LIBERTY

Liberty Holdings Limited

Financial results 2013

For the year ended 31 December

Highlights

BEE normalised operating earnings
up **28**%

SIP return substantially ahead of benchmark
15%

BEE normalised headline earnings
up **11**%

BEE normalised return on equity
23%

return on BEE normalised group equity value
16%

value of long-term insurance new business
up **21**%

retail long-term insurance new business margin
2,4%

long-term insurance indexed new business
up **15**%

customer net cash inflows
R22 billion

Full dividend
up **10**%

Liberty Group Limited CAR cover
2,56 times

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Financial performance indicators

for the year ended 31 December 2013

	2013	Restated [1] 2012	% change
Liberty Holdings Limited			
Earnings [1]			
Basic earnings per share (cents)	**1 517,9**	1 433,6	5,9
BEE normalised headline earnings per share (cents)	**1 439,6**	1 300,1	10,7
BEE normalised operating earnings (Rm)	**2 198**	1 723	27,6
BEE normalised return on equity (%)	**23,3**	24,0	(2,9)
Group equity value			
BEE normalised group equity value per share (R)	**126,08**	115,43	9,2
BEE normalised return on group equity value (%)	**16,1**	20,8	(22,6)
Distributions per share (cents)			
Normal dividend	**581**	528	10,0
Interim dividend	**212**	192	10,4
Final dividend	**369**	336	9,8
Special dividend	**n/a**	130	
Total assets under management (Rbn)	**611**	528	15,7
Long-term insurance operations			
Indexed new business (excluding contractual increases) (Rm)	**6 947**	6 055	14,7
New business margin (%)	**2,2**	2,0	10,0
Net customer cash inflows (Rm)	**6 316**	4 572	38,1
Capital adequacy cover of Liberty Group Limited (times covered)	**2,56**	2,71	(5,5)
Asset management – STANLIB			
Assets under management (Rbn)	**545**	473	15,2
Net cash inflows including money market (Rm) [2]	**15 725**	14 327	9,8
Retail and institutional net cash inflows excluding money market (Rm) [2]	**13 527**	11 744	15,2
Money market net cash inflows (Rm) [2]	**2 198**	2 583	(14,9)

(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 year ended 31 December 2013 has been prepared and supervised by JC Hubbard (Group Chief Financial Officer) BCom CA(SA) and CG Troskie (Executive Director – Finance and Risk) BCom (Hons) CA(SA).

The 2013 group financial results are one of the best in the group's history, with a number of key indicators demonstrating substantially improved performance. In particular, there has been significant growth in the value of long-term insurance new business, customer cash inflows, operating earnings and the group's Shareholder Investment Portfolio (SIP) outperformance.

Return on equity at 23,3% and return on group equity value of 16,1% are well ahead of the group's medium term target levels. We continued to produce positive experience variances in our long-term insurance business and our balance sheet management capability successfully managed the volatile interest rate and currency markets experienced during 2013.

This performance has been supported by innovative new products, solid insurance new business growth, good investment performance, growth in assets under management and our demonstrated ability to manage to model. BEE normalised headline earnings of R4 076 million are 11% up, representing a 28% growth in operating earnings and a gross investment return on the SIP of 14,6% (2012: 16,0%). The SIP performance was considerably higher than benchmark benefiting from tactical allocations to developed market equities and other foreign assets. The growth in operating earnings has been achieved without any significant contribution from assumption or modelling changes. This converts to a 11% increase in BEE normalised headline earnings per ordinary share to R14,40 (2012: restated R13,00).

BEE normalised group equity value per share of R126,08 is 9% up on 31 December 2012, and reflects R5 281 million of equity value profits, or a 16,1% return on group equity value despite being impacted by a higher interest rate environment. The return is higher than the estimated cost of capital target of 12,1%.

Long-term indexed insurance sales of R6 947 million are up 15% on the prior year. This combined with improved pricing, produced a 21% improvement in the group embedded value of long-term insurance new business to R839 million at an overall margin of 2,2% (2012: 2,0%). The new Evolve and Stable Growth investment product ranges launched in 2012 have been very successful.

Group asset management net cash inflows of R15,7 billion are 10% up compared to the R14,3 billion cash inflows for 2012. STANLIB's South African business had a good year attracting R21,7 billion of net cash inflows of which R19,4 billion went into higher margin non money market retail and institutional mandates. Assets under management across the group grew by 16% from 31 December 2012 to R611 billion.

It is worth noting that in 2013 the group attracted a total net customer cash inflow of R22,9 billion (asset management R16,2 billion and insurance operations R6,7 billion) which is R3,6 billion or 19% higher than 2012.

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 licence being 2.56 times (2012: 2.71 times) the regulatory minimum. The reported ratio reduced post the successful rationalisation of South African life licences in the second half of 2013. This is due to the technical nature of the formulae in dealing with subsidiaries. On a like for like basis the 2012 ratio would have been 2.11 times.

The 2013 result further demonstrates our ability to deliver against the group's chosen 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 we believe the group is appropriately positioned from a capital perspective.

FINANCIAL RESULTS

Earnings by business unit

for the year ended 31 December 2013

Unaudited	2013 Rm	Restated[1] 2012 Rm	% change
Insurance			
Retail segment [1]	**1 467**	1 179	24,4
Institutional segment	**133**	45	>100
Liberty Corporate [1]	**121**	66	83,3
Liberty Africa Insurance [2] [3]	**52**	21	>100
Liberty Health	**(40)**	(42)	4,8
Balance sheet management			
LibFin Markets – credit portfolio	**132**	109	21,1
Libfin Markets – asset/liability matching	**5**	42	(88,0)
Asset management			
STANLIB	**633**	537	17,9
South Africa	**571**	489	16,8
Other Africa [3]	**62**	48	29,2
Liberty Properties	**44**	48	(8,3)
Development and management	**44**	39	12,8
Fountainhead (sold 1 August 2012)		9	
Central overheads and sundry income [1]	**(216)**	(237)	8,9
BEE normalised operating earnings	**2 198**	1 723	27,6
LibFin Investments	**1 878**	1 965	(4,4)
BEE normalised headline earnings	**4 076**	3 688	10,5
BEE preference share adjustment	**(62)**	(62)	
Headline earnings	**4 014**	3 626	10,7

(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.*

(3) *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.*

Business unit financial review

for the year ended 31 December 2013

Retail segment (includes Retail SA and Direct Financial Services)

Headline earnings for the year of R1 467 million are 24% up compared to the restated R1 179 million in 2012. This increase is supported by on-going positive persistency and risk variances, good annual contract increases and higher management fees due to the 2012 growth in underlying investment portfolios. Earnings have also absorbed the build costs of the transactional joint venture with Standard Bank, investments in our emerging consumer market (ECM) business during the year and various regulatory compliance projects.

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 was built and became functional from mid July 2013. The LISP attracted almost R1 billion in new investments. This offering makes direct investments into a range of collective investment schemes available to retail customers through a cost-efficient platform and complements the life wrapper investment product range.

Indexed new business sales (excluding contractual increases) of R6,0 billion have increased by 13% over 2012. The new Evolve range of single premium investment products delivered very encouraging new business sales totalling R3,6 billion for the year. Recurring premium investment and risk business was up 10% and single premium business up 21%. Initiatives targeting sales growth in the emerging consumer segment off the direct financial services platform were not as successful as originally hoped. This has led to the decision to consolidate the various group direct capabilities from the beginning of 2014 in order to develop a more comprehensive focussed retail multi-channel distribution capability. The Retail SA new business margin of 2,4% is above that achieved in 2012 despite higher interest rates and is at the upper end of the medium-term targeted range of between 2,0% and 2,5%. Significant increases in the South African bond yields have had the effect of reducing the value of new business margin by 0,3% from December 2012.

Net cash inflows in 2013 were strong at R6,1 billion and were supported by higher contributions from our sales of single premium investment products and good persistency experience leading to lower than anticipated withdrawals, despite the increase in policy values due to positive investment returns. Expenses were managed within assumption and the in-force file has increased over 2013.

The recently launched comprehensive loyalty programme, "*Own your life REWARDS*", continues to successfully attract membership with over twenty thousand principal members at 31 December 2013.

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 corporates and retirement funds through the Intelligent Insurance division. The business has been successful in winning several large mandates in the latter half of the year supporting the indexed new business growth of 29% to R789 million. Value of new business for the year is up R34 million to R64 million at a significantly improved margin of 0,9% (2012: 0,5%).

Improved headline earnings of R121 million (up 83%) are mainly a function of improved risk claims experience, higher asset based management fees and cost efficiency. Net customer cash flows were marginally negative at R83 million compared to the over R2 billion net outflows last year.

Liberty Africa Insurance

East and Southern Africa (outside of South Africa) contributed R52 million (2012: R21 million) to Liberty's headline earnings for the year. The result has been supported by higher investment markets and consistent claims loss ratios in the short-term insurance business. Long-term insurance new business margins at 9,2% (2012: 9,6%) remain pleasing.

The positive sub-Saharan 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 year is R40 million (2012: R42 million loss). 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. Assisting the medical scheme administration clients to grow their membership therefore remains management's top priority.

Our health risk products targeted at employees in African countries, excluding South Africa, provides cover for over seventy eight thousand lives. The slight increase in claims loss ratio at 68% (2012: 64%) is due to the capitation book in Nigeria.

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 and emerging market currencies. The credit portfolio assets backing guaranteed investment products contributed R132 million to headline earnings while the net result of asset liability matching activities was virtually break even for the year at R5 million. This is in line with its mandated objective. LibFin directly managed R36 billion of assets at 31 December 2013 (2012: R27 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 14,6% (2012: 16,0%) which was well ahead of benchmark. This return benefited from a weaker rand, positive equity markets and portfolio construction partially offset by lower domestic bond returns.

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 R21,7 billion during 2013 of which the majority (R19,4 billion) are into higher margin non money market institutional and retail mandates. Total assets under management increased to R507 billion at 31 December 2013 (2012: R437 billion).

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

STANLIB's headline earnings at R571 million are 17% higher compared to the equivalent period in 2012 despite the increased costs associated with additional investment capabilities developed in late 2012. Earnings have benefited from gross fee income growth of 16% 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 31 December 2013 remained high at R38 billion (2012: R36 billion) despite the further drawdown of R7,0 billion of assets under a government mandate in East Africa. Headline earnings for the year were 29% higher at R62 million (2012: R48 million) benefiting from improved cost efficacy and rand weakness.

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 year. Headline earnings are R44 million for the year (2012: R39 million, excluding Fountainhead sold in 2012).

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 year from bancassurance channels are 17% higher than 2012 and STANLIB received a 14% 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 31 December 2013 increased to R1,3 billion (2012: R1,2 billion) despite the higher required discount rates.

Tax legislation

The Taxation Laws Amendment Act, 2013 was promulgated on 12 December 2013. The Act includes additional changes to the expense relief formulae to those which became applicable to long-term insurers in the 2012 Amendment Act. The recent changes have not allowed for the inclusion of the aggregate annual taxable unrealised capital gains in respect of assets allocated to the policyholder funds which is contrary to the stated intention. Whilst we anticipate that National Treasury will amend the Act in 2014 to a more equitable outcome with retrospective effect, full provision has been made for the impacts resulting from the application of the current Act.

Capital adequacy cover and life licence rationalisation

The capital adequacy cover of Liberty Group Limited remains strong at 2,56 times the statutory requirement (2012: 2,71 times). All the other group subsidiary life licences are well capitalised.

The rationalisation of transferring three of the South African long-term insurance licenced entities (Capital Alliance Life Limited, Liberty Growth Limited and Liberty Active Limited) into the main licence entity, Liberty Group Limited, was successfully completed with effect from 1 September 2013. The rationalisation will result in improved capital efficiency under the SAM framework and simplification of operational requirements.

The Liberty Group Limited's post-rationalisation capital adequacy cover ratio (CAR) reflects the combined statutory capital and the combined capital requirements of the four entities. This has led to a lower cover ratio than previously reported for Liberty Group Limited but a higher capital surplus.

Business unit financial review (continued)

The pro-forma CAR ratio of Liberty Group Limited at 31 December 2012 assuming rationalisation had been implemented at that date is 2,11 times the statutory requirement.

Dividends

2013 final dividend

In line with the group's dividend policy, the board has approved and declared a gross final dividend of 369 cents per ordinary share. The final 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, 28 March 2014.

There are no STC credits to be utilised for this final dividend. The dividend of 369 cents per ordinary share will be subject to a local dividend tax rate of 15% which will result in a net final dividend, to those shareholders who are not exempt from paying dividend tax, of 313.65 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	Thursday, 20 March 2014
First trading day ex dividend on the JSE	Monday, 24 March 2014
Record date	Friday, 28 March 2014
Payment date	Monday, 31 March 2014

Share certificates may not be dematerialised or rematerialised between Monday, 24 March 2014 and Friday, 28 March 2014, 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, 31 March 2014.

Prospects

Our continued improvement in performance in 2013 further supports our belief that the group can continue to produce sustainable growth. Our core insurance and asset management businesses are performing better than assumptions and we anticipate that they will continue to attract higher levels of new business within our targeted margin ranges.

We are confident that our balance sheet management capability will continue to manage our investment market risk exposures within risk appetite and competently deal with any protracted period of volatility in investment markets and the higher interest rate environment in South Africa.

Bruce Hemphill
Chief Executive

Saki Macozoma
Chairman

26 February 2014

LIBERTY

www.libertyholdings.co.za

Liberty Holdings Limited
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Sponsor
Merrill Lynch
A subsidiary of Bank of America Corporation

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

Accounting policies

The 2013 summary consolidated annual financial statements of Liberty Holdings Limited have been prepared in accordance with and containing information required by International Financial Reporting Standards (IFRS) including IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and comply with the South African Companies Act No. 71 of 2008.

The financial statements have been prepared in compliance with IFRS and interpretations for year ends commencing on or after 1 January 2013. The accounting policies are consistent with those adopted in the previous year except for significant changes as detailed 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 1 January 2012 and 31 December 2012 and the statement of comprehensive income for the year ended 31 December 2012. The group's summary statement 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 summary 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, IAS 27 (Revised) Separate Financial Statements, IAS 28 (Revised) Investments in Associates and Joint Ventures and IFRS 12 Disclosures of Interests in Other Entities

The group has compulsorily adopted the control suite of standards 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 as well as IFRS 12 *Disclosures of Interests in Other Entities*. 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 – measured at fair value (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 at a consolidated level, 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.

The revised IAS 28 *Investments in Associates and Joint Ventures* allows entities to apply the measurement exemption for interests in joint ventures which are held indirectly by investment-linked insurance funds to be designated on initial recognition as at fair value through profit or loss.

Liberty elected to apply this exemption to the measurement of its interest in the joint venture, The Cullinan Hotel (Pty) Limited, on adoption of the revised standard, which resulted in a change in accounting policy. As the fair value equated to the carrying value of the investment in the joint venture including equity accounted earnings, there was no resultant change to the group's total earnings, comprehensive income, shareholders' funds or net asset value.

IFRS 12 *Disclosures of Interests in Other Entities* mandates the disclosure requirements related to subsidiaries, associates, joint arrangements and unconsolidated structured entities and is applicable retrospectively. There was no impact on net earnings or earnings per share as a result of the adoption of IFRS 12.

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, with retrospective application. 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 mandatorily 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.

Mandatory changes in accounting policy resulting from the adoption of new IFRS with prospective application

IFRS 13 Fair Value Measurement

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. The standard introduces enhanced disclosure requirements, amongst others the inclusion of all assets and liabilities measured at fair value in a fair value hierarchy table (previously this was limited to financial assets and liabilities). There were no significant measurement changes to the valuations of any assets or liabilities as a consequence of the adoption of IFRS 13.

Accounting policies (continued)

Voluntary adoption of new accounting policy

During the year under review, 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 necessitated the adoption of a new accounting policy as follows:

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 for financial assets. 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 2013 have been accounted for in compliance with this new accounting policy.

Directors' responsibility

The summary group financial statements included in this announcement are the full responsibility of the directors. The directors confirm that the financial information has been correctly extracted from the underlying audited consolidated group annual financial statements which are available for inspection at the company's registered office on request.

Audit opinion

These summary consolidated financial statements for the year ended 31 December 2013 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements and group equity value report for the year ended 31 December 2013, from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

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.

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.

Consolidated statement of financial position

as at 31 December 2013

Audited	31 December 2013 Rm	Restated 31 December 2012 Rm	Restated 1 January 2012 Rm
Assets			
Equipment and owner-occupied properties under development	**1 114**	952	897
Owner-occupied properties	**1 410**	1 378	1 598
Investment properties	**27 299**	24 133	23 470
Intangible assets	**475**	759	933
Defined benefit pension fund employer surplus	**210**	186	199
Deferred acquisition costs	**527**	449	403
Interests in joint ventures	**404**	378	626
Reinsurance assets	**1 609**	1 170	1 104
Long-term insurance	**1 161**	978	902
Short-term insurance	**448**	192	202
Operating leases – accrued income	**1 315**	1 277	1 085
Pledged assets held at fair value through profit or loss	**1 348**		
Assets held for trading	**6 387**	6 910	3 790
Interests in associates – equity accounted	**72**	72	
Interests in associates – measured at fair value	**15 361**	14 359	11 717
Financial investments	**279 043**	242 015	208 696
Deferred taxation	**354**	253	183
Prepayments, insurance and other receivables	**3 841**	3 628	2 656
Cash and cash equivalents	**9 870**	10 418	12 432
Total assets	**350 639**	308 337	269 789
Liabilities			
Long-term policyholder liabilities	**263 944**	236 684	208 565
Insurance contracts	**180 742**	164 666	145 558
Investment contracts with discretionary participation features	**9 056**	3 855	3 447
Financial liabilities under investment contracts	**74 146**	68 163	59 560
Short-term insurance liabilities	**846**	525	466
Financial liabilities at amortised cost	**3 167**	2 177	2 195
Third party financial liabilities arising on consolidation of mutual funds	**39 983**	30 015	27 717
Employee benefits	**1 344**	1 198	1 082
Deferred revenue	**194**	174	159
Deferred taxation	**3 586**	2 715	2 819
Deemed disposal taxation liability	**544**	918	
Provisions	**195**	338	371
Operating leases – accrued expense		30	93
Derivative liabilities	**4 860**	6 098	3 113
Insurance and other payables	**9 716**	8 230	6 312
Current taxation	**904**	724	614
Total liabilities	**329 283**	289 826	253 506
Equity			
Ordinary shareholders' interests	**17 654**	15 410	13 211
Share capital	**26**	26	26
Share premium	**5 985**	6 078	6 133
Retained surplus	**12 454**	10 332	7 683
Other reserves	**(811)**	(1 026)	(631)
Non-controlling interests	**3 702**	3 101	3 072
Total equity	**21 356**	18 511	16 283
Total equity and liabilities	**350 639**	308 337	269 789

Consolidated statement of comprehensive income

for the year ended 31 December 2013

Audited	2013 Rm	Restated 2012 Rm
Revenue		
Insurance premiums	**35 782**	30 720
Reinsurance premiums	**(1 316)**	(1 089)
Net insurance premiums	**34 466**	29 631
Service fee income from investment contracts	**900**	881
Investment income	**13 220**	13 606
Hotel operations sales	**809**	720
Investment gains	**33 554**	31 108
Fee revenue and reinsurance commission	**2 324**	1 800
Total revenue	**85 273**	77 746
Claims and policyholder benefits under insurance contracts	**(25 904)**	(25 004)
Insurance claims recovered from reinsurers	**1 357**	672
Change in long-term policyholder liabilities	**(20 698)**	(19 532)
Insurance contracts	**(15 937)**	(19 228)
Investment contracts with discretionary participation features	**(4 941)**	(380)
Applicable to reinsurers	**180**	76
Fair value adjustment to policyholder liabilities under investment contracts	**(10 135)**	(10 035)
Fair value adjustment on third party mutual fund interests	**(7 832)**	(4 748)
Acquisition costs	**(4 233)**	(3 818)
General marketing and administration expenses	**(9 079)**	(7 573)
Finance costs	**(327)**	(243)
Profit share allocations under bancassurance and other agreements	**(984)**	(800)
Profit on sale of joint venture		135
Equity accounted earnings from joint ventures		3
Profit before taxation	**7 438**	6 803
Taxation	**(2 968)**	(2 685)
Total earnings	**4 470**	4 118
Other comprehensive income	**88**	90
Items that may be reclassified subsequently to profit or loss	**56**	5
Net change in fair value on cash flow hedges	**(183)**	(29)
Income and capital gains tax relating to net change in fair value on cash flow hedges	**53**	8
Foreign currency translation	**186**	26
Items that may not be reclassified to profit or loss	**32**	85
Owner-occupied properties – fair value adjustment	**28**	(192)
Income and capital gains tax relating to owner-occupied properties fair value adjustment	**(10)**	66
Change in long-term policyholder insurance liabilities (application of shadow accounting)	**(22)**	131
Actuarial gains on post-retirement medical aid liability	**24**	127
Income tax relating to post-retirement medical aid liability	**(7)**	(36)
Net adjustments to defined benefit pension fund[1]	**26**	(15)
Income tax relating to defined benefit pension fund	**(7)**	4
Total comprehensive income	**4 558**	4 208
Total earnings attributable to:		
Ordinary shareholders' interests	**3 908**	3 699
Non-controlling interests	**562**	419
	4 470	4 118
Total comprehensive income attributable to:		
Ordinary shareholders' interests	**3 936**	3 780
Non-controlling interests	**622**	428
	4 558	4 208
Basic and fully diluted earnings per share	**Cents**	Cents
Basic earnings per share	**1 517,9**	1 433,6
Fully diluted basic earnings per share	**1 393,4**	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 year ended 31 December 2013

Audited	2013 Rm	Restated 2012 Rm
Reconciliation of total earnings to headline earnings attributable to equity holders		
Total earnings attributable to equity holders	**3 908**	3 699
Preference share dividend	**(2)**	(2)
Basic earnings attributable to ordinary shareholders	**3 906**	3 697
Profit on sale of joint venture		(117)
Derecognition and impairment of intangible assets	**126**	44
FCTR recycled through profit or loss	**(18)**	2
Headline earnings attributable to ordinary shareholders	**4 014**	3 626
Net income earned on BEE preference shares	**62**	62
BEE normalised headline earnings attributable to ordinary shareholders	**4 076**	3 688
Earnings per share	**Cents**	Cents
Total earnings attributable to ordinary shareholders		
Basic	**1 517,9**	1 433,6
Headline	**1 559,8**	1 406,0
BEE normalised headline	**1 439,6**	1 300,1
Fully diluted earnings attributable to ordinary shareholders		
Basic	**1 393,4**	1 341,7
Headline	**1 431,9**	1 316,0

Summary statement of changes in shareholders' funds

for the year ended 31 December 2013

Audited	2013 Rm	2012 Rm
Balance of ordinary shareholders' interests at 1 January	**15 410**	13 211
Ordinary dividends	**(1 566)**	(1 396)
Special dividend	**(371)**	
Total comprehensive income	**3 936**	3 780
Share buy-backs net of share subscriptions	**(15)**	(389)
Black Economic Empowerment transaction	**171**	126
Share-based payments	**109**	78
Preference dividends	**(2)**	(2)
FCTR recycled through profit or loss	**(18)**	2
Ordinary shareholders' interests	**17 654**	15 410
Balance of non-controlling interests at 1 January	**3 101**	3 072
Total comprehensive income	**622**	428
Unincorporated property partnerships net distributions	**(6)**	(182)
Non-controlling share of subsidiary dividend	**(17)**	(16)
FCTR recycled through profit or loss	**2**	
Acquisition of interest in Total Health Trust Limited		33
Disposal of Alberton City unincorporated property partnership		(234)
Non-controlling interests	**3 702**	3 101
Total equity	**21 356**	18 511

Summary statement of cash flows

for the year ended 31 December 2013

Audited	2013 Rm	Restated 2012 Rm
Operating activities	**8 196**	4 557
Investing activities	**(10 014)**	(6 203)
Financing activities	**1 157**	(407)
Net decrease in cash and cash equivalents	**(661)**	(2 053)
Cash and cash equivalents at the beginning of the year	**10 418**	12 432
Foreign currency translation	**113**	10
Cash and cash equivalents acquired through business acquisition		29
Cash and cash equivalents at the end of the period	**9 870**	10 418

Summary segment information

for the year ended 31 December 2013

The audited segment results for the year ended 31 December 2013 are as follows:

2013 Rm	Long-term insurance Retail	 Corporate	Short-term insurance	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS reported
Total revenue	**66 124**	**17 319**	**1 076**	**3 064**	**288**	**1 817**	**89 688**	**(4 415)**	**85 273**
Profit/(loss) before taxation	**5 161**	**298**	**116**	**926**	**(274)**	**653**	**6 880**	**558**	**7 438**
Taxation	**(2 585)**	**(78)**	**(51)**	**(258)**	**46**	**(42)**	**(2 968)**		**(2 968)**
Total earnings/(loss)	**2 576**	**220**	**65**	**668**	**(228)**	**611**	**3 912**	**558**	**4 470**
Other comprehensive (loss)/income	**(44)**	**2**	**57**	**28**		**45**	**88**		**88**
Total comprehensive income/(loss)	**2 532**	**222**	**122**	**696**	**(228)**	**656**	**4 000**	**558**	**4 558**
Attributable to:									
Non-controlling interests	**(46)**	**(17)**	**(52)**	**(9)**	**57**	**3**	**(64)**	**(558)**	**(622)**
Equity holders	**2 486**	**205**	**70**	**687**	**(171)**	**659**	**3 936**		**3 936**
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	**2 576**	**220**	**65**	**668**	**(228)**	**611**	**3 912**	**558**	**4 470**
Attributable (to)/from non-controlling interests	**(14)**	**(17)**	**(25)**	**(8)**	**57**	**3**	**(4)**	**(558)**	**(562)**
Preference share dividend						**(2)**	**(2)**		**(2)**
Intangible assets impairment	**27**				**99**		**126**		**126**
FCTR recycled through profit or loss					**6**	**(24)**	**(18)**		**(18)**
Headline earnings/(loss)	**2 589**	**203**	**40**	**660**	**(66)**	**588**	**4 014**		**4 014**
Net income earned on BEE preference shares						**62**	**62**		**62**
BEE normalised headline earnings/(loss)	**2 589**	**203**	**40**	**660**	**(66)**	**650**	**4 076**		**4 076**

[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.*

Summary segment information (continued)

for the year ended 31 December 2013

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

Restated **Rm**	Long-term insurance Retail	Long-term insurance Corporate	Short-term insurance	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS 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 share 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 following 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, adjusted 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. At 31 December 2013 the combined valuations approximated the group's IFRS net asset value. Therefore the IFRS net asset value was used.
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 any subsidiaries which are 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

Audited 2013 Rm	SA covered business	Other busi-nesses	Group funds invested	Adjust-ments	Net worth	Value of in-force: SA covered business	Total
SA insurance operations	**10 775**		**10 775**	**(5 350)**	**5 425**	**21 637**	**27 062**
Retail segment						**19 830**	
Corporate						**1 807**	
Value of in-force acquired	**150**		**150**	**(150)**			
Working capital and other assets	**4 145**		**4 145**	**(381)**	**3 764**		**3 764**
South African insurance operations	**15 070**		**15 070**	**(5 881)**	**9 189**	**21 637**	**30 826**
Other group businesses:							
STANLIB		**570**	**570**	**5 080**	**5 650**		**5 650**
South Africa		**396**	**396**	**4 854**	**5 250**		**5 250**
Other Africa		**174**	**174**	**226**	**400**		**400**
Liberty Properties		**50**	**50**	**350**	**400**		**400**
Liberty Health (including Total Health Trust)		**87**	**87**	**(87)**			
Liberty Africa Insurance		**488**	**488**		**488**		**488**
LibFin Credit				**650**	**650**		**650**
Liberty Holdings		**1 389**	**1 389**	**(47)**	**1 342**		**1 342**
Cost of required capital						**(1 566)**	**(1 566)**
Net equity as reported under IFRS	**15 070**[(1)]	**2 584**	**17 654**	**65**	**17 719**	**20 071**	**37 790**
BEE preference funding	**905**		**905**		**905**		**905**
Allowance for future shareholders costs		**(247)**	**(247)**		**(247)**	**(1 970)**	**(2 217)**
Allowance for employee share options/rights	**(236)**	**(175)**	**(411)**		**(411)**		**(411)**
BEE normalised equity value	**15 739**	**2 162**	**17 901**	**65**	**17 966**	**18 101**	**36 067**
Summary of adjustments:							
Negative rand reserves	**(5 350)**		**(5 350)**				
Deferred acquisition costs	**(513)**		**(513)**				
Deferred revenue liability	**185**		**185**				
Internally generated software	**(53)**	**53**					
Carrying value of in-force business acquired	**(150)**		**(150)**				
Fair value adjustment of non SA covered business		**5 993**	**5 993**				
Liberty Health loan impairment		**(100)**	**(100)**				
	(5 881)	**5 946**	**65**				

(1) Reconciliation to SA covered business net worth as per analysis in supplementary information	
Net equity of SA covered business as reported under IFRS	***15 070***
Adjustments as above	***(5 881)***
Allowance for employee share options/rights	***(236)***
BEE preference share funding	***905***
Net worth as reported in supplementary information	***9 858***

3. **BEE normalised group equity value** (continued)

3.1 Analysis of BEE normalised group equity value (continued)

Audited 2012 **Rm**	SA covered business	Other busi-nesses	Group funds invested	Adjust-ments	Net worth	Value of in-force: SA covered business	Total
SA insurance operations	9 424		9 424	(4 796)	4 628	20 268	24 896
Retail segment						18 589	
Corporate						1 679	
Value of in-force acquired	230		230	(230)			
Working capital and other assets	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
Liberty 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[1]	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 as per analysis in supplementary information.	
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

Audited Rm	2013 SA covered business	2013 Other busi-nesses	2013 Total	2012 SA covered business	2012 Other busi-nesses	2012 Total
BEE normalised equity value at the end of the year	**27 959**	**8 108**	**36 067**	25 574	7 166	32 740
Equity value at the end of the year	**27 054**	**8 108**	**35 162**	24 562	7 166	31 728
BEE preference shares	**905**		**905**	1 012		1 012
Adjustments from group restructure	**(6)**	**6**				
Capital transactions		**15**	**15**		389	389
Funding of restricted share plan	**87**	**(87)**		87	(87)	
Intergroup dividends	**1 653**	**(1 653)**		1 701	(1 701)	
Dividends paid		**1 939**	**1 939**		1 396	1 396
BEE normalised equity value at the beginning of the year	**(25 574)**	**(7 166)**	**(32 740)**	(23 185)	(5 454)	(28 639)
Equity value at the beginning of the year	**(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	**4 119**	**1 162**	**5 281**	4 177	1 709	5 886
BEE normalised return on group equity value	**16,2%**	**16,1%**	**16,1%**	18,1%	33,7%	20,8%
BEE normalised number of shares (000's)			**286 057**			283 635
Number of shares in issue (000's)			**257 801**			256 440
Shares held for the employee restricted share scheme (000's)			**2 460**			1 399
Adjustment for BEE shares (000's)			**25 796**			25 796
BEE normalised group equity value per share (rand)			**126,08**			115,43

3. BEE normalised group equity value (continued)

3.3 Sources of BEE normalised group equity value earnings

Audited Rm	2013 SA covered business	2013 Other busi-nesses	2013 Total	2012 SA covered business	2012 Other busi-nesses	2012 Total
Value of new business written in the year	**806**	**33**	**839**	660	31	691
Expected return on value of in-force business	**1 843**		**1 843**	1 763		1 763
Variances/changes in operating assumptions	**(14)**	**(53)**	**(67)**	37	(149)	(112)
Operating experience variances (including incentive outperformance)	**249**	**(15)**	**234**	131	(42)	89
Operating assumption changes	**(59)**	**(38)**	**(97)**	272	(107)	165
Changes in modelling methodology	**(204)**		**(204)**	(366)		(366)
Headline earnings of other businesses	**(48)**	**664**	**616**	(45)	547	502
Operational equity value profits	**2 587**	**644**	**3 231**	2 415	429	2 844
Non headline earnings adjustments		**(126)**	**(126)**	(2)	73	71
Development costs	**(53)**	**(29)**	**(82)**	(78)		(78)
Investment return on net worth	**1 089**	**182**	**1 271**	760	120	880
Investment variances	**1 030**		**1 030**	700		700
Change in economic assumptions	**(603)**		**(603)**	507		507
Increase in fair value adjustments on value of other businesses		**484**	**484**		1 163	1 163
Change in allowance for share options/rights	**69**	**7**	**76**	(125)	(76)	(201)
Group equity value earnings	**4 119**	**1 162**	**5 281**	4 177	1 709	5 886

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

Audited Rm	2013	2012
South African covered business:		
Retail segment	**1 580**	1 420
Traditional Life	**1 387**	1 208
Direct channel	**91**	84
Credit Life	**102**	128
Corporate	**141**	110
Gross value of new business	**1 721**	1 530
Overhead acquisition costs impact on value of new business	**(833)**	(782)
Cost of required capital	**(82)**	(88)
Net value of South African covered new business	**806**	660
South African life licences	**806**	655
Liberty Africa Insurance subsidiaries		5
Present value of future expected premiums	**37 753**	33 510
Margin	**2,1%**	2,0%
Liberty Africa Insurance:		
Net value of new business	**33**	31
Present value of future expected premiums	**362**	311
Margin	**9,1%**	10,0%
Total group net value of new business	**839**	691
Total group margin	**2,2%**	2,0%

Long-term insurance new business

for the year ended 31 December 2013

Unaudited	2013 Rm	2012 Rm
Sources of insurance operations total new business by customer segment		
Retail segment	**22 505**	18 990
Single	**18 270**	15 105
Recurring	**4 235**	3 885
Institutional segment	**2 816**	1 500
Single	**2 144**	934
Recurring	**672**	566
Total new business	**25 321**	20 490
Single	**20 414**	16 039
Recurring	**4 907**	4 451
Sources of insurance indexed new business	**6 947**	6 055
Retail	**6 000**	5 305
Corporate	**789**	612
Liberty Africa Insurance [1]	**158**	138

[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.*

Long-term insurance net cash flows

for the year ended 31 December 2013

Audited	2013 Rm	2012 Rm
Premiums		
Recurring	**24 936**	23 627
Retail	**17 544**	16 498
Corporate	**7 392**	7 129
Single	**21 979**	16 972
Retail	**11 463**	9 519
Corporate	**3 798**	2 035
Immediate annuities	**6 718**	5 418
Net premium income from insurance contracts and inflows from investment contracts	**46 915**	40 599
Claims and policyholders benefits		
Retail	**(29 378)**	(25 149)
Death and disability claims	**(4 879)**	(4 557)
Policy surrender and maturity claims	**(20 374)**	(16 783)
Annuity payments	**(4 125)**	(3 809)
Corporate	**(11 221)**	(10 878)
Death and disability claims	**(1 859)**	(1 714)
Scheme terminations and member withdrawals	**(9 007)**	(8 882)
Annuity payments	**(355)**	(282)
Net claims and policyholders benefits	**(40 599)**	(36 027)
Long-term insurance net cash flows	**6 316**	4 572
Sources of insurance operations cash flows by business unit:		
Retail	**6 111**	6 058
Corporate	**(83)**	(2 048)
STANLIB Multi-Manager	**(37)**	253
Liberty Africa Insurance[1]	**325**	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.*

Assets under management[1]

as at 31 December 2013

Unaudited	2013 Rbn	2012 Rbn
Managed by group business units	**586**	505
STANLIB South Africa	**507**	437
STANLIB Other Africa[2]	**38**	36
LibFin	**36**	27
Other internal managers	**5**	5
Externally managed	**25**	23
Total assets under management	**611**	528

(1) *Includes funds under administration.*

(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.*

Asset management net cash flows – STANLIB

for the year ended 31 December 2013

Unaudited	2013 Rm	2012 Rm
South Africa		
Non-money market	**19 433**	16 520
Retail	**17 584**	17 511
Institutional	**1 849**	(991)
Money market	**2 229**	3 792
Retail	**(1 689)**	(1 778)
Institutional	**3 918**	5 570
Net South Africa cash inflows[1]	**21 662**	20 312
Other Africa		
Non-money market	**(5 906)**	(4 776)
Retail	**1 539**	990
Institutional	**(7 445)**	(5 766)
Money market	**(31)**	(1 209)
Net other Africa cash outflows[1][2]	**(5 937)**	(5 985)
Net cash inflows from asset management	**15 725**	14 327

(1) *STANLIB and Liberty Africa cash flows exclude intergroup life funds.*

(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.*

Short-term insurance net cash flows

for the year ended 31 December 2013

Audited		2013 Rm	2012 Rm
Premiums		**930**	756
Liberty Health	– medical risk	**640**	496
Liberty Africa Insurance	– motor, property, medical and other	**290**	260
Claims		**(559)**	(427)
Liberty Health	– medical risk	**(438)**	(318)
Liberty Africa Insurance	– motor, property, medical and other	**(121)**	(109)
Net cash inflows from short-term insurance		**371**	329
Claims loss ratio (%)			
Liberty Health		**68**	64
Liberty Africa Insurance		**42**	42
Combined loss ratio (%)			
Liberty Health		**100**	101
Liberty Africa Insurance		**98**	94

Capital commitments

as at 31 December 2013

Audited	2013 Rm	2012 Rm
Equipment	**563**	551
Investment and owner-occupied property	**3 544**	1 937
Total capital commitments	**4 107**	2 488
Under contracts	**435**	838
Authorised by the directors but not contracted	**3 672**	1 650

The group's share of commitments of joint ventures amounts to R9 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 R218 million (31 December 2012: R198 million) from non-controlling interests in unincorporated property partnerships.

Retirement benefit obligations

as at 31 December 2013

Audited

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 31 December 2013, the Liberty post-retirement medical aid benefit liability was R375 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.

Related parties

for the year ended 31 December 2013

Audited

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 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	**3 202**	**380**	
Sales	**(3 889)**	**(460)**	
Fair value adjustments		**72**	
Balance at 31 December 2013	**7 062**	**914**	**0,44**

2) Bancassurance

The Liberty group has extended the joint venture bancassurance agreements with the Standard Bank group for the manufacture, sale and promotion of insurance, investment and health products through the Standard Bank's African distribution capability. New business premium income in respect of this business in 2013 amounted to R7 630 million (2012: R5 984 million). In terms of the agreements, Liberty's group 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 combined net profit share amounts accrued as payable to the Standard Bank group for the year to 31 December 2013 is R868 million (2012: R775 million).

The bancassurance agreements are evergreen agreements with a 24-month notice period for termination, but neither party could have given notice of termination until February 2014. As at the date of the approval of the integrated annual report, neither party had given notice.

A binder agreement has been entered into with Standard Bank effective from 31 December 2012. The binder agreement is associated with the administration of policies sold under the bancassurance agreement, and shall remain in force for an indefinite period with a 90 day notice period for termination. Fees accrued for the year to 31 December 2013 is R94 million.

In December 2013 Liberty Group Limited, a 100% held subsidiary of Liberty, issued 5 000 cumulative, participating, non-controlling redeemable preference shares for a total value of R5 million to The Standard Bank of South Africa Limited in order to facilitate the payment of profit shares under the bancassurance agreement. This followed the discontinuance of business in Liberty Active Limited, which previously was contracted to make payment.

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 R7,5 billion in assets have been traded with Standard Bank under a repurchase agreement with various repurchase dates to 13 January 2014 (at 31 December 2013 open contracts totalled R1,1 billion). Finance costs recognised in respect of these agreements as at 31 December 2013 was R52 million, with total finance costs over the term of the various agreements totalling R54 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

Financial instruments measurement analysis and fair value hierarchy
as at 31 December 2013

Audited Designation per Financial Position Statement	Measurement basis: Amortised cost[1] Rm	Financial soundness value[2] Rm	Fair value Rm	Total Rm	Fair value hierarchy: Provided below Rm	Not provided[3] Rm
Assets						
Pledged assets			1 348	1 348	1 348	
Derivative assets			6 387	6 387	4 956	1 431
Interest in joint ventures – measured at fair value			400	400	400	
Interest in associates – measured at fair value			15 361	15 361	15 361	
Financial instruments	1 214		277 829	279 043	277 829	
Prepayments, insurance and other receivables			3 841	3 841		3 841
Cash and cash equivalents			9 870	9 870		9 870
Properties (investment and owner-occupied)			30 024	30 024	30 024	
Total financial instrument assets	1 214		345 060	346 274	329 918	15 142
Fair value of amortised cost assets	1 091					
Liabilities						
Investment contracts with discretionary participation features		9 056		9 056		
Financial liabilities under investment contracts			74 146	74 146	74 146	
Financial liabilities at amortised cost	3 167			3 167		
Third party financial liabilities arising on consolidation of mutual funds			39 983	39 983	39 983	
Derivative liabilities			4 860	4 860	4 860	
Insurance and other payables			9 716	9 716		9 716
Total financial instrument liabilities	3 167	9 056	128 705	140 928	118 989	9 716
Fair value of amortised cost liabilities	3 110					

(1) Amortised cost

The R1 214 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 11,0% and 18,9%. The financial liabilities comprise subordinated bonds of R3 069 million, non-controlling interests loan of R93 million and redeemable preference shares of R5 million. The fair value of these liabilities is R3 013 million, R92 million and R5 million respectively, using discount rates ranging between 7,2% and 8,3%.

(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 instruments measured at fair value
as at 31 December 2013

The information below analyses assets and 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 assets by level:

Audited

Rm	Level 1	Level 2	Level 3	Total
2013				
Equity instruments	**111 639**	**6**	**728**	**112 373**
Listed ordinary shares on the JSE	**78 702**			**78 702**
Foreign equities listed on an exchange other than the JSE	**32 937**			**32 937**
Unlisted equities		**6**	**328**	**334**
Interest in joint ventures –measured at fair value			**400**	**400**
Debt instruments	**65 527**	**21 218**	**238**	**86 983**
Preference shares listed on the JSE or foreign exchanges	**1 928**			**1 928**
Unlisted preference shares		**1 012**	**238**	**1 250**
Listed term deposits[1] on BESA, JSE or foreign exchanges	**63 599**	**2 830**		**66 429**
Unlisted term deposits[1]		**17 376**		**17 376**
Mutual funds[2]	**249**	**68 731**	**246**	**69 226**
Active market	**249**	**66 555**		**66 804**
Property		**1 747**		**1 747**
Equity	**249**	**20 257**		**20 506**
Interest-bearing instruments		**14 551**		**14 551**
Mixed		**30 000**		**30 000**
Non-active market		**2 176**	**246**	**2 422**
Equity		**2 176**	**90**	**2 266**
Mixed			**156**	**156**
Investment policies		**26 356**		**26 356**
Derivatives		**4 956**		**4 956**
Equity		**1 227**		**1 227**
Foreign exchange		**17**		**17**
Interest rate		**3 712**		**3 712**
Properties (investment and owner-occupied)			**30 024**	**30 024**
Assets subject to fair value hierarchy analysis	**177 415**	**121 267**	**31 236**	**329 918**
Comprising:				
Held-for-trading		**4 956**		**4 956**
Designated as at fair value through profit or loss	**177 415**	**116 311**	**1 212**	**294 938**
Properties measured at fair value			**30 024**	**30 024**
Total assets carried at fair value	**177 415**	**121 267**	**31 236**	**329 918**

[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.*

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

Financial instruments measurement (continued)

Fair value hierarchy of instruments measured at fair value (continued)
as at 31 December 2013

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

Audited	2013 Rm
Liabilities	
Long-term investment contract liabilities	**74 146**
Third party financial liabilities arising on consolidation of mutual funds	**39 983**
Derivatives	**4 860**
Total financial instrument liabilities carried at fair value	**118 989**
Comprising:	
Held-for-trading	**4 860**
Fair value through profit or loss	**114 129**
Total financial instrument liabilities carried at fair value	**118 989**

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

Reconciliation of level 3 assets
The table below analyses the movement of level 3 assets (investment and owner-occupied property and financial instruments) for the year under review:

Audited		2013 Rm
Balance at 1 January 2013		**29 791**
Fair value adjustment recognised in profit or loss as part of investment gains/(losses) [(1)]		**2 518**
Fair value adjustment recognised in other comprehensive income		**28**
Foreign currency translation		**37**
Additions		**1 752**
Disposals		**(2 890)**
Balance at 31 December 2013		**31 236**
Investment and owner-occupied properties		**30 024**
Financial instruments	– equity and mutual funds	**974**
	– debt	**238**

[(1)] *Included in the fair value adjustment is a R2 409 million unrealised gain.*

Investment and owner-occupied property
Investment properties (including owner-occupied properties) fair values were derived by determining sustainable net rental income, to which an appropriate capitalisation rate is applied. Capitalisation rates are adjusted for occupancy levels, age of the building, location and expected future benefit of recent alterations.

The capitalisation rates applied at 31 December 2013 range between 7,0% to 11,0%. This compares to the ten year government yield of 8,14%. The non observable adjustments included in the valuation can therefore be referenced to the variance to the ten year government rate.

The table below indicates the sensitivity of the aggregate market values for a 0,5% change in the capitalisation rate. It should be noted that as both the investment and the owner-occupied properties are entirely linked to policyholder benefits and consortium non-controlling interests there is no impact to group ordinary shareholder comprehensive income or equity for any changes in the fair value measurement.

Audited 2013	Rm	Change in capitalisation rate 0,5% increase	0,5% decrease
Properties between 7,0 – 9,0% capitalisation rate	**22 550**	**21 083**	**24 237**
Properties between 9,1 – 11,0% capitalisation rate	**7 474**	**7 072**	**7 919**
Total	**30 024**	**28 155**	**32 156**

Level 3 – significant fair value model assumptions and sensitivities

Financial instrument assets

Equities and mutual funds R974 million – earnings multiples applied between 7 and 10 times.

Debt instruments R238 million – discount rates applied between 7% and 11%.

Approximately 57% 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 R519 million. Changes to discount rates and implied earnings multiples applied of 50bps would result in between positive R22 million to negative R20 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 and properties 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 Executive Director – Finance and Risk.

The fair value of level 3 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.

Financial instruments measurement (continued)

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 interbank swap interest rate curves Agreement interest rate curves Issuer credit ratings Liquidity spreads
Unlisted term deposits and illiquid listed 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 – not applicable Notice period – bond interest rate curves
Investment policies	Quoted put/surrender price provided by the issuer, adjusting for any applicable notice periods (DCF)	Price – not applicable 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	Not applicable
– 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	Not applicable

Valuation techniques used in determining the fair value of assets and liabilities classified within level 3

Instrument	Valuation basis/techniques	Main assumptions
Investment and owner-occupied properties	DCF	Capitalisation discount rate Price per square meter Long-term net operating income margin Vacancies Market rental trends (average net rental growth of between 2,3% – 2,5%) Economic outlook Location Hotel income trends/inflation based Hotel occupancy (range between 50% – 75%)
	Sale price (if held for sale)	Not applicable
Unlisted equities, including joint ventures – measured at fair value	DCF/earnings multiple	Cost of capital Bond and interbank swap interest rate curves Consumer price index Gross domestic product If a property investment entity, then assumptions applied are as above under investment and owner-occupied properties
	Recent arm's length transactions	Not applicable
Unlisted preference shares	DCF	Bond and interbank swap interest rate curves Agreement interest rate curves Issuer credit ratings Liquidity spreads
	Recent arm's length transactions	Not applicable

Offsetting

Audited

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

However of the gross derivatives assets recognised of R6 387 million (2012: R6 910 million) and gross derivative liabilities R4 860 million (2012: R6 098 million), derivative assets of R6 265 million (2012: R6 910 million) and derivative liabilities of R4 671 million (2012: R6 098 million) are subject to master netting arrangements, with a net exposure of R1 594 million (2012: R812 million).

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

as at 1 January 2012

Audited	As previously reported Rm	Reclassification of mutual funds[1] Rm	Restated 1 January 2012 Rm
Assets			
Equipment and owner-occupied properties under development	**897**		**897**
Owner-occupied properties	**1 598**		**1 598**
Investment properties	**23 470**		**23 470**
Intangible assets	**933**		**933**
Defined benefit pension fund employer surplus	**199**		**199**
Deferred acquisition costs	**403**		**403**
Interests in joint ventures	**626**		**626**
Reinsurance assets	**1 104**		**1 104**
Long-term	**902**		**902**
Short-term	**202**		**202**
Operating leases – accrued income	**1 085**		**1 085**
Assets held for trading	**3 790**		**3 790**
Interest in associates – measured at fair value	**11 697**	20	**11 717**
Financial investments	**197 959**	10 737	**208 696**
Deferred taxation	**183**		**183**
Prepayments, insurance and other receivables	**2 620**	36	**2 656**
Cash and cash equivalents	**6 664**	5 768	**12 432**
Total assets	**253 228**	16 561	**269 789**
Liabilities			
Long-term policyholder liabilities	**208 565**		**208 565**
Insurance contracts	**145 558**		**145 558**
Investment contracts with discretionary participation features	**3 447**		**3 447**
Financial liabilities under investment contracts	**59 560**		**59 560**
Short-term insurance liabilities	**466**		**466**
Financial liabilities at amortised cost	**2 195**		**2 195**
Third party liabilities arising on consolidation of mutual funds	**11 164**	16 553	**27 717**
Employee benefits	**1 082**		**1 082**
Deferred revenue	**159**		**159**
Deferred taxation	**2 819**		**2 819**
Provisions	**371**		**371**
Operating leases – accrued expense	**93**		**93**
Derivative liabilities	**3 113**		**3 113**
Insurance and other payables	**6 304**	8	**6 312**
Current taxation	**614**		**614**
Total liabilities	**236 945**	16 561	**253 506**
Equity			
Ordinary shareholders' interests	**13 211**		**13 211**
Share capital	**26**		**26**
Share premium	**6 133**		**6 133**
Retained surplus	**7 683**		**7 683**
Other reserves	**(631)**		**(631)**
Non-controlling interests	**3 072**		**3 072**
Total equity	**16 283**		**16 283**
Total equity and liabilities	**253 228**	16 561	**269 789**

[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 financial position (continued)

as at 31 December 2012

Audited	As previously reported Rm	Reclassification of mutual funds[1] Rm	Restated 31 December 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
Assets held for trading	6 910		6 910
Interest in associates – equity accounted	72		72
Interest in associates – measured 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.*

Appendix – Restatement of prior period financial statements (continued)
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	Restated 31 December 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**

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	Restated 31 December 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	**5**			**5**
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**
Items that may not be reclassified subsequently to profit or loss	**5**		80	**85**
Owner-occupied properties – fair value adjustment	**(192)**			**(192)**
Income and capital gains tax relating to owner-occupied properties fair value adjustment	**66**			**66**
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.

Notes