S1 2011 Earnings Call

Company Participants

- André Zeeman, Chief Actuary
- Corporate Participant
- Johan van Zyl, Chairman and Group Chief Executive
- Kobus Möller, Finance Director

Other Participants

- Analyst
- Brian Mushonga
- Michael Christelis
- Mike Brown

Presentation

Mike Brown {BIO 4704847 <GO>}

Right. So ladies and gentlemen, I think we're all in the room. So we can get started.

I am Mike Brown from Investment Analyst Society. And we've been hosting today by the Sanlam Group. This is their Interim Results for the Six Months Period Ended 30th of June.

And Sanlam as a Group I think we all know well. It's started in 1918, in fact was a mutual society for most of the early years of its -- resistance at demutualized and list in the JSE in 1998.

Interesting, see just looking at the website that 2 million shareholders. In 1998, this is now down to about 530,000 shareholders. But even so with that shareholders plus the indirect shareholders holding securities in companies that Sanlam manages or was a major shareholder in -- for instance even like Satrix, which has got 90,000 shareholders and Sanlam is the major shareholder in Satrix. I think this Group probably has more individual shareholders than any other company in South Africa.

But that's -- by. We had to hear about the results. And can I, on behalf of the society and I think any other people to hear, I thank Sanlam for hosting us this morning and introduce the Group Chief Executive, Johan van Zyl to address us. Thank you.

Johan van Zyl {BIO 4080290 <GO>}

Thank you very much, Mike.

Good morning, ladies and gentlemen. It's a pleasure to announce our results for the six months of the year. Thank you for being here and supporting us.

I'd like to introduce a few people and just welcome them in particular. We have some of our Board members here. Our Chairman, Desmond Smith; our new Chairman of the Audit Committee, Flip Rademeyer, who -- after an absence of a few years, I think four years Flip, independent. So welcome and Ian Plenderleith, one of our key Directors and also evolved in the UK business.

Then some of our extra members, Kobus Moller, Yvonne Muthien, André Zeeman and Ian Kirk, the Santam share. They're all here to help with the questions. I think Ian also wants to hear what we say about Santam. They've had very good results, ladies and gentlemen.

If -- the agenda today is, I'll start-up with the highlights and talk a bit about the macro environment, talk a bit about the strategy that's delivered the results that we will share with you. Kobus Moller then will give the financial review as -- and then we will -- I'll end of with the outlook, a few priorities that we -- and issues that we would like to address. And then we'll have sometime for questions where André Zeeman, our Chief Actuary will join Kobus and myself here to see what we can do.

Let's start off with the highlights of the results. And I really -- if you really look at the results I think -- we think we have done pretty well in the first six months of the year. And the strategies are really working for us. And in spite of the tough conditions, I think we've delivered a pretty strong performance. And looking forward, we have a very solid base, I think from where to grow on and grow from.

The highlights in terms of the financial performance in the first half of 2011, certainly in terms of earnings per share, net operating profit up 22%. As I've said in tough conditions, with normalized headline earnings per share up 35%, which is a big number for us, given the size of the business.

On a comparable business, our business volumes are up in total 11% to R55 billion of new business for the six months. Net fund inflows up 72% to 11 billion, mainly on the back of returning more money in the life business as in particular. But also doing well in the investment business on the retail side.

Our net life value of new business up 18% to 333 million. Our value of new business margin fairly flat from the previous year at very similar levels, 2.36%. As we've said earlier this is what we think we can do in terms of margins going forward.

A Group equity value per share at the end of June R28.77 per share. It gives us a return on Group embedded value per share on an annualized basis for the first six months of 12.8% and on adjusted basis taking out the effect of the market. And one or two one-offs particularly the issue on the STC that we will come and share with you later on. It gives us a return from 12.6%, which is above the hurdle rate that we've set ourselves. The cost of capital plus 100 basis points that we would like to outperform and we've done that if we don't take them marked into effect.

I think one of the big things of the past six months and certainly looking forward to the rest of the year is the macroeconomic environment. The business environment in which we operate is not an easy one at this moment in time and particularly global we see strong headwinds and have seen it.

We're in the midst of a sovereign debt crisis in Europe. We've seen natural disasters in Japan and in the U.S. and elsewhere. We've seen high oil prices and growth slowing all over in the developing areas, in the developed areas and also touching on what is happening in developing markets. And all of this goes hand-in-hand with increased volatility and uncertainty and more and more intervention and regulation playing a role in our business. We think that is there to stay for the -- certainly for the next five or 10 years.

And this impacts on the key performance drivers of our business. The things that drive our business is really the way particularly the South African economy behaves; how equity markets behaves in South Africa in particular, but also elsewhere. What happens to interest rates and what happens to currencies. And just to show you to feel this effect. If we look at the economy, we've seen a little bit of growth in South Africa. But it's come without employment and we need people to have employment, new consumers, new users of our products to really move forward.

Household debt still remains high in the middle income market and despite of low income, low interest rates; the middle market is struggling. This is where we have the majority in the bulk of our business here. And that's impacted negatively on us.

If you really look in the growth in retail sales, we've seen a little bit of growth. But as I've said, the downturn that we see possess a risk for us for the rest of the year.

If we look at the equity market, I think this is positive. If we compare period-on-period to the similar period last year, simply because the equity market is at much higher level. Throughout this period the first six months of course, the equity market has been fairly flat. You can see the numbers there slightly down in fact. But on average comparing 2011, the first six months to the first six months of 2010, the equity market is 17, they all see up 17%.

And this provides a higher base from which we collect fees, which is an important source of income. And where we make money within the Group. So this is positive for us. And negative for us is the low interest rates in two ways. The one is if the return that people get on their investment, the short-term interest rate is low. They do less of it. So there is less savings. And we've just had savings month really looking at the low savings levels of the South African economy and a big chunk and reason for this is the relatively low interest rate that we see.

The second impacts directly also on the profits that we make in the business. We run large technical reserves, operational reserves that we have in both Sanlam also in a business like Santam, where we make money by investing these technical reserves and giving the return on it from the interest rate.

The interest rate drops from 7.5% in the first half on average of last year to just about 6% this year. It's a massive decrease. It's close to 20%. And we therefore earn 20% less money of these reserves that we carry. And this is on the net investment returns. This is a quite tough on us.

The third issue that is impacted on us is the exchange rate. Now, there are two effects there. The one is the exchange rate effect from 2010 in the similar period what has happened there, if we look at that period to now, the exchange rate change in that period, the Rand has strengthened in several of the economies in which we operate on a relative basis. So we had to run harder to just produce the same level of profit in these areas. However, if we look at the valuation of the businesses, we have to look at what has been happening in the last six months in that and there the Rand has weakened. So, this has been a positive for us.

But, by and large the exchange rate has been a negative on the earning side when we do the comparative basis. Because an increasing part of our business is offshore, this has been negative for us. I think, if we really look overall therefore and the environment has been a tough one. And only the level of the markets actually been positive for us. But, within this our strategy was really to still continue to maximize shareholder value and at the same time gearing for growth. That's why we've keep on pushing into the emerging markets of Africa and India as part of the future options for the Group and the lower end of the South African market.

There is no change in this strategic focus on returns and really driving returns rather than size or market share or these kinds of things. It is all about profitability and its the profit and the growth in earnings that we achieve relative to the capital that we employed to get it. And that is what we drive and this is how we are as a group is also incentivized to perform.

Shown on the one hand, it is about growth, it is about the profit, it is about doing driving efficiencies, diversification in more that same time base. On the other hand it's the continuous drive in getting and becoming more capital efficient, optimal application thereof, strategic investments which we will address later on and really using the excess of the lazy capital in the business by applying at productively either to share buybacks or other ways.

If we really look at this whole issue of diversification and the growth part, I think one of the main stories there is if we just look at the value of new business how that is increased quite substantially over a period of time and you can also see that how the contribution of Africa and the other international sources, the UK and India in particularly is contributing towards that. The South African market has grown by 12 to 13, 14%. The African market has grown quite by well over 30%. And if we look at the combined rates, we've been able to get a growth rate of close to 16, 17% on an annualized basis in new business.

The margins also increasing showing as we shift more business into Africa where we have higher margins, the overall margin has been pushed up. This is in spite of the trend of people to really do less things through insurance rep as in South Africa to be much more flexible and where we've seen close growth in our business as in Glacier and so forth.

And you really look at the picture what we've been able and what we're driving on the business is when we started in 2003 with this strategy, you can see we made a -- since then we've more than doubled the profit and the size of the pie, but also the composition of that pie changed quite considerably. It's much more diversified now and it's much more resilient even with in SPF, where we have different focuses on different markets and that sort of thing where its life insurance really creating much more resilience in tough times like what we have now.

So this is a very pleasing picture but it does really describes the strategy that we've embarked on and going forward there will be of course more of this.

If we look at growth and diversification, a new thing as you move along, you have to change your management structures to really focus as we say structure follows strategy and if your strategy is to do more in the areas where there is potential, you have to get focus on those areas.

So we've aligned our management structure and we're in the process of rolling that out, and we've done the announcements and changed the reporting lines and things like that and over the next two, three years we'll find and maximize the opportunity that we think is being created through these new structures of ours.

Firstly in South African retail, we have one business. We've taken the SCM market activities, Sanlam Sky Solutions, which used to be part of SDM and we've merged that with SPF. First is a separate business and then over the next year or two, we'll look at the synergies that can be derived by looking and doing -- looking at those business jointly.

There is really a time-centric approach there to have a journey for life experience, is a big push towards getting rid of all these funny names and strange names as we bought and invested in businesses towards the Sanlam brand in that area. And it's really about effective management of the clients solution as needs in disposable income change. Its also as the treaty of clients fairly regime in South Africa comes to play much more important role in the regulatory part of things that we will all set in order to address that.

The second big change is this focus on the emerging markets outside of South Africa, where Heinie Werth will take the responsibility for the emerging markets. With the rest of South Africa and India will be managed in the separate cluster, really focusing on this. Sanlam Namibia becomes part of it. And within this cluster we'll have much more of a country approach, then similarly a functional approach. So Heinie will look at the broader financial services, he will also look at credit, investments and range of financial services that we provide. Because many of our partners here are composites. They haven't split their businesses into life insurance, short-term insurance, credit and things like that. They run their businesses as a composite and when we engage with them, it is hugely, it creates a huge track and the relationship if they have to deal with three-four people on what is often relatively small business in our terms. So this is really key for us.

And we see this thing as a strategic future growth accelerator and therefore the renewed focus and not putting it together with something else. But really as we get to size now to bulk it up and to keep it separate. In developed markets really to have this much more of an investment focus, so we provide investment solutions to the South African client base, also offshore to augment what we -- our own clients and what we offer them with a niche local footprint and to get scaled for efficiency that investment focus, so we've made that part of our institutional trust of businesses. So we've moved Sanlam UK away from being managed by SPF into the institutional trust. And we think this creates for us a new growth platform from which to move forward, as we changed these structures and so we get new ideas and new approaches that can take us to the next level.

One thing in the business and we're not driving and I've said this many times, we're not driving things like market share and so forth. We really look at the bottom-line. And then insurance in particular, a key driver of the bottom-line is quality of business, persistency. Business that you write has to stay on the books until at least you can recover the initial upfront cost and way beyond when you start making profit.

So this is a number that we've been monitoring very slowly. We've been giving you these results in SPF in the middle and the higher end of the market. We've given you the value of lapses, surrender fully paid-up.

On a total base, remember the book also grew on this -- during this time. So this should be on a percentage basis; it's actually I think even better. But if you look at the absolute numbers, you can see how the persistency is still intact.

With the worsening economic conditions of the crisis in 2007, the persistency as you would expect, deteriorated a little bit with value of lapses and surrenders and fully paid-up, going up. And then since then with a massive focus on managing that how it's been coming down. So we're very proud of that and I think at the core of experience variations and things like that plus the persistency that we have.

A different way of looking at persistency is the successful retention of business as policies mature. What do people do with it? Many do the reinvested and policies and so forth. Just for interest sake, the average for the South African insurance industries about 20% of maturing policies being reinvested. We now close to half of that being reinvested. And it tells you a lot about clients being happy with the products willing to continue after policies mature to have it. And a big function as of course management information system that they allows you before policies to mature to really interact with clients but the other one has also on the advice doing the right thing for the client, so the policy stays.

Of course, we should remember that people safe to use the money. So there should be leakage and a lot of the money has been used elsewhere in the business. Summary at the lower end of the market, Sanlam Sky Solutions in South Africa, the number of non-taken-up policies, the lapses and surrenders as a percentage of in-force, you can see how that pattern, how that number is dropping consistently meaning that the quality of the business that we write is on the increase every time.

There is only one way of increasing the average and that is consistently doing better than the average. And if this is what we can see in the business. We didn't write as much business in Sanlam Sky Solutions in the first six months of the year, simply because of this massive drive in terms of quality creating additional hurdles for people to put business with us and to make sure that the business stays on the books. And you can see the negative effects of those if you don't do it. In 2007, we had a different way of selling it and we saw that was the new solution going forward outbound call centers, I'm pretty sure all of you would have received calls and somebody wanted to sell -- insurance or something to you call there was a phone. And many people don't put down the phone, they take the policy but you never get the first premium. We get it once and then the thing lapses.

And you can see what has happened there in 2007. That's when a massive effort went to outbound call centers. When it didn't work and with the lapses increased of course we immediately turned it down and managed those things out of the business and someone else took it over and that business was taken over by someone else since then. But, it is a key for us to really drive the issue of persistency. That drives the profit and that's why a big reason not the only reason, but about of... I think a third of our profit increase in Sanlam Sky Solutions in South Africa actually came from better quality business so and so forth.

Okay. If we look at investment performance if you're on contractual saving of course you have to perform investment-wise, you can see there of the rolling one year basis over the last number of periods. We've in terms of more than 90% of the 300 billion or so that we have in Sanlam Investment Management, the assets under management, the insurance funds being part of this, where we've outperformed the benchmark. This is of course a fixed benchmark, where we performed very well. We're not as good on some clear running and open race where there is a variable benchmark, but we've done pretty well. And if you extended to longer period, also the vast majority of that money we've outperformed the benchmark. And that helps of course.

And we've seen big inflows of monies into particularly from the retail sector, when the markets are tough, there is a return to the established brands and names and we have been able to, I think benefit quite substantially from that. And there is a lot of market recognitions, several awards; I'm not going to say too much about it, but sometime really still the market leader by far, our contact centers where people phoning. These things that we love to hate; the machines that we talk to and then eventually, getting through to people. We got the Best Time Contact Centre award in South Africa; the best business processing centre in the country, not any in financial services, but across the Board.

Kokkie Kooyman for the second year running, got the Financial Fund Manager of the Year Award in the UK. Simeka got several awards on reports and whole range of other things. Employee benefits business, I think has performed particularly well. Although we're not happy with the level of service in that business yet and we keep on driving and lifting the bar. The three major awards in that industry is all in one by our business lead with the last award being awarded just recently in the week, the Umbrella Fund that the brokers and also the principal officers awarding our business the best. Clearly for us, there is a lot of work to do, but these awards and accolades really come.

On the discretionary capital side which is the other side of the equation, a lot of it is on the growth side of what we're driving. In terms of discretionary capital, we had a balance of about 4 billion at the beginning of the year, we spend about 900 million or so, 944 million on share buybacks. On other corporate activities, net and so 17 million. Net investment returns and added about 161 to that amount, which leaves us at -- with about 3.2 to use. Of this 3.2 we've committed to a whole range of projects, 2.4, which leaves us uncommitted money now in terms of discretionary capital of around about 800 million, which is the level we think we should run that in a business of our size. You should always have a little bit of fair power and the way with that, we would like to use the money. We've committed 1.9 billion to an investment in Shriram, we've agreed terms with them.

And over the next few months, we'll work on the regulatory issues to get the deal implemented. That will give us a substantial chunk of not only the insurance businesses within Shriram, but also in the other financial services that have in consumer and in financing of small enterprise. So overall, a big chunk. And really looking forward the growth in this amount of money will have to come from additional amounts, that we free up from the life business.

As I've already said, with the same process looking at capital allocated to insurers, and banks, and the whole range of other financial services in South Africa. It would be premature of us to just spin out a whole lot of additional capital here. So we don't expect too much movement. Although we'll keep you informed of what's happening here on this front.

If we look at the Shriram acquisition, just a few words on that. It's a big amount of money that we're spending there, we don't think it is outside of the range of what we're bidding, we're creating a big chunk of the future of the Group, we really impressed with the growth potential of India, relative to the other areas that we play. So it's an investment in the future. We... the conditional agreement has reached to acquire 26% of Shriram Capital as a whole at the holding level. It is of course subject to regulatory in South African Reserve Bank approvals and we'll work towards getting that. The transaction value is in cash investment and we roll up our 26% interest in Shriram Life and Shriram General into that.

On completion of the transaction, Shriram Capital will consist of about 21% of Shriram Transport Finance Company, it's the biggest non-bank listed financial institution in India. So we'll have a chunk of that. Shriram City Union Finance and the two insurance... the two insurance businesses will be part of that together with the big part of the distribution. The real rationale for this is broadening our financial service exposure in the growth market, it is this investment in the future. And I think it's sharing in synergies close the corporation.

I must say, we've been working with the Shriram Group now for five years. And we've been impressed by the way they do business. Culturally it's been an easy fit to work with them, we've been in start-ups of an tough. They've consistently delivered on the promises and mainly outperformed and mostly outperformed in terms of the agreements that we've had and often on a handshake. And I must say we look forward to partner them in their business financial services business going forward. We happy with the plans and we would like to share. We think we can add some value particularly unlock in synergies between the two insurance companies and these -- the credit providers that they have there in terms of insurance products and in terms of credit life things that can be introduced over there.

Having said that ladies and gentlemen, I would like to ask Kobus Moller, our Financial Director at Sanlam to come and give us the financial overview. Thanks, Kobus.

Kobus Möller

Good morning, ladies and gentlemen.

It's once again pleasure to share with you some of the detail of our results for the six months. To start off, just a few comments just on the presentation, change in presentation and some of the assumptions. You on refer to the change in the management structures, we still present our results on the old structure and we will -- as of the end of the year for the annual results started presented results in the new structure but in the back of the book we actually gave you some indication or some of the key numbers respect on the new structures or just for information.

There were no accounting -- policy changes had an impact on the operating results and they actually know real restatements as well that any material impact on the six months results.

The one major change if you will see in the valuation is actually the elimination of the C provisions in the value of their in-force in particular. It's R1.2 billion and it added to value of in-force and the new withholidng tax would actually be in place before we pay the next some of dividends. So therefore we felt its correct time now to exclude the provision. It also added about R23 million to the value of new business written in the six months.

In the rest of this contract, we had a small increase in the rates since December. So that added margin of negative impact on our valuations. But relative to last year in June, the rates were actually down by 30 basis points. So that is going to have slightly positive impact on value of your business and the margins that we show.

The overall results just in summary through equity value of 28 and 77, but it was a return on an adjusted basis of 12.6%, relative to a target rate of 12.4. So we're comfortable that we've achieved that. CAR cover remains strong at 3.2 times. And net operating profit up by 22%, headline earnings by 30% on a normalized basis, headline earnings up 35%.

Our new business volumes, if we exclude the White Label business by 10%. And then net front flows of R11 billion. And I'll come back with some detail on that.

And next few slides will cover some of the individual business in detail, some of the highlights of individual business. And starting the Sanlam Personal Finance. New business flows up by 7% relative to last year. It's combination of 12% increase in life business and 3% increase in investment business.

On the Life side, we had a particular strong performance from the Glacier side of the business. The MS affluent market business particular also we started the international product that had a good sales for the six months period.

On the investment side, you also will see that Glacier did very well, 15% increase inflows on to the platform there. The Namibia deduction came from a very high base. Lot of that is actually money market, low margin type of business.

Net flows increased to R2.2 billion, positive first both on the life side and the investment side. And then the value of new business up 32%. But if you exclude the benefit of the STC release. And on a comparable basis, the increase was 25% in very few business. So a very good performance.

Profit wise 18% increase from the businesses in some of those requirements on a gross basis and 15% net. As you can see on the slide although components in that business contributed to that result. On individual life side with positive risk, experience that offset the negative impact of the lower interest rates on the flat income. Glacier that evolved on the back of a higher book 17% increase of personal loans business and relative to June last year that book increased from 1.5 billion to about 2 billion. So you can see the impact of that coming through in the results whether at the same time, we had about a 30% reduction in our provision for bad debts and the quality of the book is still very good. And that was a help in the year, performance of -- quote year.

Namibia 22%, again very good trust performance that they've achieved. And then overall, the equity value of the personal finance 25 billion, which is a 21.7% return on annualized basis for the six months.

Sanlam developing markets, new life business, overall 25% increase, a very good performance. On the South African business, you already referred to the fact that we've actually sold somewhat less on the Sanlam Sky Solutions side, driving the quality of the business there. We had a reduction of about 20% in the sales force in the process and driving a better quality of the business, but the underlying business has performed very well. Botswana, a good increase of 57%, a lot of that from single premium business, annuity business and the rest of Africa also performing very well.

Net Life flows increased to R1.8 billion and this is the business that we actually look at future growth performance and if you see the margin that we achieved amounted to 5% in the summer of the last year, the 12 increase in value of new business.

Profit rise also good, six months period for SDM. 62% increase overall. You will see in South Africa in particular substantial turnaround from the slow start last year for the fist half, a medical that we had some negative bench experience in one or two of the products there, that has turnaround and we see actually a few very good performance in all the businesses in the South African side and this year that more than 300% increase.

The rest of Africa is more or less inline with last year, the few factors impact on the performance of the rest of Africa, obviously we had the impact of the exchange rate working against us and in terms of Rands. We are showing strong growth, so the new business trend also impact on our results there. And then we have started businesses in some new countries Uganda, Nigeria where we still incur some losses. So that is also reflected in that number, so -- but overall we're satisfied with that performance all the rest of Africa.

The Group equity value of these R5 billion and the return 27.9% on an annualized basis. We exclude the SEC impact, it still a growth of about 25% out of our SDM businesses.

It's additional cluster flows, net business flows in the investment side more than doubled. You can see in particular on the retail side, we had some good inflows and also in the businesses out of Africa we've turned around the negative outflows that we had a year ago, more still breakeven position on the life business team and in any business, the employee benefit side, 37% increase in volumes both on the risk side and on the -- business, single premium business.

And pleasing on the net life business, EV although its still negative. We are turning around the outflows and the money is -- the losses are getting smaller. Value of new business relatively small but of our 44% at slightly higher margin than last year. Profit wise 18% increase on a gross basis from the cluster and employee benefits being very well 50% increase particular on the risk side, risk experience and it's good for the six months period. Capital management -- results and it's more volatile the numbers there. So it's more chunky. So we wouldn't expect that type of an increase every reporting period, but they have done very well for the period.

On the Sanlam investment is a bit of disappointment to 9% on face value. They had some lower performance fees during the period, if we exclude that from the numbers the underlying business perform is actually inline with the growth in the average asset under management. So also we're comfortable with also -- recorded. And Group equity value return on an annualized basis 10%.

The short-term insurance, you have seen the Santam results. This include the -- results for 2010, so it's maybe slightly different from the numbers that you've seen from Santam. Underwriting surplus, a very good performance 30% up at 8.5% margins. And you can see the impact of this lower interest rates during the working capital where that is done by 13%, but a very good performance from Santam and the short-term insurance cluster.

So in summary all the business flows, 10% up and you can see that all the businesses is contributed at 16% increase in the life insurance side, and also good performances from investment. But in particular on the net flows, on stabling in our net flows to R11 billion and all businesses is actually contributing to that with having positive net flows for the period to value of the new covered business and the life insurance business. Net of minorities up 26%, again if we exclude the impact of the STC benefits up 18% and the margin inline with what we've achieved last year.

Certainly operating profit up 21% with all the major businesses contributing to that, we have seen the detail of that already. And if you look at the full income statement on the cent per share basis, the operating profit of 22%, our investments returns of 54% and the big contributor is actually the investment surpluses the mark-to-market of the capitals are putting the large businesses and it will be benefit there from the exchange rate and as some of our international investments in particular. The normalized headline earnings then up 33% and on a cents per share basis 35%.

Our Group equity value R28.77 at the end of June or just lower than R58 billion. As you can see in the slide personal finance is still by far the biggest business and institutional cluster there are R12 billion. We show you the growth, return on the Group equity value of about R3.8 billion and again you can see all businesses contributed to that on a cent per share basis, return is 12.8% and on adjusted basis 12.6%.

Just as look at the buildup of our Group equity value earnings, we have added the net value of new business, the life business of R356 million. Our existing life businesses with another R1.5 billion of which 230 million was positive experience variances, most of that on the mortality claims risk -- experience and then we had a positive small positive of net operating assumption change of R38 million, investment variance because of the lower market and our assumptions is in minus 67 of in-force book with 1.2 billion positive impact of the tax adjustment. And then because of the slightly higher risk discount rate a small reduction as a results of economic assumption changes in the value. R2.8 billion, 2.76. Return on net worth is 394 million.

So on the EV earnings, the life business we had a R3.1 billion return that's up by 21% return on the non-life side just below 600 million return adding to the 3.8 billion. And then last column we just give you an indication if we deduct or remove the impact of the markets of the economic changes and also of the STC change the return is R3.7 billion, which is more or less in lined with the actual return for the period.

In summary, we've added shareholder value of 12.6% for the period which is in line with our target or slightly ahead of our target. We have shown some positive growth both in the value of new business but also net flows and our operating profit. We keep on seeing the increasing contribution made by the different growth markets in which we invest. Then on the capital management side, while we've utilized R1.2 billion as you on set we now at the point with the bulk of our surplus is actually allocated. And we will run a small float going forward for those smaller part of transactions.

The last slide I want to share and that's the one that we like to show you every now and again as we our performance over the longer term relative to our hurdle of the long one trade by 400 basis points this is on accumulative basis since our listing in 1998. The consumer rate line that we're outperforming that target quite handsomely. Then I want to sent it back to you Johan.

Johan van Zyl {BIO 4080290 <GO>}

Thank you, Kobus. As you can see ladies and gentlemen, the results were pretty good. But, as we discussed at the Board yesterday, the management continuously wanted to refer to the past six months the Board made a focus on the next six months, and the next year or two.

Priorities for the year and for the immediate period thereafter is to really maintain the performance that we have here, and we don't think that will be easy given the tough conditions. In Sanlam Personal Finance, I think the main focus is really to establish our retail growth platform in South Africa. And that is why we've combined the business, the old SPF with the Sanlam Sky Solutions, where we've seen good salary increases to create opportunities by really through in the front end we think there are opportunities and also on the back end.

But really the focus for us is to get the sales growth there and to maintain the value of new business margins. So it's not to grow by dropping margins, but through the maintenance of the margin. I think the growth in profit is key there. We expect a slowdown the performance relative to what we've just seen, simply because of the base effect we've had a excellent second half of last year.

So, the bar was quite high and that's what the comparison is from what we will have to grow. So it will be tough in SPF to continue the growth, but we'll of course try our best. We would like to leverage the combination of Sanlam Sky and SPF, to really penetrate the mass middle market. We've seen tremendous growth again in the numbers of people that are upward the mobile.

We would like to continue the focus on distribution growth initiative, you know to have more feet on the ground, but not to indiscriminately just grow our distribution but to focus on those pockets where we think there is value. And to be much more selective and we've also earmarked to money on of the surplus capital that we have for investment small or relatively smaller amount to really grow the business.

We would like to improve the collaboration within SPF and the wider Sanlam Group we run what we call a Sanlam for Sanlam program to really make sure that we optimize the flows also to in the investment cluster that we have the money that we administer within SPF. And elsewhere we would like to build different businesses and get cross selling going really.

We would like to continue the focus on transformation we now just about at the level of 6% of our -- or black within the Sanlam Group, I think given the base and were we a few years back there is been steady improvement, clearly still a lot of room for further transformation and really remaining the employer of choice in that area.

We would like to drive operation efficiencies in particular so it is everything that we do so also do it cost efficiently. And we'd also like to respond to the regulatory requirements, there is lot of that being thrown our way particularly in terms of the capital that we have to keep for our main business, but also with future pick your clients fairly and whole host of other things like regulation 28 and things which by themselves will have a massive impact. But if you take the combined effect of these things it is a bit like flying an airplane in the dark, it is scary sometimes and then really one of the issues that we have to up our game quite substantially to be able to response to that.

We don't think this is a once off ladies and gentlemen. What's happening in financial services worldwide means that governments will take a much bigger interest and how we run our businesses and we'll have to get our act in order to be able to cope with the change.

The new emerging markets business, that will be run by --. It is really now getting to scale. I think we have the beach head in places like India and Africa and it's really now getting those things to scale. To turn the potentially that we already see there and the profits that are now coming through but to really to grow of that base.

So, it's really about getting done what we have continue to explore the further cooperation with the Shriram Group where we now have I think have taken the next step to really tie the knot with them and really moving into the broader financial services with them. We would like to enter with some big later in the year as most of the agreements have been signed there.

We would like to focus on a few bolt-on transactions in Africa and really working with our partners in the different countries to really get to scale. In many of the countries we have scale in places like Namibia and Botswana and so forth, but we have to in place like Uganda in particularly Ghana, we are getting things going. Tanzania we have to get to a bigger scale. There are opportunities there and we would like to focus on a few bolt-on Kenya in particular as well.

We would like to finalize spends for South East Asia. I think there is potential in places like Malaysia, Indonesia and so forth. We would like to see what can be done there and we're not in a hurry there. We already going but we really looking at opportunities. And we would like to continue focus on organic growth of the smaller businesses to really get to rebalance the portfolio to get them to make a bigger contribution to what is possible. And if you take that one or two of the smallest countries in Africa, Namibia and Botswana and you actually look at their contribution already to the bottom line of this business. I mean the potential must be massive in places like Nigeria, Ghana, Kenya and the bigger economies. We just have to up our game, we have first mover advantage in many of these places, we're already the biggest. But we have to leverage of that base, and move forward.

And E Benefits business, focus should really be to continue on the operational efficiency. I think we've seen from the awards that we got there. We've upped our game substantially. But we think there is a lot that we can really do. The flows are beginning to get in. We have to continue to focus on the administration business. I think we already doing a much better job. But we're still running the administration at a loss.

In the next year or two, we have to get to breakeven and we have to be able to do it profitably. We can't simply say, we'll continue to run this sort of last leader. We have to work with Sanlam for Sanlam program to enable synergies and improved access to clients also for our other businesses. Particularly while still making a loss. There is a big opportunity in the administration business, if you can mine that base properly through the gatekeepers and involving them. So we'd like to really improve that whole part of the business.

And then use technology to be dealing agent to deliver our operational efficiencies. We still too people intensive in this part of the business, that leads to mistakes and it leads to when there is churn of people coming and leave to things being dropped. We would really like to invest a little bit in technology to get that going.

We would like to target new business in the Umbrella Fund I think we already have close to 135 sort of members there and a business that we started about a year and half also ago. We would like to the retirement front to achieve economies of scale. Our big clients, where we have scale are profitable. It is in the large number of smaller clients where we struggle to do things profitably.

And we would like to target the corporate market with the consultants that we deal with to increase the single premium flows into that. And I think they're particularly good opportunities in the smooth bonus business, part of the opportunities there with the unions in particular to really work. And what is nice about those flows into the business as we get a margin, but we also get a second bite in the cherry within the asset management business.

On the investment sides of it, it is really operational performance that we have to do. The first object however is to deliver investment performance consistent. We say here up a quarter, I would even say consistent superior, it's above average medium, above the medium-term, long-term investment performance across all businesses.

We quite close to that and we've change the model not to take massive risks. So that we take small steps around wide range of things. To create more focus in that business over the last number of years we've added a whole lot of businesses. We had 20, 22 businesses in the investment space. We've now lumped in together create more focus to get the synergies out.

And to do the -- get the growth in a more disciplined manner, not simply because we became bigger, but because it's more profitable and better for us. So the enhancing of operational efficiencies really around people, technology and these things are critical for us. It's really leveraging of the strengths that we have that we have and the ability that we have, we have a massive pool of assets that we managed for the life company and it's how do we use that capacity that's been created to leverage that into the private clients base into the situations base by doing in the third participation things like that. And we also now have a footprint of investment partners. The Sanlam International Investment Partnership and the Sanlam UK that we've now added to this where we can provide opportunities for people in Asia we can provide opportunities in Western Europe, in the UK, in the U.S. through the 10 or 12 businesses that we have in ship. And how do we leverage those things to really make it work for our clients and then for us as well.

So, and Sanctum I think the trick there is to continue with the very good performance to continue with that leadership position that they've established in the South African market. Of the 20% market share in the business I think the next two or three players together have listen them. But it's how do we retain that in terms of market share, in terms of financial performance and market share of the profitable business in short-term insurance. The trick is about saying no to business rather than yes. I think that's more important and really to get that brand positioning and leveraging of it and I think Ian and his team has done particularly well over the past number of years to deliver good value for us as the main shareholder in that business.

It is about focusing on the growing and diversifying book of business through not only focusing on the intermediated channel I think where they will intrenched really as a market leader, but they also bringing on board my way and in that direction on to really optimize the synergies that we have. And without throwing out the intermediated model we think that will be a key driver of our business into the future.

But how do you do more, how do you develop the relationships? And if we don't do it someone else will just come and take that away. That is to continue the operational and the capital efficiency I think there is a lot that's being done in Santam around those issues. They're differently a leader there and then re-engineering the underwriting capability across diverse distribution channels, geographies that they deal in and so forth. And really optimize the claims part because often on the sales parts you good in short-term insurance.

But I think a huge amount of sterling work has been done on optimizing claims and how that pans out. Of course often that is where a whole lot of the linkages occurs through I think a whole range of unethical behavior, or simply wastage. And we try to optimize the opportunities in that space.

So, ladies and gentlemen let's return to the outlook. Let me say that we think the results for the first six months were excellent. We think it will be hard act to follow though in the second half simply because the benchmark from which we measure the second half performance of last year is so much -- was so much higher than the first half. But secondly because the environment is tough.

So if we talk and look about environment, we think the uncertainty and volatility in global financial markets won't go way. We think there will be increased measures by government to really get the economy growing. So, we're not overly pessimistic. But we don't think there will be miraculous return to growth. It will be a steady and a long and a hard droll and maybe a bit longer then most of us actually think.

So slow economic recovery we think is the best case scenario over a period of time. And we've set up the business for that. We don't want to take massive risks. We would like to continue what we've done over the past few years. We see risk eliminating from particularly developed economies which in our mind create an opportunity for Africa. And we've seen many publications and cries of Africa, Africa's time has come. We will place there we think similarly of India that's why we're investing money into these places from a South African base which we don't want to abandon.

And increasingly in the business environment we continue the regulatory changes And it's not a South African thing to say but these things happen in the UK they happen in India, they happen in Africa. And we maybe at different points of with in this curve of change. But we think it's a part of life of operating in financial services in savings particularly in pre-benefits in those areas.

And we giving up also for handing this continue change I know in our industry it's a long term industry, it's not easy to handle those things, but we differently giving up to be able to handle those things much easier. And one of the big things on how we handle that is of course in the increased diversification of our businesses to have many geographies there not to only have life insurance but to have short-term insurance, to have savings, to have investments, health products, credit exposure, property a whole range of these things.

And if you look at that drive that we've had towards diversifying the business we see much more focus on diversifying that. Of course the core of what we do is a insurance business, and we would not like to abandon that, but we would like to add the other things we have a big client base that became really work from.

In the low income market we've been lucky and to the extent that in South Africa in particular we've seen high real wage increases in the increases in the unionised sectors that provides a definite opportunity. We have seen growth in our profitability there. We didn't grow our distribution footprint. In fact we shrunk it because of the focus on quality.

But we think there are other ways of getting back in there. And getting the growth that is required. If you look at the profit growth, and we would certainly expect this market where the profit that we make that should grow by in excess of 20% per annum. So we'd really like to push this.

And again not across the board trying to do just what everybody does. But to focus on those profitable opportunities that we see out there and they are several of them. So we'll be pursuing them. In the middle income market, we see salary increases more inline with inflation. We see the needs to reduce debt. We see the need to increase savings and certainly in some people who run the deficit in terms of the cash flow within the household don't have the opportunity.

Other people particularly those with equity in the mortgage bond in their house. They do pretty well and that is the market that we focus on being a relatively mature insurer being not as sexy in the good times as some of the others, but being much more stable. We don't see too many of our clients being in financial trouble and we would like to leverage of that.

We also see in these tough times of volatility when people lose money that they much rather place that money with what they perceive safe hands. That's what our logo stands for you see your future safe in our hands. And we see a lot of what we perceive as flight to quality in these tough times.

So this is where we really driving it. And we are a big part of our business model is focusing on. Not over promising but really getting the growth. Then the high part of the market, particularly our glacier market and also on our private investment market, there we less constraint by income growth, it's really tapping in those pools of wealth that there is. We've seen partial recovery in the net wealth, people are again pushing for quality. There is still high leverage out there in the market and there the benefits get from growth getting new clients on board forming new relationships. And that is working well for us.

So to summarize really in the remainder of 2011, what do we see different second half in terms of difficult second half in terms of the economy a higher part from which to perform. But we convince ladies and gentlemen that the strategy that we have in place, the diversification, the people to execute are really in place that we can deliver on the performance targets. And like pretty we set high targets for ourselves. And I'm pretty sure that we'll be able to deliver on that.

That brings me to the end of the formal presentation. I would like to invite André Zeeman, our Chief Actuary to join myself and Kobus Möller, Financial Director here on the stage to answer some questions.

Questions And Answers

Q - Mike Brown {BIO 4704847 <GO>}

Ladies and gentlemen, the order of proceedings now. There is a roaming microphone here just put your hand up -- so get the microphone, introduce yourself ask the question. And we'll start with the room here then we'll get some phone lines if there are questions from there we'll look at the web and then we'll end up with some questions here from the room again.

A - Johan van Zyl {BIO 4080290 <GO>}

Alright, let's start. Any question? I hope we've been very clear.

Q - Mike Brown {BIO 4704847 <GO>}

Question here.

Q - Analyst

Thanks -- I'm referring to the section group financial review on page 20. In the center of the page under net fund flows investments. These is three items there where the comparison with the previous year reflects massive differences. What is the background to those differences and specifically why should retail have show a 40% increase whereas institutional has gone from 1.8 billion nearly to a negative 209 million. And non South Africa has gone from a negative 2.9 to a positive 11 million.

A - Johan van Zyl {BIO 4080290 <GO>}

Yes. Those are very specific questions. I just wanted to say in terms of the retail changes that we have seen over there. We've had a big focus on profitability in the business. And in the retail market you make so much more basis points of the money that you do, you do the administration, you get much higher fees for the asset management that you actually do and so forth much more than that.

So, we've put a massive focus on trying to get the retail to grow. And you can see the results of that and part of there those figures. The institutional money that's gone backwards there is because of the chunkiness if you get one or two clients that may, that remove their money or through particularly I think and this is in the cash market where we've lost some money because of the changes that we've seen over there. It is fairly chunky, and therefore really two clients can have a massive influence on what happens there. In Africa in particular I think the positive Botswana result and the big inflows there has turnaround the fund flows Kobus gives us the...

A - Kobus Möller

I think it's big part of the answer is drunkenness of the business I think in particular on the international side we had some big out flows a year ago. I think that things has turned around which you can see it's actually flat now for the six months period. And what Johan has said is correct. I think with the emphasis on particular a private client business is also not lead different investments used in the retail side there with some good in flows and some good retentions as well on the funds.

A - Johan van Zyl {BIO 4080290 <GO>}

So, a lot of that is part of the strategy. We'd have liked of course to have all the numbers up substantially but thank you for the question. Another question?

Q - Analyst

-- from Standard Bank. Now bond yields are falling quit sharply since June and it's not totally infeasible as we're going to go to below 7% on long debt at bonds here. I am just trying to think what is Sanlam doing in terms of firstly product design? Are you preparing yourselves to be able to sell products in the loan stream environment? And then secondly what are you doing to hedge the current maturity guarantee reserves and other sort of risks that are inherent in your book.

A - Corporate Participant

First one say it's not our view that bond rates will necessary go down seven and stay at that levels because we already seeing inflation picking up in South Africa and with electricity prices and the rand probably weakening a bit. It's we didn't see inflation 4% and lower for the net year or so. But even on a level of 7% wouldn't really have a big impact on our investment guarantee reserves. Our highest roll-out rate is around about 4% that won't impact us a lot.

A - Johan van Zyl {BIO 4080290 <GO>}

On the product design and so I mean if you look at ourselves you have seen the single premiums we have done pretty well. We've had got sales of guaranteed type products going forward. And single premium guaranteed products in the retail space. And we would see that continuing. So we've done, already done a lot of the work on that. We really think that the interest rate environment is a tough one in which to operate. So, as it becomes a little bit more tougher, we'll do more of what we really have.

Q - Analyst

Right.

Q - Michael Christelis {BIO 15233664 <GO>}

Hi. I am Michael Christelis from UBS. Two questions if I can. Firstly, if you just talk a little bit about persistency and the assumption changes you made to the EB this is now another time that we're seeing a negative change despite this fact that you are getting positive variance so I mean are this specific products that are problematic and therefore you feel and need to strengthen your assumptions or am I missing something, right?

A - Corporate Participant

Okay. The persistency assumptions is adjusted every period to what we see in the different books and it's the effect that you see in the numbers is the average a lot of products. We haven't seen actually seen big chances in persistency as such. So, the number it's a capitalized number so it's actually very small number. But where we have seen some effect is on retirement annuity business in the past it was not this is wasn't able to switch out of the policy ones that in there. But over a year so ago they allowed Section 140 funds for this. And we do see some of that out of the retirement annuity books. And we adjust before that but I saying overall context, the capitalized value is quite a small number.

So, certainly, if you take the size of our annuity book, I mean the changes there are really manicure. So...

Q - Analyst

And the second question just on SPF risk market. I see the administer of grow your risk premiums quite nicely in your business yet. I think your competitors are all struggling in that space. Can you talk a little bit about what you're seeing in the market at the moment individual risk business?

A - Johan van Zyl {BIO 4080290 <GO>}

The individual risk business it's a tough market there. I mean rates have been coming down over the past 10 years certainly on a constant basis and it is a very, very competitive market out there. And our own approach has always been that we don't chase market share, but we ride business profitably. So we focus on those segments within the market, I've already explained that over the past number of years.

Where we think we can add value and as being a big insurer we use our own risk experience three to price the products what we think really competitive there. In some of these risk categories we simply not competitive and we don't try to be clever there or ride business that will give us business. But which will be loss making over a period of time. So we pause on those opportunities and allow our competitors to take their own profitable business.

We retry and focus on the profitable pocket. So we don't see that subsiding, it is a very tough market out there and we don't see massive margins for new risk business being written, even within our business, André.

A - André Zeeman

Yeah, I totally agree, I think it's important for us to play in that space and to be as competitive as possible because I mean we need to provide the range in some. But that particular, the risk margin is South Africa I think the margins are very tight and I don't there is a lot of scope for us to do more there.

A - Johan van Zyl {BIO 4080290 <GO>}

Incidentally if you met many of the analyst that made comparison between the rates in South Africa for risk for whole of life for life policies and then for term policies I often think we getting it wrong in South Africa. If you look at life policies in the UK for instance, the rates are substantially higher than what we offer in South Africa given our health support system here and even the lower life expectancy.

We offer rates at close to half the value of what people in the UK get, and we often offer at term policy levels these things. And we see going forward certainly some changes in what we regard as an unsustainable situation at present in South Africa.

Question there at the back, and then mic here.

Q - Analyst

Andrew -- Capital. When you are talking about Santam, you indicated that you want to extend the leadership position in South Africa. I just wanted to ask in terms of the investment in Shriram which is a fairly substantial non-life insurance business. Does your relationship with Santam going dependently in terms of strategic opportunities in terms of growth? And can I just ask you another question related to Shriram in terms of that almost 2 billion investment is I know what your hurdle rates are in terms of your opportunities, in terms of investing new discretionary capital et cetera. Can you give us an indication of the timing of the profile in terms of returns that you'd expect from that investment?

A - Johan van Zyl {BIO 4080290 <GO>}

Yeah. I think clearly Santam has minorities and whatever we do Santam has to be a down -- I mean we would like to do certain things but we have a very I think strong governance process in place. Wherever there are dealing between Sanlam and Santam that we have an independent board committee particularly signing off on what is agreed. And so I just want to make that point. So with the country although we regard them as a subsidiary, many of the decisions are taken by Santam in terms of partnering us and so.

What we have agreed, upon in principal is that opportunities created by Sanlam will be available for Santam and vice-versa and as we see opportunities in each other space we rather collectively participate and quite particularly in places we relatively small players to get to scale and so forth.

So the whole Shriram agreement and we will go forward is in that spirit on what is best for the two groups being decided on independently. And in this particular case the original investment in Shriram was made by Sanlam with an option available to Santam. And they will convert that into a different instrument that will given them the value that is consumer to the effort and the value of that is being created in that business as being negotiated by ourselves and being agreed on independently with fair and reasonable sort of statements and things that come along that chain.

But it is -- and I'm pretty on that by working together we can do so much better and by entering these market by ourselves. So, that is the absolutely critical. And coming to the second question on Shriram in particular what sort of scope and sort of issue that we have? You will see that the investment that we make into Shriram, Shriram the big listed entities where the real values sets and what we're actually buying into by spending the money. Trades at a PE of around 12 or so the historic PE there. Clearly with the 20% growth that we've seen in profitability in that market. And that we expect for the next two or three years that will come down quite substantially.

So, the environment in which we expect for our money to be returned. And that we will get some sort of contribution from Shriram is not massively long. In fact it's fairly immediate. We don't expect though to really repatriate a lot of the dividends over the very short-term from Shriram. We'd like to invest that into increased growth as I said. We see the Shriram investment as an optionality to really create scale for us three-four years from now when we run out of growth opportunities in South Africa. And we have hard listed a lot of what is available in Africa already. So it's an investment farther in the future but not ten years way.

Hence, the discount rate that we use for businesses like that is in the it's mature businesses they listed and so forth, is in the order of 16-17%. And we easily clear those returns for that investment. What is interesting though is when you -- when we go to India, they often question us because they have a much lower discount rate or risk free rate than what we have in South Africa. They often question us on why we use these huge discount rates for India and they regard as well of course we say we regard the place as risky or so. And then they rather view us as risky. And it makes for an interesting debate when you start arguing a process and things that is appropriate.

Bur certainly in terms of the hurdles and so forth, I'm pretty convinced that the investment in Shriram will yield certainly handsomely the hurdle rates that we applied to South African businesses and using South African money. And that's really what this is about. And we won't have to wait too long either for that to realize.

Another question, Mic?

Q - Analyst

Thanks Johan. -- Just on dividends I know your policy is to only have one dividend a year. So you can get away with an interim presentation without talking about dividends. So we could get you to talk about it. I see your Board back shares during the first half about R944 million if I remember rightly, there might be a school of thought that says perhaps you could have paid that to shareholders as a dividend? And you also seeing with quite a lot of capital on the center. I think -- so the small number but I think its about 800 million which is not small change, just take us through your thinking why there is only one distribution a year in terms of dividends and if that might change in the future?

A - Johan van Zyl {BIO 4080290 <GO>}

I think you alluded to us when you introduced us to say that we have the largest number of shareholders of any listed South African company. And that presents a problem for us. At present group is we just have over 500,000 shareholders which is half a million. When we mail our annual reports, we stop the post office there for about three few months, they do nothing, nothing else.

Sanlam office, post office -- is that. It's a massive logistical exercise to just get these things up. And once we've paid the dividend, it takes us around eight months to really sort out and re-balance and make sure that everybody gets there money in the right way. So, it's a massive logistical operation.

And if we were to split that, last year the dividend was around R1.15 a share. Most of our shareholders only hold 270 shares, that's the sort of mode of the shareholding. So, it's a small number of people and that really makes, within affected. We've tried various ways of interaction with JSE. Of course the biggest bulk of various shareholders, people actually investing in the JSE are presented by ourselves they don't like to see they are diminished, so it does create a problem.

But we like these people because they're also policyholders. And therefore I think it's a logistical thing. The cost of just -- the distribution cost of the dividend is in the order of about 20, 30 million. So it's a substantial cost. So, if we were to debt repay that, it's simply not efficient, it is not efficient.

In terms of our thinking, in terms of the dividend and why the share buyback rather than the special dividend. So, I think we've said that we've had STC leakages, and things like that in the past. We preferred adding value and we've consistently through the buybacks returned something in the order of about 16%, if you look at the period in which that held buyback program took place.

Going forward of course we have less capital, but right now the 800 million is a big absolute number. But I can't see anybody running the business, a business of our size without some having a -- it would be a tough day for us if opportunities do come along and they do come along every now and then.

And we don't have the money to actually quickly, moving that, that is less than 2% of our market cap in fact about 1.5. And it is a price that we pay. And particularly the management level, as we measured on returns. Capital that aren't applied well. And as a massive drag on our bonuses and things like that. So we're very aware of the need to get that capital to perform.

Q - Brian Mushonga {BIO 16209522 <GO>}

Brian Mushonga from Credit Suisse. Good morning

A - Johan van Zyl {BIO 4080290 <GO>}

Hi Brian.

Q - Brian Mushonga {BIO 16209522 <GO>}

Just a few questions. The first around Shriram, I just want to find out if the Shriram Group itself pays a dividends and what sort of dividend yield would you expect on your 1.9 billion and seeing as your already at the 26% threshold what would you do with the money, so you can't sort of -- would you invested outside of Shriram in other ventures in India? And I guess another question around Shriram is within the Shriram Life any insurance we use to have operational involvement will this be the case with Shriram Group and are you comfortable with it?

A - Johan van Zyl {BIO 4080290 <GO>}

Just on the level of dividend payments and so Kobus will just answer that. And operationally we will be involved in all the business of Shriram or we will have observed that is at the different boards even of those where we don't have a contribution. Nothing however would change in terms of operational involvement in terms of Shriram General Insurance where we will keep Santam in. And Shriram Life Insurance where our own people will end. Yeah, I think it's absolutely critical in terms of the synergies that we see from this business going forward, to be able to do that. At the Board level we will have representation and then we will have observed the status at the credit institutions. Of course that's where we have to unlock and keep on working with our partners to unlock value. So we will in fact keep what we have and expand on that in terms of preparation on operational responsibility.

A - Kobus Möller

On the dividend I think I already referred to. If you look at the different businesses in the Shriram Capital Group, all of them are actually fast growing businesses with their own capital requirements, the life insurance companies but also the credit companies. So at the moment the bulk of the profit will actually be reinvested into those growth opportunities -- entities. And we come to see that happening for the foreseeable future as well. So we don't actually rely on any dividends coming out of that structure for the moment. We move in that if you reinvest to build up the capital requirements of those businesses.

Q - Brian Mushonga {BIO 16209522 <GO>}

Second question in the original announcement this morning you mentioned you bought shares between the 22nd of February and the 30th of June. Was that a type or are you buying shares now in closed period?

A - Kobus Möller

We don't buy shares in closed periods.

Q - Brian Mushonga {BIO 16209522 <GO>}

On the 22 February?

A - Johan van Zyl {BIO 4080290 <GO>}

That's a small number that got booked over

A - Kobus Möller

That may actually be --

A - Johan van Zyl {BIO 4080290 <GO>}

If we just get the --

A - Corporate Participant

No I think we don't those views. I think that's your answer. If that might be in -- because we actually just bought, we buy within the open periods. Okay. There is no buying in fact since let's say June we didn't buy anything. Often there is a small issue in that you're buying that 29 so the 30, I think we've rectified that thing. But the transaction takes place on that day But it takes a while to finish that administration. And that's often where you get a little bit of that. But we don't buy in close periods.

Q - Mike Brown {BIO 4704847 <GO>}

Anything else ladies and gentlemen? Thanks so much. Anything from the phone lines? Nothing. Anything from the web? Great. It's been clear.

The last question from here. That leads me then ladies and gentlemen with been thanking you for being here. Thank you for the support. Thank you for sharing I think the great set of results. I hope we don't disappoint you in the next six months. It will be a tough six months. Certainly in the economies looking too great. But as I've said we will set the structures are in place. I think there is enough scope. And strategically the route that we've embarked on is really one is performing well in tough times. And we need these tough times to differentiate our -- that appears. So we look certainly forward to the tough times and to seeing you six months from now. And being able to share again a great set of results. Thank you for being here.