Liberty Holdings Limited

Financial results 2017

For the six months ended 30 June

Highlights

Group equity value

at **R40 billion**

Liberty Group Limited CAR cover

2,82 times

Long-term insurance indexed new business

R3,9 billion

STANLIB net customer cash inflows

R6,1 billion

Group assets under management

R688 billion

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Financial performance indicators

for the six months ended 30 June 2017

Rm (unless otherwise stated)	30 June 2017	30 June 2016	% change	12 months 31 December 2016
Liberty Holdings Limited				
Earnings				
Basic earnings per share (cents)	**568,5**	666,9	(15)	811,7
Fully diluted basic earnings per share (cents)	**553,3**	647,6	(15)	788,9
Normalised operating earnings[(1)]	**814**	1 100	(26)	1 740
Normalised headline earnings per share (cents)[(1)]	**456,7**	650,0	(30)	904,5
Normalised return on IFRS equity (%)[(1)]	**11,7**	16,4		11,4
Group equity value				
Normalised group equity value per share (R)[(1)]	**143,16**	148,44	(4)	145,86
Normalised return on group equity value (%)[(1)]	**2,3**	10,3		5,1
Distributions per share (cents)				
Normal dividend	**276**	276		691
Interim dividend	**276**	276		276
Final dividend	**n/a**	n/a		415
Total assets under management (Rbn)	**688**	679	1	676
Long-term insurance operations				
Indexed new business (excluding contractual increases)	**3 930**	3 569	10	7 892
Embedded value of new business	**86**	257	(67)	483
New business margin (%)	**0,4**	1,4		1,1
Net customer cash (outflows)/inflows	**(665)**	(353)	(88)	1 119
Capital adequacy cover of Liberty Group Limited (times covered)	**2,82**	2,95	(4)	2,95
Asset management				
Assets under management (Rbn)	**593**	584	2	586
Net cash inflows including money market[(2)]	**6 090**	453	>100	5 764
Retail and institutional net cash inflows excluding money market[(2)]	**5 358**	3 169	69	4 488
Money market net cash inflows/(outflows)[(2)]	**732**	(2 716)	>100	1 276

(1) *Normalised: operating earnings, headline earnings per share, return on IFRS equity, group equity value per share and return on group equity value*
These measures reflect the economic reality of the consolidation of the listed REIT Liberty Two Degrees (L2D) and the Black Economic Empowerment (BEE) transaction, as opposed to the required IFRS accounting treatment.

(2) *Excludes intergroup life funds.*

Preparation and supervision:
This announcement on Liberty Holdings Limited interim financial results for the six months ended 30 June 2017 has been prepared and supervised by Y Maharaj (Executive: Group Finance) CA(SA) and CG Troskie (Financial Director) CA(SA).

Financial review

for the six months ended 30 June 2017

Normalised headline earnings for the six months to 30 June 2017 are lower than the prior period but shows an improvement compared to the second half of 2016.

Liberty's results reflect growth in sales and net customer cash inflows, underpinned by a strong capital position. Prioritised initiatives are underway to drive short- to medium-term performance.

Economic growth in South Africa remained weak and the economy has officially fallen into recession, resulting in a deterioration in both business and consumer confidence. The downgrade in the country's sovereign credit rating, the current socio-political environment and rising unemployment levels continued to place pressure on consumer disposable income. Weak investment markets, particularly in June 2017, impacted investment performance for the period.

These difficult operating conditions and certain operational issues resulted in a decline in headline earnings compared to the six months to 30 June 2016 (prior period). The value of new business in the group's retail operations in South Africa was lower in the period at a reduced margin due to a weaker business mix. The group's asset management operations in South Africa also experienced margin pressure due to the subdued investment performance and product mix.

The group remained resilient during the period, as depicted by the strong capital position of the group's main long-term insurance licence, Liberty Group Limited, with the capital adequacy ratio at 2,82 (31 December 2016: 2,95) times the regulatory minimum. This remains at the upper end of the target range at 30 June 2017 and underpins our commitment to continue to fulfil our promises to policyholders and other stakeholders. Group indexed new business sales grew by 10% to R3,9 billion compared to the prior period. Group net customer cash inflows of R5,7 billion (30 June 2016: R0,5 billion) increased substantially compared to the prior period, driven by strong inflows into our non-money market products.

Group equity value of R40 billion reduced during the period mainly due to the final dividend paid in April 2017 exceeding SA covered business equity value earnings and reduced earnings from the asset management business.

The SA covered business operating experience variances were net positive, reflecting a good outcome supporting the core assumptions underlying the insurance book.

Headline earnings of R1 540 million were down 15% compared to R1 813 million in the prior period. Headline earnings for the period were favourably impacted by the accounting mismatch arising from the consolidation of the Liberty Two Degrees listed REIT (L2D). Normalising for the IFRS accounting treatment of L2D, normalised headline earnings reduced to R1 267 million. The shareholder investment portfolio (SIP) delivered returns in line with benchmark, but lower than the prior period due to market movements. Normalised return on equity was 11,7% (30 June 2016: 16,4%) due to the lower earnings in the current period.

New business margins at 0,4% (30 June 2016: 1,4%) remained under pressure due to the geared effect of increased costs and a weaker mix of business sold. The value of new business reduced to R86 million from R257 million at 30 June 2016. The improvement of the value of new business and related margin is management's number one priority in the short term.

Total assets under management increased marginally to R688 billion (31 December 2016: R676 billion).

Normalised headline earnings

The main items contributing to the decrease in normalised headline earnings compared to the prior period were as follows:

- New business strain in the group's long-term insurance retail operations in South Africa increased by R127 million in the current period, driven primarily by the geared effects of increased costs relative to new business volumes and a weaker business mix. Positive variances in the period were offset by assumption and modelling changes to better reflect the expectation of future cash flows given policy terms and conditions.
- Earnings from STANLIB South Africa were R134 million below the prior period. Earnings of R115 million for the period were impacted by margin pressure due to the weaker investment markets and product mix.
- Earnings from STANLIB Rest of Africa were R136 million below the prior period, reflecting a loss of R118 million for the period.
- Lower market returns resulted in the SIP earnings being R268 million below the prior period.

Strategic execution

Management continues to actively execute on the priorities highlighted in the 31 December 2016 financial review and is taking steps to revitalise the group's operations. Expense management for the group and improving the value of new business and related margins are priorities for the insurance operations and fund performance for the asset management business. There are several initiatives already in execution which are focussed on delivering an improved short- to medium-term performance.

The group is committed to delivering on its purpose of providing financial freedom for its customers. This includes a focus on reducing complexity in our business and improving client service.

Financial review (continued)

for the six months ended 30 June 2017

Earnings by business unit

Rm (Unaudited)	30 June 2017	30 June 2016	% change	12 months 31 December 2016
Insurance				
Individual Arrangements	**597**	718	(17)	1 119
Group Arrangements	**61**	68	(10)	149
Liberty Corporate	**80**	88	(9)	191
Liberty Africa Insurance	**20**	11	82	41
Liberty Health	**(19)**	(11)	(73)	(45)
Growth initiatives	**(20)**	(20)		(38)
Balance sheet management	**168**	130	29	318
LibFin Markets – credit portfolio	**138**	139	(1)	300
LibFin Markets – asset/liability management portfolio	**30**	(9)	>100	18
Asset management[1]				
STANLIB South Africa	**115**	249	(54)	459
STANLIB Rest of Africa	**(118)**	18	>(100)	(97)
Central overheads and sundry income	**(9)**	(83)	89	(208)
Normalised operating earnings	**814**	1 100	(26)	1 740
LibFin Investments – SIP	**453**	721	(37)	787
Normalised headline earnings	**1 267**	1 821	(30)	2 527
BEE preference share adjustment	**(5)**	(8)	38	(16)
Reversal of accounting mismatch arising on consolidation of L2D[2]	**278**			(304)
Headline earnings	**1 540**	1 813	(15)	2 207

(1) *Asset management customer facing unit includes the asset management capabilities under STANLIB South Africa and STANLIB Rest of Africa business units, which are managed separately, with each business having its own accountable executive.*

(2) *Refer Explanation of terms.*

Commentary on the earnings by business unit follows below. Additional information is contained in the summary consolidated segment information.

Individual Arrangements

Headline earnings from the group's South African retail operations amounted to R597 million. Positive variances in the period were offset by assumption and modelling changes to better reflect the expectation of future cash flows given policy terms and conditions. Increased new business strain arising primarily from the geared effects of increased costs relative to new business volumes and a weaker business mix negatively impacted earnings. This was also the main contributor to the reduction of the value of new business to R62 million reported in the current period. The introduction of the new tax fund and the 31 December 2016 and current period modelling and basis changes also impacted the value of new business. This resulted in the new business margin declining to 0,4% from 1,6% at 30 June 2016.

Net customer cash inflows of R0,8 billion were marginally above the prior period. Improved premium income was largely offset by the higher value of policy surrenders and maturities experienced in the current period.

Indexed new business grew by 4% over the prior period. Strong demand for the Guaranteed Investment Product and the Bold Living Annuity continued in the current period.

Financial review (continued)

for the six months ended 30 June 2017

Group Arrangements

Liberty Corporate

Earnings of R80 million reflected a good underwriting performance, however asset based fee income growth was muted due mainly to lower investment market returns over the last year. Indexed new business was 72% higher at R558 million, with recurring premium new business up 80% due to strong risk and umbrella enhancement sales. Net cash outflows amounted to R1,6 billion reflecting low single premium new business and increased scheme terminations.

Liberty Africa Insurance

Earnings of R20 million were R9 million above the prior period. This improvement was primarily attributable to improved performances from the Kenyan life and short-term insurance businesses. Indexed new business in the long-term insurance businesses grew by 11% to R167 million with the value of new business lower at R11 million at a margin of 4,3%. Net customer cash inflows of R298 million were well up on the R104 million inflows in the prior period.

The agreement to acquire a life licence in Nigeria has not been concluded due to the vendor failing to date to meet certain material conditions precedent.

Liberty Health

The business provides health risk solutions to employers and their employees across the African continent. Liberty Health's loss of R19 million is higher than the prior period due to the decline in risk lives being serviced and higher claims loss ratios particularly in Nigeria due to sustained naira weakness.

Balance sheet management

LibFin Markets – Asset liability management and credit portfolio

Earnings from the credit portfolio amounted to R138 million which was flat on the prior period as a result of slower asset origination due to lower corporate issuances in the current low growth environment.

The asset liability management profit amounted to R30 million due to favourable market positioning in a relatively low volatility environment during the period.

LibFin assets under management at R58 billion were flat compared to 31 December 2016.

LibFin Investments – Shareholder Investment Portfolio

The SIP includes the assets backing capital in the insurance operations as well as the group's investment market exposure to the 90:10 book of business. This current risk profile of the SIP is similar to a conservative balanced portfolio and is managed with a long-term through the cycle investment horizon.

The SIP delivered returns of R453 million in line with benchmark, but lower than the prior period of R721 million due to market movements.

Asset management

STANLIB South Africa

STANLIB South Africa earnings were R115 million for the period (30 June 2016: R249 million). Earnings were impacted by margin pressure due to the weaker investment markets and product mix. Costs associated with the termination of the institutional administration outsourcing programme, the launch of new franchises and further operational write offs also impacted earnings for the period.

Total assets under management by STANLIB South Africa increased by R5 billion to R540 billion at 30 June 2017.

Net customer cash inflows (excluding intergroup) amounted to R5,6 billion compared to outflows of R0,9 billion in the prior period. This result was mainly attributable to strong non-money market inflows. Intergroup cash outflows for the period amounted to R8,7 billion.

STANLIB Rest of Africa

STANLIB Rest of Africa incurred a loss of R118 million for the period (30 June 2016: earnings of R18 million). The business continued to be affected by the curtailment of guaranteed cash mandate business and provisions raised for client and operational exposures following efforts to improve the operational and control environment. Several of these exposures had been provisioned from a group perspective at 31 December 2016 and were reflected in the STANLIB Rest of Africa results in the current period.

Total assets under management by STANLIB Rest of Africa increased by R2 billion to R53 billion at 30 June 2017.

Net customer cash inflows (excluding intergroup) amounted to R0,4 billion compared to R1,4 billion in the prior period. This result was mainly attributable to non-money market outflows largely offsetting positive money market inflows. Intergroup cash inflows for the period amounted to R9 million.

Bancassurance

The bancassurance agreement with Standard Bank, which is applicable across the group's asset management and insurance operations, continues to make a positive contribution to new business volumes and earnings. The total indexed new business premiums sold under the agreement increased by 11% to R1,6 billion for the period. Good progress is being made with the implementation of the 10 point bancassurance plan and we continue leveraging our relationship with Standard Bank to capture opportunities where relevant.

Financial review (continued)

for the six months ended 30 June 2017

Capital adequacy cover

The capital adequacy cover of Liberty Group Limited remained strong at 2,82 times the statutory requirement (31 December 2016: 2,95 times). The group remains well capitalised at the upper end of its target range in respect of the current capital regime and in respect of capital requirements under the impending Solvency Assessment and Management (SAM) regime. The group has slowed down its expansion activities and reduced capital earmarked for investment in Africa. All other group subsidiary life licences were adequately capitalised.

Dividends

2017 interim dividend

In line with the group's interim dividend policy of paying 40% of the prior full year dividend, the board has approved and declared a gross interim dividend of 276 cents per ordinary share. The interim dividend will be paid out of income reserves and is payable on Monday, 4 September 2017 to all ordinary shareholders recorded in the books of Liberty Holdings Limited on the record date.

The dividend of 276 cents per ordinary share will be subject to a local dividend tax rate of 20% which will result in a net interim dividend, to those shareholders who are not exempt from paying dividend tax, of 220,8 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 are as follows:

Last date to trade cum dividend on the JSE	Tuesday, 29 August 2017
First trading day ex dividend on the JSE	Wednesday, 30 August 2017
Record date	Friday, 1 September 2017
Payment date	Monday, 4 September 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 August 2017 and Friday, 1 September 2017, 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, 4 September 2017.

Prospects

We depend on our deep relationships with our customers and advisers which are at the core of our ability to create value for stakeholders. We will continue to respond to our customers' changing needs in the current operating environment.

Management's short-term focus is on strategic execution of initiatives to reduce costs, restore the value of new business and margin, reduce complexity in the business and improve customer experience.

David Munro
Chief Executive

Jacko Maree
Chairman

3 August 2017

Liberty Holdings Limited
Incorporated in the Republic of South Africa
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JSE code: LBH
ISIN code: ZAE000012714
Preference share code: LBHP
ISIN code: ZAE000004040
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These results are available at www.libertyholdings.co.za

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Sponsor
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A subsidiary of Bank of America Corporation

LIBERTY
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Accounting policies

The unaudited condensed interim consolidated financial statements of Liberty Holdings Limited for the six months ended 30 June 2017 have been prepared in accordance with and contains 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 Reporting 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 2017 (which includes IAS 34 16A (j)) is available on the Liberty Holdings Limited website and upon request from 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 early adoption of minor amendments to IFRS, as set out below.

Amendments to IAS 40 *Investment Property: Transfers of Investment Property*, and amendments to IFRS 2 *Share-based payments: Classification and Measurement of Share-based Payment Transactions*, effective 1 January 2018, have been early adopted as at 1 January 2017. These amendments have not resulted in any impact to the group's 2017 reported results, comparative periods or interim disclosures.

For noting, the group voluntarily changed the presentation policies for policyholder assets and liabilities and reinsurance liabilities (statement of financial position and statement of comprehensive income) and collateral deposits payable (statement of cash flows) for the year ended 31 December 2016. The 30 June 2016 comparative numbers have accordingly been restated and are explained in the Change in presentation policies note.

Review/audit

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

Explanation of terms

Normalised: operating earnings, 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 consolidation of the listed REIT Liberty Two Degrees (L2D) and the Black Economic Empowerment (BEE) transaction, as opposed to the required IFRS accounting treatment.

Reversal of accounting mismatch arising on consolidation of L2D

An accounting mismatch arises on consolidation of L2D in the group annual financial statements, resulting from the different measurement bases applied to L2D's assets and Liberty Group Limited's (100% subsidiary of Liberty Holdings Limited) policyholder liabilities. Specifically:

- on a consolidated look through basis the investment property assets of L2D are included in the group annual financial statements at fair value; whereas
- the corresponding linked obligations to Liberty Group Limited's policyholders are required under IFRS to continue to be measured in the group annual financial statements at the listed price of the L2D units.

The result of this is an accounting mismatch that represents any difference in the profit and loss movement in the price at which L2D's listed units trade relative to the underlying net asset value.

BEE transaction

IFRS reflects the BEE transaction as a share buy-back. Dividends received on the group's 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.

Development costs

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

FCTR

Foreign Currency Translation Reserve.

"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.

Consolidated statement of financial position

as at 30 June 2017

Rm	Unaudited 30 June 2017	Restated Unaudited 30 June 2016	Audited 31 December 2016
Assets			
Intangible assets	**367**	303	390
Defined benefit pension fund employer surplus	**203**	300	215
Properties	**34 182**	33 760	33 828
Equipment	**1 079**	1 178	1 105
Interests in joint ventures	**1 244**	889	1 229
Interests in associates	**14 054**	19 555	12 995
Deferred taxation	**264**	315	358
Deferred acquisition costs	**741**	706	713
Long-term policyholder assets – insurance contracts	**7 689**	7 661	7 314
Reinsurance assets	**1 801**	1 735	1 674
Long-term insurance	**1 390**	1 378	1 352
Short-term insurance	**411**	357	322
Financial investments	**326 976**	306 770	316 441
Loans and receivables	**1 242**	1 247	1 242
Assets held for trading and for hedging	**9 459**	9 668	8 609
Repurchase agreements, scrip and collateral assets	**16 886**	17 482	15 483
Prepayments, insurance and other receivables	**5 938**	7 809	5 300
Cash and cash equivalents	**9 327**	12 820	14 994
Total assets	**431 452**	422 198	421 890
Liabilities			
Long-term policyholder liabilities	**309 200**	312 111	307 230
Insurance contracts	**203 703**	208 792	204 155
Investment contracts with discretionary participation features	**11 732**	11 691	11 462
Financial liabilities under investment contracts	**93 765**	91 628	91 613
Reinsurance liabilities	**543**	615	555
Third party financial liabilities arising on consolidation of mutual funds	**48 557**	39 147	44 046
Provisions	**68**	196	191
Deferred taxation	**2 675**	3 222	2 586
Deferred revenue	**285**	261	268
Deemed disposal taxation liability	**437**	879	873
Short-term insurance liabilities	**1 016**	990	925
Financial liabilities	**4 602**	3 916	4 601
Liabilities held for trading and for hedging	**7 428**	7 548	6 798
Repurchase agreements, liabilities and collateral deposits payable	**13 962**	14 159	11 748
Employee benefits	**1 132**	1 035	1 369
Insurance and other payables	**11 443**	11 265	11 213
Current taxation	**711**	507	481
Total liabilities	**402 059**	395 851	392 884
Equity			
Ordinary shareholders' equity	**21 778**	22 032	21 676
Share capital	**26**	26	26
Share premium	**5 243**	5 495	5 296
Retained surplus	**17 400**	17 242	16 990
Other reserves	**(891)**	(731)	(636)
Non-controlling interests	**7 615**	4 315	7 330
Total equity	**29 393**	26 347	29 006
Total equity and liabilities	**431 452**	422 198	421 890

Consolidated statement of comprehensive income

for the six months ended 30 June 2017

Rm	**Unaudited 30 June 2017**	Restated Unaudited 30 June 2016	Audited 12 months 31 December 2016
Insurance premiums	**19 438**	19 535	41 288
Reinsurance premiums	**(969)**	(1 022)	(1 922)
Net insurance premiums	**18 469**	18 513	39 366
Fee income and reinsurance commission	**1 812**	1 953	3 731
Investment income	**11 170**	10 122	20 885
Hotel operations sales	**253**	288	585
Investment gains/(losses)	**4 082**	6 868	(1 823)
Total revenue	**35 786**	37 744	62 744
Claims and policyholder benefits under insurance contracts	**(19 648)**	(19 111)	(39 664)
Insurance claims recovered from reinsurers	**868**	735	1 450
Change in long-term policyholder assets and liabilities	**479**	(4 031)	598
Liabilities under insurance contracts	**394**	(3 662)	1 164
Policyholder assets related to insurance contracts	**375**	82	(265)
Investment contracts with discretionary participation features	**(341)**	(517)	(404)
Applicable to reinsurers	**51**	66	103
Fair value adjustment to long-term policyholder liabilities under investment contracts	**(2 861)**	(3 671)	(3 891)
Fair value adjustment to financial liabilities		(14)	(27)
Fair value adjustment on third party mutual fund interests	**(2 578)**	250	619
Acquisition costs	**(2 532)**	(2 248)	(4 723)
General marketing and administration expenses	**(5 417)**	(5 208)	(10 733)
Finance costs	**(652)**	(716)	(1 415)
Profit share allocations under bancassurance and other agreements	**(486)**	(482)	(1 029)
Equity accounted earnings from joint ventures	**14**	11	22
Profit before taxation	**2 973**	3 259	3 951
Taxation[(1)]	**(1 171)**	(1 267)	(1 325)
Total earnings	**1 802**	1 992	2 626
Other comprehensive loss	**(7)**	(39)	(148)
Items that may be reclassified subsequently to profit or loss	**(19)**	(35)	(101)
Net change in fair value on cash flow hedges	**46**	117	218
Income and capital gains tax relating to net change in fair value on cash flow hedges	**(15)**	(29)	(56)
Foreign currency translation	**(50)**	(123)	(263)
Items that may not be reclassified subsequently to profit or loss	**12**	(4)	(47)
Owner-occupied properties – fair value adjustment	**18**	18	(1)
Income and capital gains tax relating to owner-occupied properties fair value adjustment	**(3)**	(5)	
Change in long-term policyholder insurance liabilities (application of shadow accounting)	**(6)**	(13)	1
Actuarial gains on post-retirement medical aid liability	**14**	4	30
Income tax relating to post-retirement medical aid liability	**(4)**	(1)	(8)
Net adjustments to defined benefit pension fund[(2)]	**(10)**	(10)	(96)
Income tax relating to defined benefit pension fund	**3**	3	27
Total comprehensive income	**1 795**	1 953	2 478
Total earnings attributable to:			
Shareholders	**1 541**	1 814	2 209
Non-controlling interests	**261**	178	417
	1 802	1 992	2 626
Total comprehensive income attributable to:			
Shareholders	**1 549**	1 799	2 128
Non-controlling interests	**246**	154	350
	1 795	1 953	2 478
Basic and fully diluted earnings per share	**Cents**	Cents	Cents
Basic earnings per share	**568,5**	666,9	811,7
Fully diluted basic earnings per share	**553,3**	647,6	788,9

(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.*

(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.*

Summary consolidated statement of changes in shareholders' equity

for the six months ended 30 June 2017

Rm	**Unaudited 30 June 2017**	Unaudited 30 June 2016	Audited 12 months 31 December 2016
Balance of ordinary shareholders' equity at 1 January	**21 676**	21 739	21 739
Ordinary dividends	**(1 167)**	(1 241)	(2 022)
Total comprehensive income	**1 549**	1 799	2 128
Share buy-backs[1]	**(335)**	(460)	(477)
Black Economic Empowerment transaction	**10**	129	195
Share-based payments	**28**	67	132
Transaction costs of issuing units in Liberty Two Degrees			(78)
Preference dividends	**(1)**	(1)	(2)
Transactions between owners	**9**		(40)
Transactions between owners – Liberty Two Degrees	**9**		101
Ordinary shareholders' equity	**21 778**	22 032	21 676
Balance of non-controlling interests at 1 January	**7 330**	4 254	4 254
Total comprehensive income	**246**	154	350
Acquisition of Liberty Two Degrees			3 000
Transactions between owners – Liberty Two Degrees	**170**		(101)
Acquisition of unincorporated property partnerships			98
Acquisition of subsidiaries		28	33
Unincorporated property partnerships net distributions	**(112)**	(108)	(219)
Non-controlling interests' share of subsidiary dividend	**(30)**	(13)	(21)
Non-controlling interests' share of shares issued in subsidiary	**2**		3
Transaction costs of issuing units in Liberty Two Degrees			(38)
Transactions between owners	**9**		(29)
Non-controlling interests	**7 615**	4 315	7 330
Total equity	**29 393**	26 347	29 006

[1] *Share buy-backs are purchases from the market to meet employee share-based payment obligations.*

Summary consolidated statement of cash flows

for the six months ended 30 June 2017

Rm	Unaudited 30 June 2017	Restated Unaudited 30 June 2016	Audited 12 months 31 December 2016
Cash flows from operating activities	**1 854**	(8 860)	2 443
Cash utilised by operations	**(3 773)**	(13 339)	(9 157)
Interest and dividends received	**9 796**	8 739	18 242
Dividends paid	**(2 174)**	(1 978)	(2 717)
Taxation paid	**(1 213)**	(1 444)	(2 260)
Other operating cash flows	**(782)**	(838)	(1 665)
Cash flows from investing activities	**(8 134)**	3 122	(6 607)
Net (purchase)/disposal of investments	**(9 409)**	5 121	(4 937)
Net purchase of other assets	**(123)**	(138)	(288)
Net advances/(repayments) on collateral deposits payable	**1 438**	(1 770)	(1 236)
Acquisition of subsidiaries		(91)	(146)
Acquisition of equity accounted joint ventures	**(40)**		
Cash flows from financing activities	**659**	(674)	(18)
Net advance of financial liabilities	**1**	2	687
Net advances/(repayments) on repurchase agreements liabilities	**776**	(230)	(3 175)
Net cash flows from equity transactions with non-controlling interests	**217**	14	3 063
Transaction costs of issuing units in Liberty Two Degrees			(116)
Share buy-backs	**(335)**	(460)	(477)
Net decrease in cash and cash equivalents	**(5 621)**	(6 412)	(4 182)
Cash and cash equivalents at the beginning of the period	**14 994**	19 305	19 305
Cash and cash equivalents acquired through business acquisitions		6	61
Foreign currency translation	**(46)**	(79)	(190)
Cash and cash equivalents at the end of the period	**9 327**	12 820	14 994

Headline earnings and earnings per share

for the six months ended 30 June 2017

Rm (unless otherwise stated)	**Unaudited 30 June 2017**	Unaudited 30 June 2016	Audited 12 months 31 December 2016
Reconciliation of total earnings to headline earnings attributable to shareholders			
Total earnings attributable to shareholders	**1 541**	1 814	2 209
Preference share dividend	**(1)**	(1)	(2)
Basic and headline earnings attributable to ordinary shareholders	**1 540**	1 813	2 207
Net income earned on BEE preference shares	**5**	8	16
Reversal of the accounting mismatch arising on consolidation of L2D[1]	**(278)**		304
Normalised headline earnings attributable to ordinary shareholders	**1 267**	1 821	2 527
Weighted average number of shares in issue ('000)	**270 876**	271 873	271 883
Normalised weighted average number of shares in issue ('000)	**277 415**	280 149	279 373
Fully diluted weighted average number of shares in issue ('000)	**278 306**	279 957	279 760
Earnings per share	**Cents**	Cents	Cents
Total earnings attributable to ordinary shareholders			
Basic	**568,5**	666,9	811,7
Headline	**568,5**	666,9	811,7
Normalised headline	**456,7**	650,0	904,5
Fully diluted earnings attributable to ordinary shareholders			
Basic	**553,3**	647,6	788,9
Headline	**553,3**	647,6	788,9

(1) *Refer Explanation of terms.*

Summary consolidated segment information

for the six months ended 30 June 2017

30 June 2017 Rm (Unaudited)	Individual Arrange-ments	Group Arrange-ments	Asset manage-ment[2]	Other	Total	Reporting adjust-ments[1]	IFRS reported
Total revenue	**28 847**	**9 084**	**1 514**	**1 709**	**41 154**	**(5 368)**	**35 786**
Profit before taxation	**1 149**	**238**	**138**	**1 307**	**2 832**	**141**	**2 973**
Taxation	**(576)**	**(82)**	**(140)**	**(373)**	**(1 171)**		**(1 171)**
Total earnings	**573**	**156**	**(2)**	**934**	**1 661**	**141**	**1 802**
Other comprehensive income/(loss)	**40**	**(43)**		**(4)**	**(7)**		**(7)**
Total comprehensive income	**613**	**113**	**(2)**	**930**	**1 654**	**141**	**1 795**
Attributable to:							
Ordinary shareholders	**613**	**105**	**(3)**	**834**	**1 549**		**1 549**
Non-controlling interests		**8**	**1**	**96**	**105**	**141**	**246**
Reconciliation of total earnings to headline earnings attributable to shareholders							
Total earnings	**573**	**156**	**(2)**	**934**	**1 661**	**141**	**1 802**
Attributable to non-controlling interests		**(23)**	**(1)**	**(96)**	**(120)**	**(141)**	**(261)**
Preference share dividend				**(1)**	**(1)**		**(1)**
Headline earnings	**573**	**133**	**(3)**	**837**	**1 540**		**1 540**
Net income earned on BEE preference shares				**5**	**5**		**5**
Reversal of the accounting mismatch arising on consolidation of L2D				**(278)**	**(278)**		**(278)**
Normalised headline earnings	**573**	**133**	**(3)**	**564**	**1 267**		**1 267**

[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] *Asset management customer facing unit includes the asset management capabilities under STANLIB South Africa and STANLIB Rest of Africa business units, which are managed separately, with each business having its own accountable executive.*

The customer facing units are supported by shared service functions (Group Enablement) and LibFin (incorporating LibFin Markets and LibFin Investments), which are strategic competency units. The impact of LibFin Markets is disclosed in the relevant customer grouping. Refer to supplementary information included in the full results announcement available on the Liberty website for the reconciliation of business unit earnings to segment result.

Summary consolidated segment information (continued)

for the six months ended 30 June 2017

	Individual Arrange-ments	Group Arrange-ments	Asset manage-ment[2]	Other	Total	Reporting adjust-ments[1]	IFRS reported
30 June 2016 (Unaudited)							
Total revenue	31 992	10 275	1 755	1 139	45 161	(7 417)	37 744
Profit before taxation	1 619	235	359	900	3 113	146	3 259
Taxation	(865)	(111)	(88)	(203)	(1 267)		(1 267)
Total earnings	754	124	271	697	1 846	146	1 992
Other comprehensive income/(loss)	89	(20)	(19)	(89)	(39)		(39)
Total comprehensive income	843	104	252	608	1 807	146	1 953
Attributable to:							
Ordinary shareholders	843	100	248	608	1 799		1 799
Non-controlling interests		4	4		8	146	154
Reconciliation of total earnings to headline earnings attributable to shareholders							
Total earnings	754	124	271	697	1 846	146	1 992
Attributable to non-controlling interests		(28)	(4)		(32)	(146)	(178)
Preference share dividend				(1)	(1)		(1)
Headline earnings	754	96	267	696	1 813		1 813
Net income earned on BEE preference shares				8	8		8
Normalised headline earnings	754	96	267	704	1 821		1 821
31 December 2016 (Audited)							
Total revenue	56 583	18 050	3 384	1 097	79 114	(16 370)	62 744
Profit before taxation	2 018	446	517	653	3 634	317	3 951
Taxation	(950)	(162)	(148)	(65)	(1 325)		(1 325)
Total earnings	1 068	284	369	588	2 309	317	2 626
Other comprehensive income/(loss)	181	(131)	(31)	(167)	(148)		(148)
Total comprehensive income	1 249	153	338	421	2 161	317	2 478
Attributable to:							
Ordinary shareholders	1 249	158	331	390	2 128		2 128
Non-controlling interests		(5)	7	31	33	317	350
Reconciliation of total earnings to headline earnings attributable to shareholders							
Total earnings	1 068	284	369	588	2 309	317	2 626
Attributable to non-controlling interests		(62)	(7)	(31)	(100)	(317)	(417)
Preference share dividend				(2)	(2)		(2)
Headline earnings	1 068	222	362	555	2 207		2 207
Net income earned on BEE preference shares				16	16		16
Reversal of the accounting mismatch arising on consolidation of L2D				304	304		304
Normalised headline earnings	1 068	222	362	875	2 527		2 527

[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] *Asset management customer facing unit includes the asset management capabilities under STANLIB South Africa and STANLIB Rest of Africa business units, which are managed separately, with each business having its own accountable executive.*

Group equity value report

for the six months ended 30 June 2017

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 that 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 (SA) covered business:*

The wholly owned subsidiary, Liberty Group Limited, comprises the South African long-term insurance entities and related asset holding entities. The embedded value methodology in terms of Advisory 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 South Africa	Valued using a 10 times (31 December 2016 and 30 June 2016: 10 times) multiple of estimated sustainable earnings.
STANLIB Rest of Africa	Valued using a 10 times (31 December 2016 and 30 June 2016: 10 times) multiple of estimated sustainable earnings.
Liberty Health	As Liberty Health has yet to establish a history to support a sustainable earnings calculation, an 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 2017, 31 December 2016 and 30 June 2016 the combined valuations approximated the group's IFRS net asset value. Therefore the IFRS net asset value was used.
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 rights allocated to staff not employed by the South African covered businesses, adjusting certain deferred tax assets to current values and allowance for certain shareholder recurring expenses incurred in Liberty Holdings Limited capitalised at a multiple of 9 times (31 December 2016 and 30 June 2016: 9 times).

Group equity value report (continued)

for the six months ended 30 June 2017

3 Normalised group equity value

3.1 *Analysis of normalised group equity value*

	Unaudited 30 June 2017			Unaudited 30 June 2016		
Rm	**SA covered business**	**Other businesses**	**Total**	SA covered business	Other businesses	Total
Liberty Group Limited	**18 369**		**18 369**	19 096		19 096
STANLIB South Africa[2]		**809**	**809**		762	762
STANLIB Rest of Africa[2]		**(19)**	**(19)**		256	256
Liberty Health (including Total Health Trust)		**373**	**373**		330	330
Liberty Africa Insurance		**815**	**815**		772	772
Liberty Holdings		**1 273**	**1 273**		816	816
Liberty Two Degrees consolidation adjustment[1]		**158**	**158**			
Shareholders' equity reported under IFRS	**18 369**	**3 409**	**21 778**	19 096	2 936	22 032
Difference between statutory and published valuation methods	**(7 175)**		**(7 175)**	(6 867)		(6 867)
Negative rand reserves	**(6 723)**		**(6 723)**	(6 429)		(6 429)
Deferred acquisition costs	**(725)**		**(725)**	(682)		(682)
Deferred revenue liability	**273**		**273**	244		244
Other[3]						
Subordinated notes (including accrued interest)	**4 602**		**4 602**	3 580		3 580
CAR of subsidiaries	**(10)**		**(10)**	(10)		(10)
Reverse value of in-force acquired	**(14)**		**(14)**	(20)		(20)
Inadmissible assets[3]	**(922)**		**(922)**	(603)		(603)
Statutory excess assets over liabilities	**14 850**	**3 409**	**18 259**	15 176	2 936	18 112
Reverse difference between statutory and published valuation methods[3]						
Reverse CAR of subsidiaries	**10**		**10**	10		10
Reverse subordinated notes (including accrued interest)	**(4 602)**		**(4 602)**	(3 580)		(3 580)
Reverse inadmissible assets[3]	**922**		**922**	603		603
Frank Financial Services allowance for future expenses	**(100)**		**(100)**	(100)		(100)
Impact of discounting on deferred tax asset		**(100)**	**(100)**		(100)	(100)
BEE preference funding	**142**		**142**	204		204
Liberty Two Degrees normalisation adjustment[1]		**(158)**	**(158)**			
Allowance for employee share rights	**(33)**	**(38)**	**(71)**	(50)	(44)	(94)
Normalised net worth	**11 189**	**3 113**	**14 302**	12 263	2 792	15 055
Value of in-force – Individual Arrangements	**21 840**		**21 840**	22 144		22 144
Value of in-force – Group Arrangements: Liberty Corporate	**2 838**		**2 838**	2 659		2 659
Cost of required capital	**(1 640)**		**(1 640)**	(1 601)		(1 601)
Fair value adjustment – STANLIB South Africa[2]		**4 491**	**4 491**		5 238	5 238
Fair value adjustment – STANLIB Rest of Africa[2]		**319**	**319**		344	344
Allowance for future shareholder expenses		**(1 960)**	**(1 960)**		(1 845)	(1 845)
Normalised equity value	**34 227**	**5 963**	**40 190**	35 465	6 529	41 994

(1) *This represents the difference between Liberty's share of the net asset value of L2D as at the reporting date and the listed price of L2D units multiplied by the number of units in issue to Liberty at the reporting date.*

(2)

STANLIB valuations: (Rm)	***30 June 2017***	*30 June 2016*
STANLIB South Africa	***5 300***	*6 000*
STANLIB Rest of Africa	***300***	*600*

(3) *The adjustments between the IFRS and statutory net asset values for the Liberty Africa subsidiaries are not available for interim reporting. However, as the group equity value for these entities is set to their IFRS net asset value, these adjustments do not affect group equity value. The adjustments will be included for full year reporting.*

Group equity value report (continued)

for the six months ended 30 June 2017

3 Normalised group equity value (continued)

3.1 *Analysis of normalised group equity value* (continued)

31 December 2016 Rm	Audited SA covered business	 Other businesses	 Total
Liberty Group Limited	18 505		18 505
STANLIB South Africa[2]		777	777
STANLIB Rest of Africa[2]		104	104
Liberty Health (including Total Health Trust)		404	404
Liberty Africa Insurance		808	808
Liberty Holdings		1 408	1 408
Liberty Two Degrees consolidation adjustment[1]		(330)	(330)
Shareholders' equity reported under IFRS	18 505	3 171	21 676
Difference between statutory and published valuation methods	(6 786)	(58)	(6 844)
Negative rand reserves	(6 344)		(6 344)
Deferred acquisition costs	(698)		(698)
Deferred revenue liability	256		256
Other		(58)	(58)
Subordinated notes (including accrued interest)	4 601		4 601
CAR of subsidiaries	(10)		(10)
Reverse value of in-force acquired	(17)		(17)
Inadmissible assets	(807)	(85)	(892)
Statutory excess assets over liabilities	15 486	3 028	18 514
Reverse difference between statutory and published valuation methods		58	58
Reverse CAR of subsidiaries	10		10
Reverse subordinated notes (including accrued interest)	(4 601)		(4 601)
Reverse inadmissible assets	807	85	892
Frank Financial Services allowance for future expenses	(100)		(100)
Impact of discounting on deferred tax asset		(100)	(100)
BEE preference funding	148		148
Liberty Two Degrees normalisation adjustment[1]		330	330
Allowance for employee share rights	(33)	(27)	(60)
Normalised net worth	11 717	3 374	15 091
Value of in-force – Individual Arrangements	21 635		21 635
Value of in-force – Group Arrangements: Liberty Corporate	2 759		2 759
Cost of required capital	(1 641)		(1 641)
Fair value adjustment – STANLIB South Africa[2]		5 013	5 013
Fair value adjustment – STANLIB Rest of Africa[2]		256	256
Allowance for future shareholder expenses		(1 892)	(1 892)
Normalised equity value	**34 470**	**6 751**	**41 221**

[1] *This represents the difference between Liberty's share of the net asset value of L2D as at the reporting date and the listed price of L2D units multiplied by the number of units in issue to Liberty at the reporting date.*

[2]

STANLIB valuations: (Rm)	31 December 2016
STANLIB South Africa	*5 790*
STANLIB Rest of Africa	*360*

Group equity value report (continued)

for the six months ended 30 June 2017

3 Normalised group equity value (continued)

3.2 *Normalised group equity value earnings and value per share*

	Unaudited 30 June 2017			Unaudited 30 June 2016			Audited 12 months 31 December 2016
Rm	**SA covered business**	**Other businesses**	**Total**	SA covered business	Other businesses	Total	Total
Normalised equity value at the end of the period	**34 227**	**5 963**	**40 190**	35 465	6 529	41 994	41 221
Equity value at the end of the period	**34 085**	**6 121**	**40 206**	35 261	6 529	41 790	40 743
Liberty Two Degrees normalisation adjustment[1]		**(158)**	**(158)**				330
BEE preference shares	**142**		**142**	204		204	148
Net share buy-backs		**335**	**335**		460	460	477
Funding of restricted share plan	**112**	**(112)**		136	(136)		
Intragroup dividends	**1 400**	**(1 400)**		2 000	(2 000)		
Dividends paid		**1 168**	**1 168**		1 242	1 242	2 024
Normalised equity value at the beginning of the period	**(34 470)**	**(6 751)**	**(41 221)**	(35 268)	(6 367)	(41 635)	(41 635)
Equity value at the beginning of the period	**(34 322)**	**(6 421)**	**(40 743)**	(34 946)	(6 367)	(41 313)	(41 313)
Liberty Two Degrees normalisation adjustment[1]		**(330)**	**(330)**				
BEE preference shares	**(148)**		**(148)**	(322)		(322)	(322)
Normalised equity value earnings	**1 269**	**(797)**	**472**	2 333	(272)	2 061	2 087
Normalised return on group equity value (%)	**7,5**	**(22,9)**	**2,3**	13,7	(8,8)	10,3	5,1
Normalised number of shares			**280 734**			282 905	282 615
Number of shares in issue ('000)			**269 541**			271 517	272 247
Shares held for the employee restricted share scheme ('000)			**4 713**			4 578	3 794
Adjustment for BEE shares ('000)			**6 480**			6 810	6 574
Normalised group equity value per share (R)			**143,16**			148,44	145,86

[1] *This represents the difference between Liberty's share of the net asset value of L2D as at the reporting date and the listed price of L2D units multiplied by the number of units in issue to Liberty at the reporting date.*

Group equity value report (continued)

for the six months ended 30 June 2017

3 Normalised group equity value (continued)

3.3 *Sources of normalised group equity value earnings*

	Unaudited 30 June 2017			Unaudited 30 June 2016			Audited 12 months 31 December 2016
Rm	**SA covered business**	**Other businesses**	**Total**	SA covered business	Other businesses	Total	Total
Value of new business written in the period	**75**	**11**	**86**	241	16	257	483
Expected return on value of in-force business	**1 446**		**1 446**	1 483		1 483	2 997
Variances/changes in operating assumptions	**21**		**21**	213		213	283
Operating experience variances	**174**		**174**	277		277	477
Property portfolio liquidity fee/ STANLIB REIT Fund Managers[1]				(1)		(1)	73
Operating assumption changes	**(7)**		**(7)**	(30)		(30)	(295)
Changes in modelling methodology	**(146)**		**(146)**	(33)		(33)	28
Development costs	**(30)**	**(52)**	**(82)**		(43)	(43)	(107)
Liberty Holdings shareholder expenses[3]		**(156)**	**(156)**		(123)	(123)	(228)
Headline earnings of other businesses/intragroup transfers	**46**	**59**	**105**		247	247	185
Operational equity value profits	**1 558**	**(138)**	**1 420**	1 937	97	2 034	3 613
Economic adjustments	**(289)**	**(178)**	**(467)**	385	(114)	271	(750)
Investment return on net worth[2]	**94**	**(178)**	**(84)**	357	(114)	243	86
Investment variances[2]	**(479)**		**(479)**	(277)		(277)	(963)
Change in economic assumptions	**96**		**96**	305		305	127
Change in fair value adjustments on value of other businesses		**(470)**	**(470)**		(259)	(259)	(825)
Change in allowance for share rights		**(11)**	**(11)**	11	4	15	49
Group equity value earnings	**1 269**	**(797)**	**472**	2 333	(272)	2 061	2 087

(1) *Following the listing of Liberty Two Degrees in December 2016, STANLIB REIT Fund Managers (RF) Proprietary Limited (the Manager), a 100% held subsidiary of Liberty Holdings Limited (LHL), was appointed as the Manager of L2D. The property portfolio liquidity fee which was previously earned in Liberty Group Limited (LGL) will be used to fund the asset management fee paid to STANLIB REIT Fund Managers. STANLIB REIT Fund Managers has been valued using a 10 times multiple of the estimated sustainable earnings.*

(2) *The investment return on net worth includes an amount of negative R17 million (31 December 2016: negative R16 million, 30 June 2016: negative R18 million) in respect of the change in the fair value of cash-flow hedges supporting LGL subordinated notes. Similarly, the investment variances include an amount of R48 million (31 December 2016: R178 million, 30 June 2016: R106 million) in respect of the change in the fair value of cash-flow hedges supporting LibFin Credit.*

(3) *This includes the actual shareholder expenses incurred by Liberty Holdings of R88 million (31 December 2016: R122 million, 30 June 2016: R64 million) plus the change in the allowance for future shareholder expenses over the period.*

Group equity value report (continued)

for the six months ended 30 June 2017

3 Normalised group equity value (continued)

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

Rm (unless otherwise stated)	**Unaudited 30 June 2017**	Unaudited 30 June 2016	Audited 12 months 31 December 2016
South African covered business:			
Individual Arrangements	**667**	786	1 652
Traditional Life[1]	**528**	632	1 306
Direct Channel	**30**	37	96
Credit Life	**43**	42	86
LibFin Credit uplift to Individual Arrangements	**66**	75	164
Group Arrangements: Liberty Corporate	**66**	43	131
Traditional Business	**56**	39	113
LibFin Credit uplift to Group Arrangements: Liberty Corporate	**10**	4	18
Gross value of new business	**733**	829	1 783
Overhead acquisition costs (including underwriting costs) impact on value of new business[1]	**(615)**	(540)	(1 243)
Cost of required capital	**(43)**	(48)	(86)
Net value of South African covered new business	**75**	241	454
Present value of future expected premiums	**20 628**	18 226	42 370
Margin (%)	**0,4**	1,3	1,1
Group Arrangements: Liberty Africa Insurance			
Net value of new business	**11**	16	29
Present value of future expected premiums	**266**	225	519
Margin (%)	**4,3**	7,0	5,6
Total group net value of new business	**86**	257	483
Total group margin (%)	**0,4**	1,4	1,1

[1] *Underwriting costs previously included in Traditional Life business at 30 June 2016 have been reallocated to overhead acquisition costs.*

Long-term insurance new business

for the six months ended 30 June 2017

Rm (Unaudited)	**30 June 2017**	30 June 2016	12 months 31 December 2016
Sources of insurance operations total new business by customer segment			
Retail	**13 177**	12 097	27 435
Single	**10 973**	9 911	22 916
Recurring	**2 204**	2 186	4 519
Institutional	**915**	665	2 296
Single	**319**	304	1 350
Recurring	**596**	361	946
Total new business	**14 092**	12 762	29 731
Single	**11 292**	10 215	24 266
Recurring	**2 800**	2 547	5 465
Insurance indexed new business	**3 930**	3 569	7 892
Sources of insurance indexed new business:			
Individual Arrangements	**3 205**	3 094	6 639
Group Arrangements:	**725**	475	1 253
Liberty Corporate	**558**	324	842
Liberty Africa Insurance[(1)]	**167**	151	411

[(1)] *Liberty owns less than 100% of certain 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 2017

Rm	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 12 months 31 December 2016
Net premiums by customer segment			
Retail	**21 282**	20 005	43 150
Single	**10 720**	9 775	22 522
Recurring	**10 562**	10 230	20 628
Institutional	**5 187**	5 668	11 889
Single	**588**	1 367	3 170
Recurring	**4 599**	4 301	8 719
Net premium income from insurance contracts and inflows from investment contracts	**26 469**	25 673	55 039
Single	**11 308**	11 142	25 692
Recurring	**15 161**	14 531	29 347
Net claims and policyholders benefits by customer segment			
Retail	**(20 390)**	(19 254)	(40 924)
Death and disability claims	**(3 117)**	(3 249)	(6 570)
Policy surrender and maturity claims	**(14 392)**	(13 388)	(28 870)
Annuity payments	**(2 881)**	(2 617)	(5 484)
Institutional	**(6 744)**	(6 772)	(12 996)
Death and disability claims	**(1 082)**	(1 186)	(1 912)
Scheme terminations and member withdrawals	**(5 244)**	(5 211)	(10 280)
Annuity payments	**(418)**	(375)	(804)
Net claims and policyholders benefits	**(27 134)**	(26 026)	(53 920)
Long-term insurance net cash flows[2]	**(665)**	(353)	1 119
Rm (Unaudited)			
Sources of insurance operations net cash flows:			
Individual Arrangements	**774**	597	1 948
Group Arrangements:	**(1 439)**	(955)	(268)
Liberty Corporate	**(1 609)**	(905)	(751)
Liberty Africa Insurance[1]	**170**	(50)	483
Asset management:			
STANLIB Multi-manager[3]		5	(561)

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

[2] *This excludes net cash inflows attributed to the off balance sheet GateWay LISP of R122 million (31 December 2016: R557 million, 30 June 2016: R129 million).*

[3] *The arrangement whereby funds were placed with external asset managers via STANLIB Multi-manager was terminated in 2016 and accordingly there are no flows in 2017 and going forward.*

Assets under management[1]

as at 30 June 2017

Rbn (Unaudited)	30 June 2017	30 June 2016	31 December 2016
Managed by group business units	**662**	648	653
STANLIB South Africa	**540**	531	535
STANLIB Rest of Africa[2]	**53**	53	51
LibFin Markets	**58**	53	58
Other internal managers	**11**	11	9
Externally managed	**26**	31	23
Total assets under management[3]	**688**	679	676

[1] *Includes funds under administration.*
[2] *Liberty owns less than 100% of certain of the entities that make up STANLIB Rest of 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 30 June 2017 amounts:*

	Unit trusts listed (Rbn)		
	STANLIB managed	***Other managed***	***Total***
STANLIB South Africa	***38***	***74***	***112***
Gateway	***3***	***4***	***7***

Asset management net cash flows[1]

for the six months ended 30 June 2017

Rm (Unaudited)	30 June 2017	30 June 2016	12 months 31 December 2016
STANLIB South Africa			
Non-money market	**5 705**	1 189	764
Retail	**3 345**	202	(2 327)
Institutional	**2 360**	987	3 091
Money market	**(59)**	(2 136)	2 037
Retail	**(1 461)**	(202)	1 007
Institutional	**1 402**	(1 934)	1 030
Net STANLIB South Africa cash inflows[3]	**5 646**	(947)	2 801
STANLIB Rest of Africa[2]			
Non-money market	**(347)**	1 980	3 724
Retail	**437**	(6)	(422)
Institutional	**(784)**	1 986	4 146
Money market	**791**	(580)	(761)
Net STANLIB Rest of Africa cash inflows	**444**	1 400	2 963
Net cash inflows from asset management	**6 090**	453	5 764

[1] *Cash flows exclude intergroup segregated life fund mandates. Cash flows also exclude the Delta LISP with effect from June 2016.*
[2] *Liberty owns less than 100% of certain of the entities that make up STANLIB Rest of Africa. The information is recorded at 100% and is not adjusted for proportional legal ownership.*
[3] *In terms of the first close of the Agri-Vie Fund II in January 2017, Liberty has committed capital of R673 million, which has not been included in the above STANLIB South Africa flows.*

Short-term insurance indicators

for the six months ended 30 June 2017

Rm	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 12 months 31 December 2016
Net premiums	**675**	805	1 484
Liberty Health – medical risk	**420**	508	919
Liberty Africa Insurance – motor, property, medical and other	**255**	297	565
Net claims	**(426)**	(496)	(994)
Liberty Health – medical risk	**(299)**	(353)	(743)
Liberty Africa Insurance – motor, property, medical and other	**(127)**	(143)	(251)
Net cash inflows from short-term insurance	**249**	309	490
Unaudited			
Claims loss ratio (%)			
Liberty Health	**71**	70	77
Liberty Africa Insurance	**50**	48	44
Combined loss ratio (%)			
Liberty Health	**101**	99	104
Liberty Africa Insurance	**98**	91	94

Capital commitments

as at 30 June 2017

Rm	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
Equipment	**658**	366	823
Investment and owner-occupied properties	**1 237**	1 760	1 485
Committed capital[1]	**1 168**	751	636
Total capital commitments	**3 063**	2 877	2 944
Under contracts	**546**	714	657
Authorised by the directors but not contracted	**2 517**	2 163	2 287

[1] *Liberty has committed capital to certain infrastructure and development funds. The committed funds are only drawn down when required.*

The above 2017 capital commitments will be financed by available bank facilities, existing cash resources, internally generated funds, R55 million (31 December 2016: R60 million, 30 June 2016: R135 million) from non-controlling interests in unincorporated property partnerships in respect of investment properties and R241 million (31 December 2016: R300 million, 30 June 2016: Rnil million) from non-controlling interests in Liberty Two Degrees.

Retirement benefit obligations

as at 30 June 2017

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 2017, the Liberty post-retirement medical aid benefit liability was R482 million (31 December 2016: R493 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 2017

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 or have been contracted in the 30 June 2017 financial period:

1. *Summary of related party transactions with Standard Bank*

1.1 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 2017	**9 572**	**1 454**	**0,60**
Purchases	**2 393**	**335**	
Sales	**(2 009)**	**(255)**	
Fair value adjustments		**(100)**	
Balance at 30 June 2017	**9 956**	**1 434**	**0,63**

1.2 Bancassurance

The bancassurance business agreements with the Standard Bank group caters 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 2017 amounted to R3 982 million (2016 full year: R7 973 million). In terms of the agreements, Liberty's group subsidiaries pay 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 2017 is R477 million (2016 full year: R1 005 million).

The bancassurance business agreements are evergreen agreements with a 24-month notice period for termination – as at the date of the approval of these financial statements, neither party had given notice.

A binder agreement was entered into with Standard Bank effective from 31 December 2012. The binder agreement is associated with the administration of policies sold under the bancassurance business 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 2017 is R66 million (2016 full year: R150 million).

1.3 Purchases and sales of financial instruments

As per Liberty's 2016 group annual financial statements, in the normal course of conducting business, Liberty deposits cash with Standard Bank, purchases and sells financial instruments issued by Standard Bank and enters into sale and repurchase agreements and 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.

Related parties (continued)

for the six months ended 30 June 2017

2. *Other related party transactions – Liberty Two Degrees (L2D)*

In terms of the co-owners agreement concluded at the time of the listing of L2D in December 2016, L2D granted Liberty Group Limited a continuing put option to sell further portions of its undivided shares in the existing properties (and letting businesses carried on thereon) to L2D from time to time.

Post the interim reporting date, Liberty Group Limited exercised the put option and finalised the disposal of a further proportional share in the co-owned property portfolio to the value of R2,5 billion to L2D.

Offsetting, enforceable master netting arrangements or similar agreements

as at 30 June 2017

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*. The table below sets out the nature of agreements and the types of rights relating to items which do not qualify for offset but that are subject to a master netting arrangement (MNA) or similar agreement.

	NATURE OF AGREEMENT	RELATED RIGHTS
Derivative assets and liabilities	International swaps and derivatives associations	The agreement allows for offset in the event of default
Repurchase agreements	Global master repurchase agreements	
Collateral deposits payable	Global master securities lending arrangements	

Offsetting, enforceable master netting arrangements or similar agreements (continued)

as at 30 June 2017

Rm	Total	Not subject to MNA or similar agreements	Subject to MNA or similar agreements	Financial collateral[1]	Net
Unaudited					
30 June 2017					
Assets					
Assets held for trading and for hedging	**9 459**	**(934)**	**8 525**	**(6 970)**	**1 555**
Total assets	**9 459**	**(934)**	**8 525**	**(6 970)**	**1 555**
Liabilities					
Liabilities held for trading and for hedging	**7 428**	**(26)**	**7 402**	**(6 970)**	**432**
Repurchase agreements liabilities	**7 840**		**7 840**	**(7 840)**	
Collateral deposits payable	**6 122**		**6 122**	**(6 122)**	
Total liabilities	**21 390**	**(26)**	**21 364**	**(20 932)**	**432**
Unaudited					
30 June 2016					
Assets					
Assets held for trading and for hedging	9 668	(621)	9 047	(7 525)	1 522
Total assets	9 668	(621)	9 047	(7 525)	1 522
Liabilities					
Liabilities held for trading and for hedging	7 548	(23)	7 525	(7 525)	
Repurchase agreements liabilities	10 009		10 009	(10 009)	
Collateral deposits payable	4 150		4 150	(4 150)	
Total liabilities	21 707	(23)	21 684	(21 684)	
Audited					
31 December 2016					
Assets					
Assets held for trading and for hedging	8 609	(595)	8 014	(6 532)	1 482
Total assets	8 609	(595)	8 014	(6 532)	1 482
Liabilities					
Liabilities held for trading and for hedging	6 798	(49)	6 749	(6 532)	217
Repurchase agreements liabilities	7 064		7 064	(7 064)	
Collateral deposits payable	4 684		4 684	(4 684)	
Total liabilities	18 546	(49)	18 497	(18 280)	217

[1] *Financial collateral relates to these instruments that are subject to MNA or similar agreements.*

Change in presentation policies

for the six months ended 30 June 2017

1 Change in presentation for policyholder assets and liabilities and for reinsurance liabilities

For the year ended 31 December 2016, a change in presentation was adopted to disclose portfolio level negative policyholder liabilities as policyholder assets.

In addition, to provide more relevant and useful information to the user, reinsurance liabilities were disclosed separately on the face of the statement of financial position, as this class of liabilities represents the effect of management's risk mitigation action on policyholder contracts.

The disclosure impact of this change is:

	30 June 2017			30 June 2016		
Rm (Unaudited)	Prior to adoption of change in presentation policy	Impact of change in presentation policy	Including the change in presentation policy	As previously reported	Impact of the change in presentation policy	Restated
Statement of financial position line item[1]						
Assets						
Long-term policyholder assets – insurance contracts	**-**	**7 689**	**7 689**	–	7 661	7 661
Liabilities						
Long-term policyholder liabilities – insurance contracts	**(196 557)**	**(7 146)**	**(203 703)**	(201 746)	(7 046)	(208 792)
Reinsurance liabilities	**-**	**(543)**	**(543)**	–	(615)	(615)

[1] *Brackets denote credit balances.*

Statement of comprehensive income line item						
Change in long-term policyholder assets and liabilities	**479**		**479**	(4 031)		(4 031)
Liabilities under insurance contracts	**781**	**(387)**	**394**	(3 578)	(84)	(3 662)
Policyholder assets related to insurance contracts		**375**	**375**		82	82
Investment contracts with discretionary participation features	**(341)**	**-**	**(341)**	(517)	–	(517)
Applicable to reinsurers	**39**	**12**	**51**	64	2	66

The impact is a presentation change only and there was no resultant change to the group's total earnings, comprehensive income, shareholders' equity or net asset value.

Change in presentation policies (continued)

for the six months ended 30 June 2017

2 Change in presentation policy regarding collateral deposits payable

Upon review of the financing activities presented in the statement of cash flows, management concluded that collateral deposits payable (not related to repurchase agreements) included in 'Net proceeds on repurchase agreements liabilities and collateral deposits payable' would be more accurately presented as part of investing activities. The statement of cash flows has been voluntarily restated to reflect this change for 30 June 2016.

The disclosure change in the statement of cash flows is as follows:

30 June 2016 Rm (Unaudited)	As previously reported	Reclassification of net proceeds on collateral deposits payable	As restated
Cash flows from investing activities	4 892	(1 770)	3 122
Cash flows from financing activities	(2 444)	1 770	(674)

For more details regarding the restatements, refer to note 47 in the 31 December 2016 Liberty Holdings Limited annual financial statements.

Notes