UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Financial performance indicators

for the six months ended 30 June 2007

	June 2007	June 2006	% change	December 2006
GROUP				
BEE normalised headline earnings per share (cents)	**583,1**	384,9	51,5	930,2
BEE normalised embedded value per share (R)	**89,68**	73,62	21,8	82,55
BEE normalised return on embedded value (%)	**24,7**	17,4		22,4
Total distributions per share (cents)	**144**	130	10,8	720
Capital reduction in lieu of dividends/dividends per share (cents)	**144**	130 [1]		360 [1]
Additional capital reduction per share (cents)	**–**	–		360
Net cash inflows (Rm)	**9 754**	5 929	64,5	(2 156)
Capital adequacy requirement cover (times covered)	**2,1**	2,1		2,3
INSURANCE OPERATIONS				
Indexed new business (including contractual increases) (Rm)	**2 620**	2 294	14,2	4 908
Indexed new business (excluding contractual increases) (Rm)	**2 020**	1 775	13,8	3 762
New business margin (%)	**2,6**	2,4		2,5
Net cash inflows (Rm)	**4 513**	1 987	>100	3 627
Normalised recurring management expenses for life operations (Rm)	**1 024**	1 015	0,9	2 069
STANLIB[2]				
Assets under management (Rbn)	**322**	296	8,8	294
New business excluding money market (Rm)	**22 970**	26 094	(12,0)	45 479
Net cash inflows (Rm)	**6 659**	2 332	>100	(7 690)
Net cash inflows (excluding intergroup life funds) (Rm)	**5 241**	3 942	33,0	(5 783)[3]

[1] *Rebased for dividend paid on previous capital reduction of R912 million on 12 June 2006. Total 2006 interim dividend paid was 140 cents per share, of which 10 cents per share related to the 2006 capital reduction of 360 cents per share resulting in an effective 130 cents per share for the first half 2006.*

[2] *STANLIB became a wholly owned subsidiary of Liberty Life effective from 1 January 2007 (previously held 37,4%). To enhance comparability 2006 numbers have been restated to reflect 100% of STANLIB's performance.*

[3] *Excludes withdrawal of PIC investment in December 2006.*

Relevant definitions

BEE normalised headline earnings per share and embedded value per share

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.

Indexed new business

Is a measure of new business in insurance operations representing annualised recurring premium business (at the first year's monthly premium value) and one tenth of a single premium deposit.

New business margin

Embedded value of new business as a percentage of the present value of future expected premiums.

Normalised recurring management expenses for life operations

Represents recurring expenses incurred to administer insurance operations and excludes non-recurring expenses, such as restructuring and integration.

This year marks Liberty Life's first half century in business. Liberty has grown from Donald Gordon's vision into the third largest life assurer in South Africa with a market capitalisation of R25 billion.

It is fitting that as we celebrate the achievements of the past 50 years, and recognise our predecessors for their foresight in building the company to where it is today, we are in a position to share our vision for growth and expansion in what is a very different competitive and operating landscape to the one that gave rise to the successes of the past.

Liberty needs to be able to provide its customers with everything they expect from a wealth focused financial services company. We intend to selectively expand our offerings from those of a life company to a far broader-based range of wealth management solutions. Liberty is therefore continually assessing opportunities to both grow existing sales channels organically, and develop entirely new distribution sources.

Our growth vision sees Liberty becoming a wealth management group; gathering and managing assets, through the provision of wealth, health and protection solutions.

We aim to transform into a family of financial services businesses, operating with separate identities where advantageous in their fields of specialisation, yet also complementing each other by sharing values, data and back office services – together creating a powerful financial services group.

Although this strategy is still young, we are already seeing the benefits of some of the early initiatives.

STANLIB

Firstly, given the strong shift from a defence driven insurance approach to a constructive wealth building culture, the decision to buy 100% of STANLIB was logical and was concluded in early 2007. The integration of the sales, marketing and technical support teams of Liberty Life and STANLIB is complete.

Twelve months ago, STANLIB set out to establish an equity franchise and the performance turnaround in the past year has been impressive relative to the financial markets.

STANLIB is now a significant contributor to the Liberty Group's bottom line, and with 4-5% market share in equity unit trust and institutional products, there is still significant scope for growth.

New business

New life sales have shown substantial improvement in the first half of 2007, as a number of initiatives we took this time last year started to bear fruit. We are comfortable with a 14% increase in indexed life new business volumes, although new corporate volumes remain disappointing.

It is critically important that the sales and distribution machine distributes all the group's products, not just its life products. We therefore measure ourselves on the total of both on-balance sheet and off-balance sheet sales. This basis shows an increase in overall indexed production of 17%, illustrating the benefits of leveraging existing sales and distribution channels to sell off-balance sheet products.

Bancassurance continues to deliver, with significant opportunities for further growth. It is also pleasing to again report increases in headcount numbers across all sales channels.

Rest of Africa

With operations already in Namibia, Uganda, Kenya, Swaziland, Lesotho and Botswana, the Board has approved an African expansion strategy. A number of opportunities in these and other countries are at due diligence stage, or under early evaluation. We have appointed a Chief Executive – Rest of Africa, and a Rest of Africa team is fully operational.

To maximise our options and our impact in other African markets in which we choose to compete, the respective in-country business units of Liberty Life and STANLIB have been integrated. We are also collaborating closely with Standard Bank in all these developments.

The impact on the group's bottom line is currently small, but all businesses in countries in which we have operations are profitable, showing healthy margins and good returns. Sales are ahead of target, and to the end of June 2007, we had accumulated total assets under management of approximately R9.3 billion.

Existing business operations

While there is a strong focus on new growth opportunities for the group, this has not been at the expense of the effective management of our existing business operations.

The Statement of Intent exercise was delivered within the set time frames. The two key regulatory issues currently are the proposed State Retirement Fund and the commission regulations. There is insufficient clarity on the former although it is likely that there will be some reduction in retirement fund scheme membership. However, it is also probable there will be opportunities as more new entrants join the retirement savings market. We expect the implementation of commission regulations to be completed by mid 2008.

From a service perspective, Individual Business Operations provided one of the success stories of 2006, and it is pleasing to report that these service levels have been maintained or improved in the first half of 2007. Service levels in Corporate Benefits Operations are still not where we want them to be, though definite progress is being made.

We see the issue of retaining clients' policy funds at maturity or at retirement as a key business objective, and one that we have been driving at executive level. It is still early days, but we are seeing some meaningful improvements for example, in a pilot exercise on endowments, we saw increased retention of 11,5% by number of clients, and 18,5% by value of funds retained.

Our Single Platform Strategy, aimed at migrating all our legacy IT systems to a Compass-based platform, remains on schedule to deliver in line with the costs and value outlined to the market in November 2005.

Life recurring costs increased by just 0,9% in first half 2007, which is a very pleasing result. Costs are a major issue for any business and the group's costs will remain tightly managed. However, we need to accept that implementing our growth strategy will inevitably require investment.

Transformation within the group is making good progress, although there is much still to be achieved. The fund management team at STANLIB, in our view, has one of the most fundamentally and successfully transformed teams in South Africa.

Overall, we are satisfied that our growth vision is taking shape and is already starting to deliver results. Our existing business operations remain strong, and this is reflected in what we believe is a highly satisfactory first-half financial performance.

Contribution to headline earnings

	June 2007 Rm	June 2006 Rm	% change	December 2006 Rm
Insurance operations	**984**	723	36	1 395
Asset management operations	**201**	96	109	196
Shareholders' funds	**419**	207	102	910
Total	**1 604**	1 026	56	2 501

Insurance operations

Indexed new business of R2 620 million including contractual increases has increased 14,2% over the R2 294 million achieved for the six months to 30 June 2006. Individual indexed retail sales strengthened and grew 16,3%. However the corporate market, which represents 12,4% of total new business, grew by 5,0%. Retail service levels are indicating considerable improvement following several years of concerted effort. Service delivery and regulatory compliance within the corporate division are not yet at optimum levels and remedial action is in progress.

Present value of new business premium margin has improved to 2,6% from the 2,5% achieved for the year ended 31 December 2006 (June 2006: 2,4%). The margin has mainly benefited from a more profitable mix of new business combined with the higher new business volumes.

Net cash flows are R4 513 million compared to R1 987 million reported for the half year 2006. Cash flows include a single premium transfer of the Investec Employee Benefit (IEB) closed book purchased in 2003 for which court approval was only granted in 2007. On 2 January 2007, the transfer resulted in a R4 487 million single premium inflow with subsequent net outflows of R477 million to 30 June 2007. Excluding the IEB closed book, the Corporate Benefits Operations experienced a net outflow of R614 million mainly due to single premiums being 26,9% lower than the previous year as well as a 78% increase in group scheme member withdrawals. Retail cash flows of R1 117 million remain firm especially in light of the strong equity market performance.

Normalised recurring management expenses for the half year are marginally higher increasing by 0,9%. Management is confident that normalised life recurring costs in the second six months will remain within the group's target of increasing at a rate materially lower than inflation.

Economic assumption changes to the investment guarantee reserve, in particular the removal of retirement funds taxation, decrease in market volatilities and the increase in interest rates, led to a reduction in the reserve and contributed approximately R196 million to the increase in headline earnings achieved by the insurance operations.

The weighted average investment return used as a proxy to calculate shareholders' 10% share of policyholder bonuses on certain classes of business was 21,95% (annualised) compared with 31,91% (annualised) reported at 30 June 2006 and 33,0% at 31 December 2006.

Insurance operations total headline earnings increased by 36,1% to R984 million, representing 61,3% of the group's headline earnings for the half year.

Asset management operations

Asset management includes the group's wholly owned asset managers, STANLIB and Liberty Properties.

Liberty Properties earns development and management fees from managing the group's property portfolio. Earnings after taxation were R25 million for the six months (2006: R20 million).

STANLIB, which is now wholly owned (2006: 37,4%) contributed R160 million to the group's half year headline earnings. Operating profit before interest and taxation is R261 million which is 4% higher than the R251 million achieved last year. The reasons for the lower growth in pre-tax earnings were due to investing in skilled staff and the discontinuance of certain revenue streams.

Assets under management grew 8,8% to R322 billion. Sales excluding money market remained strong at R21 855 million compared to R24 892 million in the prior year. Net cash flows for the period increased by 33,0%.

STANLIB continued to improve its investment performance against its peers as evidenced by being ranked third in the Alexander Forbes SA large manager watch over the 12 months to June 2007. Further evidence of the improvement in the equity performance of STANLIB's funds was that for the twelve months ended 30 June 2007, ten out of twelve of STANLIB's largest equity portfolios were ranked in the first or second quarter of the relevant Alexander Forbes survey.

Fees after taxation earned by Liberty Jersey on long only funds previously managed by Liberty Ermitage were R16 million (2006: R11 million).

Shareholders' funds

The group's capital management committee manages capital not specifically held in Insurance or Asset Management Operations. The management process balances the needs for qualifying regulatory capital, liquidity risk and an effective investment portfolio to maximise returns for shareholders. Expenses related to shareholder corporate activity, including those relating to dividend and capital flows, are netted off these investment returns.

Due in particular to a strong performance in the long-term equity portfolio and R1,9 billion higher average levels of investment related capital held, shareholders' fund headline earnings of R419 million are 104% higher than those reported for the same period last year.

Group embedded value

The group's BEE normalised embedded value per share has increased 8,6% from the R82,55 reported at 31 December 2006 to R89,68 at 30 June 2007, notwithstanding the payment of the 2006 final dividend.

Increased fair value adjustments on financial services subsidiaries, improved new business, strong investment performance and related earnings growth combined with the removal of retirement funds taxation and the reduced STC rate of 10% are the main contributors to the reported annualised BEE normalised return on embedded value of 24,7%.

Capital adequacy requirement (CAR)

The statutory capital adequacy requirement was covered 2,13 times at 30 June 2007 compared to the 2,27 times cover at 31 December 2006. As explained in our year end results, the goodwill associated with the STANLIB acquisition does not qualify as statutory capital and consequently resulted in a 0,33 times reduction in the CAR cover at the 29 January 2007 acquisition date. Nevertheless, the CAR cover is still well ahead of the group's target of 1,7 times.

Dividends and capital reduction

In terms of the authority granted to the directors at the 2007 annual general meeting, the directors have approved a capital reduction of 144 cents per ordinary share in lieu of the interim dividend.

In line with the group's stated dividend policy this represents a distribution of 40% of the 2006 dividend levels (normalised for the 2006 capital reduction).

Subject to regulatory approvals, the important dates pertaining to the capital reduction of 144 cents per ordinary share are as follows:

Last date to trade cum capital reduction on the JSE	Friday, 7 September 2007
First trading day ex capital reduction on the JSE	Monday, 10 September2007
Record date	Friday, 14 September 2007
Payment date	Monday, 17 September 2007

The directors have approved an ordinary share buy back programme of up to R500 million.

Prospects

The strategic initiatives commented on in this report are still in their infancy and will not materially affect earnings performance for the remainder of the 2007 financial year. Assuming investment performance remains at levels equivalent to the first half and no significant actuarial assumption changes are required, we anticipate a similar performance for the second half.

Bruce Hemphill
Chief Executive

Derek Cooper
Chairman

7 August 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 2006, except for adopting IFRS 7: *Financial Instruments: Disclosures*, which deals mainly with disclosure of financial instruments and the related quantitative and qualitative risks; and formulating an accounting policy, resulting from the STANLIB acquisition, for business combinations involving businesses under common control.

There are no required prior year restatements to the group's assets, liabilities or equity as a consequence of the new policies.

A comprehensive 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 30 June comparatives

Comparatives for the six months ended 30 June 2006 have been restated to include additional mutual fund associates and subsidiaries. These results have also been updated for certain IFRS reclassifications and gross ups which were disclosed in the annual financial statements for the year ended 31 December 2006. There is no impact on shareholder earnings, net asset value or statement of changes in shareholders' funds.

Refer to the addendum attached to the interim results for more details.

Audit opinion

These results have not been audited or reviewed by the group's auditors, PricewaterhouseCoopers Inc. Consequently no opinion has been issued.

Share certificates

Share certificates may not be dematerialised or rematerialised between Monday, 10 September 2007 and Friday, 14 September 2007 both days inclusive. Where applicable, distributions in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, distribution cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 17 September 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
(Registration number: 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000

Sponsor

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

Condensed group balance sheet

as at 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited as restated 30 June 2006 Rm	Audited 31 December 2006 Rm
Assets			
Investments	**207 616**	162 096	189 263
Intangible assets	**1 234**	1 433	1 331
Reinsurance assets	**851**	977	1 065
Deferred taxation	**75**	116	40
Prepayments, insurance and other receivables	**4 741**	4 733	3 188
Cash and cash equivalents	**2 060**	10 192	5 237
Other assets	**997**	668	872
Total assets	**217 574**	180 215	200 996
Liabilities			
Policyholders' liabilities	**182 817**	150 282	168 898
Insurance contracts	**129 655**	109 687	122 875
Investment contracts with discretionary participation features	**2 883**	1 588	1 719
Investment contracts through profit or loss	**50 279**	39 007	44 304
Financial liabilities	**2 718**	2 368	2 357
Third party liabilities arising on consolidation of mutual funds	**8 560**	7 810	8 559
Deferred taxation	**3 366**	2 781	3 262
Insurance and other payables	**6 163**	4 806	4 242
Other liabilities	**1 727**	977	1 185
Total liabilities	**205 351**	169 024	188 503
Equity			
Ordinary shareholders' funds	**10 350**	9 472	10 665
Minority interests	**1 873**	1 719	1 828
Total equity	**12 223**	11 191	12 493
Total equity and liabilities	**217 574**	180 215	200 996
Liberty Group Limited capital adequacy requirements			
Statutory capital adequacy requirement (CAR)	**4 008**	3 849	3 945
Statutory CAR cover (times covered)	**2,13**	2,10	2,27

Condensed group income statement

for the six months ended 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited as restated 30 June 2006 Rm	Audited 31 December 2006 Rm
Total revenue	**28 358**	24 409	59 281
Net insurance benefits and claims	**(17 577)**	(15 804)	(38 140)
Fair value adjustment to policyholders' liabilities under investment contracts	**(4 217)**	(2 730)	(8 276)
Fair value adjustment on third party mutual fund liabilities	**(1)**	(731)	(1 480)
Acquisition costs associated with insurance and investment contracts	**(1 355)**	(1 196)	(2 413)
Expenses	**(2 151)**	(1 902)	(3 899)
Preference dividend in subsidiary	**(136)**	(71)	(184)
Profit on sale of subsidiaries	**2**	378	374
Equity accounted earnings from joint ventures	**17**	53	150
Profit before taxation	**2 940**	2 406	5 413
Taxation	**(1 225)**	(904)	(2 249)
Total earnings	**1 715**	1 502	3 164
Attributable to:			
Equity holders	**1 606**	1 404	2 875
Minority interests	**109**	98	289
Weighted average number of shares in issue ('000)	**257 540**	251 956	252 545
Earnings per share	**Cents**	Cents	Cents
Basic earnings	**623,6**	557,2	1 138,3
Fully diluted	**594,3**	531,9	1 091,4

Headline earnings

for the six months ended 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Reconciliation of headline earnings			
Total earnings attributable to equity holders	**1 606**	1 404	2 875
Profit on sale of subsidiaries	**(2)**	(378)	(374)
Headline earnings	**1 604**	1 026	2 501
Net income on BEE preference shares accounted for in equity	**48**	43	88
BEE normalised headline earnings	**1 652**	1 069	2 589
BEE normalised weighted average number of shares in issue ('000)	**283 336**	277 752	278 341
Headline earnings per share	**Cents**	Cents	Cents
Basic	**622,8**	407,2	990,4
Fully diluted	**593,4**	388,7	949,5
BEE normalised	**583,1**	384,9	930,2

Condensed statement of changes in group ordinary shareholders' funds

for the six months ended 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Balance at 1 January	**10 665**	9 434	9 434
Total earnings	**1 606**	1 404	2 875
Excess purchase price over net asset value of STANLIB	**(2 194)**		
Ordinary dividends	**(642)**	(623)	(1 013)
Capital reduction		(912)	(912)
Subscriptions for shares	**846**	32	52
Black Economic Empowerment transaction	**54**	51	89
Share-based payments	**26**	26	51
Owner-occupied properties – net fair value adjustments	**15**	13	35
Treasury shares	**(42)**	5	6
Foreign currency translation movement on subsidiaries	**16**	42	48
Ordinary shareholders' funds	**10 350**	9 472	10 665

Condensed group cash flow statement

for the six months ended 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited as restated 30 June 2006 Rm	Audited 31 December 2006 Rm
Operating activities	**5 503**	669	5 125
Investing activities	**(9 556)**	(2 017)	(11 423)
Financing activities	**751**	(925)	(916)
Net decrease in cash and cash equivalents	**(3 302)**	(2 273)	(7 214)
Cash and cash equivalents at beginning of year	**5 237**	12 451	12 451
Cash acquired on acquisition of STANLIB Limited	**166**		
Cash disposed of on sale of Saambou Life Assurers Limited	**(41)**		
Foreign exchange movements in cash balances		14	
Cash and cash equivalents at end of period	**2 060**	10 192	5 237

Condensed segment information

for the six months ended 30 June 2007

Unaudited segment results for the six months ended 30 June 2007

	Group		Individual			Other			
	Risk Rm	Non-risk Rm	Participating Rm	Non-participating Rm	Prudential Rm	Asset management Rm	Shareholder operations Rm	Mutual funds Rm	Total Rm
Segment revenue	**836**	**4 125**	**17 709**	**2 335**	**1 283**	**1 231**	**773**	**66**	**28 358**
Segment expenses	**(797)**	**(4 033)**	**(16 200)**	**(1 931)**	**(1 186)**	**(883)**	**(30)**	**(66)**	**(25 126)**
Segment operating result	**39**	**92**	**1 509**	**404**	**97**	**348**	**743**	**–**	**3 232**
Profit before taxation	**39**	**91**	**1 509**	**250**	**97**	**304**	**650**	**–**	**2 940**
Taxation	**(10)**	**(29)**	**(789)**	**(106)**	**(68)**	**(103)**	**(120)**	**–**	**(1 225)**
Total earnings	**29**	**62**	**720**	**144**	**29**	**201**	**530**	**–**	**1 715**

Restated unaudited segment results for the six months ended 30 June 2006

	Risk Rm	Non-risk Rm	Participating Rm	Non-participating Rm	Prudential Rm	Asset management Rm	Shareholder operations Rm	Mutual funds Rm	Total Rm
Segment revenue	710	2 767	16 833	1 419	1 063	91	707	819	24 409
Segment expenses	(642)	(2 652)	(15 892)	(1 039)	(991)	(32)	(194)	(819)	(22 261)
Segment operating result	68	115	941	380	72	59	513	–	2 148
Profit before taxation	68	115	941	307	72	109	794		2 406
Taxation	(14)	(85)	(505)	(119)	(57)	(13)	(111)		(904)
Total earnings	54	30	436	188	15	96	683	–	1 502

Audited segment results for the year ended 31 December 2006

	Risk Rm	Non-risk Rm	Participating Rm	Non-participating Rm	Prudential Rm	Asset management Rm	Shareholder operations Rm	Mutual funds Rm	Total Rm
Segment revenue	1 776	7 430	38 184	5 554	2 631	123	1 880	1 703	59 281
Segment expenses	(1 514)	(7 293)	(35 950)	(4 872)	(2 424)	(3)	(234)	(1 703)	(53 993)
Segment operating result	262	137	2 234	682	207	120	1 646	–	5 288
Profit before taxation	262	135	2 275	496	207	221	1 817		5 413
Taxation	(77)	(73)	(1 504)	(176)	(150)	(25)	(244)		(2 249)
Total earnings	185	62	771	320	57	196	1 573	–	3 164

Embedded value and value of new business

as at 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Group embedded value			
Risk discount rate	**11,0%**	11,25%	10,5%
Net worth	**11 276**	8 244	9 437
Ordinary shareholders' funds on published basis	**10 350**	9 472	10 665
Adjustment of ordinary shareholders' funds from published basis[1]	**(1 584)**	(1 275)	(1 470)
Financial services subsidiaries fair value adjustment[2]	**3 678**	1 229	1 406
Adjustment for carrying value of in-force business acquired[3]	**(847)**	(964)	(908)
Allowance for fair value of share options	**(321)**	(218)	(256)
Net value of life business in-force	**13 467**	11 108	12 420
Value of life business in-force	**14 230**	11 984	13 163
Cost of solvency capital	**(763)**	(876)	(743)
Embedded value	**24 743**	19 352	21 857
Embedded value per share information			
Number of shares in issue less shares in respect of the BEE transaction ('000)	**263 024**	252 795	253 032
Embedded value per ordinary share (R)	**94,07**	76,55	86,38
Embedded value before BEE impairment (Rm)	**25 902**	20 511	23 017
Number of shares including shares in respect of the BEE transaction ('000)	**288 820**	278 591	278 827
BEE normalised embedded value per share (R)	**89,68**	73,62	82,55
Value of new business and new business margins	**Rm**	Rm	Rm
Gross value of new business	**352**	288	647
Cost of solvency capital	**(23)**	(31)	(40)
Net value of new business written in the period	**329**	257	607
Individual	**310**	249	572
Group	**19**	8	35
Present value of future expected premiums	**12 662**	10 853	24 588
New business margin	**2,6%**	2,4%	2,5%

Embedded value profits

for the six months ended 30 June 2007

	Embedded value			BEE normalised		
	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm	**Unaudited 30 June 2007 Rm**	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Embedded value at end of period	**24 743**	19 352	21 857	**25 902**	20 511	23 017
Less capital raised	**(846)**	(32)	(52)	**(846)**	(32)	(52)
Plus net capital reduction paid		912	912		1 004	1 004
Plus dividends paid	**588**	571	924	**642**	623	1 013
Less embedded value at beginning of period	**(21 857)**	(19 153)	(19 153)	**(23 017)**	(20 404)	(20 404)
Embedded value profits	**2 628**	1 650	4 488	**2 681**	1 702	4 578
Return on embedded value (annualised)	**25,5%**	18,0%	23,4%	**24,7%**	17,4%	22,4%

Analysis of embedded value profits

for the six months ended 30 June 2007

	Net worth Rm	**Net value of life business in force Rm**	**Embedded value Rm**
Embedded value profits for period			
Embedded value at end of period	11 276	13 467	24 743
Less capital raised	(846)		(846)
Plus dividends paid	588		588
Less embedded value at beginning of period	(9 437)	(12 420)	(21 857)
Embedded value profits	1 581	1 047	2 628
Components of embedded value profits			
Value of new business written in the period		329	329
Expected return on value of life business[5]		654	654
Expected net of tax profit transfer to net worth[8]	434	(434)	–
Operating experience variances[9]	56	9	65
Operating assumption changes[10]	16	128	144
Change in respect of STC		107	107
Embedded value profits from operations	506	793	1 299
Investment return on net worth	817		817
Exchange rate movements	16		16
Investment variances	245	335	580
Changes in economic assumptions[11]	(134)	(93)	(227)
Changes in modelling methodology		12	12
Change in allowance for fair value of share options[12]	(65)		(65)
Change in respect of investment guarantees[13]	196		196
Total embedded value profits	1 581	1 047	2 628

1. The amount of R1 584 million (2006: 30 June R1 275 million, 31 December R1 470 million), reflected as the adjustment of shareholders' funds from the published basis, represents 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 enhanced for embedded value purposes to hold these subsidiaries at a multiple of net after tax earnings. This adjustment is shown as the 'financial services subsidiaries fair value adjustment'.

   This adjustment consists of the following:

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Liberty Group Properties (Proprietary) Limited	**400**	330	350
Liberty Jersey	**140**	115	140
STANLIB Limited	**3 138**	784	916
	3 678	1 229	1 406

   For Liberty Group Properties (Proprietary) Limited and STANLIB Limited a multiple of 10 was used. Liberty Jersey are asset managers of certain group offshore investment portfolios arising from the sale of Liberty Ermitage Jersey Limited, for which a multiple of 5 was used.

   The multiples are the same as in 2006 with the exception of STANLIB Limited which was valued at Liberty Life's share of the excess of the transaction value over the net carrying value.

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 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Investec Employee Benefits	**(77)**	(91)	(85)
Capital Alliance Holdings Limited (CAHL)	**(727)**	(824)	(775)
Business previously acquired by CAHL	**(43)**	(49)	(48)
	(847)	(964)	(908)

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 2007 %	30 June 2006 %	31 December 2006 %
Government stock	**8,5**	8,75	8,0
Equities	**10,5**	10,75	10,0
Property	**9,5**	9,75	9,0
Cash	**7,0**	7,25	6,5
The risk discount rate has been set equal to 0,5% in excess of the investment return on equity assets	**11,0**	11,25	10,5
Maintenance expense inflation rate	**5,0**	5,25	4,5

5. 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.
6. 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 (STC) at 12,5% for the balance of 2007 and 10% thereafter. No allowance has been made for the likely replacement of STC with a withholding tax on shareholders.
7. 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.
8. The expected net of tax transfer to net worth includes a negative amount of R366 million arising due to the new business strain experienced on the statutory valuation basis.
9. The amount of R65 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 certain classes of business.
10. The largest component making up the amount of R144 million shown for operating assumption changes is the removal of retirement funds tax (RFT).
11. The amount of R227 million shown for changes in economic assumptions arises from the change to a higher level of economic assumptions as indicated in 4 above.
12. The amount of R65 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.
13. The reserve in respect of investment guarantees has fallen over the reporting period mainly as a result of an increase in the level of the yield curve, good investment performance, removal of RFT and policy maturities. This has resulted in a R196 million increase in embedded value.
14. 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 2006 and 30 June 2006.

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
INSURANCE OPERATIONS INCLUDING CONTRACTUAL INCREASES			
Individual	**7 529**	6 511	14 121
Single	**5 948**	5 156	11 172
Recurring	**1 581**	1 355	2 949
Group	**1 061**	1 268	2 556
Single	**686**	938	1 905
Recurring	**375**	330	651
Insurance operations total new business	**8 590**	7 779	16 677
Insurance operations indexed new business including contractual increases	***2 620***	*2 294*	*4 908*
INSURANCE OPERATIONS EXCLUDING CONTRACTUAL INCREASES			
Individual	**7 146**	6 154	13 317
Single	**5 948**	5 156	11 172
Recurring	**1 198**	998	2 145
Group	**844**	1 105	2 214
Single	**686**	938	1 905
Recurring	**158**	167	309
Insurance operations total new business	**7 990**	7 259	15 531
Insurance operations indexed new business excluding contractual increases	***2 020***	*1 755*	*3 762*
STANLIB[1, 2]			
Retail sales excluding money market	**15 841**	18 757	33 577
Institutional sales excluding money market	**7 129**	7 337	11 902
Total sales excluding money market	**22 970**	26 094	45 479
Money market	**29 746**	33 886	53 488
Total STANLIB new business	**52 716**	59 980	98 967

[1] *Restated for comparative purposes to reflect 100% of STANLIB sales for the six months ended 30 June 2006 and year ended 31 December 2006.*

[2] *Excludes intercompany life fund sales.*

Net cash inflows

for the six months ended 30 June 2007

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
INSURANCE OPERATIONS			
Individual	**1 117**	1 754	3 608
Inflows and premiums	**11 469**	10 413	21 810
Claims and benefits	**(10 352)**	(8 659)	(18 202)
Group	**3 396**	233	19
Inflow on IEB transfer[1]	**4 487**		
Inflows and premiums	**2 770**	3 096	6 092
Claims and benefits	**(3 384)**	(2 863)	(6 073)
Net outflow relating to IEB book[1]	**(477)**		
Net cash inflows from insurance operations	**4 513**	1 987	3 627
STANLIB[2, 3]			
Retail net cash inflows	**3 213**	5 760	4 022 [3]
Institutional net cash outflows	**(1 214)**	(703)	(4 825)
Net cash inflows/(outflows) before money market	**1 999**	5 057	(803)
Money market inflows/(outflows)	**3 242**	(1 115)	(4 980)
Net STANLIB cash inflows/(outflows)	**5 241**	3 942	(5 783)

[1] *The inflow represents a single premium transfer of the IEB closed book purchased in 2003, the net outflows refer to the movement on that book for the six months ended 30 June 2007.*

[2] *Restated for comparative purposes to reflect 100% of STANLIB cash flows for the six months ended 30 June 2006 and year ended 31 December 2006.*

[3] *Excludes withdrawal of PIC investment of R32,6 billion in December 2006, and intercompany life fund cash flows.*

STANLIB: assets under management (AUM) and funds under administration (FUA)

as at 30 June 2007

	Unaudited 30 June 2007 Rbn	Unaudited 30 June 2006 Rbn	Audited 31 December 2006 Rbn
Life funds	**135**	104	122
Segregated funds	**67**	89	65
Unit trusts	**72**	62	63
Structured products and other	**48**	41	44
Total AUM and FUA	**322**	296	294

Analysis of ordinary shareholders' funds invested

for the year ended 30 June 2007

	Group funds invested		Contribution to earnings		Group investment gains/(losses)	
	Unaudited 30 June 2007 Rm	Audited as 31 December 2006 Rm	**Unaudited 30 June 2007 Rm**	Unaudited 30 June 2006 Rm	**Unaudited 30 June 2007 Rm**	Unaudited 30 June 2006 Rm
Insurance operations	**847**	908	**984**	723		
Operating surplus – Group			**112**	125		
– Individual			**1 106**	836		
Present value of in-force business acquired	**847**	908	**(61)**	(56)		
Liberty Active preference dividend			**(136)**	(71)		
Working capital charge[1]			**(37)**	(111)		
Financing of insurance operations	**(518)**	(1 722)	**(61)**	15		
Fixed assets and working capital	**1 682**	478	**37**	111		
Callable capital bonds and preference share liabilities	**(2 200)**	(2 200)	**(98)**	(96)		
Asset management	**230**	494	**201**	96		
Liberty Group Properties	**29**	35	**25**	20		
STANLIB	**201**	459	**160**	65		
Liberty Jersey			**16**	11		
Other operations	**31**	31	**4**	(14)		
Investments	**9 760**	10 954	**365**	236	**322**	135
Listed equity investments	**2 780**	2 418	**42**	30	**222**	78
Interest bearing deposits	**3 101**	4 275	**164**	127	**–**	–
Preference shares	**1 569**	1 361	**66**	16	**(28)**	(2)
Mutual funds	**923**	1 460	**40**	9	**48**	15
Share of pooled portfolios	**1 002**	943	**39**	49	**26**	59
Unlisted investments	**385**	497	**14**	5	**54**	(15)
Administration expenses – shareholder allocation			**(92)**	(84)		
Normal taxation excluding insurance operations			**(16)**	(17)		
Secondary tax on companies			**(70)**	(44)		
Capital gains taxation on specific shareholder assets					**(33)**	(20)
Net investment gains			**289**	115	**(289)**	(115)
Profit on sale of subsidiaries			**2**	378		
Total shareholders' funds	**10 350**	10 665	**1 606**	1 404	**–**	–

[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 2007

	Unaudited 30 June 2007 Rm	Unaudited 30 June 2006 Rm	Audited 31 December 2006 Rm
Capital commitments	**288**	287	1 987
STANLIB Limited acquisition			1 575
Equipment	**89**	163	101
Investment and owner-occupied property	**199**	124	311
Under contracts	**33**	132	139
Authorised by the directors but not contracted	**255**	155	1 848
	288	287	1 987

Funding for the 30 June 2007 commitments will be from shareholders' funds and where applicable with proportionate recovery from minority interests.

Related parties

as at 30 June 2007

The acquisition of STANLIB Limited is a significant related party transaction which was approved by shareholders on 29 January 2007. The consideration paid to the group's ultimate holding company, Standard Bank Group Limited for their 37,4% of the shares was R384 million in cash and the issue of 7 246 005 Liberty Group Limited ordinary shares. As a result of this acquisition, STANLIB is now a 100% held subsidiary and any transactions between Standard Bank and STANLIB are now related party transactions from a Liberty Group perspective. These transactions currently are:

- Asset management fees (30 June 2007: R10 million) paid to STANLIB Asset Management Limited by The Standard Bank Group Retirement Fund and Standard Bank (Pty) Limited;
- STANLIB makes use of banking facilities provided by Standard Bank of South Africa, in the normal course of business at prevailing market rates.

There have been no further significant changes to the nature of the related party transactions as described in note 44 to the 31 December 2006 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 2006	2 724	572	5,55%
Purchases	298	69	
Sales	(219)	(51)	
Fair value adjustments		29	
Balance at 30 June 2007	2 803	619	5,71%
Standard Bank Group Limited			
Balance at 31 December 2006	38 588	3 647	2,83%
Purchases	3 979	432	
Sales	(3 426)	(357)	
Fair value adjustments		126	
Balance at 30 June 2007	39 141	3 848	2,85%

Retirement benefit obligation

as at 30 June 2007

As at 30 June 2007, the Liberty Group post retirement medical aid benefit liability was R271 million (31 December 2006: R261 million).

The surplus on the Liberty Defined Benefit Pension Fund is estimated to be in excess of R1.1 billion at 30 June 2007. The application for apportionment of the surplus amount at 1 January 2003 has been submitted in terms of the Pension Fund Second Amendment Act, 39 of 2001. Approval has not yet been received. It is uncertain as to the amount of the surplus that may be allocated to the employer surplus account.

Addendum – Restatement of comparatives

Condensed group balance sheet for the six months ended 30 June 2006

	Unaudited as previously reported Rm	Reclassifications and effect of IFRS interpretations Rm	Restated Rm
Assets			
Investments	159 771	2 325	162 096
Intangible assets	1 433		1 433
Reinsurance assets	977		977
Deferred taxation	116		116
Prepayments, insurance and other receivables	4 639	94	4 733
Cash and cash equivalents	9 901	291	10 192
Other assets	629	39	668
Total assets	177 466	2 749	180 215
Liabilities			
Policyholders' liabilities	150 282	–	150 282
Insurance contracts	111 275	(1 588)	109 687
Investment contracts with discretionary participation features (DPF)		1 588	1 588
Investment contracts through profit or loss	39 007		39 007
Financial liabilities	2 368		2 368
Third party liabilities arising on consolidation of mutual funds	5 090	2 720	7 810
Deferred taxation	2 781		2 781
Insurance and other payables	4 777	29	4 806
Other liabilities	977		977
Total liabilities	166 275	2 749	169 024
Equity			
Ordinary shareholders' funds	9 472		9 472
Minority interests	1 719		1 719
Total equity	11 191	–	11 191
Total equity and liabilities	177 466	2 749	180 215

Condensed group income statement for the six months ended 30 June 2006

	Unaudited as previously reported Rm	Reclassifications and effect of IFRS interpretations Rm	Restated Rm
Total revenue	23 744	665	24 409
Net insurance benefits and claims	(15 804)		(15 804)
Fair value adjustment to policyholders' liabilities under investment contracts	(2 730)		(2 730)
Fair value adjustment on third party mutual fund liabilities	(213)	(518)	(731)
Acquisition costs associated with insurance and investment contracts	(1 196)		(1 196)
Expenses	(1 755)	(147)	(1 902)
Preference dividend in subsidiary	(71)		(71)
Profit on sale of subsidiaries	378		378
Equity accounted earnings from joint ventures	53		53
Profit before taxation	2 406	–	2 406
Taxation	(904)		(904)
Total earnings	1 502	–	1 502

Reclassifications and effect of IFRS interpretations:

- Properties under development included in owner-occupied properties (R23 million) and investment properties (R16 million) have been reclassified as equipment and properties under development.
- Short-term employee benefit liabilities comprising incentive scheme and leave pay of R79 million have been reclassified from provisions to employee benefits.
- Certain rental income relating to hotel operations was stated net of operating expenses. Investment income and general marketing and administration expenses have both increased by R164 million for the six months ended 30 June 2006.
- Inter-company management fees on assets under management of R59 million were previously not eliminated. Management fees on assets under management have decreased by R59 million with a corresponding decrease in general marketing and administration expenses for the six months ended 30 June 2006.
- Reclassification of R1 588 million from policyholders' liabilities under insurance contracts to policyholders' liabilities under investment contracts with DPFs.
- On further analysis of the group's investment portfolio, it was considered more appropriate to adopt a look through approach to underlying interests in certain investments. This resulted in a reclassification of a number of mutual funds the group invests in, into associates and subsidiaries. 30 June 2006 reported amounts were consequently restated. This impact can be summarised as follows:

  Mutual fund subsidiaries

  - Increase in financial instruments of R2 364 million;
  - Increase in prepayments, insurance and other receivables of R94 million;
  - Increase in cash and cash equivalents of R291 million;
  - Increase in third party liabilities arising on consolidation of mutual funds of R2 720 million;
  - Increase in insurance and other payables of R29 million;
  - Increase in investment income of R138 million;
  - Increase in investment gains of R422 million;
  - Increase in fair value adjustment on third party mutual fund interests of R518 million; and
  - Increase in general marketing and administration expenses of R42 million.

  Mutual fund associates

  - Reclassification of R1 841 million from financial instruments to interest in associates.

There is no impact on shareholder earnings, net asset value or statement of changes in shareholders' funds from the above adjustments.

Contact details

Chief Financial and Operations Officer

Andre du Plessis
Tel: +27 (11) 408 3957
a.duplessis@liberty.co.za

Investor Relations

Stewart Rider
Tel: +27 (11) 408 3260
investorrelations@liberty.co.za

Statutory Actuary

Paul Lancaster
Tel: +27 (11) 408 3484
paul.lancaster@liberty.co.za

Company Secretary

Dumisani Mtshali
Tel: +27 (11) 408 4275
dumisani.mtshali@liberty.co.za

Head Office and Registered Address

Liberty Centre, 1 Ameshoff Street, Braamfontein
Johannesburg, 2001
Postal address: PO Box 10499, Johannesburg, 2000
Tel: +27 (11) 408 3911

Transfer Secretaries

Computershare Investor Services 2004 (Pty) Limited
(Reg. No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2000
Tel: +27 (11) 370 5000

Auditors

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Postal address: Private Bag X36, Sunninghill, 2157
Tel: +27 (11) 797 4000

Website: www.liberty.co.za
Please forward any investor queries to
investorrelations@liberty.co.za

Customer Call Centre
Tel: 0860 456 789

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