OLDMUTUAL

GROUP INTERIM RESULTS 2019

2 September 2019

DO GREAT THINGS EVERY DAY

ENQUIRIES

Investor Relations:
Sizwe Ndlovu T: +27 (11) 217 1163
E: tndlovu6@oldmutual.com

Communications:
Tabby Tsengiwe T: +27 (11) 217 1953
M: +27 (0)60 547 4947
E: ttsengiwe@oldmutual.com

CAUTIONARY STATEMENT

This report may contain certain forward-looking statements with respect to certain of Old Mutual Limited's plans and its current goals and expectations relating to its future financial condition, performance and results and, in particular, estimates of future cash flows and costs. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual Limited's control including amongst other things, domestic conditions across our operations as well as global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual Limited and its affiliates operate. As a result, Old Mutual Limited's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual Limited's forward looking statements. Old Mutual Limited undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements it may make. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

NOTES TO EDITORS

A webcast of the presentation of the 2019 Reviewed Interim Results and Q&A will be broadcast live at 9:30 am South African time on 2 September 2019 on the Company's website **www.oldmutual.com**. Analysts and investors who wish to participate in the call can do so using the numbers below:

South Africa Neotel	+27 11 535 3600
South Africa Telkom	+27 10 201 6800
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Pre-registration to participate in the call is available at the following link: http://themediaframe.eu/links/oldmutual190902.html

ABOUT OLD MUTUAL LIMITED

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 14 countries. Old Mutual's primary operations are in South Africa and the rest of Africa, and we have a niche business in China. With over 174 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and broader society on the continent.

For further information on Old Mutual Limited, and its underlying businesses, please visit the corporate website at **www.oldmutual.com.**

STRATEGIC DELIVERY

AHE up 10% due to higher **investment returns in South Africa** and good profit growth in **Personal Finance** and **Rest of Africa**

Good progress on balance sheet optimisation through debt raising, share buybacks and further simplification of the Residual plc balance sheet

Enhanced our **operational efficiency** and **customer experience** through the use of technology

Achieved R750 million of recurring savings in 2018. During the first half of 2019 we have **achieved a further R116 million of recurring savings** from new initiatives and we are **on track to achieve our cost efficiency target of R1 billion** of run rate savings by the end of 2019

FINANCIAL RESULTS

ADJUSTED HEADLINE EARNINGS (AHE)

R5,211 million ▲ **10%**

(H1 2018: R4,750 million)

AHE PER SHARE

109.1 cents per share ▲ **10%**

(H1 2018: 98.9 cents per share)

RESULTS FROM OPERATIONS (RFO)

R4,512 million ▲ **2%**

(H1 2018: R4,426 million)

INTERIM DIVIDEND OF

45 cents per share

(H1 2018: 45 cents per share)

SHARE BUYBACKS

R4.9 billion during 2019

(R2.5 billion executed in H1 2019, R2.4 billion approved for H2 2019)

RONAV

16.4% ▼ **60 bps**

(H1 2018: 17.0%)

GROUP SOLVENCY RATIO

166% ▼ **400 bps**

(FY 2018: 170%)

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RESULTS PRESENTATION

2019 Group Interim Results

NOTES:

H1 2019 OVERVIEW

Strong financial delivery
- **AHE up 10%** from strong investment returns
- **RFO up 2%** from profit growth in PF and RoA
- On track to save **R1 billion**

Operational effectiveness
- **122 Bots** have saved **2.8 million minutes of processing time**
- **Old Mutual Protect** in pilot and being rolled out

Optimisation of balance sheet
- **New debt** of R2 billion **at improved rates**
- **R4.9 billion** of share buybacks in 2019
- Sale of **Latin America** completed

Distributions to shareholders
- Interim dividend of **45 cents** per share

Delivery continues in a **sustainable and responsible** way

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NOTES:

AGENDA

1	H1 2019 OVERVIEW	Iain Williamson, Interim Group CEO
2	2019 INTERIM RESULTS	Casper Troskie, Group CFO
3	CONCLUDING REMARKS	Iain Williamson, Interim Group CEO
4	Q&A	

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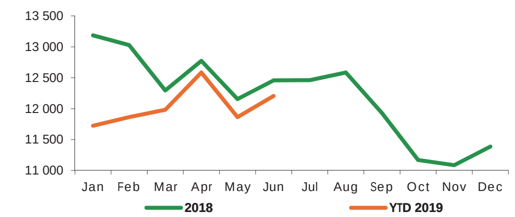
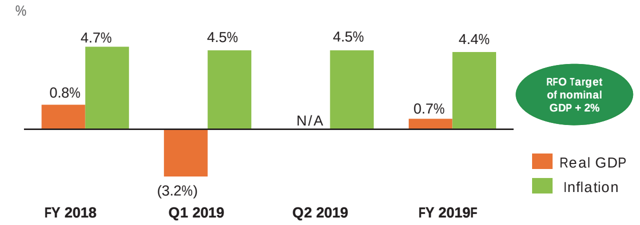
NOTES:

IMPACT OF THE SOUTH AFRICAN MACRO ENVIRONMENT

Equity market levels - SWIX



Real GDP Growth[1] and Inflation[2]



1. Real GDP growth is seasonally adjusted and calculated on a quarter-on-quarter (QoQ) annualised basis, Q2 2019 data not released yet
2. Inflation is reflected on a quarterly basis

Source: Bloomberg, SARB, IMF

Impact on our business
- Average market levels have not recovered to H1 2018 levels
- Although SA equity markets are up 7% in H1 2019

Impact on our customers
- Low GDP growth adversely impacting job creation
- Pressure on levels of disposable income and reduction in propensity to save

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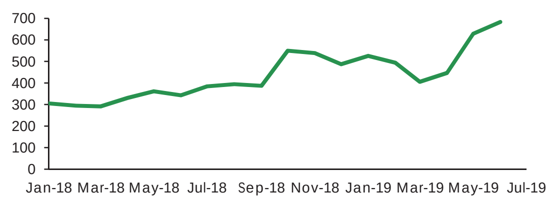
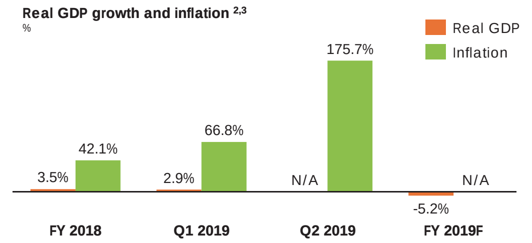
NOTES:

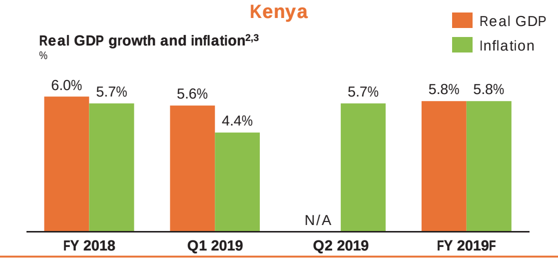
OVERVIEW OF THE REST OF AFRICA MACRO ENVIRONMENT

Zimbabwe

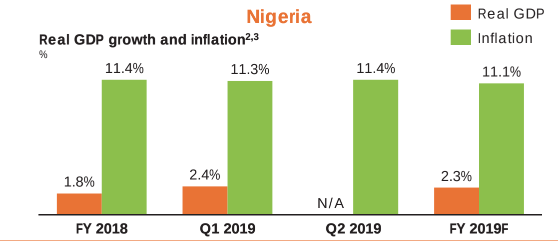




Kenya



Nigeria



1. Equity market level represents the Zimbabwe Industrial index
2. Real GDP growth is not seasonally adjusted and is calculated on a year-on-year (YoY) basis.
3. Inflation is reflected on a year-on-year (YoY) basis

Source: Bloomberg, IMF, Focus Economics

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NOTES:

OUR STRATEGY

- Meet the **core needs of our customers** every day
- Become a **digital platform business**
- **Service unique needs of customers** through analytics
- Drive a **culture of delivery**
- **Social upliftment** in the communities we operate in

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NOTES:

TECHNOLOGY REFRESH

Customer lead

We focus on helping our business deliver a better experience for end customers and intermediaries

- **122 Bots** in place **assisting with process automation** saving **2.8 million minutes** in processing time
- Continued **roll out of digital tools** to enhance customer experience
- **Old Mutual Protect** in pilot and being rolled out in 2019

Simplified estate

We simplify our estate to be nimble, more cost efficient and more flexible in order to meet our current and future business demands

- **5 to 1 Fund Merge** in Old Mutual Unit Trusts to improve operational efficiencies, save costs and provide better options to customers
- Continue to **reduce complexity** through consolidation of our systems and promoting new ways of working

Always on

We focus on delivering an always-on service, based on cost-effective but highly stable infrastructure and service

- Deliberate **focus on reducing our downtime threshold** by **50%** from H1 2018 – consistently **achieved in H1 2019**
- Tools implemented to **detect and pro-actively respond** to potential performance issues

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NOTES:

DEFEND AND GROW SA MARKET SHARE IN MASS MARKET

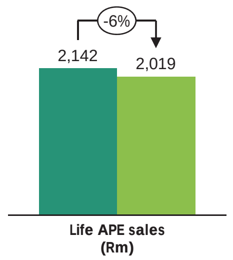
Commendable performance in tough environment

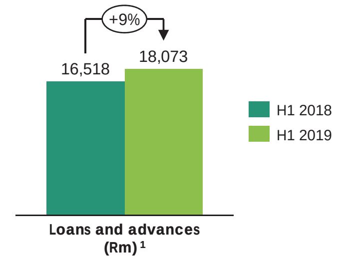
- Life APE sales down due to lower productivity
- NCCF growth driven by savings inflows and growth in life in-force book

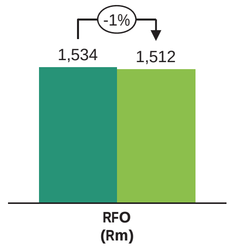
Loans and advances up 9% showing good growth with an **expected increase in credit loss ratio from a low base**

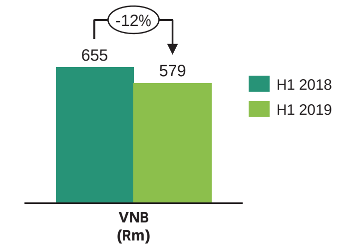
Launched **FutureInvest product range** improving customer value proposition

Live interface with home affairs and real time claims validation through use of robotics









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1. Comparative period is December 2018.

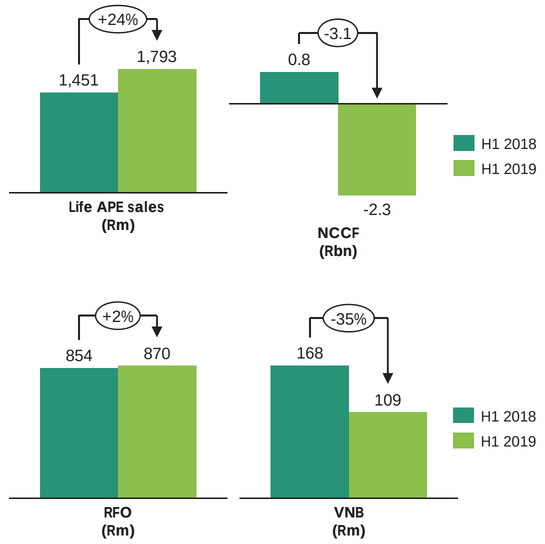
NOTES:

DEFEND AND GROW SA MARKET SHARE IN CORPORATE MARKET

Strong Life APE sales with healthy pipeline of flows

- Life APE sales up 24% with growth in recurring premiums driven by umbrella fund sales
- Single premium flows down 26% led to a decline in NCCF, but we expect future flows from secured umbrella deals subject to section 14 transfer process
- Lower VNB as full margin not yet recognised for umbrella fund deals subject to section 14 transfer process

Continued improvement in underwriting experience in the group life assurance



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NOTES:

DEFEND AND GROW IN SA PERSONAL FINANCE MARKET

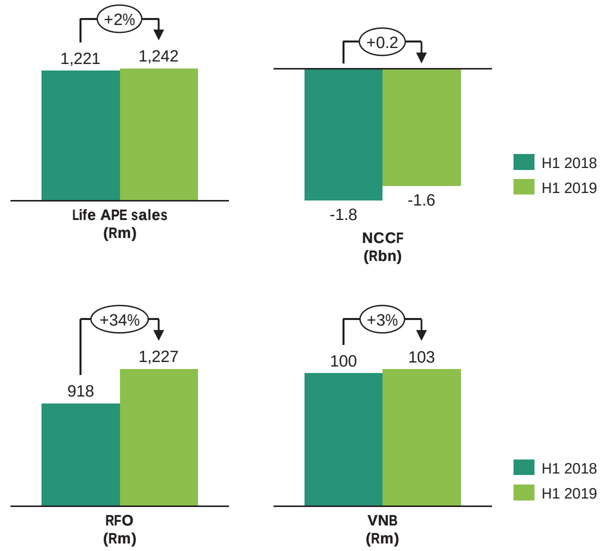
Recovery of profits in a tough environment

- Life APE sales up 2% due to growth in recurring premium risk and savings sales
- Profit improvement largely due to improved **mortality and morbidity experience**

Growth in NCCF due to lower claims and fewer maturities as legacy book runs off

Distribution channels **generated gross flows** of over **R33 billion for the Group**, contributing R17.4 billion to Wealth and Investments and R2.6 billion to Old Mutual Corporate

Advisor application launched in August 2019 to **improve interaction** with advisers and **streamline communication** in a cost efficient manner



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NOTES:

IMPROVE THE COMPETITIVENESS OF WEALTH AND INVESTMENTS

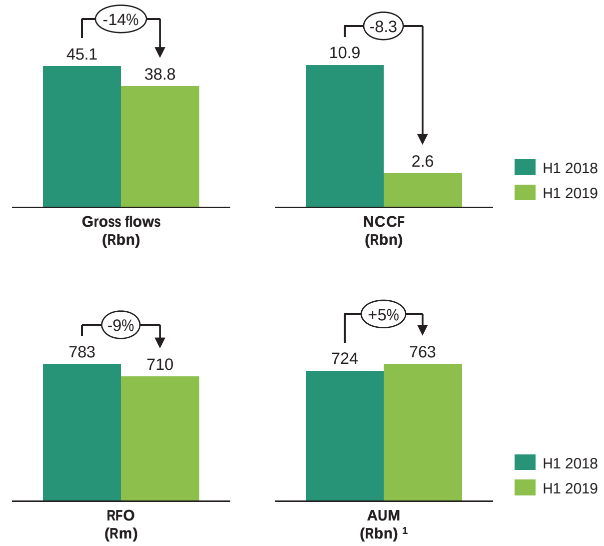
Investor sentiment putting pressure on flows

- Gross flows down 14% due to shift to income type solutions
- Annuity revenue up 2% in line with Average AUM increase of 2%

Restructuring and rationalisation activities in asset management led to **lower profits with benefits expected to emerge in future profits**

R4.2 billion of assets originated by OMSFIN in tough environment

Digital enablement for advisers through a **mobile application**



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1. Comparative period is December 2018.

NOTES:

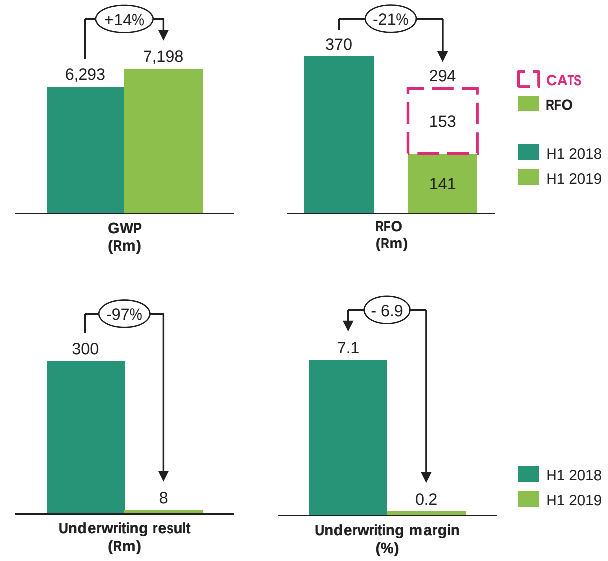
CONTINUED TURNAROUND OF OLD MUTUAL INSURE

Strong top line growth, catastrophe claims reduced underwriting margin

- GWP growth across all lines of business and growth from strategic partnerships
- Catastrophe losses below the reinsurance threshold compared to benign environment in 2018

Decrease in underwriting result driven by higher claims experience and catastrophe losses

Underwriting margin **below target of 4%-6%** and expected to partially recover in H2 2019



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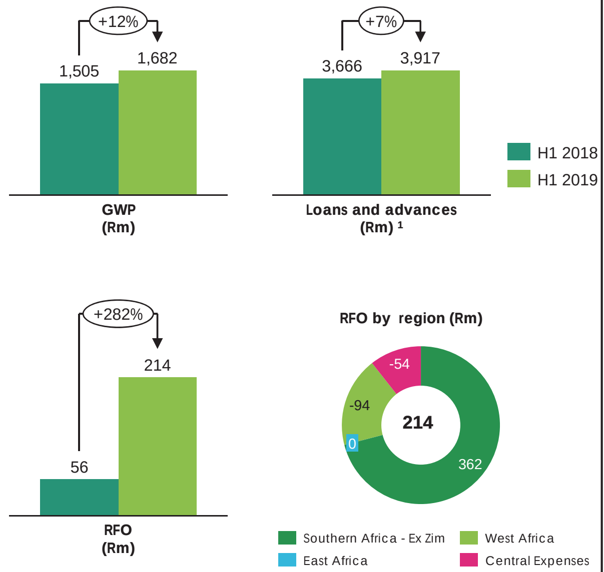
NOTES:

TURNAROUND IN EAST AFRICA AND IMPROVED RETURNS ACROSS ROA

Strong RFO growth across all regions driven by top line growth

- **Southern Africa** – profit growth due to strong unit trust inflows in Asset Management and good performance in the Banking and Lending business
- **East Africa** – strong unit trust inflows and Life APE sales with improved underwriting experience in Property and Casualty
- **West Africa** – improved financial performance but continued focus on operational turnaround through restructuring

Zimbabwe – excluded from Group key metrics for 2018 and 2019 periods and hyperinflation accounting applied under IFRS



13 1. The % change has been calculated with reference to FY 2018.

NOTES:

FINANCIAL DELIVERY IN H1 2019

AHE	RoNAV	Free surplus	Group solvency	RoEV
R5,211 million	16,4%	R3,739 million	166%	11.7%
Up 10 % reflecting higher shareholder investment returns in SA	Reflecting higher levels of shareholder cash	Free cash more than covering dividend payments	Remains well within target range	Higher investment return and improved experience variances

Supporting returns to shareholders

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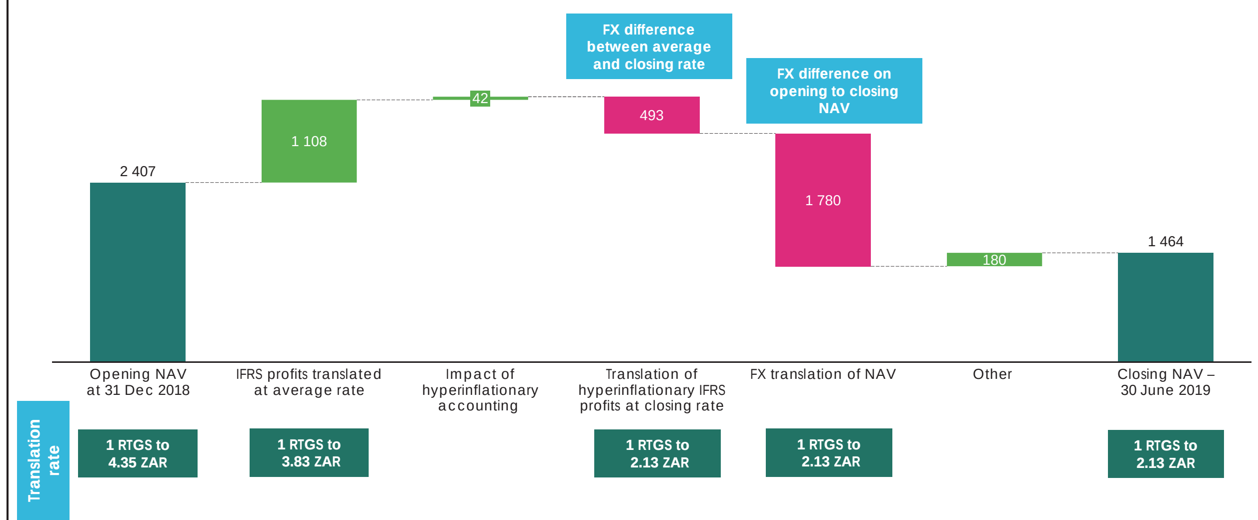
NOTES:

FINANCIAL REVIEW

Casper Troskie

NOTES:

COMPLEXITIES OF ZIMBABWE ACCOUNTING



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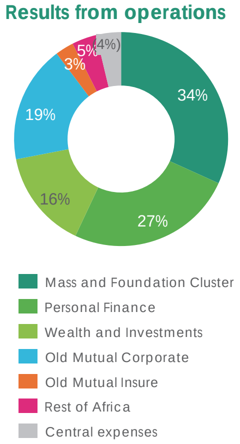
NOTES:

SEGMENT DELIVERY

Rm	H1 2019	H1 2018	% Change
Mass and Foundation Cluster	1,512	1,534	(1%)
Personal Finance	1,227	918	34%
Wealth and Investments	710	783	(9%)
Old Mutual Corporate	870	854	2%
Old Mutual Insure	141	370	(62%)
Rest of Africa	214	56	>100%
Central expenses	(162)	(89)	(82%)
Results from Operations[1]	**4,512**	4,426	2%

Segment contribution to Results from operations



[1] Both periods exclude the operating results of Zimbabwe

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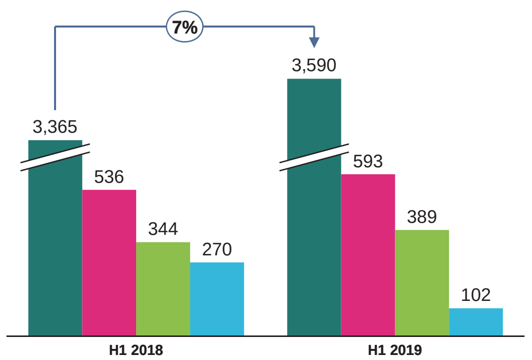
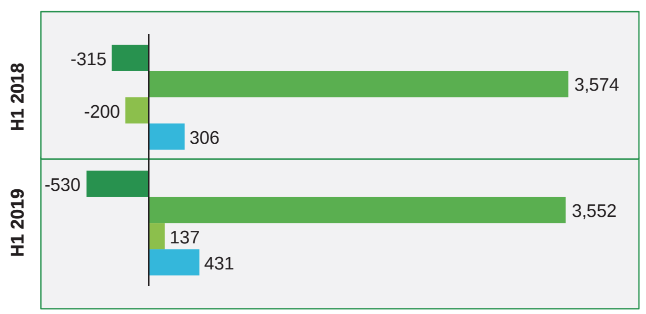
NOTES:

SOURCES OF EARNINGS

RFO by line of business (Rm)



Life and Savings RFO (Rm)



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NOTES:

ADJUSTED HEADLINE EARNINGS

	Rm	H1 2019	H1 2018	% Change
	Operating segments	4,674	4,515	4%
1	Central expenses	(162)	(89)	(82%)
	Results from Operations	**4,512**	4,426	2%
2	Shareholder investment return	1,060	791	34%
3	Finance costs	(309)	(337)	8%
4	Income from associates	1,431	1,379	4%
	Adjusted Headline Earnings before tax	**6,694**	6,259	7%
	Shareholder tax	(1,425)	(1,444)	1%
	Non-controlling interest	(58)	(65)	11%
	Adjusted Headline Earnings	**5,211**	4,750	10%

1. Central expenses reflect full run rate for incremental listing costs offset by one off income items and lower project expenses
2. Assisted by positive equity returns in South Africa
3. Increase in finance costs offset by fair value gains on interest rate swaps
4. Nedbank earnings marginally flat and profits from China in the period

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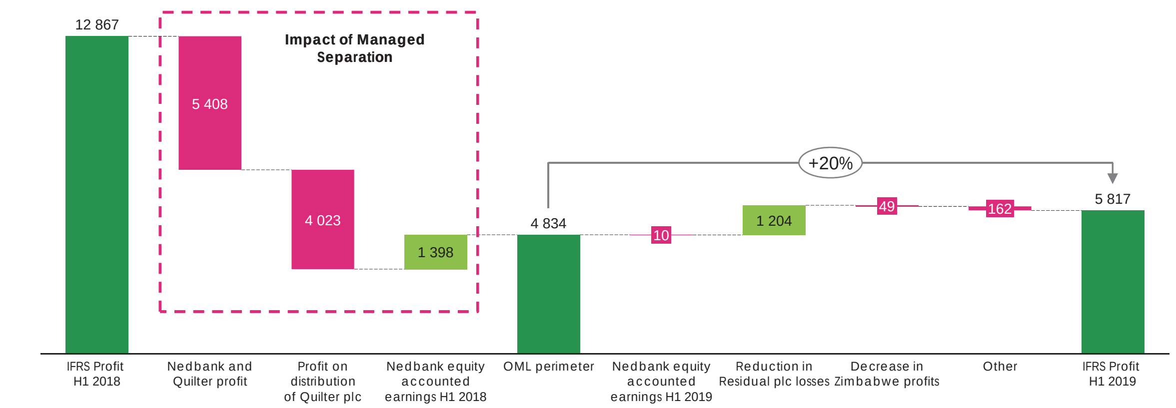
NOTES:

IFRS PROFIT IMPACTED BY MANAGED SEPARATION TRANSACTIONS

IFRS profit (Rm)



- IFRS profits in H1 2018 include the accounting impacts of transactions executed to complete the Managed Separation.
- It included the consolidated profits in respect of Quilter and Nedbank, classified as profit from discontinued operations, and the profit recognised on distribution of Quilter.
- Residual plc profit due to non repeat of Managed Separation costs and release of a provision for tax risk related to Managed Separation

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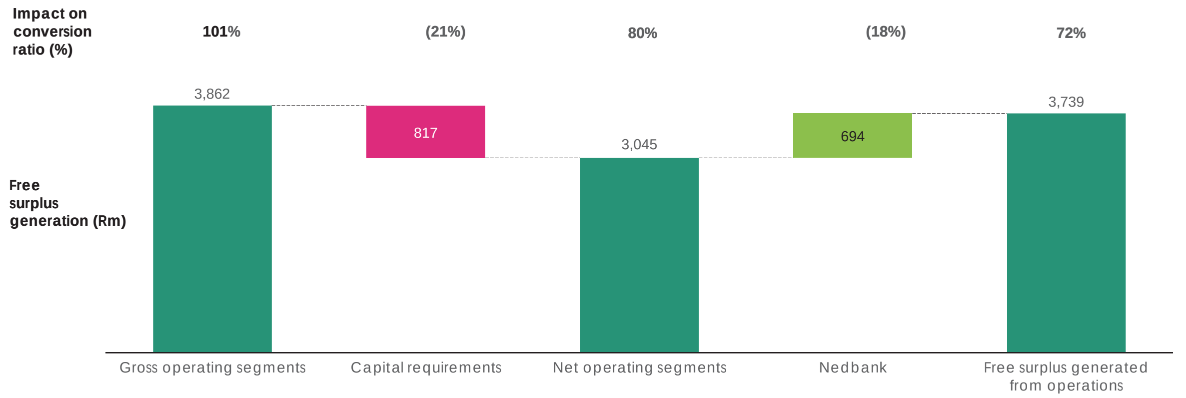
NOTES:

CASH GENERATION IN H1 2019



- Increase in capital requirements due to the decrease in loss absorbency of deferred tax assets in the Property and Casualty business
- Nedbank cash conversion is in line with their dividend policy and this lower rate reduces free surplus generated

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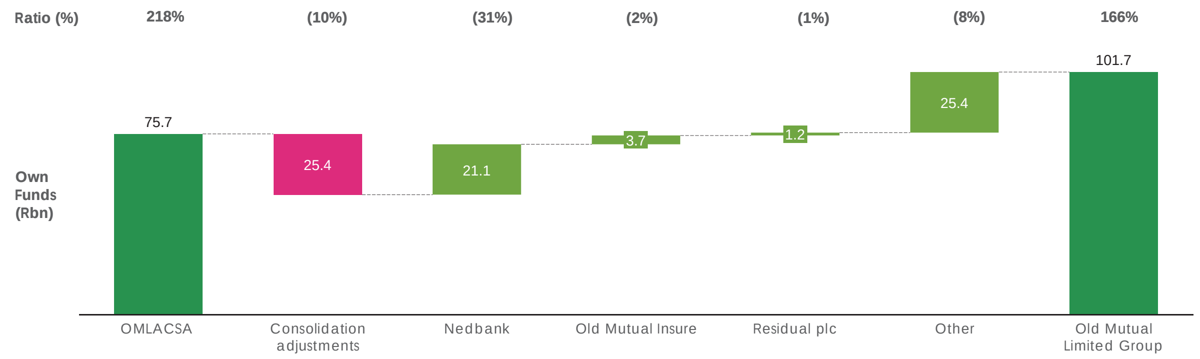
NOTES:

GROUP SOLVENCY POSITION



- Strong capital position where risks are managed, even after declared dividends
- Consolidation adjustments mainly related to removing double count of Nedbank and other subsidiaries
- Inclusion of Nedbank on Basel III basis reduces ratio, inclusion of Nedbank policyholder stake in H1 2019 led to further reduction
- Residual plc diluting Group solvency due to fungibility restrictions
- OM Insure included per the standard formula
- Other includes Rest of Africa, our investment in China and non life entities

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NOTES:

BALANCE SHEET OPTIMISATION

Debt Financing

- OMLACSA successfully issued R2 billion of unsecured subordinated debt on 11 June 2019, guaranteed by OML
- Floating rate of 155 bps above the 3 month JIBAR

Share Buybacks

- Completed a R2.5 billion share buyback in H1 2019, representing 2.24% of issued share capital
- New share buyback of up to R2.4 billion approved

Latin America

- Sale completed on 1 April 2019
- Net proceeds was R4.1 billion and accounting profits of R30 million

Residual plc

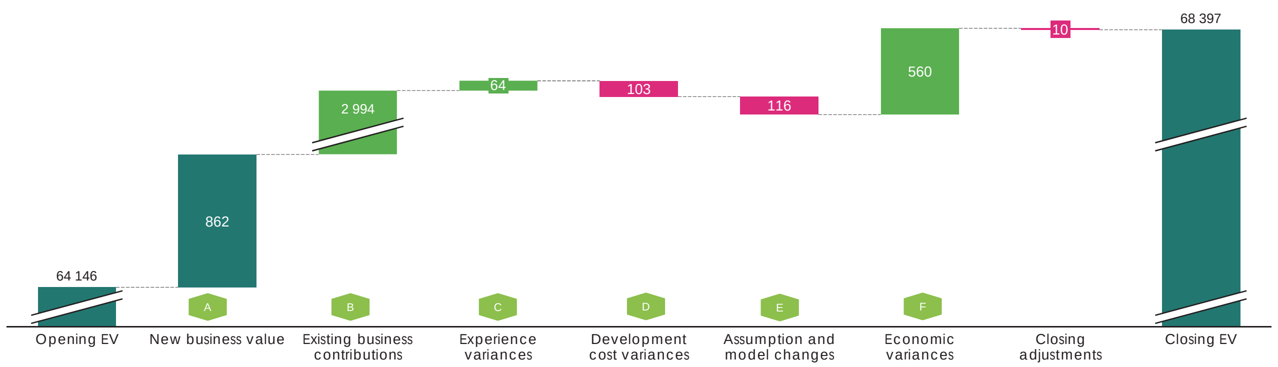
- Dividends of R622 million remitted to OML during 2019

Continued simplification of the balance sheet remains a key focus area

22

NOTES:

ANALYSIS OF EMBEDDED VALUE



- A Value of profitable new business written during the period
- B Positive expected returns from existing business
- C Favourable experience variances mainly due to lower claims
- D Negative development cost variances from investment in strategic initiatives
- E Driven by lagged restructuring costs in relation to Managed Separation
- F Economic variances due to higher than expected return on policyholder funds

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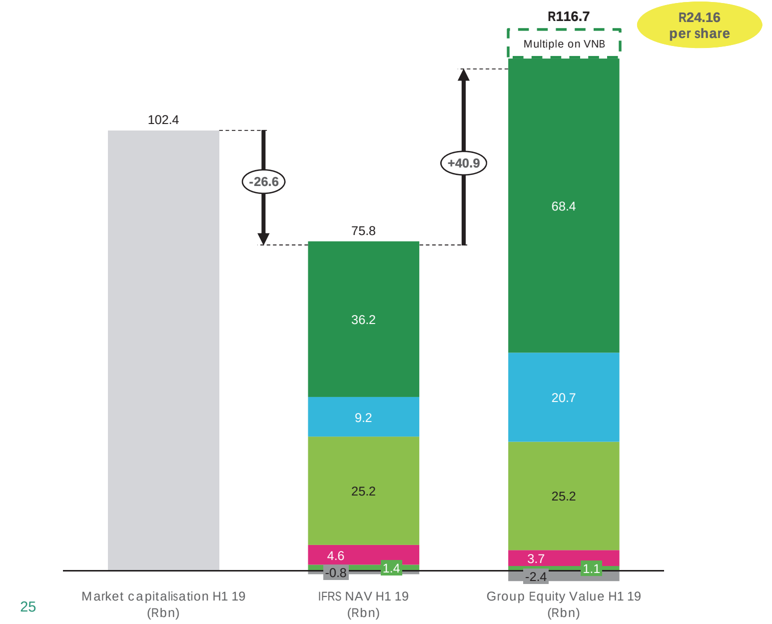
NOTES:

GROUP EQUITY VALUE



Category	Valuation technique	AHE (Rm)
Covered business	Embedded value	3,183
Non covered	Fair value	757
Nedbank	Market value	1,388
Residual plc	Economic NAV	n/a
Zimbabwe	Discounted IFRS NAV	n/a
Other	Includes holding companies, central costs and our JV in China	n/a

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OUTLOOK ON OUR MEDIUM TERM TARGETS

	KPI	Target	Performance H1 2019	FY 2019 Outlook
RETURNS	RoNAV	Average COE + 4%	16.4%	Challenging
GROWTH	Results from operations	CAGR of Nominal GDP + 2%	Up 2%	Challenging
EFFICIENCY	Cost efficiencies	**R1 billion by end 2019** pre-tax run rate cost savings	R750 million in 2018 and an additional R116 million from new initiatives	On track
	Underwriting result	Old Mutual Insure **underwriting margin of 4%-6%**	0.2%	Improving
CAPITAL	Solvency	**OML:** 155%-175% **OMLACSA:** 175% - 210%	**OML:** 166% **OMLACSA:** 218%	- Within range - Upper end of range
CASH RETURNS	Dividend cover	Target cover **1.75 to 2.25x** for full year Target interim dividend **at 40% of AHE**	45 cents per share	On track

26 1. Cost of Equity (COE) = 13.4%

NOTES:

OUTLOOK FOR H2 2019

Diversified and Resilient

- **Well positioned** to withstand economic headwinds in H2 of 2019
- **RFO target** remains under pressure

Operational effectiveness

- **Old Mutual Protect** delivery
- Continued **improvement of customer experience**

Value creation for shareholders

- Continued focus on **simplification of balance sheet**
- **R4.9 billion** in share buybacks
- **Improved BEE shareholding**[1]

Delivery continues in a **sustainable and responsible** way

28 1. Following conclusion of the Financial Sector Transformation Council process

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02

INTERIM RESULTS COMMENTARY

2019 Group Interim Results

INTERIM RESULTS COMMENTARY

"I am pleased with the set of results our team has delivered in a very challenging environment. The 10% increase in AHE demonstrates the resilience of our well diversified business. We continue to make progress in delivering our IT refresh and we now have over 122 bots in employment. This has saved us more than 2.8 million minutes of processing time. We remain focused on streamlining our operations to deliver superior customer service."

IAIN WILLIAMSON
Interim Chief Executive Officer

We have made good progress against our battlegrounds during the first half of 2019 despite a very challenging operating environment in South Africa and other key regions in Rest of Africa. Improving operational effectiveness across the Group remained a key strategic focus during the period. Our vibrant new brand and refreshed values created strong momentum which was well received in the market and we remain one of the top customer brands in South Africa. Creating sustainable growth and ensuring exceptional customer experience whilst championing positive futures every day for our customers and the communities in which we operate, remains a key focus.

Our financial results for H1 2019 demonstrate the resilience of a well diversified business that is well positioned against economic headwinds. The increase of 2% in Results from Operations (RFO) is more muted than the prior year, however the macroeconomic environment in H1 2019 was considerably more challenging. There was improved momentum in sales in Q2 of 2019 and this has continued during Q3 of 2019. Adjusted Headline Earnings (AHE) increased by 10% from the prior period due to higher investment returns in South Africa and good profit growth in Personal Finance and Rest of Africa. We have succeeded in maintaining and growing Funds under Management (FUM), enhancing our market offering and delivering a commendable overall financial result.

We achieved R750 million of recurring savings in the 2018 financial year. During the first half of 2019 we have achieved a further R116 million of recurring savings from new initiatives and we are on track to achieve our cost efficiency target of R1 billion of run rate savings by the end of 2019.

We continue to optimise our balance sheet through a number of corporate actions. We raised R2 billion of new debt in South Africa at much improved rates, completed a R2.5 billion share repurchase programme and finalised the sale of our Latin American business in April 2019.

For H1 2019 we are pleased to maintain our track record of delivering strong returns with an interim dividend of 45 cents per share and an additional share buyback programme of R2.4 billion. We remain committed to return capital to shareholders in accordance with our stated dividend policy and based on regular reviews of our capital position and liquidity projections.

OPERATING ENVIRONMENT

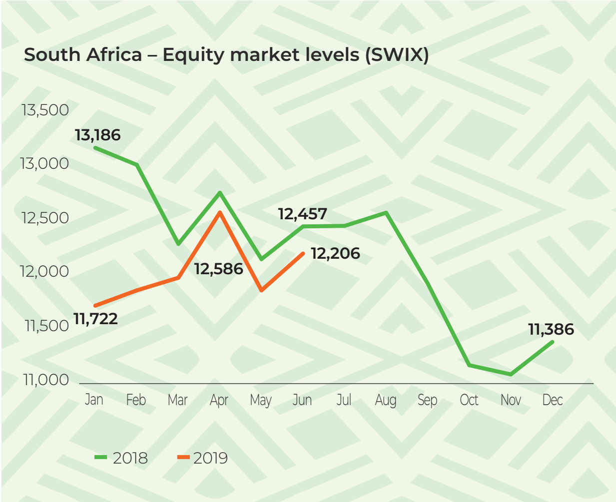
Global growth remains subdued due to the continuing trade tensions between the USA and China, Brexit related uncertainty and weaker than anticipated global activity. This has impacted growth forecasts with many central banks implementing interest rate cuts in Q2 2019 to assist with the recovery of suppressed economies. In Emerging Markets, households continue to hold back on long range spending resulting in global trade remaining sluggish.

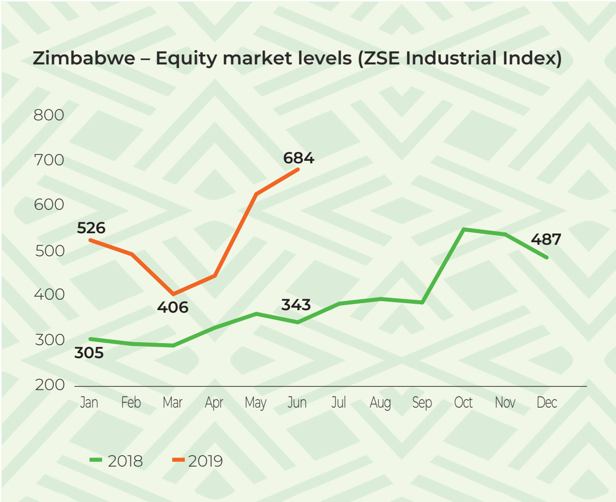
The South African equity markets remained below the levels of H1 2018 despite the fact that the JSE SWIX was up 7.2% since the start of the year. While inflation has been kept at less than 5% for the last twelve months and the year to date average of 4.3% is in line with the 4.4% target for 2019, the state of the economy has given cause for serious concern. GDP shrank by more than 3% in Q1 2019, the worst performance in a decade largely driven by drier weather conditions which negatively impacted agricultural output, and labour unrest and load shedding affecting productivity in the manufacturing and mining sectors. The official unemployment rate reached 29% percent in the second quarter. All of this, coupled with higher fuel prices, translated into mounting pressure on our customers. As they battled to make ends meet, those fortunate enough to have jobs were forced to get by on less, meaning a lower propensity to save especially in the lower income market.

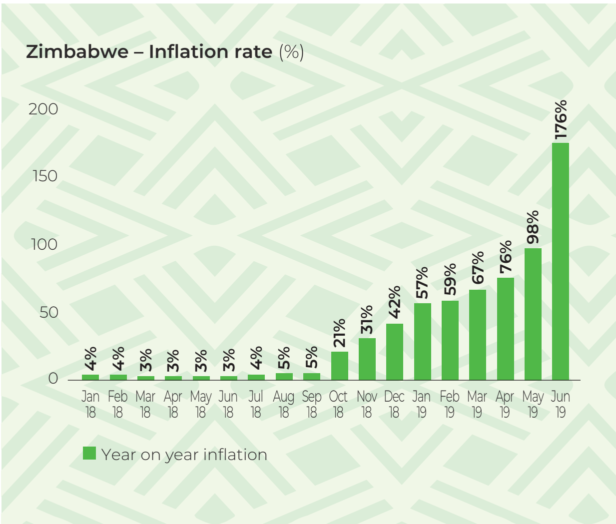
In Zimbabwe, the economy continues to experience challenging conditions such as liquidity issues, rising inflation, power outages and erosion of disposable income. The year on year inflation increased to 176% in June 2019, the highest since the hyperinflationary period experienced in 2008-2009. To combat the currency and liquidity crisis, the government introduced the real time gross settlement (RTGS) currency as an acceptable form of tender. The Zimbabwe Stock Exchange Industrial Index is up 40.3% since the start of the year, and up 99.4% on H1 2018 in the context of the challenging economic environment and policy uncertainty.

Kenya's economy continued to reflect positive investor confidence and stable economic conditions. Market performance improved by 6.5% since the end of December 2018, despite lower levels relative to June 2018. The rand weakened against the Kenyan shilling during the first half of 2019, based on average exchange rate movement compared to the prior period. This has positively contributed to our East Africa performance as a result of currency translation.

Despite volatility in oil prices in Nigeria, there has been an uptick in production activity in Q2 2019 with real GDP growth expected to grow slightly to 2.3% in 2019. Downside risks to the outlook include a weaker global economy, oil price volatility, risk of disruption to oil production, power shortages and the slow pace of reforms.







ACCOUNTING IMPACT OF ZIMBABWE

Assessment of a hyperinflationary economy

During the first half of 2019, the Group concluded that Zimbabwe was a hyperinflationary economy and made a decision to account for it as such. This decision was supported by a rapid increase in the inflation rate, which at the end of June 2019 was far in excess of 100% at 176%, the significant deterioration in the traded interbank RTGS dollar exchange rate over the period and the lack of access in Zimbabwe to foreign currency to pay foreign denominated liabilities.

The application of hyperinflationary accounting results in all balances and transactions being reported in inflation adjusted terms as at the end of June 2019. This ensures that all transactions and balances are comparable at the reporting period. We have applied hyperinflationary accounting from 1 October 2018 and used the Zimbabwe Consumer Price Index (CPI) to inflation adjust reported numbers. The net impact of applying hyperinflationary accounting resulted in an increase in profit after tax of R42 million, with a corresponding increase in the net asset value. The results, net assets and cash flows of our business in Zimbabwe have been translated at the closing exchange rate of 1 RTGS to 2.13 ZAR, in line with the requirements of the provisions of IAS 21 for the translation of hyperinflationary economies. The closing rate used to translate the December 2018 results was 1 RTGS to 4.35 ZAR. The translation of the results of this business at closing rate rather than average rate has reduced the profit after tax in respect of Zimbabwe by R493 million. As the presentation currency of the Group is that of a non hyperinflationary economy, comparative amounts in the Group financial statements have not been restated.

Treatment of Zimbabwe in Adjusted Headline Earnings

Until such time as the Group is able to access capital by way of dividends from our business in Zimbabwe, we will manage this business on a ring fenced basis. The continued rapid deterioration in the economic conditions in Zimbabwe, the uncertainty in the economic outlook, the significant equity market volatility and the levels of hyperinflation exacerbate our lack of ability to access capital. The results of this business have been removed from Adjusted Headline Earnings, the Group's primary earnings measure. This adjustment has been applied from 1 January 2019 and we have restated comparatives to reflect this decision. We remain focused on preserving value for our customers, staff and shareholders through this economic cycle. Separate targets have been set for the Group executive and the management team of Zimbabwe in respect of the performance of this business.

GROUP HIGHLIGHTS

Rm (unless otherwise stated)	H1 2019	H1 2018	% change (H1 2019 vs H1 2018)	FY 2018
Key financial indicators				
Gross flows	**79,801**	88,222	(10%)	175,509
Life APE sales	**5,916**	5,693	4%	12,129
NCCF (Rbn)	**1.4**	8.6	(84%)	9.0
FUM (Rbn)[1]	**1,080.9**	1,057.7	5%	1,026.0
Results from Operations (RFO)	**4,512**	4,426	2%	9,139
Adjusted Headline Earnings (AHE)	**5,211**	4,750	10%	9,396
Return on Net Asset Value (RoNAV) (%)	**16.4%**	17.0%	(60 bps)	16.2%
Free Surplus Generated from Operations	**3,739**	3,471	8%	6,585
% of AHE converted to Free Surplus Generated	**72%**	73%	(100 bps)	70%
Group Solvency ratio (%)[1]	**166%**	159%	(400 bps)	170%
Profit after tax attributable to equity holders of the parent[2]	**5,817**	12,867	(55%)	36,566
Headline Earnings (HE)[2]	**5,854**	8,848	(34%)	14,241
Headline Earnings per share (HEPS)[2]	**128.1**	190.6	(33%)	306.9
Basic earnings per share (cents)[2]	**127.3**	277.2	(54%)	788.1
Adjusted Headline Earnings per share (cents)	**109.1**	98.9	10%	195.1
Dividend per share (cents)	**45**	45	–	72

1 *The % change has been calculated with reference to FY 2018.*

2 *These metrics include the results of Zimbabwe.*

SUPPLEMENTARY INCOME STATEMENT

Rm	Note	H1 2019	H1 2018	% change
Mass and Foundation Cluster		**1,512**	1,534	(1%)
Personal Finance		**1,227**	918	34%
Wealth and Investments		**710**	783	(9%)
Old Mutual Corporate		**870**	854	2%
Old Mutual Insure		**141**	370	(62%)
Rest of Africa		**214**	56	>100%
Net expenses from central functions	A	**(162)**	(89)	(82%)
Results from Operations[1]		**4,512**	4,426	2%
Shareholder investment return	B	**1,060**	791	34%
Finance costs	C	**(309)**	(337)	8%
Income from associates	D	**1,431**	1,379	4%
Adjusted Headline Earnings before tax and non-controlling interests		**6,694**	6,259	7%
Shareholder tax		**(1,425)**	(1,444)	1%
Non-controlling interests		**(58)**	(65)	11%
Adjusted Headline Earnings[2]		**5,211**	4,750	10%

1 *RFO is the primary measure of the business performance of each of the operating segments. Activities related to the Group's management of the capital structure and central costs form part of the Other Group Activities segment, to the extent that they are not managed as part of operating segments.*

2 *Due to the lack of ability to access capital by way of dividends, our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

A Net expenses from central functions

Central expenses of R162 million increased by 82% from R89 million in the prior period. The first half of 2019 reflects the full run rate of the recurring stand alone cost base that was not reflected in the prior period following the listing of Old Mutual Limited on 26 June 2018. The increased cost base is partially offset by lower spend on projects and certain one off income items largely attributable to interest earned on cash held in central entities in anticipation of share buybacks and dividend distributions.

B Shareholder investment return

Shareholder investment return of R1,060 million increased by 34% from R791 million in the prior period. South African equity markets were up by 7% in H1 2019 contributing to higher shareholder investment return, compared to H1 2018 when equity returns were muted in South Africa. Shareholder investment return in Rest of Africa (excluding Zimbabwe) has decreased by 57% from the prior period largely due to deteriorating equity returns in East Africa and negative fair valve movements in respect of shareholder investment properties in Kenya and South Sudan.

C Finance costs

Finance costs on long term debt, that support the capital structure of the Group, decreased by 8% to R309 million from R337 million in the prior period. This was more than offset by the fair value gains earned on related interest rate swaps. Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued R2 billion of unsecured subordinated debt in June 2019, which is expected to increase finance costs in H2 2019.

D Income from associates

Income from associates, as reflected in AHE, increased by 4% to R1,431 million from R1,379 million in the prior year. The increase in Nedbank's headline earnings was driven by growth in revenue and associate income from Ecobank Transnational Incorporated (ETI).

Our investment in China, reported as part of the Group's investment in associates generated profits of R43 million in the period attributable to fair value gains realised on financial assets.

RECONCILIATION OF AHE TO IFRS PROFIT AFTER TAX

Rm	Note	H1 2019	H1 2018	% change
Adjusted Headline Earnings		**5,211**	4,750	10%
Investment return for Group equity and debt instruments in life funds[1]		**(214)**	620	(>100%)
Impact of restructuring[2]		**(114)**	(450)	75%
Discontinued operations[3]	A	**74**	5,584	(99%)
Income from associates[4]		**–**	(1,398)	100%
Operations in hyperinflationary economies	B	**594**	643	(8%)
Residual plc	C	**303**	(901)	>100%
Headline earnings		**5,854**	8,848	(34%)
Impairment of goodwill, other intangible assets and property, plant and equipment		**(62)**	(21)	(>100%)
Profit on disposal of property, plant and equipment		**–**	14	100%
Profit on disposal of subsidiaries, associated undertakings and strategic investments[5]		**25**	4,026	(99%)
Profit after tax for the financial period attributable to ordinary equity holders of the parent		**5,817**	12,867	(55%)

1 *IFRS does not allow for the recognition of investment returns on Group debt and equity instruments held by life policyholder funds, however, these returns are recognised in the valuation of the related policyholder liabilities. This creates a mismatch in IFRS, which is eliminated in AHE. The movement is a function of the fair value movement for the period.*

2 *Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. These items are removed from AHE as they do not represent operating activities of the Group. Amounts in the current period largely reflect Managed Separation costs related to platform migrations costs transferring the Old Mutual International business from Quilter's platform to Wealth and Investments.*

3 *Discontinued operations include the results of Latin America and Old Mutual Bermuda in the current period. The results of Nedbank, Latin America, Quilter and Old Mutual Bermuda are included in the comparative period.*

4 *This adjustment is no longer required due to the fact that there is no longer a mismatch in the presentation of our 20.2% stake in Nedbank between AHE and Profit after tax attributable to equity holders of the parent.*

5 *The majority of the profit on disposal of subsidiaries, associated undertakings and strategic investments relates to the profit on disposal of our businesses in Latin America. The prior year amounts reflects the profit on the distribution of Quilter plc shares.*

A Discontinued operations

Latin America

The businesses in Latin America contributed R91 million to the Group's profits from discontinued operations for the period up to 1 April 2019. Profits were driven by higher investment returns and lower net claims incurred for the period.

On 1 April 2019, the Group completed the disposal of the Latin American business to Lily Bermuda Capital Limited for a cash consideration of R4,144 million, net of transaction costs. A profit on disposal after tax of R30 million has been recognised in profit or loss, including a gain of R135 million from the recycling of foreign currency translation reserves. Merger reserves of R1,133 million that arose on the original acquisition of the Latin American business were transferred to retained earnings and became distributable. Refer to Note A2 in the condensed consolidated interim financial statements.

Old Mutual Bermuda

Old Mutual Bermuda was deregistered as an insurer with the Bermuda Monetary Authority in October 2018 subsequent to all of the Guaranteed Minimum Accumulations Benefit (GMAB) reinsurance obligations maturing. The liquidation process is still on track to be completed by the end of 2019.

B Operations in hyperinflationary economies

The profit represents the results from Zimbabwe operations. Until such time as we are able to access capital by way of dividends from our business in Zimbabwe, we will manage it on a ring fenced basis and exclude the results of this business from AHE. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019 and we have restated comparatives to reflect this decision.

C Residual plc

The loss in Residual plc of R901 million in the prior year reduced by more than 100% to a profit of R303 million. The wind down of the Plc head office and non recurrence of Managed Separation costs incurred in the comparative led to a significant reduction in costs. The profit in H1 2019 is largely due to the release of a provision for tax risk associated with Managed Separation.

IFRS PROFIT AFTER TAX

Profit after tax decreased by 64% to R5,952 million from R16,737 million in the prior year.

Profit after tax in the 2018 financial year includes the accounting impacts of the transactions executed to complete the Managed Separation, which included the distribution of Quilter plc and the unbundling of Nedbank. Profit after tax for the comparative period therefore included the consolidated profits in respect of Quilter plc and Nedbank, these were classified as profit from discontinued operations. Profits for the comparative period also included the profit recognised on the distribution of Quilter plc of R4,023 million. Profit after tax for the current period no longer includes the impact of these items related to Managed Separation, which is the main driver of the decrease.

In H1 2019, profit from discontinued operations reflects the results of businesses in Latin America to the date of sale of these businesses, concluded on 1 April 2019. The profit on disposal of our businesses in Latin America recognised in H1 2019 was R30 million.

Rm	H1 2019	H1 2018	% change
Mass and Foundation Cluster	**995**	1,051	(5%)
Personal Finance	**878**	618	42%
Wealth and Investments	**462**	563	(18%)
Old Mutual Corporate	**636**	603	6%
Old Mutual Insure	**173**	219	(21%)
Rest of Africa	**913**	790	16%
Other Group Activities[1]	**1,791**	(455)	>100%
Consolidation adjustments[2]	**–**	(226)	100%
Profit from continuing operations after tax	**5,848**	3,163	85%
Profit from discontinued operations after tax[3]	**104**	13,574	(99%)
Profit after tax for the financial year[4]	**5,952**	16,737	(64%)
Profit after tax attributable to:			
Equity holders of the parent	**5,817**	12,867	(55%)
Non-controlling interests	**135**	3,870	(97%)
Profit after tax for the financial year	**5,952**	16,737	(64%)
Basic earnings per share (cents)[5]	**127.3**	277.2	(54%)

1 Includes central areas, Residual plc and our investment in Nedbank and China.

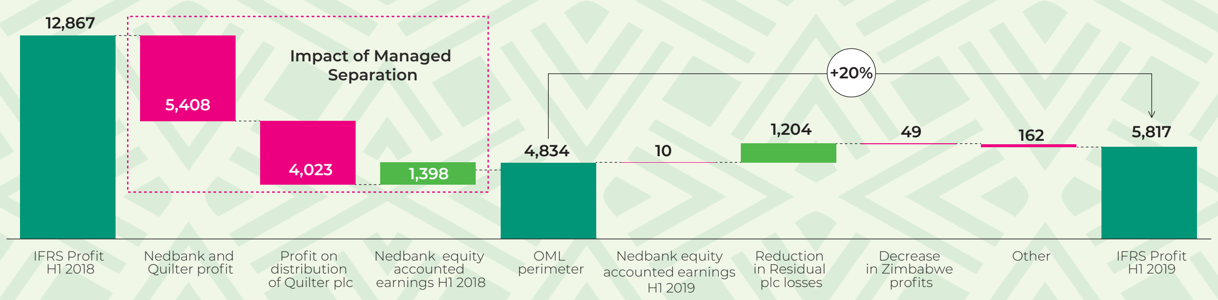
2 These entries relate to the elimination of inter-company transactions between continuing and discontinued operations.

3 Discontinued operations include the results of Latin America and Old Mutual Bermuda in the current period. The results of Nedbank, Latin America, Quilter plc and Old Mutual Bermuda are included in the comparative period as well as the profit on the sale and distribution of Quilter plc shares.

4 Profit after tax for the period ended 30 June 2018 has been restated to reflect the restated profit on distribution of the Quilter plc shares.

5 WANS used in the calculation of basic earnings per share is 4,569 million in H1 2019 (H1 2018: 4,641 million).

IFRS Profit Impacted by Managed Separation Transactions (R million)



FREE SURPLUS GENERATION AND UTILISATION

Rm	H1 2019[1] Free Surplus Generated	H1 2019[1] AHE	H1 2019[1] %	H1 2018[1] Free Surplus Generated	H1 2018[1] AHE	H1 2018[1] %
Operating segments before capital requirements	**3,862**	**3,823**	**101%**	3,306	3,352	99%
Capital requirements	**(817)**	**–**	**–**	(534)	–	–
Free surplus generated from operating segments	**3,045**	**3,823**	**80%**	2,772	3,352	83%
Nedbank	**694**	**1,388**	**50%**	699	1,398	50%
Free Surplus Generated from Operations	**3,739**	**5,211**	**72%**	3,471	4,750	73%

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

Operating segments generated gross free surplus of R3,862 million, representing 101% of AHE, demonstrating the high level of cash earnings generated by our operating segments.

Capital requirements increased by R283 million or 53% compared to the prior year. This is mainly due to a decrease in loss absorbency of deferred tax assets in the Property & Casualty business, which led to the free surplus conversion decreasing to 80% of AHE compared to 83% in the prior period.

The cash conversion in respect of Nedbank earnings is in line with their dividend policy of 1.75 – 2.25x covered by Headline Earnings. This lower cash conversion rate reduces the overall Free Surplus Generation to 72% of AHE.

BALANCE SHEET METRICS

Rbn (unless otherwise stated)	Note	H1 2019[1]	H1 2018[1]	FY 2018[1]	% change (H1 2019 vs FY 2018)
Operating Segments[2]		**46.1**	41.2	43.7	6%
Non-core operations[3]		**4.6**	11.2	4.9	(6%)
Investment in Associates[4]		**25.2**	–	24.8	2%
Assets held for sale or distribution[5]		**–**	49.4	4.1	(100%)
Operations in hyperinflationary economies		**1.4**	6.4	2.3	(39%)
Consolidation adjustments[6]		**(1.5)**	(3.1)	(1.8)	17%
Equity attributable to ordinary shareholders of the parent[7]		**75.8**	105.1	78.0	(3%)
South Africa		**38.6**	34.7	36.3	6%
Rest of Africa		**7.5**	6.5	7.4	1%
Equity attributable to operating segments		**46.1**	41.2	43.7	6%
Nedbank at 20.2%[4]		**19.1**	16.3	18.6	2%
Closing Adjusted IFRS Equity		**65.2**	57.5	62.3	5%
South Africa		**56.2**	49.6	51.4	9%
Rest of Africa		**7.5**	6.3	6.8	10%
Average Adjusted IFRS Equity		**63.7**	55.9	58.2	10%
South Africa		**17.3%**	18.4%	17.8%	(110 bps)
Rest of Africa		**9.2%**	5.9%	3.5%	330 bps
RoNAV[8]	A	**16.4%**	17.0%	16.2%	(60 bps)
South Africa		**27.1**	24.6	23.2	17%
Rest of Africa		**7.8**	9.1	7.8	–
Invested Shareholder Assets	B	**34.9**	33.7	31.0	13%
Gearing ratio[9]	C	**15.8%**	13.6%	13.0%	280 bps
Interest cover (times)[8]		**22.7**	19.6	21.5	16%

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this. Equity attributable to ordinary shareholders of the parent includes the results of Zimbabwe.*

2 *Comprises of the net asset value of the operating segments of the Group. This net asset value forms the basis for key balance sheet metrics on which the Group is managed from a capital perspective, and is the same perimeter on which AHE is presented.*

3 *Comprises mostly of the net asset value of Residual plc of R4.6 billion at 30 June 2019 (R4.9 billion at 31 December 2018).*

4 *Per IFRS requirements, we recorded our remaining stake in Nedbank at fair value on the date of unbundling. For purposes of calculating RoNAV, our stake in Nedbank is included at net asset value in Closing Adjusted IFRS equity.*

5 *No assets classified as held for sale in H1 2019. Nedbank, Quilter and Latin America's net asset values are included in the comparative period.*

6 *Consolidation adjustments reflect own shares held by consolidated investment funds, which are treated as treasury shares under IFRS.*

7 *Equity attributable to ordinary shareholders of the parent for H1 2018 has been restated. Refer to note A1 in the condensed consolidated financial statements.*

8 *The % change has been calculated with reference to H1 2018.*

9 *Gearing ratios are calculated based on the IFRS equity attributable to operating segments.*

Capital management

Following a review of the Group's capital position and liquidity projections we identified excess cash to utilise for share buybacks during the period. We concluded the R2 billion share repurchase programme announced on 11 March 2019 and a subsequent extension of an additional R500 million announced on 10 May 2019. A total of 2.24% of the Group's issued share capital, which amounts to 111 million shares, were repurchased. Following the total share repurchase we had 4,831,264,848 ordinary shares in issue. The share buybacks were accretive to certain of our Group measures for H1 2019, resulting in an increase of 40bps in RoNAV and a 10 cent increase in basic earnings per share.

We are pleased to announce another share buyback programme. Following a review of available capital at 30 June 2019, and taking into account capital and liquidity projections, we have identified sufficient excess capital available to conduct further market share buybacks of up to R2.4 billion.

OMLACSA successfully completed the issuance of unsecured subordinated debt to the value of R2 billion at a favourable floating rate of 155 bps above the 3 month JIBAR. The subordinated debt is guaranteed by Old Mutual Limited and was executed in anticipation of existing subordinated debt of R1 billion maturing in November 2019.

We target a dividend cover, based on AHE, of 1.75x to 2.25x. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, fungibility of earnings, targeted liquidity and solvency levels as well as the Group's strategy. The interim target is set at 40% of AHE. In line with this policy we have declared an interim dividend of 45 cents per share, the same as the interim dividend declared last year.

A RoNAV

RoNAV decreased by 60 bps to 16.4% from 17% in H1 2018.

RoNAV in South Africa decreased by 110 bps to 17.3% from 18.4% in H1 2018. AHE attributable to South Africa increased by R300 million or 7% from H1 2018 due to higher shareholder investment return from improved equity markets despite lower RFO growth from the South African operating segments with the exception of Personal Finance. The increase of 9% in Average Adjusted IFRS Equity is due to an increase in Closing Adjusted IFRS Equity driven by cash received during Q2 2019 on the sale of our Latin American business and dividends received from Residual plc in H2 2018 which drove a higher opening Adjusted IFRS Equity.

RoNAV in Rest of Africa increased by 330 bps to 9.2% from 5.9% in H1 2018. AHE for Rest of Africa increased by R161 million or 88% due to strong RFO growth driven by higher sales across all lines of business coupled with good expense management and better underwriting experience in the Property and Casualty business in East Africa. This was partially offset by lower shareholder investment return due to negative fair value movements in respect of investment property in East Africa. The increase of 10% in average Adjusted IFRS Equity was mainly driven by strong operating profits in H1 2019 and the weakening of the rand to the Kenyan shilling and Malawian kwacha of 14% and 12% respectively, based on average exchange rates period over period.

B Invested shareholder assets

Invested shareholder assets increased by 13% to R34.9 billion from R31 billion in FY 2018. The asset base in South Africa increased by R3.9 billion or 17% during the period, reflecting an increase in cash from profits earned less dividends paid and continued positive shareholder investment returns. The cash proceeds from the debt issuance in OMLACSA also contributed to the increase in shareholder assets. The asset base of Rest of Africa, excluding Zimbabwe, remained flat at R7.8 billion since December 2018.

For listed equities in the shareholder portfolio held in South Africa, we aim to limit capital losses through the use of protected equity and fixed interest hedging strategies. The hedging strategies are executed in the form of zero-cost collars where the downside is limited to 5% – 15% whilst tracking the SWIX40 index. The fixed interest strategy aims to outperform the STEFi 3 month NCD index.

C Gearing

The gearing ratio of the Group is calculated with reference to IFRS equity attributable to operating segments. The increase of R2.4 billion or 5% reflects the net impact of corporate activity executed during the period and a dividend of R622 million received from Residual plc during the period. The gearing ratio increased by 280 bps in H1 2019 mainly due to additional unsecured debt of R2 billion issued by OMLACSA in the first half of 2019.

Interest cover increased by 16% to 22.7 times from H1 2018 mainly as a result of an increase of 10% in AHE further assisted by a decrease in finance costs in H1 2019 due to fair value gains on related interest rate swaps.

EMBEDDED VALUE

Rm (unless otherwise stated)	H1 2019[1]	H1 2018[1]	FY 2018[1]	% change (H1 2019 vs FY 2018)
Adjusted net worth (ANW)	**35,945**	29,058	32,789	10%
Value in force (VIF)	**32,452**	32,406	31,357	4%
Embedded value	**68,397**	61,464	64,146	7%
Return on embedded value[2]	**11.7%**	11.8%	12.5%	(80 bps)

1 Amounts for all periods have been restated to remove Zimbabwe in line with the Group's decision to exclude the results of Zimbabwe from key performance indicators.

2 Due to rounding the ratio could be different when recalculated.

The annualised return on embedded value of 11.7% is a good outcome and broadly in line with the prior year return of 11.8%. The total Operating EV earnings increased by 3.6% to R3,701 million from H1 2018. This was largely due to an improvement in experience variances, partially offset by a lower contribution from new business.

Experience variances increased by R309 million relative to prior period, moving back into positive territory. The increase was mainly driven by the improved claims experience in Personal Finance and, although this remained negative, improved persistency as a result of strengthening the persistency basis at the end of last year. Recurring expenses remained lower than assumed, reflecting continued progress in achieving the cost efficiency target across the business.

The value of new business reduced by 20% to R862 million as a result of lower sales volumes as well as a shift to lower margin business given poor macroeconomic conditions.

Overall embedded value benefitted from improved economic variances driven by actual investment returns on policyholder funds exceeding the returns expected, also increasing the level of asset based fee income anticipated which is recognised in the VIF.

SOLVENCY

Rm	Optimal target range	H1 2019	FY 2018	% change (H1 2019 vs FY 2018)
OMLACSA				
Eligible own funds		**75,739**	78,224	(3%)
Solvency capital requirement (SCR)		**34,811**	34,842	–
Solvency ratio (%)	175% to 210%	**218%**	225%	(700 bps)
Group				
Eligible own funds		**101,711**	100,584	1%
Solvency capital requirement (SCR)		**61,328**	59,155	4%
Solvency ratio (%)	155% to 175%	**166%**	170%	(400 bps)

The Group solvency ratio decreased to 166% at 30 June 2019, from 170% at 31 December 2018.

The reduction in the solvency ratio is partly driven by the requirement to include the stake in Nedbank held through policyholder funds when calculating the Group's effective Nedbank holding, as clarified by the Prudential Authority. The Nedbank holding is currently brought in on a more onerous Basel III basis for purposes of determining the Group solvency ratio. Higher prescribed equity shocks applicable to unregulated entities further contributed to the reduction in the solvency ratio.

The Group solvency ratio is presented on a basis consistent with that adopted at year end. The process of securing Prudential Authority approval for the Group's proposed basis remains on going. As at 30 June 2019, the Group was and is expected to remain financially sound on regulatory basis for the foreseeable future.

OUTLOOK

We expect global growth to remain sluggish for the rest of 2019 as trade tensions are expected to continue. This negatively impacts investor sentiment and investment activity which is expected to remain subdued in the second half of the year. The economic recovery in sub-Saharan Africa continues but certain headwinds continue to weigh on growth prospects. These include climate shocks that impact agricultural output, high debt levels and continued policy uncertainty in certain countries of the region particularly. High unemployment rates and continued political uncertainty in South Africa are expected to impact GDP growth which will further constrain the disposable income levels of our customers.

GDP forecast for 2019 (%)

South Africa	0.7%
Zimbabwe	(5.2%)
Nigeria	2.3%
Kenya	5.8%
Sub-Saharan Africa	3.5%
East Africa	5.9%

Source: International Monetary Fund

The performance of our segments in the second half of 2019 remains dependent on the macroeconomic conditions in the countries in which we operate and the ability of our customers to save and invest during these tough cycles.

In South Africa we are encouraged by the strong flows secured in Old Mutual Corporate and better mortality and morbidity experience in Personal Finance. Climate shocks continue to place pressure on performance of Old Mutual Insure. In Mass and Foundation Cluster, we expect competition and credit losses to increase in the second half of the year. In Rest of Africa we expect further turnaround in East and West Africa, supported by continued profits emerging in Southern Africa.

Our RFO target of GDP+2% CAGR will be challenging to achieve over our three year target period due to muted RFO growth in 2018 and H1 2019. AHE will continue to be influenced by investment returns in South Africa and the Rest of Africa. Despite the weak growth outlook in South Africa, the above macroeconomic risks and strong competitive pressures, we remain confident that our diversified business will enable us to deliver on most of our medium term targets.

We remain on track to deliver R1 billion in recurring expense savings by December 2019, and grow expenses within inflation thereafter.

	KPI	FINANCIAL TARGET	PERFORMANCE H1 2019	OUTLOOK
RETURNS	RoNAV	**Average COE + 4%** (weighted average COE of 13.4%)	16.4%	Challenging
GROWTH	Results from Operations	**CAGR of Nominal GDP + 2% over the three years to 2020** (average nominal GDP growth for Q1 2019: c. 4.3%)	R4,512 million ▲ 2%	Challenging
EFFICIENCY	Cost efficiencies	**R1 billion by the end of 2019** Pre-tax run rate cost savings, net of costs to achieve it. Based off 2017 IFRS operating and administrative cost base. Expect to maintain cost growth within inflation thereafter	We achieved **R750 million** of recurring savings in 2018. During the first half of 2019 we have achieved a further **R116 million** of recurring savings from new initiatives	On track
EFFICIENCY	Underwriting result	Old Mutual Insure **underwriting margin of 4% – 6%** in near term	0.2%	Improving
CAPITAL	Solvency ratio	Old Mutual Limited: 155% – 175%	166%	Within the target range
CAPITAL	Solvency ratio	OMLACSA: 175% – 210%	218%	Upper end of the range
CASH RETURNS	Dividend cover	Full year ordinary dividends covered by AHE between **1.75 to 2.25 times. Interim dividend at 40%** of the current year interim AHE.	45 cents	On track

INTERIM DIVIDEND DECLARATION

The Board of directors has approved and declared a gross interim dividend of 45 cents per ordinary share.

The interim dividend of 45 cents per share is in line with Old Mutual Limited's dividend policy, which is set at 40% of Adjusted Headline Earnings. The interim dividend will be paid out of distributable reserves and is payable on 14 October 2019 to all ordinary shareholders recorded on the record date. The dividend of 45 cents per ordinary share will be subject to a local dividend tax rate of 20% which will result in a net interim dividend, to those shareholders who are not exempt from paying dividend tax, of 36 cents per ordinary share. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax at a rate of 20%.

Shareholders on the London, Malawian, Namibian and Zimbabwean registers will be paid in the local currency equivalents of the interim dividends. In Malawi, Namibia and Zimbabwe these distributions will be made through dividend access trust or similar arrangements established in each country and will not be subject to South African withholding tax.

Old Mutual Limited's income tax number is 9267358233. The number of ordinary shares in issue in the company's share register at the date of declaration is 4,831,264,848.

Declaration date	Monday, 02 September 2019
Transfers suspended between registers	Close of business on Monday, 09 September 2019
Exchange rates announced	Tuesday, 10 September 2019
Last day to trade cum dividend for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 17 September 2019
Ex-dividend date for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 18 September 2019
Last day to trade cum dividend for shareholders on the UK register	Wednesday, 18 September 2019
Ex-dividend date for shareholders on the UK register	Thursday, 19 September 2019
Record date (all registers)	Close of business on Friday, 20 September 2019
Transfers between registers restart	Opening of business on Monday, 23 September 2019
Interim Dividend payment date	Monday, 14 October 2019

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 18 September and Friday, 20 September 2019, both dates inclusive. Transfers between the registers may not take place between Tuesday, 10 September and Friday, 20 September 2019, both dates inclusive. Trading in shares held on the Namibian section of the principal register through Old Mutual (Namibia) Nominees (Pty) Limited will not be permitted between Tuesday, 10 September and Thursday, 19 September 2019, both dates inclusive.

Shareholders that are tax resident in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-SA taxpayers should complete and submit a declaration form to the respective registrars. The declaration form can be found at: https://www.oldmutual.com/investor-relations/dividend-information/dividend-tax-considerations

SHARE REPURCHASE PROGRAMME

Shareholders are advised that Old Mutual Limited intends to commence a share repurchase programme of the Company's ordinary shares up to a maximum consideration of R2.4 billion. The repurchase programme of OML shares on the Johannesburg Stock Exchange will commence on 3 September 2019. The share repurchase programme will be effected in accordance with the General Authority received by way of a shareholder resolution passed at the Annual General Meeting held on 24 May 2019, allowing the Company to repurchase up to 169 094 269 ordinary shares equivalent to 3.5% of the issued share capital of the Company.

The Board believes that the share price is trading at a discount to its intrinsic value and is of the view that a share repurchase programme will deliver longer term incremental value to shareholders. The management team remains committed to following a disciplined trading approach under the share repurchase programme and will only repurchase shares to the extent that market conditions are favourable. The purpose of the repurchase programme is to reduce the share capital of the Company.

03 SEGMENT REVIEWS

2019 Group Interim Results

SEGMENT REVIEWS

MASS AND FOUNDATION CLUSTER REVIEW

DEFEND AND GROW OUR SHARE OF THE SOUTH AFRICAN MASS MARKET

We experienced a challenging first half of 2019 in an adverse macroeconomic environment and with heightened levels of competitor activity. Our customers remain under pressure with higher unemployment rates than in the prior period impacting disposable income and affordability levels.

We opened 8 new branches increasing our total retail branch network to 356 and installed 32 Old Mutual branded ATMs bringing the total to 107. Our branch footprint remains a key strategy to defend and grow our market share and cross sell other Old Mutual products whilst complementing the field sales force. Life sales were lower in Q1 2019 due to lower productivity in Q4 2018. We saw a noticeable improvement in sales in Q2 2019.

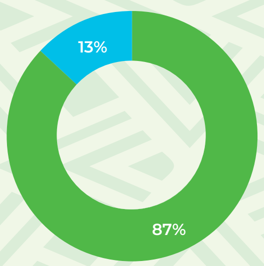
We continue to enhance the Money Account application through the integration of additional features. Old Mutual Rewards members are now able to redeem rewards points for cash directly into their Money Accounts, in addition to vouchers at selected retail partners. The customer value proposition is being further enhanced to reward customers for their savings behaviour when they "swipe and save".

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**1,512**	1,534	(1%)
Gross flows[1]	**6,478**	6,159	5%
Life APE sales	**2,019**	2,142	(6%)
NCCF (Rbn)	**3.4**	3.1	10%
FUM (Rbn)[2]	**13.6**	12.7	7%
VNB	**579**	655	(12%)
VNB margin (%)	**9.2%**	10.5%	(130 bps)
Loans and advances[2]	**18,073**	16,518	9%
Net lending margin	**11.5%**	14.4%	(290 bps)
Credit loss ratio (%)	**7.9%**	5.4%	250 bps

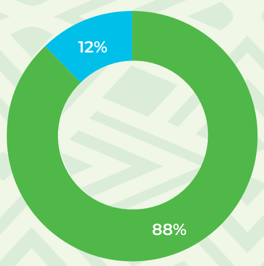
1 *Gross flows have been restated to reflect flows on the Money Account on a net basis. This reduces volatility in reported gross flows due to customers moving funds between their transactional account and save pocket within the same month. The change in basis has no impact to NCCF.*

2 *The % change has been calculated with reference to FY 2018.*

H1 2019 – RFO by LOB (%)



H1 2018 – RFO by LOB (%)



1 *Includes credit life profits*

PERFORMANCE HIGHLIGHTS

Gross flows of R6,478 million increased by 5% from the prior period due to good growth in the life in force book following annual premium increases during the period.

Life APE sales of R2,019 million were 6% behind the prior year with good momentum in the second quarter as sales recovered from the slow first quarter (down 18% in Q1 2019). Lower life sales in Q1 2019 was a result of a higher proportion of payroll deduction premiums sold in Q4 2018, and the negative impact of the contracting economy on our customers. This was partially offset by strong growth of 30% in credit life sales due to the growth in loans disbursed. NCCF increased by 10% mainly due to growth in the inflows from the life in force book. Outflows were largely in line with the prior period.

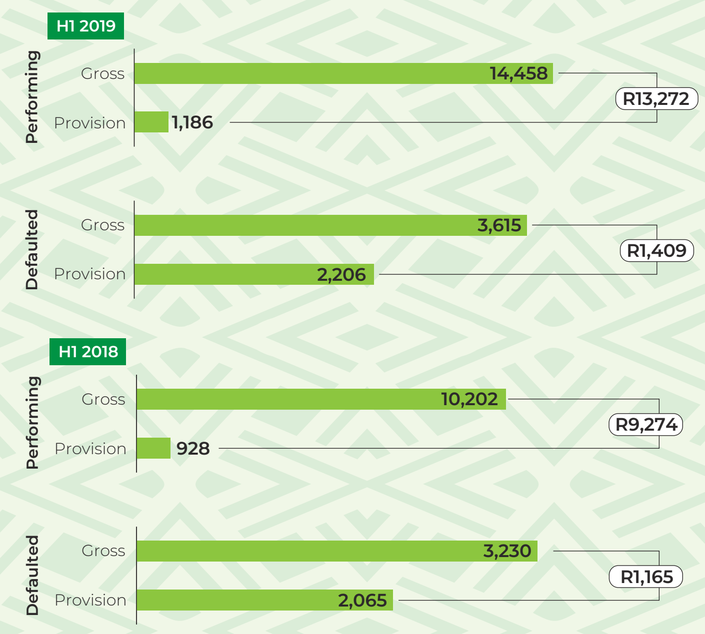
The increase in gross loans and advances to R18,073 million was contained to 9%. Price increases in H1 2019 have slowed down growth in the loan book, and we are further tightening our credit scorecard. These management actions are deliberate to reduce our credit risk exposure in certain cohorts of the loan book to reflect the heightened credit risk associated with the current economic environment. The net lending margin of 11.5% decreased by 290 bps due to increased credit losses as a result of a faster than anticipated deterioration in the collection status of certain cohorts of customers.

RFO of R1,512 million decreased by 1% overall, with a decrease of 2% in Life and Savings profits partially offset by an increase of 2% in Banking and Lending profits. Lower issued sales in H1 2019 translated into lower new business profits in Life and Savings. The launch of a new savings product that provides a better customer proposition, however with lower margins, also negatively impacted life profits. These impacts were partially offset by better mortality experience, credit life growth and the profit impact associated with the growth in the overall in force book.

Banking and Lending profits benefitted from the one off recognition of a government grant to Housing Investment Partners (HIP), our public-private investment vehicle focused on mortgage lending in respect of affordable housing. Unsecured lending profits were flat from the prior year largely as a result of higher interest income associated with the growth in loans and advances being offset by increased credit losses and the impact of the interest rate hike in November 2018. Our credit loss ratio of 7.9% was 250 bps higher than the prior year, driven by weaker collection experience and a greater proportion of outstanding loans moving into fully provided status at a quicker than anticipated rate.

VNB of R579 million decreased by 12% due to lower issued sales in a challenging operating environment. VNB margin of 9.2% reflects a decrease of 130 bps during the year due to a poorer margin mix of risk and savings sales and the launch of a lower margin product which improves customer value in a constrained consumer environment.

Loans and Advances (Rm)



OUTLOOK FOR 2019

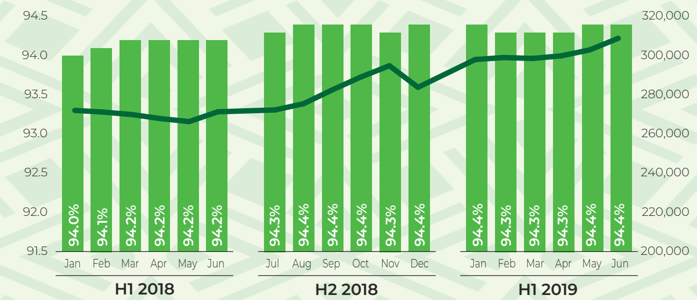
The sales outlook is muted for the remainder of the year as the consumer will remain financially constrained with no obvious short to medium term relief in sight. Life product persistency is expected to be under pressure as a result.

Our lending book growth in particular is expected to slow in the second half of the year as we implement price increases to moderate credit risk exposure in the weaker economic environment. The credit loss ratio will continue to be dependent on the collections experience in the second half of the year and management is actively monitoring the collections rates to mitigate risk.

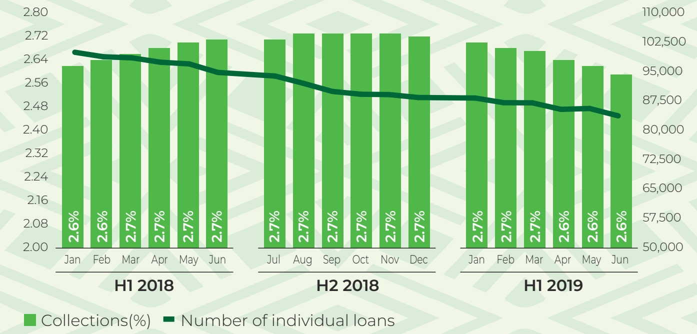
Expenses will continue to be managed tightly through this period with continued focus on strategic initiatives that will deliver medium to long term customer and shareholder value.

18 Month Rolling Collection (%)

Performing Loan Book



Defaulted Loan Book



PERSONAL FINANCE REVIEW

DEFEND AND GROW IN THE SOUTH AFRICAN PERSONAL FINANCE MARKET

Our sales in H1 2019 were resilient in a challenging macroeconomic and highly competitive environment. Higher unemployment rates continue to place pressure on the disposable income and savings levels of our customers. In line with creating value propositions for our customers in a constrained environment we have added an accidental death benefit to the iWYZE Life product range.

Our tied adviser force grew by 5% compared to H1 2018 which contributed to the growth in sales. Accordingly, our distribution channels continued to contribute to the Group's gross flows, generating approximately R33 billion in H1 2019 with a contribution of R17.4 billion to Wealth and Investments and R2.6 billion to Corporate.

While our direct channels experienced disappointing sales in this half relative to the prior year, we remain focused on the delivery of a future fit distribution capability which provides easy access to our products and staying relevant in the changing distribution landscape in our market segment. We continue to enhance 22seven, our popular money management app and platform through which we build a relationship with users, many of whom are not part of our customer base yet. 22seven has shown growth of 216% in registered users and 93% growth in monthly active usage from H1 2018. In H1 2019 we added a car valuation tracking mechanism and Watchdog, a capability that highlights suspicious transaction activity on user accounts.

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**1,227**	918	34%
Gross flows	**13,111**	12,970	1%
Life APE sales	**1,242**	1,221	2%
NCCF (Rbn)	**(1.6)**	(1.8)	11%
FUM (Rbn)[1]	**188.6**	181.4	4%
VNB	**103**	100	3%
VNB margin (%)	**1.3%**	1.3%	0 bps

1 *The % change has been calculated with reference to FY 2018.*

H1 2019 – RFO by LOB (%) **H1 2018 – RFO by LOB** (%)

PERFORMANCE HIGHLIGHTS

Gross flows increased marginally to R13,111 million due to strong recurring premiums and single premium flows from guaranteed annuity sales up 39% from the prior year. This was partially offset by lower investment flows where the difficult economic market conditions and some political uncertainty have affected our customers' willingness to invest.

Life sales came under pressure in H1 2019 because of a constrained consumer environment and continued competition in the savings landscape. Despite the challenging environment, Life APE sales increased by 2% to R1,242 million driven by growth in recurring premium sales due to growth in iWYZE life sales, risk sales from selected non core markets and the integration of customer offers using our Rewards programme. Continued growth in single premium annuity sales further contributed to Life APE sales.

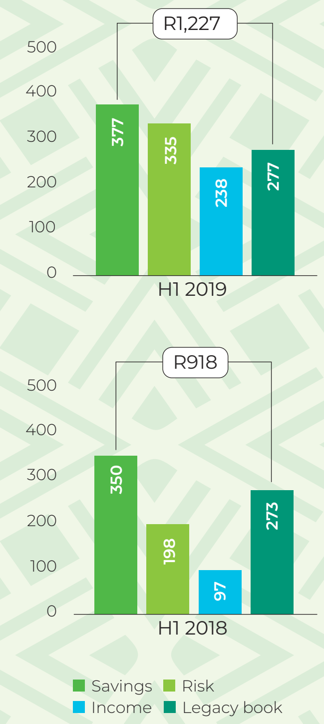
We have focused on increasing the headcount of our advisers in worksites and branches. Productivity during H1 2019 has been negatively impacted by the demands on our experienced financial advisers to engage with our customers providing reassurance given economic volatility. We have accelerated recruitment of advisers new to the industry in Q2 2019, anticipating training capacity constraints in the second half of the year when Old Mutual Protect will be fully rolled out to advisers and sales management.

NCCF improved by R0.2 billion compared with prior year. Stable inflows and a decrease in Section 14 asset transfers, coupled with lower claims due to improved mortality and morbidity experience caused NCCF to improve to negative R1.6 billion for the period. Legacy NCCF was negative R4.4 billion (R0.6 billion better than the prior year) while NCCF related to new generation products was R2.8 billion (R0.4 billion lower than the prior year). The improvement in local equity markets led to an increase in FUM of 4% from December 2018.

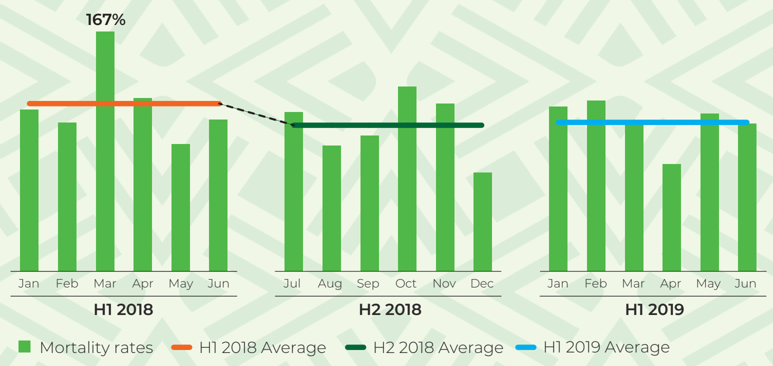
RFO of R1,227 million increased by 34% when compared to the prior period largely due to better mortality and morbidity experience as claims continue to trend closer to expected levels and higher annuity investment variances. Management continues to take action including annual repricing, analysis of mortality experience per cohort and the review of customer underwriting criteria, and we are pleased with the progress being made.

VNB increased marginally by 3% with the VNB margin flat compared to the prior period driven by improved margins on certain product lines and higher sales volumes, partially offset by lower case sizes and a shift to lower margin products driven by general economic conditions.

RFO Split by product (R million)



Claims experience (%)[1]



1 *Calculated as actual claims over expected claims in absolute values*

OUTLOOK FOR 2019

We expect the sales outlook to remain challenging if the current economic climate persists in South Africa. This will have a direct impact on our customers' investment decisions, the asset based fees we earn and could therefore have an adverse effect on our sales and profit growth.

We have made changes to direct channel marketing practices by improving how we target digital marketing spend which is expected to drive sales growth in the second half of the year. We implemented a change in our remuneration practices in the first half of the year to compensate advisers based on confirmed sales versus issued sales historically. Even though it could have a short term impact to sales in the second half, we believe this change better aligns remuneration practices with shareholder outcomes. This change will improve persistancy in the long term and increase efficiencies in our sales processes.

Although mortality related claims are returning to expected levels we continue to closely monitor the mortality experience of specific cohorts of the book to identify instances where mortality experience is higher than expected.

WEALTH AND INVESTMENTS REVIEW

IMPROVE THE COMPETITIVENESS OF WEALTH AND INVESTMENTS

The operating environment in the first half of 2019 has been very challenging, with increased market volatility, lower average equity market levels, lower levels of transaction activity and weaker investor sentiment. This environment puts pressure on NCCF, revenue and profits.

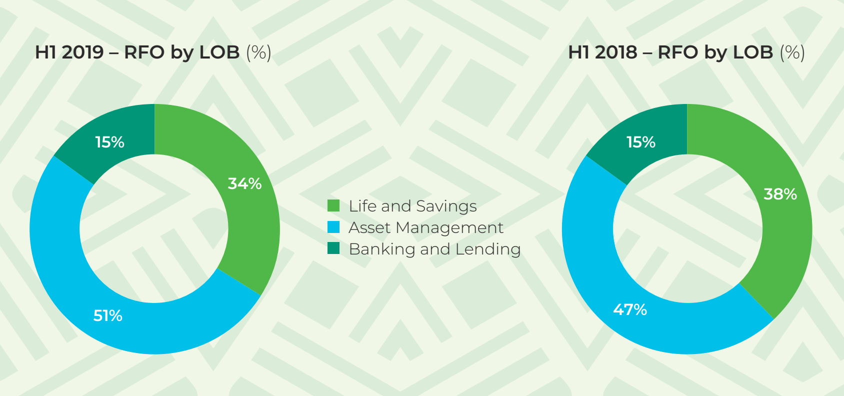
Solid progress has been made on operational initiatives to improve our customer proposition and operating efficiencies. In H1 2019 these initiatives included the finalisation of the reorganisation of our boutique structure, the rationalisation and continued simplification of our fund offering, and the strengthening of our origination capability.

In Old Mutual International (OMI) we continue to make good progress in transferring administration processes from Quilter plc to South Africa and in migrating the IT platform to new providers.

We continue to see a significant increases in the use of our advice tools to draw up financial plans. Roughly half of single premium inflows were linked to either the Personal Goal Planner or Wealth Integrator plans.

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
RFO	710	783	(9%)
Gross flows	38,774	45,114	(14%)
NCCF (Rbn)	2.6	10.9	(76%)
Assets under management (AUM)[1,2] (Rbn)	763.0	724.4	5%
FUM	533.2	502.7	6%
Intergroup assets	349.0	334.3	4%
Assets under management and administration (AuMA)[3]	882.2	837.0	5%
Assets under administration	(119.2)	(112.6)	(6%)
Total revenue	2,455	2,410	2%
Annuity	2,240	2,187	2%
Non-annuity	215	223	(4%)

1. *The % change has been calculated with reference to FY 2018.*
2. *AUM comprises FUM as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as FUM in the respective segments. Assets under administration managed externally are not included in AUM.*
3. *AuMA is AUM including Assets under Administration.*



PERFORMANCE HIGHLIGHTS

AUM grew 5% from December 2018, with the average AUM for the period increasing by 2% versus the prior year. The impact of lower average equity market levels during the first half versus prior year was offset by positive NCCF and an increase in the rand value of offshore AUM. Weak investor confidence and a tough economic environment have had a negative impact on Gross Flows, resulting in a 14% decrease versus the prior year. This negative impact on NCCF was exacerbated by net asset realisations in Alternatives, in line with expected fund maturity profiles. This impact was partially offset by improved retention in the retail business, resulting in NCCF of R2.6 billion. Retail outflows improved, benefiting from improved retention.

Total revenue increased by 2% to R2,455 million. Annuity revenue increased by 2% compared to the prior period supported by the increase in AUM in the first half of 2019. Non-annuity revenue declined 4% off a high base in 2018.

RFO was R710 million, a decrease of 9% from the prior year. The decrease is mainly due to one off costs incurred in the Asset Management business as the business finalised the restructure of their boutiques and rationalised the number of funds they manage This is expected to result in operational and expense efficiencies going forward. RFO was further impacted by some pressure on retail margins and lower net interest income in Specialised Finance.

Our medium and long term investment performance track record remains strong with 75% of our core funds above median over a three year period. Over the past 6 months we have repositioned our multi-asset funds to benefit from an incremental domestic recovery, although this has impacted investment performance in the short term relative to the peer group, we expect to benefit from this asset allocation decision in the coming year. All our core retail multi asset funds remain 4 star rated by Morningstar.

Wealth and Asset Management

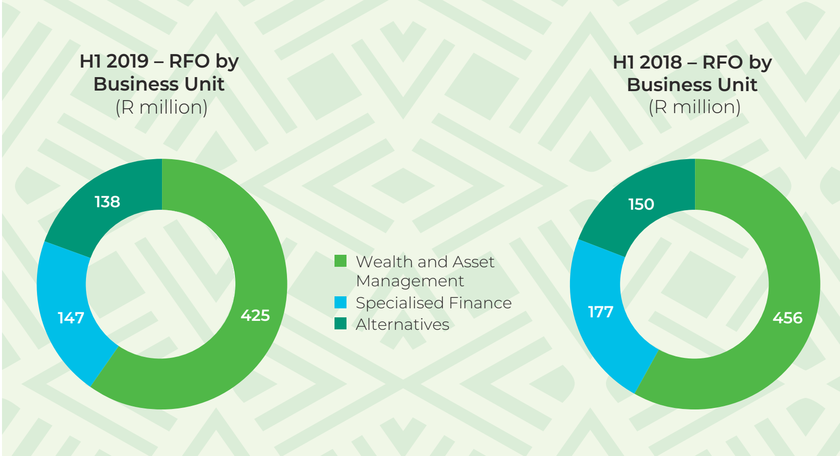
RFO for the Wealth and Asset Management business reduced by 7% compared to the prior year. After adjusting for the one off costs incurred in executing the restructure, RFO was flat, despite lower local equity levels, highlighting the benefits of a diverse annuity revenue base and continued focus on operating expense efficiencies by management. In the Asset Management business the rationalisation of the boutique structure and the simplification of the fund range is expected to provide a simpler product offering to our customers, drive efficiencies within the business, and improve the focus of our investment teams. In Wealth, we have experienced strong flows into our international offering, Old Mutual International (OMI), however onshore retail flows have declined in the tough economic environment. We are making good progress in the migration of the IT platform and administration processes for the OMI business from Quilter plc to new service providers. This is expected to drive expense efficiencies going forward.

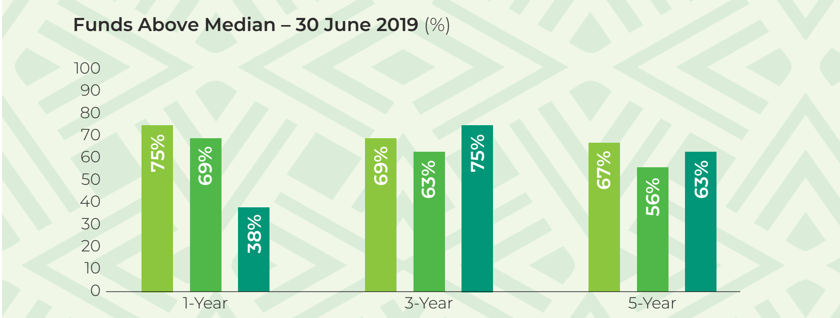
Alternatives

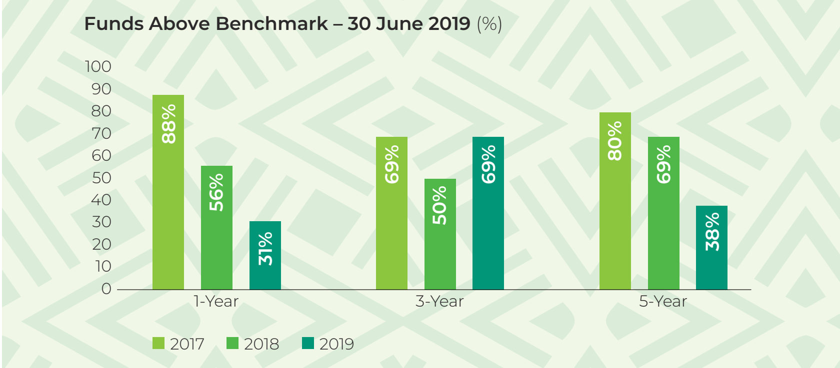
During H1 2019 fund raising for African Infrastructure Investment Fund 3 (AIIF3) was completed, resulting in committed funding of $320 million. AIIF3 is Alternative's flagship infrastructure fund targeting investments in power, transport and midstream energy sectors across sub-Saharan Africa. Annuity revenue (up 10%) benefited from the positive impact of the funds committed into AIIF3. Non-annuity revenue declined by 20% due to the non recurrence of fair value gains in the prior year. As a result RFO decreased by 8%. NCCF outflows in the Alternatives business, largely represents asset realisations during the first half of 2019, demonstrating value realisation and distribution to investors. Gross flows and NCCF are expected to benefit in H2 2019 as funding is deployed in AIIF3.

Specialised Finance

Despite a challenging macroeconomic environment and increased competition for assets, Specialised Finance originated R4.2 billion of assets during the period. Due to the challenging macroeconomic environment and elevated levels of counterparty risk, management reduced the pace of capital deployment. This, coupled with an increase in the cost of funding as the result of revisions to the implementation of an internal funds pricing methodology by the Group, and lower levels of market credit spreads, resulted in RFO decreasing by 17%. This impact was partially offset by fair value gains relating to contraction in credit spreads and good growth in non-annuity revenue as a result of good origination activity.







OUTLOOK FOR 2019

The economic environment remains very challenging and the competition for flows and assets continues to be intense. Should these conditions persist this could negatively impact our ability to grow NCCF and profits. Gross Flows and NCCF are expected to benefit as funding is deployed in AIIF3 during H2 2019.

RESULTS PRESENTATION
INTERIM RESULTS COMMENTARY
SEGMENT REVIEWS
CONDENSED FINANCIAL STATEMENTS
ADDITIONAL DISCLOSURE

OLD MUTUAL CORPORATE REVIEW

DEFEND AND GROW OUR SHARE OF THE SOUTH AFRICAN CORPORATE MARKET

The Old Mutual SuperFund umbrella fund attracted strong recurring premium flows during the first half of 2019, mainly from the conversion of standalone funds to umbrella.

We continue to implement management actions to improve underwriting experience in the Group Income Protection book to long term expected levels, in particular through disciplined pricing in line with an industry wide rate hardening cycle.

Investment in robotics process automation and other operating model improvements have enabled us to increase the speed of service delivery and improve customer experience. The processes that we are optimising include communication and claims processes.

Old Mutual Corporate Consultants launched OnTrack®, a new tool that measures the health of retirement funds in terms of the potential member retirement outcomes that a fund's benefit structure can deliver. OnTrack® assists trustees and employers with fund design and help improve the retirement outcomes for their members. The rollout is well underway and we believe that this will further strengthen our customer proposition.

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**870**	854	2%
Gross flows	**17,910**	21,723	(18%)
Life APE sales	**1,793**	1,451	24%
NCCF (Rbn)	**(2.3)**	0.8	(>100%)
FUM (Rbn)[1]	**267.5**	254.6	5%
VNB	**109**	168	(35%)
VNB margin (%)	**0.6%**	1.2%	(60 bps)

1 *The % change has been calculated with reference to FY 2018.*

OUTLOOK FOR 2019

The economic outlook suggests a potentially tougher trading environment for the second half of the year.

We continue to invest in our SuperFund umbrella offering to improve customer experience and strengthen our proposition in the institutional retirement fund market.

We have a healthy pipeline of single premium deals secured going through section 14 of the Pensions Funds Act transfer process. These are in respect of umbrella fund deals, for which future service recurring premiums have already been recognised in this reporting period but there is uncertainty on when the transfer processes will be completed.

PERFORMANCE HIGHLIGHTS

Gross flows decreased by 18% to R17,910 million due to a decline in single premium flows when compared to the prior period which included some mega deals. Life APE sales achieved growth of 24% to R1,793 million driven by strong growth in recurring premium umbrella fund sales, partially offset by a decrease in single premiums.

The lower single premiums coupled with higher terminations resulted in negative NCCF of R2.3 billion, a decrease of R3.1 billion from the prior period. FUM of R267.5 billion increased by 5% since December 2018 mainly due to the improvement in local equity markets and an increase in the rand value of offshore assets, which more than offset the impact of the negative NCCF of R2.3 billion.

VNB decreased by 35% to R109 million with a decrease in VNB margin of 60 bps to 0.6%. The decline is due to a change in sales mix to lower margin Smoothed Bonus products and the impact of certain product margins not yet recognised in full whilst section 14 asset transfers, related to umbrella fund deals, are still in progress.

RFO of R870 million increased by 2% due to improved group life underwriting experience and continued expense management, partially offset by lower asset based revenue due to lower average equity market levels relative to the prior period.

OLD MUTUAL INSURE REVIEW

CONTINUED TURNAROUND OF OLD MUTUAL INSURE

The performance in the first half of 2019 has been characterised by catastrophe events compared to a relatively benign environment in the prior year. This led to losses below the reinsurance threshold that had a significant negative impact on underwriting margin.

Organic growth remains challenging as current market conditions continue to put pressure on new business volumes. Strategic partnerships in the Speciality division contributed well to the growth in gross written premiums in the first half of 2019 and we continue to identify more opportunities through which we can diversify our speciality offerings.

Improving our customers' experience remains a key strategic priority. The claims division has introduced an enhanced complaints escalation process across various divisions with the aim at promoting improved service to customers. This will make it easier for intermediaries and customers to report unsatisfactory service and accelerate management's response to service objections. We are enhancing the intermediary experience through the Quick Quote Calculator, automated pricing, use of robotics and operating system upgrades.

Rm	H1 2019	H1 2018	% change
Gross written premiums	**7,198**	6,293	14%
Net earned premiums	**4,914**	4,247	16%
Personal	**45**	210	(79%)
Commercial	**5**	120	(96%)
Specialty	**41**	(22)	>100%
CGIC	**(52)**	(8)	(>100%)
Central expenses[1]	**(31)**	–	–
Underwriting result	**8**	300	(97%)
Investment return on insurance funds	**138**	96	44%
Other income and expenses	**(5)**	(26)	81%
Results from Operations	**141**	370	(62%)
Underwriting margin (%)	**0.2%**	7.1%	(690 bps)
Insurance margin (%)	**2.9%**	8.7%	(580 bps)

1 *Represents unallocated central expenses.*

PERFORMANCE HIGHLIGHTS

Gross written premiums increased by 14% to R7,198 million due to growth across all business lines despite challenging market conditions. The increase from the prior year is largely as a result of strategic partnerships with underwriting manager agencies to generate new business, contributing 5% of growth in H1 2019, coupled with pricing increases. iWYZE was a strong contributor to top line growth through continued focus on operational efficiencies, strategic partnerships and aggressive marketing. CGIC saw growth of 10.1% from the prior year, despite low real annual GDP growth rate persisting in 2019.

RFO was R141 million, a decrease of 62% largely due to catastrophe losses of R153 million compared to the prior period in which profit growth was supported by a relatively benign claims environment, partially offset by an increase in investment returns on insurance funds.

The significant decline in net underwriting result due to catastrophe losses in H1 2019 led to net underwriting margin of 0.2% which is well below the Group's target range of between 4% and 6%. We expect the underwriting margin to partly recover in H2 2019. The insurance margin decreased by 580 bps to 2.9% as a result of decline in underwriting margin, offset by increase in investment return on insurance funds.

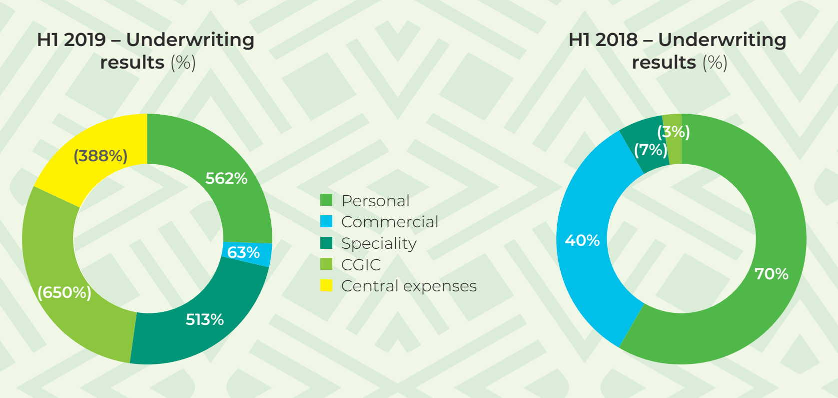
Poor claims experience in Personal lines, including iWYZE, resulting from fire and hail claims as well as flood catastrophes had a significant impact on the net underwriting result which decreased by 79% to R45 million in the first half of the year.

Segment reviews (continued)

This was partially offset by benefits from various claims cost control initiatives implemented in H1 2019. Key initiatives included the enhanced verification of original equipment manufacturers and closer monitoring of vehicle repair costs and process enhancements to increase recoveries from third party liabilities and the improvement of salvage recoveries.

The Agriculture portfolio recorded higher adverse claims experience than in the prior period due to fire claims in the Western Cape, but it is expected that H2 of 2019 will see better claims experience due to seasonality projections. The Specialty division showed an improvement of R63 million in the net underwriting result compared to the prior year. This is largely due to premium growth assisted by strategic partnerships with Transition Risk Solutions and Sintelum and better claims experience.

CGIC has shown good growth in Gross written premium of 10.1% compared to H1 2018. The business continues to take strain from large claims, in line with expectations considering the current economic environment. This led to a decline of more than 100% in underwriting result. As it relates to Basil Read exposure, significant interventions have been implemented to date in conjunction with the other funders, the business rescue practitioner and reinsurers to mitigate loss exposure. Following these actions our exposure is estimated at 10% of the gross exposure at the time of Basil Read filing for business rescue and adequate provisions have been made.



OUTLOOK FOR 2019

We will remain focused on managing the profitability of new strategic partnerships as the underwriting manager agencies benefit from scale and operational efficiencies of Old Mutual Insure.

Considering the economic situation and the revised GDP outlook for H2 2019, we expect construction companies to remain under severe pressure in the second half. CGIC with a leading market share, may have exposure to further losses if any customers go into business rescue.

Segment reviews (continued)

REST OF AFRICA REVIEW (EXCL. ZIMBABWE)

TURNAROUND EAST AFRICAN BUSINESS AND IMPROVE RETURNS ACROSS THE REST OF AFRICA

Rest of Africa has shown strong profit growth as Southern Africa continues to deliver solid performance and the impacts of various turnaround initiatives in East and West Africa as well as cost saving initiatives start to emerge in profits.

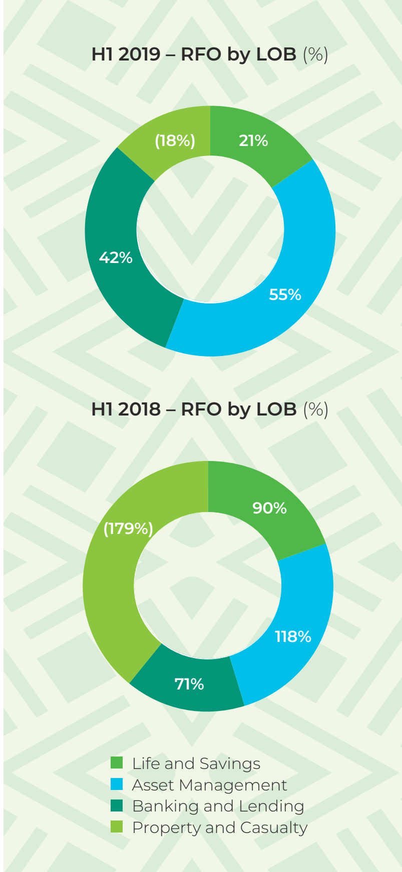
Southern Africa continued to face economic headwinds with Namibia, one of our key markets, battling the effects of a recession that has lasted close to three years. Despite these challenges our businesses have delivered pleasing results with Malawi and Namibia showing improvement on most performance measures. Our business in eSwatini completed a restructuring exiting its retail life business with savings as a result of this initiative beginning to be realised.

The financial performance of our East African businesses continues to improve in line with our turnaround strategy despite very competitive market conditions prevailing across the region. The Property and Casualty business delivered better underwriting results, an outcome from the remediation of the book conducted over the past two years and improved cost efficiency. We had better collections and recoveries experience as a result of a credit remediation program that we have implemented in our Banking and Lending business.

In West Africa we are implementing a restructuring that will significantly reduce the cost base. There has been a continued focus on growing the topline through partnerships (bancassurance) as evidenced by improved Gross flows and Life APE sales. Management actions have also been focused on continuous improvement to the control environment. In the Property and Casualty business in Nigeria, a decision was taken to suspend new oil and gas business whilst we improve our underwriting and reinsurance processes in this class of business.

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**214**	56	>100%
Gross flows	**7,936**	7,018	13%
Life APE sales	**451**	438	3%
NCCF (Rbn)	**1.8**	(0.2)	>100%
FUM (Rbn)[1]	**84.2**	79.8	6%
VNB	**23**	72	(68%)
VNB margin (%)	**1.1%**	3.1%	(200 bps)
Loans and advances[1]	**3,917**	3,666	7%
Net lending margin	**12.9%**	11.7%	120 bps
Gross written premiums	**1,682**	1,505	12%
Underwriting margin	**(3.1%)**	(5.4%)	230 bps

1 *The % change has been calculated with reference to FY 2018.*



OUTLOOK FOR 2019

We expect Namibia to continue to demonstrate resilience despite persisting tough market conditions. There are upcoming elections in various of our operating countries in Southern Africa with the most contested being the election in Botswana in October 2019.

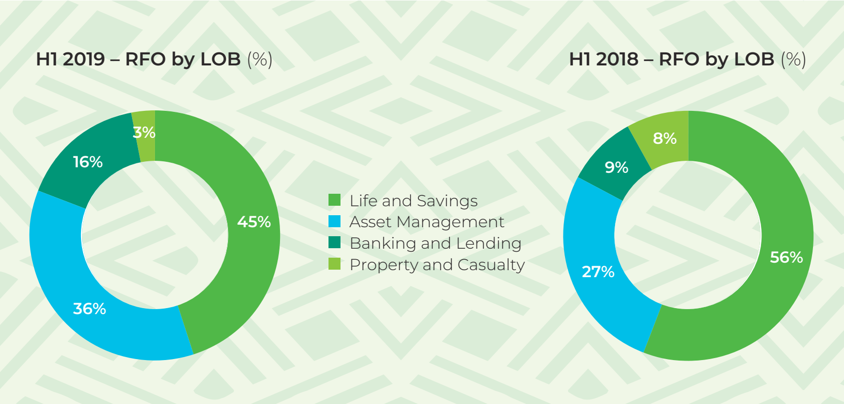
East Africa is expected to face economic headwinds with the late arrival and poor distribution of seasonal rain that could adversely impact agricultural yields and place pressure on household budgets in Kenya. Despite growing optimism that lasting peace can finally be achieved in South Sudan, the economic environment is not expected to improve in 2019.

In West Africa, lower oil prices and policy inertia stemming from a delayed announcement of the cabinet by the Nigerian President is expected to lead to subdued economic activity.

Southern Africa (excl. Zimbabwe)

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**362**	323	12%
Gross flows	**5,747**	5,404	6%
Life APE sales	**338**	351	(4%)
NCCF (Rbn)	**1.1**	(0.6)	>100%
FUM (Rbn)[1]	**52.2**	49.3	6%
VNB	**60**	105	(43%)
VNB margin (%)	**3.1%**	4.8%	(170 bps)
Loans and advances[1]	**1,123**	962	17%
Net lending margin (%)	**15.7%**	13.4%	230 bps
Gross written premiums	**460**	405	14%
Underwriting margin (%)	**3.1%**	8.2%	(510 bps)

1 *The % change has been calculated with reference to FY 2018.*



Lines of business

	LIFE AND SAVINGS	ASSET MANAGEMENT	BANKING AND LENDING	PROPERTY AND CASUALTY
Southern Africa				
Botswana	✓			✓
Malawi	✓	✓		
Namibia	✓	✓	✓	✓
eSwatini	✓	✓		

PERFORMANCE HIGHLIGHTS

Gross flows improved by 6% to R5,747 million due to strong unit trust inflows from retail and corporate customers in Namibia as the tough economic environment stimulated the demand for liquid investments. This was partially offset by lower inflows in Malawi due to a large inflow from the Reserve Bank of Malawi in H1 2018 not repeated in 2019. NCCF rose by more than 100% to R1.1 billion due to good inflows and lower outflows relative to the prior period when the Namibian government underwent a portfolio rebalancing post regulatory changes.

Life APE sales decreased by 4% to R338 million due to lower sales in Botswana as a result of heightened competitor activity and the termination of the retail business in eSwatini that placed pressure on new business volumes. This was partially offset by good sales growth in Namibia with Malawi marginally flat from the prior period.

VNB decreased by 43% to R60 million due to a less profitable mix of business sold in Namibia and Malawi and higher lapse assumptions for the retail and corporate books in Namibia.

Loans and advances increased by 17% to R1,123 million driven by growth in OMF Namibia as a result of strategic growth in the government payroll linked disbursements, given the tough macro conditions. This has resulted in an improvement in non performing loans from 4.2% to 3.8% from prior year.

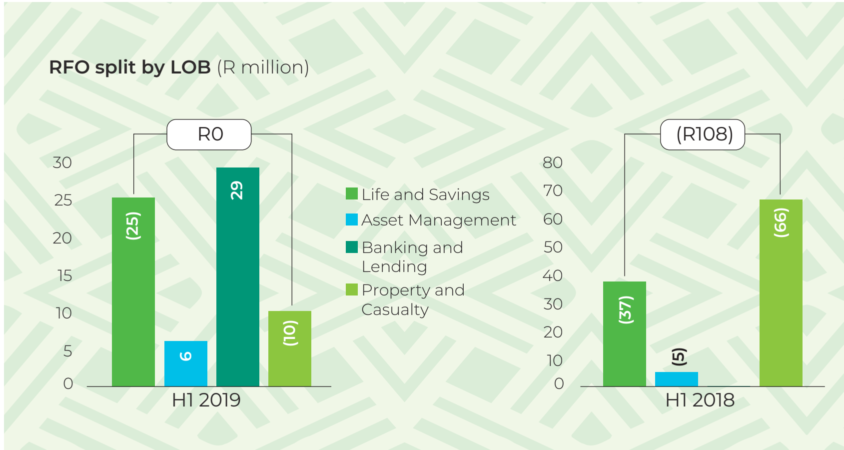
Gross written premiums increased by 14% to R460 million driven by premium increases in commercial lines and focused marketing and competitive pricing campaigns in the personal lines in Namibia. There was however a decrease of 510 bps in underwriting margin to 3.1% in H1 2019 due to adverse underwriting experience in Botswana from high one off claims and increases in reinsurance premiums in Namibia that reduced net earned premiums.

RFO increased by 12% to R362 million due to positive experience variances in the Life and Savings business and good performance in the Banking and Lending business driven by higher interest income on the loan book in Namibia. The Asset management business, Namibia in particular, contributed to RFO growth through higher asset based fees earned on FUM as equity markets improved in H1 2019. Botswana's performance detracted from the region's performance due to higher claims in the Property and Casualty business as well as lower life sales and an increase in credit life risk reserves in the Life and Savings business.

East Africa

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**–**	(108)	100%
Gross flows	**1,987**	1,466	36%
Life APE sales	**59**	46	28%
NCCF (Rbn)	**0.6**	0.3	100%
FUM (Rbn)[1]	**30.8**	29.3	5%
VNB	**(7)**	(16)	56%
VNB margin (%)	**(6.6%)**	(17.6%)	1,100 bps
Loans and advances[1]	**2,794**	2,704	3%
Net lending margin (%)	**11.8%**	11.3%	50 bps
Gross written premiums	**1,178**	1,027	15%
Underwriting margin (%)	**(1.1%)**	(3.4%)	230 bps

1 *The % change has been calculated with reference to FY 2018.*



Lines of business

	LIFE AND SAVINGS	ASSET MANAGEMENT	BANKING AND LENDING	PROPERTY AND CASUALTY
East Africa				
Kenya	✓	✓	✓	✓
Rwanda				✓
South Sudan	✓	✓		✓
Tanzania				✓
Uganda	✓	✓		✓

PERFORMANCE HIGHLIGHTS

Gross flows increased by 36% to R1,987 million driven by higher unit trust inflows in the Asset Management businesses in Kenya and Uganda combined with good corporate sales in Kenya's Life and Savings business. These inflows combined with a decrease in outflows compared to the prior year contributed to a 100% increase in NCCF to R0.6 billion. Life APE sales increased by 28% to R59 million due to higher single premium inflows and increased corporate and retail sales from heightened intermediary productivity in Kenya.

Gross written premiums increased by 15% to R1,178 million mainly as a result of the Kenyan shilling's appreciation against the rand during H1 2019 with reference to average exchange rates, and on a constant currency basis sales were marginally flat. New business volumes were hindered by the tough operating environment and fierce price competition which led to lower renewal rates across the region. The improved underwriting result in the Property and Casualty business was driven by better claims experience and lower operating costs that led to a 230 bps increase in underwriting margin despite underperformance in the medical business that saw high claims.

Loans and advances increased by 3% to R2,794 million due to higher disbursements of payroll linked loans considered to be a lower risk category. We are enhancing our credit underwriting processes for new disbursements which is expected to improve the performance of our loan book.

The region broke even in H1 2019 reaping the benefits of the ongoing turnaround strategy and due to restructuring costs incurred in the prior period not repeated in H1 2019. The Property and Casualty business saw a marked improvement in profits due to a decline in claims as a result of disciplined and tighter underwriting criteria applied. This was despite the under performance of the medical business that experienced high claims in an environment with low new business volumes and terminations of loss making customer accounts. Asset Management profits improved due to strong inflows and growth in Banking and Lending profits was driven by higher net interest income and commission fees earned. Strong new business sales and favourable experience variances combined with good expense management contributed to increased profits in the Life and Savings business.

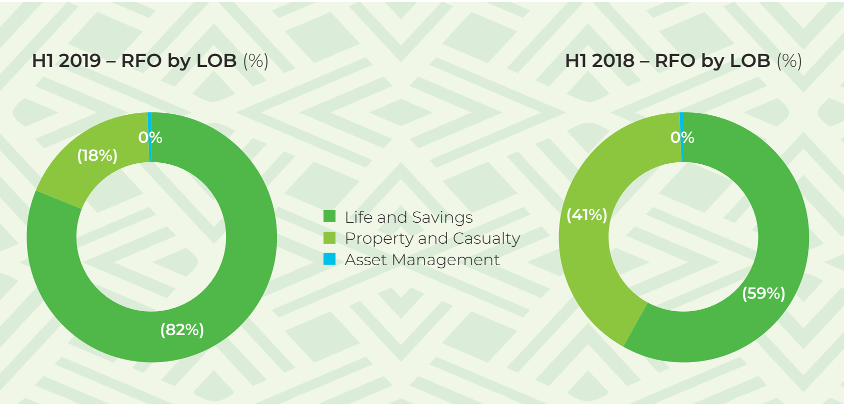
East Africa's negative VNB of R7 million reflects an improvement of 56%. The improvement is due to a better mix of business sold. This has resulted in an improvement in the VNB margin of 1,100 bps.

Segment reviews (continued)

West Africa

Rm (except where otherwise indicated)	H1 2019	H1 2018	% change
Results from Operations	**(94)**	(102)	8%
Gross flows	**203**	148	37%
Life APE sales	**54**	41	32%
NCCF (Rbn)	**0.1**	0.1	–
FUM (Rbn)1	**1.2**	1.2	–
VNB	**(30)**	(17)	(76%)
VNB margin (%)	**(21.9%)**	(15.6%)	(630 bps)
Gross written premiums	**44**	73	(40%)
Underwriting margin (%)	**(114.3%)**	(195.5%)	8,120 bps

1 The % change has been calculated with reference to FY 2018.



Lines of business

	LIFE AND SAVINGS	ASSET MANAGEMENT	PROPERTY AND CASUALTY
West Africa			
Ghana	✓	✓	
Nigeria	✓		✓

PERFORMANCE HIGHLIGHTS

Gross flows increased by 37% to R203 million due to growth in the life in force book and good inflows in the pension administration business in Ghana. Life APE sales improved as a result of higher value policies sold to retail customers, increased credit life sales in Nigeria as a result of our increased footprint in Ecobank branches and higher sales in the corporate portfolio in Ghana.

Gross written premiums of R44 million are 40% below the prior period largely due to the cessation of specialist aviation, oil and gas and coinsurance business in Nigeria which has impacted sales volumes. Management is in the process of assessing underwriting criteria and processes, reinsurance thresholds and the control environment of this class of business before resuming writing any new business.

Good claims experience and the reversal of long outstanding claims reserves following a review led to an improvement of 8120 bps in underwriting margin in our Property and Casualty business. Higher premiums collection and better claims experience in the Life and Savings business and lower than planned restructuring costs in Ghana further contributed to the uplift in RFO. The loss of R94 million in H1 2019 decreased by 8% from the prior period.

Negative VNB of R30 million, a decrease of 76% from the prior year is largely due to an expense investigation that was conducted at the end of 2018 which resulted in a higher allocation to initial expenses in H1 2019. This coupled with a lower margin mix of business sold resulted in a decrease in the VNB margin of 630 bps.

NOTES:

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2019 Group Interim Results

Index to the Reviewed Condensed Consolidated Interim Financial Statements

PREPARATION AND SUPERVISION

The reviewed condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the requirements of the Companies Act of South Africa under the supervision of the Chief Financial Officer C.G.Troskie CA(SA).

Independent auditors' review report on condensed consolidated interim financial statements

TO THE SHAREHOLDERS OF OLD MUTUAL LIMITED

We have reviewed the condensed consolidated interim financial statements of Old Mutual Limited, contained in the accompanying interim report set out on pages 53 to 92, which comprise the condensed consolidated statement of financial position as at 30 June 2019 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated supplementary income statement, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard (IAS) 34, Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

OTHER MATTER

The condensed consolidated interim financial statements as at 30 June 2018 were neither subject to a review nor an audit by an independent auditor.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Old Mutual Limited for the six months ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

KPMG Inc.
Per: Pierre Fourie
Registered Auditor
Chartered Accountant (SA)
Director
2 September 2019

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

Deloitte & Touche
Per: Alex Arterton
Registered Auditor
Chartered Accountant (SA)
Partner
2 September 2019

1st Floor, The Square
Cape Quarter
27 Somerset Road
Green Point
8005

Condensed consolidated income statement

For the six months ended 30 June 2019

Rm	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Continuing operations			
Revenue			
Gross insurance premium revenue		**38,652**	39,739
Outward reinsurance		**(3,855)**	(3,333)
Net earned premiums		**34,797**	36,406
Investment return (non-banking)		**57,065**	22,735
Banking interest and similar income		**2,414**	2,105
Banking trading, investment and similar income		**212**	60
Fee and commission income, and income from service activities		**5,100**	5,521
Other income		**629**	1,040
Total revenue		**100,217**	67,867
Expenses			
Gross claims and benefits (including change in insurance contract provisions)		**(52,061)**	(37,354)
Reinsurance recoveries		**2,492**	2,998
Net claims and benefits incurred		**(49,569)**	(34,356)
Change in investment contract liabilities		**(19,077)**	(2,897)
Credit impairment charges		**(1,224)**	(480)
Finance costs		**(309)**	(538)
Banking interest payable and similar expenses		**(601)**	(252)
Fee and commission expenses, and other acquisition costs		**(5,186)**	(4,606)
Change in third-party interest in consolidated funds		**(7,455)**	(7,503)
Other operating and administrative expenses		**(11,099)**	(12,157)
Total expenses		**(94,520)**	(62,789)
Share of gains/(losses) of associated undertakings and joint ventures after tax		**1,533**	(53)
(Loss)/profit on disposal of subsidiaries and associated undertakings		**(5)**	3
Profit before tax		**7,225**	5,028
Income tax expense		**(1,377)**	(1,865)
Profit after tax from continuing operations		**5,848**	3,163
Discontinued operations			
Profit after tax from discontinued operations	G4.1(a)	**104**	13,574
Profit after tax for the financial period		**5,952**	16,737
Attributable to			
Equity holders of the parent		**5,817**	12,867
Non-controlling interests			
Ordinary shares		**135**	3,585
Preferred securities		**–**	285
Profit after tax for the financial period		**5,952**	16,737
Earnings per ordinary share			
Basic earnings per share – continuing operations (cents)		**125.0**	65.8
Basic earnings per share – discontinued operations (cents)		**2.3**	211.4
Basic earnings per ordinary share (cents)	C1(a)	**127.3**	277.2
Diluted earnings per share – continuing operations (cents)		**122.9**	65.1
Diluted earnings per share – discontinued operations (cents)		**2.2**	207.7
Diluted earnings per ordinary share (cents)	C1(b)	**125.1**	272.8

1 *Profit on disposal of subsidiaries and associated undertakings and profit after tax from discontinued operations for the six months ended 30 June 2018 have been restated and re-presented. Refer to note A1.2 for more information.*

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2019

Rm	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Continuing operations			
Profit after tax for the financial period		**5,952**	16,737
Other comprehensive income for the financial period			
Items that will not be reclassified to profit or loss			
Losses on property revaluations		**(26)**	(17)
Remeasurement gains on defined benefit plans		**67**	28
Fair value movements related to credit risk on borrowed funds		**(34)**	320
Share of other comprehensive income from associated undertakings and joint ventures		**21**	–
Shadow accounting[2]		**6**	23
Income tax on items that will not be reclassified to profit or loss		**(22)**	1
		12	355
Items that may be reclassified to profit or loss			
Fair value adjustments on net investment hedges		**–**	33
Debt Instruments at FVOCI – Net change in fair value		**–**	(98)
Currency translation differences on translating foreign operations		**(1,930)**	5,366
Exchange differences recycled to profit or loss on disposal of businesses		**(135)**	(1,352)
Share of other comprehensive income from associated undertakings and joint ventures		**(247)**	–
Other movements		**–**	101
		(2,312)	4,050
Total other comprehensive (loss)/income for the financial period from continuing operations		**(2,300)**	4,405
Discontinued operations			
Total other comprehensive income/(loss) for the financial period from discontinued operations after tax	G4.1(b)	**98**	(147)
Total other comprehensive (loss)/income for the financial period		**(2,202)**	4,258
Total comprehensive income for the financial period		**3,750**	20,995
Attributable to			
Equity holders of the parent		**3,749**	17,230
Non-controlling interests			
Ordinary shares		**1**	3,480
Preferred securities		**–**	285
Total comprehensive income for the financial period		**3,750**	20,995

1 *Profit after tax for the financial period and exchange differences recycled to profit or loss on disposal of businesses for the six months ended 30 June 2018 have been restated and re-presented. Refer to note A1.2 for more information.*

2 *Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance Contracts', to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on financial assets that have a direct effect on the measurement of the related insurance assets and liabilities.*

Condensed consolidated supplementary income statement

For the six months ended 30 June 2019

Rm	Notes	2019 (Reviewed)	2018 (Re-presented)[1] (Unaudited)
Mass and Foundation Cluster		**1,512**	1,534
Personal Finance		**1,227**	918
Wealth and Investments		**710**	783
Old Mutual Corporate		**870**	854
Old Mutual Insure		**141**	370
Rest of Africa		**214**	56
Central expenses		**(162)**	(89)
Results from Operations		**4,512**	4,426
Shareholder investment return		**1,060**	791
Finance costs		**(309)**	(337)
Share of gains of associated undertakings and joint ventures after tax		**1,431**	1,379
Adjusted Headline Earnings before tax and non-controlling interests		**6,694**	6,259
Shareholder tax		**(1,425)**	(1,444)
Non-controlling interests		**(58)**	(65)
Adjusted Headline Earnings after tax and non-controlling interests[2]		**5,211**	4,750
Adjusted weighted average number of ordinary shares (millions)	C1(a)	**4,774**	4,801
Adjusted Headline Earnings per share (cents)		**109.1**	98.9

Reconciliation of Adjusted Headline Earnings to IFRS profit after tax

Rm	Notes	2019 (Reviewed)	2018 (Restated)[3] (Unaudited)
Adjusted Headline Earnings		**5,211**	4,750
Investment return on Group equity and debt instruments held in policyholder funds	A1.7(a)	**(214)**	620
Impact of restructuring	A1.7(b)	**(114)**	(450)
Discontinued operations	A1.7(c)	**74**	5,584
Share of gains of associated undertakings after tax	A1.7(d)	**–**	(1,398)
Operations in hyperinflationary economies	A1.7(e)	**594**	643
Non-core operations	A1.7(f)	**303**	(901)
Headline Earnings		**5,854**	8,848
Impairment of goodwill and other intangible assets and property, plant and equipment		**(62)**	(21)
Profit on disposal of property, plant and equipment		**–**	14
Profit on disposal of subsidiaries and associated undertakings after tax		**25**	4,026
Profit after tax for the financial period attributable to equity holders of the parent		**5,817**	12,867

1 *The Rest of Africa Segment, Results from Operations and Adjusted Headline Earnings for the six months ended 30 June 2018 have been re-presented to remove Zimbabwe. Refer to note A1.7(e) for more information.*

2 *Refer to note A1.7 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.*

3 *Profit on disposal of subsidiaries and associated undertakings and discontinued operations for the six months ended 30 June 2018 have been restated and re-presented. Refer to note A1.2 for more information.*

Condensed consolidated statement of financial position

At 30 June 2019

Rm	Notes	At 30 June 2019 (Reviewed)	At 31 December 2018 (Audited)
Assets			
Goodwill and other intangible assets		**5,964**	5,831
Mandatory reserve deposits with central banks		**136**	145
Property, plant and equipment		**9,235**	7,741
Investment property		**32,800**	34,512
Deferred tax assets		**1,182**	938
Investments in associated undertakings and joint ventures	F2	**27,309**	26,679
Deferred acquisition costs		**1,914**	1,925
Reinsurers' share of policyholder liabilities	F1	**7,601**	7,902
Loans and advances		**21,316**	21,243
Investments and securities		**740,628**	708,638
Current tax receivable		**289**	429
Trade, other receivables and other assets		**21,447**	20,567
Derivative financial instruments		**3,343**	2,779
Cash and cash equivalents		**34,318**	32,339
Assets held for sale and distribution		**747**	12,787
Total assets		**908,229**	884,455
Liabilities			
Life insurance contract liabilities	F1	**144,885**	143,926
Investment contract liabilities with discretionary participating features	F1	**195,051**	188,355
Investment contract liabilities	F1	**307,094**	287,774
Property and Casualty liabilities	F1	**9,280**	9,099
Third-party interests in consolidated funds		**84,869**	80,855
Borrowed funds	F3	**20,339**	16,888
Provisions and accruals		**1,993**	1,799
Deferred revenue		**459**	472
Deferred tax liabilities		**3,857**	4,059
Current tax payable		**879**	1,385
Trade, other payables and other liabilities		**49,762**	47,167
Amounts owed to bank depositors		**5,344**	7,213
Derivative financial instruments		**5,210**	5,327
Liabilities held for sale and distribution		**–**	8,716
Total liabilities		**829,022**	803,035
Net assets		**79,207**	81,420
Shareholders' equity			
Equity attributable to equity holders of the parent		**75,836**	78,021
Non-controlling interests			
Ordinary shares		**3,371**	3,399
Total non-controlling interests		**3,371**	3,399
Total equity		**79,207**	81,420

Condensed consolidated statement of cash flows

For the six months ended 30 June 2019

Rm	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Cash flows from operating activities			
Profit before tax		**7,225**	5,028
Non-cash movements in profit before tax		**(6,166)**	4,730
Net changes in working capital		**13,629**	4,572
Taxation paid		**(2,505)**	(1,762)
Net cash inflow from operating activities – continuing operations		**12,183**	12,568
Cash flows from investing activities			
Net disposal of financial investments		**(10,768)**	(25,551)
Acquisition of investment properties		**(653)**	(915)
Proceeds from disposal of investment properties		**6**	115
Dividends received from associated undertakings		**747**	5
Acquisition of property, plant and equipment		**(502)**	(635)
Proceeds from disposal of property, plant and equipment		**53**	158
Acquisition of intangible assets		**(306)**	(461)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		**(26)**	(1,195)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures		**4,258**	4,206
Net cash outflow from investing activities – continuing operations		**(7,191)**	(24,273)
Cash flows from financing activities			
Dividends paid to			
Ordinary equity holders of the Company		**(3,334)**	(3,113)
Non-controlling interests and preferred security interests		**(98)**	(203)
Interest paid (excluding banking interest paid)		**(321)**	(205)
Proceeds from issue of ordinary shares		**–**	251
Net disposal of treasury shares – ordinary shares		**52**	524
Share buyback transactions		**(2,500)**	-
Proceeds from issue of subordinated and other debt		**4,883**	1,741
Subordinated and other debt repaid		**(1,472)**	(130)
Net cash outflow from financing activities – continuing operations		**(2,790)**	(1,135)
Net cash inflow/(outflow) – continuing operations		**2,202**	(12,840)
Net cash outflow from discontinued operations	G4.1(c)	**(394)**	(35,939)
Effects of exchange rate changes on cash and cash equivalents		**(232)**	7,231
Cash and cash equivalents at beginning of the period		**32,878**	100,334
Cash and cash equivalents at end of the period		**34,454**	58,786
Comprising			
Mandatory reserve deposits with central banks		**136**	98
Cash and cash equivalents		**34,318**	27,542
Included in assets held for sale and distribution			
Mandatory reserve deposits with central banks		**–**	21,596
Cash and cash equivalents		**–**	9,550
Total[2]		**34,454**	58,786

1 Profit before tax and non-cash movements in profit before tax for the six months ended 30 June 2018 have been restated and re-presented. In addition, cash and cash equivalents divested on disposal of subsidiaries, previously disclosed in cash flows from investing activities has been re-presented within net cash outflow from discontinued operations. Refer to note A1.2 for more information.

2 Includes mandatory reserve deposits with central banks of R136 million (June 2018: R98 million) and cash and cash equivalents consolidated as part of the consolidation of funds of R8,405 million (June 2018: R7,029 million). Except for these items 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.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2019 (Reviewed)

Rm	Notes	Millions: Number of shares issued and fully paid	Share capital	Merger reserve	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Other reserves[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the period		4,942	89	1,133	14	758	1,162	(690)	(3,608)	79,163	78,021	3,399	81,420
Total comprehensive income for the financial period													
Profit after tax for the financial period		–	–	–	–	–	–	–	–	5,817	5,817	135	5,952
Other comprehensive income		–	–	–	(133)	(2)	–	270	(1,947)	(256)	(2,068)	(134)	(2,202)
Total comprehensive income for the financial period		–	–	–	(133)	(2)	–	270	(1,947)	5,561	3,749	1	3,750
Transactions with the owners of the Company													
Contributions and distributions													
Dividends for the period	C4	–	–	–	–	–	–	–	–	(3,334)	(3,334)	(98)	(3,432)
Equity share-based payment transactions		–	–	–	–	–	64	–	–	–	64	–	64
Transfer between reserves		–	–	–	1	(222)	(34)	248	221	(214)	–	–	–
Merger reserve transferred from sale of Latin American businesses		–	–	(1,133)	–	–	–	–	–	1,133	–	–	–
Share buyback transactions	A2	(111)	(2)	–	–	–	–	–	–	(2,498)	(2,500)	–	(2,500)
Other movements in share capital		–	–	–	–	–	–	–	–	(86)	(86)	(9)	(95)
Total contributions and distributions		(111)	(2)	(1,133)	1	(222)	30	248	221	(4,999)	(5,856)	(107)	(5,963)
Changes in ownership and capital structure													
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	(78)	(78)	78	–
Total changes in ownership and capital structure		–	–	–	–	–	–	–	–	(78)	(78)	78	–
Total transactions with the owners of the Company		(111)	(2)	(1,133)	1	(222)	30	248	221	(5,077)	(5,934)	(29)	(5,963)
Shareholders' equity at end of the period		4,831	87	–	(118)	534	1,192	(172)	(5,334)	79,647	75,836	3,371	79,207

1 *Included in the closing balance for other reserves is R172 million (June 2018: R394 million) liability credit reserve on borrowed funds. The Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss.*

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2018 Restated[1] (Unaudited)

Rm	Notes	Millions Number of shares issued and fully paid	Share capital	Share premium	Merger reserve	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Other reserves	Foreign currency translation reserve (Restated)[1]	Retained earnings (Restated)[1]	Attributable to equity holders of the parent (Restated)[1]	Total non-controlling interests (Restated)[1]	Total equity (Restated)[1]
Shareholders' equity at beginning of the period		4,933	10,150	19,324	20,639	190	2,744	3,813	969	(3,932)	82,781	136,678	46,767	183,445
Impact of adopting IFRS 9 and IFRS 15, net of tax		–	–	–	–	620	–	–	(914)	–	(2,384)	(2,678)	(1,659)	(4,337)
Restated opening balance		4,933	10,150	19,324	20,639	810	2,744	3,813	55	(3,932)	80,397	134,000	45,108	179,108
Total comprehensive income for the financial period														
Profit after tax for the financial period		–	–	–	–	–	–	–	–	–	12,867	12,867	3,870	16,737
Other comprehensive income		–	–	–	–	(450)	4	–	320	4,247	(153)	3,968	290	4,258
Total comprehensive income for the financial period		–	–	–	–	(450)	4	–	320	4,247	12,714	16,835	4,160	20,995
Transactions with the owners of the Company														
Contributions and distributions														
Dividends for the period	C4	–	–	–	–	–	–	–	–	–	(3,113)	(3,113)	(1,931)	(5,044)
Equity share-based payment transactions		–	–	–	–	–	–	(6)	–	–	107	101	(107)	(6)
Transfer between reserves		–	–	–	–	297	(108)	(1,901)	(597)	216	2,093	–	–	–
Demerger of Quilter plc from Old Mutual plc		–	–	–	–	–	–	–	–	–	(42,935)	(42,935)	–	(42,935)
Merger reserve released from demerger of Quilter plc		–	–	–	(19,506)	–	–	–	–	–	19,506	–	–	–
Other movements in share capital		9	18	233	–	–	–	–	(348)	–	1,834	1,737	–	1,737
Total contributions and distributions		9	18	233	(19,506)	297	(108)	(1,907)	(945)	216	(22,508)	(44,210)	(2,038)	(46,248)
Changes in ownership and capital structure														
Capital reduction of Old Mutual plc		–	(10,079)	(19,557)	–	–	–	–	–	–	29,636	–	–	–
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	–	(1,534)	(1,534)	487	(1,047)
Total changes in ownership and capital structure		–	(10,079)	(19,557)	–	–	–	–	–	–	28,102	(1,534)	487	(1,047)
Total transactions with the owners of the Company		9	(10,061)	(19,324)	(19,506)	297	(108)	(1,907)	(945)	216	5,594	(45,744)	(1,551)	(47,295)
Shareholders' equity at end of the period		4,942	89	–	1,133	657	2,640	1,906	(570)	531	98,705	105,091	47,717	152,808

1 *Profit after tax for the financial period (retained earnings and non-controlling interests) and other comprehensive income (foreign currency translation reserve) for the six months ended 30 June 2018 have been restated. Refer to note A1.2 for more information.*

A: SIGNIFICANT ACCOUNTING POLICIES

A1: Basis of preparation

1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa.

The condensed consolidated interim financial statements for the six months ended 30 June 2019 (interim financial statements) consolidate the results of the Company and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds which are accounted for as investments at fair value through profit or loss).

The interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2019, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated supplementary income statement, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2019 and selected explanatory notes. The interim financial statements have been prepared under the supervision of C.G. Troskie CA(SA) (Chief Financial Officer) on a going concern basis, which the Directors believe is appropriate. The Directors of the Group take full responsibility for the preparation of this report. The Board has reviewed and approved the interim financial statements on 1 September 2019.

The interim financial statements are prepared in accordance with International Financial Reporting Standard (IAS) 34 'Interim Financial Reporting', the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies and method of computation applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards (IFRS) as issued by the IASB and are consistent with those applied in the preparation of the Group's 2018 consolidated financial statements, except for changes arising from the adoption of IFRS 16 – 'Leases', as set out in note G5 to the interim financial statements and the application of IAS 29 – 'Financial Reporting in Hyperinflationary Economies' as set out in critical judgements and estimates below.

These interim financial statements do not include all the notes typically included in the annual financial statements and should therefore be read in conjunction with the Group audited consolidated financial statements for the year ended 31 December 2018.

1.2 Comparative information and restatement of prior period errors

Comparative information presented at 31 December 2018 within these interim financial statements, has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2018.

The profit in respect of the distribution of Quilter plc was restated to correct the allocation of foreign exchange differences recycled to profit or loss. The profit on distribution reported in the comparative period included foreign exchange losses of R394 million, this should have been a gain of R1,352 million. Further the consolidated profits in respect of Nedbank and Quilter plc were restated to reverse the amortisation reported as part of these results as required under IFRS 5 'Non-current assets held for sale and discontinued operations'. Amounts of R869 million (net of tax) in respect of Nedbank and R574 million (net of tax) in respect of Quilter plc have been reversed within profit from discontinued operations for the six months ended 30 June 2018. These items were identified and restated during the preparation of the December 2018 financial statements.

The combined impact of the above has resulted in an increase in the total reported profit on the disposal and distribution of Quilter plc from R2,852 million to R4,023 million.

The Group also re-presented the profit on disposal of subsidiaries and associated undertakings classified as held for sale and distribution to the profit from discontinued operations after tax line in the condensed consolidated income statement for the six months ended 30 June 2018 to align the presentation and disclosures with those presented for the year ended 31 December 2018. In addition, in the condensed consolidated statement of cash flows, cash and cash equivalents divested on disposal of subsidiaries of R54,042 million, previously disclosed in cash flows from investing activities has been re-presented within net cash outflow from discontinued operations. Refer to note G4 for more information.

As a result of these restatements, reported basic earnings per ordinary share has increased from 229.4 cents to 277.2 cents and diluted earnings per ordinary share has increased from 225.5 cents to 272.8 cents. Similarly reported headline earnings per share has increased from 168.1 cents to 190.6 cents and diluted headline earnings per share has increased from 164.8 cents to 187.2 cents.

1.3 External review

The Group's independent auditors KPMG Inc. and Deloitte & Touche have reviewed these interim financial statements and their unmodified review conclusion is presented on page 52. Comparative information for the six months ended 30 June 2018 is neither audited nor reviewed. Comparative information for the year ended 31 December 2018 was audited. The auditors' report does not necessarily report on all of the information contained in the interim results announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should refer to the auditors' review report on page 52.

1.4 Translation of foreign operations into the Group's presentation currency

The assets and liabilities of foreign operations are translated from their respective functional currencies into the Group's presentation currency, using the period-end exchange rates, and their income and expenses using the average exchange rates for the period, except for the translation of our business in Zimbabwe, where results, net assets and cash flows have been translated at the closing rate in line with the requirements of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates'. Cumulative translation gains and losses up to 1 January 2015, being the effective date of the Group's conversion to IFRS, were reset to zero. Other than in respect of cumulative translation gains and losses up to 1 January 2015, cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. To the extent that these gains and losses are effectively hedged, the cumulative effect of such gains and losses arising on the hedging instruments are also included in that component of shareholders' equity. Upon the disposal of subsidiaries the cumulative amount of exchange differences post 1 January 2015, deferred in shareholders' equity, net of attributable amounts in relation to hedged net investments, is recognised in profit or loss.

The exchange rates used to translate the operating results, assets and liabilities of key foreign businesses to rand are:

	Six months ended 30 June 2019 (Reviewed)		Six months ended 30 June 2018 (Unaudited)		Year ended 31 December 2018 (Audited)
	Income statement (average rate)	**Statement of financial position (closing rate)**	Income statement (average rate)	Statement of financial position (closing rate)	Statement of financial position (closing rate)
Pound sterling	**18.3693**	**17.8847**	16.9266	18.1266	18.2978
US dollar	**n/a**	**n/a**	12.3056	13.7250	14.3467
Kenyan shilling	**0.1405**	**0.1377**	0.1214	0.1361	0.1410
Real Time Gross Settlement (RTGS)	**3.8321**	**2.1273**	n/a	n/a	4.3520

1.5 Critical accounting estimates and judgements

In the preparation of these condensed consolidated interim financial statements, the Group is required to make estimates and judgements that affect items reported in the consolidated income statement, consolidated statement of financial position, other primary statements and related notes.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2018, with the exception of certain judgements made in respect of the fair value of property assets as outlined below, accounting matters related to Zimbabwe, also described below and the implementation of IFRS 16 – 'Leases' which is set out in note G5.

Fair value of property assets

The Group has exposure to property assets through its investments in investment property and owner occupied properties in South Africa, Rest of Africa and Eastern Europe. The valuation of the Group's property portfolio in East Africa and Zimbabwe, in particular, requires significant judgement due to the current economic conditions prevailing in these regions. Methodologies used to determine and assess the fair value of property assets include discounted cash flow, income capitalisation and term and reversion models. The fair value of each property asset is determined based on the most appropriate valuation methodology applicable to the specific market and economy in which it is invested and the particulars of the property itself. All material property asset valuations in the Group are reviewed by Group and independent external valuation experts on a regular basis. This could result in the Group concluding on a different valuation for the asset.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

A: SIGNIFICANT ACCOUNTING POLICIES (continued)

A1: Basis of preparation (continued)

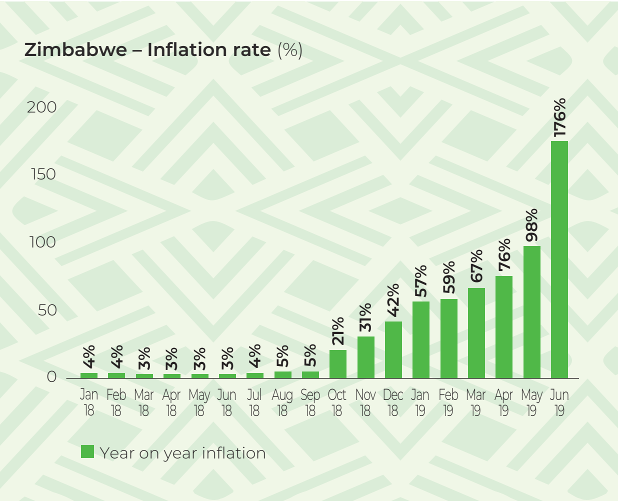
1.6 Accounting matters related to Zimbabwe

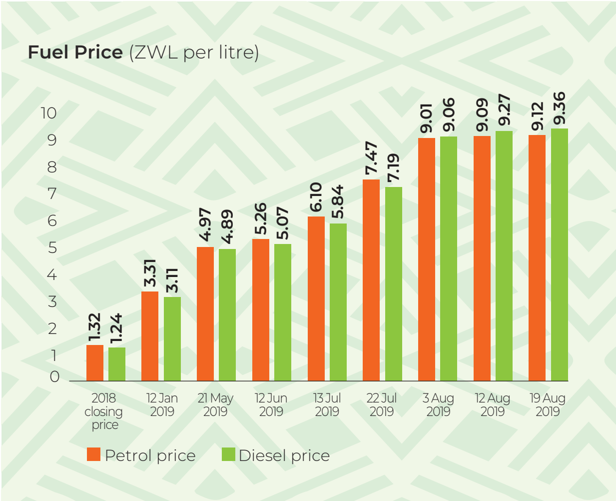
Assessment of Zimbabwe as a hyperinflationary economy

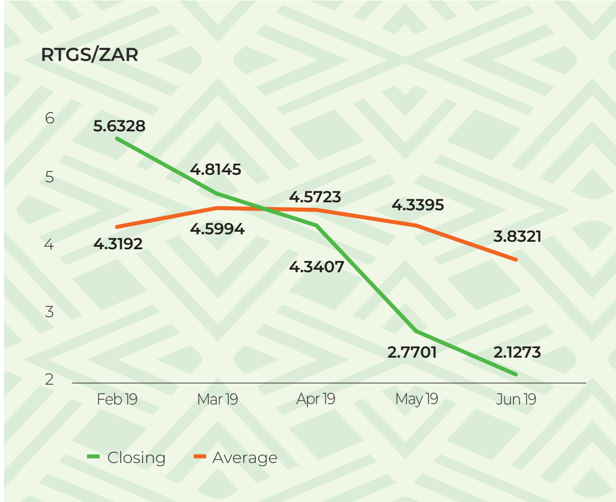
During the first half of 2019 the Group concluded that Zimbabwe was a hyperinflationary economy and made a decision to account for it as such in these interim financial statements. This decision was made after careful assessment of the relevant factors, with the following key factors supporting the decision:

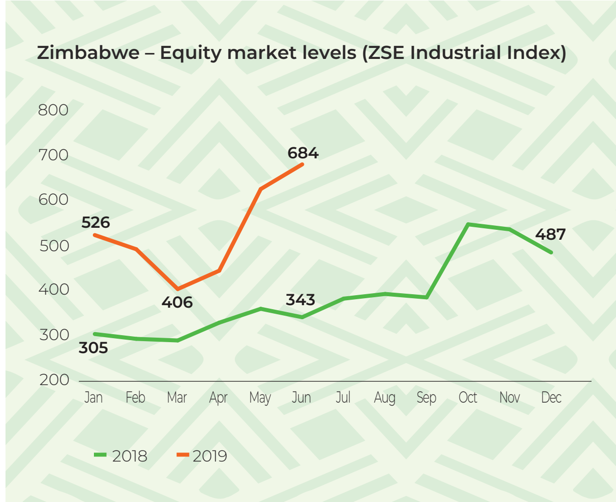
- There was a rapid increase in official inflation rates during the period, with the reported June month on month inflation reaching 39%, resulting in a year on year inflation of 176%. The rapid increase in inflation during the period, the continuation of significantly rising inflation after the reporting period and the fact it is far in excess of 100% is strong evidence of a hyperinflationary economy.
- Fuel prices, a key driver of the inflation rate, have also increased significantly during the period. The prices for petrol and diesel in Zimbabwe have increased rapidly and on a regular basis, resulting in approximately 300% increase in fuel prices during the period. As at mid-August the year to date increase had reached nearly 600%.
- There was significant deterioration in the interbank RTGS dollar exchange rate during the period. Trading commenced at 1 RTGS dollar to 5.60 ZAR (2.5 RTGS dollar to 1 US dollar) during February 2019, compared to a rate of 1 RTGS dollar to 2.13 ZAR (6.62 RTGS dollar to 1 US dollar) at 30 June 2019. This provides evidence that the unofficial market has factored in additional expected loss of purchasing power.
- Due to the lack of access to foreign currency, investors have historically invested all excess funds into listed equities on the Zimbabwe Stock Exchange (ZSE). The ZSE has been seen as a 'safe haven'. This is evidenced by the premium that Old Mutual Limited and PPC shares trade at on the Zimbabwe Stock Exchange compared to the Johannesburg Stock Exchange. At 30 June 2019, these premiums were 9.14 and 4.88, respectively.

After consideration of the above factors, we deemed Zimbabwe to be a hyperinflationary economy from 1 October 2018.









Application of hyperinflationary accounting

The results of our operations with a functional currency of RTGS dollar have been prepared in accordance with IAS 29 – 'Financial Reporting in Hyperinflationary Economies' (IAS 29) as if the economy had been hyperinflationary from 1 October 2018. This date coincided with the date on which the functional currency for our businesses in Zimbabwe changed from a US dollar (as stable currency) to the RTGS dollar and the official inflation rate was low and stable up to that point. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI) as the general price index to restate amounts as CPI provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been stated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. An impairment loss has been recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount. No adjustment has been made for those non-monetary assets and liabilities carried at fair value.

Gains or losses on the net monetary position have been recognised in the income statement. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred unless they relate to items already accounted for at fair value, with the corresponding adjustment presented in the income statement. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Comparative amounts in the Group financial statements have not been restated for changes in the price level from 1 October 2018 as the presentation currency of the Group is that of a non-hyperinflationary economy. Differences between 1 October 2018 and the current year hyperinflationary adjusted equity balances have been recognised as part of the gains or losses on the net monetary position in the income statement.

The impact of applying IAS 29 in the current period resulted in an increase in net asset value and profit after tax of R42 million.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

A: SIGNIFICANT ACCOUNTING POLICIES (continued)

A1: Basis of preparation (continued)

1.6 Accounting matters related to Zimbabwe (continued)

Exchange rate applied in translating the results, net assets and cash flows of the Group's, businesses in Zimbabwe

In accordance with the provisions of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' the results, net assets and cash flows have been translated at the closing rate of 1 RTGS to 2.13 ZAR. The closing rate used to translate the December 2018 results was 1 RTGS to 4.35 ZAR.

By way of background, the Group applied a change in functional currency from the US dollar to the Real Time Gross Settlement (RTGS) dollar in respect of our businesses in Zimbabwe on 1 October 2018. This change was applied prospectively and an estimate of 1 RTGS dollar to 4.35 ZAR was used as the exchange rate to translate the results, net assets and cash flows of the Group's businesses in Zimbabwe in the 2018 financial statements. The estimated exchange rate was based on an internal model. On 20 February 2019 the Reserve Bank of Zimbabwe (RBZ) announced that the RTGS dollar would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS dollar balances with other currencies. This exchange commenced trading on 22 February 2019. The RBZ subsequently introduced Statutory Instrument 142 of 2019 on 24 June 2019 resulting in the renaming of the RTGS dollar to Zimbabwe dollar (ZWL $), and the ZWL $ being the only form of legal tender in the country. This change has had no impact on the assessment of the functional currency within Zimbabwe. Due to this change being at the end of the reporting period, we have continued to reference RTGS dollar in our interim results.

The impact of applying the hyperinflationary provisions of IAS 21 in the current year was a decrease in the Group's profit after tax of R493 million reflecting the difference in applying the average vs the closing exchange rate.

Sensitivities

The table below illustrates the sensitivity of the condensed income statement and condensed statement of financial position to changes in the general price index:

Condensed income statement for the six months ended 30 June 2019

Rm	As reported	+ 100% (CPI)
Total revenues	3,908	4,389
Total expenses	(3,129)	(3,526)
Profit before tax	779	863
Income tax expense	(122)	(131)
Profit after tax for the financial period	657	732
Attributable to		
Equity holders of the parent	594	662
Non-controlling interests	63	70

Condensed statement of financial position at 30 June 2019

Rm	As reported	+ 100% (CPI)
Total assets	13,130	13,275
Total liabilities	11,666	11,737
Net assets	1,464	1,538

The table below illustrates the sensitivity of key financial measures to changes in the exchange rates:

Rm	As reported	1.00 RTGS: 1.06 ZAR
Profit after tax attributable to equity holders of the parent	594	297
Equity attributable to the equity holders of the parent	1,377	689

Further information on key performance measures for the business in Zimbabwe has been disclosed in section 4 of the Additional Disclosure supplement on pages 117 to 126.

1.7 Basis of preparation of Adjusted Headline Earnings

Adjusted Headline Earnings (AHE) is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. It is one of a range of measures used to assess management performance and performance based remuneration outcomes. In addition, it is used in setting the dividend to be paid to shareholders. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Due to the complexity introduced into IFRS profit by the transactions required to execute Managed Separation and the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listing Requirements and SAICA circular 04/2018 adjusted for items that are not considered reflective of the long term economic performance of the Group. AHE is presented to show separately the Results from Operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The Committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time.

The adjustments applied in the determination of AHE are:

(a) Investment return adjustment for Group equity and debt instruments held in policyholder funds

Represents the investment returns on policyholder investments in Group equity and debt instruments held by the Group's policyholder funds. This includes investments in the Company's ordinary shares and the subordinated debt and ordinary shares issued by subsidiaries of the Group. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are added back in the calculation of AHE. This ensures consistency with the measurement of the related policyholder liability.

(b) Impact of restructuring

Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group (such as Managed Separation). This adjustment would therefore include items such as the costs or income associated with completed acquisitions or disposals and the release of any acquisition date provisions. These items are removed from AHE as they are not representative of the operating activity of the Group and by their nature they are not expected to persist in the long term.

(c) Discontinued operations

Represents the removal of the profit after tax associated with discontinued operations. These businesses are not considered part of the Group's principal operations due to the fact they have been or are in the process of being sold or distributed and therefore will not form part of the Group going forward. The profit attributable to these businesses, included the profit or loss recognised on the ultimate distribution or disposal of the business, is removed from AHE. For the period ended 30 June 2019 this adjustment includes the profit attributable to Latin America and Old Mutual Bermuda. The comparative period includes the profit attributable to Quilter plc, Nedbank, Latin America and Old Mutual Bermuda.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

A: SIGNIFICANT ACCOUNTING POLICIES (continued)

A1: Basis of preparation (continued)

1.7 Basis of preparation of Adjusted Headline Earnings (continued)

(d) Income from associated undertakings after tax

Represents the reversal of any differences between the IFRS accounting treatment in respect of our shareholding in Nedbank and the treatment applied in AHE. In AHE we account for the headline earnings related to 20.2% (December 2018: 19.9%) of Nedbank. This represents our effective ownership held in the shareholder funds of Old Mutual Life Assurance Company (South Africa) Limited. The difference between our share of Nedbank's headline earnings reported as part of AHE and the share of associated undertakings profit after tax relating to Nedbank reported in our IFRS income statement is adjusted for in this line item.

(e) Operations in hyperinflationary economies

Until such time as we are able to access capital by way of dividends from the business in Zimbabwe, we will manage it on a ring fenced basis and exclude its results from AHE. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019 and we have restated comparatives to reflect this decision.

(f) Non-core operations

Represents the elimination of the results of businesses or operations classified as non-core. This adjustment represents the net losses associated with the operations of the Residual plc. Residual plc is not considered part of the Group's principal operations due to the fact that it is in the process of winding down and therefore the associated costs are removed from AHE.

1.8 Basis of preparation of other non IFRS measures

The Group uses AHE in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below.

Return on Adjusted Net Asset Value (RoNAV)

RoNAV (expressed as a percentage), is calculated as AHE divided by the average of the opening and closing balances of Adjusted IFRS equity. Adjusted IFRS equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations and operations in hyperinflationary economies. It is further adjusted to remove the one-off fair value adjustment that arose on the unbundling of Nedbank. This adjustment reflects the difference between the fair value and the net asset value of our retained interest in Nedbank on the date of unbundling. A reconciliation is presented in note C3.

RoNAV is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is assessed. Due to the complexity introduced into IFRS equity by the transactions required to execute Managed Separation, management considers RoNAV an appropriate alternative measure to assess performance. The adjustments made to Adjusted IFRS equity mirror these made in AHE to ensure consistency of the numerator and denominator in the calculation of RoNAV.

AHE per share

AHE per share is calculated as AHE divided by the Adjusted weighted average number of shares. The weighted average number of shares is adjusted to reflect the Group's BEE shares and the shares held in policyholder funds and consolidated investment funds as being in the hands of third parties, consistent with the treatment of the related revenue in AHE. Refer to note C1 for more information.

AHE per share is used alongside IFRS earnings, to assess performance of the Group. It is also used in assessing and setting the dividend to be paid to shareholders.

A2: Significant corporate activity and business changes during the period

Disposals completed during the period

Disposal of the Latin American businesses

On 1 April 2019, the Group completed the disposal of the Latin American businesses to Lilly Bermuda Capital Limited (SPV domiciled in Bermuda), owned by CMIG International Holding Private Limited for a cash consideration of R4,144 million, net of transaction costs. A profit on disposal after tax of R30 million has been recognised in profit or loss, including a gain of R135 million from the recycling of foreign currency translation reserves. Merger reserves of R1,133 million created on the original acquisition of the Latin American business was transferred to retained earnings and are no longer classified as non-distributable.

Consistent with prior period reporting, the Latin American businesses have been classified as discontinued operations for the period from 1 January 2019 until disposal on 1 April 2019. Refer to note G4 for more information.

The following table provides an analysis of the assets and liabilities the Group disposed of on 1 April 2019. In addition, it reflects the assets and liabilities of these businesses classified as held for sale at 31 December 2018:

Rm	1 April 2019 (Reviewed)	31 December 2018 (Audited)
Assets		
Goodwill and other intangible assets	**969**	969
Investments and securities	**10,144**	9,609
Other assets	**1,691**	1,514
Cash and cash equivalents	**627**	394
Total assets	**13,431**	12,486
Liabilities		
Life insurance contract liabilities	**2,052**	1,965
Investment contract liabilities	**6,498**	5,968
Other liabilities	**930**	780
Total liabilities	**9,480**	8,713
Net assets	**3,951**	3,773

Share buybacks

During the six months ended 30 June 2019, the Company repurchased 110,783,507 of its issued ordinary shares on the Johannesburg Stock Exchange (JSE) as part of its R2.5 billion share repurchase programme announced on 11 March 2019. The price ranged between 2,118 cents and 2,399 cents per share. The programme concluded on 21 May 2019.

The repurchased shares have been cancelled as issued shares and have reverted to authorised but unissued share capital status. At 30 June 2019, the Company had 4,831,264,848 ordinary shares in issue.

Financing activities during the period

On 11 June 2019, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued R2 billion floating rate subordinated debt instruments under the R10 billion Unsecured Subordinated Note Programme as guaranteed by Old Mutual Limited dated 23 May 2019. These instruments have a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 155 bps, payable quarterly in arrears. The maturity date of these instruments is 11 June 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

B: SEGMENT INFORMATION

B1: Segmental analysis – Consolidated income statement

For the six months ended 30 June 2019 (Reviewed)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Continuing Operations	Discontinued operations	Total IFRS
Revenue													
Gross insurance premium revenue	6,009	6,713	8	13,996	7,198	4,346	–	38,270	–	382	38,652	–	38,652
Outward reinsurance	(19)	(626)	–	(413)	(2,284)	(465)	–	(3,807)	–	(48)	(3,855)	–	(3,855)
Net earned premiums	5,990	6,087	8	13,583	4,914	3,881	–	34,463	–	334	34,797	–	34,797
Investment return (non-banking)	1,180	12,610	11,704	18,253	156	2,241	(1,177)	44,967	8,334	3,764	57,065	–	57,065
Banking interest and similar income	1,836	–	–	–	–	392	–	2,228	–	186	2,414	–	2,414
Banking trading, investment and similar income	10	–	–	–	–	7	–	17	–	195	212	–	212
Fee and commission income and income from service activities	302	1,641	3,043	163	437	388	(1,037)	4,937	–	163	5,100	–	5,100
Other income	66	119	120	280	1	60	(111)	535	11	83	629	–	629
Total revenue	9,384	20,457	14,875	32,279	5,508	6,969	(2,325)	87,147	8,345	4,725	100,217	–	100,217
Expenses													
Net claims and benefits (including change in insurance contract provisions)	(3,662)	(10,496)	(22)	(26,641)	(4,518)	(4,567)	–	(49,906)	–	(2,155)	(52,061)	–	(52,061)
Reinsurance recoveries	16	491	–	407	1,263	269	–	2,446	–	46	2,492	–	2,492
Net claims and benefits incurred	(3,646)	(10,005)	(22)	(26,234)	(3,255)	(4,298)	–	(47,460)	–	(2,109)	(49,569)	–	(49,569)
Change in investment contract liabilities	(6)	(5,265)	(10,681)	(2,630)	–	(264)	–	(18,846)	–	(231)	(19,077)	–	(19,077)
Credit impairment charges	(688)	(31)	2	(4)	–	(76)	(41)	(838)	–	(386)	(1,224)	–	(1,224)
Finance costs	–	–	–	–	–	–	–	–	–	(309)	(309)	–	(309)
Banking interest payable and similar expenses	(380)	–	–	–	–	(156)	–	(536)	–	(65)	(601)	–	(601)
Fee and commission expenses and other acquisition costs	(1,339)	(1,417)	(1,342)	(204)	(1,228)	(404)	940	(4,994)	(125)	(67)	(5,186)	–	(5,186)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	(7,455)	–	(7,455)	–	(7,455)
Other operating and administrative expenses	(1,809)	(2,154)	(2,166)	(2,423)	(884)	(1,523)	1,142	(9,817)	(765)	(517)	(11,099)	–	(11,099)
Policyholder tax	(4)	(358)	44	86	–	(34)	122	(144)	–	144	–	–	–
Total expenses	(7,872)	(19,230)	(14,165)	(31,409)	(5,367)	(6,755)	2,163	(82,635)	(8,345)	(3,540)	(94,520)	–	(94,520)
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	–	–	–	1,533	1,533	–	1,533
Loss on disposal of subsidiaries and associated undertakings	–	–	–	–	–	–	–	–	–	(5)	(5)	–	(5)
Results from Operations	1,512	1,227	710	870	141	214	(162)	4,512	–	2,713	7,225	–	7,225
Shareholder investment return	–	–	–	–	95	105	860	1,060	–	(1,060)	–	–	–
Finance costs	–	–	–	–	(23)	–	(286)	(309)	–	309	–	–	–
Income from associated undertakings	–	–	–	–	–	–	1,431	1,431	–	(1,431)	–	–	–
Adjusted Headline Earnings before tax and non-controlling interests	1,512	1,227	710	870	213	319	1,843	6,694	–	531	7,225	–	7,225
Shareholder tax	(458)	(351)	(180)	(244)	(40)	21	(173)	(1,425)	–	48	(1,377)	–	(1,377)
Non-controlling interests	(50)	–	(14)	–	–	6	–	(58)	–	(77)	(135)	–	(135)
Adjusted Headline Earnings	1,004	876	516	626	173	346	1,670	5,211	–	502	5,713	–	5,713
Investment return adjustment for Group equity and debt instruments held in policyholder funds	3	6	3	29	–	(95)	(160)	(214)	–	214	–	–	–
Impact of restructuring	(59)	–	(63)	–	–	8	–	(114)	–	114	–	–	–
Profit from discontinued operations after tax	–	–	–	–	–	–	74	74	–	(74)	–	74	74
Operations in hyperinflationary economies	–	–	–	–	–	594	–	594	–	(594)	–	–	–
Non-core operations	–	–	–	–	–	–	303	303	–	(303)	–	–	–
Headline Earnings	948	882	456	655	173	853	1,887	5,854	–	(141)	5,713	74	5,787
Adjustments													
Impairment of goodwill and other intangibles	(3)	(6)	(8)	(29)	–	–	(16)	(62)	–	62	–	–	–
Profit/(loss) on disposal of property, plant and equipment	–	–	–	–	–	1	(1)	–	–	–	–	–	–
Profit on disposal of subsidiaries, associated undertakings	–	–	–	–	–	–	25	25	–	(25)	–	30	30
Profit after tax for the financial period attributable to equity holders	945	876	448	626	173	854	1,895	5,817	–	(104)	5,713	104	5,817
Profit after tax for the financial period attributable to non-controlling interests	50	2	14	10	–	59	–	135	–	–	135	–	135
Profit after tax for the financial period	995	878	462	636	173	913	1,895	5,952	–	(104)	5,848	104	5,952

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

B: SEGMENT INFORMATION (continued)

B1: Segmental analysis – Reconciliation of Results from operations to Profit after tax

For the six months ended 30 June 2018 (Restated)[1] (Unaudited)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Elimination of intra-segment transaction	Total continuing operations	Discontinued operations (Restated)[1]	Total IFRS (Restated)[1]
Results from Operations	1,534	918	783	854	370	56	(89)	–	4,426	–	4,426
Shareholder investment return	–	–	–	–	55	244	492	–	791	–	791
Finance costs	–	–	–	–	(22)	–	(315)	–	(337)	–	(337)
Income from associated undertakings	–	–	–	–	–	–	1,379	–	1,379	–	1,379
Adjusted Headline Earnings before tax and non-controlling interests	1,534	918	783	854	403	300	1,467	–	6,259	–	6,259
Shareholder tax	(463)	(270)	(182)	(238)	(115)	(129)	(47)	–	(1,444)	–	(1,444)
Non-controlling interests	(63)	1	(1)	–	(4)	13	(11)	–	(65)	–	(65)
Adjusted Headline Earnings	1,008	649	600	616	284	184	1,409	–	4,750	–	4,750
Investment return adjustment for Group equity and debt instruments held in policyholder funds	–	–	–	–	–	–	620	–	620	–	620
Impact of restructuring	(20)	(30)	(38)	(13)	(68)	(47)	(234)	–	(450)	–	(450)
Profit from discontinued operations after tax	–	–	–	–	–	–	–	(226)	(226)	5,810	5,584
Share of gains of associated undertakings after tax – 19.9% of Nedbank	–	–	–	–	–	–	(1,398)	–	(1,398)	–	(1,398)
Operations in hyperinflationary economies	–	–	–	–	–	643	–	–	643	–	643
Non-core operations	–	–	–	–	–	–	(901)	–	(901)	–	(901)
Headline Earnings	988	619	562	603	216	780	(504)	(226)	3,038	5,810	8,848
Adjustments											
Headline Earnings adjustments	–	–	–	–	(1)	(20)	38	–	17	4,002	4,019
Profit for the financial period attributable to equity holders	988	619	562	603	215	760	(466)	(226)	3,055	9,812	12,867
Non-controlling interests											
Ordinary shares	63	(1)	1	–	4	30	11	–	108	3,477	3,585
Preferred securities	–	–	–	–	–	–	–	–	–	285	285
Profit after tax for the financial period	1,051	618	563	603	219	790	(455)	(226)	3,163	13,574	16,737

1 Profit from discontinued operations and Headline Earnings adjustments for the six months ended 30 June 2018 have been restated and re-presented. In addition, Adjusted Headline Earnings in the Rest of Africa Segment has been re-presented to remove the results of Zimbabwe. Refer to notes A1.2 and A1.7 (e) for more information.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

B: SEGMENT INFORMATION (continued)

B2: Segmental analysis – Statement of financial position

At 30 June 2019 (Reviewed)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other[1] Group Activities	Consolidation of funds	Continuing Operations	Discontinued operations	Total IFRS
Total assets	**32,500**	**198,105**	**196,402**	**274,466**	**14,355**	**64,118**	**41,082**	**87,201**	**908,229**	**–**	**908,229**
Policyholder liabilities	**(12,517)**	**(168,142)**	**(185,923)**	**(243,982)**	**–**	**(37,774)**	**1,308**	**–**	**(647,030)**	**–**	**(647,030)**
Life insurance contract liabilities	**(966)**	**(74,997)**	**130**	**(61,564)**	**–**	**(8,280)**	**792**	**–**	**(144,885)**	**–**	**(144,885)**
Investment contract liabilities with discretionary participating features	**(11,470)**	**(13,355)**	**(2,631)**	**(146,189)**	**–**	**(21,406)**	**–**	**–**	**(195,051)**	**–**	**(195,051)**
Investment contract liabilities	**(81)**	**(79,790)**	**(183,422)**	**(36,229)**	**–**	**(8,088)**	**516**	**–**	**(307,094)**	**–**	**(307,094)**
Property and Casualty insurance liabilities	**–**	**–**	**–**	**–**	**(6,567)**	**(2,713)**	**–**	**–**	**(9,280)**	**–**	**(9,280)**
Other liabilities	**(16,049)**	**(28,125)**	**(4,738)**	**(30,391)**	**(4,120)**	**(12,967)**	**12,326**	**(88,648)**	**(172,712)**	**–**	**(172,712)**
Total liabilities	**(28,566)**	**(196,267)**	**(190,661)**	**(274,373)**	**(10,687)**	**(53,454)**	**13,634**	**(88,648)**	**(829,022)**	**–**	**(829,022)**
Net assets	**3,934**	**1,838**	**5,741**	**93**	**3,668**	**10,664**	**54,716**	**(1,447)**	**79,207**	**–**	**79,207**

At 31 December 2018 (Audited)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other[1] Group Activities	Consolidation of funds	Continuing Operations	Discontinued operations	Total IFRS
Total assets	32,669	198,155	200,623	269,910	14,728	70,179	4,257	81,147	871,668	12,787	884,455
Policyholder liabilities	(11,638)	(165,009)	(182,789)	(234,654)	–	(39,722)	13,757	–	(620,055)	–	(620,055)
Life insurance contract liabilities	(910)	(73,861)	(3)	(62,530)	–	(8,109)	1,487	–	(143,926)	–	(143,926)
Investment contract liabilities with discretionary participating features	(10,648)	(12,796)	(2,563)	(138,651)	–	(23,697)	–	–	(188,355)	–	(188,355)
Investment contract liabilities	(80)	(78,352)	(180,223)	(33,473)	–	(7,916)	12,270	–	(287,774)	–	(287,774)
Property and Casualty insurance liabilities	–	–	–	–	(6,477)	(2,622)	–	–	(9,099)	–	(9,099)
Other liabilities	(16,266)	(30,332)	(11,561)	(33,971)	(4,058)	(15,153)	29,154	(82,978)	(165,165)	(8,716)	(173,881)
Total liabilities	(27,904)	(195,341)	(194,350)	(268,625)	(10,535)	(57,497)	42,911	(82,978)	(794,319)	(8,716)	(803,035)
Net assets	4,765	2,814	6,273	1,285	4,193	12,682	47,168	(1,831)	77,349	4,071	81,420

1 Includes an amount of R4,613 million (2018: R5,032 million) which represents the equity attributable to non-core operations (Residual plc).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

C: OTHER KEY PERFORMANCE INFORMATION

C1: Earnings and earnings per share

For the six months ended 30 June

Cents	Source of guidance	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Basic earnings per share	IFRS	C1(a)	**127.3**	277.2
Diluted earnings per share	IFRS	C1(b)	**125.1**	272.8
Headline Earnings per share	JSE Listings Requirements SAICA circular 04/2018	C1(c)	**128.1**	190.6
Diluted headline earnings per share	JSE Listings Requirements SAICA circular 04/2018	C1(c)	**125.9**	187.2

1 *Basic earnings per ordinary share, diluted earnings per ordinary share, headline earnings per share and diluted headline earnings per share for the six months ended 30 June 2018 have been restated as described in note A1.2.*

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period excluding own shares held in policyholder funds, Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment trusts. These shares are regarded as treasury shares.

The table below reconciles the profit attributable to equity holders of the parent to profit attributable to ordinary equity holders:

For the six months ended 30 June

Rm	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Profit for the financial period attributable to equity holders of the parent from continuing operations		**5,713**	3,055
Profit for the financial period attributable to equity holders of the parent from discontinued operations	G4.1(a)	**104**	9,812
Profit attributable to ordinary equity holders		**5,817**	12,867

1 *Profit for the financial period attributable to equity holders of the parent from continuing and discontinued operations for the six months ended 30 June 2018 have been restated and re-presented as described in note A1.2.*

The table below summarises the calculation of the weighted average number of ordinary shares for the purposes of calculating basic earnings per share:

For the six months ended 30 June

	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Weighted average number of ordinary shares in issue (millions)	**4,894**	4,934
Shares held in charitable foundations and trusts (millions)	**(19)**	(19)
Shares held in ESOP and similar trusts (millions)	**(101)**	(114)
Adjusted weighted average number of ordinary shares (millions)	**4,774**	4,801
Shares held in policyholder and consolidated investment funds (millions)	**(196)**	(159)
Shares held in Black Economic Empowerment trusts (millions)	**(9)**	(1)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	**4,569**	4,641
Basic earnings per ordinary share (cents)	**127.3**	277.2

1 *Basic earnings per ordinary share for the six months ended 30 June 2018 has been restated. Refer to note A1.2 for more information.*

(b) Diluted earnings per share

Diluted earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full period.

For the six months ended 30 June

	Notes	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Profit attributable to ordinary equity holders (Rm)		**5,817**	12,867
Dilution effect on profit relating to share options issued by subsidiaries (Rm)		**–**	(68)
Diluted profit attributable to ordinary equity holders (Rm)		**5,817**	12,799
Weighted average number of ordinary shares (millions)	C1(a)	**4,569**	4,641
Adjustments for share options held by ESOP and similar trusts (millions)		**71**	49
Adjustments for shares held in Black Economic Empowerment trusts (millions)		**9**	1
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		**4,649**	4,691
Diluted earnings per ordinary share (cents)		**125.1**	272.8

1 *Diluted profit attributable to ordinary equity holders and diluted earnings per ordinary share for the six months ended 30 June 2018 have been restated. Refer to note A1.2 for more information.*

(c) Headline Earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 04/2018 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa.

For the six months ended 30 June

		2019 (Reviewed)		2018 (Restated)[1] (Unaudited)	
Rm	Notes	Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
Profit attributable to ordinary equity holders			**5,817**		12,867
Adjustments:					
Impairments of goodwill and other intangible assets, property, plant and equipment and associated undertakings		**62**	**62**	56	21
Profit on disposal of property and equipment		**–**	**–**	(15)	(14)
Profit on disposal of subsidiaries, associated undertakings and joint ventures		**(323)**	**(25)**	(4,026)	(4,026)
Total adjustments		**(261)**	**37**	(3,985)	(4,019)
Headline Earnings			**5,854**		8,848
Dilution effect on earnings relating to share options issued by subsidiaries			**–**		(68)
Diluted headline earnings (Rm)			**5,854**		8,780
Weighted average number of ordinary shares (millions)	C1(a)		**4,569**		4,641
Diluted weighted average number of ordinary shares (millions)	C1(b)		**4,649**		4,691
Headline earnings per share (cents)			**128.1**		190.6
Diluted headline earnings per share (cents)			**125.9**		187.2

1 *Profit attributable to ordinary equity holders and profit on disposal of subsidiaries, associated undertakings and joint ventures for the six months ended 30 June 2018 have been restated. Refer to note A1.2 for more information.*

C: OTHER KEY PERFORMANCE INFORMATION (continued)

C2: Net asset value per share and tangible net asset value per share

Net asset value per share is calculated as total assets minus total liabilities divided by the total number of ordinary shares in issue at the period end.

Net tangible asset value per share is calculated as total assets minus goodwill and other intangible assets minus total liabilities divided by the total number of shares in issue at period end.

Rand	At 30 June 2019 (Reviewed)	At 31 December 2018 (Audited)
Net asset value per share	**16.4**	16.5
Net tangible asset value per share	**15.2**	15.3

C3: Return on Net Asset Value (RoNAV)

The table below outlines the calculation of RoNAV, using AHE disclosed on page 55. The basis of preparation of RoNAV is disclosed in note A1.8.

Rbn or %	At 30 June 2019 (Reviewed)	At 31 December 2018 (Reviewed)
Total RoNAV (%)	**16.4%**	16.2%
Average Adjusted IFRS Equity (Rbn)	**63.7**	58.2
Closing Adjusted IFRS Equity (Rbn)	**65.2**	62.3

Reconciliation of equity attributable to the holders of the parent to closing adjusted IFRS equity

Rbn	At 30 June 2019 (Reviewed)	At 31 December 2018 (Reviewed)
Equity attributable to the holders of the parent	**75.8**	78.0
Equity in respect of discontinued operations	**–**	(4.1)
Equity in respect of associated undertakings	**(25.2)**	(24.8)
Equity in respect of operations in hyperinflationary economies	**(1.4)**	(2.3)
Equity in respect of non-core operations	**(3.1)**	(3.1)
Equity attributable to operating segments	**46.1**	43.7
Equity attributable to the Group's stake in Nedbank[1]	**19.1**	18.6
Closing Adjusted IFRS equity	**65.2**	62.3

1 *Calculated as equity in associated undertakings less the defined fair value adjustment. The fair value adjustment is calculated as fair value on the date of unbundling of R24.4 billion less the net asset value on the date of unbundling of R18.2 billion.*

C4: Dividends

For the six months ended 30 June

Rm	Ordinary dividend payment date	2019 (Reviewed)	2018 (Unaudited)
2017 Second interim dividend paid – 3.57p (66.50c) per 11 3/7p share	30 April 2018	**–**	3,113
2018 Final dividend paid – 72.00c per share	29 April 2019	**3,334**	–
Dividend payments to ordinary equity holders for the period		**3,334**	3,113

On 16 October 2018, the Group paid the interim dividend and special dividend of R6,852 million (45.00c and 100.00c per ordinary share respectively).

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in ESOP trusts, life funds of Group entities, 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.

An interim dividend of 45 cents (or its equivalent in other applicable currencies) per ordinary share in the Company has been declared by the directors and will be paid on 14 October 2019 to shareholders on all registers.

D: OTHER CONSOLIDATED INCOME STATEMENT NOTES

D1: Disaggregation of revenue

For the six months ended 30 June 2019 (Reviewed)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Consolidation of funds	Adjusting items and reclassifications	Total
Revenue from contracts with customers										
Fee and commission income	302	1,631	2,944	162	385	365	(983)	–	60	4,866
Transaction and performance fees	–	–	88	1	–	32	(54)	–	103	170
Change in deferred revenue	–	10	11	–	52	(9)	–	–	–	64
Fee and commission income and income from service activities	302	1,641	3,043	163	437	388	(1,037)	–	163	5,100
Non-IFRS 15 revenue										
Banking	1,846	–	–	–	–	399	–	–	381	2,626
Insurance	5,990	6,087	8	13,583	4,914	3,880	–	–	335	34,797
Other	1,246	12,729	11,824	18,533	157	2,302	(1,288)	8,345	3,846	57,694
Total revenue from other activities	9,082	18,816	11,832	32,116	5,071	6,581	(1,288)	8,345	4,562	95,117
Total revenue	9,384	20,457	14,875	32,279	5,508	6,969	(2,325)	8,345	4,725	100,217

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

D: OTHER CONSOLIDATED INCOME STATEMENT NOTES (continued)

D1: Disaggregation of revenue (continued)

For the six months ended 30 June 2018 (Unaudited)

Rm	Mass and Foundation Cluster	Personal Finance	Wealth and Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Consolidation of funds	Adjusting items and reclassifications	Total
Revenue from contracts with customers										
Fee and commission income	211	1,738	2,870	171	386	295	(742)	1	217	5,147
Transaction and performance fees	–	–	86	1	–	29	(3)	–	263	376
Change in deferred revenue	–	1	10	–	(9)	(4)	–	–	–	(2)
Fee and commission income and income from service activities	211	1,739	2,966	172	377	320	(745)	1	480	5,521
Non-IFRS 15 revenue										
Banking	1,248	–	9	–	–	299	(9)	–	618	2,165
Insurance	5,680	5,500	20	16,128	4,247	3,623	–	–	1,208	36,406
Other	569	3,651	2,555	5,804	69	1,518	(882)	7,778	2,713	23,775
Total revenue from other activities	7,497	9,151	2,584	21,932	4,316	5,440	(891)	7,778	4,539	62,346
Total revenue	7,708	10,890	5,550	22,104	4,693	5,760	(1,636)	7,779	5,019	67,867

D2: Analysis of managed other operating and administrative expense base

The table below provides a reconciliation between the operating and administrative expenses per the income statement and underlying operating expense base on which the cost efficiency leadership target is measured.

For the six months ended 30 June

Rm	2019 (Reviewed)	2018 (Unaudited)
Total other operating and administrative expenses	**11,099**	12,157
Perimeter adjustments		
Residual plc and Old Mutual Bermuda	**(64)**	(1,374)
Consolidation of funds	**(765)**	(263)
Elimination of transactions with discontinued operations	**(2)**	159
Operations in hyperinflationary economies	**56**	–
Expenses excluded from cost base		
Amortisation of acquired intangible assets	**(25)**	(35)
Impairment of goodwill and other intangible assets	**(42)**	–
Restructuring costs including one-off business standalone costs	**(135)**	(358)
Operational finance costs	**(502)**	(855)
Investment management expenses	**(864)**	(791)
Arrangements that are presented on a gross basis in IFRS[1]	**(270)**	–
Cell captive share costs	**–**	(243)
Underlying operating and administrative expense base	**8,486**	8,397

1 *The adjustment reflects the reallocation of associated income of arrangements that are presented on a gross basis in IFRS and on a net basis in the underlying operating and administrative expense base.*

E: FINANCIAL ASSETS AND LIABILITIES

The accounting policies, valuation techniques, control framework and hierarchy used to determine fair values at 30 June 2019 are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2018.

E1: Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

At 30 June 2019 (Reviewed)

Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	**3,114**	**3,114**	**–**	**–**
Investments and securities	**736,798**	**393,888**	**312,677**	**30,233**
Derivative financial instruments – assets	**3,343**	**–**	**3,343**	**–**
Total financial assets measured at fair value	**743,255**	**397,002**	**316,020**	**30,233**
Financial liabilities measured at fair value				
Investment contract liabilities[1]	**305,997**	**–**	**305,997**	**–**
Third-party interests in consolidated funds	**84,869**	**–**	**84,869**	**–**
Borrowed funds	**8,140**	**–**	**8,140**	**–**
Derivative financial instruments – liabilities	**5,210**	**–**	**5,210**	**–**
Total financial liabilities measured at fair value	**404,216**	**–**	**404,216**	**–**

1 *Investment contract liabilities amount excludes R195,051 million discretionary participating investment contracts. These contracts are classified as non-financial liabilities and are not analysed according to their fair value hierarchy as permitted by IFRS 7 'Financial Instruments: Disclosures'.*

At 31 December 2018 (Audited)

Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	3,007	3,007	–	–
Investments and securities	703,987	386,316	287,252	30,419
Derivative financial instruments – assets	2,779	–	2,779	–
Total financial assets measured at fair value	709,773	389,323	290,031	30,419
Financial liabilities measured at fair value				
Investment contract liabilities[1]	286,710	–	286,710	–
Third-party interests in consolidated funds	80,855	–	80,855	–
Borrowed funds	6,581	–	6,581	–
Derivative financial instruments – liabilities	5,327	–	5,327	–
Total financial liabilities measured at fair value	379,473	–	379,473	–

1 *Investment contract liabilities amount excludes R 193,425 million discretionary participating investment contracts. These contracts are classified as non-financial liabilities and are not analysed according to their fair value hierarchy as permitted by IFRS 7 'Financial Instruments: Disclosures'.*

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

E: FINANCIAL ASSETS AND LIABILITIES (continued)

E1: Disclosure of financial assets and liabilities measured at fair value (continued)

(b) Level 3 fair value hierarchy disclosure

Rm	Six months ended 30 June 2019 (Reviewed)	Year ended 31 December 2018 (Audited)
Level 3 financial assets – Investments and securities		
At beginning of the period	**30,419**	20,426
Total net fair value gains/(losses) recognised in profit or loss (investment return (non-banking)	**867**	(662)
Purchases	**596**	3,664
Sales	**(776)**	(1,311)
Transfers in	**41**	9,458
Transfers out	**(617)**	(184)
Foreign exchange	**(297)**	(972)
Total Level 3 financial assets	**30,233**	30,419
Unrealised fair value gains relating to assets held at 30 June 2019 and 31 December 2018 recognised in profit or loss	**863**	858

During the period the Group transferred R617 million of financial instruments from Level 3 to Level 2. These financial instruments are valued based on unit prices using net asset values. During the period the inputs used in the valuation became more observable due to accessibility of the unit prices.

During the period there were certain financial assets for which significant inputs into the valuation model became unobservable due to the lack of availability of private equity peer and sector information used in the valuation of these instruments. This resulted in transfers from Level 2 to Level 3.

For all reporting periods, the Group did not have any Level 3 financial liabilities.

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For such unobservable assumptions, estimates are based on available market data, which may include the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available, and examination of historical levels.

There has been no change to the key unobservable inputs to Level 3 financial instruments and the inter-relationships therein. These are detailed in the financial statements for the year ended 31 December 2018.

Types of financial instruments	Fair values At 30 June 2019 (Reviewed) Rm	Fair values At 31 December 2018 (Audited) Rm	Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs At 30 June 2019 (Reviewed) Rm	Fair value measurement sensitivity to unobservable inputs At 31 December 2018 (Audited) Rm
Assets						
Investments and securities	**30,233**	30,419	Discounted cash flows (DCF) EBITDA multiples Price earnings ratios Adjusted net asset values	Valuation multiples, Credit spreads Volatilities Dividend growth rate, Internal rates of return, Cost of capital Risk premiums	**Favourable: 2,357** **Unfavourable: 2,023**	Favourable: 1,378 Unfavourable: 1,365

Key inputs and assumptions used in the valuation models include discount rates (with the reasonably possible alternative assumptions calculated by increasing/decreasing the discount rate by 10%) and price earnings ratio (with the reasonably possible alternative assumptions calculated by increasing/decreasing the price earnings ratio by 10%).

All the business segments have performed analysis of the impact of reasonable possible assumptions for unobservable inputs based on the specific characteristics of each instrument. As all the changes in assumptions are unique to each instrument, the disclosure of the range of changes in the assumptions would not provide the reader of the financial statements with any additional useful information as this is general information and does not relate to a specific instrument.

Level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market-related inputs. Main inputs used for level 2 valuations include bond curves, interbank swap interest rate curves, and the forecasted consumer price index.

E2: Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, loans and advances, certain borrowed funds and other financial assets and financial liabilities that are carried at amortised cost. The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale.

The table below shows the fair value hierarchy only for those liabilities carried at amortised cost.

Rm	Carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowed funds at 30 June 2019 (Reviewed)	**12,199**	**–**	**12,199**	**–**	**12,199**
Borrowed funds at 31 December 2018 (Audited)	10,307		10,307	–	10,307

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For the six months ended 30 June 2019

E: FINANCIAL ASSETS AND LIABILITIES (continued)

E2: Fair value hierarchy for assets and liabilities not measured at fair value (continued)

Investments and securities

For investments and securities carried at amortised cost in terms of IFRS 9, the fair value has been determined based either on available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

Loans and advances

Loans and advances are carried at amortised cost in terms of IFRS 9 and principally comprise variable rate financial assets and are classified as Level 3. The interest rates on these variable rate financial assets are adjusted when the applicable benchmark interest rates change.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposals of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The Group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced sale basis.

Borrowed funds

For borrowed funds carried at amortised cost in terms of IFRS 9, the fair value is determined using either available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

F: ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

F1: Insurance and investment contracts

	At 30 June 2019 (Reviewed)			At 31 December 2018 (Audited)		
Rm	**Gross**	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contract liabilities	**144,885**	**(1,014)**	**143,871**	143,926	(810)	143,116
Life insurance contract liabilities	**142,690**	**(1,014)**	**141,676**	141,756	(810)	140,946
Outstanding claims	**2,195**	**–**	**2,195**	2,170	–	2,170
Investment contract liabilities	**502,145**	**(3,114)**	**499,031**	476,129	(3,007)	473,122
Unit-linked investment contracts and similar contracts	**305,883**	**(3,114)**	**302,769**	286,521	(3,007)	283,514
Other investment contracts	**1,211**	**–**	**1,211**	1,253	–	1,253
Investment contracts with discretionary participating features	**195,051**	**–**	**195,051**	188,355	–	188,355
Total life assurance policyholder liabilities	**647,030**	**(4,128)**	**642,902**	620,055	(3,817)	616,238
Property and Casualty liabilities						
Claims incurred but not reported	**1,283**	**(360)**	**923**	1,255	(369)	886
Unearned premiums	**2,956**	**(1,323)**	**1,633**	2,870	(1,408)	1,462
Outstanding claims	**5,041**	**(1,790)**	**3,251**	4,974	(2,308)	2,666
Total Property and Casualty liabilities	**9,280**	**(3,473)**	**5,807**	9,099	(4,085)	5,014
Total policyholder liabilities	**656,310**	**(7,601)**	**648,709**	629,154	(7,902)	621,252

F2: Investments in associated undertakings and joint ventures

Rm	At 30 June 2019 (Reviewed)	At 31 December 2018 (Audited)
Associated undertakings		
Listed[1]	**25,201**	24,771
Unlisted	**1,631**	1,501
Joint ventures		
Unlisted	**477**	407
Total investments in associates and joint ventures	**27,309**	26,679

1 Listed associated undertakings comprises the Group's equity accounted investment in Nedbank Group Limited. Nedbank Group Limited is a company domiciled in South Africa and its shares are listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange.

F3: Borrowed funds

	At 30 June 2019 (Reviewed)				
Rm	**Mass and Foundation Cluster**	**Old Mutual Insure**	**Rest of Africa**	**Other Group Activities[1]**	**Total**
Term loans	**6,181**	**–**	**1,948**	**–**	**8,129**
Revolving credit facilities	**2,200**	**–**	**770**	**600**	**3,570**
Subordinated debt securities[1]	**–**	**500**	**–**	**8,140**	**8,640**
Total borrowed funds	**8,381**	**500**	**2,718**	**8,740**	**20,339**

1 On 11 June 2019, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued R2 billion floating rate subordinated debt instruments in terms of its R10 billion Unsecured Subordinated Note Programme as guaranteed by Old Mutual Limited dated 23 May 2019. These instruments have a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 155 bps, payable quarterly in arrears. The maturity date of these instruments is 11 June 2024.

	At 31 December 2018 (Audited)				
Rm	Mass and Foundation Cluster	Old Mutual Insure	Rest of Africa	Other Group Activities	Total
Term loans	5,700	–	2,390	–	8,090
Revolving credit facilities	1,250	–	400	600	2,250
Subordinated debt securities	–	500	–	6,048	6,548
Total borrowed funds	6,950	500	2,790	6,648	16,888

Breaches of covenant

During the six months ended 30 June 2019, the financial covenants on 6 existing loans were breached. The funding was raised to support operations in the Rest of Africa segment.

As at 30 June 2019, two of the six loans were no longer in breach.

The Group is still in negotiation with the lenders of the remaining four loans totalling R232 million (US$ 16.5 million) to either amend the breached covenants or to provide waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 30 June 2019, none of these breached loans have been called on.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

G: OTHER NOTES

G1: Related parties

Except for related party transactions described below, the nature of the related party transactions of the Group has not changed from those described in the consolidated financial statements for the year ended 31 December 2018.

(a) Changes in the status of certain directors

Thoko Mokgosi-Mwantembe

On 3 April 2019, the Group announced that the Board of Old Mutual Limited had considered an arms-length transaction by Ms. Mokgosi-Mwantembe in her personal capacity. Given the nature of the transaction the Group resolved that Ms. Mokgosi-Mwantembe was no longer classified as an independent director on the Old Mutual Limited Board. This was effective from 3 April 2019 and her status has been reflected as a non-executive director since that date.

Peter Moyo

On 24 May 2019 the Board of Old Mutual Limited announced that it had made a decision to suspend the Chief Executive Officer, Peter Moyo and he was not appointed as a director of Old Mutual Limited at the Annual General Meeting held on that date. Subsequent to this, on 17 June 2019, the Board announced that it had given notice to Mr. Moyo to terminate his employment contract on notice. Although Mr. Moyo is currently challenging the termination of his employment contract in court proceedings, he is not required to perform any duties during his notice period.

Iain Williamson

Following the suspension of Peter Moyo, the Board of Old Mutual Limited announced that it had appointed Iain Williamson as the Interim Chief Executive Officer of Old Mutual Limited, effective 24 May 2019. Mr. Williamson was also appointed as executive director of Old Mutual Limited on 27 May 2019 and will remain in this position until such time as a suitable successor is announced.

(b) Investments in the NMT group of companies

Peter Moyo, previously an executive director of the Company, and also a non-executive director of Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA), a wholly owned subsidiary of the Group, is also a non-executive director of NMT Capital Proprietary Limited (NMT Capital) and NMT Group Proprietary Limited (NMT Group), and holds an equity interest in both companies. OMLACSA has provided equity and preference share funding to both NMT Capital and NMT Group as well as related entities. RZT Zeply 4971 Proprietary Limited, RZT Zeply 4973 Proprietary Limited and STS Capital Proprietary Limited are ordinary shareholders and related parties of NMT Capital. Amabubesi Capital Travelling Proprietary Limited is a subsidiary of NMT Group.

There was no change in the quantum or nature of the shareholding in NMT Capital or NMT Group during the period, however the Board has communicated its intentions to NMT and is in the process of exiting this investment. Subsequent to the period end the Group received R47 million in cash from NMT Capital, reflecting the full repayment of the outstanding preference shareholding in NMT Capital at that date. The investments in the NMT companies have been valued based on a directors valuation. The negotiations to exit the remaining investments are in early stages and the timing and mechanism of the realisation is yet to be determined. The valuation of this investment will continue to be monitored as negotiations progress.

Subsequent to the period end, the Group was made aware that the Industrial Development Corporation of South Africa Limited (IDC) had raised a dispute with the directors of NMT over the payment of the ordinary dividend in 2018, which they viewed to be unlawful. In light of this, the Group has transferred an amount of R21 million into an independently managed trust account, pending the resolution of this dispute.

Rm	**Six months ended 30 June 2019 (Reviewed)**	Year ended 31 December 2018 (Audited)
Investments held		
Ordinary shareholding – NMT Capital	**15**	14
Preference shareholding – NMT Capital	**49**	48
Preference shareholding – NMT Group	**191**	190
Preference shareholding – RZT Zeply 4971	**6**	6
Preference shareholding – RZT Zeply 4973	**6**	6
Preference shareholding – STS Capital	**6**	6
Preference shareholding – Amabubesi Capital Travelling	**22**	21
Transactions		
Ordinary dividend accrued – NMT Capital	**–**	23
Preference dividend accrued – NMT Capital	**2**	9
Preference dividend accrued – NMT Group	**10**	15

(c) Investments in the Kutana Group of companies

Thoko Mokgosi-Mwantembe, a non-executive director of the Company and Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA), a wholly owned subsidiary of the Group, is also the Chief Executive Officer and sole equity holder of Kutana Capital (Pty) Ltd (Kutana).

During the period, Old Mutual Specialised Finance provided preference share funding to Luxiano 220 (RF) (Pty) Ltd, a wholly owned subsidiary of Kutana. In light of this investment, we also reviewed where Kutana had significant influence in the wider structure and provided additional information in respect of these relationships.

The Group, through various of its operating subsidiaries has provided debt funding in the form of a series of term loans to In2Food Group (Pty) Ltd, an entity in which Kutana has an effective interest of 35%, via an entity called Middle Road Packers (Pty) Limited (Middle Road).

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a non-executive director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure, the Group has no influence over the investment decisions of this fund. These structures within the Group ensure that the independence of our asset management businesses is maintained. The underlying assets and liabilities of Fund IV have been consolidated into the Group's results and financial position as if it were a subsidiary in compliance with IFRS 10.

The transactions concluded with the Kutana Group of companies arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features to the Group.

Rm	**Six months ended 30 June 2019 (Reviewed)**	Year ended 31 December 2018 (Unaudited)
Debt instruments held		
Preference shareholding – Luxiano 220 (RF) (Pty) Ltd	**215**	–
Mezzanine debt – In2Food Group (Pty) Ltd	**43**	43
Term loan A – In2Food Group (Pty) Ltd	**98**	94
Term loan B – In2Food Group (Pty) Ltd	**139**	139
Income earned		
Preference dividends accrued – Luxiano 220 (RF) (Pty) Ltd	**16**	–
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	**1**	1
Term loan A interest accrued – In2Food Group (Pty) Ltd	**1**	1
Term loan B interest accrued – In2Food Group (Pty) Ltd	**1**	1

G: OTHER NOTES (continued)

G2: Contingent liabilities and potential future commitments

Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

During the period the Group managed two ongoing litigation matters in which the Chairman of Old Mutual Limited is named. These matters had both reputational and strategic execution consequences specific to the Group and whilst the Chairman is named in these matters, the decision to incur these costs was made in the interests of the Group. Legal fees paid in respect of these matters for the period ended 30 June 2019 were approximately R480,000 (December 2018: R920,000). An amount of R1.6 million is outstanding, yet to be paid.

The Group is currently pursuing litigation in relation to the decision made to terminate Peter Moyo. The Group does not expect the ultimate resolution of these proceedings to have a significant adverse effect on the financial position of the Group.

Tax

The Revenue authorities in the principal jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group. The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which they operate. All interpretations made by management are made with reference to the specific facts and circumstances of the transaction and the relevant legislation.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review. The Board is satisfied that adequate provisions have been made to cater for the resolution of tax uncertainties and that the resources required to fund such potential settlements are sufficient.

Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

Outcome of Zimbabwean Commission Enquiry

On 31 December 2016, the Zimbabwean Government concluded its enquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's enquiry were made public.

Although the Commission believes that policyholders may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission did not determine a methodology for quantifying or allocating responsibility for this prejudice and recommended that this be the subject of a further independent process to determine a criteria for assessing prejudice as well as a basis for compensation which will also take into account the need to maintain stability and confidence in the industry. As such we are not currently able to establish what impact the Commission's findings will have on Old Mutual Zimbabwe.

Old Mutual Limited's intragroup guarantee of Travelers indemnification

In September 2001, Old Mutual plc, now a wholly owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual plc agreed to indemnify Travelers Companies Inc. and certain of its group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to $480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual plc in the circumstances where Old Mutual plc is unable to satisfy its obligations in respect of the Indemnity Agreement. The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual plc and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

Future potential commitments

Enterprise development commitments

In accordance with the Framework Agreement entered into in relation to Managed Separation concluded with the Department of Economic Development (the Framework Agreement), the Group has undertaken that, in addition to its existing enterprise development programs, it shall, over a period of three years following the Managed Separation Implementation Date, allocate an incremental amount of R500 million to a ring-fenced perpetual Enterprise Supplier Development Fund (the Fund). Funding extended by the Fund is intended and anticipated to generate additional jobs in the Company Ecosystem. The Group's participation in the Fund shall be managed and administered by a specially created function with oversight from the office of the CEO, which function shall also be responsible for the measurement of compliance by the Group with the Amended FSC and the Group's broader commitment to transformation in South Africa.

Although the fund is developmental in nature, it is management's intention and belief that, in aggregate, the Group will return a profit on the instruments used to meet the requirements of the Framework Agreement. Nevertheless, as with any commitment to advance funding, the Group will be subject to credit and counterparty risk in relation to this arrangement. This risk will be assessed as funds are advanced, expected credit losses will be calculated, and appropriate provisions for impairment will be raised.

Old Mutual Finance (Pty) Ltd put option

The Group and the Business Doctor Consortium Limited and its associates (Business Doctor) established Old Mutual Finance (Pty) Ltd (Old Mutual Finance) as a 50/50 start-up strategic alliance in 2008. The Group increased its shareholding in Old Mutual Finance from 50% to 75% in 2014 by acquiring an additional 25% shareholding from Business Doctor for R1.1 billion. The Group has a call option to acquire the remaining 25% shareholding in Old Mutual Finance held by Business Doctor at market value under certain circumstances, inter alia in the event of a change of control within Business Doctor and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively). Business Doctor has a put option to sell its remaining 25% shareholding in Old Mutual Finance to the Group at market value under certain circumstances, inter alia in the event of a change of control within the Group and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively).

Following the listing of Old Mutual Limited on 26 June 2018, Business Doctor became entitled to exercise the option to put the remaining shares to Old Mutual Limited. The Group received written confirmation on 22 July 2018 from Business Doctor that the put option would not be exercised.

G3: Events after the reporting date

On 4 July 2019, Old Mutual Real Estate Holding Company (Proprietary) Limited, through its subsidiaries Lions Head Investments E.A.D and Lions Head Romania Holdco EOOD, purchased 100% of the equity of Portland Trust Developments Three s.r.l for a total cash consideration of €10 million (R158 million). The transaction will be accounted for in terms of IFRS3 'Business Combinations' and a full purchase price allocation will be performed within twelve months.

This acquisition consists largely of investment property that will form part of the Group's long term insurance policyholder investment portfolio, backing linked and with profit investment contract liabilities.

On 28 August 2019, the Group received R47 million from NMT. Refer to note G1 for more information.

G: OTHER NOTES (continued)

G4: Discontinued operations and disposal groups held for sale

Latin American businesses

The Latin American businesses have continued to be presented as discontinued operations in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows for the period from 1 January 2019 until the completion of the sale on 1 April 2019. This is consistent with the presentation for the year ended 31 December 2018. Following the completion of the sale, the Latin American businesses ceased to be subsidiaries of the Group and as such, the assets and liabilities of these businesses are no longer included in the consolidated statement of financial position at 30 June 2019.

In the consolidated statement of financial position at December 2018, the assets and liabilities of these businesses were classified and presented as assets and liabilities held for sale and distribution.

Old Mutual Bermuda

During the year ended 31 December 2018, the Bermuda operation substantially completed the wind down process in line with the wind down plan that was presented to the Old Mutual Bermuda and OM Residual UK Limited (previously Old Mutual plc) Boards as well as to the Bermuda Monetary Authority (BMA) in December 2017. The wind down process continues to remain on track with ultimate closure and final dissolution of the business expected during the current financial year.

G4.1: Discontinued operations

The following tables present the income statement from discontinued operations, the statement of comprehensive income from discontinued operations and net cash flows from discontinued operations for the six months ended 30 June 2019 and the six months ended 30 June 2018.

(a) Income statement from discontinued operations

For the six months ended 30 June

Rm	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Revenue	546	66,650
Expenses	(401)	(54,523)
Share of associated undertakings' and joint ventures' profits after tax	1	209
Discontinued operations' profit before tax	**146**	12,336
Profit on disposal of businesses classified as held for sale and distribution	193	2,671
Exchange differences recycled to profit or loss on disposal of businesses	135	1,352
Profit before tax from discontinued operations	**474**	16,359
Income tax expense	(370)	(2,785)
Profit after tax from discontinued operations	**104**	13,574
Attributable to:		
Equity holders of the parent	104	9,812
Non-controlling interests		
Ordinary shares	–	3,477
Preferred securities	–	285
Profit after tax from discontinued operations	**104**	13,574

1 *Profit after tax from discontinued operations for the six months ended 30 June 2018 has been restated and re-presented. Refer to note A1.2 for more information.*

(b) Condensed statement of comprehensive income from discontinued operations

For the six months ended 30 June

Rm	2019 (Reviewed)	2018 (Restated)[1] (Unaudited)
Profit after tax from discontinued operations	**104**	13,574
Total other comprehensive income for the financial period from discontinued operations after tax	**98**	(147)
Total comprehensive income for the financial period from discontinued operations	**202**	13,427
Attributable to:		
Equity holders of the parent	202	10,121
Non-controlling interests		
Ordinary shares	–	3,021
Preferred securities	–	285
Total comprehensive income for the financial period from discontinued operations	**202**	13,427

1 *Profit after tax from discontinued operations and the profit on disposal of subsidiaries and associated undertakings for the six months ended 30 June 2018 have been restated and re-presented. Refer to note A1.2 for more information.*

(c) Net cash flows from discontinued operations

For the six months ended 30 June

Rm	2019 (Reviewed)	2018 (Re-presented)[1] (Unaudited)
Operating activities	496	42,921
Investing activities	(253)	(28,216)
Financing activities	(10)	3,398
Cash and cash equivalents divested on disposal of subsidiaries	(627)	(54,042)
Net cash outflow from discontinued operations	**(394)**	(35,939)

1 *The net cash flows from discontinued operations has been re-presented to include cash and cash equivalents divested on disposal of subsidiaries to be consistent with the disclosure at 31 December 2018. Refer to note A1.2 for more information.*

G5: Standards, amendments to standards, and interpretations adopted in the 2018 condensed consolidated interim financial statements

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019 described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2019.

Implementation of IFRS 16 'Leases' (IFRS 16)

On 1 January 2019, the Group adopted IFRS 16 'Leases' retrospectively, using the modified retrospective approach. The cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at that date. At 1 January 2019, the carrying values of the right-of-use assets were set to equal the lease liabilities as permitted by the standard. Comparatives have not been restated.

IFRS 16 introduced a single on balance sheet accounting model for leases and eliminates the distinction between operating and finance leases. Lessees recognise a right-of-use asset and lease liability based on the discounted payments required under the lease. The Group discounted lease payments using its weighted average incremental borrowing rate at 1 January 2019, of 9%.

As a result, the Group as lessee recognised right-of-use assets of R1.16 billion, with corresponding lease liabilities of R1.17 billion, with the right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

G: OTHER NOTES (continued)

G5: Standards, amendments to standards, and interpretations adopted in the 2018 condensed consolidated interim financial statements (continued)

During the six months ended 30 June 2019, depreciation on right-of-use assets of R180 million and interest costs of R48 million on lease liabilities have been recognised in profit or loss.

Rm	1 January 2019 (Reviewed)
Operating lease commitments at 31 December 2018	**979**
Within one year	275
In the second to fifth years inclusive	668
After five years	36
Present value of operating leases at 31 December 2018	**889**
Adjusted for	
Short-term leases	(30)
Leases of low value assets	(1)
Renewal and termination options reasonably certain to be exercised	314
Lease liabilities (previous operating leases)	**1,172**
Finance lease liabilities	–
Total lease liabilities	**1,172**
Prepaid operating lease expenses at 31 December 2018	2
Accrued operating lease expenses at 31 December 2018	(14)
Total right-of-use assets	**1,160**
Represented by	
Right-of-use assets – Property, plant and equipment	1,160
Total right-of-use assets	**1,160**

G6: Future standards, amendments to standards and interpretations not early adopted in the 2019 condensed consolidated interim financial statements

Certain new accounting standards and interpretations have been published that are not mandatory for 2019 reporting periods and have not been early adopted by the Group.

IFRS 17 'Insurance Contracts' (IFRS 17)

The IASB issued IFRS 17 in May 2017 as a replacement for IFRS 4 'Insurance Contracts'. IFRS 17 is effective for reporting periods beginning on or after 1 January 2022 (the effective date was deferred by one year in terms of the exposure draft issued in June 2019 and is subject to due process). The Group will apply the new standard from the effective date.

The new rules will affect the measurement and presentation requirements for insurance contracts (such as term and life insurance, life annuities, disability insurance, and property and casualty insurance) and investment contracts with discretionary participation features (such as with-profit annuities and smoothed bonus business) issued by Group entities, as well as reinsurance held. The most significant impacted subsidiary will be the Old Mutual Life Assurance Company (South Africa) Limited, however all other Group entities with life and short-term insurance licences will also be impacted.

The Group has instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chairs a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. Each major IFRS 17 focus area is also governed by a delivery committee, which consists of senior finance and actuarial managers who make decisions on scope, design and enablement for their relevant focus areas. All decisions relating to the interpretation of the standard are made by a Technical Review Committee (TRC), which consists of actuarial and finance experts from across the Group. Ratification of major decisions is done by the steering committee. Programme resources include a mix of dedicated technical experts, as well as external consultants where appropriate.

During 2017 and 2018, the Group completed the initial impact assessments, including operational impact assessments as well as projects on material products aimed at assessing the financial impacts of the Standard. Significant progress has been made on the development of accounting and actuarial policies and methodologies. This also includes a comprehensive product classification, which includes the Group product scope and IFRS 17 classification and measurement approach per product. The Transition approach and process was finalised in 2018 and transition calculations are in progress. The Programme is in the process of defining detailed requirements for finance system and process configuration. This includes the re-design of the financial statements and disclosures. In parallel, required actuarial modelling changes are being made and a robust financial data model and actuarial results repository prototype is being developed to demonstrate the capability that is required within the Group. Policy and methodology updates, as well as requirements definition, are currently underway for the Rest of Africa and Old Mutual Insure.

05

ADDITIONAL DISCLOSURES

2019 Group Interim Results

ADDITIONAL DISCLOSURES

Contents

1. Key Metrics

1.1 KEY PERFORMANCE INDICATORS

Rm (unless otherwise stated)	H1 2019[1]	Change (H1 2019 vs H1 2018) Value	%	H1 2018[1]	FY 2018[1]
Results from Operations (RFO)	**4,512**	86	2%	4,426	9,139
Adjusted Headline Earnings (AHE)	**5,211**	461	10%	4,750	9,396
Return on Net Asset Value (RoNAV) (%)	**16.4%**	–	(60 bps)	17.0%	16.2%
Free Surplus Generated from Operations	**3,739**	268	8%	3,471	6,585
% of AHE converted to Free Surplus Generated	**72%**	–	(100 bps)	73%	70%
Group Solvency ratio (%)[2,3]	**166%**	–	(400 bps)	159%	170%

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 The Group solvency ratio is presented on a basis consistent with that adopted at year end and is in line with current approvals obtained. Certain approvals for the Group's proposed basis are still ongoing.

3 The % change has been calculated with reference to FY 2018.

1.2 SUPPLEMENTARY PERFORMANCE INDICATORS

Rm (unless otherwise stated)	H1 2019[1]	Change (H1 2019 vs H1 2018) Value	%	H1 2018[1]	FY 2018[1]
Gross flows[2]	**79,801**	(8,421)	(10%)	88,222	175,509
Life APE sales	**5,916**	223	4%	5,693	12,129
NCCF (Rbn)	**1.4**	(7.2)	(84%)	8.6	9.0
FUM (Rbn)[3]	**1,080.9**	54.9	5%	1,057.7	1,026.0
VNB	**862**	(217)	(20%)	1,079	2,123
VNB margin (%)	**2.4%**	–	(80 bps)	3.2%	3.2%
Banking and Lending					
Loans and advances[3]	**21,990**	1,806	9%	16,612	20,184
Net lending margin (%)	**11.7%**	–	(220 bps)	13.9%	13.6%
Property and Casualty					
Gross written premiums	**8,880**	1,082	14%	7,798	16,298
Underwriting margin (%)	**(0.5%)**	–	(500 bps)	4.5%	3.3%

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 Gross flows have been restated to reflect flows on the Money Account on a net basis. This reduces volatility in reported gross flows due to customers moving funds between their transactional account and save pocket within the same month. The change in basis has no impact to NCCF.

3 The % change has been calculated with reference to FY 2018.

1. Key Metrics (continued)

1.3 SUPPLEMENTARY INCOME STATEMENT

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Mass and Foundation Cluster	**1,512**	(22)	(1%)	1,534	3,129
Personal Finance	**1,227**	309	34%	918	2,021
Wealth and Investments	**710**	(73)	(9%)	783	1,611
Old Mutual Corporate	**870**	16	2%	854	1,703
Old Mutual Insure	**141**	(229)	(62%)	370	670
Rest of Africa[1]	**214**	158	>100%	56	430
Net expenses from central functions	**(162)**	(73)	(82%)	(89)	(425)
Results from Operations	**4,512**	86	2%	4,426	9,139
Shareholder investment return[1]	**1,060**	269	34%	791	1,188
Finance costs	**(309)**	28	8%	(337)	(601)
Income from associates[2]	**1,431**	52	4%	1,379	2,593
Adjusted Headline Earnings before tax and non-controlling interests	**6,694**	435	7%	6,259	12,319
Shareholder tax[1]	**(1,425)**	19	1%	(1,444)	(2,686)
Non-controlling interests[1]	**(58)**	7	11%	(65)	(237)
Adjusted Headline Earnings	**5,211**	461	10%	4,750	9,396

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *Income from associates includes our remaining stake in Nedbank and our investment in China.*

1.4 PER SHARE MEASURES

Millions	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Weighted average number of ordinary shares in issue	**4,894**	(40)	(1%)	4,934	4,938
Shares held in charitable foundations and trusts	**(19)**	–	–	(19)	(19)
Shares held in ESOP and similar trusts	**(101)**	13	11%	(114)	(104)
Adjusted weighted average number of ordinary shares[1]	**4,774**	(27)	(1%)	4,801	4,815
Shares held in policyholder and consolidated investment funds	**(196)**	(37)	(23%)	(159)	(173)
Shares held in Black Economic Empowerment trusts	**(9)**	(8)	(>100%)	(1)	(2)
Weighted average number of ordinary shares used to calculate basic earnings per share	**4,569**	(72)	(2%)	4,641	4,640
Adjusted Headline Earnings per share (cents)[2]	**109.1**	10.2	10%	98.9	195.1
Group equity value per share (cents)[3,4]	**2,416**	(65)	(3%)	–	2,481

1 *Adjusted to reflect the Group's BEE shares and shares held in policyholder and consolidated investment funds, consistent with the treatment of the related revenue in AHE. Refer to note C1 in the reviewed condensed consolidated interim financial statements.*

2 *Calculated as the Adjusted Headline Earnings divided by the adjusted weighted average number of ordinary shares.*

3 *Calculated as Group Equity Value divided by the closing number of ordinary shares, with the comparatives also restated for this. Both periods exclude the results of Zimbabwe.*

4 *The % change has been calculated with reference to FY 2018.*

1. Key Metrics (continued)

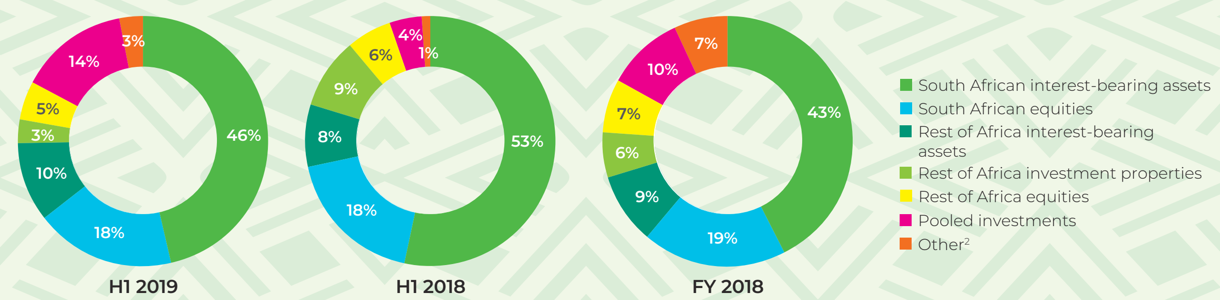
1.5 INVESTED SHAREHOLDER ASSETS

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs FY 2018) Value	%	H1 2018	FY 2018
Shareholder investment return[1,2]	**1,060**	269	34%	791	1,188
South Africa	**955**	408	75%	547	1,075
Rest of Africa	**105**	(139)	(57%)	244	113
Invested Shareholder Assets (Rbn)[1]	**34.9**	3.9	13%	33.7	31.0
South Africa	**27.1**	3.9	17%	24.6	23.2
Rest of Africa	**7.8**	–	–	9.1	7.8

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *The % change has been calculated with reference to H1 2018.*

Invested shareholder assets by asset class (%)[1]



1 *H1 2018 and FY 2018 percentages have been re-presented to exclude assets of Zimbabwe. Investment properties previously included in interest-bearing assets have been shown separately. Similarly pooled investments were previously included in Other*

2 *Other invested shareholder assets mainly comprise derivative assets*

1.6 RETURN ON NET ASSET VALUE

Rbn or %	H1 2019	Change (H1 2019 vs FY 2018) Value	%	H1 2018	FY 2018
Total RoNAV (%)[1,2]	**16.4%**	–	(60 bps)	17.0%	16.2%
South Africa	**17.3%**	–	(110 bps)	18.4%	17.8%
Rest of Africa	**9.2%**	–	330 bps	5.9%	3.5%
Average Adjusted IFRS Equity (Rbn)[1]	**63.7**	5.5	10%	55.9	58.2
South Africa	**56.2**	4.8	9%	49.6	51.4
Rest of Africa	**7.5**	0.7	10%	6.3	6.8
Closing Adjusted IFRS Equity (Rbn)[1]	**65.2**	2.9	5%	57.5	62.3
South Africa	**57.7**	2.8	5%	51.0	54.9
Rest of Africa	**7.5**	0.1	1%	6.5	7.4

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *The % change has been calculated with reference to H1 2018.*

1.7 FREE SURPLUS GENERATED FROM OPERATIONS

Rm (unless otherwise stated)	H1 2019 Free Surplus Generated	H1 2019 AHE	H1 2019 %	Change (H1 2019 vs H1 2018) Value	Change %	H1 2018 Free Surplus Generated	H1 2018 AHE	H1 2018 %
Gross operating segments	**3,862**	**3,823**	**101%**	556	17%	3,306	3,352	99%
Capital requirements	**(817)**	**–**	**–**	(283)	(53%)	(534)	–	–
Net operating segments	**3,045**	**3,823**	**80%**	273	10%	2,772	3,352	83%
Nedbank	**694**	**1,388**	**50%**	(5)	(1%)	699	1,398	50%
Free Surplus Generated from Operations[1]	**3,739**	**5,211**	**72%**	268	8%	3,471	4,750	73%

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

Rm (unless otherwise stated)	FY 2018 Free Surplus Generated	FY 2018 AHE	FY 2018 %
Gross operating segments	6,926	6,715	103%
Capital requirements	(1,682)	–	–
Net operating segments	5,244	6,715	78%
Nedbank	1,341	2,681	50%
Free Surplus Generated from Operations[1]	6,585	9,396	70%

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

1.8 GROUP SOLVENCY POSITION

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs FY 2018) Value	Change %	FY 2018
Eligible own funds	**101,711**	1,127	1%	100,584
Solvency capital requirement	**61,328**	2,273	4%	59,155
Solvency ratio (%)	**166%**	–	(400 bps)	170%

1.9 KEY COMPONENTS OF THE GROUP SOLVENCY POSITION

Rm (unless otherwise stated)	H1 2019 OMLACSA[1,2]	Nedbank[3]	Old Mutual Insure[4]	Residual plc[5]	Other[6]	Consolidation Adjustments[7]	Group
Own Funds[8]	**75,739**	**21,138**	**3,723**	**1,215**	**25,304**	**(25,408)**	**101,711**
Solvency capital requirement	**34,811**	**16,140**	**2,692**	**950**	**17,468**	**(10,733)**	**61,328**
Ratio (%)[9]	**218%**	**131%**	**138%**	**128%**	**145%**	**n/a**	**166%**

Rm	FY 2018 OMLACSA[1,2]	Nedbank[3]	Old Mutual Insure[4]	Residual plc[5]	Other[6]	Consolidation Adjustments[7]	Group
Own Funds[8]	78,224	18,070	3,985	3,239	29,231	(32,165)	100,584
Solvency capital requirement	34,842	13,148	2,536	2,095	17,722	(11,188)	59,155
Ratio (%)[9]	225%	137%	157%	155%	166%	n/a	170%

1 The standard formula under the Prudential Standards is used for OMLACSA.

2 The OMLACSA position includes OMLACSA's holding in strategic assets.

3 Our remaining stake in Nedbank is included on a Basel III basis in Group solvency. This is different to the treatment in the OMLACSA calculation where the holding is included in the Own Funds at the market value of the shares, with an equity stress applied to calculate the SCR. The policyholder holding in Nedbank has been included as prescribed by the Prudential Standards.

4 The standard formula under the Prudential Standards is used for Old Mutual Insure.

5 It has been assumed that surplus arising in Residual plc operations is non-fungible under the Prudential Standards, with the exception of surplus arising in some of the entities now owned by Old Mutual Limited and surplus deemed fungible by the Court Scheme.

6 This category includes the balance of the Group, including holding companies, asset managers, Rest of Africa and Asia and smaller lending businesses.

7 Includes the

(i) elimination of double counting between entities e.g. the investment of a holding company in a subsidiary,
(ii) OMLACSA's investment holding of Nedbank,
(iii) fungibility restrictions where the own funds for certain entities are restricted to the solvency capital requirement of that entity (calculated according to the Prudential Standards). The most material non-fungible surplus relates to Zimbabwe and Residual plc.
(iv) diversification of risks within entities subject to accounting consolidation, most importantly between OMLACSA and Old Mutual Insure.

8 Refer to table 3.3. for a reconciliation between IFRS NAV and Own funds.

9 Due to rounding of own funds and SCR, the ratio presented could differ when recalculated.

1.10 DEBT SUMMARY

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs FY 2018) Value	Change %	H1 2018	FY 2018
Gearing[1]					
IFRS book value of subordinated debt[2]	**8,640**	2,092	32%	6,495	6,548
IFRS equity attributable to operating segments[3]	**46,090**	2,394	6%	41,210	43,696
Gearing ratio (%)	**15.8%**	–	280 bps	13.6%	13.0%
Interest cover[4]					
Finance costs	**309**	(28)	(8%)	337	601
AHE before tax and non-controlling interests and debt service costs[3]	**7,003**	407	6%	6,596	12,920
Interest cover	**22.7**	3.1	16%	19.6	21.5

1 Debt ratios are calculated based on the IFRS book value of debt that supports the capital structure.

2 Refer to table 3.6 for the reconciliation of IFRS book value of subordinated debt to IFRS borrowed funds as disclosed in the IFRS balance sheet.

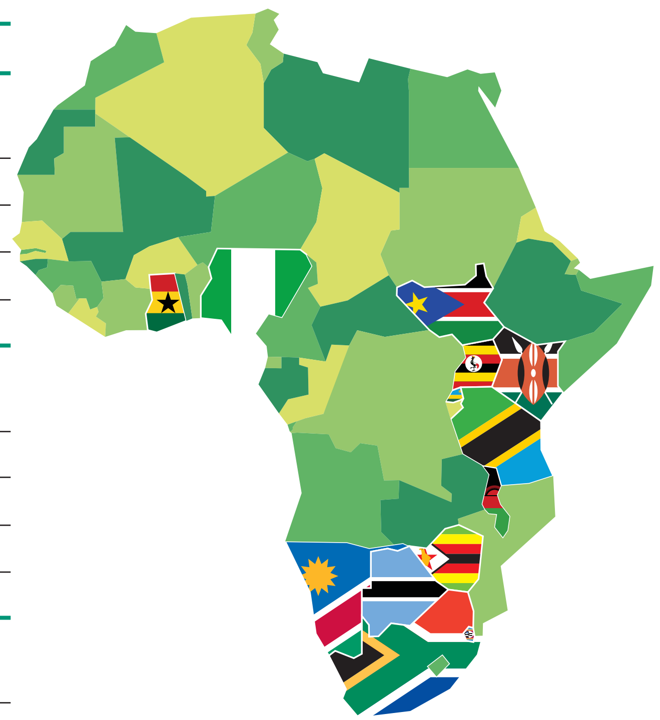
3 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

4 The % change has been calculated with reference to H1 2018.

2. Segment Key Performance Indicators

OUR PRESENCE IN AFRICA

	Life and Savings	Asset Management	Banking and Lending	Property and Casualty
South Africa	✓	✓	✓	✓
Southern Africa				
Botswana	✓			✓
Malawi	✓	✓		
Namibia	✓	✓	✓	✓
eSwatini	✓	✓		
Zimbabwe	✓	✓	✓	✓
East Africa				
Kenya	✓	✓	✓	✓
Rwanda				✓
South Sudan	✓	✓		✓
Tanzania				✓
Uganda	✓	✓		✓
West Africa				
Ghana	✓	✓		
Nigeria	✓			✓



2.1 MASS AND FOUNDATION CLUSTER

2.1.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**1,512**	(22)	(1%)	1,534	3,129
Gross flows[1]	**6,478**	319	5%	6,159	12,668
Life APE sales	**2,019**	(123)	(6%)	2,142	4,579
Single premium	**2**	–	–	2	3
Savings	**2**	–	–	2	3
Recurring premium	**2,017**	(123)	(6%)	2,140	4,576
Savings	**863**	(79)	(8%)	942	1,899
Risk	**1,154**	(44)	(4%)	1,198	2,677
NCCF (Rbn)	**3.4**	0.3	10%	3.1	6.5
FUM (Rbn)[2]	**13.6**	0.9	7%	13.1	12.7
VNB	**579**	(76)	(12%)	655	1,222
VNB margin (%)	**9.2%**	–	(130 bps)	10.5%	10.3%

1 *Gross flows have been restated to reflect flows on the Money Account on a net basis. This reduces volatility in reported gross flows due to customers moving funds between their transactional account and save pocket within the same month. The change in basis has no impact to NCCF.*

2 *The % change has been calculated with reference to FY 2018.*

2. Segment Key Performance Indicators (continued)

2.1 MASS AND FOUNDATION CLUSTER (continued)

2.1.2 Old Mutual Finance

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Loans and advances[1]	**18,073**	1,555	9%	13,432	16,518
Performing	**14,458**	1,338	10%	10,202	13,120
Defaulted	**3,615**	217	6%	3,230	3,398
Balance sheet impairment provision[1]	**3,392**	167	5%	2,993	3,225
Performing	**1,186**	79	7%	928	1,107
Defaulted	**2,206**	88	4%	2,065	2,118
Impairment coverage ratio (%)[2]	**18.8%**	–	(420 bps)	23.0%	19.5%
Results from Operations[3]	**353**	11	3%	342	730
Net interest income (NII)	**1,206**	359	42%	847	1,874
Non-interest revenue (NIR)	**474**	88	23%	386	822
Net lending margin (%)	**11.5%**	–	(290 bps)	14.4%	13.7%
Credit loss ratio (%)	**7.9%**	–	250 bps	5.4%	5.9%

1 *The % change has been calculated with reference to FY 2018.*

2 *Impairment coverage ratio calculates the impairment provision as a percentage of loans and advances.*

3 *Results from Operations includes credit life profits of R182 million in H1 2019 which is classified as Life and Savings (FY 2018: R305 million, H1 2018: R149 million).*

2.2 PERSONAL FINANCE

2.2.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**1,227**	309	34%	918	2,021
Gross flows	**13,111**	141	1%	12,970	26,165
Life APE sales	**1,242**	21	2%	1,221	2,556
Single premium	**448**	4	1%	444	906
Savings	**303**	(37)	(11%)	340	665
Annuities	**145**	41	39%	104	241
Recurring premium	**794**	17	2%	777	1,650
Savings	**468**	3	1%	465	970
Risk	**326**	14	4%	312	680
NCCF (Rbn)	**(1.6)**	0.2	11%	(1.8)	(3.6)
FUM (Rbn)[1]	**188.6**	7.2	4%	188.5	181.4
VNB	**103**	3	3%	100	418
VNB margin (%)	**1.3%**	–	–	1.3%	2.6%

1 *The % change has been calculated with reference to FY 2018.*

2.3 WEALTH AND INVESTMENTS

2.3.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**710**	(73)	(9%)	783	1,611
Gross flows	**38,774**	(6,340)	(14%)	45,114	89,214
NCCF (Rbn)	**2.6**	(8.3)	(76%)	10.9	10.8
Assets under management (AUM)[1,2] (Rbn)	**763.0**	38.6	5%	741.9	724.4
FUM[2]	**533.2**	30.5	6%	516.6	502.7
Intergroup assets[2]	**349.0**	14.7	4%	345.8	334.3
Assets under management and administration (AuMA)[2,3]	**882.2**	45.2	5%	862.4	837.0
Assets under administration[2]	**(119.2)**	(6.6)	(6%)	(120.5)	(112.6)
Total revenue	**2,455**	45	2%	2,410	5,013
Annuity	**2,240**	53	2%	2,187	4,498
Non-annuity	**215**	(8)	(4%)	223	515
Life APE sales by product	**529**	(94)	(15%)	623	1,308
Savings	**529**	(94)	(15%)	623	1,308
VNB	**48**	(36)	(43%)	84	117
VNB margin (%)	**0.9%**	–	(50 bps)	1.4%	0.9%

1 *AUM comprises FUM as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as FUM of these respective segments. Assets under administration that is managed externally is not included in AUM.*

2 *The % change has been calculated with reference to FY 2018.*

3 *AuMA is AUM including assets under administration.*

2.3.2 Results from Operations

Rm	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Wealth	**302**	(29)	(9%)	331	733
Asset Management	**123**	(2)	(2%)	125	243
Wealth and Asset Management	**425**	(31)	(7%)	456	976
Alternatives	**138**	(12)	(8%)	150	272
Specialised Finance	**147**	(30)	(17%)	177	363
Results from Operations	**710**	(73)	(9%)	783	1,611
Operating margin (%)[1]	**29%**	–	(300 bps)	32%	32%

1 *Calculated as Results from Operations divided by total revenue for the period.*

2.3.3 NCCF

Rbn	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Wealth	**2.5**	(4.1)	(62%)	6.6	11.8
Asset Management	**1.0**	(2.7)	(73%)	3.7	1.1
Wealth and Asset Management	**3.5**	(6.8)	(66%)	10.3	12.9
Alternatives	**(0.9)**	(1.5)	(>100%)	0.6	(2.1)
NCCF	**2.6**	(8.3)	(76%)	10.9	10.8

2.3 WEALTH AND INVESTMENTS (continued)

2.3.4 AUM

Rbn	H1 2019	Change (H1 2019 vs FY 2018) Value	%	H1 2018	FY 2018
Wealth and Asset Management	**657.3**	37.1	6%	639.7	620.2
Alternatives	**47.8**	(0.4)	(1%)	45.2	48.2
Specialised Finance	**57.9**	1.9	3%	57.0	56.0
AUM	**763.0**	38.6	5%	741.9	724.4

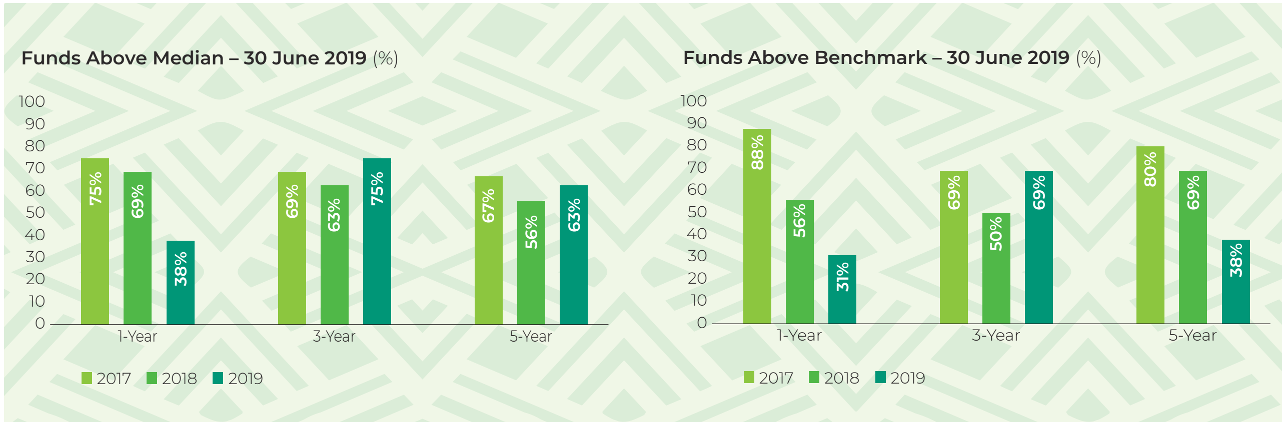
2.3.5 Revenue

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Revenue – Annuity					
Wealth	**1,259**	46	4%	1,213	2,517
Asset Management	**560**	21	4%	539	1,103
Wealth and Asset Management	**1,819**	67	4%	1,752	3,620
Alternatives	**221**	20	10%	201	427
Specialised Finance	**200**	(34)	(15%)	234	451
Total annuity revenue	**2,240**	53	2%	2,187	4,498
Revenue bps – Annuity[1]	**30 bps**	–	–	30 bps	62 bps
Revenue – Non-annuity					
Wealth	**–**			–	–
Asset Management	**32**	9	39%	23	54
Wealth and Asset Management	**32**	9	39%	23	54
Alternatives	**116**	(29)	(20%)	145	333
Specialised Finance	**67**	12	22%	55	128
Total non-annuity revenue	**215**	(8)	(4%)	223	515
Revenue bps – Non-annuity[2]	**3 bps**	–	–	3 bps	7 bps

1 *Calculated as total annuity revenue divided by average AUM.*

2 *Calculated as total non-annuity revenue divided by average AUM.*

2.3.6 Investment Performance



2. Segment Key Performance Indicators (continued)

2.4 OLD MUTUAL CORPORATE

2.4.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**870**	16	2%	854	1,703
Gross flows	**17,910**	(3,813)	(18%)	21,723	42,669
Life APE sales	**1,793**	342	24%	1,451	3,133
Single premium	**851**	(299)	(26%)	1,150	2,212
Savings	**810**	(278)	(26%)	1,088	2,121
Risk	**–**	–	–	–	5
Annuities	**41**	(21)	(34%)	62	86
Recurring premium	**942**	641	>100%	301	921
Savings	**741**	621	>100%	120	376
Risk	**201**	20	11%	181	545
NCCF (Rbn)	**(2.3)**	(3.1)	(>100%)	0.8	2.0
FUM (Rbn)[1]	**267.5**	12.9	5%	258.2	254.6
VNB	**109**	(59)	(35%)	168	309
VNB margin (%)	**0.6%**	–	(60 bps)	1.2%	1.1%

1 The % change has been calculated with reference to FY 2018.

2.5 OLD MUTUAL INSURE

2.5.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Gross written premiums	**7,198**	905	14%	6,293	13,218
Net earned premiums	**4,914**	667	16%	4,247	9,048
Personal	**45**	(165)	(79%)	210	380
Commercial	**5**	(115)	(96%)	120	102
Speciality	**41**	63	>100%	(22)	(55)
CGIC	**(52)**	(44)	(>100%)	(8)	102
Central expenses	**(31)**	(31)	–	–	(49)
Underwriting result	**8**	(292)	(97%)	300	480
Investment return on insurance funds	**138**	42	44%	96	244
Other income and expenses	**(5)**	21	81%	(26)	(54)
Results from Operations	**141**	(229)	(62%)	370	670
Underwriting margin (%)	**0.2%**	–	(690 bps)	7.1%	5.3%
Insurance margin (%)	**2.9%**	–	(580 bps)	8.7%	7.4%
Claims ratio (%)	**66.2%**	–	640 bps	59.8%	60.7%

2. Segment Key Performance Indicators (continued)

2.6 REST OF AFRICA (EXCL. ZIMBABWE)

2.6.1 Key performance indicators

Rm (unless otherwise stated)	H1 2019[1]	Change (H1 2019 vs H1 2018) Value	%	H1 2018[1]	FY 2018[1]
Results from Operations[2]	**214**	158	>100%	56	430
Gross flows	**7,936**	918	13%	7,018	15,600
Life APE sales	**451**	13	3%	438	946
Single premium	**94**	(10)	(10%)	104	207
Savings	**81**	(5)	(6%)	86	174
Risk	**4**	(8)	(67%)	12	20
Annuities	**9**	3	50%	6	13
Recurring premium	**357**	23	7%	334	739
Savings	**178**	3	2%	175	349
Risk	**179**	20	13%	159	390
NCCF (Rbn)	**1.8**	2.0	>100%	(0.2)	2.2
FUM (Rbn)[3]	**84.2**	4.4	6%	76.7	79.8
VNB	**23**	(49)	(68%)	72	57
VNB margin (%)	**1.1%**	–	(200 bps)	3.1%	1.3%
Banking and Lending[4]					
Loans and advances[3]	**3,917**	251	7%	3,180	3,666
Net lending margin (%)[5]	**12.9%**	–	120 bps	11.7%	13.2%
Credit loss ratio (%)	**3.0%**	–	(40 bps)	3.4%	1.9%
Property and Casualty					
Gross written premiums	**1,682**	177	12%	1,505	3,080
Net earned premiums	**1,228**	123	11%	1,105	2,376
Underwriting margin (%)[6]	**(3.1%)**	–	230 bps	(5.4%)	(4.6%)

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 Results from Operations for Rest of Africa includes central regional expenses of R54 million (H1 2018: R57 million, FY 2018: R91 million).

3 The % change has been calculated with reference to FY 2018.

4 Includes Faulu in Kenya and OMF Namibia.

5 Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.

6 Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.

2. Segment Key Performance Indicators (continued)

2.6 REST OF AFRICA (EXCL. ZIMBABWE) (continued)

2.6.2 Southern Africa (Excl. Zimbabwe)

Rm (unless otherwise stated)	H1 2019[1]	Change (H1 2019 vs H1 2018) Value	%	H1 2018[1]	FY 2018[1]
Results from Operations	**362**	39	12%	323	765
Gross flows	**5,747**	343	6%	5,404	12,024
Life APE sales	**338**	(13)	(4%)	351	732
Single premium	**94**	(10)	(10%)	104	206
Savings	**81**	(5)	(6%)	86	174
Risk	**4**	(8)	(67%)	12	19
Annuities	**9**	3	50%	6	13
Recurring premium	**244**	(3)	(1%)	247	526
Savings	**125**	(14)	(10%)	139	271
Risk	**119**	11	10%	108	255
NCCF (Rbn)	**1.1**	1.7	>100%	(0.6)	1.3
FUM (Rbn)[2]	**52.2**	2.9	6%	47.5	49.3
VNB	**60**	(45)	(43%)	105	129
VNB margin (%)	**3.1%**	–	(170 bps)	4.8%	3.4%
Banking and Lending					
Loans and advances[2]	**1,123**	161	17%	788	962
Net lending margin (%)[3]	**15.7%**	–	230 bps	13.4%	13.0%
Credit loss ratio (%)	**5.2%**	–	(360 bps)	8.8%	6.7%
Property and Casualty					
Gross written premiums	**460**	55	14%	405	875
Net earned premiums	**300**	(10)	(3%)	310	611
Underwriting margin (%)[4]	**3.1%**	–	(510 bps)	8.2%	8.7%

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *The % change has been calculated with reference to FY 2018.*

3 *Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as percentage of average loans and advances over the period.*

4 *Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.*

2. Segment Key Performance Indicators (continued)

2.6.3 East Africa

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**–**	108	100%	(108)	11
Gross flows	**1,987**	521	36%	1,466	3,259
Life APE sales	**59**	13	28%	46	123
Recurring premium	**59**	13	28%	46	123
Savings	**9**	2	29%	7	17
Risk	**50**	11	28%	39	106
NCCF (Rbn)	**0.6**	0.3	100%	0.3	0.7
FUM (Rbn)[1]	**30.8**	1.5	5%	28.1	29.3
VNB	**(7)**	9	56%	(16)	(25)
VNB margin (%)	**(6.6%)**	–	1100 bps	(17.6%)	(11.8%)
Banking and Lending					
Loans and advances[1]	**2,794**	90	3%	2,392	2,704
Net lending margin (%)[2]	**11.8%**	–	50 bps	11.3%	13.2%
Credit loss ratio (%)	**2.2%**	–	60 bps	1.6%	0.3%
Property and Casualty					
Gross written premiums	**1,178**	151	15%	1,027	2,101
Net earned premiums	**913**	140	18%	773	1,726
Underwriting margin (%)[3]	**(1.1%)**	–	230 bps	(3.4%)	(1.8%)

1 *The % change has been calculated with reference to FY 2018.*

2 *Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.*

3 *Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.*

2.6.4 West Africa

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**(94)**	8	8%	(102)	(255)
Gross flows	**202**	54	36%	148	317
Life APE sales[1]	**54**	13	32%	41	91
NCCF (Rbn)	**0.1**	–	–	0.1	0.2
FUM (Rbn)[2]	**1.2**	–	–	1.1	1.2
VNB	**(30)**	(13)	(76%)	(17)	(47)
VNB margin (%)	**(21.9%)**	–	(630 bps)	(15.6%)	(17.3%)
Property and Casualty					
Gross written premiums	**44**	(29)	(40%)	73	104
Net earned premiums	**15**	(7)	(32%)	22	39
Underwriting margin (%)[3]	**(114.3%)**	–	8120 bps	(195.5%)	(246.4%)

1 *Life APE sales for FY 2018 includes single premiums of R1 million which was not meaningful to disclose separately.*

2 *The % change has been calculated with reference to FY 2018.*

3 *Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.*

3. Other Disclosures and Reconciliations

3.1 SOURCES OF EARNINGS

Rm	H1 2019 South Africa	H1 2019 Rest of Africa[1]	H1 2019 Group[1]	Change (H1 2019 vs H1 2018) Value	Change (H1 2019 vs H1 2018) %	H1 2018 South Africa	H1 2018 Rest of Africa[1]	H1 2018 Group[1]
New business strain	**(430)**	**(100)**	**(530)**	(215)	(68%)	(223)	(92)	(315)
Expected profits	**3,418**	**134**	**3,552**	(22)	(1%)	3,432	142	3,574
Non-economic experience items	**98**	**39**	**137**	337	>100%	(202)	2	(200)
Experience variances	**62**	**35**	**97**	204	>100%	(87)	(20)	(107)
Assumption changes	**36**	**4**	**40**	133	>100%	(115)	22	(93)
Economic experience items	**459**	**(28)**	**431**	125	41%	308	(2)	306
Investment variances	**459**	**(32)**	**427**	121	40%	308	(2)	306
Assumption changes	**–**	**4**	**4**	4	–	–	–	–
Life and Savings RFO	**3,545**	**45**	**3,590**	225	7%	3,315	50	3,365
Asset Management RFO	**476**	**117**	**593**	57	11%	470	66	536
Banking and Lending RFO	**298**	**91**	**389**	45	13%	304	40	344
Net earned premiums	**4,914**	**1,228**	**6,142**	790	15%	4,247	1,105	5,352
Net claims incurred	**(3,254)**	**(737)**	**(3,991)**	(753)	(23%)	(2,541)	(697)	(3,238)
Net commission expenses	**(791)**	**(140)**	**(931)**	(206)	(28%)	(622)	(103)	(725)
Net operating expenses	**(861)**	**(390)**	**(1,251)**	(102)	(9%)	(784)	(365)	(1,149)
Investment return on insurance funds	**138**	**–**	**138**	42	44%	96	–	96
Other income/(expenses)	**(5)**	**–**	**(5)**	61	92%	(26)	(40)	(66)
Property and Casualty RFO	**141**	**(39)**	**102**	(168)	(62%)	370	(100)	270
Other RFO	**(162)**	**–**	**(162)**	(73)	(82%)	(89)	–	(89)
Central expenses	**(162)**	**–**	**(162)**	(73)	(82%)	(89)	–	(89)
Results from Operations	**4,298**	**214**	**4,512**	86	2%	4,370	56	4,426
Shareholder investment returns	**955**	**105**	**1,060**	269	34%	547	244	791
Finance costs	**(309)**	**–**	**(309)**	28	8%	(337)	–	(337)
Income from associates[2]	**1,431**	**–**	**1,431**	52	4%	1,379	–	1,379
Adjusted Headline Earnings before tax and non-controlling interests	**6,375**	**319**	**6,694**	435	7%	5,959	300	6,259
Shareholder tax	**(1,446)**	**21**	**(1,425)**	19	1%	(1,315)	(129)	(1,444)
Non-controlling interests	**(63)**	**5**	**(58)**	7	11%	(78)	13	(65)
Adjusted Headline Earnings	**4,866**	**345**	**5,211**	461	10%	4,566	184	4,750

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *Income from associates includes our remaining stake in Nedbank and our investment in China.*

3. Other Disclosures and Reconciliations (continued)

3.1 SOURCES OF EARNINGS (continued)

Rm	FY 2018 South Africa	FY 2018 Rest of Africa[1]	FY 2018 Group[1]
New business strain	(328)	(187)	(515)
Expected profits	6,478	278	6,756
Non-economic experience items	5	203	208
Experience variances	17	148	165
Assumption changes	(12)	55	43
Economic experience items	753	(29)	724
Investment variances	754	(29)	725
Assumption changes	(1)	–	(1)
Life and Savings RFO	6,908	265	7,173
Asset Management RFO	893	202	1,095
Banking and Lending RFO	663	115	778
Net earned premiums	9,048	2,376	11,424
Net claims incurred	(5,496)	(1,492)	(6,988)
Net commission expenses	(1,394)	(165)	(1,559)
Net operating expenses	(1,678)	(827)	(2,505)
Investment return on insurance funds	244	–	244
Other income/(expenses)	(54)	(44)	(98)
Property and Casualty RFO	670	(152)	518
Other RFO	(425)	–	(425)
Central expenses	(425)	–	(425)
Results from Operations	8,709	430	9,139
Shareholder investment returns	1,075	113	1,188
Finance costs	(601)	–	(601)
Income from associates[2]	2,593	–	2,593
Adjusted Headline Earnings before tax and non-controlling interests	11,776	543	12,319
Shareholder tax	(2,432)	(254)	(2,686)
Non-controlling interests	(184)	(53)	(237)
Adjusted Headline Earnings	9,160	236	9,396

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *Income from associates includes our remaining stake in Nedbank and our investment in China.*

3. Other Disclosures and Reconciliations (continued)

3.1 SOURCES OF EARNINGS (continued)

This analysis is presented as additional information and is not representative of how the Group is managed.

Rm	H1 2019[1]					
	Life and Savings	**Asset Management**	**Banking and Lending**	**Property and Casualty**	**Other**	**Total**
Mass and Foundation cluster	**1,318**	**–**	**194**	**–**	**–**	**1,512**
Personal Finance	**1,115**	**112**	**–**	**–**	**–**	**1,227**
Wealth and Investments	**242**	**364**	**104**	**–**	**–**	**710**
Old Mutual Corporate	**870**	**–**	**–**	**–**	**–**	**870**
Old Mutual Insure	**–**	**–**	**–**	**141**	**–**	**141**
Rest of Africa	**45**	**117**	**91**	**(39)**	**–**	**214**
Central expenses	**–**	**–**	**–**	**–**	**(162)**	**(162)**
Results from Operations	**3,590**	**593**	**389**	**102**	**(162)**	**4,512**
Shareholder investment returns[2]	**1,076**	**(183)**	**–**	**167**	**–**	**1,060**
Finance costs	**(286)**	**–**	**–**	**(23)**	**–**	**(309)**
Income from associates	**43**	**–**	**–**	**–**	**1,388**	**1,431**
Adjusted Headline Earnings before tax and NCI	**4,423**	**410**	**389**	**246**	**1,226**	**6,694**
Shareholder tax	**(1,229)**	**(138)**	**(77)**	**(26)**	**45**	**(1,425)**
Non-controlling interests	**(11)**	**2**	**(65)**	**16**	**–**	**(58)**
Adjusted Headline Earnings	**3,183**	**274**	**247**	**236**	**1,271**	**5,211**

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 Shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.

Rm	H1 2018[1]					
	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	1,345	–	189	–	–	1,534
Personal Finance	812	106	–	–	–	918
Wealth and Investments	302	366	115	–	–	783
Old Mutual Corporate	856	(2)	–	–	–	854
Old Mutual Insure	–	–	–	370	–	370
Rest of Africa	50	66	40	(100)	–	56
Central expenses	–	–	–	–	(89)	(89)
Results from Operations	3,365	536	344	270	(89)	4,426
Shareholder investment returns[2]	601	–	–	190	–	791
Finance costs	(315)	–	–	(22)	–	(337)
Income from associates	(19)	–	–	–	1,398	1,379
Adjusted Headline Earnings before tax and NCI	3,632	536	344	438	1,309	6,259
Shareholder tax	(1,021)	(197)	(116)	(135)	25	(1,444)
Non-controlling interests	(21)	8	(45)	(7)	–	(65)
Adjusted Headline Earnings	2,590	347	183	296	1,334	4,750

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.

3. Other Disclosures and Reconciliations (continued)

3.1 SOURCES OF EARNINGS (continued)

Rm	FY 2018[1]					
	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	2,730	–	399	–	–	3,129
Personal Finance	1,813	208	–	–	–	2,021
Wealth and Investments	660	687	264	–	–	1,611
Old Mutual Corporate	1,705	(2)	–	–	–	1,703
Old Mutual Insure	–	–	–	670	–	670
Rest of Africa	265	202	115	(152)	–	430
Central expenses	–	–	–	–	(425)	(425)
Results from Operations	7,173	1,095	778	518	(425)	9,139
Shareholder investment returns[2]	1,042	(69)	–	215	–	1,188
Finance costs	(556)	–	–	(45)	–	(601)
Income from associates	(88)	–	–	–	2,681	2,593
Adjusted Headline Earnings before tax and NCI	7,571	1,026	778	688	2,256	12,319
Shareholder tax	(1,927)	(359)	(290)	(229)	119	(2,686)
Non-controlling interests	(42)	8	(121)	(82)	–	(237)
Adjusted Headline Earnings	5,602	675	367	377	2,375	9,396

1 Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.

2 The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.

3.2 SOLO SOLVENCY POSITION

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs FY 2018) Value	%	FY 2018
OMLACSA – solvency position				
Eligible own funds	**75,739**	(2,485)	(3%)	78,224
Solvency capital requirement (SCR)	**34,811**	(31)	(0.1%)	34,842
Solvency ratio (%)[1]	**218%**	–	(700 bps)	225%
Old Mutual Insure – solvency position				
Eligible own funds	**3,723**	(262)	(7%)	3,985
Solvency capital requirement (SCR)	**2,692**	156	6%	2,536
Solvency ratio (%)[1]	**138%**	–	(1,900 bps)	157%

1 Due to rounding of own funds and SCR, the ratio could differ when recalculated.

3. Other Disclosures and Reconciliations (continued)

3.3 IFRS NAV TO GROUP OWN FUNDS

Rm	H1 2019	Change (H1 2019 vs FY 2018) Value	%	FY 2018[1]
IFRS Equity[2]	**75,836**	(2,185)	(3%)	78,021
Scoping adjustment[3]	**(5,182)**	(7,751)	(>100%)	2,569
Treasury shares[4]	**6,110**	(792)	(11%)	6,902
Nedbank adjustments for Basel III[5]	**(2,063)**	5,425	72%	(7,488)
Goodwill and other intangibles[6]	**(5,964)**	(133)	(2%)	(5,831)
Technical provisions (net of deferred tax)[7]	**35,070**	3,458	11%	31,612
Subordinated debt[8]	**8,640**	2,092	32%	6,548
Fungibility and eligibility adjustment[9]	**(8,646)**	(399)	(5%)	(8,247)
Foreseeable dividend	**(2,090)**	1,412	40%	(3,502)
Group own funds	**101,711**	1,127	1%	100,584

1 *Prior year has been re-presented to reflect the adjustment from IFRS NAV to Basel III for Nedbank on a single line.*

2 *Reflects equity attributable to equity holders of the parent.*

3 *Deduction for entities included in IFRS reporting but not included in scope for Group Solvency reporting.*

4 *These are Old Mutual Limited shares that are eliminated per IFRS requirements but not under Prudential Standards.*

5 *This represents the adjustment required to reflect Nedbank on a Basel III basis. The effective percentage shareholding at which Nedbank is accounted for in 2019 to include OMLACSA policyholder investment in Nedbank listed equity.*

6 *Goodwill and other intangibles are assets that are recognised per IFRS requirements, however, they are deemed inadmissible for solvency reporting purposes. The figure shown in the above reconciliation only includes goodwill and other intangible assets for those entities which are in the scope of Group solvency reporting.*

7 *Prudential Standards use a best estimate liability basis to measure insurance liabilities. This effectively recognises an earnings component within the liabilities and results in an increase in capital requirement.*

8 *OMLACSA and Old Mutual Insure subordinated debt comprises tier 2 debt instruments counting towards the Prudential Standards position.*

9 *Restricted surplus includes excess own funds mainly from Residual plc and Zimbabwe. Further adjustments are made for eligibility requirements and the removal of inadmissible items.*

3.4 ADJUSTED HEADLINE EARNINGS TO IFRS PROFIT

Rm	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Adjusted Headline Earnings	**5,211**	461	10%	4,750	9,396
Investment return for Group equity and debt instruments in policyholder funds	**(214)**	(834)	(>100%)	620	(219)
Impact of restructuring	**(114)**	336	75%	(450)	(700)
Discontinued operations	**74**	(5,510)	(99%)	5,584	8,129
Income from associates[1]	**–**	1,398	100%	(1,398)	(2,132)
Operations in hyperinflationary economies[2]	**594**	(49)	(8%)	643	2,116
Non-core operations[3]	**303**	1,204	>100%	(901)	(2,349)
Headline earnings	**5,854**	(2,994)	(34%)	8,848	14,241
Impairment of goodwill and other intangible assets and property, plant and equipment	**(62)**	(41)	(>100%)	(21)	(627)
Impairment of associated undertakings	**–**	–	–	–	(265)
Profit on disposal of property, plant and equipment	**–**	(14)	(100%)	14	51
Profit on disposal of subsidiaries and associated undertakings	**25**	(4,001)	(99%)	4,026	23,166
Profit after tax for the financial period attributable to ordinary equity holders of the parent	**5,817**	(7,050)	(55%)	12,867	36,566

1 *Income from associates includes our remaining stake in Nedbank.*

2 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

3 *Non-core operations include Residual plc.*

3. Other Disclosures and Reconciliations (continued)

3.5 RECONCILIATION OF SEGMENT PERFORMANCE INDICATORS

Rm	Gross flows H1 2019	Gross flows H1 2018	Gross flows FY 2018	Life APE Sales H1 2019	Life APE Sales H1 2018	Life APE Sales FY 2018
Mass and Foundation Cluster	**6,478**	6,159	12,668	**2,019**	2,142	4,579
Personal Finance	**13,111**	12,970	26,165	**1,242**	1,221	2,556
Wealth and Investments	**38,774**	45,114	89,214	**529**	623	1,308
Old Mutual Corporate	**17,910**	21,723	42,669	**1,793**	1,451	3,133
Rest of Africa	**7,936**	7,018	15,600	**451**	438	946
Other Group Activities[1]	**425**	260	584	**160**	90	234
Intra-group eliminations	**(4,833)**	(5,022)	(11,391)	**(278)**	(272)	(627)
Group	**79,801**	88,222	175,509	**5,916**	5,693	12,129

Rbn	NCCF H1 2019	NCCF H1 2018	NCCF FY 2018	FUM H1 2019	FUM H1 2018	FUM FY 2018
Mass and Foundation Cluster	**3.4**	3.1	6.5	**13.6**	13.1	12.7
Personal Finance	**(1.6)**	(1.8)	(3.6)	**188.6**	188.5	181.4
Wealth and Investments	**2.6**	10.9	10.8	**533.2**	516.6	502.7
Old Mutual Corporate	**(2.3)**	0.8	2.0	**267.5**	258.2	254.6
Rest of Africa	**1.8**	(0.2)	2.2	**84.2**	76.7	79.8
Other Group Activities[1]	**(0.9)**	(1.8)	(2.5)	**43.2**	48.4	42.2
Intra-group eliminations	**(1.6)**	(2.4)	(6.4)	**(49.4)**	(43.8)	(47.4)
Group	**1.4**	8.6	9.0	**1,080.9**	1,057.7	1,026.0

Rm	VNB H1 2019	VNB H1 2018	VNB FY 2018
Mass and Foundation Cluster	**579**	655	1,222
Personal Finance	**103**	100	418
Wealth and Investments	**48**	84	117
Old Mutual Corporate	**109**	168	309
Rest of Africa	**23**	72	57
Other Group Activities[1]	**–**	–	–
Intra-group eliminations	**–**	–	–
Group	**862**	1,079	2,123

1 *Other Group Activities includes our investment in China.*

3.6 IFRS BOOK VALUE TO IFRS BORROWED FUNDS

Rm	H1 2019	Change (H1 2019 vs FY 2018) Value	%	FY 2018
IFRS value of subordinated debt[1]	**8,640**	2,092	32%	6,548
Term loans and drawn credit facilities	**11,699**	1,359	13%	10,340
Total borrowed funds	**20,339**	3,451	20%	16,888

1 *On 11 June 2019, OMLACSA issued R2 billion floating rate subordinated debt instruments at 3 month JIBAR plus 155 bps.*

3. Other Disclosures and Reconciliations (continued)

3.7 ADJUSTED IFRS EQUITY FOR RONAV

Rbn	H1 2019	Change (H1 2019 vs FY 2018) Value	%	H1 2018	FY 2018
Equity attributable to the holders of the parent[1]	**75.8**	(2.2)	(3%)	105.1	78.0
Equity in respect of discontinued operations	**–**	4.1	100%	(49.4)	(4.1)
Equity in respect of associated undertakings[2]	**(25.2)**	(0.4)	(2%)	–	(24.8)
Equity in respect of operations in hyperinflationary economies[3]	**(1.4)**	0.9	39%	(6.4)	(2.3)
Equity in respect of non-core operations[4]	**(3.1)**	–	–	(8.1)	(3.1)
Equity attributable to operating segments	**46.1**	2.4	6%	41.2	43.7
Equity attributable to our stake in Nedbank[5]	**19.1**	0.5	3%	16.3	18.6
Closing Adjusted IFRS equity	**65.2**	2.9	5%	57.5	62.3

1 *Equity attributable to ordinary shareholders of the parent for H1 2018 has been restated. Refer to note A1.2 in the reviewed condensed consolidated interim financial statements for more information.*

2 *This represents our remaining stake in Nedbank at fair value.*

3 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

4 *Consolidation adjustments reflecting own shares held by consolidated funds have been included in equity in respect of non-core operations.*

5 *This represents our remaining stake in Nedbank at book value which is the basis on which we include Nedbank in RoNAV.*

3.8 RESIDUAL PLC IFRS NAV TO ECONOMIC VALUE

£m	H1 2019	H1 2018	FY 2018
UK gilts and cash	**215**	921	235
Investment in Quilter	**–**	24	–
Other assets and liabilities	**41**	67	37
Investment in Old Mutual Bermuda	**2**	58	3
Third party debt	**–**	(449)	–
Residual plc IFRS NAV	**258**	621	275
Adjustment of debt valuation to risk free rate	**–**	(54)	–
Prefunding of plc Head office costs	**(5)**	(109)	(6)
Other[1]	**(47)**	(34)	(48)
Residual plc Economic NAV	**206**	424	221

1 *Includes Nedbank and Quilter shares held for purposes of remuneration schemes in Residual plc and therefore not included in the economic NAV.*

3. Other Disclosures and Reconciliations (continued)

3.9 GROUP EQUITY VALUE

Rbn	H1 2019 IFRS NAV	H1 2019 GEV[2]	H1 2019 AHE[3]	FY 2018[1] IFRS NAV	FY 2018[1] GEV[2]	FY 2018[1] AHE[3]
Covered[4]	**36.2**	**68.4**	**3.2**	27.2	64.1	5.6
Non covered	**9.2**	**20.7**	**0.7**	14.5	27.4	1.5
Asset Management[5]	**2.0**	**6.7**	**0.3**	7.2	12.0	0.7
Banking and Lending[6]	**2.6**	**7.3**	**0.2**	2.8	7.7	0.4
Property and Casualty[7]	**4.6**	**6.7**	**0.2**	4.5	7.7	0.4
Other[8]	**0.7**	**(2.4)**		2.0	(6.8)	
GEV related to operating businesses	**46.1**	**86.7**		43.7	84.7	
South Africa	**38.6**	**77.4**		36.3	76.0	
Rest of Africa	**7.5**	**9.3**		7.4	8.7	
Nedbank[9]	**25.2**	**25.2**	**1.4**	24.8	27.3	2.7
Residual plc[10]	**4.6**	**3.7**		4.9	4.1	
Zimbabwe[11]	**1.4**	**1.1**		2.3	1.8	
Assets held for sale and distribution	**–**	**–**		4.1	4.7	
Consolidation of funds	**(1.5)**	**–**		(1.8)	–	
Total	**75.8**	**116.7**		78.0	122.6	
GEV per share (cents)[12]		**2,416**			2,481	

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the operating businesses and disclosed separately. Comparatives have been restated to reflect this.*

2 *GEV represents management's view of the equity value of the Group. Material covered businesses were valued at embedded value (refer to section 5 of the ADS for more detail) and material non-covered businesses were valued at fair value. Fair value was calculated using a combination of valuation approaches including: Discounted Cash Flow (DCF), P/E multiples, P/B multiples, NAV and comparable transactions. Results for the last twelve months were applied to valuation date multiples while forecast results were applied to forward multiples and DCFs. P/B was calculated using the latest available book values. Listed peer multiples were used and adjusted for differences in size, marketability and control where relevant. The CAPM model was used to calculate discount rates for DCFs. The different valuation methods were weighted based on their relevance to the underlying businesses and the reliability of information available. Remaining immaterial businesses were included at IFRS NAV.*

3 *The table above excludes the earnings related to Residual plc as this business is excluded from the perimeter of AHE (refer to section 3 of the Additional Disclosures for more detail). The valuation is based on the economic net asset value.*

4 *Covered business comprises business classified as Life and Savings and was valued using the MCEV methodology set out in section 5 of the Additional Disclosures.*

5 *Material entities include Old Mutual Investment Group (OMIG) and Old Mutual Wealth (OMW). OMIG was valued using a combination of a DCF and peer P/E multiples. OMW was valued as a sum of its parts using a DCF and peer P/E multiples. Smaller entities were included at IFRS NAV. Range of multiples: P/E 10.1 – 14.6.*

6 *Material entities include Specialised Finance and Old Mutual Finance. All material entities were valued using a combination of a DCF, peer P/E multiples, peer P/B multiples and comparable transactions. Smaller entities were included at IFRS NAV. Range of multiples: P/E 7.1 – 10.3; P/B 1.3 – 1.8.*

7 *Material entities include Old Mutual Insure and UAP, both of which were valued using a combination of a DCF, peer P/E multiples and peer P/B multiples. The UAP valuation also included weightings for the over the counter price in Kenya and an independent Stanbic valuation which was commissioned by Old Mutual in 2017. Smaller entities were included at IFRS NAV. Range of multiples: P/E 7.8 – 13.2; P/B 1.0 – 2.4.*

8 *Other includes the IFRS NAV in holding companies (including cash), present value of central costs and our joint venture in China at fair value. In the current period, subordinated debt has been accounted for in the operating businesses.*

9 *Nedbank market value was calculated with reference to the closing share price and number of shares held at 30 June 2019.*

10 *The Residual plc contribution to Group Equity Value is based on the realisable economic value of approximately £258 million at 30 June 2019, translated at the closing exchange rate on 30 June 2019. A reconciliation from IFRS NAV to economic value has been provided in section 3 of the Additional Disclosures.*

11 *For the purposes of GEV, Zimbabwe's equity value has been calculated by applying a 20% liquidity discount to IFRS NAV.*

12 *Calculated as the Group Equity Value divided by the closing number of shares at 30 June 2019 of 4,831 million. The prior period has been restated using the closing number of shares at 31 December 2018 of 4,942 million.*

3. Other Disclosures and Reconciliations (continued)

3.10 ECONOMIC STATISTICS

	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
GBP:ZAR					
Average exchange rate (YTD)	**18.369**	1.442	9%	16.927	17.689
Closing exchange rate	**17.885**	(0.242)	(1%)	18.127	18.298
RTGS:ZAR					
Average exchange rate (YTD)	**3.832**	–	–	n/a	n/a
Closing exchange rate[1]	**2.127**	(2.225)	(51%)	n/a	4.352
KES:ZAR					
Average exchange rate (YTD)	**0.141**	0.020	17%	0.121	0.131
Closing exchange rate	**0.138**	0.002	2%	0.136	0.141
USD:ZAR					
Average exchange rate (YTD)	**14.200**	1.894	15%	12.306	13.250
Closing exchange rate	**14.087**	0.362	3%	13.725	14.347
South African equity indices					
FTSE/JSE capped All Share	**49,210**	2,194	5%	47,016	44,297
FTSE/JSE Africa All Share Index	**58,204**	593	1%	57,611	52,737
JSE FTSE Shareholder Weighted All Share Index	**12,206**	(251)	(2%)	12,457	11,386
Rest of Africa equity indices					
Zimbabwe Industrial Index	**684**	341	99%	343	487
Nairobi Securities Exchange All Share Index	**150**	(24)	(14%)	174	140
Malawi All Share Index	**29,956**	(781)	(3%)	30,737	28,984
FTSE JSE Namibia Overall Index	**1,377**	93	7%	1,284	1,307
Global equity indices					
MSCI Emerging Markets Index (Net)	**493**	6	1%	487	445
Interest-bearing indices					
STEFI composite	**426**	29	7%	397	411
FSV discount rate used (%)	**8.9%**	–	(30 bps)	9.2%	9.4%

1 The % change has been calculated with reference to FY 2018.

4. Zimbabwe Disclosures

4.1 KEY PERFORMANCE INDICATORS

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Gross flows	**687**	(2,281)	(77%)	2,968	5,259
Life APE sales	**35**	(82)	(70%)	117	182
NCCF (Rbn)	**(0.4)**	(1.2)	(>100%)	0.8	1.7
FUM (Rbn)[1]	**14.5**	(3.2)	(18%)	39.3	17.7
VNB	**10**	(20)	(67%)	30	44
VNB margin (%)	**4.6%**	–	50 bps	4.1%	3.8%
Banking and Lending					
Loans and advances[1]	**2,162**	(1,392)	(39%)	11,026	3,554
Net lending margin (%)	**7.3%**	–	(140 bps)	8.7%	9.8%
Property and Casualty					
Gross written premiums	**179**	(99)	(36%)	278	432
Net earned premiums	**65**	(129)	(67%)	194	344
Underwriting margin (%)	**49.4%**	–	4 330 bps	6.1%	(2.6%)

1 The % change has been calculated with reference to FY 2018.

2 Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.

4.2 ADJUSTED HEADLINE EARNINGS

Rm	H1 2019	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Results from Operations	**207**	(215)	(51%)	422	824
Shareholder investment return	**483**	97	25%	386	1,692
Adjusted Headline Earnings before tax and non-controlling interests	**690**	(118)	(15%)	808	2,516
Shareholder tax	**(33)**	89	73%	(122)	(261)
Non-controlling interests	**(63)**	(20)	(47%)	(43)	(139)
Adjusted Headline Earnings[1]	**594**	(49)	(8%)	643	2,116

1 Prior year numbers have been re-presented to exclude return on treasury shares.

4. Zimbabwe Disclosures (continued)

4.3 INVESTED SHAREHOLDER ASSETS

Rm (unless otherwise stated)	H1 2019	Change (H1 2019 vs FY 2018) Value	%	H1 2018	FY 2018
Shareholder investment return[1]	**483**	97	25%	386	1,692
Invested Shareholder Assets (Rbn)	**2.7**	(0.8)	(23%)	7.2	3.5
Equities	**2.5**	(0.5)	(17%)	5.9	3.0
Interest bearing	**0.1**	(0.4)	(80%)	1.1	0.5
Investment properties	**0.1**	0.1	100%	0.2	–

1 The % change has been calculated with reference to H1 2018.

Invested shareholder assets by asset class (%)[1]

1 The percentages in the graphs have been calculated using R million amounts

4. Zimbabwe Disclosures (continued)

4.4 IFRS PRESENTATIONS

The IFRS income statement and balance sheet represent Zimbabwe's contribution to the Group's consolidated results and financial position for the six months ended 30 June 2019, and therefore includes the effects of hyperinflationary accounting and consolidation adjustments. Refer to Note A1.6 in the reviewed condensed consolidated financial statements for further information.

4.4.1 IFRS income statement

Rm	H1 2019[1]	Change (H1 2019 vs H1 2018) Value	%	H1 2018	FY 2018
Net earned premiums	**335**	(873)	(72%)	1,208	2,145
Banking interest and similar income	**186**	(411)	(69%)	597	1,137
Investment return (non-banking)	**2,830**	1,600	>100%	1,230	6,647
Fee and commission income, and income from service activities	**163**	(317)	(66%)	480	895
Other income	**394**	357	>100%	37	12
Total revenues	**3,908**	356	10%	3,552	10,836
Net claims and benefits incurred	**(2,109)**	(400)	(23%)	(1,709)	(5,979)
Change in investment contract liabilities	**(231)**	(175)	(>100%)	(56)	(516)
Credit impairment charges	**(386)**	(298)	(>100%)	(88)	(139)
Banking interest payable and similar expenses	**(65)**	62	49%	(127)	(252)
Fees and commission expense, and other acquisition costs	**(67)**	110	62%	(177)	(345)
Other operating and administrative expenses	**(271)**	288	52%	(559)	(1,040)
Total expenses	**(3,129)**	(413)	(15%)	(2,716)	(8,271)
Profit before tax	**779**	(57)	(7%)	836	2,565
Income tax expense	**(122)**	28	19%	(150)	(310)
Profit after tax for the financial year	**657**	(29)	(4%)	686	2,255
Attributable to:					
Non-controlling interests	**63**	20	47%	43	139
Equity holders of the parent	**594**	(49)	(8%)	643	2,116

1 All the items recognised in the income statement are translated at the closing rate.

4. Zimbabwe Disclosures (continued)

4.4 IFRS PRESENTATIONS (continued)

4.4.2 IFRS balance sheet

Rm	H1 2019	Change (H1 2019 vs FY 2018) Value	%	FY 2018
Assets				
Investment property	**917**	(877)	(49%)	1,794
Loans and advances	**2,134**	(1,580)	(43%)	3,714
Investments and securities	**8,410**	(4,066)	(33%)	12,476
Cash and cash equivalents	**830**	142	21%	688
Other assets	**839**	(371)	(31%)	1,210
Total assets	**13,130**	(6,752)	(34%)	19,882
Liabilities				
Life insurance contract liabilities	**553**	(96)	(15%)	649
Investment contract liabilities with discretionary participating features	**5,821**	(3,035)	(34%)	8,856
Investment contract liabilities	**673**	(235)	(26%)	908
Borrowed funds	**672**	(93)	(12%)	765
Amounts owed to bank depositors	**2,602**	(1,999)	(43%)	4,601
Other liabilities	**1,345**	(351)	(21%)	1,697
Total liabilities	**11,666**	(5,809)	(33%)	17,475
Net assets	**1,464**	(943)	(39%)	2,407

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs

4.5.1 Key and supplementary performance indicators

	H1 2018			FY 2018		
Rm (unless otherwise stated)	Old Mutual Limited	Zimbabwe	Previously reported	Old Mutual Limited	Zimbabwe	Previously reported
Results from Operations (RFO)	4,426	422	4,848	9,139	824	9,963
Adjusted Headline Earnings (AHE)	4,750	643	5,393	9,396	2,116	11,512
Gross flows	88,222	3,341	91,563	175,509	6,291	181,800
Life APE sales	5,693	117	5,810	12,129	182	12,311
NCCF (Rbn)	8.6	0.8	9.4	9.0	1.7	10.7
FUM (Rbn)	1,057.7	39.3	1,097.0	1,026.0	17.7	1,043.7
VNB	1,079	30	1,109	2,123	44	2,167
VNB margin (%)[1,2]	3.2%	NM	3.3%	3.2%	NM	3.2%
Loans and Advances	16,612	11,026	27,638	20,184	3,554	23,738
Gross written premiums	7,798	278	8,076	16,298	432	16,730

1 *The adjustment to amounts as previously disclosed includes Zimbabwe and the change in basis in Mass and Foundation Cluster to present flows on the Money Account on a net basis.*

2 *VNB for Zimbabwe was 4.1% in H1 2018 (FY 2018: 3.8%).*

3 *NM = not meaningful.*

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.2 Supplementary income statement

	H1 2018			FY 2018		
Rm	Old Mutual Limited	Zimbabwe	Previously reported	Old Mutual Limited	Zimbabwe	Previously reported
Mass and Foundation Cluster	1,534	–	1,534	3,129	–	3,129
Personal Finance	918	–	918	2,021	–	2,021
Wealth and Investments	783	–	783	1,611	–	1,611
Old Mutual Corporate	854	–	854	1,703	–	1,703
Old Mutual Insure	370	–	370	670	–	670
Rest of Africa	56	422	478	430	824	1,254
Net expenses from central functions	(89)	–	(89)	(425)	–	(425)
Results from Operations	4,426	422	4,848	9,139	824	9,963
Shareholder investment return	791	386	1,177	1,188	1,692	2,880
Finance costs	(337)	–	(337)	(601)	–	(601)
Income from associates[1]	1,379	–	1,379	2,593	–	2,593
Adjusted Headline Earnings before tax and non-controlling interests	6,259	808	7,067	12,319	2,516	14,835
Shareholder tax	(1,444)	(122)	(1,566)	(2,686)	(261)	(2,947)
Non-controlling interests	(65)	(43)	(108)	(237)	(139)	(376)
Adjusted Headline Earnings	4,750	643	5,393	9,396	2,116	11,512

4.5.3 Invested shareholder assets

	H1 2018			FY 2018		
Rm (unless otherwise stated)	Old Mutual Limited	Zimbabwe	Previously reported	Old Mutual Limited	Zimbabwe	Previously reported
Shareholder investment return	791	386	1,177	1,188	1,692	2,880
South Africa	547	–	547	1,075	–	1,075
Rest of Africa	244	386	630	113	1,692	1,805
Invested Shareholder Assets (Rbn)	33.7	7.2	40.9	31.0	3.5	34.5
South Africa	24.6	–	24.6	23.2	–	23.2
Rest of Africa	9.1	7.2	16.3	7.8	3.5	11.3

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.4 Return on net asset value (RoNAV)

	H1 2018			FY 2018		
Rbn or %	Old Mutual Limited	Zimbabwe	Previously reported	Old Mutual Limited	Zimbabwe	Previously reported
Total RoNAV (%)[1,2,3]	17.0%	NM	17.5%	16.2%	NM	18.6%
South Africa	18.4%	–	18.5%	17.8%	–	17.8%
Rest of Africa	5.9%	NM	13.2%	3.5%	NM	22.0%
Average Adjusted IFRS Equity (Rbn)	55.9	5.9	61.8	58.2	3.9	62.1
South Africa	49.6	–	49.6	51.4	–	51.4
Rest of Africa	6.3	5.9	12.2	6.8	3.9	10.7
Closing Adjusted IFRS Equity (Rbn)	57.5	6.4	63.9	62.3	2.3	64.6
South Africa	51.0	–	51.0	54.9	–	54.9
Rest of Africa	6.5	6.4	12.9	7.4	2.3	9.7

1 NM = not meaningful.

2 The adjustment represents RoNAV related to Zimbabwe and the elimination of investment return of own shares held in Rest of Africa that was previously eliminated in South Africa.

3 RoNAV attributable to Zimbabwe was 21.7% in H1 2018 (FY 2018: 54.9%).

4.5.5 Debt summary

	H1 2018			FY 2018		
Rm (unless otherwise stated)	Old Mutual Limited	Zimbabwe	Previously reported	Old Mutual Limited	Zimbabwe	Previously reported
Gearing						
IFRS value of subordinated debt	6,495	–	6,495	6,548	–	6,548
IFRS equity attributable to operating segments	41,210	6,384	47,594	43,696	2,283	45,979
Gearing ratio (%)	13.6%	–	12.0%	13.0%	–	12.5%
Interest cover						
Finance costs	337	–	337	601	–	601
AHE before tax and non-controlling interests and debt service costs	6,596	808	7,404	12,920	2,516	15,436
Interest cover	19.6	–	22.0	21.5	–	25.7

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.6 Sources of Earnings

	H1 2018						
	Old Mutual Limited				Previously reported		
Rm	South Africa	Rest of Africa	Group	Zimbabwe	South Africa	Rest of Africa	Group
New business strain	(223)	(92)	(315)	(21)	(223)	(113)	(336)
Expected profits	3,432	142	3,574	161	3,432	303	3,735
Non-economic experience items	(202)	2	(200)	(53)	(202)	(51)	(253)
Experience variances	(87)	(20)	(107)	(24)	(87)	(44)	(131)
Assumption changes	(115)	22	(93)	(29)	(115)	(7)	(122)
Economic experience items	308	(2)	306	3	308	1	309
Investment variances	308	(2)	306	3	308	1	309
Assumption changes	–	–	–	–	–	–	–
Life and Savings RFO	3,315	50	3,365	90	3,315	140	3,455
Asset Management RFO	470	66	536	77	470	143	613
Banking and Lending RFO	304	40	344	243	304	283	587
Net earned premiums	4,247	1,105	5,352	194	4,247	1,299	5,546
Net claims incurred	(2,541)	(697)	(3,238)	(113)	(2,541)	(810)	(3,351)
Net commission expenses	(622)	(103)	(725)	(20)	(622)	(123)	(745)
Net operating expenses	(784)	(365)	(1,149)	(49)	(784)	(414)	(1,198)
Investment return on insurance funds	96	–	96	–	96	–	96
Other income/(expenses)	(26)	(40)	(66)	–	(26)	(40)	(66)
Property and Casualty RFO	370	(100)	270	12	370	(88)	282
Other RFO	(89)	–	(89)	–	(89)	–	(89)
Central expenses	(89)	–	(89)	–	(89)	–	(89)
Results from Operations	4,370	56	4,426	422	4,370	478	4,848
Shareholder investment returns	547	244	791	386	547	630	1,177
Finance costs	(337)	–	(337)	–	(337)	–	(337)
Income from associates	1,379	–	1,379	–	1,379	–	1,379
Adjusted Headline Earnings before tax and non-controlling interests	5,959	300	6,259	808	5,959	1,108	7,067
Shareholder tax	(1,315)	(129)	(1,444)	(122)	(1,315)	(251)	(1,566)
Non-controlling interests	(78)	13	(65)	(43)	(78)	(30)	(108)
Adjusted Headline Earnings	4,566	184	4,750	643	4,566	827	5,393

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.6 Sources of Earnings (continued)

	FY 2018						
	Old Mutual Limited				Previously reported		
Rm	South Africa	Rest of Africa	Group	Zimbabwe	South Africa	Rest of Africa	Group
New business strain	(328)	(187)	(515)	(25)	(328)	(212)	(540)
Expected profits	6,478	278	6,756	229	6,478	507	6,985
Non-economic experience items	5	203	208	(98)	5	105	110
Experience variances	17	148	165	–	17	148	165
Assumption changes	(12)	55	43	(98)	(12)	(43)	(55)
Economic experience items	753	(29)	724	75	753	46	799
Investment variances	754	(29)	725	75	754	46	800
Assumption changes	(1)	–	(1)	–	(1)	–	(1)
Life and Savings RFO	6,908	265	7,173	181	6,908	446	7,354
Asset Management RFO	893	202	1,095	164	893	366	1,259
Banking and Lending RFO	663	115	778	488	663	603	1,266
Net earned premiums	9,048	2,376	11,424	343	9,048	2,719	11,767
Net claims incurred	(5,496)	(1,492)	(6,988)	(227)	(5,496)	(1,719)	(7,215)
Net commission expenses	(1,394)	(165)	(1,559)	(42)	(1,394)	(207)	(1,601)
Net operating expenses	(1,678)	(827)	(2,505)	(83)	(1,678)	(910)	(2,588)
Investment return on insurance funds	244	–	244	–	244	–	244
Other income/(expenses)	(54)	(44)	(98)	–	(54)	(44)	(98)
Property and Casualty RFO	670	(152)	518	(9)	670	(161)	509
Other RFO	(425)	–	(425)	–	(425)	–	(425)
Central expenses	(425)	–	(425)	–	(425)	–	(425)
Results from Operations	8,709	430	9,139	824	8,709	1,254	9,963
Shareholder investment returns	1,075	113	1,188	1,692	1,075	1,805	2,880
Finance costs	(601)	–	(601)	–	(601)	–	(601)
Income from associates	2,593	–	2,593	–	2,593	–	2,593
Adjusted Headline Earnings before tax and NCI	11,776	543	12,319	2,516	11,776	3,059	14,835
Shareholder tax	(2,432)	(254)	(2,686)	(261)	(2,432)	(515)	(2,947)
Non-controlling interests	(184)	(53)	(237)	(139)	(184)	(192)	(376)
Adjusted Headline Earnings	9,160	236	9,396	2,116	9,160	2,352	11,512

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.6 Sources of Earnings (continued)

	H1 2018					
	Previously reported					
Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	1,345	–	189	–	–	1,534
Personal Finance	812	106	–	–	–	918
Wealth and Investments	302	366	115	–	–	783
Old Mutual Corporate	856	(2)	–	–	–	854
Old Mutual Insure	–	–	–	370	–	370
Rest of Africa	140	143	283	(88)	–	478
Central expenses	–	–	–	–	(89)	(89)
Results from Operations	3,455	613	587	282	(89)	4,848
Shareholder investment returns	954	–	–	223	–	1,177
Finance costs	(315)	–	–	(22)	–	(337)
Income from associates	(19)	–	–	–	1,398	1,379
Adjusted Headline Earnings before tax and NCI	4,075	613	587	483	1,309	7,067
Shareholder tax	(1,107)	(223)	(116)	(145)	25	(1,566)
Non-controlling interests	(57)	5	(45)	(11)	–	(108)
Adjusted Headline Earnings	2,911	395	426	327	1,334	5,393

	H1 2018					
	Zimbabwe					
Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	–	–	–	–	–	–
Personal Finance	–	–	–	–	–	–
Wealth and Investments	–	–	–	–	–	–
Old Mutual Corporate	–	–	–	–	–	–
Old Mutual Insure	–	–	–	–	–	–
Rest of Africa	90	77	243	12	–	422
Central expenses	–	–	–	–	–	–
Results from Operations	90	77	243	12	–	422
Shareholder investment returns	353	–	–	33	–	386
Finance costs	–	–	–	–	–	–
Income from associates	–	–	–	–	–	–
Adjusted Headline Earnings before tax and NCI	443	77	243	45	–	808
Shareholder tax	(86)	(26)	–	(10)	–	(122)
Non-controlling interests	(36)	(3)	-	(4)	–	(43)
Adjusted Headline Earnings	321	48	243	31	–	643

4. Zimbabwe Disclosures (continued)

4.5 RECONCILIATION OF PREVIOUSLY REPORTED GROUP KPIs (continued)

4.5.6 Sources of Earnings (continued)

	FY 2018					
	Previously reported					
Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	2,730	–	399	–	–	3,129
Personal Finance	1,813	208	–	–	–	2,021
Wealth and Investments	660	687	264	–	–	1,611
Old Mutual Corporate	1,705	(2)	–	–	–	1,703
Old Mutual Insure	–	–	–	670	–	670
Rest of Africa	446	366	603	(161)	–	1,254
Central expenses	–	–	–	–	(425)	(425)
Results from Operations	7,354	1,259	1,266	509	(425)	9,963
Shareholder investment returns	2,515	(69)	–	434	–	2,880
Finance costs	(556)	–	–	(45)	–	(601)
Income from associates	(88)	–	–	–	2,681	2,593
Adjusted Headline Earnings before tax and NCI	9,225	1,190	1,266	898	2,256	14,835
Shareholder tax	(2,135)	(409)	(290)	(232)	119	(2,947)
Non-controlling interests	(197)	5	(148)	(36)	–	(376)
Adjusted Headline Earnings	6,893	786	828	630	2,375	11,512

	FY 2018					
	Zimbabwe					
Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation cluster	–	–	–	–	–	–
Personal Finance	–	–	–	–	–	–
Wealth and Investments	–	–	–	–	–	–
Old Mutual Corporate	–	–	–	–	–	–
Old Mutual Insure	–	–	–	–	–	–
Rest of Africa	181	164	488	(9)	–	824
Central expenses	–	–	–	–	–	–
Results from Operations	181	164	488	(9)	–	824
Shareholder investment returns	1,473	–	–	219	–	1,692
Finance costs	–	–	–	–	–	–
Income from associates	–	–	–	–	–	–
Adjusted Headline Earnings before tax and NCI	1,654	164	488	210	–	2,516
Shareholder tax	(208)	(50)	–	(3)	–	(261)
Non-controlling interests	(155)	(3)	(27)	46	–	(139)
Adjusted Headline Earnings	1,291	111	461	253	–	2,116

5. Embedded Value

5.1 COMPONENTS OF EMBEDDED VALUE

Rm	**At 30 June 2019**	At 30 June 2018	At 31 December 2018
Adjusted net worth (ANW)	**35,945**	29,058	32,789
Free surplus	**12,712**	7,011	10,112
Required capital[1]	**23,233**	22,047	22,677
Value of in-force (VIF)	**32,452**	32,406	31,357
Present value of future profits (PVFP)	**38,788**	38,670	37,704
Frictional costs[2]	**(3,428)**	(3,230)	(3,292)
Cost of residual non-hedgeable risks (CNHR)[3]	**(2,908)**	(3,034)	(3,055)
Embedded value	**68,397**	61,464	64,146

1 *Required capital has increased since 31 December 2018 mainly due to the growth in covered business.*
2 *Frictional costs have increased since 31 December 2018 in line with the growth in required capital.*
3 *The cost of residual non-hedgeable risks (CNHR) marginally reduced due to year end basis changes.*

5.2 ANALYSIS OF CHANGE IN EMBEDDED VALUE

		H1 2019				
Rm	Note	**Free surplus**	**Required capital**	**Adjusted net worth**	**Value of in-force**	**EV**
Opening EV		**10,112**	**22,677**	**32,789**	**31,357**	**64,146**
New business value	5.3	**(1,439)**	**944**	**(495)**	**1,357**	**862**
Expected existing business contribution (reference rate)		**461**	**634**	**1,095**	**1,539**	**2,634**
Expected existing business contribution (in excess of reference rate)		**49**	**134**	**183**	**177**	**360**
Transfers from VIF and required capital to free surplus		**3,950**	**(1,370)**	**2,580**	**(2,580)**	**–**
Experience variances	5.4	**19**	**229**	**248**	**(184)**	**64**
Development cost variances[1]		**(103)**	**–**	**(103)**	**–**	**(103)**
Assumption and model changes	5.5	**(7)**	**–**	**(7)**	**(109)**	**(116)**
Operating EV earnings		**2,930**	**571**	**3,501**	**200**	**3,701**
Economic variances	5.6	**(343)**	**8**	**(335)**	**895**	**560**
Regulatory and tax changes		**–**	**–**	**–**	**–**	**–**
Total EV earnings		**2,587**	**579**	**3,166**	**1,095**	**4,261**
Closing adjustments		**13**	**(23)**	**(10)**	**–**	**(10)**
Capital and dividend flows[2]		**33**	**–**	**33**	**–**	**33**
Foreign exchange variance[3]		**(20)**	**(23)**	**(43)**	**–**	**(43)**
Closing EV[4]		**12,712**	**23,233**	**35,945**	**32,452**	**68,397**
Return on EV (RoEV) per annum (%)[5]						**11.7%**

1 *The development cost variances in H1 2019 represent investment in strategic initiatives.*
2 *Capital and dividend flows in H1 2019 were positive due to temporarily retaining free capital from other lines of business in the Life and Savings business.*
3 *The foreign exchange variance in H1 2019 relates mainly to the impact of currency movements in Rest of Africa.*
4 *All EV results are after tax and non-controlling interests, unless stated otherwise.*
5 *Return on EV is expressed as an annualised return and is calculated by dividing operating EV earnings by opening EV. Due to rounding the ratio could be different when recalculated.*

5. Embedded Value (continued)

5.2 ANALYSIS OF CHANGE IN EMBEDDED VALUE (continued)

		H1 2018				
Rm	Note	Free surplus	Required capital	Adjusted net worth	Value of in-force	EV
Opening EV		5,021	21,083	26,104	32,644	58,748
New business value	5.3	(1,430)	1,054	(376)	1,455	1,079
Expected existing business contribution (reference rate)		122	611	733	1,467	2,200
Expected existing business contribution (in excess of reference rate)		74	135	209	213	422
Transfers from VIF and required capital to free surplus		3,974	(1,435)	2,539	(2,539)	–
Experience variances	5.4	(82)	74	(8)	(237)	(245)
Development cost variances		(117)	–	(117)	–	(117)
Assumption and model changes	5.5	(701)	528	(173)	407	234
Operating EV earnings		1,840	967	2,807	766	3,573
Economic variances	5.6	(380)	(45)	(425)	(1,003)	(1,428)
Regulatory and tax changes		(5)	–	(5)	(1)	(6)
Total EV earnings		1,455	922	2,377	(238)	2,139
Closing adjustments		535	42	577	–	577
Capital and dividend flows		426	–	426	–	426
Foreign exchange variance		109	42	151	–	151
Closing EV		7,011	22,047	29,058	32,406	61,464
Return on EV (RoEV) per annum (%)						11.8%

		FY 2018				
Rm	Note	Free surplus	Required capital	Adjusted net worth	Value of in-force	EV
Opening EV		5,021	21,083	26,104	32,644	58,748
New business value	5.3	(2,556)	1,929	(627)	2,750	2,123
Expected existing business contribution (reference rate)		369	1,224	1,593	2,942	4,535
Expected existing business contribution (in excess of reference rate)		23	271	294	448	742
Transfers from VIF and required capital to free surplus		7,858	(2,938)	4,920	(4,920)	–
Experience variances	5.4	508	99	607	(537)	70
Development cost variances		(223)	–	(223)	–	(223)
Assumption and model changes	5.5	(670)	630	(40)	157	117
Operating EV earnings		5,309	1,215	6,524	840	7,364
Economic variances	5.6	(1,225)	317	(908)	(2,123)	(3,031)
Regulatory and tax changes		8	–	8	(4)	4
Total EV earnings		4,092	1,532	5,624	(1,287)	4,337
Closing adjustments		999	62	1,061	–	1,061
Capital and dividend flows		815	11	826	–	826
Foreign exchange variance		184	51	235	–	235
Closing EV		10,112	22,677	32,789	31,357	64,146
Return on EV (RoEV) per annum (%)						12.5%

5. Embedded Value (continued)

5.3 NEW BUSINESS

5.3.1 Drivers of New Business Profitability

%	H1 2019[1]	H1 2018[1]	FY 2018[1]
VNB margin at the end of comparative reporting period	**3.2%**	3.3%	3.4%
Change in volume and new business expenses[2]	**(0.2%)**	0.2%	–
Change in country and product mix[3]	**(0.5%)**	(0.7%)	(0.3%)
Change in assumptions and models	**–**	0.3%	0.1%
Change in economic assumptions	**(0.1%)**	–	–
Change in tax/regulation	**–**	–	–
VNB margin at the end of the reporting period	**2.4%**	3.1%	3.2%

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

2 *The growth in sales volumes was largely lower than the growth in new business expenses.*

3 *Please refer to Segment Reviews on pages 36 through 48 for detailed commentary.*

5.3.2 Value of New Business and New Business Profitability

	H1 2019					
Rm (unless otherwise stated)	**Annualised recurring premiums**	**Single premiums**	**PVNBP**	**PVNBP capitalisation[1]**	**VNB**	**VNB Margin**
South Africa	**3,684**	**15,301**	**33,219**	**4.9**	**839**	**2.5%**
Mass and Foundation Cluster	**1,926**	**16**	**6,326**	**3.3**	**579**	**9.2%**
Personal Finance	**794**	**4,480**	**7,812**	**4.2**	**103**	**1.3%**
Wealth and Investments	**22**	**5,069**	**5,092**	**1.0**	**48**	**0.9%**
Old Mutual Corporate	**942**	**8,513**	**16,766**	**8.8**	**109**	**0.6%**
Intra-group eliminations[2]	**–**	**(2,777)**	**(2,777)**	**–**	**–**	**–**
Rest of Africa	**357**	**944**	**2,175**	**3.4**	**23**	**1.1%**
Southern Africa	**244**	**939**	**1,935**	**4.1**	**60**	**3.1%**
East Africa	**59**	**–**	**103**	**1.7**	**(7)**	**(6.6%)**
West Africa	**54**	**5**	**137**	**2.4**	**(30)**	**(21.9%)**
Group	**4,041**	**16,245**	**35,394**	**4.7**	**862**	**2.4%**

1 *PVNBP capitalisation = (PVNBP – Single Premiums)/Annualised Recurring Premiums.*

2 *Sales of Old Mutual Corporate products through the retail platform are included in Personal Finance, Wealth and Investments as well as Old Mutual Corporate sales, but are eliminated on consolidation.*

5. Embedded Value (continued)

5.3 NEW BUSINESS (continued)

5.3.2 Value of New Business and New Business Profitability (continued)

Rm (unless otherwise stated)	Annualised recurring premiums	Single premiums	PVNBP	PVNBP capitalisation	VNB	PVNBP margin
	H1 2018[1]					
South Africa	3,010	19,094	30,891	3.9	1,007	3.3%
Mass and Foundation Cluster	1,894	17	6,245	3.3	655	10.5%
Personal Finance	777	4,441	7,797	4.3	100	1.3%
Wealth and Investments	38	5,852	5,890	1.0	84	1.4%
Old Mutual Corporate	301	11,501	13,676	7.2	168	1.2%
Intra-group eliminations	–	(2,717)	(2,717)	–	–	–
Rest of Africa	335	1,036	2,371	4.0	72	3.0%
Southern Africa	248	1,034	2,172	4.6	105	4.8%
East Africa	46	–	88	1.9	(16)	(17.6%)
West Africa	41	2	111	2.7	(17)	(15.6%)
Group	3,345	20,130	33,262	3.9	1,079	3.2%

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

Rm (unless otherwise stated)	Annualised recurring premiums	Single premiums	PVNBP	PVNBP capitalisation	VNB	PVNBP margin
	FY 2018[1]					
South Africa	6,692	37,691	62,390	3.7	2,066	3.3%
Mass and Foundation Cluster	4,088	32	11,902	2.9	1,222	10.3%
Personal Finance	1,650	9,063	16,176	4.3	418	2.6%
Wealth and Investments	72	12,358	12,431	1.0	117	0.9%
Old Mutual Corporate	921	22,120	27,763	6.1	309	1.1%
Intra-group eliminations	(39)	(5,882)	(5,882)	–	–	–
Rest of Africa	739	2,063	4,257	3.0	57	1.3%
Southern Africa	526	2,056	3,775	3.3	129	3.4%
East Africa	123	–	211	1.7	(25)	(11.0%)
West Africa	90	7	271	2.9	(47)	(17.6%)
Group	7,431	39,754	66,647	3.6	2,123	3.2%

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period and comparatives have been restated to reflect this.*

5. Embedded Value (continued)

5.4 EXPERIENCE VARIANCES

	H1 2019			H1 2018			FY 2018		
Rm	**ANW**	**VIF**	**EV**	ANW	VIF	EV	ANW	VIF	EV
Persistency[1]	**49**	**(188)**	**(139)**	33	(301)	(268)	63	(640)	(577)
Risk[2]	**165**	**42**	**207**	(40)	69	29	(42)	35	(7)
Expenses[3]	**144**	**23**	**167**	54	35	89	401	83	484
Other[4]	**(110)**	**(61)**	**(171)**	(55)	(40)	(95)	185	(15)	170
Experience variances	**248**	**(184)**	**64**	(8)	(237)	(245)	607	(537)	70

1 *The overall persistency result improved relative to prior year due to a strengthening of the basis at year end. Persistency losses in H1 2019 were driven by unfavourable experience in Mass and Foundation Cluster and Rest of Africa.*

2 *Claims experience improved in H1 2019 as a result of favourable mortality and morbidity experience in Personal Finance.*

3 *Expense profits in H1 2019 reflect good expense management across the business.*

4 *Other experience items deteriorated mainly due to relatively lower premium and cover increases in the Mass and Foundation Cluster. Premium and cover increases moved from a level above expectation in H1 2018, to a level in line with expectation in H1 2019. The cost of Old Mutual Rewards is included in Other experience with the benefits reflected through other analysis items.*

5.5 ASSUMPTION AND MODEL CHANGES

	H1 2019			H1 2018			FY 2018		
Rm	**ANW**	**VIF**	**EV**	ANW	VIF	EV	ANW	VIF	EV
Persistency	**–**	**–**	**–**	–	–	–	(50)	(630)	(680)
Risk	**–**	**–**	**–**	–	–	–	–	(55)	(55)
Expenses	**–**	**–**	**–**	–	–	–	108	(65)	43
Model and other changes[1]	**(7)**	**(109)**	**(116)**	(173)	407	234	(98)	907	809
Assumption and model changes	**(7)**	**(109)**	**(116)**	(173)	407	234	(40)	157	117

1 *Model and other changes include additional restructuring costs post Managed Separation and a number of small model refinements.*

5.6 ECONOMIC VARIANCES

	H1 2019			H1 2018			FY 2018		
Rm	**ANW**	**VIF**	**EV**	ANW	VIF	EV	ANW	VIF	EV
Investment variance on in-force business[1]	**298**	**242**	**540**	216	(1,082)	(866)	541	(1,991)	(1,450)
Investment variance on adjusted net worth[2]	**(637)**	**–**	**(637)**	(641)	–	(641)	(1,448)	–	(1,448)
Impact of economic assumption changes[3]	**4**	**653**	**657**	–	79	79	(1)	(132)	(133)
Economic variances	**(335)**	**895**	**560**	(425)	(1,003)	(1,428)	(908)	(2,123)	(3,031)

1 *Actual investment returns on policyholder funds exceeded the returns expected, increasing the level of asset based fee income anticipated.*

2 *The negative investment variance on ANW in H1 2019 relates mostly to lower than expected investment return on shareholder funds in South Africa.*

3 *The impact of economic assumption changes primarily relates to the impact of bond curve movements as well as lower levels of expected inflation.*

5.7 EMBEDDED VALUE RECONCILIATIONS

5.7.1 Reconciliation of IFRS equity to Embedded Value

Rm	H1 2019[1]	H1 2018[1]	FY 2018[1]
IFRS equity attributable to operating segments	**46,090**	41,210	43,696
Less IFRS equity for non-covered business	**(9,850)**	(14,649)	(16,478)
IFRS equity for covered business	**36,240**	26,561	27,218
Adjustment to remove intangible assets[2]	**(1,351)**	(979)	(1,083)
Inclusion of Group equity and debt instruments held in life funds	**1,056**	3,476	6,654
Adjusted net worth attributable to ordinary equity holders of the parent	**35,945**	29,058	32,789
Value of in-force business	**32,452**	32,406	31,357
EV	**68,397**	61,464	64,146

1 *Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring fenced basis. It has been excluded from the Group's key performance indicators for the current period. Comparatives have been restated to reflect this.*

2 *The adjustment reflects removing deferred acquisition costs and deferred tax differences.*

5.7.2 Reconciliation of Adjusted Headline Earnings to Total Embedded Value Earnings

Rm	H1 2019	H1 2018	FY 2018
Adjusted Headline Earnings after tax and non-controlling interests[1]	**5,211**	4,750	9,396
Less AHE after tax and non-controlling interests on other lines of business	**(2,028)**	(2,160)	(3,794)
Life and Savings AHE after tax and non-controlling interests	**3,183**	2,590	5,602
Other adjustments[2]	**(17)**	(213)	22
Adjusted net worth total earnings	**3,166**	2,377	5,624
Other value of in-force total earnings[3]	**1,095**	(238)	(1,287)
Covered business EV total earnings	**4,261**	2,139	4,337

1 *The increase in Life and Savings AHE compared to H1 2018 is mainly due to positive claims experience and improved investment performance.*

2 *Other adjustments comprise restructuring costs not included in AHE and the exclusion of non covered operations in China partly offset by changes to intangible assets.*

3 *The increase in VIF total earnings compared to H1 2018 largely reflects the impact of favourable economic variances.*

5.8 EMBEDDED VALUE SENSITIVITIES

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.

	H1 2019		
Rm	EV	VIF	VNB
Central assumptions	**68,397**	**32,452**	**862**
Value given changes in:			
Economic assumptions 100bps increase[1]	**68,405**	**32,452**	**796**
Economic assumptions 100bps decrease[1]	**68,241**	**32,301**	**940**
10bps increase of liquidity spreads[2]	**68,567**	**32,622**	**870**

1 *Economic assumptions 100bps increase/decrease: Increasing/decreasing all pre-tax investment and economic assumptions (projected investment returns and inflation) by 100bps, with credited rates and discount rates changing commensurately.*

2 *10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.*

5.9 EMBEDDED VALUE METHODOLOGY AND ASSUMPTIONS

The methodology used to calculate embedded value and the manner of determining embedded value assumptions at 30 June 2019 is consistent with 31 December 2018 unless explicitly noted in this disclosure.

5.9.1 Methodology

The Market Consistent Embedded Value principles (Copyright © Stichting CFO Forum Foundation 2008) issued in June 2008 and updated in May 2016 by the CFO Forum (the Principles or MCEV principles) have been used as the basis for preparing the MCEV disclosure information for the covered business. We have not changed our MCEV methodology in light of the May 2016 updates to the CFO Forum MCEV principles, which allows (but does not require) the alignment of MCEV and Solvency II methodologies and assumptions.

Apart from Principle 14 the Principles have been materially complied with in the preparation of MCEV information at 30 June 2019. Principle 14 requires the use of a swap curve as the reference curve, however a government bond curve has been used predominantly as the reference curve in South Africa for consistency with the new regulatory solvency reporting regime (based on the Prudential Standards) which uses a government bond curve as the default risk free rate. Where the liabilities are hedged with swaps, the risk free rate will remain the swap rate which is allowed under Prudential Standards requirements with prior Prudential Authority approval. This is however only a small percentage of covered business. The reference curve and resulting embedded value is still considered to be market consistent as it is derived directly from market indicators. Namibia uses the same reference curves as South Africa.

The covered business within certain African entities (Kenya, Uganda, Malawi, Swaziland, Nigeria, Ghana and Botswana) has been included in MCEV at their respective ANW values only. No VIF for these entities has been recognised. However, the VNB for these entities has been calculated allowing for VIF.

The covered business includes, where material, any contracts that are regarded by local insurance supervisors as long term life insurance business, and other business, where material, directly related to such long term life assurance business where the profits are included in the IFRS long term business profits in the primary financial statements. For the life businesses in entities where the covered business is not material, the treatment within this supplementary information is the same as in the primary IFRS financial statements (i.e. expected future profits for this business are not capitalised for MCEV reporting purposes). Due to fungibility restrictions, results pertaining to Zimbabwe have been excluded from the current and prior periods. Zimbabwe continues to be hindered by high inflation.

Some types of businesses are legally written by a life company but are classified as asset management under IFRS because 'long term business' only serves as a wrapper. This business is excluded from covered business.

The EV consists of the sum of the ANW excluding intangibles and goodwill, plus the VIF covered business. The ANW consists of the free surplus and the required capital to support the business. The VIF covered business consists of the present value of future profits (PVFP), less the time value of financial options and guarantees, less frictional costs of required capital, less CNHR.

The ANW is the market value of shareholder assets with respect to covered business after allowing for liabilities on an adjusted IFRS basis after the removal of intangibles. The liability to repay and finance the subordinated debt allocated to the covered business has been allowed for in the ANW.

The required capital is determined with reference to internal management objectives. Required capital is calculated on the Prudential Standards basis using the Group's preferred methodology. The Group's preferred methodology remains subject to Prudential Authority approval.

The PVFP is calculated as the discounted value of future distributable earnings (taking account of local statutory reserving requirements) that are expected to emerge from the in-force covered business, including the value of contractual renewal of in-force business, on a best estimate basis where assumed earned rates of return and discount rates are equal to the risk free reference rates.

5.9 EMBEDDED VALUE METHODOLOGY AND ASSUMPTIONS (continued)

5.9.1 Methodology (continued)

Allowance is made in the determination of EV for the potential impact of variability of investment returns (i.e. asymmetric impact) on future shareholder cash flows of policyholder financial options and guarantees within the in-force covered business. The time value of financial options and guarantees describes that part of the value of financial options and guarantees that arises from the variability of future investment returns on assets to the extent that it is not already included in the local statutory reserves. The full market consistent value of financial options and guarantees is already reflected in the local statutory reserves, so no additional allowance is required. The calculation of the value of financial options and guarantees (including the allowance in ANW and VIF components of EV) is based on market consistent stochastic modelling techniques. In the generated economic scenarios, allowance is made, where appropriate, for the effect of dynamic management and/or policyholder actions in different circumstances.

An allowance has been made for the frictional costs in respect of the taxation on investment return and investment costs on the assets backing the required capital for covered business, where material. The run-off pattern of the required capital is projected on an approximate basis over the lifetime of the underlying risks.

An allowance is made in the CNHR to reflect uncertainty in the best estimate of shareholder cash flows as a result of both symmetric and asymmetric non-hedgeable risks since these risks cannot be hedged in deep and liquid capital markets and are managed, inter alia, by holding risk capital. CNHR is calculated using a cost of capital approach, i.e. it is determined as the present value of capital charges for all future non-hedgeable risk capital requirements. A cost of capital charge of 2.0% has been applied to non-hedgeable capital over the life of the contracts.

For participating business, the method of valuation makes assumptions about future bonus rates and the determination of profit allocation between policyholders and shareholders. These assumptions are made on a basis consistent with other projection assumptions, especially the projected future risk free investment returns, established Company practice (with due consideration of the PPFM for South African business), past external communication, any payout smoothing strategy, local market practice, regulatory/contractual restrictions and bonus participation rules. Where current benefit levels are higher than can be supported by the existing fund assets together with projected investment returns, a downward 'glide path' in benefit levels is projected so that the policyholder fund would be exhausted on payment of the last benefit.

In valuing shareholders' cash flows, allowance is made in the cash flow projections for taxes in the relevant jurisdiction affecting the covered business. Tax assumptions are based on best estimate assumptions, applying current local corporate tax legislation and practice together with known future changes and taking credit for any deferred tax assets. The value of deferred tax assets is partly recognised in the EV. Typically those tax assets are expected to be utilised in future by being offset against expected tax liabilities that are generated on expected profits emerging from in-force business.

5.9 EMBEDDED VALUE METHODOLOGY AND ASSUMPTIONS (continued)

5.9.2 Assumptions

The market consistent VNB measures the value of the future profits expected to emerge from all new business sold, and in certain cases from premium increases to existing contracts, during the reporting period after allowance for the time value of financial options and guarantees, frictional costs and the cost of residual non-hedgeable risks associated with writing the new business. VNB includes contractual renewals and voluntary increments that are not allowed for in PVFP. Where increases are allowed for in PVFP, variations from this expectation are classified as experience variance, rather than new business. The key principles applied in calculating VNB are noted below:

- Economic assumptions at the start of the reporting period are used, except for OMLACSA's non-profit annuity products where point of sale assumptions are used that are consistent with the pricing basis.
- Demographic and operating assumptions at the end of the reporting period are used.
- VNB is calculated at point of sale and rolled forward to the end of the reporting period.
- Generally a stand-alone approach is used unless a marginal approach would better reflect the additional value to shareholders created through the activity of writing new business.
- Expense allowances include all acquisition expenses, including any acquisition expense overruns. Strategic business development expenses are excluded.
- VNB is calculated net of tax, reinsurance and non-controlling interests.
- Economic and operating variances are not attributed to VNB.
- PVNBP is calculated at point of sale using premiums before reinsurance and applying a valuation approach that is consistent with the calculation of VNB.

5.9.2.1 Economic assumptions

The risk free reference rates, reinvestment rates and discount rates are determined as set out in the basis of preparation. The swap yield curve is sourced internally (based on market data from the Bond Exchange of South Africa) and compared to the Bloomberg swap yield curve, for reasonability. The government bond curve is published by the Prudential Authority in South Africa and validated internally.

Expense inflation rates have been derived by comparing real rates of return against nominal risk free rates, with adjustments for higher anticipated inflation rates where appropriate.

Real world economic assumptions are determined with reference to one-year forward risk free reference rates applicable to the currency of the liabilities at the start of the reporting period. The expected asset returns, in excess of the risk free reference rates, only impact the calculation of the expected existing business contribution in the analysis of EV earnings.

The cash return equals the one year risk free reference rate.

The bond return equals the one year risk free reference rate (plus the liquidity premium for applicable product portfolios).

All other economic assumptions, for example future bonus rates, are set at levels consistent with the real world investment return assumptions.

5. Embedded Value (continued)

5.9 EMBEDDED VALUE METHODOLOGY AND ASSUMPTIONS (continued)

5.9.2 Assumptions (continued)

The economic assumptions in non-South African entities were set with reference to local economic conditions.

South African risk free reference spot yields[1] and expense inflation	At 30 June 2019	At 30 June 2018	At 31 December 2018
Risk free (based on bond curve)			
1 year	**6.9%**	7.5%	7.6%
5 years	**7.8%**	8.5%	8.6%
10 years	**9.2%**	9.5%	9.8%
20 years	**10.6%**	10.3%	10.6%
Expense inflation (based on bond curve)			
1 year	**4.6%**	5.5%	5.3%
5 years	**4.8%**	6.1%	5.7%
10 years	**5.9%**	6.9%	6.5%
20 years	**7.0%**	7.4%	7.2%

Pre-tax real world economic assumptions	30 June 2019	30 June 2018	31 December 2018
Personal Finance illiquidity premium[2]	**0.6%**	0.7%	0.7%
Old Mutual Corporate illiquidity premium (inflation linked annuities)[2]	**0.4%**	0.5%	0.5%
Old Mutual Corporate illiquidity premium (non-profit annuities)[2]	**0.9%**	0.5%	1.2%
Equity risk premium	**3.7%**	3.7%	3.7%
Property risk premium	**1.5%**	1.5%	1.5%
Weighted average effective tax rate	**27.3%**	27.0%	27.4%

1 *Excluding illiquidity adjustments.*

2 *An illiquidity premium adjustment has been added to the reference rates of OMLACSA's immediate annuity business (Personal Finance and Old Mutual Corporate immediate annuities) for setting investment return and discounting assumptions.*

5.9.2.2 Non-economic assumptions

The non-economic assumptions are determined using best estimate assumptions of future cash flows and have regard to past, current and expected future experience where sufficient evidence exists (entity-specific and industry data).

These assumptions are based on the covered business being part of a going concern. Favourable changes in maintenance expenses are generally not included beyond what has been achieved by the end of the reporting period.

All expected maintenance expense overruns affecting the covered business are allowed for in the calculations at the time identified.

The EV makes provision for future development costs and one-off expenses relating to in-force covered business that are known with sufficient certainty, based on three-year business plans.

6. Glossary

Defined Term	Description
Residual plc	Holding company subsidiaries that formed part of the Old Mutual plc Group which now form part of Old Mutual Limited. These subsidiaries are in wind down and not considered part of the core operations of the Group. The perimeter includes Old Mutual Bermuda, Old Mutual (Netherlands) BV and Old Mutual plc which was re-registered as OM Residual UK Limited in February 2019.
Results from Operations	The primary measure of the business performance of the operating segments. Calculated as Adjusted Headline Earnings before shareholder tax and non-controlling interests, excluding net investment return on shareholder assets and finance costs.
Adjusted Headline Earnings	The Group profit measure that adjusts headline earnings, as defined by SAICA Circular 2/2015, for the impact of material transactions, non-core operations and any IFRS accounting treatments that don't fairly reflect the economic performance of the business.
Return on Net Asset Value	RoNAV is calculated as AHE divided by average Adjusted IFRS Equity. Adjusted IFRS Equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations and operations in hyperinflationary economies. It is further adjusted to remove the one-off fair value adjustment that arose on the unbundling of Nedbank. This adjustment reflects the difference between the fair value and the net asset value of our retained interest in Nedbank on the date of unbundling.
Free Surplus Generated from Operations	Free Surplus Generated from Operations represents the net cash generated from the operations that contribute to AHE after allowing for normal course investment in the business and the impact of any fungibility constraints.
Group solvency ratio	Group eligible own funds (OF) divided by the solvency capital requirement (SCR) calculated on the Prudential Standards.
Gross flows	The gross cash flows received from customers during the period by Group businesses engaged in Life and Savings and Asset Management.
Life APE sales	A standardised measure of the volume of new life insurance business written. It is calculated as the sum of new business recurring premiums (annualised) and 10% of the new single premiums written in an annual reporting period.
NCCF	The difference between gross flows and cash returned to customers (e.g. claims, surrenders, maturities) during the period.
FUM	The total market value of funds managed by the Group, at the point at which funds flow into the Group.
VNB	The discounted value of expected future profits arising from new life insurance business sold in the reporting period.
VNB margin	VNB divided by PVNBP, where PVNBP is the discounted value of expected future life insurance premiums from new recurring premium business, plus 100% of new single premiums. The VNB margin reflects how much future profit is expected from each future life insurance premium and therefore measures the profitability of new business sold.
Gross Written Premiums	The value of premiums that a property and casualty insurer is entitled to receive from its insurance business in a period, before adjustments for reinsurance premiums. It is a measure of sales performance in Group businesses engaged in Property and Casualty.
Underwriting margin	Underwriting result as a percentage of net earned premiums. It is calculated for the Property and Casualty businesses across the Group.
Loans and advances	The balance of gross loans and advances for Group businesses engaged in Banking and Lending. The amounts are gross of impairments on all performing, arrears and default loans.
Net lending margin	Net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.

Administration

Registered name:	Old Mutual Limited
Country of incorporation:	South Africa
Registration number:	2017/235138/06
Income tax reference number:	9267358233
Share code (JSE, LSE, MSE and ZSE):	OMU
Share code (NSX):	OMM
ISIN:	ZAE000255360
LEI:	213800MON84ZWWPQCN47

Registered Office
Mutualpark
Jan Smuts Drive
Pinelands
Cape Town
7405
South Africa
Telephone: +27 (0)21 509-9111

Postal Address:
PO Box 66
Cape Town
8000
South Africa

Sponsor

JSE:	**Merrill Lynch South Africa (Pty) Limited**
NSX:	PSG Wealth Management (Namibia) (Proprietary) Limited
ZSE:	Imara Capital Zimbabwe plc
MSE:	Stockbrokers Malawi Limited

Transfer secretaries
Link Market Services South Africa (Pty) Limited
Registration Number: 2000/007239/07
13th Floor
19 Ameshoff Street
Braamfontein
2001
South Africa

Postal Address:
PO Box 10462
Johannesburg, 2000
Telephone: Local: 086 140 0110
International: +27 (0)11 029 0253

Group Company Secretary:
Elsabé Kirsten

Directors

Independent non-executive
Trevor Manuel (Chairman)
Paul Baloyi
Peter de Beyer
Matthys du Toit
Albert Essien
Itumeleng Kgaboesele
John Lister
Sizeka Magwentshu-Rensburg
Nombulelo Moholi
Nosipho Molope
James Mwangi
Stewart van Graan

Non-executive
Thoko Mokgosi-Mwantembe[1]
Marshall Rapiya

Executive
Iain Williamson (Interim Chief Executive Officer)[1]
Peter Moyo[1]
Casper Troskie (Chief Financial Officer)

Public Officer
Gary Eaves

1 Refer to note G1 in the condensed consolidated financial statements for more information on changes in the status of directors.

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