LIBERTY LIFE

Results Presentation
for the 6 months ended 30 June 2006

10 August 2006

Contents

Liberty Life's Results Presentation

for the six months ended 30 June 2006

Financial performance

for the six months ended 30 June 2006

	2006	2005	% change
Total sales (Rm)	**30 356**	26 210	+16
Liberty Life new business (Rm)	**7 779**	7 907 [1]	-2
Attributable portion of STANLIB sales excluding money market (Rm)	**8 647**	5 410	+60
Attributable portion of STANLIB money market sales (Rm)	**13 930**	12 893	+8
Liberty Life new business margin[2] (%)	**2,4**	2,8 [3]	
Total net cash inflows (Rm)	**3 417**	4 510	-24
Liberty Life net cash inflows (Rm)	**1 987**	2 171 [1]	-8
Attributable portion of STANLIB net cash inflows excluding money market (Rm)	**1 270**	635	+100
Attributable portion of STANLIB net money market inflows (Rm)	**160**	1 704	-91
Management expenses (Rm)	**1 653**	1 716	-4
Normalised[4] management expenses (Rm)	**1 015**	984	+3
Headline earnings per share (cents)	**407,2**	303,4	+34
BEE normalised[5] headline earnings per share (cents)	**384,9**	291,0	+32
Embedded value per share (R)	**76,55 [6]**	75,96 [7]	+1
BEE normalised[5] embedded value per share (R)	**73,62 [6]**	73,41 [7]	–
Capital adequacy requirement cover (times covered)	**2,1 [6]**	2,0 [7]	
Interim dividend per share (cents)	**140**	126	+11
Annualised return on embedded value (%)	**18,6**	16,3	

[1] Restated to include Capital Alliance sales/cash flows for the full six months ended 30 June 2005.

[2] Embedded value of new business as a percentage of future net present value expected premiums.

[3] Restated to estimate the impact of the statement of intent (SOI) signed during 2005 between National Treasury and the life offices regarding minimum values on savings products.

[4] Certain IFRS adjustments and restructuring, integration and other non-recurring expenses are excluded.

[5] This measure reflects 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 and shares in issue relating to the transaction are reinstated.

[6] After paying a capital reduction of R3,60 per share on 12 June 2006.

[7] At 31 December 2005.

Commentary on results

The life insurance industry continues to be challenged by an increasingly dynamic marketplace where product, pricing and distribution are facing major revisions.

On the legislative and regulatory front, significant challenges are posed by the Financial Sector Charter (FSC), Financial Advisory and Intermediary Services Act (FAIS), the Financial Intelligence Centre Act (FICA), the National Credit Act, as well as the Pension Fund Adjudicator (PFA) rulings and National Treasury's reform proposals for the industry. In addition, there has also been a Financial Services Board (FSB) investigation and parliamentary hearings in relation to the issue of "bulking" and "secret profits". As a result the reputational risk facing the industry has increased.

Customers are increasingly demanding not only products wrapped in a life insurance policy (on-balance sheet), but also unit trust and linked-type investments (off-balance sheet). Liberty Life has recognised that in order to meet this market shift, it needs to continue increasing operational efficiency and review its products on offer.

In this regard, the Liberty Life board has mandated management to pursue the acquisition of the remaining 62,6% stake in STANLIB Limited, currently owned by Standard Bank Group Limited (37,4%) and Quantum Leap Investments 740 (Proprietary) Limited (25,2%). Standard Bank has indicated support for the proposal, subject to agreement of the purchase consideration and on condition that settlement takes place by way of an issue of Liberty Life shares. Quantum Leap Investments has indicated that it would give consideration to the proposal, subject to agreement of the purchase consideration and has indicated that its preference is to be settled primarily in cash. Shareholders will be kept informed of further developments.

The difficult environment, fierce competition and the necessary internal review process caused by the above environmental changes have had a dampening effect on on-balance sheet new business sales for the period under review.

Both individual life and corporate benefits indexed new business sales of R1 871 million and R424 million respectively for the six months to 30 June 2006 were 3% lower than in 2005.

Sales of on-balance sheet individual single premium investment products were 2% or R128 million lower than in 2005, mainly as a result of pricing competition in the market and the move to off-balance sheet products. Indexed sales of Capital Alliance products amounted to R121 million in 2006, 35% lower than the R186 million in 2005, mainly due to the expected loss of First National Bank business.

Due to lower volumes of Liberty Life new business and increased acquisition costs, Liberty Life's new business margin has reduced from 2,8%, restated for the impact of the Statement of Intent (SOI), in respect of the six months ended 30 June 2005 to 2,4% in respect of the six months ended 30 June 2006.

Liberty's attributable portion of STANLIB's gross sales (excluding money market) increased by 60% from R5 410 million in 2005 to R8 647 million in 2006.

Notwithstanding the difficult operating environment outlined above, Liberty Life recorded pleasing financial results for the period:

- BEE normalised headline earnings per share increased by 32% from 291,0 cents in 2005 to 384,9 cents in 2006;
- Despite having paid a capital reduction of R3,60 per share and a final dividend of R2,24 per share during the period, BEE normalised embedded value per share increased marginally from R73,41 at 31 December 2005 to R73,62 at 30 June 2006;
- Return on embedded value improved from 16,3% in respect of the six months ended 30 June 2005 to 18,6% in respect of the six months ended 30 June 2006; and
- Capital adequacy requirement cover was re-built to 2,1 – a slightly higher level than before the capital reduction of R1,0 billion was paid (net amount R912 million after BEE preference share redemption).

Commentary on results

continued

The results were positively impacted by continued strong investment market performance, higher average asset levels on which management fees are earned and better risk experience. The weighted average investment return used as a proxy to calculate shareholders' 10% share of policyholder capital bonuses on certain classes of business was 14,9% for the six months to 30 June 2006, compared with 11,5% for the six months to 30 June 2005 and 33,2% for the year ended 31 December 2005.

On-balance sheet cash flows remained positive at R1 987 million during the period under review. Individual life net cash inflows amounted to R1 754 million compared with R2 312 million in 2005, while corporate benefits cash inflows of R233 million in 2006 compared with an outflow of R141 million in 2005.

Liberty Life's attributable portion of STANLIB's net cash inflows (excluding money market) increased by 100% from R635 million in 2005 to R1 270 million in 2006. Net retail cash inflows of R1 733 million in 2006 were 6% lower than the R1 837 million recorded in 2005 while institutional cash outflows decreased by 61% from R1 202 million in 2005 to R463 million in 2006.

An interim dividend of 140 cents per share has been declared which represents an increase of 11%. This dividend declaration however notionally includes 10 cents per share in respect of the earnings impact that the capital reduction will have in the future. Shareholders are consequently advised that the new base for comparison will be 130 cents per share.

BEE normalised headline earnings per share	**30 June 2006 Rm**	As restated 30 June 2005 Rm	% change	31 December 2005 Rm
Operating profit from insurance operations	**723**	441	64	882
As reported	**723**	501		942
Working capital loan interest [1]		(60)		(60)
Revenue profit from shareholders' funds	**188**	210	(10)	494
As reported	**188**	124		408
Working capital loan interest [1]		86		86
Capital profit from shareholders' funds	**115**	112	3	465
As reported	**115**	138		491
Working capital loan interest [1]		(26)		(26)
Net income on BEE preference shares accounted for in equity	**43**	44		88
BEE normalised headline earnings	**1 069**	807	32	1 929
BEE normalised weighted average number of shares in issue	**277,8**	277,3		277,6
Weighted average number of shares in issue	**252,0**	251,5		251,8
Reinstatement of BEE shares	**25,8**	25,8		25,8
BEE normalised headline earnings per share (cents)	**384,9**	291,0	32	694,8

[1] With effect from 1 July 2005, a working capital loan was established to support insurance operations following the issue of R2 billion capital qualifying callable bonds. In order to improve comparability the impact on the comparative is shown as if the loan was established from 1 January 2005.

Significant events in the first six months of 2006

- The sales of Liberty Ermitage and Prefsure were successfully completed. Group profit on sale amounted to R378 million, slightly above the values included in the group's embedded value at 31 December 2005.
- The capital reduction of R3,60 per share was paid on 12 June 2006.
- Mr Bruce Hemphill was appointed a director and Chief Executive with effect from 2 June 2006. Mr Rex Tomlinson (Deputy Chief Executive) was also appointed a director on the same date.
- Liberty Group Limited's National Insurer Financial Strength rating of 'AA' and National Long-term rating of 'AA-' was affirmed by rating agency Fitch.
- During March 2006, National Treasury issued a discussion paper on Contractual Savings in the Life Insurance Industry. Liberty Life is actively pursuing appropriate solutions to ensure a positive outcome for the industry and the overall retirement savings environment in South Africa.
- The group's objectives regarding efficiencies and a single IT platform remain a priority and good progress is being made in achieving the target date for implementation at the end of 2009.
- STANLIB's performance remains pleasing, boosted by higher levels of assets under management. Profit before taxation and interest at R251 million was 27% up from the 2005 comparative period, with the group's share being R94 million. Assets under management grew by 7% from 31 December 2005 to R296 billion as at 30 June 2006.

Dividend and capital reduction

Cents per share	**2006**	2005	%
Dividend			
Interim	**140**	126	11
Final		224	
Total	**140**	350	
Base for future dividend	**130**	325	
Capital reduction impact	**10**	25	
Capital reduction paid on 12 June 2006	**360**		

A 2006 interim dividend of 140 cents per share has been declared which represents 40% of the 2005 annual dividend, in line with the group's recently adopted dividend policy. As the capital reduction was paid on 12 June 2006, it was decided not to adjust the interim dividend for the impact, and shareholders are accordingly advised that the new base for future dividend declarations is 130 cents per share.

The important dates pertaining to this dividend are:

Last day to trade cum dividend on the JSE	Friday, 1 September 2006
First trading day ex dividend on the JSE	Monday, 4 September 2006
Record date	Friday, 8 September 2006
Payment date	Monday, 11 September 2006

Share certificates may not be dematerialised or rematerialised between Monday, 4 September 2006 and Friday, 8 September 2006 both days inclusive. Where applicable, dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 11 September 2006.

Commentary on results
continued

Prospects

While investment markets have continued to deliver higher than the actuarially assumed investment returns, recent volatility has introduced uncertainty regarding future investment returns. Despite the increased volatility, if investment returns are in line with actuarial assumptions as detailed in the embedded value report, the group believes that the medium term growth rate of embedded value, as noted in March 2006, of approximately 10% per annum remains achievable.

Bruce Hemphill
Chief Executive

Derek Cooper
Chairman

8 August 2006

Liberty Group Limited
"Liberty Life"
Incorporated in the Republic of South Africa
(Registration number: 1957/002788/06)
Alpha code: LGL
Issuer code: LIBU
ISIN code: ZAE000057360

Transfer Secretaries
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Sponsor

Merrill Lynch
Global Markets & Investment Banking Group
Merrill Lynch South Africa (Pty) Ltd
Registration number 1995/001805/07
Registered Sponsor and Member of the
JSE Securities Exchange South Africa

Accounting policies and presentation

The interim results are unaudited and have been prepared in accordance with International Financial Reporting Standards (IFRS). There have been no changes to accounting policies from those applied for the year ended 31 December 2005. We do not anticipate any significant change to accounting policies for the remainder of 2006.

A full actuarial valuation is only completed once a year (at the company's year end). Operating profit from life insurance operations for interim purposes consequently reflects the statutory actuary's estimate for the period under review.

Restatement of comparatives

The following tables reflect the various changes to comparatives with explanations below.

Condensed group balance sheet
at 30 June 2005

	Unaudited As previously reported Rm	Effect of IFRS interpretations in second half 2005 Rm	Consolidation of unincorporated property partnerships Rm	CAHL goodwill adjustment on acquisition Rm	Restated Rm
Assets					
Other assets	567	50	58		675
Investments	128 388	278	2 456		131 122
Intangible assets	1 301	433			1 734
Reinsurance assets	1 387				1 387
Deferred taxation	232				232
Prepayments, insurance and other receivables	4 704	(1 146)	63		3 621
Cash and cash equivalents	7 856				7 856
Total assets	**144 435**	**(385)**	**2 577**		**146 627**
Liabilities					
Policyholders' liabilities	124 177	(1 096)			123 081
Insurance contracts	89 897	349			90 246
Investment contracts	34 280	(1 445)			32 835
Financial liabilities		217			217
Third party liabilities arising on consolidation of mutual funds	4 585				4 585
Deferred taxation	1 719	433			2 152
Insurance and other payables	4 306		73	85	4 464
Other liabilities	547	261			808
Total liabilities	**135 334**	**(185)**	**73**	**85**	**135 307**
Equity					
Ordinary shareholders' interest	8 728			(85)	8 643
Minority interests	373	(200)	2 504		2 677
Total equity	**9 101**	**(200)**	**2 504**	**(85)**	**11 320**
Total equity and liabilities	**144 435**	**(385)**	**2 577**	**–**	**146 627**

Commentary on results
continued

Condensed group income statement
for the six months ended 30 June 2005

	Unaudited As previously reported Rm	Effect of IFRS interpretations in second half 2005 Rm	Consolidation of unincorporated property partnerships Rm	CAHL goodwill adjustment on acquisition Rm	Restated Rm
Total revenue	20 014	82	166		20 262
Net insurance benefits and claims	(14 867)	3 919			(10 948)
Fair value adjustment to policyholders' liabilities under investment contracts		(2 565)			(2 565)
Fair value adjustment on third party mutual fund liabilities	(1 115)	54			(1 061)
Acquisition costs associated with insurance and investment contracts	(1 159)	(1 095)			(2 254)
Expenses	(1 281)	(409)	(26)		(1 716)
Preference dividend in subsidiary	(69)				(69)
Goodwill impairment	(312)			(85)	(397)
Equity accounted earnings from joint ventures	43				43
Profit before taxation	1 254	(14)	140	(85)	1 295
Taxation	(800)	14			(786)
Total earnings	**454**	**–**	**140**	**(85)**	**509**
Attributable to:					
Equity holders	451			(85)	366
Minority interests	3		140		143
	454		140	(85)	509
	Cents				Cents
Total earnings per share					
Basic	179,3				145,5
Fully diluted	175,7				142.6

Effect of IFRS interpretations in second half 2005

At 30 June 2005 certain interpretations of IFRS were outstanding and the group's interim results were released on the understanding that changes may occur. These interpretations were finalised prior to 31 December 2005 and changes were made for operating lease straight-lining, the treatment of certain investments in mutual funds, deferred taxation adjustments on acquired value of in-force business, prepaid commission and certain grossing up of like items previously netted off. Consequently certain comparatives at 30 June 2005 have been restated. Shareholders are referred to the 31 December 2005 annual report for specific details.

Consolidation of unincorporated property partnerships

The group has certain investments in properties and related property management in which the benefit is shared with external parties in terms of partnership agreements. The group previously accounted for the relevant income and share of assets and liabilities on a proportional consolidation basis. On review of the existing agreements, in conjunction with IFRS, it is now considered that these unincorporated partnerships are subsidiary entities and therefore full consolidation is appropriate. The external parties' beneficial ownership is accounted for as minority interests.

CAHL goodwill adjustment on acquisition

In terms of IFRS 3 *Business Combinations*, an adjustment of R85 million was made at 31 December 2005 to net assets acquired on acquisition of CAHL. This was as a consequence of the SOI and effectively increased goodwill arising on acquisition to R397 million (previously R312 million). IFRS 3 requires the 30 June 2005 amounts to be restated to reflect this adjustment. Consequently, total earnings have reduced by R85 million for the six months ended 30 June 2005.

Restatement of 31 December 2005 reported results

As a result of the consolidation of unincorporated property partnerships, as detailed above, the 31 December 2005 reported results have also been restated. This has resulted in increases in other assets of R45 million, investments of R1 687 million, prepayments, insurance and other receivables of R41 million, insurance and other payables of R45 million and minority interests of R1 728 million as at 31 December 2005.

The effect on the income statement for the year ended 31 December 2005 is an increase in total revenue of R343 million and an increase in general marketing and administration expenses of R61 million, with the net amount of R282 million being earnings attributable to minority interests.

There is no impact on the earnings attributable to equity holders from the above adjustments.

Condensed group balance sheet

as at 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited as restated 30 June 2005 Rm	Audited as restated 31 December 2005 Rm
Assets			
Other assets	**629**	675	652
Investments	**159 771**	131 122	147 136
Intangible assets	**1 433**	1 734	1 534
Reinsurance assets	**977**	1 387	946
Deferred taxation	**116**	232	88
Disposal groups held for sale			2 380
Prepayments, insurance and other receivables	**4 639**	3 621	2 788
Cash and cash equivalents	**9 901**	7 856	12 313
Total assets	**177 466**	146 627	167 837
Liabilities			
Policyholders' liabilities	**150 282**	123 081	140 835
Insurance contracts	**111 275**	90 246	103 979
Investment contracts	**39 007**	32 835	36 856
Financial liabilities	**2 368**	217	2 235
Third party liabilities arising on consolidation of mutual funds	**5 090**	4 585	4 877
Deferred taxation	**2 781**	2 152	2 454
Disposal groups held for sale			1 267
Insurance and other payables	**4 777**	4 464	3 654
Other liabilities	**977**	808	1 186
Total liabilities	**166 275**	135 307	156 508
Equity			
Ordinary shareholders' interest	**9 472**	8 643	9 434
Minority interests	**1 719**	2 677	1 895
Total equity	**11 191**	11 320	11 329
Total equity and liabilities	**177 466**	146 627	167 837
Liberty Group Limited capital adequacy requirements			
Statutory capital adequacy requirement (CAR)	**3 849**	3 114	3 782
Statutory CAR cover	**2,1**	1,8	2,0

Condensed group income statement

for the six months ended 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited as restated 30 June 2005 Rm	Audited as restated 31 December 2005 Rm
Total revenue	**23 744**	20 262	52 159
Net insurance benefits and claims	**(15 804)**	(10 948)	(32 816)
Fair value adjustment to policyholder liabilities under investment contracts	**(2 730)**	(2 565)	(6 834)
Fair value adjustment on third party mutual fund liabilities	**(213)**	(1 061)	(1 354)
Acquisition costs associated with insurance and investment contracts	**(1 196)**	(2 254)	(3 594)
Expenses	**(1 755)**	(1 716)	(3 754)
Preference dividend in subsidiary	**(71)**	(69)	(138)
Goodwill impairment		(397)	(397)
Profit/(loss) on sale of subsidiaries	**378**		(2)
Equity accounted earnings from joint ventures	**53**	43	91
Profit before taxation	**2 406**	1 295	3 361
Taxation	**(904)**	(786)	(1 623)
Total earnings	**1 502**	509	1 738
Attributable to:			
Equity holders	**1 404**	366	1 442
Minority interests	**98**	143	296
	1 502	509	1 738
Earnings per share	**Cents**	Cents	Cents
Basic earnings	**557,2**	145,5	572,8
Fully diluted	**531,9**	142,6	560,3

Headline earnings

for the six months ended 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited as restated 30 June 2005 Rm	Audited as restated 31 December 2005 Rm
Reconciliation of headline earnings			
Total earnings attributable to equity holders	**1 404**	366	1 442
Goodwill impairment		397	397
(Profit)/loss on sale of subsidiaries	**(378)**		2
Headline earnings	**1 026**	763	1 841
Insurance operations	**723**	501	942
Shareholders' fund investments	**303**	262	899
Headline earnings per share	**Cents**	Cents	Cents
Basic	**407,2**	303,4	731,2
Fully diluted	**388,7**	297,2	715,3

Condensed statement of changes in group shareholders' funds

for the six months ended 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited as restated 30 June 2005 Rm	Audited as restated 31 December 2005 Rm
As previously reported	**9 601**	8 525	8 525
Minority interests in unincorporated property partnerships	**1 728**	2 449	2 449
Restated balance at 1 January	**11 329**	10 974	10 974
Total earnings	**1 502**	509	1 738
Minority interests arising from acquisition of Capital Alliance Holdings Limited		161	161
Acquisition of minorities in Prefsure Holdings Limited	**(166)**		
Ordinary dividends	**(623)**	(423)	(773)
Capital reduction	**(1 004)**		
Minority capital contribution in unincorporated property partnerships	**3**	1	2
Minority capital reduction in unincorporated property partnerships	**(48)**		
Distribution to minority interests in unincorporated property partnerships	**(63)**	(86)	(149)
Change in effective ownership of minority interests in unincorporated property partnerships			(856)
Subscriptions for shares	**32**	59	68
Black Economic Empowerment transaction	**143**	38	72
Share-based payments	**26**	22	45
Owner-occupied properties – net fair value adjustments	**13**	17	94
Reversal of fair value adjustment on Capital Alliance Holdings Limited existing shares		(17)	(17)
Treasury shares	**5**		(25)
Foreign currency translation movement on subsidiaries	**42**	65	(5)
Shareholders' funds	**11 191**	11 320	11 329
Ordinary shareholders' interest	**9 472**	8 643	9 434
Minority interests	**1 719**	2 677	1 895

Condensed group cash flow statement

for the six months ended 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited as restated 30 June 2005 Rm	Audited as restated 31 December 2005 Rm
Operating activities	**232**	3 807	7 840
Investing activities	**(1 733)**	(3 521)	(4 961)
Financing activities	**(925)**	60	2 070
Net (decrease)/increase in cash and cash equivalents	**(2 426)**	346	4 949
Cash and cash equivalents at beginning of period	**12 313**	6 057	6 057
Net cash acquired on business acquisition and disposals		1 444	1 444
Reclassified to disposal groups held for sale			(137)
Foreign exchange movements on cash balances	**14**	9	
Cash and cash equivalents at end of period	**9 901**	7 856	12 313

Segment information

Unaudited segment results for the six months ended 30 June 2006

	Group		Individual			Other			
	Risk Rm	Non-risk Rm	Partici-pating Rm	Non-parti-cipating Rm	Prudential partici-pating business Rm	Asset manage-ment Rm	Share-holder opera-tions Rm	Mutual funds Rm	Total Rm
Total revenue	**710**	**2 767**	**16 833**	**1 419**	**1 063**	**15**	**678**	**259**	**23 744**
Net insurance benefits and claims	**(560)**	**(496)**	**(13 700)**	**(75)**	**(973)**				**(15 804)**
Expenses	**(82)**	**(2 156)**	**(2 192)**	**(964)**	**(18)**		**(121)**	**(259)**	**(5 792)**
Segment result	**68**	**115**	**941**	**380**	**72**	**15**	**557**	**–**	**2 148**
Profit before taxation	**68**	**115**	**941**	**307**	**72**	**65**	**838**		**2 406**
Taxation	**(14)**	**(85)**	**(505)**	**(119)**	**(57)**		**(124)**		**(904)**
Total earnings	**54**	**30**	**436**	**188**	**15**	**65**	**714**	**–**	**1 502**

Audited segment results for the year ended 31 December 2005

	Group		Individual			Other				
	Risk Rm	Non-risk Rm	Partici-pating Rm	Non-parti-cipating Rm	Prudential partici-pating business Rm	Asset manage-ment Rm	Share-holder opera-tions Rm	Mutual funds Rm	Disposal groups Rm	Total Rm
Total revenue	1 546	6 417	32 015	6 045	2 152	30	1 542	1 490	922	52 159
Net insurance benefits and claims	(1 094)	(1 326)	(24 868)	(3 386)	(1 947)				(195)	(32 816)
Expenses	(166)	(4 978)	(6 312)	(1 610)	(28)		(304)	(1 490)	(567)	(15 455)
Segment result	286	113	835	1 049	177	30	1 238	–	160	3 888
Profit before taxation	285	111	839	911	176	107	774		158	3 361
Taxation	(96)	(104)	(678)	(376)	(154)		(188)		(27)	(1 623)
Total earnings	189	7	161	535	22	107	586	–	131	1 738

Total new sales

for the six months ended 30 June 2006

Comparatives include continuing operations of Capital Alliance for six months

	Unaudited 30 June 2006 Rm	Unaudited 30 June 2005 Rm	% change
Retail sales	**12 506**	10 870	+15
Life licence	**6 511**	6 685	-3
Attributable portion of STANLIB	**5 995**	4 185	+43
Institutional sales	**3 920**	2 447	+60
Life licence	**1 268**	1 222	+4
Attributable portion of STANLIB	**2 652**	1 225	+116
Total sales ex money market	**16 426**	13 317	+23
Attributable portion of money market	**13 930**	12 893	+8
Total new sales	**30 356**	26 210	+16

Net cash inflows

for the six months ended 30 June 2006

Comparatives include continuing operations of Capital Alliance for six months

	Unaudited 30 June 2006 Rm	Unaudited 30 June 2005 Rm	% change
Retail cash inflows	**3 487**	4 149	-16
Life licence	**1 754**	2 312	-24
Attributable portion of STANLIB	**1 733**	1 837	-6
Institutional cash outflows	**(230)**	(1 343)	+83
Life licence	**233**	(141)	+265
Attributable portion of STANLIB	**(463)**	(1 202)	+61
Net cash inflows ex money market	**3 257**	2 806	+16
Attributable portion of money market	**160**	1 704	-91
Net cash inflows	**3 417**	4 510	-24

Analysis of ordinary shareholders' funds invested

for the six months ended 30 June 2006

	Group funds invested		Contribution to earnings		Group investment gains/(losses)	
	Unaudited 30 June 2006 Rm	Audited 31 December 2005 Rm	**Unaudited 30 June 2006 Rm**	As restated unaudited 30 June 2005 Rm	**Unaudited 30 June 2006 Rm**	As restated unaudited 30 June 2005 Rm
Insurance operations	**963**	1 019	**723**	501		
Operating surplus			**905**	566		
Present value of in force business acquired	**963**	1 019				
Liberty Active preference dividend			**(71)**	(65)		
Working capital charge[1]			**(111)**			
Financing of insurance operations	**(101)**	683	**15**			
Fixed assets and working capital[1]	**2 159**	2 883	**111**			
Callable capital bonds and preference share liabilities	**(2 260)**	(2 200)	**(96)**			
Financial services operations	**473**	449	**87**	78		1
Liberty Group Properties	**17**	11	**20**	12		
STANLIB	**422**	407	**65**	53		1
Other	**34**	31	**2**	13		
Listed investments	**1 597**	1 797	**30**	31	**78**	71
Other investments	**6 540**	4 540	**206**	110	**57**	113
Cash, preference shares and mutual funds	**5 528**	4 052	**152**	72	**(3)**	
Share of pooled portfolios	**911**	373	**49**	38	**75**	50
Unlisted investments	**101**	115	**5**		**(15)**	63
Disposal groups held for sale		946		33		3
Prefsure Holdings		400				
Liberty Ermitage Jersey		546		33		3
Administration expenses – shareholder allocation			**(84)**	(82)		
Normal taxation excluding insurance operations			**(22)**	(25)		
Secondary tax on companies			**(44)**	(21)		
Capital gains taxation on shareholder specific assets					**(20)**	(50)
Net investment gains			**115**	138	**(115)**	(138)
Goodwill impairment				(397)		
Profit on sale of subsidiaries			**378**			
Total shareholders' funds	**9 472**	9 434	**1 404**	366	**–**	–

[1] *With effect from 1 July 2005 Liberty Life 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 8,58% nacm which is equivalent to the bond interest rate.*

Embedded value and value of new business

as at 30 June 2006

	Unaudited 30 June 2006 Rm	Audited 31 December 2005 Rm
Group embedded value		
Risk discount rate[4]	**11,25%**	10,00%
Net worth	**8 244**	8 279
Ordinary shareholders' funds on published basis	**9 472**	9 434
Adjustment of ordinary shareholders' funds from published basis[1]	**(1 275)**	(1 236)
Financial services subsidiaries fair value adjustment[2]	**1 229**	1 345
Adjustment for carrying value of in force business acquired[3]	**(964)**	(1 019)
Allowance for fair value of share options	**(218)**	(245)
Net value of life business in force	**11 108**	10 874
Value of life business in force	**11 984**	11 563
Cost of solvency capital	**(876)**	(689)
Embedded value	**19 352**	19 153
Embedded value per share information		
Embedded value (Rm)	**19 352**	19 153
Number of shares in issue less shares in respect of the BEE transaction (millions)	**252,8**	252,2
Embedded value per ordinary share (R)	**76,55**	75,96
Embedded value before BEE impairment (Rm)	**20 511**	20 404
Number of shares including shares in respect of the BEE transaction (millions)	**278,6**	277,9
BEE normalised embedded value per share (R)	**73,62**	73,41
Value of new business and new business margins (31 December 2005 post SOI)		
Net value of new business written in the period	**257**	777
Gross value of new business	**288**	858
Cost of solvency capital	**(31)**	(81)
Present value of future expected premiums	**10 853**	26 216
Value of new business as a percentage of future expected premiums	**2,4%**	3,0%

Embedded value profits

	Unaudited 30 June 2006 Rm	Unaudited 30 June 2005 Rm
Embedded value at the end of the period	**19 352**	17 233
Less capital raised	**(32)**	(59)
Plus effect of capital reduction	**912**	
Plus dividends paid	**623**	423
Less restated embedded value at the beginning of the period	**(19 153)**	(16 319)
Embedded value profits	**1 702**	1 278
Return on net worth (annualised)	**45,3%**	33,6%
Return on embedded value (annualised)	**18,6%**	16,3%

Analysis of embedded value profits

	Net worth Rm	Net value of life business in force Rm	Embedded value Rm
Embedded value profits for the period			
Embedded value at the end of the period	8 244	11 108	19 352
Less capital raised	(32)		(32)
Plus effect of capital reduction	912		912
Plus dividends paid	623		623
Less restated embedded value at the beginning of the period	(8 279)	(10 874)	(19 153)
Embedded value profits	1 468	234	1 702
Components of embedded value profits			
Value of new business written in the period		257	257
Expected return on value of life business[5]		541	541
Expected net of tax profit transfer to net worth[8]	257	(257)	–
Operating experience variances[9]	60	(53)	7
Operating assumption changes[10]	(17)	(9)	(26)
Change in respect of STC allowance		(96)	(96)
Embedded value profits from operations	300	383	683
Investment return on net worth	741		741
Exchange rate movements	42		42
Investment variances	436	199	635
Changes in economic assumptions[11]	(64)	(386)	(450)
Changes in modelling methodology	(15)	38	23
Change in allowance for fair value of share options[12]	28		28
Total embedded value profits	1 468	234	1 702

Embedded value and value of new business
(continued)

Bases, assumptions and additional information

1. The amounts of R1 275 million and R1 236 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.

2. The published value of financial services subsidiaries is adjusted for embedded value purposes to essentially hold these subsidiaries as a multiple of earnings.

   This adjustment is shown as the "financial services subsidiaries fair value adjustment".

	Unaudited 30 June 2006 Rm	Audited 31 December 2005 Rm
Liberty Group Properties	**330**	300
Liberty Ermitage Jersey		305
Libgroup Jersey Holdings	**115**	
STANLIB	**784**	710
Prefsure Holdings		30
	1 229	1 345

   In the case of Liberty Group Properties, Liberty Ermitage Jersey, Libgroup Jersey Holdings and STANLIB, a price earnings ratio multiplier was applied to the net after taxation recurring earnings of the subsidiaries. For Liberty Group Properties and STANLIB a multiplier of 10 was used and for Libgroup Jersey Holdings a multiplier of 5 (2005: all 10). In the case of STANLIB the R784 million represents Liberty Life's share of the excess over the net asset value of STANLIB and effectively values STANLIB Limited at R2,9 billion in total.

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

	Unaudited 30 June 2006 Rm	Audited 31 December 2005 Rm
Investec Employee Benefits	**(91)**	(96)
Capital Alliance Holdings Limited (CAHL)	**(824)**	(872)
Business previously acquired by CAHL	**(49)**	(51)
	(964)	(1 019)

Bases, assumptions and additional information (continued)

4. Future investment returns on the major 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 2006	31 December 2005
Government stock	**8,75%**	7,50%
Equities	**10,75%**	9,50%
Property	**9,75%**	8,50%
Cash	**7,25%**	6,00%
The risk discount rate has been set equal to 0,5% in excess of the investment return on equity assets	**11,25%**	10,00%
Maintenance expense inflation rate	**5,25%**	4,00%

5. The expected return on the value of life business is obtained by applying the previous year's discount rate for half a year 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.

6. Taxation has been allowed for at the latest 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 Tax on Companies.

7. Other bases, bonus rates and assumptions:

   Parameters reflect best estimates of future experience, consistent with the valuation basis used by the statutory actuary, excluding any compulsory or discretionary margins. However, in contrast to the valuation basis assumption, the embedded value does make allowance for automatic premium and benefit increases.

8. The expected net of tax transfer to net worth includes a negative amount of approximately R297 million arising due to the new business strain experienced on the statutory valuation basis.

9. The net amount of R7 million includes amongst other variances the effect of better than expected risk experience.

10. The R26 million shown for operating assumption changes includes the effect of reduced management fees on certain portfolios of business.

Embedded value and value of new business

continued

Bases, assumptions and additional information (continued)

11. The amount of R450 million shown for changes in economic assumptions arises from the change to a higher level of economic assumptions.

12. The amount of R28 million in respect of the change in the fair value of share options arises from the change in the number of shares under option and the change in the market value of the Liberty Life share price over the reporting period.

13. The assets backing the Capital Adequacy Requirement (CAR) are 60% equities, 20% cash, 15% preference shares and 5% gilts. The mix is the same as at 31 December 2005.

Commitments

as at 30 June 2006

	Unaudited 30 June 2006 Rm	Unaudited 30 June 2005 Rm	Audited 31 December 2005 Rm
Capital commitments			
Equipment	**163**	167	288
Under contracts	**132**	154	248
Authorised by the directors but not contracted	**31**	13	40

Related parties

as at 30 June 2006

There have been no significant changes to the nature of the related party transactions as described in note 44 to the 31 December 2005 annual financial statements.

Summary of movement in investments in ordinary shares held by the group in the group's holding companies is as follows:

	Number '000	Market value Rm	Ownership %
Liberty Holdings Limited			
Balance at 31 December 2005	2 630	497	5,36
Purchases	295	61	
Sales	(390)	(79)	
Fair value adjustments		(28)	
Balance at 30 June 2006	2 535	451	5,16
Standard Bank Group Limited			
Balance at 31 December 2005	46 489	3 525	3,44
Purchases	3 536	267	
Sales	(5 790)	(453)	
Fair value adjustments		67	
Balance at 30 June 2006	44 235	3 406	3,26

Retirement benefit obligation
as at 30 June 2006

As at 31 December 2005, the Liberty Group post retirement medical aid benefit liability was R196 million and the Alnet post retirement defined benefit pension shortfall was R23 million. A review by the group's actuaries at 30 June 2006 does not indicate that any significant adjustment to the liability is currently required.

No asset is recognised in respect of the surplus on the Liberty pension fund, as the apportionment of the surplus between the respective company and members still needs to be approved by the Registrar of Pension Funds in terms of the Pension Fund Second Amendment Act, 39 of 2001.

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