Old Mutual plc

Results for the year ended 31 December 2006

Financial highlights

❑	Adjusted operating profit* (IFRS basis):	up 16% to £1,459 million (2005: £1,261 million)
❑	Adjusted operating profit (European Embedded Value (EEV) basis):	up 22% to £1,687 million (2005: £1,387 million)
❑	Profit for the financial year attributable to equity holders of the parent (IFRS basis):	£836 million (2005: £867 million)
❑	Adjusted operating earnings per share* (IFRS basis):	down 18% to 15.1p (2005: 18.5p)
❑	Adjusted operating earnings per share (EEV basis):	down 14% to 17.8p (2005: 20.7p)
❑	Basic earnings per share (IFRS basis):	17.0p (2005: 25.1p)

- ❑ Net cash flow in relation to funds under management of £24 billion (2005: £13 billion)
- ❑ Funds under management of £239 billion at 31 December 2006 (2005: £182 billion), an increase of 31%
- ❑ Total life assurance sales, on an EEV Annual Premium Equivalent (APE) basis, of £1,535 million, an increase of 137% (2005: £648 million)

❑	Adjusted embedded value per share (EEV basis):	157.2p at 31 December 2006 (2005: 174.0p)

- ❑ Recommended final dividend up 13.7% to 4.15p (58c)**

Jim Sutcliffe, Chief Executive, commented:

"This set of results reflects a healthy overall performance from around the group. Funds under management grew an impressive 31% with operating profits benefiting both from a better than expected result from the Skandia acquisition and from investment in our existing businesses. Despite earnings being impacted by unfavourable currency translation impact, our strong financial position has enabled us to declare a final dividend increase of 13.7%.

The current year has started well. Although exchange rates, the cost of investing to achieve synergies across Europe, and costs in Sweden and at our South African life business to put these businesses on a sound basis for the future will hold back earnings growth for 2007, we have an excellent set of growing businesses and are clear about the tasks we must complete. We are on track to achieve over £300 billion of funds under management by the end of 2008, which should provide a solid basis for substantial future earnings growth."

26 February 2007

Wherever the items asterisked in the Highlights are used, whether in the Highlights, the Chief Executive's Statement or the Group Business Review, the following definitions apply:

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

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

** Indicative only, being the Rand equivalent of 4.15p converted at the exchange rate prevailing on 20 February 2007. The actual amount to be paid by way of final dividend to holders of shares on the South African branch register will be calculated by reference to the exchange rate prevailing at the close of business on 19 April 2007, as determined by the Company, and will be announced on 20 April 2007.

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

Enquiries

Investor Relations		
Malcolm Bell	UK	+44 (0)20 7002 7166
Deward Serfontein	SA	+27 (0)11 523 9616
Media		
James Crampton	UK	+44 (0)20 7002 7133
Nad Pillay	SA	+ 27 (0)21 504 8026
College Hill (UK)		
Tony Friend	UK	+44 (0)20 7457 2020
Gareth David	UK	

Forward-looking statements

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

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

Notes to Editors:

A webcast of the analyst presentation and Q&A will be broadcast live at 9.30 a.m. (UK time), 10.30 a.m. (Swedish time), and 11.30 a.m. (South African time) today on the Company's website, *www.oldmutual.com*. Copies of these results and the associated analyst presentation, together with high-resolution images (at http://oldmutual.com/vpage.jsp?page_id=2220) and biographical details of the executive directors of Old Mutual plc, are available in electronic format to download from the Company's website. An interview with Jim Sutcliffe, Chief Executive, Old Mutual in video/audio and text is now available on the Company's website and on *http://www.cantos.com*.

The 2006 preliminary results Financial Disclosure Supplement can be found on the website. This contains a summary of key financial data for 2006 and 2005.

Chief Executive's Statement

A year of significant international development

2006 was a year of significant international development for the Old Mutual Group, with the successful completion of our acquisition of Skandia. Reflecting the increased spread of our business, funds under management grew substantially, to £239 billion.

Our businesses around the Group produced a healthy overall earnings performance. Operating profit benefited both from a better than expected result from our Skandia acquisition and good progress at our other businesses. We ended the year with a capital surplus of over £1 billion on an FGD (Financial Groups Directive) basis. Our strong financial position has enabled us to recommend a final dividend of 4.15p per share, which produces a total dividend for 2006 of 6.25p, an overall increase of 13.6%.

Notwithstanding this healthy performance, unfavourable currency movements, particularly in the Rand's exchange rate to Sterling, reduced our IFRS earnings per share (EPS) by around 1.2p year-on-year.

The transformation of the overall profile of our business is apparent from the fact that alongside our traditional South African franchise, we now have approximately 60% of our life sales for the year on an APE basis came in the UK and the rest of Europe and over three quarters of our funds under management in the USA and Europe.

We have been pleased with what we have found at Skandia and the cultural integration has progressed well. The synergy targets announced at our market update in June 2006 are on track, with some associated costs to be incurred during 2007. Skandia's UK and Europe/Latin American businesses have exceeded expectations, while the Nordic business is still dealing with a number of legacy issues.

We continued to manage our portfolio of businesses actively during 2006. We acquired Ashfield (a large cap asset manager in the USA, completed in January 2007), Intech (an Australian asset manager) and Marriott (a property investment group in South Africa) and disposed of eSecLending, our US securities lending business, Pacific Financial Advisors, one of our US asset management businesses, and Skandia Vida, Skandia's traditional life assurance business in Spain. We have begun restructuring Old Mutual Asset Managers (South Africa) into twelve boutique businesses under the new name, Old Mutual Investment Group (South Africa), and received a special dividend from our South African general insurer, Mutual & Federal Insurance Company Limited.

Growth is evident from our net cash flow of £24bn, increase in gross unit trust sales of 185% and life APE sales of 137% and increase in funds under management (after discounting businesses disposed of) of 31%.

Our 53%-owned South African banking subsidiary, Nedbank Group, continued on its return to health, with a 38% increase in profit and Return on Equity of 18.6%. Plans for our South African businesses to cooperate strategically and, where appropriate, operationally to deliver ever-increasing bancassurance and other synergy benefits are progressing well.

During the year we were pleased to welcome Jonathan Nicholls as Group Finance Director. Jonathan has already started to make an impact on our financial and accounting processes.

Outlook

This set of results reflects a healthy overall performance from around the group. Funds under management grew an impressive 31% with operating profits benefiting both from a better than expected result from the Skandia acquisition and from investment in our existing businesses. Despite earnings being impacted by the unfavourable currency translation impact, our strong financial position has enabled us to declare a final dividend increase of 13.7%.

The current year has started well. Although exchange rates, the cost of investing to achieve synergies across Europe, and costs in Sweden and at our South African life business to put the business on a sound basis for the future will hold back earnings growth in 2007, we have an excellent set of growing businesses and are clear about the tasks we must complete. We are on track to achieve over £300 billion of funds under management by the end of 2008, which should provide a solid basis for substantial future earnings growth.

We are confident that Old Mutual will continue successfully on its journey to become a premier international savings and wealth management group.

Jim Sutcliffe

Chief Executive

Group Finance Director's Review

GROUP RESULTS

For Old Mutual, 2006, with the acquisition of Skandia, was a transforming year during which we were able to produce a healthy set of results, driven by strong sales and cash earnings and an increased level of funds under management. The acquisition of Skandia in February resulted in a significantly larger and more internationally diversified business.

Group Highlights (£m)	2006	2005	Change
Adjusted operating profit (IFRS basis) (pre tax)	**1,459**	1,261	16%
Adjusted operating profit (EEV basis) (pre tax)	**1,687**	1,387	22%
Profit before tax (IFRS)	**1,714**	1,606	7%
Adjusted operating earnings per share (IFRS basis)	**15.1p**	18.5p	(18%)
Adjusted operating earnings per share (EEV basis)	**17.8p**	20.7p	(14%)
Basic earnings per share (IFRS basis)	**17.0p**	25.1p	(32%)
Embedded Value (£bn)	**8.6**	7.1	21%
Adjusted Embedded Value per share (EEV basis)	**157.2p**	174.0p	(10%)
Value of new business	**244**	113	116%
Life assurance sales (APE) (£bn)	**1,535**	648	137 %
Unit trust / mutual funds sales (£bn)	**7,961**	2,795	185%
Net fund inflows (£bn)	**24**	13	85%
Funds under management (£bn)	**239**	182	31%
Return on equity (%) [1]	**12.0%**	18.8%	
Return on Embedded Value	**13.8%**	16.5%	
Full dividend (p)	**6.25p**	5.5p	14%

Strong growth in sales and assets across all regions, including our enlarged European operation, contributed to an encouraging increase in adjusted operating profit before tax. This represents a 30% increase in the life result and a 17% increase in the asset management, banking and general insurance result, with all regions improving on a local currency basis.

Adjusted operating profit after tax and minority interests increased by 11% from £710 million in 2005 to £790 million in 2006, resulting in adjusted operating earnings per share of 15.1p for 2006.

The split of the Group by adjusted IFRS earnings (after tax and minority interests, excluding corporate) is now broadly 58% South Africa, 20% United States, 20% Europe 2% Asia Pacific and elsewhere, reflecting the greater diversification of our earnings as a result of the Skandia acquisition.

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

Group Finance Director's Review

Adjusted Embedded Value operating profit up 22%

The increase of 22% in the Group's adjusted operating profit on a European Embedded Value (EEV) basis primarily reflects the significant contribution from Skandia, strong new business growth, and the increased profit from the non-covered business in Nedbank and our asset management businesses.

The adjusted embedded value operating profit of £981 million for our covered business was up 40% from £701 million for the year ended 31 December 2005. This increase was driven by the acquisition of Skandia, which contributed 40% of the profit. The contribution of the South African and United States businesses were 50% and 10% respectively. The value of new life business grew by 116% to £244 million. The increase on prior year is caused by the contribution from Skandia - and growth of 16% in South Africa, partially offset by a managed volume reduction of 12% in the United States.

Whilst operating assumptions across all businesses were more conservative, this impact was largely offset by risk margin recalibration, ranging from 10bps to 30bps. This was driven by the lower risk profile of our business and the impact of higher markets and interest rates reducing the expected cost of financial options and guarantees.

Dilution reduces Adjusted Embedded Value per share down by 10.0%

Adjusted Group Embedded Value (EV) (adjusted primarily to bring listed Group subsidiaries to market value) increased by 21% to £8.6 billion at 31 December 2006 (31 December 2005: £7.1 billion). The adjusted Group EV per share has reduced from 174p to 157.2p at 31 December 2006. Return on Group EV was strong at 13.8%.

The movement in the embedded value per share has been driven by the dilution impact of approximately 22p as a result of acquiring Skandia and depreciation of the South African Rand and US Dollar over the year by 26% and 14% respectively, offset by market movements and operating profit growth.

Synergies on track

The purchase of Skandia, with its leading open architecture technology, builds out our European operations and provides significant opportunities for organic, new start-up and acquisitive growth. The integration and synergies benefits of £70 million per annum (announced in June 2006) are on track to be delivered by end-2008.

Funds under management up 31%

We are pleased with the increased level of our sales and assets following the Skandia acquisition. The Annual Premium Equivalent (APE) of new business increased 137% and the Value of New Business has also more than doubled. Net fund inflows were £24 billion representing 11% of FUM when Skandia's opening FUM are taken into account. Total funds under management is up 31% to £239 billion.

Group Finance Director's Review

Capital position

Highlights (£m)	2006	2005	% Change
Senior debt gearing	**6.0%**	6.1%	**(2%)**
Total gearing	**21.8%**	23.6%	**(8%)**

The Group's gearing level remains comfortably within our target range, with senior debt gearing[2] at 31 December 2006 of 6.0% (6.1% at 31 December 2005) and total gearing, including hybrid capital, of 21.8% (23.6% at 31 December 2005) reflecting the funding of Skandia. In January 2006 the Group issued £300 million of Lower Tier 2 Preferred Callable Securities as part of the public debt raising associated with the Skandia acquisition.

The Group continues to develop its economic capital programme. Over the year, we have observed a strengthening in our overall capital position, with available financial resources significantly in excess of the economic capital the Group believes would be required to support its target credit rating.

The Group is in compliance with the Financial Groups Directive capital requirements, which apply to all EU-based financial conglomerates. Our FGD surplus was £1 billion at 31 December 2006.

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

Group Finance Director's Review

Holding company cash flow

The table below shows the cash flows of the Old Mutual plc holding company and its satellite holding companies in South Africa, the United States and, since 1 February, Europe. We believe this provides a clearer picture of the receipts and payments of available cash within the Old Mutual group than the IFRS holding company cash flow statement.

	£m	£m
Total debt at 31 December 2005		**1,982**
Opening liquid assets held centrally	**704**	
Operational receipts	535	
Capital receipts	356	
Net debt raised	387	
New equity issuance	14	
Operational expenses	(156)	
Acquisitions, including Skandia	(1,287)	
FX adjustments and other items	18	
Cash available	**571**	
Old Mutual plc dividend paid	(281)	
Organic investment	(214)	
Closing liquid assets held centrally	**76**	
Net debt raised		387
Skandia's debt included at 31 December 2006 and other adjustments		114
Total debt 31 December 2006		**2,483**
Liquid assets held centrally		(76)
Total net debt 31 December 2006		**2,407**

Total available cash within the holding companies at the end of 2005 was £704m, largely being held in anticipation of financing the purchase of Skandia. During 2006, the holding companies received a total of £891m of operational and capital receipts from business units, plus net debt and equity proceeds of £401 million.

After operational expenses, acquisition payments and adjusting items, there was £571m in available cash, of which £281m was used to pay the Old Mutual plc dividend and £214m invested in the businesses.

The balance of remaining cash at the end of 2006 was £76m, which is more in line with normal expectations than the end 2005 balance, as surplus cash is generally applied to reduce outstanding debt.

Group Finance Director's Review

Taxation

The Group's effective tax rate[1] for the year ended 31 December 2006 of 26% increased from 25% for the corresponding period in 2005. The main reasons for this movement are as follows:

- Increased STC (Secondary Tax on Companies) paid on dividends has led to a 1% increase
- A reduction in the amount of non-taxable income has led to a 4% increase
- Against this, the tax rate has reduced by 3% as a result of additional profits arising in lower tax jurisdictions.

Dividend

The directors of Old Mutual plc are recommending a final dividend for the year ended 31 December 2006 of 4.15p per share, making a total of 6.25p per share for the year, an increase of 13.6% over 2005. The indicative Rand equivalent of this final dividend[2] is 58c, making a total of 89c for the year, an increase of 45%. The Board's policy on dividends is to seek to achieve steadily increasing returns to shareholders over time, reflecting the underlying rate of progress and cash flow requirements of Old Mutual's businesses.[3]

Jonathan Nicholls
Group Finance Director

26 February 2007

[1] Based on the tax charge excluding income tax attributable to policyholder returns as a proportion of profit before tax but after income tax attributable to policyholder returns

[2] Based on rates at 20 February 2007 (R13.9876 = £1).

[3] The record date for this dividend payment is the close of business on Friday, 11 May 2007 for all the Exchanges where the Company's shares are listed. The last day to trade cum-dividend on the JSE and on the Namibian, Zimbabwe and Malawi Stock Exchanges will be Friday, 4 May 2007 and on the London and Stockholm Stock Exchange Tuesday, 8 May 2007. The shares will trade ex-dividend from the opening of business on Monday, 7 May 2007 on the JSE and the Namibian, Zimbabwe and Malawi Stock Exchanges, and from the opening of business on Wednesday, 9 May 2007 on the London and Stockholm Stock Exchanges.

Shareholders on the South African, Zimbabwe and Malawi branch registers and the Namibian section of the principal register will be paid the local currency equivalents of the dividend under the dividend access trust arrangements established in each country. Shareholders who hold their shares through VPC AB, the Swedish nominee, will be paid the equivalent of the dividend in Swedish Kronor (SEK). Local currency equivalents of the dividend for all five territories will be determined by the Company using exchange rates prevailing at close of business on Thursday, 19 April 2007 and will be announced by the Company on Friday, 20 April 2007.

Share certificates may not be dematerialised or rematerialised on the South African branch register between Thursday, 7 May and Friday, 11 May 2007, both dates inclusive, and transfers between the registers may not take place during that period.

The final dividend is subject to approval at the Annual General Meeting of Old Mutual plc, which is to be held in London on Thursday, 24 May 2007. Subject to being so approved, the final dividend will be paid on Thursday, 31 May 2007.

Business Review

AFRICA

Satisfactory increase in profits

Strong rand growth in funds under management

Continued strong recovery at Nedbank

Impressive life and non-life sales

Highlights (£m)	2006	2005	% Change
Adjusted operating profit – pre-tax	**1,124**	1,083	4%
Life assurance sales (APE)	**392**	358	9%
Unit trust sales	**1,256**	1,226	2%
Funds under management (£bn)	**41**	43	(5%)

Highlights (Rm)	2006	2005	% Change
Adjusted operating profit – pre-tax	**13,997**	12,539	12%
Life assurance sales (APE)	**4,888**	4,141	18%
Unit trust sales	**15,622**	14,200	10%
Funds under management (Rbn)	**561**	472	19%

Our African businesses continue to benefit from an expanding South African economy with GDP growth of 4.5% and growth of 38% in the JSE All Share Index over the year. We are well positioned across all key product and market sectors to benefit from these positive economic conditions.

Despite the deterioration of the rand, adjusted operating profit for the African businesses increased by 4% on a sterling basis, mainly as a result of the significant increase in Nedbank Group's results as the momentum of the recovery programme continued. The increase in funds under management 'on a Rand basis' despite high outflows, reflects the impact of buoyant markets. These outflows arose principally from the R30 billion withdrawal of Public Investment Corporation (PIC) assets and the depressed investment performance in the early part of 2006.

Several projects aimed at realising revenue and cost synergies between the three businesses have progressed well. In particular, the project to leverage the scale of the data and voice transmission has yielded considerable savings. Bancassurance life sales between Old Mutual and Nedbank have increased 61%.

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

Substantial sales growth

OMSA delivered another year of impressive sales. This was buoyed by the expanding South African economy driving the demand for investment and insurance products. We are also reaping the benefits of the investment in our retail distribution over the last three years. Our higher sales force numbers and strong medium term investment performance boosted growth in unit trust sales. Despite the shift in customer preference to non-life investment products our Individual Life sales (APE) grew by 19% in our core market. The introduction of new-era products to capture this trend boosted the sales growth. Group life sales (APE) were up 11%.

Responding to our customers' demands for greater investment flexibility and focus, we announced in January 2007 the restructuring of Old Mutual Asset Managers (SA) into twelve autonomous investment houses under the umbrella of Old Mutual Investment Group South Africa. This new multi-boutique business is styled on the successful model operated by our US Asset Managers and combines the benefits of Old Mutual's international reach and strong support infrastructure. We also acquired Marriott, a property specialist and Umbono, the black-empowered investment boutique which gives our customers access to the country's largest index tracking group in South Africa. This restructuring brings our asset management business in line with emerging trends in the global investment world.

Business Review

Highlights (Rm)	2006	2005	% Change
Life assurance adjusted operating profit*	**3,077**	3,819	(19%)
Asset management adjusted operating profit	**874**	801	9%
Long term investment return (LTIR)	**1,773**	1,453	22%
IFRS adjusted operating profit - pre-tax	**5,724**	6,073	(6%)
Return on Allocated Capital	**23%**	27%	
Embedded Value adjusted operating profit of covered business (pre tax)	**5,752**	6,352	(9%)
Embedded Value of the covered business	**33,274**	30,944	8%
Return on Embedded Value of the covered business	**13.5%**	17.6%	
Life assurance sales (APE)	**4,416**	3,784	17%
Unit trust sales (Rbn)	**14,833**	13,319	11%
Value of new business	**781**	614	27%
APE margin (post tax)	**18%**	16%	
SA client funds under management (Rbn)	**424**	362	17%
Net client cash flows (Rbn)	**(29)**	(18)	

*Includes income from associated undertakings

Unit trust sales up 11%

Retail unit trust sales grew in both our broker and agency channels, with sales for the year up to a record R14.8 billion, driven by specific product-level marketing, our ongoing investment in distribution, sales growth through our open-architecture platform, client preference toward non-life investment products and the current positive investment environment in South Africa.

Sales growth, although robust, tapered off in the second half of the year as a result of the volatile market and short-term investment performance slippage during the first half of the year. Again, we are confident that our new boutique model will address these concerns.

Life sales (APE) up 17%

Our investment in our distribution capability has benefited growth in life sales. Despite the move to non-life investment products, individual life sales are up 19% and institutional sales are up 11% on 2005. Good growth was experienced across all core product categories and distribution channels despite a shift in consumer preference to unit trust products. The sharp upsurge in life sales in the fourth quarter, which has continued into the new year, sets us up well for 2007 as a whole.

Business Review

Individual Life sales up 19%

Individual APE (Rm)	2006	2005	% Change
Savings	**1,279**	1,165	10%
Protection	**897**	710	26%
Annuity	**193**	175	10%
Group Schemes	**887**	685	29%
Total	**3,256**	2,735	19%
Single	**841**	706	19%
Recurring	**2,415**	2,029	19%

Individual single premiums showed excellent growth, positively impacted by the bullish investment environment and a strong increase in bancassurance life sales through the Nedbank Group channel. Bancassurance sales, year-on-year were up 61% and as a proportion of total life APE grew from 9% last year to 13% this year. Sales of single premium savings products also showed good growth, supported by strong demand for our popular Investment Frontiers and MAX product range.

Although we enjoyed strong demand for risk products, life wrapped recurring premium investment products remain under pressure as a result of negative publicity around these products. Non-life wrapped sales continue to grow, and sales of recurring premium life savings products through our Group Schemes channel have increased by 29% as a result of higher sales force numbers.

Business Review

Institutional sales up 11%

Institutional APE (Rm)	2006	2005	% Change
Savings	**629**	310	103%
Protection	**99**	157	(37%)
Annuity	**193**	162	19%
Healthcare	**239**	420	(43%)
Total	**1,160**	1,049	11%
Single	**788**	425	85%
Recurring	**372**	624	(40%)

Single premium sales (which tend to be lumpy in nature) were 85% above last year's levels largely as a result of a large Symmetry inflow and several large schemes in the fourth quarter. Institutional Business life recurring premiums declined mainly as a result of disappointing Healthcare sales which reflects the impact of declining membership in our Oxygen scheme following problems with the approval of new benefit options at the start of 2006. A new 75,000-member scheme was tendered for and won (coming on stream in 2007) at the end of the year supporting our efforts to bulk up our healthcare administration. Excluding Healthcare, Institutional sales (APE) is 46% ahead of 2005.

Value of new life business increases as "value for money" for clients improves

Across OMSA, the after-tax value of new life business was R781 million, 27% higher than in 2005. This increase is pleasing given our continued focus on initiatives to improve value for money for customers as well as the investments we have made to increase our distribution capacity during 2006.

New business APE margins have increased to 18% overall from 16% in 2005. Within this result, the Institutional Business margin increased from 18% to 20% and Individual Business margin increased from 16% to 17%. The margin increased due to a change in the mix of business sold with increased sales of Group Schemes and Nedlife in individual business and with-profit annuity business in Institutional Business. The increase in margin was despite the investment in growing our sales forces and distribution capability, the switch to lower charge less capital intensive products, and more competitive pricing of our products.

Growth of 17% in funds under management

Funds under management increased by 17% buoyed by higher equity markets and net fund inflow. Funds under management include R19 billion of funds introduced as part of the acquisition of Marriott Property and Income Specialists in July 2006.

Net fund outflows of R29 billion was disappointing and were severely impacted by the R30 billion of funds withdrawn by the PIC in December 2006 (R10 billion withdrawal in 2005) and, in the second half of the year, concerns over short-term performance slippage. Excluding the PIC withdrawal, net fund inflow was broadly neutral for the year as a result of management actions taken during 2006 to reduce the outflow of client funds experienced in 2005 and to improve inflows through our distribution initiatives. The PIC has indicated that it will place assets with specialists and empowered managers. We believe that with our new boutique structure, investment record and strong empowerment credentials, we are favourably positioned to compete for asset management mandates of all types.

Cash flows benefited from strong positive unit trust inflows into the wholesale and retail market during the first six months of the year. We are very encouraged by the strong net inflows that were achieved by the Symmetry multi-manager business during the final quarter.

Good investment performance continues

OMAM (SA) continued to deliver strong investment performance over the medium-term, maintaining its ranking of third out of the eleven institutional asset managers in the Alexander Forbes South African Global Manager Watch (Large) Survey over the three years to 31 December 2006. At 31 December 2006, 81% of funds managed by OMAM (SA) weighted by value outperformed their benchmarks over three years. Our Asset management earnings include the results of Marriott Property and Income Specialists (acquired in July), which together contributed a profit R30 million after integration costs. Excluding the one-off gains in OMSFIN in 2005, Asset Management profits increased 39%.

Earnings depressed

Total earnings decreased by 6% partially as a result of adjustments made in the third quarter in our life assurance and healthcare business. Also impacting on our earnings was the increased investment in our distribution capability. The shift to lower margin and less capital-intensive products subdued expectations for core earnings. IFRS earnings were also negatively affected by the rising (Rand) share price.

Asset Management profits grew by 9% supported by the effects of a higher market. LTIR, partially offset by a reduction in life assurance profits, nevertheless rose by 22%, reflecting the growth in assets held in the shareholders' fund over recent years.

Although our return on allocated capital dropped in 2006, this is still considerably above our hurdle despite being hit by the adjustments mentioned above.

Strong capital position

The capital strength of the South African life company remains strong at a 3.7 times coverage of the Statutory Capital Adequacy Requirement (SCAR), after allowing for statutory limitations on the value of certain assets. This compares with the coverage of 2.8 times at 31 December 2005.

Business Review

BANKING - NEDBANK GROUP (NEDBANK)

Growth strategy reflected in performance

Headline earnings up 40% to R4,435 million

Nedbank has maintained the momentum reported in the interim and third quarter results, ending the year with a strong performance in the final quarter. All divisions recorded strong growth and improved return on equity (ROE) over 2005.

Highlights (Rm)	2006	2005	% Change
Adjusted operating profit	**6,940**	5,047	38%
Headline earnings*	**4,435**	3,167	40%
Net interest income*	**10,963**	8,529	29%
Non-interest revenue*	**9,468**	8,469	12%
Net interest margin*	**3.92%**	3.55%	-
Cost to income ratio*	**58.2%**	64.8%	-
ROE*	**18.6%**	15.5%	-
ROE* (excluding goodwill)	**22.1%**	18.9%	-

*As reported by Nedbank

Strong performance

Adjusted operating profit grew as a result of the continued positive banking environment, increasing growth in both net interest income and non-interest income, together with disciplined expense management.

Average interest-earning banking advances grew by 16.5%, with strong growth experienced in retail advances, particularly residential home loans. This growth contributed to an increase in Total Assets to R425 billion.

Nedbank has started to show improvements in market share in a number of asset categories particularly retail mortgages and other private sector loans (mainly corporate lending). This can be attributed to the brand being repositioned as a bank for all Southern Africans, increased brand awareness, price reductions in several retail banking products and the launch of a number of new retail products together with continued strong performances from Nedbank Capital and Nedbank Corporate.

Net interest income growth of 29%, Net interest margin increases to 3.92%

Net interest income (NII) growth was particularly strong. The margin increase was driven by the increased endowment together with the higher interest rate environment, positive mix changes from the growth in higher margin retail and business banking advances, as well as a change in the advances mix within Nedbank Retail resulting from higher growth in higher margin personal loans. NII benefited from this increase in the margin together with the growth in advances of 24%.

Nedbank anticipates some margin reduction during 2007 as a result of asset growth being funded largely by wholesale deposits. This will be partially offset by the remaining endowment effect from the interest rate increases.

Impairment losses on loans and advances

The impairments charge rose by 25% for the year. The impairments charge to average advances remained at low levels at 0.52% for the full year. Impairments were negatively impacted by the mix change in advances, referred to above, with higher margin retail advances and personal loans attracting appropriately higher levels of impairments, but with overall and particularly in the corporate division, our credit experience remained good.

Non-interest revenue growth of 12%

Growth in non interest revenue (NIR) was mainly attributable to continued volume growth in Nedbank Corporate and Nedbank Retail, property private equity revaluations and realisations in Nedbank Corporate, private equity revaluations and realisations in Nedbank Capital, strong deal flow in Nedbank Capital, and strong growth in Bond Choice origination fees combined with new business premium growth in our bancassurance operations.

NIR growth has been affected by the price reductions in Nedbank Retail. In July 2006 Nedbank Retail reduced fees for individual current account clients by an average of 13%.

Cost-to-income ratio of 58.2%

The improvement in the cost to income ratio is a result of the growth in operating income and disciplined expense management. As expected, this ratio is above the level of 57.3% reported in June 2006 due to the planned investment in distribution and branding in the second half of the year.

Strong capital position

Nedbank remains well capitalised with a Tier 1 capital adequacy ratio of 8.3% (9.4% at 31 December 2005) and total capital adequacy ratio of 11.8% (12.9% at 31 December 2005). During the year Nedbank executed a number of initiatives as part of the group's ongoing long-term capital management programme, which seeks to achieve an optimal and prudent capital structure including the buy-back of 13.7 million shares.

Nedbank's return on equity (ROE) is now comfortably ahead our cost of capital. While the ROE was ahead of the 2006 target, the planned investment in distribution makes the 55% cost-to-income ratio more challenging in 2007.

Award winning bank

Nedbank received the international award for Emerging Markets Corporate Social Responsibility Bank of the Year' for the second consecutive year and the award for "Bank of the Year in South Africa" at the Banker's 2006 Awards in London. During 2006 Nedbank was also rated first in its category in the JSE Socially Responsible Investment Index and again included in the Dow Jones World Sustainability Index.

GENERAL INSURANCE – MUTUAL & FEDERAL

Highlights (Rm)	2006	2005	% Change
Adjusted operating profit	**1,039**	1,178	(12%)
Gross premiums*	**8,549**	8,004	7%
Earned premiums*	**7,458**	6,882	8%
Claims ratio*	**63%**	62%	
Underwriting ratio*	**6.1%**	8.4%	
Solvency ratio*	**49%**	74%	
Return on capital* (3 year average)	**27.5%**	27.4%	

* As reported by Mutual & Federal

Strong performance in a softening cycle

Mutual & Federal delivered another year of solid results, achieving premium growth in a softening insurance market. The adjusted operating profit was boosted by a reserve release of R215 million and was delivered despite the anticipated deterioration in trading conditions in the short-term insurance market which resulted in a modest decrease in Mutual & Federal's adjusted operating profit for the year. Although profitability is 12% lower than last year, Mutual & Federal's continued close management of expenses, premium growth despite persistent pressure on premium income, and an overall relatively low level of claims reflects management's focus on the business's profit levers.

Solid premium growth at 7%

The increase in total gross premiums for the year was broadly in line with inflation and was achieved despite the intensifying of competition and ongoing pricing pressure on premium income.

Underwriting surplus maintained

Mutual & Federal generated an underwriting surplus of R455 million, down 21% from a surplus of R577 million in 2005. The underwriting ratio (the ratio of underwriting surplus to net earned premiums) was 6.1% (2005: 8.4%).

Claims ratio impacted by increased claims

The general level of claims increased over last year, with the claims ratio increasing to 63% from 62%. The motor account was impacted by a sharp increase in the incidence of motor accidents and the continuing escalation in repair costs. In addition, substantial weather related claims were experienced as a result of hailstorms during the year.

Capital Management

The solvency ratio at year end was 49%, substantially impacted by the payment of a special dividend to shareholders following the detailed review of its capital requirements (31 December 2005: 74%). The capitalisation award, with a cash alternative of 800 cents per share, was paid in September 2006 and represented R2.1 billion or 40% of the net asset value of the company. The current solvency level is considered sufficient to sustain ongoing operations, as well as support the future development of the business.

A final dividend of 135c per share was recommended, making a total of 175c for the year (2005: 155c).

Return on capital remained strong as a result of the payment of the special dividend and the satisfactory underwriting performance during the year.

Business Review

UNITED STATES

Excellent Investment performance continues

Life sales in target range at good margins

Highlights (£m)	2006	2005	% Change
Adjusted operating profit (IFRS)	**251**	224	12%
Embedded Value adjusted operating profit (covered business)	**98**	122	(20%)
Life assurance sales (APE)	**262**	290	(10%)
Mutual fund sales	**743**	245	203%
Net fund flows (£bn)	**16***	14	14%
Funds under management (£bn)	**134**	132	1.5%

Highlights ($m)	2006	2005	% Change
Adjusted operating profit (IFRS)	**465**	407	14%
Embedded Value adjusted operating profit (covered business)	**181**	222	(18%)
Life assurance sales (APE)	**482**	528	(9%)
Mutual fund sales	**1,369**	445	208%
Net fund flows ($bn)	**30***	26	15%
Funds under management ($bn)	**263**	227	16%

* Excluding the impact of eSecLending.

Our US business is well placed to achieve strong growth as we enhance our products and investment styles. We introduced a common management structure across the Life and Asset Management businesses and aim to implement a coordinated retail distribution strategy in 2007.

IFRS adjusted operating profit for the US businesses was driven by strong funds inflows, positive equity markets and excellent investment performance in our US Asset Management business and sustained growth in assets at US Life.

The asset management business enjoyed a 16% increase in funds under management in US $ terms, notwithstanding the sale of eSecLending and First Pacific Advisors, whilst US Life funds under management grew by 10% to $22 billion. On a Sterling basis, funds under management reflected the dollar depreciation during 2006.

From 1 January 2007, Old Mutual Asset Managers (UK) (OMAM(UK)), a specialist asset management boutique firm located in London, will become an affiliate of US Asset Management.

Business Review

US ASSET MANAGEMENT

Strong net client cash inflow

Highlights ($m)	2006	2005	% Change
Adjusted operating profit (IFRS)	**235**	214	10%
Funds under management ($bn)	**261**	226	15%
Net fund flows ($bn)	**30***	26	15%
Mutual fund sales ($m)	**1,369**	445	208%
Operating margin	**28%**	26%	-

*Excludes impact of eSecLending

Another strong operating result

Operating earnings were strong and benefited from strong transaction and performance fees, and strong asset growth resulting from net cash inflows and positive market conditions.

Earnings were boosted by transaction and performance fees of $112 million (2005: $106 million) with a sharp increase in performance fees at Acadian. In addition, we benefited from unrealised gains of $18 million in relation to our seed capital investments in new funds. New earnings were produced from Copper Rock and Larch Lane which partially offset a reduction in securities lending revenue following the sale of eSecLending in May 2006.

The improvement in operating margin came from positive operating leverage, higher average funds under management and a more favourable mix of transaction and performance fees on a stable expense base.

Record net funds flows and 15% growth in funds under management

Record net fund inflows of $40 billion were achieved for the year ($30 billion excluding eSecLending), as Acadian (international/ emerging markets “quant” equity), in particular continued to attract inflows.

The strong growth in funds under management was driven by record cash flows, strong investment performance and positive equity markets. Excluding the disposals of eSecLending ($25.4 billion) and FPA ($10.4 billion), funds under management is up 31% from 2005.

Excellent fund performance

Our affiliates continue to achieve excellent investment performance. At 31 December 2006 90% of assets outperformed their benchmarks over three years. Over the same period 78% of assets ranked in the first quartile of their peer group.

Building our business

Our Old Mutual Capital initiative gathered momentum with gross sales of $2.3 billion, an increase of 77% compared to $1.3 billion last year. Of this, $1.4 billion related to mutual fund sales, up 208% on last year.

US Asset Management continues to manage and balance its portfolio, with the addition of growth specialists; Copper Rock Capital Partners in February 2006, and Ashfield Capital Partners in February 2007, and of hedge fund of funds capability at Larch Lane and 2100. We divested eSecLending in May, and in October, our last remaining revenue sharing firm, First Pacific Advisors, executed an MBO.

A trend of strong net inflows, a track record of excellent investment performance, and a focus on retail distribution place the business in a favourable position to increase funds under management and earnings going forward.

US LIFE

Life assets up $2 billion

Continued increase in operating profits

EV models improved

Highlights ($m)	2006	2005	% Change
Adjusted operating profit (IFRS)*	**230**	193	19%
Return on equity*	**7.1%**	6.4%	
Embedded Value adjusted operating profit	**181**	222	(18%)
Return on embedded value (ROEV)	**6.1%**	8.5%	-
Life assurance sales (APE)	**482**	528	(9%)
Value of new business	**83**	93	(11%)
New business margin	**17%**	18%	
Funds under management ($bn)	**22**	20	10%

* 2005 restated to exclude amortisation of the present value of acquired in-force business

Earnings increased in line with assets, with asset growth driven by premiums at the planned level. Although positive earnings growth was achieved, this was slowed by the impact of higher interest rates, which led us to strengthen our capitalised assumptions on our Multi-Year Guaranteed Annuities (this gave rise to a $24 million reduction in IFRS earnings in Q3) and poorer than expected mortality experience on Single Premium Immediate Annuities.

EEV assumptions were strengthened for the Single Premium Immediate Annuities and Multi-Year Guaranteed Annuities, as highlighted at Q3 and the usage of a penalty-free surrender option. Premiums reached $3.9 billion, in the band around $4 billion that we were aiming for, but a little lower than last year when we were at the top of the target range. Together, these resulted in a reduction in the ROEV to 6.1% from 8.5%.

As we have said, we have also been engaged in a substantial upgrade of our systems and our modelling capability. This has resulted in the EV being reduced by $107 million. This has been excluded from adjusted EV earnings, and disclosed separately.

ROE increased in line with the improvement in earnings. We maintained our targeted risk-based capital ratio at 300% and were happy to see statutory profit appear in Q4.

The growth in funds under management benefited from strong net inflows, particularly from Old Mutual Bermuda which achieved inflows in excess of $1 billion for the first time, and positive market movements. The business remains on track to return cash in 2007.

Life sales volumes in target range at good margins

Following a strong performance in the final quarter, total life sales were $3.9 billion on a gross basis and $482 million on an APE basis.

Sales of equity-indexed annuities were the single largest APE contributor and represented 43% of total APE.

Offshore sales (APE) through Old Mutual Bermuda increased by 66% to $119 million, maintaining the strong momentum built in the first half of 2006. The exceptional growth reflects the strength of our relationships and overall expansion in the bank distribution network, combined with the attractiveness of our product range, which includes variable annuity, fixed annuity and equity-indexed products. Offshore annuity sales now represent a quarter of sales in our US Life business.

Business Review

Margin healthy

The after tax value of new business was affected by slightly lower margins and the reduction in new life sales. Margin remains healthy and within our target range, and reflects strong investment performance and overall improvement in our pricing disciplines during 2006.

Effective financial management and risk control

Our migration to a new actuarial and finance system was successfully executed, with the new system providing enhancements to our internal processes. We continue to improve the required infrastructure to support this growing business.

Business Review

EUROPE

108% surge in operating profit

Highlights (£m)*	2006	Proforma 2005	% change
IFRS adjusted operating profit	**231**	111	108%
Embedded Value adjusted operating profit (covered business)	**394**	328	20%
Life assurance sales (APE)	**881**	781	13%
Mutual fund sales	**4,306**	2,715	59%
Value of New Business	**127**	113	12%
Net fund inflows (£bn)	**6.3**		
Return on Invested Capital	**8.1%**		
Return on Embedded Value (covered business)	**13.5%**		
Funds under management (£bn)	**52**	44	18%

*All current and prior year numbers reflect 11 months of results and are adjusted to Old Mutual accounting policies, prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Strong business performance

Our European business continued to deliver very pleasing performance on the back of strong sales, net client inflows and the increasing scale of our operations in the United Kingdom and ELAM divisions. APE sales and margins in the fourth quarter improved significantly over the third when volumes were lower due to seasonal effects. Our European business now forms a very significant part of the Group's operations and international diversification, and is on track to achieve the 2008 targets communicated at the Capital Markets Day on 20 June 2006. In line with our estimates announced on 20 June 2006, £16 million was spent on integration costs realising £12 million of synergies in 2006.

Adjusted operating profit for the eleven months to 31 December 2006 increased to £231 million, building on growth in funds under management and strong sales volumes which delivered higher fund- and premium-based income growth. Value of new business grew by 12% driven by an increase in APE. This also contributed positively to the return on EEV of 13.5%.

Our higher than average exposure to baby boomers in our European markets provides a real opportunity. In the UK, we will capitalise on the market trend to wrap products with the launch in the summer of the new supermarket platform. The underlying need for advised pension savings remains and these changes are receiving the committed attention of senior management. In the ELAM Division we are expanding distribution capacity further during 2007.

Business Review

UNITED KINGDOM AND OFFSHORE

Highlights (£m)*	2006	Proforma 2005	% Change
IFRS adjusted operating profit	**128**	34	276%
EV adjusted operating profit (covered business)	**208**	100	108%
Life assurance sales (APE)	**558**	480	16%
UK life assurance sales (APE)	**396**	261	52%
Unit trust sales	**3,039**	1,456	109%
Value of new business	**55**	44	25%
New business margin	**10%**	9%	
Net fund inflows (£bn)	**4.8**		
Funds under management (£bn)	**35**	29	29%

*All current and prior year numbers reflect 11 months of results and are adjusted to Old Mutual accounting policies, prior year embedded value numbers are on a Skandia basis but allow for group expenses. 2005 figures include Selestia.

2006 was a year of significant achievement for UK Division, characterised by strong sales, strong net fund inflows and ongoing recognition from our distributors. Life sales growth was better than average in the UK market with pension sales, driven by A day, up 65% to £230 million and overall life sales, including offshore, up 16%. In November, Skandia UK were awarded their 26th Financial Adviser 5-star award in 16 years, which this year included the 'Company of the Year' award. The financial results also showed significant improvement over 2005 with strong growth in both the IFRS and Embedded Value adjusted operating profit for the year.

Growing IFRS profits

Adjusted operating profit for the UK division was driven by a higher level of funds under management, the maturity profile of the book and effective operational leverage. The synergy capture process is under way and expenditure has commenced, and will increase over the coming months in line with our 20 June disclosure. Involving an extensive outsourcing arrangement, the business is in the process of extensive reengineering to enable efficient and cost-effective straight-through processing.

The underlying performance of the mutual funds business continued to improve through the second half of 2006. The integration of the two fund supermarkets (Skandia MultiFUNDS and Selestia) is progressing in line with expectations.

Strong underlying Embedded Value performance

Embedded value adjusted operating profit before tax was £208 million, driven by good growth in new business, strong experience variances and operating leverage. Our experience variances were positive, driven by higher fee and favourable surrenders and mortality experience consistent with our expectations.

Strong growth in funds under management and net fund inflows

Net fund inflows were £4.9 billion for the year representing 14% of funds under management. The favourable position was supported by positive market movements giving rise to significant growth in funds under management during the year.

Business Review

Strong new business growth in UK life and mutual fund sales

The UK Division's open architecture platform, helped by our strong reputation in the industry and the favourable economy and equity markets, continued to deliver strong new business growth, with both life sales on an APE basis and mutual fund sales up strongly in the eleven months to 31 December 2006. Sales in the UK were particularly strong boosted by A Day effects and were 52% up at £396 million APE.

Pension sales substantially higher

Overall new business levels in the course of 2006 are broadly in line with management expectations with the exception of UK pensions business where high levels of activity continued even after "Pensions A-Day" (6th April 2006, the date when the UK government significantly simplified the rules for tax privilege). UK Pensions business grew in the year by over 65% to £230 million APE.

Towards the end of the year there was further growth in the sale of life bonds mirroring improved investor confidence arising from equity market appreciation. Offshore business, in line with management expectations remained flat against 2005. UK-sourced offshore sales were muted by uncertainty surrounding the tax treatment of trusts in the early part of the year but improved towards the latter part of the year as greater understanding of the implications of the new legislation became apparent.

Unit trust sales up 109% to £3 billion

Our Selestia and Skandia MultiFUNDS businesses continue to benefit from the IFA's shift to open architecture investment platforms as the preferred strategy for the management of clients' assets. The launch of the Skandia-manufactured "Best Ideas" funds, including the UK Best Ideas in October, has improved net fund inflows across the group generating gross direct subscriptions exceeding £300 million.

Margins improved with new business growing significantly

Life new business APE margins post-tax at a product level improved by 10% for the year. The delivery elements of our integration programme are now well advanced to deliver the synergies required to reduce administrative costs per policy significantly to achieve our target margin in the 11-12% range from mid 2008.

The value of new business improved by 25% to £55 million, due to strong sales growth across our core products.

Bankhall successful turn around

2006 has seen Bankhall concentrate on its core services and ensure that its proposition is meeting fully the needs of the intermediary market. The refocusing of activity has returned the business to profitable growth whilst reducing income and expenses, the latter to a greater extent.

Business Review

NORDIC

Highlights (SEKm)*	2006	Proforma 2005	% Change
IFRS adjusted operating profit	**995**	971	2%
EV adjusted operating profit (covered business)	**1,447**	1,530	(5%)
Life assurance sales (APE)	**1,769**	1,954	(9%)
Mutual funds sales	**2,144**	1,986	8%
Value of new business	**479**	618	(22%)
New business margin	**27%**	32%	
Net fund inflows (SEK bn)	**3.5**		
Funds under management (SEK bn)	**106**	95	12%

*All current and prior year numbers reflect 11 months of results and are adjusted to Old Mutual accounting policies, prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Increased operating profit driven by higher level of funds under management

The increase in adjusted operating profit for the Nordic business is attributable to a higher level of funds under management and positive net client cash flow in the Swedish unit linked business.

Life assurance sales

The sales of the 'Kapitalpension' product boosted life sales (APE) temporarily in 2005 and 2006 saw volumes drop back. New sales of occupational corporate pension schemes (TPS), our largest product, were constant compared to last year.

Denmark recorded strong growth of 101% in life sales (APE) compared to prior year following favourable market development in Denmark and an improved product offering.

Sales in 2007 are likely to be lower as the tax effectiveness of the Kapitalpension product was removed in February this year and we are only on the panel for the new ITP agreement through Skandia Liv products.

Strong growth in funds under management

Funds under management increased following an improvement in market conditions and higher net inflows from customers and benefiting from a strong fourth quarter after the traditionally slow third quarter holiday season

Margin and EEV

Life new business margin was 27%, compared to 32% for the 11 months to 31 December 2005. This in part attributable to the lower new sales of the Kapitalpension. EV adjusted operating profit declined by 5% to SEK 1,447 million. This decrease in EV adjusted operating profit on a pro-forma basis was caused by the lower value of new business, and a small negative operating assumption change in 2006 compared to strong positive assumption changes last year. The former two effects were partially offset by higher fee income and surrender experience in line with assumptions.

Continued growth in banking business

Our banking business continues to strengthen, with lending and deposits achieving good growth during the year. Lending increased to SEK49 billion, up 19% on the prior year, mainly due to strong mortgage lending in Norway. Skandiabanken continued to attract new customers and create valuable synergies with the rest of the Nordic business. Operating profit is lower than 2005, which was impacted by some positive one-offs. This is also in line with 2006 expectations where IT projects and expenditures for the Basel II implementation were planned.

Putting the Business on a sound footing for the future

There are a series of factors that will affect the earnings from this business in 2007. Firstly, we have decided to alter the arrangements between Skandia Liv and Skandia AB so that there is complete clarity that Liv policyholders' interests continue to be separated from the shareholder interests. This should ensure that the longstanding debates about governance of Skandia Liv are resolved. We have commenced discussions with the Skandia Liv board and hope to have these completed in the near future. This will result in greater new business strain borne by our shareholders (SEK 150 million in 2007), and some additional administration costs (SEK 100 million – SEK 150 million per annum), but will enable us to grow profitably in 2008 and beyond. Skandia Liv is an integral part of our strategy, and we believe it is important to ensure that the highest standards of governance are observed. Secondly, the IT systems of Skandia require significant improvements both to improve service standards and to allow us to improve our products, and we will be investing in these over the next eighteen months. This will cost approximately SEK 100 million in 2007. This was well understood at the time of acquisition and does not relate to the synergies, which are being sought at the same time. A new organisational structure for Sweden is being put in place and we are confident about the strength of the underlying Skandia brand in Sweden.

Business Review

EUROPE AND LATIN AMERICA (ELAM)

Highlights (€m)*	2006	Proforma 2005	% Change
IFRS adjusted operating profit	**48**	9	433%
EV adjusted operating profit (covered business)	**116**	169	(31%)
Life assurance sales (APE)	**282**	231	22%
Mutual fund sales	**1,629**	1,629	0%
Value of new business	**55**	33	66%
New business margin	**19%**	14%	
Net fund inflows (€bn)	**1.7**		
Funds under management (€bn)	**13**	12	8%

*All current and prior year numbers reflect 11 months of results and are adjusted to Old Mutual accounting policies, prior year embedded value numbers are on a Skandia basis but allow for group expenses.

Margins in line with target

The year ended positively, with strong life assurance sales growth recorded for the period, delivered through expanded distribution, profitable products and helped by generally positive equity market sentiment.

In 2006 we continued our expansion into new market segments, distribution channels, IFA networks and products. We also continued our drive for greater efficiency, and used the existing German back office to launch into Hungary and the Czech Republic.

2006 has been another year where our businesses have been recognised in their local markets as excellent service providers and strong innovators of financial solutions. Notable growth was experienced in the French, Polish and Mexican markets. Towards the end of 2006, Austria and France each achieved the landmark of €1 billion funds under management, demonstrating that more and more of our young businesses are achieving scale.

Strong operating profit result

IFRS adjusted operating result reflects the benefits of strong organic growth in life and mutual fund business, coupled with expense discipline.

EEV adjusted operating profit of €116 million is 31% below that for 2005. The decrease is primarily attributed to significant and positive operating assumption changes in 2005, which are marginally negative in 2006. The underlying growth, however, is strong due to the increase in new business resulting in a significant improvement in the value of new business.

Life new business sales end on a strong note

Particularly strong sales of single premium products in Europe and recurring premium business in Poland were recorded during the period.

Mutual fund sales flat

In Latin America, where our pension products are reported as mutual funds business, we performed strongly during 2006, particularly in the mandatory and complementary pension segments in Colombia and in institutional mandates awarded in Mexico. In Europe, sales in 2005 were inflated by exceptionally successful institutional mutual fund inflows in Spain. As anticipated, these inflows in Spain decreased notably in 2006 because of the sale of Skandia Vida, offsetting the growth experienced throughout the rest of the Division.

Funds under management up 8%

Net fund inflows, 14% of opening funds under management, were experienced during the year and account for €1.7 billion of the increase, with unfavourable market movements accounting for €0.7 billion. The overall revenue-generating quality of the funds under management improved over the course of the year.

Margin in line with target

The value of new business is ahead of last year, reflecting particularly good growth in sales and market share in a number of countries and the increasing economies of scale of our operations.

The post-tax profit margin of 19% achieved for the eleven-month period is ahead of our medium-term target range of 16-18%, principally reflecting the good new business growth in higher margin markets and increased economies of scale in the sales activities.

Sale of Skandia Vida, Spain

In December 2006, we announced we have reached an agreement to sell Skandia Vida, our traditional life business in Spain. The successful completion of this transaction is in line with Skandia's core European strategy to focus on mutual fund and unit-linked business.

Business Review

OTHER

Highlights (£m)	**2006***	2005	% Change
Adjusted operating profit	**18**	20	(10%)
Funds under management (£bn)	**12**	7	71%
Unit trust / Mutual funds sales	**1,657**	1,072	55%
KMOM (India) APE (INRm)**	**5,321**	2,659	100%
Skandia:BSAM APE (RMBm)**	**53.8**	6.8	691%

* Includes results of Skandia Australia and Skandia BSAM (China) for 11 months

** This represents 100% of the businesses, OM owns 26% of KMOM and 50% of Skandia:BSAM

Australia

Australian Skandia Limited (ASL) has been operating in the retail Australian market for five years as a unit linked multi manager principally targeting the independent sector. Intech, a research operation focusing on the institutional market, was acquired in late 2006. Both ASL and Intech will benefit from a larger combined investment research team, providing the enlarged entity with top-class proprietary research and wider distribution across both retail and institutional markets.

For the first time since incorporation, the business posted a small profit for the year and is on track to achieve strong profits in 2007. Funds under management closed at AU$14.2 billion (2005: AU$3.7 billion), consisting of retail (ASL) AU$5.1 billion and institutional (Intech) AU$9.1 billion.

China

Our joint venture with the Beijing State-owned Asset Management Company (BSAM) in China has now been in operation for two years and continues to show strong sales growth. The business sells unit-linked products and has licences to operate in Beijing, Shanghai and Jiangsu Province. Plans are underway to apply for at least two further branch licenses before the end of the year and to open two sub branches in other major cities in Jiangsu Province.

For the year ended 31 December 2006 the venture reported a loss of RMB59 million. Despite its recent entry into the market, of the 25 foreign owned joint venture insurance companies in China, Skandia BSAM had the 10th largest gross premium flows.

India

Our 26% life associate in India, Kotak Mahindra Old Mutual (KMOM) continues to make robust progress. Old Mutual has an option to increase its shareholding in the business, when the Indian Government's proposed increase in the foreign direct investment limit, currently capped at 26%, comes into effect.

In line with the Kotak Mahindra Group, KMOM has a 31 March year-end.

Net losses for the 9 months ended 31 December 2006 are INR482 million. Gross premiums for the 9 months totalled INR5,047 million representing a 96% increase on 2005.

Business Review

OMAM (UK)

2006 has been a year of investment and of developing the platform for future growth in OMAM (UK). The business reported adjusted operating profit of £13.1million (2005: £10 million).

Gross sales for the year exceeded £1.6 billion (2005: £1.1 billion) representing a year-on-year increase of 45%. Full year closing funds under management increased by 23% to £5.7 billion (2005: £4.6 billion).

2006 saw the launch of three single strategy hedge funds and three multi strategy hedge funds.

With effect from 1 January 2007, executive responsibilities for OMAM (UK) will be transferred to US Asset Management.

Other

Other businesses include Old Mutual Asset Managers Bermuda and Palladyne Asset Managers in the Netherlands. Palladyne funds under management increased by 54% to €576 million, (2005: €376 million). With effect from 1 January 2007, executive responsibilities for Palladyne will be transferred to Skandia ELAM.

Consolidated Income Statement

for the year ended 31 December 2006

	Notes	Year ended 31 December 2006	£m Year ended 31 December 2005
Revenue			
Gross earned premiums	3(iii)	**4,713**	4,473
Outward reinsurance		**(267)**	(197)
Net earned premiums		**4,446**	4,276
Investment income (net of investment losses)		**10,439**	6,569
Banking interest and similar income		**2,441**	2,018
Fee and commission income, and income from service activities		**2,262**	1,274
Other income		**324**	215
Share of associated undertakings' profit after tax		**6**	17
Total revenues		**19,918**	14,369
Expenses			
Claims and benefits (including change in insurance contract provisions)		**(7,999)**	(7,795)
Reinsurance recoveries		**245**	226
Net claims and benefits incurred		**(7,754)**	(7,569)
Change in investment contract liabilities		**(4,655)**	(1,202)
Losses on loans and advances		**(123)**	(103)
Finance costs (including interest and similar expenses)		**(91)**	(40)
Banking interest expense		**(1,461)**	(1,254)
Fees and commission expense, and other acquisition costs		**(714)**	(389)
Other operating and administrative expenses		**(2,826)**	(2,155)
Change in third party interest in consolidated funds		**(278)**	(80)
Goodwill impairment	4(ii)	**(8)**	(5)
Amortisation of PVIF and other acquired intangibles		**(379)**	(24)
Profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	**85**	58
Total expenses		**(18,204)**	(12,763)
Profit before tax		**1,714**	1,606
Income tax expense	5(i)	**(621)**	(484)
Profit for the financial year		**1,093**	1,122
Profit for the financial year attributable to:			
Equity holders of the parent		**836**	867
Minority interests			
Ordinary shares	6	**207**	203
Preferred securities	6	**50**	52
Profit for the financial year		**1,093**	1,122

Earnings per share		Year ended 31 December 2006	Pence Year ended 31 December 2005
Basic earnings per ordinary share	7(i)	**17.0**	25.1
Diluted earnings per ordinary share	7(i)	**16.1**	24.3
Weighted average number of shares – millions		**4,705**	3,456

Adjusted Operating Profit

for the year ended 31 December 2006

Reconciliation of adjusted operating profit to profit after tax

	Notes	Year ended 31 December 2006	£m Year ended 31 December 2005
South Africa	3(ii)	**1,124**	1,083
United States	3(ii)	**251**	224
Europe	3(ii)	**231**	(4)
Other	3(ii)	**16**	20
		1,622	1,323
Finance costs		**(130)**	(37)
Other shareholders' income / (expenses)		**(33)**	(25)
Adjusted operating profit*		**1,459**	1,261
Adjusting items	4(i)	**16**	218
Profit for the financial year before tax		**1,475**	1,479
Total income tax expense	5(i)	**(621)**	(484)
Income tax attributable to policyholder returns		**239**	127
Profit for the financial year after tax		**1,093**	1,122

Adjusted operating profit after tax attributable to ordinary equity holders

	Notes	Year ended 31 December 2006	£m Year ended 31 December 2005
Adjusted operating profit*		**1,459**	1,261
Tax on adjusted operating profit	5(iii)	**(395)**	(314)
		1,064	947
Minority interest – ordinary shares	6(iii)	**(224)**	(185)
Minority interest – preferred securities	6(ii)	**(50)**	(52)
		790	710

	Notes	Year ended 31 December 2006	Year ended 31 December 2005
Weighted average number of shares – (millions)	7(i)	**5,222**	3,840
Adjusted operating earnings per share** – (pence)	7(ii)	**15.1**	18.5

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

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

Consolidated Balance Sheet

at 31 December 2006

	Note	At 31 December 2006	£m At 31 December 2005
Assets			
Goodwill and other intangible assets		**5,367**	1,570
Investments in associated undertakings		**83**	93
Investment property		**804**	847
Property, plant and equipment		**499**	538
Deferred tax assets		**511**	458
Reinsurers' share of insurance contract provisions		**763**	455
Deferred acquisition costs		**1,578**	1,089
Current tax receivable		**60**	29
Loans, receivables and advances		**22,804**	18,456
Derivative financial instruments – assets		**1,238**	1,604
Financial assets fair valued through income statement		**73,065**	35,378
Other financial assets		**11,568**	12,265
Short-term securities		**1,819**	1,764
Other assets		**3,635**	2,373
Assets held-for-sale		**1,165**	36
Cash and balances with central banks		**2,951**	3,051
Placements with other banks		**665**	568
Total assets		**128,575**	80,574
Liabilities			
Insurance contract provisions		**22,495**	23,258
Financial liabilities fair valued through income statement		**57,586**	21,187
Third party interests in consolidation of funds		**3,041**	966
Borrowed funds		**1,676**	1,433
Provisions	9	**542**	285
Deferred revenue		**311**	138
Deferred tax liabilities		**1,393**	611
Current tax payable		**283**	178
Amounts owed to depositors		**25,052**	21,145
Derivative financial instruments – liabilities		**1,060**	1,634
Liabilities held-for-sale		**1,107**	-
Other liabilities		**5,266**	3,320
Total liabilities		**119,812**	74,155
Net assets		**8,763**	6,419
Shareholders' equity			
Equity attributable to equity holders of the parent		**7,237**	4,751
Minority interests			
Ordinary shares		**848**	1,012
Preferred securities		**678**	656
Total minority interests		**1,526**	1,668
Total equity		**8,763**	6,419

Consolidated Cash Flow Statement

for the year ended 31 December 2006

	Year ended 31 December 2006	£m Year ended 31 December 2005
Cash flows from operating activities		
Profit before tax	**1,714**	1,606
Capital gains included in investment income	**(4,076)**	(4,340)
Loss on disposal of property, plant and equipment	**(1)**	8
Depreciation of property, plant and equipment	**68**	61
Amortisation and impairment of intangible assets	**428**	75
Impairment of loans and receivables	**143**	122
Share based compensation expense	**40**	94
Share of associated undertakings profit after tax	**(6)**	(17)
Profit / (loss) arising on disposal of subsidiaries, associated undertakings and strategic investments	**(85)**	(58)
Other non-cash amounts in profit	**68**	9
Non-cash movements in profit before tax	**(3,421)**	(4,046)
Reinsurancer's share of insurance contract provisions	**(785)**	(83)
Deferred acquisition costs	**(632)**	(276)
Loans, receivables and advances	**(5,543)**	(3,233)
Insurance contract provisions	**2,886**	3,307
Financial liabilities fair valued through income statement	**6,594**	2,319
Amounts owed to depositors (including bank and money market deposits)	**5,251**	983
Other operating assets and liabilities	**555**	465
Changes in working capital	**8,326**	3,482
Taxation paid	**(317)**	(314)
Net cash inflow / (outflow) from operating activities	**6,302**	728
Cash flows from investing activities		
(Acquisition) / disposal of financial investments	**(4,294)**	644
(Acquisition) / disposal of investment properties	**(4)**	40
Net acquisition of tangible fixed assets	**(120)**	(83)
Net acquisition of intangible fixed assets	**(39)**	(17)
Acquisition of interests in subsidiaries	**(1,318)**	(56)
Disposal of interests in subsidiaries, associated undertakings and strategic investments	**78**	33
Net cash (outflow) / inflow from investing activities	**(5,697)**	561

Consolidated Cash Flow Statement *continued*

for the year ended 31 December 2006

	Year ended 31 December 2006	£m Year ended 31 December 2005
Cash flows from financing activities		
Dividends paid to:		
Equity holders of the Company	**(281)**	(184)
Equity minority interests and preferred security interests	**(200)**	(99)
Interest payable (excluding banking interest payable)	**(52)**	(40)
Net proceeds from issue of ordinary shares (including by subsidiaries to minority interests)	**52**	2
Repayment of convertible debt	**-**	(336)
Issue of subordinated debt	**297**	259
Other debt issued / (repaid)	**(96)**	(10)
Issue of perpetual preferred callable securities	**-**	688
Net cash inflow / (outflow) from financing activities	**(280)**	280
Net (decrease) / increase in cash and cash equivalents	**325**	1,569
Effects of exchange rate changes on cash and cash equivalents	**(575)**	86
Cash and cash equivalents on acquisition of new subsidiaries	**581**	-
Cash and cash equivalents at beginning of the period	**3,303**	1,648
Cash and cash equivalents at end of the year	**3,634**	3,303
Consisting of:		
Coins and bank notes	**236**	196
Money at call and short notice	**2,190**	2,268
Balances with central banks (other than mandatory reserve deposits)	**9**	59
Mandatory reserve deposits with central banks	**516**	528
Cash and balances with the central banks	**2,951**	3,051
Placements with other banks	**665**	568
Other cash equivalents	**1,101**	381
Cash and cash equivalents subject to consolidation of funds	**(1,083)**	(697)
Total	**3,634**	3,303

Other supplementary cash flow disclosures

Interest income received (including banking interest)	**4,059**	3,322
Dividend income received	**513**	488
Interest payable (including banking interest)	**1,552**	1,294

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

Cash and cash equivalents subject to consolidation of funds are not included in the cash flow.

Statement of Changes in Equity

for the year ended 31 December 2006

Year ended 31 December 2006	Millions Number of shares issued and fully paid	Attributable to equity holders of the parent	Total minority interest	£m Total equity
Equity holders' funds at beginning of the year	4,090	4,751	1,668	6,419
Change in equity arising in the year				
Fair value gains / (losses):				
Property revaluation	-	28	-	28
Net investment hedge	-	75	-	75
Available-for-sale investments	-	(94)	-	(94)
Shadow accounting	-	28	-	28
Currency translation differences / exchange differences on translating foreign operations	-	(852)	(208)	(1,060)
Other movements	-	38	(42)	(4)
Aggregate tax effect of items taken directly to or transferred from equity	-	14	-	14
Net expense recognised directly in equity	-	(763)	(250)	(1,013)
Profit for the year	-	836	257	1,093
Total recognised income and expense for the year	-	73	7	80
Dividend for the year	-	(321)	(160)	(481)
Net sale of treasury shares	-	18	-	18
Issue of ordinary share capital by the Company	1,400	2,674	-	2,674
Net acquisition of interests in subsidiaries	-	-	11	11
Exercise of share options	11	14	-	14
Fair value of equity settled share options	-	28	-	28
Equity holders' funds at end of the year	5,501	7,237	1,526	8,763

Statement of Changes in Equity *continued*

for the year ended 31 December 2006

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

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

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

Included in the dividend for the year is £39 million of dividends declared to holders of perpetual preferred callable securities (see note 11).

Included within issue of ordinary share capital by the Company are transaction costs totalling £2 million deducted from the share premium.

Included within other reserves is the merger reserve for the additional share consideration made in respect of the Skandia acquisition, being the difference between the market value of the shares on the date of issue and the nominal value included as share capital.

Statement of Changes in Equity *continued*

for the year ended 31 December 2006

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

Statement of Changes in Equity *continued*

for the year ended 31 December 2006

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

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

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

Income tax expense

Analysis of total income tax expense

	Year ended 31 December 2006	Year ended 31 December 2005
		£m
Current tax		
United Kingdom tax		
Corporation tax	**61**	50
Double tax relief	**(26)**	(45)
Overseas tax		
South Africa	**282**	256
United States	**16**	-
Europe	**54**	1
Secondary Tax on Companies (STC)	**36**	17
Prior year adjustments	**(3)**	27
Total current tax	**420**	306
Deferred tax		
Origination of temporary differences	**203**	201
Changes in tax rates / bases	**-**	6
Write down / (recognition) of deferred tax assets	**(2)**	(29)
Total deferred tax	**201**	178
Total income tax expense	**621**	484