

LIBERTY HOLDINGS LIMITED

2010 INTERIM RESULTS

COMPARISON OF STATUTORY TO PUBLISHED EARNINGS



# Agenda

How did we derive the statutory earnings at HY2010

Items of difference between published and statutory earnings for the HY2010

The purpose of calculating the statutory earnings

# How did we derive the statutory earnings at HY2010

## How did we derive the statutory earnings at HY2010

- The statutory earnings are the change in the Liberty Group Limited statutory free assets (being the excess of statutory assets over the statutory liabilities) over the period December 2009 to June 2010.
- Adjustments are made for the following items:
  - Dividends paid as a result of transferring non-life subsidiaries from LGL to LBH
  - BEE preference dividends
- The statutory earnings for non-life subsidiaries at a Liberty Holdings level are then included.

Statutory earnings at June 2010 were R 1 015m

## Liberty Holdings – Statutory earnings

<b>Rm</b>	<b>Jun 10</b>
<b>Statutory earnings</b>	
Liberty Group Limited statutory earnings	<b>903</b>
Allowance for Liberty Holdings earnings	<b>112</b>
<b>Total</b>	<b>1 015</b>

## Items of difference between published and statutory earnings for the HY2010

# Liberty Group Limited – items of difference between statutory and published balance sheet over the HY2010

- Differences between the statutory and published valuation basis

On a statutory basis we eliminate negative liabilities on most risk business whereas on a published basis we hold the negative liability.

The tax basis follows the statutory basis so on a published basis we hold a deferred tax liability in respect of the negative liability held. On statutory basis, the elimination of this reserve results in a reduction of the deferred tax liability.

On a statutory basis we hold negative rand reserves on the investment business (as classified under IFRS4) whereas on a published basis we remove the negative rand reserve and replace it with DAC and DRL.

- Adjustment for subsidiaries

On a published basis we value the subsidiaries at cost whereas on a statutory basis they are valued at their net asset value less their capital adequacy requirements.

- Inadmissible assets

On a statutory basis the assets are netted down for prepaid commissions and the employers' share of the pension fund surplus

The difference between the statutory and published earnings is as a result of the change in these values from December 2009 to June 2010.

# The purpose of calculating the statutory earnings

## Why calculate the statutory earnings

Due to the elimination of negative rand reserves on risk business on a statutory basis, the statutory earnings is more indicative of the cash available to pay the dividend.

Tax calculations are based on statutory earnings

Statutory earnings is key in deciding an affordable dividend

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