

Summary of financial information

Unaudited results for the 6 months ended 31 December 2015

MMI GROUP LIMITED

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited condensed interim results of MMI Group Limited for the period ended 31 December 2015. The preparation of these results was supervised by Leon Basson (Group Finance), CA (SA).

Basis of preparation of financial information

These condensed 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 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.

Corporate governance

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

Contingent liabilities and capital commitments

As part of running a business, the company is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The company had no material capital commitments at 31 December 2015 that were not in the ordinary course of business.

Events after the reporting period

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

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.

STATEMENT OF FINANCIAL POSITION	31.12.2015	31.12.2014	30.06.2015
	Rm	Rm	Rm
ASSETS			
Intangible assets	2,868	2,827	2,843
Owner-occupied properties	1,536	1,317	1,478
Property and equipment	132	126	140
Investment properties	7,081	5,018	6,650
Investment in subsidiary companies	54,232	62,127	48,456
Employee benefit assets	413	408	404
Financial instrument assets ⁽¹⁾	287,561	268,725	295,716
Insurance and other receivables	3,387	2,797	2,693
Reinsurance contracts	1,512	1,704	1,597
Cash and cash equivalents	17,364	12,438	13,037
Current tax asset	215	364	262
Total assets	376,301	357,852	373,276
EQUITY			
Equity attributable to owners of the parent	16,105	15,513	16,469
Non-redeemable, non-cumulative, non-participative preference shares	500	500	500
Total equity	16,605	16,013	16,969
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	95,207	97,315	96,796
Financial instrument liabilities			
Investment contracts	238,277	223,186	233,072
– with discretionary participation features	24,097	24,829	24,643
– designated as fair value through income	214,180	198,357	208,429
Other financial instrument liabilities ⁽²⁾	15,217	11,413	14,582
Deferred income tax	1,746	1,537	1,765
Employee benefit obligations	683	748	1,166
Other payables	8,566	7,640	8,926
Total liabilities	359,696	341,839	356,307
Total equity and liabilities	376,301	357,852	373,276
(1) Financial instrument assets consist of the following:			
Assets designated as fair value through income	263,574	240,760	269,038
Investments in associates at fair value	15,765	17,988	17,935
Derivative financial instruments	2,451	1,771	1,967
Available-for-sale assets	8	8	8
Loans and receivables	5,763	8,198	6,768
	287,561	268,725	295,716
(2) Other financial instrument liabilities consist of the following:			
Liabilities designated as fair value through income	11,649	9,730	12,608
Derivative financial instruments	3,568	1,683	1,974
	15,217	11,413	14,582

	31.12.2015	31.12.2014	30.06.2015
INCOME STATEMENT	Rm	Rm	Rm
Net insurance premiums received	9,552	10,135	18,982
Fee income ⁽¹⁾	1,564	1,791	3,148
Investment income	6,940	6,088	12,705
Net realised and fair value gains	5,165	4,630	13,437
Net income	23,221	22,644	48,272
Net insurance benefits and claims	(10,247)	(9,920)	(19,818)
Change in liabilities	2,055	(13)	586
Change in insurance contract liabilities	1,588	769	1,289
Change in investment contracts with DPF liabilities	547	(825)	(639)
Change in reinsurance provision	(80)	43	(64)
Fair value adjustments on investment contract liabilities	(8,257)	(6,076)	(15,579)
Depreciation, amortisation and impairment expenses	(87)	(85)	(176)
Employee benefit expenses	(1,196)	(1,755)	(3,172)
Sales remuneration	(1,651)	(1,661)	(3,101)
Other expenses	(1,081)	(1,074)	(1,913)
Expenses	(20,464)	(20,584)	(43,173)
Results of operations	2,757	2,060	5,099
Finance costs ⁽²⁾	(356)	(261)	(566)
Profit before tax	2,401	1,799	4,533
Income tax expenses	(665)	(456)	(1,323)
Earnings	1,736	1,343	3,210
Attributable to:			
Owners of the parent	1,720	1,328	3,179
MMI Group Ltd preference shares	16	15	31
	1,736	1,343	3,210
(1) Fee income consists of the following:			
Investment contracts	1,015	1,168	2,097
Trust and fiduciary services	292	313	584
Other fee income	257	310	467
	1,564	1,791	3,148
(2) Finance costs consist of the following:			
Subordinated redeemable debt	0	(21)	(21)
Unsecured subordinated call notes	(169)	(112)	(249)
Cost of carry and interest rate swaps	(175)	(109)	(261)
Other	(12)	(19)	(35)
	(356)	(261)	(566)

STATEMENT OF CHANGES IN EQUITY

	31.12.2015	31.12.2014	30.06.2015
	Rm	Rm	Rm
Changes in share capital			
Balance at beginning	1,041	1,041	1,041
Balance at end	1,041	1,041	1,041
Changes in other reserves			
Balance at beginning	6,596	5,816	5,816
Total comprehensive income	(504)	657	794
Transfer to retained earnings	(7)	(6)	(14)
Balance at end ⁽¹⁾	6,085	6,467	6,596
Changes in retained earnings			
Balance at beginning	8,832	9,188	9,188
Total comprehensive income	1,720	1,328	3,179
Dividend paid	(1,580)	(2,517)	(3,549)
Transfer from other reserves	7	6	14
Balance at end	8,979	8,005	8,832
Equity attributable to owners of the parent	16,105	15,513	16,469
MMI Group Ltd preference shares			
Balance at beginning	500	500	500
Total comprehensive income	16	15	31
Dividends paid	(16)	(15)	(31)
Balance at end	500	500	500
Total equity	16,605	16,013	16,969
(1) Other reserves consist of the following:			
Land and buildings revaluation reserve	578	497	536
Revaluation of subsidiaries	772	1,207	1,315
Revaluation of available-for-sale investments	5	5	5
Employee benefit fund reserve	71	99	81
Common control reserve	4,659	4,659	4,659
	6,085	6,467	6,596

	31.12.2015	31.12.2014	30.06.2015
CASH FLOW STATEMENT	Rm	Rm	Rm
Net cash inflow/ (outflow) from operating activities	7,102	8,631	(3,410)
Net cash outflow from investing activities	(383)	(13,450)	(506)
Net cash (outflow)/inflow from financing activities	(2,392)	1,810	1,506
Net cash flow	4,327	(3,009)	(2,410)
Cash resources and funds on deposit at beginning	13,037	15,447	15,447
Cash resources and funds on deposit at end	17,364	12,438	13,037
Made up as follows:			
Cash and cash equivalents as per statement of financial position	17,364	12,438	13,037

	31.12.2015	31.12.2014	30.06.2015
FINANCIAL INSTRUMENT ASSETS	Rm	Rm	Rm
Equity securities	55,601	58,684	58,937
Debt securities	82,932	80,307	86,035
Funds on deposit and other money market instruments	9,187	10,282	10,638
Unit-linked investments	115,854	91,487	113,428
Investments in associates	15,765	17,988	17,935
Derivative financial instruments	2,451	1,771	1,967
Available-for-sale assets	8	8	8
Loans and receivables	5,763	8,198	6,768
Total financial instrument assets	287,561	268,725	295,716