



MMI HOLDINGS

Summary of financial information

Unaudited results for the 6 months ended 31 December 2013

MMI HOLDINGS GROUP

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited condensed interim results of MMI Holdings financial services group for the period ended 31 December 2013. The preparation of the group's results was supervised by the group finance director, Preston Speckmann, BCompt (Hons), CA(SA).

Corporate events

On 4 November the group announced that it will acquire 100% of Guardrisk from Alexander Forbes. In terms of the proposed transaction MMI will acquire the investment in Guardrisk from Alexander Forbes for an amount of R1,6 billion. The acquisition is subject to, inter alia, regulatory approvals by the Financial Services Board and the competition authorities.

Basis of preparation of financial information

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) – Interim financial reporting; the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; JSE Listing Requirements and as well as the South African Companies Act of 2008. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the previous periods except as described below. Critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2013, including changes in estimates that are an integral part of the insurance business. The group is exposed to financial and insurance risks, details of which are also provided in the group's integrated report.

New and revised standards effective for the period ended 31 December 2013 and relevant to the group

- IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, IAS 28 (revised) – Investments in associates and joint ventures (consolidation project)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when it has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. If no single party controls the investee IFRS 11 provides guidance on whether a joint arrangement exists. IAS 28 was revised to incorporate amendments from this consolidation project.

- Collective investment schemes: Previously the group consolidated collective investment schemes where the group's holding in a fund was greater than 50% and investments in a fund of between 20% and 50% were considered to be interests in associates. As a result of the adoption of IFRS 10 the group no longer uses the percentage holdings referred to above as the defining parameter of control. This resulted in an increased number of collective investment schemes being reclassified to subsidiaries (from associates) and to associates (from unit linked investments).
- Cell captives: Before the adoption of IFRS 10, cells were regarded as separate entities under SIC 12 and were not included in the consolidated group results as the risks and rewards of these cells were not transferred to the group. These cells were therefore included in the consolidated results of cell owners. Under IFRS 10 a cell can only be consolidated by the cell owner if it first meets the definition of a 'silo'. Cell captives in South Africa are not legally ring-fenced and are not seen as protected cells and therefore do not meet the definition of a 'silo'. Cells are therefore no longer considered to be separate entities. This resulted in the group recognising the assets, liabilities, income and expenses relating to its cell captive business in its consolidated results. Because the risks and rewards relating to cell activities are for the benefit of cell owners, the inclusion of cell income and expenses does not impact the group's net results, as the result of cell activities are transferred back to the cell owner.
- Other financial instruments: There were no other material financial instruments that met the new consolidation criteria.

The changes resulting from the above have been applied retrospectively as required by the transitional provisions of IFRS 10.

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IFRS 12 was also issued as part of the consolidation project and includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet vehicles. The group will incorporate these disclosures in the 2014 integrated report.

Refer to the appendix for details of the above required restatements to the previously reported statement of financial position and income statement. The statement of other comprehensive income, statement of changes in equity, statement of cash flows and segment report has also been restated. Total assets and liabilities increased by R17.2 billion for June 2013 (December 2012: R11.2 billion). The restatements had no material impact on the current or prior period earnings, diluted earnings or headline earnings per share, nor on the net asset value of the group.

- Amendments to IAS 19 - Employee benefits

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard requires the immediate recognition of all past services costs in the income statement and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Remeasurements as defined in the standard are now recorded in other comprehensive income. The application of this amendment did not have a significant impact on group's financial position, group earnings and cash flows in the current or prior period.

- IFRS 13 – Fair value measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. This standard is required to be applied prospectively with no restatements. The impact of this change of fair value measurement has not been material on the current period earnings, diluted earnings or headline earnings per share, nor on the net asset value of the group. IAS 34 – Interim reporting was revised for the introduction of IFRS 13 and requires additional disclosure on financial instruments carried at fair value. The group has complied with these additional disclosure requirements in these interim results.

- Other

- IFRS 7 (amendment) – Financial instruments: disclosures: offsetting financial assets and financial liabilities became effective for the first time in the current period and had no impact on the group's earnings.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

Reclassifications

The December 2012 and June 2013 results have been restated for the following reclassifications:

- The comparative segmental information has been restated, where appropriate, to ensure alignment with the way in which the chief operating decision-maker, being the MMI executive committee, monitors and evaluates the performance of the various segments of the business.
 - MMI Rewards (including Momentum Multiply) has been reallocated from Momentum Retail to Shareholder Capital as the Rewards programme is a group-wide initiative. As a result the income, expenses, employees and all related activities have moved from the Momentum Retail to the Shareholder Capital segment.
 - The Momentum Employee Benefit segment has taken over the management of the open health scheme administration business to better align this with the corporate business. As a result the income, expenses, employees and all related activities have moved from the Metropolitan Health to the Momentum Employee Benefit segment.

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These restatements had no impact on the current or prior period reported earnings, diluted earnings or headline earnings per share, nor on the net asset value or the statement of cash flows. Refer to the analysis of restatements tables for more details.

Embedded value – FNB Life

The contractual agreement between MMI and FirstRand Bank was changed with effect from 1 July 2013 reducing MMI's profit-sharing arrangement from 10% to 4%. As a result of this change, the value of new business and value of in-force of this FNB Life business has been excluded from the published MMI embedded value with effect from 1 July 2013. The profits arising from this business will therefore now be recognised in the embedded value earnings only as they emerge. The prior period numbers have not been restated as the change occurred during the current reporting period.

Corporate governance

The board has satisfied itself that appropriate principles of corporate governance were applied throughout the period under review.

Directorate changes and directors' shareholding

Blignault Gouws, a non-executive director, retired from the Board of MMI Holdings on 27 November 2013. On the same day Mary Vilakazi resigned from the Board as non-executive director in order to take up an executive position with the group as described below. Louis Leon von Zeuner was appointed as a non-executive director of MMI, with effect from 1 January 2014.

Wilhelm van Zyl, the deputy group CEO, informed the Board that he will be leaving the group, and resigning as a director, with effect from 30 June 2014. MMI would like to thank him for his 24 years of invaluable service to the group. He played a pivotal role in the creation of MMI and the successful completion of the integration phase. We wish him well in his future endeavours.

All transactions in listed shares of the company involving directors were disclosed on SENS.

Changes to the group executive committee

In November 2013 Jan Lubbe, chief risk officer, and Vuyo Lee, group executive brand - stakeholder management and sustainability, were appointed as members of the group executive committee.

Nigel Dunkley, group executive - balance sheet management has been transferred to the group's asset management business in the UK and Mary Vilakazi has been appointed as group executive - balance sheet management from 1 May 2014.

Contingent liabilities and capital commitments

As part of running a business, the group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The group had no material capital commitments at 31 December 2013 that were not in the ordinary course of business.

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Events after the reporting period

The Competition Tribunal and FSB approved the Guardrisk transaction on 12 February 2014 and 24 February 2014 respectively. The disclosure of the initial accounting for the business combination will be included in the June 2014 financial results as the approvals were only obtained in February.

Metropolitan International acquired a significant majority stake in Kenyan insurer Cannon Assurance Ltd (Cannon) for around R300 million. The acquisition is subject to regulatory and other required approvals. The shareholders of Cannon will in turn acquire a minority stake in Metropolitan Life Kenya. This transaction will enable a merger of the two companies with the consolidation of the life licences into one and a standalone short-term insurance licence and business.

MMI intends to issue R1.5 billion of unsubordinated debt during March 2014 for which FSB approval has already been received.

No other material events occurred between the reporting date and the date of approval of the interim results.

Dividend declaration

Ordinary shares

The dividend policy for ordinary listed shares, approved by the directors, is to provide shareholders with stable dividend growth, increasing to reflect the board's long-term view on the expected underlying basic core headline earnings growth. Exceptions will be made from time to time, in order to account for, inter alia, volatile investment markets, capital requirements and changes in legislation.

On 5 March 2014 a gross interim dividend of 57 cents per ordinary share was declared, payable out of income reserves to all holders of ordinary shares recorded in the register of the company at the close of business on Friday, 28 March 2014 and will be paid on Monday, 31 March 2014. The dividend will be subject to local dividend withholding tax at a rate of 15% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate. The STC credits utilised per share amount to 0.01429 cents per ordinary share. This will result in a net dividend, for those shareholders who are not exempt from paying dividend tax, of 48.45214 cents per ordinary share.

The number of ordinary shares in issue at the declaration date was 1 569 803 700, whilst the last day to trade cum dividend will be Thursday, 20 March 2014. The shares will trade ex dividend from the start of business on Monday, 24 March 2014. Share certificates may not be dematerialised or rematerialised between Monday, 24 March 2014 and Friday, 28 March 2014, both days inclusive. MMI's income tax number is 975 2050 147.

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 certificated shareholders on or about payment date. Shareholders who hold dematerialised shares will have their accounts with their CSDP or broker credited on the payment date.

Preference shares

Dividends of R22.6 million (132 cents per share p.a.) were declared on the unlisted A3 MMI preference shares. The declaration rate was determined as set out in the company's articles and the total preference dividend utilised STC credits of R5 674.

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Directors' responsibility and external audit

These results are the responsibility of the directors. The condensed interim results have not been reviewed or audited by the external auditors. A printed version of the SENS announcement may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

Signed on behalf of the board

JJ Njeke *Chairman*
Nicolaas Kruger *Group chief executive officer*

Centurion
5 March 2014

DIRECTORS: MJN Njeke (chairman), JP Burger (deputy chairman), NAS Kruger (group chief executive officer), FW van Zyl (deputy group chief executive officer), PE Speckmann (group finance director), N Motsei (executive), L Crouse, F Jakoet, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, SE Nxasana, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, LL von Zeuner, SECRETARY: Maliga Chetty www.mmiholdings.com

TRANSFER SECRETARIES: Link Market Services SA (Pty) Ltd (registration number 2000/007239/07) Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein 2001. PO Box 4844, Johannesburg 2000 Telephone: +27 11 713 0800 E-mail: info@linkmarketservices.co.za SPONSOR: Merrill Lynch (registration number: 2000/031756/06)

REGISTERED OFFICE: 268 West Avenue, Centurion

JSE CODE: MMI NSX CODE: MIM ISIN NO. ZAE0001149902

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2013 Rm	Restated 31.12.2012 Rm	Restated 30.06.2013 Rm
ASSETS			
Intangible assets	11 596	12 097	11 769
Owner-occupied properties	1 528	1 504	1 488
Property and equipment	330	316	348
Investment properties	7 343	5 766	6 433
Investment in associates	128	68	121
Employee benefit assets	330	308	327
Financial instrument assets ⁽¹⁾	332 171	297 743	312 424
Reinsurance contracts	1 247	1 333	1 345
Deferred income tax	103	110	124
Properties under development	129	90	98
Insurance and other receivables	2 924	3 039	2 828
Current income tax assets	83	68	108
Cash and cash equivalents	21 865	23 347	22 275
Non-current assets held for sale	17	716	680
Total assets	379 794	346 505	360 368
EQUITY			
Equity attributable to owners of the parent	24 191	23 066	23 473
Preference shares	-	500	-
	24 191	23 566	23 473
Non-controlling interests	408	416	391
Total equity	24 599	23 982	23 864
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	100 500	95 496	96 642
Financial instrument liabilities			
Investment contracts	205 711	173 675	184 713
– with discretionary participation features	24 414	25 445	24 937
– designated at fair value through income	181 297	148 230	159 776
Other financial instrument liabilities ⁽²⁾	34 893	31 257	38 295
Deferred income tax	4 249	4 279	3 917
Employee benefit obligations	1 244	1 136	1 328
Other payables	8 224	16 269	11 162
Provisions	153	164	180
Current income tax liabilities	221	247	267
Total liabilities	355 195	322 523	336 504
Total equity and liabilities	379 794	346 505	360 368

1. Financial instrument assets consist of the following:

Securities designated at fair value through income: R316 592 million (31.12.2012: R276 503 million; 30.06.2013: R289 501 million)

Investments in associates designated at fair value through income: R7 243 million (31.12.2012: R10 760 million; 30.06.2013: R13 031 million)

Derivative financial instruments: R3 442 million (31.12.2012: R4 461 million; 30.06.2013: R3 173 million)

Held-to-maturity assets: R76 million (31.12.2012: R75 million; 30.06.2013: R69 million)

Available-for-sale assets: R437 million (31.12.2012: R1 345 million; 30.06.2013: R953 million)

Loans and receivables: R4 381 million (31.12.2012: R4 599 million; 30.06.2013: R5 697 million)

2. Other financial instrument liabilities consist of the following:

Liabilities designated at fair value through income: R30 082 million (31.12.2012: R27 086 million; 30.06.2013: R34 171 million)

Derivative financial instruments: R2 925 million (31.12.2012: R2 844 million; 30.06.2013: R2 547 million)

Liabilities at amortised cost: R1 886 million (31.12.2012: R1 327 million; 30.06.2013: R1 577 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2013 Rm	Restated 6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
Net insurance premiums received	10 511	12 585	23 304
Fee income ⁽¹⁾	3 198	2 668	6 205
Investment income	6 982	6 899	14 375
Net realised and fair value gains	27 826	21 376	30 548
Net income	48 517	43 528	74 432
Net insurance benefits and claims	11 308	10 647	20 327
Change in liabilities	3 160	9 055	9 305
Change in insurance contract liabilities	3 848	7 503	8 501
Change in investment contracts with DPF liabilities	(523)	1 748	1 239
Change in reinsurance provision	118	(12)	(21)
Change in cell owner liabilities	(283)	(184)	(414)
Fair value adjustments on investment contract liabilities	20 321	12 418	22 715
Fair value adjustments on collective investment scheme liabilities	2 629	1 523	2 782
Depreciation, amortisation and impairment expenses	564	566	1 144
Employee benefit expenses	2 603	2 447	4 494
Sales remuneration	1 815	1 612	3 061
Other expenses	2 167	2 029	4 476
Expenses	44 567	40 297	68 304
Results of operations	3 950	3 231	6 128
Share of profit of associates	6	9	12
Finance costs ⁽²⁾	(722)	(631)	(1 685)
Profit before tax	3 234	2 609	4 455
Income tax expenses	(1 416)	(1 113)	(1 804)
Earnings	1 818	1 496	2 651
Attributable to:			
Owners of the parent	1 796	1 468	2 587
Non-controlling interests	22	13	32
MMI Group Ltd preference shares	-	15	32
	1 818	1 496	2 651
Basic earnings per ordinary share (cents)	115.4	94.2	166.0
Diluted earnings per ordinary share (cents)	113.7	93.7	164.2

1. Fee income consists of the following:

Investment contracts: R983 million (31.12.2012: R662 million; 30.06.2013: R1 901 million)
Trust and fiduciary services: R900 million (31.12.2012: R890 million; 30.06.2013: R1 837 million)
Health administration services: R953 million (31.12.2012: R901 million; 30.06.2013: R1 866 million)
Other fee income: R362 million (31.12.2012: R215 million; 30.06.2013: R601 million)

2. Finance costs consist of the following:

Preference shares issued by MMI Holdings Ltd: R23 million (31.12.2012: R23 million; 30.06.2013: R46 million)
Subordinated redeemable debt: R55 million (31.12.2012: R56 million; 30.06.2013: R100 million)
Cost of carry and derivative financial instruments: R580 million (31.12.2012: R477 million; 30.06.2013: R1 273 million)
Other: R64 million (31.12.2012: R75 million; 30.06.2013: R266 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Earnings	1 818	1 496	2 651
Other comprehensive income for the period, net of tax	109	69	88
Items that may subsequently be reclassified to income	54	17	86
Exchange differences on translating foreign operations	53	15	86
Available-for-sale financial assets	1	2	-
Items that will not be reclassified to income	55	52	2
Land and buildings revaluation	38	59	9
Adjustments to defined benefit pension fund	27	-	-
Change in non-distributable reserves	-	-	(10)
Income tax relating to items that will not be reclassified	(10)	(7)	3
Total comprehensive income for the period	1 927	1 565	2 739
Total comprehensive income attributable to:			
Owners of the parent	1 899	1 532	2 654
Non-controlling interests	28	18	53
MMI Group Ltd preference shares	-	15	32
	1 927	1 565	2 739

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Earnings	1 796	1 468	2 587	1 796	1 468	2 587
Finance costs – convertible preference shares				23	23	46
Dilutory effect of subsidiaries ⁽¹⁾				(10)	-	(19)
Diluted earnings				1 809	1 491	2 614
Realised gains on available-for-sale financial assets	-	-	(2)	-	-	(2)
Intangible asset and other impairments	16	1	3	16	1	3
Profit on change from associate to subsidiary	-	(54)	(67)	-	(54)	(67)
Loss on sale of business	2	-	3	2	-	3
Headline earnings ⁽²⁾	1 814	1 415	2 524	1 827	1 438	2 551
Net realised and fair value gains on excess Basis and other changes and investment variances	(398)	(232)	(340)	(398)	(232)	(340)
Amortisation of intangible assets relating to business combinations	(64)	(10)	367	(64)	(10)	367
Corporate restructuring expenses relating to business combinations	277	302	587	277	302	587
Corporate restructuring expenses ⁽³⁾	27	-	58	27	-	58
Dilutory effect of subsidiaries ⁽¹⁾				-	(12)	-
Investment income on treasury shares – contract holders				21	15	18
Core headline earnings ⁽⁴⁾	1 656	1 475	3 196	1 690	1 501	3 241

- Metropolitan Health is consolidated at 100% and the Metropolitan Namibian group and Metropolitan Kenya are consolidated at 96% in the results. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. The dilutory impact of these subsidiaries has been included in diluted earnings in the current period and June 2013.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- Corporate restructuring expenses include once-off costs relating to the restructuring of the group.
- Core headline earnings disclosed comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on investment assets, investment variances and basis and other changes which can be volatile, certain non-recurring items, as well as the amortisation of intangible assets relating to business combinations as this is part of the cost of acquiring the business.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2013	6 mths to 31.12.2012	12 mths to 30.06.2013
Basic			
Core headline earnings	106.4	94.7	205.1
Headline earnings	116.6	90.8	162.0
Earnings	115.4	94.2	166.0
Weighted average number of shares (million)	1 556	1 558	1 558
Diluted			
Core headline earnings	105.4	93.6	202.1
Weighted average number of shares (million) ⁽¹⁾	1 604	1 604	1 604
Headline earnings	114.9	90.3	160.2
Earnings	113.7	93.7	164.2
Weighted average number of shares (million) ⁽²⁾	1 591	1 592	1 592

1. For diluted core headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.
2. For diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

DIVIDENDS	2014	2013
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	57	51
Final – September		76
Total		<u>127</u>

MMI Holdings convertible redeemable preference shares (issued to Kagiso Tiso Holdings (KTH))

The A3 MMI preference shares are redeemable in June 2017 at a redemption value of R9.18 per share unless converted into MMI ordinary shares on a one-for-one basis prior to that date. Dividends are payable at 132 cents per annum (payable March and September).

Significant related party transactions

MMI Holdings Ltd declared R298 million (2013: R271 million) in ordinary dividends to RMI Holdings Ltd in September 2013 (2013: September 2012) and R200 million in ordinary dividends to RMI Holdings Ltd in March 2013. In September 2012, MMI Holdings Ltd also declared R255 million in special dividends to RMI Holdings Ltd.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Changes in share capital			
Balance at beginning and end	9	9	9
Changes in share premium			
Balance at beginning	13 794	13 805	13 805
Treasury shares held on behalf of contract holders	16	31	(4)
Share buy-back	-	(7)	(7)
Balance at end	13 810	13 829	13 794
Changes in other reserves			
Balance at beginning	1 631	1 572	1 572
Total comprehensive income	103	64	67
Transfer from/(to) retained earnings	3	(3)	(8)
Balance at end ⁽¹⁾	1 737	1 633	1 631
Changes in retained earnings			
Balance at beginning	8 039	8 131	8 131
Total comprehensive income	1 796	1 468	2 587
Dividend paid	(1 197)	(2 095)	(2 886)
Transactions with non-controlling interests	-	88	87
Transfer (to)/from other reserves	(3)	3	8
Profit on preference share buy-back	-	-	112
Balance at end	8 635	7 595	8 039
Equity attributable to owners of the parent	24 191	23 066	23 473
MMI Group Ltd preference shares			
Balance at beginning	-	500	500
Total comprehensive income	-	15	32
Dividend paid	-	(15)	(32)
Share buy-back	-	-	(500)
Balance at end	-	500	-
Changes in non-controlling interests			
Balance at beginning	391	281	281
Total comprehensive income	28	18	53
Dividends paid	(11)	(9)	(97)
Transactions with owners	-	11	39
Business combinations	-	115	115
Balance at end	408	416	391
Total equity	24 599	23 982	23 864

1. Other reserves consist of the following:

- Land and buildings revaluation reserve: R562 million (31.12.2012: R580 million; 30.06.2013: R534 million)
- Foreign currency translation reserve: R185 million (31.12.2012: R85 million; 30.06.2013: R139 million)
- Fair value adjustment for preference shares issued by MMI: R940 million (31.12.2012: R940 million; 30.06.2013: R940 million)
- Fair value reserve: R12 million (31.12.2012: R12 million; 30.06.2013: R11 million)
- Non-distributable reserve: R8 million (31.12.2012: R13 million; 30.06.2013: R4 million)
- Equity-settled share-based payments reserve: R3 million (31.12.2012: R3 million; 30.06.2013: R3 million)
- Employee benefit revaluation reserve: R27 million (31.12.2012: Rnil; 30.06.2013: Rnil)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2013 Rm	Restated 6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
Net cash inflow from operating activities	787	8 119	7 924
Net cash outflow from investing activities	(307)	(907)	(753)
Net cash outflow from financing activities	(890)	(2 138)	(3 169)
Net cash flow	(410)	5 074	4 002
Cash resources and funds on deposit at beginning	22 275	18 273	18 273
Cash resources and funds on deposit at end	21 865	23 347	22 275

PRINCIPAL ASSUMPTIONS (South Africa) ⁽¹⁾	31.12.2013 %	31.12.2012 %	30.06.2013 %
Pre-tax investment return			
Equities	11.8	10.5	11.4
Properties	9.3	8.0	8.9
Government stock	8.3	7.0	7.9
Other fixed interest stocks	8.8	7.5	8.4
Cash	7.3	6.0	6.9
Risk-free return	8.3	7.0	7.9
Risk discount rate (RDR)	10.6	9.4	10.2
Investment return (before tax) – balanced portfolio	10.5	9.2	10.1
Expense inflation base rate ⁽²⁾	6.5	4.9	6.1

1. The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.
2. An additional 1% expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off.

NON-CONTROLLING INTERESTS	31.12.2013 %	31.12.2012 %	30.06.2013 %
Eris Property Group	45.7	45.7	45.7
Metropolitan Botswana	24.2	24.2	24.2
Metropolitan Ghana	5.0	5.0	5.0
Metropolitan Health Botswana (previously Momentum Health Botswana)	28.0	28.0	28.0
Metropolitan Health Ghana (previously Momentum Health Ghana)	4.8	4.8	4.8
Metropolitan Health Group	17.6	17.6	17.6
Metropolitan Health Mauritius (previously Momentum Health Mauritius)	5.0	5.0	5.0
Metropolitan Health Namibia Administrators	49.0	49.0	49.0
Metropolitan Kenya	33.7	33.7	33.7
Metropolitan Namibia	10.3	10.3	10.3
Metropolitan Nigeria	50.0	50.0	50.0
Metropolitan Swaziland	33.0	33.0	33.0
Metropolitan Tanzania (previously Momentum Tanzania)	33.0	33.0	33.0
Metropolitan Zambia (previously Momentum Zambia)	35.0	35.0	35.0
Momentum Mozambique	33.0	25.0	33.0
Momentum Swaziland	33.0	-	33.0

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

ANALYSIS OF ASSETS UNDER MANAGEMENT	31.12.2013	Restated	Restated
	Rm	31.12.2012	30.06.2013
		Rm	Rm
On-balance sheet assets			
Managed and/or administered by Momentum Investments	230 962	205 039	222 753
Investment assets	221 760	197 769	214 832
Properties	9 202	7 270	7 921
Momentum Wealth linked product assets under administration	74 644	56 421	63 045
Managed internally or by other managers within MMI	19 751	24 872	18 592
Managed by external managers	32 990	37 561	33 941
Other assets	21 447	22 612	22 037
	379 794	346 505	360 368
Off-balance sheet assets			
Managed and/or administered by Momentum Investments	139 846	134 707	140 874
Collective investment schemes	70 190	63 044	69 562
Segregated assets and linked products	53 240	53 006	54 005
Properties	16 416	18 657	17 307
Managed internally or by other managers within MMI	4 469	4 522	4 543
Momentum Employee Benefits – segregated assets	1 333	1 177	1 232
Metropolitan Health	10 102	10 228	9 540
Momentum Wealth linked product assets under administration	48 373	39 135	43 437
Total assets under management	583 917	536 274	559 994
Total assets managed and/or administered by Momentum Investments	370 808	339 746	363 627
Other assets under management	213 109	196 528	196 367
Total assets under management	583 917	536 274	559 994

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2013		31.12.2012		30.06.2013	
	Rm	%	Rm	%	Rm	%
Equity securities	1 050	4.3	1 080	4.6	973	4.1
Preference shares	967	4.0	374	1.6	538	2.3
Collective investment schemes	272	1.1	535	2.3	699	3.0
Debt securities	4 994	20.6	4 393	18.6	3 797	16.2
Properties	2 506	10.3	1 991	8.5	2 324	9.9
Owner-occupied properties	1 190	4.9	1 290	5.5	1 175	5.0
Investment properties	1 316	5.4	701	3.0	1 149	4.9
Cash and cash equivalents and funds on deposit	7 289	30.1	9 126	38.7	9 405	40.1
Intangible assets	7 092	29.3	7 654	32.5	7 109	30.3
Other net assets	1 892	7.9	311	1.3	503	2.1
	26 062	107.6	25 464	108.1	25 348	108.0
Redeemable preference shares	(313)	(1.3)	(313)	(1.3)	(313)	(1.3)
Subordinated redeemable debt	(1 558)	(6.3)	(1 585)	(6.8)	(1 562)	(6.7)
Shareholder excess per reporting basis	24 191	100.0	23 566	100.0	23 473	100.0

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

6 mths to 31.12.2013	Momentum Metropolitan		Momentum Metropolitan		Momentum Investments	Metropolitan Health	Shareholder Capital	Segmental total	Reconciling items ⁽¹⁾	IFRS total
	Retail	Retail	Employee Benefits	Inter-national						
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue										
Net insurance premiums	11 357	3 450	7 796	1 421	3 781	23	159	27 987	(17 476)	10 511
Recurring premiums	3 860	2 752	4 014	1 264	-	23	154	12 067	(3 333)	8 734
Single premiums	7 497	698	3 782	157	3 781	-	5	15 920	(14 143)	1 777
Fee income	1 119	51	704	102	768	738	252	3 734	(536)	3 198
Fee income	1 119	51	704	102	768	738	252	3 734	63	3 797
Inter-segmental fee income	-	-	-	-	-	-	-	-	(599)	(599)
Expenses										
Net payments to contract holders										
External payments	10 689	2 896	5 532	770	6 653	21	195	26 756	(15 448)	11 308
Other expenses	1 707	1 107	718	634	636	651	540	5 993	1 156	7 149
Sales remuneration	940	502	47	232	-	-	32	1 753	62	1 815
Administration expenses	767	605	671	387	471	630	152	3 683	261	3 944
Amortisation due to business combinations and impairments	-	-	-	15	-	8	19	42	385	427
Direct property expenses	-	-	-	-	-	-	-	-	75	75
Asset management and other fee expenses	-	-	-	-	165	13	177	355	974	1 329
Holding company expenses	-	-	-	-	-	-	160	160	-	160
Inter-segmental expenses	-	-	-	-	-	-	-	-	(601)	(601)
Diluted core headline earnings	652	315	179	49	95	75	325	1 690	-	1 690
Operating profit ⁽²⁾	908	434	242	62	117	91	56	1 910	209	2 119
Tax on operating profit ⁽²⁾	(256)	(119)	(63)	(13)	(37)	(20)	(34)	(542)	(209)	(751)
Investment income	-	-	-	-	21	6	422	449	-	449
Tax on investment income	-	-	-	-	(6)	(2)	(119)	(127)	-	(127)
Actuarial liabilities	166 858	30 913	61 420	8 415	34 410	10	3 310	305 336	875	306 211

- The 'Reconciling items' column includes: an adjustment to reverse investment contract premiums (R17 584 million) and claims (R15 447 million); FNB Life excluded from Metropolitan Retail (premiums R108 million, fee income R10 million, claims R1 million, sales remuneration R33 million and expenses R84 million); corporate restructuring expenses of R36 million; direct property and asset management fees for all segments, except non-life segments, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; the amortisation of intangibles relating to business combinations; cell captive expenses (R51 million) and sales remuneration (R35 million) attributable to cell owners; and other minor adjustments to expenses (R90 million), sales remuneration (R6 million) and fee income (R53 million).
- 'Reconciling items' represents tax payable by cell captive owners.

MMI HOLDINGS – SEGMENTAL INFORMATION

Restated 6 mths to 31.12.2012	Momentum Metropolitan							Segmental total Rm	Reconciling items ⁽¹⁾ Rm	IFRS total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Employee Benefits Rm	Inter- national Rm	Momentum Investments Rm	Metropolitan Health Rm	Shareholder Capital Rm			
Revenue										
Net insurance premiums	8 842	3 141	6 624	1 267	11 406	15	145	31 440	(18 855)	12 585
Recurring premiums	3 740	2 606	3 417	1 069	-	15	144	10 991	(2 026)	8 965
Single premiums ⁽²⁾	5 102	535	3 207	198	11 406	-	1	20 449	(16 829)	3 620
Fee income	899	45	522	100	746	735	188	3 235	(567)	2 668
Fee income	899	45	522	100	746	735	188	3 235	12	3 247
Inter-segmental fee income	-	-	-	-	-	-	-	-	(579)	(579)
Expenses										
Net payments to contract holders										
External payments	9 036	2 230	4 338	668	11 100	15	163	27 550	(16 903)	10 647
Other expenses	1 592	1 060	665	545	633	648	476	5 619	1 035	6 654
Sales remuneration	813	469	83	167	-	-	16	1 548	64	1 612
Administration expenses	779	591	582	377	506	637	187	3 659	214	3 873
Amortisation due to business combinations and impairments	-	-	-	1	1	8	19	29	409	438
Direct property expenses	-	-	-	-	-	-	-	-	103	103
Asset management and other fee expenses	-	-	-	-	126	3	107	236	818	1 054
Holding company expenses	-	-	-	-	-	-	147	147	-	147
Inter-segmental expenses	-	-	-	-	-	-	-	-	(573)	(573)
Diluted core headline earnings	514	242	159	39	74	70	403	1 501	-	1 501
Operating profit ⁽³⁾	718	337	234	54	81	87	(8)	1 503	141	1 644
Tax on operating profit ⁽³⁾	(204)	(95)	(75)	(15)	(23)	(21)	65	(368)	(141)	(509)
Investment income	-	-	-	-	22	6	444	472	-	472
Tax on investment income	-	-	-	-	(6)	(2)	(98)	(106)	-	(106)
Actuarial liabilities	146 381	28 794	50 191	7 127	33 015	1	3 188	268 697	474	269 171

- The 'Reconciling items' column includes: an adjustment to reverse investment contract premiums (R18 948 million) and claims (R16 904 million); FNB Life adjustments reconciling the 10% of FNB Life included in each of the relevant lines to the accounting treatment of the reinsurance arrangement (premiums R93 million, claims R1 million, sales remuneration R36 million and expenses R61 million); direct property and asset management fees that are set off against investment income and fee income, respectively for management reporting purposes but shown as an expense for accounting purposes; the amortisation of intangibles relating to business combinations; cell captive expenses (R18 million) and sales remuneration (R31 million) attributable to cell owners; and other minor adjustments to expenses (R135 million), sales remuneration (R3 million) and fee income (R12 million).
- Momentum Investments includes two significant client single premium inflows.
- 'Reconciling items' represents tax payable by cell captive owners.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2013	Momentum Retail		Metropolitan Retail		Momentum Employee Benefits	Metropolitan Inter-national	Momentum Investments	Metropolitan Health	Shareholder Capital	Segmental total	Reconciling items ⁽¹⁾	IFRS total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue												
Net insurance premiums	18 575	6 246	12 228	2 535	16 819	37	299	56 739	(33 435)	23 304		
Recurring premiums	7 611	5 013	7 145	2 244	-	37	287	22 337	(4 889)	17 448		
Single premiums	10 964	1 233	5 083	291	16 819	-	12	34 402	(28 546)	5 856		
Fee income	2 089	134	1 182	145	1 467	1 452	470	6 939	(734)	6 205		
Fee income	2 089	134	1 182	145	1 467	1 452	470	6 939	193	7 132		
Inter-segmental fee income	-	-	-	-	-	-	-	-	(927)	(927)		
Expenses												
Net payments to contract holders	18 609	4 509	9 385	1 340	15 241	37	269	49 390	(29 063)	20 327		
External payments	18 609	4 509	9 385	1 340	15 241	37	269	49 390	(29 031)	20 359		
Inter-segmental payments	-	-	-	-	-	-	-	-	(32)	(32)		
Other expenses	3 173	2 029	1 287	1 052	1 215	1 294	974	11 024	2 151	13 175		
Sales remuneration	1 645	871	82	335	-	-	34	2 967	94	3 061		
Administration expenses	1 528	1 158	1 205	715	948	1 279	352	7 185	633	7 818		
Amortisation due to business combinations and impairments	-	-	-	2	1	15	39	57	795	852		
Direct property expenses	-	-	-	-	-	-	-	-	220	220		
Asset management and other fee expenses	-	-	-	-	266	-	313	579	1 359	1 938		
Holding company expenses	-	-	-	-	-	-	236	236	-	236		
Inter-segmental expenses	-	-	-	-	-	-	-	-	(950)	(950)		
Diluted core headline earnings	1 158	509	341	108	175	140	810	3 241	-	3 241		
Operating profit ⁽²⁾	1 619	707	456	145	198	163	211	3 499	302	3 801		
Tax on operating profit ⁽²⁾	(461)	(198)	(115)	(37)	(54)	(33)	(52)	(950)	(302)	(1 252)		
Investment income	-	-	-	-	43	14	860	917	-	917		
Tax on investment income	-	-	-	-	(12)	(4)	(209)	(225)	-	(225)		
Actuarial liabilities	153 463	29 070	54 614	7 656	32 703	11	3 250	280 767	588	281 355		

- The 'Reconciling items' column includes: an adjustment to reverse investment contract premiums (R33 609 million) and claims (R29 034 million); FNB Life adjustments reconciling the 10% of FNB Life included in each of the relevant lines to the accounting treatment of the reinsurance arrangement (premiums R174 million, fee income R11 million, claims R3 million, sales remuneration R65 million and expenses R130 million); grossing up of fee income and expenses relating to properties under development (R121 million); corporate restructuring expenses of R67 million; direct property and asset management fees for all segments, except non-life segments, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; the amortisation of intangibles relating to business combinations; cell captive expenses (R47 million) and sales remuneration (R46 million) attributable to cell owners; and other minor adjustments to expenses (R268 million), sales remuneration (R17 million) and fee income (R61 million).
- 'Reconciling items' represents tax payable by cell captive owners.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Analysis of reclassifications	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Momentum Investments Rm	Metropolitan Health Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items Rm	IFRS total Rm
The comparative segmental information has been restated for the effect of IFRS 10 and, where appropriate, to ensure alignment with the way in which the chief operating decision-maker, being the MMI executive committee, monitors and evaluates the performance of the various segments of the business. Refer to table below for detail. These restatements had no impact on total core headline earnings.										
December 2012										
Fee income										
Published December 2012	1 028	45	384	100	746	873	59	3 235	(546)	2 689
Reclassifications	(129)	-	138	-	-	(138)	129	-	(21)	(21)
Restated December 2012	899	45	522	100	746	735	188	3 235	(567)	2 668
Other expenses										
Published December 2012	1 611	1 060	531	545	633	779	350	5 509	1 032	6 541
Reclassifications	(19)	-	134	-	-	(131)	126	110	3	113
Restated December 2012	1 592	1 060	665	545	633	648	476	5 619	1 035	6 654
Actuarial liabilities										
Published December 2012	146 381	28 794	50 191	7 127	33 015	1	3 188	268 697	(488)	268 209
Reclassifications	-	-	-	-	-	-	-	-	962	962
Restated December 2012	146 381	28 794	50 191	7 127	33 015	1	3 188	268 697	474	269 171
Diluted core headline earnings										
Published December 2012	522	242	163	39	74	66	395	1 501	-	1 501
Reclassifications	(8)	-	(4)	-	-	4	8	-	-	-
Restated December 2012	514	242	159	39	74	70	403	1 501	-	1 501

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Analysis of reclassifications	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Momentum Investments Rm	Metropolitan Health Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items Rm	IFRS total Rm
June 2013										
Net insurance premiums										
Published June 2013	18 575	6 246	12 072	2 535	16 819	193	299	56 739	(33 435)	23 304
Reclassifications	-	-	156	-	-	(156)	-	-	-	-
Restated June 2013	18 575	6 246	12 228	2 535	16 819	37	299	56 739	(33 435)	23 304
Fee income										
Published June 2013	2 369	134	862	145	1 467	1 772	190	6 939	(705)	6 234
Reclassifications	(280)	-	320	-	-	(320)	280	-	(29)	(29)
Restated June 2013	2 089	134	1 182	145	1 467	1 452	470	6 939	(734)	6 205
Net payments to contract holders										
Published June 2013	18 609	4 509	9 240	1 340	15 241	182	269	49 390	(29 063)	20 327
Reclassifications	-	-	145	-	-	(145)	-	-	-	-
Restated June 2013	18 609	4 509	9 385	1 340	15 241	37	269	49 390	(29 063)	20 327
Other expenses										
Published June 2013	3 215	2 029	983	1 052	1 215	1 619	700	10 813	2 089	12 902
Reclassifications	(42)	-	304	-	-	(325)	274	211	62	273
Restated June 2013	3 173	2 029	1 287	1 052	1 215	1 294	974	11 024	2 151	13 175
Actuarial liabilities										
Published June 2013	153 463	29 070	54 614	7 656	32 703	11	3 250	280 767	(444)	280 323
Reclassifications	-	-	-	-	-	-	-	-	1 032	1 032
Restated June 2013	153 463	29 070	54 614	7 656	32 703	11	3 250	280 767	588	281 355
Diluted core headline earnings										
Published June 2013	1 179	509	330	108	175	151	789	3 241	-	3 241
Reclassifications	(21)	-	11	-	-	(11)	21	-	-	-
Restated June 2013	1 158	509	341	108	175	140	810	3 241	-	3 241

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS		6 mths to 31.12.2013 Rm	Restated 6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
	Change			
Momentum Retail	27%	652	514	1 158
Metropolitan Retail	30%	315	242	509
Momentum Employee Benefits	13%	179	159	341
Metropolitan International	26%	49	39	108
Momentum Investments	28%	95	74	175
Metropolitan Health	7%	75	70	140
Operating divisions	24%	1 365	1 098	2 431
Shareholder Capital	(19%)	325	403	810
Total diluted core headline earnings	13%	1 690	1 501	3 241

RECONCILIATION OF MOMENTUM INVESTMENTS	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Revenue			
Fee income	768	746	1 467
Expenses and finance costs	(647)	(639)	(1 234)
Other expenses	(636)	(633)	(1 215)
Finance costs	(11)	(6)	(19)
Share of profit of associates	10	-	5
Non-controlling interests	(14)	(27)	(42)
	117	80	196
Core adjustments	-	1	2
Operating profit before tax	117	81	198

RECONCILIATION OF METROPOLITAN HEALTH	6 mths to 31.12.2013 Rm	Restated 6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
Revenue	761	750	1 489
Net insurance premiums	23	15	37
Fee income	738	735	1 452
Expenses and finance costs	(672)	(663)	(1 331)
Net payments to contract holders	(21)	(15)	(37)
Other expenses	(651)	(648)	(1 294)
	89	87	158
Core adjustments	2	-	5
Impairments and amortisation of intangibles relating to business combinations	8	8	15
Adjustments for dilution	(6)	(7)	(10)
Other	-	(1)	-
Operating profit before tax	91	87	163

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

RECONCILIATION OF SHAREHOLDER CAPITAL	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
Revenue			
Net insurance premiums (excluding investment business)	154	144	287
Balance Sheet Management income including fee income	363	323	711
Guaranteed portfolios earnings	178	121	174
Returns in excess of benchmark	71	78	138
Returns on working capital and other	114	124	399
Other income	147	62	306
Total income	664	529	1 304
Expenses			
Net payments to contract holders (excluding investment business)	(87)	(80)	(158)
Other expenses	(521)	(457)	(935)
Balance Sheet Management	(112)	(97)	(173)
Strategic initiatives and other ⁽¹⁾	(249)	(213)	(526)
Holding company	(160)	(147)	(236)
Total expenses	(608)	(537)	(1 093)
Operating profit/(loss) before tax	56	(8)	211

1. Includes Momentum Short-term Insurance, Solvency Assessment and Management (SAM) costs, redeployment centre costs (in prior periods), MMI Rewards and India project costs.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

PAYMENTS TO CONTRACT HOLDERS	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	Restated 12 mths to 30.06.2013 Rm
Momentum Retail	10 689	9 036	18 609
Death and disability claims	1 794	1 624	3 018
Maturity claims	3 214	2 649	5 726
Annuities	2 145	1 914	3 849
Withdrawal benefits	15	71	140
Surrenders	3 919	3 331	6 655
Re-insurance recoveries	(398)	(553)	(779)
Metropolitan Retail	2 896	2 230	4 509
Death and disability claims	748	683	991
Maturity claims	1 307	836	1 688
Annuities	280	268	540
Withdrawal benefits	33	33	61
Surrenders	775	626	1 324
Re-insurance recoveries	(247)	(216)	(95)
Momentum Employee Benefits	5 532	4 338	9 385
Death and disability claims	1 681	1 531	3 241
Maturity claims	291	203	491
Annuities	716	581	1 321
Withdrawals and surrenders	1 381	1 609	2 550
Terminations and disinvestments	1 895	711	2 454
Re-insurance recoveries	(432)	(297)	(672)
Metropolitan International	770	668	1 340
Death and disability claims	332	270	556
Maturity claims	148	121	234
Annuities	47	43	84
Withdrawal benefits	42	40	70
Surrenders	197	173	362
Terminations and disinvestments	28	34	64
Re-insurance recoveries	(24)	(13)	(30)
Momentum Investments			
Withdrawals	6 653	11 100	15 241
Metropolitan Health			
Claims	21	15	37
Shareholder Capital			
Claims	195	163	269
Total payments to contract holders	26 756	27 550	49 390
Reconciling items	(15 448)	(16 903)	(29 063)
Net insurance benefits and claims per income statement	11 308	10 647	20 327

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	6 mths to 31.12.2013 Net inflow/ (outflow) Rm	Restated 6 mths to 31.12.2012 Net inflow/ (outflow) Rm	Restated 12 mths to 30.06.2013 Net inflow/ (outflow) Rm
Momentum Retail	7 497	3 860	11 357	(10 689)	668	(194)	(34)
Metropolitan Retail	698	2 752	3 450	(2 896)	554	911	1 737
Momentum Employee Benefits	3 782	4 014	7 796	(5 532)	2 264	2 286	2 843
Metropolitan International	157	1 264	1 421	(770)	651	599	1 195
Momentum Investments	3 781	-	3 781	(6 653)	(2 872)	306	1 578
Metropolitan Health	-	23	23	(21)	2	-	-
Shareholder Capital	5	154	159	(195)	(36)	(18)	30
Long-term insurance business fund flows	15 920	12 067	27 987	(26 756)	1 231	3 890	7 349
Off-balance sheet fund flows							
Momentum Retail	6 153	166	6 319	(5 258)	1 061	987	3 422
Momentum Employee Benefits	-	1 360	1 360	(1 040)	320	348	667
Metropolitan International	345	-	345	(465)	(120)	134	175
Momentum Investments	40 522	2 596	43 118	(43 089)	29	(8 087)	(7 931)
Momentum Investments – Eris	-	-	-	-	-	18 678	18 678
Property acquisition	-	-	-	-	-	-	-
Metropolitan Health	-	20 197	20 197	(11 192)	9 005	7 875	4 924
Total net funds received from clients	62 940	36 386	99 326	(87 800)	11 526	23 825	27 284

NUMBER OF EMPLOYEES	31.12.2013	Restated 31.12.2012	Restated 30.06.2013
Indoor staff	9 634	9 894	9 597
Momentum Retail	1 672	1 692	1 573
Metropolitan Retail	1 322	1 462	1 452
Momentum Employee Benefits	1 421	1 275	1 361
Metropolitan International	828	856	852
Momentum Investments	691	798	693
Metropolitan Health	2 706	2 800	2 638
Shareholder Capital			
Balance Sheet Management	68	56	66
Group services	751	810	806
Short-term insurance	175	139	156
Redeployment centre	-	6	-
Field staff	6 921	6 700	6 798
Momentum Retail	996	1 019	993
Metropolitan Retail	4 610	4 344	4 369
Metropolitan International	1 315	1 337	1 436
Total	16 555	16 594	16 395

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS SUMMARISED BY MEASUREMENT CATEGORY	31.12.2013 Rm
Financial assets designated at fair value through income	327 714
Securities designated at fair value through income	316 592
Investments in associates designated at fair value through income	7 243
Derivative financial instruments	3 442
Available-for-sale	437
Financial assets carried at amortised cost	26 322
Held-to-maturity	76
Loans and receivables	4 381
Cash and cash equivalents	21 865
Total financial assets	354 036

Fair value of financial assets carried at amortised cost:

Held-to-maturity	76
Loans and receivables	4 381
Cash and cash equivalents	21 865
	26 322

FINANCIAL LIABILITIES SUMMARISED BY MEASUREMENT CATEGORY	31.12.2013 Rm
Investment contracts with DPF	24 414
Financial liabilities designated at fair value through income	214 304
Investment contracts designated at fair value through income	181 297
Liabilities designated at fair value through income	30 082
Derivative financial instruments	2 925
Financial liabilities carried at amortised cost	10 110
Financial liabilities	1 886
Other payables	8 224
Total financial liabilities	248 828

Fair value of financial liabilities carried at amortised cost:

Financial liabilities at amortised cost	2 443
Other payables	8 224
	10 667

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

The different valuation method levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

FINANCIAL ASSETS

31.12.2013	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Securities designated at fair value through income	209 597	99 590	7 405	316 592
Equity securities				
Local listed	75 533	421	-	75 954
Foreign listed	18 771	508	-	19 279
Unlisted	-	66	630	696
Debt securities				
Stock and loans to government and other public bodies				
Local listed	16 521	10 204	-	26 725
Foreign listed	186	1 203	24	1 413
Unlisted	-	121	1 262	1 383
Other debt instruments				
Local listed	22	26 562	-	26 584
Foreign listed	37	359	-	396
Unlisted	15	20 673	2 762	23 450
Funds on deposit and other money market instruments	402	21 448	-	21 850
Unit-linked investments				
Collective investment schemes				
Local unlisted or listed quoted	69 368	147	-	69 515
Foreign unlisted or listed quoted	26 341	154	-	26 495
Foreign unlisted unquoted	-	608	606	1 214
Other unit-linked investments				
Local unlisted or listed quoted	2 080	2 777	2	4 859
Local unlisted unquoted	-	12 483	2 118	14 601
Foreign unlisted unquoted	-	1 856	1	1 857
Foreign unlisted or listed quoted	321	-	-	321
Investments in associates designated at fair value through income	7 243	-	-	7 243
Derivative financial instruments	270	3 172	-	3 442
Held for trading	270	3 143	-	3 413
Held for hedging purposes	-	29	-	29
Available-for-sale	28	31	378	437
Equity securities				
Local listed	17	8	-	25
Unlisted	-	-	4	4
Debt securities	2	16	374	392
Funds on deposit and other money market instruments	-	7	-	7
Local unlisted quoted collective investment schemes	9	-	-	9
	217 138	102 793	7 783	327 714

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES				
31.12.2013	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investment contracts				
Designated at fair value through income	1 388	177 726	2 183	181 297
Liabilities designated at fair value through income	23 726	6 356	-	30 082
Collective investment scheme liabilities	23 668	-	-	23 668
Subordinated call notes	-	1 047	-	1 047
Carry positions	-	5 309	-	5 309
Other borrowings	58	-	-	58
Derivative financial instruments				
Held for trading	372	2 553	-	2 925
	25 486	186 635	2 183	214 304

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	Financial assets				
	Designated at fair value through income				Total Rm
	Equity securities Rm	Debt securities Rm	Unit-linked investments Rm	Other investments⁽¹⁾ Rm	
31.12.2013					
Opening balance	820	4 846	2 571	439	8 676
Transfer from/(to) other asset classes	-	-	41	(41)	-
Total realised losses in net realised and fair value gains in the income statement	-	(28)	(6)	-	(34)
Total unrealised gains in net realised and fair value gains in the income statement	64	156	146	-	366
Purchases	124	168	308	-	600
Sales	(378)	(76)	(260)	(20)	(734)
Settlements	-	(972)	(39)	-	(1 011)
Transfers into level 3	-	25	-	-	25
Transfers out of level 3	-	(71)	(34)	-	(105)
Closing balance	630	4 048	2 727	378	7 783

1. Includes investments in associates' unit-linked investments as well as available-for-sale instruments.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

Sensitivity of level 3 financial instrument assets measured at fair value to changes in key assumptions:

	Financial assets Designated at fair value through income				Total Rm
	Equity securities Rm	Debt securities Rm	Unit-linked investments Rm	Other investments ⁽¹⁾ Rm	
31.12.2013					
Carrying value	630	4 048	2 727	378	7 783
Assumption change	10% increase/ (decrease) in markets	1% increase/ (decrease) in interest rates	10% increase/ (decrease) in unit price	Not sensitive	
Effect of increase in assumption	63	(382)	273	N/A	
Effect of decrease in assumption	(63)	408	(273)	N/A	

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES		Investment contracts designated at fair value through income Rm
31.12.2013		
Opening balance		2 200
Total realised losses in net realised and fair value gains in the income statement		1
Total unrealised losses in net realised and fair value gains in the income statement		37
Contract holder movements		
Premiums received		7
Benefits paid		(67)
Investment return		5
Closing balance		2 183

Sensitivity: Increasing/decreasing the investment return by 10% would decrease/increase the carrying value of level 3 financial instrument liabilities by R46 million and R70 million respectively.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

VALUATION TECHNIQUES USED IN DETERMINING THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Group's valuation processes

The group's in-house valuation experts perform the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held at least bi-annually, in line with the group's bi-annual reporting dates.

Instrument	Valuation basis	Main assumptions
Equities and similar securities		
- Listed, local and foreign	External valuations/quoted prices (<i>level 2</i>)	Management applies judgement if an adjustment is required to the quoted prices
- Unlisted	External valuations/price-earnings ratios (<i>level 3</i>)	Management applies judgement if an adjustment is required to the relevant price-earnings ratio
Stock and loans to other public bodies		
- Listed, local	Yield of benchmark (listed government) bond (<i>level 2</i>)	Market inputs
- Listed, foreign	DCF, benchmarked against similar instrument with the same issuer (<i>level 2</i>)	Market inputs
- Unlisted	DCF, real interest rates or 6-month j-bar plus fixed spread (<i>level 2</i>)	Market inputs and fixed spread
	DCF, risk free yield curve plus fixed spread (<i>level 3</i>)	Market inputs and fixed spread
Other debt securities		
- Listed, local	DCF (BESA and ASSA bond perfect fit zero curve and other published real or nominal yields, uplifted with inflation)/external valuations (linked notes)/published price quotations on JSE equity (preference shares) and interest rate market (<i>level 2</i>)	Market inputs, uplifted with inflation
- Listed, foreign	External valuations which are based on published market inputs (<i>level 2</i>)	Market inputs
- Unlisted	DCF (market related nominal and real discount rates, zero coupon bond curve plus issuer spread, non-observable nominal rates, bank and credit default swap curves/external valuations/NAV of a hedge fund (debenture) (<i>level 2 & 3</i>))	Market inputs, fixed spread

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

Instrument	Valuation basis	Main assumptions
Funds on deposit and other money market instruments		
- Listed	DCF (market related yields)/issue price/external valuations (<i>level 2</i>)	Market inputs (which are based on quotes received from market participants and valuation agents)
- Unlisted	Deposit rates/DCF (market related yields) (<i>level 2</i>)	
Unit-linked investments	External valuations (<i>level 2 & 3</i>)	Net asset value (assets and liabilities are carried at fair value)
Derivative assets and liabilities	Black-Scholes model/net present value of estimated floating costs less the performance of the underlying index over the contract term//DCF (using fixed contract rates and market related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar market-traded instruments) (<i>level 2</i>)	Market inputs, credit spreads, contract inputs
Subordinated call notes (Liability)	Price quotations on JSE interest rate market (which are based on yield of benchmark bond) (<i>level 2</i>)	Market inputs
Carry positions (Liability)	DCF (in accordance with JSE interest rate market repo pricing methodology) (<i>level 2</i>)	Market inputs, contract inputs

There were no significant changes in the valuation methods applied since 30 June 2013.

MMI HOLDINGS GROUP – STATEMENT OF ASSETS AND LIABILITIES

STATEMENT OF ASSETS AND LIABILITIES ON REPORTING BASIS	31.12.2013 Rm	Restated 31.12.2012 Rm	Restated 30.06.2013 Rm
Total assets	379 794	346 505	360 368
Actuarial value of policy liabilities	(306 211)	(269 171)	(281 355)
Other liabilities	(48 984)	(53 352)	(55 149)
Non-controlling interests	(408)	(416)	(391)
Group excess per reporting basis	24 191	23 566	23 473
Net assets – other businesses	(2 557)	(1 503)	(1 547)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(4 638)	(5 675)	(5 001)
Excess – long-term insurance business, net of non-controlling interests⁽¹⁾	16 996	16 388	16 925
RECONCILIATION OF CHANGE IN LONG-TERM INSURANCE EXCESS TO THE INCOME STATEMENT			
Change in excess of long-term insurance business⁽¹⁾	71	(394)	143
Increase in share capital	(11)	(21)	(29)
Change in other reserves	(146)	(37)	(62)
Dividend paid – ordinary shares	2 080	2 289	3 140
Change in non-controlling interests	4	(7)	-
Other	-	(29)	(22)
Total surplus arising, net of non-controlling interests	1 998	1 801	3 170
Operating profit	1 318	1 237	2 636
Investment income on excess	359	377	683
Net realised and fair value gains on excess	255	179	221
Investment variances	149	189	117
Basis and other changes	(83)	(181)	(487)
Net consolidation adjustments	16	(27)	(43)
Earnings after non-controlling interests of long-term insurance business	2 014	1 774	3 127
Earnings after non-controlling interests of other group businesses and consolidation adjustments	5	(83)	(94)
Amortisation of intangibles relating to the merger	(223)	(223)	(446)
Earnings attributable to owners of the parent as per income statement	1 796	1 468	2 587

1. The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group, including life insurance companies in Africa. It is after non-controlling interests but excludes certain items which are eliminated on consolidation. It also excludes non-insurance business.

MMI HOLDINGS GROUP – STATEMENT OF ASSETS AND LIABILITIES

RECONCILIATION OF REPORTING EXCESS TO STATUTORY EXCESS	31.12.2013 Rm	31.12.2012 Rm	30.06.2013 Rm
Reporting excess – long-term insurance business ⁽¹⁾	16 996	16 388	16 925
Disregarded assets ⁽²⁾	(986)	(977)	(977)
Difference between statutory and published valuation methods	(660)	(452)	(551)
Write-down of subsidiaries and associates for statutory purposes	(1 305)	(871)	(936)
Unsecured subordinated debt	1 549	1 576	1 553
Consolidation adjustments	(83)	(150)	(119)
Statutory excess – long-term insurance business	15 511	15 514	15 895
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 044	6 581	6 167
Ratio of long-term insurance business excess to CAR (times)	2.6	2.4	2.6
Discretionary margins	12 646	11 041	11 378

1. The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group, including life insurance companies in Africa. It is after non-controlling interests but excludes certain items which are eliminated on consolidation. It also excludes non-insurance business.
2. Disregarded assets are those as defined in the South African Long Term Insurance Act and are only applicable to South African Long Term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators. It includes Sage intangible assets of R548 million (31.12.2012: R576 million; 30.06.2013: R562 million).
3. Aggregation of separate company CAR's, with no assumption of diversification benefits.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS AS AT	31.12.2013 Rm	31.12.2012 Rm	30.06.2013 Rm
Covered business			
Reporting excess – long-term insurance business	16 996	16 388	16 925
Reclassification to non-covered business	(1 629)	(1 306)	(1 482)
	15 367	15 082	15 443
Disregarded assets ⁽¹⁾	(678)	(726)	(693)
Difference between statutory and published valuation methods	(660)	(452)	(551)
Dilutory effect of subsidiaries ⁽²⁾	(28)	(31)	(26)
Consolidation adjustments ⁽³⁾	-	(202)	(36)
Value of MMI Group Ltd preference shares issued	(500)	(483)	(500)
Diluted adjusted net worth – covered business	13 501	13 188	13 637
Net value of in-force business ⁽⁴⁾	19 370	16 547	17 870
Diluted embedded value – covered business	32 871	29 735	31 507
Non-covered business			
Net assets – non-covered business within life insurance companies	1 629	1 306	1 482
Net assets – non-covered business outside life insurance companies	2 557	1 503	1 547
Consolidation adjustments ⁽³⁾	(1 295)	(835)	(1 011)
Adjustments for dilution ⁽⁵⁾	758	637	698
Diluted adjusted net worth – non-covered business	3 649	2 611	2 716
Write-up to directors' value	868	1 107	925
Non-covered business	2 566	2 447	2 543
Holding company expenses ⁽⁶⁾	(1 288)	(998)	(1 208)
International holding company expenses ⁽⁶⁾	(410)	(342)	(410)
Diluted embedded value – non-covered business	4 517	3 718	3 641
Diluted adjusted net worth	17 150	15 799	16 353
Net value of in-force business	19 370	16 547	17 870
Write-up to directors' value	868	1 107	925
Diluted embedded value	37 388	33 453	35 148
Required capital – covered business (adjusted for qualifying debt and preference shares)	8 424	8 095	8 620
Surplus capital – covered business	5 077	5 093	5 017
Diluted embedded value per share (cents)	2 331	2 086	2 191
Diluted adjusted net worth per share (cents)	1 069	985	1 020
Diluted number of shares in issue (million) ⁽⁷⁾	1 604	1 604	1 604

- Disregarded assets include Sage intangible assets of R548 million (31.12.2012: R576 million; 30.06.2013: R562 million), goodwill and various other items.
- For accounting purposes, Metropolitan Health has been consolidated at 100%, while Metropolitan Namibia and Metropolitan Kenya have been consolidated at 96% for the current period, in the statement of financial position. For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated.
- Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- The FNB Life value of in-force is excluded from the embedded value from 1 July 2013. The FNB Life net value of in-force amounted to R141 million and R91 million at 31.12.2012 and 30.06.2013 respectively.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 2): R110 million (31.12.2012: R121 million; 30.06.2013: R119 million)
 - Treasury shares held on behalf of contract holders: R335 million (31.12.2012: R203 million; 30.06.2013: R266 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R313 million (31.12.2012: R313 million; 30.06.2013: R313 million)
- The holding company expenses reflect the present value of projected recurring head office expenses. The International holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS PER DIVISION

	31.12.2013 Rm	31.12.2012 Rm	30.06.2013 Rm
Momentum Retail	9 441	8 588	8 967
Gross value of in-force business	10 952	10 036	10 490
Less cost of required capital	(1 511)	(1 448)	(1 523)
Metropolitan Retail ⁽¹⁾	3 811	3 532	3 555
Gross value of in-force business	4 490	4 203	4 312
Less cost of required capital	(679)	(671)	(757)
Momentum Employee Benefits	3 447	2 386	3 106
Gross value of in-force business	4 052	3 079	3 776
Less cost of required capital	(605)	(693)	(670)
Metropolitan International	1 783	1 445	1 659
Gross value of in-force business	1 911	1 527	1 772
Less cost of required capital	(128)	(82)	(113)
Shareholder Capital	888	596	583
Gross value of in-force business ⁽²⁾	888	596	583
Less cost of required capital	-	-	-
Net value of in-force business	19 370	16 547	17 870

Notes

1. The FNB Life value of in-force is excluded from the embedded value from 1 July 2013. The FNB Life net value of in-force amounted to R141 million and R91 million at 31.12.2012 and 30.06.2013 respectively.
2. The value of in-force in the Shareholder Capital represents discretionary margins managed centrally by Balance Sheet Management.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE PER DIVISION	Adjusted net worth Rm	Net value of in-force Rm	31.12.2013 Rm	31.12.2012 Rm	30.06.2013 Rm
Covered business					
MMI Group Ltd ⁽¹⁾	12 177	17 587	29 764	27 272	28 652
Metropolitan Odyssey Ltd	49	-	49	49	49
Metropolitan International	1 275	1 783	3 058	2 414	2 806
Metropolitan Life (Namibia) Ltd	458	1 176	1 634	1 371	1 523
Metropolitan Life of Botswana Ltd	165	143	308	203	266
Metropolitan Lesotho Ltd	319	422	741	590	655
Other international businesses	333	42	375	250	362
Total covered business	13 501	19 370	32 871	29 735	31 507
	Adjusted net worth Rm	Write up to directors' value Rm	31.12.2013 Rm	31.12.2012 Rm	30.06.2013 Rm
Non-covered business					
Momentum Investments ⁽²⁾	812	867	1 679	1 686	1 746
Health businesses ⁽³⁾	304	1 369	1 673	1 524	1 662
Momentum Retail (Wealth) ⁽⁴⁾	275	156	431	431	379
Momentum Short-term Insurance (MSTI)	146	154	300	296	300
Metropolitan International Holdings ⁽⁵⁾	88	(390)	(302)	(183)	(285)
MMI Holdings (after consolidation adjustments) ⁽⁵⁾	2 024	(1 288)	736	(36)	(161)
Total non-covered business	3 649	868	4 517	3 718	3 641
Total embedded value	17 150	20 238	37 388	33 453	35 148
Diluted adjusted net worth – non-covered business	(3 649)				
Adjustments to covered business – adjusted net worth	3 495				
Reporting excess – long-term insurance business	16 996				

1. The FNB Life value of in-force is excluded from the embedded value from 1 July 2013. The FNB Life net value of in-force amounted to R141 million and R91 million at 31.12.2012 and 30.06.2013 respectively.
2. Momentum Investments subsidiaries are valued using forward Price Earnings multiples applied to the relevant sustainable earnings bases.
3. All Health businesses have been valued using Embedded Value methodology.
4. Momentum Retail (Wealth) has been valued using Embedded Value methodology.
5. The holding company expenses reflect the present value of projected recurring head office expenses. The International holding company expenses reflect the allowance for support services to the international life assurance and health businesses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business			6 mths to	6 mths to	12 mths to
		Adjusted net worth (ANW) Rm	Gross Value of in-force (VIF) Rm	Cost of CAR Rm	31.12.2013 Total EV Rm	31.12.2012 Total EV Rm	30.06.2013 Total EV Rm
Profit from new business		(713)	1 200	(84)	403	362	799
Embedded value from new business	A	(713)	1 175	(84)	378	340	711
Expected return to end of period	B	-	25	-	25	22	88
Profit from existing business		1 901	(618)	220	1 503	1 267	3 336
Expected return – unwinding of RDR	B	-	1 047	(151)	896	706	1 487
Release from the cost of required capital	C	-	-	217	217	278	417
Expected (or actual) net of tax profit transfer to net worth	D	1 762	(1 762)	-	-	-	-
Operating experience variances	E	142	156	80	378	504	912
Operating assumption changes	F	(3)	(59)	74	12	(221)	520
Embedded value profit from operations		1 188	582	136	1 906	1 629	4 135
Investment return on adjusted net worth	G	583	-	-	583	507	919
Investment variances	H	191	979	8	1 178	989	1 011
Economic assumption changes	I	(18)	(204)	(3)	(225)	175	(221)
Acquisition of covered business		-	-	-	-	-	89
Exchange rate movements		10	3	(1)	12	10	39
Embedded value profit – covered business		1 954	1 360	140	3 454	3 310	5 972
Transfer of business (to)/from non-covered business	J	(56)	-	-	(56)	299	267
Changes in share capital		2	-	-	2	21	37
Dividend paid		(2 078)	-	-	(2 078)	(2 301)	(3 140)
Change in reserves		42	-	-	42	13	(22)
Change in embedded value – covered business		(136)	1 360	140	1 364	1 342	3 114
Non-covered business							
Change in directors' valuation and other items					44	(38)	131
Holding company expenses					(80)	(177)	(455)
Embedded value profit – non-covered business					(36)	(215)	(324)
Changes in share capital					(2)	(21)	(37)
Dividend paid					881	197	236
Finance costs – preference shares					(23)	(23)	(46)
Transfer of business from/(to) covered business	J				56	(299)	(267)
Change in embedded value – non-covered business					876	(361)	(438)
Total change in group embedded value					2 240	981	2 676
Total embedded value profit					3 418	3 095	5 648
Return on embedded value (%) - internal rate of return					20.4%	20.0%	17.4%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS	Momentum Retail Rm	Metropolitan Retail (1) Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Total Rm	Metropolitan Retail (excl. FNB Life) (1) Rm	Comparative Segmental total (excl FNB Life) Rm
6 mths to 31.12.2013							
Value of new business	136	122	90	30	378		
Gross	170	143	113	37	463		
Less cost of required capital	(34)	(21)	(23)	(7)	(85)		
New business premiums	8 128	1 250	2 236	284	11 898		
Recurring premiums	519	558	532	166	1 775		
Single premiums	7 609	692	1 704	118	10 123		
New business premiums (APE)	1 280	627	702	178	2 787		
New business premiums (PVP)	10 499	2 831	6 506	943	20 779		
Profitability of new business as a % of APE	10.6	19.5	12.8	16.9	13.6		
Profitability of new business as a % of PVP	1.3	4.3	1.4	3.2	1.8		
6 mths to 31.12.2012							
Value of new business	93	153	66	28	340	120	307
Gross	118	167	108	30	423	133	389
Less cost of required capital	(25)	(14)	(42)	(2)	(83)	(13)	(82)
New business premiums	5 965	1 090	3 381	300	10 736	1 042	10 688
Recurring premiums	539	557	253	156	1 505	509	1 457
Single premiums	5 426	533	3 128	144	9 231	533	9 231
New business premiums (APE)	1 083	610	566	170	2 429	562	2 381
New business premiums (PVP)	8 459	2 866	4 977	874	17 176	2 783	17 093
Profitability of new business as a % of APE	8.6	25.1	11.7	16.5	14.0	21.3	12.9
Profitability of new business as a % of PVP	1.1	5.3	1.3	3.2	2.0	4.3	1.8
12 mths to 30.06.2013							
Value of new business	203	239	213	56	711	209	681
Gross	268	268	275	63	874	238	844
Less cost of required capital	(65)	(29)	(62)	(7)	(163)	(29)	(163)
New business premiums	12 433	2 305	5 836	473	21 047	2 220	20 962
Recurring premiums	1 057	1 075	769	298	3 199	990	3 114
Single premiums	11 376	1 230	5 067	175	17 848	1 230	17 848
New business premiums (APE)	2 195	1 198	1 276	316	4 985	1 113	4 900
New business premiums (PVP)	17 421	5 126	11 627	1 635	35 809	5 042	35 725
Profitability of new business as a % of APE	9.2	19.9	16.7	17.7	14.3	18.8	13.9
Profitability of new business as a % of PVP	1.2	4.7	1.8	3.4	2.0	4.2	1.9

- Value of new business and new business premiums are net of non-controlling interests.
 - The value of new business has been calculated on closing assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business, for other business the investment yields at the end of the period have been used.
1. The FNB Life business was excluded in the Metropolitan Retail VNB at 31.12.2013 and included in the Metropolitan Retail VNB at 31.12.2012 and 30.06.2013. Comparative figures, excluding FNB Life, have been provided.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropoli- tan Retail (1) Rm	Momentum Employee Benefits Rm	Metropoli- tan International Rm	Total Rm	Compara- tive	Segmen- tal total
						Metropo- litan Retail (excl. FNB Life) (1) Rm	(excl FNB Life) Rm
6 mths to 31.12.2013							
New business premiums	8 128	1 250	2 236	284	11 898		
Recurring premiums	519	558	532	166	1 775		
Risk	260	365	160	-	785		
Savings/Investments	259	193	372	-	824		
International	-	-	-	166	166		
Single premiums	7 609	692	1 704	118	10 123		
Savings/Investments	7 215	296	1 583	-	9 094		
Annuities	394	396	121	-	911		
International	-	-	-	118	118		
New business premiums (APE)	1 280	627	702	178	2 787		
Risk	260	365	160	-	785		
Savings/Investments	981	222	530	-	1 733		
Annuities	39	40	12	-	91		
International	-	-	-	178	178		
6 mths to 31.12.2012							
New business premiums	5 965	1 090	3 381	300	10 736	1 042	10 688
Recurring premiums	539	557	253	156	1 505	509	1 457
Risk	269	390	110	-	769	342	721
Savings/Investments	270	167	143	-	580	167	580
International	-	-	-	156	156	-	156
Single premiums	5 426	533	3 128	144	9 231	533	9 231
Savings/Investments	5 179	250	1 548	-	6 977	250	6 977
Annuities	247	283	1 580	-	2 110	283	2 110
International	-	-	-	144	144	-	144
New business premiums (APE)	1 083	610	566	170	2 429	562	2 381
Risk	270	390	110	-	770	342	722
Savings/Investments	788	192	298	-	1 278	192	1 278
Annuities	25	28	158	-	211	28	211
International	-	-	-	170	170	-	170

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail (1) Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Total Rm	Metropolitan Retail (excl. FNB Life) (1) Rm	Comparative Segment (excl. FNB Life) Rm
12 mths to 30.06.2013							
New business premiums	12 433	2 305	5 836	473	21 047	2 220	20 962
Recurring premiums	1 057	1 075	769	298	3 199	990	3 114
Risk	508	748	369	-	1 625	663	1 540
Savings/Investments	549	327	400	-	1 276	327	1 276
International	-	-	-	298	298	-	298
Single premiums	11 376	1 230	5 067	175	17 848	1 230	17 848
Savings/Investments	10 921	589	2 267	-	13 777	589	13 777
Annuities	455	641	2 800	-	3 896	641	3 896
International	-	-	-	175	175	-	175
New business premiums (APE)	2 195	1 198	1 276	316	4985	1 113	4 900
Risk	508	748	369	-	1 625	663	1 540
Savings/Investments	1 641	386	627	-	2 654	386	2 654
Annuities	46	64	280	-	390	64	390
International	-	-	-	316	316	-	316

1. The FNB Life business was excluded in the Metropolitan Retail VNB at 31.12.2013 and included in the Metropolitan Retail VNB at 31.12.2012 and 30.06.2013. Comparative figures, excluding FNB Life, have been provided.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Total lump sum inflows	62 940	82 323	148 881
Inflows not included in value of new business	(53 145)	(73 453)	(131 698)
Momentum Retail	(6 264)	(6 582)	(14 816)
Momentum Employee Benefits	(2 203)	(53)	(184)
Metropolitan International	(370)	(573)	(1 024)
Momentum Investments			
On-balance sheet inflows	(3 781)	(11 406)	(16 819)
Off-balance sheet inflows			
Eris Property acquisition	-	(18 678)	(18 678)
Other	(40 522)	(36 161)	(80 165)
Balance Sheet Management	(5)	-	(12)
Term extensions on maturing policies	223	379	610
Non-controlling interests and other adjustments	105	(18)	55
Single premiums included in value of new business	10 123	9 231	17 848

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting period to the present value of in-force covered business at the beginning of the reporting period and adding the expected return on new business, which is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the period.

C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the period.

D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the statutory valuation method.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	6 mths to 31.12.2013			6 mths to	12 mths to
		ANW Rm	Net VIF Rm	EV Rm	31.12.2012 EV Rm	30.06.2013 EV Rm
Momentum Retail		(37)	109	72	(16)	128
Mortality and morbidity	1	73	4	77	118	259
Terminations, premium cessations and policy alterations	2	(47)	67	20	(42)	17
Expense variance		(5)	23	18	(10)	-
Other	3	(58)	15	(43)	(82)	(148)
Metropolitan Retail		60	44	104	(39)	62
Mortality and morbidity	1	57	3	60	46	97
Terminations, premium cessations and policy alterations	4	11	16	27	(40)	(97)
Expense variance		(6)	-	(6)	13	59
FNB Life – share of profits		22	-	22	-	-
Other		(24)	25	1	(58)	3
Momentum Employee Benefits		43	65	108	266	306
Mortality and morbidity	1	12	-	12	56	17
Terminations	5	17	42	59	212	233
Expense variance		(13)	23	10	-	9
Other	6	27	-	27	(2)	47
Metropolitan International		34	18	52	72	152
Mortality and morbidity	1	41	4	45	30	81
Terminations, premium cessations and policy alterations		(1)	5	4	18	65
Expense variance		(4)	6	2	(2)	16
Other		(2)	3	1	26	(10)
Shareholder Capital	7	42	-	42	228	242
Opportunity cost of required capital		-	-	-	(7)	22
Total operating experience variances		142	236	378	504	912

Notes

- Overall, mortality and morbidity experience for the six months were better compared to what was allowed for in the valuation basis.
- Favourable persistency due to improvement in quality of business underwritten.
- Various items including non-recurring costs related to strategic initiatives and under-recovery of intergroup sales costs.
- Favourable persistency arising from corrective action taken in the previous period.
- Favourable persistency impacting positively on fee income.
- Various small other operating experience variances.
- The income recorded in respect of Shareholder Capital relates mostly to earnings from holding company activities and the management of MMI's capital and shareholder balance sheet risks. Other sources of earnings such as variations in actual tax payments and corporate expenses not allocated to underlying business units are also included here.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

F. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	6 mths to 31.12.2013			6 mths to	12 mths to
		ANW Rm	Net VIF Rm	EV Rm	31.12.2012 EV Rm	30.06.2013 EV Rm
Momentum Retail		-	17	17	(63)	78
Mortality and morbidity assumptions		-	-	-	-	66
Renewal expense assumptions		-	-	-	-	104
Termination assumptions		-	-	-	-	104
Modelling, methodology and other changes	1	-	17	17	(63)	(196)
Metropolitan Retail		(19)	(47)	(66)	(73)	149
Mortality and morbidity assumptions		-	-	-	(3)	205
Renewal expense assumptions		-	-	-	(5)	90
Termination assumptions		-	1	1	4	(178)
FNB Life	2	-	(91)	(91)	-	-
Modelling, methodology and other changes	1	(19)	43	24	(69)	32
Momentum Employee Benefits		-	7	7	27	387
Assumed mortality and morbidity profit margin		-	-	-	-	(29)
Termination assumptions		-	2	2	-	201
Renewal expense assumptions		-	-	-	4	81
Modelling, methodology and other changes	1	-	5	5	23	134
Metropolitan International		(15)	(7)	(22)	(118)	(18)
Mortality and morbidity assumptions		2	1	3	(20)	4
Renewal expense assumptions	3	(3)	(17)	(20)	(40)	24
Termination assumptions		9	2	11	19	(21)
Modelling, methodology and other changes	1	(23)	7	(16)	(77)	(25)
Shareholder Capital		31	25	56	6	20
Methodology change: cost of required capital	1	-	20	20	-	(96)
Total operating assumption changes		(3)	15	12	(221)	520

Notes

1. Various changes to models and methodology.
2. Future profits no longer recognised in the value of in-force for FNB Life business.
3. Strengthening of expense reserving basis.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

G. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	6 mths to 31.12.2013 Rm	6 mths to 31.12.2012 Rm	12 mths to 30.06.2013 Rm
Investment income	349	322	681
Capital appreciation	246	202	267
Preference share dividends paid and change in fair value of preference shares	(12)	(17)	(29)
Investment return on adjusted net worth	583	507	919

H. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

I. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

J. TRANSFER OF BUSINESS (TO)/FROM NON-COVERED BUSINESS

Represents the alignment of net assets and value of in-force of mainly international subsidiaries between covered and non-covered business.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES – 31.12.2013	Adjusted net worth	In-force business			New business written		
		Net value	Gross value	Cost of CAR ⁽³⁾	Net value	Gross value	Cost of CAR ⁽³⁾
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value	13 501	19 370	22 293	(2 923)	378	463	(85)
1% increase in risk discount rate % change		17 802 (8)	21 101 (5)	(3 299) 13	309 (18)	403 (13)	(94) 11
1% reduction in risk discount rate % change		21 161 9	23 652 6	(2 491) (15)	456 21	531 15	(75) (12)
10% decrease in future expenses % change ⁽¹⁾		20 544 6	23 456 5	(2 912) -	433 15	518 12	(85) -
10% decrease in lapse, paid-up and surrender rates % change		20 039 3	22 995 3	(2 956) 1	457 21	546 18	(89) 5
5% decrease in mortality and morbidity for assurance business % change		20 953 8	23 908 7	(2 955) 1	461 22	545 18	(84) (1)
5% decrease in mortality for annuity business % change		19 076 (2)	22 005 (1)	(2 929) -	374 (1)	460 (1)	(86) 1
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	13 509 -	19 883 3	22 818 2	(2 935) -	426 13	509 10	(83) (2)
1% reduction in inflation rate % change		20 132 4	23 037 3	(2 905) (1)	415 10	500 8	(85) -
10% fall in market value of equities and properties % change	13 182 (2)	18 199 (6)	21 158 (5)	(2 959) 1			
10% reduction in premium indexation take-up rate % change		19 093 (1)	21 989 (1)	(2 896) (1)	359 (5)	444 (4)	(85) -
10% decrease in non-commission related acquisition expenses % change					434 15	519 12	(85) -
1% increase in equity/property risk premium % change		19 839 2	22 728 2	(2 889) (1)	390 3	475 3	(85) -

1. No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
2. Bonus rates are assumed to change commensurately.
3. The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

MMI HOLDINGS GROUP – STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2013	30.06.2013	31.12.2012	30.06.2012
6 month period				
Value of listed shares traded (rand million)	6 992	9 268	6 792	7 946
Volume of listed shares traded (million)	299	398	335	445
Shares traded (% of average listed shares in issue) ⁽¹⁾	38	51	43	59
Value of shares traded – life insurance (J857 – Rbn)	77	93	62	65
Value of shares traded – top 40 index (J200 – Rbn)	1 502	1 691	1 368	1 423
Trade prices				
Highest (cents per share)	2 622	2 700	2 232	1 976
Lowest (cents per share)	2 039	1 951	1 792	1 645
Last sale of period (cents per share)	2 530	2 217	2 217	1 800
Annualised percentage (%) change during period	30	-	52	11
Annualised percentage (%) change – life insurance sector (J857)	33	20	57	34
Annualised percentage (%) change – top 40 index (J200)	40	2	38	8
31 December/30 June				
Price/diluted core headline earnings (segmental) ratio	12.0	11.0	11.8	9.8
Dividend yield % (dividend on listed shares) ⁽¹⁾	5.3	5.7	5.4	6.3
Dividend yield % – top 40 index (J200) ⁽¹⁾	2.7	2.9	2.8	3.0
Total shares issued (million)				
Ordinary shares listed on JSE	1 570	1 570	1 570	1 571
Treasury shares held on behalf of contract holders	(13)	(14)	(11)	(13)
Basic number of shares in issue	1 557	1 556	1 559	1 558
Treasury shares held on behalf of contract holders	13	14	11	13
Convertible redeemable preference shares	34	34	34	34
Diluted number of shares in issue ⁽²⁾	1 604	1 604	1 604	1 605
Market capitalisation at end (Rbn) ⁽³⁾	41	36	36	29
Percentage (%) of life insurance sector ⁽¹⁾	13	13	13	13

1. Percentages have been annualised.

2. The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

3. The market capitalisation is calculated on the fully diluted number of shares in issue.

Appendix – Restatement of prior period financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As previously reported Rm	Reclassification of CIS Rm	Reclassification of cell captives Rm	Restated 31.12.2012 Rm
ASSETS				
Intangible assets	12 097	-	-	12 097
Owner-occupied properties	1 504	-	-	1 504
Property and equipment	316	-	-	316
Investment properties	5 766	-	-	5 766
Investment in associates	68	-	-	68
Employee benefit assets	308	-	-	308
Financial instrument assets	288 235	8 408	1 100	297 743
Reinsurance contracts	1 565	-	(232)	1 333
Deferred income tax	110	-	-	110
Properties under development	90	-	-	90
Insurance and other receivables	3 091	-	(52)	3 039
Current income tax assets	68	-	-	68
Cash and cash equivalents	21 333	1 610	404	23 347
Non-current assets held for sale	716	-	-	716
Total assets	335 267	10 018	1 220	346 505
EQUITY				
Equity attributable to owners of the parent	23 066	-	-	23 066
Preference shares	500	-	-	500
	23 566	-	-	23 566
Non-controlling interests	416	-	-	416
Total equity	23 982	-	-	23 982
LIABILITIES				
Insurance contract liabilities				
Long-term insurance contracts	95 787	-	(291)	95 496
Financial instrument liabilities				
Investment contracts	172 422	-	1 253	173 675
– with discretionary participation features	25 445	-	-	25 445
– designated at fair value through income	146 977	-	1 253	148 230
Other financial instrument liabilities	20 926	9 965	366	31 257
Deferred income tax	4 279	-	-	4 279
Employee benefit obligations	1 136	-	-	1 136
Other payables	16 324	53	(108)	16 269
Provisions	164	-	-	164
Current income tax liabilities	247	-	-	247
Total liabilities	311 285	10 018	1 220	322 523
Total equity and liabilities	335 267	10 018	1 220	346 505

Appendix – Restatement of prior period financial statements

CONDENSED CONSOLIDATED INCOME STATEMENT	As previously reported Rm	Reclass- ification of CIS Rm	Reclassifi- cation of cell captives Rm	Restated 6 mths to 31.12.2012 Rm
Net insurance premiums received	12 585	-	-	12 585
Fee income	2 689	(21)	-	2 668
Investment income	6 543	327	29	6 899
Net realised and fair value gains	21 013	314	49	21 376
Net income	42 830	620	78	43 528
Net insurance benefits and claims	10 647	-	-	10 647
Change in liabilities	9 257	-	(202)	9 055
Change in insurance contract liabilities	7 637	-	(134)	7 503
Change in investment contracts with DPF liabilities	1 748	-	-	1 748
Change in reinsurance provision	(128)	-	116	(12)
Change in cell owner liabilities	-	-	(184)	(184)
Fair value adjustments on investment contract liabilities	12 328	-	90	12 418
Fair value adjustments on collective investment scheme liabilities	967	556	-	1 523
Depreciation, amortisation and impairment expenses	566	-	-	566
Employee benefit expenses	2 447	-	-	2 447
Sales remuneration	1 581	-	31	1 612
Other expenses	1 947	64	18	2 029
Expenses	39 740	620	(63)	40 297
Results of operations	3 090	-	141	3 231
Share of profit of associates	9	-	-	9
Finance costs	(631)	-	-	(631)
Profit before tax	2 468	-	141	2 609
Income tax expenses	(972)	-	(141)	(1 113)
Earnings	1 496	-	-	1 496
Attributable to:				
Owners of the parent	1 468	-	-	1 468
Non-controlling interests	13	-	-	13
MMI Group Ltd preference shares	15	-	-	15
	1 496	-	-	1 496
Basic earnings per ordinary share (cents)	94.2	-	-	94.2
Diluted earnings per ordinary share (cents)	93.7	-	-	93.7

Appendix – Restatement of prior period financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Audited As previously reported Rm	Reclassification of CIS Rm	Reclassification of cell captives Rm	Restated 30.06.2013 Rm
ASSETS				
Intangible assets	11 769	-	-	11 769
Owner-occupied properties	1 488	-	-	1 488
Property and equipment	348	-	-	348
Investment properties	6 433	-	-	6 433
Investment in associates	121	-	-	121
Employee benefit assets	327	-	-	327
Financial instrument assets	297 847	13 534	1 043	312 424
Reinsurance contracts	1 519	-	(174)	1 345
Deferred income tax	124	-	-	124
Properties under development	98	-	-	98
Insurance and other receivables	2 857	-	(29)	2 828
Current income tax assets	108	-	-	108
Cash and cash equivalents	19 424	2 430	421	22 275
Non-current assets held for sale	680	-	-	680
Total assets	343 143	15 964	1 261	360 368
EQUITY				
Equity attributable to owners of the parent	23 473	-	-	23 473
Preference shares	-	-	-	-
	23 473	-	-	23 473
Non-controlling interests	391	-	-	391
Total equity	23 864	-	-	23 864
LIABILITIES				
Insurance contract liabilities				
Long-term insurance contracts	96 817	-	(175)	96 642
Financial instrument liabilities				
Investment contracts	183 506	-	1 207	184 713
– with discretionary participation features	24 937	-	-	24 937
– designated at fair value through income	158 569	-	1 207	159 776
Other financial instrument liabilities	22 152	15 812	331	38 295
Deferred income tax	3 917	-	-	3 917
Employee benefit obligations	1 328	-	-	1 328
Other payables	11 112	152	(102)	11 162
Provisions	180	-	-	180
Current income tax liabilities	267	-	-	267
Total liabilities	319 279	15 964	1 261	336 504
Total equity and liabilities	343 143	15 964	1 261	360 368

Appendix – Restatement of prior period financial statements

CONDENSED CONSOLIDATED INCOME STATEMENT	Audited As previously reported Rm	Reclass- ification of CIS Rm	Reclassifi- cation of cell captives Rm	Restated 12 mths to 30.06.2013 Rm
Net insurance premiums received	23 304	-	-	23 304
Fee income	6 234	(29)	-	6 205
Investment income	13 537	788	50	14 375
Net realised and fair value gains	29 152	1 322	74	30 548
Net income	72 227	2 081	124	74 432
Net insurance benefits and claims	20 327	-	-	20 327
Change in liabilities	9 677	-	(372)	9 305
Change in insurance contract liabilities	8 525	-	(24)	8 501
Change in investment contracts with DPF liabilities	1 237	-	2	1 239
Change in reinsurance provision	(85)	-	64	(21)
Change in cell owner liabilities	-	-	(414)	(414)
Fair value adjustments on investment contract liabilities	22 614	-	101	22 715
Fair value adjustments on collective investment scheme liabilities	882	1 900	-	2 782
Depreciation, amortisation and impairment expenses	1 144	-	-	1 144
Employee benefit expenses	4 494	-	-	4 494
Sales remuneration	3 015	-	46	3 061
Other expenses	4 249	180	47	4 476
Expenses	66 402	2 080	(178)	68 304
Results of operations	5 825	1	302	6 128
Share of profit of associates	12	-	-	12
Finance costs	(1 684)	(1)	-	(1 685)
Profit before tax	4 153	-	302	4 455
Income tax expenses	(1 502)	-	(302)	(1 804)
Earnings	2 651	-	-	2 651
Attributable to:				
Owners of the parent	2 587	-	-	2 587
Non-controlling interests	32	-	-	32
MMI Group Ltd preference shares	32	-	-	32
	2 651	-	-	2 651
Basic earnings per ordinary share (cents)	166.0	-	-	166.0
Diluted earnings per ordinary share (cents)	164.2	-	-	164.2