

11 September 2013

Update is a newsletter produced by the investor relations department of MMI Holdings Limited. It provides information on the different businesses in the group as well as financial news. Contact Natalie Amos (investor relations) on (021) 940-6112 / namos@mmiholdings.co.za for further information.

Summarised group results for the period ended 30 June 2013

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MMI Holdings summarised group results for the year ended 30 June 2013

VALUE OF NEW BUSINESS up 19% to R711 million
ANNUALISED RETURN on EMBEDDED VALUE OF 17%
Profits of OPERATING DIVISIONS up 19%
Diluted CORE HEADLINE EARNINGS up 10% to R3.2 billion
MERGER EXPENSE SAVINGS of R346 million
TOTAL DIVIDEND up 12% to 127 cents per share
Total ASSETS UNDER MANAGEMENT of R559 billion

OVERVIEW OF OPERATIONS AND PROSPECTS

OPERATING ENVIRONMENT

Local operating conditions remained challenging and highly competitive. Equity markets remained high and interest rate volatility continued. Overall consumer confidence remained fragile, with ongoing labour challenges, high unemployment levels, high indebtedness and increasing inflation reducing disposable or investible income. GDP growth in the rest of Africa, however, is proving to be resilient. Overall, the need for and provision of investment and protection products within MMI's client base remains an important part of financial wellness and planning.

GROUP RESULTS

Despite the tough operating environment, the MMI group delivered very strong financial results for the year.

- The embedded value of R35 billion (2 191 cents per share), after allowing for R2.9 billion worth of dividends paid during the year, generated an impressive annualised return on embedded value for shareholders of 17%.
- Diluted core headline earnings increased by 10% to R3.2 billion for the year. The contribution from operating divisions increased 19% to R2.5 billion.
- Total net cash flow from policyholders and clients amounted to R27 billion for the year.
- The full results of Momentum Namibia, Momentum Short-Term Insurance and the Eris Property Group were included for the first time.

MERGER BENEFITS

- The long-term insurance licences of Metropolitan and Momentum have been amalgamated into MMI Group. The use of a single licence simplifies the group structure and facilitates effective deployment of capital within the MMI Holdings group.
- The well-respected Metropolitan and Momentum client-facing brands continue to operate unchanged.
- Group and divisional strategies have been entrenched and collaboration initiatives between divisions implemented.
- The targeted merger expense savings of R500 million remain attainable, with a reduction of R346 million recorded to date.
- Overall, the benefits envisaged as part of the merger rationale are being realised and can be seen in the results.

CAPITAL STRENGTH

- MMI actively manages its capital resources within a defined risk appetite and balances the interests of all stakeholders.
- The investment mandate for shareholder capital is restricted to lower-risk investments.
- The group remains actively involved and committed to the Regulator's Solvency Assessment and Management (SAM) project.
- A strong capital buffer of R3.8 billion was reported at 30 June 2013, after allowing for strategic growth initiatives and the final dividend. The impact of SAM on the capital buffer will be assessed on an ongoing basis.
- The group is satisfied that its present capital level is appropriate in the current environment. This position is regularly evaluated.

OVERVIEW OF OPERATIONS

MOMENTUM RETAIL

- New insurance business, on a present value of premiums (PVP) basis, increased by 6% to R17.4 billion for the year.
- The value of new business increased strongly by 17% to R203 million, confirming the benefits of focusing on good quality new business.
- Good risk and expense experience were reported during the year.
- Operating profit for the year increased by 11% to R1 179 million.

METROPOLITAN RETAIL

- While total PVP was 5% lower, recurring premium new business ended 4% higher than the levels recorded in the prior year.
- The profit-sharing arrangement with FNB Life will reduce from 10% to 5% from 1 November 2013.
- The value of new business for the year decreased to R239 million at a PVP margin of 4.7%, reducing in line with changes to the FNB Life contract.
- Good risk experience and higher asset levels were recorded during the year; however, further investments in the sales force dampened the new business margins.
- Operating profit for the year increased by 16% to R509 million.

MOMENTUM EMPLOYEE BENEFITS

- New business, on a PVP basis, increased substantially, rising 23% to R11.6 billion for the year.
- Good recurring premium new business was written during the second half of the year while increased single premium annuity business was a large contributor to the higher value of new business.
- Client retention interventions resulted in better persistency across all product lines while improved risk profit performance, with a recovery in disability experience, contributed to positive operating experience variances.
- The value of new business for the year exceeded expectations, increasing 64% to R213 million, at an impressive PVP margin of 1.8%.
- Operating profit for the year increased by 33% to R330 million.

METROPOLITAN INTERNATIONAL

- New business increased strongly by 23% to R1.6 billion on a PVP basis, with improved contributions from most operations.
- The value of new business followed the same excellent trend, increasing 65% from R34 million to R56 million.
- Lives under administration in the health business increased by 2% to 394 123 while claims ratios improved as a result of successful re-pricing.
- Operating profit for the year increased by 89% to R108 million.

MOMENTUM INVESTMENTS

- Equity performance showed satisfactory improvement during the year. Further work continues on the institutional balanced mandates.
- The retail offerings gained traction as the market sentiment improved.
- The unconstrained strategies team was established.
- The Eris Property Group was successfully added to the group.
- Operating profit for the year increased by 40% to R175 million.

METROPOLITAN HEALTH

- Good growth was recorded in the Momentum Health open scheme and the Government Employees Medical Scheme.
- A few corporate schemes were amalgamated into schemes administered outside the MMI group.
- The business continued positioning itself for the anticipated health reforms.
- Operating profit for the year increased by 14% to R151 million.

SHAREHOLDER CAPITAL

- Shareholder capital includes investment income on shareholder capital, operating profit from the Balance Sheet Management and Momentum Short-Term Insurance businesses, central shareholder expenses and new ventures.

- The current and the prior year results include the reversal of income tax provisions that are no longer required.
- Investment income has been impacted as a result of the R1 billion special dividend paid in October 2012.

PROSPECTS

- The strategic focus of the MMI group has shifted from integration to growth initiatives.
- Each division has implemented plans and processes to identify and optimise structures, operations, target markets, distribution channels and product offerings through innovation and collaboration.
- Growth in new business volumes will, however, remain dependent on the economic environment, including a recovery in employment and stronger disposable income levels.
- The board of MMI Holdings believes that the group has identified and is busy implementing innovative strategies to unlock value and generate the required return on capital for shareholders over time.

SUMMARY OF FINANCIAL INFORMATION

Audited results for the 12 months ended 30 June 2013

DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited results of MMI Holdings financial services group for the year ended 30 June 2013. The preparation of the group's results was supervised by the group finance director, Preston Speckmann, BCompt (Hons), CA(SA).

Corporate events and amalgamations

The transactions to acquire 55% of the Eris Property Group and the remaining 50% in Momentum Short-Term Insurance (MSTI) became unconditional during the current year.

After consultation with the Financial Services Board (FSB), the group applied to the High Court of South Africa for the approval of the amalgamation of the two main long-term insurance licences. As a preparatory step for this legal amalgamation of the life insurance licences, Momentum Group Ltd changed its name to MMI Group Ltd. The court approval for the amalgamation was granted on 20 May 2013 and the assets and liabilities of Metropolitan Life Ltd were sold to MMI Group Ltd on this date. This had no impact on the group results or net asset value.

MMI Holdings Ltd acquired MMI Group Ltd's preference shares from FirstRand Ltd during the current year. These shares have been eliminated at the group level, but still qualify as capital for MMI Group Ltd.

Basis of presentation of financial information

These results have been prepared in accordance with International Accounting Standard 34 (IAS 34) – Interim financial reporting; the South African Companies Act of 2008; and the Listings Requirements of the JSE Ltd (JSE). The accounting policies of the group are in terms of International Financial Reporting Standards (IFRS) and have been applied consistently to all the years presented. The preparation of financial statements is in accordance with and contains the information required by IFRS and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, 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 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.

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 Momentum Short-Term Insurance, the Balance Sheet Management business unit, other support services and growth initiatives).

Reclassifications

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

- The liquidity of certain items on the statement of financial position was re-assessed, which resulted in reinsurance contracts and insurance and other receivables being moved on the statement of financial position.
- Further classification-related alignments within financial assets have been made in the current year and as a result certain balances have been restated. These alignments did not result in a change to the statement of financial position or income statement but only to certain detailed financial asset related tables.
- 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.

These restatements had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, nor on the net asset value or the statement of cash flows.

Standards and interpretations of published standards effective for the year ended 30 June 2013 and relevant to the group

- IAS 1 (amendment) – Presentation of financial statements: presentation of items of other comprehensive income became effective for the first time in the current year and had no impact on the group's earnings.
- The following amendment to a standard is effective for years beginning on or after 1 January 2012, but was early adopted by the group for the June 2011 financial year: IAS 12 (amendment) – Income taxes: deferred tax – recovery of underlying assets.

Corporate governance

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

Directorate and secretary changes and directors' shareholding

Mr John Newbury retired as a non-executive director on 26 November 2012 and we thank him for his invaluable input and support of the group over many years. The group's Company Secretary, Francois Jooste, sadly passed away during the year. The Nominations Committee of the MMI Holdings Board has appointed Ms M Chetty as the group Company Secretary with effect from 3 September 2013.

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

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 30 June 2013 that were not in the ordinary course of business.

Events after year-end

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

Dividend declaration

Ordinary shares

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

On 10 September 2013 a gross final dividend of 76 cents per ordinary share was declared, resulting in an annual dividend of 127 cents per share. The final dividend is 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, 4 October 2013 and will be paid on Monday, 7 October 2013. 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 Secondary Tax on Companies (STC) credits utilised per share amount to 3.92110 cents per ordinary share. This will result in a net dividend, for those shareholders who are not exempt from paying dividend tax, of 65.18817 cents per ordinary share.

MMI's income tax number is 975 2050 147 and the number of ordinary shares in issue at the declaration date was 1 569 803 700. The last day to trade cum dividend will be Friday, 27 September 2013. The shares will trade ex dividend from the start of business on Monday, 30 September 2013. Share certificates may not be dematerialised or rematerialised between Monday, 30 September and Friday, 4 October 2013, 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 the payment date.

Preference shares

Dividends of R23 million (132 cents per share per annum) were declared on the unlisted A3 MMI preference shares. The declaration rate was determined as set out in the company's Memorandum of Incorporation and the total preference dividend utilised STC credits of R1 173 943.

Directors' responsibility and integrated report

These results are the responsibility of the directors. The summarised financial information is an extract from the group's 2013 annual financial statements and does not contain full or complete details. Any investment decision should be based on consideration of the information contained in the full financial results. The full integrated report for 2013 will be posted to shareholders by 30 September 2013, and will be viewable online at www.mmiholdings.com. A printed version of the integrated report may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

External audit

The summarised financial information has been extracted from the group's 2013 annual financial statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report is available for inspection at the company's registered office. In addition, the summarised group embedded value information has been extracted from the 2013 group

embedded value report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of MMI, and the review report is available for inspection at the company's registered office.

Signed on behalf of the board

JJ Njeke *Chairman*

Nicolaas Kruger *Group chief executive officer*

Centurion

11 September 2013

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, RB Gouws, F Jakoet, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, SE Nxasana, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, M Vilakazi

GROUP COMPANY SECRETARY: M Chetty

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 0157

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

www.mmiholdings.com

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2013 Rm	30.06.2012 Rm
ASSETS		
Intangible assets	11 769	11 998
Owner-occupied properties	1 488	1 464
Property and equipment	348	321
Investment properties	6 433	5 415
Investment in associates	121	127
Employee benefit assets	327	302
Financial instrument assets (1)	297 847	260 883
Reinsurance contracts	1 519	1 439
Deferred income tax	124	107
Properties under development	98	-
Insurance and other receivables	2 857	2 657
Current income tax assets	108	69
Cash and cash equivalents	19 424	16 957
Non-current assets held for sale	680	865
Total assets	343 143	302 604
EQUITY		
Equity attributable to owners of the parent	23 473	23 517
Preference shares	-	500
	23 473	24 017
Non-controlling interests	391	281
Total equity	23 864	24 298
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts	96 817	88 116
Financial instrument liabilities		
Investment contracts	183 506	156 929
– with discretionary participation features	24 937	23 696
– designated at fair value through income	158 569	133 233
Other financial instrument liabilities (2)	22 152	18 140
Deferred income tax	3 917	3 934
Employee benefit obligations	1 328	1 206
Other payables	11 112	9 517
Provisions	180	153
Current income tax liabilities	267	311
Total liabilities	319 279	278 306
Total equity and liabilities	343 143	302 604

1. Financial instrument assets consist of the following:

Securities designated at fair value through income: R271 227 million (30.06.2012: R236 129 million)

Investments in associates designated at fair value through income: R17 424 million (30.06.2012: R14 333 million)

Derivative financial instruments: R3 173 million (30.06.2012: R3 579 million)

Held-to-maturity assets: R69 million (30.06.2012: R60 million)

Available-for-sale assets: R953 million (30.06.2012: R2 902 million)

Loans and receivables: R5 001 million (30.06.2012: R3 880 million)

2. Other financial instrument liabilities consist of the following:

Liabilities designated at fair value through income: R18 361 million (30.06.2012: R15 246 million)

Derivative financial instruments: R2 545 million (30.06.2012: R2 040 million)

Liabilities at amortised cost: R1 246 million (30.06.2012: R854 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Net insurance premiums received	23 304	18 694
Fee income ⁽¹⁾	6 234	5 248
Investment income	13 537	13 100
Net realised and fair value gains	29 152	13 989
Net income	72 227	51 031
Net insurance benefits and claims	20 327	18 976
Change in liabilities	9 677	3 354
Change in insurance contract liabilities	8 525	4 277
Change in investment contracts with DPF liabilities	1 237	(694)
Change in reinsurance provision	(85)	(229)
Fair value adjustments on investment contract liabilities	22 614	12 092
Fair value adjustments on collective investment scheme liabilities	882	619
Depreciation, amortisation and impairment expenses	1 144	1 008
Employee benefit expenses	4 494	3 874
Sales remuneration	3 015	2 850
Other expenses	4 249	3 711
Expenses	66 402	46 484
Results of operations	5 825	4 547
Share of profit/(loss) of associates	12	(7)
Finance costs ⁽²⁾	(1 684)	(899)
Profit before tax	4 153	3 641
Income tax expenses	(1 502)	(1 304)
Earnings	2 651	2 337
Attributable to:		
Owners of the parent	2 587	2 301
Non-controlling interests	32	5
MMI Group Ltd preference shares	32	31
	2 651	2 337
Basic earnings per ordinary share (cents)	166	154
Diluted earnings per ordinary share (cents)	164	151

1. Fee income consists of the following:

- Investment contracts: R1 901 million (30.06.2012: R1 455 million)
- Trust and fiduciary services: R1 875 million (30.06.2012: R1 546 million)
- Health administration services: R1 866 million (30.06.2012: R1 799 million)
- Other fee income: R592 million (30.06.2012: R448 million)

2. Finance costs consist of the following:

- Preference shares issued by MMI Holdings Ltd: R46 million (30.06.2012: R92 million)
- Subordinated redeemable debt: R100 million (30.06.2012: R114 million)
- Cost of carry and derivative financial instruments: R1 273 million (30.06.2012: R624 million)
- Other: R265 million (30.06.2012: R69 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Earnings	2 587	2 301	2 587	2 301
Finance costs – convertible preference shares			46	92
Dilutory effect of subsidiaries ⁽¹⁾			(19)	-
Diluted earnings			2 614	2 393
Realised gains on available-for-sale financial assets	(2)	-	(2)	-
Intangible asset and other impairments	3	67	3	67
Profit on change from associate to subsidiary	(67)	(207)	(67)	(207)
Loss/(profit) on sale of business	3	(3)	3	(3)
Headline earnings ⁽²⁾	2 524	2 158	2 551	2 250
Net realised and fair value gains on excess	(340)	(250)	(340)	(250)
Basis and other changes and investment variances	367	292	367	292
Amortisation of intangible assets relating to business combinations	587	516	587	516
Secondary Tax on Companies (STC)	-	144	-	144
BEE cost ⁽³⁾	-	3	-	3
Corporate restructuring expenses ⁽⁴⁾	58	-	58	-
Dilutory effect of subsidiaries ⁽¹⁾			-	(14)
Investment income on treasury shares – contract holders			18	14
Core headline earnings ⁽⁵⁾	3 196	2 863	3 241	2 955

- 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 year.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- This represents the cost of the BEE transaction in Namibia in the prior year in terms of IFRS 2 – *Share based payments*.
- 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, STC (prior years), 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	12 mths to 30.06.2013	12 mths to 30.06.2012
Basic		
Core headline earnings	205	192
Headline earnings	162	145
Earnings	166	154
Weighted average number of shares (million)	1 558	1 491
Diluted		
Core headline earnings	202	184
Weighted average number of shares (million) ⁽¹⁾	1 604	1 605
Headline earnings	160	142
Earnings	164	151
Weighted average number of shares (million) ⁽²⁾	1 592	1 590

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	2013	2012
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	51	44
Final – September	76	69
Total	127	113

A special dividend of 65 cents per share was declared in September 2012.

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

The A1 and A2 MMI preference shares were converted into MMI ordinary shares on a one-for-one basis during June 2012.

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).

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Earnings	2 651	2 337
Other comprehensive income for the year, net of tax	88	121
Items that may subsequently be reclassified to income	86	68
Exchange differences on translating foreign operations	86	71
Available-for-sale financial assets	-	(3)
Items that will not be reclassified to income	2	53
Land and buildings revaluation	9	63
Change in non-distributable reserves	(10)	1
Income tax relating to items that will not be reclassified	3	(11)
Total comprehensive income for the year	2 739	2 458
Total comprehensive income attributable to:		
Owners of the parent	2 654	2 414
Non-controlling interests	53	13
MMI Group Ltd preference shares	32	31
	2 739	2 458

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Changes in share capital		
Balance at beginning	13 814	13 421
Staff share scheme shares released	-	3
Treasury shares held on behalf of contract holders	(4)	2
Conversion of preference shares ⁽¹⁾	-	388
Share buy-back	(7)	-
Balance at end	<u>13 803</u>	<u>13 814</u>
Changes in other reserves		
Balance at beginning	1 572	1 466
Total comprehensive income	67	113
BEE cost	-	3
Transfer to retained earnings	(8)	(10)
Balance at end ⁽²⁾	<u>1 631</u>	<u>1 572</u>
Changes in retained earnings		
Balance at beginning	8 131	7 454
Total comprehensive income	2 587	2 301
Dividend paid	(2 886)	(1 603)
Transactions with non-controlling interests	87	(31)
Transfer from other reserves	8	10
Profit on preference share buy-back	112	-
Balance at end	<u>8 039</u>	<u>8 131</u>
Equity attributable to owners of the parent	<u>23 473</u>	<u>23 517</u>
MMI Group Ltd preference shares		
Balance at beginning	500	500
Total comprehensive income	32	31
Dividend paid	(32)	(31)
Share buy-back	(500)	-
Balance at end	<u>-</u>	<u>500</u>
Changes in non-controlling interests		
Balance at beginning	281	298
Total comprehensive income	53	13
Dividends paid	(97)	(3)
Transactions with owners	39	(27)
Business combinations	115	-
Balance at end	<u>391</u>	<u>281</u>
Total equity	<u>23 864</u>	<u>24 298</u>

1. The conversion of the preference shares in the year ended 30 June 2012 represents the conversion of the A1 and A2 MMI preference shares into ordinary shares on a one-for-one basis.

2. Other reserves consist of the following:

Land and buildings revaluation reserve: R534 million (30.06.2012: R533 million)

Foreign currency translation reserve: R139 million (30.06.2012: R74 million)

Fair value adjustment for preference shares issued by MMI: R940 million (30.06.2012: R940 million)

Fair value reserve: R11 million (30.06.2012: R11 million)

Non-distributable reserve: R4 million (30.06.2012: R11 million)

Equity-settled share-based payments reserve: R3 million (30.06.2012: R3 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to	12 mths to
	30.06.2013	30.06.2012
	Rm	Rm
Net cash inflow/(outflow) from operating activities	6 321	(1 142)
Net cash outflow from investing activities	(753)	(697)
Net cash outflow from financing activities	(3 101)	(1 875)
Net cash flow	2 467	(3 714)
Cash resources and funds on deposit at beginning	16 957	20 671
Cash resources and funds on deposit at end	19 424	16 957

PRINCIPAL ASSUMPTIONS (South Africa) ⁽¹⁾	30.06.2013	30.06.2012
	%	%
Pre-tax investment return		
Equities	11.4	11.3
Properties	8.9	8.8
Government stock	7.9	7.8
Other fixed interest stocks	8.4	8.3
Cash	6.9	6.8
Risk-free return	7.9	7.8
Risk discount rate (RDR)	10.2	10.1
Investment return (before tax) – balanced portfolio	10.1	10.0
Expense inflation base rate ⁽²⁾	6.1	5.8

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	30.06.2013	30.06.2012
	%	%
Eris Property Group (acquired in the current year)	45.7	-
Metropolitan Botswana	24.2	24.2
Metropolitan Ghana	5.0	7.8
Metropolitan Health Group	17.6	17.6
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Namibia	10.3	13.8
Metropolitan Nigeria	50.0	50.0
Metropolitan Swaziland	33.0	33.0
Momentum Health Botswana	28.0	28.0
Momentum Health Ghana	4.8	20.0
Momentum Health Mauritius	5.0	5.0
Momentum Mozambique	33.0	25.0
Momentum Swaziland	33.0	-
Momentum Tanzania	33.0	33.0
Momentum Zambia	35.0	35.0

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

FINANCIAL INSTRUMENT ASSETS	30.06.2013	Restated
	Rm	30.06.2012
		Rm
Equity securities	81 615	64 754
Debt securities	82 982	82 020
Funds on deposit and other money market instruments	15 026	12 477
Unit-linked investments	92 626	79 840
Derivative financial instruments	3 173	3 579
Loans and receivables	5 001	3 880
Investments in associates designated at fair value	17 424	14 333
Total financial instrument assets	297 847	260 883

ANALYSIS OF ASSETS UNDER MANAGEMENT	30.06.2013	Restated
	Rm	30.06.2012
		Rm
On-balance sheet assets		
Managed and/or administered by Momentum Investments	206 789	173 627
Investment assets	134 681	113 325
Collective investment schemes	64 187	53 423
Properties	7 921	6 879
Momentum Wealth linked product assets under administration	63 045	50 412
Managed internally or by other managers within MMI	17 117	20 195
Managed by external managers	33 941	34 990
Other assets	22 251	23 380
	343 143	302 604
Off-balance sheet assets		
Managed and/or administered by Momentum Investments	156 838	125 458
Collective investment schemes	85 526	65 585
Segregated assets and linked products	54 005	59 873
Properties	17 307	-
Managed internally or by other managers within MMI	4 543	4 161
Momentum Employee Benefits – segregated assets	307	298
Metropolitan Health	10 582	11 624
Momentum Wealth linked product assets under administration	43 437	35 640
Total assets under management	558 850	479 785
Total assets managed and/or administered by Momentum Investments	363 627	299 085
Other assets under management	195 223	180 700
Total assets under management	558 850	479 785

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2013		Restated 30.06.2012	
	Rm	%	Rm	%
Equity securities	973	4.1	1 121	4.7
Preference shares	538	2.3	1 492	6.2
Collective investment schemes	699	3.0	966	4.0
Debt securities	3 797	16.2	4 900	20.4
Properties	2 324	9.9	1 906	7.9
Owner-occupied properties	1 175	5.0	1 172	4.8
Investment properties	1 149	4.9	734	3.1
Cash and cash equivalents and funds on deposit	9 405	40.1	7 608	31.7
Intangible assets	7 109	30.3	7 425	30.9
Other net assets	503	2.1	487	2.0
	25 348	108.0	25 905	107.8
Redeemable preference shares	(313)	(1.3)	(316)	(1.3)
Subordinated redeemable debt	(1 562)	(6.7)	(1 572)	(6.5)
Shareholder excess per reporting basis	23 473	100.0	24 017	100.0

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

BUSINESS COMBINATIONS – JUNE 2013

Momentum Short-Term Insurance

As at 30 June 2012 MMI Group Ltd (MGL) and OUTsurance Holdings Ltd (OUTsurance) each owned 50% of the ordinary share capital of Momentum Short-Term Insurance Company Ltd (MSTI). As OUTsurance controlled MSTI, MGL accounted for the investment as an associate.

On 13 July 2012, MGL acquired the remaining 50% shareholding for R125 million in cash, which was based on the embedded value of MSTI. No goodwill was recognised on the transaction.

Eris Property Group

On 29 October 2012, MMI Holdings Ltd acquired 55% in Eris Property Group (Eris) for R329 million in cash. The group's property portfolio is currently managed by Eris and Momentum Properties. The transaction resulted in R191 million goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes.

Eris management and Kagiso Tiso Holdings (Pty) Ltd (KTH), who were existing shareholders in Eris, also acquired further shares from MMI Holdings Ltd, resulting in an effective controlling interest for MMI Holdings Ltd of 54%.

The purchase price consideration, the net assets acquired and any relevant goodwill relating to the above two transactions are as follows:

	Total	MSTI	Eris
	Rm	Rm	Rm
Purchase consideration	454	125	329
Fair value of net assets			
Intangible assets	276	158	118
Tangible assets	332	-	332
Financial instrument assets	353	201	152
Cash and cash equivalents	43	7	36
Other assets	17	3	14
Financial instrument liabilities	(85)	-	(85)
Other liabilities	(418)	(104)	(314)
Net identifiable assets acquired	518	265	253
Fair value step-up of associate - MSTI (recognised in net realised and fair value gains)	(67)	(67)	-
Derecognise investment in associate - MSTI (carrying value at acquisition date)	(73)	(73)	-
Non-controlling interests	(115)	-	(115)
Goodwill recognised	191	-	191
	454	125	329

The above two transactions contributed net income of R603 million and earnings of R33 million to the group results for the current year. Assuming the acquisitions occurred at the beginning of the year, it would have contributed additional net income of R148 million and earnings of R14 million.

Common control transactions

After consultation with the Financial Services Board (FSB), the group applied to the High Court of South Africa for the approval of the amalgamation of the two main long-term insurance licences. As a preparatory step for this legal amalgamation of the life insurance licences, Momentum Group Ltd changed its name to MMI Group Ltd. The court approval for the amalgamation was granted on 20 May 2013 and the assets and liabilities of Metropolitan Life Ltd were sold to MMI Group Ltd on this date. The transaction was recorded in accordance with the group's accounting policy for common control transactions. It had no impact on the group results or net asset value.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

12 mths to 30.06.2013	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan Inter- national Rm	Momentum Investments Rm	Metropolitan Health Rm	Shareholder Capital Rm	Segmental total Rm	Other reconciling items ⁽¹⁾ Rm	IFRS total Rm
Revenue										
Net insurance premiums	18 575	6 246	12 072	2 535	16 819	193	299	56 739	(33 435)	23 304
Recurring premiums	7 611	5 013	6 989	2 244	-	193	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	2 369	134	862	145	1 467	1 772	190	6 939	(705)	6 234
Fee income	2 369	134	862	145	1 467	1 772	190	6 939	222	7 161
Inter-segmental fee income	-	-	-	-	-	-	-	-	(927)	(927)
Expenses										
Net payments to contract holders	18 609	4 509	9 240	1 340	15 241	182	269	49 390	(29 063)	20 327
External payments	18 609	4 509	9 240	1 340	15 241	182	269	49 390	(29 031)	20 359
Inter-segmental payments	-	-	-	-	-	-	-	-	(32)	(32)
Other expenses	3 215	2 029	983	1 052	1 215	1 619	700	10 813	2 089	12 902
Sales remuneration	1 645	871	77	335	-	5	34	2 967	48	3 015
Administration expenses ⁽²⁾	1 570	1 158	906	715	948	1 578	310	7 185	406	7 591
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	21	81	368	1 570	1 938
Holding company expenses	-	-	-	-	-	-	236	236	-	236
Inter-segmental expenses	-	-	-	-	-	-	-	-	(950)	(950)
Diluted core headline earnings	1 179	509	330	108	175	151	789	3 241	-	3 241
Operating profit	1 638	707	448	145	198	171	205	3 512	-	3 512
Tax on operating profit	(459)	(198)	(118)	(37)	(54)	(30)	(58)	(954)	-	(954)
Investment income	-	-	-	-	43	14	847	904	-	904
Tax on investment income	-	-	-	-	(12)	(4)	(205)	(221)	-	(221)
Actuarial liabilities	153 463	29 070	54 614	7 656	32 703	11	3 250	280 767	(444)	280 323

- The 'other 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; and other minor adjustments to expenses (R88 million), sales remuneration (R7 million) and fee income (R90 million).
- Administration expenses for the current year include the following relating to new acquisitions: Metropolitan International - R66 million relating to Momentum Namibia; Momentum Investments – R201 million relating to Eris Property Group and; Shareholder Capital – R28 million relating to Momentum Short-Term Insurance.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2012	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan Inter- national Rm	Momentum Investments Rm	Metropolitan Health Rm	Shareholder Capital Rm	Segmental total Rm	Other reconciling items ⁽¹⁾ Rm	IFRS total Rm
Revenue										
Net insurance premiums	17 148	6 042	9 712	1 960	10 661	29	-	45 552	(26 858)	18 694
Recurring premiums	7 376	4 760	5 990	1 639	-	29	-	19 794	(4 547)	15 247
Single premiums	9 772	1 282	3 722	321	10 661	-	-	25 758	(21 847)	3 911
Inter-segmental premiums	-	-	-	-	-	-	-	-	(464)	(464)
Fee income	1 751	130	932	129	1 099	1 701	82	5 824	(576)	5 248
Fee income	1 751	130	932	129	1 099	1 701	82	5 824	(7)	5 817
Inter-segmental fee income	-	-	-	-	-	-	-	-	(569)	(569)
Expenses										
Net payments to contract holders	16 095	5 049	9 033	1 099	12 772	24	799	44 871	(25 895)	18 976
External payments ⁽²⁾	16 095	5 049	9 033	1 099	12 772	24	799	44 871	(25 865)	19 006
Inter-segmental payments	-	-	-	-	-	-	-	-	(30)	(30)
Other expenses	3 217	1 863	991	841	959	1 560	477	9 908	1 535	11 443
Sales remuneration	1 582	778	166	247	4	-	-	2 777	73	2 850
Administration expenses	1 616	1 085	819	574	730	1 507	236	6 567	65	6 632
Amortisation due to business combinations and impairments	19	-	6	20	12	53	40	150	614	764
Direct property expenses	-	-	-	-	-	-	-	-	302	302
Asset management and other fee expenses	-	-	-	-	213	-	-	213	1 050	1 263
Holding company expenses	-	-	-	-	-	-	201	201	-	201
Inter-segmental expenses	-	-	-	-	-	-	-	-	(569)	(569)
Diluted core headline earnings	1 064	438	249	57	125	133	889	2 955	-	2 955
Operating profit	1 472	609	351	77	146	170	306	3 131	-	3 131
Tax on operating profit	(408)	(171)	(102)	(20)	(40)	(51)	(34)	(826)	-	(826)
Investment income	-	-	-	-	27	17	767	811	-	811
Tax on investment income	-	-	-	-	(8)	(3)	(150)	(161)	-	(161)
Actuarial liabilities	131 252	31 064	43 898	6 326	30 055	1	2 902	245 498	(453)	245 045

- The 'other reconciling items' column includes: an adjustment to reverse investment contract premiums (R26 580 million) and claims (R25 868 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 R186 million; fee income R1 million, claims R3 million, sales remuneration R90 million and expenses R103 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; Namibian BEE cost (R3 million) and other minor adjustments to expenses (R41 million), sales remuneration (R17 million) and fee income (R8 million).
- The R799 million payments to contract holders in shareholder capital relates to the maturity of certain corporate policies administered by Balance Sheet Management.

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	Other reconciling items Rm	IFRS total Rm
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. Refer to table below for detail. These restatements had no impact on core headline earnings.										
June 2012										
Fee income										
Published June 2012	1 797	130	938	129	1 099	1 701	30	5 824	(576)	5 248
Reclassifications	(46)	-	(6)	-	-	-	52	-	-	-
Restated June 2012	1 751	130	932	129	1099	1 701	82	5 824	(576)	5 248
Actuarial liabilities										
Published June 2012	131 723	31 064	43 898	6 326	30 055	1	2 431	245 498	(453)	245 045
Reclassifications	(471)	-	-	-	-	-	471	-	-	-
Restated June 2012	131 252	31 064	43 898	6 326	30 055	1	2 902	245 498	(453)	245 045

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm	Change
Momentum Retail	1 179	1 064	11%
Metropolitan Retail	509	438	16%
Momentum Employee Benefits	330	249	33%
Metropolitan International	108	57	89%
Momentum Investments	175	125	40%
Metropolitan Health	151	133	14%
Operating divisions	2 452	2 066	19%
Shareholder Capital	789	889	(11%)
Total diluted core headline earnings	3 241	2 955	10%

RECONCILIATION OF MOMENTUM INVESTMENTS	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Revenue		
Fee income	1 467	1 099
Expenses and finance costs	1 234	970
Other expenses	1 215	959
Finance costs	19	11
Share of profit of associates	5	-
Less non-controlling interests	42	-
	196	129
Core adjustments	2	17
Impairments and amortisation of intangibles relating to business combinations	1	12
Other	1	5
Operating profit before tax	198	146

RECONCILIATION OF METROPOLITAN HEALTH	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Revenue	1 965	1 730
Net insurance premiums	193	29
Fee income	1 772	1 701
Expenses and finance costs	1 801	1 587
Net payments to contract holders	182	24
Other expenses	1 619	1 560
Finance costs	-	3
	164	143
Core adjustments	7	27
Impairments and amortisation of intangibles relating to business combinations	15	53
Adjustments for dilution	(10)	(17)
Other	2	(9)
Operating profit before tax	171	170

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

RECONCILIATION OF SHAREHOLDER CAPITAL	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Revenue		
Net insurance premiums (excluding investment business)	287	-
Balance Sheet Management income including fee income	711	645
Guaranteed portfolios earnings	174	177
Returns in excess of benchmark	138	152
Returns on working capital and other	399	316
Other income	26	98
Total income	1 024	743
Expenses		
Net payments to contract holders (excluding investment business)	158	-
Other expenses	661	437
Balance Sheet Management	173	128
Strategic initiatives and other ⁽¹⁾	252	108
Holding company	236	201
Total expenses	819	437
Operating profit before tax	205	306

1. Includes Momentum Short-Term Insurance (R143 million), Solvency Assessment and Management (SAM) costs, redeployment centre costs and India strategic costs.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

PAYMENTS TO CONTRACT HOLDERS	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Momentum Retail	18 609	16 095
Death and disability claims	3 018	2 940
Maturity claims	5 726	4 844
Annuities	3 849	3 420
Withdrawal benefits	140	48
Surrenders	6 655	5 684
Re-insurance recoveries	(779)	(841)
Metropolitan Retail	4 509	5 049
Death and disability claims	991	1 030
Maturity claims	1 688	1 512
Annuities	540	761
Withdrawal benefits	61	37
Surrenders	1 324	1 796
Re-insurance recoveries	(95)	(87)
Momentum Employee Benefits	9 240	9 033
Death and disability claims	3 241	2 791
Maturity claims	491	471
Annuities	1 176	938
Withdrawals and surrenders	2 550	2 344
Terminations	834	676
Disinvestments	1 620	2 382
Re-insurance recoveries	(672)	(569)
Metropolitan International	1 340	1 099
Death and disability claims	556	455
Maturity claims	234	209
Annuities	84	51
Withdrawal benefits	70	95
Surrenders	362	266
Terminations	64	39
Disinvestments	-	5
Re-insurance recoveries	(30)	(21)
Momentum Investments		
Withdrawals	15 241	12 772
Metropolitan Health		
Claims	182	24
Shareholder Capital		
Claims	269	799
Total payments to contract holders	49 390	44 871
Adjustment for payments to investment contract holders	(29 181)	(25 991)
Transfers between insurance, investment and investment with DPF contracts	147	123
FNB Life adjustment	3	3
Inter-segmental	(32)	(30)
Net insurance benefits and claims per income statement	20 327	18 976

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	12 mths to 30.06.2013 Net inflow/ (outflow) Rm	Restated 12 mths to 30.06.2012 Net inflow/ (outflow) Rm
On-balance sheet fund flows						
Momentum Retail	10 964	7 611	18 575	(18 609)	(34)	1 053
Metropolitan Retail	1 233	5 013	6 246	(4 509)	1 737	993
Momentum Employee Benefits	5 083	6 989	12 072	(9 240)	2 832	679
Metropolitan International	291	2 244	2 535	(1 340)	1 195	861
Momentum Investments	16 819	-	16 819	(15 241)	1 578	(2 111)
Metropolitan Health	-	193	193	(182)	11	-
Shareholder Capital	12	287	299	(269)	30	(799)
Long-term insurance business fund flows	34 402	22 337	56 739	(49 390)	7 349	676
Off-balance sheet fund flows						
Momentum Retail	14 635	-	14 635	(11 213)	3 422	2 542
Momentum Employee Benefits	14	-	14	-	14	332
Metropolitan International	987	-	987	(812)	175	(5)
Momentum Investments	80 165	4 358	84 523	(92 454)	(7 931)	1 019
Momentum Investments – Eris Property acquisition	18 678	-	18 678	-	18 678	-
Metropolitan Health	-	41 277	41 277	(35 700)	5 577	6 171
Total net funds received from clients	148 881	67 972	216 853	(189 569)	27 284	10 735

NUMBER OF EMPLOYEES	30.06.2013	Restated 30.06.2012
Indoor staff	9 597	9 311
Momentum Retail	1 660	1 764
Metropolitan Retail	1 452	1 431
Momentum Employee Benefits	1 052	980
Metropolitan International	852	797
Momentum Investments	693	519
Metropolitan Health	2 947	2 961
Shareholder Capital		
Balance Sheet Management	66	54
Group services	719	751
Short-term insurance	156	-
Redeployment centre	-	54
Field staff	6 798	6 549
Momentum Retail	993	1 057
Metropolitan Retail	4 369	4 179
Metropolitan International	1 436	1 313
Total	16 395	15 860

- The increase in the number of employees of Momentum Investments is mainly due to the acquisition of Eris with 280 employees.

MMI HOLDINGS GROUP – STATEMENT OF ASSETS AND LIABILITIES

STATEMENT OF ASSETS AND LIABILITIES ON REPORTING BASIS	30.06.2013 Rm	Restated 30.06.2012 Rm
Total assets	343 143	302 604
Actuarial value of policy liabilities	(280 323)	(245 045)
Other liabilities	(38 956)	(33 261)
Non-controlling interests	(391)	(281)
Group excess per reporting basis	23 473	24 017
Net assets – other businesses	(1 547)	(1 334)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(5 001)	(5 901)
Excess – long-term insurance business, net of non-controlling interests ⁽¹⁾	16 925	16 782
RECONCILIATION OF CHANGE IN LONG-TERM INSURANCE EXCESS TO THE INCOME STATEMENT		
Change in excess of long-term insurance business ⁽¹⁾	143	871
Increase in share capital	(29)	(345)
Change in other reserves	(62)	(60)
Dividend paid – ordinary shares	3 140	2 502
Change in non-controlling interests	-	(53)
Acquisition of Momentum Namibia	-	(117)
Other	(22)	-
Total surplus arising, net of non-controlling interests	3 170	2 798
Operating profit	2 636	2 309
Investment income on excess	683	520
Net realised and fair value gains on excess	221	242
Investment variances	117	(54)
Basis and other changes	(487)	(219)
Net consolidation adjustments	(43)	(12)
Earnings after non-controlling interests of long-term insurance business	3 127	2 786
Earnings after non-controlling interests of other group businesses and consolidation adjustments	(94)	(39)
Amortisation of intangibles relating to the merger	(446)	(446)
Earnings attributable to owners of the parent as per income statement	2 587	2 301

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	30.06.2013 Rm	30.06.2012 Rm
Reporting excess – long-term insurance business ⁽¹⁾	16 925	16 782
Disregarded assets ⁽²⁾	(977)	(998)
Difference between statutory and published valuation methods	(551)	(436)
Write-down of subsidiaries and associates for statutory purposes	(936)	(1 209)
Unsecured subordinated debt	1 553	1 563
Consolidation adjustments	(119)	(56)
Statutory excess – long-term insurance business	15 895	15 646
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 167	6 641
Ratio of long-term insurance business excess to CAR (times)	2.6	2.4
Discretionary margins	11 378	9 974

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 R562 million (30.06.2012: R590 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	30.06.2013 Rm	30.06.2012 Rm
Covered business		
Reporting excess – long-term insurance business	16 925	16 782
Reclassification to non-covered business	(1 482)	(1 388)
	15 443	15 394
Disregarded assets ⁽¹⁾	(693)	(688)
Difference between statutory and published valuation methods	(551)	(436)
Dilutory effect of subsidiaries ⁽²⁾	(26)	(30)
Consolidation adjustments ⁽³⁾	(36)	(30)
Momentum Namibia adjustment ⁽⁴⁾	-	(247)
Value of MMI Group Ltd preference shares issued	(500)	(480)
Diluted adjusted net worth – covered business	13 637	13 483
Net value of in-force business	17 870	14 910
Diluted embedded value – covered business	31 507	28 393
Non-covered business		
Net assets – non-covered business within life insurance companies	1 482	1 388
Net assets – non-covered business outside life insurance companies	1 547	1 334
Consolidation adjustments ⁽³⁾	(1 011)	(200)
Adjustments for dilution ⁽⁵⁾	698	610
Diluted adjusted net worth – non-covered business	2 716	3 132
Write-up to directors' value	925	947
Non-covered business	2 543	2 110
Holding company expenses ⁽⁶⁾	(1 208)	(953)
International holding company expenses ⁽⁶⁾	(410)	(210)
Diluted embedded value – non-covered business	3 641	4 079
Diluted adjusted net worth	16 353	16 615
Net value of in-force business	17 870	14 910
Write-up to directors' value	925	947
Diluted embedded value	35 148	32 472
Required capital – covered business (adjusted for qualifying debt and preference shares)	8 620	7 858
Surplus capital – covered business	5 017	5 625
Diluted embedded value per share (cents)	2 191	2 023
Diluted adjusted net worth per share (cents)	1 020	1 035
Diluted number of shares in issue (million) ⁽⁷⁾	1 604	1 605

- Disregarded assets include Sage intangible assets of R562 million (30.06.2012: R590 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 year, 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 carrying value of Momentum Namibia included in the reporting excess for the prior year was written down to the company's net asset value. For June 2013 this adjustment is already included in the reporting excess.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 2): R119 million (30.06.2012: R74 million)
 - Treasury shares held on behalf of contract holders: R266 million (30.06.2012: R220 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R313 million (30.06.2012: R316 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	30.06.2013 Rm	Restated 30.06.2012 Rm
Momentum Retail ⁽¹⁾	8 967	8 029
Gross value of in-force business	10 490	9 587
Less cost of required capital	(1 523)	(1 558)
Metropolitan Retail	3 555	3 323
Gross value of in-force business	4 312	3 968
Less cost of required capital	(757)	(645)
Momentum Employee Benefits	3 106	1 992
Gross value of in-force business	3 776	2 609
Less cost of required capital	(670)	(617)
Metropolitan International	1 659	1 268
Gross value of in-force business	1 772	1 321
Less cost of required capital	(113)	(53)
Shareholder Capital ⁽¹⁾	583	298
Gross value of in-force business ⁽²⁾	583	298
Less cost of required capital	-	-
Net value of in-force business	17 870	14 910

Notes

1. Net value of in-force of R93 million was transferred from Momentum Retail to Shareholder Capital at 30 June 2012, reflecting a change in the responsibility for managing financial options and guarantees (Advisory Practice Note (APN) 110). The comparatives have been restated to reflect this change.
2. The value of in-force in the Shareholder Capital represents discretionary margins.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE PER DIVISION	Adjusted net worth Rm	Net value of in-force Rm	30.06.2013 Rm	30.06.2012 Rm
Covered business				
MMI Group Ltd	12 441	16 211	28 652	26 115
Metropolitan Odyssey Ltd	49	-	49	48
Metropolitan International	1 147	1 659	2 806	2 230
Metropolitan Life (Namibia) Ltd	431	1 092	1 523	1 263
Metropolitan Life of Botswana Ltd	137	129	266	215
Metropolitan Lesotho Ltd	276	379	655	539
Other international businesses	303	59	362	213
Total covered business	13 637	17 870	31 507	28 393
	Adjusted net worth Rm	Write up to directors' value Rm	30.06.2013 Rm	Restated 30.06.2012 Rm
Non-covered business				
Momentum Investments ⁽¹⁾	721	1 025	1 746	1 453
Metropolitan Health ⁽²⁾	404	1 258	1 662	1 603
Momentum Retail (Wealth) ⁽³⁾	269	110	379	408
Momentum Short-Term Insurance (MSTI)	171	129	300	160
Metropolitan International Holdings ⁽⁴⁾	104	(389)	(285)	78
MMI Holdings (after consolidation adjustments) ⁽⁴⁾	1 047	(1 208)	(161)	377
Total non-covered business	2 716	925	3 641	4 079
Total embedded value	16 353	18 795	35 148	32 472
Diluted adjusted net worth – non-covered business	(2 716)			
Adjustments to covered business – adjusted net worth	3 288			
Reporting excess – long-term insurance business	16 925			

1. Momentum Investments subsidiaries are valued using forward Price Earnings multiples applied to the relevant sustainable earnings bases. June 2013 includes the valuation of Eris Properties Group.
2. Metropolitan Health subsidiaries have been valued using Embedded Value methodology.
3. Momentum Retail (Wealth) has been valued using Embedded Value methodology.
4. 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			12 mths to 30.06.2013	12 mths to 30.06.2012
		Adjusted net worth (ANW) Rm	Gross Value of in-force (VIF) Rm	Cost of CAR Rm	Total EV Rm	Total EV Rm
Profit from new business		(1 296)	2 257	(162)	799	723
Embedded value from new business	A	(1 296)	2 169	(162)	711	633
Expected return to end of period	B	-	88	-	88	90
Profit from existing business		3 228	120	(12)	3 336	2 350
Expected return – unwinding of RDR	B	-	1 786	(299)	1 487	1 518
Release from the cost of required capital	C	-	-	417	417	411
Expected (or actual) net of tax profit transfer to net worth	D	3 093	(3 093)	-	-	-
Operating experience variances	E	618	275	19	912	711
Operating assumption changes	F	(483)	1 152	(149)	520	(290)
Embedded value profit from operations		1 932	2 377	(174)	4 135	3 073
Investment return on adjusted net worth	G	919	-	-	919	870
Investment variances	H	140	852	19	1 011	(364)
Economic assumption changes	I	(36)	(170)	(15)	(221)	110
Acquisition of covered business		-	89	-	89	5
Exchange rate movements		32	9	(2)	39	18
Embedded value profit – covered business		2 987	3 157	(172)	5 972	3 712
Transfer of business from/(to) non-covered business	J	292	(7)	(18)	267	(571)
Changes in share capital		37	-	-	37	365
Dividend paid		(3 140)	-	-	(3 140)	(2 498)
Change in reserves		(22)	-	-	(22)	28
Change in embedded value – covered business		154	3 150	(190)	3 114	1 036
Non-covered business						
Change in directors' valuation and other items					131	4
Holding company expenses					(455)	(248)
Secondary Tax on Companies allowance					-	6
Embedded value profit – non-covered business					(324)	(238)
Changes in share capital					(37)	(365)
Dividend paid					236	889
Finance costs – preference shares					(46)	(92)
Transfer of business (to)/from covered business	J				(267)	551
Change in embedded value – non-covered business					(438)	745
Total change in group embedded value					2 676	1 781
Total embedded value profit					5 648	3 474
Return on embedded value (%) - internal rate of return					17.4%	11.3%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Total Rm
12 mths to 30.06.2013					
Value of new business (1)	203	239	213	56	711
Gross	268	268	275	63	874
Less cost of required capital	(65)	(29)	(62)	(7)	(163)
New business premiums	12 433	2 305	5 836	473	21 047
Recurring premiums	1 057	1 075	769	298	3 199
Single premiums	11 376	1 230	5 067	175	17 848
New business premiums (APE)	2 195	1 198	1 276	316	4 985
New business premiums (PVP)	17 421	5 126	11 627	1 635	35 809
Profitability of new business as a % of APE	9.2	19.9	16.7	17.7	14.3
Profitability of new business as a % of PVP	1.2	4.7	1.8	3.4	2.0
Restated					
12 mths to 30.06.2012					
Value of new business (1)	173	262	130	34	599
Gross	235	284	173	34	726
Less cost of required capital	(62)	(22)	(43)	-	(127)
New business premiums	11 518	2 282	4 458	497	18 755
Recurring premiums	1 054	1 035	790	228	3 107
Single premiums	10 464	1 247	3 668	269	15 648
New business premiums (APE)	2 100	1 159	1 157	255	4 671
New business premiums (PVP)	16 384	5 371	9 421	1 332	32 508
Profitability of new business as a % of APE	8.2	22.6	11.2	13.3	12.8
Profitability of new business as a % of PVP	1.1	4.9	1.4	2.6	1.8

- 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 year have been used.
1. The Wealth off-balance sheet business has been excluded from covered business in the current year. The comparative value of new business information has been restated but the analysis of changes in embedded value has not been restated.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Employee Benefits Rm	Metropolitan International Rm	Total Rm
12 mths to 30.06.2013					
New business premiums	12 433	2 305	5 836	473	21 047
Recurring premiums	1 057	1 075	769	298	3 199
Risk	508	748	369	-	1 625
Savings/Investments	549	327	400	-	1 276
International	-	-	-	298	298
Single premiums	11 376	1 230	5 067	175	17 848
Savings/Investments	10 921	589	2 267	-	13 777
Annuities	455	641	2 800	-	3 896
International	-	-	-	175	175
New business premiums (APE)	2 195	1 198	1 276	316	4 985
Risk	508	748	369	-	1 625
Savings/Investments	1 641	386	627	-	2 654
Annuities	46	64	280	-	390
International	-	-	-	316	316
Restated					
12 mths to 30.06.2012					
New business premiums	11 518	2 282	4 458	497	18 755
Recurring premiums	1 054	1 035	790	228	3 107
Risk	566	735	419	-	1 720
Savings/Investments	486	300	368	-	1 154
Annuities	2	-	3	-	5
International	-	-	-	228	228
Single premiums	10 464	1 247	3 668	269	15 648
Savings/Investments	9 699	659	2 397	-	12 755
Annuities	765	588	1 271	-	2 624
International	-	-	-	269	269
New business premiums (APE)	2 100	1 159	1 157	255	4 671
Risk	566	734	419	-	1 719
Savings/Investments	1 456	366	608	-	2 430
Annuities	78	59	130	-	267
International	-	-	-	255	255

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2013 Rm	Restated 12 mths to 30.06.2012 Rm
Total lump sum inflows	148 881	105 090
Inflows not included in value of new business	(131 698)	(90 352)
Momentum Retail ⁽¹⁾	(14 816)	(13 063)
Momentum Employee Benefits	(184)	(66)
Metropolitan International	(1 024)	(1 122)
Momentum Investments		
On-balance sheet inflows	(16 819)	(10 661)
Off-balance sheet inflows		
Eris Property acquisition	(18 678)	-
Other	(80 165)	(65 440)
Balance Sheet Management	(12)	-
Term extensions on maturing policies	610	885
Non-controlling interests and other adjustments	55	25
Single premiums included in value of new business	17 848	15 648

1. From financial year 2013 Wealth off-balance sheet business has been excluded from covered business.

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year 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 year.

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 year.

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. While investment returns on certain explicit discretionary margin reserves were retained in the past, expected investment returns of R128 million (30.06.2012: R146 million) on the statutory basis after tax (R153 million (30.06.2012: R182 million) on the published basis after tax) have been released to earnings in the twelve months ended 30 June 2013 in conjunction with management's regular review of the adequacy of these margins in line with the accounting policy. This item is released from the value of in-force as part of the item "Expected (or actual) net of tax profit transfer to net worth".

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	12 mths to 30.06.2013			12 mths to
		ANW Rm	Net VIF Rm	EV Rm	30.06.2012 EV Rm
Momentum Retail		75	53	128	76
Mortality and morbidity	1	249	10	259	154
Terminations, premium cessations and policy alterations	2	(59)	76	17	3
Expense variance		3	(3)	-	(23)
Other	4	(118)	(30)	(148)	(58)
Metropolitan Retail		101	(39)	62	7
Mortality and morbidity	1	88	9	97	92
Terminations, premium cessations and policy alterations	5	(34)	(63)	(97)	(76)
Expense variance	3	59	-	59	27
Other	6	(12)	15	3	(36)
Momentum Employee Benefits		152	154	306	147
Mortality and morbidity	1	19	(2)	17	53
Terminations	7	78	155	233	44
Expense variance	3	9	-	9	14
Other	6	46	1	47	36
Metropolitan International		76	76	152	38
Mortality and morbidity	1	88	(7)	81	62
Terminations, premium cessations and policy alterations		24	41	65	1
Expense variance	3	(22)	38	16	(18)
Other		(14)	4	(10)	(7)
Shareholder Capital	8	214	28	242	328
Opportunity cost of required capital		-	22	22	115
Total operating experience variances		618	294	912	711

Notes

- Overall, mortality and morbidity experience for the twelve months was better compared to what was allowed for in the valuation basis.
- Favourable persistency on Risk and Investment Business offset by fee alterations on Wealth business.
- The impact of managing expenses better than anticipated in the actuarial valuation basis.
- Various items including non-recurring costs related to strategic initiatives and under-recovery of intergroup sales costs.
- Mainly one-off items relating to Grouped Individual terminations and expense recoveries on smoothed bonus product withdrawals. Corrective actions, including provisioning and modelling changes, have been taken during the current period.
- Various small other operating experience variances.
- Positive impact of better than anticipated termination experience on administration and investment fees and also reduced capital required due to the migration towards less capital intensive products.
- 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	12 mths to 30.06.2013			12 mths to
		ANW Rm	Net VIF Rm	EV Rm	30.06.2012 EV Rm
Momentum Retail		(341)	419	78	(220)
Mortality and morbidity assumptions	1	(41)	107	66	11
Renewal expense assumptions	2	(53)	157	104	17
Termination assumptions	3	(77)	181	104	(7)
Modelling, methodology and other changes	4	(170)	(26)	(196)	(241)
Metropolitan Retail		(51)	200	149	143
Mortality and morbidity assumptions	1 & 5	45	160	205	15
Renewal expense assumptions	2	26	64	90	(3)
Termination assumptions	5	(77)	(101)	(178)	3
Modelling, methodology and other changes	6	(45)	77	32	128
Momentum Employee Benefits		(21)	408	387	296
Assumed mortality and morbidity profit margin	1	-	(29)	(29)	82
Termination assumptions	7	-	201	201	56
Renewal expense assumptions	2	(60)	141	81	109
Modelling, methodology and other changes	8	39	95	134	49
Metropolitan International		(73)	55	(18)	(44)
Mortality and morbidity assumptions		(4)	8	4	1
Renewal expense assumptions	2	14	10	24	(8)
Termination assumptions		(46)	25	(21)	(7)
Modelling, methodology and other changes	9	(37)	12	(25)	(30)
Shareholder Capital		3	17	20	(6)
Methodology change: cost of required capital	10	-	(96)	(96)	(459)
Total operating assumption changes		(483)	1 003	520	(290)

Notes

1. Allowance in the assumptions for better risk experience across all divisions, in line with experience.
2. Allowance in the assumptions for better expense experience across all divisions, in line with budgets.
3. Mainly positive termination assumption changes on Risk business, in line with experience.
4. Various changes to models and methodology, including improvements to fees on Wealth business, tax changes, benefit enhancements and costs relating to strategic initiatives.
5. Offsetting mortality and termination assumption changes have been made to mainly Grouped Individual lines of business, in line with recent experience investigations.
6. Various changes to models and methodology.
7. Improvements to termination assumptions, in line with experience.
8. Various changes to models and methodology, including improvements to allowances for investment guarantees (APN 110) and yield curves on annuity products.
9. Various changes to models and methodology, including improvements to allowances for investment guarantees (APN 110).
10. Various changes including changes to the assumed return on assets backing the required capital.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

G. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2013 Rm	12 mths to 30.06.2012 Rm
Investment income	681	611
Capital appreciation	267	290
Preference share dividends paid and change in fair value of preference shares	(29)	(31)
Investment return on adjusted net worth	919	870

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 FROM/(TO) 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 – 30.06.2013	Adjusted net worth ⁽³⁾	In-force business			New business written		
		Net value ⁽⁴⁾	Gross value	Cost of CAR ⁽⁵⁾	Net value	Gross value	Cost of CAR ⁽⁵⁾
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value	13 637	17 870	20 933	(3 063)	711	874	(163)
1% increase in risk discount rate % change		16 489 (8)	19 932 (5)	(3 443) 12	584 (18)	773 (12)	(189) 16
1% reduction in risk discount rate % change		19 434 9	22 085 6	(2 651) (13)	858 21	995 14	(137) (16)
10% decrease in future expenses % change ⁽¹⁾		18 961 6	22 026 5	(3 065) -	817 15	980 12	(163) -
10% decrease in lapse, paid-up and surrender rates % change		18 512 4	21 601 3	(3 089) 1	870 22	1 041 19	(171) 5
5% decrease in mortality and morbidity for assurance business % change		19 183 7	22 300 7	(3 117) 2	866 22	1 028 18	(162) (1)
5% decrease in mortality for annuity business % change		17 554 (2)	20 632 (1)	(3 078) -	698 (2)	861 (1)	(163) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	13 629 -	18 217 2	21 334 2	(3 117) 2	806 13	963 10	(157) (4)
1% reduction in inflation rate % change		18 556 4	21 620 3	(3 064) -	755 6	918 5	(163) -
10% fall in market value of equities and properties % change	13 447 (1)	16 503 (8)	19 648 (6)	(3 145) 3			
10% reduction in premium indexation take-up rate % change		17 571 (2)	20 617 (2)	(3 046) (1)	667 (6)	830 (5)	(163) -
10% decrease in non-commission related acquisition expenses % change					829 17	992 14	(163) -
1% increase in equity/property risk premium % change		18 230 2	21 249 2	(3 019) (1)	718 1	881 1	(163) -

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 Adjusted net worth sensitivities represents the change in respect of shareholder investment assets only.
4. The Net VIF includes the day one impact of any reserving and value of in-force changes as per the APN 107 guidelines.
5. 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	30.06.2013	30.06.2012
12 months		
Value of listed shares traded (rand million)	16 060	11 420
Volume of listed shares traded (million)	733	655
Shares traded (% of average listed shares in issue)	47	43
Value of shares traded – life insurance (J857 – Rbn)	155	119
Value of shares traded – top 40 index (J200 – Rbn)	3 059	2 791
Trade prices		
Highest (cents per share)	2 700	1 976
Lowest (cents per share)	1 792	1 505
Last sale of year (cents per share)	2 217	1 800
Annualised percentage (%) change during year	23	6
Annualised percentage (%) change – life insurance sector (J857)	37	29
Annualised percentage (%) change – top 40 index (J200)	18	4
30 June		
Price/diluted core headline earnings (segmental) ratio	11.0	9.8
Dividend yield % (dividend on listed shares)	5.7	6.3
Dividend yield % – top 40 index (J200)	2.9	3.0
Total shares issued (million)		
Ordinary shares listed on JSE	1 570	1 571
Treasury shares held on behalf of contract holders	(14)	(13)
Basic number of shares in issue	1 556	1 558
Treasury shares held on behalf of contract holders	14	13
Convertible redeemable preference shares	34	34
Diluted number of shares in issue ⁽¹⁾	1 604	1 605
Market capitalisation at end (Rbn) ⁽²⁾	36	29
Percentage (%) of life insurance sector	13	13

1. 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.
2. The market capitalisation is calculated on the fully diluted number of shares in issue.