DIRECTORS' STATEMENT

MMI HOLDINGS

The directors take pleasure in presenting the unaudited interim results of MMI Holdings financial services group for the period ended 31 December 2011. The preparation of the group's condensed consolidated results was supervised by the group finance director, Preston Speckmann, BCompt (Hons), CA(SA).

During the 2011 financial year Metropolitan merged with Momentum to form the MMI financial services group.

Basis of preparation of financial information

These results have been prepared in accordance with International Accounting Standard 34 (IAS34) – Interim financial reporting; the South African Companies Act of 2008; and the listings requirements of the JSE Limited (JSE). The accounting policies of the group are in terms of International Financial Reporting Standards (IFRS) and have been applied consistently to all the periods presented and the previous reporting period. The preparation of the financial statements is in accordance with and contains the information required by IFRS and the AC 500 standards, as issued by the Accounting Practices Board, which requires the use of certain critical accounting estimates as well as the exercise of managerial judgement in the application of the group's accounting policies. Such critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2011, including changes in estimates which are an integral part of the insurance business. The group is exposed to financial and insurance risks – details are also provided in the group's integrated report.

Segmental information

The group operates through the following divisions: Momentum Retail, Metropolitan Retail, Momentum Employee Benefits, Metropolitan International, Momentum Investments, Metropolitan Health and shareholder capital (which includes the balance sheet management business unit).

Management information presented to the executive committee (chief operating decision-maker) assumes that the merger occurred on 1 July 2009 and therefore all segmental information, in terms of IFRS 8 – Operating segments – has been disclosed on an 'as if' basis. The operational reviews are based on this segmental information. More details are available in the tables, on SENS and on the company's website.

The comparative information has been restated to be consistent with the current structure of the group.

Reclassifications

Subsequent to the release of the MMI group interim results for December 2010 the group aligned the presentation of financial statement line items of Momentum and Metropolitan for consistency purposes, resulting in certain reclassifications as noted in the group's integrated report for the year ended 30 June 2011. The MMI group results for December 2010 have therefore been restated, on a consistent basis, for the following:

- Direct property expenses of R88 million were previously set off against investment income while asset management fee expenses of R205 million and customer loyalty fee expenses of R60 million were set off against fee income. These expenses have now been separately disclosed under other expenses for the six months ended 31 December 2010.
- The classification of certain equity, credit, index and commodity linked notes was aligned, resulting in a reclassification from derivative financial instruments to assets designated at fair value through income of R5 904 million as at 31 December 2010.
- The classification between cash and cash equivalents and financial instrument assets was aligned, resulting in a reclassification from cash and cash equivalents of R312 million as at 31 December 2010.
- The group aligned its treatment of deferred tax assets and liabilities, resulting in a deferred tax asset of R908 million being set off against the deferred tax liability at 31 December 2010.

On analysing the equity portfolios classified as available-for-sale financial instruments, it was noted that certain of the net cumulative realised gains over a period before June 2010, totalling R651 million, were not recycled from the available-for-sale reserve to the income statement on disposal or de-recognition of these assets. The retained earnings and available-for-sale reserve balances at 1 July 2010 have therefore been restated from R6 495 million to R7 146 million and R658 million to R7 million respectively. This restatement had no impact on the 2012 or 2011 year reported earnings or headline earnings per share.

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

Mr LL Dippenaar and Mr PK Harris resigned with effect from 22 November 2011. On the same date, Mr MJN Njeke was appointed chairman while Mr JP Burger was elected deputy chairman. In addition, Prof JD Krige and Mr MH Visser were appointed to the board. Mr K Matseke resigned with effect from 31 October 2011 and was replaced by Mr V Nkonyeni, the chief executive of Kagiso Tiso Holdings. All transactions in listed shares of the company involving directors were disclosed on SENS as required.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The group had no material capital commitments at 31 December 2011. The group is party to legal proceedings in the normal course of business, and appropriate provisions are made when losses are expected to materialise.

EVENTS AFTER THE REPORTING PERIOD

No 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 a stable dividend, 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 2012 a dividend of 44 cents per ordinary share was declared. This dividend is payable to the holders of ordinary shares recorded in the register of the company at the close of business on Friday, 30 March 2012 and will be paid on Monday, 2 April 2012. The last day to trade "cum" dividend will be Friday, 23 March 2012. The shares will trade "ex" dividend from the start of business on Monday, 26 March 2012. Share certificates may not be dematerialised or rematerialised between Monday, 26 March and Friday, 30 March 2012, both days inclusive.

Where applicable, dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to certificated shareholders on or about payment date. Shareholders who hold dematerialised shares will have their accounts with their CSDP or broker credited on Monday, 2 April 2012.

Preference share dividend

Dividends of R10.4 million (7.7% p.a.), R4.5 million (7.7% p.a.) and R30.3 million (19.1% p.a.) were declared on 2 March 2012 on the unlisted A1, A2 and A3 MMI preference shares respectively, and are payable on 31 March 2012. The declaration rate was determined as set out in the company's articles. MMI preference share dividends are included under finance costs in these results.

Signed on behalf of the board

JJ Njeke *Chairman*

Nicolaas Kruger *Group chief executive officer*

Centurion

6 March 2012