



MMI HOLDINGS

Summary of financial information

Unaudited results for the 6 months ended 31 December 2017

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 2017. The preparation of the group's results was supervised by the group finance director, Risto Ketola (FIA, FASSA, CFA).

Corporate events

Listed debt

MMI Group Ltd listed new instruments to the total value of R750 million on the JSE Ltd on 4 December 2017. The instruments are unsecured subordinated callable notes.

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; 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 2017, 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 2017 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 IAS 7 Cash flow statements and IAS 12 Income taxes.
- 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.

Segmental report

The client-centric reporting view reflects the following segments:

Momentum Retail: Momentum Retail offers a wide range of financial solutions to middle and affluent market segments. Our product range spans all major insurance lines (life, disability, health, motor, property, and all-risks) and a wide range of savings and investment products. We differentiate our business through the quality of our advice channels and our commitment to high levels of client engagement to encourage our clients to make choices that optimise their financial and physical wellness. Our most popular product solutions are retirement savings and life insurance. Momentum Retail is closely associated with Multiply, our client engagement programme. Clients who have Multiply active on their policies enjoy premium discounts, partner rewards and access to personal financial management tools.

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Segmental report (continued)

Metropolitan Retail: Metropolitan Retail is a long-established life insurance provider in the lower- and middle-income segments. Metropolitan Retail's most popular products include funeral plans, savings policies, underwritten life cover policies, and annuities. Our funeral plans are low sum insured whole life policies designed to pay for funeral costs. To extend our distribution channels and expand our solutions basket, Metropolitan recently partnered with African Bank to offer insurance and lending products to the existing Metropolitan client base.

Momentum Corporate: Momentum Corporate provides insurance, administration and investment services to employee groups in the private and public sectors. The business is one of the largest underwriters of death and disability insurance in the corporate market. We also have a strong market share in umbrella funds (multi-employer retirement schemes) and annuity solutions.

International: MMI International operates in the rest of Africa, India and the United Kingdom. We offer a wide range of solutions in these areas, with a focus on life, health and short-term insurance products. In Africa, life insurance is offered in nine countries and health insurance offered in seven as well as in India. Our Multiply wellness programme is only active in India at present, where it complements the health insurance offering. We have announced our plan to exit a number of African countries to improve focus on remaining operations.

Shareholder Capital: The Shareholder Capital segment reflects investment income on capital held to support operations, earnings from start-up ventures not yet allocated to other segments, and some costs not allocated to operating segments (eg certain holding company expenses).

The product houses support the segments to deliver best of breed product solutions that segments can distribute to clients. There are five of these centres of excellence supporting the segments, namely: Investments and savings, Life Insurance, Health, Short-term Insurance and Client Engagement Solutions. Each of the centres of excellence design solutions that meet unique Financial Wellness needs of clients as identified by our segment business.

Corporate governance

The board has satisfied itself that appropriate principles of corporate governance (King IV) were applied, where possible, throughout the period under review.

Changes to the directorate, secretary and directors' shareholding

On 9 October 2017, Voyt Krzychylkiewicz resigned from the board. On 24 November 2017, Ben van der Ross retired from the board. On 16 January 2018, Risto Ketola was appointed to the board. On 15 February 2018, Nicolaas Kruger stepped down from the board and as CEO. On the same date, Hillie Meyer was appointed to the board as CEO. On 1 March 2018, Jeanette Marais was appointed to the board and as deputy CEO. On 31 March 2018, Mary Vilakazi will resign from the board and as deputy CEO.

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

MMI HOLDINGS GROUP

Changes to the group executive committee

Change in roles

Mary Vilakazi	Deputy CEO and CEO Momentum Retail and Metropolitan Retail (previously also Group Finance Director)
Risto Ketola	Group Finance Director (previously Group Chief Financial Officer)
Thinus Alsworth-Elvey	CEO Momentum Corporate (previously also CEO Momentum Investments)

<i>Appointments/resignations</i>	<i>Role</i>	<i>Appointments</i>	<i>Resignations</i>
Innocent Dutiro	CEO International		30 September 2017
Nontokoza Madonsela	Group Chief Marketing Officer	9 October 2017	
Khanyi Nzukuma	CEO Momentum Retail and acting CEO Metropolitan Retail		31 December 2017
Andrew Le Roux	Chief Business Transformation Officer	1 January 2018	
Nicolaas Kruger	Group CEO		15 February 2018
Hillie Meyer	Group CEO	15 February 2018	
Peter Tshiguvho	Metropolitan Retail: Head of Channel	26 February 2018	
Jeanette Marais	Deputy CEO and CEO Momentum Investments	1 March 2018	
Mary Vilakazi	Deputy CEO and CEO Momentum Retail and Metropolitan Retail		31 March 2018

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 2017 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.

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Interim dividend declaration

Ordinary shares

- No interim dividend has been declared.

Preference shares

- Dividends of R18.5 million (2016: R19.5 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.

Share buy-back programme

- The group will distribute capital to shareholders by means of repurchasing shares, in lieu of paying a dividend. Up to R2 billion will be used to buy back shares in this repurchase programme during the next 12 months.

Directors' responsibility

The preparation of these results are the responsibility of the directors. 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*
Hillie Meyer *Group chief executive officer*

Centurion
6 March 2018

DIRECTORS: MJN Njeke (chairman), LL von Zeuner (deputy chairman), HP Meyer (group chief executive officer), J Marais (deputy chief executive), M Vilakazi (deputy chief executive), RS Ketola (group finance director), P Cooper, F Jakoet, Prof SC Jurisich, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, JC van Reenen

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 SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: PricewaterhouseCoopers Inc

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

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

SENS ISSUE: 7 March 2018

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2017	31.12.2016	30.06.2017
	Rm	Rm	Rm
ASSETS			
Intangible assets	11 007	11 996	11 260
Owner-occupied properties	4 250	3 324	4 105
Property and equipment	365	386	389
Investment properties	7 346	7 484	7 340
Investments in associates and joint ventures	626	654	595
Employee benefit assets	421	460	410
Financial assets designated at fair value through income	394 058	367 138	369 205
Investments in associates designated at fair value through income	11 821	13 099	15 039
Derivative financial assets	2 935	2 180	2 439
Available-for-sale financial assets	7	64	18
Held-to-maturity financial assets	396	507	397
Loans and receivables	6 453	7 240	7 293
Reinsurance contract assets	5 216	4 850	4 495
Deferred income tax	258	328	249
Properties under development	116	249	111
Insurance and other receivables	4 781	4 250	4 621
Current income tax assets	477	548	581
Cash and cash equivalents	27 275	24 980	27 353
Total assets	477 808	449 737	455 900
EQUITY			
Equity attributable to owners of the parent	22 763	23 543	22 956
Non-controlling interests	299	254	292
Total equity	23 062	23 797	23 248
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	111 173	106 465	106 581
Short-term insurance contracts	8 088	6 984	7 661
Investment contracts	271 162	254 083	257 772
– with discretionary participation features (DPF)	25 086	24 462	24 338
– designated at fair value through income	246 076	229 621	233 434
Financial liabilities designated at fair value through income	41 730	36 581	37 331
Derivative financial liabilities	1 854	1 968	1 827
Financial liabilities at amortised cost	1 238	1 150	1 229
Reinsurance contract liabilities	1 475	931	1 368
Deferred income tax	3 371	3 595	3 198
Employee benefit obligations	998	1 165	1 334
Other payables	13 480	12 860	14 128
Provisions	55	30	57
Current income tax liabilities	122	128	166
Total liabilities	454 746	425 940	432 652
Total equity and liabilities	477 808	449 737	455 900

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	6 mths to	6 mths to	12 mths to
	31.12.2017	31.12.2016	30.06.2017
	Rm	Rm	Rm
Net insurance premiums	14 688	14 072	28 191
Fee income ⁽¹⁾	3 852	3 851	7 411
Investment income	9 750	9 364	18 958
Net realised and fair value gains/(losses)	18 689	(6 630)	183
Net income	46 979	20 657	54 743
Net insurance benefits and claims	12 268	12 241	24 441
Change in actuarial liabilities and related reinsurance	4 573	(2 418)	(2 267)
Change in long-term insurance contract liabilities	4 172	(1 390)	(1 437)
Change in short-term insurance contract liabilities	(25)	(81)	(86)
Change in investment contracts with DPF liabilities	749	(731)	(855)
Change in reinsurance assets	(386)	(172)	(278)
Change in reinsurance liabilities	63	(44)	389
Fair value adjustments on investment contract liabilities	14 986	(301)	6 650
Fair value adjustments on collective investment scheme liabilities	1 422	(1 572)	688
Depreciation, amortisation and impairment expenses	614	669	1 665
Employee benefit expenses	2 755	2 605	5 249
Sales remuneration	2 923	2 763	5 283
Other expenses	3 693	3 641	7 367
Expenses	43 234	17 628	49 076
Results of operations	3 745	3 029	5 667
Share of loss of associates and joint ventures	(92)	(39)	(126)
Finance costs ⁽²⁾	(539)	(523)	(1 023)
Profit before tax	3 114	2 467	4 518
Income tax expense	(1 852)	(1 445)	(2 937)
Earnings for the period	1 262	1 022	1 581
Attributable to:			
Owners of the parent	1 247	1 015	1 536
Non-controlling interests	15	7	45
	1 262	1 022	1 581
Basic earnings per ordinary share (cents)	80.0	65.0	98.4
Diluted earnings per ordinary share (cents)	79.4	64.6	98.1

1. Fee income consists of the following:

- Investment contracts: R1 266 million (31.12.2016: R1 276 million; 30.06.2017: R2 477 million)
- Trust and fiduciary services: R805 million (31.12.2016: R839 million; 30.06.2017: R1 608 million)
- Health administration: R892 million (31.12.2016: R946 million; 30.06.2017: R1 764 million)
- Other fee income: R889 million (31.12.2016: R790 million; 30.06.2017: R1 562 million)

2. Finance costs consist of the following:

- Preference shares issued by MMI: R57 million (30.12.2016: R58 million; 30.06.2017: R113 million)
- Subordinated debt: R190 million (31.12.2016: R176 million; 30.06.2017: R351 million)
- Cost of carry positions: R195 million (31.12.2016: R202 million; 30.06.2017: R408 million)
- Other: R97 million (31.12.2016: R87 million; 30.06.2017: R151 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Earnings for the period	1 262	1 022	1 581
Other comprehensive loss, net of tax	(37)	(164)	(103)
Items that may subsequently be reclassified to income	(78)	(180)	(224)
Exchange differences on translating foreign operations	(79)	(175)	(218)
Available-for-sale financial assets	(1)	(1)	(4)
Share of other comprehensive income/(loss) of associates	2	(4)	(2)
Items that will not be reclassified to income	41	16	121
Land and building revaluation	49	49	142
Remeasurements of post-employee benefit funds	(11)	(24)	11
Income tax relating to items that will not be reclassified	3	(9)	(32)
Total comprehensive income for the period	1 225	858	1 478
Total comprehensive income attributable to:			
Owners of the parent	1 209	850	1 434
Non-controlling interests	16	8	44
	1 225	858	1 478

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm	6 mths to 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Earnings	1 247	1 015	1 536	1 247	1 015	1 536
Finance costs – convertible preference shares				21	20	39
Dilutory effect of subsidiaries ⁽¹⁾				(7)	(6)	(14)
Diluted earnings				1 261	1 029	1 561
Intangible assets and other impairments ⁽²⁾	43	63	417	43	63	417
Tax on intangible assets and other impairments	(12)	-	(61)	(12)	-	(61)
Gain on sale of business/subsidiary	-	(73)	(94)	-	(73)	(94)
Tax on gain on sale of business/subsidiary	-	-	21	-	-	21
Impairment of owner-occupied property below cost	-	-	28	-	-	28
Headline earnings ⁽³⁾	1 278	1 005	1 847	1 292	1 019	1 872
Net realised and fair value (gains)/losses on excess	(110)	2	94	(110)	2	94
Basis and other changes and investment variances	(41)	183	458	(41)	183	458
Adjustments for MMI shares held by policyholder funds	25	10	(42)	25	20	(42)
Amortisation of intangible assets relating to business combinations	277	293	577	277	293	577
Non-recurring items ⁽⁴⁾	113	81	249	113	81	249
Core headline earnings ⁽⁵⁾	1 542	1 574	3 183	1 556	1 598	3 208

- Metropolitan Health is consolidated at 100% and the MMI Holdings Namibian group, Metropolitan Kenya and Cannon are consolidated at 96% in earnings. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. From June 2017, there is no longer a dilutory effect for Metropolitan Health as all the shares in Metropolitan Health Corporate (Pty) Ltd which were held by Kagiso Tiso Holdings (Pty) Ltd were purchased by the group in June 2017.
- Current period impairment relates mainly to software in Metropolitan Retail.
The June 2017 period includes impairments relating to:
 - Goodwill, customer relations and internally developed software (R213 million) in the International segment that were recognised on acquisition of subsidiaries as the companies are making losses. A risk discount rate of 18.2% has been used in the impairment calculation.
 - Internally developed software in International (R88 million) and Metropolitan Retail (R76 million) whereby certain components will no longer be used and/or the costs to maintain the system exceed the economic benefits. A risk discount rate of 11.6% has been used in the impairment calculation.
 December 2016 includes the impairment of Cannon goodwill and software in International.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- Non-recurring items include costs relating mainly to the restructuring of the group. The current and prior periods also include the core earnings/loss relating to companies in countries that the group has or will be exiting in the near future.
- Core headline earnings 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.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2017	6 mths to 31.12.2016	12 mths to 30.06.2017
Basic			
Core headline earnings	98.9	100.8	203.9
Headline earnings	82.0	64.3	118.3
Earnings	80.0	65.0	98.4
Weighted average number of shares (million)	1 559	1 562	1 561
Diluted			
Core headline earnings	97.0	99.6	200.0
Weighted average number of shares (million) ⁽¹⁾	1 604	1 604	1 604
Headline earnings	81.4	64.0	117.7
Earnings	79.4	64.6	98.1
Weighted average number of shares (million) ⁽²⁾	1 588	1 592	1 591

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	2018	2017
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	-	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 2018 (after extending it under the same terms by six months in December 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 2 October 2017, 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 2017 (R369 million of the ordinary dividends declared in September 2016) and R261 million of the ordinary dividends declared in March 2017 were attributed to RMI Holdings Ltd.

A3 MMI Holdings Ltd preference share dividends	2018 Rm	2017 Rm
KTH		
Interim – March	19	20
Final – September		19
Total		39

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Changes in share capital			
Balance at beginning and end	9	9	9
Changes in share premium			
Balance at beginning	13 737	13 847	13 847
Conversion of preference shares	7	7	14
Decrease/(increase) in treasury shares held on behalf of contract holders	42	17	(124)
Balance at end	13 786	13 871	13 737
Changes in other reserves			
Balance at beginning	1 788	1 955	1 955
Total comprehensive loss	(38)	(165)	(102)
Employee share schemes – value of services provided	3	3	(22)
Change in non-distributable reserves	-	-	(3)
Transfer to retained earnings	(50)	(41)	(40)
Balance at end ⁽¹⁾	1 703	1 752	1 788
Changes in retained earnings			
Balance at beginning	7 422	8 298	8 298
Total comprehensive income	1 247	1 015	1 536
Dividend paid	(1 435)	(1 443)	(2 456)
Transactions with non-controlling interests	(19)	-	4
Transfer from other reserves	50	41	40
Balance at end	7 265	7 911	7 422
Equity attributable to owners of the parent	22 763	23 543	22 956
Changes in non-controlling interests			
Balance at beginning	292	290	290
Total comprehensive income	16	8	44
Dividend paid	(24)	(28)	(53)
Transactions with owners	(1)	(16)	11
Business combinations	16	-	-
Balance at end	299	254	292
Total equity	23 062	23 797	23 248

1. Other reserves consist of the following:

- Land and building revaluation reserve: R802 million (31.12.2016: R742 million; 30.06.2017: R807 million)
- Foreign currency translation reserve: -R175 million (31.12.2016: -R57 million; 30.06.2017: -R98 million)
- Revaluation of available-for-sale investments: R6 million (31.12.2016: R9 million; 30.06.2017: R7 million)
- Non-distributable reserve: R60 million (31.12.2016: R50 million; 30.06.2017: R54 million)
- Employee benefit revaluation reserve: R77 million (31.12.2016: R53 million; 30.06.2017: R88 million)
- Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (31.12.2016: R940 million; 30.06.2017: R940 million)
- Equity-settled share-based payment arrangements: -R7 million (31.12.2016: R15 million; 30.06.2017: -R10 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2017	6 mths to 31.12.2016	12 mths to 30.06.2017
	Rm	Rm	Rm
Net cash inflow/(outflow) from operating activities	1 551	(3 126)	586
Net cash (outflow)/inflow from investing activities	(194)	408	(288)
Net cash outflow from financing activities	(1 435)	(1 450)	(2 093)
Net cash flow	(78)	(4 168)	(1 795)
Cash resources and funds on deposit at beginning	27 353	29 148	29 148
Cash resources and funds on deposit at end	27 275	24 980	27 353

NON-CONTROLLING INTERESTS	31.12.2017	31.12.2016	30.06.2017
	%	%	%
Cannon Assurance	33.7	33.7	33.7
Eris Property Group	23.9	23.7	23.7
Metropolitan Health Ghana	0.9	0.9	0.9
Metropolitan Health Group	-	17.6	-
Metropolitan Health Namibia Administrators	49.0	49.0	49.0
Metropolitan Kenya	33.7	33.7	33.7
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	9.9	9.9
Momentum Mozambique	33.0	33.0	33.0
Momentum Swaziland	33.0	33.0	33.0
Quanta Insurance	30.0	-	-

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

BUSINESS COMBINATIONS – DECEMBER 2017

There were no significant business combinations for the 6 months ended December 2017. Goodwill (R26m), customer relationships relating to short-term business (R84m), broker network (R71m), and computer software (R5m) were recognised due to small acquisitions.

BUSINESS COMBINATIONS – DECEMBER 2016

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

BUSINESS COMBINATIONS – JUNE 2017

There were no significant business combinations for the 12 months ended June 2017. Goodwill and customer relationships to the value of R11 million each were recognised due to a small acquisition.

RECONCILIATION OF GOODWILL	31.12.2017	31.12.2016	30.06.2017
	Rm	Rm	Rm
Balance at beginning	1 128	1 237	1 237
Business combinations ⁽¹⁾	26	-	11
Impairment charges ⁽²⁾	-	(52)	(100)
Exchange differences	(2)	(20)	(20)
Balance at end	1 152	1 165	1 128

1. An acquisition was made in the Guardrisk group for R90 million. This resulted in the recognition of R26 million goodwill in the current period. The entity's business is that of underwriting managers.
2. There were no impairments in the current period. In the prior periods, goodwill relating to the Cannon (International segment) (31.12.2016: R52 million; 30.06.2017: R62 million) and Momentum Financial Technology (International segment) (31.12.2016: Rnil; 30.06.2017: R38 million) acquisitions were impaired due to these companies making losses.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

6 mths to 31.12.2017	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International ⁽¹⁾ Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling Items ⁽²⁾ Rm	IFRS total Rm
Revenue								
Net insurance premiums	12 228	3 788	14 586	2 296	-	32 898	(18 210)	14 688
Recurring premiums	4 940	3 120	9 003	1 872	-	18 935	(6 490)	12 445
Single premiums	7 288	668	5 583	424	-	13 963	(11 720)	2 243
Fee income	1 769	81	2 230	386	24	4 490	(638)	3 852
Fee income	1 535	78	1 987	354	-	3 954	(102)	3 852
Intergroup fee income	234	3	243	32	24	536	(536)	-
Expenses								
Net payments to contract holders								
External payments	12 591	2 781	15 080	1 327	-	31 779	(19 511)	12 268
Other expenses	3 072	1 280	2 929	1 188	106	8 575	1 410	9 985
Sales remuneration	1 113	541	940	363	-	2 957	(34)	2 923
Administration expenses	1 424	630	1 455	649	366	4 524	70	4 594
Amortisation due to business combinations and impairments	-	43	6	-	23	72	357	429
Cell captive business	-	-	69	-	-	69	1 010	1 079
Direct property expenses	-	-	-	-	-	-	225	225
Asset management and other fee expenses	198	40	136	21	9	404	318	722
Holding company expenses	-	-	-	-	13	13	-	13
Intergroup expenses	337	26	323	155	(305)	536	(536)	-
Diluted core headline earnings	567	317	455	(27)	244	1 556	-	1 556
Operating profit/(loss)	762	448	556	(10)	(53)	1 703	-	1 703
Tax on operating profit/(loss)	(222)	(131)	(165)	(29)	10	(537)	-	(537)
Investment income	34	-	84	15	392	525	-	525
Tax on investment income	(7)	-	(20)	(3)	(105)	(135)	-	(135)
Covered	600	337	256	97	252	1 542	-	1 542
Non-covered	(33)	(20)	199	(124)	(8)	14	-	14
	567	317	455	(27)	244	1 556	-	1 556
Actuarial liabilities	204 346	34 879	137 693	13 505	-	390 423	-	390 423

1. The 'International' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R324 million; external payments R183 million and administration expenses R171 million.

2. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and 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; asset management fees from cell captive business; 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 31.12.2016	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International ⁽¹⁾ Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items ⁽²⁾ 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	632	373	320	(61)	334	1 598	-	1 598
Operating profit/(loss)	879	520	378	(38)	33	1 772	-	1 772
Tax on operating profit/(loss)	(273)	(148)	(105)	(38)	(36)	(600)	-	(600)
Investment income	35	1	65	22	413	536	-	536
Tax on investment income	(9)	-	(18)	(7)	(76)	(110)	-	(110)
Covered	713	384	143	82	341	1 663	-	1 663
Non-covered	(81)	(11)	177	(143)	(7)	(65)	-	(65)
	632	373	320	(61)	334	1 598	-	1 598
Actuarial liabilities	198 054	32 549	121 734	12 687	2 508	367 532	-	367 532

- The 'International' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R116 million; external payments R88 million and administration expenses R64 million.
- The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R35 million); 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; asset management fees from cell captive business; 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

12 mths to 30.06.2017	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International ⁽¹⁾ Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling Items ⁽²⁾ Rm	IFRS total Rm
Revenue								
Net insurance premiums	24 740	6 898	27 167	4 130	-	62 935	(34 744)	28 191
Recurring premiums	9 663	5 877	16 951	3 476	-	35 967	(9 291)	26 676
Single premiums	15 077	1 021	10 216	654	-	26 968	(25 453)	1 515
Fee income	3 496	146	4 270	835	73	8 820	(1 409)	7 411
Fee income	3 011	143	3 708	794	2	7 658	(247)	7 411
Intergroup fee income	485	3	562	41	71	1 162	(1 162)	-
Expenses								
Net payments to contract holders								
External payments	25 360	5 321	25 574	2 624	-	58 879	(34 438)	24 441
Other expenses	5 994	2 448	5 681	2 419	201	16 743	2 821	19 564
Sales remuneration	2 184	1 029	1 462	615	-	5 290	(7)	5 283
Administration expenses	2 631	1 280	3 125	1 346	589	8 971	121	9 092
Amortisation due to business combinations and impairments	-	73	31	88	37	229	977	1 206
Cell captive business	-	-	186	-	-	186	1 800	1 986
Direct property expenses	-	-	-	-	-	-	443	443
Asset management and other fee expenses	379	60	309	84	10	842	649	1 491
Holding company expenses	-	-	-	-	63	63	-	63
Intergroup expenses	800	6	568	286	(498)	1 162	(1 162)	-
Diluted core headline earnings	1 271	660	835	(166)	608	3 208	-	3 208
Operating profit/(loss)	1 861	926	969	(102)	(48)	3 606	-	3 606
Tax on operating profit/(loss)	(631)	(267)	(270)	(87)	(12)	(1 267)	-	(1 267)
Investment income	57	2	187	27	822	1 095	-	1 095
Tax on investment income	(16)	(1)	(51)	(4)	(154)	(226)	-	(226)
Covered	1 467	685	387	203	648	3 390	-	3 390
Non-covered	(196)	(25)	448	(369)	(40)	(182)	-	(182)
	1 271	660	835	(166)	608	3 208	-	3 208
Actuarial liabilities	195 283	32 417	131 420	12 894	-	372 014	-	372 014

- The 'International' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R524 million; external payments R359 million and administration expenses R113 million.
- The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R263 million); 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; asset management fees from cell captive business; 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 31.12.2017 Rm	Restated 6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Momentum Retail	(10)	567	632	1 271
Metropolitan Retail	(15)	317	373	660
Momentum Corporate	42	455	320	835
International	56	(27)	(61)	(166)
Operating segments ⁽¹⁾	4	1 312	1 264	2 600
Shareholder Capital	(27)	244	334	608
Total diluted core headline earnings	(3)	1 556	1 598	3 208

1. Includes investments in three main new initiatives being India, aYo and Money Management of R145 million (31.12.2016: R47 million; 30.06.2017: R187 million).

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
6 mths to 31.12.2017						
Covered						
Operating profit	600	337	256	97	(8)	1 282
Investment income	-	-	-	-	260	260
Total	600	337	256	97	252	1 542
Non-covered						
Investment and savings	48	-	33	52	-	133
Life insurance	-	-	-	(38)	-	(38)
Health	(2)	-	50	(77)	-	(29)
Short-term insurance	(22)	-	132	(1)	-	109
Client engagement	(57)	(20)	(8)	(10)	3	(92)
Unallocated expenses	-	-	-	-	(41)	(41)
Other operations	-	-	(8)	(50)	30	(28)
Total	(33)	(20)	199	(124)	(8)	14
Core earnings	567	317	455	(27)	244	1 556
Restated						
6 mths to 31.12.2016						
Covered						
Operating profit	713	383	141	82	24	1 343
Investment income	-	1	2	-	317	320
Total	713	384	143	82	341	1 663
Non-covered						
Investment and savings	52	-	27	19	-	98
Life insurance	-	-	-	(42)	-	(42)
Health	(27)	-	59	6	-	38
Short-term insurance	(71)	(2)	91	(44)	-	(26)
Client engagement	(35)	(9)	(12)	(12)	9	(59)
Unallocated expenses	-	-	-	-	(63)	(63)
Other operations	-	-	12	(70)	47	(11)
Total	(81)	(11)	177	(143)	(7)	(65)
Core earnings	632	373	320	(61)	334	1 598

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
12 mths to 30.06.2017						
Covered						
Operating profit	1 467	685	387	203	37	2 779
Investment income	-	-	-	-	611	611
Total	1 467	685	387	203	648	3 390
Non-covered						
Investment and savings	61	-	119	82	-	262
Life insurance	-	-	-	(111)	-	(111)
Health	(29)	-	136	(82)	-	25
Short-term insurance	(162)	(7)	200	(80)	-	(49)
Client engagement	(66)	(18)	(25)	(24)	12	(121)
Unallocated expenses	-	-	-	-	(60)	(60)
Other operations	-	-	18	(154)	8	(128)
Total	(196)	(25)	448	(369)	(40)	(182)
Core earnings	1 271	660	835	(166)	608	3 208

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

MOMENTUM INVESTMENTS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2017				
Revenue	496	355	230	1 081
Fee income	456	314	207	977
Performance fees	1	-	-	1
Investment income	40	28	1	69
Fair value (losses)/gains	(1)	13	22	34
Expenses and finance costs	(423)	(293)	(173)	(889)
Fair value adjustments on investment contracts	-	-	(21)	(21)
Other expenses	(414)	(271)	(152)	(837)
Finance costs	(9)	(22)	-	(31)
Share of loss of associates	-	(4)	-	(4)
Profit before tax	73	58	57	188
Income tax expense	(25)	(16)	(5)	(46)
Non-controlling interest	-	(9)	-	(9)
Core earnings	48	33	52	133
Operating profit before tax	51	43	56	150
Tax on operating profit	(19)	(15)	(5)	(39)
Investment income	23	4	1	28
Tax on investment income	(7)	1	-	(6)
Diluted core headline earnings	48	33	52	133
Assets under management at period end	302 888	116 811	67 089	486 788
Restated				
6 mths to 31.12.2016				
Revenue	593	318	229	1 140
Fee income	566	287	194	1 047
Performance fees	-	6	-	6
Investment income	28	25	-	53
Fair value (losses)/gains	(1)	-	35	34
Expenses and finance costs	(522)	(295)	(210)	(1 027)
Fair value adjustments on investment contracts	-	-	(39)	(39)
Other expenses	(519)	(270)	(171)	(960)
Finance costs	(3)	(25)	-	(28)
Share of profit of associates	-	20	-	20
Profit before tax	71	43	19	133
Income tax expense	(19)	(7)	-	(26)
Non-controlling interest	-	(9)	-	(9)
Core earnings	52	27	19	98
Operating profit before tax	50	32	20	102
Tax on operating profit	(15)	(5)	(1)	(21)
Investment income	23	-	-	23
Tax on investment income	(6)	-	-	(6)
Diluted core headline earnings	52	27	19	98
Assets under management at period end	311 116	108 332	68 514	487 962

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

MOMENTUM INVESTMENTS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
Restated				
12 mths to 30.06.2017				
Revenue	1 105	802	490	2 397
Fee income	1 041	656	386	2 083
Performance fees	3	13	-	16
Investment income	61	121	1	183
Fair value gains	-	12	103	115
Expenses and finance costs	(1 001)	(626)	(405)	(2 032)
Fair value adjustments on investment contracts	-	-	(103)	(103)
Other expenses	(992)	(577)	(302)	(1 871)
Finance costs	(9)	(49)	-	(58)
Share of profit of associates	-	1	-	1
Profit before tax	104	177	85	366
Income tax expense	(43)	(32)	(3)	(78)
Non-controlling interest	-	(26)	-	(26)
Core earnings	61	119	82	262
Operating profit before tax	61	90	84	235
Tax on operating profit	(30)	(11)	(3)	(44)
Investment income	43	55	1	99
Tax on investment income	(13)	(15)	-	(28)
Diluted core headline earnings	61	119	82	262
Assets under management at period end	306 359	114 454	68 685	489 498

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2017				
Revenue	294	937	232	1 463
Net insurance premiums	108	201	135	444
Fee income	179	716	84	979
Investment income	7	12	13	32
Intergroup fees	-	8	-	8
Expenses and finance costs	(297)	(862)	(197)	(1 356)
Net payments to contract holders	(81)	(158)	(93)	(332)
Other expenses	(215)	(704)	(104)	(1 023)
Finance costs	(1)	-	-	(1)
Share of loss of associates	-	-	(84)	(84)
(Loss)/Profit before tax	(3)	75	(49)	23
Income tax expense	1	(25)	(15)	(39)
Non-controlling interest	-	-	(13)	(13)
Earnings attributable to ordinary shareholders	(2)	50	(77)	(29)
Operating (loss)/profit before tax	(9)	64	(77)	(22)
Tax on operating (loss)/profit	1	(23)	(9)	(31)
Investment income	6	11	10	27
Tax on investment income	-	(2)	(1)	(3)
Diluted core headline earnings	(2)	50	(77)	(29)
Closed schemes	-	43	25	68
Open scheme	2	(5)	(102)	(105)
Other	(4)	12	-	8
	(2)	50	(77)	(29)
	Principal members	Principal members	Lives	
Closed schemes	-	820 577	602 732	
Open schemes	110 390	51 349	411 779	
	110 390	871 926	1 014 511	

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
Restated				
6 mths to 31.12.2016				
Revenue	259	933	280	1 472
Net insurance premiums	102	193	179	474
Fee income	152	726	89	967
Investment income	5	13	12	30
Fair value losses	(1)	-	-	(1)
Intergroup fees	1	1	-	2
Expenses and finance costs	(297)	(849)	(195)	(1 341)
Net payments to contract holders	(71)	(141)	(113)	(325)
Other expenses	(225)	(708)	(82)	(1 015)
Finance costs	(1)	-	-	(1)
Share of loss of associate	-	-	(51)	(51)
(Loss)/Profit before tax	(38)	84	34	80
Income tax expense	11	(22)	(16)	(27)
Non-controlling interest	-	-	(12)	(12)
Earnings attributable to ordinary shareholders	(27)	62	6	41
Dilutory effect of subsidiaries	-	(3)	-	(3)
Diluted core headline earnings	(27)	59	6	38
Operating (loss)/profit before tax	(43)	67	6	30
Tax on operating (loss)/profit	12	(18)	(9)	(15)
Investment income	5	14	10	29
Tax on investment income	(1)	(4)	(1)	(6)
Diluted core headline earnings	(27)	59	6	38
Closed schemes	-	44	45	89
Open scheme	(25)	-	(39)	(64)
Other	(2)	15	-	13
	(27)	59	6	38
	Principal members	Principal members	Lives	
Closed schemes	-	845 311	458 106	
Open schemes	97 752	47 880	-	
	97 752	893 191	458 106	

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
Restated				
12 mths to 30.06.2017				
Revenue	560	1 884	468	2 912
Net insurance premiums	209	390	259	858
Fee income	340	1 419	191	1 950
Investment income	11	27	18	56
Intergroup fees	-	48	-	48
Expenses and finance costs	(603)	(1 691)	(384)	(2 678)
Net payments to contract holders	(151)	(279)	(168)	(598)
Other expenses	(450)	(1 411)	(216)	(2 077)
Finance costs	(2)	(1)	-	(3)
Share of loss of associates	-	-	(105)	(105)
(Loss)/Profit before tax	(43)	193	(21)	129
Income tax expense	14	(57)	(36)	(79)
Non-controlling interest	-	-	(25)	(25)
Earnings attributable to ordinary shareholders	(29)	136	(82)	25
Operating (loss)/profit before tax	(53)	167	(72)	42
Tax on operating (loss)/profit	17	(49)	(24)	(56)
Investment income	10	26	15	51
Tax on investment income	(3)	(8)	(1)	(12)
Diluted core headline earnings	(29)	136	(82)	25
Closed schemes	-	106	66	172
Open scheme	(23)	(6)	(148)	(177)
Other	(6)	36	-	30
	(29)	136	(82)	25
	Principal members	Principal members	Lives	
Closed schemes	-	834 061	404 756	
Open schemes	108 244	50 380	207 882	
	108 244	884 441	612 638	

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2017				
Net insurance premiums	350	-	2	352
Fee income	3	321	4	328
Management fees	-	233	-	233
Investment fees	-	42	-	42
Underwriting fees	-	46	-	46
Other fee income	3	-	4	7
Investment income	19	70	-	89
Total income	372	391	6	769
Expenses and finance costs	(427)	(213)	(8)	(648)
Net payments to contract holders	(250)	-	-	(250)
Acquisition costs ⁽¹⁾	(50)	-	(3)	(53)
Other expenses	(127)	(207)	(5)	(339)
Finance costs	-	(6)	-	(6)
(Loss)/Profit before tax	(55)	178	(2)	121
Income tax expense	33	(46)	-	(13)
Non-controlling interest	-	-	1	1
Earnings attributable to ordinary shareholders	(22)	132	(1)	109
Operating (loss)/profit before tax	(58)	113	(1)	54
Tax on operating (loss)/profit	34	(28)	-	6
Investment income	2	66	-	68
Tax on investment income	-	(19)	-	(19)
Diluted core headline earnings	(22)	132	(1)	109
Ability	-	3	-	3
Momentum Short-term Insurance	9	-	-	9
MMI Short-term Insurance Administration	(31)	-	-	(31)
Guardrisk Group	-	129	-	129
Quanta Insurance	-	-	(1)	(1)
	(22)	132	(1)	109

1. The acquisition costs relating to the Momentum Corporate segment is included in underwriting fees.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2016					
Net insurance premiums	296	-	-	118	414
Fee income	11	-	268	9	288
Management fees	-	-	214	-	214
Investment fees	-	-	36	-	36
Underwriting fees	-	-	18	-	18
Other fee income	11	-	-	9	20
Investment income	14	-	44	10	68
Fair value losses	-	-	-	(9)	(9)
Total income	321	-	312	128	761
Expenses and finance costs	(405)	(3)	(187)	(175)	(770)
Net payments to contract holders	(233)	-	-	(78)	(311)
Change in actuarial liabilities	-	-	-	(9)	(9)
Acquisition costs ⁽¹⁾	(66)	-	-	(23)	(89)
Other expenses	(106)	(3)	(182)	(65)	(356)
Finance costs	-	-	(5)	-	(5)
(Loss)/Profit before tax	(84)	(3)	125	(47)	(9)
Income tax expense	13	1	(34)	(3)	(23)
Non-controlling interest	-	-	-	6	6
Earnings attributable to ordinary shareholders	(71)	(2)	91	(44)	(26)
Operating (loss)/profit before tax	(92)	(3)	81	(44)	(58)
Tax on operating (loss)/profit	15	1	(22)	(2)	(8)
Investment income	9	-	44	2	55
Tax on investment income	(3)	-	(12)	-	(15)
Diluted core headline earnings	(71)	(2)	91	(44)	(26)
Momentum Short-term Insurance	(59)	-	-	-	(59)
MMI Short-term Insurance Administration	(12)	(2)	-	(8)	(22)
Guardrisk Group	-	-	91	-	91
Swaziland	-	-	-	(2)	(2)
Tanzania	-	-	-	(3)	(3)
Cannon Short-term	-	-	-	(31)	(31)
	(71)	(2)	91	(44)	(26)

1. The acquisition costs relating to the Momentum Corporate segment is included in underwriting profit.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2017					
Net insurance premiums	616	-	-	148	764
Fee income	13	3	566	17	599
Management fees	-	-	435	-	435
Investment fees	-	-	73	-	73
Underwriting fees	-	-	58	-	58
Other fee income	13	3	-	17	33
Investment income	30	-	93	12	135
Fair value losses	-	-	-	(9)	(9)
Total income	659	3	659	168	1 489
Expenses and finance costs	(784)	(9)	(379)	(241)	(1 413)
Net payments to contract holders	(449)	-	-	(133)	(582)
Change in actuarial liabilities	-	-	-	7	7
Acquisition costs ⁽¹⁾	(122)	-	-	(34)	(156)
Other expenses	(213)	(9)	(367)	(81)	(670)
Finance costs	-	-	(12)	-	(12)
(Loss)/Profit before tax	(125)	(6)	280	(73)	76
Income tax expense	(37)	(1)	(80)	(9)	(127)
Non-controlling interest	-	-	-	2	2
Earnings attributable to ordinary shareholders	(162)	(7)	200	(80)	(49)
Operating (loss)/profit before tax	(130)	(6)	187	(71)	(20)
Tax on operating (loss)/profit	(34)	(1)	(54)	(9)	(98)
Investment income	3	-	93	-	96
Tax on investment income	(1)	-	(26)	-	(27)
Diluted core headline earnings	(162)	(7)	200	(80)	(49)
Momentum Short-term Insurance	(83)	-	-	-	(83)
MMI Short-term Insurance Administration	(79)	(7)	-	(25)	(111)
Guardrisk Group	-	-	200	-	200
Cannon Short-term	-	-	-	(55)	(55)
	(162)	(7)	200	(80)	(49)

1. The acquisition costs relating to the Momentum Corporate segment is included in underwriting profit.

MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	31.12.2017 Rm	31.12.2016 Rm	30.06.2017 Rm
Group excess per reporting basis	22 763	23 543	22 956
Net assets – other businesses	(3 203)	(2 984)	(2 849)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 805)	(3 284)	(2 946)
Excess – long-term insurance business, net of non-controlling interests ⁽¹⁾	16 755	17 275	17 161
Disregarded assets ⁽²⁾	(1 308)	(969)	(847)
Difference between statutory and published valuation methods	(1 048)	(597)	(942)
Write-down of subsidiaries and associates for statutory purposes	(1 218)	(1 347)	(1 328)
Unsecured subordinated debt	4 405	3 553	3 602
Consolidation adjustments	(35)	(37)	(33)
Statutory excess – long-term insurance business	17 551	17 878	17 613
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 299	6 560	6 577
Ratio of long-term insurance business excess to CAR (times)	2.8	2.7	2.7
Discretionary margins	12 717	12 753	12 407

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. is included. 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 R448 million (31.12.2016: R477 million; 30.06.2017: R464 million).
3. The CAR is an aggregation of the separate CAR's, with no assumption of diversification benefits. MMI elected to adopt the revised actuarial guidance note SAP 104 (version 9) which was published in August 2017 but permitted adoption for reporting dates on or after 30 June 2017.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	31.12.2017 Rm	31.12.2016 Rm	30.06.2017 Rm
Covered business			
Reporting excess – long-term insurance business	16 755	17 275	17 161
Reclassification to non-covered business	(2 544)	(2 010)	(2 206)
	14 211	15 265	14 955
Disregarded assets ⁽¹⁾	(488)	(517)	(504)
Difference between statutory and published valuation methods	(1 048)	(553)	(942)
Dilutory effect of subsidiaries ⁽²⁾	(56)	(50)	(53)
Consolidation adjustments ⁽³⁾	(17)	(24)	(21)
Value of MMI Group Ltd preference shares issued	(500)	(500)	(500)
Diluted adjusted net worth – covered business	12 102	13 621	12 935
Net value of in-force business	22 121	20 542	21 130
Diluted embedded value – covered business	34 223	34 163	34 065
Non-covered business			
Net assets – non-covered business within life insurance companies	2 544	2 010	2 206
Net assets – non-covered business outside life insurance companies	3 203	2 984	2 849
Consolidation adjustments and transfers to covered business ⁽³⁾	(2 438)	(2 639)	(2 415)
Adjustments for dilution ⁽⁴⁾	686	676	720
Diluted adjusted net worth – non-covered business	3 995	3 031	3 360
Write-up to directors' value	5 173	5 281	5 098
Non-covered business	6 442	6 388	6 344
Holding company expenses ⁽⁵⁾	(682)	(557)	(671)
International holding company expenses ⁽⁵⁾	(587)	(550)	(575)
Diluted embedded value – non-covered business	9 168	8 312	8 458
Diluted adjusted net worth	16 097	16 652	16 295
Net value of in-force business	22 121	20 542	21 130
Write-up to directors' value	5 173	5 281	5 098
Diluted embedded value	43 391	42 475	42 523
Required capital – covered business (adjusted for qualifying debt) ⁽⁶⁾	5 250	6 317	6 449
Surplus capital – covered business	6 852	7 304	6 486
Diluted embedded value per share (cents)	2 705	2 648	2 651
Diluted adjusted net worth per share (cents)	1 004	1 038	1 016
Diluted number of shares in issue (million) ⁽⁷⁾	1 604	1 604	1 604

- Disregarded assets include Sage intangible assets of R448 million (31.12.2016: R477 million; 30.06.2017: R464 million), goodwill and various other items.
- For accounting purposes, MMI Holdings Namibia, Metropolitan Kenya and Cannon have been consolidated at 96% in the statement of financial position. For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated.
- Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 2): R109 million (31.12.2016: R122 million; 30.06.2017: R106 million)
 - Treasury shares held on behalf of contract holders: R323 million (31.12.2016: R286 million; 30.06.2017: R353 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R254 million (31.12.2016: R268 million; 30.06.2017: R261 million)
- The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- The required capital for covered business amounts to R9 631 million (31.12.2016: R9 870 million; 30.06.2017: R10 051 million) and is adjusted for qualifying debt of R4 381 million (31.12.2016: R3 553 million; 30.06.2017: R3 602 million).
- The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	31.12.2017	Restated 31.12.2016	30.06.2017
	Rm	Rm	Rm
Momentum Retail	11 838	10 651	11 379
Gross value of in-force business	13 337	11 906	12 865
Less cost of required capital	(1 499)	(1 255)	(1 486)
Metropolitan Retail	4 003	3 543	3 758
Gross value of in-force business	4 688	4 282	4 396
Less cost of required capital	(685)	(739)	(638)
Momentum Corporate	4 045	4 201	3 846
Gross value of in-force business	4 886	4 950	4 743
Less cost of required capital	(841)	(749)	(897)
International	2 235	2 147	2 147
Gross value of in-force business	2 496	2 352	2 403
Less cost of required capital	(261)	(205)	(256)
Net value of in-force business	22 121	20 542	21 130

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth Rm	Net value of in-force Rm	31.12.2017 Rm	31.12.2016 Rm	30.06.2017 Rm
Covered business					
Momentum Retail	4 018	11 838	15 856	15 371	15 716
Metropolitan Retail	2 371	4 003	6 374	6 117	6 007
Momentum Corporate	2 380	4 045	6 425	6 240	6 409
International	1 798	2 235	4 033	3 869	3 913
Shareholder Capital	1 535	-	1 535	2 566	2 020
Total covered business	12 102	22 121	34 223	34 163	34 065
		Write-up to directors'			
	Adjusted net worth Rm	value Rm	31.12.2017 Rm	31.12.2016 Rm	30.06.2017 Rm
Non-covered business					
Momentum Retail	1 124	842	1 966	2 310	2 107
Investment and savings	542	615	1 157	1 528	1 402
Health	20	384	404	381	379
Short-term insurance	562	54	616	414	514
Client engagement	-	(211)	(211)	(13)	(188)
Metropolitan Retail	-	(73)	(73)	(84)	(78)
Client engagement	-	(73)	(73)	(84)	(78)
Momentum Corporate	1 736	4 389	6 125	5 179	5 747
Investment and savings	341	1 167	1 508	1 319	1 370
Health	359	1 116	1 475	1 283	1 515
Short-term insurance	1 051	2 136	3 187	2 662	2 853
Client engagement	-	(30)	(30)	(85)	9
Other	(15)	-	(15)	-	-
International	91	348	439	494	60
Investment and savings ⁽¹⁾	192	496	688	815	712
Life insurance	273	(36)	237	395	279
Health	356	491	847	699	800
Short-term insurance	98	19	117	180	139
Client engagement	-	(35)	(35)	-	(92)
Other (shared services) ⁽²⁾	(828)	(587)	(1 415)	(1 595)	(1 778)
Shareholder Capital	1 044	(333)	711	413	622
Short-term insurance	-	-	-	165	101
Client engagement	382	-	382	202	368
Other (head office expenses) ⁽²⁾	662	(333)	329	46	153
Total non-covered business	3 995	5 173	9 168	8 312	8 458
Total embedded value	16 097	27 294	43 391	42 475	42 523
Diluted net asset value – non-covered business	(3 995)				
Adjustments to covered business – net asset value	4 653				
Reporting excess – long-term insurance business	16 755				

1. This includes MMI non-covered subsidiaries domiciled in the United Kingdom and related territories.

2. The International shared services impact reflects the allowance for support services to the international life assurance and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	31.12.2017 Rm
Non-covered business			
Momentum Retail	954	1 012	1 966
Investment and savings	550	607	1 157
Health	404	-	404
Short-term insurance	-	616	616
Client engagement	-	(211)	(211)
Metropolitan Retail	-	(73)	(73)
Client engagement	-	(73)	(73)
Momentum Corporate	4 683	1 442	6 125
Investment and savings	-	1 508	1 508
Health	1 496	(21)	1 475
Short-term insurance	3 187	-	3 187
Client engagement	-	(30)	(30)
Other	-	(15)	(15)
International	1 064	(625)	439
Investment and savings	478	210	688
Life insurance	184	53	237
Health	380	467	847
Short-term insurance	22	95	117
Client engagement	-	(35)	(35)
Other (shared services)	-	(1 415)	(1 415)
Shareholder Capital	-	711	711
Short-term insurance	-	-	-
Client engagement	-	382	382
Other (head office expenses)	-	329	329
Total non-covered business	6 701	2 467	9 168

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	31.12.2016 Rm
Non-covered business			
Momentum Retail	742	1 568	2 310
Investment and savings	361	1 167	1 528
Health	381	-	381
Short-term insurance	-	414	414
Client engagement	-	(13)	(13)
Metropolitan Retail	-	(84)	(84)
Client engagement	-	(84)	(84)
Momentum Corporate	3 963	1 216	5 179
Investment and savings	-	1 319	1 319
Health	1 301	(18)	1 283
Short-term insurance	2 662	-	2 662
Client engagement	-	(85)	(85)
International	1 069	(575)	494
Investment and savings	474	341	815
Life insurance	267	128	395
Health	318	381	699
Short-term insurance	10	170	180
Client engagement	-	-	-
Other (shared services)	-	(1 595)	(1 595)
Shareholder Capital	-	413	413
Short-term insurance	-	165	165
Client engagement	-	202	202
Other (head office expenses)	-	46	46
Total non-covered business	5 774	2 538	8 312

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	30.06.2017 Rm
Non-covered business			
Momentum Retail	955	1 152	2 107
Investment and savings	576	826	1 402
Health	379	-	379
Short-term insurance	-	514	514
Client engagement	-	(188)	(188)
Metropolitan Retail	-	(78)	(78)
Client engagement	-	(78)	(78)
Momentum Corporate	4 388	1 359	5 747
Investment and savings	-	1 370	1 370
Health	1 535	(20)	1 515
Short-term insurance	2 853	-	2 853
Client engagement	-	9	9
International	1 143	(1 083)	60
Investment and savings	458	254	712
Life insurance	242	37	279
Health	417	383	800
Short-term insurance	26	113	139
Client engagement	-	(92)	(92)
Other (shared services)	-	(1 778)	(1 778)
Shareholder Capital	-	622	622
Short-term insurance	-	101	101
Client engagement	-	368	368
Other (head office expenses)	-	153	153
Total non-covered business	6 486	1 972	8 458

- Covered methodology refers to APN107 (embedded value methodology) and the risk discount rate of covered business. The Health businesses, Momentum Wealth and Guardrisk are valued using embedded value methodology.
- For Health business, explicit assumptions are made around large scheme terminations. The key assumption is the long-term profit as a percentage of revenue.
- Discounted cash flow models for Investment and savings, as well as Short-term insurance business, include assumptions around future new business. To reflect the additional uncertainty introduced, the current period risk discount rates for these businesses are approximately 3.0% and 2.7% higher than covered business risk discount rates.
- For Eris, we approximate discounted cash flows using a Price/Earnings multiple.
- The International shared services impact reflects the allowance for support services to the international life and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business			6 mths to 31.12.2017	6 mths to 31.12.2016	12 mths to 30.06.2017
		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		(757)	1 162	(99)	306	317	643
Embedded value from new business	A	(757)	1 144	(99)	288	292	547
Expected return to end of period	B	-	18	-	18	25	96
Profit from existing business		1 903	(732)	46	1 217	1 353	3 123
Expected return – unwinding of RDR	B	-	1 246	(169)	1 077	1 156	2 327
Release from the cost of required capital	C	-	-	197	197	181	442
Expected (or actual) net of tax profit transfer to net worth	D	1 896	(1 896)	-	-	-	-
Operating experience variances	E	20	(12)	18	26	114	18
Development expenses	F	(13)	-	-	(13)	(17)	(67)
Operating assumption changes	G	-	(70)	-	(70)	(81)	403
Embedded value profit from operations		1 146	430	(53)	1 523	1 670	3 766
Investment return on adjusted net worth	H	365	-	-	365	310	652
Investment variances	I	28	467	20	515	(731)	(1 354)
Economic assumption changes	J	30	109	22	161	(29)	(164)
Exchange rate movements	K	(8)	(6)	2	(12)	(33)	(36)
Embedded value profit – covered business		1 561	1 000	(9)	2 552	1 187	2 864
Transfer of business to non-covered business	L	(420)	-	-	(420)	(298)	(675)
Changes in share capital	M	5	-	-	5	(28)	(25)
Dividend paid		(1 979)	-	-	(1 979)	(1 665)	(3 066)
Change in embedded value – covered business		(833)	1 000	(9)	158	(804)	(902)
Non-covered business							
Change in directors' valuation and other items					(207)	(238)	(696)
Holding company expenses					(23)	-	(139)
Embedded value profit – non-covered business					(230)	(238)	(835)
Changes in share capital	M				(5)	28	25
Dividend paid					544	222	610
Finance costs – preference shares					(19)	(20)	(39)
Transfer of business from covered business	L				420	298	675
Change in embedded value – non-covered business					710	290	436
Total change in group embedded value					868	(514)	(466)
Total embedded value profit					2 322	949	2 029
Return on embedded value (%) - internal rate of return					11.2%	4.5%	4.7%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN ADJUSTED NET WORTH	Covered business					6 months to 31.12.2017
	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
	Embedded value from new business	(432)	(92)	(94)	(139)	-
Expected (or actual) net of tax profit transfer to net worth	1 000	406	241	249	-	1 896
Operating experience variances	(61)	(4)	98	(8)	(5)	20
Development expenses	(4)	(3)	(6)	-	-	(13)
Operating assumption changes	-	-	-	-	-	-
Embedded value profit from operations	503	307	239	102	(5)	1 146
Investment return on adjusted net worth	113	58	64	79	51	365
Investment variances	(21)	12	19	18	-	28
Economic assumption changes	11	22	-	(3)	-	30
Exchange rate movements	-	-	-	(8)	-	(8)
Embedded value profit – covered business	606	399	322	188	46	1 561

ANALYSIS OF CHANGES IN GROSS VALUE OF IN-FORCE	Covered business					6 months to 31.12.2017
	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm	
	Embedded value from new business	565	252	151	176	1 144
Expected return – unwinding of RDR	622	206	280	156	1 264	
Expected (or actual) net of tax profit transfer to net worth	(1 000)	(406)	(241)	(249)	(1 896)	
Operating experience variances	(34)	7	14	1	(12)	
Operating assumption changes	-	-	(70)	-	(70)	
Embedded value profit from operations	153	59	134	84	430	
Investment variances	291	165	13	(2)	467	
Economic assumption changes	28	68	(5)	18	109	
Exchange rate movements	-	-	-	(6)	(6)	
Embedded value profit – covered business	472	292	142	94	1 000	

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN COST OF CAR	Covered business				6 months to 31.12.2017
	Momentum Retail	Metropolitan Retail	Momentum Corporate	International	Total
	Rm	Rm	Rm	Rm	Rm
Embedded value from new business	(44)	(30)	(13)	(12)	(99)
Expected return – unwinding of RDR	(69)	(32)	(53)	(15)	(169)
Release from the cost of required capital	81	53	63	-	197
Operating experience variances	-	-	18	-	18
Operating assumption changes	-	-	-	-	-
Embedded value profit from operations	(32)	(9)	15	(27)	(53)
Investment variances	19	(38)	39	-	20
Economic assumption changes	-	(1)	2	21	22
Exchange rate movements	-	-	-	2	2
Embedded value profit – covered business	(13)	(48)	56	(4)	(9)

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Covered business					Shareholder	Total Rm
	Momentum Retail	Metropolitan Retail	Momentum Corporate	International	Capital		
	Rm	Rm	Rm	Rm	Rm		
6 mths to 31.12.2017							
Embedded value from new business	89	130	44	25	-	-	288
Expected return – unwinding of RDR	553	174	227	141	-	-	1 095
Release from the cost of required capital	81	53	63	-	-	-	197
Operating experience variances	(95)	3	130	(7)	(5)	-	26
Development expenses	(4)	(3)	(6)	-	-	-	(13)
Operating assumption changes	-	-	(70)	-	-	-	(70)
Embedded value profit from operations	624	357	388	159	(5)	-	1 523
Investment return on adjusted net worth	113	58	64	79	51	-	365
Investment variances	289	139	71	16	-	-	515
Economic assumption changes	39	89	(3)	36	-	-	161
Exchange rate movements	-	-	-	(12)	-	-	(12)
Embedded value profit – covered business	1 065	643	520	278	46	-	2 552

6 mths to 31.12.2016							
Embedded value from new business	106	94	46	46	-	-	292
Expected return – unwinding of RDR	617	208	232	124	-	-	1 181
Release from the cost of required capital	66	62	53	-	-	-	181
Operating experience variances	10	86	(62)	52	28	-	114
Development expenses	(17)	-	-	-	-	-	(17)
Operating assumption changes	(48)	(7)	(29)	3	-	-	(81)
Embedded value profit from operations	734	443	240	225	28	-	1 670
Investment return on adjusted net worth	135	77	70	26	2	-	310
Investment variances	(420)	(219)	(91)	(8)	7	-	(731)
Economic assumption changes	(21)	11	(28)	9	-	-	(29)
Exchange rate movements	-	-	-	(33)	-	-	(33)
Embedded value profit – covered business	428	312	191	219	37	-	1 187

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Covered business					Shareholder Capital Rm	Total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm			
12 mths to 30.06.2017							
Embedded value from new business	228	178	68	73	-	-	547
Expected return – unwinding of RDR	1 255	451	490	227	-	-	2 423
Release from the cost of required capital	210	127	105	-	-	-	442
Operating experience variances	36	20	(147)	65	44	-	18
Development expenses	(36)	-	(31)	-	-	-	(67)
Operating assumption changes	537	184	(295)	(23)	-	-	403
Embedded value profit from operations	2 230	960	190	342	44	-	3 766
Investment return on adjusted net worth	269	157	145	63	18	-	652
Investment variances	(932)	(193)	(203)	(21)	(5)	-	(1 354)
Economic assumption changes	(54)	(14)	(103)	7	-	-	(164)
Exchange rate movements	-	-	-	(36)	-	-	(36)
Embedded value profit – covered business	1 513	910	29	355	57	-	2 864

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^(1, 2)	Momentum Retail ⁽³⁾ Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2017					
Value of new business	89	130	44	25	288
Gross	133	160	57	37	387
Less cost of required capital	(44)	(30)	(13)	(12)	(99)
New business premiums	8 603	1 391	1 750	473	12 217
Recurring premiums	563	675	327	232	1 797
Single premiums	8 040	716	1 423	241	10 420
New business premiums (APE)	1 367	747	469	256	2 839
New business premiums (PVP)	11 182	2 919	4 855	1 367	20 323
Profitability of new business as a percentage of APE	6.5	17.4	9.4	9.8	10.1
Profitability of new business as a percentage of PVP	0.8	4.5	0.9	1.8	1.4
Restated					
6 mths to 31.12.2016					
Value of new business	106	94	46	46	292
Gross	139	125	69	52	385
Less cost of required capital	(33)	(31)	(23)	(6)	(93)
New business premiums	8 490	1 218	2 500	421	12 629
Recurring premiums	535	649	423	239	1 846
Single premiums	7 955	569	2 077	182	10 783
New business premiums (APE)	1 331	706	630	257	2 924
New business premiums (PVP)	10 842	2 673	6 366	1 414	21 295
Profitability of new business as a percentage of APE	8.0	13.3	7.3	17.9	10.0
Profitability of new business as a percentage of PVP	1.0	3.5	0.7	3.3	1.4
12 mths to 30.06.2017					
Value of new business	228	178	68	73	547
Gross	314	230	113	95	752
Less cost of required capital	(86)	(52)	(45)	(22)	(205)
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Single premiums	16 489	1 105	3 886	385	21 865
New business premiums (APE)	2 784	1 331	1 140	478	5 733
New business premiums (PVP)	22 774	5 164	11 121	2 536	41 595
Profitability of new business as a percentage of APE	8.2	13.4	6.0	15.3	9.5
Profitability of new business as a percentage of PVP	1.0	3.4	0.6	2.9	1.3

1. Value of new business and new business premiums are net of non-controlling interests.
2. 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 reporting date have been used.
3. For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail ⁽¹⁾ Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
6 mths to 31.12.2017					
New business premiums	8 603	1 391	1 750	473	12 217
Recurring premiums	563	675	327	232	1 797
Risk	276	450	67	-	793
Savings/Investments	287	225	260	-	772
International	-	-	-	232	232
Single premiums	8 040	716	1 423	241	10 420
Savings/Investments	7 580	361	1 068	-	9 009
Annuities	460	355	355	-	1 170
International	-	-	-	241	241
New business premiums (APE)	1 367	747	469	256	2 839
Risk	276	450	67	-	793
Savings/Investments	1 045	261	367	-	1 673
Annuities	46	36	35	-	117
International	-	-	-	256	256
Restated					
6 mths to 31.12.2016					
New business premiums	8 490	1 218	2 500	421	12 629
Recurring premiums	535	649	423	239	1 846
Risk	270	434	154	-	858
Savings/Investments	265	215	269	-	749
International	-	-	-	239	239
Single premiums	7 955	569	2 077	182	10 783
Savings/Investments	7 496	227	1 533	-	9 256
Annuities	459	342	544	-	1 345
International	-	-	-	182	182
New business premiums (APE)	1 331	706	630	257	2 924
Risk	270	434	154	-	858
Savings/Investments	1 015	238	422	-	1 675
Annuities	46	34	54	-	134
International	-	-	-	257	257

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail ⁽¹⁾ Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2017					
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Risk	532	811	306	-	1 649
Savings/Investments	603	409	442	-	1 454
Annuities	-	-	3	-	3
International	-	-	-	439	439
Single premiums	16 489	1 105	3 886	385	21 865
Savings/Investments	15 455	439	2 917	-	18 811
Annuities	1 034	666	969	-	2 669
International	-	-	-	385	385
New business premiums (APE)	2 784	1 331	1 140	478	5 733
Risk	532	811	306	-	1 649
Savings/Investments	2 149	453	734	-	3 336
Annuities	103	67	100	-	270
International	-	-	-	478	478

1. For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Total lump sum inflows	13 963	13 419	26 968
Inflows not included in value of new business	(4 342)	(3 344)	(6 518)
Term extensions on maturing policies	262	227	345
Retirement annuity proceeds invested in living annuities	549	497	1 107
Non-controlling interests and other adjustments	(12)	(16)	(37)
Single premiums included in value of new business	10 420	10 783	21 865

PRINCIPAL ASSUMPTIONS (South Africa) ^(1, 4)	31.12.2017 %	31.12.2016 %	30.06.2017 %
Pre-tax investment return			
Equities	12.9	12.8	12.9
Properties	10.4	10.3	10.4
Government stock	9.4	9.3	9.4
Other fixed-interest stocks	9.9	9.8	9.9
Cash	8.4	8.3	8.4
Risk-free return ⁽²⁾	9.4	9.3	9.4
Risk discount rate (RDR)	11.6	11.5	11.7
Investment return (before tax) – balanced portfolio ⁽²⁾	11.5	11.5	11.6
Renewal expense inflation rate ⁽³⁾	6.7	7.5	6.8

1. The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.
2. Risk-free returns are taken from an appropriate market related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
3. An inflation rate of 6.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An additional 1% expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off.
4. The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

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 31.12.2017			Restated	12 mths to
		ANW Rm	Net VIF Rm	EV Rm	6 mths to 31.12.2016 EV Rm	30.06.2017 EV Rm
Momentum Retail		(61)	(34)	(95)	10	36
Mortality and morbidity	1	55	14	69	61	165
Terminations, premium cessations and policy alterations		(5)	17	12	26	58
Expense variance	2	(54)	-	(54)	37	40
Credit risk variance		14	-	14	3	39
Other	3	(71)	(65)	(136)	(117)	(266)
Metropolitan Retail		(4)	7	3	86	20
Mortality and morbidity	1	41	9	50	40	83
Terminations, premium cessations and policy alterations	4	(52)	(11)	(63)	(11)	(69)
Expense variance		(5)	-	(5)	42	(23)
Credit risk variance		8	-	8	5	21
Other		4	9	13	10	8
Momentum Corporate		98	14	112	(96)	(135)
Mortality and morbidity	1	33	-	33	(108)	(152)
Terminations		(2)	14	12	(18)	(191)
Expense variance	5	47	-	47	4	36
Credit risk variance		22	-	22	16	57
Other		(2)	-	(2)	10	115
International		(8)	1	(7)	52	65
Mortality and morbidity	1	35	(11)	24	34	44
Terminations, premium cessations and policy alterations		(3)	(1)	(4)	-	4
Expense variance		(7)	-	(7)	6	(3)
Other		(33)	13	(20)	12	20
Shareholder Capital		(5)	-	(5)	28	44
Opportunity cost of required capital		-	18	18	34	(12)
Total operating experience variances		20	6	26	114	18

Notes

- Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
- Due to additional investment in order to improve Momentum Retail's capabilities available to clients and intermediaries.
- Includes one off impact arising from reinsurance premium as well as larger than expected premium discounts.
- Higher than expected terminations.
- The impact of efficiencies achieved in the segment.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	6 mths to 31.12.2017			Restated	12 mths to
		ANW Rm	Net VIF Rm	EV Rm	6 mths to 31.12.2016 EV Rm	30.06.2017 EV Rm
Momentum Retail		-	-	-	(48)	587
Mortality and morbidity assumptions		-	-	-	-	410
Termination assumptions		-	-	-	-	(60)
Renewal expense assumptions		-	-	-	-	(56)
Modelling, methodology and other changes		-	-	-	(48)	293
Metropolitan Retail		-	-	-	(7)	184
Mortality and morbidity assumptions		-	-	-	-	(15)
Termination assumptions		-	-	-	-	(15)
Renewal expense assumptions		-	-	-	-	(55)
Modelling, methodology and other changes		-	-	-	(7)	269
Momentum Corporate		-	(70)	(70)	(29)	(295)
Mortality and morbidity assumptions		-	-	-	-	(358)
Termination assumptions		-	-	-	-	105
Renewal expense assumptions	1	-	(70)	(70)	(29)	(46)
Modelling, methodology and other changes		-	-	-	-	4
International		-	-	-	3	3
Mortality and morbidity assumptions		-	-	-	-	102
Termination assumptions		-	-	-	-	(56)
Renewal expense assumptions		-	-	-	2	19
Modelling, methodology and other changes		-	-	-	1	(62)
Shareholder Capital		-	-	-	-	-
Methodology change: cost of required capital		-	-	-	-	(76)
Total operating assumption changes		-	(70)	(70)	(81)	403

Notes

1. 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 31.12.2017 Rm	6 mths to 31.12.2016 Rm	12 mths to 30.06.2017 Rm
Investment income	272	313	620
Capital appreciation and other	111	15	68
Preference share dividends paid and change in fair value of preference shares	(18)	(18)	(36)
Investment return on adjusted net worth	365	310	652

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 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 – 31.12.2017	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm	Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm
Base value	12 102	22 121	25 407	(3 286)	288	387	(99)
1% increase in risk discount rate % change		20 105 (9)	23 794 (6)	(3 689) 12	214 (26)	321 (17)	(107) 8
1% reduction in risk discount rate % change		24 090 9	26 943 6	(2 853) (13)	373 30	463 20	(90) (9)
10% decrease in future expenses % change ⁽¹⁾		23 313 5	26 599 5	(3 286) -	348 21	447 16	(99) -
10% decrease in lapse, paid-up and surrender rates % change		22 654 2	25 940 2	(3 286) -	373 30	480 24	(107) 8
5% decrease in mortality and morbidity for assurance business % change		23 930 8	27 245 7	(3 315) 1	358 24	457 18	(99) -
5% decrease in mortality for annuity business % change		21 641 (2)	24 900 (2)	(3 259) (1)	284 (1)	383 (1)	(99) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	12 102 -	22 624 2	25 839 2	(3 215) (2)	336 17	435 12	(99) -
1% reduction in inflation rate % change		22 820 3	26 106 3	(3 286) -	326 13	425 10	(99) -
10% fall in market value of equities and properties % change	11 871 (2)	20 969 (5)	24 192 (5)	(3 223) (2)			
10% reduction in premium indexation take-up rate % change		21 571 (2)	24 857 (2)	(3 286) -	269 (7)	368 (5)	(99) -
10% decrease in non-commission related acquisition expenses % change					348 21	447 16	(99) -
1% increase in equity/property risk premium % change		22 840 3	26 126 3	(3 286) -	309 7	408 5	(99) -

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⁾	31.12.2017	Restated	Restated
	Rm	31.12.2016	30.06.2017
		Rm	Rm
Managed and/or administered by Investments			
Financial assets	410 228	414 771	414 070
Momentum Manager of Managers ⁽²⁾	89 396	82 479	86 757
Momentum Investment Consultants ⁽²⁾	5 153	4 921	4 956
Momentum Collective Investments	80 296	60 419	72 667
Metropolitan Collective Investments	875	31 573	19 860
Momentum Asset Management	154 113	154 695	151 241
Momentum Global Investments	54 328	56 323	55 724
Momentum Alternative Investments	6 154	6 617	6 390
Momentum Securities ⁽²⁾	19 913	17 744	16 475
Properties – Eris Property Group	21 260	19 236	21 307
On-balance sheet	8 147	8 605	8 778
Off-balance sheet	13 113	10 631	12 529
Momentum Wealth linked product assets under administration	157 694	148 793	151 203
On-balance sheet	102 395	94 839	97 082
Off-balance sheet	55 299	53 954	54 121
Managed internally or by other managers within MMI (on-balance sheet)	72 129	63 369	67 399
Managed by external managers (on-balance sheet)	16 307	15 152	15 144
Properties managed internally or by other managers within MMI or externally	3 565	2 452	2 778
Momentum Corporate – cell captives on-balance sheet ⁽²⁾	15 745	16 681	15 508
Total assets managed and/or administered	696 928	680 454	687 409
Managed and/or administered by Investments			
On-balance sheet	230 207	224 227	223 792
Off-balance sheet	180 021	190 544	190 278
	410 228	414 771	414 070

- Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.
- Restatements relate primarily to the inclusion of Momentum Securities, as well as the removal of double-counted CIS assets.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
6 mths to 31.12.2017					
Momentum Retail	7 288	4 940	12 228	(12 591)	(363)
Metropolitan Retail	668	3 120	3 788	(2 781)	1 007
Momentum Corporate	5 583	9 003	14 586	(15 080)	(494)
International	424	1 872	2 296	(1 327)	969
Long-term insurance business fund flows	13 963	18 935	32 898	(31 779)	1 119
Off-balance sheet fund flows					
Managed and/or administered by Investments			40 901	(61 572)	(20 671)
Properties – Eris Property Group			705	(121)	584
Momentum Wealth linked product assets under administration			3 659	(4 877)	(1 218)
Total net funds received from clients			78 163	(98 349)	(20 186)
Restated					
6 mths to 31.12.2016					
Momentum Retail	7 302	4 716	12 018	(11 845)	173
Metropolitan Retail	525	2 996	3 521	(2 724)	797
Momentum Corporate	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⁾			29 140	(63 909)	(34 769)
Properties – Eris Property Group			834	(9 015)	(8 181)
Momentum Wealth linked product assets under administration			3 848	(4 888)	(1 040)
Momentum Corporate – segregated assets			-	(216)	(216)
Total net funds received from clients			64 672	(105 983)	(41 311)
Restated					
12 mths to 30.06.2017					
Momentum Retail	15 077	9 663	24 740	(25 360)	(620)
Metropolitan Retail	1 021	5 877	6 898	(5 321)	1 577
Momentum Corporate	10 216	16 951	27 167	(25 574)	1 593
International	654	3 476	4 130	(2 624)	1 506
Long-term insurance business fund flows	26 968	35 967	62 935	(58 879)	4 056
Off-balance sheet fund flows					
Managed and/or administered by Investments ⁽²⁾			66 343	(102 076)	(35 733)
Properties – Eris Property Group			2 067	(8 350)	(6 283)
Momentum Wealth linked product assets under administration			7 368	(10 081)	(2 713)
Momentum Corporate – segregated assets			-	(216)	(216)
Total net funds received from clients			138 713	(179 602)	(40 889)

1. Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

2. The Aluwani assets were transferred to Aluwani in the prior periods.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2017		31.12.2016		30.06.2017	
	Rm	%	Rm	%	Rm	%
Equity securities	344	1.5	321	1.4	441	1.9
Preference shares	1 216	5.3	1 585	6.7	1 325	5.8
Collective investment schemes	465	2.0	271	1.2	330	1.4
Debt securities	7 061	31.0	6 032	25.6	6 762	29.5
Properties	3 625	15.9	3 180	13.5	3 630	15.8
Owner-occupied properties	2 775	12.2	1 657	7.0	2 374	10.3
Investment properties	850	3.7	1 523	6.5	1 256	5.5
Cash and cash equivalents and funds on deposit	6 084	26.7	7 839	33.3	6 003	26.2
Intangible assets	7 005	30.8	7 646	32.5	7 144	31.1
Other net assets	1 921	8.4	776	3.3	1 537	6.7
	27 721	121.8	27 650	117.4	27 172	118.4
Redeemable preference shares	(254)	(1.1)	(268)	(1.1)	(261)	(1.1)
Subordinated redeemable debt	(4 381)	(19.2)	(3 553)	(15.1)	(3 602)	(15.7)
Treasury shares	(323)	(1.4)	(286)	(1.2)	(353)	(1.5)
Shareholder excess per reporting basis	22 763	100.0	23 543	100.0	22 956	100.0

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS SUMMARISED BY MEASUREMENT CATEGORY	31.12.2017 Rm	Restated 31.12.2016 Rm	30.06.2017 Rm
Financial assets designated at fair value through income	408 821	382 481	386 701
Securities designated at fair value through income	394 058	367 138	369 205
Investments in associates designated at fair value through income	11 821	13 099	15 039
Derivative financial instruments	2 935	2 180	2 439
Available-for-sale	7	64	18
Financial assets carried at amortised cost	38 314	36 455	39 200
Held-to-maturity	396	507	397
Loans and receivables	6 115	6 956	7 077
Insurance and other receivables	4 528	4 012	4 373
Cash and cash equivalents	27 275	24 980	27 353
Total financial assets	447 135	418 936	425 901

The carrying value of financial assets carried at amortised cost approximates fair value.

FINANCIAL LIABILITIES SUMMARISED BY MEASUREMENT CATEGORY	31.12.2017 Rm	31.12.2016 Rm	30.06.2017 Rm
Investment contracts with DPF	25 086	24 462	24 338
Financial liabilities designated at fair value through income	289 660	268 170	272 592
Investment contracts designated at fair value through income	246 076	229 621	233 434
Liabilities designated at fair value through income	41 730	36 581	37 331
Derivative financial instruments	1 854	1 968	1 827
Financial liabilities carried at amortised cost	13 244	12 840	13 894
Financial liabilities	1 238	1 150	1 229
Other payables	12 006	11 690	12 665
Total financial liabilities	327 990	305 472	310 824

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

The fair value of financial liabilities at amortised cost is R1 597 million (31.12.2016: R1 570 million; 30.06.2017: R1 551 million) and the carrying value of other payables approximates fair value due to their short-term nature.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

The different valuation method levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
- **Level 3:** Input for the asset or liability that is not based on observable market data (that is, unobservable input)

FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
31.12.2017	Rm	Rm	Rm	Rm
Securities designated at fair value through income	270 419	118 431	5 208	394 058
Equity securities				
Local listed	85 951	46	-	85 997
Foreign listed	18 596	1 027	193	19 816
Unlisted	-	4	64	68
Debt securities				
Stock and loans to government and other public bodies				
Local listed	28 533	11 140	-	39 673
Foreign listed	826	1 861	26	2 713
Unlisted	-	3 673	76	3 749
Other debt instruments				
Local listed	10	29 734	50	29 794
Foreign listed	-	1 842	80	1 922
Unlisted	-	28 097	1 552	29 649
Funds on deposit and other money market instruments	-	27 262	-	27 262
Unit-linked investments				
Collective investment schemes ⁽¹⁾				
Local unlisted or listed quoted	96 055	361	1	96 417
Foreign unlisted or listed quoted	37 600	86	72	37 758
Foreign unlisted unquoted	-	516	533	1 049
Other unit-linked investments				
Local unlisted or listed quoted	586	7 852	1	8 439
Local unlisted unquoted	2 262	4 930	2 446	9 638
Foreign unlisted unquoted	-	-	114	114
Investments in associates designated at fair value through income ⁽¹⁾	11 820	1	-	11 821
Derivative financial instruments – Held for trading	57	2 878	-	2 935
Available-for-sale	7	-	-	7
Equity securities				
Local listed	4	-	-	4
Local unlisted/listed quoted unit-linked investments	3	-	-	3
	282 303	121 310	5 208	408 821

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

2. There were no significant transfers between level 1 and level 2 assets in the current or prior periods.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
31.12.2016	Rm	Rm	Rm	Rm
Securities designated at fair value through income	251 341	111 352	4 445	367 138
Equity securities				
Local listed	83 570	449	-	84 019
Foreign listed	19 227	1 033	49	20 309
Unlisted	-	62	159	221
Debt securities				
Stock and loans to government and other public bodies				
Local listed	33 099	9 840	-	42 939
Foreign listed	1 061	1 708	24	2 793
Unlisted	-	3 182	81	3 263
Other debt instruments				
Local listed	-	25 093	15	25 108
Foreign listed	12	1 764	123	1 899
Unlisted	-	30 006	1 213	31 219
Funds on deposit and other money market instruments	-	24 176	105	24 281
Unit-linked investments				
Collective investment schemes ⁽¹⁾				
Local unlisted or listed quoted	82 539	379	-	82 918
Foreign unlisted or listed quoted	30 500	66	26	30 592
Foreign unlisted unquoted	-	2 818	511	3 329
Other unit-linked investments				
Local unlisted or listed quoted	1 333	6 419	2	7 754
Local unlisted unquoted	-	4 357	2 124	6 481
Foreign unlisted unquoted	-	-	13	13
Investments in associates designated at fair value through income ⁽¹⁾	13 056	43	-	13 099
Derivative financial instruments – Held for trading	61	2 119	-	2 180
Available-for-sale	54	10	-	64
Equity securities				
Local listed	10	-	-	10
Foreign listed	44	-	-	44
Local unlisted/listed quoted unit-linked investments	-	10	-	10
	264 512	113 524	4 445	382 481

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

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL ASSETS				
30.06.2017	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Securities designated at fair value through income	255 266	109 260	4 679	369 205
Equity securities				
Local listed	80 614	96	14	80 724
Foreign listed	19 322	1 013	87	20 422
Unlisted	-	4	140	144
Debt securities				
Stock and loans to government and other public bodies				
Local listed	28 399	9 817	-	38 216
Foreign listed	844	1 800	26	2 670
Unlisted	-	3 363	76	3 439
Other debt instruments				
Local listed	22	25 237	15	25 274
Foreign listed	11	401	81	493
Unlisted	-	28 106	1 447	29 553
Funds on deposit and other money market instruments	-	26 616	-	26 616
Unit-linked investments				
Collective investment schemes ⁽¹⁾				
Local unlisted or listed quoted	85 031	309	3	85 343
Foreign unlisted or listed quoted	38 433	57	17	38 507
Foreign unlisted unquoted	-	456	521	977
Other unit-linked investments				
Local unlisted or listed quoted	726	7 417	1	8 144
Local unlisted unquoted	1 820	4 538	2 190	8 548
Foreign unlisted unquoted	-	-	61	61
Foreign unlisted or listed quoted	44	30	-	74
Investments in associates designated at fair value through income ⁽¹⁾	15 039	-	-	15 039
Derivative financial instruments – Held for trading	36	2 399	4	2 439
Available-for-sale	18	-	-	18
Equity securities				
Local listed	7	-	-	7
Local unlisted/listed quoted unit-linked investments	11	-	-	11
	270 359	111 659	4 683	386 701

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

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES				
31.12.2017	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investment contracts				
Designated at fair value through income	1 126	244 928	22	246 076
Financial liabilities designated at fair value through income	29 113	12 344	273	41 730
Collective investment scheme liabilities	29 113	18	185	29 316
Subordinated call notes	-	4 381	-	4 381
Carry positions	-	6 927	-	6 927
Preference shares	-	1 018	-	1 018
Other borrowings	-	-	88	88
Derivative financial instruments				
Held for trading	55	1 799	-	1 854
	30 294	259 071	295	289 660
31.12.2016				
Investment contracts				
Designated at fair value through income	1 014	228 549	58	229 621
Financial liabilities designated at fair value through income	24 142	12 150	289	36 581
Collective investment scheme liabilities	24 142	89	223	24 454
Subordinated call notes	-	3 553	-	3 553
Carry positions	-	7 489	-	7 489
Preference shares	-	1 019	-	1 019
Other borrowings	-	-	66	66
Derivative financial instruments				
Held for trading	43	1 925	-	1 968
	25 199	242 624	347	268 170
30.06.2017				
Investment contracts				
Designated at fair value through income	1 064	232 335	35	233 434
Financial liabilities designated at fair value through income	24 744	12 307	280	37 331
Collective investment scheme liabilities	24 744	11	206	24 961
Subordinated call notes	-	3 602	-	3 602
Carry positions	-	7 676	-	7 676
Preference shares	-	1 018	-	1 018
Other borrowings	-	-	74	74
Derivative financial instruments				
Held for trading	46	1 781	-	1 827
	25 854	246 423	315	272 592

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

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	Financial assets				
	Designated at fair value through income				
	Equity securities Rm	Debt securities Rm	Unit-linked investments Rm	Other invest- ments ⁽¹⁾ Rm	Total Rm
6 mths to 31.12.2017					
Opening balance	241	1 645	2 793	4	4 683
Total (losses)/gains in net realised and fair value gains in the income statement					
Realised (losses)/gains	(3)	10	12	-	19
Unrealised (losses)/gains	(29)	10	66	-	47
Accrued interest in investment income in the income statement	-	11	-	-	11
Purchases	77	367	385	-	829
Sales	(84)	(571)	(125)	-	(780)
Settlements	-	(84)	-	-	(84)
Transfers into level 3	113	504	39	-	656
Transfers out of level 3	(58)	(108)	(3)	(4)	(173)
Closing balance	257	1 784	3 167	-	5 208
6 mths to 31.12.2016					
Opening balance	253	1 964	2 859	-	5 076
Total (losses)/gains in net realised and fair value gains in the income statement					
Realised (losses)/gains	(6)	2	907	-	903
Unrealised (losses)/gains	(30)	2	(468)	-	(496)
Accrued interest in investment income in the income statement	-	(2)	-	-	(2)
Purchases	7	361	2 132	-	2 500
Sales	(35)	(520)	(2 754)	-	(3 309)
Settlements	-	(468)	-	-	(468)
Transfers into level 3	19	222	-	-	241
Closing balance	208	1 561	2 676	-	4 445
12 mths to 30.06.2017					
Opening balance	253	1 964	2 859	-	5 076
Total (losses)/gains in net realised and fair value gains in the income statement					
Realised gains/(losses)	12	(16)	540	-	536
Unrealised (losses)/gains	(90)	33	(22)	2	(77)
Accrued interest in investment income in the income statement	-	100	-	-	100
Purchases	107	1 571	4 186	2	5 866
Sales	(134)	(1 512)	(4 770)	-	(6 416)
Settlements	-	(625)	-	-	(625)
Transfers into level 3	93	130	-	-	223
Closing balance	241	1 645	2 793	4	4 683

1. This relates to held for trading derivatives.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

	Financial assets					Total Rm
	Designated at fair value through income				Other invest- ments ⁽¹⁾ Rm	
	Equity securities Rm	Debt securities Rm	Unit-linked investments Rm			
31.12.2017						
Carrying value	257	1 784	3 167	-		5 208
Assumption change	10% increase/ (decrease) in markets	1% increase/ (decrease) in interest rates	10% increase/ (decrease) in unit price	N/A		
Effect of increase in assumption	26	33	317	N/A		
Effect of decrease in assumption	(26)	(29)	(317)	N/A		
31.12.2016						
Carrying value	208	1 561	2 676	-		4 445
Assumption change	10% increase/ (decrease) in markets	1% increase/ (decrease) in interest rates	10% increase/ (decrease) in unit price	N/A		
Effect of increase in assumption	21	22	268	N/A		
Effect of decrease in assumption	(21)	(18)	(268)	N/A		
30.06.2017						
Carrying value	241	1 645	2 793	4		4 683
Assumption change	10% increase/ (decrease) in markets	1% increase/ (decrease) in interest rates	10% increase/ (decrease) in unit price	1% increase/ (decrease) in interest rates		
Effect of increase in assumption	24	31	279	(1)		
Effect of decrease in assumption	(24)	(26)	(279)	1		

1. This relates to held for trading derivatives.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES	Financial liabilities designated at fair value through income				
	Investment contracts	Collective investment scheme liabilities	Other borrowings	Total	
	Rm	Rm	Rm	Rm	Rm
31.12.2017					
Opening balance	35	206	74		315
Business combinations	-	-	26		26
Total losses/(gains) in net realised and fair value gains in the income statement					
Realised losses	-	3	-		3
Unrealised losses/(gains)	-	15	(12)		3
Total losses in other comprehensive income	-	5	-		5
Issues	-	1	-		1
Sales	-	(45)	-		(45)
Contract holder movements					
Benefits paid	(13)	-	-		(13)
Closing balance	22	185	88		295
31.12.2016					
Opening balance	76	234	118		428
Total (gains)/losses in net realised and fair value gains in the income statement					
Realised losses	1	-	-		1
Unrealised gains	(8)	(15)	(52)		(75)
Total losses in other comprehensive income	-	6	-		6
Issues	-	1	-		1
Sales	-	(3)	-		(3)
Contract holder movements					
Benefits paid	(13)	-	-		(13)
Investment return	2	-	-		2
Closing balance	58	223	66		347
30.06.2017					
Opening balance	76	234	118		428
Total (gains)/losses in net realised and fair value gains in the income statement					
Realised losses	4	-	-		4
Unrealised gains	(13)	(23)	(38)		(74)
Total losses in other comprehensive income	-	19	-		19
Issues	-	7	-		7
Sales	-	(6)	-		(6)
Settlements	-	(25)	(6)		(31)
Contract holder movements					
Benefits paid	(36)	-	-		(36)
Investment return	4	-	-		4
Closing balance	35	206	74		315

Sensitivity: Increasing/decreasing the investment return by 10% would decrease/increase the carrying value of level 3 financial instrument liabilities by R24 million and R24 million (31.12.2016: R33 million and R33 million; 30.06.2017: R28 million and R28 million), respectively.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Group's valuation processes

The group's in-house valuation experts perform the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held at least bi-annually, in line with the group's bi-annual reporting dates.

Instrument	Valuation basis	Main assumptions
Equities and similar securities		
- Listed, local and foreign	External valuations/quoted prices	Management applies judgement if an adjustment of quoted prices is required due to an inactive market.
Stock of and loans to other public bodies		
- Listed, local	Yield of benchmark (listed government) bond	Market input
- Listed, foreign	Discounted cash flow (DCF), benchmarked against similar instrument with the same issuer	Market input
- Unlisted	DCF, real interest rates, six-month JIBAR plus fixed spread or risk-free yield curve plus fixed spread	Market input and appropriate spread
Other debt securities		
- Listed, local	DCF (BESA and ASSA bond perfect fit zero curve and other published real or nominal yields, uplifted with inflation), external valuations (linked notes), or published price quotations on JSE equity (preference shares) and interest rate market	Market input, uplifted with inflation
- Listed, foreign	Published price quotations, external valuations that are based on published market input	Market input
- Unlisted	DCF (market-related nominal and real discount rates, prime and dividend return rate, bank and credit default swap curves, three-month JIBAR plus fixed spread), external valuations	Market input and appropriate spread
Funds on deposit and other money market instruments		
- Listed	DCF (market-related yields), or issue price	Market input
- Unlisted	Deposit rates, or DCF (market-related yields)	Market input (based on quotes received from market participants and valuation agents)

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Instrument	Valuation basis	Main assumptions
Unit-linked investments	External valuations	Net asset value (assets and liabilities are carried at fair value)
Derivative assets and liabilities	Black-Scholes model/net present value of estimated floating costs less the performance of the underlying index over the contract term/DCF (using fixed contract rates and market-related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar market-traded instruments)	Market input, credit spreads, contract inputs
Subordinated call notes (Liability)	Price quotations on JSE interest rate market (based on yield of benchmark bond)	Market input
Carry positions (Liability)	DCF (in accordance with JSE interest rate market repo pricing methodology)	Market input, contract input
Preference shares (Liability)	Capital outstanding plus accrued dividends	Contract input

There were no significant changes in the valuation methods applied since the prior year.

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Financial assets	Fair value at 31 December 2017 Rm	Fair value at 31 December 2016 Rm	Fair value at 30 June 2017 Rm	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Securities designated at fair value through income							
Equity securities							
Foreign listed	193	49	87	Mark to model	Adjustments to market-related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the higher the fair value
Unlisted	64	159	140	Net asset value	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
				Mark to model	Adjusted price-earnings ratios	Could vary significantly due to the different risks associated with the investee	The higher the price-earnings multiple, the greater the fair value
Debt securities							
Stock and loans to government and other public bodies							
Unlisted	76	81	76	Discounted cash flow	Nominal interest rate	8.50% to 10.00% (December 2016 and June 2017: 8.51% to 9.99%)	The higher the nominal interest rate, the lower the fair value of the assets
Other debt instruments							
Foreign listed	80	123	81	Mark to model	Adjustments to market-related inputs	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
Unlisted	1 552	1 213	1 447	Discounted cash flow	Nominal interest rate	7.57% to 11.15%; 7.34% to 15.59% (December 2016: 7.98% to 11.58%; 7.70% to 14.03%) (June 2017: 7.82% to 11.35%; 7.16% to 13.98%)	The higher the nominal interest rate, the lower the fair value of the assets
				Mark to model	Adjustments to market-related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
Subtotal	1 965	1 625	1 831				

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Financial assets	Fair value at 31 December 2017 Rm	Fair value at 31 December 2016 Rm	Fair value at 30 June 2017 Rm	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Subtotal	1 965	1 625	1 831				
Other debt instruments (continued) Unlisted (continued)				Net asset value	Fair value of respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Unit-linked investments Collective investment schemes Foreign unlisted or listed quoted	72	26	17	Net asset value	Fair value of respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Foreign unlisted unquoted	533	511	521	Net asset value	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Other unit-linked investments Local unlisted unquoted	2 446	2 124	2 190	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the NAV, the greater the fair value
Foreign unlisted unquoted	114	13	61	Adjusted net asset value method	Price per unit which is based on underlying ABIL investments	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
	5 130	4 299	4 620				
Other	78	146	63				
	5 208	4 445	4 683				

MMI HOLDINGS GROUP – FINANCIAL INSTRUMENTS

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

Financial liabilities	Fair value at 31 December 2017 Rm	Fair value at 31 December 2016 Rm	Fair value at 30 June 2017 Rm	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investment contracts designated at fair value through income	22	58	35	Asset and liability matching method	Asset value	Unit price	The asset value increase will increase the fair value of the liability
Financial liabilities designated at fair value through income							
Collective investment scheme liabilities	185	223	206	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
Other borrowings	88	66	74	Discounted cash flow Mark to model	Adjustments to discount rate Adjusted embedded value	Dependent on credit risk and other risk factors Could vary significantly based on the risks associated with the investee	The lower the rate, the higher the fair value The higher the embedded value, the greater the fair value
	295	347	315				

There were no significant changes in the valuation methods applied since the prior period.

MMI HOLDINGS GROUP – STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2017	30.06.2017	31.12.2016	30.06.2016
6 month period				
Value of listed shares traded (rand million)	8 160	10 392	9 681	10 914
Volume of listed shares traded (million)	420	449	413	478
Shares traded (% of average listed shares in issue) ⁽¹⁾	54	58	53	61
Trade prices				
Highest (cents per share)	2 242	2 669	2 482	2 597
Lowest (cents per share)	1 709	1 920	2 099	1 955
Last sale of period (cents per share)	2 100	2 024	2 359	2 264
Annualised percentage (%) change during period	8	(26)	9	6
Annualised percentage (%) change – life insurance sector (J857)	55	(2)	(9)	(9)
Annualised percentage (%) change – top 40 index (J200)	34	7	(9)	1
31 December/30 June				
Price/diluted core headline earnings (segmental) ratio	10.8	10.1	11.9	11.3
Dividend yield % (dividend on listed shares) ⁽¹⁾	-	7.8	2.8	6.9
Dividend yield % – top 40 index (J200) ⁽¹⁾	2.7	2.8	2.8	2.9
Total shares issued (million)				
Ordinary shares listed on JSE	1 576	1 575	1 575	1 574
Treasury shares held on behalf of contract holders	(16)	(18)	(12)	(13)
Basic number of shares in issue	1 560	1 557	1 563	1 561
Treasury shares held on behalf of contract holders	16	18	12	13
Convertible redeemable preference shares	28	29	29	30
Diluted number of shares in issue ⁽²⁾	1 604	1 604	1 604	1 604
Market capitalisation at end (Rbn) ⁽³⁾	34	32	38	36

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.