Financial Results

For six months ended 31 December 2016

Summary of key metrics

MMI's diluted core headline earnings declined by 5% versus 1H16 results. Disability claims experience reduced earnings by R57m relative to 1H16 and the negative earnings impact from the loss of two large health scheme administration clients was R70m. These two items equate to 7% of the earnings in 1H16. Beyond disability experience, underwriting results have improved year-on-year. Life insurance mortality profits on the SA businesses are up R63m on 1H16 whereas non-life underwriting results (health and short-term) are R31m stronger in SA. The underwriting results on our African health operations are up R27m year-on-year.

During the period we made excellent progress on reengineering the health administration business and we also implemented numerous enhancements to the way we manage our corporate disability exposures. We expect the benefits of these changes to come through from F2018 onwards.

Diluted headline earnings were R579m lower than diluted core headline earnings during the period. R293m of the difference relates to amortization of acquisition related intangibles including the impact of the merger of Momentum and Metropolitan in 2010 to form MMI Holdings. Another R183m of the difference arises from changes to actuarial assumptions and as a result of investment variances. For the current period this item mainly refers to the negative impact of lower asset returns on investment variances. Further R81m is attributable to non recurring items arising mainly from restructuring of the group.

Our dividend policy references core headline earnings and targets a coverage range of 1.5x to 1.7x. We have declared a 65 cent per share interim dividend which equates to a 1.5x dividend cover. The dividend is unchanged from that declared in 1H16.

New business volumes are up 2% year-on-year to R21.3bn (measured on the PVNBP basis). Decent volume growth was achieved across International (+20%), Corporate & Public Sector (+12%), and Metropolitan Retail (+11%). Overall volume growth was depressed by the 4% decline in sales at Momentum Retail. While Momentum Retail managed to grow recurring premium new business modestly, single premium new business declined 10%. Single premiums decline at Momentum Retail is partially explained by the managed reduction in the volume of guaranteed endowments sold over the six months.

New business margins declined slightly from 1.45% to 1.37%. This resulted in value of new business declining by 3% to R292m, although on like-for-like basis the VNB is up 4%. There was significant margin improvement visible at Metropolitan Retail (from 2.8% to 3.5%) and in International (from 2.6% to 3.3%), but margins declined at Momentum Retail (from 1.0% to 0.9%) and at Corporate & Public Sector (from 1.7% to 0.8%).

Group embedded value is slightly down from June 2016 to R42.5bn (June 2016 was R43.0bn). This equates to embedded value per share of R26.48 on 31 December 2016. Allowing for the dividend paid during the period results in an annualised return on EV of 4.5%. ROEV on covered business was 6.9% during the period (11.6% excluding investment variances, interest rate changes, and Forex movements), but this was offset by -6.0% return on non-covered business. Strengthening of the rand had a negative impact on the EV carry value of our international operations.

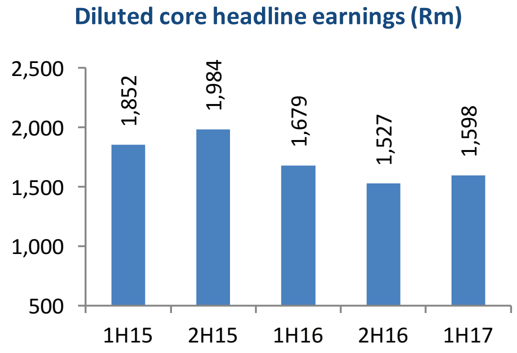
Operating experience variation on the EV basis was similar in 1H17 (R114m) as in 1H16 (R119m). Expense variances alone contributed R89m to the overall positive variance of R114m and reflect the results of ongoing focus on tight management of expenses across the group.

Key metrics	1H17	1H16	Δ %
Diluted core headline earnings per share (cents)	99.6	104.7	-5
Diluted headline earnings per share (cents)	64.0	90.0	-29
Declared dividend per share (cents)	65.0	65.0	0
New business volumes (PVNBP, Rm)	21 295	20 789	2
Value of new business (Rm)	292	301	-3
New business margin (%)	1.4	1.4	-0.1
Embedded value (Rm)	42 475	40 176	6
ROEV (%, annualised)	4.5	6.6	-2.1

Analysis of group earnings

Diluted core headline earnings for the period were R1 598m which represents a 5% decline on the comparative period. Main positive contributor to core earnings growth was Metropolitan Retail where earnings increased by 18%. Corporate & Public Sector's 29% decline in core earnings was the main drag on group numbers.

The development of diluted core headline earnings over the past few reporting periods is shown below. The impact of the weaker underwriting environment is clearly evident in the numbers over the past 18 months.



Momentum Retail

Momentum Retail earnings increased marginally to R649m. This represents reasonable performance considering that the prior period included a contribution from discretionary margin releases of R81m. Earnings were aided by strong expense management leading to a positive expense variance of R59m over the six months. Mortality experience improved R49m relative to 1H16. Recall that 1Q16 was an unusually poor quarter for retail risk experience and thus just normalisation in claims experience has resulted in significant improvement in risk profits.

Losses from non-covered operations reported within Momentum Retail reduced by R28m. This was mainly a function of growth in Momentum Health open scheme and improved underwriting experience in Momentum Short-Term Insurance.

Metropolitan Retail

Metropolitan Retail grew core earnings by 18% to R373m for the six months. Part of the growth is attributable to profit margins starting to emerge from the higher sales achieved in the second half of F2016. Besides the structural growth, expense management also made a material contributor to earnings (R28m increase in expense variances). The only negative item of note to earnings growth was the decline in persistency variance (earnings contribution R29m lower). The lower persistency variance is linked to the recent growth in the number of relatively inexperienced agents.

Corporate and Public Sector (C&PS)

C&PS earnings declined by 29% to R280m with disability experience alone explaining R64m (16%) of the decline. The loss of two large health administration clients in the prior year explains another R70m (18%) of the decline in earnings.

On the positive front Guardrisk continues to grow its core earnings contribution (+42%). Guardrisk's underwriting experience showed a major recovery during the period with Admed price increases and retrenchment risk reinsurance both starting to aid underwriting results over the six months.

International

Losses from International increased during the period to R61m. The R22m increase in losses is largely a function of a R27m reduction in Namibia profits with corporate disability experience in that market showing similar negative trends as visible in South Africa.

Shareholder Capital

The main earnings contributor in this reporting segment is investment income on shareholder funds. During the six months investment income after tax contributed R337m to core earnings versus R322m in the comparative period. The average yield on the portfolio increased slightly during the period.

Rm	1H17	1H16	Δ %
Momentum Retail	649	644	1
Metropolitan Retail	373	316	18
Corporate & Public Sector	280	396	-29
International	-61	-39	-56
Operating profit	**1 241**	**1 317**	**-6**
Shareholder Capital	357	362	-1
Diluted core headline earnings	**1 598**	**1 679**	**-5**

New business commentary

New business volumes are up 2% at R21.3bn when measured as the present value of new business premiums (PVNBP). Volume growth was held back by the 4% decline in volumes at Momentum Retail; a business unit that generates more than half of the group's new business volumes in most periods. The other three client segments all generated decent volume growth.

Momentum Retail

Momentum Retail managed to grow recurring premium new business by 2%, mainly due to a 3% increase in savings new business driven by good retirement annuity volumes. Sales of protection products were flat year-on-year. Single premium new business was down 10% for the period. The main reason for the weak single premium sales is the decline in sales of guaranteed endowments. The decline is in turn linked to our reduced funding needs within the life insurance operations. We plan to make up some of the lost flows in guaranteed products by maintaining decent flows into structured products which remain in good demand in the retail channels.

New business margins are down slightly from 1.0% of premiums to 0.9%. The margin has been negatively affected by the operational gearing between the 4% decline in new business volumes and the relatively fixed nature of distribution channel overheads.

Metropolitan Retail

Metropolitan grew recurring premium volumes by 22% on the back of significant growth in advisor footprint. Metropolitan Retail's average agent headcount was 22% higher during 1H17 than during 1H16. New agents tend to sell higher proportion of protection business than more experienced agents. As a result we have seen recurring premium protection business volumes increase by 28% while recurring premium savings have grown by 12%. Majority of Metropolitan Retail's single premium flows represents compulsory annuities purchased on retirement.

The threshold for accumulated assets above which an annuity must be purchased was recently increased from R75 000 to R247 500 and this has significantly reduced demand for annuities.

New business profits have increased by 38% over the period. This margin expansion from 2.8% of premiums to 3.5% of premiums was achieved despite an additional allowance being made for early duration lapses in our VNB basis. The margin improvement reflects benefits of operational gearing from rising volumes, lower interest rates, shift in mix towards risk business, and the reduction in sales of unprofitable smaller life annuities.

Corporate and Public Sector

C&PS new business was up 12% for the period. Recurring premium new business was up 43% with Funds At Work umbrella fund continuing to attract new employers. Our large scheme group risk sales were also up on the modest comparative. Single premium new business was down 21% for the period. Funds At Work single premium flows were close to last year's levels, but annuity and large scheme investment flows were weaker.

New business margins declined at C&PS from 1.7% of premiums to 0.8% of premiums. The decline mainly reflects the narrowing of available margins on group risk products and on annuities in a highly competitive market.

International

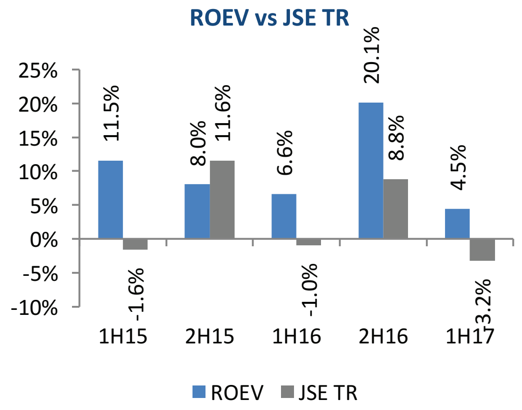
International new business was up 20% year-on-year. Strongest growth was achieved in Lesotho where new business increased by 33% on the back of good employee benefit flows. Namibia is the largest contributor to International and it posted pleasing 28% growth in new business for the period.

New business margins improved to 3.3% from 2.6% previously. Margins expanded in all of the Southern countries as a result of volume growth far outstripping the increases in distribution costs.

Rm	1H17	1H16	Δ %
Momentum Retail	12 114	12 673	-4
Metropolitan Retail	2 673	2 411	11
Corporate & Public Sector	5 094	4 530	12
International	1 414	1 175	20
MMI total PVNBP	**21 295**	**20 789**	**2**

Embedded value

Our embedded value per share came in at R26.48 on 31 December 2016. This meant that the ROEV for the period was 4.5% (annualised). The chart below shows that there is a strong correlation between our ROEV and the broader equity market returns. This arises from the impact that equity markets have on our asset-based fee income, the impact on certain guarantee reserves that we need to hold, and the second-order effect on many of our non-covered subsidiaries.



Investment variation impact for the six months was negative R731m on EV profit. If we include interest rate movements and FX translation effects, the grand total of negative market impact on our EV profit was R793m or 3.7% on ROEV.

Experience variation

Our overall experience variation for the period was R97m. Aggregate risk experience was positive R27m despite the R151m negative experience within Corporate and Public Sector. The negative variance in C&PS arises from the currently loss making position on disability business.

The termination experience was a small loss (R3m) in aggregate. The negative termination experience in C&PS is a result of risk business terminations which is partly related to our decision to increase disability premium rates for many clients. The negative termination experience in Metropolitan Retail is due to an increase in early duration lapses. We attribute this to changes in new business mix towards risk, to the higher proportion of inexperienced agents, and to a shift towards bank debit order (vs stop order) business. Momentum Retail's overall termination experience is positive although the ANW impact is negative due to lower than expected lapses on level premium policies.

Overall expense variance was a profit of R89m and is explained by the ongoing focus on costs across the group. We are now also showing credit risk variance as a separate line item. The credit risk variance for the period was R24m which is pleasing considering that there was a credit event in the portfolio during the period. The largest 'other' item during period was roughly a R100m negative arising from improved modelling of rider benefits on Momentum Retail's Myriad product range.

Assumption changes

We generally only make material assumption changes at year end. The only material changes in the current period related to R55m charge for changes to product features and R29m charge for unit-cost allocations on corporate business.

Non-covered EV earnings

Non-covered EV earnings were negative R238m for the period. The most material negative was the reduction in the carrying value of our East African operations. We also reduced the carrying value of our mutual fund operations due to lower than expected net flows.

Rm	EV total	ANW	Net VIF
New business	292	-769	1 061
Unwind of RDR	1 362	0	1 362
Expected profit	0	2 036	-2 036
Experience variance	97	76	21
Operating assumptions	-81	-42	-39
Investment return on ANW	310	310	0
Investment variance	-731	-85	-646
Economic variance	-29	3	-32
FX translation effect	-33	-22	-11
EV profit on non-covered	-238	-238	0
EV profit	**949**	**1 269**	**-320**

Capital, dividend, and outlook

Our capital position remains healthy and we had a capital buffer of R3.0bn on 31 December 2016. Our available capital resources at the end of the period stood at R20.2bn, where as we are currently utilising R13.5bn of capital in our existing businesses. Outside of the existing operations we have also set aside R1.0bn for the next dividend payment and R2.7bn to fund strategic initiatives.

Rbn	Dec 16	Jun 16
NAV as per EV statement	16.7	16.9
Qualifying debt capital	3.5	3.6
Less: NAV in strategic subsidiaries	-3.6	-3.5
Less: Required capital	-9.9	-9.7
Capital buffer before deployment	**6.7**	**7.3**
Deployed for dividend payable	-1.0	-1.5
Deployed for strategic initiatives	-2.7	-2.2
Capital buffer	**3.0**	**3.6**

The capital buffer declined by approximately R600m over the period. There are two primary reasons behind the decline. Firstly, the required capital in our covered business increased by around R300m. This is mainly due to lower funding levels in the smoothed bonus portfolios resulting in higher capital requirement under the investment resilience component of the CAR calculation. Secondly, our strategic commitments increased by around R500m during the period. The increase includes an allowance for a capital injection into Guardrisk to meet its SAM capital requirements, and also makes an allowance for the next round of investment into our India joint venture.

Movement in capital buffer	Rbn
Capital buffer on 30 June 2016	3.6
Profit from covered business	1.5
Profit from non-covered business	-0.2
Dividends and new capital	-1.1
Increase in required capital	-0.3
Change in strategic commitments	-0.5
Capital buffer	**3.0**

Investors should note that actual capital investments during the period do not affect the capital buffer as they are usually fully provided for in the 'deployed for strategic initiatives' item. For information we can point out that we invested approximately R500m during the six months into:

- Around R200m was invested into venture capital investments via Exponential
- Around R100m was invested into our International operations
- Around R100m was invested into our head office property development in Sandton

Dividends

Our dividend policy is to maintain a dividend cover between 1.5 and 1.7 times core headline earnings, but with provision to go below the lower range to maintain stable dividends if there is temporary decline in earnings. This is subject to our capital position making the dividend payment feasible.

We remain well capitalised and have thus declared a dividend at the lower end of the dividend cover range for the period. The interim dividend of 65 cents per share means it is maintained at last year's level despite the small decline in core headline earnings.

Strategy update and outlook

We remain committed to our client-centric strategy that is purposefully focused on providing for our clients' needs in order to enhance their lifetime Financial Wellness.

At the same time we continue to refine the actions and decisions to optimise delivery on our strategy aspirations. On this front we would like to update shareholders on three items that we agreed upon at the recent strategy session:

- Client engagement via Multiply is our primary differentiator over time, and we will thus continue to invest in and improve our client engagement capabilities;
- We will increasingly invest in our distribution footprint with a specific focus on investing in distribution channels that will enable us to deliver the client engagement experience that we believe will be optimal for our customers;
- We are primarily a South African company and we need to make sure that all our core domestic businesses are successful in their chosen market segments.

In terms of outlook, core headline earnings are sensitive to underwriting results and investment markets. We believe that we are making progress on our underwriting activities and thus expect core headline earnings to improve in 2H17 relative to 1H17 unless investment markets decline from current levels.

Summary of financial information

Unaudited results for the 6 months ended 31 December 2016

MMI HOLDINGS GROUP

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited summarised interim results of MMI Holdings financial services group for the period ended 31 December 2016. The preparation of the group's results was supervised by the group finance director, Mary Vilakazi, CA(SA).

Corporate events

During the current period, the FSB approved the transfer of the FNB Life book of business from MMI Group Ltd to FirstRand Life Assurance Ltd. MMI Group Ltd recognised a profit of R73 million relating to the sale which was effective from 1 October 2016. There were no other corporate events in the current period.

Basis of preparation of financial information

These summarised consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); 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 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 2016, 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 2016 and relevant to the group

- The following amendments to standards and interpretations became effective for the first time in the current period and had no impact on the group's earnings or net asset value: Amendments to IFRS 10 Consolidated financial statements, IAS 28 Investments in associates and joint ventures, IFRS 11 Joint arrangements, IAS 1 Presentation of financial statements, IAS 16 Property, plant and equipment, IAS 38 Intangible assets and IAS 27 Separate financial statements.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

MMI HOLDINGS GROUP

Segmental report

To align segmental reporting with actual management responsibilities, we have made numerous movements across the five segments. The changes can be categorised into two main themes; (1) transfer of smaller operations previously shown as part of the Shareholder Capital segment into the client-facing segment where management responsibility actually rests and (2) transfer of UK operations previously residing in Momentum Retail or in Shareholder Capital to the International segment. The group has also refined the manner in which costs related to our Rewards programme are allocated. This has resulted in Momentum Retail carrying more of these costs than under the old allocation methodology. The new segmental reporting had no impact on the current or prior period reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow.

The client-centric reporting view reflects the following segments:

Momentum Retail: Momentum Retail's focus is on the upper retail segment and the small business segment in South Africa, offering innovative and appropriate wealth creation, risk and savings solutions. The group's short-term insurance and open medical scheme solutions are also marketed under the Momentum Retail brand. The main change during the period was the transfer of Momentum Wealth International from Momentum Retail to the International segment.

Metropolitan Retail: The focus is on the entry-level market in South Africa, offering savings, income generation, risk and funeral products and solutions.

Corporate and Public Sector: 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. The most material impact of the segmental changes for the Corporate and Public Sector is the inclusion of profits from Eris (property management) which was previously shown as part of the Shareholder Capital segment.

International: The International segment manages MMI's global expansion holistically in selected segments of countries where MMI is represented. Material changes to the segmental reporting include the consolidation of most UK operations in this segment (from Momentum Retail and Shareholder Capital) and the transfer in of India and Ayo operations (from Shareholder Capital).

Shareholder Capital: This segment is responsible for the management of the capital base of the group. Note that we have transferred almost all of the strategic initiatives out from Shareholder Capital into the segments where management responsibility sits for these initiatives.

Embedded value information

In addition to the segmental reporting changes, the methodology for classifying business as covered or non-covered has been reviewed and the following changes have been implemented:

- Guardrisk Life business has been reclassified as non-covered as the business being written is mainly fee income in nature rather than underwriting exposure.
- An entity will only be classified as covered business once it has reached sufficient operational scale to support all operational expenses attributable to that entity.

As a result, with effect from 1 July 2015, Guardrisk Life Ltd and a number of International life and health entities were transferred to non-covered business. The December 2015 and June 2016 comparatives have been restated to reflect these transfers to non-covered business.

Corporate governance

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

MMI HOLDINGS GROUP

Changes to the directorate, secretary and directors' shareholding

On 21 July 2016, Voyt Krzychylkiewicz was appointed as an alternative director to Peter Cooper. On 1 October 2016, Professor Stephen Jurisich was appointed to the board. On 22 November 2016, Johan Burger resigned from the board and as deputy chairman. On 1 December 2016, Louis von Zeuner was elected as deputy chairman of the board.

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

Changes to the group executive committee

Innocent Dutiro was appointed in the role of chief executive officer of MMI's International segment from 1 July 2016. On 10 October 2016, Linda Mthenjane was appointed in the role of group executive of human capital. On 28 February 2017, Vuyo Lee resigned as group executive officer of brand, corporate affairs and transformation. Herman Schoeman, the current chief executive officer of the Corporate and Public Sector segment, will be the chief executive officer of the MMI Short-term Insurance Centre of Excellence from 1 March 2017. On the same day, Thinus Alsworth-Elvey will become the chief executive officer of the Corporate and Public Sector segment in addition to his current responsibilities.

Contingent liabilities and capital commitments

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 2016 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 1 March 2017, 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, 31 March 2017, and will be paid on Monday, 3 April 2017.
- The dividend will be subject to local dividend withholding tax at a rate of 20% (as announced in the 2017 Budget) 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 52 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 28 March 2017.
- The shares will trade ex dividend from the start of business on Wednesday, 29 March 2017.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive.
- The number of ordinary shares at the declaration date was 1 574 615 233.
- MMI's income tax number is 975 2050 147.

Preference shares

- Dividends of R19.5 million (2015: 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. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The summarised 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

1 March 2017

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

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 – SOUTH AFRICA: Merrill Lynch South Africa (Pty) Ltd (registration number: 2000/031756/06) SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: PricewaterhouseCoopers Inc

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

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

SENS ISSUE: 2 March 2017

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**31.12.2016 Rm**	31.12.2015 Rm	30.06.2016 Rm
ASSETS			
Intangible assets	**11 996**	12 813	12 433
Owner-occupied properties	**3 324**	3 084	3 112
Property and equipment	**386**	463	432
Investment properties	**7 484**	7 595	7 422
Investments in associates	**634**	212	680
Investments in joint ventures	**20**	-	-
Employee benefit assets	**460**	417	445
Financial instruments (1)	**390 228**	387 538	393 968
Reinsurance contract assets	**4 850**	3 272	5 092
Deferred income tax	**328**	296	279
Properties under development	**249**	225	187
Insurance and other receivables	**4 250**	5 157	4 497
Current income tax assets	**548**	352	537
Cash and cash equivalents	**24 980**	31 849	29 148
Non-current assets held for sale	**-**	-	470
Total assets	**449 737**	**453 273**	**458 702**
EQUITY			
Equity attributable to owners of the parent	**23 543**	24 838	24 109
Non-controlling interests	**254**	395	290
Total equity	**23 797**	**25 233**	**24 399**
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	**106 465**	103 771	107 115
Short-term insurance contracts	**6 984**	6 914	6 978
Financial instruments			
Investment contracts	**254 083**	253 107	257 985
– with discretionary participation features (DPF)	**24 462**	25 650	25 195
– designated at fair value through income	**229 621**	227 457	232 790
Other financial instruments (2)	**39 699**	45 181	41 529
Reinsurance contract liabilities	**931**	910	973
Deferred income tax	**3 595**	4 201	3 812
Employee benefit obligations	**1 165**	1 081	1 452
Other payables	**12 860**	12 668	14 384
Provisions	**30**	25	43
Current income tax liabilities	**128**	182	32
Total liabilities	**425 940**	**428 040**	**434 303**
Total equity and liabilities	**449 737**	**453 273**	**458 702**

1. Financial instruments consist of the following:
   - Securities designated at fair value through income: R367 138 million (31.12.2015: R365 881 million; 30.06.2016: R373 630 million)
   - Investments in associates designated at fair value through income: R13 099 million (31.12.2015: R12 168 million; 30.06.2016: R10 499 million)
   - Derivative financial instruments: R2 180 million (31.12.2015: R2 537 million; 30.06.2016: R1 977 million)
   - Available-for-sale: R64 million (31.12.2015: R142 million; 30.06.2016: R125 million)
   - Held-to-maturity: R507 million (31.12.2015: R129 million; 30.06.2016: R122 million)
   - Loans and receivables: R7 240 million (31.12.2015: R6 681 million; 30.06.2016: R7 615 million)
2. Other financial instruments consist of the following:
   - Designated at fair value through income: R36 581 million (31.12.2015: R40 391 million; 30.06.2016: R38 374 million)
   - Derivative financial instruments: R1 968 million (31.12.2015: R 3 807 million; 30.06.2016: R2 097 million)
   - Amortised cost: R1 150 million (31.12.2015: R983 million; 30.06.2016: R1 058 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2016 Rm	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm
Net insurance premiums	**14 072**	14 144	28 971
Fee income (1)	**3 851**	3 790	7 679
Investment income	**9 364**	8 350	17 522
Net realised and fair value (losses)/gains	**(6 630)**	6 417	11 824
Net income	**20 657**	**32 701**	**65 996**
Net insurance benefits and claims	**12 241**	13 046	26 609
Change in liabilities	**(2 418)**	(2 395)	(674)
Change in long-term insurance contract liabilities	**(1 390)**	(1 977)	354
Change in short-term insurance contract liabilities	**(81)**	(100)	(71)
Change in investment contracts with DPF liabilities	**(731)**	(488)	(940)
Change in reinsurance assets	**(172)**	(81)	(331)
Change in reinsurance liabilities	**(44)**	251	314
Fair value adjustments on investment contract liabilities	**(301)**	8 486	16 205
Fair value adjustments on collective investment scheme liabilities	**(1 572)**	1 274	(153)
Depreciation, amortisation and impairment expenses	**669**	664	1 408
Employee benefit expenses	**2 605**	2 549	5 341
Sales remuneration	**2 763**	2 707	5 304
Other expenses	**3 641**	3 183	6 695
Expenses	**17 628**	**29 514**	**60 735**
Results of operations	**3 029**	3 187	5 261
Share of (loss)/profit of associates	**(36)**	5	18
Share of loss of joint ventures	**(3)**	-	-
Finance costs (2)	**(523)**	(468)	(937)
Profit before tax	**2 467**	2 724	4 342
Income tax expense	**(1 445)**	(1 167)	(2 164)
Earnings for the period	**1 022**	**1 557**	**2 178**
Attributable to:			
Owners of the parent	**1 015**	1 537	2 142
Non-controlling interests	**7**	20	36
	1 022	**1 557**	**2 178**
Basic earnings per ordinary share (cents)	**65.0**	98.7	137.6
Diluted earnings per ordinary share (cents)	**64.6**	97.2	135.9

1. Fee income consists of the following:
   - Investment contracts: R1 276 million (31.12.2015: R1 078 million; 30.06.2016: R2 471 million)
   - Trust and fiduciary services: R839 million (31.12.2015: R988 million; 30.06.2016: R1 892 million)
   - Health administration: R946 million (31.12.2015: R1 107 million; 30.06.2016: R1 945 million)
   - Other fee income: R790 million (31.12.2015: R617 million; 30.06.2016: R1 371 million)
2. Finance costs consist of the following:
   - Preference shares issued by MMI: R58 million (31.12.2015: R54 million; 30.06.2016: R110 million)
   - Subordinated debt: R176 million (31.12.2015: R169 million; 30.06.2016: R341 million)
   - Cost of carry positions: R202 million (31.12.2015: R175 million; 30.06.2016: R346 million)
   - Other: R87 million (31.12.2015: R70 million; 30.06.2016: R140 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**6 mths to 31.12.2016 Rm**	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm
Earnings for the period	**1 022**	1 557	2 178
Other comprehensive (loss)/income, net of tax	**(164)**	360	83
Items that may subsequently be reclassified to income	**(180)**	323	(24)
Exchange differences on translating foreign operations	**(175)**	320	(27)
Available-for-sale financial assets	**(1)**	3	3
Share of other comprehensive loss of associates	**(4)**	-	-
Items that will not be reclassified to income	**16**	37	107
Land and building revaluation	**49**	58	124
Remeasurements of post-employee benefit funds	**(24)**	(13)	(1)
Income tax relating to items that will not be reclassified	**(9)**	(8)	(16)
Total comprehensive income for the period	**858**	**1 917**	**2 261**
Total comprehensive income attributable to:			
Owners of the parent	**850**	1 898	2 193
Non-controlling interests	**8**	19	68
	858	**1 917**	**2 261**

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

	Basic earnings			Diluted earnings		
RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	**6 mths to 31.12.2016 Rm**	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm	**6 mths to 31.12.2016 Rm**	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm
Earnings	**1 015**	1 537	2 142	**1 015**	1 537	2 142
Finance costs – convertible preference shares				**20**	21	41
Dilutory effect of subsidiaries (1)				**(6)**	(14)	(23)
Diluted earnings				**1 029**	**1 544**	**2 160**
Intangible asset and other impairments (2)	**63**	-	158	**63**	-	158
Tax on intangible asset and other impairments	**-**	-	(10)	**-**	-	(10)
Release of foreign currency translation reserve	**-**	-	(92)	**-**	-	(92)
Gain on sale of business/subsidiary	**(73)**	(115)	(115)	**(73)**	(115)	(115)
Headline earnings (3)	**1 005**	1 422	2 083	**1 019**	1 429	2 101
Net realised and fair value losses/(gains) on excess	**2**	(138)	(112)	**2**	(138)	(112)
Basis and other changes and investment variances	**183**	68	517	**183**	68	517
Adjustments for MMI shares held by policyholder funds	**10**	(127)	(98)	**20**	(114)	(73)
Amortisation of intangible assets relating to business combinations	**293**	373	618	**293**	373	618
Non-recurring items (4)	**81**	61	155	**81**	61	155
Core headline earnings (5)	**1 574**	**1 659**	**3 163**	**1 598**	**1 679**	**3 206**

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. Relates to impairments of Cannon goodwill and software in International in the current and prior period. The prior period also includes the impairment of Hello Doctor goodwill and software in the health business.
3. Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
4. Non-recurring items include one-off costs relating mainly to the restructuring of the group.
5. 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 31.12.2016**	6 mths to 31.12.2015	12 mths to 30.06.2016
Basic			
Core headline earnings	**100.8**	106.6	203.1
Headline earnings	**64.3**	91.3	133.8
Earnings	**65.0**	98.7	137.6
Weighted average number of shares (million)	**1 562**	1 557	1 557
Diluted			
Core headline earnings	**99.6**	104.7	199.9
Weighted average number of shares (million) (1)	**1 604**	1 604	1 604
Headline earnings	**64.0**	90.0	132.2
Earnings	**64.6**	97.2	135.9
Weighted average number of shares (million) (2)	**1 592**	1 588	1 589

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	**2017**	2016
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	**65**	**65**
Final – September		**92**
Total		**157**

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 3 October 2016, 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

R369 million of the ordinary dividends declared by MMI Holdings Ltd in September 2016 (R362 million of the ordinary dividends declared in September 2015) and R261 million of the ordinary dividends declared in March 2016 were attributable to RMI Holdings Ltd. Dividends of R19.5 million (2016: R20.1 million) were paid to KTH on the A3 MMI Holdings Ltd preference shares. Dividends of R8 million (2016: R5 million) were paid to KTH on the MHC A ordinary shares.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**6 mths to 31.12.2016 Rm**	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm
Changes in share capital			
Balance at beginning and end	**9**	**9**	**9**
Changes in share premium			
Balance at beginning	**13 847**	13 795	13 795
Conversion of preference shares	**7**	9	17
Decrease/(increase) in treasury shares held on behalf of contract holders	**17**	(87)	35
Balance at end	**13 871**	**13 717**	**13 847**
Changes in other reserves			
Balance at beginning	**1 955**	1 866	1 866
Total comprehensive (loss)/income	**(165)**	361	51
BEE cost	**3**	2	4
Change in non-distributable reserves	**-**	(2)	2
Transfer (to)/from retained earnings	**(41)**	(3)	32
Balance at end (1)	**1 752**	**2 224**	**1 955**
Changes in retained earnings			
Balance at beginning	**8 298**	8 877	8 877
Total comprehensive income	**1 015**	1 537	2 142
Dividend paid	**(1 443)**	(1 453)	(2 475)
Transactions with non-controlling interests	**-**	(76)	(214)
Transfer from/(to) other reserves	**41**	3	(32)
Balance at end	**7 911**	**8 888**	**8 298**
Equity attributable to owners of the parent	**23 543**	**24 838**	**24 109**
Changes in non-controlling interests			
Balance at beginning	**290**	501	501
Total comprehensive income	**8**	19	68
Dividend paid	**(28)**	(33)	(60)
Transactions with owners	**(16)**	(92)	(219)
Balance at end	**254**	**395**	**290**
Total equity	**23 797**	**25 233**	**24 399**

1. Other reserves consist of the following:
    - Land and building revaluation reserve: R742 million (31.12.2015: R679 million; 30.06.2016: R742 million)
    - Foreign currency translation reserve: -R57 million (31.12.2015: R493 million; 30.06.2016: R122 million)
    - Revaluation of available-for-sale investments: R9 million (31.12.2015: R10 million; 30.06.2016: R11 million)
    - Non-distributable reserve: R50 million (31.12.2015: R21 million; 30.06.2016: R50 million)
    - Employee benefit revaluation reserve: R53 million (31.12.2015: R70 million; 30.06.2016: R77 million)
    - Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (31.12.2015: R940 million; 30.06.2016: R940 million)
    - Equity-settled share-based payment arrangements: R15 million (31.12.2015: R11 million; 30.06.2016: R13 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	**6 mths to 31.12.2016 Rm**	6 mths to 31.12.2015 Rm	12 mths to 30.06.2016 Rm
Net cash (outflow)/inflow from operating activities	**(3 126)**	7 503	8 842
Net cash inflow/(outflow) from investing activities	**408**	(342)	(1 051)
Net cash outflow from financing activities	**(1 450)**	(1 486)	(4 817)
Net cash flow	**(4 168)**	**5 675**	**2 974**
Cash resources and funds on deposit at beginning	**29 148**	26 174	26 174
Cash resources and funds on deposit at end	**24 980**	**31 849**	**29 148**

PRINCIPAL ASSUMPTIONS (South Africa) (1)	**31.12.2016 %**	31.12.2015 %	30.06.2016 %
Pre-tax investment return			
Equities	**12.8**	13.6	12.7
Properties	**10.3**	11.1	10.2
Government stock	**9.3**	10.1	9.2
Other fixed-interest stocks	**9.8**	10.6	9.7
Cash	**8.3**	9.1	8.2
Risk-free return (2)	**9.3**	10.1	9.2
Risk discount rate (RDR)	**11.5**	12.3	11.4
Investment return (before tax) – balanced portfolio (2)	**11.5**	12.2	11.4
Expense inflation base rate (3)	**7.5**	8.3	7.4

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	**31.12.2016 %**	31.12.2015 %	30.06.2016 %
Cannon Assurance	**33.7**	33.7	33.7
Eris Property Group	**23.7**	23.7	23.7
Metropolitan Health Ghana	**0.9**	0.9	0.9
Metropolitan Health Group	**17.6**	17.6	17.6
Metropolitan Health Namibia Administrators	**49.0**	49.0	49.0
Metropolitan Kenya	**33.7**	33.7	33.7
Metropolitan Nigeria	**-**	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	**9.9**	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 2016

There were no significant business combinations for the 6 months ended December 2016.

BUSINESS COMBINATIONS – JUNE 2016

There were no significant business combinations for the 12 months ended June 2016.

RECONCILIATION OF GOODWILL	31.12.2016 Rm	31.12.2015 Rm	30.06.2016 Rm
Balance at beginning	**1 237**	1 333	1 333
Impairment charges (1)	**(52)**	-	(104)
Exchange differences	**(20)**	35	8
Balance at end	**1 165**	**1 368**	**1 237**

1. Goodwill relating to the Cannon (International segment) acquisition was impaired by R52 million (31.12.2015: Rnil; 30.06.2016: R41 million). Goodwill of R63 million relating to Hello Doctor (International and Corporate and Public Sector segment) was also impaired in June 2016.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

6 mths to 31.12.2016	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	12 018	3 521	13 257	2 054	-	**30 850**	(16 778)	**14 072**
Recurring premiums	4 716	2 996	7 960	1 759	-	**17 431**	(4 517)	**12 914**
Single premiums	7 302	525	5 297	295	-	**13 419**	(12 261)	**1 158**
Fee income	1 986	37	2 026	404	15	**4 468**	(617)	**3 851**
Fee income	1 686	37	1 813	384	11	**3 931**	(80)	**3 851**
Intergroup fee income	300	-	213	20	4	**537**	(537)	**-**
Expenses								
Net payments to contract holders								
External payments	11 845	2 724	12 158	1 228	-	**27 955**	(15 714)	**12 241**
Other expenses	3 096	1 152	2 623	1 166	(12)	**8 025**	1 653	**9 678**
Sales remuneration	1 133	549	774	311	-	**2 767**	(4)	**2 763**
Administration expenses	1 291	593	1 394	731	134	**4 143**	342	**4 485**
Amortisation due to business combinations and impairments	-	-	6	-	18	**24**	378	**402**
Cell captive business	-	-	88	-	-	**88**	867	**955**
Direct property expenses	-	-	-	-	-	**-**	221	**221**
Asset management and other fee expenses	315	-	107	7	5	**434**	386	**820**
Holding company expenses	-	-	-	-	32	**32**	-	**32**
Intergroup expenses	357	10	254	117	(201)	**537**	(537)	**-**
Diluted core headline earnings	649	373	280	(61)	357	**1 598**	-	**1 598**
Operating profit	903	520	323	(38)	64	**1 772**	-	**1 772**
Tax on operating profit	(280)	(148)	(90)	(38)	(44)	**(600)**	-	**(600)**
Investment income	35	1	65	22	413	**536**	-	**536**
Tax on investment income	(9)	-	(18)	(7)	(76)	**(110)**	-	**(110)**
Covered	730	384	103	82	364	**1 663**	-	**1 663**
Non-covered	(81)	(11)	177	(143)	(7)	**(65)**	-	**(65)**
	649	373	280	(61)	357	**1 598**	-	**1 598**
Actuarial liabilities	**198 054**	**32 549**	**121 734**	**12 687**	**2 508**	**367 532**	**-**	**367 532**

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses; direct property and asset management fees for all entities, except non-life entities, 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 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	12 642	3 645	13 661	2 103	-	**32 051**	(17 907)	**14 144**
Recurring premiums	4 575	2 991	7 494	1 774	-	**16 834**	(4 237)	**12 597**
Single premiums	8 067	654	6 167	329	-	**15 217**	(13 670)	**1 547**
Fee income	1 862	43	2 304	367	34	**4 610**	(820)	**3 790**
Fee income	1 551	40	2 043	309	3	**3 946**	(156)	**3 790**
Intergroup fee income	311	3	261	58	31	**664**	(664)	**-**
Expenses								
Net payments to contract holders								
External payments	12 386	3 232	15 339	1 362	-	**32 319**	(19 273)	**13 046**
Other expenses	3 036	1 072	2 758	1 151	5	**8 022**	1 081	**9 103**
Sales remuneration	1 125	515	734	338	-	**2 712**	(5)	**2 707**
Administration expenses	1 246	541	1 562	636	106	**4 091**	318	**4 409**
Amortisation due to business combinations and impairments	-	-	6	-	45	**51**	453	**504**
Cell captive business	-	-	94	-	-	**94**	515	**609**
Direct property expenses	-	-	-	-	-	**-**	211	**211**
Asset management and other fee expenses	247	-	106	20	11	**384**	253	**637**
Holding company expenses	-	-	-	-	26	**26**	-	**26**
Intergroup expenses	418	16	256	157	(183)	**664**	(664)	**-**
Diluted core headline earnings	644	316	396	(39)	362	**1 679**	-	**1 679**
Operating profit	915	443	504	(60)	97	**1 899**	-	**1 899**
Tax on operating profit	(300)	(127)	(142)	5	(57)	**(621)**	-	**(621)**
Investment income	35	-	52	18	380	**485**	-	**485**
Tax on investment income	(6)	-	(18)	(2)	(58)	**(84)**	-	**(84)**
Covered	753	325	180	109	438	**1 805**	-	**1 805**
Non-covered	(109)	(9)	216	(148)	(76)	**(126)**	-	**(126)**
	644	316	396	(39)	362	**1 679**	-	**1 679**
Actuarial liabilities	**196 193**	**32 296**	**120 266**	**12 091**	**2 946**	**363 792**	**-**	**363 792**

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses; direct property and asset management fees for all entities, except non-life entities, 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 30.06.2016	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	25 634	6 816	26 608	4 054	-	**63 112**	(34 141)	**28 971**
Recurring premiums	9 278	5 558	15 170	3 322	-	**33 328**	(8 720)	**24 608**
Single premiums	16 356	1 258	11 438	732	-	**29 784**	(25 421)	**4 363**
Fee income	3 555	209	4 940	773	96	**9 573**	(1 894)	**7 679**
Fee income	2 992	179	4 203	664	19	**8 057**	(378)	**7 679**
Intergroup fee income	563	30	737	109	77	**1 516**	(1 516)	**-**
Expenses								
Net payments to contract holders								
External payments	24 846	6 037	30 568	2 513	-	**63 964**	(37 355)	**26 609**
Other expenses	5 907	2 293	6 309	2 348	121	**16 978**	1 770	**18 748**
Sales remuneration	2 154	967	1 537	653	-	**5 311**	(7)	**5 304**
Administration expenses	2 804	1 158	3 385	1 391	256	**8 994**	443	**9 437**
Amortisation due to business combinations and impairments	-	-	12	-	72	**84**	823	**907**
Cell captive business	-	-	203	-	-	**203**	1 178	**1 381**
Direct property expenses	-	-	-	-	-	**-**	317	**317**
Asset management and other fee expenses	248	103	437	26	2	**816**	532	**1 348**
Holding company expenses	-	-	-	-	54	**54**	-	**54**
Intergroup expenses	701	65	735	278	(263)	**1 516**	(1 516)	**-**
Diluted core headline earnings	1 466	700	692	(156)	504	**3 206**	-	**3 206**
Operating profit	2 029	972	857	(151)	(137)	**3 570**	-	**3 570**
Tax on operating profit	(619)	(272)	(246)	(26)	(23)	**(1 186)**	-	**(1 186)**
Investment income	72	-	111	25	850	**1 058**	-	**1 058**
Tax on investment income	(16)	-	(30)	(4)	(186)	**(236)**	-	**(236)**
Covered	1 577	723	291	185	631	**3 407**	-	**3 407**
Non-covered	(111)	(23)	401	(341)	(127)	**(201)**	-	**(201)**
	1 466	700	692	(156)	504	**3 206**	-	**3 206**
Actuarial liabilities	**201 066**	**32 942**	**123 065**	**12 438**	**2 567**	**372 078**	**-**	**372 078**

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses; direct property and asset management fees for all entities, except non-life entities, 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

CHANGE IN DILUTED CORE HEADLINE EARNINGS	Change %	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Momentum Retail	1	649	644	1 466
Metropolitan Retail	18	373	316	700
Corporate and Public Sector	(29)	280	396	692
International	(56)	(61)	(39)	(156)
Operating segments	**(6)**	**1 241**	**1 317**	**2 702**
Shareholder Capital	(1)	357	362	504
Total diluted core headline earnings	**(5)**	**1 598**	**1 679**	**3 206**

INVESTMENTS AND SAVINGS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Revenue	**1 178**	**1 087**	**2 270**
Fee income	737	725	1 488
Intergroup fees	354	349	677
Investment income	53	49	111
Fair value gains/(losses)	34	(36)	(6)
Expenses and finance costs	**(1 064)**	**(954)**	**(1 962)**
Fair value adjustments on investment contracts	(39)	36	41
Other expenses	(997)	(962)	(1 945)
Finance costs	(28)	(28)	(58)
Share of profit of associates	20	3	13
Non-controlling interest	(9)	(9)	(18)
Profit before tax	**125**	127	303
Tax	(27)	(15)	(78)
Core earnings	**98**	**112**	**225**
Operating profit before tax	102	107	251
Tax on operating profit	(21)	(8)	(66)
Net operating profit	**81**	**99**	**185**
Investment income	23	20	52
Tax on investment income	(6)	(7)	(12)
Diluted core headline earnings	**98**	**112**	**225**
Net operating profit allocated per segment:			
Momentum Retail	36	42	98
Corporate and Public Sector	26	41	102
International	19	15	(14)
Shareholder Capital	-	1	(1)
	81	**99**	**185**

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Revenue	**1 238**	**1 322**	**2 522**
Net insurance premiums	**295**	319	566
Fee income	**878**	987	1 889
Intergroup fees	**47**	2	32
Investment income	**18**	14	35
Expenses	**(1 192)**	**(1 211)**	**(2 355)**
Net payments to contract holders	**(212)**	(238)	(427)
Other expenses	**(979)**	(973)	(1 926)
Finance costs	**(1)**	-	(2)
Profit before tax	**46**	111	167
Tax	**(11)**	(48)	(44)
Earnings	**35**	63	123
Dilutory effect of subsidiaries	**(3)**	(8)	(9)
Diluted core headline earnings	**32**	**55**	**114**
Operating profit before tax	**24**	88	125
Tax on operating profit	**(6)**	(42)	(36)
Net operating profit	**18**	46	89
Investment income	**19**	15	33
Tax on investment income	**(5)**	(6)	(8)
Diluted core headline earnings	**32**	**55**	**114**
Net operating profit allocated per segment:			
Momentum Retail	**(31)**	(53)	(50)
Corporate and Public Sector	**49**	99	139
	18	**46**	**89**
Closed schemes	**45**	66	102
Open scheme	**(42)**	(51)	(46)
Other	**15**	31	33
	18	**46**	**89**
Principal number of members:			
Closed schemes	**845 311**	1 106 028	830 548
Open schemes	**145 632**	136 263	143 462
	990 943	**1 242 291**	**974 010**
Allocated per segment:			
Momentum Retail	**97 752**	88 021	95 888
Corporate and Public Sector	**893 191**	1 154 270	878 122
	990 943	**1 242 291**	**974 010**

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

RECONCILIATION OF GUARDRISK (PROMOTER CELL (1))	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Revenue by type	**312**	240	527
Management fees	**214**	204	405
Investment fees	**36**	30	62
Underwriting profit/(loss)	**18**	(26)	(6)
Other income	**-**	1	2
Investment income	**44**	31	64
Expenses and finance costs	**(187)**	(158)	(334)
Administration expenses	**(182)**	(152)	(323)
Finance costs	**(5)**	(6)	(11)
Earnings before tax	**125**	82	193
Tax attributable to promoter operating profit	**(34)**	(18)	(50)
Diluted core headline earnings – non-covered (2)	**91**	**64**	**143**
Operating profit before tax	**81**	51	129
Tax on operating profit	**(22)**	(9)	(32)
Net operating profit	**59**	42	97
Investment income	**44**	31	64
Tax on investment income	**(12)**	(9)	(18)
Diluted core headline earnings	**91**	**64**	**143**

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.
2. Guardrisk Life Ltd has been transferred to non-covered business in the current period. Prior periods have been restated.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

MOMENTUM SHORT-TERM INSURANCE	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Revenue	**321**	306	617
Net insurance premiums	**296**	286	571
Fee income	**11**	8	21
Investment income	**14**	12	25
Expenses	**(418)**	(433)	(822)
Net payments to contract holders	**(233)**	(243)	(466)
Other expenses	**(185)**	(190)	(356)
Loss before tax	**(97)**	(127)	(205)
Tax	**16**	23	39
Earnings	**(81)**	**(104)**	**(166)**
Operating loss before tax	**(106)**	(140)	(223)
Tax on operating loss	**19**	27	44
Net operating loss	**(87)**	(113)	(179)
Investment income	**9**	12	18
Tax on investment income	**(3)**	(3)	(5)
Diluted core headline earnings	**(81)**	**(104)**	**(166)**
Net operating loss allocated per segment:			
Momentum Retail	**(77)**	(107)	(164)
Metropolitan Retail	**(2)**	(2)	(6)
International	**(8)**	(4)	(9)
	(87)	**(113)**	**(179)**
Momentum Short-term Insurance	**(65)**	(94)	(137)
MMI Short-term Insurance Administration	**(22)**	(19)	(42)
	(87)	**(113)**	**(179)**

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Total Rm
6 mths to 31.12.2016						
Covered						
Operating profit	730	383	101	82	47	**1 343**
Investment income	-	1	2	-	317	**320**
Total	**730**	**384**	**103**	**82**	**364**	**1 663**
Non-covered						
Investment and savings	36	-	26	19	-	**81**
Life insurance	-	-	-	(42)	-	**(42)**
Health	(31)	-	49	(6)	-	**12**
Short-term insurance	(77)	(2)	59	(46)	-	**(66)**
Client engagement	(35)	(9)	(12)	(12)	5	**(63)**
Unallocated expenses	-	-	-	-	(63)	**(63)**
Net investment income	26	-	45	15	20	**106**
Other operations	-	-	10	(71)	31	**(30)**
Total	**(81)**	**(11)**	**177**	**(143)**	**(7)**	**(65)**
Core earnings	**649**	**373**	**280**	**(61)**	**357**	**1 598**
6 mths to 31.12.2015						
Covered						
Operating profit	753	325	178	109	129	**1 494**
Investment income	-	-	2	-	309	**311**
Total	**753**	**325**	**180**	**109**	**438**	**1 805**
Non-covered						
Investment and savings	42	-	41	15	1	**99**
Life insurance	-	-	-	(19)	-	**(19)**
Health	(53)	-	99	(51)	-	**(5)**
Short-term insurance	(107)	(2)	42	(35)	-	**(102)**
Client engagement	(20)	(7)	(10)	(10)	10	**(37)**
Unallocated expenses	-	-	-	-	(62)	**(62)**
Net investment income	29	-	32	16	13	**90**
Other	-	-	12	(64)	(38)	**(90)**
Total	**(109)**	**(9)**	**216**	**(148)**	**(76)**	**(126)**
Core earnings	**644**	**316**	**396**	**(39)**	**362**	**1 679**
Restated						
12 mths to 30.06.2016						
Covered						
Operating profit	1 577	723	287	185	(28)	**2 744**
Investment income	-	-	4	-	659	**663**
Total	**1 577**	**723**	**291**	**185**	**631**	**3 407**
Non-covered						
Investment and savings	98	-	102	(14)	(1)	**185**
Life insurance	-	-	-	(68)	-	**(68)**
Health	(50)	-	139	(63)	-	**26**
Short-term insurance	(164)	(6)	97	(89)	-	**(162)**
Client engagement	(53)	(17)	(22)	(23)	17	**(98)**
Unallocated expenses	-	-	-	-	(102)	**(102)**
Net investment income	56	-	77	21	5	**159**
Other operations	2	-	8	(105)	(46)	**(141)**
Total	**(111)**	**(23)**	**401**	**(341)**	**(127)**	**(201)**
Core earnings	**1 466**	**700**	**692**	**(156)**	**504**	**3 206**

MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	31.12.2016 Rm	31.12.2015 Rm	30.06.2016 Rm
Group excess per reporting basis	**23 543**	24 838	24 109
Net assets – other businesses	**(2 984)**	(3 413)	(2 939)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	**(3 284)**	(3 618)	(3 471)
Excess – long-term insurance business, net of non-controlling interests (1)	**17 275**	17 807	17 699
Disregarded assets (2)	**(969)**	(996)	(983)
Difference between statutory and published valuation methods	**(597)**	(846)	(582)
Write-down of subsidiaries and associates for statutory purposes	**(1 347)**	(1 352)	(1 246)
Unsecured subordinated debt	**3 553**	3 459	3 557
Consolidation adjustments	**(37)**	(39)	(53)
Statutory excess – long-term insurance business	**17 878**	**18 033**	**18 392**
Capital adequacy requirement (CAR) (Rm) (3)	**6 560**	6 456	6 238
Ratio of long-term insurance business excess to CAR (times)	**2.7**	2.8	2.9
Discretionary margins	**12 753**	12 759	12 702

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), as well as the other non-life insurance entities, including African health operations. 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 R477 million (31.12.2015: R504 million; 30.06.2016: R491 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	31.12.2016 Rm	Restated 31.12.2015 Rm	Restated 30.06.2016 Rm
Covered business			
Reporting excess – long-term insurance business	**17 275**	17 807	17 699
Reclassification to non-covered business	**(2 010)**	(1 999)	(1 897)
	15 265	15 808	15 802
Disregarded assets (1)	**(517)**	(544)	(531)
Difference between statutory and published valuation methods	**(553)**	(841)	(575)
Dilutory effect of subsidiaries (2)	**(50)**	(39)	(51)
Consolidation adjustments (3)	**(24)**	(32)	(40)
Value of MMI Group Ltd preference shares issued	**(500)**	(500)	(500)
Diluted adjusted net worth – covered business	**13 621**	13 852	14 105
Net value of in-force business	**20 542**	20 863	20 862
Diluted embedded value – covered business	**34 163**	**34 715**	**34 967**
Non-covered business			
Net assets – non-covered business within life insurance companies	**2 010**	1 999	1 897
Net assets – non-covered business outside life insurance companies	**2 984**	3 413	2 939
Consolidation adjustments and transfers to covered business (3)	**(2 639)**	(3 240)	(2 776)
Adjustments for dilution (4)	**676**	783	690
Diluted adjusted net worth – non-covered business	**3 031**	2 955	2 750
Write-up to directors' value	**5 281**	2 506	5 272
Non-covered business	**6 388**	4 604	6 379
Holding company expenses (5)	**(557)**	(1 578)	(557)
International holding company expenses (5)	**(550)**	(520)	(550)
Diluted embedded value – non-covered business	**8 312**	**5 461**	**8 022**
Diluted adjusted net worth	**16 652**	16 807	16 855
Net value of in-force business	**20 542**	20 863	20 862
Write-up to directors' value	**5 281**	2 506	5 272
Diluted embedded value	**42 475**	**40 176**	**42 989**
Required capital – covered business (adjusted for qualifying debt) (6)	**6 317**	6 190	6 098
Surplus capital – covered business	**7 304**	7 662	8 007
Diluted embedded value per share (cents)	**2 648**	2 505	2 680
Diluted adjusted net worth per share (cents)	**1 038**	1 048	1 051
Diluted number of shares in issue (million) (7)	**1 604**	1 604	1 604

1. Disregarded assets include Sage intangible assets of R477 million (31.12.2015: R504 million; 30.06.2016: R491 million), goodwill and various other items.
2. 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.
3. Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
4. Adjustments for dilution are made up as follows:
   - Dilutory effect of subsidiaries (note 3): R122 million (31.12.2015: R116 million; 30.06.2016: R123 million)
   - Treasury shares held on behalf of contract holders: R286 million (31.12.2015: R384 million; 30.06.2016: R292 million)
   - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R268 million (31.12.2015: R283 million; 30.06.2016: R275 million)
5. The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
6. The required capital for covered business amounts to R9 870 million (31.12.2015: R9 716 million; 30.06.2016: R9 655 million) and is adjusted for qualifying debt of R3 553 million (31.12.2015: R3 526 million; 30.06.2016: R3 557 million).
7. 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	31.12.2016 Rm	Restated 31.12.2015 Rm	Restated 30.06.2016 Rm
Momentum Retail	**11 207**	11 246	11 409
Gross value of in-force business	**12 522**	12 501	12 803
Less cost of required capital	**(1 315)**	(1 255)	(1 394)
Metropolitan Retail	**3 543**	3 364	3 692
Gross value of in-force business	**4 282**	4 079	4 376
Less cost of required capital	**(739)**	(715)	(684)
Corporate and Public Sector (1)	**3 607**	4 106	3 681
Gross value of in-force business	**4 296**	4 810	4 390
Less cost of required capital	**(689)**	(704)	(709)
International (2)	**2 147**	2 065	2 011
Gross value of in-force business	**2 352**	2 246	2 226
Less cost of required capital	**(205)**	(181)	(215)
Shareholder Capital	**38**	82	69
Gross value of in-force business	**38**	82	69
Less cost of required capital	**-**	-	-
Net value of in-force business	**20 542**	**20 863**	**20 862**

1. Prior periods have been restated to exclude Guardrisk Life Ltd from the Corporate and Public Sector.
2. Prior periods have been restated to exclude International life and health entities not yet at operating scale.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE PER DIVISION	Adjusted net worth Rm	Net value of in-force Rm	31.12.2016 Rm	Restated 31.12.2015 Rm	Restated 30.06.2016 Rm
Covered business					
MMI Group Ltd business	11 899	18 395	**30 294**	31 034	31 199
International businesses	1 722	2 147	**3 869**	3 681	3 768
Namibia	759	1 455	**2 214**	1 990	2 158
Botswana	435	237	**672**	678	676
Lesotho	413	410	**823**	838	758
Other (1)	115	45	**160**	175	176
Total covered business	13 621	20 542	**34 163**	34 715	34 967

	Adjusted net worth Rm	Write-up to directors' value Rm	31.12.2016 Rm	Restated 31.12.2015 Rm	Restated 30.06.2016 Rm
Non-covered business					
Investment businesses (2)	669	1 818	**2 487**	2 118	2 528
Health businesses (3)	278	1 386	**1 664**	1 302	1 406
Momentum Wealth (3)	110	251	**361**	394	503
Guardrisk (3,4)	804	1 858	**2 662**	2 313	2 570
Momentum Short-term Insurance	468	111	**579**	502	527
International	79	414	**493**	565	822
United Kingdom businesses (5)	209	564	**773**	714	840
Other businesses (1,6)	(130)	(150)	**(280)**	(149)	(18)
MMI Holdings (after consolidation adjustments) (6)	623	(557)	**66**	(1 733)	(334)
Total non-covered business	**3 031**	**5 281**	**8 312**	**5 461**	**8 022**
Total embedded value	16 652	**25 823**	**42 475**	**40 176**	**42 989**
Diluted net asset value – non-covered business	(3 031)				
Adjustments to covered business – net asset value	3 654				
Reporting excess – long-term insurance business	17 275				

1. On 1 July 2015 African life and health entities not yet at operating scale were transferred to non-covered business (31.12.2015: adjusted net worth of R371 million and value of in-force of R99 million; 30.06.2016: adjusted net worth of R466 million and value of in-force of R146 million). The December 2015 and June 2016 comparatives have been restated to reflect the transfer.
2. The material Investment businesses are valued using a discounted cash flow methodology applied to projections of future earnings.
3. The Health businesses, Momentum Wealth and Guardrisk are valued using embedded value methodology.
4. On 1 July 2015 Guardrisk Life Ltd was transferred to non-covered business (31.12.2015: adjusted net worth of R149 million and value of in-force of R645 million; 30.06.2016: adjusted net worth of R169 million and value of in-force of R660 million). The December 2015 and June 2016 comparatives have been restated to reflect the transfer.
5. This includes MMI non-covered subsidiaries domiciled in the United Kingdom and related territories.
6. 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 31.12.2016	Restated 6 mths to 31.12.2015	Restated 12 mths to 30.06.2016
		Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of CAR Rm	Total EV Rm	Total EV Rm	Total EV Rm
Profit from new business		(769)	1 179	(93)	**317**	323	805
Embedded value from new business	A	(769)	1 154	(93)	**292**	301	712
Expected return to end of period	B	-	25	-	**25**	22	93
Profit from existing business		2 070	(769)	52	**1 353**	1 238	1 703
Expected return – unwinding of RDR	B	-	1 319	(163)	**1 156**	1 091	2 260
Release from the cost of required capital	C	-	-	181	**181**	225	450
Expected (or actual) net of tax profit transfer to net worth	D	2 036	(2 036)	-	**-**	-	-
Operating experience variances	E	93	(13)	34	**114**	119	73
Development expenses	F	(17)	-	-	**(17)**	(53)	(99)
Operating assumption changes	G	(42)	(39)	-	**(81)**	(144)	(981)
Embedded value profit from operations		1 301	410	(41)	**1 670**	1 561	2 508
Investment return on adjusted net worth	H	310	-	-	**310**	282	823
Investment variances	I	(85)	(715)	69	**(731)**	207	(126)
Economic assumption changes	J	3	(54)	22	**(29)**	(564)	(124)
Exchange rate movements	K	(22)	(15)	4	**(33)**	74	53
Embedded value profit – covered business		1 507	(374)	54	**1 187**	1 560	3 134
Transfer of business to non-covered business	L	(298)	-	-	**(298)**	(1 172)	(1 333)
Changes in share capital	M	(28)	-	-	**(28)**	(2)	4
Dividend paid		(1 665)	-	-	**(1 665)**	(1 671)	(2 838)
Change in embedded value – covered business		(484)	(374)	54	**(804)**	(1 285)	(1 033)
Non-covered business							
Change in directors' valuation and other items					**(238)**	(213)	1 080
Holding company expenses					**-**	(30)	961
Embedded value profit – non-covered business					**(238)**	(243)	2 041
Changes in share capital	M				**28**	2	(4)
Dividend paid					**222**	221	363
Finance costs – preference shares					**(20)**	(21)	(41)
Transfer of business from covered business	L				**298**	1 172	1 333
Change in embedded value – non-covered business					**290**	1 131	3 692
Total change in group embedded value					**(514)**	(154)	2 659
Total embedded value profit					**949**	1 317	5 175
Return on embedded value (%) - internal rate of return					**4.5%**	6.6%	12.8%

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) Rm	International (2) Rm	Total Rm
6 mths to 31.12.2016					
Value of new business	110	94	42	46	**292**
Gross	147	125	61	52	**385**
Less cost of required capital	(37)	(31)	(19)	(6)	**(93)**
New business premiums	8 766	1 218	2 224	421	**12 629**
Recurring premiums	638	649	320	239	**1 846**
Single premiums	8 128	569	1 904	182	**10 783**
New business premiums (APE)	1 451	706	510	257	**2 924**
New business premiums (PVP)	12 114	2 673	5 094	1 414	**21 295**
Profitability of new business as a percentage of APE	7.6	13.3	8.2	17.9	**10.0**
Profitability of new business as a percentage of PVP	0.9	3.5	0.8	3.3	**1.4**
Restated					
6 mths to 31.12.2015					
Value of new business	126	68	76	31	**301**
Gross	163	92	90	38	**383**
Less cost of required capital	(37)	(24)	(14)	(7)	**(82)**
New business premiums	9 690	1 171	2 642	391	**13 894**
Recurring premiums	627	530	223	188	**1 568**
Single premiums	9 063	641	2 419	203	**12 326**
New business premiums (APE)	1 533	594	465	208	**2 800**
New business premiums (PVP)	12 673	2 411	4 530	1 175	**20 789**
Profitability of new business as a percentage of APE	8.2	11.4	16.3	14.9	**10.8**
Profitability of new business as a percentage of PVP	1.0	2.8	1.7	2.6	**1.4**
Restated					
12 mths to 30.06.2016					
Value of new business	290	191	160	71	**712**
Gross	362	244	196	83	**885**
Less cost of required capital	(72)	(53)	(36)	(12)	**(173)**
New business premiums	19 365	2 343	5 367	841	**27 916**
Recurring premiums	1 292	1 087	706	400	**3 485**
Single premiums	18 073	1 256	4 661	441	**24 431**
New business premiums (APE)	3 099	1 213	1 172	444	**5 928**
New business premiums (PVP)	25 950	4 936	10 750	2 454	**44 090**
Profitability of new business as a percentage of APE	9.4	15.7	13.7	16.0	**12.0**
Profitability of new business as a percentage of PVP	1.1	3.9	1.5	2.9	**1.6**

1. Value of new business have been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
2. Value of new business have been restated to exclude the African entities not yet at operating scale that were transferred to non-covered business.
3. Value of new business and new business premiums are net of non-controlling interests.
4. 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) Rm	International (2) Rm	Total Rm
6 mths to 31.12.2016					
New business premiums	8 766	1 218	2 224	421	**12 629**
Recurring premiums	638	649	320	239	**1 846**
Risk	288	434	136	-	**858**
Savings/Investments	350	215	184	-	**749**
International	-	-	-	239	**239**
Single premiums	8 128	569	1 904	182	**10 783**
Savings/Investments	7 669	209	1 360	-	**9 238**
Annuities	459	360	544	-	**1 363**
International	-	-	-	182	**182**
New business premiums (APE)	1 451	706	510	257	**2 924**
Risk	288	434	136	-	**858**
Savings/Investments	1 117	236	320	-	**1 673**
Annuities	46	36	54	-	**136**
International	-	-	-	257	**257**
Restated					
6 mths to 31.12.2015					
New business premiums	9 690	1 171	2 642	391	**13 894**
Recurring premiums	627	530	223	188	**1 568**
Risk	288	339	99	-	**726**
Savings/Investments	339	191	124	-	**654**
International	-	-	-	188	**188**
Single premiums	9 063	641	2 419	203	**12 326**
Savings/Investments	8 672	145	1 736	-	**10 553**
Annuities	391	496	683	-	**1 570**
International	-	-	-	203	**203**
New business premiums (APE)	1 533	594	465	208	**2 800**
Risk	288	339	99	-	**726**
Savings/Investments	1 206	205	298	-	**1 709**
Annuities	39	50	68	-	**157**
International	-	-	-	208	**208**

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector (1) Rm	International (2) Rm	Total Rm
Restated					
12 mths to 30.06.2016					
New business premiums	19 365	2 343	5 367	841	**27 916**
Recurring premiums	1 292	1 087	706	400	**3 485**
Risk	560	703	390	-	**1 653**
Savings/Investments	732	384	315	-	**1 431**
Annuities	-	-	1	-	**1**
International	-	-	-	400	**400**
Single premiums	18 073	1 256	4 661	441	**24 431**
Savings/Investments	17 091	312	3 499	-	**20 902**
Annuities	982	944	1 162	-	**3 088**
International	-	-	-	441	**441**
New business premiums (APE)	3 099	1 213	1 172	444	**5 928**
Risk	560	704	390	-	**1 654**
Savings/Investments	2 441	415	665	-	**3 521**
Annuities	98	94	117	-	**309**
International	-	-	-	444	**444**

1. Value of new business have been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
2. Value of new business have been restated to exclude the African entities not yet at operating scale that were transferred to non-covered business.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2016 Rm	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Total lump sum inflows	**13 419**	15 217	29 784
Inflows not included in value of new business	**(3 344)**	(3 597)	(6 853)
Term extensions on maturing policies	**227**	198	342
Retirement annuity proceeds invested in living annuities	**497**	518	1 008
Non-controlling interests and other adjustments	**(16)**	(10)	150
Single premiums included in value of new business	**10 783**	12 326	24 431

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. The expected return on new business 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 31.12.2016 ANW Rm	6 mths to 31.12.2016 Net VIF Rm	6 mths to 31.12.2016 EV Rm	Restated 6 mths to 31.12.2015 EV Rm	Restated 12 mths to 30.06.2016 EV Rm
Momentum Retail		65	(4)	**61**	33	233
Mortality and morbidity	1	97	7	**104**	71	230
Terminations, premium cessations and policy alterations	2	(73)	105	**32**	(77)	11
Expense variance	3	35	-	**35**	(14)	(52)
Credit risk variance		3	-	**3**	24	20
Other	4	3	(116)	**(113)**	29	24
Metropolitan Retail		88	(2)	**86**	61	123
Mortality and morbidity	1	40	-	**40**	28	88
Terminations, premium cessations and policy alterations		(8)	(3)	**(11)**	37	10
Expense variance	3	42	-	**42**	(1)	(9)
Credit risk variance		5	-	**5**	6	10
Other		9	1	**10**	(9)	24
Corporate and Public Sector		(106)	(39)	**(145)**	(90)	(228)
Mortality and morbidity	5	(152)	1	**(151)**	(92)	(230)
Terminations	6	8	(32)	**(24)**	(43)	(59)
Expense variance		6	-	**6**	(30)	(94)
Credit risk variance		16	-	**16**	14	40
FNB Life – share of profits		-	-	**-**	17	37
Other		16	(8)	**8**	44	78
International		3	49	**52**	40	59
Mortality and morbidity	1	17	17	**34**	47	73
Terminations, premium cessations and policy alterations		-	-	**-**	(11)	(22)
Expense variance		(21)	27	**6**	2	5
Other		7	5	**12**	2	3
Shareholder Capital		43	(17)	**26**	103	(71)
Opportunity cost of required capital		-	34	**34**	(28)	(43)
Total operating experience variances		**93**	**21**	**114**	**119**	**73**

Notes

1. Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
2. Better than expected experience on voluntary premium increases.
3. The impact of managing expenses better than anticipated in the actuarial valuation basis.
4. One off impact arising from improved modelling of rider benefits.
5. The negative variance is a result of disability-in-payment experience.
6. Lower than expected growth on risk business.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within Momentum Retail and Metropolitan Retail.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	6 mths to 31.12.2016 ANW Rm	6 mths to 31.12.2016 Net VIF Rm	6 mths to 31.12.2016 EV Rm	Restated 6 mths to 31.12.2015 EV Rm	Restated 12 mths to 30.06.2016 EV Rm
Momentum Retail		(41)	19	**(22)**	(15)	(126)
Mortality and morbidity assumptions		-	-	**-**	-	24
Termination assumptions		-	-	**-**	-	32
Renewal expense assumptions	1	-	26	**26**	(5)	94
Holding company expenses		-	-	**-**	-	(325)
Modelling, methodology and other changes	2	(41)	(7)	**(48)**	(10)	49
Metropolitan Retail		-	(7)	**(7)**	6	82
Mortality and morbidity assumptions		-	-	**-**	-	271
Termination assumptions		-	-	**-**	-	(30)
Renewal expense assumptions		-	-	**-**	-	(46)
Holding company expenses		-	-	**-**	-	(345)
Modelling, methodology and other changes	2	-	(7)	**(7)**	6	232
Corporate and Public Sector		-	(55)	**(55)**	(93)	(678)
Mortality and morbidity assumptions		-	-	**-**	-	(41)
Termination assumptions		-	-	**-**	-	(1)
Renewal expense assumptions	3	-	(55)	**(55)**	(98)	(190)
Holding company expenses		-	-	**-**	-	(225)
Modelling, methodology and other changes		-	-	**-**	5	(221)
International		(1)	4	**3**	(42)	(147)
Mortality and morbidity assumptions		-	-	**-**	(1)	52
Termination assumptions		-	-	**-**	-	(25)
Renewal expense assumptions		-	2	**2**	(3)	(21)
Modelling, methodology and other changes		(1)	2	**1**	(38)	(153)
Shareholder Capital		-	-	**-**	-	(47)
Methodology change: cost of required capital		-	-	**-**	-	(65)
Total operating assumption changes		**(42)**	**(39)**	**(81)**	**(144)**	**(981)**

Notes

1. Good sales volumes on expense recoveries on group small schemes.
2. Allowance for improvement in client value-for-money.
3. Lower than expected sales volumes on expense recoveries.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	**6 mths to 31.12.2016 Rm**	Restated 6 mths to 31.12.2015 Rm	Restated 12 mths to 30.06.2016 Rm
Investment income	**313**	249	614
Capital appreciation and other	**15**	49	242
Preference share dividends paid and change in fair value of preference shares	**(18)**	(16)	(33)
Investment return on adjusted net worth	**310**	**282**	**823**

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

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 – 31.12.2016		Adjusted net worth	In-force business			New business written		
			Net value	Gross value	Cost of CAR (3)	Net value	Gross value	Cost of CAR (3)
		Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value		**13 621**	**20 542**	**23 490**	**(2 948)**	**292**	**385**	**(93)**
1%	increase in risk discount rate		18 856	22 171	(3 315)	219	319	(100)
	% change		(8)	(6)	12	(25)	(17)	8
1%	reduction in risk discount rate		22 461	24 994	(2 533)	376	460	(84)
	% change		9	6	(14)	29	19	(10)
10%	decrease in future expenses		21 854	24 802	(2 948)	356	449	(93)
	% change (1)		6	6	-	22	17	-
10%	decrease in lapse, paid-up and surrender rates		21 318	24 268	(2 950)	372	472	(100)
	% change		4	3	-	27	23	8
5%	decrease in mortality and morbidity for assurance business		22 149	25 124	(2 975)	363	456	(93)
	% change		8	7	1	24	18	-
5%	decrease in mortality for annuity business		20 225	23 144	(2 919)	286	379	(93)
	% change		(2)	(1)	(1)	(2)	(2)	-
1%	reduction in gross investment return, inflation rate and risk discount rate	13 631	21 198	24 102	(2 904)	335	428	(93)
	% change (2)	-	3	3	(1)	15	11	-
1%	reduction in inflation rate		21 337	24 285	(2 948)	332	425	(93)
	% change		4	3	-	14	10	-
10%	fall in market value of equities and properties	13 279	19 553	22 440	(2 887)			
	% change	(3)	(5)	(4)	(2)			
10%	reduction in premium indexation take-up rate		20 228	23 168	(2 940)	273	366	(93)
	% change		(2)	(1)	-	(7)	(5)	-
10%	decrease in non-commission related acquisition expenses					346	439	(93)
	% change					18	14	-
1%	increase in equity/property risk premium		21 122	24 064	(2 942)	313	406	(93)
	% change		3	2	-	7	5	-

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)	31.12.2016 Rm	Restated 31.12.2015 Rm	Restated 30.06.2016 Rm
Managed and/or administered by Investments			
Financial assets	**405 095**	431 886	442 582
Momentum Manager of Managers (2)	**85 359**	81 580	83 703
Momentum Investment Consultants	**10 109**	10 343	10 327
Momentum Collective Investments	**60 419**	62 067	62 201
Metropolitan Collective Investments	**31 573**	37 034	39 847
Momentum Asset Management (3)	**154 695**	177 376	184 389
Momentum Global Investments	**56 323**	57 161	55 228
Momentum Alternative Investments	**6 617**	6 325	6 887
Properties – Eris Property Group	**19 236**	28 782	27 346
On-balance sheet	**8 605**	8 459	8 534
Off-balance sheet	**10 631**	20 323	18 812
Momentum Wealth linked product assets under administration	**148 793**	152 439	153 730
On-balance sheet	**94 839**	95 329	96 858
Off-balance sheet	**53 954**	57 110	56 872
Managed internally or by other managers within MMI (on-balance sheet)	**63 369**	68 867	64 597
Managed by external managers (on-balance sheet)	**15 152**	16 754	16 605
Properties managed internally or by other managers within MMI or externally	**2 452**	2 445	2 657
Corporate and Public Sector – segregated assets	**-**	210	216
Corporate and Public Sector – cell captives on-balance sheet	**18 302**	17 821	17 834
Total assets managed and/or administered	**672 399**	**719 204**	**725 567**
Managed and/or administered by Investments			
On-balance sheet	**224 227**	226 876	225 396
Off-balance sheet	**180 868**	205 010	217 186
	405 095	**431 886**	**442 582**

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. Recent operating model changes in the Investment business has resulted in the consolidation of asset administration agreements between entities resulting in a decrease in assets under administration with no impact on earnings.
3. In the June 2016 period, MMI performed certain administrative functions for Aluwani Capital Partners (Aluwani) on an arms-length basis. This resulted in R36 billion being included in Momentum Asset Management which was managed by Aluwani. R28 billion of these assets was disinvested in the current period.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS (1) 6 mths to 31.12.2016	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Momentum Retail	7 302	4 716	**12 018**	**(11 845)**	**173**
Metropolitan Retail	525	2 996	**3 521**	**(2 724)**	**797**
Corporate and Public Sector	5 297	7 960	**13 257**	**(12 158)**	**1 099**
International	295	1 759	**2 054**	**(1 228)**	**826**
Long-term insurance business fund flows	**13 419**	**17 431**	**30 850**	**(27 955)**	**2 895**
Off-balance sheet fund flows					
Managed and/or administered by Investments (2)			**27 088**	**(59 370)**	**(32 282)**
Properties – Eris Property Group			**834**	**(9 015)**	**(8 181)**
Momentum Wealth linked product assets under administration			**3 848**	**(4 888)**	**(1 040)**
Corporate and Public Sector – segregated assets			**-**	**(216)**	**(216)**
Total net funds received from clients			**62 620**	**(101 444)**	**(38 824)**

NET FUNDS RECEIVED FROM CLIENTS (1) Restated 6 mths to 31.12.2015	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Momentum Retail	8 067	4 575	**12 642**	**(12 386)**	**256**
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	329	1 774	**2 103**	**(1 362)**	**741**
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**

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. Aluwani assets, amounting to R28 billion, were disinvested in the current period.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS (1) Restated 12 mths to 30.06.2016	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Momentum Retail	16 356	9 278	**25 634**	**(24 846)**	**788**
Metropolitan Retail	1 258	5 558	**6 816**	**(6 037)**	**779**
Corporate and Public Sector	11 438	15 170	**26 608**	**(30 568)**	**(3 960)**
International	732	3 322	**4 054**	**(2 513)**	**1 541**
Long-term insurance business fund flows	**29 784**	**33 328**	**63 112**	**(63 964)**	**(852)**
Off-balance sheet fund flows					
Managed and/or administered by Investments			**84 243**	**(80 887)**	**3 356**
Properties – Eris Property Group			**2 972**	**(2 227)**	**745**
Momentum Wealth linked product assets under administration			**10 450**	**(10 837)**	**(387)**
Corporate and Public Sector – segregated assets			**16**	**-**	**16**
Total net funds received from clients			**160 793**	**(157 915)**	**2 878**

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.

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2016		Restated 31.12.2015		Restated 30.06.2016	
	Rm	**%**	Rm	%	Rm	%
Equity securities	**321**	**1.4**	504	2.0	372	1.5
Preference shares	**1 585**	**6.7**	1 406	5.7	1 457	6.0
Collective investment schemes	**271**	**1.2**	208	0.8	264	1.1
Debt securities	**6 032**	**25.6**	5 285	21.3	5 767	23.9
Properties	**3 180**	**13.5**	2 891	11.6	3 436	14.3
Owner-occupied properties	**1 657**	**7.0**	1 410	5.7	1 662	6.9
Investment properties	**1 523**	**6.5**	1 481	6.0	1 774	7.4
Cash and cash equivalents and funds on deposit	**7 839**	**33.3**	8 212	33.1	8 488	35.2
Intangible assets	**7 646**	**32.5**	8 388	33.8	8 035	33.3
Other net assets	**776**	**3.3**	2 137	8.6	414	1.7
	27 650	**117.4**	29 031	116.9	28 233	117.1
Redeemable preference shares	**(268)**	**(1.1)**	(283)	(1.1)	(275)	(1.1)
Subordinated redeemable debt	**(3 553)**	**(15.1)**	(3 526)	(14.2)	(3 557)	(14.8)
Treasury shares	**(286)**	**(1.2)**	(384)	(1.5)	(292)	(1.2)
Shareholder excess per reporting basis	**23 543**	**100.0**	**24 838**	**100.0**	**24 109**	**100.0**

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NUMBER OF EMPLOYEES	31.12.2016	Restated 31.12.2015	Restated 30.06.2016
Indoor staff	**9 683**	**10 155**	**10 077**
Segments			
Momentum Retail	1 163	1 385	1 360
Metropolitan Retail	1 193	1 175	1 215
Corporate and Public Sector	1 007	1 009	1 021
International	1 359	1 250	1 295
Centres of Excellence			
Investments and Savings Solutions	485	528	511
Legacy Solutions	219	205	211
Life Insurance Solutions	490	488	487
Health Solutions	2 422	2 682	2 591
Short-term Insurance Solutions	276	289	283
Multiply	170	133	149
Group services divisions	899	1 011	954
Field staff	**8 100**	**6 893**	**7 483**
Momentum Retail	1 165	957	1 111
Metropolitan Retail	5 051	4 148	4 804
International	1 884	1 788	1 568
Total	**17 783**	**17 048**	**17 560**

1. The prior periods have been restated to align to the group's client centric model.

MMI HOLDINGS GROUP – STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2016	30.06.2016	31.12.2015	30.06.2015
6 month period				
Value of listed shares traded (rand million)	**9 681**	10 914	14 700	11 987
Volume of listed shares traded (million)	**413**	478	580	381
Shares traded (% of average listed shares in issue) (1)	**53**	61	74	49
Trade prices				
Highest (cents per share)	**2 482**	2 597	3 149	3 475
Lowest (cents per share)	**2 099**	1 955	1 900	2 829
Last sale of period (cents per share)	**2 359**	2 264	2 200	3 015
Annualised percentage (%) change during period	**9**	6	(47)	1
Annualised percentage (%) change – life insurance sector (J857)	**(9)**	(9)	(3)	12
Annualised percentage (%) change – top 40 index (J200)	**(9)**	1	(1)	10
31 December/30 June				
Price/diluted core headline earnings (segmental) ratio	**11.9**	11.3	10.5	12.6
Dividend yield % (dividend on listed shares) (1)	**2.8**	6.9	7.1	5.1
Dividend yield % – top 40 index (J200) (1)	**2.8**	2.9	3.1	2.9
Total shares issued (million)				
Ordinary shares listed on JSE	**1 575**	1 574	1 573	1 572
Treasury shares held on behalf of contract holders	**(12)**	(13)	(17)	(14)
Basic number of shares in issue	**1 563**	1 561	1 556	1 558
Treasury shares held on behalf of contract holders	**12**	13	17	14
Convertible redeemable preference shares	**29**	30	31	32
Diluted number of shares in issue (2)	**1 604**	**1 604**	**1 604**	**1 604**
Market capitalisation at end (Rbn) (3)	**38**	**36**	**35**	**48**

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.


MMI HOLDINGS
ADVANCING
MMI'S STRATEGY
Interim results 2017
momentum
METROPOLITAN
GUARDRISK
multiply
Momentum, Metropolitan, Guardrisk and Multiply are members of the MMI group of companies.


Agenda
1 Key financial metrics
2 MMI strategy
3 Strategic delivery
4 Business performance
5 Segment performance
6 Capital management
7 Critical focus areas
MMI HOLDINGS
momentum
METROPOLITAN
GUARDRISK
multiply

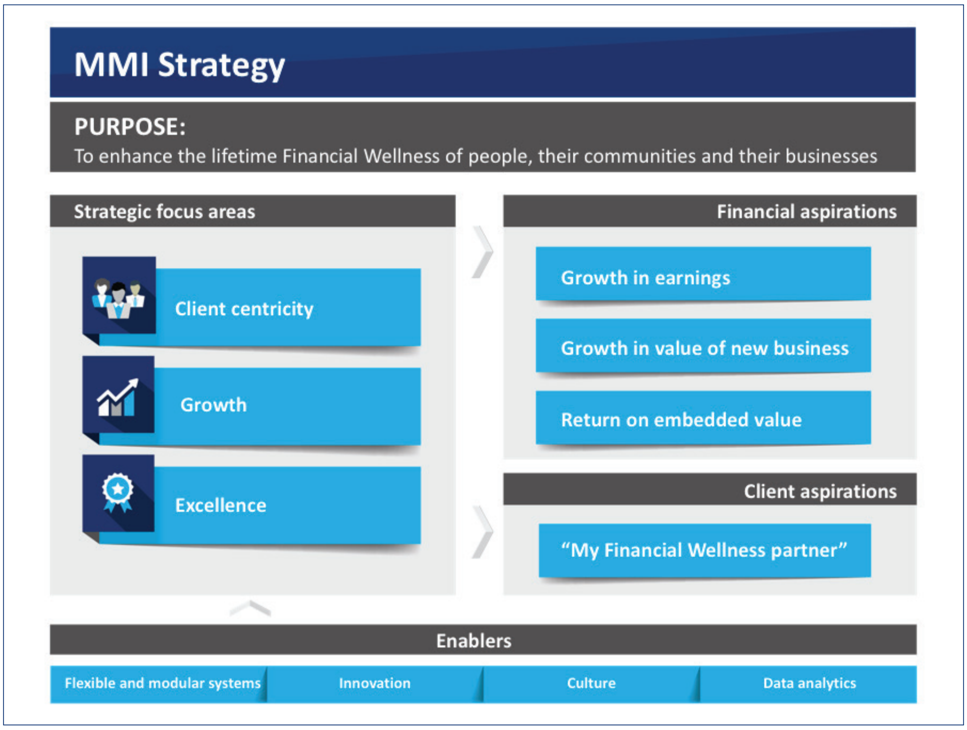
Key financial metrics

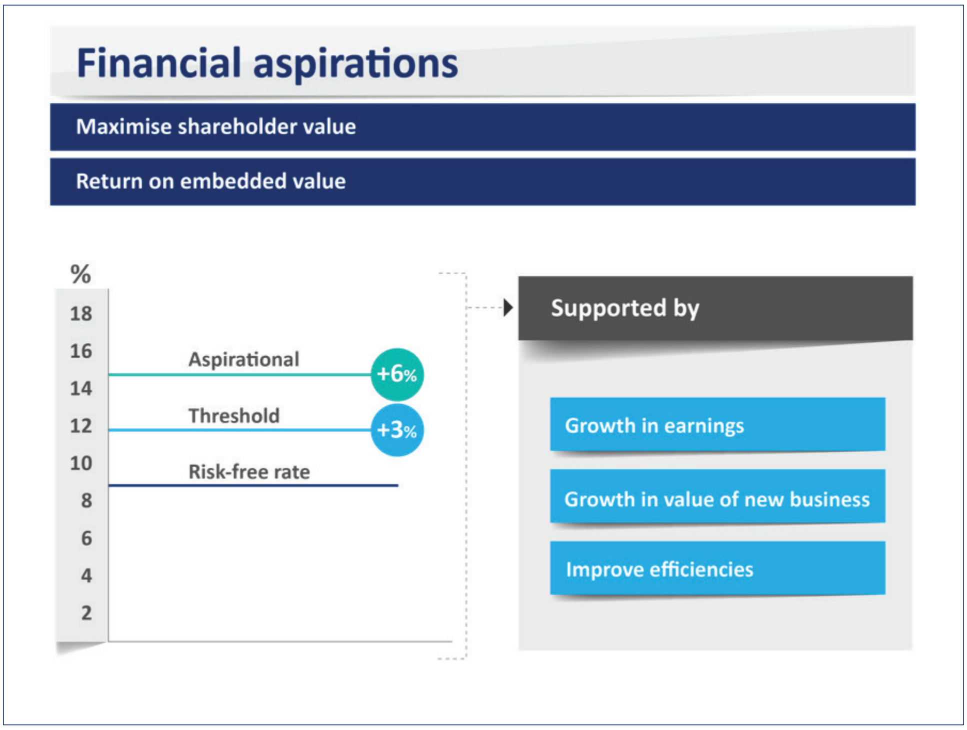
Weaker earnings, otherwise strong performance

Financial aspirations
- Growth in earnings
- Growth in value of new business
- Return on embedded value

Key financial metrics

	Dec 2015 Actual	Dec 2016 Actual	% change	
	Rm	*Rm*		
Diluted core headline earnings	1 679	1 598	(5%)	↓
Ordinary dividend per share (cents)	65	65	-	↔
New business PVP	20 789	21 295	2%	↑
Value of new business	301	292	(3%)	↓
Value of new business (like-for-like)	280	292	4%	↑
Return on embedded value (%)	6.6%	4.5%	(2.1%)	↓

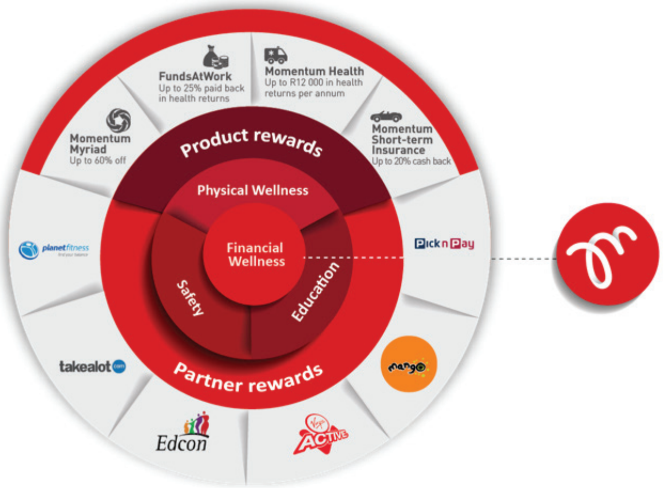

MMI Strategy
PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses
Strategic focus areas
Client centricity
Growth
Excellence
Financial aspirations
Growth in earnings
Growth in value of new business
Return on embedded value
Client aspirations
"My Financial Wellness partner"
Enablers
Flexible and modular systems
Innovation
Culture
Data analytics


Financial aspirations
Maximise shareholder value
Return on embedded value
%
18
16
14
12
10
8
6
4
2
Aspirational
+6%
Threshold
+3%
Risk-free rate
Supported by
Growth in earnings
Growth in value of new business
Improve efficiencies


Agenda
1 Key financial metrics
2 MMI strategy
3 Strategic delivery
4 Business performance
5 Segment performance
6 Capital management
7 Critical focus areas
MMI HOLDINGS
momentum
METROPOLITAN
GUARDRISK
multiply


Strategic focus areas: Client centricity
PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses
Strategic focus areas
Client centricity
Growth
Excellence
Multiply
Enablers
Flexible and modular systems
Innovation
Culture
Data analytics

Creating value for **clients**



multiply

Rewards Framework - Myriad

Healthy Heart Score	Active Dayz or Fitness Assessment	Bronze	Silver	Gold	Platinum	Private Club
GREEN	16+ Level 5	20%	25%	30%	40%	60%
AMBER	12+ Level 4	15%	20%	25%	30%	40%
AMBER	8+ Level 3	10%	15%	20%	25%	30%
RED	0+ Level 1 & 2	5%	10%	15%	20%	25%

Multiply status applies to Bronze, Silver, Gold, Platinum and Private Club columns.

multiply

Rewards Framework – Health Returns

Healthy Heart Score	Active Dayz or Fitness Assessment	Standard HealthReturns	Multiply Premier + HealthSaver = TotalReturns				
			Bronze	Silver	Gold	Platinum	Private Club
GREEN	16 + Level 5	R160	R500	R600	R700	R800	R1000
AMBER	12+ Level 4	R100	R300	R325	R350	R400	R500
AMBER	8+ Level 3	R50	R150	R160	R170	R180	R250
RED	4+ Level 2	R25	R75	R75	R75	R75	R75
RED	0+ Level 1	R0	R0	R0	R0	R0	R0

multiply

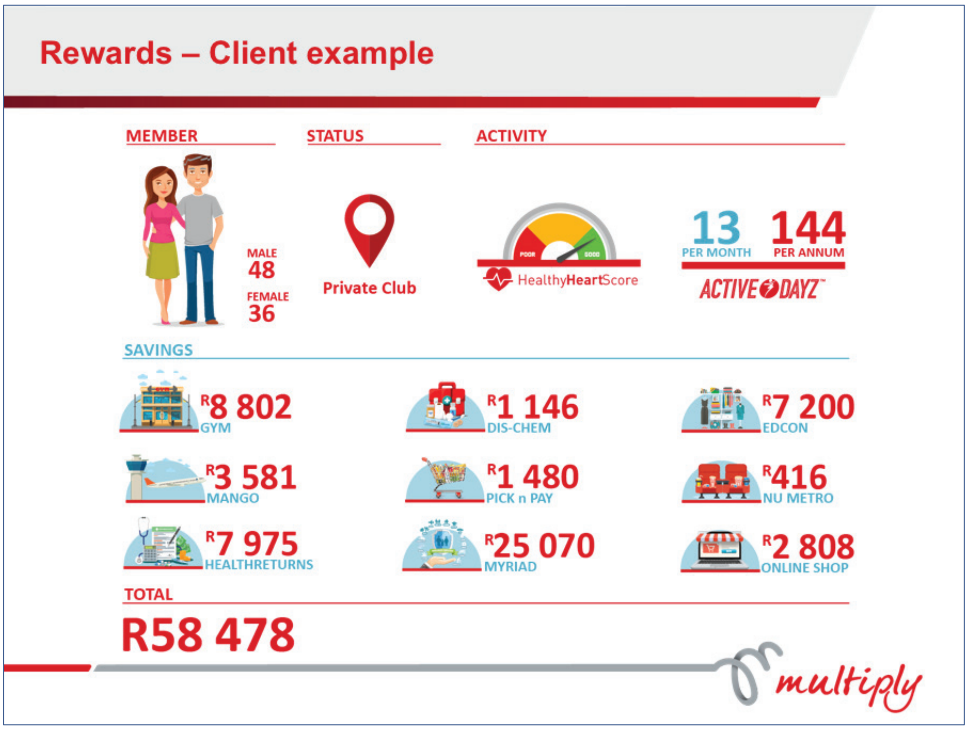
Rewards Framework - Partners

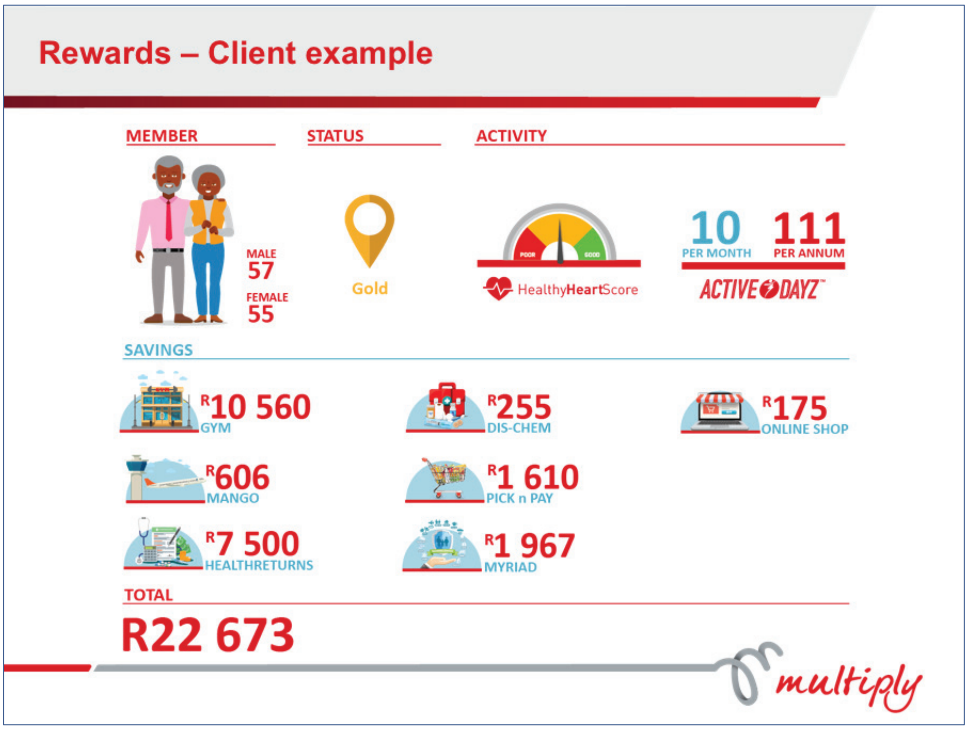
Multiply 2016

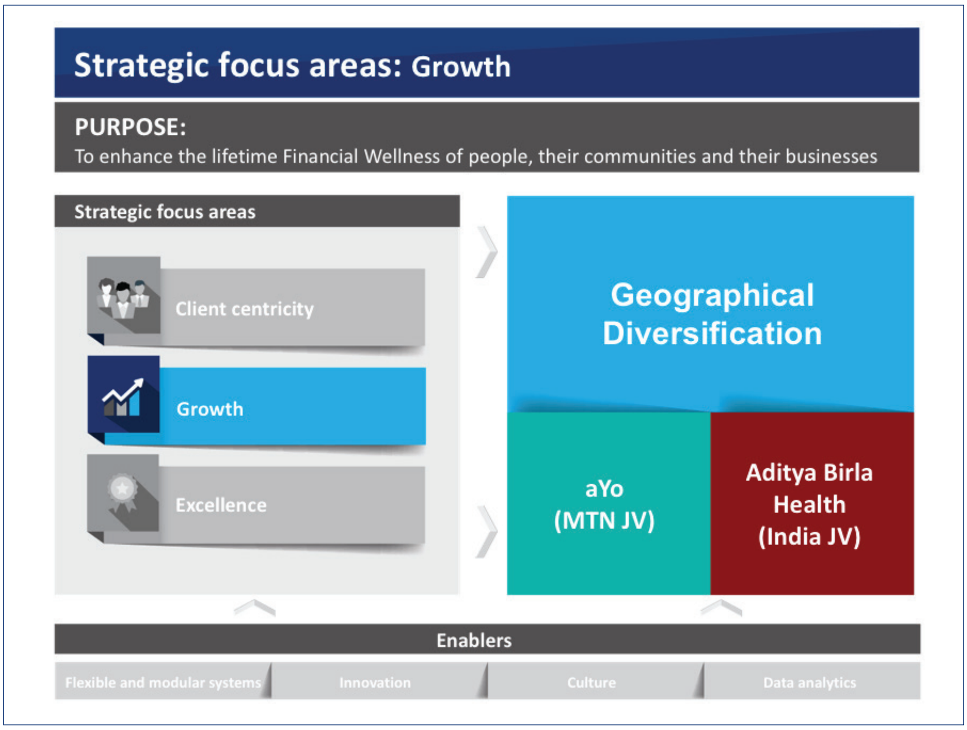
Our vision

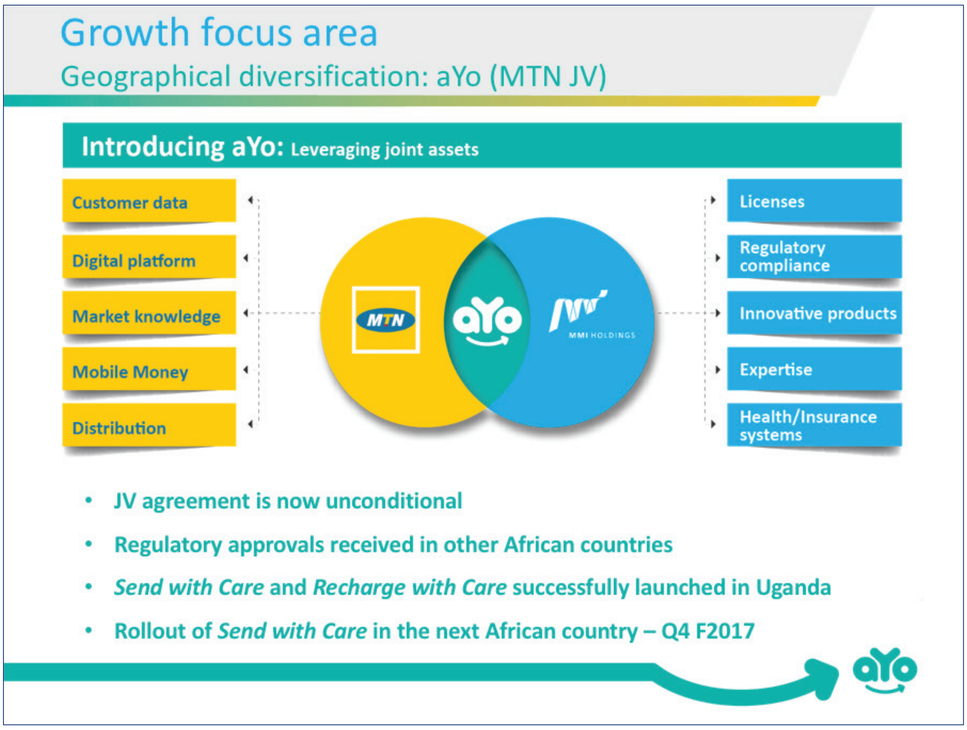
To be the preferred lifetime wellness partner, with a reputation for innovation and trustworthiness

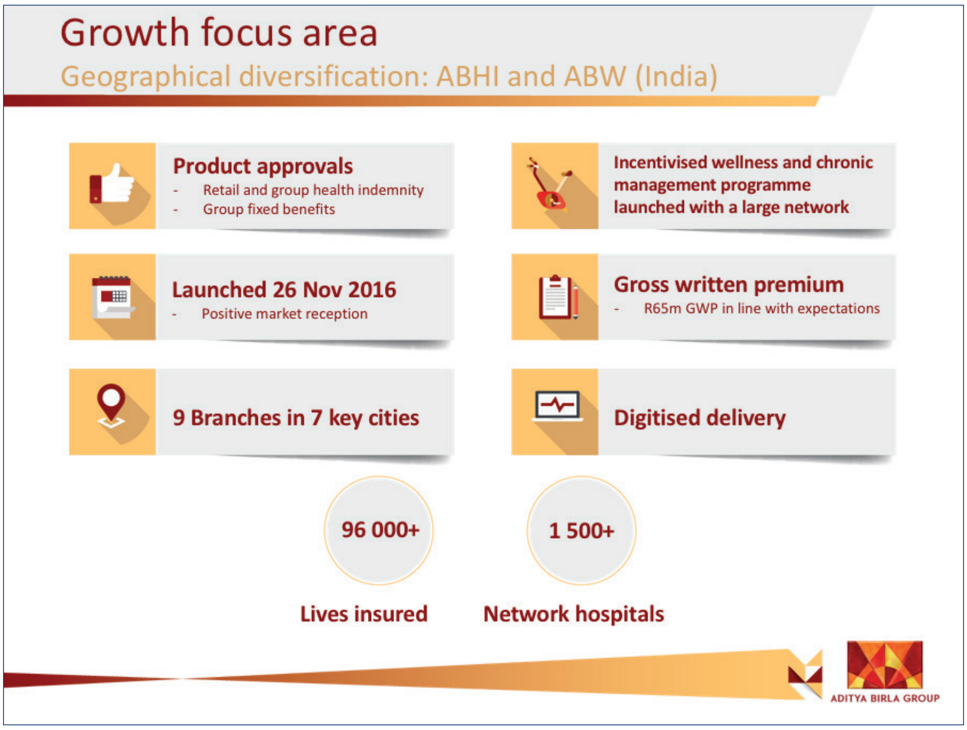
multiply

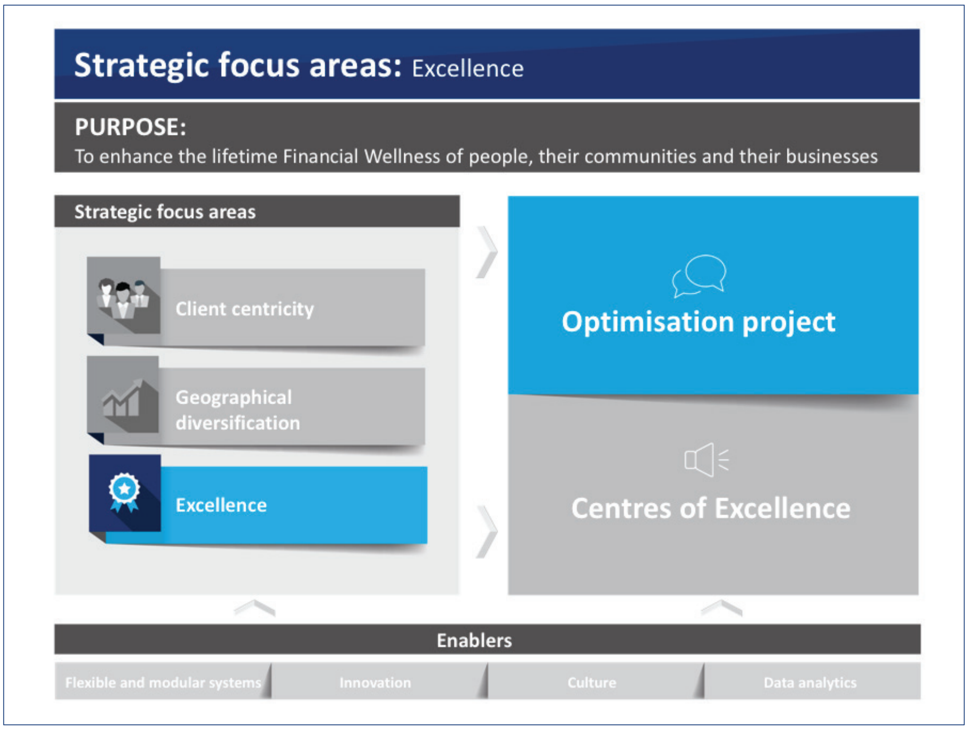

Rewards – Client example
MEMBER
STATUS
ACTIVITY
MALE
48
FEMALE
36
Private Club
POOR
GOOD
HealthyHeartScore
13
PER MONTH
144
PER ANNUM
ACTIVE DAYZ
SAVINGS
R8 802
GYM
R1 146
DIS-CHEM
R7 200
EDCON
R3 581
MANGO
R1 480
PICK n PAY
R416
NU METRO
R7 975
HEALTHRETURNS
R25 070
MYRIAD
R2 808
ONLINE SHOP
TOTAL
R58 478
multiply


Rewards – Client example
MEMBER
STATUS
ACTIVITY
MALE
57
FEMALE
55
Gold
POOR
GOOD
HealthyHeartScore
10
PER MONTH
111
PER ANNUM
ACTIVE DAYZ
SAVINGS
R10 560
GYM
R255
DIS-CHEM
R175
ONLINE SHOP
R606
MANGO
R1 610
PICK n PAY
R7 500
HEALTHRETURNS
R1 967
MYRIAD
TOTAL
R22 673
multiply


Strategic focus areas: Growth
PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses
Strategic focus areas
Client centricity
Growth
Excellence
Geographical Diversification
aYo (MTN JV)
Aditya Birla Health (India JV)
Enablers
Flexible and modular systems
Innovation
Culture
Data analytics


Growth focus area
Geographical diversification: aYo (MTN JV)
Introducing aYo: Leveraging joint assets
Customer data
Digital platform
Market knowledge
Mobile Money
Distribution
Licenses
Regulatory compliance
Innovative products
Expertise
Health/Insurance systems
• JV agreement is now unconditional
• Regulatory approvals received in other African countries
• Send with Care and Recharge with Care successfully launched in Uganda
• Rollout of Send with Care in the next African country – Q4 F2017


Growth focus area
Geographical diversification: ABHI and ABW (India)
Product approvals
- Retail and group health indemnity
- Group fixed benefits
Incentivised wellness and chronic management programme launched with a large network
Launched 26 Nov 2016
- Positive market reception
Gross written premium
- R65m GWP in line with expectations
9 Branches in 7 key cities
Digitised delivery
96 000+
Lives insured
1 500+
Network hospitals
ADITYA BIRLA GROUP


Strategic focus areas: Excellence
PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses
Strategic focus areas
Client centricity
Geographical diversification
Excellence
Optimisation project
Centres of Excellence
Enablers
Flexible and modular systems
Innovation
Culture
Data analytics

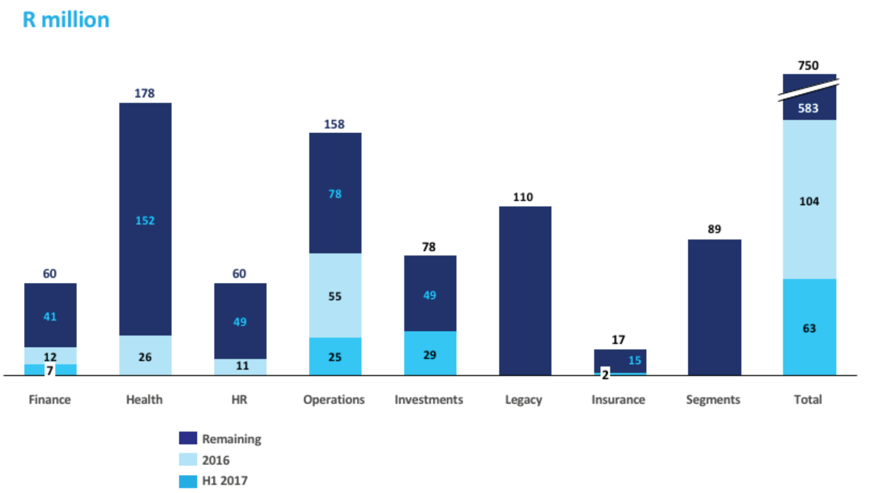
Excellence strategic focus area

Optimisation project

- New operating model enables optimisation
- Cumulative savings target of R750 million
- 14% (R104m) of target realised in F2016
- 8% (R63m) more of target realised in H1 2017
- 22% (R167m) of cumulative target realised in 18 months

Excellence strategic focus area

Good early progress: Achieved R167 million of R750 million target



Strategic focus areas: Excellence

PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas

- Client centricity
- Geographical diversification
- Excellence

Optimisation project

Centres of Excellence

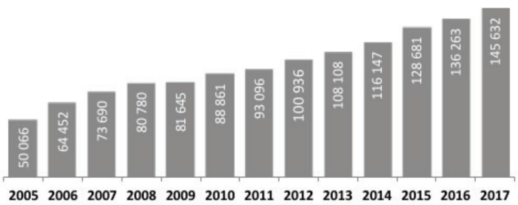
Enablers

Flexible and modular systems | Innovation | Culture | Data analytics

Excellence strategic focus area
Health: Diversified business

1. Momentum Health Open scheme

Momentum Health membership growth



- Market leading growth
- Expecting > 150 000 members by Dec 2017
- Unique value proposition gaining market credibility

2. Client journey

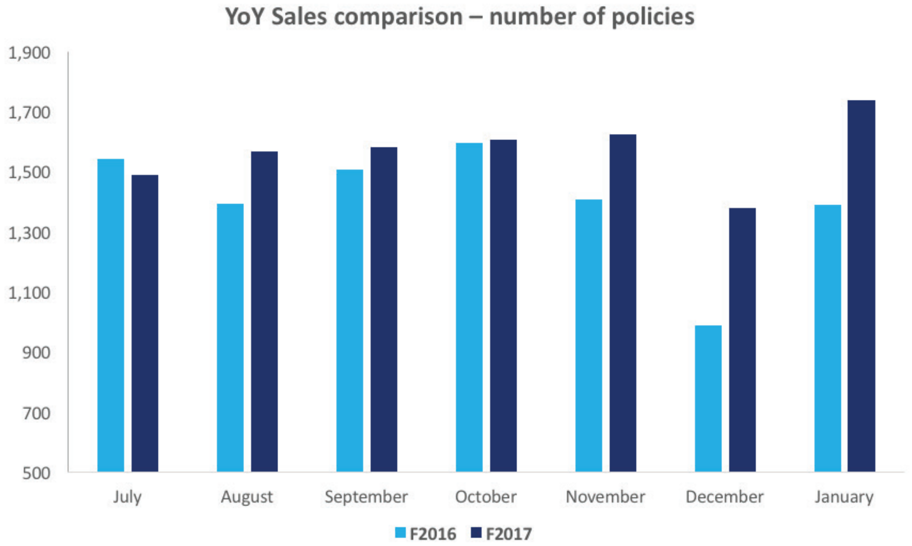
- We migrated our corporate administration clients to new administration systems
- This involved the migration of 130 000 beneficiaries to new platforms

3. Financial view

- Restructuring on schedule and budgets being met
- Earnings forecast for F2018 > R200m

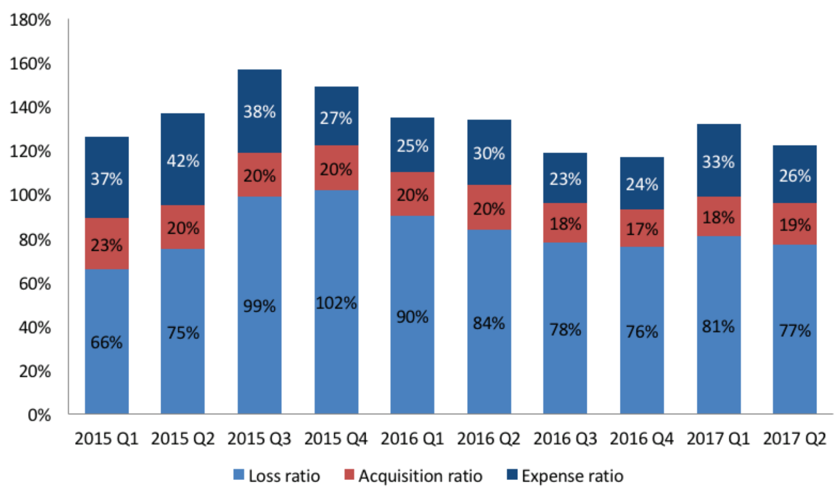
Excellence strategic focus area

Short-term insurance: Sales volumes increasing

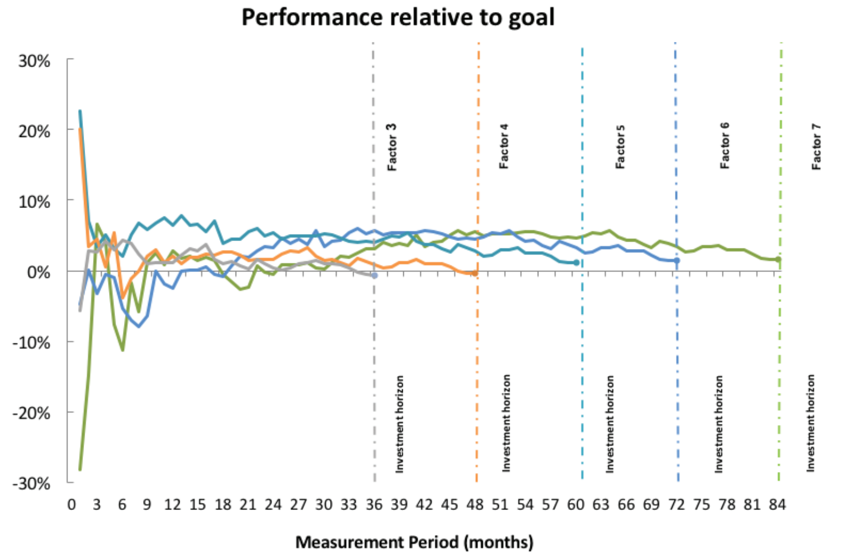


Excellence strategic focus area

Short-term insurance: Key ratios improving

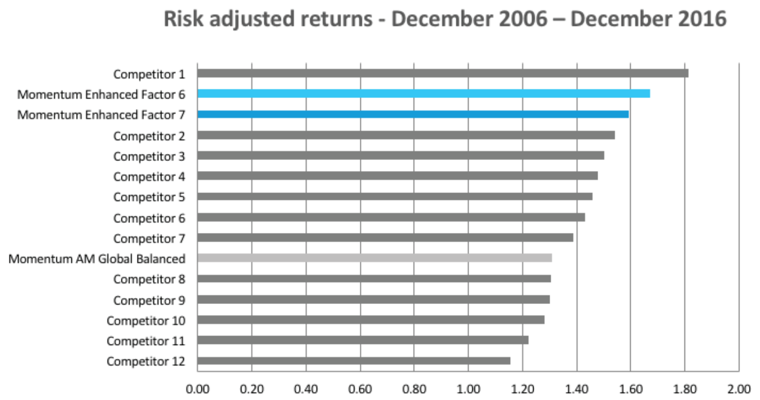


Excellence strategic focus area
Investments: Outcome-based Investing



Excellence strategic focus area
Investments: Performance delivery

Skill in investment construction – focus on risk & performance delivery

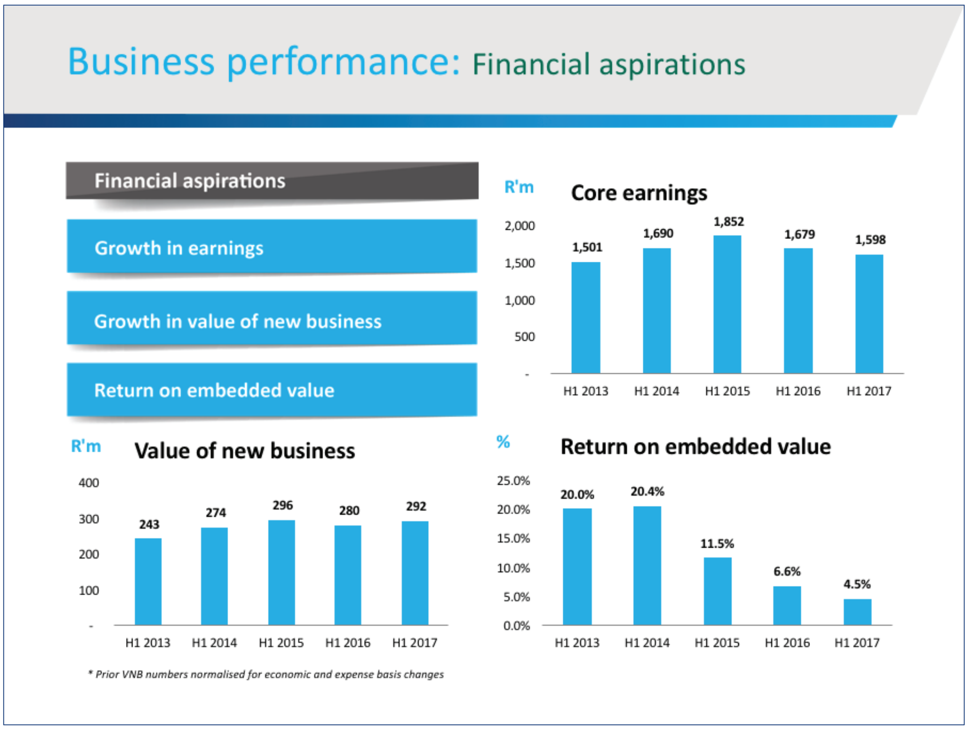


Source : Forbes Large Manager Watch Survey


Strategic focus areas: Enablers
PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses
Strategic focus areas
Client centricity
Geographical diversification
Excellence
Financial aspirations
Growth in earnings
Growth in value of new business
Return on embedded value
Client aspirations
"My Financial Wellness partner"
Enablers
Flexible and modular systems
Innovation
Culture
Data analytics


Enablers: Innovation: Exponential Ventures
Expect to earn market related venture capital returns.
Use insights to introduce cutting edge financial technology to MMI operations.
Provide fintech prospects with access to scale via MMI client base.
exponential


Agenda
1 Key financial metrics
2 MMI strategy
3 Strategic delivery
4 Business performance
5 Segment performance
6 Capital management
7 Critical focus areas
MMI HOLDINGS
momentum
METROPOLITAN
GUARDRISK
multiply


Business performance: Financial aspirations
Financial aspirations
Growth in earnings
Growth in value of new business
Return on embedded value
R'm
Core earnings
2,000
1,500
1,000
500
-
1,501
1,690
1,852
1,679
1,598
H1 2013
H1 2014
H1 2015
H1 2016
H1 2017
R'm
Value of new business
400
300
200
100
-
243
274
296
280
292
H1 2013
H1 2014
H1 2015
H1 2016
H1 2017
* Prior VNB numbers normalised for economic and expense basis changes
%
Return on embedded value
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
20.0%
20.4%
11.5%
6.6%
4.5%
H1 2013
H1 2014
H1 2015
H1 2016
H1 2017

Business performance: H12017 Financial aspirations

Financial aspirations

Return on embedded value	New business PVP	Value of new business on consistent basis
4.5%	+2% R21bn	+4% R292m

Business performance: H12017 Financial aspirations

Financial aspirations

Diluted core headline earnings	Dividend	Capital buffer
-5% R1.6bn	Maintained at 65cps	R3.0bn

Financial Aspirations
Growth in earnings

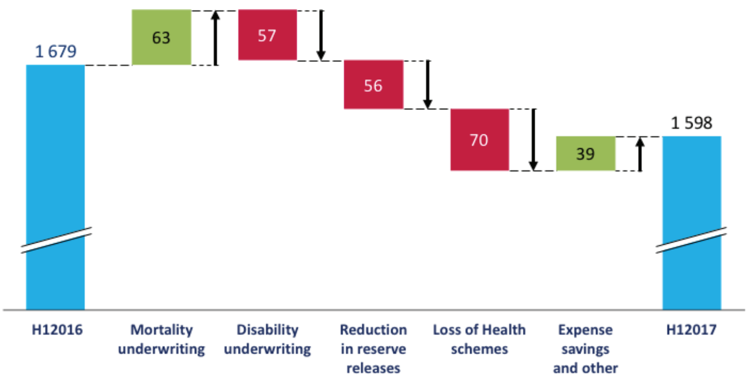
Diluted core headline earnings per segment

	Dec 2015	Dec 2016	1 year change
	Rm	*Rm*	*%*
Momentum Retail	644	649	1%
Metropolitan Retail	316	373	18%
Corporate and Public Sector	396	280	(29%)
International	(39)	(61)	(56%)
Segment results	1 317	1 241	(6%)
Shareholder capital	362	357	(1%)
Total	1 679	1 598	(5%)

Profits impacted by markets and underwriting experience

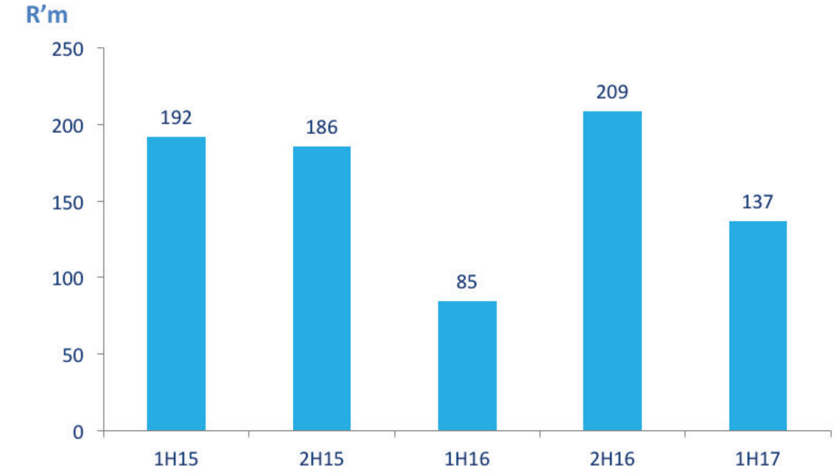
Financial Aspirations
Growth in earnings

Significant factors impacting on the decline in core headline earnings



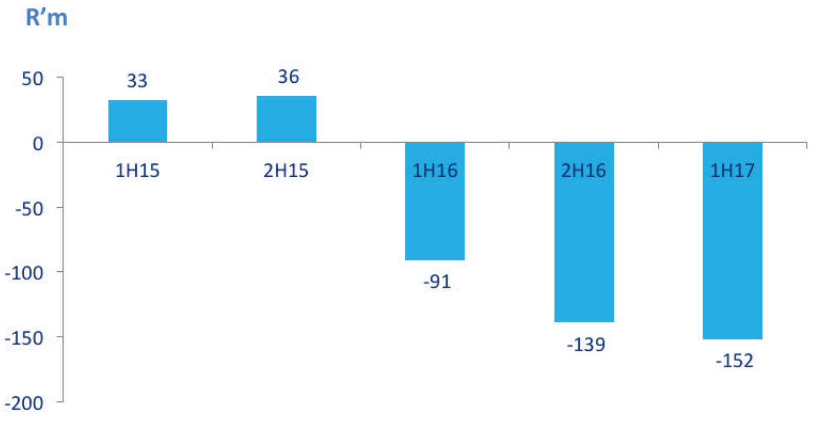
External environment
Underwriting experience variance

Retail mortality and morbidity experience variance



External environment
Underwriting experience variance

Corporate and Public Sector mortality and morbidity experience variance



Group disability underwriting experience
Current dynamics and industry experience

- PHI experience remains problematic
- Tough operating environment - industry experience looks similar
- Main driver of the PHI experience - weak economy
- Less claimants are returning to work
- Employees claim in lieu of retrenchment /early retirement

Group disability underwriting experience
Steps to minimise losses

- Increased overall value proposition – reduce clients' price sensitivity
- Selective price increases
- Additional rating factors and predictive modelling in progress
- Pro-active fraud management activities

Expense management

Expense experience variance

Segment expense experience variance

Growth in earnings

International earnings lower in tough conditions

	Dec 2015	Dec 2016	Change
	Rm	*Rm*	
Namibia	71	44	(38%)
Africa - South	74	72	(3%)
Africa - East	(47)	(59)	(26%)
Cannon	(26)	(38)	(46%)
aYo	(7)	(6)	14%
Other	(14)	(15)	(7%)
Africa - West	(13)	(2)	85%
India	(43)	(51)	(19%)
UK	8	19	138%
Central expenses	(89)	(84)	6%
Core headline earnings as reported	(39)	(61)	(56%)

Focussing on most promising businesses

Growth in earnings
Investment in strategic initiatives

Core Headline Earnings

	Dec 2015	Dec 2016	Change
	Rm	*Rm*	*Rm*
Momentum Short-term Insurance	(97)	(69)	28
India - JV	(21)	(39)	(18)
Exponential ventures	(5)	(13)	(8)
aYo	(7)	(6)	1
Investment in strategic initiatives	(130)	(127)	3
Operations reclassified or exited	(64)	(26)	38
Investment in strategic initiatives (like-for-like basis)	(194)	(153)	41
% of earnings	12%	10%	

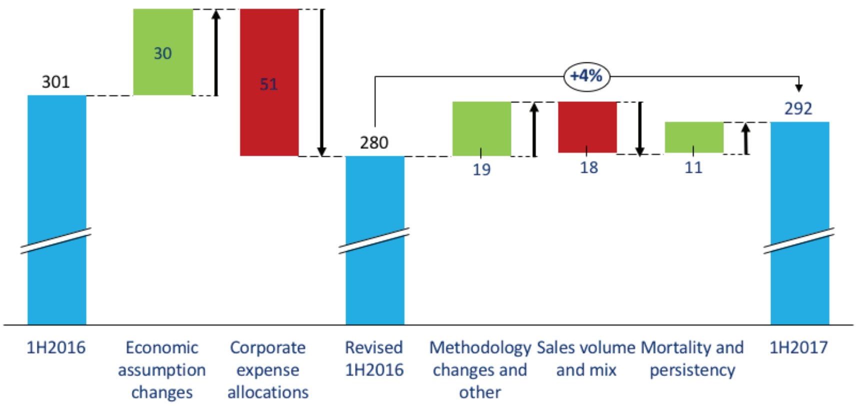
Financial aspirations
Growth in value of new business

New business per segment

	Dec 2015	Dec 2016	Change
	Rm	*Rm*	
Momentum Retail	12 673	12 114	(4%)
Metropolitan Retail	2 411	2 673	11%
Corporate and Public Sector	4 530	5 094	12%
International	1 175	1 414	20%
Total PVP	20 789	21 295	2%
Total APE	2 800	2 924	4%

Financial aspirations
Growth in value of new business

Value of new business adjusted for new basis

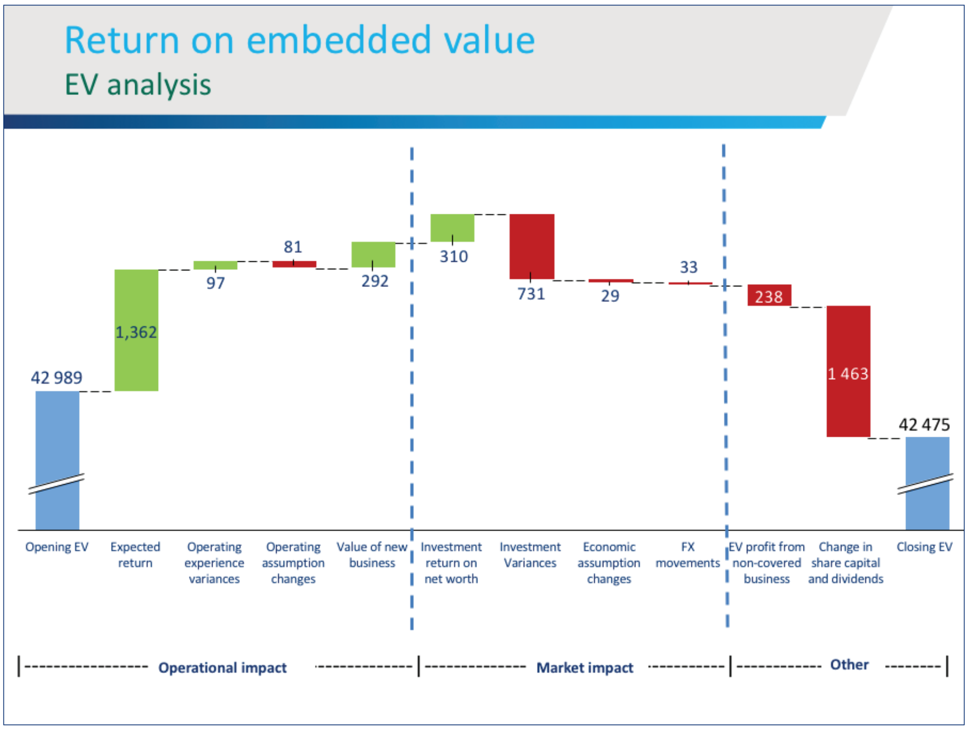


Growth despite difficult operating conditions

Financial aspirations
Growth in value of new business

Value of new business per segment

	Dec 2015	Dec 2015 Rebased	Dec 2016	1 year change
	Rm	*Rm*	*Rm*	
Momentum Retail	126	120	110	(8%)
Metropolitan Retail	68	68	94	38%
Corporate and Public Sector	76	63	42	(33%)
International	31	29	46	59%
Total	301	280	292	4%
New business margin (PVP)	1.4%	1.3%	1.4%	


Return on embedded value
EV analysis
42 989
1,362
97
81
292
310
731
29
33
238
1 463
42 475
Opening EV
Expected return
Operating experience variances
Operating assumption changes
Value of new business
Investment return on net worth
Investment Variances
Economic assumption changes
FX movements
EV profit from non-covered business
Change in share capital and dividends
Closing EV
Operational impact
Market impact
Other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GUARDRISK
multiply

Momentum Retail

	Dec 2015	Dec 2016	1 year change
	Rm	*Rm*	
Core Headline Earnings	644	649	1%
Value of new business (restated)	120	110	(8%)
New business margin	0.9%	0.9%	-

Key aspects

- Core Headline Earnings impacted by the following:
  - Reserve releases in prior period offset by good expense control in current period
  - Better experience relative to the valuation basis
  - Improved core headline earnings contribution from non-covered business
- Lower VNB due to lower new business volumes
- Single premium new business down from high levels seen in 1H16

Metropolitan Retail

	Dec 2015	Dec 2016	1 year change
	Rm	*Rm*	
Core Headline Earnings	316	373	18%
Value of new business (restated)	68	94	38%
New business margin	2.8%	3.5%	0.7%

Key aspects

- Strong Core Headline Earnings growth - new business strain constant despite increased volumes; underwriting profits also improved
- VNB growth due to increased sales volumes
- Writing more profitable risk business – this has a positive impact on VNB and margin
- Persistency – early duration lapse experience deteriorated slightly

Corporate and Public sector

	Dec 2015	Dec 2016	1 year change
	Rm	*Rm*	
Core Headline Earnings	396	280	(29%)
Value of new business (restated)	63	42	(33%)
New business margin	1.4%	0.8%	(0.6%)

Key aspects

- PHI underwriting results and loss of the two large Health clients drives the reduction in Core Headline Earnings
- Slow start to single premium new business volumes, but good pipeline for 2H17
- Changing product mix resulting in decreased margin

International

	Dec 2015	Dec 2016	1 year change
	Rm	*Rm*	
Core Headline Earnings	(39)	(61)	(56%)
Value of new business (restated)	29	46	59%
New business margin	2.5%	3.2%	0.7%

Key aspects

- Core Headline Earnings reduction - losses in the short-term insurance business and weaker Namibia PHI experience
- Increased sales volumes and improved product mix resulting in VNB and margin increase

Capital management

Economic capital

R'bn	Jun 2016	Dec 2016
Net asset value as per embedded value statement	16.9	16.7
Qualifying debt	3.6	3.5
Less: net asset value of strategic subsidiaries	(3.5)	(3.6)
Less: required capital	(9.7)	(9.9)
Capital before deployment	7.3	6.7
Deployed	(3.7)	(3.7)
Dividend payable	(1.5)	(1.0)
Strategic initiatives	(2.2)	(2.7)
Capital buffer after deployment	3.6	3.0

Capital management
Change in the capital buffer

R'bn	
Capital buffer at 30 June 2016	**3.6**
Profit from covered business	1.5
Profit from non-covered business	(0.2)
Dividends, new equity and sub-ordinated capital	(1.1)
Increase in required capital	(0.3)
Strategic commitments	(0.5)
Capital buffer at 31 December 2016	**3.0**

Capital management
Dividend

Dividend policy

- Stable dividend growth
- Long-term view
- Growth in core headline earnings
- Allowance for volatile investment markets, capital requirements and changes in legislation

Separate dividend policy from capital management

Dividend per share (cents)	2015	2016	H12017	Change
Interim ordinary dividend	63	65	65	0%
Final ordinary dividend	92	92		
Total ordinary dividend	155	157		


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momentum
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multiply


Critical Focus Areas
Client centricity
Multiply
Financial Wellness
Growth
Channel growth
Geographic diversification
- India
- Ayo
Africa portfolio
Excellence
Health
Investment and Savings (Outcome-Based model)
Short-term insurance
Life underwriting
Expense optimisation


Financially-well people have two things in common:
a budget and a financial plan
MMI HOLDINGS
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GUARDRISK
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Notes