



MMI HOLDINGS

Summary of financial information

Unaudited results for the 6 months ended 31 December 2015

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 2015. The preparation of the group's results was supervised by the group finance director, Mary Vilakazi, CA(SA).

Corporate events

Listed debt

MMI Group Ltd (MMIGL) listed new instruments to the total value of R1 250 million on the JSE Ltd on 6 August 2015. The instruments are unsecured subordinated callable notes.

On 15 September 2015, R1 000 million of unsecured subordinated notes previously issued by MMIGL were redeemed.

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; the JSE Listings Requirements and the South African Companies Act, 71 of 2008. The accounting policies applied in the preparation of these financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the previous years 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 2015, 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 2015 and relevant to the group

There were no new amendments to standards and interpretations in the current period.

MMI HOLDINGS GROUP

Segmental report

From 1 July 2015 the MMI group embarked on a new segmental reporting view that is aligned with the client-centric goals of the group. The segmental report has been disclosed on this new internal structure and the prior periods have been restated. The new segmental reporting had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow.

The new client-centric reporting view reflects the following segments:

Momentum Retail: Momentum Retail's purpose is to enhance the lifetime financial wellness of people, their families, communities and businesses. The focus is on three main client segments – the upper and middle retail segments and the small business segment in South Africa, offering innovative and appropriate wealth creation, risk and savings solutions.

Metropolitan Retail: Metropolitan Retail's purpose is to enhance the lifetime financial wellness of people, their families and their communities through empowerment and education. They target the entry-level market retail segments in South Africa with a focus on client value, ease of interaction, empowering advice and a lifetime engagement, offering savings, income generation, risk and funeral products.

Corporate and Public Sector: In order to enhance the lifetime financial wellness of businesses, employees, customers and their communities, the client is placed at the centre of everything the segment does. This requires deepening industry and sector insights about the institutions that MMI serves and focusing on the strategic issues that affect them and their employees.

The Corporate and Public Sector focuses on medium to large corporates, affinity groups, labour unions and the public sector institutions, offering solutions that grow their profitability, protect their asset base and enhance their sustainability.

International: The International segment manages MMI's global expansion holistically, in order to enhance the lifetime financial wellness of people, their communities and their businesses and to take care of client needs in the selected segments of countries where MMI is represented.

Shareholder Capital: This segment is responsible for the management of the capital base of the group, and the incubation of strategic initiatives until such time as they start to interact directly with clients, in which case they are then transferred to the relevant operating segment.

Embedded value restatements

On 1 July 2014 Guardrisk Life Ltd was transferred to covered business (adjusted net worth of R44 million and value of in-force of R324 million). The December 2014 comparatives have been restated to reflect the transfer of Guardrisk Life Ltd to covered business.

Corporate governance

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

Changes to the directorate, secretary and directors' shareholding

Sizwe Nxasana retired from the MMI board on 30 September 2015 and Leon Crouse resigned from the MMI board with effect from 31 March 2016. We thank them for their commitment and contribution to the group. On 20 November 2015, Peter Cooper, currently a non-executive director of RMH, RMI, RMB Structured Insurance, amongst others was appointed to the board.

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

Changes to the group executive committee

There were no changes in the current period.

MMI HOLDINGS GROUP

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 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 these results.

Interim dividend declaration

Ordinary shares

- On 2 March 2016, a gross interim dividend of 65 cents per ordinary share was declared.
- The 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, 1 April 2016, and will be paid on Monday, 4 April 2016.
- 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.
- This will result in a net final dividend of 55.25 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Wednesday, 23 March 2016.
- The shares will trade ex dividend from the start of business on Thursday, 24 March 2016.
- Share certificates may not be dematerialised or rematerialised between Thursday, 24 March 2016 and Friday, 1 April 2016, both days inclusive.
- The number of ordinary shares at the declaration date was 1 572 943 126.
- MMI's income tax number is 975 2050 147.

Preference shares

- Dividends of R20.7 million (132 cents per share p.a.) were declared on the unlisted A3 MMI Holdings Ltd preference shares as determined by the company's Memorandum of Incorporation.

MMI HOLDINGS GROUP

Directors' responsibility

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
2 March 2016

DIRECTORS: MJN Njeke (chairman), JP Burger (deputy chairman), NAS Kruger (group chief executive officer), M Vilakazi (group finance director), P Cooper, L Crouse, F Jakoet, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, LL von Zeuner

GROUP COMPANY SECRETARY: Maliga Chetty

WEBSITE: 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)

AUDITORS: PricewaterhouseCoopers Inc

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

JSE CODE: MMI NSX CODE: MIM ISIN NO: ZAE000149902

SENS ISSUE: 3 March 2016

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2015 Rm	31.12.2014 Rm	30.06.2015 Rm
ASSETS			
Intangible assets	12 813	13 280	13 153
Owner-occupied properties	3 084	1 805	3 030
Property and equipment	463	353	353
Investment properties	7 595	8 180	7 212
Investments in associates	212	194	145
Employee benefit assets	417	412	408
Financial instruments (1)	387 538	370 089	388 258
Reinsurance contract assets	3 272	3 057	3 046
Deferred income tax	296	268	287
Properties under development	225	301	330
Insurance and other receivables	5 157	4 253	4 080
Current income tax assets	352	466	365
Cash and cash equivalents	31 849	26 009	26 174
Total assets	453 273	428 667	446 841
EQUITY			
Equity attributable to owners of the parent	24 838	24 023	24 547
Non-controlling interests	395	526	501
Total equity	25 233	24 549	25 048
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	103 771	105 385	104 776
Short-term insurance contracts	6 914	6 244	6 553
Financial instruments			
Investment contracts	253 107	236 079	246 490
– with discretionary participation features	25 650	26 292	26 134
– designated at fair value through income	227 457	209 787	220 356
Other financial instruments (2)	45 181	38 660	42 923
Reinsurance contract liabilities	910	645	659
Deferred income tax	4 201	4 300	4 351
Employee benefit obligations	1 081	1 228	1 735
Other payables	12 668	11 216	14 062
Provisions	25	26	78
Current income tax liabilities	182	335	166
Total liabilities	428 040	404 118	421 793
Total equity and liabilities	453 273	428 667	446 841

1. Financial instruments consist of the following:

- Securities designated at fair value through income: R365 881 million (31.12.2014: R347 229 million; 30.06.2015: R365 727 million)
- Investments in associates designated at fair value through income: R12 168 million (31.12.2014: R15 009 million; 30.06.2015: R12 362 million)
- Derivative financial instruments: R2 537 million (31.12.2014: R2 029 million; 30.06.2015: R2 033 million)
- Available-for-sale: R142 million (31.12.2014: R131 million; 30.06.2015: R208 million)
- Held-to-maturity: R129 million (31.12.2014: R88 million; 30.06.2015: R73 million)
- Loans and receivables: R6 681 million (31.12.2014: R5 603 million; 30.06.2015: R7 855 million)

2. Other financial instruments consist of the following:

- Designated at fair value through income: R40 391 million (31.12.2014: R35 421 million; 30.06.2015: R39 720 million)
- Derivative financial instruments: R3 807 million (31.12.2014: R 2 202 million; 30.06.2015: R2 111 million)
- Amortised cost: R983 million (31.12.2014: R1 037 million; 30.06.2015: R1 092 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Net insurance premiums	14 144	13 943	27 396
Fee income ⁽¹⁾	3 790	3 768	7 355
Investment income	8 350	7 980	15 559
Net realised and fair value gains	6 417	5 853	16 248
Net income	32 701	31 544	66 558
Net insurance benefits and claims	13 046	11 905	24 610
Change in liabilities	(2 395)	98	(869)
Change in long-term insurance contract liabilities	(1 977)	(1 181)	(2 069)
Change in short-term insurance contract liabilities	(100)	158	(139)
Change in investment contracts with DPF liabilities	(488)	842	728
Change in reinsurance assets	(81)	(163)	154
Change in reinsurance liabilities	251	442	457
Fair value adjustments on investment contract liabilities	8 486	6 158	16 039
Fair value adjustments on collective investment scheme liabilities	1 274	1 315	2 457
Depreciation, amortisation and impairment expenses	664	633	1 326
Employee benefit expenses	2 549	3 086	5 922
Sales remuneration	2 707	2 623	5 071
Other expenses	3 183	2 980	5 806
Expenses	29 514	28 798	60 362
Results of operations	3 187	2 746	6 196
Share of profit of associates	5	5	4
Finance costs ⁽²⁾	(468)	(374)	(792)
Profit before tax	2 724	2 377	5 408
Income tax expense	(1 167)	(971)	(2 431)
Earnings for the period	1 557	1 406	2 977
Attributable to:			
Owners of the parent	1 537	1 353	2 857
Non-controlling interests	20	53	120
	1 557	1 406	2 977
Basic earnings per ordinary share (cents)	98.7	87.0	183.5
Diluted earnings per ordinary share (cents)	97.2	85.5	180.5

1. Fee income consists of the following:

- Investment contracts: R1 078 million (31.12.2014: R1 229 million; 30.06.2015: R2 225 million)
- Trust and fiduciary services: R988 million (31.12.2014: R865 million; 30.06.2015: R1 842 million)
- Health administration: R1 107 million (31.12.2014: R1 075 million; 30.06.2015: R2 053 million)
- Other fee income: R617 million (31.12.2014: R599 million; 30.06.2015: R1 235 million)

2. Finance costs consist of the following:

- Preference shares issued by MMI: R54 million (31.12.2014: R55 million; 30.06.2015: R108 million)
- Subordinated debt: R169 million (31.12.2014: R133 million; 30.06.2015: R271 million)
- Cost of carry positions: R175 million (31.12.2014: R109 million; 30.06.2015: R261 million)
- Other: R70 million (31.12.2014: R77 million; 30.06.2015: R152 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Earnings for the period	1 557	1 406	2 977
Other comprehensive income, net of tax	360	57	68
Items that may subsequently be reclassified to income	323	3	6
Exchange differences on translating foreign operations	320	3	1
Available-for-sale financial assets	3	-	5
Items that will not be reclassified to income	37	54	62
Land and building revaluation	58	68	118
Change in non-distributable reserves	-	2	-
Adjustments to employee benefit funds	(13)	1	(20)
Income tax relating to items that will not be reclassified	(8)	(17)	(36)
Total comprehensive income for the period	1 917	1 463	3 045
Total comprehensive income attributable to:			
Owners of the parent	1 898	1 410	2 926
Non-controlling interests	19	53	119
	1 917	1 463	3 045

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Earnings	1 537	1 353	2 857	1 537	1 353	2 857
Finance costs – convertible preference shares				21	23	44
Dilutory effect of subsidiaries ⁽¹⁾				(14)	(16)	(31)
Diluted earnings				1 544	1 360	2 870
Intangible asset and other impairments	-	3	19	-	3	19
Tax on intangible asset and other impairments	-	-	(4)	-	-	(4)
Gain on sale of subsidiary	(115)	-	-	(115)	-	-
Headline earnings ⁽²⁾	1 422	1 356	2 872	1 429	1 363	2 885
Net realised and fair value gains on excess	(265)	73	6	(265)	73	6
Basis and other changes and investment variances	68	25	148	68	25	148
Amortisation of intangible assets relating to business combinations	373	330	720	373	330	720
Non-recurring items ⁽³⁾	61	43	53	61	43	53
Investment income on treasury shares – contract holders				13	18	24
Core headline earnings ⁽⁴⁾	1 659	1 827	3 799	1 679	1 852	3 836

1. Metropolitan Health is consolidated at 100% and the MMI Holdings Namibian group, Metropolitan Kenya and Cannon are consolidated at 96% in the results. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated.
2. Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
3. Non-recurring items include one-off costs relating mainly to the restructuring of the group.
4. Core headline earnings disclosed comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on financial assets and liabilities, investment variances and basis and other changes that 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 31.12.2015	6 mths to 31.12.2014	12 mths to 30.06.2015
Basic			
Core headline earnings	106.6	117.4	244.0
Headline earnings	91.3	87.1	184.5
Earnings	98.7	87.0	183.5
Weighted average number of shares (million)	1 557	1 556	1 557
Diluted			
Core headline earnings	104.7	115.5	239.2
Weighted average number of shares (million) ⁽¹⁾	1 604	1 604	1 604
Headline earnings	90.0	85.7	181.4
Earnings	97.2	85.5	180.5
Weighted average number of shares (million) ⁽²⁾	1 588	1 590	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	2016	2015
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	65	63
Final – September		92
Total		155

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

The A3 MMI Holdings Ltd preference shares are redeemable in June 2017 at a redemption value of R9.18 per share unless converted into MMI Holdings Ltd ordinary shares on a one-for-one basis prior to that date. On 1 October 2015, 1 million preference shares were converted into ordinary shares. On each of 13 November 2014 and 31 March 2015, 1.1 million preference shares were converted into ordinary shares. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September).

Significant related party transactions

R362 million of the ordinary dividends declared by MMI Holdings Ltd in September 2015 (R333 million of the ordinary dividends declared in September 2014) and R248 million of the ordinary dividends declared in March 2015 were attributable to RMI Holdings Ltd.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Changes in share capital			
Balance at beginning and end	9	9	9
Changes in share premium			
Balance at beginning	13 795	13 782	13 782
Conversion of preference shares	9	10	20
Increase in treasury shares held on behalf of contract holders	(87)	(2)	(7)
Balance at end	13 717	13 790	13 795
Changes in other reserves			
Balance at beginning	1 866	1 802	1 802
Total comprehensive income	361	57	69
BEE cost	2	2	4
Change in non-distributable reserves	(2)	-	-
Transfer to retained earnings	(3)	(9)	(9)
Balance at end ⁽¹⁾	2 224	1 852	1 866
Changes in retained earnings			
Balance at beginning	8 877	9 141	9 141
Total comprehensive income	1 537	1 353	2 857
Dividend paid	(1 453)	(2 110)	(3 094)
Transactions with non-controlling interests	(76)	-	(15)
Transfer from other reserves	3	9	9
Puttable non-controlling interests ⁽²⁾	-	(21)	(21)
Balance at end	8 888	8 372	8 877
Equity attributable to owners of the parent	24 838	24 023	24 547
Changes in non-controlling interests			
Balance at beginning	501	480	480
Total comprehensive income	19	53	119
Dividend paid	(33)	(16)	(23)
Transactions with owners ⁽²⁾	(92)	(92)	(170)
Business combinations	-	101	95
Balance at end	395	526	501
Total equity	25 233	24 549	25 048

1. Other reserves consist of the following:

- Land and building revaluation reserve: R679 million (31.12.2014: R606 million; 30.06.2015: R631 million)
- Foreign currency translation reserve: R493 million (31.12.2014: R180 million; 30.06.2015: R181 million)
- Revaluation of available-for-sale investments: R10 million (31.12.2014: R3 million; 30.06.2015: R8 million)
- Non-distributable reserve: R21 million (31.12.2014: R18 million; 30.06.2015: R19 million)
- Employee benefit revaluation reserve: R70 million (31.12.2014: R99 million; 30.06.2015: R78 million)
- Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (31.12.2014: R940 million; 30.06.2015: R940 million)
- Equity-settled share-based payment arrangements: R11 million (31.12.2014: R6 million; 30.06.2015: R9 million)

2. Non-controlling interests of 25% of Metropolitan Life Kenya and Cannon have the option to sell their shares from 3 October 2016 at a price linked to embedded value. In terms of IFRS, the group has recognised a financial liability of R104 million (31.12.2014: R114 million; 30.06.2015: R111 million), being the present value of the estimated purchase price, for exercising this option. The group has consolidated 96% of the subsidiaries' results and in June 2015 de-recognised the non-controlling interest (R90 million) due to the financial liability recognised above, which is in line with its selected accounting policy.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Net cash inflow/(outflow) from operating activities	7 503	(53)	1 505
Net cash outflow from investing activities	(342)	(961)	(1 271)
Net cash outflow from financing activities	(1 486)	(1 852)	(2 935)
Net cash flow	5 675	(2 866)	(2 701)
Cash resources and funds on deposit at beginning	26 174	28 875	28 875
Cash resources and funds on deposit at end	31 849	26 009	26 174

PRINCIPAL ASSUMPTIONS (South Africa) ⁽¹⁾	31.12.2015 %	31.12.2014 %	30.06.2015 %
Pre-tax investment return			
Equities	13.6	11.7	12.1
Properties	11.1	9.2	9.6
Government stock	10.1	8.2	8.6
Other fixed-interest stocks	10.6	8.7	9.1
Cash	9.1	7.2	7.6
Risk-free return ⁽²⁾	10.1	8.2	8.6
Risk discount rate (RDR)	12.3	10.5	10.9
Investment return (before tax) – balanced portfolio ⁽²⁾	12.2	10.4	10.8
Expense inflation base rate ⁽³⁾	8.3	6.4	6.8

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. The risk-free return was determined with reference to the market interest rate on South African government bonds at the valuation date. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
3. 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	31.12.2015 %	31.12.2014 %	30.06.2015 %
Cannon Assurance	33.7	33.7	33.7
Eris Property Group	23.7	45.7	45.7
Metropolitan Botswana	-	24.2	-
Metropolitan Health Botswana	28.0	28.0	28.0
Metropolitan Health Ghana	0.9	1.8	1.8
Metropolitan Health Group	17.6	17.6	17.6
Metropolitan Health Mauritius	-	5.0	5.0
Metropolitan Health Namibia Administrators	49.0	49.0	49.0
Metropolitan Kenya	33.7	33.7	33.7
Metropolitan Life Mauritius	-	30.0	30.0
Metropolitan Nigeria	50.0	50.0	50.0
Metropolitan Swaziland	33.0	33.0	33.0
Metropolitan Tanzania	33.0	33.0	33.0
Metropolitan Health Zambia	35.0	35.0	35.0
MMI Holdings Namibia	10.3	10.3	10.3
Momentum Mozambique	33.0	33.0	33.0
Momentum Swaziland	33.0	33.0	33.0

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

BUSINESS COMBINATIONS – DECEMBER 2015

There were no significant business combinations for the 6 months ended December 2015.

BUSINESS COMBINATIONS – JUNE 2015

Cannon

On 2 October 2014, the group acquired an accounting ownership of 71% (legal ownership of 66%) of Cannon, a composite insurer, for R308 million. The minority shareholders of Cannon also acquired a minority stake in Metropolitan Life Kenya. This acquisition allowed for geographical as well as product diversification within the group's international operations. The purchase price allocation has been finalised and the transaction resulted in R103 million goodwill being recognised attributable to certain anticipated operating synergies.

CareCross

On 19 November 2014, the group acquired 100% in CareCross, a health administrator, for R300 million in cash. It includes a majority share in Occupational Care South Africa (OCSA). This acquisition allowed for revenue diversification in the Metropolitan Health segment. The transaction did not result in any goodwill being recognised.

Other

During the year the group also made a few smaller acquisitions.

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

June 2015	Total Rm	Cannon Rm	CareCross Rm
Purchase consideration in total	608	308	300
Fair value of net assets			
Intangible assets	566	174	392
Tangible assets	145	138	7
Financial instrument assets	241	228	13
Reinsurance contract assets	6	6	-
Insurance and other receivables	36	36	-
Other assets	39	19	20
Cash and cash equivalents	79	16	63
Insurance contract liabilities	(195)	(177)	(18)
Financial instrument liabilities	(38)	(38)	-
Other liabilities	(268)	(98)	(170)
Net identifiable assets acquired	611	304	307
Non-controlling interests (fair value method)	(95)	(88)	(7)
Goodwill recognised	103	103	-
Derecognition of Metropolitan Life Kenya shares	(11)	(11)	-
Purchase consideration in cash	608	308	300

The goodwill relating to the above transactions is not deductible for tax purposes. The above transactions contributed net income of R437 million and earnings of R43 million to the group results for the year.

RECONCILIATION OF GOODWILL	31.12.2015 Rm	31.12.2014 Rm	30.06.2015 Rm
Balance at beginning	1 333	1 088	1 088
Business combinations	-	158	234
Exchange differences	35	-	11
Balance at end	1 368	1 246	1 333

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

6 mths to 31.12.2015	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items ⁽¹⁾ Rm	IFRS total Rm
Revenue								
Net insurance premiums	12 720	3 645	13 661	2 025	-	32 051	(17 907)	14 144
Recurring premiums	4 575	2 991	7 494	1 774	-	16 834	(4 237)	12 597
Single premiums	8 145	654	6 167	251	-	15 217	(13 670)	1 547
Fee income	1 708	34	2 111	171	289	4 313	(523)	3 790
Fee income	1 468	34	1 898	127	235	3 762	28	3 790
Intergroup fee income	240	-	213	44	54	551	(551)	-
Expenses								
Net payments to contract holders								
External payments	12 540	3 232	15 339	1 208	-	32 319	(19 273)	13 046
Other expenses	2 803	1 065	2 614	867	378	7 727	1 376	9 103
Sales remuneration	1 119	514	732	334	11	2 710	(3)	2 707
Administration expenses ⁽²⁾	1 276	527	1 037	395	161	3 396	498	3 894
Amortisation due to business combinations and impairments	-	-	6	-	45	51	453	504
Cell captive business	-	-	609	-	-	609	-	609
Direct property expenses	-	-	-	-	-	-	211	211
Asset management and other fee expenses	80	-	106	5	193	384	768	1 152
Holding company expenses	-	-	-	-	26	26	-	26
Intergroup expenses	328	24	124	133	(58)	551	(551)	-
Diluted core headline earnings	705	311	379	31	253	1 679	-	1 679
Operating profit	981	439	487	37	(32)	1 912	-	1 912
Tax on operating profit	(305)	(128)	(142)	(15)	(31)	(621)	-	(621)
Investment income	35	-	50	12	375	472	-	472
Tax on investment income	(6)	-	(16)	(3)	(59)	(84)	-	(84)
Covered	748	311	198	109	251	1 617	-	1 617
Non-covered	(43)	-	181	(78)	2	62	-	62
	705	311	379	31	253	1 679	-	1 679
Actuarial liabilities	190 805	32 296	126 804	10 941	2 946	363 792	-	363 792

1. The 'Reconciling items' column includes: investment contract business; intergroup fees and expenses; grossing up of fee income and expenses relating to the Shareholder Capital segment that are set off for management reporting purposes; non-recurring items; 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; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

2. Momentum Retail administration expenses includes R58 million relating to Momentum SP Reid.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 6 mths to 31.12.2014	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items ⁽¹⁾ Rm	IFRS total Rm
Revenue								
Net insurance premiums	11 895	3 456	15 774	1 726	-	32 851	(18 908)	13 943
Recurring premiums	4 353	2 865	6 927	1 488	-	15 633	(4 067)	11 566
Single premiums	7 542	591	8 847	238	-	17 218	(14 841)	2 377
Fee income	1 874	59	1 987	172	381	4 473	(705)	3 768
Fee income	1 623	59	1 807	120	174	3 783	(15)	3 768
Intergroup fee income	251	-	180	52	207	690	(690)	-
Expenses								
Net payments to contract holders								
External payments	12 221	2 408	12 910	973	-	28 512	(16 607)	11 905
Other expenses								
Sales remuneration	1 126	508	709	276	8	2 627	(4)	2 623
Administration expenses	1 190	592	1 170	408	361	3 721	931	4 652
Amortisation due to business combinations and impairments	-	-	7	-	20	27	440	467
Cell captive business	-	-	498	-	-	498	-	498
Direct property expenses	-	-	-	-	-	-	65	65
Asset management and other fee expenses	67	-	97	-	168	332	645	977
Holding company expenses	-	-	-	-	40	40	-	40
Intergroup expenses	396	21	222	99	(48)	690	(690)	-
Diluted core headline earnings	745	273	377	62	395	1 852	-	1 852
Operating profit	1 016	394	509	71	(39)	1 951	-	1 951
Tax on operating profit	(290)	(121)	(147)	(20)	68	(510)	-	(510)
Investment income	25	-	24	11	460	520	-	520
Tax on investment income	(6)	-	(9)	-	(94)	(109)	-	(109)
Covered	714	273	211	128	406	1 732	-	1 732
Non-covered	31	-	166	(66)	(11)	120	-	120
	745	273	377	62	395	1 852	-	1 852
Actuarial liabilities	180 649	32 304	122 201	9 694	2 860	347 708	-	347 708

1. The 'Reconciling items' column includes: investment contract business; intergroup fees and expenses; grossing up of fee income and expenses relating to the Shareholder Capital segment that are set off for management reporting purposes; non-recurring items; 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; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2015	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items ⁽¹⁾ Rm	IFRS total Rm
Revenue								
Net insurance premiums	24 676	6 910	29 921	3 563	-	65 070	(37 674)	27 396
Recurring premiums	8 992	5 495	14 345	3 215	-	32 047	(8 282)	23 765
Single premiums	15 684	1 415	15 576	348	-	33 023	(29 392)	3 631
Fee income	3 452	95	4 068	362	761	8 738	(1 383)	7 355
Fee income	2 962	95	3 644	257	403	7 361	(6)	7 355
Intergroup fee income	490	-	424	105	358	1 377	(1 377)	-
Expenses								
Net payments to contract holders								
External payments	24 088	4 967	27 500	1 953	-	58 508	(33 898)	24 610
Other expenses								
Sales remuneration	5 453	2 070	5 267	1 586	1 229	15 605	2 520	18 125
Administration expenses ⁽²⁾	2 200	893	1 426	544	15	5 078	(7)	5 071
Amortisation due to business combinations and impairments	2 286	1 135	1 956	837	957	7 171	1 535	8 706
Cell captive business	17	-	12	-	81	110	891	1 001
Direct property expenses	-	-	1 197	-	-	1 197	-	1 197
Asset management and other fee expenses	-	-	-	-	-	-	105	105
Holding company expenses	129	-	201	7	268	605	1 373	1 978
Intergroup expenses	-	-	-	-	67	67	-	67
Intergroup expenses	821	42	475	198	(159)	1 377	(1 377)	-
Diluted core headline earnings	1 756	604	861	152	463	3 836	-	3 836
Operating profit	2 423	876	1 170	179	(186)	4 462	-	4 462
Tax on operating profit	(697)	(272)	(344)	(33)	53	(1 293)	-	(1 293)
Investment income	42	-	48	6	775	871	-	871
Tax on investment income	(12)	-	(13)	-	(179)	(204)	-	(204)
Covered	1 725	604	487	266	550	3 632	-	3 632
Non-covered	31	-	374	(114)	(87)	204	-	204
	1 756	604	861	152	463	3 836	-	3 836
Actuarial liabilities	186 493	32 937	125 177	10 095	3 117	357 819	-	357 819

1. The 'Reconciling items' column includes: investment contract business; intergroup fees and expenses; grossing up of fee income and expenses relating to the Shareholder Capital segment that are set off for management reporting purposes; non-recurring items; 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; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

2. Administration expenses for the 2015 year include the following relating to new acquisitions: International – R54 million relating to Cannon; Corporate and Public Sector – R258 million relating to CareCross.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS	Change %	6 mths to 31.12.2015 Rm	Restated 6 mths to 31.12.2014 Rm	Restated 12 mths to 30.06.2015 Rm
Momentum Retail	(5)	705	745	1 756
Metropolitan Retail	14	311	273	604
Corporate and Public Sector	1	379	377	861
International	(50)	31	62	152
Operating segments	(2)	1 426	1 457	3 373
Shareholder Capital	(36)	253	395	463
Total diluted core headline earnings	(9)	1 679	1 852	3 836

RECONCILIATION OF INVESTMENTS	6 mths to 31.12.2015 Rm	Restated 6 mths to 31.12.2014 Rm	Restated 12 mths to 30.06.2015 Rm
Revenue	659	692	1 429
Fee income	380	394	797
Intergroup fees	270	277	574
Investment income	13	12	26
Fair value (losses)/gains	(4)	9	32
Expenses and finance costs	(602)	(577)	(1 259)
Other expenses	(595)	(573)	(1 253)
Finance costs	(7)	(4)	(6)
Profit before tax	57	115	170
Tax	(20)	(30)	(61)
Earnings attributable to ordinary shareholders	37	85	109
Core adjustments	32	(7)	31
Goodwill and other impairments	-	-	12
Net realised and fair value losses/(gains) on excess	4	(7)	(22)
Amortisation of intangible assets relating to business combinations	-	-	41
Non-recurring items	28	-	-
Diluted core headline earnings	69	78	140
Operating profit before tax	94	98	182
Tax on operating profit	(28)	(25)	(56)
Investment income	6	8	20
Tax on investment income	(3)	(3)	(6)
Diluted core headline earnings	69	78	140
Allocated per segment:			
Momentum Retail	52	70	120
Corporate and Public Sector	27	8	28
Shareholder Capital	(10)	-	(8)
	69	78	140

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

RECONCILIATION OF HEALTH	6 mths to 31.12.2015 Rm	Restated 6 mths to 31.12.2014 Rm	Restated 12 mths to 30.06.2015 Rm
Revenue	1 306	1 208	2 593
Net insurance premiums	319	234	623
Fee income	972	954	1 930
Intergroup fees	1	6	11
Investment income	14	14	29
Expenses	(1 180)	(1 058)	(2 260)
Net payments to contract holders	(238)	(175)	(485)
Other expenses	(942)	(883)	(1 775)
Profit before tax	126	150	333
Tax	(42)	(43)	(92)
Non-controlling interests	-	(1)	(3)
Earnings attributable to ordinary shareholders	84	106	238
Core adjustments	14	(5)	(11)
Dilutory effect of subsidiaries	(8)	(11)	(23)
Amortisation of intangible assets relating to business combinations	6	6	12
Non-recurring items	16	-	-
Diluted core headline earnings	98	101	227
Operating profit before tax	131	127	283
Tax on operating profit	(42)	(36)	(80)
Investment income	15	17	35
Tax on investment income	(6)	(7)	(11)
Diluted core headline earnings	98	101	227
Allocated per segment:			
Momentum Retail	5	3	18
Corporate and Public Sector	93	98	209
	98	101	227

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

RECONCILIATION OF GUARDRISK (PROMOTER CELL ⁽¹⁾)	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Revenue by type	240	244	495
Management fees	204	182	353
Investment fees	30	28	51
Underwriting (loss)/profit	(26)	10	23
Other income	1	1	3
Investment income	31	23	65
Expenses and finance costs	(158)	(142)	(273)
Administration expenses	(152)	(137)	(263)
Finance costs	(6)	(5)	(10)
Operating profit before tax	82	102	222
Tax attributable to promoter operating profit	(18)	(29)	(62)
Diluted core headline earnings	64	73	160
Covered	16	14	33
Non-covered	48	59	127
Corporate and Public Sector segment	64	73	160

1. An insurer that enters into contractual arrangements with cell shareholders whereby the risks and rewards associated with certain insurance activities accruing to the cell shareholder, in relation to the insurer, is specified. The promoter cell will exclude all assets and liabilities and related income and expenses of the cell arrangements.

RECONCILIATION OF SHORT-TERM INSURANCE	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Revenue	306	241	537
Net insurance premiums	286	227	506
Fee income	8	6	15
Investment income	12	8	16
Expenses	(401)	(292)	(719)
Net payments to contract holders	(245)	(160)	(441)
Other expenses	(156)	(132)	(278)
Loss before tax	(95)	(51)	(182)
Tax	14	15	51
Earnings attributable to ordinary shareholders	(81)	(36)	(131)
Operating loss before tax	(107)	(59)	(198)
Tax on operating loss	17	17	56
Investment income	12	8	16
Tax on investment income	(3)	(2)	(5)
Diluted core headline earnings – Momentum Retail segment	(81)	(36)	(131)

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

ANALYSIS OF SHAREHOLDER CAPITAL	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Holding company costs	(23)	(60)	(90)
Balance sheet management	4	69	34
International	(11)	(11)	(49)
Momentum short-term insurance administration	(20)	(23)	(35)
Eris Property Group	16	19	41
Other	(29)	42	(34)
Finance costs	(251)	(207)	(433)
Investment income	627	665	1 208
Tax on investment income	(60)	(99)	(179)
Total	253	395	463

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

NET PAYMENTS TO CONTRACT HOLDERS	6 mths to 31.12.2015 Rm	Restated 6 mths to 31.12.2014 Rm	Restated 12 mths to 30.06.2015 Rm
Momentum Retail	12 540	12 221	24 088
Death and disability claims	2 262	1 876	3 694
Maturity claims	3 307	3 778	7 547
Annuities	2 438	2 369	4 692
Withdrawal benefits	154	21	80
Surrenders	4 744	4 566	8 523
Short-term insurance	245	158	440
Health claims	65	25	116
Re-insurance recoveries	(675)	(572)	(1 004)
Metropolitan Retail	3 232	2 408	4 967
Death and disability claims	584	555	1 093
Maturity claims	1 505	783	1 668
Annuities	332	301	620
Withdrawal benefits	-	46	84
Surrenders	845	753	1 560
Re-insurance recoveries	(34)	(30)	(58)
Corporate and Public Sector	15 339	12 910	27 500
Death and disability claims	3 305	2 430	5 084
Maturity claims	540	430	948
Annuities	887	779	1 625
Withdrawal benefits	1 165	1 629	3 796
Terminations and disinvestments	9 380	7 133	14 613
Short-term insurance	2 296	2 172	4 745
Health claims	174	125	185
Re-insurance recoveries	(2 408)	(1 788)	(3 496)
International	1 208	973	1 953
Death and disability claims	222	216	420
Maturity claims	233	194	371
Annuities	46	49	99
Withdrawal benefits	74	59	108
Surrenders	282	220	498
Terminations	34	71	90
Short-term insurance	96	51	104
Health claims	254	183	393
Re-insurance recoveries	(33)	(70)	(130)
Total payments to contract holders	32 319	28 512	58 508
Reconciling items ⁽¹⁾	(19 273)	(16 607)	(33 898)
Net insurance benefits and claims per income statement	13 046	11 905	24 610

1. Relates mainly to payments to investment contract holders.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS SUMMARISED BY MEASUREMENT CATEGORY	31.12.2015 Rm	31.12.2014 Rm	30.06.2015 Rm
Financial assets designated at fair value through income	380 728	364 398	380 330
Securities designated at fair value through income	365 881	347 229	365 727
Investments in associates designated at fair value through income	12 168	15 009	12 362
Derivative financial instruments	2 537	2 029	2 033
Available-for-sale	142	131	208
Financial assets carried at amortised cost	38 399	31 565	33 899
Held-to-maturity	129	88	73
Loans and receivables	6 421	5 468	7 652
Cash and cash equivalents	31 849	26 009	26 174
Total financial assets	419 127	395 963	414 229

The fair value of loans and receivables is R6 475 million (31.12.2014: R5 512 million; 30.06.2015: R7 666 million) and the carrying value of held-to-maturity financial assets and cash and cash equivalents approximates fair value.

FINANCIAL LIABILITIES SUMMARISED BY MEASUREMENT CATEGORY	31.12.2015 Rm	31.12.2014 Rm	30.06.2015 Rm
Investment contracts with DPF	25 650	26 292	26 134
Financial liabilities designated at fair value through income	271 655	247 410	262 187
Investment contracts designated at fair value through income	227 457	209 787	220 356
Liabilities designated at fair value through income	40 391	35 421	39 720
Derivative financial instruments	3 807	2 202	2 111
Financial liabilities carried at amortised cost	12 440	10 339	12 927
Financial liabilities	983	1 037	1 092
Other payables	11 457	9 302	11 835
Total financial liabilities	309 745	284 041	301 248

The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which is a reasonable approximation to the fair value of this financial liability.

The fair value of financial liabilities at amortised cost is R1 387 million (31.12.2014: R1 724 million; 30.06.2015: R1 772 million) and the carrying value of other payables approximates fair value due to their short-term nature.

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:** Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
- **Level 3:** Input for the asset or liability that is not based on observable market data (that is, unobservable input)

FINANCIAL ASSETS

31.12.2015	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Securities designated at fair value through income	253 832	105 512	6 537	365 881
Equity securities				
Local listed	80 179	-	-	80 179
Foreign listed	24 723	1 042	17	25 782
Unlisted	-	108	209	317
Debt securities				
Stock and loans to government and other public bodies				
Local listed	28 407	9 579	-	37 986
Foreign listed	1 036	1 221	24	2 281
Unlisted	-	2 934	63	2 997
Other debt instruments				
Local listed	356	25 370	58	25 784
Foreign listed	117	696	3	816
Unlisted	-	35 211	3 360	38 571
Funds on deposit and other money market instruments	-	16 069	3	16 072
Unit-linked investments				
Collective investment schemes ⁽¹⁾				
Local unlisted or listed quoted	76 848	1 427	37	78 312
Foreign unlisted or listed quoted	38 744	109	3	38 856
Foreign unlisted unquoted	-	515	570	1 085
Other unit-linked investments				
Local unlisted or listed quoted	3 422	556	9	3 987
Local unlisted unquoted	-	10 593	2 166	12 759
Foreign unlisted unquoted	-	82	15	97
Investments in associates designated at fair value through income ⁽¹⁾	12 113	-	55	12 168
Derivative financial instruments	68	2 469	-	2 537
Held for trading	68	2 469	-	2 537
Available-for-sale	120	18	4	142
Equity securities				
Local listed	11	-	-	11
Foreign listed	109	-	-	109
Unlisted	-	-	4	4
Local unlisted/listed quoted unit-linked investments	-	18	-	18
	266 133	107 999	6 596	380 728

1. Collective investment schemes and Investments in associates designated at fair value through income are classified as level 1 when there is an active market of transactions between investors and collective investment schemes based on a published price. As a result certain foreign unlisted or listed quoted instruments were transferred to level 1. ABIL retention funds have been classified as level 3. The timing of the transfers are deemed to have occurred at the beginning of the period.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31.12.2014				
Securities designated at fair value through income	219 121	122 366	5 742	347 229
Equity securities				
Local listed	81 392	30	-	81 422
Foreign listed	22 336	954	-	23 290
Unlisted	-	88	215	303
Debt securities				
Stock and loans to government and other public bodies				
Local listed	24 146	11 040	-	35 186
Foreign listed	613	1 138	24	1 775
Unlisted	-	3 074	81	3 155
Other debt instruments				
Local listed	179	30 251	-	30 430
Foreign listed	40	1 163	4	1 207
Unlisted	-	26 460	2 573	29 033
Funds on deposit and other money market instruments	-	29 786	-	29 786
Unit-linked investments				
Collective investment schemes				
Local unlisted or listed quoted	52 905	178	-	53 083
Foreign unlisted or listed quoted	32 291	117	-	32 408
Foreign unlisted unquoted	-	427	784	1 211
Other unit-linked investments				
Local unlisted or listed quoted ⁽¹⁾	5 166	4 455	-	9 621
Local unlisted unquoted	-	11 430	2 051	13 481
Foreign unlisted unquoted	-	1 775	10	1 785
Foreign unlisted or listed quoted	53	-	-	53
Investments in associates designated at fair value through income	15 009	-	-	15 009
Derivative financial instruments	257	1 772	-	2 029
Held for trading	257	1 762	-	2 019
Held for hedging purposes	-	10	-	10
Available-for-sale	120	7	4	131
Equity securities				
Local listed	4	-	-	4
Foreign listed	84	-	-	84
Unlisted	-	-	4	4
Debt securities – foreign listed	32	-	-	32
Local unlisted/listed quoted unit-linked investments	-	7	-	7
	234 507	124 145	5 746	364 398

1. R2 861 million of local unlisted or listed quoted other unit-linked investments was transferred from level 2 to level 1 assets during the period in line with classification policy. The timing of the transfers are deemed to have occurred at the beginning of the period.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
30.06.2015				
Securities designated at fair value through income	232 804	126 361	6 562	365 727
Equity securities				
Local listed	79 806	37	-	79 843
Foreign listed	23 566	1 033	16	24 615
Unlisted	-	75	215	290
Debt securities				
Stock and loans to government and other public bodies				
Local listed	29 009	10 393	-	39 402
Foreign listed	596	1 312	24	1 932
Unlisted	-	2 840	81	2 921
Other debt instruments				
Local listed	215	25 621	114	25 950
Foreign listed	91	471	2	564
Unlisted	16	29 817	3 574	33 407
Funds on deposit and other money market instruments	-	24 470	3	24 473
Unit-linked investments				
Collective investment schemes ⁽¹⁾				
Local unlisted or listed quoted	78 158	360	61	78 579
Foreign unlisted or listed quoted	20 358	9 667	2	30 027
Foreign unlisted unquoted	-	470	433	903
Other unit-linked investments				
Local unlisted or listed quoted	984	8 311	1	9 296
Local unlisted unquoted	-	10 222	2 019	12 241
Foreign unlisted unquoted	-	1 262	17	1 279
Foreign unlisted or listed quoted	5	-	-	5
Investments in associates designated at fair value through income ⁽¹⁾	12 280	-	82	12 362
Derivative financial instruments	109	1 924	-	2 033
Held for trading	109	1 918	-	2 027
Held for hedging purposes	-	6	-	6
Available-for-sale	190	14	4	208
Equity securities				
Local listed	12	-	-	12
Foreign listed	147	-	-	147
Unlisted	31	1	4	36
Local unlisted/listed quoted unit-linked investments	-	13	-	13
	245 383	128 299	6 648	380 330

1. Collective investment schemes and Investments in associates designated at fair value through income are classified as level 1 when there is an active market of transactions between investors and collective investment schemes based on a published price. ABIL retention funds have been classified as level 3.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES				
31.12.2015	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investment contracts				
Designated at fair value through income	1 121	226 220	116	227 457
Financial liabilities designated at fair value through income	27 266	12 781	344	40 391
Collective investment scheme liabilities	27 266	40	230	27 536
Subordinated call notes	-	3 459	-	3 459
Carry positions	-	8 265	-	8 265
Preference shares	-	1 017	-	1 017
Other borrowings	-	-	114	114
Derivative financial instruments				
Held for trading	225	3 582	-	3 807
	28 612	242 583	460	271 655

FINANCIAL LIABILITIES				
31.12.2014	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investment contracts				
Designated at fair value through income	1 806	207 843	138	209 787
Financial liabilities designated at fair value through income	23 906	11 330	185	35 421
Collective investment scheme liabilities	23 906	539	44	24 489
Subordinated call notes	-	3 339	-	3 339
Carry positions	-	6 436	-	6 436
Preference shares	-	1 016	-	1 016
Other borrowings	-	-	141	141
Derivative financial instruments				
Held for trading	410	1 792	-	2 202
	26 122	220 965	323	247 410

FINANCIAL LIABILITIES				
30.06.2015	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investment contracts				
Designated at fair value through income	965	219 247	144	220 356
Financial liabilities designated at fair value through income	24 322	14 289	1 109	39 720
Collective investment scheme liabilities	24 322	583	964	25 869
Subordinated call notes	-	3 320	-	3 320
Carry positions	-	9 370	-	9 370
Preference shares	-	1 016	-	1 016
Other borrowings	-	-	145	145
Derivative financial instruments				
Held for trading	163	1 948	-	2 111
	25 450	235 484	1 253	262 187

1. There were no significant transfers between level 1 and level 2 liabilities for both the current and prior years.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	Financial assets					Total Rm
	Designated at fair value through income				Other investments (2) Rm	
	Equity securities Rm	Debt securities (1) Rm	Unit-linked investments Rm			
6 mths to 31.12.2015						
Opening balance	231	3 798	2 533		86	6 648
Total gains/(losses) in net realised and fair value gains in the income statement						
Realised (losses)/gains	(1)	47	17		-	63
Unrealised gains/(losses)	54	(333)	454		4	179
Accrued interest in investment income in the income statement	-	(9)	-		-	(9)
Purchases	16	438	45		-	499
Sales	(74)	(329)	(225)		-	(628)
Settlements	-	(87)	(32)		-	(119)
Transfer into level 3	-	-	8		-	8
Transfers out of level 3	-	(14)	-		(31)	(45)
Closing balance	226	3 511	2 800		59	6 596

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	Financial assets				Total Rm
	Designated at fair value through income			Available-for-sale	
	Equity securities Rm	Debt securities (1) Rm	Unit-linked investments Rm	Equity securities Rm	
6 mths to 31.12.2014					
Opening balance	730	2 971	2 841	4	6 546
Total gains/(losses) in net realised and fair value gains in the income statement					
Realised gains	15	5	37	-	57
Unrealised (losses)/gains	(429)	(70)	152	-	(347)
Accrued interest in investment income in the income statement	-	47	-	-	47
Purchases	129	357	733	-	1 219
Sales	(230)	(572)	(886)	-	(1 688)
Settlements	-	(56)	(30)	-	(86)
Transfers out of level 3	-	-	(2)	-	(2)
Closing balance	215	2 682	2 845	4	5 746

1. Includes funds on deposit and other money market instruments.

2. Includes investments in associates designated at fair value through income and available-for-sale equity securities.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	Financial assets					Total Rm
	Designated at fair value through income					
	Equity securities Rm	Debt securities ⁽¹⁾ Rm	Unit-linked investments Rm	Other invest- ments ⁽²⁾ Rm		
12 mths to 30.06.2015						
Opening balance	730	2 971	2 841	4		6 546
Total gains/(losses) in net realised and fair value gains in the income statement						
Realised gains/(losses)	338	25	(80)	-		283
Unrealised (losses)/gains	(32)	(237)	206	2		(61)
Accrued interest in investment income in the income statement	-	25	-	-		25
Purchases	187	885	784	1		1 857
Sales	(233)	(756)	(1 102)	-		(2 091)
Settlements	(759)	(133)	(183)	-		(1 075)
Transfers into level 3 ⁽³⁾	-	1 295	67	79		1 441
Transfers out of level 3	-	(277)	-	-		(277)
Closing balance	231	3 798	2 533	86		6 648

1. Includes funds on deposit and other money market instruments.
2. Includes investments in associates designated at fair value through income and available-for-sale equity securities.
3. The group's holdings in the various debt and equity instruments of ABIL, and its various subsidiaries, were transferred from levels 1 and 2 to level 3 on 1 January 2015, subsequent to the placing into curatorship of the African Bank Group and the suspension of these securities by the JSE Ltd.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Financial assets					
31.12.2015	Designated at fair value through income			Other invest- ments ⁽²⁾ Rm	Total Rm
	Equity securities Rm	Debt securities ⁽¹⁾ Rm	Unit-linked investments Rm		
Carrying value	226	3 511	2 800	59	6 596
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	23	(19)	280	N/A	
Effect of decrease in assumption	(23)	23	(280)	N/A	

Financial assets					
31.12.2014	Designated at fair value through income			Available-for- sale	Total Rm
	Equity securities Rm	Debt securities ⁽¹⁾ Rm	Unit-linked investments Rm	Equity securities Rm	
Carrying value	215	2 682	2 845	4	5 746
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	22	(51)	285	N/A	
Effect of decrease in assumption	(22)	59	(285)	N/A	

Financial assets					
30.06.2015	Designated at fair value through income			Other invest- ments ⁽²⁾ Rm	Total Rm
	Equity securities Rm	Debt securities ⁽¹⁾ Rm	Unit-linked investments Rm		
Carrying value	231	3 798	2 533	86	6 648
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	23	6	253	N/A	
Effect of decrease in assumption	(23)	1	(253)	N/A	

1. Includes funds on deposit and other money market instruments.

2. Includes investments in associates designated at fair value through income and available-for-sale equity securities.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES	Financial liabilities designated at fair value through income			Total Rm
	Investment contracts designated at fair value through income Rm	Collective investment scheme liabilities Rm	Other borrowings Rm	
31.12.2015				
Opening balance	144	964	145	1 253
Total (gains)/losses in net realised and fair value gains in the income statement				
Realised gains	(4)	(2)	-	(6)
Unrealised losses/(gains)	4	25	(12)	17
Total losses in other comprehensive income	-	36	-	36
Issues	-	8	-	8
Sales	-	(34)	-	(34)
Settlements	(31)	(897)	(23)	(951)
Contract holder movements				
Investment return	3	-	-	3
Transfers into level 3	-	130	4	134
Closing balance	116	230	114	460

Sensitivity: Increasing/decreasing the investment return by 10% would decrease/increase the carrying value of level 3 financial instrument liabilities by R39 million and R40 million, respectively.

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES	Financial liabilities designated at fair value through income			Total Rm
	Investment contracts designated at fair value through income Rm	Collective investment scheme liabilities Rm	Other borrowings Rm	
31.12.2014				
Opening balance	153	40	58	251
Total losses/(gains) in net realised and fair value gains in the income statement				
Realised (gains)/losses	(3)	7	-	4
Unrealised losses/(gains)	5	(3)	-	2
Issues	-	-	117	117
Settlements	-	-	(34)	(34)
Contract holder movements				
Benefits paid	(19)	-	-	(19)
Investment return	2	-	-	2
Closing balance	138	44	141	323

Sensitivity: Increasing/decreasing the investment return by 10% would decrease/increase the carrying value of level 3 financial instrument liabilities by R28 million and R29 million, respectively.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES	Financial liabilities designated at fair value through income			Total
	Investment contracts designated at fair value through income	Collective investment scheme liabilities	Other borrowings	
30.06.2015	Rm	Rm	Rm	Rm
Opening balance	153	40	58	251
Business combinations	-	-	4	4
Total losses/(gains) in net realised and fair value gains in the income statement				
Realised losses	1	189	-	190
Unrealised losses/(gains)	4	(11)	-	(7)
Issues	-	53	117	170
Settlements	-	(98)	(34)	(132)
Contract holder movements				
Benefits paid	(19)	-	-	(19)
Investment return	5	-	-	5
Transfers into level 3 ⁽¹⁾	-	791	-	791
Closing balance	144	964	145	1 253

1. The transfer into level 3 represents the ABIL retention funds consolidated as at 30 June 2015.

Sensitivity: Increasing/decreasing the investment return by 10% would decrease/increase the carrying value of level 3 financial instrument liabilities by R117 million and R118 million, respectively.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

VALUATION TECHNIQUES USED IN DETERMINING THE FAIR VALUE OF LEVEL 2 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	Management applies judgement if an adjustment of quoted prices is required due to an inactive market.
Stock of and loans to other public bodies		
- Listed, local	Yield of benchmark (listed government) bond	Market input
- Listed, foreign	Discounted cash flow (DCF), benchmarked against similar instrument with the same issuer	Market input
- Unlisted	DCF, real interest rates, six-month JIBAR plus fixed spread or risk-free yield curve plus fixed spread	Market input and appropriate 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), or published price quotations on JSE equity (preference shares) and interest rate market	Market input, uplifted with inflation
- Listed, foreign	External valuations that are based on published market input	Market input
- Unlisted	DCF (market-related nominal and real discount rates, bank and credit default swap curves, government bond yield curve plus a spread, three-month JIBAR plus fixed spread), external valuations, or NAV of a hedge fund	Market input and appropriate spread

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

VALUATION TECHNIQUES USED IN DETERMINING THE FAIR VALUE OF LEVEL 2 FINANCIAL ASSETS AND LIABILITIES

Instrument	Valuation basis	Main assumptions
Funds on deposit and other money market instruments		
- Listed	DCF (market-related yields), issue price, or external valuations	Market input (based on quotes received from market participants and valuation agents)
- Unlisted	Deposit rates, or DCF (market-related yields)	Market input (based on quotes received from market participants and valuation agents)
Unit-linked investments	External valuations	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)	Market input, credit spreads, contract inputs
Subordinated call notes (Liability)	Price quotations on JSE interest rate market (based on yield of benchmark bond)	Market input
Carry positions (Liability)	DCF (in accordance with JSE interest rate market repo pricing methodology)	Market input, contract input
Preference shares (Liability)	Capital outstanding plus accrued dividends	Contract input

There were no significant changes in the valuation methods applied since the prior year, except for transfers between levels.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

INFORMATION ABOUT FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)

Financial assets	Fair value at 31 December 2015 Rm	Fair value at 31 December 2014 Rm	Fair value at 30 June 2015 Rm	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Securities designated at fair value through income							
Equity securities							
Unlisted	209	215	215	Net asset value	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
				Mark to model	Adjusted price-earnings ratios	Could vary significantly due to the different risks associated with the investee	The higher the price-earnings multiple, the greater the fair value
Debt securities							
Stock and loans to government and other public bodies							
Foreign listed	24	24	24	Mark to model	Adjustments to market-related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
Unlisted	63	81	81	Discounted cash flow	Nominal interest rate	8.51% to 9.99% (all periods)	The higher the nominal interest rate, the lower the fair value of the assets
Subtotal	296	320	320				

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

INFORMATION ABOUT FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)

Financial assets (continued)	Fair value at 31 December 2015 Rm	Fair value at 31 December 2014 Rm	Fair value at 30 June 2015 Rm	Valuation technique(s)	Unobser- vable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobser- vable inputs to fair value
Subtotal	296	320	320				
Debt securities (continued)							
Other debt instruments							
Local listed	58	-	114	Mark to model	Fair value of underlying assets	Could vary significantly based on the assets held to match the notes	The higher the value of the underlying assets, the greater the fair value
				Mark to model	Adjustments to market- related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
Unlisted	3 360	2 573	3 574	Discounted cash flow	Nominal interest rate	7.03% to 12.45%; 5.66% to 14.88% (December 2014 and June 2015; 6.73% to 10.69%; 7.38% to 13.09%)	The higher the nominal interest rate, the lower the fair value of the assets
				Mark to model	Adjustments to market- related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
				Net asset value	Fair value of respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Subtotal	3 714	2 893	4 008				

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

INFORMATION ABOUT FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)

Financial assets (continued)	Fair value at 31 December 2015 Rm	Fair value at 31 December 2014 Rm	Fair value at 30 June 2015 Rm	Valuation technique(s)	Unobser- vable inputs	Range of unobser- vable inputs (probability weighted average)	Relationship of unobser- vable inputs to fair value
Subtotal	3 714	2 893	4 008				
Unit-linked investments							
Collective investment schemes							
Local unlisted or listed quoted	37	-	61	Net asset value	Fair value of respective assets and liabilities which are adjusted in line with market practice	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Foreign unlisted unquoted	570	784	433	Net asset value	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Other unit- linked investments							
Local unlisted unquoted	2 166	2 051	2 019	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
					Distributions or net cash flows since last valuation	Could vary significantly due to range of holdings	The fair value varies on distributions/ net cash flows and period since last valuation
	6 487	5 728	6 521				
Other	109	18	127				
	6 596	5 746	6 648				

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

INFORMATION ABOUT FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)

Financial liabilities	Fair value at 31 December 2015 Rm	Fair value at 31 December 2014 Rm	Fair value at 30 June 2015 Rm	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investment contracts designated at fair value through income	116	138	144	Asset and liability matching method	Asset value	Unit price	The asset value increase will increase the fair value of the liability
Financial liabilities designated at fair value through income							
Collective investment scheme liabilities	230	44	964	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
Other borrowings	114	141	145	Discounted cash flow	Adjustments to discount rate	Dependent on credit risk and other risk factors	The lower the rate, the higher the fair value
				Mark to model	Adjusted embedded value	Could vary significantly based on the risks associated with the investee	The higher the embedded value, the greater the fair value
	460	323	1 253				

There were no significant changes in the valuation methods applied since the prior year, except for transfers between levels.

MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	31.12.2015 Rm	Restated 31.12.2014 Rm	30.06.2015 Rm
Group excess per reporting basis	24 838	24 023	24 547
Net assets – other businesses	(3 413)	(3 464)	(3 256)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(3 618)	(4 070)	(3 826)
Excess – long-term insurance business, net of non-controlling interests ⁽¹⁾	17 807	16 489	17 465
Disregarded assets ⁽²⁾	(996)	(991)	(1 010)
Difference between statutory and published valuation methods	(846)	(615)	(839)
Write-down of subsidiaries and associates for statutory purposes	(1 352)	(1 132)	(1 210)
Unsecured subordinated debt	3 459	3 339	3 320
Consolidation adjustments	(39)	63	141
Statutory excess – long-term insurance business	18 033	17 153	17 867
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 456	6 418	6 639
Ratio of long-term insurance business excess to CAR (times)	2.8	2.7	2.7
Discretionary margins	12 759	13 661	13 620

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; in respect of Guardrisk only MMI's promoter exposure to the South African long-term insurance business, Guardrisk Life Ltd. It excludes the short-term insurance businesses of Guardrisk, Momentum Short-term Insurance and Cannon (Kenya) due to it being classified as non-covered, as well as the other non-life insurance entities, including African health operations. Guardrisk Life Ltd was transferred to covered business 1 July 2014, with a statutory excess of R44 million and capital adequacy requirement of R20 million. The figures are after non-controlling interests but excludes certain items which are eliminated on consolidation.
2. Disregarded assets are those as defined in the South African Long-term Insurance Act, 52 of 1998, 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 R504 million (31.12.2014: R532 million; 30.06.2015: R518 million).
3. Aggregation of separate company's capital adequacy requirements (CARs), with no assumption of diversification benefits.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS AS AT	31.12.2015 Rm	Restated 31.12.2014 Rm	30.06.2015 Rm
Covered business			
Reporting excess – long-term insurance business ⁽¹⁾	17 807	16 489	17 465
Reclassification to non-covered business	(1 479)	(1 243)	(1 204)
	16 328	15 246	16 261
Disregarded assets ⁽²⁾	(544)	(664)	(575)
Difference between statutory and published valuation methods	(841)	(615)	(839)
Dilutory effect of subsidiaries ⁽³⁾	(39)	(38)	(38)
Consolidation adjustments ⁽⁴⁾	(32)	(62)	(5)
Value of MMI Group Ltd preference shares issued	(500)	(500)	(500)
Diluted adjusted net worth – covered business	14 372	13 367	14 304
Net value of in-force business	21 607	20 869	21 696
Diluted embedded value – covered business	35 979	34 236	36 000
Non-covered business			
Net assets – non-covered business within life insurance companies	1 479	1 243	1 204
Net assets – non-covered business outside life insurance companies	3 413	3 464	3 256
Consolidation adjustments and transfers to covered business ⁽⁴⁾	(3 240)	(2 792)	(3 024)
Adjustments for dilution ⁽⁵⁾	783	838	819
Diluted adjusted net worth – non-covered business	2 435	2 753	2 255
Write-up to directors' value	1 762	2 764	2 075
Non-covered business ⁽¹⁾	3 860	4 644	4 143
Holding company expenses ⁽⁶⁾	(1 578)	(1 430)	(1 578)
International holding company expenses ⁽⁶⁾	(520)	(450)	(490)
Diluted embedded value – non-covered business	4 197	5 517	4 330
Diluted adjusted net worth	16 807	16 120	16 559
Net value of in-force business	21 607	20 869	21 696
Write-up to directors' value	1 762	2 764	2 075
Diluted embedded value	40 176	39 753	40 330
Required capital – covered business (adjusted for qualifying debt) ⁽⁷⁾	6 621	7 048	7 306
Surplus capital – covered business	7 751	6 319	6 998
Diluted embedded value per share (cents)	2 505	2 478	2 514
Diluted adjusted net worth per share (cents)	1 048	1 005	1 032
Diluted number of shares in issue (million) ⁽⁸⁾	1 604	1 604	1 604

- On 1 July 2014 Guardrisk Life Ltd was transferred to covered business (adjusted net worth of R44 million and value of in-force of R324 million). The December 2014 comparatives have been restated to reflect the transfer of Guardrisk Life Ltd to covered business.
- Disregarded assets include Sage intangible assets of R504 million (31.12.2014: R532 million; 30.06.2015: R518 million), goodwill and various other items.
- For accounting purposes, Metropolitan Health has been consolidated at 100%, while MMI Holdings Namibia, Metropolitan Kenya and Cannon have been consolidated at 96% in the statement of financial position, for the current year. 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.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 3): R116 million (31.12.2014: R115 million; 30.06.2015: R103 million)
 - Treasury shares held on behalf of contract holders: R384 million (31.12.2014: R420 million; 30.06.2015: R424 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R283 million (31.12.2014: R303 million; 30.06.2015: R292 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 required capital for covered business amounts to R10 147 million (31.12.2014: R10 342 million; 30.06.2015: R10 604 million) and is adjusted for qualifying debt of R3 526 million (31.12.2014: R3 294 million; 30.06.2015: R3 298 million).
- 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	31.12.2015 Rm	Restated 31.12.2014 Rm	Restated 30.06.2015 Rm
Momentum Retail	11 246	11 097	11 331
Gross value of in-force business	12 501	12 680	12 819
Less cost of required capital	(1 255)	(1 583)	(1 488)
Metropolitan Retail	3 364	3 551	3 582
Gross value of in-force business	4 079	4 301	4 288
Less cost of required capital	(715)	(750)	(706)
Corporate and Public Sector ⁽¹⁾	4 751	4 271	4 657
Gross value of in-force business	5 512	4 966	5 354
Less cost of required capital	(761)	(695)	(697)
International	2 164	1 950	2 108
Gross value of in-force business	2 382	2 131	2 310
Less cost of required capital	(218)	(181)	(202)
Shareholder Capital	82	-	18
Gross value of in-force business	82	-	18
Less cost of required capital	-	-	-
Net value of in-force business	21 607	20 869	21 696

Notes

1. December 2014 has been restated to include Guardrisk Life Ltd within the Corporate and Public Sector.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth Rm	Net value of in-force Rm	31.12.2015 Rm	Restated 31.12.2014 Rm	30.06.2015 Rm
Covered business					
South African life licences	12 384	19 444	31 828	30 712	32 040
MMI Group Ltd	12 176	18 799	30 975	30 300	31 332
Guardrisk Life Ltd ⁽¹⁾	149	645	794	350	649
Metropolitan Odyssey Ltd	59	-	59	62	59
International	1 988	2 163	4 151	3 524	3 960
MMI Holdings Namibia Ltd	703	1 287	1 990	1 917	1 972
Metropolitan Life of Botswana Ltd	427	251	678	372	571
Metropolitan Lesotho Ltd	347	491	838	798	847
Other international businesses ⁽²⁾	511	134	645	437	570
Total covered business	14 372	21 607	35 979	34 236	36 000
	Adjusted net worth Rm	Write-up to directors' value Rm	31.12.2015 Rm	Restated 31.12.2014 Rm	30.06.2015 Rm
Non-covered business					
Momentum Investments ⁽³⁾	1 143	1 181	2 324	2 028	2 165
Health businesses ⁽⁴⁾	321	984	1 305	2 045	1 660
Momentum Retail (Wealth) ⁽⁴⁾	402	461	863	702	817
Guardrisk business ^(1,4)	532	987	1 519	1 499	1 446
Momentum Short-term Insurance (MSTI)	292	65	357	319	377
International ^(5,6)	(244)	(338)	(582)	(593)	(805)
MMI Holdings (after consolidation adjustments) ⁽⁶⁾	(11)	(1 578)	(1 589)	(483)	(1 330)
Total non-covered business	2 435	1 762	4 197	5 517	4 330
Total embedded value	16 807	23 369	40 176	39 753	40 330
Diluted adjusted net worth – non-covered business	(2 435)				
Adjustments to covered business – adjusted net worth	3 435				
Reporting excess – long-term insurance business	17 807				

- On 1 July 2014 Guardrisk Life Ltd was transferred to covered business (adjusted net worth of R44 million and value of in-force of R324 million). The December 2014 comparatives have been restated to reflect the transfer of Guardrisk Life Ltd to covered business.
- African life and health businesses are included in covered business for embedded value purposes.
- Momentum Investments subsidiaries are valued using forward price-earnings multiples applied to the relevant sustainable earnings bases.
- The Health businesses, Momentum Retail (Wealth off-balance sheet) and Guardrisk are valued using embedded value methodology.
- Cannon is included within International's non-covered business at 31 December 2015.
- 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	Restated	12 mths to
		Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of CAR Rm	31.12.2015	6 mths to 31.12.2014	30.06.2015
					Total EV Rm	Total EV Rm	Total EV Rm
Profit from new business		(748)	1 220	(85)	387	448	1 054
Embedded value from new business	A	(748)	1 194	(85)	361	421	954
Expected return to end of period	B	-	26	-	26	27	100
Profit from existing business		2 081	(917)	53	1 217	1 549	3 263
Expected return – unwinding of RDR	B	-	1 295	(166)	1 129	1 089	2 213
Release from the cost of required capital	C	-	-	228	228	215	445
Expected (or actual) net of tax profit transfer to net worth	D	2 087	(2 087)	-	-	-	-
Operating experience variances	E	59	(13)	(9)	37	260	701
Development expenses	F	(53)	-	-	(53)	(45)	(79)
Operating assumption changes	G	(12)	(112)	-	(124)	30	(17)
Embedded value profit from operations		1 333	303	(32)	1 604	1 997	4 317
Investment return on adjusted net worth	H	315	-	-	315	431	664
Investment variances	I	68	(44)	183	207	(495)	(406)
Economic assumption changes	J	(52)	(530)	7	(575)	115	58
Exchange rate movements	K	104	38	(14)	128	4	(7)
Embedded value profit – covered business		1 768	(233)	144	1 679	2 052	4 626
Transfer of business (to)/from non-covered business	L	(40)	1	-	(39)	388	523
Changes in share capital	M	47	(1)	-	46	30	202
Dividend paid		(1 707)	-	-	(1 707)	(2 627)	(3 744)
Change in embedded value – covered business		68	(233)	144	(21)	(157)	1 607
Non-covered business							
Change in directors' valuation and other items					(332)	261	(557)
Holding company expenses					(30)	(87)	(275)
Embedded value profit – non-covered business					(362)	174	(832)
Changes in share capital	M				(46)	(30)	(202)
Dividend paid					257	502	649
Finance costs – preference shares					(21)	(23)	(44)
Transfer of business to covered business	L				39	(388)	(523)
Change in embedded value – non-covered business					(133)	235	(952)
Total change in group embedded value					(154)	78	655
Total embedded value profit					1 317	2 226	3 794
Return on embedded value (%) - internal rate of return					6.6%	11.5%	9.6%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector ^(1,2) Rm	International Rm	Total Rm
6 mths to 31.12.2015					
Value of new business	126	68	137	30	361
Gross	163	92	154	37	446
Less cost of required capital	(37)	(24)	(17)	(7)	(85)
New business premiums	9 690	1 171	3 281	429	14 571
Recurring premiums	627	530	862	221	2 240
Single premiums	9 063	641	2 419	208	12 331
New business premiums (APE)	1 533	594	1 104	242	3 473
New business premiums (PVP)	12 673	2 411	10 921	1 265	27 270
Profitability of new business as a percentage of APE	8.2	11.4	12.4	12.4	10.4
Profitability of new business as a percentage of PVP	1.0	2.8	1.3	2.4	1.3
Restated					
6 mths to 31.12.2014					
Value of new business	127	107	160	27	421
Gross	162	130	181	34	507
Less cost of required capital	(35)	(23)	(21)	(7)	(86)
New business premiums	8 513	1 171	4 190	305	14 179
Recurring premiums	630	581	509	178	1 898
Single premiums	7 883	590	3 681	127	12 281
New business premiums (APE)	1 418	640	877	191	3 126
New business premiums (PVP)	11 817	2 684	8 369	975	23 845
Profitability of new business as a percentage of APE	9.0	16.7	18.2	14.1	13.5
Profitability of new business as a percentage of PVP	1.1	4.0	1.9	2.8	1.8
Restated					
12 mths to 30.06.2015					
Value of new business	276	185	427	66	954
Gross	340	232	518	78	1 168
Less cost of required capital	(64)	(47)	(91)	(12)	(214)
New business premiums	18 726	2 450	7 773	686	29 635
Recurring premiums	1 283	1 035	1 368	402	4 088
Single premiums	17 443	1 415	6 405	284	25 547
New business premiums (APE)	3 027	1 177	2 009	430	6 643
New business premiums (PVP)	25 458	5 091	17 683	2 164	50 396
Profitability of new business as a percentage of APE	9.1	15.7	21.3	15.3	14.4
Profitability of new business as a percentage of PVP	1.1	3.6	2.4	3.0	1.9

- December 2014 value of new business has been restated to include Guardrisk Life Ltd as part of covered business.
- The Corporate and Public Sector recognises cell captive business as new business at the point where all shareholder and other contractual arrangements have been finalised and signed, even though the first premium may only be received after the end of the current reporting period.
- 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.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector ^(1,2) Rm	International Rm	Total Rm
6 mths to 31.12.2015					
New business premiums	9 690	1 171	3 281	429	14 571
Recurring premiums	627	530	862	221	2 240
Risk	288	339	99	-	726
Savings/Investments	339	191	124	-	654
Cell captives	-	-	639	-	639
International	-	-	-	221	221
Single premiums	9 063	641	2 419	208	12 331
Savings/Investments	8 672	145	1 736	-	10 553
Annuities	391	496	683	-	1 570
International	-	-	-	208	208
New business premiums (APE)	1 533	594	1 104	242	3 473
Risk	288	339	99	-	726
Savings/Investments	1 206	205	298	-	1 709
Annuities	39	50	68	-	157
Cell captives	-	-	639	-	639
International	-	-	-	242	242
Restated					
6 mths to 31.12.2014					
New business premiums	8 513	1 171	4 190	305	14 179
Recurring premiums	630	581	509	178	1 898
Risk	288	373	187	-	848
Savings/Investments	342	208	307	-	857
Cell captives	-	-	15	-	15
International	-	-	-	178	178
Single premiums	7 883	590	3 681	127	12 281
Savings/Investments	7 527	123	2 081	-	9 731
Annuities	356	467	1 600	-	2 423
International	-	-	-	127	127
New business premiums (APE)	1 418	640	877	191	3 126
Risk	288	373	187	-	848
Savings/Investments	1 094	220	515	-	1 829
Annuities	36	47	160	-	243
Cell captives	-	-	15	-	15
International	-	-	-	191	191

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector ^(1,2) Rm	International Rm	Total Rm
Restated					
12 mths to 30.06.2015					
New business premiums	18 726	2 450	7 773	686	29 635
Recurring premiums	1 283	1 035	1 368	402	4 088
Risk	550	658	575	-	1 783
Savings/Investments	733	377	556	-	1 666
Cell captives	-	-	237	-	237
International	-	-	-	402	402
Single premiums	17 443	1 415	6 405	284	25 547
Savings/Investments	16 787	277	4 283	-	21 347
Annuities	656	1 138	2 122	-	3 916
International	-	-	-	284	284
New business premiums (APE)	3 027	1 177	2 009	430	6 643
Risk	550	658	575	-	1 783
Savings/Investments	2 412	405	984	-	3 801
Annuities	65	114	213	-	392
Cell captives	-	-	237	-	237
International	-	-	-	430	430

1. December 2014 value of new business has been restated to include Guardrisk Life Ltd as part of covered business.
2. The Corporate and Public Sector recognises cell captive business as new business at the point where all shareholder and other contractual arrangements have been finalised and signed, even though the first premium may only be received after the end of the current reporting period.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Total lump sum inflows	15 217	17 218	33 023
Inflows not included in value of new business	(3 592)	(5 163)	(8 966)
Term extensions on maturing policies	198	265	558
Retirement annuity proceeds invested in living annuities	518	-	822
Non-controlling interests and other adjustments	(10)	(39)	110
Single premiums included in value of new business	12 331	12 281	25 547

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.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	6 mths to 31.12.2015			Restated 6 mths to 31.12.2014	Restated 12 mths to 30.06.2015
		ANW Rm	Net VIF Rm	EV Rm	EV Rm	EV Rm
Momentum Retail		56	(23)	33	127	316
Mortality and morbidity	1,2	61	10	71	151	365
Terminations, premium cessations and policy alterations	3	(77)	-	(77)	(17)	(75)
Expense variance	4	(14)	-	(14)	11	(37)
Other	5	86	(33)	53	(18)	63
Metropolitan Retail		36	25	61	61	140
Mortality and morbidity	1	24	4	28	28	85
Terminations, premium cessations and policy alterations	6	15	22	37	9	(20)
Expense variance		(1)	-	(1)	10	26
Other		(2)	(1)	(3)	14	49
Corporate and Public Sector		(48)	(37)	(85)	(46)	(4)
Mortality and morbidity	7	(91)	(1)	(92)	35	24
Terminations	8	5	(53)	(48)	(6)	9
Expense variance	4	(30)	-	(30)	(27)	(19)
FNB Life – share of profits		17	-	17	19	38
Other	5	51	17	68	(67)	(56)
International		(11)	46	35	70	119
Mortality and morbidity	1	27	27	54	45	109
Terminations, premium cessations and policy alterations		(12)	(1)	(13)	28	(11)
Expense variance		(21)	5	(16)	(23)	(28)
Other		(5)	15	10	20	49
Shareholder Capital		26	(5)	21	38	151
Opportunity cost of required capital		-	(28)	(28)	10	(21)
Total operating experience variances		59	(22)	37	260	701

Notes

- Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
- The decline relative to prior periods was mainly due to an increase in mortality claims experience.
- Better than expected termination experience on whole life insurance contracts as well as the impact of higher than expected loyalty reward discounts and clients choosing lower fee products negatively impacted the embedded value.
- Overall experience was worse than expected due to proportionally higher internal cost allocations to covered segments in line with the new client centric model. This is offset by lower non-covered expenses.
- Various smaller items including taxation and liability matching activities.
- The positive variance is a result of improved persistency experience on group individual risk business.
- The negative variance is a result of disability in payment experience.
- Higher than expected terminations on risk business.

F. DEVELOPMENT EXPENSES

Business development expenses, comprising mainly middle market and other initiatives within Momentum Retail and Metropolitan Retail.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	6 mths to 31.12.2015			Restated	Restated
		ANW Rm	Net VIF Rm	EV Rm	6 mths to 31.12.2014 EV Rm	12 mths to 30.06.2015 EV Rm
Momentum Retail		-	(15)	(15)	21	63
Mortality and morbidity assumptions		-	-	-	-	235
Termination assumptions		-	-	-	-	(19)
Renewal expense assumptions		(1)	(4)	(5)	23	(28)
Modelling, methodology and other changes		1	(11)	(10)	(2)	(125)
Metropolitan Retail		6	-	6	4	60
Mortality and morbidity assumptions		-	-	-	-	95
Termination assumptions		-	-	-	-	(21)
Renewal expense assumptions		-	-	-	-	30
Modelling, methodology and other changes		6	-	6	4	(44)
Corporate and Public Sector		1	(73)	(72)	(8)	(104)
Mortality and morbidity assumptions		-	-	-	-	(81)
Termination assumptions		-	-	-	(1)	63
Renewal expense assumptions	1	-	(77)	(77)	27	(155)
Modelling, methodology and other changes		1	4	5	(34)	69
International		(19)	(24)	(43)	13	86
Mortality and morbidity assumptions		-	1	1	32	48
Termination assumptions		-	-	-	(1)	(4)
Renewal expense assumptions		-	(8)	(8)	(1)	22
Modelling, methodology and other changes	2	(19)	(17)	(36)	(17)	20
Shareholder Capital		-	-	-	-	(111)
Methodology change: cost of required capital		-	-	-	-	(11)
Total operating assumption changes		(12)	(112)	(124)	30	(17)

Notes

1. Impact of lower than expected sales volumes on expense recoveries.
2. Valuation methodology refinements mainly related to the Namibian business.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	6 mths to 31.12.2015 Rm	6 mths to 31.12.2014 Rm	12 mths to 30.06.2015 Rm
Investment income	281	426	618
Capital appreciation and other	50	20	77
Preference share dividends paid and change in fair value of preference shares	(16)	(15)	(31)
Investment return on adjusted net worth	315	431	664

I. 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.

J. 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.

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

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

This transfer mainly relates to the recapitalisation of non-covered subsidiaries of the life licence.

M. CHANGES IN SHARE CAPITAL

Changes in share capital include the recapitalisation of some of the International subsidiaries.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES – 31.12.2015	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm	Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm
Base value	14 372	21 607	24 556	(2 949)	361	446	(85)
1% increase in risk discount rate % change		19 904 (8)	23 185 (6)	(3 281) 11	290 (20)	381 (15)	(91) 7
1% reduction in risk discount rate % change		23 521 9	26 096 6	(2 575) (13)	441 22	519 16	(78) (8)
10% decrease in future expenses % change ⁽¹⁾		22 743 5	25 692 5	(2 949) -	411 14	496 11	(85) -
10% decrease in lapse, paid-up and surrender rates % change		22 287 3	25 282 3	(2 995) 2	423 17	513 15	(90) 6
5% decrease in mortality and morbidity for assurance business % change		23 134 7	26 095 6	(2 961) -	433 20	518 16	(85) -
5% decrease in mortality for annuity business % change		21 259 (2)	24 241 (1)	(2 982) 1	356 (1)	441 (1)	(85) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	14 337 -	22 330 3	25 279 3	(2 949) -	399 11	484 9	(85) -
1% reduction in inflation rate % change		22 368 4	25 317 3	(2 949) -	390 8	475 7	(85) -
10% fall in market value of equities and properties % change	14 013 (2)	20 458 (5)	23 387 (5)	(2 929) (1)			
10% reduction in premium indexation take-up rate % change		21 320 (1)	24 257 (1)	(2 937) -	345 (4)	430 (4)	(85) -
10% decrease in non-commission related acquisition expenses % change					411 14	496 11	(85) -
1% increase in equity/property risk premium % change		22 107 2	25 054 2	(2 947) -	382 6	467 5	(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 – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ⁽¹⁾	31.12.2015	Restated	Restated
	Rm	31.12.2014	30.06.2015
		Rm	Rm
Managed and/or administered by Investments			
Financial assets	460 941	439 659	456 663
Momentum Manager of Managers	110 635	109 956	117 416
Momentum Investment Consultants	10 343	10 826	11 715
Momentum Collective Investments	62 067	61 291	63 817
Metropolitan Collective Investments	37 034	24 732	24 775
Momentum Asset Management	177 376	180 331	183 198
Momentum Global Investments	57 161	46 656	48 639
Momentum Alternative Investments	6 325	5 867	7 103
Properties – Eris Property Group	28 782	26 903	26 133
On-balance sheet	8 459	7 776	8 066
Off-balance sheet	20 323	19 127	18 067
Momentum Wealth linked product assets under administration	152 439	130 569	138 854
On-balance sheet	95 329	79 078	85 433
Off-balance sheet	57 110	51 491	53 421
Managed internally or by other managers within MMI	74 773	63 358	70 450
On-balance sheet	68 867	57 976	64 872
Off-balance sheet	5 906	5 382	5 578
Managed by external managers (on-balance sheet)	16 754	15 832	16 789
Properties managed internally or by other managers within MMI or externally	2 445	2 510	2 506
Corporate and Public Sector – segregated assets	210	200	200
Corporate and Public Sector – cell captives on-balance sheet	17 821	13 024	16 381
Total assets managed and/or administered	754 165	692 055	727 976
Managed and/or administered by Investments			
On-balance sheet	255 931	250 692	259 594
Off-balance sheet	205 010	188 967	197 069
	460 941	439 659	456 663

1. Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
6 mths to 31.12.2015					
Momentum Retail	8 145	4 575	12 720	(12 540)	180
Metropolitan Retail	654	2 991	3 645	(3 232)	413
Corporate and Public Sector	6 167	7 494	13 661	(15 339)	(1 678)
International	251	1 774	2 025	(1 208)	817
Long-term insurance business fund flows	15 217	16 834	32 051	(32 319)	(268)
Off-balance sheet fund flows					
Managed and/or administered by Investments			45 756	(45 170)	586
Properties – Eris Property Group			3 818	(1 562)	2 256
Momentum Wealth linked product assets under administration			3 850	(3 858)	(8)
Managed internally or by other managers within MMI			441	(268)	173
Corporate and Public Sector – segregated assets			9	-	9
Total net funds received from clients			85 925	(83 177)	2 748

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Restated					
6 mths to 31.12.2014					
Momentum Retail	7 542	4 353	11 895	(12 221)	(326)
Metropolitan Retail	591	2 865	3 456	(2 408)	1 048
Corporate and Public Sector	8 847	6 927	15 774	(12 910)	2 864
International	238	1 488	1 726	(973)	753
Long-term insurance business fund flows	17 218	15 633	32 851	(28 512)	4 339
Off-balance sheet fund flows					
Managed and/or administered by Investments ⁽²⁾			36 234	(66 205)	(29 971)
Properties – Eris Property Group			2 199	(114)	2 085
Momentum Wealth linked product assets under administration			6 376	(5 452)	924
Managed internally or by other managers within MMI			1 743	(1 725)	18
Corporate and Public Sector – segregated assets			9	-	9
Total net funds received from clients			79 412	(102 008)	(22 596)

1. Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
2. Includes outflows of R31 billion relating to Metropolitan Collective Investments.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾ Restated 12 mths to 30.06.2015	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Momentum Retail	15 684	8 992	24 676	(24 088)	588
Metropolitan Retail	1 415	5 495	6 910	(4 967)	1 943
Corporate and Public Sector	15 576	14 345	29 921	(27 500)	2 421
International	348	3 215	3 563	(1 953)	1 610
Long-term insurance business fund flows	33 023	32 047	65 070	(58 508)	6 562
Off-balance sheet fund flows					
Managed and/or administered by Investments ⁽²⁾			72 017	(95 906)	(23 889)
Properties – Eris Property Group			2 912	(1 886)	1 026
Momentum Wealth linked product assets under administration			10 168	(10 582)	(414)
Managed internally or by other managers within MMI			1 280	(1 117)	163
Corporate and Public Sector – segregated assets			9	-	9
Total net funds received from clients			151 456	(167 999)	(16 543)

- Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
- Includes outflows of R31 billion relating to Metropolitan Collective Investments.

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2015		31.12.2014		30.06.2015	
	Rm	%	Rm	%	Rm	%
Equity securities	504	2.0	1 699	7.1	346	1.4
Preference shares	1 406	5.7	1 363	5.7	1 497	6.1
Collective investment schemes	208	0.8	523	2.2	523	2.1
Debt securities	3 246	13.1	4 321	18.0	4 761	19.4
Properties	2 891	11.6	2 262	9.4	2 241	9.1
Owner-occupied properties	1 410	5.7	1 463	6.1	1 509	6.1
Investment properties	1 481	6.0	799	3.3	732	3.0
Cash and cash equivalents and funds on deposit	7 702	31.0	6 408	26.7	9 368	38.2
Intangible assets	8 388	33.8	8 525	35.5	8 503	34.6
Other net assets	4 686	18.9	2 939	12.2	1 322	5.4
	29 031	116.9	28 040	116.7	28 561	116.4
Redeemable preference shares	(283)	(1.1)	(303)	(1.3)	(292)	(1.2)
Subordinated redeemable debt	(3 526)	(14.2)	(3 294)	(13.7)	(3 298)	(13.4)
Treasury shares	(384)	(1.5)	(420)	(1.7)	(424)	(1.7)
Shareholder excess per reporting basis	24 838	100.0	24 023	100.0	24 547	100.0

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NUMBER OF EMPLOYEES	31.12.2015
Indoor staff	10 647
Segments	
Momentum Retail	1 449
Metropolitan Retail	1 249
Corporate and Public Sector	1 007
International	1 156
Shareholder Capital	282
Centres of Excellence	
Investments and savings solutions	518
Legacy solutions	205
Life insurance solutions	488
Health solutions	3 037
Short-term insurance solutions	289
Group services divisions	967
Field staff	6 247
International	1 905
Investments and savings solutions	10
Momentum Retail	258
Metropolitan Retail	4 074
Total	16 894

NUMBER OF EMPLOYEES (pre – restructure)	31.12.2014	30.06.2015
Indoor staff	10 488	10 438
Momentum Retail	1 686	1 841
Metropolitan Retail	1 093	1 052
Momentum Employee Benefits	1 642	1 668
International	1 185	1 010
Momentum Investments	671	651
Metropolitan Health	3 067	2 902
Shareholder Capital		
Balance Sheet Management	78	78
Group services	802	925
Short-term insurance	264	311
Field staff	7 488	6 801
Momentum Retail	1 221	1 327
Metropolitan Retail	4 974	3 840
International	1 293	1 634
Total	17 976	17 239

MMI HOLDINGS GROUP – STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2015	30.06.2015	31.12.2014	30.06.2014
6 month period				
Value of listed shares traded (rand million)	14 700	11 987	7 166	8 370
Volume of listed shares traded (million)	580	381	260	338
Shares traded (% of average listed shares in issue) ⁽¹⁾	74	49	33	43
Trade prices				
Highest (cents per share)	3 149	3 475	3 192	2 783
Lowest (cents per share)	1 900	2 829	2 502	2 228
Last sale of period (cents per share)	2 200	3 015	3 000	2 625
Annualised percentage (%) change during period	(47)	1	31	8
Annualised percentage (%) change – life insurance sector (J857)	(3)	12	10	25
Annualised percentage (%) change – top 40 index (J200)	(1)	10	(9)	23
31 December/30 June				
Price/diluted core headline earnings (segmental) ratio	10.5	12.6	13.0	11.6
Dividend yield % (dividend on listed shares) ⁽¹⁾	7.1	5.1	4.9	5.4
Dividend yield % – top 40 index (J200) ⁽¹⁾	3.1	2.9	2.9	2.6
Total shares issued (million)				
Ordinary shares listed on JSE	1 573	1 572	1 571	1 570
Treasury shares held on behalf of contract holders	(17)	(14)	(14)	(14)
Basic number of shares in issue	1 556	1 558	1 557	1 556
Treasury shares held on behalf of contract holders	17	14	14	14
Convertible redeemable preference shares	31	32	33	34
Diluted number of shares in issue ⁽²⁾	1 604	1 604	1 604	1 604
Market capitalisation at end (Rbn) ⁽³⁾	35	48	48	42

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.