LIBERTY

Liberty Holdings Limited

Financial results 2015

For the six months ended 30 June

Contents

Financial performance **indicators**

for the six months ended 30 June 2015

	30 June 2015	30 June 2014	% change	31 December 2014
Liberty Holdings Limited				
Earnings				
BEE normalised operating earnings (Rm)	**1 296**	1 174	10	2 586
Basic earnings per share (cents)	**741,1**	720,5	3	1 523,5
BEE normalised headline earnings per share (cents)	**705,5**	664,7	6	1 403,3
BEE normalised return on equity (%)	**19,4**	19,9	(3)	20,4
Group equity value				
BEE normalised group equity value per share (R)	**142,63**	130,42	9	139,85
BEE normalised return on group equity value (%)	**11,8**	14,7	(20)	16,9
Distributions per share (cents)				
Normal dividend	**254**	232	9	634
Interim dividend	**254**	232	9	232
Final dividend	**n/a**	n/a		402
Total assets under management (Rbn)	**645**	639	1	633
Long-term insurance operations				
Indexed new business (excluding contractual increases) (Rm)	**3 529**	3 437	3	7 789
Embedded value of new business (Rm)	**369**	346	7	941
New business margin (%)	**1,9**	1,8	6	2,1
Net customer cash inflows (Rm)	**2 852**	3 583	(20)	9 870
Capital adequacy cover of Liberty Group Limited (times covered)	**3,07**	2,58	19	3,07
Asset management – STANLIB (Rbn)				
Assets under management	**559,6**	561,4		550,9
Net cash inflows/(outflows) including money market[1]	**10,3**	11,6	(11)	(7,3)
Retail and institutional net cash inflows excluding money market[1]	**5,4**	4,1	32	6,4
Money market net cash inflows/(outflows)[1]	**4,9**	7,5	(35)	(13,7)

[1] *Excludes intergroup life funds.*

Preparation and supervision:

This announcement on Liberty Holdings Limited interim financial results for the six months ended 30 June 2015 has been prepared and supervised by JC Hubbard (Group Chief Financial Officer) BCom CA (SA) and CG Troskie (Financial Director) BCom (Hons) CA (SA).

Financial **review**

for the six months ended 30 June 2015

The group's 2015 first half performance has been characterised by continued good growth in operating earnings.

Group BEE normalised headline earnings of R1 991 million were 6% higher, representing 10% growth in operating earnings and 2% decrease in earnings from the SIP. The growth in operating earnings was supported by strong performances from Individual Arrangements, Liberty Corporate and LibFin Markets. The BEE normalised return on equity at 19,4% (30 June 2014: 19,9%) reflects ongoing efficient capital management.

In the group's long-term insurance operations, indexed new business reflected modest growth at 3% to R3 529 million. The group's retail Evolve investment product range continues to deliver good sales growth and there were strong linked-life annuity sales. Recurring premium risk product sales were at similar levels to the prior period.

Net customer cash inflows, while lower, remain strong with external flows of R10,3 billion (30 June 2014: R11,6 billion) into STANLIB asset management operations and R3,2 billion (30 June 2014: R4,1 billion) into the group's long-term insurance businesses, which includes R0,4 billion net inflows into the Retail LISP. There were no large single premium Corporate business customer flows during the period, which are typically sporadic in nature. New business margins at 1,9% (30 June 2014: 1,8%) were broadly consistent with the prior year despite the increase in the risk discount rate. The insurance business continues to be managed well within the long-term actuarial expense and policyholder behaviour assumptions.

LibFin Markets ongoing build of the credit book contributed R108 million to earnings which is 24% higher than the corresponding period in 2014. Balance sheet risks were managed within mandate.

STANLIB performed in line with growth in assets under management with market value growth muted as a result of the higher weighting of interest rate sensitive assets. Margins achieved improved due to better product mix.

Total assets under management increased to R645 billion (31 December 2014: R633 billion).

The SIP gross performance of 4,4% (30 June 2014: 5,1%) was in line with benchmark, supported by good contributions from assets held in equities in international developed markets.

BEE normalised group equity value per share of R142,63 was up 9% on 30 June 2014, and reflected R2 268 million of equity value profits for the half year. This represents an annualised 11,8% (30 June 2014: 14,7%) return on opening group equity value. The higher risk discount rates that negatively impacted the value of the in-force book and lower investment returns were the main reasons for the reduction compared to 30 June 2014.

The group was managed within the board approved risk appetite and the capital position of the group's main long-term insurance licence, Liberty Group Limited, remained strong with the capital adequacy ratio unchanged from 31 December 2014 at 3,07 times the regulatory minimum. This has been achieved despite the final dividend payments and higher capital requirements arising from the planned increased exposure to credit assets.

Following the maturity of the various BEE ownership schemes, Liberty ordinary shares held in various financing vehicles reduced from 25,8 million ordinary shares to 11,4 million ordinary shares. Using the share price of R140,81 at the date of the release of the 31 December 2014 results as a proxy, significant value of R2,8 billion in total has been generated for the various participants.

Good progress has been made on transitioning Liberty's organisational design to a more relevant operating model to support the recently adopted strategy with a time horizon to 2020. Key elements of this strategy are:

- A greater focus on customer centricity – with three customer facing units now formed, namely Individual Arrangements, Group Arrangements and Asset Management, with the LibFin balance sheet management competency being retained as a specialist unit;
- Recognising the significant changes in the regulatory environment and government's social agenda in South Africa which is likely to lead to a higher demand for products and services of Group Arrangements;
- Managing the core South African insurance operations within acceptable sustainable long-term assumption sets;
- Launching innovative new products to service targeted customer segments and profitably capture greater market shares;
- Optimising the balance sheet within board approved risk appetite limits;
- Accelerating the asset management strategy into increasing our alternative asset franchise offerings and capturing a greater share of flows into Africa;
- Expanding our geographical footprint into expected high growth regions of sub-Saharan Africa; and
- Maximising opportunities under the Standard Bank bancassurance agreement.

We are well positioned to implement the Solvency Assessment and Management (SAM) framework (the proposed new long-term insurance solvency regime) which will become effective during 2016. Our 30 June 2015 capital calculations under the draft SAM guidelines confirm that the group is well positioned from a solvency and capital perspective.

We remain actively focused on adapting our business model to accommodate and take advantage of a number of significant other regulatory developments, including the recently announced tax changes for insurance companies, retirement and health reform and the expected consequences of the Financial Services Board's Retail Distribution Review.

Earnings by business unit

for the six months ended 30 June 2015

Rm	30 June 2015	30 June 2014	% change	12 months 31 December 2014
Insurance				
Individual Arrangements	**873**	795	10	1 689
Group Arrangements	**103**	90	14	199
Liberty Corporate	**97**	84	15	170
Liberty Africa Insurance	**28**	28		59
Liberty Health	**(22)**	(22)		(30)
Balance sheet management	**125**	108	16	220
LibFin Markets – credit portfolio	**108**	87	24	189
LibFin Markets – asset/liability matching	**17**	21	(19)	31
Asset management				
STANLIB	**301**	284	6	662
South Africa[1]	**271**	254	7	603
Other Africa	**30**	30		59
Central overheads and sundry income	**(106)**	(103)	(3)	(184)
Centre expenses and sundry income	**(124)**	(115)	(8)	(225)
Liberty Properties[1]	**18**	12	50	41
BEE normalised operating earnings	**1 296**	1 174	10	2 586
LibFin Investments	**695**	707	(2)	1 382
BEE normalised headline earnings	**1 991**	1 881	6	3 968
BEE preference share adjustment	**(15)**	(28)	46	(53)
Headline earnings	**1 976**	1 853	7	3 915

[1] *Liberty has entered into a strategic partnership with the retail division of JHI combining the collective property management service capabilities under a new joint venture entity, JHI Retail (Pty) Ltd. The transaction was effective 1 May 2015 with Liberty's interest in JHI Retail being 49%. The results of operations to 30 April 2015 and the ongoing portfolio liquidity charge total R18 million were reflected in central overheads and sundry income. The Liberty Properties development capability and the 49% JHI Retail interest, which contributed R6 million to earnings, are reflected in STANLIB South Africa for the six months ended June 2015.*

Individual Arrangements

Headline earnings from the group's South African retail operations were R873 million (30 June 2014: R795 million) reflecting an increase of 10%. An increased asset base on which management fees are charged, ongoing good expense management and positive risk variances were significant contributors to the result.

The innovative Evolve investment product range continues to be popular with single premium investment sales totalling almost R3 billion for the half year, increasing the total book size to R14 billion at 30 June 2015.

Indexed new business sales (excluding the Retail LISP and contractual increases) of R3,1 billion, increased by 4% over 2014. Recurring premium business increased by 3% on the comparative period. Growth was impacted by flat credit life sales and risk sales being affected by consumer pressures and banks shifting business to in-house product providers. The value of new business increased by 5% to R332 million at a margin of 2,1% (30 June 2014: 2,0%) which remains within the medium-term targeted range. The increase in the risk discount rate negatively impacted the total value by R13 million.

Net cash inflows (excluding the Retail LISP) were pleasing at R3,5 billion and were supported by lower policy withdrawals and claims.

Group Arrangements

Liberty Corporate

Higher investment based fees and an improved contribution from the annuity book supported headline earnings increasing by 15% to R97 million. In contrast to 2014, there were no large single premium investment mandates written in the first half. These deals are sporadic in nature and indexed new business has consequently decreased by 25% to R318 million and value of new business is R10 million compared to R19 million at 30 June 2014. However, the new business pipeline, supported by our competencies in Liability Driven Solutions, remains strong. Net customer cash out flows were R859 million impacted by higher per member withdrawal values following good recent investment performance and the reduced single premium flows.

Liberty Africa Insurance

East and Southern Africa (excluding South Africa) insurance businesses contributed R28 million (30 June 2014: R28 million) to Liberty's headline earnings for the half year. Both the short- and long-term business have been negatively impacted by poor investment markets in East Africa. Net claims loss ratios (after re-insurance) have been consistent in the short-term insurance business. The take-on of Standard Bank's credit life book in Zambia, along with good sales in Botswana and Namibia resulted in value of new business growing to R27 million (30 June 2014: R12 million) at a margin of 7,1%.

The group continues to evaluate business opportunities for acquisition throughout the sub-Saharan African region and has reserved capital resources for this purpose.

Liberty Health

Liberty's share of Liberty Health's headline loss for the half year was R22 million (30 June 2014: R22 million loss).

Liberty's medical expense risk product, the Liberty Blue range, is receiving growing support from corporates across sub-Saharan Africa and lives covered have increased by 22% to 100 000 from 30 June 2014. Claims loss ratios remain consistent with those evidenced in 2014.

The profitability of the South African administration business remains a challenge due to underutilisation of available capacity.

Balance sheet management

Asset liability management and credit portfolio (LibFin Markets)

LibFin Markets contributed R125 million to headline earnings (30 June 2014: R108 million).

The Credit Portfolio, a diversified portfolio of government, state owned enterprise and corporate securities backing the guaranteed investment product set, contributed R108 million (30 June 2014: R87 million) in line with the growth of the portfolio and through diversification away from less efficient legacy assets.

The asset liability management earnings, the result of managing market risk arising from the guaranteed investment product set, including negative rand reserves and embedded derivatives, was R17 million for the half year benefiting from favourable interest rate and equity positioning despite elevated volatility in investment markets.

LibFin assets under management at 30 June 2015 was R48 billion (31 December 2014: R45 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 4,4% (30 June 2014: 5,1%) which was in line with benchmark for the half year period.

Financial **review**

for the six months ended 30 June 2015 (continued)

This portfolio is managed on a long term basis and in the context of the outperformance during 2013, remains significantly ahead of the past three years' cumulative benchmarks. The return for the half year has benefited from favourable positioning to equities in international developed markets offset by underweight local equity market positions.

The portfolio contributed R695 million (30 June 2014: R707 million) to the group's headline earnings in line with expectation.

Asset management

STANLIB

STANLIB's headline earnings of R301 million are 6% higher compared to the equivalent period in 2014. The group's property development capability (previously housed under Liberty Properties) and the 49% interest in the JHI Retail partnership were transferred to STANLIB during the period and contributed R6 million to the half year earnings. Good net cash inflows (excluding intergroup) of R10,3 billion (30 June 2014: R11,6 billion), comprise inflows of R4,9 billion into the various STANLIB money market funds and R5,4 billion into higher margin retail and institutional mandates.

Total assets under management increased to R560 billion at 30 June 2015 (31 December 2014: R551 billion) reflecting the net external customer inflows, low incremental growth from investment market returns, and negative net cash flows of R6 billion in respect of intergroup flows.

The performance of 60% of the STANLIB surveyed core retail products is in the first or second quartiles over a five year time horizon.

Liberty Properties

Liberty has entered into a strategic partnership with the retail division of JHI combining the collective property management service capabilities under a new joint venture entity, JHI Retail (Pty) Ltd. The transaction was effective 1 May 2015 with Liberty's interest in JHI Retail being 49%. The results of operations to 30 April 2015 and the ongoing portfolio liquidity charge total R18 million and were reflected in central overheads and sundry income.

Bancassurance

The commercial bancassurance joint venture relationship with Standard Bank, which is applicable across the group's asset management and insurance operations, continues to make a considerable contribution to new business volumes and earnings.

The total SA covered business embedded value of in-force contracts sold under the agreement attributable to Liberty at 30 June 2015 was R1,5 billion (31 December 2014: R1,5 billion). The growth in the value through new business has been offset by the increase in the risk discount rate which has negatively impacted the current value of the book.

Tax legislation

The 2014 Taxation Laws Amendment Act, has introduced a fifth tax fund with effect from 1 January 2016. Insurance entities will from the effective date need to write risk policies in this fund going forward. A number of details surrounding the transition and application have been included in the recently issued draft 2015 Taxation Laws Amendment Bill. We are currently investigating the consequential impacts to product pricing and profitability. Our initial assessment is that we do not anticipate significant changes to policyholder liability assumptions that were used in the 30 June 2015 measurement, however, it is likely that there will be upward pricing pressure on risk policies across the industry.

Capital adequacy cover

The capital adequacy cover of Liberty Group Limited remained strong at 3,07 times the statutory requirement (31 December 2014: 3,07 times). All the other group subsidiary life licences were adequately capitalised.

Capital adequacy requirements in South Africa are set at the higher of the "termination" (TCAR) basis or "ordinary" (OCAR) basis. Both 30 June 2015 and 31 December 2014 reflected the higher amount as OCAR.

Dividends

2015 interim dividend

In line with the group's dividend policy, the board has approved and declared a gross interim dividend of 254 cents per ordinary share. The interim dividend will be payable out of income reserves and is payable to all ordinary shareholders recorded in the books of Liberty Holdings Limited at the close of business on Friday, 4 September 2015.

The dividend of 254 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 215,9 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.

Financial **review**

for the six months ended 30 June 2015

The important dates pertaining to the dividend are as follows:

Last date to trade *cum* dividend on the JSE	Friday, 28 August 2015
First trading day *ex* dividend on the JSE	Monday, 31 August 2015
Record date	Friday, 4 September 2015
Payment date	Monday, 7 September 2015

Share certificates may not be dematerialised or rematerialised between Monday, 31 August 2015 and Friday, 4 September 2015, 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, 7 September 2015.

Prospects

Our strategy 2020 places significant emphasis on growth throughout sub-Saharan Africa by enhancing customer value propositions while better leveraging and developing existing and new capabilities. Inherent in this strategy is our ability to adapt to and take advantage of the fast changing regulatory and consumer environments.

This strategic focus, combined with our proven ability to deliver return on group equity value in excess of our long-term targets, supports our confidence that we will continue to sustainably grow our business.

Thabo Dloti
Chief Executive

Jacko Maree
Chairman

7 August 2015

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 unaudited condensed interim consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with and containing information required by:

- International Financial Reporting Standards (IFRS), including IAS 34 *Interim Financial Reporting* (with the exception of disclosures required under IAS 34 16A (j) relating to fair value measurement, which are not required by the JSE Listing Requirements);
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- Financial Pronouncements as issued by the Financial Reporting Standards Council;
- the Listings Requirements of the JSE Limited; and
- the South African Companies Act No. 71 of 2008.

The full interim report for the six months ended 30 June 2015 (which includes paragraph IAS 34 16A (j)) is available on the Liberty Holdings Limited website and upon request at the company's registered offices.

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the mandatory adoption of minor amendments to IFRS, which are effective for years commencing 1 January 2015. These changes have not resulted in any material impacts to the 2015 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.

"Liberty" or "group"

Represents the collective of Liberty Holdings Limited and its subsidiaries.

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.

Consolidated statement of **financial position**

as at 30 June 2015

Rm	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 31 December 2014
Assets			
Equipment and owner-occupied properties under development	**1 009**	948	975
Owner-occupied properties	**1 463**	1 423	1 464
Investment properties	**29 273**	25 645	27 022
Intangible assets	**314**	394	368
Defined benefit pension fund employer surplus	**278**	215	277
Deferred acquisition costs	**643**	563	590
Interests in joint ventures	**512**	6	
Reinsurance assets	**1 591**	1 738	1 558
Long-term insurance	**1 293**	1 246	1 302
Short-term insurance	**298**	492	256
Operating leases – accrued income	**1 222**	1 221	1 261
Pledged assets measured at fair value through profit or loss[1]	**16 522**	6 364	6 991
Assets held for trading and for hedging	**8 593**	6 706	7 777
Interests in associates – measured at fair value through profit or loss	**16 816**	18 778	16 497
Financial investments	**307 464**	290 810	292 844
Deferred taxation	**364**	313	455
Prepayments, insurance and other receivables	**6 014**	5 042	3 668
Cash and cash equivalents	**12 297**	13 124	13 985
Total assets	**404 375**	373 290	375 732
Liabilities			
Long-term policyholder liabilities	**295 353**	278 898	287 516
Insurance contracts	**199 488**	189 034	195 356
Investment contracts with discretionary participation features	**10 112**	9 867	10 177
Financial liabilities under investment contracts	**85 753**	79 997	81 983
Short-term insurance liabilities	**758**	901	683
Financial liabilities	**3 906**	3 167	3 575
Third party financial liabilities arising on consolidation of mutual funds	**41 375**	42 456	34 501
Employee benefits	**958**	1 002	1 371
Deferred revenue	**235**	206	216
Deferred taxation	**4 373**	3 827	4 131
Deemed disposal taxation liability		272	268
Provisions	**169**	155	173
Derivative liabilities	**5 933**	6 523	5 148
Repurchase agreements liabilities and collateral received[1]	**14 880**	4 213	5 191
Insurance and other payables	**11 455**	8 876	9 060
Current taxation	**326**	678	265
Total liabilities	**379 721**	351 174	352 098
Equity			
Shareholders' interests	**20 488**	18 351	19 487
Share capital	**26**	26	26
Share premium	**5 593**	5 919	5 755
Retained surplus	**15 401**	13 356	14 599
Other reserves	**(532)**	(950)	(893)
Non-controlling interests	**4 166**	3 765	4 147
Total equity	**24 654**	22 116	23 634
Total equity and liabilities	**404 375**	373 290	375 732

[1] *The increase in pledged assets reflects higher utilisation of asset repurchase agreements and scrip lending.*

Consolidated statement of **comprehensive income**

for the six months ended 30 June 2015

Rm	Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 12 months 31 December 2014
Revenue			
Insurance premiums	**18 741**	18 541	42 139
Reinsurance premiums	**(800)**	(695)	(1 415)
Net insurance premiums	**17 941**	17 846	40 724
Service fee income from investment contracts	**483**	450	916
Investment income	**10 178**	7 257	15 796
Hotel operations sales	**241**	371	673
Investment gains	**5 633**	15 019	19 274
Fee revenue and reinsurance commission	**1 324**	1 197	2 322
Total revenue	**35 800**	42 140	79 705
Claims and policyholder benefits under insurance contracts	**(16 242)**	(15 821)	(32 629)
Insurance claims recovered from reinsurers	**501**	526	898
Change in long-term policyholder liabilities	**(4 175)**	(9 014)	(15 469)
Insurance contracts	**(4 168)**	(8 286)	(14 559)
Investment contracts with discretionary participation features	**(1)**	(813)	(1 050)
Applicable to reinsurers	**(6)**	85	140
Fair value adjustment to policyholder liabilities under investment contracts	**(3 389)**	(5 074)	(7 473)
Fair value adjustment on third party mutual fund interests	**(1 300)**	(2 196)	(3 585)
Acquisition costs	**(2 228)**	(2 135)	(4 579)
General marketing and administration expenses	**(4 775)**	(4 578)	(9 376)
Finance costs	**(397)**	(291)	(407)
Profit share allocations under bancassurance and other agreements	**(435)**	(434)	(876)
Equity accounted earnings from joint venture	**2**		
Profit before taxation	**3 362**	3 123	6 209
Taxation[1]	**(1 225)**	(1 121)	(1 926)
Total earnings	**2 137**	2 002	4 283
Other comprehensive loss	**(73)**	(57)	(47)
Items that may be reclassified subsequently to profit or loss	**(86)**	(46)	(52)
Net change in fair value on cash flow hedges	**(40)**	(65)	(129)
Income and capital gains tax relating to net change in fair value on cash flow hedges	**12**	16	36
Foreign currency translation	**(58)**	3	41
Items that may not be reclassified subsequently to profit or loss	**13**	(11)	5
Owner-occupied properties – fair value adjustment	**16**	13	22
Income and capital gains tax relating to owner-occupied properties fair value adjustment	**(5)**	(5)	(25)
Change in long-term policyholder insurance liabilities (application of shadow accounting)	**(11)**	(8)	(12)
Actuarial gains/(losses) on post-retirement medical aid liability	**19**	(18)	(16)
Income tax relating to post-retirement medical aid liability	**(5)**	5	4
Net adjustments to defined benefit pension fund	**(1)**	2	62
Income tax relating to defined benefit pension fund			(30)
Total comprehensive income	**2 064**	1 945	4 236
Total earnings attributable to:			
Shareholders' interests	**1 977**	1 854	3 917
Non-controlling interests	**160**	148	366
	2 137	2 002	4 283
Total comprehensive income attributable to:			
Shareholders' interests	**1 927**	1 797	3 864
Non-controlling interests	**137**	148	372
	2 064	1 945	4 236
Basic and fully diluted earnings per share	**Cents**	Cents	Cents
Basic earnings per share	**741,1**	720,5	1 523,5
Fully diluted basic earnings per share	**704,7**	659,1	1 392,4

[1] *IFRS requires both policyholder and shareholder taxation to be reported in the taxation line. This therefore distorts the effective tax charge relative to profit before taxation.*

Headline earnings **and earnings per share**

for the six months ended 30 June 2015

Rm (unless otherwise stated)	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 12 months 31 December 2014
Reconciliation of total earnings to headline earnings attributable to shareholders			
Total earnings attributable to equity holders	**1 977**	1 854	3 917
Preference share dividend	**(1)**	(1)	(2)
Basic and headline earnings attributable to ordinary shareholders	**1 976**	1 853	3 915
Net income earned on BEE preference shares	**15**	28	53
BEE normalised headline earnings attributable to ordinary shareholders	**1 991**	1 881	3 968
Weighted average number of shares in issue ('000)	**266 646**	257 181	256 975
BEE normalised weighted average number of shares in issue ('000)	**282 227**	282 977	282 771
Fully diluted weighted average number of shares in issue ('000)	**280 402**	281 138	281 165
Earnings per share	**Cents**	Cents	Cents
Total earnings attributable to ordinary shareholders			
Basic	**741,1**	720,5	1 523,5
Headline	**741,1**	720,5	1 523,5
BEE normalised headline	**705,5**	664,7	1 403,3
Fully diluted earnings attributable to ordinary shareholders			
Basic	**704,7**	659,1	1 392,4
Headline	**704,7**	659,1	1 392,4

Condensed statement of **changes in shareholders' funds**

for the six months ended 30 June 2015

Rm	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 31 December 2014
Balance of ordinary shareholders' interests at 1 January	**19 487**	17 654	17 654
Ordinary dividends	**(1 150)**	(1 056)	(1 719)
Total comprehensive income	**1 927**	1 797	3 864
Share buy-backs net of share subscriptions	**(337)**	(224)	(355)
Black Economic Empowerment transaction	**492**	95	153
Share-based payments	**70**	68	133
Preference dividends	**(1)**	(1)	(2)
Transactions between owners		18	(230)
Common control transaction			(11)
Ordinary shareholders' interests	**20 488**	18 351	19 487
Balance of non-controlling interests at 1 January	**4 147**	3 702	3 702
Total comprehensive income	**137**	148	372
Unincorporated property partnerships net distributions	**(97)**	(63)	(79)
Non-controlling share of subsidiary dividend	**(21)**	(4)	(38)
Transactions between owners		(18)	190
Non-controlling interests	**4 166**	3 765	4 147
Total equity	**24 654**	22 116	23 634

Condensed statement of **cash flows**

for the six months ended 30 June 2015

Rm	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 12 months 31 December 2014
Operating activities[1]	**20 278**	5 164	5 832
Investing activities[1]	**(21 928)**	(1 723)	(1 928)
Financing activities	**1**	(188)	179
Net (decrease)/increase in cash and cash equivalents	**(1 649)**	3 253	4 083
Cash and cash equivalents at the beginning of the year	**13 985**	9 870	9 870
Cash and cash equivalents acquired through business acquisition			5
Foreign currency translation	**(39)**	1	27
Cash and cash equivalents at the end of the period	**12 297**	13 124	13 985

(1) *Both operating and investing activities have increased substantially due to the higher utilisation of asset repurchase agreements and scrip lending transactions.*

Condensed **segment information**

for the six months ended 30 June 2015

The unaudited segment results for the six months ended 30 June 2015 are as follows:

Rm	Long-term insurance Retail	Long-term insurance Institutional	Short-term insurance	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS reported
Total revenue	30 473	7 349	658	1 612	179	904	41 175	(5 375)	35 800
Profit/(loss) before taxation	2 270	265	40	429	(44)	276	3 236	126	3 362
Taxation	(979)	(66)	(16)	(102)	15	(77)	(1 225)		(1 225)
Total earnings/(loss)	1 291	199	24	327	(29)	199	2 011	126	2 137
Other comprehensive (loss)/income	(49)	1	(20)	(4)		(1)	(73)		(73)
Total comprehensive income/(loss)	1 242	200	4	323	(29)	198	1 938	126	2 064
Attributable to:									
Non-controlling interests		(15)	1	(3)	2	4	(11)	(126)	(137)
Equity holders	1 242	185	5	320	(27)	202	1 927		1 927
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	1 291	199	24	327	(29)	199	2 011	126	2 137
Attributable (to)/from non-controlling interests	(13)	(15)	(8)	(3)	2	3	(34)	(126)	(160)
Preference share dividend						(1)	(1)		(1)
Headline earnings/(loss)	1 278	184	16	324	(27)	201	1 976		1 976
Net income earned on BEE preference shares						15	15		15
BEE normalised headline earnings/(loss)	1 278	184	16	324	(27)	216	1 991		1 991

[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'.*

Condensed **segment information**

for the six months ended 30 June 2015 (continued)

The unaudited segment results for the six months ended 30 June 2014 are as follows:

Rm	Long-term insurance Retail	Institu-ional	Short-term insurance	Asset manage-ment	Health services	Other	Total	Reporting adjust-ments[1]	IFRS reported
Total revenue	33 829	9 636	602	1 582	143	977	46 769	(4 629)	42 140
Profit/(loss) before taxation	2 060	129	61	396	(74)	426	2 998	125	3 123
Taxation	(1 002)	(30)	(11)	(104)	12	14	(1 121)		(1 121)
Total earnings/(loss)	1 058	99	50	292	(62)	440	1 877	125	2 002
Transfers between segments[2]	(11)	5		(4)		10			
Total earnings/(loss) after transfers	1 047	104	50	288	(62)	450	1 877	125	2 002
Other comprehensive (loss)/income	(59)	(1)		1		2	(57)		(57)
Total comprehensive income/(loss)	988	103	50	289	(62)	452	1 820	125	1 945
Attributable to:									
Non-controlling interests	(23)	2	(20)	(4)	17	5	(23)	(125)	(148)
Equity holders	965	105	30	285	(45)	457	1 797		1 797
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	1 047	104	50	288	(62)	450	1 877	125	2 002
Attributable (to)/from non-controlling interests	(23)	2	(20)	(4)	17	5	(23)	(125)	(148)
Preference share dividend						(1)	(1)		(1)
Headline earnings/(loss)	1 024	106	30	284	(45)	454	1 853		1 853
Net income earned on BEE preference shares						28	28		28
BEE normalised headline earnings/(loss)	1 024	106	30	284	(45)	482	1 881		1 881

(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.*

(2) *Earnings reallocated as they are attributable to other segments (e.g. bancassurance agreement profit share attributable to asset management and release of regulatory project reserves to offset related shareholder expenses in "other").*

Condensed **segment information**

for the six months ended 30 June 2015 (continued)

The audited segment results for the year ended 31 December 2014 are as follows:

Rm	Long-term insurance Retail	Long-term insurance Institutional	Short-term insurance	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS reported
Total revenue	62 914	20 407	1 193	3 067	317	1 957	89 855	(10 150)	79 705
Profit/(loss) before taxation	3 944	405	107	944	(73)	587	5 914	295	6 209
Taxation	(1 713)	(102)	(28)	(230)	22	125	(1 926)		(1 926)
Total earnings/(loss)	2 231	303	79	714	(51)	712	3 988	295	4 283
Other comprehensive (loss)/income	(95)	(3)	9	10		32	(47)		(47)
Total comprehensive income/(loss)	2 136	300	88	724	(51)	744	3 941	295	4 236
Attributable to:									
Non-controlling interests	(39)	(23)	(39)	(8)	14	18	(77)	(295)	(372)
Equity holders	2 097	277	49	716	(37)	762	3 864		3 864
Reconciliation of total earnings/(loss) to headline earnings/(loss) attributable to equity holders									
Total earnings/(loss)	2 231	303	79	714	(51)	712	3 988	295	4 283
Attributable (to)/from non-controlling interests	(37)	(23)	(35)	(8)	14	18	(71)	(295)	(366)
Preference share dividend						(2)	(2)		(2)
Headline earnings/(loss)	2 194	280	44	706	(37)	728	3 915		3 915
Net income earned on BEE preference shares						53	53		53
BEE normalised headline earnings/(loss)	2 194	280	44	706	(37)	781	3 968		3 968

[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**

as at 30 June 2015

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 (June and December 2014: 10 times) multiple of estimated sustainable earnings.
Liberty Properties	No longer a separate business. June and December 2014: 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 30 June 2015 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 (June and December 2014: 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 (June and December 2014: 9 times).

Group equity **value report**

as at 30 June 2015 (continued)

3. BEE normalised group equity value

3.1 Analysis of BEE normalised group equity value

Unaudited 30 June 2015 Rm	SA covered business	Other businesses	Group funds invested	Adjustments	Net worth	Value of in-force: SA covered business	Total
SA insurance operations	**13 694**		**13 694**	**(5 604)**	**8 090**	**23 310**	**31 400**
Individual Arrangements						**21 275**	
Group Arrangements						**2 035**	
Value of in-force acquired	**47**		**47**	**(47)**			
Working capital and other assets[2]	**4 517**		**4 517**	**(501)**	**4 016**	**140**	**4 156**
South African insurance operations	**18 258**		**18 258**	**(6 152)**	**12 106**	**23 450**	**35 556**
Other group businesses:							
STANLIB		**693**	**693**	**5 807**	**6 500**		**6 500**
South Africa[2]		**498**	**498**	**5 402**	**5 900**		**5 900**
Other Africa		**195**	**195**	**405**	**600**		**600**
Liberty Health		**312**	**312**		**312**		**312**
Liberty Africa Insurance		**604**	**604**		**604**		**604**
LibFin Credit				**1 100**	**1 100**		**1 100**
Liberty Holdings		**621**	**621**	**(100)**	**521**		**521**
Cost of required capital						**(1 568)**	**(1 568)**
Net equity as reported under IFRS	**18 258[1]**	**2 230**	**20 488**	**655**	**21 143**	**21 882**	**43 025**
BEE preference funding	**340**		**340**		**340**		**340**
Allowance for future shareholders costs		**(365)**	**(365)**		**(365)**	**(1 981)**	**(2 346)**
Allowance for employee share rights	**(123)**	**(92)**	**(215)**		**(215)**		**(215)**
BEE normalised equity value	**18 475**	**1 773**	**20 248**	**655**	**20 903**	**19 901**	**40 804**
Summary of adjustments:							
Negative rand reserves	**(5 604)**		**(5 604)**				
Deferred acquisition costs	**(624)**		**(624)**				
Deferred revenue liability	**223**		**223**				
Frank Financial Services allowance for future expenses	**(100)**		**(100)**				
Carrying value of in-force business acquired	**(47)**		**(47)**				
Fair value adjustment of non SA covered business[2]		**6 907**	**6 907**				
Impact of discounting on deferred tax asset		**(100)**	**(100)**				
	(6 152)	**6 807**	**655**				

[1] *Reconciliation to SA covered business net worth as per analysis in supplementary information*	
Net equity of SA covered business as reported under IFRS	***18 258***
Adjustments as above	***(6 152)***
Allowance for employee share options/rights	***(123)***
BEE preference share funding	***340***
Net worth as reported in supplementary information	***12 323***

[2] *Liberty Properties was previously valued as a separate business unit. After the transaction with JHI, the development operations and Liberty's interest (49%) in the JHI Retail (Pty) Limited entity are included in the STANLIB South Africa valuation at R100 million. In addition, the liquidity fee component charge to the property portfolio is valued (R140 million) as part of the Liberty Group Limited value of in-force and disclosed as an adjustment to working capital and other assets.*

Group equity **value report**

as at 30 June 2015 (continued)

3. BEE normalised group equity value (continued)

3.1 Analysis of BEE normalised group equity value (continued)

Audited 31 December 2014 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	10 958		10 958	(5 508)	5 450	22 941	28 391
Individual Arrangements						20 927	
Group Arrangements						2 014	
Value of in-force acquired	74		74	(74)			
Working capital and other assets	6 183		6 183	(466)	5 717		5 717
South African insurance operations	17 215		17 215	(6 048)	11 167	22 941	34 108
Other group businesses:							
STANLIB		649	649	5 751	6 400		6 400
South Africa		444	444	5 356	5 800		5 800
Other Africa		205	205	395	600		600
Liberty Properties		45	45	280	325		325
Liberty Health		342	342		342		342
Liberty Africa Insurance		586	586		586		586
LibFin Credit				900	900		900
Liberty Holdings		650	650	(100)	550		550
Cost of required capital						(1 456)	(1 456)
Net equity as reported under IFRS	17 215[1]	2 272	19 487	783	20 270	21 485	41 755
BEE preference funding	807		807		807		807
Allowance for future shareholders costs		(356)	(356)		(356)	(1 952)	(2 308)
Allowance for employee share rights	(136)	(94)	(230)		(230)		(230)
BEE normalised equity value	17 886	1 822	19 708	783	20 491	19 533	40 024

Audited 31 December 2014 Rm	SA covered business	Other busi-nesses	Group funds invested
Summary of adjustments:			
Negative rand reserves	(5 508)		(5 508)
Deferred acquisition costs	(573)		(573)
Deferred revenue liability	207		207
Frank Financial Services Allowance for future expenses	(100)		(100)
Carrying value of in-force business acquired	(74)		(74)
Fair value adjustment of non SA covered business		6 931	6 931
Impact of discounting on deferred tax asset		(100)	(100)
	(6 048)	6 831	783

[1] Reconciliation to SA covered business net worth as per analysis in supplementary information	
Net equity of SA covered business as reported under IFRS	*17 215*
Adjustments as above	*(6 048)*
Allowance for employee share options/rights	*(136)*
BEE preference share funding	*807*
Net worth as reported in supplementary information	*11 838*

Group equity **value report**

as at 30 June 2015 (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 2015 SA covered business	Unaudited 6 months 30 June 2015 Other businesses	Unaudited 6 months 30 June 2015 Total	Audited 12 months 31 December 2014 SA covered business	Audited 12 months 31 December 2014 Other businesses	Audited 12 months 31 December 2014 Total
BEE normalised equity value at the end of the period	**32 224**	**8 580**	**40 804**	31 371	8 653	40 024
Equity value at the end of the period	**31 884**	**8 580**	**40 464**	30 564	8 653	39 217
BEE preference shares	**340**		**340**	807		807
Capital transactions		**337**	**337**		355	355
Funding of restricted share plan	**115**	**(115)**		117	(117)	
Intergroup dividends	**1 150**	**(1 150)**		1 290	(1 290)	
Dividends paid		**1 151**	**1 151**		1 719	1 719
BEE normalised equity value at the beginning of the period	**(31 371)**	**(8 653)**	**(40 024)**	(27 959)	(8 108)	(36 067)
Equity value at the beginning of the period	**(30 564)**	**(8 653)**	**(39 217)**	(27 054)	(8 108)	(35 162)
BEE preference shares	**(807)**		**(807)**	(905)		(905)
BEE normalised equity value earnings	**2 118**	**150**	**2 268**	4 819	1 212	6 031
BEE normalised return on group equity value (%)	**14,0**	**3,6**	**11,8**	17,3	15,4	16,9
BEE normalised number of shares ('000)			**286 074**			286 201
Number of shares in issue ('000)			**270 390**			256 946
Shares held for the employee restricted share scheme ('000)			**4 308**			3 459
Adjustment for BEE shares ('000)			**11 376**			25 796
BEE normalised group equity value per share (rand)			**142,63**			139,85

Group equity **value report**

as at 30 June 2015 (continued)

3. BEE normalised group equity value (continued)

3.3 Sources of BEE normalised group equity value earnings

	Unaudited 6 months 30 June 2015			Unaudited 6 months 30 June 2014			Audited 12 months 31 December 2014
Rm	**SA covered business**	**Other businesses**	**Total**	SA covered business	Other businesses	Total	Total
Value of new business written in the period	**342**	**27**	**369**	334	12	346	941
Expected return on value of in-force business	**1 107**		**1 107**	1 048		1 048	2 131
Variances/changes in operating assumptions	**422**	**(10)**	**412**	181	(83)	98	553
Operating experience variances (including incentive outperformance)	**294**	**(10)**	**284**	170	(19)	151	669
Transfer of shareholder expense reserve				64	(64)		
Operating assumption changes	**21**		**21**	8		8	(62)
Changes in modelling methodology	**107**		**107**	(61)		(61)	(54)
One period replacement of shareholder expenses and inflating expenses	**(58)**	**(29)**	**(87)**	(58)	(21)	(79)	(189)
Headline earnings of other businesses		**299**	**299**		302	302	732
Operational equity value profits	**1 813**	**287**	**2 100**	1 505	210	1 715	4 168
Development costs	**(5)**	**(24)**	**(29)**	(21)	(14)	(35)	(77)
Economic adjustments	**297**	**(64)**	**233**	603	(2)	601	848
Investment return on net worth	**308**	**(64)**	**244**	356	51	407	680
Internally generated software				53	(53)		
Credit portfolio earnings, hedging remeasurement and related cost of capital	**22**		**22**	38		38	96
Property portfolio liquidity fee	**143**		**143**				
Investment variances	**(38)**		**(38)**	232		232	14
Change in economic assumptions	**(138)**		**(138)**	(76)		(76)	58
(Decrease)/increase in fair value adjustments on value of other businesses		**(51)**	**(51)**		236	236	911
Change in allowance for fair value of share rights	**13**	**2**	**15**	30	(6)	24	181
Group equity value earnings	**2 118**	**150**	**2 268**	2 117	424	2 541	6 031

Group equity **value report**

as at 30 June 2015 (continued)

3. BEE normalised group equity value (continued)

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

Rm (unless otherwise stated)	**Unaudited 6 months 30 June 2015**	Unaudited 6 months 30 June 2014	Audited 12 months 31 December 2014
South African covered business:			
Individual Arrangements	**747**	712	1 640
Traditional Life	**676**	623	1 472
Direct channel	**32**	45	77
Credit Life	**39**	44	91
Group Arrangements	**46**	64	249
Gross value of new business	**793**	776	1 889
Overhead acquisition costs impact on value of new business	**(402)**	(392)	(874)
Cost of required capital	**(49)**	(50)	(101)
Net value of South African covered new business	**342**	334	914
Present value of future expected premiums	**18 749**	19 442	44 916
Margin (%)	**1,8**	1,7	2,0
Liberty Africa Insurance:			
Net value of new business	**27**	12	27
Present value of future expected premiums	**374**	211	413
Margin (%)	**7,1**	5,7	6,5
Total group net value of new business	**369**	346	941
Total group margin (%)	**1,9**	1,8	2,1

Long-term **insurance new business**

for the six months ended 30 June 2015

Rm	**Unaudited 6 months 30 June 2015**	Unaudited 6 months 30 June 2014	Audited 12 months 31 December 2014
Sources of insurance operations total new business by customer segment			
Retail segment	**12 486**	11 857	25 334
Single	**10 398**	9 862	20 987
Recurring	**2 088**	1 995	4 347
Institutional segment	**727**	1 721	6 029
Single	**362**	1 405	5 207
Recurring	**365**	316	822
Total new business	**13 213**	13 578	31 363
Single	**10 760**	11 267	26 194
Recurring	**2 453**	2 311	5 169
Sources of insurance indexed new business	**3 529**	3 437	7 789
Individual Arrangements	**3 058**	2 944	6 375
Group Arrangements:			
Liberty Corporate	**318**	423	1 195
Liberty Africa Insurance[1]	**153**	70	219

[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 six months ended 30 June 2015

Rm	**Unaudited 6 months 30 June 2015**	Unaudited 6 months 30 June 2014	Audited 12 months 31 December 2014
Premiums			
Recurring	**13 346**	12 587	26 610
Retail segment	**9 332**	8 827	18 921
Institutional segment	**4 014**	3 760	7 689
Single	**11 299**	12 015	27 806
Retail segment	**5 960**	6 303	12 884
Institutional segment	**988**	2 116	7 627
Immediate annuities	**4 351**	3 596	7 295
Net premium income from insurance contracts and inflows from investment contracts	**24 645**	24 602	54 416
Claims and policyholders benefits			
Retail segment	**(15 986)**	(16 185)	(33 209)
Death and disability claims	**(2 711)**	(2 715)	(5 613)
Policy surrender and maturity claims	**(10 815)**	(11 259)	(22 978)
Annuity payments	**(2 460)**	(2 211)	(4 618)
Institutional segment	**(5 807)**	(4 834)	(11 337)
Death and disability claims	**(918)**	(991)	(1 966)
Scheme terminations and member withdrawals	**(4 431)**	(3 652)	(8 971)
Annuity payments	**(458)**	(191)	(400)
Net claims and policyholders benefits	**(21 793)**	(21 019)	(44 546)
Long-term insurance net cash flows	**2 852**	3 583	9 870
Sources of insurance operations cash flows by business unit:			
Individual Arrangements	**3 509**	2 348	5 921
Group Arrangements:			
Liberty Corporate	**(859)**	949	3 438
Liberty Africa Insurance[1]	**208**	214	437
Asset management:			
STANLIB Multi-manager	**(6)**	72	74

[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 30 June 2015

Unaudited **Rbn**	**30 June 2015**	30 June 2014	31 December 2014
Managed by group business units	**615**	610	605
STANLIB South Africa	**518**	522	510
STANLIB Other Africa(2)	**42**	39	41
LibFin	**48**	39	45
Other internal managers	**7**	10	9
Externally managed	**30**	29	28
Total assets under management(3)	**645**	639	633

(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.*

(3) *Included in total assets under management are the following LISP amounts:*

	Unit trusts listed (Rbn)		
	STANLIB managed	***Other managed***	***Total***
STANLIB	***41***	***62***	***103***
Gateway	***2***	***2***	***4***

Asset management **net cash flows – STANLIB**(1)

for the six months ended 30 June 2015

Unaudited **Rm**	**30 June 2015**	30 June 2014	31 December 2014
South Africa			
Non-money market	**5 465**	4 778	6 211
Retail segment	**5 426**	4 425	5 319
Institutional segment	**39**	353	892
Money market	**3 687**	9 657	(11 353)
Retail segment	**(939)**	(658)	(3 359)
Institutional segment	**4 626**	10 315	(7 994)
Net South Africa cash inflows/(outflows)(1)	**9 152**	14 435	(5 142)
Other Africa			
Non-money market	**(87)**	(655)	206
Retail segment	**249**	85	517
Institutional segment	**(336)**	(740)	(311)
Money market	**1 252**	(2 162)	(2 385)
Net other Africa cash inflows/(outflows)(1)(2)	**1 165**	(2 817)	(2 179)
Net cash inflows/(outflows) from asset management	**10 317**	11 618	(7 321)

(1) *Cash flows exclude intergroup life funds.*

(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.*

Short-term **insurance indicators**

for the six months ended 30 June 2015

Rm	**Unaudited 6 months 30 June 2015**	Unaudited 6 months 30 June 2014	Audited 12 months 31 December 2014
Premiums	**571**	507	1 037
Liberty Health – medical risk	**366**	338	694
Liberty Africa Insurance – motor, property, medical and other	**205**	169	343
Claims	**(343)**	(297)	(612)
Liberty Health – medical risk	**(251)**	(224)	(471)
Liberty Africa Insurance – motor, property, medical and other	**(92)**	(73)	(141)
Net cash inflows from short-term insurance	**228**	210	425
Claims loss ratio (%)			
Liberty Health	**69**	66	68
Liberty Africa Insurance	**45**	43	41
Combined loss ratio (%)			
Liberty Health	**100**	97	96
Liberty Africa Insurance	**96**	89	94

Capital **commitments**

as at 30 June 2015

Rm	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 31 December 2014
Equipment	**220**	348	379
Investment and owner-occupied property	**2 283**	2 426	4 427
Unconsolidated structured entities[1]	**351**	1 957	482
Total capital commitments	**2 854**	4 731	5 288
Under contracts	**2 005**	3 637	3 486
Authorised by the directors but not contracted	**849**	1 094	1 802

[1] *These are undrawn commitments to various unconsolidated structured entities and mainly form part of the ongoing build of the LibFin credit book. Drawing is subject to covenant checks by Liberty.*

The above 2015 capital commitments will be financed by available bank facilities, existing cash resources, internally generated funds and R231 million (31 December 2014: R160 million) from non-controlling interests in unincorporated property partnerships.

Corporate **actions**

for the six months ended 30 June 2015

Unaudited

Acquisition of a share in an unincorporated joint operation

During 2014, Liberty Group Limited, through a 100% held subsidiary, Liberty PropCo Proprietary Limited, entered into a partnership agreement to acquire a 25% undivided share in the developed properties and associated rental operations of the Melrose Arch precinct in Johannesburg for R1,7 billion. The final condition precedent, being the legal transfer of the properties, was met on 9 June 2015.

The partnership is classified as a joint operation and proportionally consolidated in terms of IFRS 11 *Joint Arrangements*. Liberty will accordingly recognise in relation to its interest in the joint operation, its share of assets and liabilities, and revenue and expenses relating to its 25% interest in the joint operation.

The purchase amount was funded through the group's own funds of R1,4 billion and external debt issues of R0,3 billion. The portion funded by the group is entirely held as matching assets for policyholder obligations. Therefore the group's interests and net share in income of the joint operation is allocated to policyholders, with shareholders earning contracted fees. The anticipated net investment return yield is in the region of 7,5%.

	2015 Rm
The following is the fair value of the asset acquired in the joint operation:	
Investment properties (25% share in Melrose Arch precinct) at fair value	**1 744**
Cash paid	**(1 744)**
The fair value of the investment properties on acquisition includes any operating leases, accrued income or expenses. These will be separately disclosed as required under IAS 17 *Leases* post acquisition. There are no other assets or liabilities in the joint operation at the date of acquisition and no intangible assets were identified that would require measurement.	
The external debt issues (senior secured debt) were subscribed for by the following related parties:	**349**
The Standard Bank of South Africa Limited	**223**
Mutual funds administered and managed by STANLIB:	
Liberty Income Fund	**20**
STANLIB Aggressive Income Fund[1]	**20**
STANLIB Income Fund[1]	**70**
STANLIB Flexible Income Fund	**16**

[1] *Designated as interests in associates measured at fair value through profit or loss*

The external debt issues attract a funding rate of JIBAR plus a margin of 1,6%, payable quarterly on 5th July, October, January and April each year.

The annual net revenue (after satisfying policyholder obligations and debt requirements) estimated to be attributable to shareholders is less than R40 million.

Formation of JHI Retail (Pty) Limited

Liberty has entered into a strategic partnership with the retail management division of JHI (Properties) (Pty) Limited (JHI), which is a subsidiary of Excellerate Holdings Limited.

In terms of this partnership, Liberty and JHI transferred their property management service capabilities into a new entity, JHI Retail (Pty) Limited. Liberty Holdings Limited subscribed for 49% and JHI 51% in the shareholding of JHI Retail (Pty) Limited. The cost of the shares held by Liberty Holdings Limited was R3 million. No gain or loss was incurred in the formation of the partnership.

The rationale for the transaction is that the creation of JHI Retail (Pty) Limited will create additional capacity and enhance Liberty's ability to deliver world-class property management services through a business solely focused on property management services. The partnership demonstrates Liberty's strategic intent to focus on its core businesses and become a truly customer focused business, as well as establish strategic partnerships to grow its non-core, albeit strategic, business.

JHI Retail (Pty) Limited is classified as a joint venture under IFRS 11 *Joint Arrangements* and has been equity accounted from the effective date, being 1 May 2015.

Retirement **benefit obligations**

as at six months ended 30 June 2015

Unaudited

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 2015, the Liberty post-retirement medical aid benefit liability was R411 million (31 December 2014: R423 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 six months ended 30 June 2015

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 2015 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 2015	12 244	1 757	0,77
Purchases	4 453	699	
Sales	(2 905)	(468)	
Fair value adjustments		221	
Balance at 30 June 2015	**13 792**	**2 209**	**0,87**

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 2015 amounted to R3 829 million (2014 full year: R7 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 six months to 30 June 2015 was R436 million (2014 full year: R866 million).

The bancassurance agreements are evergreen agreements with a 24-month notice period for termination. As at 30 June 2015, 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 six months to 30 June 2015 was R53 million (2014 full year: R100 million).

Related **parties**

for the six months ended 30 June 2015 (continued)

3. Sale and repurchase agreements

The group has entered into certain agreements of sale and repurchase of financial instruments as part of the group's asset/liability matching processes.

As at 30 June 2015 a total of R10 billion in assets (2014 full year: R24 billion) have been traded with Standard Bank under a repurchase agreement with various repurchase dates to 13 August 2015. Open contracts totalled R4 billion as at 30 June 2015 (31 December 2014: R26 million). Finance costs recognised in respect of these agreements as at 30 June 2015 was R44 million (2014 full year: R174 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.

5. There are no other significant changes to related party transactions as reported in Liberty's 2014 annual financial statements.

Offsetting

as at 30 June 2015

Unaudited

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*.

	Per financial position		**Subject to master netting arrangements**	
Rm	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
Assets held for trading and hedging	**8 593**	7 777	**8 270**	7 552
Derivative liabilities	**(5 933)**	(5 148)	**(5 918)**	(5 106)
Collateral received	**(263)**		**(263)**	
Net exposure	**2 397**	2 629	**2 089**	2 446