



# THE FEDERATED EMPLOYERS' MUTUAL ASSURANCE COMPANY LIMITED

(Reg. No. 1936/008971/06)

**DIRECTORS:** J A BARROW (Chairman), J R BARROW, G D IRONS, A P H JAMMINE, C S JIYANE, N F MAAS  
H NGAKANE, C E SAVILLE, H WALKER, P L WILMOT  
**MANAGING DIRECTOR:** T T PUGH **COMPANY SECRETARY:** E J WILLIS

## REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

**A condensed interim financial report is available on our website [www.fema.co.za](http://www.fema.co.za)**

### 1. RESULTS

The unaudited net operating results of the Company for the six months ended 30 June 2007 are given below and are compared with the unaudited results for the same period last year and the audited results for the year ended 31 December 2006. The principal accounting policies used in the determination of the interim results have been applied on a basis consistent with previous years.

	Six months to June		Year ended
	2007	2006	31/12/2006
	R'000	R'000	R'000
Underwriting profit before rebates & pension adjustment	75,703	42,226	67,736
Movement in pensions liability	(12,315)	(668)	(61,057)
<b>Underwriting profit/(loss) before rebates and grants</b>	<b>63,388</b>	<b>41,558</b>	<b>(6,679)</b>
Rebates	(73,086)	(57,283)	(73,602)
Health and safety grant <sup>#</sup>	(50,000)		
<b>Underwriting loss after rebates and grants</b>	<b>(59,698)</b>	<b>(15,725)</b>	<b>(66,923)</b>
Investment income	120,738	98,518	198,628
Interest and dividends	44,880	32,031	72,265
Profit on realisation on investments	80,109	68,281	133,513
Asset management fee	(4,251)	(1,794)	(7,150)
Tax charge*	-	(21,514)	(14,040)
<b>Net profit</b>	<b>61,040</b>	<b>61,279</b>	<b>117,665</b>
Transfer to contingency reserve	(4,443)	(2,322)	(8,236)
<b>Surplus transferred to general reserve</b>	<b>56,597</b>	<b>58,957</b>	<b>109,429</b>

<sup>#</sup> Qualifying criteria for the health and safety grant are available on the Company's website.

\* No tax charge due to the approval of the Company's tax-exempt status.

### 2. REVIEW OF RESULTS ACHIEVED

The underwriting profit for the six months increased by 52.5% over the comparable period last year, and is mainly due to an increase in net premium revenue of 31.7% and a decrease in medical claims paid of 14.9%. Operating expenses increased by 2.6% over the comparable period last year. Investment income also reflected a healthy increase due to increased surpluses being earned on the realisation of investments. After providing for rebates and a once off health and safety grant of R50 million, net profit was not materially different from the comparable period.

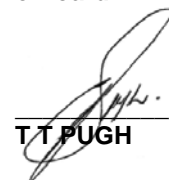
### 3. DIVIDENDS

In terms of clause 26.1 of the Company's memorandum and articles of association, Shareholders are not entitled to any dividends or distribution of the assets of the Company, either during the life of the Company or upon its liquidation.

26 July 2007  
Registered Office:  
Building No. 2, 1<sup>st</sup> Floor  
101 Central Street  
Houghton  
2198

For and on behalf of the Board

  
J A BARROW  
DIRECTORS

  
T T PUGH  
DIRECTORS