LIBERTY LIFE

AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED
31 DECEMBER 2006

The way
life should be

Financial performance indicators

for the year ended 31 December 2006

	2006	2005	% change
New business (Rm)	**16 677**	16 798 [1]	-1
New business margin[2] (%)	**2,5**	3,0 [3]	
Net cash inflows (Rm)	**3 627**	4 922 [1]	-26
Normalised[4] recurring management expenses for life operations (Rm)	**2 069**	2 057	+0,6
BEE normalised[5] headline earnings per share (cents)	**930,2**	694,8	+34
BEE normalised[5] embedded value per share (R)	**82,55**	73,41	+12
Adjusted for capital reduction of R3,60 per share			*+17*
Capital adequacy requirement cover (times covered)	**2,3**	2,0	
Final dividend per share (cents)	**230**	224	+3
Total dividend per share (cents)	**370**	350	+6
BEE normalised return on embedded value (%)	**22,4**	20,1	

[1] Restated to include Capital Alliance for the full twelve months ended 31 December 2005.

[2] Embedded value of new business as a percentage of the present value of future 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 effectively 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.

Commentary on results

In support of the government's objectives to increase the savings base in South Africa, and in response to consumer demands for greater flexibility and transparency in the life assurance industry, Liberty Life has rapidly lead initiatives to improve product design and service offering for the benefit of all stakeholders. We remain committed to doing what is right and believe the long-term benefits of moving decisively will position us well to take full advantage of the significant opportunities that exist within the savings industry.

Despite the significant changes the industry is facing, Liberty Life's overall financial performance for 2006 was positive, with headline earnings increasing by 36% to R2 501 million. We are also pleased to report that recurring expenses directly attributable to insurance operations remained flat year on year. This means we are well on track to meet the targets stated in 2005 of R300 million pre tax cost savings by the end of 2008.

Liberty Life's main yardstick for performance, BEE normalised return on embedded value, was 22,4%, compared to 20,1% in 2005. Cash of R7,24 per share was returned to shareholders through dividends and a capital reduction during 2006.

Good operational progress has been made in our retail life operations, with a significant improvement in customer service response times.

The corporate market has for a number of years experienced tough trading conditions and the 2006 year was no exception. Systems conversions are complete, and there is a strong focus on improving service and reducing costs.

STANLIB Limited (STANLIB) performed strongly in 2006, breaking the R500 million pre interest and tax profit mark for the first time. Assets under management at 31 December 2006 were R294 billion. STANLIB will continue to focus on further building an equity franchise to complement its strong fixed interest, money market and property franchises.

In 2006, investment markets remained strong and the weighted average investment return used as a proxy to calculate shareholders' 10% share of policyholder capital bonuses on certain classes of business was 33,0% compared with 33,2% in 2005.

Salient financial features are briefly commented on below:

New business sales and margin – improved performance since the half year

Sales showed a strong recovery after the third quarter 2006, as restructuring initiatives started to bear fruit. Indexed new business sales ended 1% lower than 2005 at R4,9 billion. This is an improvement on the 3% decline recorded at the half year. Early indications are that indexed new business sales for 2007 have continued on this growth path.

Factors impacting sales volumes in 2006 included the trend towards off-balance sheet sales, realignment of the agency force, the removal of the entry level market savings product, the closure of the Liberty Active service offering and the expected loss of a certain bank's insurance business administered by Capital Alliance.

Total new business retail premiums grew 2%, however new corporate premiums declined 15% illustrating the volatile nature of corporate new business flows.

The present value of premium new business margin in 2006 was 2,5%, compared to 3,0% for 2005. This was mainly due to the impact of a higher discount rate as well as lower margins on the new range of investment products and higher acquisition costs. The margin, has however, increased from the 2,4% recorded at the 2006 half year.

Embedded value and return on embedded value – real growth returns

BEE normalised return on embedded value increased from 20,1% in 2005 to 22,4%. This higher return is a consequence of the focus on capital management combined with the sustained positive investment market performance.

Notwithstanding the cash of R7,24 per share returned to shareholders through dividends and a capital reduction during the year, the BEE normalised embedded value per share grew by 12,5% to R82,55. Adjusting for the capital reduction of R3,60 per share the growth is effectively 17,4%.

Headline earnings – growth in line with investment markets

Headline earnings of R2 501 million increased by 36%, while headline earnings per share increased by 35%. BEE normalised headline earnings per share of 930 cents, a better measure of the group's earnings, recorded a 34% increase over 2005. It should be noted that the 2005 earnings were negatively impacted by a R321 million statement of intent charge.

The group's 37,4% interest in STANLIB contributed R133 million to headline earnings, which is 24% higher than 2005, reflecting the increase in fees earned off the higher average assets under management.

Commentary on results continued

Insurance operations contributed R1,4 billion to headline earnings whilst earnings from shareholder specific assets and asset management operations contributed R1,1 billion.

Shareholder earnings increased by 23% mainly due to the performance of the equity investments within the specific shareholder fund portfolios.

Cash flows from insurance operations remain strong

Net cash flows remain positive at R3,6 billion compared to R4,9 billion in 2005. Retail life cash flows of R3,6 billion were strong, notwithstanding the ongoing run-off in the Capital Alliance book and contrasting strained industry cash flows.

STANLIB

On 29 January 2007, shareholders approved the acquisition of the remaining 62,6% of the ordinary shares in STANLIB for a consideration of R1,6 billion.

This acquisition was motivated by the trends to off-balance sheet investment products. The transaction not only places Liberty Life in a position to take advantage of this trend, but also increases the opportunity to manage the rate and extent of asset conversion to new generation products. The acquisition will also facilitate growth by providing new product and distribution opportunities.

Capital adequacy

The statutory capital adequacy requirement (CAR) was covered 2,27 times at 31 December 2006, well ahead of the group's target of 1,70 times. It should be noted that if the STANLIB transaction had occurred at 31 December 2006, the CAR cover would have reduced to 1,94 times. Allowing for the final dividend at 31 December 2006 will result in the CAR cover reducing to 1,77 times.

Dividends and capital reduction

Cents per share	**2006**	2005	%
Dividend			
Interim	**140**	126	
Final	**230**	224	
Total	**370**	350	
Base for future dividend	**360**	325	+11
Capital reduction impact	**10**	25	
Capital reduction paid on 12 June 2006	**360**		

A 2006 final dividend of 230 cents per share has been declared which represents a 16% increase off the revised 2005 dividend base. On a like for like basis the total dividend represents an 11% growth on 2005, in line with the group's dividend policy.

The important dates pertaining to this dividend are:

Last day to trade cum dividend on the JSE	Friday, 23 March 2007
First trading day ex dividend on the JSE	Monday, 26 March 2007
Record date	Friday, 30 March 2007
Payment date	Monday, 2 April 2007

Accounting policies and presentation

The results 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.

Restatements

Prior year comparatives have been restated for the effect of consolidating unincorporated property partnerships and reclassification of certain mutual fund investments to associates and subsidiaries. There is no impact to shareholder earnings or net asset value.

Share certificates

Share certificates may not be dematerialised or rematerialised between Monday, 26 March 2007 and Friday, 30 March 2007 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, 2 April 2007.

Audit opinion

The auditors, PricewaterhouseCoopers Inc., have issued their opinion on the Group's financial statements for the year ended 31 December 2006. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office.

The year ahead

A key focus area will be the implementation and leveraging of the opportunities provided by the STANLIB acquisition. This forms part of a wider strategy to expand Liberty Life's offering from essentially a life insurer, to a broader-based savings company.

Although there will be significant focus on growing our existing distribution channels, the development of alternative distribution models to unlock further growth will be pursued. In addition, the skills and talent pool will be expanded aggressively.

The restructuring and integration initiatives in both operations and distribution have already started to deliver results. We expect further progress in this regard in 2007.

Prospects

The acquisition of 100% of STANLIB provides additional revenue growth opportunities and should add value for our shareholders going forward.

Liberty Life's earnings are strongly correlated to the performance of local investment markets. We remain optimistic about South African economic conditions and expect reasonable investment performance, in the form of a reduced, yet positive, weighted average investment performance in 2007.

If actuarial assumptions are met, we are confident that Libery Life will achieve real growth in BEE normalised embedded value in line with our medium term growth expectations.

Bruce Hemphill
Chief Executive

Derek Cooper
Chairman

1 March 2007

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

Computershare Investor Services 2004 (Pty) Limited
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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

Condensed group balance sheet

as at 31 December 2006

Audited	**31 December 2006 Rm**	As restated 31 December 2005 Rm
Assets		
Investments	**189 263**	149 145
Intangible assets	**1 331**	1 534
Reinsurance assets	**1 065**	946
Disposal groups held for sale		2 380
Prepayments, insurance and other receivables	**3 188**	2 839
Cash and cash equivalents	**5 237**	12 451
Other assets	**912**	811
Total assets	**200 996**	170 106
Liabilities		
Policyholders' liabilities	**168 898**	140 835
Financial liabilities	**2 357**	2 295
Third party liabilities arising on consolidation of mutual funds	**8 559**	7 079
Deferred taxation	**3 262**	2 454
Disposal groups held for sale		1 267
Insurance and other payables	**4 242**	3 661
Other liabilities	**1 185**	1 186
Total liabilities	**188 503**	158 777
Equity		
Ordinary shareholders' funds	**10 665**	9 434
Minority interests	**1 828**	1 895
Total equity	**12 493**	11 329
Total equity and liabilities	**200 996**	170 106
Liberty Group Limited capital adequacy requirements		
Statutory capital adequacy requirement (CAR)	**3 945**	3 782
Statutory CAR cover	**2,3**	2,0

Condensed group income statement

for the year ended 31 December 2006

Audited	31 December 2006 Rm	As restated 31 December 2005 Rm
Total revenue	**59 281**	52 893
Net insurance benefits and claims	**(38 140)**	(32 816)
Fair value adjustment to policyholder liabilities under investment contracts	**(8 276)**	(6 834)
Fair value adjustment on third party mutual fund liabilities	**(1 480)**	(1 879)
Acquisition costs associated with insurance and investment contracts	**(2 413)**	(3 594)
Expenses	**(3 899)**	(3 963)
Preference dividend in subsidiary	**(184)**	(138)
Goodwill impairment		(397)
Profit/(loss) on sale of subsidiaries	**374**	(2)
Equity accounted earnings from joint ventures	**150**	91
Profit before taxation	**5 413**	3 361
Taxation	**(2 249)**	(1 623)
Total earnings	**3 164**	1 738
Attributable to:		
Equity holders	**2 875**	1 442
Minority interests	**289**	296
	3 164	1 738
Weighted average number of shares in issue	**252 545 000**	251 761 000
Earnings per share	**Cents**	Cents
Basic earnings	**1 138,3**	572,8
Fully diluted	**1 091,4**	560,3

Headline earnings

for the year ended 31 December 2006

Audited	31 December 2006 Rm	As restated 31 December 2005 Rm
Reconciliation of headline earnings		
Total earnings attributable to equity holders	**2 875**	1 442
Goodwill impairment		397
(Profit)/loss on sale of subsidiaries	**(374)**	2
Headline earnings	**2 501**	1 841
Net income on BEE preference shares accounted for in equity	**88**	88
BEE normalised headline earnings	**2 589**	1 929
Headline earnings per share	**Cents**	Cents
Basic	**990,4**	731,2
Fully diluted	**949,5**	715,3
BEE normalised	**930,2**	694,8

Condensed statement of changes in group ordinary shareholders' funds

for the year ended 31 December 2006

Audited	31 December 2006 Rm	As restated 31 December 2005 Rm
Balance at 1 January	**9 434**	8 524
Total earnings	**2 875**	1 442
Ordinary dividends	**(1 013)**	(773)
Capital reduction	**(912)**	
Subscriptions for shares	**52**	68
Black Economic Empowerment transaction	**89**	72
Share based payments	**51**	45
Owner-occupied properties – net fair value adjustments	**35**	94
Reversal of fair value adjustment on Capital Alliance Holdings Limited existing shares		(17)
Treasury shares	**6**	(25)
Foreign currency translation movement on subsidiaries	**48**	4
Ordinary shareholders' funds	**10 665**	9 434
Minority interests	**1 828**	1 895
Total shareholder funds at 31 December	**12 493**	11 329

Condensed group cash flow statement

for the year ended 31 December 2006

Audited	31 December 2006 Rm	As restated 31 December 2005 Rm
Operating activities	**5 125**	7 890
Investing activities	**(11 423)**	(5 011)
Financing activities	**(916)**	2 070
Net (decrease)/increase in cash and cash equivalents	**(7 214)**	4 949
Cash and cash equivalents at beginning of year	**12 451**	6 195
Net cash acquired on business acquisition and disposals		1 444
Reclassified to disposal groups held for sale		(137)
Cash and cash equivalents at end of year	**5 237**	12 451

Condensed segment information

for the year ended 31 December 2006

	Group		Individual			Other				
Audited	**Risk Rm**	**Non-risk Rm**	**Partici-pating Rm**	**Non-parti-cipating Rm**	**Pru-dential partici-pating business Rm**	**Asset manage-ment Rm**	**Share-holder opera-tions Rm**	**Mutual funds Rm**	**Dis-posal groups Rm**	**Total Rm**
Segment revenue	**1 776**	**7 430**	**38 184**	**5 554**	**2 631**	**87**	**1 916**	**1 703**		**59 281**
Segment expenses	**(1 514)**	**(7 293)**	**(35 950)**	**(4 872)**	**(2 424)**	**(3)**	**(234)**	**(1 703)**		**(53 993)**
Segment result	**262**	**137**	**2 234**	**682**	**207**	**84**	**1 682**	**–**		**5 288**
Profit before taxation	**262**	**135**	**2 275**	**496**	**207**	**185**	**1 853**			**5 413**
Taxation	**(77)**	**(73)**	**(1 504)**	**(176)**	**(150)**	**(15)**	**(254)**			**(2 249)**
Total earnings	**185**	**62**	**771**	**320**	**57**	**170**	**1 599**			**3 164**
31 December 2005 as restated										
Segment revenue	1 563	6 393	32 163	6 057	2 152	114	1 445	2 084	922	52 893
Segment expenses	(1 277)	(6 281)	(31 328)	(5 007)	(1 975)	(27)	(264)	(2 084)	(762)	(49 005)
Segment result	286	112	835	1 050	177	87	1 181	–	160	3 888
Profit before taxation	285	110	839	912	176	164	717		158	3 361
Taxation	(96)	(104)	(678)	(376)	(154)	(14)	(174)		(27)	(1 623)
Total earnings	189	6	161	536	22	150	543		131	1 738

Embedded value and value of new business

as at 31 December 2006

Audited	31 December 2006 Rm	31 December 2005 Rm
Group embedded value		
Risk discount rate[4]	**10,5%**	10,0%
Net worth	**9 437**	8 279
Ordinary shareholders' funds on published basis	**10 665**	9 434
Adjustment of ordinary shareholders' funds from published basis[1]	**(1 470)**	(1 236)
Financial services subsidiaries fair value adjustment[2]	**1 406**	1 345
Adjustment for carrying value of in-force business acquired[3]	**(908)**	(1 019)
Allowance for fair value of share options	**(256)**	(245)
Net value of life business in-force	**12 420**	10 874
Value of life business in-force	**13 163**	11 563
Cost of solvency capital	**(743)**	(689)
Embedded value	**21 857**	**19 153**
Embedded value per share information		
Embedded value (Rm)	**21 857**	19 153
Number of shares in issue less shares in respect of the BEE transaction (millions)	**253,0**	252,2
Embedded value per ordinary share (R)	**86,38**	75,96
Embedded value before BEE impairment (Rm)	**23 017**	20 404
Number of shares including shares in respect of the BEE transaction (millions)	**278,8**	277,9
BEE normalised embedded value per share (R)	**82,55**	73,41
Value of new business and new business margins (31 December 2005 post Statement of Intent)		
Net value of new business written in the year	**607**	777
Gross value of new business	**647**	858
Cost of solvency capital	**(40)**	(81)
Present value of future expected premiums	**24 588**	26 216
New business margin [(1)]	**2,5%**	3,0%
New business index excluding contractual increases	**3 762**	3 911

[(1)] *Embedded value of new business as a percentage of the present value of future expected premiums.*

Embedded value profits

for the year ended 31 December 2006

Audited	31 December 2006 Rm	As restated 31 December 2005 Rm
Embedded value at the end of the year	**21 857**	19 153
Less capital raised	**(52)**	(68)
Plus net capital reduction paid	**912**	
Plus dividends paid	**924**	701
Less restated embedded value at the beginning of the year	**(19 153)**	(16 319)
Embedded value profits	**4 488**	3 467
Return on net worth	**54,2%**	39,5%
Return on embedded value	**23,4%**	21,2%
BEE normalised return on embedded value	**22,4%**	20,1%

Analysis of embedded value profits

for the year ended 31 December 2006

Audited	Net worth Rm	Net value of life business in-force Rm	Embedded value Rm
Embedded value profits for the year			
Embedded value at the end of the year	9 437	12 420	21 857
Less capital raised	(52)		(52)
Plus dividends paid	924		924
Plus net capital reduction paid	912		912
Less embedded value at the beginning of the year	(8 279)	(10 874)	(19 153)
Embedded value profits	2 942	1 546	4 488
Components of embedded value profits			
Value of new business written in the year		607	607
Expected return on value of life business [7]		1 101	1 101
Expected net of tax profit transfer to net worth [10]	470	(470)	
Operating experience variances [11]	231	(256)	(25)
Operating assumption changes [12]	(99)	(32)	(131)
Embedded value profits from operations	602	950	1 552
Investment return on net worth	1 700		1 700
Exchange rate movements	48		48
Investment variances	956	1 022	1 978
Changes in economic assumptions [13]	(167)	(140)	(307)
Changes in modelling methodology	(78)	37	(41)
Change in allowance for fair value of share options [14]	(10)		(10)
Change in respect of investment guarantees [15]	(109)	(323)	(432)
Total embedded value profits	2 942	1 546	4 488

Bases, assumptions and additional information

1. The amounts of R1 470 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 service subsidiaries is enhanced for embedded value purposes to essentially hold these subsidiaries at a multiple of earnings. This adjustment is shown as the 'financial service subsidiaries fair value adjustment'.

   This adjustment consisted of the following:

	31 December 2006	31 December 2005
Liberty Group Properties (Proprietary) Limited	**350**	300
Liberty Ermitage Jersey Limited		305
Liberty Jersey	**140**	
STANLIB Limited	**916**	710
Prefsure Holdings Limited		30
	1 406	1 345

In the case of Liberty Group Properties (Proprietary) Limited, Liberty Ermitage Jersey Limited and STANLIB in 2005, a price earnings ratio multiplier was applied to the net after tax recurring earnings of the subsidiaries. For Liberty Group Properties a multiplier of 10 was used (2005: 10). Liberty Jersey are asset managers of certain group offshore investment portfolios arising from the sale of Liberty Ermitage Jersey Limited. A multiplier of 5 was used.

The R916 million represents Liberty Life's share of the excess over the net asset value of STANLIB and effectively values STANLIB at R3 380 million in total, being the transaction value for STANLIB.

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.

	31 December 2006	31 December 2005
Investec Employee Benefits	**(85)**	(96)
Capital Alliance Holdings Limited (CAHL)	**(775)**	(872)
Business previously acquired by CAHL	**(48)**	(51)
	(908)	(1 019)

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

7. 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 half a year to the value of new business.

8. 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 current rates. No allowance has been made for the secondary taxation on companies and retirement funding taxation changes announced in the budget on 21 February 2007.

9. 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.

10. The expected net of tax transfer to net worth includes a negative amount of approximately R710 million arising due to the new business strain experienced on the statutory valuation basis.

11. The amount of R25 million shown for operating experience variations arises from actual risk experience being better than expected but being offset by worse than expected withdrawal experience on some categories of the individual life business as well as the termination of a large corporate scheme.

Analysis of embedded value profits continued

for the year ended 31 December 2006

12. The largest component of the amount of R131 million shown for operating assumption changes is a strengthening of the withdrawal basis on certain categories of individual life products.

13. The amount of R307 million shown for changes in economic assumptions arises from the change to a higher level of economic assumptions.

14. The amount of R10 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 increase in the market value of the Liberty Group Limited share price over the reporting period.

15. In anticipation of the move to a market consistent basis of valuing investment guarantees, no value was placed on the discretionary margin in respect of investment guarantees and an additional amount of R148 million was included in reserves. These items resulted in a reduction in embedded value of R432 million.

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

New business

for the year ended 31 December 2006

Comparatives include continuing operations of Capital Alliance for twelve months

	31 December 2006 Rm	31 December 2005 Rm	% change
Individual	**14 121**	13 793	
Single	**11 172**	10 825	3,2
Recurring	**2 949**	2 968	(0,6)
Group	**2 556**	3 005	
Single	**1 905**	2 320	(17,9)
Recurring	**651**	685	(5,0)
Total new business	**16 677**	16 798	(0,7)

Net cash inflows

for the year ended 31 December 2006

Comparatives include continuing operations of Capital Alliance for twelve months

	31 December 2006 Rm	31 December 2005 Rm	% change
Individual	**3 608**	4 308	
Inflows and premiums	**21 810**	21 010	3,8
Claims and benefits	**(18 202)**	(16 702)	9,0
Group	**19**	614	
Inflows and premiums	**6 092**	6 458	(5,7)
Claims and benefits	**(6 073)**	(5 844)	3,9
Net cash inflows	**3 627**	4 922	(26,3)

Analysis of ordinary shareholders' funds invested

for the year ended 31 December 2006

	Group funds invested		Contribution to earnings		Group investment gains/(losses)	
	31 Dec 2006 Rm	31 Dec 2005 Rm	**31 Dec 2006 Rm**	31 Dec 2005 Rm	**31 Dec 2006 Rm**	31 Dec 2005 Rm
Insurance operations	**908**	1 019	**1 395**	914		
Operating surplus			**1 822**	1 593		
Present value of in-force business acquired	**908**	1 019	**(117)**	(90)		
Liberty Active preference dividend			**(184)**	(138)		
Working capital charge [1]			**(126)**	(130)		
Statement of Intent				(321)		
Financing of insurance operations	**(1 722)**	683	**(68)**	65		
Fixed assets and working capital [1]	**478**	2 883	**126**	130		
Callable capital bonds and preference share liabilities	**(2 200)**	(2 200)	**(194)**	(65)		
Financial services operations	**525**	449	**247**	149		2
Liberty Group Properties	**35**	11	**37**	33		
STANLIB	**459**	406	**133**	107		
Liberty Jersey			**36**			
Other	**31**	32	**41**	9		2
Investments	**10 954**	6 337	**561**	316	**793**	610
Listed equity investments	**2 418**	1 797	**95**	62	**592**	382
Interest bearing deposits	**4 275**	2 432	**286**	99		7
Preference shares	**1 361**	406	**40**	37	**(14)**	2
Mutual funds	**1 460**	1 214	**40**	21	**90**	17
Share of pooled portfolios	**943**	373	**77**	54	**104**	102
Unlisted investments	**497**	115	**23**	43	**21**	100
Disposal groups held for sale		946		105		12
Prefsure Holdings		400		28		
Liberty Ermitage Jersey		546		77		12
Administration expenses – shareholder allocation			**(192)**	(163)		
Normal taxation excluding insurance operations			**(57)**	38		
Secondary tax on companies			**(90)**	(74)		
Capital gains taxation on shareholder specific assets					**(88)**	(133)
Net investment gains			**705**	491	**(705)**	(491)
Goodwill impairment				(397)		
Profit/(loss) on sale of subsidiaries			**374**	(2)		
Total shareholders' funds	**10 665**	9 434	**2 875**	1 442	**–**	–

[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 8,77% nacm which is equivalent to the bond interest rate.*

Commitments summary

as at 31 December 2006

Audited	31 December 2006 Rm	31 December 2005 Rm
Operating leases – properties and equipment	**632**	755
Within 1 year	**95**	110
1 to 5 years	**374**	377
6 to 10 years	**163**	268
Capital commitments	**1 987**	288
STANLIB Limited acquisition	**1 575**	
Investment and owner-occupied property	**311**	
Equipment	**101**	288

Related parties

as at 31 December 2006

The approved STANLIB Limited acquisition is a significant related party transaction that will occur in 2007 as 37,4% of the shares acquired are held by the group's ultimate holding company, Standard Bank Group Limited.

There have been no further 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:

Liberty Holdings Limited	Number '000	Market value Rm	Ownership %
Balance at 31 December 2005	2 630	497	5,36
Purchases	404	81	
Sales	(310)	(63)	
Fair value adjustments		57	
Balance at 31 December 2006	2 724	572	5,54
Standard Bank Group Limited			
Balance at 31 December 2005	46 489	3 525	3,44
Purchases	3 346	281	
Sales	(11 247)	(906)	
Fair value adjustments		747	
Balance at 31 December 2006	38 588	3 647	2,83