



THE FEDERATED EMPLOYERS' MUTUAL ASSURANCE COMPANY LIMITED

(Reg. No. 1936/008971/06)

DIRECTORS: J A BARROW (Chairman), N F MAAS (Deputy Chairman), J R BARROW, G D IRONS, A P H JAMMINE, C S JIYANE, 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 2008

A condensed financial report is available on our website www.fema.co.za

1. RESULTS

The unaudited net operating results of the Company for the six months ended 30 June 2008 are set out below and are compared with the unaudited results for the same period last year and the audited results for the year ended 31 December 2007. 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
	2008	2007	31/12/2007
	R'000	R'000	R'000
Underwriting profit before rebates & pension adjustment	109,896	75,703	123,895
Movement in pensions liability	(9,703)	(12,315)	(92,591)
Underwriting profit before rebates and grants	100,193	63,388	31,304
Rebates	(129,972)	(73,086)	(131,878)
Health and safety grant	-	(50,000)	(48,195)
Underwriting loss after rebates and grants	(29,779)	(59,698)	(148,769)
Investment income	64,296	120,738	228,014
Interest and dividends	55,954	44,880	101,242
Profit on realisation of investments	10,642	80,109	138,867
Asset management fee	(2,300)	(4,251)	(12,095)
Tax charge*	-	-	-
Net profit	34,517	61,040	79,245
Transfer (to)/from contingency reserve	(14,998)	(4,443)	13,122
Surplus transferred to general reserve	19,519	56,597	92,367

* No tax charge due to the Company's current income tax exemption status. There have been no further developments on SARS intention to withdraw the Company's income tax exemption status.

2. REVIEW OF RESULTS ACHIEVED

The underwriting profit for the six months increased by 58.1% over the comparable period last year, and is mainly due to an increase in net premium revenue of 23.1% and a decrease in the total claims paid of 9.1%. Operating expenses increased by 16.2% over the same period last year. Investment income decreased by 46.7% over the same period last year, and is mainly due to a negative fair value movement of R40,8 million. After providing for rebates and the fair value movement, most of which relates to a decline in the value of bonds, net profit decreased by 43.5%.

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.

14 August 2008
 Registered Office:
 Building No. 2, 1st Floor
 101 Central Street
 Houghton
 2198

For and on behalf of the Board

J A BARROW

T T PUGH
 DIRECTORS