LIBERTY

Liberty Holdings Limited

Financial results 2013

For the six months ended 30 June

Highlights

BEE normalised operating earnings

up 31%

BEE normalised return on equity

22%

return on BEE normalised group equity value

13%

value of long-term insurance new business

up 32%

retail long-term insurance new business margin

2,1%

long-term insurance indexed new business

up 12%

customer net cash inflows

R11 billion

Interim dividend

up 10%

Liberty Group Limited CAR cover

2,75 times

Contents

Financial performance indicators

for the six months ended 30 June 2013

	30 June 2013	30 June 2012	% change	31 Dec 2012
Liberty Holdings Limited				
Earnings (1)				
Basic earnings per share (cents)	**648,8**	611,9	6,0	1 433,6
BEE normalised headline earnings per share (cents)	**602,7**	568,8	6,0	1 300,1
BEE normalised operating earnings (Rm)	**1 048**	801	30,8	1 723
BEE normalised return on equity (%)	**21,8**	22,3	(2,2)	24,0
Group equity value				
BEE normalised group equity value per share (R)	**117,16**	104,31	12,3	115,43
BEE normalised return on group equity value (%)	**13,0**	15,6	(16,7)	20,8
Distributions per share (cents)				
Normal dividend	**212**	192	10,4	528
Interim dividend	**212**	192	10,4	192
Final dividend	**n/a**	n/a		336
Special dividend	**n/a**	n/a		130
Total assets under management (Rbn)	**566**	484	16,9	528
Long-term insurance operations				
Indexed new business (excluding contractual increases) (Rm)	**3 122**	2 793	11,8	6 055
New business margin (%)	**1,8**	1,5	20,0	2,0
Net customer cash inflows (Rm)	**1 922**	1 062	81,0	4 572
Capital adequacy cover of Liberty Group Limited (times covered)	**2,75**	2,94	(6,5)	2,71
Asset management – STANLIB				
Assets under management (Rbn)	**504**	431	16,9	473
Net cash inflows including money market (Rm) (2)	**9 012**	5 419	66,3	14 327
Retail and institutional net cash inflows excluding money market (Rm) (2)	**7 630**	5 711	33,6	11 744
Money market net cash inflows/(outflows) (Rm) (2)	**1 382**	(292)	>100	2 583

(1) *2012 earnings have been restated for the change in accounting policy relating to the adoption of the amendments to IAS 19 Employee Benefits.*

(2) *Excludes intergroup life funds; multi-manager insurance funds have been reclassified to Liberty intergroup effective 1 January 2013.*

Preparation and supervision:

This announcement on Liberty Holdings Limited's interim results for the six months ended 30 June 2013 has been prepared and supervised by JC Hubbard (Group Chief Financial Officer) BCom CA(SA) and CG Troskie (Group Financial Director) BCom (Hons) CA(SA).

Commentary on results

for the six months ended 30 June 2013

Overview

In the first half of 2013, Liberty continued to produce a high return on equity and further growth in sales and assets under management. We continued to produce positive experience variances in our long-term insurance business and our balance sheet management capability successfully managed the volatility in the markets seen in May and June. Equity value advanced in line with our medium-term expectations.

This performance has been supported by innovative new products, solid insurance new business growth, reasonable investment fund performance and our demonstrated ability to manage within model. BEE normalised headline earnings of R1 704 million were 5,1% up, representing a 30,8% growth in operating earnings and a gross investment return on the group's shareholder investment portfolio (SIP) of 5,5% (30 June 2012: 6,4%). The growth in operating earnings has been achieved without any significant assumption or modelling changes and despite a volatile interest rate environment. This converts to a 6,0% increase in BEE normalised headline earnings per ordinary share to R6,03 (30 June 2012: restated R5,69). Return on equity of 21,8% compares to 22,3% (restated) achieved in the first half of 2012.

The SIP performance while ahead of benchmark does reflect a reduction in the exposure to foreign assets through profit taking as the rand weakened.

Equity value per share of R117,16 is 1,5% up on 31 December 2012, despite the funding of the 2012 special and final dividends of R4,66 per share and reflects R2 068 million of equity value profits, or a 13,0% annualised return on group equity value. The annualised return is higher than the estimated cost of capital target of 11,7%.

Long-term indexed insurance sales of R3 122 million are up 11,8% on the prior half year. This combined with improved pricing, produced a 32,3% improvement in the group embedded value of long-term insurance new business to R307 million at an overall margin of 1,8% (30 June 2012: 1,5%). Margins were down from the 2012 second half mainly due to the higher risk discount rate following the increased South African bond market interest rates at 30 June 2013. The new Evolve investment product range launched at the end of 2012 has been very successful.

Group asset management net cash inflows of R9,0 billion are significantly higher compared to the R5,4 billion cash inflows for the half year 2012. This was achieved despite a drawdown of R7 billion of assets under a government mandate in East Africa. STANLIB's South African business had a particularly good half year attracting R14,1 billion of net cash inflows of which R13,5 billion went into higher margin non money market retail and institutional mandates. Assets under management across the group grew by 7,2% from 31 December 2012 to R566 billion.

LibFin's management of the group's market risk within risk appetite has supported the maintenance of the group's strong capital position with the capital adequacy ratio in the group's main long-term insurance license being 2,75 times (31 December 2012: 2,71 times) the regulatory minimum despite the funding of dividends of R800 million.

There has broadly been no change to the group's strategic objectives which remain focussed on:

- managing the core South African insurance operations within acceptable sustainable long-term assumption sets, whilst profitably capturing greater shares of both the existing and developing markets;
- developing innovative products to service targeted customer segments;
- optimising the balance sheet within board approved risk appetite limits;
- improving asset management capability, while leveraging off the strong property, fixed income, balanced and money market franchises and new alternative capability to capture a larger share of the retail and institutional fund flows;
- achieving the business cases of business development initiatives across the group;
- expanding the geographical footprint into expected high growth regions of sub-Saharan Africa; and
- maximising opportunities under the Standard Bank bancassurance agreement.

We continue to prepare for the implementation of the proposed new long-term insurance solvency regime (SAM) and believe the group is appropriately positioned from a capital perspective.

Business unit financial review
for the six months ended 30 June 2013

Earnings by business unit	30 June 2013 Rm	Restated[1] 30 June 2012 Rm	% change	12 months Restated[1] 31 Dec 2012 Rm
Insurance				
Retail segment [1]	771	575	34,1	1 179
Retail SA [1]	798	611	30,6	1 217
Direct Financial Services	(27)	(36)	25,0	(38)
Institutional segment	44	(12)	>100	45
Liberty Corporate [1]	52	38	36,8	66
Liberty Africa Insurance [2]	18	(5)	>100	21
Liberty Health	(26)	(45)	42,2	(42)
Balance sheet management				
LibFin Markets	54	99	(45,5)	151
Asset management				
STANLIB	270	221	22,2	537
South Africa	243	200	21,5	489
Other Africa	27	21	28,6	48
Liberty Properties	17	25	(32,0)	48
Development and management	17	15	13,3	39
Fountainhead (sold 1 August 2012)		10		9
Central overheads and sundry income [1]	(108)	(107)	(0,9)	(237)
BEE normalised operating earnings	1 048	801	30,8	1 723
LibFin Investments	656	821	(20,1)	1 965
BEE normalised headline earnings	1 704	1 622	5,1	3 688
BEE preference share adjustment	(37)	(33)	(12,1)	(62)
Headline earnings	1 667	1 589	4,9	3 626

[1] *2012 earnings have been restated for the change in accounting policy relating to the adoption of the amendments to IAS 19 Employee Benefits.*

[2] *Liberty Africa Insurance includes long-term and short-term insurance products sold to both the retail and institutional markets. The business unit has been classified under the institutional segment as the majority of premiums are derived from institutional clients.*

Financial results

Insurance

Retail segment (includes Retail SA and Direct Financial Services)

Headline earnings for the half year of R771 million are 34,1% up compared to the restated R575 million in 2012, comprising Retail SA of R798 million (30 June 2012: R611 million) and Direct Financial Services of R27 million loss (30 June 2012: R36 million loss). This increase is supported by good annual contract increases, ongoing positive persistency and risk variances, higher management fees due to the 2012 growth in underlying investment portfolios and good expense control. Earnings have also absorbed the ongoing build costs of the transactional joint venture with Standard Bank, affinity relationship with Vodacom and investments in our emerging consumer market (ECM) business during the period.

Commentary on results (continued)

for the six months ended 30 June 2013

We continue to innovate and new investment products have been recently launched, particularly supporting our strategy of developing investment propositions that are low cost but provide relevant options to consumers. In addition, a Linked Investment Service Provider (LISP) capability has been developed and has been functional from mid July 2013. This offering makes direct investments into managed funds available to retail customers through a cost-efficient platform and complements the life wrapper investment product range. This development also improves the ability for the financial advisors to assess a customer's comprehensive investment needs and provide complete portfolio information from one data source.

Indexed new business sales (excluding contractual increases) of R2,8 billion have increased by 12,7% over June 2012. Single premium investment business of the new Evolve range is very encouraging and totalled R1,4 billion for the half year. Credit life sales under the bancassurance agreement with Standard Bank (up 25,5%) remain good. Recurring premium investment business was up 8% and risk business remains steady. The ability to convert leads and reduce lapse rates in our ECM business remains a challenge and alternative channel development is being investigated. The Retail SA new business margin of 2,0% is a significant improvement on the 1,7% achieved for six months to 30 June 2012, and is within the medium-term targeted range of between 2,0% and 2,5%. Significant increases in the South African market bond yields particularly towards the end of the reporting period have had the effect of reducing the value of new business margin by 0,2% from December 2012.

Net cash inflows were also very strong at R2,2 billion and were supported by strong contributions from our sales of single premium investment products and good persistency experience leading to lower than anticipated withdrawals.

In October 2012 a comprehensive loyalty programme, "Own your life REWARDS", was successfully launched to initially support both the Retail SA and Liberty Health businesses. The costs of the programme are included in central overheads, development costs and sundry income. The programme has been well received as evidenced by membership growth to 13 200 principal members, being an increase of 6 400 members for the six months to 30 June 2013.

The direct IT platform capability continues to be enhanced to improve the support of the joint ventures with Vodacom and Standard Bank.

Institutional segment

Liberty Corporate

Following last year's launch of the new flagship investment product, the Liberty Stable Growth Fund, as well as a unique index tracking investment range, Liberty Corporate was recognised by the Financial Intermediary Association as the best employee benefits product supplier. This is indicative of the recent focus on enhancing service levels and establishing a distribution and product capability for larger corporate and retirement funds.

Improved headline earnings of R52 million (up 36,8%) are mainly a function of improved risk claims experience and cost efficiency. Indexed new business of R292 million is 6,2% higher than the half year to 30 June 2012, largely due to improved enhancement and risk sales. Value of new business for the period is R12 million (30 June 2012: R9 million). Net cash outflows reduced to R0,4 billion for the half year, this is considerably improved from the R1,9 billion outflow in the equivalent period in 2012.

Liberty Africa Insurance

East and Southern Africa (outside of South Africa) contributed R18 million to Liberty's headline earnings for the reporting period. This is significantly up compared to the R5 million loss reported for the same period in 2012. The result has been supported by stable investment markets and consistent claims loss ratios in the short-term insurance business. Long-term insurance new business margins at 11,3% (30 June 2012: 7,7%) are pleasing.

We continue to actively pursue expansion opportunities particularly in West Africa where Liberty is underrepresented. The positive Africa growth outlook is gaining in credibility and consequently the group has reserved capital resources to take advantage of investment opportunities as they arise.

Liberty Health

Liberty's share of Liberty Health's headline loss for the half year 2013 is R26 million. Whilst recent operational efficiencies are producing better cost ratios, the business does not, as yet, have sufficient scale to leverage the investment in systems and processes. The acquisition of client mandates as well as assisting the medical scheme administration clients to grow their membership remains management's top priority.

Our health risk products targeted at employees in African countries, excluding South Africa, continue to be supported, despite requiring significant premium increases. Our in-force book covers 78 425 lives (30 June 2012: 78 836). The medical claims loss ratio at 96,9% for the first half has suffered from high outlier claims and seasonality.

Balance sheet management

Market risk exposures and credit portfolio (LibFin Markets)

LibFin Markets continued to manage market risk exposures within a narrow range despite considerable volatility in interest rate markets towards the end of the six month period. Headline earnings of R54 million flowed mainly from increased profits on the credit portfolio assets backing annuities and guaranteed capital bonds. The result of asset liability matching activities virtually broke even for the period. LibFin directly managed R39 billion of asset portfolios at 30 June 2013 (31 December 2012: R32 billion).

Shareholder Investment Portfolio (SIP) (LibFin Investments)

LibFin Investments manages the SIP which comprises the group's investment market exposure to the 90:10 book of business and the assets backing capital in the insurance operations. The portfolio which is managed under a low risk balanced mandate produced a gross return of 5,5% (30 June 2012: 6,4%) which was ahead of benchmark. This return benefited from a weaker rand, positive offshore equity markets and portfolio construction offset by lower domestic bond and equity returns. Exposure to foreign assets was reduced during the period on profit taking actions as the rand weakened.

Asset management

With effect from 1 January 2013, STANLIB manages all the group's African asset management businesses that are located in South Africa as well as other African territories. Prior year comparatives have been restated to reflect this change.

STANLIB South Africa

STANLIB experienced substantial net inflows of R14,1 billion during the first six months of 2013. Inflows into institutional money market collective investments of R1,6 billion, retail collective investments of R9,0 billion and linked investments and structured products of R3,6 billion were particularly good. Total assets under management increased to R468 billion at 30 June 2013 (31 December 2012: R437 billion).

The majority of funds under management continue to produce satisfactory performance and STANLIB's unit trusts recently received five Raging Bull awards.

STANLIB's headline earnings at R243 million are 21,5% higher compared to the equivalent period in 2012 despite ongoing costs associated with additional investment capabilities. Earnings have benefited from gross fee income growth of 21,2% driven by a higher opening asset base and a better fund mix reflecting the higher proportion of retail flows in recent periods.

STANLIB Other Africa

Assets under management at 30 June 2013 remained high at R36 billion (31 December 2012: R36 billion) despite the further drawdown of R7,0 billion of assets under a government mandate in East Africa. Headline earnings for the half year were 28,6% higher at R27 million (30 June 2012: R21 million).

Liberty Properties

Liberty Properties, which comprises property management and development, has benefited from growth in property management fees supported by increases in rentals at the flagship shopping centres. Development fee income, however, remains low reflecting little development activity for the period. Headline earnings are R17 million for the period (30 June 2012: R15 million).

Bancassurance

The commercial bancassurance joint venture relationship with Standard Bank, which is applicable across the group's asset management and insurance operations, is continuing to make a considerable contribution to new business volumes and earnings. Indexed sales of insurance products for the period from bancassurance channels are 20,0% higher than 2012 and STANLIB received a 12,0% growth in net asset management fees related to assets acquired through the Standard Bank distribution channel.

The total SA covered business embedded value of in-force contracts sold under the agreement attributable to Liberty at 30 June 2013 has increased from R1,2 billion at 31 December 2012 to R1,3 billion at 30 June 2013 despite the higher required discount rates which have reduced the present value of in-force insurance policies.

Tax legislation

The draft Taxation Laws Amendment Bill, 2013 was issued for comment on 4 July 2013. The draft bill proposes additional changes to the new expense relief formulae to those which became applicable to long-term insurers in the 2012 Amendment Bill. These changes are contrary to the long-term insurance industry expectations and if promulgated in their current form will negatively impact Liberty's reported IFRS net asset value as well as the group's equity value. The potential impact cannot reliably be determined at this stage, however, it is likely to be less than R300 million reduction in the group's IFRS net asset value and less than R450 million reduction in the group's equity value. Liberty will actively engage with the South African Revenue Services and National Treasury to lobby for a definition that is more equitable.

The group has applied the current taxation legislation in preparing the 30 June 2013 results.

Capital adequacy cover and life license rationalisation

The capital adequacy cover of Liberty Group Limited remains strong at 2,75 times the statutory requirement (31 December 2012: 2,71 times). All the other group subsidiary life licences are well capitalised.

The proposed rationalisation of transferring three of the South African long-term insurance licensed entities (Capital Alliance Life Limited, Liberty Growth Limited and Liberty Active Limited) into the main license entity, Liberty Group Limited, is progressing well and the required court date to sanction the arrangement has been scheduled for late August 2013. Assuming the sanction is granted, the implementation date will be 1 September 2013. The rationalisation will result in improved capital efficiency under the SAM framework and simplification of operational requirements.

Commentary on results (continued)

for the six months ended 30 June 2013

The Liberty Group Limited's capital position will not be significantly impacted by the rationalisation. However, post-rationalisation, the capital adequacy cover ratio (CAR) will reflect the combined statutory capital and the combined capital requirements of the four entities. This will lead to a lower cover ratio than previously reported for Liberty Group Limited but a higher capital surplus.

The *pro-forma* CAR ratio of Liberty Group Limited at 30 June 2013 assuming rationalisation had been implemented is 2,07 times the statutory requirement.

Dividends

2013 interim dividend

In line with the group's dividend policy, the board has approved and declared a gross interim dividend of 212 cents per ordinary share. The interim dividend will be payable out of income reserves and payable to all ordinary shareholders recorded in the books of Liberty Holdings Limited at the close of business on Friday, 30 August 2013.

There are no STC credits to be utilised for this interim dividend. The dividend of 212 cents per ordinary share will be subject to a local dividend tax rate of 15% which will result in a net interim dividend, to those shareholders who are not exempt from paying dividend tax, of 180,2 cents per ordinary share. Liberty Holdings Limited's income tax number is 9050/191/71/8. The number of ordinary shares in issue in the company's share capital at the date of declaration is 286 202 373.

The important dates pertaining to the dividend is as follows:

Last date to trade *cum* dividend on the JSE	Friday, 23 August 2013
First trading day *ex* dividend on the JSE	Monday, 26 August 2013
Record date	Friday, 30 August 2013
Payment date	Monday, 2 September 2013

Share certificates may not be dematerialised or rematerialised between Monday, 26 August 2013 and Friday, 30 August 2013, both days inclusive. Where applicable, in terms of instructions received by the company from certificated shareholders, the payment of the dividend will be made electronically to shareholders' bank accounts on payment date.

In the absence of specific mandates, cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 2 September 2013.

Prospects

We believe that the group is well positioned to continue to produce sustainable growth. Our core insurance and asset management businesses are performing better than assumptions. We anticipate that they will continue to do so and attract higher levels of new business at improved margin despite the current pressure on consumer disposable income in South Africa. We believe our balance sheet management capability has proven our ability to continue managing our investment market risk exposures within risk appetite and competently deal with any protracted period of volatility in investment markets.

Bruce Hemphill
Chief Executive

Saki Macozoma
Chairman

31 July 2013

Liberty Holdings Limited
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Sponsor

Merrill Lynch
A subsidiary of Bank of America Corporation

These results are available at www.liberty.co.za

Accounting policies

The unaudited condensed interim financial information for the six months ended 30 June 2013 have been prepared in terms of International Financial Reporting Standards (IFRS) and comply with IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements as well as the requirements of the South African Companies Act No. 71 of 2008.

The accounting policies adopted in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those adopted in the previous year except for changes required by the mandatory adoption of new and revised IFRS, as well as the adoption of a new accounting policy to describe the accounting treatment of certain financial instrument sale and repurchase agreements. These changes and impacts are summarised below:

Mandatory changes in accounting policies resulting from the adoption of new and revised IFRS with retrospective application:

Refer to the appendix for details of the required restatements to the previously reported statements of financial position at 30 June 2012 and 31 December 2012 and statements of comprehensive income for the periods ended 30 June 2012 and 31 December 2012. The restatements have not had any impact on the condensed statement of changes in shareholders' funds, as previously reported. The group's condensed statements of cash flows have been restated for the increase in cash and cash equivalents resulting from the consolidation of additional mutual funds and the corresponding flows from investing activities. The condensed segment information has been restated in line with the changes to the statements of comprehensive income.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IAS 28 (Revised) Investments in Associates and Joint Ventures

The group has adopted the above suite of IFRS and revisions which deal with the accounting treatment for the group's involvement in investments in entities for which the group is assessed to have more than an insignificant influence. These have resulted in changes in accounting policies effective for the year commencing 1 January 2013 and have been applied retrospectively in line with the transitional requirements. The group consequently re-examined the combined impact of these standards on all of its investments and certain reclassifications of investments in mutual funds were required. There have been no reclassifications of investments in other types of entities.

Previously, investments in mutual funds that amounted to between 20% and 50% of the total fund value or voting rights were considered to be interests in associates – mutual funds, and those greater than 50% were considered to be subsidiaries. As a result of the adoption of IFRS 10, which has redefined the definition of control, the group has removed the reference to specific percentage holdings in the group's accounting policy as the defining parameter. This has led to an increased number of mutual funds being classified as subsidiaries or associates, as well as reclassifications between these categories and financial instruments. No investments in mutual funds have met the new definition of joint arrangements.

The group continues to account for its interests in associates – mutual funds, as at fair value through profit or loss by applying the measurement exemption for investment-linked insurance funds in IAS 28.

These reclassifications of mutual funds have resulted in a number of changes to items presented in both the statement of comprehensive income and financial position for the periods reported on in 2012. These restatements are detailed in the appendix, however in summary there have been no resultant changes to the group total earnings, comprehensive income, shareholders' funds or net asset value for these prior reported periods or the six month period to 30 June 2013.

Amendments to IAS 19 Employee Benefits

The group has adopted the amendments to IAS 19 *Employee Benefits*, which has resulted in a change in accounting policy effective for the year commencing 1 January 2013. The amendments have changed the basis for recognition of movements in post-retirement employee benefits liabilities or assets, with certain remeasurements of the relevant liability or asset now being mandatory recognised in other comprehensive income. In prior periods the group recognised all remeasurements in post-retirement employee benefit plan liabilities or assets in profit or loss as previously allowed or mandated in IAS 19.

The change in accounting policy has been applied retrospectively with the impact being that total earnings for the six months ended 30 June 2013 have decreased by R24 million (30 June 2012: decrease of total earnings of R54 million, full year to 31 December 2012: R80 million) with other comprehensive income increasing by the same amounts, respectively. This has consequently resulted in a restatement of related earnings per share disclosures. There has been no consequential impact or change to total comprehensive income, the financial position or shareholders' funds of the group in respect of the periods reported on in these 2013 interim results.

Mandatory changes in accounting policies resulting from the adoption of the new standard IFRS 13 *Fair Value Measurement* with prospective application:

The group has adopted IFRS 13 *Fair Value Measurement* which is effective for years commencing 1 January 2013. IFRS 13 defines fair value and describes in a single standard a framework for measuring fair value. IFRS 13 defines fair value on the basis of an exit price notion, which results in a market-based, rather than entity-specific measurement.

IFRS 13 is effective prospectively and therefore there are no required restatements arising from the adoption of IFRS 13. The impact of changes in measurement of the group's assets and liabilities held at fair value at 30 June 2013 and impacts to group total earnings for the six months period to 30 June 2013 has not been material.

Accounting policies (continued)

Voluntary adoption of a new accounting policy

During the six month period to 30 June 2013, the group has entered into certain agreements of sale and repurchase of financial instruments as part of the group's asset/liability matching processes. This has necessitated the adoption of a new accounting policy as follows:

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. Such securities are measured in accordance with the measurement policy as described under the accounting policy for financial assets in the integrated annual report. The liability to the counterparty is included under investment creditors within insurance and other payables on the statement of financial position.

The difference between the repurchase and sales price is treated as interest and amortised over the life of the reverse repurchase agreement using the effective interest method and disclosed as finance costs in the statement of comprehensive income.

The transactions entered into during the six month period to 30 June 2013 have been accounted for in compliance with this new accounting policy.

Additional disclosures

IAS 34 *Interim Financial Reporting* has been revised for the introduction of IFRS 13 *Fair Value Measurement* and changes to IFRS 7 *Financial Instruments: Disclosures*. The group has complied with the requirements of these additional disclosures in these interim results.

Enhanced disclosures as required by IFRS 12 *Disclosures of Interests in Other Entities* will be provided for the integrated annual report for the year ending 31 December 2013, in addition to other disclosure requirements required by the applicable new or revised IFRS.

Other revised IFRS applicable to the 2013 interim reporting period

The group has also adopted the various other revisions to IFRS which are effective for years commencing 1 January 2013. These revisions have not resulted in material impacts to the 2013 group's reported results, comparative periods or interim disclosures.

Review/audit

These interim results have not been reviewed or audited by the company's auditors, PricewaterhouseCoopers Inc.

Definitions

BEE normalised: headline earnings per share, return on equity, group equity value per share and return on group equity value
These measures reflect the economic reality of the Black Economic Empowerment (BEE) transaction as opposed to the required technical accounting treatment that reflects the BEE transaction as a share buy-back. Dividends received on the group's BEE preference shares (which are recognised as an asset for this purpose) are included in income. Shares in issue relating to the transaction are reinstated.

Capital adequacy requirement (CAR)
The capital adequacy requirement is the minimum amount by which the Financial Services Board requires an insurer's assets to exceed its liabilities. The assets, liabilities and CAR must be calculated using a method which meets the Financial Services Board's requirements. Capital adequacy cover refers to the amount of capital the insurer has as a multiple of the minimum requirement.

Long-term insurance operations – Indexed new business
This is a measure of new business which is calculated as the sum of twelve months' premiums on new recurring premium policies and one tenth of single premium sales.

Long-term insurance operations – Value of new business and margin
The present value, at point of sale, of the projected stream of after tax profits for new business issued, net of the cost of required capital. The present value is calculated using a risk adjusted discount rate. Margin is calculated using the value of new business divided by the present value of future modelled premiums.

Short-term insurance operations – Claims loss ratio
This is a measure of underwriting risk and is measured as a ratio of claims incurred divided by the net premiums earned.

Short-term insurance operations – Medical loss ratio
Net claims incurred divided by net premiums earned (adjusted by direct expenses).

FCTR
Foreign Currency Translation Reserve.

Development costs
Represents project costs incurred on developing or enhancing future revenue opportunities.

Negative rand reserves
A portion of expected future management and administration fees are present valued and recognised at point of sale. Prospective measurement takes place at each valuation date until received.

Statement of financial position

as at 30 June 2013

Unaudited	30 June 2013 Rm	Restated 30 June 2012 Rm	Restated 31 Dec 2012 Rm
Assets			
Equipment and owner-occupied properties under development	**1 080**	881	952
Owner-occupied properties	**1 404**	1 445	1 378
Investment properties	**24 259**	23 032	24 133
Intangible assets	**667**	909	759
Defined benefit pension fund employer surplus	**213**	219	186
Deferred acquisition costs	**485**	432	449
Interests in joint ventures	**391**	395	378
Reinsurance assets	**1 396**	1 148	1 170
Long-term insurance	**1 037**	938	978
Short-term insurance	**359**	210	192
Operating leases – accrued income	**1 408**	1 271	1 277
Pledged assets	**1 759**		
Derivative assets	**4 681**	5 557	6 910
Held for sale assets		200	
Interests in associates – equity accounted	**72**		72
Interest in associates – held at fair value	**14 975**	13 879	14 359
Financial investments	**246 676**	218 370	242 015
Deferred taxation	**289**	188	253
Prepayments, insurance and other receivables	**4 214**	3 720	3 628
Cash and cash equivalents	**15 376**	9 562	10 418
Total assets	**319 345**	281 208	308 337
Liabilities			
Long-term policyholder liabilities	**241 414**	217 252	236 684
Insurance contracts	**166 391**	151 905	164 666
Investment contracts with discretionary participation features	**7 951**	3 516	3 855
Financial liabilities under investment contracts	**67 072**	61 831	68 163
Short-term insurance liabilities	**806**	536	525
Financial liabilities at amortised cost	**2 131**	2 190	2 177
Third party financial liabilities arising on consolidation of mutual funds	**36 316**	27 625	30 015
Employee benefits	**971**	866	1 198
Deferred revenue	**186**	169	174
Deferred taxation	**2 771**	1 848	2 715
Deemed disposal taxation liability	**628**		918
Provisions	**257**	389	338
Operating leases – accrued expense		63	30
Derivative liabilities	**4 252**	4 890	6 098
Insurance and other payables	**9 618**	6 453	8 230
Current taxation	**831**	2 253	724
Total liabilities	**300 181**	264 534	289 826
Equity			
Ordinary shareholders' interests	**15 978**	13 777	15 410
Share capital	**26**	26	26
Share premium	**6 034**	6 113	6 078
Retained surplus	**10 775**	8 609	10 332
Other reserves	**(857)**	(971)	(1 026)
Non-controlling interests	**3 186**	2 897	3 101
Total equity	**19 164**	16 674	18 511
Total equity and liabilities	**319 345**	281 208	308 337

Statement of comprehensive income

for the six months ended 30 June 2013

Unaudited	30 June 2013 Rm	Restated 30 June 2012 Rm	12 months Restated 31 Dec 2012 Rm
Revenue			
Insurance premiums	**16 090**	14 400	30 720
Reinsurance premiums	**(657)**	(556)	(1 089)
Net insurance premiums	**15 433**	13 844	29 631
Service fee income from investment contracts	**417**	484	881
Investment income	**6 936**	6 653	13 606
Hotel operation sales	**377**	347	720
Investment gains	**6 649**	9 993	31 108
Fee revenue and reinsurance commission	**941**	781	1 800
Total revenue	**30 753**	32 102	77 746
Claims and policyholder benefits under insurance contracts	**(10 446)**	(11 992)	(25 004)
Insurance claims recovered from reinsurers	**524**	360	672
Change in long-term policyholder liabilities	**(5 477)**	(6 340)	(19 532)
Insurance contracts	**(1 623)**	(6 329)	(19 228)
Investment contracts with discretionary participation features	**(3 911)**	(47)	(380)
Applicable to reinsurers	**57**	36	76
Fair value adjustment to policyholder liabilities under investment contracts	**(2 754)**	(3 773)	(10 035)
Fair value adjustment on third party mutual fund interests	**(3 396)**	(1 633)	(4 748)
Acquisition costs	**(2 013)**	(1 778)	(3 818)
General marketing and administration expenses	**(3 820)**	(3 624)	(7 573)
Finance costs	**(114)**	(125)	(243)
Profit share allocations under bancassurance and other agreements	**(441)**	(395)	(800)
Profit on sale of joint venture			135
Equity accounted earnings from joint ventures	**14**	16	3
Profit before taxation	**2 830**	2 818	6 803
Taxation	**(1 041)**	(1 109)	(2 685)
Total earnings (carried forward)	**1 789**	1 709	4 118

Unaudited	30 June 2013 Rm	Restated 30 June 2012 Rm	12 months Restated 31 Dec 2012 Rm
Total earnings (brought forward)	**1 789**	1 709	4 118
Other comprehensive income	**76**	69	90
Items that may be reclassified subsequently to profit or loss	**60**	22	(121)
Net change in fair value on cash flow hedges	**(109)**	3	(29)
Income and capital gains tax relating to net change in fair value on cash flow hedges	**33**	(1)	8
Foreign currency translation	**129**	13	26
Owner-occupied properties – fair value adjustment	**13**	15	(192)
Income tax and capital gains tax relating to owner-occupied properties fair value adjustment	**(6)**	(8)	66
Items that may not be reclassified to profit or loss	**16**	47	211
Change in long-term policyholder insurance liabilities (application of shadow accounting)	**(8)**	(7)	131
Actuarial gains on post-retirement medical aid liability	**7**	56	127
Income tax relating to post-retirement medical aid liability	**(2)**	(15)	(36)
Net adjustments to defined benefit pension fund [1]	**27**	18	(15)
Income tax relating to defined benefit pension fund	**(8)**	(5)	4
Total comprehensive income	**1 865**	1 778	4 208
Attribution of total earnings and comprehensive income			
Total earnings attributable to:			
Ordinary shareholders' interests	**1 668**	1 588	3 699
Non-controlling interests	**121**	121	419
	1 789	1 709	4 118
Total comprehensive income attributable to:			
Ordinary shareholders' interests	**1 700**	1 654	3 780
Non-controlling interests	**165**	124	428
	1 865	1 778	4 208
Basic and fully diluted earnings per share	Cents	Cents	Cents
Basic earnings per share	**648,8**	611,9	1 433,6
Fully diluted basic earnings per share	**596,4**	577,5	1 341,7

[1] *Net adjustments to defined benefit pension fund include actuarial gains or losses, return on plan assets, reduced by the interest on the net defined benefit asset, and the effect of the application of the asset ceiling.*

Headline earnings and earnings per share

for the six months ended 30 June 2013

Unaudited	30 June 2013 Rm	Restated 30 June 2012 Rm	12 months Restated 31 Dec 2012 Rm
Reconciliation of total earnings to headline earnings attributable to equity holders			
Total earnings attributable to equity holders	**1 668**	1 588	3 699
Preference share dividend	**(1)**	(1)	(2)
Basic earnings attributable to ordinary shareholders	**1 667**	1 587	3 697
Profit on sale of joint venture			(117)
Derecognition and impairment of intangible asset			44
FCTR recycled through profit or loss		2	2
Headline earnings attributable to ordinary shareholders	**1 667**	1 589	3 626
Net income earned on BEE preference shares	**37**	33	62
BEE normalised headline earnings attributable to ordinary shareholders	**1 704**	1 622	3 688
Weighted average number of shares in issue ('000)	**256 954**	259 371	257 885
BEE normalised weighted average number of shares in issue ('000)	**282 750**	285 167	283 681
Fully diluted weighted average number of shares in issue ('000)	**279 490**	274 808	275 534
	Cents	Cents	Cents
Earnings per share attributable to ordinary shareholders			
Basic	**648,8**	611,9	1 433,6
Headline	**648,8**	612,7	1 406,0
BEE normalised headline	**602,7**	568,8	1 300,1
Fully diluted earnings per share attributable to ordinary shareholders			
Basic	**596,4**	577,5	1 341,7
Headline	**596,4**	578,3	1 316,0

Condensed statement of changes in shareholders' funds

for the six months ended 30 June 2013

	Unaudited 30 June 2013 Rm	Unaudited 30 June 2012 Rm	Audited 31 Dec 2012 Rm
Balance of ordinary shareholders' interests at 1 January	**15 410**	13 211	13 211
Dividends	**(1 330)**	(851)	(1 396)
Total comprehensive income	**1 700**	1 654	3 780
Share buy-back	**(1)**	(370)	(415)
Subscription for shares	**36**	30	26
Black Economic Empowerment transaction	**116**	75	126
Share-based payments	**48**	27	78
Preference dividend	**(1)**	(1)	(2)
FCTR recycled through profit or loss		2	2
Ordinary shareholders' interests	**15 978**	13 777	15 410
Balance of non-controlling interests at 1 January	**3 101**	3 072	3 072
Total comprehensive income	**165**	124	428
Unincorporated property partnerships	**(77)**	(91)	(182)
Non-controlling share of subsidiary dividend	**(3)**	(7)	(16)
Acquisition of interest in Total Health Trust Limited		33	33
Disposal of Alberton City unincorporated property partnership		(234)	(234)
Non-controlling interests	**3 186**	2 897	3 101
Total equity	**19 164**	16 674	18 511

Condensed statement of cash flows

for the six months ended 30 June 2013

Unaudited	**30 June 2013 Rm**	Restated 30 June 2012 Rm	12 months Restated 31 Dec 2012 Rm
Operating activities	**2 267**	612	6 218
Investing activities	**2 589**	(2 943)	(7 864)
Financing activities	**(6)**	(575)	(407)
Net increase/(decrease) in cash and cash equivalents	**4 850**	(2 906)	(2 053)
Cash and cash equivalents at the beginning of the year	**10 418**	12 432	12 432
Foreign currency translation	**108**	7	10
Cash and cash equivalents acquired through business acquisition		29	29
Cash and cash equivalents at the end of the period	**15 376**	9 562	10 418

Condensed segment information

for the six months ended 30 June 2013

The unaudited segment results for the six months ended 30 June 2013 are as follows:

Rm	Long-term insurance		Short-term insurance	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS reported
	Retail	Corporate							
Total revenue	23 914	6 548	499	1 272	134	698	33 065	(2 312)	30 753
Profit/(loss) before taxation	1 956	143	40	398	(82)	273	2 728	102	2 830
Taxation	(886)	(38)	(10)	(111)	30	(31)	(1 046)	5	(1 041)
Total earnings/(loss)	1 070	105	30	287	(52)	242	1 682	107	1 789
Other comprehensive income	(14)	1	37	17		35	76		76
Total comprehensive income/(loss)	1 056	106	67	304	(52)	277	1 758	107	1 865
Attributable to:									
Non-controlling interests	(23)	(4)	(28)	(5)	13	(11)	(58)	(107)	(165)
Equity holders	1 033	102	39	299	(39)	266	1 700	–	1 700
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	1 070	105	30	287	(52)	242	1 682	107	1 789
Attributable (to)/from non-controlling interests	3	(4)	(11)	(4)	13	(11)	(14)	(107)	(121)
Preference dividend						(1)	(1)		(1)
Headline earnings/(loss)	1 073	101	19	283	(39)	230	1 667	–	1 667
Net income earned on BEE preference shares						37	37		37
BEE normalised headline earnings/(loss)	1 073	101	19	283	(39)	267	1 704	–	1 704

[1] Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, the application of shadow accounting for the change in long-term policyholder insurance liabilities and the elimination of intergroup transactions.

The unaudited segment results for the six months ended 30 June 2012 are as follows:

Restated **Rm**	Long-term insurance Retail	 Corporate	Short-term insurance	Asset manage-ment	Health services	Other	Total	Reporting adjust-ments[(1)]	IFRS reported
Total revenue	26 301	6 618	411	1 027	137	740	35 234	(3 132)	32 102
Profit/(loss) before taxation	1 971	87	52	343	(68)	311	2 696	122	2 818
Taxation	(987)	(19)	(8)	(92)	2	(5)	(1 109)		(1 109)
Total earnings/(loss)	984	68	44	251	(66)	306	1 587	122	1 709
Other comprehensive income	44	4	3	1		17	69		69
Total comprehensive income/(loss)	1 028	72	47	252	(66)	323	1 656	122	1 778
Attributable to:									
Non-controlling interests	12	(6)	(21)	(3)	16		(2)	(122)	(124)
Equity holders	1 040	66	26	249	(50)	323	1 654	–	1 654
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	984	68	44	251	(66)	306	1 587	122	1 709
Attributable (to)/from non-controlling interests	16	(8)	(20)	(3)	16		1	(122)	(121)
Preference dividend						(1)	(1)		(1)
FCTR recycled through profit or loss					2		2		2
Headline earnings/(loss)	1 000	60	24	248	(48)	305	1 589	–	1 589
Net income earned on BEE preference shares						33	33		33
BEE normalised headline earnings/(loss)	1 000	60	24	248	(48)	338	1 622	–	1 622

[(1)] *Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, the application of shadow accounting for the change in long-term policyholder insurance liabilities and the elimination of intergroup transactions.*

Condensed segment information (continued)

for the six months ended 30 June 2013

The unaudited segment results for the year ended 31 December 2012 are as follows:

Restated	Long-term insurance		Short-term	Asset manage-	Health			Reporting adjust-	IFRS
Rm	Retail	Corporate	insurance	ment	services	Other	Total	ments[1]	reported
Total revenue	62 096	16 395	904	2 419	289	1 634	83 737	(5 991)	77 746
Profit/(loss) before taxation	4 553	113	128	785	(132)	910	6 357	446	6 803
Taxation	(2 392)	(20)	(15)	(216)	38	(14)	(2 619)	(66)	(2 685)
Total earnings/(loss)	2 161	93	113	569	(94)	896	3 738	380	4 118
Other comprehensive income	71	10	7	2			90		90
Total comprehensive income/(loss)	2 232	103	120	571	(94)	896	3 828	380	4 208
Attributable to:									
Non-controlling interests	(22)	1	(59)	(7)	23	16	(48)	(380)	(428)
Equity holders	2 210	104	61	564	(71)	912	3 780	–	3 780
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	2 161	93	113	569	(94)	896	3 738	380	4 118
Attributable (to)/from non-controlling interests	(17)	1	(55)	(7)	23	16	(39)	(380)	(419)
Preference dividend						(2)	(2)		(2)
Intangible assets derecognition and impairment	44						44		44
Profit on sale of joint venture						(117)	(117)		(117)
FCTR recycled through profit or loss					2		2		2
Headline earnings/(loss)	2 188	94	58	562	(69)	793	3 626	–	3 626
Net income earned on BEE preference shares						62	62		62
BEE normalised headline earnings/(loss)	2 188	94	58	562	(69)	855	3 688	–	3 688

[1] *Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, the application of shadow accounting for the change in long-term policyholder insurance liabilities and the elimination of intergroup transactions.*

Group equity value report

1. Introduction

Liberty presents a "group equity value" report to reflect the combined value of the various components of Liberty's businesses.

Section 2 below describes the valuation bases used for each reported component. It should be noted the group equity value is presented to provide additional information to shareholders to assess performance of the group. The total equity value is not intended to be a fair value calculation of the group but should provide indicative information of the inherent value of the component parts.

2. Component parts of the group equity value and valuation techniques used

Group equity value has been calculated as the sum of the various component parts:

2.1 South African covered business:

The wholly owned subsidiary, Liberty Group Limited, comprises the cluster of South African long-term insurance entities and related asset holding entities. The embedded value methodology in terms of Actuarial Practice Note 107 issued by the Actuarial Society of South Africa continues to be used to derive the value of this business cluster described as "South African covered business". The embedded value report of the South African covered business has been reviewed by the group's statutory actuary. The full embedded value report is included in the supplementary information section.

2.2 Other businesses:

STANLIB	Valued using a 10 times (2012: 10 times) multiple of estimated sustainable earnings.
Liberty Properties	Valued using a 10 times (2012: 10 times) multiple of estimated sustainable earnings.
Liberty Health	As Liberty Health has yet to establish a history to support a sustainable earnings calculation, IFRS net asset value is applied.
Liberty Africa Insurance	Liberty Africa Insurance is an emerging cluster of both long and short-term insurance businesses located in various African countries outside of South Africa. A combination of valuation techniques including embedded value, discounted cash flow and earnings multiples have been applied to value these businesses. The combined value of this cluster is not material relative to the other components of group equity value and therefore a detailed analysis of this valuation has not been presented.
LibFin Credit	LibFin originates appropriate illiquid assets that provide acceptable illiquidity premiums. The value of this origination is reflected at a 10 times multiple of estimated sustainable earnings adjusting for related expenses and prudential margin.
Liberty Holdings	The net market value of assets and liabilities held by the Liberty Holdings Limited company excluding investments in subsidiaries valued separately.

2.3 Other adjustments:

These comprise the fair value of share options/rights allocated to staff not employed by the South African covered businesses and allowance for certain shareholder recurring costs incurred in Liberty Holdings Limited capitalised at a multiple of 9 times (December 2012: 9 times).

Group equity value report (continued)

3. BEE normalised group equity value

3.1 Analysis of BEE normalised group equity value

Unaudited 30 June 2013 Rm	SA covered business	Other busi-nesses	Group funds invested	Adjust-ments	Net worth[1]	Value of in-force: SA covered business	Total
SA insurance operations	9 637		9 637	(4 935)	4 702	20 435	25 137
Retail SA						18 609	
Corporate						1 758	
Frank Life						68	
Value of in-force acquired	188		188	(188)			
Working capital and other assets	4 007		4 007	(441)	3 566		3 566
South African insurance operations	13 832		13 832	(5 564)	8 268	20 435	28 703
Other group businesses:							
STANLIB		430	430	4 804	5 234		5 234
South Africa		296	296	4 604	4 900		4 900
Other Africa		134	134	200	334		334
Properties		36	36	364	400		400
Liberty Health (including Total Health Trust)	47	152	199		199		199
Liberty Africa Insurance	52	410	462		462	25	487
LibFin Credit				520	520		520
Liberty Holdings		1 019	1 019	39	1 058		1 058
Cost of required capital						(1 564)	(1 564)
Net equity reported under IFRS	13 931	2 047	15 978	163	16 141	18 896	35 037
BEE preference funding	940		940		940		940
Allowance for future shareholder costs		(241)	(241)		(241)	(1 796)	(2 037)
Allowance for employee share options/rights	(246)	(182)	(428)		(428)		(428)
BEE normalised equity value	14 625	1 624	16 249	163	16 412	17 100	33 512
Summary of adjustments:							
Negative rand reserves	(4 935)		(4 935)				
Deferred acquisition costs	(473)		(473)				
Deferred revenue liability	175		175				
Internally generated software	(39)	39					
Carrying value of in-force business acquired	(188)		(188)				
Fair value adjustment of non SA covered business	(100)	5 688	5 588				
Impact of discounting on deferred tax asset	(4)		(4)				
	(5 564)	5 727	163				

[1] Reconciliation to SA covered business net worth as per analysis in supplementary information	
Net equity of SA covered business as reported under IFRS	*13 931*
Adjustments as above	*(5 564)*
Allowance for employee share options/rights	*(246)*
BEE preference share funding	*940*
Net worth as reported in supplementary information	*9 061*

3. BEE normalised group equity value

3.1 Analysis of BEE normalised group equity value

Audited **31 December 2012** **Rm**	SA covered business	Other businesses	Group funds invested	Adjustments	Net worth[1]	Value of in-force: SA covered business	Total
SA insurance operations	9 424		9 424	(4 796)	4 628	20 268	24 896
Retail SA						18 525	
Corporate						1 679	
Frank Life						64	
Value of in-force acquired	230		230	(230)			
Working capital	3 535		3 535	(416)	3 119		3 119
South African insurance operations	13 189		13 189	(5 442)	7 747	20 268	28 015
Other group businesses:							
STANLIB		359	359	4 588	4 947		4 947
South Africa		262	262	4 438	4 700		4 700
Other Africa		97	97	150	247		247
Properties		45	45	355	400		400
Liberty Health (including Total Health Trust)	41	186	227		227		227
Liberty Africa Insurance	40	336	376		376	33	409
LibFin Credit				500	500		500
Liberty Holdings		1 214	1 214	37	1 251		1 251
Cost of required capital						(1 477)	(1 477)
Net equity as reported under IFRS	13 270	2 140	15 410	38	15 448	18 824	34 272
BEE preference funding	1 012		1 012		1 012		1 012
Allowance for future shareholders costs		(236)	(236)		(236)	(1 785)	(2 021)
Allowance for employee share options/rights	(305)	(218)	(523)		(523)		(523)
BEE normalised equity value	13 977	1 686	15 663	38	15 701	17 039	32 740
Summary of adjustments:							
Negative rand reserves	(4 796)		(4 796)				
Deferred acquisition costs	(439)		(439)				
Deferred revenue liability	165		165				
Internally generated software	(37)	37					
Carrying value of in-force business acquired	(230)		(230)				
Fair value adjustment of non SA covered business	(100)	5 443	5 343				
Impact of discounting on deferred tax asset	(5)		(5)				
	(5 442)	5 480	38				

[1] Reconciliation to SA covered business net worth.	
Net equity of SA covered business as reported under IFRS	*13 270*
Adjustments as above	*(5 442)*
Allowance for employee share options/rights	*(305)*
BEE preference share funding	*1 012*
Net worth as reported in supplementary information	*8 535*

Group equity value report (continued)

3. BEE normalised group equity value (continued)

3.2 BEE normalised group equity value earnings and value per share

Rm	Unaudited 6 months 30 June 2013 SA covered business	Other busi-nesses	Total	Audited 12 months 31 December 2012 SA covered business	Other busi-nesses	Total
BEE normalised equity value at the end of the period	26 161	7 351	33 512	25 574	7 166	32 740
Equity value at the end of the period	25 221	7 351	32 572	24 562	7 166	31 728
BEE preference shares	940		940	1 012		1 012
Capital transactions		(35)	(35)		389	389
Funding of restricited share plan	87	(87)		87	(87)	
Intergroup dividends	800	(800)		1 701	(1 701)	
Dividends paid		1 331	1 331		1 396	1 396
BEE normalised equity value at the beginning of the period	(25 574)	(7 166)	(32 740)	(23 185)	(5 454)	(28 639)
Equity value at the beginning of the period	(24 562)	(7 166)	(31 728)	(22 110)	(5 454)	(27 564)
BEE preference shares	(1 012)		(1 012)	(1 075)		(1 075)
BEE normalised equity value earnings	**1 474**	**594**	**2 068**	4 177	1 709	5 886
BEE normalised return on group equity value	**11,9%**	**17,0%**	**13,0%**	18,1%	33,7%	20,8%
BEE normalised number of shares (000's)			**286 043**			283 635
Number of shares in issue (000's)			**257 755**			256 440
Shares held for the employee restricted share scheme (000's)			**2 492**			1 399
Adjustment for BEE shares (000's)			**25 796**			25 796
BEE normalised group equity value per share (Rand)			**117,16**			115,43

3.3 Sources of BEE normalised group equity value earnings

Rm	Unaudited 6 months 30 June 2013 SA covered business	Other busi-nesses	Total	Audited 12 months 31 December 2012 SA covered business	Other busi-nesses	Total
Value of new business written in the period	295	12	307	660	31	691
Expected return on value of in-force business	877		877	1 763		1 763
Variances/changes in operating assumptions	42	(20)	22	37	(149)	(112)
Operating experience variances (including incentive outperformance)	82	(2)	80	131	(42)	89
Operating assumption changes	(26)	(18)	(44)	272	(107)	165
Changes in modelling methodology	(14)		(14)	(366)		(366)
Headline earnings of other businesses	(30)	274	244	(45)	547	502
Operational equity value profits	**1 184**	**266**	**1 450**	2 415	429	2 844
Non headline earnings adjustments				(2)	73	71
Development costs (non-recurring project cost of future developments)	(27)	(7)	(34)	(78)		(78)
Investment return on net worth	392	66	458	760	120	880
Investment variances	250		250	700		700
Change in economic assumptions	(384)		(384)	507		507
Increase in fair value adjustments on value of other businesses		233	233		1 163	1 163
Change in allowance for share options/rights	59	36	95	(125)	(76)	(201)
Group equity value earnings	**1 474**	**594**	**2 068**	4 177	1 709	5 886

3. BEE normalised group equity value (continued)

3.4 Analysis of value of long-term insurance, new business and margin

Rm	Unaudited 6 months 30 June 2013	Unaudited 6 months 30 June 2012	Audited 12 months 31 Dec 2012
South African covered business:			
Retail SA			
– Traditional Life	**507**	455	1 052
– Emerging Consumer Markets	**86**	82	185
– Credit Life	**52**	41	128
Liberty Corporate	**55**	47	110
Direct Financial Services	**21**	22	55
Gross value of new business	**721**	647	1 530
Overhead acquisition costs impact on value of new business	**(377)**	(385)	(782)
Cost of required capital	**(49)**	(46)	(88)
Net value of South African covered new business	**295**	216	660
South African life licences	**291**	214	655
Liberty Africa Insurance subsidiaries	**4**	2	5
Present value of future expected premiums	**16 715**	15 211	33 510
Margin	**1,8%**	1,4%	2,0%
Liberty Africa Insurance:			
Net value of new business	**12**	16	31
Present value of future expected premiums	**103**	205	311
Margin	**11,7%**	7,8%	10,0%
Total group net value of new business	**307**	232	691
Total group margin	**1,8%**	1,5%	2,0%

Long-term insurance new business

for the six months ended 30 June 2013

Unaudited	30 June 2013 Rm	30 June 2012 Rm	12 months 31 Dec 2012 Rm
Sources of insurance operations total new business by customer segment			
Retail segment	**9 826**	8 766	18 990
Single	**7 827**	6 967	15 105
Recurring	**1 999**	1 799	3 885
Institutional segment	**723**	726	1 500
Single	**425**	475	934
Recurring	**298**	251	566
Total new business	**10 549**	9 492	20 490
Single	**8 252**	7 442	16 039
Recurring	**2 297**	2 050	4 451
Sources of insurance indexed new business	**3 122**	2 793	6 055
Retail [1]	**2 759**	2 448	5 305
Corporate	**292**	275	612
Liberty Africa Insurance [2]	**71**	70	138

[1] Includes Retail SA of R2 747 million (30 June 2012: R2 437 million; 31 December 2012: R5 286 million) and Direct Financial Services of R12 million (30 June 2012: R11 million; 31 December 2012: R19 million).

[2] Liberty owns less than 100% of the various entities that make up Liberty Africa. The information is recorded at 100% and is not adjusted for proportional legal ownership.

Long-term insurance net cash flows

for the six months ended 30 June 2013

	Unaudited 30 June 2013 Rm	Unaudited 30 June 2012 Rm	Audited 12 months 31 Dec 2012 Rm
Premiums			
Recurring	**11 785**	11 193	23 627
Retail	**8 158**	7 903	16 498
Institutional	**3 627**	3 290	7 129
Single	**9 163**	7 560	16 972
Retail	**4 901**	4 211	9 519
Institutional	**1 286**	529	2 035
Immediate annuities	**2 976**	2 820	5 418
Net premium income from insurance contracts and inflows from investment contracts	**20 948**	18 753	40 599
Claims and policyholders benefits			
Retail	**(13 811)**	(11 995)	(25 149)
Death and disability claims	**(2 357)**	(2 256)	(4 557)
Policy surrender and maturity claims	**(9 507)**	(8 178)	(16 783)
Annuity payments	**(1 947)**	(1 561)	(3 809)
Institutional	**(5 215)**	(5 696)	(10 878)
Death and disability claims	**(941)**	(832)	(1 714)
Scheme terminations and member withdrawals	**(4 101)**	(4 707)	(8 882)
Annuity payments	**(173)**	(157)	(282)
Net claims and policyholders benefits	**(19 026)**	(17 691)	(36 027)
Long-term insurance net cash flows	**1 922**	1 062	4 572
Sources of insurance operations cash flows:			
Retail	**2 215**	2 753	6 058
Corporate	**(401)**	(1 850)	(2 048)
STANLIB Multi-manager	**(51)**	(30)	253
Liberty Africa Insurance [1]	**159**	189	309

[1] *Liberty owns less than 100% of the various entities that make up Liberty Africa. The information is recorded at 100% and is not adjusted for proportional legal ownership.*

Short-term insurance

for the six months ended 30 June 2013

	Unaudited 30 June 2013 Rm	Unaudited 30 June 2012 Rm	Audited 12 months 31 Dec 2012 Rm
Net cash flows			
Premiums	**428**	346	756
Liberty Health – medical risk	**315**	203	496
Liberty Africa Insurance – motor, property, medical risk and other	**113**	143	260
Claims	**(257)**	(206)	(427)
Liberty Health – medical risk	**(206)**	(142)	(318)
Liberty Africa Insurance – motor, property, medical risk and other	**(51)**	(64)	(109)
Net cash inflows from short-term insurance	**171**	140	329
Claims loss ratio (%)			
Liberty Health	**65**	70	64
Liberty Kenya Holdings Limited	**45**	45	42
Liberty Health medical loss ratio (%)	**97**	93	89

Assets under management [(1)]

as at 30 June 2013

Unaudited	30 June 2013 Rbn	30 June 2012 Rbn	31 Dec 2012 Rbn
Managed by group business units	**543**	461	505
STANLIB South Africa	**468**	392	437
STANLIB Other Africa [(2)]	**36**	39	36
LibFin	**39**	30	32
Externally managed	**23**	23	23
Total assets under management	**566**	484	528

[(1)] *Includes funds under administration.*

[(2)] *Liberty owns less than 100% of the various entities that make up STANLIB other Africa. The information is recorded at 100% and is not adjusted for proportional legal ownership.*

Asset management net cash flows – STANLIB

for the six months ended 30 June 2013

Unaudited	30 June 2013 Rm	30 June 2012 Rm	12 months 31 Dec 2012 Rm
South Africa			
Non-money market	**13 548**	6 856	16 520
Retail	**12 545**	6 177	17 511
Institutional	**1 003**	679	(991)
Money market	**515**	571	3 792
Retail	**(1 095)**	(1 021)	(1 778)
Institutional	**1 610**	1 592	5 570
Net South Africa cash inflows [1]	**14 063**	7 427	20 312
Other Africa			
Non-money market	**(5 918)**	(1 145)	(4 776)
Retail	**1 419**	695	990
Institutional	**(7 337)**	(1 840)	(5 766)
Money market	**867**	(863)	(1 209)
Net Other Africa cash outflows [1] [2]	**(5 051)**	(2 008)	(5 985)
Total net cash inflows	**9 012**	5 419	14 327

[1] *Cash flows exclude intergroup life funds; South Africa multi-manager insurance funds have been reclassified to Liberty intergroup effective 1 January 2013.*

[2] *Liberty owns less than 100% of the various entities that make up other Africa. The information is recorded at 100% and is not adjusted for proportional legal ownership.*

Retirement benefit obligations

as at 30 June 2013

Post-retirement medical benefit

The group operates an unfunded post-retirement medical aid benefit for permanent employees who joined the group prior to 1 February 1999 and agency staff who joined prior to 1 March 2005.

As at 30 June 2013, the Liberty post-retirement medical aid benefit liability was R379 million (31 December 2012: R371 million).

Defined benefit retirement funds

The group operates a number of defined benefit pension schemes on behalf of employees. All these funds are closed to new membership and are well funded with no deficits reported.

Capital commitments

as at 30 June 2013

	Unaudited 30 June 2013 Rm	Unaudited 30 June 2012 Rm	Audited 31 Dec 2012 Rm
Equipment	**382**	247	551
Investment and owner-occupied property	**1 856**	965	1 937
Total capital commitments	**2 238**	1 212	2 488
Under contracts	**588**	574	838
Authorised by the directors but not contracted	**1 650**	638	1 650

The group's share of commitments of joint ventures amounts to R4 million (31 December 2012: R4 million) and is to be financed by the existing facilities in the joint venture operations.

The above 2013 capital commitments will be financed by available bank facilities, existing cash resources, internally generated funds and R467 million (31 December 2012: R198 million) from non-controlling interests in unincorporated property partnerships.

Related parties

for the six months ended 30 June 2013

Unaudited

Standard Bank Group Limited and any subsidiary (excluding Liberty) is referred to as Standard Bank in the context of this section.

The following selected significant related party transactions have occurred in the 30 June 2013 financial period:

1) **Summary of movement in investment in ordinary shares held by the group in the group's holding company is as follows:**

	Number '000	Fair value Rm	Ownership %
Standard Bank Group Limited			
Balance at 1 January 2013	7 749	922	0,49
Purchases	1 720	194	
Sales	(2 397)	(277)	
Fair value adjustments		(51)	
Balance at 30 June 2013	7 072	788	0,44

2) **Bancassurance**

During 2010 Liberty and Standard Bank conducted a detailed review of the existing bancassurance agreement and agreed with effect from 1 January 2011, to expand the scope thereof to include asset management, investment and health products in addition to the insurance products across the African continent. The agreements are evergreen agreements with a 24-month notice period for termination, but neither party may give notice of termination until February 2014.

New business insurance premium income in respect of this business in 2013 amounted to R3 342 million (2012 full year: R5 984 million). In terms of the agreements, Liberty's subsidiaries pay joint venture profit shares to various Standard Bank operations. The amounts to be paid are in most cases dependent on source and type of business and are paid along geographical lines. The total net profit share calculated as payable to the Standard Bank group for 2013 is R421 million (2012 full year: R775 million).

A binder agreement has been entered into with Standard Bank effective from 1 January 2013. The binder agreement shall remain in force for an indefinite period with a 90 day notice period for termination. Fees accrued for the year to 30 June 2013 is R44 million (this fee is adjusted for in arriving at the net profit share).

As the joint venture bancassurance relationship provides commercial benefits to both Liberty and Standard Bank, a governance framework is in place to protect the interests of minority shareholders.

3) **Sale and repurchase agreements**

As described in the accounting policies section of this announcement, the group has entered into certain agreements of sale and repurchase of financial instruments as part of the group's asset/liability matching processes.

A total of R1,7 billion in assets have been traded with Standard Bank under a repurchase agreement with various repurchase dates to 9 September 2013. Finance costs recognised in respect of these agreements as at 30 June 2013 was R4 million, with total finance costs over the term of the various agreements totalling R19 million.

4) **Purchases and sales of other financial instruments**

In the normal course of conducting Liberty's insurance business, Liberty deposits cash with Standard Bank, purchases and sells financial instruments issued by Standard Bank and enters into derivative transactions with Standard Bank. These transactions are at arm's length and are primarily used to support investment portfolios for policyholders and shareholders' capital.

Financial instruments measurement

Unaudited
Financial instruments measurement analysis and fair value hierarchy
as at 30 June 2013

	Measurement basis				Fair value hierarchy	
Designation per Financial Position Statement	Amortised cost	Financial soundness value	Fair value	Total	Provided below	Not provided
Note reference	1	2				3
	Rm	Rm	Rm	Rm	Rm	Rm
Assets						
Pledged assets			1 759	1 759	1 759	
Derivative assets			4 681	4 681	3 565	1 116
Interest in associates - held at fair value			14 975	14 975	14 975	
Financial instruments	1 110		245 566	246 676	245 566	
Prepayments, insurance and other receivables			4 214	4 214		4 214
Cash and cash equivalents			15 376	15 376		15 376
Total financial instrument assets	1 110		286 571	287 681	265 865	20 706
Fair value of amortised cost assets	984					
Liabilities						
Investment contracts with discretionary participation features		7 951		7 951		
Financial liabilities under investment contracts			67 072	67 072	67 072	
Financial liabilities at amortised cost	2 131			2 131		
Third party financial liabilities arising on consolidation of mutual funds			36 316	36 316	36 316	
Derivative liabilities			4 252	4 252	4 252	
Insurance and other payables			9 618	9 618		9 618
Total financial instrument liabilities	2 131	7 951	117 258	127 340	107 640	9 618
Fair value of amortised cost liabilities	2 073					

Notes

(1) *Amortised cost*

The R1 110 million financial instrument asset relates to policyholder loans. The fair value has been determined by utilising a discounted cash flow model utilising discount rates ranging between 10,5% and 19,5%. The financial liabilities comprise subordinated bonds of R2 038 million and non-controlling interests loan of R93 million.

The fair value of these liabilities is R1 982 million and R91 million respectively, using discount rates ranging between 8% and 10%.

(2) *Financial soundness value*

The financial soundness valuation methodology is described in SAP 104 issued by the Actuarial Society of South Africa. With regards to investment contracts with discretionary participation features, the group cannot reliably measure the fair value of the investment contracts with discretionary participation features (DPF). The DPF is a contractual right that gives investors in these contracts the rights to receive supplementary discretionary returns through participation in the surplus arising from the assets held in the investment DPF fund. These supplementary returns are subject to the discretion of the group. Given the discretionary nature of these investments returns and the absence of an exchange market in these contracts, there is no generally recognised methodology available to determine fair value. These instruments are issued by the group and the intention is to hold the instruments to full contract term.

(3) *Fair value hierarchy not provided*

The fair value of prepayments, insurance and other receivables, cash and cash equivalents and insurance and other payables approximate their carrying value and are not included in the hierarchy table as their settlement terms are short-term and therefore from a materiality perspective fair values are not required to be modelled.

Fair value hierarchy of financial instruments
as at 30 June 2013

The information below analyses financial assets and financial liabilities which are carried at fair value at each reporting period, by level of hierarchy as required by IFRS 7 and IFRS 13. The different levels in the hierarchy are defined below:

Level 1 – Values are determined using readily and regularly available quoted prices in an active market for identical assets or liabilities. These prices would primarily originate from the Johannesburg Stock Exchange, the Bond Exchange of South Africa or an international stock or bond exchange.

Level 2 – Values are determined using valuation techniques or models, based on assumptions supported by observable market prices or rates either directly (that is, as prices) or indirectly (that is, derived from prices) prevailing at the financial position date. The valuation techniques or models are periodically reviewed and the outputs validated.

Level 3 – Values are estimated indirectly using valuation techniques or models for which one or more of the significant inputs are reasonable assumptions (that is unobservable inputs), based on market conditions.

The table below analyses the fair value measurement of applicable financial instrument assets by level:

Rm	Level 1	Level 2	Level 3	Total
Assets				
Equity instruments	72 952		1 411	74 363
Listed ordinary shares on the JSE	60 654			60 654
Foreign equities listed on an exchange other than the JSE	12 298			12 298
Unlisted equities			1 411	1 411
Debt instruments	41 653	17 507	513	59 673
Preference shares listed on the JSE or foreign exchanges	1 379			1 379
Unlisted preference shares		536	172	708
Listed term deposits (1) on BESA, JSE or foreign exchanges	40 274			40 274
Unlisted term deposits (1)		16 971	341	17 312
Mutual funds (2)	3 098	103 617	104	106 819
Active market	3 098	103 125		106 223
Property	422	6 151		6 573
Equity instruments	2 666	39 095		41 761
Interest-bearing instruments	5	32 057		32 062
Mixed	5	25 822		25 827
Non-active market				
Equity		492	104	596
Investment policies		21 694		21 694
Derivatives		3 316		3 316
Equity		9		9
Foreign exchange		3		3
Interest rate		3 304		3 304
Total financial instrument assets carried at fair value	117 703	146 134	2 028	265 865
Comprising:				
Held-for-trading		3 316		3 316
Designated as at fair value through profit or loss	117 703	142 818	2 028	262 549
Total financial instrument assets carried at fair value	117 703	146 134	2 028	265 865

There have been no transfers between Level 1, 2 or 3 during the period.

(1) *Term deposits include instruments which have a defined maturity date and capital repayment. These instruments are by nature interest bearing at a predetermined rate, which is either fixed or referenced to quoted floating indices.*

(2) *Mutual funds are categorised into property, equity or interest-bearing instruments based on a minimum of 80% of the underlying asset composition of the fund by value being of a like category. In the event of "no one category meeting this threshold" it is classified as mixed assets class.*

Financial instruments measurement (continued)

The table below analyses the fair value measurement of applicable financial instrument liabilities which are all categorised as level 2:

Rm	Level 2
Liabilities	
Long-term investment contract liabilities	67 072
Third party financial liabilities arising on consolidation of mutual funds	36 316
Derivatives	4 252
Total financial instrument liabilities carried at fair value	107 640
Comprising:	
Held-for-trading	4 252
Fair value through profit or loss	103 388
Total financial instrument liabilities carried at fair value	107 640

There were no transfers between levels 1, 2 and 3 during the period.

Reconciliation of level 3 financial instrument assets

The table below analyses the movement of level 3 financial investments for the period under review:

	2013 Rm
Balance at 1 January 2013	2 645
Fair value adjustment recognised in profit or loss as part of investment gains/(losses) (1)	(151)
Additions	763
Disposals	(1 229)
Balance at 30 June 2013	2 028

(1) *Included in the fair value adjustment is a R222 million unrealised loss for the six months to 30 June 2013*

Level 3 – significant fair value model assumptions and sensitivities

Equities R1 515 million – discount rates applied between 13% and 20%.

Debt instruments R513 million – R117 million recent arm's length transaction, R396 million discount rates between 6% and 9%.

Approximately 60% of these assets are allocated to policyholder unit linked portfolios and therefore changes in estimates would be offset by equal changes in liability values.

The net shareholder exposure is approximately R820 million. Changes to discount rates applied of 10% would result in between R58 million to R72 million after taxation net impact to profit or loss and shareholder funds.

Group's valuation process

The group's appointed asset managers have qualified valuators that perform the valuations of financial assets required for financial reporting purposes, including level 3 fair values. These valuations are reviewed and approved every reporting period by the group balance sheet committee. The committee is chaired by the group's financial director.

The fair value of level 3 financial instruments are determined using valuation techniques that incorporate certain assumptions that are not supported by prices from observable current market transactions in the same instruments and are not based on available observable market data. Such assumptions include the assumed risk adjusted discount rate applied to estimate future cash flows and the liquidity and credit spreads applied to debt instruments. Changes in these assumptions could affect the reported fair value of these financial instruments.

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2

Instrument	Valuation basis/techniques	Main assumptions
Unlisted preference shares	Discounted cash flow model (DCF)	Bond and Forward Rate Agreement interest curves Issuer credit ratings Liquidity spreads
Unlisted term deposits	DCF	Bond and interbank swap interest rate curves Issuer credit ratings Liquidity spreads
Mutual funds	Quoted put (exit) price provided by the fund manager	Price – n/a Notice period – bond interest rate curves
Investment policies	Quoted put/surrender price provided by the issuer, adjusting for any applicable notice periods (DCF)	Price – n/a Bond interest rate curves
Derivative assets and liabilities	Option pricing models DCF	Volatility and correlation factors Bond and interbank swap interest rate curves Forward equity and currency rates
Policyholder investment contracts liabilities		
– unit-linked policies	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	n/a
– annuity certains	DCF	Bond and interbank swap interest rate curves Own credit/liquidity
Third party financial liabilities arising on the consolidation of mutual funds	Quoted put (exit) price provided by the fund manager	n/a

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 3

Instrument	Valuation basis/techniques	Main assumptions
Unlisted equities	DCF/earnings multiple	Cost of capital Bond and interbank swap interest rate curves Consumer price index Gross domestic product
	Recent arm's length transactions	n/a
Unlisted preference shares	DCF	Bond and Forward Rate Agreement interest curves Issuer credit ratings Liquidity spreads
	Recent arm's length transactions	n/a
Unlisted term deposits	DCF	Bond and interbank swap interest rate curves Issuer credit ratings Liquidity spreads

Offsetting

Unaudited

The group does not have any financial assets or financial liabilities that are currently subject to offsetting in accordance with IAS 32.

However of the gross derivatives assets recognised of R4 681 million (31 December 2012: R6 910 million) and gross derivative liabilities R4 252 million (31 December 2012: R6 098 million), derivative assets of R4 672 million (31 December 2012: R6 910 million) and derivative liabilities of R4 118 million (31 December 2012: R6 098 million) are subject to master netting arrangements, with a net exposure of R554 million (31 December 2012: R812 million).

Appendix – Restatement of prior period financial statements
Statement of financial position

as at 31 December 2012

	Audited As previously reported Rm	Reclassification of mutual funds[1] Rm	Unaudited Restated 31 Dec 2012 Rm
Assets			
Equipment and owner-occupied properties under development	952		952
Owner-occupied properties	1 378		1 378
Investment properties	24 133		24 133
Intangible assets	759		759
Defined benefit pension fund employer surplus	186		186
Deferred acquisition costs	449		449
Interests in joint ventures	378		378
Reinsurance assets	1 170		1 170
Long-term insurance	978		978
Short-term insurance	192		192
Operating leases – accrued income	1 277		1 277
Derivative assets	6 910		6 910
Interest in associates – equity accounted	72		72
Interest in associates – held at fair value	13 837	522	14 359
Financial investments	231 187	10 828	242 015
Deferred taxation	253		253
Prepayments, insurance and other receivables	3 489	139	3 628
Cash and cash equivalents	6 327	4 091	10 418
Total assets	292 757	15 580	308 337
Liabilities			
Long-term policyholder liabilities	236 684		236 684
Insurance contracts	164 666		164 666
Investment contracts with discretionary participation features	3 855		3 855
Financial liabilities under investment contracts	68 163		68 163
Short-term insurance liabilities	525		525
Financial liabilities at amortised cost	2 177		2 177
Third party financial liabilities arising on consolidation of mutual funds	14 465	15 550	30 015
Employee benefits	1 198		1 198
Deferred revenue	174		174
Deferred taxation	2 715		2 715
Deemed disposal taxation liability	918		918
Provisions	338		338
Operating leases – accrued expense	30		30
Derivative liabilities	6 098		6 098
Insurance and other payables	8 200	30	8 230
Current taxation	724		724
Total liabilities	274 246	15 580	289 826
Equity			
Ordinary shareholders' interests	15 410		15 410
Share capital	26		26
Share premium	6 078		6 078
Retained surplus	10 332		10 332
Other reserves	(1 026)		(1 026)
Non-controlling interests	3 101		3 101
Total equity	18 511		18 511
Total equity and liabilities	292 757	15 580	308 337

[1] *Applying IFRS 10 and the revised IAS 28 has led to certain investments in mutual funds being reclassified between subsidiaries, associates and financial instruments. For further detailed explanation, refer to the accounting policies section.*

Statement of comprehensive income

for the year ended 31 December 2012

	Audited As previously reported Rm	Reclassification of mutual funds[1] Rm	IAS 19 Amendments Rm	Unaudited Restated 31 Dec 2012 Rm
Revenue				
Insurance premiums	30 720			30 720
Reinsurance premiums	(1 089)			(1 089)
Net insurance premiums	29 631			29 631
Service fee income from investment contracts	881			881
Investment income	12 688	948	(30)	13 606
Hotel operation sales	720			720
Investment gains	30 209	899		31 108
Fee revenue and reinsurance commission	1 877	(77)		1 800
Adjustment to defined benefit pension fund employer surplus	(45)		45	–
Total revenue	75 961	1 770	15	77 746
Claims and policyholder benefits under insurance contracts	(25 004)			(25 004)
Insurance claims recovered from reinsurers	672			672
Change in long-term policyholder liabilities	(19 532)			(19 532)
Insurance contracts	(19 228)			(19 228)
Investment contracts with discretionary participation features	(380)			(380)
Applicable to reinsurers	76			76
Fair value adjustment to policyholder liabilities under investment contracts	(10 035)			(10 035)
Fair value adjustment on third party mutual fund interests	(2 979)	(1 769)		(4 748)
Acquisition costs	(3 818)			(3 818)
General marketing and administration expenses	(7 445)	(1)	(127)	(7 573)
Finance costs	(243)			(243)
Profit share allocations under bancassurance and other agreements	(800)			(800)
Profit on sale of joint venture	135			135
Equity accounted earnings from joint ventures	3			3
Profit before taxation	6 915	–	(112)	6 803
Taxation	(2 717)		32	(2 685)
Total earnings (carried forward)	4 198	–	(80)	4 118

Appendix – Restatement of prior period financial statements (continued)
Statement of comprehensive income (continued)

for the year ended 31 December 2012

	Audited As previously reported Rm	Reclassification of mutual funds[1] Rm	IAS 19 Amendments Rm	Unaudited Restated 31 Dec 2012 Rm
Total earnings (brought forward)	4 198		(80)	4 118
Other comprehensive income	10		80	90
Items that may be reclassified subsequently to profit or loss	(121)			(121)
Net change in fair value on cash flow hedges	(29)			(29)
Income and capital gains tax relating to net change in fair value on cash flow hedges	8			8
Foreign currency translation	26			26
Owner-occupied properties – fair value adjustment	(192)			(192)
Income and capital gains tax relating to owner-occupied properties fair value adjustment	66			66
Items that may not be reclassified subsequently to profit or loss	131		80	211
Change in long-term policyholder insurance liabilities (application of shadow accounting)	131			131
Actuarial gains on post-retirement medical aid liability			127	127
Income tax relating to post-retirement medical aid liability			(36)	(36)
Net adjustments to defined benefit pension fund [2]			(15)	(15)
Income tax relating to defined benefit pension fund			4	4
Total comprehensive income	4 208		–	4 208
Attribution of total earnings and comprehensive income				
Total earnings attributable to:				
Ordinary shareholders' interests	3 779			3 699
Non-controlling interests	419			419
	4 198			4 118
Total comprehensive income attributable to:				
Ordinary shareholders' interests	3 780			3 780
Non-controlling interests	428			428
	4 208			4 208
Basic and fully diluted earnings per share	Cents		Cents	Cents
Basic earnings per share	1 464,6		(31,0)	1 433,6
Fully diluted basic earnings per share	1 370,8		(29,1)	1 341,7

[1] *Applying IFRS 10 and the revised IAS 28 has led to certain investments in mutual funds being reclassified between subsidiaries, associates and financial instruments. For further detailed explanation, refer to the accounting policies section.*

[2] *Net adjustments to defined benefit pension fund include actuarial gains or losses, return on plan assets, reduced by the interest on the net defined benefit asset, and the effect of the application of the asset ceiling.*

Statement of financial position

as at 30 June 2012

Unaudited	As previously reported Rm	Reclassification of mutual funds[1] Rm	Restated 30 June 2012 Rm
Assets			
Equipment and owner-occupied properties under development	881		881
Owner-occupied properties	1 445		1 445
Investment properties	23 032		23 032
Intangible assets	909		909
Defined benefit pension fund employer surplus	219		219
Deferred acquisition costs	432		432
Interests in joint ventures	395		395
Reinsurance assets	1 148		1 148
Long-term insurance	938		938
Short-term insurance	210		210
Operating leases – accrued income	1 271		1 271
Derivative assets	5 557		5 557
Held for sale assets	200		200
Interests in associates – held at fair value	12 630	1 249	13 879
Financial investments	207 055	11 315	218 370
Deferred taxation	188		188
Prepayments, insurance and other receivables	3 623	97	3 720
Cash and cash equivalents	6 665	2 897	9 562
Total assets	265 650	15 558	281 208
Liabilities			
Long-term policyholder liabilities	217 252		217 252
Insurance contracts	151 905		151 905
Investment contracts with discretionary participation features	3 516		3 516
Financial liabilities under investment contracts	61 831		61 831
Short-term insurance liabilities	536		536
Financial liabilities at amortised cost	2 190		2 190
Third party financial liabilities arising on consolidation of mutual funds	12 007	15 618	27 625
Employee benefits	866		866
Deferred revenue	169		169
Deferred taxation	1 848		1 848
Provisions	389		389
Operating leases – accrued expense	63		63
Derivative liabilities	4 890		4 890
Insurance and other payables	6 513	(60)	6 453
Current taxation	2 253		2 253
Total liabilities	248 976	15 558	264 534
Equity			
Ordinary shareholders' interests	13 777		13 777
Share capital	26		26
Share premium	6 113		6 113
Retained surplus	8 609		8 609
Other reserves	(971)		(971)
Non-controlling interests	2 897		2 897
Total equity	16 674		16 674
Total equity and liabilities	265 650	15 558	281 208

[1] *Applying IFRS 10 and the revised IAS 28 has led to certain investments in mutual funds being reclassified between subsidiaries, associates and financial instruments. For further detailed explanation, refer to the accounting policies section.*

Appendix – Restatement of prior period financial statements (continued)
Statement of comprehensive income
for the six months ended 30 June 2012

Unaudited	As previously reported Rm	Reclassification of mutual funds[1] Rm	Amendments to IAS 19 Rm	Restated 30 June 2012 Rm
Revenue				
Insurance premiums	14 400			14 400
Reinsurance premiums	(556)			(556)
Net insurance premiums	13 844			13 844
Service fee income from investment contracts	484			484
Investment income	6 184	478	(9)	6 653
Hotel operation sales	347			347
Investment gains	9 701	292		9 993
Fee revenue and reinsurance commission	819	(38)		781
Adjustment to defined benefit pension fund employer surplus	9		(9)	–
Total revenue	31 388	732	(18)	32 102
Claims and policyholder benefits under insurance contracts	(11 992)			(11 992)
Insurance claims recovered from reinsurers	360			360
Change in long-term policyholder liabilities	(6 340)			(6 340)
Insurance contracts	(6 329)			(6 329)
Investment contracts with discretionary participation features	(47)			(47)
Applicable to reinsurers	36			36
Fair value adjustment to policyholder liabilities under investment contracts	(3 773)			(3 773)
Fair value adjustment on third party mutual fund interests	(901)	(732)		(1 633)
Acquisition costs	(1 778)			(1 778)
General marketing and administration expenses	(3 568)		(56)	(3 624)
Finance costs	(125)			(125)
Profit share allocations under bancassurance and other agreements	(395)			(395)
Equity accounted earnings from joint ventures	16			16
Profit before taxation	2 892	–	(74)	2 818
Taxation	(1 129)		20	(1 109)
Total earnings (carried forward)	1 763	–	(54)	1 709

Unaudited	As previously reported Rm	Reclassification of mutual funds[1] Rm	Amendments to IAS 19 Rm	Restated 30 June 2012 Rm
Total earnings (brought forward)	1 763		(54)	1 709
Other comprehensive income	15		54	69
Items that may be reclassified subsequently to profit or loss	22			22
Net change in fair value on cash flow hedges	3			3
Income and capital gains tax relating to net change in fair value on cash flow hedges	(1)			(1)
Foreign currency translation	13			13
Owner-occupied properties – fair value adjustment	15			15
Income and capital gains tax relating to owner-occupied properties fair value adjustment	(8)			(8)
Items that may not be reclassified subsequently to profit or loss	(7)		54	47
Change in long-term policyholder insurance liabilities (application of shadow accounting)	(7)			(7)
Actuarial gains on post-retirement medical aid liability			56	56
Income tax relating to post-retirement medical aid liability			(15)	(15)
Net adjustments to defined benefit pension fund [2]			18	18
Income tax relating to defined benefit pension fund			(5)	(5)
Total comprehensive income	1 778		–	1 778
Attribution of total earnings and comprehensive income				
Total earnings attributable to:				
Ordinary shareholders' interests	1 642			1 588
Non-controlling interests	121			121
	1 763			1 709
Total comprehensive income attributable to:				
Ordinary shareholders' interests	1 654			1 654
Non-controlling interests	124			124
	1 778			1 778
Basic and fully diluted earnings per share	Cents		Cents	Cents
Basic earnings per share	632,7		(20,8)	611,9
Fully diluted basic earnings per share	597,1		(19,6)	577,5

[1] *Applying IFRS 10 and the revised IAS 28 has led to certain investments in mutual funds being reclassified between subsidiaries, associates and financial instruments. For further detailed explanation, refer the accounting policies section.*

[2] *Net adjustments to defined benefit pension fund include actuarial gains or losses, return on plan assets, reduced by the interest on the net defined benefit asset, and the effect of the application of the asset ceiling.*