		6,027	1,602	7,629
Adjusted operating MCEV earnings		590	240	830
Non-operating MCEV earnings		786	(187)	599
Total Group MCEV earnings		1,376	53	1,429
Other movements in IFRS net equity	C4	112	731	843
Closing Group MCEV		7,515	2,386	9,901

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011

A MCEV policies

A1 Basis of preparation

The Market Consistent Embedded Value methodology (referred to herein and in the supplementary statements on pages 84 to 125 as 'MCEV') adopts the Market Consistent Embedded Value Principles (Copyright © Stichting CFO Forum Foundation 2008) issued in June 2008 and updated in October 2009 by the CFO Forum ('the Principles') as the basis for the methodology used in preparing the supplementary information.

The CFO Forum announced changes to the MCEV Principles in October 2009 to reflect *inter alia* the inclusion of a liquidity premium. These changes affirm that the risk free reference rate to be applied under MCEV should include both the swap yield curve appropriate to the currency of the cash flows and a liquidity premium where appropriate. The CFO Forum is undertaking further work to develop more detailed application guidance.

The Principles have been fully complied with for all businesses as at 30 June 2011. Any changes in the methodology and assumptions made in presenting this supplementary information compared to those disclosed in the annual report and accounts 2010 are set out in notes A2 and A3.

Throughout the supplementary information the following terminology is used to distinguish between the terms 'MCEV', 'Group MCEV' and 'adjusted Group MCEV':

- MCEV is a measure of the consolidated value of shareholders' interests in the covered business and consists of the sum of the shareholders' adjusted net worth in respect of the covered business and the value of the in-force covered business.
- Group MCEV is a measure of the consolidated value of shareholders' interests in covered and non-covered business. Non-covered business is valued at the IFRS net asset value detailed in the primary financial statements adjusted to eliminate inter-company loans.
- The adjusted Group MCEV, a measure used by management to assess the shareholders' interest in the value of the Group, includes the impact of marking all debt to market value, the market value of the Group's listed banking subsidiary, marking the value of deferred consideration due in respect of Black Economic Empowerment arrangements in South Africa ('the BEE schemes') to market, as well as including the market value of excess own shares held in ESOP schemes and the US Life sale proceeds.

A2 Methodology

Required capital

Required capital is the market value of assets that is attributed to support the covered business, over and above that required to back statutory liabilities for covered business, whose distribution to shareholders is restricted. The following capital measures are considered in determining the required capital held for covered business so that it reflects the level of capital considered by the directors to be appropriate to manage the business:

- Economic capital;
- Regulatory capital (ie the level of solvency capital which the local regulators require);
- Capital required by rating agencies in order to maintain the desired credit rating; and
- Any other required capital definition to meet internal management objectives.

Economic capital for the covered business is based upon Old Mutual's own internal assessment of risks inherent in the underlying business. It measures capital requirements on an economic statement of financial position, with MCEV as the available capital, consistent with a 99.93% confidence level over a one-year time horizon.

The table below shows the level of required capital expressed as a percentage of the minimum local regulatory capital requirements.

£m

	At 30 June 2011			At 30 June 2010			At 31 December 2010		
	Required capital (a)	**Regulatory capital (b)**	**Ratio (a/b)**	Required capital (a)	Regulatory capital (b)	Ratio (a/b)	Required capital (a)	Regulatory capital (b)	Ratio (a/b)
Emerging Markets	**1,456**	**1,118**	**1.3**	1,318	1,011	1.3	1,498	1,153	1.3
Nordic	**141**	**140**	**1.0**	109	95	1.1	135	135	1.0
Retail Europe*	**65**	**88**	**0.7**	38	52	0.7	62	85	0.7
Wealth Management**	**271**	**164**	**1.7**	246	142	1.7	278	162	1.7
US Life	**n/a**	**n/a**	**n/a**	491	204	2.4	468	196	2.4
Bermuda***	**407**	**-**	**n/a**	341	-	n/a	403	-	n/a
Total	**2,340**	**1,510**	**1.5**	2,543	1,504	1.7	2,844	1,731	1.6

* Local regulators within many of the Retail Europe countries allow intangible assets to be included as admissible regulatory capital. In such cases the required capital reported for MCEV is net of these items, although each of the countries continues to be sufficiently capitalised on the local solvency basis. Skandia Leben in Germany is permitted under local regulations to include the unallocated policyholder profit sharing liability as admissible capital.

** The required capital for Wealth Management has been restated at 30 June 2010 to reflect a modelling refinement.

*** The Bermudan regulator allows intangible assets to be included as admissible regulatory capital.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011

Cost of residual non-hedgeable risks

The cost of residual non-hedgeable risks ('CNHR') is calculated using a cost of capital approach, ie it is determined as the present value of capital charges for all future non-hedgeable risk capital requirements until the liabilities have run off. The capital charge in each year is the product of the projected expected non-hedgeable risk capital held after allowance for some diversification benefits and the cost of capital charge.

The table below shows the amounts of diversified economic capital held in respect of residual non-hedgeable risks.

Capital held in respect of non-hedgeable risks £m

	At 30 June 2011	At 30 June 2010	At 31 December 2010
Emerging Markets	**765**	643	751
Nordic	**325**	315	362
Retail Europe	**174**	128	115
Wealth Management	**654**	553	622
US Life	**n/a**	703	678
Bermuda	**331**	285	274
Total	**2,249**	2,627	2,802

A weighted average cost of capital rate of 2.0% has been applied to residual symmetric and asymmetric non-hedgeable capital at a business unit level over the life of the contracts. This translates into an equivalent cost of capital rate of approximately 2.6% being applied to the Group diversified capital required in respect of such non-hedgeable risks.

Taxation

There was previously uncertainty around both the basis and effective date for possible taxation of fee income earned from fund managers by Swedish insurance companies and the expenses that can be relieved against such income. On 10 June 2011 the Supreme Administrative Court in Sweden delivered the final verdict stating that fund rebates are not taxable for corporate income tax purposes. We will therefore continue to treat fee income from our Swedish unit-linked business as being exempt from corporation tax within our MCEV.

The Emergency Budget of 22 June 2010 announced a reduction in the UK corporation tax rate by 1% per year for four years from the financial year beginning April 2011, ultimately bringing the corporation tax rate down to 24%. The first reduction to 27% was included within the 31 December 2010 MCEV results. The Budget of 23 March 2011 announced an additional 1% reduction to be enacted during 2011, bringing the ultimate tax rate down to 23%. The 30 June 2011 MCEV results therefore reflect this 1% reduction and have been calculated using an ongoing UK corporation tax rate of 26%. The estimated positive impact on the VIF in respect of Wealth Management at 30 June 2011, assuming that all the annual reductions in the tax rate will be enacted, is £24 million, of which the impact of the remaining reduction from 26% down to 23% is estimated to be an MCEV profit of £14m. However, only £6 million is allowed for at 30 June 2011 as an assumption change relating to the tax rate reduction from 27% to 26% (£4 million was allowed for at 31 December 2010 as an assumption change relating to the first tax reduction to 27%). Further allowance will be made once future annual reductions are enacted.

A new dividend withholding tax system (replacing the current Secondary Tax on Companies (STC) system) will be introduced in South Africa effective from 1 April 2012. For 30 June 2011, we continued to use the current STC basis within the MCEV. The current view is that no allowance will be made in future for the impact of the new withholding tax in the MCEV, as the actual level of taxation will depend on the legal nature of each shareholder. It is estimated that the Emerging Markets MCEV will increase by approximately R1.5 billion (£138 million) while the value of new business for the six months to June 2011 will increase by approximately R40 million (£4 million). The impact on the Group MCEV is still to be determined, as withholding tax may reduce this benefit at Group level.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

A3 Assumptions

Non-economic assumptions

The management expenses attributable to life assurance business have been allocated to expenses relating to the acquisition of new business, maintenance of in-force business (including investment management expenses) and development projects.

Unallocated Group holding company expenses have been included to the extent that they relate to the covered business. The table below shows the future expenses attributable to the long-term business. The allocation of these expenses aligns to the proportion that the management expenses incurred by the covered businesses to the total management expenses incurred in the Group.

Group holding Company expenses attributable to long-term business

			%
	At 30 June 2011	At 30 June 2010	At 31 December 2010
Emerging Markets	**17**	16	17
Nordic	**4**	4	4
Retail Europe	**3**	2	3
Wealth Management	**5**	8	6
US Life	**-**	-	2
Total	**29**	30	32

Economic assumptions

Risk free reference rates and inflation

At 30 June 2011, no adjustments are made to swap yields to allow for liquidity premiums or credit risk premiums, apart from a liquidity premium adjustment to OMLAC(SA)'s Immediate Annuity business and Fixed Bond business. A liquidity premium adjustment has been applied to OMLAC(SA)'s Fixed Bond business at 30 June 2011 because OMLAC(SA) holds a portfolio of non-government bonds which have a market yield in excess of the risk free rate and the duration of the asset portfolio and the liability duration are a good match (meaning the asset portfolio is held to maturity). Cash flows on this product are also predictable and the company has adequate liquidity to withstand a substantial increase in lapses at all durations without having to sell bonds which further strengthens the case for applying a liquidity premium.

It is the directors' view that a proportion of non-government bond spreads at 30 June 2011 is attributable to a liquidity premium rather than only to credit and default allowances and that returns in excess of swap rates can be achieved, rather than entire spreads being lost to worsening default experience. For OMLAC(SA)'s Immediate Annuity business the currency, credit quality and duration of the actual bond portfolios were considered and adjusted risk free reference rates were derived at 30 June 2011 by adding 55bps of liquidity premium for this business (30 June 2010: 50bps; 31 December 2010: 45bps) to the swap rates used for setting investment return and discounting assumptions. For OMLAC(SA)'s Fixed Bond products 60 bps of liquidity premium was added to the swap rates. These adjustments reflect the liquidity premium component in non-government bond spreads over swap rates that is expected to be earned on the portfolios. In deriving the liquidity premia at 30 June 2011, we have reviewed emerging Solvency II matching premium guidance and a comparison of the yields of similar durations on South African government bonds and bonds issues by state-owned enterprises. At those durations where swap yields are not available, e.g. due to lack of a sufficiently liquid or deep swap market, the swap curve is extended using appropriate interpolation or extrapolation techniques.

The risk free reference spot yields (excluding any applicable liquidity adjustments) and expense inflation rates at various terms for each of the significant regions are provided in the table below. The risk free reference spot yield curve has been derived from mid swap rates at the reporting date.

Risk free reference spot yields (excluding any applicable liquidity adjustments) **%**

	GBP*	EUR	USD*	ZAR	SEK
At 30 June 2011					
1 year	**0.9**	**2.0**	**0.4**	**6.2**	**2.8**
5 years	**2.4**	**2.8**	**2.1**	**8.0**	**3.3**
10 years	**3.5**	**3.4**	**3.5**	**8.6**	**3.6**
20 years	**4.0**	**3.9**	**4.3**	**8.2**	**3.8**
At 30 June 2010					
1 year	0.9	1.2	0.7	6.7	1.3
5 years	2.3	2.1	2.1	8.0	2.3
10 years	3.3	2.9	3.2	8.6	3.1
20 years	3.8	3.4	3.9	8.2	3.6
At 31 December 2010					
1 year	0.9	1.3	0.4	5.6	2.3
5 years	2.7	2.5	2.2	7.4	3.3
10 years	3.6	3.3	3.5	8.2	3.7
20 years	4.0	3.7	4.3	8.1	4.0

* For prior reporting periods, the risk free spot yields disclosed for GBP were on a 1-year forward basis, and the risk free spot yields disclosed for USD were on a semi-annual par basis. The assumptions at 30 June 2011, as well as the comparatives for prior periods, are now shown as annualised spot yields, consistent with other regions.

Expense inflation **%**

	GBP	EUR	USD	ZAR	SEK
At 30 June 2011					
1 year	**3.0**	**2.5**	**3.0**	**5.7**	**2.3**
5 years	**3.9**	**2.5**	**3.0**	**7.0**	**2.9**
10 years	**4.3**	**2.5**	**3.0**	**7.5**	**3.2**
20 years	**4.8**	**2.5**	**3.0**	**7.1**	**3.1**
At 30 June 2010					
1 year	3.3	2.5	3.0	6.2	1.5
5 years	3.5	2.5	3.0	6.3	2.3
10 years	4.0	2.5	3.0	6.7	2.6
20 years	4.5	2.5	3.0	6.4	2.9
At 31 December 2010					
1 year	3.0	2.5	3.0	5.0	2.2
5 years	4.3	2.5	3.0	6.4	3.0
10 years	5.3	2.5	3.0	7.2	3.2
20 years	5.1	2.5	3.0	7.0	3.3

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

Volatilities

The at-the-money annualised asset volatility assumptions of the asset classes incorporated in the stochastic models are detailed below.

ZAR volatilities*

Option term	1 year swap	5 year swap	10 year swap	20 year swap	Equity (total return index)	Property (total return index)
						%
At 30 June 2011						
1 year	**18.3**	**16.8**	**15.9**	**15.5**	**23.0**	**16.0**
5 years	**16.7**	**16.0**	**15.6**	**15.2**	**26.0**	**16.0**
10 years	**16.2**	**15.8**	**15.4**	**14.7**	**27.4**	**16.0**
20 years	**14.5**	**14.1**	**13.5**	**12.5**	**28.3**	**15.6**
At 30 June 2010						
1 year	15.6	13.9	12.9	12.4	28.4	16.9
5 years	14.5	13.7	13.2	12.8	26.3	14.8
10 years	13.6	13.2	12.8	12.3	26.6	14.3
20 years	12.8	12.2	11.7	10.9	26.9	14.2
At 31 December 2010						
1 year	18.7	16.9	15.8	15.1	23.4	16.0
5 years	16.4	15.5	14.9	14.4	25.5	15.7
10 years	15.6	15.0	14.5	13.9	27.0	15.9
20 years	13.8	13.3	12.8	11.9	27.8	15.4

* Due to limited liquidity in the ZAR swaption and equity option market, the market consistent asset model has been calibrated by extrapolating swaption and equity option implied volatility data beyond terms of 2 years and 3 years respectively.

USD volatilities*

Option term	1 year swap	5 year swap	10 year swap	20 year swap
				%
At 30 June 2011				
1 year	**72.3**	**43.3**	**33.8**	**26.4**
5 years	**25.0**	**23.4**	**21.4**	**18.0**
10 years	**20.1**	**20.3**	**18.7**	**15.5**
20 years	**17.2**	**17.8**	**16.1**	**14.1**
At 30 June 2010				
1 year	37.5	34.6	32.3	29.0
5 years	28.5	27.3	25.7	23.4
10 years	22.4	21.3	20.2	18.5
20 years	18.8	17.8	16.8	15.3
At 31 December 2010				
1 year	37.8	34.3	31.2	27.7
5 years	26.2	24.7	23.0	20.9
10 years	20.0	18.8	17.7	16.1
20 years	16.8	15.7	14.7	13.1

* In prior reporting periods USD volatilities were based on market quoted information. The assumptions at 30 June 2011, as well as the comparatives for prior periods, are now shown as modelled volatilities, consistent with the disclosure of interest rate volatilities in South Africa.

International equity volatilities (applicable to Old Mutual Bermuda)*

%

Option term	SPX	RTY	EWZ	TPX	HSCEI	TWY	KOSP12	NIFTY	SX5E	UKX
At 30 June 2011										
1 year	**20.8**	**n/a**	**27.6**	**25.8**	**24.8**	**20.3**	**21.4**	**21.1**	**23.01**	**20.6**
5 years	**23.4**	**n/a**	**28.0**	**26.7**	**27.2**	**23.2**	**22.7**	**25.1**	**23.7**	**23.2**
10 years	**23.4**	**n/a**	**28.0**	**26.7**	**27.2**	**23.2**	**22.7**	**25.1**	**23.7**	**23.2**
At 30 June 2010										
1 year	29.0	37.2	n/a	29.1	31.0	24.3	23.1	21.9	29.7	27.3
5 years	28.0	39.0	n/a	29.3	31.8	27.3	23.7	23.5	27.9	26.9
10 years	28.0	39.0	n/a	29.3	31.8	27.3	23.7	23.5	27.9	26.9
At 31 December 2010										
1 year	21.5	28.1	n/a	26.7	27.8	21.5	21.4	22.0	24.3	21.5
5 years	23.6	32.6	n/a	28.3	32.3	25.5	24.0	26.6	25.2	24.2
10 years	23.6	32.6	n/a	28.3	32.3	25.5	24.0	26.6	25.2	24.2

International equity volatilities (applicable to Old Mutual Bermuda)*

%

Option term	EEM	USAgg	EUAgg	APAgg
At 30 June 2011				
1 year	**26.4**	**5.4**	**12.9**	**12.5**
5 years	**28.0**	**5.4**	**12.9**	**12.5**
10 years	**28.0**	**5.4**	**12.9**	**12.5**
At 30 June 2010				
1 year	35.2	5.5	13.0	12.6
5 years	32.4	5.5	13.0	12.6
10 years	32.4	5.5	13.0	12.6
At 31 December 2010				
1 year	27.4	5.5	13.0	12.6
5 years	27.7	5.5	13.0	12.6
10 years	27.7	5.5	13.0	12.6

* Long-term option implied volatility has been calibrated assuming a flat volatility term structure beyond 5 years due to limited data availability for some indices. The assumptions at 30 June 2011, as well as the comparatives for prior periods, are shown as the annualised volatilities applicable over the entire option term specified, consistent with the disclosure of volatilities for other regions. These volatilities, as represented by their Bloomberg codes, refer to the price indices. Due to ongoing enhancements in the fund mapping process, the indices referenced may vary from period to period. In the first half of 2011, a decision was made to remove the Russell 2000 Index (RTY) and add the MSCI Brazil Index (EWZ) which provides exposure to Latin America.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

Expected asset returns in excess of the risk free reference rates

Equity and property risk premiums incorporate both historical relationships and the directors' view of future projected returns in each region over the analysis period. Pre-tax real-world economic assumptions are determined as follows:

- The equity risk premium is 3.5% for Africa and 3% for Europe .
- The cash return equals the one year risk free reference rate for all regions.
- The corporate bond return is based on actual corporate bond spreads on the reporting date less an allowance for defaults.
- The property risk premium is 1.5% in Africa and 2% in Europe.

Tax

The weighted average effective tax rates that apply to the cash flow projections at 30 June 2011 are set out below:

- OMLAC(SA) – 33% (30 June 2010: 34%; 31 December 2010: 33%)
- Namibia – 0% (30 June 2010: 0%; 31 December 2010: 0%)
- Nordic – 4% (30 June 2010: 0%; 31 December 2010: 4%)
- Retail Europe – 27% (30 June 2010: 27%; 31 December 2010: 27%)
- Wealth Management* – 11% (30 June 2010: 11%; 31 December 2010: 11%)
- Bermuda – 0% (30 June 2010: 0%; 31 December 2010: 0%)

* The weighted average effective tax rate for Wealth Management at 30 June 2010 has been restated from 13% to 11% to reflect a calculation correction.

A4 Disposal of US Life

On 6 August 2010, the Company announced that it had entered into an agreement to sell the assets and liabilities of its US Life insurance business to Harbinger Capital Partners for the sum of £215 million ($350 million) subject to regulatory approval. The sale was completed, following regulatory approval, on 7 April 2011. This transaction has resulted in an uplift of £451 million to the adjusted Group MCEV, as analysed below.

Adjusted Group MCEV uplift from sale of US Life	**£m**
Headline purchase price	215
Advisor fees and costs	(17)
US Life sale proceeds	**198**
Retention of OM Re	71
Total proceeds from US Life disposal*	**269**
Removal of US Life MCEV**	182
Adjusted Group MCEV uplift	**451**

* The total proceeds from the sale of US Life are included within the adjusted net worth attributable to the ordinary equity holders of the parent

** The MCEV results for US Life include allowance for Old Mutual Reassurance (Ireland) Limited (OM Re)

The total earnings over the period are equal to the MCEV uplift, however we have not attributed these earnings to specific line items in the analysis of MCEV earnings.

B Segment information

B1 Adjusted Group MCEV presented per business line

			£m
	At 30 June 2011	At 30 June 2010	At 31 December 2010
MCEV of the core covered business	**7,579**	6,393	7,417
Adjusted net worth*	**2,622**	2,031	2,414
Value of in-force business	**4,957**	4,362	5,003
MCEV of the Bermuda non-core covered business	**300**	168	287
Adjusted net worth	**407**	341	403
Value of in-force business	**(107)**	(173)	(116)
MCEV of the US Life discontinued covered business	**-**	(387)	(189)
Adjusted net worth	**-**	594	534
Value of in-force business	**-**	(981)	(723)
Adjusted net worth of asset management and other businesses	**1,983**	1,968	1,950
Emerging Markets	**333**	250	289
Nordic**	**(36)**	32	4
Retail Europe	**15**	13	14
Wealth Management	**178**	157	171
US Asset Management	**1,493**	1,516	1,472
Value of the banking business	**3,831**	2,998	3,603
Nordic (adjusted net worth)	**347**	292	328
Nedbank (market value)	**3,484**	2,706	3,275
Value of the general insurance business			
Mutual & Federal	**322**	321	409
Net other business	**373**	(88)	31
Adjustment for present value of Black Economic Empowerment scheme deferred consideration	**299**	241	266
Adjustment for value of own shares in ESOP schemes***	**113**	73	85
Perpetual preferred securities (US$ denominated)	**(464)**	(435)	(449)
Perpetual preferred callable securities	**(690)**	(487)	(598)
GBP denominated	**(299)**	(236)	(270)
Euro denominated	**(391)**	(251)	(328)
Debt	**(2,041)**	(1,697)	(1,782)
Rand denominated	**(277)**	(309)	(304)
USD denominated	**(376)**	(323)	(337)
GBP denominated	**(886)**	(790)	(842)
SEK denominated	**(500)**	(273)	(297)
Euro denominated	**(2)**	(2)	(2)
Adjusted Group MCEV	**11,605**	9,068	11,030

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

** Includes the adjusted net worth of Nordic holding companies that are classified as non-covered business, net of the holding companies' investment in Group subsidiaries.

*** Includes adjustment for value of excess own shares in employee share scheme trusts. The movement in value between 31 December 2010 and 30 June 2011 is the net effect of the decrease in the Old Mutual plc share price, the reduction in excess own shares following employee share grants in March 2010 and the reduction in overall shares held due to exercises of rights to take delivery of, or net settle, share grants during the financial period. The affect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time at 30 June 2011.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

B2 Adjusted operating MCEV earnings for the covered business

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Adjusted operating MCEV earnings before tax for the covered business			
Long Term Savings	**436**	369	705
Emerging Markets	**241**	182	443
Nordic	**78**	79	65
Retail Europe	**-**	31	68
Wealth Management	**117**	77	129
US Life	**-**	129	48
Bermuda	**11**	30	(28)
	447	528	725
Tax on adjusted operating MCEV earnings for the covered business			
Long Term Savings	**(91)**	(74)	(138)
Emerging Markets	**(53)**	(38)	(99)
Nordic	**(15)**	(16)	(20)
Retail Europe	**(6)**	(7)	(2)
Wealth Management	**(17)**	(13)	(17)
US Life	**-**	(2)	(1)
Bermuda	**(2)**	-	4
	(93)	(76)	(135)
Adjusted operating MCEV earnings after tax for the covered business			
Long Term Savings	**345**	295	567
Emerging Markets	**188**	144	344
Nordic	**63**	63	45
Retail Europe	**(6)**	24	66
Wealth Management	**100**	64	112
US Life	**-**	127	47
Bermuda	**9**	30	(24)
	354	452	590

Tax on adjusted operating MCEV earnings comprises			
Tax on adjusted operating MCEV earnings for the covered business	**(93)**	(76)	(135)
Tax on adjusted operating MCEV earnings for other business	**(121)**	(79)	(175)
Tax on adjusted operating MCEV earnings	**(214)**	(155)	(310)

B3 Components of MCEV of the covered business

	At 30 June 2011	At 30 June 2010	At 31 December 2010
			£m
MCEV of the covered business	**7,879**	6,174	7,515
Adjusted net worth	**3,029**	2,966	3,351
Value of in-force business	**4,850**	3,208	4,164
Long Term Savings			
Adjusted net worth	**2,622**	2,031	2,414
Free surplus	**689**	351	441
Required capital	**1,933**	1,680	1,973
Value of in-force business	**4,957**	4,362	5,003
Present value of future profits	**5,523**	4,840	5,557
Additional time value of financial options and guarantees	**(8)**	(11)	(12)
Frictional costs	**(266)**	(223)	(267)
Cost of residual non-hedgeable risks	**(292)**	(244)	(275)
Consisting of:			
Emerging Markets			
Adjusted net worth*	**1,926**	1,415	1,804
Free surplus	**470**	97	306
Required capital	**1,456**	1,318	1,498
Value of in-force business	**1,440**	1,231	1,509
Present value of future profits	**1,778**	1,525	1,849
Additional time value of financial options and guarantees	**-**	-	-
Frictional costs	**(238)**	(204)	(240)
Cost of residual non-hedgeable risks	**(100)**	(90)	(100)
Nordic			
Adjusted net worth	**200**	143	186
Free surplus	**59**	34	51
Required capital	**141**	109	135
Value of in-force business	**1,301**	1,154	1,318
Present value of future profits	**1,377**	1,210	1,397
Additional time value of financial options and guarantees	**-**	-	-
Frictional costs	**(6)**	(5)	(6)
Cost of residual non-hedgeable risks	**(70)**	(51)	(73)
Retail Europe			
Adjusted net worth	**119**	84	103
Free surplus	**54**	46	41
Required capital	**65**	38	62
Value of in-force business	**530**	451	520
Present value of future profits	**595**	504	573
Additional time value of financial options and guarantees	**(6)**	(10)	(10)
Frictional costs	**(12)**	(6)	(11)
Cost of residual non-hedgeable risks	**(47)**	(37)	(32)

Notes to the MCEV basis supplementary information
For the six months ended 30 June 2011 continued

B3 Components of MCEV of the covered business continued

	At 30 June 2011	At 30 June 2010	At 31 December 2010
			£m
Wealth Management			
Adjusted net worth	**377**	389	321
Free surplus	**106**	174	43
Required capital	**271**	215	278
Value of in-force business	**1,686**	1,526	1,656
Present value of future profits	**1,773**	1,601	1,738
Additional time value of financial options and guarantees	**(2)**	(1)	(2)
Frictional costs	**(10)**	(8)	(10)
Cost of residual non-hedgeable risks	**(75)**	(66)	(70)
US Life (Discontinued and non-core)			
Adjusted net worth	**-**	594	534
Free surplus	**-**	103	66
Required capital	**-**	491	468
Value of in-force business	**-**	(981)	(723)
Present value of future profits	**-**	(648)	(446)
Additional time value of financial options and guarantees	**-**	(228)	(186)
Frictional costs	**-**	(9)	(7)
Cost of residual non-hedgeable risks	**-**	(96)	(84)
Bermuda (Non-core)			
Adjusted net worth	**407**	341	403
Free surplus	**-**	-	-
Required capital	**407**	341	403
Value of in-force business	**(107)**	(173)	(116)
Present value of future profits	**79**	77	145
Additional time value of financial options and guarantees	**(155)**	(217)	(235)
Frictional costs	**(2)**	(3)	(2)
Cost of residual non-hedgeable risks	**(29)**	(30)	(24)

* The required capital in respect of OMSA is partially covered by the market value of the Group's investments in banking and general insurance in South Africa. On consolidation these investments are shown separately.

B4 Analysis of covered business MCEV earnings (after tax) continued

£m

Long Term Savings (LTS)	**6 months ended 30 June 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Opening MCEV	**441**	**1,973**	**2,414**	**5,003**	**7,417**
New business value	**(231)**	**82**	**(149)**	**257**	**108**
Expected existing business contribution (reference rate)	**7**	**35**	**42**	**89**	**131**
Expected existing business contribution (in excess of reference rate)	**3**	**6**	**9**	**36**	**45**
Transfers from VIF and required capital to free surplus	**462**	**(91)**	**371**	**(371)**	**-**
Experience variances	**18**	**13**	**31**	**57**	**88**
Assumption changes	**1**	**-**	**1**	**(3)**	**(2)**
Other operating variance	**11**	**(8)**	**3**	**(28)**	**(25)**
Operating MCEV earnings	**271**	**37**	**308**	**37**	**345**
Economic variances	**42**	**(8)**	**34**	**(81)**	**(47)**
Other non-operating variance	**-**	**-**	**-**	**6**	**6**
Total MCEV earnings	**313**	**29**	**342**	**(38)**	**304**
Closing adjustments	**(65)**	**(69)**	**(134)**	**(8)**	**(142)**
Capital and dividend flows	**(56)**	**-**	**(56)**	**-**	**(56)**
Foreign exchange variance	**(9)**	**(69)**	**(78)**	**(8)**	**(86)**
Closing MCEV	**689**	**1,933**	**2,622**	**4,957**	**7,579**
Return on MCEV (ROEV) % per annum					**9.7%**

Return on MCEV is calculated as the operating MCEV earnings after tax divided by opening MCEV in sterling. The operating assumption changes and other operating variances are not annualised.

£m

Long Term Savings (LTS)*	**Year ended 31 December 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Expected existing business contribution (reference rate)	**16**	**65**	**81**	**173**	**254**
Expected existing business contribution (in excess of reference rate)	**8**	**11**	**19**	**72**	**91**

* The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a deduction).

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
380	1,574	1,954	4,193	6,147	380	1,574	1,954	4,193	6,147
(227)	76	(151)	247	96	(419)	160	(259)	459	200
8	38	46	83	129	8	77	85	168	253
-	(2)	(2)	29	27	7	(3)	4	59	63
435	(106)	329	(329)	-	802	(184)	618	(618)	-
(18)	31	13	23	36	(16)	28	12	43	55
-	2	2	(6)	(4)	23	2	25	(25)	-
(43)	5	(38)	49	11	(93)	37	(56)	52	(4)
155	44	199	96	295	312	117	429	138	567
(20)	20	-	73	73	100	41	141	342	483
(1)	-	(1)	1	-	(7)	25	18	-	18
134	64	198	170	368	405	183	588	480	1,068
(163)	42	(121)	(1)	(122)	(344)	216	(128)	330	202
(157)	(6)	(163)	(1)	(164)	(383)	-	(383)	-	(383)
(6)	48	42	-	42	39	216	255	330	585
351	1,680	2,031	4,362	6,393	441	1,973	2,414	5,003	7,417
				9.5%					9.2%

£m

Emerging Markets*	**6 months ended 30 June 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Opening MCEV	**306**	**1,498**	**1,804**	**1,509**	**3,313**
New business value	**(93)**	**66**	**(27)**	**65**	**38**
Expected existing business contribution (reference rate)	**6**	**31**	**37**	**54**	**91**
Expected existing business contribution (in excess of reference rate)	**1**	**6**	**7**	**9**	**16**
Transfers from VIF and required capital to free surplus	**193**	**(75)**	**118**	**(118)**	**-**
Experience variances	**35**	**6**	**41**	**33**	**74**
Assumption changes	**-**	**-**	**-**	**-**	**-**
Other operating variance	**(21)**	**(2)**	**(23)**	**(8)**	**(31)**
Operating MCEV earnings	**121**	**32**	**153**	**35**	**188**
Economic variances	**29**	**4**	**33**	**(25)**	**8**
Other non-operating variance	**4**	**-**	**4**	**-**	**4**
Total MCEV earnings	**154**	**36**	**190**	**10**	**200**
Closing adjustments	**10**	**(78)**	**(68)**	**(79)**	**(147)**
Capital and dividend flows	**25**	**-**	**25**	**-**	**25**
Foreign exchange variance	**(15)**	**(78)**	**(93)**	**(79)**	**(172)**
Closing MCEV	**470**	**1,456**	**1,926**	**1,440**	**3,366**
Return on MCEV (ROEV) % per annum					**13.3%**

* The MCEV for Emerging Markets is presented after the adjustment for market value of life fund investments in Group equity and debt instruments.

£m

Emerging Markets**	**Year ended 31 December 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Expected existing business contribution (reference rate)	**12**	**60**	**72**	**106**	**178**
Expected existing business contribution (in excess of reference rate)	**2**	**11**	**13**	**18**	**31**

** The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a 2% deduction).

The positive experience variances are attributable to favourable mortality, expense and persistency experience. These are at unusually high levels and are therefore not expected to continue at the same rate and may even reduce.

The negative other operating variance mainly consists of a management decision to strengthen the investment guarantee reserve to allow for dynamic policyholder behaviour in the Corporate Segment.

The small positive impact of economic assumption changes is made up of a number of largely offsetting items. The positive adjusted net worth amount is due to favourable investment variances on immediate annuity portfolios and a higher than assumed after tax investment return on shareholder funds. The negative amount within value of in-force is mainly due to lower than assumed investment returns earned on policyholder funds (due predominantly to flat equity markets) and to the impact of a small increase in swap yields for terms up to 20 years.

The capital and dividend flows mainly consist of dividends paid more than offset by inter-company dividends received.

Return on MCEV is the operating MCEV earnings after tax divided by opening MCEV in rand (including conversion of results for Mexico to rand). The operating assumption changes and other operating variances are not annualised.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
80	1,225	1,305	1,158	2,463	80	1,225	1,305	1,158	2,463
(74)	59	(15)	53	38	(159)	134	(25)	111	86
4	35	39	59	98	6	73	79	124	203
-	(2)	(2)	8	6	-	(3)	(3)	16	13
183	(83)	100	(100)	-	356	(166)	190	(190)	-
4	13	17	2	19	11	14	25	10	35
-	-	-	-	-	19	-	19	18	37
1	-	1	(18)	(17)	(6)	(2)	(8)	(22)	(30)
118	22	140	4	144	227	50	277	67	344
(45)	22	(23)	22	(1)	57	21	78	84	162
-	-	-	-	-	4	-	4	1	5
73	44	117	26	143	288	71	359	152	511
(56)	49	(7)	47	40	(62)	202	140	199	339
(61)	-	(61)	-	(61)	(93)	-	(93)	-	(93)
5	49	54	47	101	31	202	233	199	432
97	1,318	1,415	1,231	2,646	306	1,498	1,804	1,509	3,313
				11.9%					13.2%

B4 Analysis of covered business MCEV earnings (after tax) continued

£m

Nordic	6 months ended 30 June 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	**51**	**135**	**186**	**1,318**	**1,504**
New business value	(29)	4	(25)	53	28
Expected existing business contribution (reference rate)	2	1	3	18	21
Expected existing business contribution (in excess of reference rate)	-	-	-	16	16
Transfers from VIF and required capital to free surplus	65	-	65	(65)	-
Experience variances	1	3	4	(4)	-
Assumption changes	-	-	-	-	-
Other operating variance	-	-	-	(2)	(2)
Operating MCEV earnings	**39**	**8**	**47**	**16**	**63**
Economic variances	3	(6)	(3)	(68)	(71)
Other non-operating variance	(4)	-	(4)	-	(4)
Total MCEV earnings	**38**	**2**	**40**	**(52)**	**(12)**
Closing adjustments	(30)	4	(26)	35	9
Capital and dividend flows	(31)	-	(31)	-	(31)
Foreign exchange variance	1	4	5	35	40
Closing MCEV	**59**	**141**	**200**	**1,301**	**1,501**
Return on MCEV (ROEV) % per annum					**8.4%**

£m

Nordic*	Year ended 31 December 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Expected existing business contribution (reference rate)	3	2	5	34	39
Expected existing business contribution (in excess of reference rate)	-	-	-	30	30

* The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a deduction).

The experience variances are primarily driven by restructuring costs, and seasonal persistency losses, offset by positive rebate experience and other miscellaneous items.

The other operating variance was mainly due to a positive effect from a reduction in CNHR, offset by a negative impact due to a change in the modelling treatment of Group holding Company expenses.

The negative other non-operating variance was caused by impairment losses on shares in the China Guodian business held by Nordic.

The economic variances were mainly due to the negative effect of market movements on funds under management.

The capital and dividend flows mainly represent dividends, repayment of loans and capital injections.

The foreign exchange variance is mainly due to favourable exchange rate movements on translation as a result of the Swedish krona appreciating against sterling.

Return on MCEV is the operating MCEV earnings after tax divided by opening MCEV in Swedish krona. The operating assumption changes and other operating variances are not annualised.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
91	104	195	1,114	1,309	91	104	195	1,114	1,309
(24)	3	(21)	46	25	(49)	6	(43)	84	41
1	-	1	8	9	-	1	1	14	15
-	-	-	13	13	-	-	-	26	26
55	(4)	51	(51)	-	103	-	103	(103)	-
10	6	16	1	17	30	(5)	25	(1)	24
-	-	-	(4)	(4)	-	-	-	(55)	(55)
(39)	-	(39)	42	3	(44)	4	(40)	34	(6)
3	5	8	55	63	40	6	46	(1)	45
5	-	5	(2)	3	(4)	12	8	86	94
-	-	-	-	-	17	-	17	-	17
8	5	13	53	66	53	18	71	85	156
(65)	-	(65)	(13)	(78)	(93)	13	(80)	119	39
(59)	-	(59)	-	(59)	(100)	-	(100)	-	(100)
(6)	-	(6)	(13)	(19)	7	13	20	119	139
34	109	143	1,154	1,297	51	135	186	1,318	1,504
				9.5%					3.3%

£m

Retail Europe	**6 months ended 30 June 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Opening MCEV	**41**	**62**	**103**	**520**	**623**
New business value	**(38)**	**-**	**(38)**	**41**	**3**
Expected existing business contribution (reference rate)	**-**	**-**	**-**	**5**	**5**
Expected existing business contribution (in excess of reference rate)	**-**	**-**	**-**	**2**	**2**
Transfers from VIF and required capital to free surplus	**46**	**1**	**47**	**(47)**	**-**
Experience variances	**(1)**	**2**	**1**	**(2)**	**(1)**
Assumption changes	**-**	**-**	**-**	**(2)**	**(2)**
Other operating variance	**-**	**-**	**-**	**(13)**	**(13)**
Operating MCEV earnings	**7**	**3**	**10**	**(16)**	**(6)**
Economic variances	**2**	**(2)**	**-**	**(3)**	**(3)**
Other non-operating variance	**-**	**-**	**-**	**-**	**-**
Total MCEV earnings	**9**	**1**	**10**	**(19)**	**(9)**
Closing adjustments	**4**	**2**	**6**	**29**	**35**
Capital and dividend flows	**-**	**-**	**-**	**-**	**-**
Foreign exchange variance	**4**	**2**	**6**	**29**	**35**
Closing MCEV	**54**	**65**	**119**	**530**	**649**
Return on MCEV (ROEV) % per annum					**0.6%**

£m

Retail Europe*	**Year ended 31 December 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Expected existing business contribution (reference rate)	**-**	**1**	**1**	**9**	**10**
Expected existing business contribution (in excess of reference rate)	**-**	**-**	**-**	**5**	**5**

* The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a deduction).

There were no material experience variances or operating assumption changes.

The other operating variance was mainly due to a change in the methodology used to calculate the capital underlying the cost of non-hedgeable risks.

The economic variances were mainly due to the negative effect of market movements on funds under management, partly offset by a reduction in the cost of guarantees in Germany due to higher euro swap rates.

There were no material other non-operating variances or capital and dividend flows.

The foreign exchange variance is mainly due to favourable exchange rate movements on translation as a result of the euro appreciating against sterling.

Return on MCEV is the operating MCEV earnings after tax divided by opening MCEV in euro. The operating assumption changes and other operating variances are not annualised.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
46	32	78	453	531	46	32	78	453	531
(33)	-	(33)	35	2	(69)	1	(68)	75	7
-	-	-	5	5	1	-	1	8	9
-	-	-	2	2	-	-	-	3	3
51	1	52	(52)	-	97	2	99	(99)	-
(6)	1	(5)	-	(5)	5	(1)	4	1	5
2	-	2	(2)	-	-	-	-	11	11
(5)	5	-	20	20	(9)	-	(9)	40	31
9	7	16	8	24	25	2	27	39	66
1	1	2	11	13	1	2	3	19	22
(1)	-	(1)	1	-	(26)	25	(1)	(5)	(6)
9	8	17	20	37	-	29	29	53	82
(9)	(2)	(11)	(22)	(33)	(5)	1	(4)	14	10
(7)	-	(7)	-	(7)	(6)	-	(6)	-	(6)
(2)	(2)	(4)	(22)	(26)	1	1	2	14	16
46	38	84	451	535	41	62	103	520	623
				5.1%					12.8%

£m

Wealth Management	6 months ended 30 June 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	43	278	321	1,656	1,977
New business value	(71)	12	(59)	98	39
Expected existing business contribution (reference rate)	(1)	3	2	12	14
Expected existing business contribution (in excess of reference rate)	2	-	2	9	11
Transfers from VIF and required capital to free surplus	158	(17)	141	(141)	-
Experience variances	(17)	2	(15)	30	15
Assumption changes	1	-	1	(1)	-
Other operating variance	32	(6)	26	(5)	21
Operating MCEV earnings	104	(6)	98	2	100
Economic variances	8	(4)	4	15	19
Other non-operating variance	-	-	-	6	6
Total MCEV earnings	112	(10)	102	23	125
Closing adjustments	(49)	3	(46)	7	(39)
Capital and dividend flows	(50)	-	(50)	-	(50)
Foreign exchange variance	1	3	4	7	11
Closing MCEV	106	271	377	1,686	2,063
Return on MCEV (ROEV) % per annum					9.0%

£m

Wealth Management*	Year ended 31 December 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Expected existing business contribution (reference rate)	1	2	3	24	27
Expected existing business contribution (in excess of reference rate)	6	-	6	17	23

* The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a deduction).

Experience variances were caused by positive persistency experience, where the anticipated impacts of the Retail Distribution Review have not yet emerged. In addition there has been higher than expected fee income across all divisions, partly offset by adverse expense experience.

There were no material operating assumption changes.

The other operating variance was mainly due to the impact of modelling improvements for the Platform business following a migration of valuation models.

The economic variances were caused by marginally lower swap yields.

The other non-operating variance is due to the additional 1% reduction in UK corporation tax enacted in April.

The capital and dividend flows mainly represent dividends, repayments of loans and capital injections.

The foreign exchange variance is driven by the strengthened euro and swiss franc against sterling.

Return on MCEV is the operating MCEV earnings after tax divided by opening MCEV in sterling. The operating assumption changes and other operating variances are not annualised.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
163	213	376	1,468	1,844	163	213	376	1,468	1,844
(96)	14	(82)	113	31	(142)	19	(123)	189	66
3	3	6	11	17	1	3	4	22	26
-	-	-	6	6	7	-	7	14	21
146	(20)	126	(126)	-	246	(20)	226	(226)	-
(26)	11	(15)	20	5	(62)	20	(42)	33	(9)
(2)	2	-	-	-	4	2	6	1	7
-	-	-	5	5	(34)	35	1	-	1
25	10	35	29	64	20	59	79	33	112
19	(3)	16	42	58	46	6	52	153	205
-	-	-	-	-	(2)	-	(2)	4	2
44	7	51	71	122	64	65	129	190	319
(33)	(5)	(38)	(13)	(51)	(184)	-	(184)	(2)	(186)
(30)	(6)	(36)	(1)	(37)	(184)	-	(184)	-	(184)
(3)	1	(2)	(12)	(14)	-	-	-	(2)	(2)
174	215	389	1,526	1,915	43	278	321	1,656	1,977
				6.7%					6.1%

B4 Analysis of covered business MCEV earnings (after tax) continued

£m

US Life	**6 months ended 30 June 2011**				
	Free surplus	**Required capital**	**Adjusted net worth**	**Value of in-force**	**MCEV**
Opening MCEV	**66**	**468**	**534**	**(723)**	**(189)**
New business value	-	-	-	-	-
Expected existing business contribution (reference rate)	-	-	-	-	-
Expected existing business contribution (in excess of reference rate)	-	-	-	-	-
Transfers from VIF and required capital to free surplus	-	-	-	-	-
Experience variances	-	-	-	-	-
Assumption changes	-	-	-	-	-
Other operating variance	-	-	-	-	-
Operating MCEV earnings	-	-	-	-	-
Economic variances	-	-	-	-	-
Other non-operating variance	-	-	-	-	-
Total MCEV earnings	-	-	-	-	-
Closing adjustments	**(66)**	**(468)**	**(534)**	**723**	**189**
Capital and dividend flows	-	-	-	-	-
Foreign exchange variance	**(2)**	**(19)**	**(21)**	**28**	**7**
MCEV of acquired/sold business	**(64)**	**(449)**	**(513)**	**695**	**182**
Closing MCEV	-	-	-	-	-
Return on MCEV (ROEV) % per annum					**0.0%**

For 30 June 2011 reporting period, Old Mutual Reassurance (Ireland) Limited (OMRe), which provides reinsurance to the United States Life Companies, is included within the OM plc results. For all comparative periods, the results for US Life include allowance for OMRe.

The sale of the US Life insurance business to Harbinger Capital Partners was completed, following regulatory approval, on 7 April 2011. This transaction has resulted in an uplift of £451 million to the adjusted Group MCEV, based on the 31 December 2010 value for US Life. Further details relating to the MCEV impact of this transaction are noted in A4.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

B4 Analysis of covered business MCEV earnings (after tax) continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
36	462	498	(816)	(318)	36	462	498	(816)	(318)
(36)	48	12	(16)	(4)	(66)	66	-	(28)	(28)
-	4	4	6	10	1	9	10	15	25
-	-	-	36	36	-	-	-	80	80
41	(23)	18	(18)	-	81	(47)	34	(34)	-
80	(24)	56	43	99	33	(23)	10	30	40
-	-	-	2	2	(6)	-	(6)	(57)	(63)
-	-	-	(16)	(16)	-	-	-	(7)	(7)
85	5	90	37	127	43	5	48	(1)	47
(15)	(12)	(27)	(135)	(162)	71	(18)	53	127	180
-	-	-	-	-	-	-	-	-	-
70	(7)	63	(98)	(35)	114	(13)	101	126	227
(3)	36	33	(67)	(34)	(84)	19	(65)	(33)	(98)
(8)	-	(8)	-	(8)	(85)	-	(85)	-	(85)
5	36	41	(67)	(26)	1	19	20	(33)	(13)
-	-	-	-	-	-	-	-	-	-
103	491	594	(981)	(387)	66	468	534	(723)	(189)
				79.7%					14.1%

B4 Analysis of covered business MCEV earnings (after tax) continued

Bermuda	6 months ended 30 June 2011				£m
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	**-**	**403**	**403**	**(116)**	**287**
New business value	-	-	-	-	-
Expected existing business contribution (reference rate)	-	1	1	3	4
Expected existing business contribution (in excess of reference rate)	-	12	12	8	20
Transfers from VIF and required capital to free surplus	34	(28)	6	(6)	-
Experience variances	1	-	1	(9)	(8)
Assumption changes	1	-	1	(3)	(2)
Other operating variance	(32)	32	-	(5)	(5)
Operating MCEV earnings	**4**	**17**	**21**	**(12)**	**9**
Economic variances	(4)	-	(4)	18	14
Other non-operating variance	-	-	-	-	-
Total MCEV earnings	**-**	**17**	**17**	**6**	**23**
Closing adjustments	-	(13)	(13)	3	(10)
Capital and dividend flows	-	-	-	-	-
Foreign exchange variance	-	(13)	(13)	3	(10)
Closing MCEV	-	407	407	(107)	300
Return on MCEV (ROEV) % per annum					**9.4%**

Bermuda	Year ended 31 December 2011				£m
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Expected existing business contribution (reference rate)	-	2	2	6	8
Expected existing business contribution (in excess of reference rate)	-	24	24	16	40

The experience variances include a high number of Variable Annuity UGO contract surrenders as a result of a surrender fee waiver offer given to clients, where GMAB reserve releases (ANW impact) were mostly offset by lost future fee income (VIF impact). ANW experience variances also consist of an expense overrun and Branch Level Interest Tax for 2010 and 2011.

There were no material operating assumption changes.

The other operating variance was mainly due to bond portfolio and fixed annuity modelling changes, as well changes to capital requirements used in the calculation of CNHR.

The economic variances were largely due to favourable portfolio movements during the reporting period producing a positive Variable Annuity economic result and gains on the corporate bond portfolio.

Return on MCEV was calculated as the operating MCEV earnings after tax divided by the opening MCEV in US dollars. The operating assumption changes and other operating variances are not annualised.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required Capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
-	363	363	(165)	198	-	363	363	(165)	198
-	-	-	-	-	-	-	-	-	-
-	1	1	5	6	-	3	3	9	12
-	16	16	16	32	-	30	30	35	65
6	(22)	(16)	16	-	16	(45)	(29)	29	-
(8)	-	(8)	(19)	(27)	(18)	1	(17)	(2)	(19)
2	-	2	-	2	(19)	-	(19)	(16)	(35)
70	(44)	26	(9)	17	(32)	37	5	(52)	(47)
70	(49)	21	9	30	(53)	26	(27)	3	(24)
(70)	-	(70)	(5)	(75)	53	-	53	52	105
-	-	-	-	-	-	-	-	-	-
-	(49)	(49)	4	(45)	-	26	26	55	81
-	27	27	(12)	15	-	14	14	(6)	8
-	-	-	-	-	-	-	-	-	-
-	27	27	(12)	15	-	14	14	(6)	8
-	341	341	(173)	168	-	403	403	(116)	287
				19.5%					(11.4)%

B4 Analysis of covered business MCEV earnings (after tax)

Total covered business £m

	6 months ended 30 June 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	**507**	**2,844**	**3,351**	**4,164**	**7,515**
New business value	(231)	82	(149)	257	108
Expected existing business contribution (reference rate)	7	36	43	92	135
Expected existing business contribution (in excess of reference rate)	3	18	21	44	65
Transfers from VIF and required capital to free surplus	496	(119)	377	(377)	-
Experience variances	19	13	32	48	80
Assumption changes	2	-	2	(6)	(4)
Other operating variance	(21)	24	3	(33)	(30)
Operating MCEV earnings	**275**	**54**	**329**	**25**	**354**
Economic variances	38	(8)	30	(63)	(33)
Other non-operating variance	-	-	-	6	6
Total MCEV earnings	**313**	**46**	**359**	**(32)**	**327**
Closing adjustments	(131)	(550)	(681)	718	37
Capital and dividend flows	(56)	-	(56)	-	(56)
Foreign exchange variance	(11)	(101)	(112)	23	(89)
MCEV of acquired/sold business	(64)	(449)	(513)	695	182
Closing MCEV	689	2,340	3,029	4,850	7,879
Return on MCEV (ROEV) % per annum					**9.9%**

Return on MCEV for total covered business is calculated as the operating MCEV earnings after tax divided by opening MCEV in sterling. The operating assumption changes and other operating variances are not annualised.

Total covered business* £m

	Year ended 31 December 2011				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Expected existing business contribution (reference rate)	16	67	83	179	262
Expected existing business contribution (in excess of reference rate)	8	35	43	88	131

* The expected return for the year ended 31 December 2011 has been restated to reflect the change in the expected real world cash return to equal the risk free rate over the analysis period (as opposed to the risk free reference rate less a deduction), and to exclude any contribution from US Life.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

£m

6 months ended 30 June 2010					Year ended 31 December 2010				
Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
416	2,399	2,815	3,212	6,027	416	2,399	2,815	3,212	6,027
(263)	124	(139)	231	92	(485)	226	(259)	431	172
8	43	51	94	145	9	89	98	192	290
-	14	14	81	95	7	27	34	174	208
482	(151)	331	(331)	-	899	(276)	623	(623)	-
54	7	61	47	108	(1)	6	5	71	76
2	2	4	(4)	-	(2)	2	-	(98)	(98)
27	(39)	(12)	24	12	(125)	74	(51)	(7)	(58)
310	-	310	142	452	302	148	450	140	590
(105)	8	(97)	(67)	(164)	224	23	247	521	768
(1)	-	(1)	1	-	(7)	25	18	-	18
204	8	212	76	288	519	196	715	661	1,376
(166)	105	(61)	(80)	(141)	(428)	249	(179)	291	112
(165)	(6)	(171)	(1)	(172)	(468)	-	(468)	-	(468)
(1)	111	110	(79)	31	40	249	289	291	580
-	-	-	-	-	-	-	-	-	-
454	2,512	2,966	3,208	6,174	507	2,844	3,351	4,164	7,515
				14.8%					9.8%

C Other key performance information

C1 Value of new business (after tax)

The tables below set out the regional analysis of the value of new business ('VNB') after tax. New business profitability is measured by both the ratio of the VNB to the present value of new business premiums ('PVNBP') as well as to the annual premium equivalent ('APE'), and shown under PVNBP margin and APE margin below. APE is calculated as recurring premiums plus 10% of single premiums. Bermuda is excluded from the tables below as it is closed to new business.

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Annualised recurring premiums			
Long Term Savings	**375**	339	698
Emerging Markets	**176**	143	325
Nordic	**83**	74	144
Retail Europe	**33**	29	63
Wealth Management	**83**	93	166
US Life	**-**	5	10
	375	344	708
Single premiums			
Long Term Savings	**3,875**	4,296	7,932
Emerging Markets	**797**	803	1,611
Nordic	**420**	284	573
Retail Europe	**34**	34	63
Wealth Management	**2,624**	3,175	5,685
US Life	**-**	400	824
	3,875	4,696	8,756
PVNBP			
Long Term Savings	**5,645**	5,968	11,266
Emerging Markets	**1,656**	1,561	3,269
Nordic	**736**	553	1,104
Retail Europe	**276**	243	513
Wealth Management	**2,977**	3,611	6,380
US Life	**-**	432	889
	5,645	6,400	12,155
PVNBP capitalisation factors*			
Long Term Savings	**4.7**	4.9	4.8
Emerging Markets	**4.9**	5.3	5.1
Nordic	**3.8**	3.6	3.7
Retail Europe	**7.4**	7.2	7.2
Wealth Management	**4.2**	4.6	4.2
US Life	**-**	6.6	6.6

* The PVNBP capitalisation factors are calculated as follows: (PVNBP – single premiums)/annualised recurring premiums.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

C1 Value of new business (after tax) continued

			£m
	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
APE			
Long Term Savings	**763**	769	1,491
Emerging Markets	**255**	223	487
Nordic	**126**	102	201
Retail Europe	**36**	32	69
Wealth Management	**346**	412	734
US Life	**n/a**	45	92
	763	814	1,583
VNB			
Long Term Savings	**108**	96	200
Emerging Markets	**38**	38	86
Nordic	**28**	25	41
Retail Europe	**3**	2	7
Wealth Management	**39**	31	66
US Life*	**n/a**	(4)	(28)
	108	92	172
PVNBP margin			
Long Term Savings	**1.9%**	1.6%	1.8%
Emerging Markets	**2.3%**	2.5%	2.6%
Nordic	**3.9%**	4.6%	3.7%
Retail Europe	**1.0%**	0.7%	1.4%
Wealth Management	**1.3%**	0.9%	1.0%
US Life	**n/a**	(0.9)%	(3.2)%
	1.9%	1.4%	1.4%
APE margin			
Long Term Savings	**14%**	13%	13%
Emerging Markets	**15%**	17%	18%
Nordic	**23%**	25%	21%
Retail Europe	**8%**	6%	11%
Wealth Management	**11%**	8%	9%
US Life	**n/a**	(9)%	(31)%
	14%	11%	11%

* The US Life VNB is negative when calculated on an MCEV basis, due to the reliance on spread in the pricing basis, and the low risk free swap curve.

C1 Value of new business (after tax) continued

The value of new individual unit trust linked retirement annuities and pension fund asset management business written by the Emerging Markets long-term business is excluded as the profits on this business arise in the asset management business. The value of new business also excludes premium increases arising from indexation arrangements in respect of existing business, as these are already included in the value of in-force business.

The value of new institutional investment platform pensions business written in Wealth Management is excluded as this is more appropriately classified as unit trust business.

			£m
Gross premium excluded from value of new business	**6 months ended 30 June 2011**	6 months ended 30 June 2010	Year ended 31 December 2010
Emerging Markets	**465**	386	723
Wealth Management	**229**	75	304

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

C2 Product analysis of new covered business premiums

£m

	6 months ended 30 June 2011		6 months ended 30 June 2010		Year ended 31 December 2010	
Emerging Markets	**Recurring**	**Single**	Recurring	Single	Recurring	Single
Total business	**176**	**797**	143	803	325	1,611
Individual business	**157**	**440**	120	486	284	889
Savings	**35**	**352**	29	387	69	713
Protection	**33**	**-**	31	-	70	-
Annuity	**-**	**87**	-	98	-	176
Mass Foundation Cluster*	**89**	**1**	60	1	145	-
Group business	**19**	**357**	23	317	41	722
Savings	**11**	**250**	9	257	20	585
Protection	**8**	**-**	14	-	21	1
Annuity	**-**	**107**	-	60	-	136

* Previously described as Retail Mass Market.

£m

	6 months ended 30 June 2011		6 months ended 30 June 2010		Year ended 31 December 2010	
Nordic	**Recurring**	**Single**	Recurring	Single	Recurring	Single
Unit-linked and life assurance	**83**	**420**	74	284	144	573

£m

	6 months ended 30 June 2011		6 months ended 30 June 2010		Year ended 31 December 2010	
Retail Europe	**Recurring**	**Single**	Recurring	Single	Recurring	Single
Unit-linked and life assurance	**33**	**34**	29	34	63	63

£m

	6 months ended 30 June 2011		6 months ended 30 June 2010		Year ended 31 December 2010	
Wealth Management	**Recurring**	**Single**	Recurring	Single	Recurring	Single
Unit-linked and life assurance	**83**	**2,624**	93	3,175	166	5,685

£m

	6 months ended 30 June 2011		6 months ended 30 June 2010		Year ended 31 December 2010	
US Life	**Recurring**	**Single**	Recurring	Single	Recurring	Single
Total business	-	-	5	400	10	824
Fixed deferred annuity	**-**	**-**	-	79	-	163
Fixed indexed annuity	**-**	**-**	-	234	-	502
Variable annuity	**-**	**-**	-	-	-	-
Life	**-**	**-**	5	1	10	1
Immediate annuity	**-**	**-**	-	86	-	158

The table above does not include the contribution from the mutual fund business. This is detailed in the Business Review section.

C3 Adjustments applied in determining total Group MCEV earnings before tax

£m

Analysis of adjusting items	6 months ended 30 June 2011 Covered business MCEV	Non-covered business IFRS	Total Group MCEV	6 months ended 30 June 2010 Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Income/(expense)						
Goodwill impairment and amortisation of non-covered business acquired intangible assets and impact of acquisition accounting	**-**	**(11)**	**(11)**	-	(7)	(7)
Economic variances	**(49)**	**(11)**	**(60)**	(277)	(20)	(297)
Other non-operating variances	**1**	**-**	**1**	2	-	2
Acquired/divested business	**-**	**-**	**-**	-	(22)	(22)
Closure of unclaimed share trust	**-**	**-**	**-**	-	-	-
Dividends declared to holders of perpetual preferred callable securities	**-**	**22**	**22**	-	21	21
Adjusting items relating to US Asset Management equity plans and non-controlling interests	**-**	**-**	**-**	-	2	2
Fair value gains on Group debt instruments	**-**	**(50)**	**(50)**	-	(90)	(90)
Adjusting items	**(48)**	**(50)**	**(98)**	(275)	(116)	(391)
Adjusting items from continuing operations	**(48)**	**(50)**	**(98)**	11	(116)	(105)
Adjusting items from discontinued operations	**-**	**-**	**-**	(286)	-	(286)
Total MCEV adjusting items	**(48)**	**(50)**	**(98)**	(275)	(116)	(391)

£m

Analysis of adjusting items	Year ended 31 December 2010 Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Income/(expense)			
Goodwill impairment and amortisation of non-covered business acquired intangible assets and impact of acquisition accounting	-	(20)	(20)
Economic variances	864	(7)	857
Other non-operating variances	17	-	17
Acquired/divested business	-	(22)	(22)
Closure of unclaimed share trust	-	-	-
Dividends declared to holders of perpetual preferred callable securities	-	44	44
Adjusting items relating to US Asset Management equity plans and non-controlling interests	-	6	6
Fair value gains on Group debt instruments	-	(203)	(203)
Adjusting items	881	(202)	679
Adjusting items from continuing operations	701	(202)	499
Adjusting items from discontinued operations	180	-	180
Total MCEV adjusting items	881	(202)	679

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

C4 Other movements in IFRS net equity impacting Group MCEV

						£m
	6 months ended 30 June 2011			6 months ended 30 June 2010		
	Covered business MCEV	**Non-covered business IFRS**	**Total Group MCEV**	Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Fair value gains/(losses)	**-**	**1**	**1**	-	(5)	(5)
Net investment hedge	**-**	**(25)**	**(25)**	-	(34)	(34)
Currency translation differences/exchange differences on translating foreign operations	**(89)**	**(194)**	**(283)**	31	200	231
Aggregate tax effects of items taken directly to or transferred from equity	**-**	**6**	**6**	-	6	6
Other movements*	**182**	**18**	**200**	-	(28)	(28)
Net income recognised directly into equity	**93**	**(194)**	**(101)**	31	139	170
Capital and dividend flows for the year	**(56)**	**(19)**	**(75)**	(172)	73	(99)
Net sale of treasury shares	**-**	**(18)**	**(18)**	-	(20)	(20)
Net issues of ordinary share capital by the Company	**-**	**91**	**91**	-	160	160
Acquisition of non-controlling interest in Mutual & Federal	**-**	**-**	**-**	-	(93)	(93)
Exercise of share options	**-**	**4**	**4**	-	3	3
Change in share based payment reserve	**-**	**21**	**21**	-	1	1
Other movements in net equity	**37**	**(115)**	**78**	(141)	263	122

* This relates to the reversal of the US Life MCEV on the covered business.

			£m
	Year ended 31 December 2010		
	Covered business MCEV	Non-covered business IFRS	Total Group MCEV
Fair value gains/(losses)	-	8	8
Net investment hedge	-	(86)	(86)
Currency translation differences/exchange differences on translating foreign operations	580	448	1,028
Aggregate tax effects of items taken directly to or transferred from equity	-	14	14
Other movements	-	(24)	(24)
Net income recognised directly into equity	580	360	940
Capital and dividend flows for the year	(468)	322	(146)
Net sales of treasury shares	-	(28)	(28)
Net issues of ordinary share capital by the Company	-	162	162
Acquisition of non-controlling interest in Mutual & Federal	-	(93)	(93)
Exercise of share options	-	4	4
Change in share based payment reserve	-	4	4
Other movements in net equity	112	731	843

C5 Reconciliation of MCEV adjusted net worth to IFRS net asset value for the covered business

The table below provides a reconciliation of the MCEV adjusted net worth ('ANW') to the IFRS net asset value ('NAV') for the covered business.

£m

At 30 June 2011	**Total**	**Long Term Savings**	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**US Life**	**Bermuda**
IFRS net asset value*	**5,859**	**5,418**	**1,339**	**1,423**	**664**	**1,992**	**-**	**441**
Adjustment to include long-term business on a statutory solvency basis	**(2,201)**	**(2,167)**	**199**	**(1,012)**	**(338)**	**(1,016)**	**-**	**(34)**
Inclusion of Group equity and debt instruments held in life funds	**396**	**396**	**396**	**-**	**-**	**-**	**-**	**-**
Goodwill	**(1,025)**	**(1,025)**	**(8)**	**(211)**	**(207)**	**(599)**	**-**	**-**
Adjusted net worth attributable to ordinary equity holders of the parent	**3,029**	**2,622**	**1,926**	**200**	**119**	**377**	**-**	**407**

£m

At 30 June 2010	Total	Long Term Savings	Emerging Markets	Nordic	Retail Europe	Wealth Management	US Life	Bermuda
IFRS net asset value*	6,394	4,827	932	1,147	586	2,162	1,213	354
Adjustment to include long-term business on a statutory solvency basis	(2,779)	(2,147)	161	(818)	(314)	(1,176)	(619)	(13)
Inclusion of Group equity and debt instruments held in life funds	330	330	330	-	-	-	-	-
Goodwill	(979)	(979)	(8)	(186)	(188)	(597)	-	-
Adjusted net worth attributable to ordinary equity holders of the parent	2,966	2,031	1,415	143	84	389	594	341

£m

At 31 December 2010	Total	Long Term Savings	Emerging Markets	Nordic	Retail Europe	Wealth Management	US Life	Bermuda
IFRS net asset value*	5,794	5,088	1,216	1,243	632	1,997	274	432
Adjustment to include long-term business on a statutory solvency basis	(1,822)	(2,053)	207	(851)	(331)	(1,078)	260	(29)
Inclusion of Group equity and debt instruments held in life funds	389	389	389	-	-	-	-	-
Goodwill	(1,010)	(1,010)	(8)	(206)	(198)	(598)	-	-
Adjusted net worth attributable to ordinary equity holders of the parent	3,351	2,414	1,804	186	103	321	534	403

* IFRS net asset value is after elimination of inter-company loans.

The adjustment to include long-term business on a statutory solvency basis includes the following:

- The excess of the IFRS amount of the deferred acquisition cost ('DAC') and value of business acquired ('VOBA') assets over the statutory levels included in the VIF.
- When projecting future profits on a statutory basis, the VIF includes the shareholders' value of unrealised capital gains. To the extent that assets in IFRS are valued at market and the market value is higher than the statutory book value, these profits have already been taken into account in the IFRS equity.
- For the US Life business, the reversal of the IFRS impairment for discontinued operations which is included in the IFRS net asset value, as this is not recognised on a statutory solvency basis.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

D Other income statement notes

D1 Drivers of new business value for covered business

PVNBP Margin

Long Term Savings (excludes US Life)*	12 months ended 30 June 2011	12 months ended 31 December 2010
		%
Margin at the end of comparative period	**1.6**	1.6
Change in volume	**0.2**	(0.1)
Change in product mix	**-**	0.2
Change in country mix	**-**	-
Change in operating assumptions	**-**	0.1
Change in economic assumptions	**0.2**	(0.1)
Change in tax/regulation	**(0.1)**	-
Exchange rate movements	**-**	0.1
Margin at the end of the period	**1.9**	1.8
Emerging Markets**		
Margin at the end of comparative period	**2.5**	2.3
Change in volume	**0.2**	0.1
Change in product mix	**(0.2)**	0.4
Change in country mix	**-**	-
Change in operating assumptions	**(0.1)**	(0.1)
Change in economic assumptions	**0.4**	(0.1)
Change in tax/regulation	**(0.5)**	-
Margin at the end of the period	**2.3**	2.6
Nordic***		
Margin at the end of comparative period	**4.6**	3.8
Change in volume	**(0.1)**	(0.1)
Change in product mix	**(0.1)**	0.6
Change in country mix	**-**	-
Change in operating assumptions	**(0.5)**	(0.4)
Change in economic assumptions	**-**	(0.2)
Margin at the end of the period	**3.9**	3.7
Retail Europe****		
Margin at the end of comparative period	**0.7**	(1.0)
Change in volume	**-**	1.6
Change in product mix	**0.5**	(0.2)
Change in country mix	**(0.1)**	-
Change in operating assumptions	**(0.1)**	0.9
Change in economic assumptions	**-**	0.1
Margin at the end of the period	**1.0**	1.4
Wealth Management*		
Margin at the end of comparative period	**0.9**	1.0
Change in volume	**-**	(0.1)
Change in product mix	**0.2**	(0.1)
Change in country mix	**-**	-
Change in operating assumptions	**0.1**	0.2
Change in economic assumptions	**0.1**	-
Margin at the end of the period	**1.3**	1.0

D1 Drivers of new business value for covered business continued

US Life*****	**12 months ended 30 June 2011**	12 months ended 31 December 2010 %
Margin at the end of comparative period	**-**	2.2
Change in volume	**-**	(0.1)
Change in product mix	**-**	(0.9)
Change in country mix	**-**	-
Change in operating assumptions	**-**	(0.6)
Change in economic assumptions	**-**	(3.8)
Margin at the end of the period	**-**	(3.2)

Total covered business*		
Margin at the end of comparative period	**1.6**	1.6
Change in volume	**0.2**	(0.1)
Change in product mix	**-**	0.1
Change in country mix	**-**	-
Change in operating assumptions	**-**	0.1
Change in economic assumptions	**0.2**	(0.4)
Change in tax/regulation	**(0.1)**	-
Exchange rate movements	**-**	0.1
Margin at the end of the period	**1.9**	1.4

* The PVNBP margin changes are calculated in sterling.

** The PVNBP margin changes are calculated in rand.

*** The PVNBP margin changes are calculated in krona.

**** The PVNBP margin changes are calculated in euro.

***** The PVNBP margin changes are calculated in dollars.

Notes to the MCEV basis supplementary information

For the six months ended 30 June 2011 continued

E1 Sensitivity tests

The tables below show the sensitivity of the MCEV and value of in-force business at 30 June 2011 and the value of new business for the six months ended 30 June 2011 to changes in key assumptions.

For each sensitivity illustrated all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios.

	At 30 June 2011		£m
Long Term Savings	**MCEV**	**Value of in-force business**	**Value of new business**
Central assumptions	**7,579**	**4,957**	**108**
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	**7,418**	**4,810**	**98**
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	**7,752**	**5,112**	**118**
Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities, with credited rates and discount rates changing commensurately	**7,889**	**4,860**	**109**

	At 30 June 2011		£m
Emerging Markets	**MCEV**	**Value of in-force business**	**Value of new business**
Central assumptions	3,366	1,440	38
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	3,308	1,381	34
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	3,426	1,501	41
Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities, with credited rates and discount rates changing commensurately	3,376	1,450	39

	At 30 June 2011		£m
Nordic	**MCEV**	**Value of in-force business**	**Value of new business**
Central assumptions	1,501	1,301	28
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	1,474	1,274	28
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	1,532	1,332	29

	At 30 June 2011		£m
Retail Europe	**MCEV**	**Value of in-force business**	**Value of new business**
Central assumptions	649	530	3
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	630	512	1
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	664	544	4

E1 Sensitivity tests continued

Wealth Management	At 30 June 2011 MCEV	Value of in-force business	£m Value of new business
Central assumptions	2,063	1,686	39
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	2,006	1,643	35
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	2,130	1,735	44

Bermuda	At 30 June 2011 MCEV	Value of in-force business	£m Value of new business
Central assumptions	300	(107)	-
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	351	(111)	-
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	257	(98)	-

Total covered business	At 30 June 2011 MCEV	Value of in-force business	£m Value of new business
Central assumptions	7,879	4,850	108
Effect of:			
Increasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	7,769	4,699	98
Decreasing all pre-tax investment and economic assumptions by 1%, with credited rates and discount rates changing commensurately	8,009	5,014	118
Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities, with credited rates and discount rates changing commensurately	7,889	4,860	109

Shareholder information

Listings and shares in issue

The Company's shares are listed on the London, Malawi, Namibian and Zimbabwe Stock Exchanges and on the JSE Limited (JSE). 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.

Websites

Further information on the Company can be found on the following websites:
www.oldmutual.com
www.oldmutual.co.za