FINANCIAL RESULTS

LIBERTY HOLDINGS LIMITED

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

Contents

Financial performance indicators
for the six months ended 30 June 2009

	June 2009	June 2008	% change	December 2008
Liberty Holdings Limited				
Earnings				
Basic (loss)/earnings per share (cents)	**(483,3)**	294,4[1]	(>100)	709,3
BEE normalised headline (loss)/earnings per share (cents)	**(421,9)**	321,8[2]	(>100)	574,6[2]
Embedded value				
BEE normalised embedded value per share (R)	**79,19**	94,08[2]	(15,8)	95,12
BEE normalised return on embedded value (%)	**(25,5)**	4,8[2], [3]	(>100)	3,7[2]
Distributions per share (cents)	**164**	–	>100	312
Interim capital reduction	**164**	–		–
Final capital reduction	**n/a**	n/a		291
Extraordinary dividend	**–**	–		21[2]
Capital adequacy cover of Liberty Group Limited (times covered)	**2,48**	2,49	(0,4)	2,66
Long-term insurance operations[4]				
Indexed new business (excluding contractual increases) (Rm)	**2 111**	2 172	(2,8)	4 782
New business margin (%)	**1,0**	1,9[3]	(47,4)	2,6
Net cash inflows/(outflows) (Rm)	**584**	(1 486)	>100	(2 861)
Asset management				
Assets under management (Rbn)[5]	**330**	352	(6,2)	337
Net cash (outflows)/inflows (Rm)[6]	**(2 000)**	(545)	(>100)	13 374
Health services				
Lives under administration ('000)	**461**	12	>100	267

(1) *Restated to adjust for the 3:1 share split in 2008 as if it occurred at the beginning of 2008.*
(2) *Comparatives disclosed as published for Liberty Group Limited as a comparable basis to Liberty Holdings Limited in 2009.*
(3) *Restated on application of revised actuarial practice guidance note 107.*
(4) *Includes insurance business written under all of the group's life licences.*
(5) *Includes STANLIB, Liberty Africa and Liberty Properties asset management operations.*
(6) *Includes STANLIB and Liberty Africa excluding intergroup life fund cash flows.*

Definitions

BEE normalised headline earnings per share, embedded value per share and return on embedded 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 Cover
Capital Adequacy is the minimum amount by which the Financial Services Board requires an insurer's assets to exceed its liabilities. The assets, liabilities and capital adequacy requirement must be calculated using a method which meets the Financial Services Board's requirements. Capital Adequacy Cover refers to the amount of capital the insurer has as a multiple of the minimum requirement.

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

Long-term insurance operations – New business margin
This is the embedded value of new business in insurance operations expressed as a percentage of the present value of future expected premiums.

Commentary on results

Operational and strategic update

Economic activity in South Africa has slowed substantially over the past twelve months and consumers have seen a marked decline in their disposable income. This has impacted on Liberty Holdings Limited's ('Liberty' or 'group') policyholder persistency and mark-to-market positions, with a consequent negative result on earnings.

Despite the economic challenges, Liberty remains operationally strong. New business sales and cash flows are satisfactory and management expenses have been well controlled.

Policyholder persistency

Liberty is experiencing declining policyholder persistency, essentially as a result of the weaker economy and certain internal business structures and practices, which are receiving urgent attention. The group is committing considerable resources to address these matters.

Various operational initiatives have been implemented to arrest the rate of policy withdrawals in Individual Life, which are producing positive results. Longer term strategies have been devised and will be implemented within the next twelve months. The group expects to see the full benefit of the initiatives over the next twelve to eighteen months.

Management is confident that they will be successful in limiting the loss of in-force policies and in preparing the business to take maximum advantage of the next economic upturn.

Mark-to-market investment losses

In line with its board approved risk appetite, Liberty de-risked interest rate and equity risk in late 2008 and early 2009. The board firmly believes that this risk mitigation action was necessary as Liberty's first priority is to protect policyholders' funds. This has been achieved, as is evident by the robust capital adequacy level of 2,5 times cover in the group's main life licence.

Liberty's foreign assets form part of its balanced shareholder portfolio and are also available to fund acquisition opportunities in other African markets, as and when these are approved. The stronger rand at 30 June impacted negatively on earnings.

Diversification strategy

Liberty continues to focus on its strategy to be a leading wealth management company in Africa, and activities in the first half of 2009 have included progress on the extension of the group's reach into other Africa geographies as well as broadening of the group's product and service offerings.

The group will in the next few months conclude phase two of the group restructure which entails transferring existing non long-term insurance legal entities from Liberty Group Limited to direct ownership by Liberty Holdings Limited. This will allow for optimisation of the group's capital structure. Certain of these transactions will require regulatory approval. No specific Liberty Holdings Limited shareholder approvals are required.

Looking forward, management is committed to reverse the persistency trend and remain focussed on managing market risk. Protecting policyholder funds and the strength of the group's balance sheet remains key in these volatile times. The group will continue to execute on the long term strategy of diversifying in terms of product, services and geography.

Financial performance to 30 June 2009

Overview

The group's reported BEE normalised headline loss of R1 207 million (2008: R409 million headline earnings) for the six months to 30 June 2009 is essentially as a result of three unrelated circumstances. The first is the estimated R520 million impact of the timing of the group's actions to reduce equity market risk in order to protect capital. These transactions were explained to shareholders in the overview of operations for the first quarter released on SENS on 15 May 2009. The second relates to the required strengthening of policyholder withdrawal, paid up and lapse assumptions on certain blocks of business following detailed actuarial experience investigations. The combination of negative experience variances and the strengthening of actuarial assumptions has meant a R685 million expense in earnings and a decrease to embedded value of R1 719 million. Thirdly, currency markets remain volatile and the strong rand at 30 June 2009 has

Commentary on results *(continued)*

created an estimated R530 million unrealised loss on the group's foreign currency investments over the six month period. The group's BEE normalised headline loss per share is therefore 421,9 cents (2008: headline earnings of 294,4 cents per share).

The asset management earnings and the other key indicators relating to the core insurance business are satisfactory in the circumstances. South African insurance production is down by 2,1% with indexed new business from insurance operations declining by 2,8%, although indexed retail sales are 0,8% up on 2008.

The net cash flows of the group's asset management operations benefited from strong money market and dividend income fund flows. As anticipated the Public Investment Corporation (PIC) reduced their mandate with STANLIB by R8,3 billion. Excluding the PIC withdrawal, group net cash inflows were R6,3 billion (2008: net cash outflows R0,5 billion).

Earnings from the group's South African asset management operations (STANLIB, Liberty Properties and Fountainhead) are 20,9% lower than last year reflecting the lower average values of assets under management and reduced fee income. Good cost discipline partially offset this effect.

Capital adequacy of the group's main life licence entity, Liberty Group Limited, has benefited from the market risk mitigation strategies and despite the IFRS earnings loss, remains strong at 2,5 times the required cover. The group's BEE normalised return on embedded value per share for the six months is 25,5% negative and the BEE normalised embedded value per share has decreased by 16,7% to R79,19 from the R95,12 reported at 31 December 2008.

Liberty Health and Liberty Africa continue to progress against their stated strategies and contributed R9 million loss (after intangible amortisation) and R14 million earnings respectively to the group result.

Contributions to earnings

	30 June 2009 Rm	30 June 2008 Rm	% change	31 December 2008 Rm
South African insurance operations	**(636)**	744	(>100)	885
Individual Life excluding market investment exposures	**(75)**	605	(>100)	1 255
Corporate excluding market investment exposures	**36**	56	(35,7)	152
Market risk exposures[1]	**(597)**	83	(>100)	(522)
Shareholder investment returns[1]	**(650)**	1	(>100)	382
Income	**388**	312	24,4	652
Capital	**(1 038)**	(311)	(>100)	(270)
Asset management (STANLIB, Liberty Properties and Fountainhead)	**193**	244	(20,9)	459
Diversification initiatives (Liberty Africa and Liberty Health)	**5**	(15)	>100	(1)
Treasury share adjustment		6	(>100)	2
Shareholder expenses and sundry income	**(169)**	(149)	(13,4)	(269)
Attributed to minority shareholders in Liberty Group Limited[2]		(421)	>100	(346)
Preference share dividend	**(1)**	(1)	–	(2)
Headline (loss)/earnings	**(1 258)**	409	(>100)	1 110

(1) *Managed by the LibFin business unit.*

(2) *Prior to the group restructure on 1 December 2008, Liberty Holdings Limited owned approximately 51% of Liberty Group Limited.*

Commentary on results *(continued)*

South African long-term insurance (excluding investment market exposures)

Individual Life

Indexed new business (excluding contractual increases) increased by 0,8% to R1 825 million. Whilst good growth was recorded in risk and entry level products, individual investment product sales are down 13,6%, reflecting the current distressed consumer disposable income environment. The new business embedded value profit margin of 1,4% (31 December 2008: 2,1%) has decreased, mainly as a result of strengthened withdrawal, paid up and lapse assumptions and the 175 bps increase in the risk discount rate.

Net cash flows were positive R1 713 million for the period, with lower per claim values contributing to an 18,3% lower overall claim outflow. Premium income flows at R11,5 billion were marginally lower by 0,6% than 2008.

The increasingly difficult consumer conditions combined with the impacts of new commission regulations on investment products from 1 January 2009, which initially seem to be having the unintended consequence of worsening churn in risk products, and the increased ability of policyholders to transfer or make paid up their policies, have contributed to negative persistency experience variances. This is despite the strengthening of these assumptions at 31 December 2008. Consistent with ongoing improvements in the valuation process, actuarial experience investigations were conducted for the first time for half year on the major books of business. In prior years the practice was only to perform these investigations in the second half of the year. In accordance with the board approved policy of setting assumptions, the lapse, paid up and withdrawal rates have consequently been strengthened. This resulted in a net R685 million earnings strain.

Risk claim experience remains positive and no changes to mortality assumptions were made at 30 June 2009. Cost control remains effective and no further strengthening of actuarial assumptions in this regard was required at the half year.

As a consequence of the persistency strain, the attributable loss is R75 million compared to a R605 million profit in 2008.

Corporate

Corporate, which represents 9,8% of total insurance indexed new business (excluding contractual increases), experienced a 24,0% decrease in indexed new business compared to 2008.

Net cash outflows for the half year are R1 162 million (2008: R1 155 million) and were impacted by further scheme terminations and member withdrawals, particularly those associated with the small business segment which has experienced higher levels of liquidations in the current depressed economic climate.

Corporate earnings, mainly due to higher expenses, are down 35,7% to R36 million.

Asset management (STANLIB, Liberty Properties and Fountainhead)

STANLIB contributed R159 million (June 2008: R206 million) to the group's headline earnings. Operating profit before investment income and taxation is R207 million which is 27,4% lower than the R285 million achieved for half year 2008. This is as a consequence of the decline in net service fees earned off the lower value of assets under management (decrease of 9,1% to R290 billion compared to the R318 billion at 30 June 2008) and lower performance management fees.

STANLIB net cash outflows for the period were R4,7 billion, including the loss of R8,3 billion of PIC funds. Money market and dividend income products attracted strong net inflows of R11,4 billion.

Liberty Properties, which earns development and management fees from managing the group's property portfolio, performed relatively well. However due to slightly higher operating expenses being incurred on various growth initiatives and timing of recognising development fees, earnings after taxation decreased by 20,0% to R28 million. Liberty Properties are currently managing significant extensions to the flagship Eastgate and Sandton City complexes.

The acquisition of Fountainhead, a 50% joint venture, was effective from 1 April 2008. Attributable earnings amounted to R6 million (R3 million attributable to the group for the three months ended 30 June 2008).

Investment markets

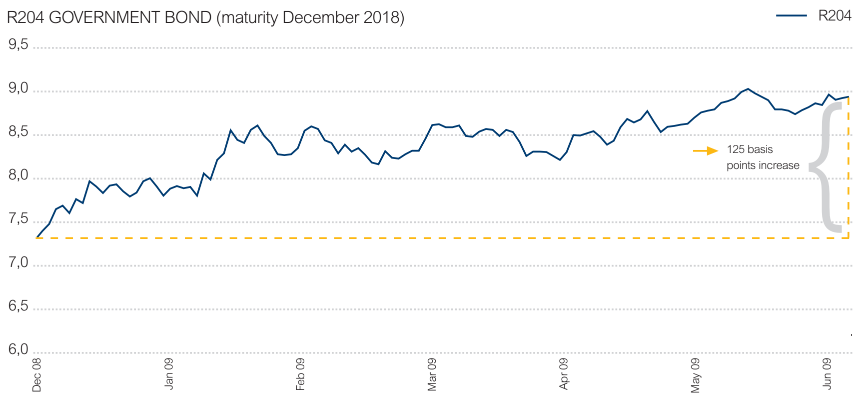
LibFin was formed in 2008 to manage the group's balance sheet. Given the recent volatility of investment markets following the global credit crisis, LibFin's initial mandate was to reduce the levels of market risk in order to lower earnings volatility and strengthen capital. These strategies commenced during the second half of 2008 and have continued in 2009.

The South African equity market performance as measured by the SWIX index was 4,7% higher than the 31 December 2008 level. However, in the early part of March 2009 the SWIX had declined by 17,6% (refer graph) reflecting the ongoing

Commentary on results *(continued)*

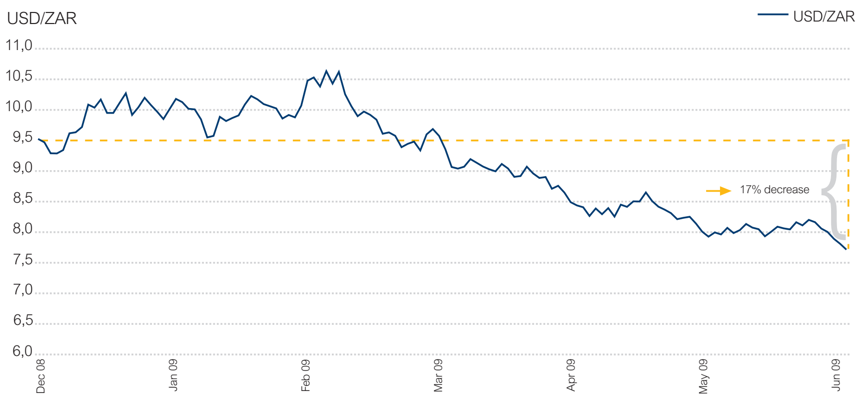
nervousness following the financial crisis that emerged in 2008. As advised in the overview of operations published via SENS on 15 May 2009, the group's equity exposure was reduced in the first quarter as a result of this sharp fall in markets triggering risk stop loss levels, which resulted in a one off R520 million loss.

The bond market has been characterised by increasing yields off the low levels evidenced in the latter part of 2008. The group has substantially maintained the levels of interest rate protection implemented at the end of 2008. The rebasing of a slightly long position in early 2009 and basis risk as the bond rate rose above the swap rate, being the difference between the reference curves used to value policyholder liabilities and the instruments available to practically apply hedging, has been net negative to earnings for the six months.



The currency market was relatively stable until early April when a combination of renewed foreign investment inflows and general weakness in major currencies resulted in a significant strengthening of the rand. The rand at 30 June 2009 ended at R7,73 to the US$ representing a 17,0% increase over the six months.

The group remained exposed to currency risk on shareholder foreign currency investments and the stronger rand resulted in unrealised foreign exchange adjustments of approximately R530 million at 30 June 2009.



Commentary on results *(continued)*

Diversification initiatives

Liberty Health

Liberty Health remains on track in its build initiatives particularly into other African countries. The group acquired a 35% interest in Total Health Trust Limited, a leading health management organisation in Nigeria, for an amount of R31 million. Both Liberty Africa and Liberty Health will benefit from this entry into the Nigerian market.

There has been a successful launch of the Liberty Blue and Optimum Global medical insurance benefit products aimed at multi nationals operating in African countries outside of South Africa.

The health operations reflected an R18 million loss (R6 million loss excluding amortisation of intangible assets) for the half year of which the group's share is R9 million. Delays in targeted business acquisitions and administrative mandates have contributed to the loss. Lives under administration total 461 000 and lives under software licence fees are 1 192 000 at 30 June 2009.

Liberty Africa

Liberty Africa's asset management operations continue to enjoy positive net cash inflows which were R2 720 million for the first six months. Margins in both the insurance and asset management operations improved resulting in a group earnings contribution of R14 million against the R2 million in 2008.

The business unit is working on closing certain targeted acquisitions and has yet to reach critical mass.

Group embedded value

The group's BEE normalised embedded value per share is R79,19, compared to R95,12 at 31 December 2008. Embedded value has been affected by the 175 bps increase in the risk discount rate, the half year loss, the capital reduction of R832 million paid in lieu of a final 2008 dividend, a reduction in STANLIB's entity valuation and the consequences of poorer persistency. The negative return on BEE normalised embedded value of 25,5% compares to the published Liberty Group Limited's 31 December 2008 positive return of 3,7%.

Capital adequacy cover (CAR)

The capital adequacy cover of the group's main life licence, Liberty Group Limited, has decreased marginally from 2,66 at 31 December 2008 to 2,48 at 30 June 2009. This decrease in cover is mainly due to the payment of the 2008 final capital reduction and the year to date loss. After taking into account the interim shareholder distribution and the expected strategic spend, the CAR cover is still well above Liberty Group Limited's historic target of 1,7 times.

The other group life licences' capital adequacy requirement covers remain adequately capitalised within targeted coverage ratios.

Capital reduction out of share premium in lieu of an interim dividend

In terms of the general authority granted to the directors at the 2009 annual general meeting and in accordance with the group's dividend policy, the directors have approved a capital reduction out of share premium of 164 cents per ordinary share in lieu of an interim dividend.

The important dates pertaining to the capital reduction of 164 cents per ordinary share are as follows:

Last date to trade cum capital distribution on the JSE	Friday, 28 August 2009
First trading day ex capital distribution on the JSE	Monday, 31 August 2009
Record date	Friday, 4 September 2009
Payment date	Monday, 7 September 2009

Share certificates may not be dematerialised or rematerialised between Monday, 31 August 2009 and Friday, 4 September 2009, both days inclusive. Where applicable, the capital reduction payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, capital reduction 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 2009.

Commentary on results *(continued)*

Prospects

The duration of the challenging business environment and volatile investment markets remains uncertain. The board is however confident that management is focussed on the main issues facing the group, being policyholder persistency and capital management.

The group is well capitalised and committed to its growth strategy.

Bruce Hemphill
Chief Executive

Saki Macozoma
Chairman

5 August 2009

Liberty Holdings Limited
Incorporated in the Republic of South Africa
(Registration number: 1968/002095/06)
JSE code: LBH
ISIN code: ZAE0000127148

Transfer Secretaries
Computershare Investor Services (Pty) Limited
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Sponsor

Merrill Lynch
A subsidiary of Bank of America Corporation

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

Accounting policies and restatements

The results have been prepared in accordance with International Financial Reporting Standards (IFRS) including full compliance with IAS 34 *Interim Financial Reporting*.

The accounting policies are consistent with those adopted in the previous year with the exception of investment property under development. There were various amendments to IFRS standards as part of the IASB's annual improvements project, which are effective for periods beginning on or after 1 January 2009. The only amendment which is applicable to the group is that investment property under development for future use now falls within the scope of IAS 40 *Investment Property*, and no longer IAS 16 *Property, Plant and Equipment*. Consequently the measurement of investment property under development changes from cost to fair value at the measurement date. This amendment has prospective application.

The group early adopted IFRS 8 *Operating Segments* for the year ended 31 December 2008. The 30 June 2008 segment report has been restated to reflect the segments as reported at year end.

As detailed in the annual financial statements for the year ended 31 December 2008, the group was restructured in the last quarter of 2008. As part of the restructure Liberty Holdings Limited's ordinary shares were split 3:1. The 30 June 2008 shares in issue and earnings per share figures have been restated to adjust for the 3:1 share split as if it occurred at the beginning of 2008.

Neither the restatements nor the change in accounting policy have any impact on earnings or equity as reported for the period under review.

Statement of financial position
as at 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Assets			
Equipment and owner-occupied properties under development	**866**	538	946
Owner-occupied properties	**1 303**	1 272	1 282
Investment properties	**17 695**	15 405	16 771
Intangible assets	**1 333**	1 047	1 444
Defined benefit pension fund employer surplus	**139**	165	144
Deferred acquisition costs	**345**	347	344
Interests in joint ventures	**550**	493	505
Reinsurance assets	**792**	742	827
Operating leases – accrued income	**973**	1 080	1 067
Pledged assets	**1 510**	5 448	1 622
Interest in associates – mutual funds	**4 365**	10 121	4 726
Financial instruments	**159 800**	170 804	170 968
Deferred taxation	**121**	24	131
Prepayments, insurance and other receivables	**5 480**	3 941	5 884
Cash and cash equivalents	**6 784**	3 739	5 112
Total assets	**202 056**	215 166	211 773
Liabilities			
Policyholders' liabilities	**168 733**	180 493	172 069
Insurance contracts	**119 256**	126 846	122 091
Investment contracts with discretionary participation features	**2 519**	3 233	2 648
Financial liabilities under investment contracts	**46 958**	50 414	47 330
Financial liabilities at amortised cost	**2 278**	2 267	2 430
Third party financial liabilities arising on consolidation of mutual funds	**8 143**	8 326	10 481
Employee benefits	**548**	468	642
Deferred revenue	**117**	105	114
Deferred taxation	**2 314**	3 246	2 897
Provisions	**50**	37	64
Operating leases – accrued expense	**201**	227	215
Derivative financial instruments	**707**	113	77
Insurance and other payables	**6 475**	6 153	8 210
Current taxation	**574**	886	748
Total liabilities	**190 140**	202 321	197 947
Equity			
Ordinary shareholders' interest	**9 660**	5 433	11 633
Share capital	**26**	14	26
Share premium	**8 442**	903	9 276
Retained surplus	**1 996**	5 018	3 166
Other reserves	**(804)**	(502)	(835)
Minority interests	**2 256**	7 412	2 193
Total equity	**11 916**	12 845	13 826
Total equity and liabilities	**202 056**	215 166	211 773

Statement of comprehensive income

for the six months ended 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Revenue			
Insurance premium revenue	**11 226**	11 015	22 986
Reinsurance premiums	**(302)**	(362)	(727)
Net insurance premiums	**10 924**	10 653	22 259
Service fee income from policyholders' investment contracts	**307**	403	799
Investment income	**6 424**	5 532	13 552
Hotel operations sales	**329**	346	714
Investment losses	**(9 052)**	(4 644)	(15 476)
Fee revenue	**676**	552	1 144
Total revenue	**9 608**	12 842	22 992
Claims and policyholders' benefits under insurance contracts	**(9 824)**	(11 757)	(23 596)
Insurance claims recovered from reinsurers	**269**	240	535
Change in policyholder liabilities under insurance contracts	**2 929**	4 748	10 173
Insurance contracts	**2 835**	4 706	9 461
Investment contracts with discretionary participation features	**129**	120	705
Applicable to reinsurers	**(35)**	(78)	7
Fair value adjustment to policyholders' liabilities under investment contracts	**(724)**	(218)	1 025
Fair value adjustment on third party mutual fund interests	**716**	(286)	(134)
Acquisition costs associated with insurance and investment contracts	**(1 409)**	(1 263)	(2 822)
General marketing and administration expenses	**(2 492)**	(2 432)	(5 151)
Finance costs	**(176)**	(161)	(356)
Preference dividend in subsidiary	**(173)**	(172)	(308)
Equity accounted earnings from joint ventures	**19**	16	40
(Loss)/profit before taxation	**(1 257)**	1 557	2 398
Taxation	**73**	(604)	(607)
Total (loss)/earnings	**(1 184)**	953	1 791
Other comprehensive income	**3**	32	(20)
Owner-occupied properties – fair value adjustment	**20**	22	26
Foreign currency translation	**(15)**	17	(40)
Income tax relating to components of other comprehensive income	**(2)**	(7)	(6)
Total comprehensive (loss)/income	**(1 181)**	985	1 771
Total (loss)/earnings attributable to:			
Equity holders	**(1 257)**	410	1 112
Minority interest	**73**	543	679
	(1 184)	953	1 791
Total comprehensive (loss)/income attributable to:			
Equity holders	**(1 251)**	425	1 072
Minority interest	**70**	560	699
	(1 181)	985	1 771
	Cents	Restated[1] Cents	Cents
(Loss)/earnings per share			
Basic	**(483,3)**	294,4	709,3
Fully diluted	**(472,2)**	294,4	709,3
Distributions per share[2]	**291,0**	238,3	259,3

(1) *Restated to adjust for the 3:1 share split as if it occurred at the beginning of 2008.*

(2) *Distributions paid during the period.*

Headline earnings and earnings per share
for the six months ended 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Reconciliation of total earnings to headline earnings attributable to ordinary equity holders			
Total (loss)/earnings attributable to equity holders	**(1 257)**	410	1 112
Adjustments			
Preference share dividend	**(1)**	(1)	(2)
Total and headline (loss)/earnings attributable to ordinary equity holders[1]	**(1 258)**	409	1 110
Net income earned on BEE preference shares	**51**	n/a[3]	n/a[3]
		Restated[2]	
BEE normalised headline loss attributable to ordinary equity holders	**(1 207)**	n/a[3]	n/a[3]
Weighted average number of shares in issue ('000)	**260 223**	138 968	156 530
BEE normalised weighted average number of shares in issue ('000)	**286 019**	n/a[3]	n/a[3]
	Cents	Cents	Cents
(Loss)/earnings per share attributable to ordinary equity holders			
Basic	**(483,3)**	294,4	709,3
Headline	**(483,3)**	294,4	709,3
BEE normalised headline	**(421,9)**	n/a[3]	n/a[3]
Fully diluted			
Basic	**(472,2)**	294,4	683,3
Headline	**(472,2)**	294,4	683,3

[1] *Liberty applies the long-term insurance industry exemption contained in circular 8/2007 which allows for no headline earnings adjustment in respect of realised or unrealised remeasurements of investment properties.*

[2] *2008 shares in issue and earnings per share figures have been restated to adjust for the 3:1 share split in 2008 as if it occurred at the beginning of 2008.*

[3] *BEE normalised headline earnings or earnings per share were not provided at 31 December 2008. The BEE normalised measure only became relevant for Liberty Holdings Limited for a full reporting period at 30 June 2009 following the group restructure which was effective from 1 December 2008.*

Condensed statement of changes in shareholders' funds
for the six months ended 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Balance of ordinary shareholders' funds at 1 January	**11 633**	5 288	5 288
Total comprehensive income	**(1 251)**	425	1 072
Ordinary dividends		(341)	(372)
Preference dividend	**(1)**	(1)	(2)
Capital reduction	**(832)**		
Share buy-back	**(10)**		
Black Economic Empowerment transaction	**76**	30	57
Subscription for shares	**6**		8 395
Section 311 Liberty transaction costs	**2**		(10)
Excess purchase price over NAV of Liberty Group Limited			(3 145)
Share-based payments	**37**	17	31
Treasury shares		14	324
Change in effective ownership		1	(5)
Ordinary shareholders' funds	**9 660**	5 433	11 633
Balance on minority interests at 1 January	**2 193**	7 203	7 203
Total comprehensive income	**70**	560	699
Sale of Nelson Mandela Square			(230)
Issue of shares in subsidiary			50
Capital reduction in subsidiary		(369)	(368)
Minority share of subsidiary dividend			(230)
Black Economic Empowerment transaction		30	56
Unincorporated property partnerships	**(7)**	(49)	(90)
Change in effective ownership		(1)	5
Share-based payments		16	30
Treasury shares		22	318
Liberty Group Limited minorities acquired by ordinary shareholders			(5 250)
Minority interests	**2 256**	7 412	2 193
Total shareholders' funds	**11 916**	12 845	13 826

Condensed statement of cash flows
for the six months ended 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Operating activities	**1 933**	(622)	1 907
Investing activities	**686**	152	(1 702)
Financing activities	**(947)**	(479)	203
Net increase/(decrease) in cash and cash equivalents	**1 672**	(949)	408
Cash and cash equivalents at beginning of period	**5 112**	4 688	4 688
Cash and cash equivalents acquired through business acquisition			16
Cash and cash equivalents at end of period	**6 784**	3 739	5 112

Condensed segment information

The unaudited segment results for the six months ended 30 June 2009 are as follows:

Rm	Long-term insurance Individual	Long-term insurance Corporate	Asset manage-ment	Health services	Other	Total	Reporting adjust-ments[1]	IFRS reported
Segment revenue	9 857	3 738	804	177	(889)	13 687	(4 079)	9 608
(Loss)/profit before taxation	(625)	(59)	276	(30)	(894)	(1 332)	75	(1 257)
Taxation	50	16	(82)	12	77	73		73
Total (loss)/profit	(575)	(43)	194	(18)	(817)	(1 259)	75	(1 184)
Other comprehensive income/(loss)	16	3			(16)	3		3
Total comprehensive (loss)/profit	(559)	(40)	194	(18)	(833)	(1 256)	75	(1 181)
Attributable to:								
Minorities	(2)		(5)	9	3	5	(75)	(70)
Equity holders	(561)	(40)	189	(9)	(830)	(1 251)	–	(1 251)
Reconciliation of total (loss)/earnings to headline (loss)/ earnings attributable to equity holders								
Total (loss)/profit	(575)	(43)	194	(18)	(817)	(1 259)	75	(1 184)
Attributable (to)/from minorities	(2)		(5)	9		2	(75)	(73)
Preference dividend					(1)	(1)		(1)
Headline loss	(577)	(43)	189	(9)	(818)	(1 258)	–	(1 258)
Net income earned on BEE preference shares					51	51		51
BEE normalised headline (loss)/ earnings	(577)	(43)	189	(9)	(767)	(1 207)		(1 207)

[1] *Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, providing additional deferred taxation on investment property revaluations, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, and the elimination of inter-group transactions. The effect of the classification of long-term investment products as IFRS defined 'investment' contracts in the reporting adjustments column is to recognise premiums on investment contracts as revenue in the long-term insurance segment.*

Condensed segment information *(continued)*

Unaudited for the six months ended 30 June 2008 – restated

Rm	Long-term insurance Individual	Long-term insurance Corporate	Asset manage-ment	Health services	Other	Total	Reporting adjust-ments[1]	IFRS reported
Segment revenue	11 728	3 593	786	7	(32)	16 082	(3 240)	12 842
Profit before taxation	1 193	63	343	(17)	(142)	1 440	117	1 557
Taxation	(489)	(14)	(103)		2	(604)		(604)
Total earnings	704	49	240	(17)	(140)	836	117	953
Other comprehensive income	13	2			17	32		32
Total comprehensive income	717	51	240	(17)	(123)	868	117	985
Attributable to:								
Minorities	(351)	(25)	(121)	8	46	(443)	(117)	(560)
Equity holders	366	26	119	(9)	(77)	425	–	425
Reconciliation of total earnings to headline earnings attributable to equity holders								
Total earnings	704	49	240	(17)	(140)	836	117	953
Attributable (to)/from minorities	(344)	(24)	(119)	8	53	(426)	(117)	(543)
Preference dividend					(1)	(1)		(1)
Headline earnings	360	25	121	(9)	(88)	409	–	409

[1] *Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, providing additional deferred taxation on investment property revaluations, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, and the elimination of inter-group transactions. The effect of the classification of long-term investment products as IFRS defined 'investment' contracts in the reporting adjustments column is to recognise premiums on investment contracts as revenue in the long-term insurance segment.*

Condensed segment information *(continued)*

Audited for the year ended 31 December 2008

Rm	Long-term insurance Individual	Long-term insurance Corporate	Asset management	Health services	Other	Total	Reporting adjustments[1]	IFRS reported
Segment revenue	22 304	5 928	1 699	57	625	30 613	(7 621)	22 992
Segment profit before taxation	1 143	217	649	(65)	88	2 032	366	2 398
Taxation	(399)	(61)	(198)	46	30	(582)	(25)	(607)
Total earnings	744	156	451	(19)	118	1 450	341	1 791
Other comprehensive income	(24)	2			2	(20)		(20)
Total comprehensive income	720	158	451	(19)	120	1 430	341	1 771
Attributable to:								
Minorities	(187)	(38)	(114)	19	(38)	(358)	(341)	(699)
Equity holders	533	120	337	–	82	1 072	–	1 072
Reconciliation of total earnings to headline earnings attributable to equity holders								
Total earnings	744	156	451	(19)	118	1 450	341	1 791
Attributable (to)/from minorities	(178)	(37)	(114)	19	(28)	(338)	(341)	(679)
Preference dividend					(2)	(2)		(2)
Headline earnings	566	119	337	–	88	1 110	–	1 110

[1] *Reporting adjustments include the consolidation of unincorporated property partnerships, the consolidation of third party mutual fund liabilities, providing additional deferred taxation on investment property revaluations, the classification of long-term insurance into defined IFRS 'investment' and 'insurance' products, and the elimination of inter-group transactions. The effect of the classification of long-term investment products as IFRS defined 'investment' contracts in the reporting adjustments column is to recognise premiums on investment contracts as revenue in the long-term insurance segment.*

Group embedded value report

1. Introduction

The embedded value is a determination of the economic value of a life insurance company before making allowance for any value which may be attributed to future new business. The embedded value and value of new business have been prepared in accordance with Professional Guidance Note (PGN) 107, the guidance note on embedded values and value of new business issued by the Actuarial Society of South Africa.

2. Group structure

The structure of the group changed with effect from 1 December 2008. Prior to that date Liberty Holdings Limited housed Standard Bank Limited's controlling interest in Liberty Group Limited. Both Liberty Holdings Limited and Liberty Group Limited were listed on the Johannesburg Stock Exchange (JSE). The restructure resulted in Liberty Group Limited becoming a wholly owned subsidiary of Liberty Holdings Limited.

In order to enhance comparability several tables in this section (as indicated) have the previously disclosed Liberty Group Limited embedded value information.

3. Description of embedded value

The current version of PGN 107 came into force for all financial year ends on or after 31 December 2008. PGN 107 governs the way in which embedded values are reported.

The embedded value consists of:

- The free surplus attributed to the covered business;
- Plus the required capital identified to support the in-force covered business;
- Plus the present value of future shareholder cash flows from in-force covered business (PVIF);
- Less the cost of required capital.

The PVIF is the discounted value of the projected stream of after tax shareholder profits arising from existing in-force covered business. These shareholder profits arise from the release of margins under the statutory basis of valuing liabilities. This value is reduced by the present value of after tax future shareholder recurring and non-recurring expenses. Covered business is defined as business regulated by the FSB as long-term insurance business. This business comprises life assurance policies, investment policies (smooth bonus, reversionary bonus, market-related and linked), annuities and group pensions business.

For reversionary and smoothed bonus business, the value of in-force covered business has been calculated assuming that bonuses are changed over time so that the full amount of the bonus stabilisation reserves are distributed to policyholders over the lifetime of the in-force policies.

The required capital is defined as the level of capital that is restricted from distribution to shareholders. This comprises the statutory CAR calculated in accordance with PGN 104 plus any additional capital considered appropriate by the board given the risks in the business. For Liberty Group Limited, required capital is calculated as 1,7 x CAR. The cost of required capital is the present value, at the risk discount rate, of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital.

The value of new business written over the period is the present value at the point of sale of the projected stream of after tax profits from that business, reduced by the cost of required capital. New business is defined as covered business arising from the sale of new policies and once off premium increases in respect of in-force covered business during the period. Only policies where at least one premium has been received are included. This definition is consistent with that used in the financial statements.

The value of new business has been calculated on the closing assumptions. Investment yields at the point of sale have been used for new fixed annuities and Guaranteed Capital Bonds; for all other business the investment yields at the end of the period have been used.

No adjustment has been made for the discounting of tax provisions in the embedded value.

In the tables below, numbers as at 30 June 2008 have been restated from the numbers previously published for the impact of moving to the current version of the actuarial guidance.

Group embedded value report *(continued)*

4. Liberty Holdings Limited

4.1 Embedded value and embedded value per share

	30 June 2009 Unaudited		31 December 2008 Audited	
	Embedded value Rm	**BEE normalised embedded value Rm**	Embedded value Rm	BEE normalised embedded value Rm
Risk discount rate	**12,00%**	**12,00%**	10,25%	10,25%
Net worth	**9 519**	**10 678**	11 860	13 019
Ordinary shareholders' funds on published basis	**9 660**	**10 819**	11 633	12 792
Adjustment of ordinary shareholders' funds from published basis[(a)]	**(2 759)**	**(2 759)**	(3 012)	(3 012)
Financial service subsidiaries fair value adjustment[(b)]	**3 433**	**3 433**	4 107	4 107
Adjustment for carrying value of in-force business acquired[(c)]	**(612)**	**(612)**	(683)	(683)
Allowance for fair value of share options/rights	**(203)**	**(203)**	(185)	(185)
Net value of life business in-force	**11 972**	**11 972**	14 188	14 188
Value of life business in-force	**12 698**	**12 698**	14 640	14 640
Cost of required capital	**(726)**	**(726)**	(452)	(452)
Embedded value	**21 491**	**22 650**	26 048	27 207
Number of applicable shares ('000)	**260 220**	**286 016**	260 226	286 022
Embedded value per ordinary share (R)	**82,59**	**79,19**	100,10	95,12

Group embedded value report *(continued)*

4. Liberty Holdings Limited (continued)

4.2 Embedded value and value of new business

Value of new business and new business margins

	Unaudited 30 June 2009 Rm	Restated[1] unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Gross value of new business	**151**	288	763
Cost of required capital	**(29)**	(39)	(39)
Net value of new business written in the period	**122**	249	724
Individual	**116**	229	701
Corporate	**6**	20	23
Indexed new business excluding natural increases	**2 111**	2 172	4 782
Present value of future expected premiums	**12 075**	12 964	28 180
New business margin	**1,0%**	1,9%	2,6%

[1] *Refer to notes (d), (e) and (f) in section 4.5 for details of the restatement.*

The value of new business is the value at the point of sale derived from the new business premium income net of contractual increases. The new business margin is the value of new business (less the cost of required capital) as a percentage of the present value of future expected premiums.

4.3 Embedded value (loss)/profit

The embedded value (loss)/profit is equal to the change in the embedded value over the period increased by any dividends paid, capital reductions or share buy-backs made during the period and decreased by any capital raised during the period. The embedded value (loss)/profit provides a measure of the group's financial value added over the period.

	Embedded value			BEE normalised		
30 June 2009 and 2008 Unaudited	Liberty Holdings Limited 30 June 2009 Rm	Restated[1] Liberty Group Limited 30 June 2008 Rm	Audited Liberty Group Limited 31 December 2008 Rm	Liberty Holdings Limited 30 June 2009 Rm	Restated[1] Liberty Group Limited 30 June 2008 Rm	Audited Liberty Group Limited 31 December 2008 Rm
Embedded value at the end of the period	**21 491**	25 991	25 889	**22 650**	27 150	27 048
Less capital raised	**(6)**			**(6)**		
Plus impact of share buy backs	**10**			**10**		
Less share options/rights exercised		(8)	(18)		(8)	(18)
Plus net capital reduction paid	**757**	694	694	**832**	754	754
Plus dividends paid			412			466
Less embedded value at the beginning of the year	**(26 048)**	(26 091)	(26 091)	**(27 207)**	(27 250)	(27 250)
Embedded value (loss)/profit	**(3 796)**	586	886	**(3 721)**	646	1 000
Annualised return on embedded value	**(27,0%)**	4,5%	3,4%	**(25,5%)**	4,8%	3,7%

[1] *Refer to notes (d), (e) and (f) in section 4.5 for details of the restatement.*

Group embedded value report *(continued)*

4. Liberty Holdings Limited (continued)

4.4 Analysis of embedded value (loss)/profit

An analysis of the components of the embedded value (loss)/profit for the six months ended 30 June 2009 is summarised below.

Unaudited	Net worth Rm	Value of in-force covered business Rm	Cost of required capital Rm	Embedded value Rm
Embedded value loss for the period				
Embedded value at the end of the period	9 519	12 698	(726)	21 491
Less capital raised	(6)			(6)
Plus impact of share buy-backs	10			10
Plus net capital reduction paid	757			757
Embedded value at the beginning of the period	(11 860)	(14 640)	452	(26 048)
Embedded value loss	(1 580)	(1 942)	(274)	(3 796)
Components of embedded value profits				
Value of new business written in the period	(559)	710	(29)	122
Expected return on value of life business[(g)]		699	(23)	676
Expected net of tax profit transfer to net worth	924	(948)	24	–
Operating experience variances[(j)]	7	(264)	19	(238)
Operating assumption changes[(k)]	(275)	(1 470)	(1)	(1 746)
Embedded value loss from operations	97	(1 273)	(10)	(1 186)
Investment return on net worth	(1 211)			(1 211)
Investment variances	(239)	(298)	22	(515)
Changes in economic assumptions[(l)]	(236)	(335)	(286)	(857)
Changes in modelling methodology	28	(36)		(8)
Change in allowance for fair value of share options/rights[(m)]	(19)			(19)
Total embedded value loss	(1 580)	(1 942)	(274)	(3 796)

Group embedded value report *(continued)*

4. Liberty Holdings Limited (continued)

4.5 Bases, assumptions and additional information

a) The amounts of R2 759 million and R3 012 million, reflected as the adjustment of shareholders' funds from the published basis, represent the change in these assets as a result of moving from a published valuation basis to the statutory valuation method. This is largely due to the elimination of certain negative rand reserves on the statutory valuation basis. The reduction in net worth results in a corresponding increase in the value of in-force.

b) The value of financial service subsidiaries is calculated for embedded value purposes at a multiple of net after-tax earnings. The increase from the published value is shown as the "financial service subsidiaries fair value adjustment".

This adjustment consists of the following:

	30 June 2009 Rm	30 June 2008 Rm	31 December 2008 Rm
Liberty Group Properties (Proprietary) Limited	**476**	500	504
STANLIB Limited	**2 957**	3 836	3 603
	3 433	4 336	4 107

For STANLIB Limited a multiple of 10 is consistently used, less the embedded value of its life business which has been included in the value of life business in-force. For Liberty Group Properties (Proprietary) Limited a multiple of 10 is consistently used.

c) The carrying value of business acquired (analysed below) has been deducted from shareholders' funds in order to avoid double counting. For embedded value purposes the value in respect of this is included in the net value of life business in-force.

	30 June 2009 Rm	30 June 2008 Rm	31 December 2008 Rm
Investec Employee Benefits	**(41)**	(65)	(58)
Capital Alliance Holdings Limited (CAHL)	**(540)**	(639)	(590)
Business previously acquired by CAHL	**(31)**	(37)	(35)
	(612)	(741)	(683)

d) Future investment returns on the major asset classes were set with reference to the market yield on medium-term South African government stock. The investment returns used are:

	Investment return p.a. (%)		
	30 June 2009	Restated[1] 30 June 2008	31 December 2008
Government stock	**9,25**	11,00	7,50
Equities	**12,75**	14,50	11,00
Property	**10,25**	12,00	8,50
Cash	**7,75**	9,50	6,00
e) The risk discount rate has been set equal to the risk free rate plus 80% of the equity risk premium	**12,00**	13,50	10,25
f) Maintenance expense inflation rate	**6,25**	7,50	4,50

[1] *Assumptions as at 30 June 2008 have been restated from the numbers previously published for the impact of moving to the latest version of PGN 107.*

Group embedded value report *(continued)*

4. Liberty Holdings Limited (continued)

4.5 Bases, assumptions and additional information (continued)

g) The expected return on the value of life business is obtained by applying the previous year's discount rate to the value of life business in-force at the beginning of the year and the current year's discount rate for a quarter of a year to the value of new business.

h) Taxation has been allowed for at rates and on bases applicable to section 29A of the Income Tax Act.
Full taxation relief on expenses to the extent permitted was assumed. Capital gains taxation has been taken into account in the embedded value. Allowance has been made for future secondary taxation on companies at 10%.

No allowance has been made for the likely replacement of STC with a withholding tax on shareholders.

i) Other bases, bonus rates and assumptions:
Parameters reflect best estimates of future experience, consistent with the valuation bases used by the statutory actuaries, excluding any compulsory or discretionary margins. However, in contrast to the assumptions in the valuation bases, the embedded value does make allowance for automatic premium and benefit increases.

j) Operating experience variances consist of the combined affect on net worth and value of in-force of operating experience proving different from that anticipated at the prior year end.

The net 2009 operating experience variance of negative R238 million is mainly made up of three principal components being a positive variance of R168 million in respect of mortality experience, offset by a negative variance of R311 million arising from mainly lapses, paid up and surrenders and a negative R40 million of non-recurring expenses.

Long-term assumptions have been strengthened in line with experience investigations.

k) Operating assumption changes of R1 746 million comprise:

	Rm
Shareholder expenses	(244)
Withdrawal, paid up and lapses	(1 408)
Other	(94)
	(1 746)

l) The amount of R857 million shown for changes in economic assumptions arises from the change to a higher level of economic assumptions.

m) The amount of R19 million in respect of the change in the fair value of share options/rights arises from the change in the number of shares under option/share rights and the decrease in the market value of Liberty Holdings Limited share price over the reporting period.

n) The assets backing the required capital are assumed to be 60% equities, 25% preference shares, 10% cash and 5% gilts.

New business
for the six months ended 30 June 2009

Unaudited	30 June 2009 Rm	30 June 2008 Rm	31 December 2008 Rm
Insurance operations[1]			
Individual	**6 565**	6 956	14 911
Single	**5 178**	5 616	11 891
Recurring	**1 387**	1 340	3 020
Corporate	**722**	1 013	1 984
Single	**573**	824	1 567
Recurring	**149**	189	417
Total new business	**7 287**	7 969	16 895
Single	**5 751**	6 440	13 458
Recurring	**1 536**	1 529	3 437
Indexed new business	**2 111**	2 172	4 782
Asset management operations			
Total STANLIB sales excluding money market[2]	**17 741**	21 280	42 880
Retail sales excluding money market	**15 863**	18 245	37 551
Institutional sales excluding money market	**1 878**	3 035	5 329
Money market	**55 938**	40 781	95 266
Total STANLIB sales	**73 679**	62 061	138 146
Total Liberty Africa sales excluding money market[2]	**4 762**	5 473	14 695
Retail sales excluding money market	**174**	2 177	2 954
Institutional sales excluding money market	**4 588**	3 296	11 741
Money market	**2 931**	2 125	4 809
Total Liberty Africa sales[3]	**7 693**	7 598	19 504
Total asset management sales	**81 372**	69 659	157 650

[1] *Includes Liberty Africa.*

[2] *Excludes intercompany life fund sales.*

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

Net cash (outflows)/inflows
for the six months ended 30 June 2009

Unaudited	30 June 2009 Rm	30 June 2008 Rm	31 December 2008 Rm
Insurance operations[1]			
Individual	**1 746**	(331)	458
Inflows and premiums	**11 592**	11 665	24 387
Claims and benefits	**(9 846)**	(11 996)	(23 929)
Corporate	**(1 162)**	(1 155)	(3 319)
Inflows and premiums	**3 261**	3 316	6 959
Claims and benefits	**(4 423)**	(4 471)	(10 278)
Net cash inflows/(outflows) from insurance operations	**584**	(1 486)	(2 861)
Asset management			
STANLIB before money market	**(13 387)**	(10 137)	(14 157)
Retail net cash inflows/(outflows)	**3 656**	(3 872)	(3 830)
Institutional net cash outflows	**(17 043)**	(6 265)	(10 327)
Money market inflows	**8 667**	7 083	19 272
Net STANLIB cash (outflows)/inflows	**(4 720)**	(3 054)	5 115
Liberty Africa before money market	**2 052**	2 715	7 468
Retail net cash inflows	**85**	1 962	2 046
Institutional net cash inflows	**1 967**	753	5 422
Money market inflows/(outflows)	**668**	(206)	791
Net Liberty Africa inflows[2]	**2 720**	2 509	8 259
Net cash (outflows)/inflows from asset management	**(2 000)**	(545)	13 374
Total net cash (outflows)/inflows	**(1 416)**	(2 031)	10 513

(1) *Includes Liberty Africa.*
(2) *Liberty group owns less than 100% of the various entities that make up Liberty Africa. The cash flow information is recorded at 100% and is not adjusted for proportional legal ownership.*

Assets under management (AUM)
for the six months ended 30 June 2009

Unaudited	30 June 2009 Rbn	30 June 2008 Rbn	31 December 2008 Rbn
Life funds	**115**	142	111
Segregated funds	**45**	69	62
Unit trusts (including money market)	**113**	83	109
Linked Investment and structured products	**37**	40	36
Properties	**20**	18	19
Total assets under management[1]	**330**	352	337
STANLIB	**290**	318	299
Liberty Africa	**20**	16	19
Liberty Properties	**20**	18	19
	330	352	337

(1) *Includes funds under administration.*

Analysis of ordinary shareholders' funds invested
for the six months ended 30 June 2009

	Group funds invested		Contribution to earnings		Capital investment (losses)/gains	
Unaudited	**30 June 2009 Rm**	31 Dec 2008 Rm	**30 June 2009 Rm**	31 Dec 2008 Rm	**30 June 2009 Rm**	31 Dec 2008 Rm
Ordinary shareholders' interests						
Analysis of shareholders' interests:						
South African insurance operations	**612**	681	**(636)**	885		
Insurance operating surplus			**(274)**	1 511		
Present value of in-force business	**612**	681	**(69)**	(118)		
Liberty Active preference dividend			**(173)**	(308)		
Working capital charge[1]			**(120)**	(200)		
Asset management operations	**521**	576	**193**	459		
Liberty Properties	**74**	46	**28**	58		
STANLIB	**254**	343	**159**	395		
Fountainhead	**193**	187	**6**	6		
Diversification initiatives	**391**	321	**5**	(1)		
Liberty Africa	**137**	87	**14**	(1)		
Liberty Health	**254**	234	**(9)**			
Shareholder investment returns	**8 136**	10 055	**(650)**	382	**–**	–
Financing of South African insurance operations	**(1 353)**	(314)	**31**	21		
Fixed assets and working capital[1]	**647**	1 686	**120**	200		
Callable capital bonds	**(2 000)**	(2 000)	**(89)**	(179)		
Investment portfolios	**9 489**	10 369	**405**	752	**(1 192)**	(373)
Listed equities	**2 536**	1 934	**61**	92	**(63)**	(633)
Equity hedges	**(505)**				**(716)**	
Interest bearing deposit instruments	**4 809**	4 831	**218**	433	**(424)**	113
Preference shares	**1 340**	1 323	**64**	108	**(1)**	(18)
Mutual funds	**760**	1 788	**24**	38	**14**	101
Share of pooled portfolios	**275**	285	**33**	76	**15**	(89)
Unlisted investments	**274**	208	**5**	5	**(17)**	153
Related taxation			**(48)**	(121)	**18**	42
Capital gains taxation on shareholder specific assets					**136**	61
Net investment (losses)/gains			**(1 038)**	(270)	**1 038**	270
Shareholder expenses and sundry income			**(169)**	(269)		
Administration expenses – shareholder allocation			**(134)**	(296)		
Sundry income – other operations			**(3)**	16		
Secondary tax on companies			**(69)**	(63)		
Related taxation			**37**	74		
Treasury shares adjustment				2		
Preference share dividend			**(1)**	(2)		
Attributed to minority shareholders in Liberty Group				(346)		
Headline (loss)/earnings			**(1 258)**	1 110		
Preference share dividend			**1**	2		
Liberty Holdings shareholders' funds/total (loss)/earnings	**9 660**	11 633	**(1 257)**	1 112		

[1] *With effect from 1 July 2005 Liberty Group Limited established a working capital funding loan between insurance operations and shareholder assets, subsequently supported by the callable capital bonds issue. Inter-divisional interest is charged at 8,77% nacm which is equivalent to the callable capital bond's interest rate.*

Capital commitments
as at 30 June 2009

	Unaudited 30 June 2009 Rm	Unaudited 30 June 2008 Rm	Audited 31 December 2008 Rm
Capital commitments	**3 922**	1 228	3 843
Business acquisitions[1]	**423**	263	194
Equipment	**310**	302	391
Investment and owner-occupied property	**3 189**	663	3 258
Under contracts	**2 654**	566	1 767
Authorised by the directors but not contracted	**1 268**	662	2 076
	3 922	1 228	3 843

Funding for the 30 June 2009 commitments will be from shareholders' funds and where applicable with proportionate recovery of R475 million from minority interests. Capital commitments in respect of investment and owner-occupied property and a portion of equipment (R60 million) is intended to be used to match policyholder liabilities.

[1] *The board has approved an allocated amount towards possible business acquisitions related to its stated strategy of broadening the group's financial services offerings.*

Related parties

as at 30 June 2009

The nature of the related party transactions is consistent with those transactions described in note 39 to the 31 December 2008 annual financial statements.

Investments in ordinary shares held by subsidiaries of Liberty Holdings Limited in the group's holding company are as follows:

	Number '000	Market value Rm	Ownership %
Standard Bank Group Limited	34 259	3 039	2,20

Retirement benefit obligations

as at 30 June 2009

Post-retirement medical benefit

The group operates an unfunded post-retirement medical aid benefit for employees who joined the group prior to 1998.

As at 30 June 2009, the Liberty post-retirement medical aid benefit liability was R343 million (31 December 2008: R344 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.

Notes