



MMI HOLDINGS

2019

Summary of key metrics

Key Metrics	1H2019	1H2018	Δ%	F2018
Diluted normalised headline earnings (Rm)	1 618	1 594	2%	2 003
Diluted normalised headline earnings per share (c)	105.3	99.4	6%	125.5
New business volumes (PVNBP, Rm)	28 790	24 194	19%	50 002
Value of new business (Rm) *	335	299	12%	345
New business margin	1.2%	1.2%		0.7%
Diluted embedded value (EV) per share (R)	26.60	27.05		25.43
Return on EV (ROEV - annualised)	6.8%	11.2%		(1.1)%
Return on EV per share (annualised)	9.4%	11.2%		(0.6)%
Diluted number of shares in issue (m)	1 499	1 604	(7)%	1 557
Diluted weighted average number of shares (m)	1 536	1 604	(4)%	1 596

* Momentum Wealth has been reclassified as covered business, with prior period comparatives restated.

We are pleased to report that MMI Holdings (MMI) remains focused on, and is making steady progress with the three-year Reset and Grow strategy announced in September 2018. The R1.6 billion of normalised headline earnings is in line with the Reset and Grow targets, and we believe this was a pleasing result in the current operating environment. The satisfactory performance, combined with the impact of the share buy-back programme that was completed in November 2018, resulted in 6% growth in diluted normalised headline earnings per share (to 105.3 cents per share).

Following the successful share buy-back programme, MMI will reinstate dividend payments, with an interim ordinary dividend of 35 cents per share. We are also proud to be the first major insurance company in South Africa to achieve a level 1 B-BBEE rating, in terms of the revised FSC codes.

The positive results were achieved through tight control of operational expenses, strong underwriting results, and by much improved earnings from our fixed rate and annuity products. The period also included some favourable items that are not expected to recur, including fair value gains on our venture capital investments in Exponential Ventures, partly offset by higher investments in new initiatives.

The weak equity markets in late 2018 have had a negative impact on fee income from the Momentum Life closed book and the reduction in assets under management is likely to place pressure on asset-based fee income during the ensuing six months. Frail equity markets during the last quarter of 2018 also dampened earnings from MMI's Africa portfolio where, unlike in South Africa, shareholder funds do carry some equity exposure.

The return on embedded value benefitted from an exceptional positive item arising from a new required capital methodology that coincided with the implementation of the new regulatory framework, as defined in the South African Insurance Act, 18 of 2017, that became effective 1 July 2018. This positive was offset by negative investment variances from poor equity returns and by a negative contribution from non-covered business. Operating experience contributed positively to embedded value earnings.

The embedded value per share gained from the share buy-back programme. The annualised return on embedded value per share was 9.4%.

New business inflows improved materially from the comparative period in 2017, as did the value of new business. Single premium income from Momentum Corporate significantly contributed to the improvement. However, there was also a pleasing uplift in recurring premium new business, especially from group life business.

Hillie Meyer joined MMI on a three-year contract as Group CEO in February 2018. The Board of MMI believes that the Group will benefit from his leadership if his tenure is extended. Mr Meyer has agreed to make himself available for an additional two years, until June 2023.

We are confident that MMI is on course to deliver on the three-year financial targets as communicated at its previous year-end results presentation.

Segmental performance

Earnings by segment

Normalised headline earnings (R million)	1H2019	1H2018	Δ%	F2018
Momentum Life	462	343	35%	472
Momentum Investments	261	253	3%	227
Metropolitan Retail	333	364	(9)%	201
Momentum Corporate	319	293	9%	909
Non-life Insurance	135	105	29%	204
Africa	94	165	(43)%	147
Earnings from operating segments	1 604	1 523	5%	2 160
New Initiatives	(248)	(166)	(49)%	(377)
Shareholders	262	237	11%	220
Normalised headline earnings	1 618	1 594	2%	2 003

MMI has changed its primary earnings metric from core headline earnings to normalised headline earnings.

The new metric has fewer adjustments from the prescribed definition of headline earnings and is more in line with primary earnings metrics used in the South African insurance industry. Unlike core headline earnings, normalised headline earnings include the impact of investment variances, actuarial basis changes and other one-off items not previously reported under core earnings.

Normalised headline earnings adjust the standard JSE definition of headline earnings for the impact of treasury shares and the amortisation of intangible assets arising from corporate activity.

A reconciliation between the previous and current primary earnings metrics has been provided in the summary of financial results.

Detailed analyses of each business unit's earnings results have been provided under the segmental discussions below.

New business

Covered New business (R million)	1H2019	1H2018	Δ%	F2018
Momentum Life	44	25	76%	66
Momentum Investments	43	75	(43)%	76
Metropolitan Retail	58	130	(55)%	84
Momentum Corporate	198	44	>100%	124
Africa	(8)	25	<0%	(5)
Value of new business	335	299	12%	345

The table on the previous page reflects covered business, which excludes entities like MMI Health and Momentum Asset Management. The year-on-year increase in the value of new business mostly followed higher sales, although certain segments also experienced an improvement in new business margin, notably Momentum Corporate.

Embedded Value

Embedded value earnings (R million)	1H2019	1H2018	F2018
Embedded value at the start of the period	39 601	42 523	42 523
EV earnings from operations (covered business)	1 921	1 569	1 535
EV earnings attributable to investment markets	(848)	1 029	662
Exceptional items	870	-	-
EV profit from non-covered businesses	(613)	(276)	(2 666)
Embedded value before capital flows	40 931	44 845	42 054
Capital flows	(1 051)	(1 454)	(2 453)
Embedded value at the end of the period	39 880	43 391	39 601
Return on embedded value (annualised ROEV)	6.8%	11.2%	(1.1)%
ROEV on covered business (annualised)	11.9%	15.4%	6.3%
ROEV on non-covered business (annualised)	(19.0)%	(7.2)%	(35.6)%
ROEV per share (annualised)	9.4%	11.2%	(0.6)%

The annualised return on embedded value from covered business has been adversely affected by declining equity markets during the last quarter of 2018, both locally and internationally. The decline in assets under management, unless reversed, is expected to give rise to a lower future revenue stream.

The embedded value result includes a noticeable exceptional item of R870 million. This arose from the impact of a new required capital methodology that coincided with the implementation of the new regulatory framework that became effective 1 July 2018. For MMI, restricted assets (liabilities and regulatory capital) under the new requirements are lower than they were under the previous solvency valuation method, thus resulting in a one-off increase in embedded value. This item is limited to the F2019 financial reporting period and is not expected to change over the second half of the financial year.

Negative investment variances and other economic impacts of R891 million and exceptional items aside, embedded value earnings on covered business was aided by an improvement in the value of new business and by positive operating experience (persistence, expenses and underwriting).

Over the six months, the annualised return on non-covered business was negative 19%. The most significant contributor to the negative return on embedded value was an increase in the provision for future costs from the Multiply rewards programme, reported within Momentum Life. The positive outcomes from the programme (better persistence, claims experience etc.) are implicit in the value of new business and return on embedded value of covered business.

Under its share buy-back programme, MMI repurchased R2 billion worth of own shares between March 2018 and November 2018. The average price at which shares were repurchased represented a c.30% discount to the embedded value per share over the period. The buy-back programme supported the annualised return on embedded value per share of 9.4% which compares to 6.8% when ignoring the reduction in number of shares.

Momentum Life

Momentum Life provides protection, savings and traditional (closed book) products, focussed on the middle and affluent retail client segments.

Momentum Life (R million)	1H2019	1H2018	Δ%
Normalised headline earnings	462	343	35%
Value of new business	44	25	76%
New business volumes (PVNBP)	4 104	3 725	10%

Earnings

Momentum Life experienced good growth in normalised headline earnings on account of favourable risk experience (mainly an improvement in income disability claims experience) and better than expected take-up of voluntary premium increases by policyholders. A one-off reinsurance provision from the prior period (loss of R43 million) did not recur and expenses were lower than allowed for in actuarial liabilities, following a strengthening of the expense reserve at 30 June 2018. On the downside, the unfavourable equity market performance during the last quarter of 2018 had a negative impact on the with-profits component of the Momentum Life closed book portfolios (a loss of R50 million).

New business

New business inflows increased on the back of an expansion in the agency sales force and an increase in agent productivity with particularly strong growth in savings volumes. The new business margins improved, mainly due to good expense management and updated product pricing.

Embedded value

On covered business, the increase in EV, arising from a new required capital methodology that coincided with the implementation of the new regulatory framework, masked the impact of a significantly negative investment variance, which came about from adverse equity market conditions. Operating experience (underwriting and expense variances) was positive, improving from the negative experience reported in the prior period. The return on embedded value from Momentum Life also reduced on account of a higher allowance for future Multiply costs.

Momentum Investments

Momentum Investments represents Momentum Wealth local and offshore business, local and offshore investment management operations, retail annuities and guaranteed investments. These product lines were previously reported under Momentum Retail and Momentum Corporate. All Momentum Wealth products are now reported as covered business (previously only on-balance sheet contracts), and prior year value of new business and present value of new business premiums (PVNBP) were restated accordingly. Momentum Investments also houses the UK business, which previously formed part of MMI International.

Momentum Investments (R million)	1H2019	1H2018	Δ%
Normalised headline earnings	261	253	3%
Value of new business	43	75	(43)%
New business volumes (PVNBP)	11 312	11 328	0%

Earnings and Assets Under Management

Strong earnings growth was experienced from annuities and structured endowments due to improved credit experience and lower funding cost (R20 million). The UK operation also experienced satisfactory earnings growth, from higher fee receipts and lower expenses following a business restructure. However, earnings from investment management and Momentum Wealth business were more subdued, as a result of negative equity market returns as well as some outflows over the period.

Assets under management (R billion)	1H2019	1H2018	Δ%
On-balance sheet Momentum Wealth	98.2	102.3	(4)%
Off-balance sheet Momentum Wealth	53.7	55.3	(3)%
Non-covered business (investment management)	414.9	431.5	(4)%
Total	566.8	589.1	(4)%

New business

New business flows from covered business remained largely flat compared to the prior year. However, the new business margin declined, partly due to repricing the Momentum Wealth offering.

Embedded value

Momentum Investments by its nature was negatively affected by investment variances experienced over the reporting period. Combined with a subdued value of new business, EV earnings from Momentum Investments were negative over the six months ended 31 December 2018.

Metropolitan Retail

Metropolitan Retail focuses on the lower to middle income retail market in SA. Its offerings include protection, savings and annuity products. There were no material changes to the Metropolitan Retail reporting segment.

Metropolitan Retail (R million)	1H2019	1H2018	Δ%
Normalised headline earnings	333	364	(9)%
Value of new business	58	130	(55)%
New business volumes (PVNBP)	2 523	2 919	(14)%

Earnings

Revenue increased due to growth in the protection book as well as improved underwriting and credit experience. Losses from poor persistency improved by R68 million since the prior period. However, the increase in revenue was offset by above-inflationary increases in expenses, mainly from upgrading branch infrastructure, as well as a reduction in expense capitalisation (more conservative accounting for systems development costs).

New business

New business premiums are lower than the prior period, due to lower sales of funeral policies through tele-channels and retirement savings. Protection business (mainly funeral policies) makes up the bulk of Metropolitan Retail's value of new business.

Metropolitan Retail and African Bank agreed to dissolve the joint venture partnership, following results that failed to meet expectations.

The year-on-year reduction in the value of new business was impacted by lower sales, as well as a decline in margin, following the strengthening in persistency and expense assumptions.

Embedded value

The negative investment variance experienced by Metropolitan Retail was less pronounced than for Momentum Life, but still significant. It was mitigated by the one-off impact of a new required capital methodology that coincided with implementing the new regulatory framework, thus resulting in a favourable return on embedded value for Metropolitan Retail. Operating experience was positive, following good underwriting and credit experience over the six months.

Momentum Corporate

Momentum Corporate incorporates group risk, annuities and pension savings as well as MMI Health operations. Investment management and Guardrisk have been moved to Momentum Investments and the Non-life Insurance segment, respectively.

Momentum Corporate (R million)	1H2019	1H2018	Δ%
Normalised headline earnings	319	293	9%
Value of new business	198	44	>100%
New business volumes (PVNBP)	9 784	4 855	>100%

Earnings

On corporate business, normalised headline earnings from the first half of F2019 saw a reasonable increase over the prior period. Favourable group life underwriting experience was partly offset by higher lump sum disability claims. Revenue was also boosted by higher fee income arising from improved new business inflows. Growth in management expenses has outstripped inflation, due to higher spend on initiatives such as Momentum Consultants and Actuaries, new products and benefit enhancements, as well as the digitalisation of client services and conversion of corporate members into retail clients.

MMI Health business experienced solid earnings growth, following a modest increase in scheme membership, good underwriting experience from low-cost products and good cost control (below-inflation expense growth). The earnings reported are net of minorities, and are therefore not fully reflective of the strong operational performance over the six months. Recall that a portion of the public sector health business has been sold to our empowerment partner.

New business

Single premium inflows to Momentum Corporate were considerably higher than the prior year, mainly due to a multi-billion Rand with-profit annuity transaction. Recurring premium inflows also improved, driven by an increase in group insurance new business from large corporates.

The value of new business also increased significantly, largely due to the increase in sales, but also because of an increase in margin from a revised approach to pricing of group insurance business.

Embedded value

Momentum Corporate's strong value of new business, along with good operating experience over the first half of the financial year contributed positively to the return on embedded value. The positive operating experience was mainly driven by strong persistency and good mortality experience. However, the tough economic environment continued to negatively affect investment variance and underwriting experience on disability income products.

Non-life Insurance

This new segment includes Guardrisk (cell captive business) and Momentum Short-term Insurance (traditional insurance). Previously, these two entities were reported under Momentum Corporate and Momentum Retail respectively.

Non-life Insurance (R million)	1H2019	1H2018	Δ%
Momentum STI	(8)	(22)	64%
Guardrisk	143	127	13%
Normalised headline earnings	135	105	29%

Guardrisk had another satisfactory six months, with earnings up 13% on the prior period. Results from Momentum Short-term Insurance (MSTI) improved markedly over the prior period. Core operations at MSTI were profitable, but continued to be negatively impacted by a high overhead cost base (administration and IT systems). As the business grows, the positive impact of scale is expected to continue.

Momentum STI	1H2019	1H2018	Δ%
Net earned premium (Rm)	416	350	19%
Claims ratio	61%	71%	

Key performance metrics for MSTI progressed satisfactorily. Net earned premium income increased by 19% over the prior period. The claims ratio improved, partly due to favourable weather patterns over the period from October to December 2018.

Africa

Previously called MMI International, this segment now represents only MMI's African operations (outside SA). The UK business is now reported under Momentum Investments, while India resides under New Initiatives. aYo, which offers mobile insurance in partnership with MTN, has also been reported under New Initiatives.

Africa (R million)	1H2019	1H2018	Δ%
Normalised headline earnings	94	165	(43)%
Value of new business	(8)	25	<0%
New business volumes (PVNBP)	1 067	1 367	(22)%

Earnings

Normalised headline earnings (R million)	1H2019	1H2018	Δ%	F2018
Namibia	110	132	(17)%	171
Botswana	(5)	36	<0%	53
Lesotho	33	41	(20)%	79
Ghana	26	47	(45)%	39
Kenya	13	(36)	>100%	(19)
Other countries - ongoing	(19)	2	<0%	19
Other countries - planned exits	(27)	(13)	<0%	(33)
Centre costs	(37)	(44)	16%	(162)
Total	94	165	(43)%	147

For the established businesses in Namibia, Botswana and Lesotho, the biggest part of the decline in earnings since the prior period can be explained by a reduction in investment returns on assets backing shareholder capital (a decline of R68 million before tax). Unlike local South African operations, shareholder assets in these countries are exposed to equity markets. Losses totalling R27 million were incurred in countries that MMI plans to exit in the foreseeable future. Earnings were supported by improvements from health and non-life lines of business, as well as a year on year decline in overall management expenses, including a 16% reduction in centre support costs.

New business

The disappointing new business growth and negative contribution to value of new business for the half year were largely due to a weak contribution from Namibia, where sales on a PVNBP basis were down 35% on the prior year, due to systems challenges and shrinkage of the sales force.

Embedded value

The embedded value loss for the six months was caused by negative investment variances, a negative value of new business and a write-down in the value of non-covered businesses on account of earnings losses (sub-scale operations and countries earmarked for exit).

New Initiatives

Included under this new segment are the two international ventures aYo (MTN joint venture) and Aditya Birla Health Insurance (India joint venture), Exponential Ventures (local and offshore venture capital with a focus on fintech and insuretech start-ups), as well as local start-up operations including transactional money management.

Normalised headline earnings (R million)	1H2019	1H2018	F2018
India (ABHI)	(150)	(102)	(218)
aYo (MTN JV)	(36)	(28)	(58)
Other *	(62)	(36)	(101)

*"Other" includes Exponential Ventures, Money Management and Momentum Consult

Aditya Birla Health Insurance (India joint venture)

Sales and local-currency earnings in Aditya Birla Health Insurance continued to progress according to the business plan. A 4% depreciation of the South African Rand against the Indian Rupee over the six months somewhat increased the reported loss in Rands.

Satisfactory progress has been made in tilting exposure away from group business to more profitable retail business, following an expansion of retail distribution capacity, mainly through bank channels. This has been reflected in an improvement to the claims ratio for the six months to December 2018, compared to the prior period.

aYo

aYo has cemented its presence in Ghana and Uganda, with a customer base of 2.6 million clients as at 31 December 2018. Claims ratios were satisfactory. However, the venture has not yet reached sufficient scale to cover the overhead cost base (IT and systems support).

Other

The Money Management initiative gained traction, with the roll out of Multiply Visa Cards progressing well, while work continues to integrate the product offering.

Shareholders

Shareholders (R million)	1H2019	1H2018	F2018
Operating profit	(36)	(28)	(117)
Tax on operating profit	(42)	11	(58)
Investment income (net of tax)	231	219	451
Fair value gains (net of tax)	109	35	(56)
Total	262	237	220

This segment represents the shareholder capital of MMI's South African operations and the investment return earned thereon. Investment returns relating to offshore capital (Africa and India) and non-life operations (Guardrisk and MSTI) are reported as part of earnings within the relevant segments.

Earnings

Investment income benefitted from a higher contribution from Eris properties. Fair value gains include a revaluation of one of the Exponential Ventures funds.

Embedded value

Embedded value earnings from the shareholder segment were adversely affected by a negative allowance for future maintenance expenses on owner-occupied properties. This was partly offset by the fair value gain from Exponential Ventures. For embedded value purposes, part of the investment return on shareholder assets has been allocated to operating segments and part to the shareholder segment.

Solvency and Capital Management

Regulatory solvency position (R million)	MMI Group Ltd
Eligible own funds (pre dividend)	31 414
Solvency Capital Requirement (SCR)	15 326
SCR cover (times)	2.0

Regulatory solvency position

The new regulatory framework for the South African insurance industry became effective on 1 July 2018, upon the implementation of the South African Insurance Act, 18 of 2017. The individual solvency position of MMI Group Limited is shown in the table above, prior to allowance for foreseeable dividends. Certain methodologies applied in the solvency assessment are subject to approval from the Prudential Authority, which is currently being sought.

A target range of 1.7 to 2.1 times the SCR has been set for the solvency position of MMI Group Limited. This allows for the capital required to support the covered business against a range of severe but plausible scenarios, as well the wider strategic deployments of the group.

Capital distribution

The share buy-back programme was completed on 29 November 2018. Shares to the value of R2.0 billion were repurchased, at an average price of R18.94 per share.

At the 2018 year-end results it was announced that MMI will reinstate dividend payments, at a level that is consistent with our capital deployment plans and the need to maintain steady capital ratios under the new regulatory framework. We indicated that we would in future target a dividend cover range of 2.0 to 3.0 times normalised headline earnings. For the 6 months ended 31 December 2018, MMI Holdings declared a dividend of 35 cents per share to ordinary shareholders which is at the upper end of the target range.

Capital deployment

The following strategic investments were made during the period:

Area of capital deployment	R billion
Capital support for subsidiaries	0.4
Exponential, UK & Africa operations	0.1
Aditya Birla Joint Venture	0.1
Momentum Short Term Insurance	0.2
Total	0.8

Credit rating

On 8 November 2018, Moody's confirmed MMI Group Limited's global scale Insurer Financial Strength (IFS) rating of Baa2, with a long-term rating of Baa3. Moody's also affirmed the national scale IFS rating of the Issuer at Aaa.za with the long-term issuer rating at Aaa.za and the unsecured subordinated notes rating at Aa2.za. On 16 November 2018 Moody's confirmed the global scale IFS of Baa3 of Guardrisk Insurance, Guardrisk Life and Guardrisk International and national scale rating of Aaa.za for Guardrisk Insurance and Guardrisk Life. Given the tough economic environment, the affirmation of the credit ratings can be viewed as positive for MMI Group Limited and Guardrisk.

Outlook

The poor equity market performance during the last quarter of 2018 and muted macro-economic growth made for a challenging operating environment over the six months. It is heartening that MMI experienced growth despite these challenges. If the negative market impact from late 2018 persists, it will put pressure on earnings. MMI will continue to focus on financial discipline and on improving distribution and service in pursuit of its Reset and Grow strategy, with an earnings target of between R3.6 billion and R4.0 billion by F2021.



MMI HOLDINGS



Financial Results

Unaudited interim results for the six months ended 31 December 2018

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 2018. The preparation of the group's results was supervised by the group finance director, Risto Ketola (FIA, FASSA, CFA).

Corporate events

As part of our plan to exit a number of African countries, we have classified three of these African entities, which we plan on exiting in the next 12 months, as held for sale.

Basis of preparation of financial information

These summarised consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; the JSE Listings Requirements and the South African Companies Act, 71 of 2008. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the previous years except as described below. Critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2018, 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 2018 and relevant to the group

- The following amendments to standards and interpretations became effective for the first time in the current period and had no impact on the group's earnings or net asset value: Amendments to IFRS 2 Share-based payments, IFRS 4 Insurance contracts, IAS 40 Investment property, and IFRIC 22 Foreign currency transactions and advance consideration. IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers also became effective for the first time in the current period. The effect of these is described below.

- IFRS 15 Revenue from contracts with customers

IFRS 15 is effective from periods beginning on or after 1 January 2018. The group has implemented IFRS 15 on 1 July 2018, retrospectively without restating comparative figures.

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.

The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the client. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition. The group has assessed the impact of the adoption of IFRS 15 to determine the impact on the opening balance and concluded that there was no significant impact for the group. The opening retained earnings as at 1 July 2018 has therefore not been adjusted for any change in revenue recognition.

- IFRS 9 Financial instruments

The group has implemented IFRS 9 retrospectively without restating comparative figures. Opening retained earnings as at 1 July 2018 has been adjusted for any differences in the carrying amounts of financial instruments.

The standard introduces an approach to the classification of financial instruments that is based on contractual cash flows characteristics and models through which financial instruments are managed (business model). The standard amends the previous requirements in three main areas: (a) classification and measurement of financial assets, (b) impairment of financial assets, mainly by introducing a forward-looking expected credit loss (ECL) impairment model and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortised cost
- Fair value through other comprehensive income
- Fair value through income

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New and revised standards effective for the period ended 31 December 2018 and relevant to the group (continued)

- IFRS 9 Financial instruments (continued)

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

No significant changes were introduced for the classification and measurement of financial liabilities, except for financial liabilities that are designated at fair value where entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The standard has introduced a new ECL impairment model that will require more timely recognition of ECLs than under IAS 39. An impairment loss may now be recognised prior to a loss event occurring. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The group has elected not to apply the general hedge accounting principles under IFRS 9 and will continue to apply IAS 39 hedge accounting, where applicable.

Impact on adoption of IFRS 9

Prior to the implementation of IFRS 9, the group designated a significant majority of its financial assets at fair value through income in terms of IAS 39. The application of the classification criteria resulted in the majority of the financial assets being classified mandatorily at fair value through income. In the life companies certain policyholder assets were designated at fair value through income due to accounting mismatch. All equity securities remain at fair value through income and assets previously disclosed as held-to-maturity will continue to be carried at amortised cost.

With majority of the group's financial assets measurement remaining at fair value through income these assets are not subjected to the new impairment model. The significant impacts from changes in the measurement basis of impairment provisions are limited to the group's assets that were previously classified as held-to-maturity and loans and receivables which are now classified and carried at amortised cost. The impact of applying the ECL model resulted in a decrease in equity of R40 million on 1 July 2018 which primarily relates to loans and receivables.

For the group's financial liabilities that are designated at fair value through income, there were no significant changes in its own credit risk to recognise in other comprehensive income.

The application of IFRS 9 impairment methodology had an insignificant impact on the group's equity accounted associates and joint ventures.

All insurance and reinsurance receivables are recognised in terms of IFRS 4 and will be included in the IFRS 17 assessment.

The effects of the adoption of IFRS 9 on the statement of financial position as at 1 July 2018 are shown in the financial instruments section.

- 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

A simplified operating model was announced in June 2018, effective 1 July 2018. The product Centre of Excellence structure was dissolved and a number of empowered end-to-end value chain business units were created, supported by shared distribution channels and group support functions.

In order to align internal and external reporting to the new operating business unit structures, the reporting units have also changed. The prior periods have been restated to provide meaningful comparison for these new segments.

The group's reporting view now reflects the following segments:

Momentum Life: Momentum Life includes protection, savings and life insurance products focused on the middle and affluent client segments.

Momentum Investments: Momentum Investments consists of the Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties.

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Segmental report (continued)

Metropolitan Retail: Metropolitan Retail focusses on the lower and middle income retail market segment, with a range of protection and savings products.

Momentum Corporate: Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products and includes MMI Health.

Africa: This segment includes our African operations.

Non-life Insurance: Non-life Insurance comprises the retail general insurance offering, Momentum Short-term Insurance, and the cell captive insurer, Guardrisk.

New Initiatives: This includes India, aYo, Money Management, Lending, Exponential Ventures and Momentum Consult.

Shareholders: The Shareholders segment reflects investment income on capital held to support local operations and some costs not allocated to operating segments (eg certain holding company expenses).

Embedded Value information

New regulatory framework:

The new regulatory framework, as defined in the South African Insurance Act, 18 of 2017, became effective on 1 July 2018. This meant that the previous Statutory Valuation Method (SVM) was no longer recognised as a valid basis for regulatory liabilities. MMI covered businesses elected to adopt the IFRS liabilities as reference for determining the Value of In-force business for Embedded Value purposes. This has resulted in a reallocation of value between the Adjusted Net Worth and Value of In-force due to the liability difference between the previous statutory and IFRS liabilities.

MMIGL Required Capital is derived as the total Restricted Assets less the IFRS liabilities as per the new required capital methodology. Restricted Assets were defined in terms of the new regulatory balance sheet as the assets allocated to support the policyholder liabilities and internal capital requirements.

Wealth business:

With changes in the operating model of MMI, a decision was taken to group businesses into segments which are managed together. MMI has also simplified the valuations between covered and non-covered business (eg expense allocations, etc) and, as a result, now report the off-balance sheet businesses of Momentum Wealth together with the on-balance sheet businesses as part of Momentum Investments covered business.

Corporate governance

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

Changes to the directorate, secretary and directors' shareholding

On 30 September 2018, the group's company secretary, Maliga Chetty, resigned. On the same date, Leon Basson was appointed as acting group company secretary. On 26 November 2018, Sydney Muller retired from the board having reached retirement age. On 28 February 2019, Louis von Zeuner resigned from the board. On 1 March 2019, Lisa Chiume, Prof Linda de Beer, Dr Sharron McPherson and Sello Moloko were appointed to the board. Also on that date, CorpStat Governance Services (Pty) Ltd was appointed as interim group company secretary. Leon Basson will relinquish his role as acting group company secretary on that date, to resume his other duties in the group.

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

Changes to the group executive committee

Resignations	Role	Date
Andrew le Roux	Chief Business Transformation Officer	31 August 2018
Linda Mthenjane	Head: MMI Human Capital	30 November 2018
Thinus Alsworth-Elvey	CEO: Momentum Corporate	31 March 2019

MMI HOLDINGS GROUP

Contingent liabilities and capital commitments

The group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. Met Collective Investments (RF) (Pty) Ltd has been subjected to a review by the FSCA. MMI is continuing to engage the FSCA on the matter. The group had no material capital commitments at 31 December 2018 that were not in the ordinary course of business.

Events after the reporting period

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

Interim dividend declaration

Ordinary shares

- On 8 March 2019, a gross interim dividend of 35 cents per ordinary share was declared.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the company at the close of business on Friday, 29 March 2019, and will be paid on Monday, 1 April 2019.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 28 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 26 March 2019.
- The shares will trade ex dividend from the start of business on Wednesday, 27 March 2019.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 27 March 2019 and Friday, 29 March 2019, both days inclusive.
- The number of ordinary shares at the declaration date was 1 497 475 356.
- MMI's income tax number is 975 2050 147.

Preference shares

- Dividends of R18.5 million (31.12.2017: R18.5 million; 30.06.2018: R18.5 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 has concluded its share buy-back programme. A total of 106 million shares (R2 billion excluding transaction costs) have been bought back. 27 million shares (R487 million) are held by a subsidiary of the group.

Directors' responsibility

The preparation of these results are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The summarised interim results have not been reviewed or audited by the external auditors. The full summarised IAS 34 compliant results (including paragraph 16A(j)) are available on MMI's website and at MMI's registered offices upon request. A printed version of the SENS announcement is available for inspection and may be requested from the group company secretary's office, Carien Breytenbach tel: +27 12 673 7479.

MMI HOLDINGS GROUP

Signed on behalf of the board

JJ Njeke
Hillie Meyer

Chairman
Group chief executive

Centurion
7 March 2019

DIRECTORS: MJN Njeke (chairman), HP Meyer (group chief executive), JC Cilliers (Marais) (deputy chief executive), RS Ketola (group finance director), LM Chiume, P Cooper, F Daniels (Jakoet), Prof L de Beer, Prof SC Jurisich, Prof JD Krige, Dr SL McPherson, PJ Moleketi, MS Moloko, V Nkonyeni, KC Shubane, FJC Truter, JC van Reenen

INTERIM GROUP COMPANY SECRETARY: CorpStat Governance Services (Pty) Ltd

WEBSITE: www.mmiholdings.co.za

TRANSFER SECRETARIES – SOUTH AFRICA: 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

TRANSFER SECRETARIES – NAMIBIA: Transfer Secretaries (Pty) Ltd (registration number 93/713) 4 Robert Mugabe Avenue, Windhoek. PO Box 2401, Windhoek Telephone: +264 61 22 7647 E-mail: info@nsx.com.na

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

MMI Group Limited (Incorporated in the Republic of South Africa) REGISTRATION NUMBER: 1904/002186/06
Company code: MMIG

SENS ISSUE: 8 March 2019

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2018 Rm	31.12.2017 Rm	30.06.2018 Rm
ASSETS			
Intangible assets	10 133	11 007	10 515
Owner-occupied properties	3 594	4 250	3 864
Property and equipment	411	365	323
Investment properties	8 930	7 346	8 614
Properties under development	388	116	136
Investments in associates and joint ventures	636	626	636
Employee benefit assets	451	421	436
Financial assets at fair value through income ¹	373 686	394 058	395 146
Investments in associates at fair value through income ¹	18 893	11 821	11 383
Derivative financial assets at fair value through income	2 367	2 935	2 910
Available-for-sale financial assets	-	7	-
Held-to-maturity financial assets	-	396	437
Loans and receivables	-	6 453	5 629
Financial assets at amortised cost	3 795	-	-
Reinsurance contract assets	5 027	5 216	4 989
Deferred income tax	286	258	290
Insurance and other receivables	6 720	4 781	4 962
Current income tax assets	307	477	283
Non-current assets held for sale	482	-	-
Cash and cash equivalents	26 216	27 275	25 812
Total assets	462 322	477 808	476 365
EQUITY			
Equity attributable to owners of the parent	22 400	22 763	22 328
Non-controlling interests	493	299	462
Total equity	22 893	23 062	22 790
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	110 819	111 173	109 203
Non-life insurance contracts	8 583	8 088	8 728
Investment contracts	259 831	271 162	272 411
– with discretionary participation features (DPF)	23 100	25 086	24 550
– designated at fair value through income	236 731	246 076	247 861
Financial liabilities at fair value through income ¹	36 118	41 730	38 217
Derivative financial liabilities at fair value through income	2 177	1 854	2 255
Financial liabilities at amortised cost	1 908	1 238	2 420
Reinsurance contract liabilities	1 734	1 475	1 685
Deferred income tax	2 994	3 371	2 874
Employee benefit obligations	957	998	1 153
Other payables	13 622	13 480	14 304
Provisions	79	55	73
Current income tax liabilities	155	122	252
Non-current liabilities held for sale	452	-	-
Total liabilities	439 429	454 746	453 575
Total equity and liabilities	462 322	477 808	476 365

¹ For prior reporting periods, this line item was classified as designated at fair value through income in terms of IAS 39 and has not been restated.

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2018 Rm	6 mths to 31.12.2017 Rm	12 mths to 30.06.2018 Rm
Net insurance premiums	20 411	14 688	29 893
Fee income ¹	4 274	3 852	7 536
Investment income	10 656	9 750	20 084
Net realised and fair value (losses)/gains	(16 635)	18 689	17 786
Net income	18 706	46 979	75 299
Net insurance benefits and claims	13 134	12 268	27 232
Change in actuarial liabilities and related reinsurance	(49)	4 573	1 794
Change in long-term insurance contract liabilities	1 380	4 172	1 612
Change in non-life insurance contract liabilities	32	(25)	(71)
Change in investment contracts with DPF liabilities	(1 449)	749	285
Change in reinsurance assets	(79)	(386)	(322)
Change in reinsurance liabilities	67	63	290
Fair value adjustments on investment contract liabilities	(6 228)	14 986	17 555
Fair value adjustments on collective investment scheme liabilities	(2 141)	1 422	2 738
Depreciation, amortisation and impairment expenses	687	614	1 226
Employee benefit expenses	2 992	2 755	5 457
Sales remuneration	3 155	2 923	5 796
Other expenses	3 791	3 693	7 779
Expenses	15 341	43 234	69 577
Results of operations	3 365	3 745	5 722
Share of loss of associates and joint ventures	(135)	(92)	(213)
Finance costs ²	(508)	(539)	(1 048)
Profit before tax	2 722	3 114	4 461
Income tax expense	(1 398)	(1 852)	(3 039)
Earnings for the period	1 324	1 262	1 422
Attributable to:			
Owners of the parent	1 241	1 247	1 369
Non-controlling interests	83	15	53
	1 324	1 262	1 422
Basic earnings per ordinary share (cents)	83.2	80.0	88.2
Diluted earnings per ordinary share (cents)	82.2	79.4	88.1
¹ Fee income consists of the following:			
Investment contracts	1 437	1 266	2 384
Trust and fiduciary services	800	805	1 506
Health administration	943	892	1 780
Other fee income	1 094	889	1 866
	4 274	3 852	7 536
² Finance costs consist of the following:			
Preference shares issued by MMI	53	57	110
Subordinated debt	210	190	397
Cost of carry positions	135	195	363
Other finance costs	110	97	178
	508	539	1 048

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2018 Rm	6 mths to 31.12.2017 Rm	12 mths to 30.06.2018 Rm
Earnings for the period	1 324	1 262	1 422
Other comprehensive (loss)/income, net of tax	(90)	(37)	138
Items that may subsequently be reclassified to income	44	(78)	(6)
Exchange differences on translating foreign operations	60	(79)	9
Available-for-sale financial assets	-	(1)	(7)
Share of other comprehensive (loss)/income of associates	(16)	2	(8)
Items that will not be reclassified to income	(134)	41	144
Land and building revaluation	(174)	49	131
Remeasurements of post-employee benefit funds	(9)	(11)	14
Income tax relating to items that will not be reclassified	49	3	(1)
Total comprehensive income for the period	1 234	1 225	1 560
Total comprehensive income attributable to:			
Owners of the parent	1 149	1 209	1 507
Non-controlling interests	85	16	53
	1 234	1 225	1 560

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS

attributable to owners of the parent

	Basic earnings			Diluted earnings		
	6 mths to 31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018	6 mths to 31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018
	Rm	Rm	Rm	Rm	Rm	Rm
Earnings	1 241	1 247	1 369	1 241	1 247	1 369
Finance costs – convertible preference shares				19	21	40
Dilutory effect of subsidiaries ¹				(10)	(7)	(16)
Diluted earnings	1 250	1 261	1 393	1 250	1 261	1 393
Realised gains on available-for-sale financial assets	-	-	(13)	-	-	(13)
Tax on realised gains on available-for-sale financial assets	-	-	2	-	-	2
Intangible assets and other impairments ²	24	43	97	24	43	97
Tax on intangible assets and other impairments	(7)	(12)	(16)	(7)	(12)	(16)
Loss on sale of business/subsidiary	-	-	18	-	-	18
Impairments relating to held for sale entities	51	-	-	51	-	-
FCTR reversal on sale of foreign subsidiary	-	-	(13)	-	-	(13)
Impairment of owner-occupied property below cost	60	-	-	60	-	-
Tax on impairment of owner-occupied property below cost	(13)	-	-	(13)	-	-
Headline earnings ³	1 356	1 278	1 444	1 365	1 292	1 468
Adjustments for MMI shares held by policyholder funds	(7)	25	(32)	(7)	25	(32)
Amortisation of intangible assets relating to business combinations	260	277	543	260	277	543
BEE cost	-	-	24	-	-	24
Normalised headline earnings ⁴	1 609	1 580	1 979	1 618	1 594	2 003

¹ 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.

² Current period impairments relate to customer relationships in Africa due to a decline in the directors' valuation.

The December 2017 period impairments relate mainly to software in Metropolitan Retail as certain components are no longer used.

The June 2018 period impairments relate mainly to software in Metropolitan Retail as certain components are no longer used and goodwill in Momentum Investments (previously International under the old operating model) due to a decline in the directors' valuation relating to a restructure of the UK businesses.

³ Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.

⁴ Normalised headline earnings excludes adjustments for MMI shares held by policyholder funds, the amortisation of intangible assets relating to business combinations as well as BEE costs. It includes basis changes and investment variances of negative R13 million (31.12.2017: positive R41 million; 30.06.2018: negative R651 million).

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018
Basic			
Normalised headline earnings	107.8	101.3	127.5
Headline earnings	90.9	82.0	93.0
Earnings	83.2	80.0	88.2
Weighted average number of shares (million)	1 492	1 559	1 552
Basic number of shares in issue (million)	1 455	1 560	1 512
Diluted			
Normalised headline earnings	105.3	99.4	125.5
Weighted average number of shares (million) ¹	1 536	1 604	1 596
Headline earnings	89.8	81.4	92.9
Earnings	82.2	79.4	88.1
Weighted average number of shares (million) ²	1 520	1 588	1 580

¹ For diluted normalised 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	2019	2018
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim - March	35	-
Final - September	-	-
Total	35	-

Share buy-back programme

At 31 December 2018, a total of 106 million shares (R2 billion excluding transaction costs) have been bought back as part of the share buy-back programme. The consideration paid has been adjusted for in retained earnings except for the 27 million shares (R487 million) held by a subsidiary of the group which has been adjusted for in share premium.

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

The A3 MMI Holdings Ltd preference shares are redeemable in June 2019 (after extending it under the same terms by 18 months in the prior period) 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. 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).

A3 MMI Holdings Ltd preference share dividends	2019 Rm	2018 Rm
KTH		
Interim - March	19	19
Final - September	-	19
Total	19	38

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2018 Rm	6 mths to 31.12.2017 Rm	12 mths to 30.06.2018 Rm
Changes in share capital			
Balance at beginning and end	9	9	9
Changes in share premium			
Balance at beginning	13 758	13 737	13 737
Conversion of preference shares	-	7	7
Decrease in treasury shares held on behalf of contract holders	9	42	14
Increase in treasury shares held on behalf of shareholders	(487)	-	-
Balance at end	13 280	13 786	13 758
Changes in other reserves			
Balance at beginning	1 767	1 788	1 788
Total comprehensive (loss)/income	(92)	(38)	138
Employee share schemes – value of services provided	-	3	43
Change in non-distributable reserves	(6)	-	(6)
Transfer to retained earnings	(7)	(50)	(196)
Balance at end ¹	1 662	1 703	1 767
Changes in retained earnings			
Balance at beginning	6 794	7 422	7 422
IFRS 9 opening adjustment	(40)	-	-
Restated opening balance	6 754	7 422	7 422
Total comprehensive income	1 241	1 247	1 369
Dividend paid	-	(1 435)	(1 442)
Shares repurchased	(544)	-	(974)
Transactions with non-controlling interests	(9)	(19)	223
Transfer from other reserves	7	50	196
Balance at end	7 449	7 265	6 794
Equity attributable to owners of the parent	22 400	22 763	22 328
Changes in non-controlling interests			
Balance at beginning	462	292	292
Total comprehensive income	85	16	53
Dividend paid	(55)	(24)	(32)
Transactions with owners	1	(1)	133
Business combinations	-	16	16
Balance at end	493	299	462
Total equity	22 893	23 062	22 790
¹ Other reserves consist of the following:			
Land and building revaluation reserve	564	802	732
Foreign currency translation reserve	(33)	(175)	(97)
Revaluation of available-for-sale investments	-	6	-
Non-distributable reserve	67	60	57
Employee benefit revaluation reserve	93	77	102
Fair value adjustment for preference shares issued by MMI Holdings Ltd	940	940	940
Equity-settled share-based payment arrangements	31	(7)	33
	1 662	1 703	1 767

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2018 Rm	6 mths to 31.12.2017 Rm	12 mths to 30.06.2018 Rm
Cash flow from operating activities			
Cash utilised in operations	(6 418)	(5 499)	(12 313)
Interest and dividends received	9 951	9 194	18 936
Income tax paid	(1 346)	(1 672)	(3 053)
Interest paid	(485)	(472)	(920)
Net cash inflow from operating activities	1 702	1 551	2 650
Cash flow from investing activities			
Net acquisition of subsidiaries	-	(97)	(98)
Net investments in associates and joint ventures	(174)	(122)	(264)
Net loan repayments by related parties	46	95	11
Net purchases of owner-occupied properties	(25)	48	(47)
Net purchases of property and equipment	(182)	(55)	(117)
Net purchases of intangible assets	(46)	(63)	(81)
Dividends from associates	23	-	2
Net cash outflow from investing activities	(358)	(194)	(594)
Cash flow from financing activities			
Net repayments of borrowings	147	(753)	(2 275)
Dividends paid to equity holders	-	(1 435)	(1 442)
Dividends paid to non-controlling interest shareholders	(55)	(24)	(32)
Decrease of treasury shares held on behalf of contract holders	9	42	14
Increase of treasury shares held on behalf of shareholders	(487)	-	-
Transactions with minority shareholders	(8)	(20)	356
Other equity transactions	(2)	5	6
Net issue of subordinated call notes	-	750	750
Shares repurchased	(544)	-	(974)
Net cash outflow from financing activities	(940)	(1 435)	(3 597)
Net cash flow	404	(78)	(1 541)
Cash resources and funds on deposit at beginning	25 812	27 353	27 353
Cash resources and funds on deposit at end	26 216	27 275	25 812

MMI HOLDINGS GROUP - IFRS FINANCIAL INFORMATION

NON-CONTROLLING INTERESTS	31.12.2018 %	31.12.2017 %	30.06.2018 %
Cannon Assurance	33.7	33.7	33.7
Eris Property Group	23.9	23.9	23.9
Metropolitan Health Ghana	0.9	0.9	0.9
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
Metropolitan Health Corporate	49.0	-	49.0
Momentum Short-term Insurance (Namibia)	30.0	30.0	30.0

BUSINESS COMBINATIONS – DECEMBER 2018

There were no significant business combinations for the 6 months ended December 2018.

BUSINESS COMBINATIONS – DECEMBER 2017

There were no significant business combinations for the 6 months ended December 2017. Goodwill (R27 million), customer relationships relating to non-life business (R84 million), broker network (R71 million), and computer software (R5 million) were recognised due to small acquisitions.

BUSINESS COMBINATIONS – JUNE 2018

There were no significant business combinations for the 12 months ended June 2018. Intangibles relating to goodwill (R27 million), customer relationships relating to non-life business (R84 million) and health (R23 million), broker network (R71 million), and computer software (R5 million) were recognised due to small acquisitions.

RECONCILIATION OF GOODWILL	31.12.2018 Rm	31.12.2017 Rm	30.06.2018 Rm
Balance at beginning	1 124	1 128	1 128
Business combinations ¹	-	27	27
Impairment charges ²	-	-	(31)
Exchange differences	-	(3)	-
Balance at end	1 124	1 152	1 124

¹ An acquisition was made in the Guardrisk group for R90 million in the December 2017 period. This resulted in the recognition of R27 million goodwill. The entity's business is that of underwriting managers.

² Goodwill relating to the Financial Partners (Momentum Investments segment) acquisition was impaired in the June 2018 period due to a decline in the directors' valuation relating to a restructure of the UK businesses.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

6 mths to 31.12.2018	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa ¹ Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items ² Rm	IFRS total Rm
Revenue											
Net insurance premiums	4 447	10 257	3 575	12 074	4 759	2 353	-	-	37 465	(17 054)	20 411
Recurring premiums	4 313	221	3 072	6 042	4 333	2 006	-	-	19 987	(6 549)	13 438
Single premiums	134	10 036	503	6 032	426	347	-	-	17 478	(10 505)	6 973
Fee income	661	1 693	73	1 418	669	155	25	54	4 748	(474)	4 274
Fee income	644	1 426	73	1 390	669	155	24	7	4 388	(114)	4 274
Intergroup fee income	17	267	-	28	-	-	1	47	360	(360)	-
Expenses											
Net payments to contract holders											
External payments	4 756	14 677	2 876	7 361	2 527	1 512	-	-	33 709	(20 575)	13 134
Other expenses	1 775	1 576	1 289	1 611	1 567	913	130	161	9 022	1 603	10 625
Sales remuneration	678	433	536	55	1 110	343	-	-	3 155	-	3 155
Administration expenses	836	879	736	1 315	408	477	113	375	5 139	1 386	6 525
Asset management, direct property and other fee expenses	175	169	-	5	-	1	1	17	368	577	945
Intergroup expenses	86	95	17	236	49	92	16	(231)	360	(360)	-
Diluted normalised headline earnings	462	261	333	319	135	94	(248)	262	1 618	-	1 618
Operating profit/(loss)	630	326	464	433	108	37	(256)	(36)	1 706	-	1 706
Tax on operating profit/(loss)	(176)	(79)	(131)	(125)	(36)	(23)	-	(42)	(612)	-	(612)
Investment income	11	22	-	16	91	115	10	280	545	-	545
Tax on investment income	(3)	(6)	-	(4)	(26)	(10)	(2)	(49)	(100)	-	(100)
Fair value (losses)/gains	-	(1)	-	(1)	(2)	(25)	-	125	96	-	96
Tax on fair value (losses)/gains	-	(1)	-	-	-	-	-	(16)	(17)	-	(17)
Covered	496	190	333	275	-	116	-	232	1 642	-	1 642
Non-covered	(34)	71	-	44	135	(22)	(248)	30	(24)	-	(24)
	462	261	333	319	135	94	(248)	262	1 618	-	1 618
Basis changes and investment variances ³	10	8	4	-	-	(35)	-	-	(13)	-	(13)
Actuarial liabilities	71 158	151 278	34 161	89 773	20 088	12 775	-	-	379 233	-	379 233

¹ The 'Africa' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R391 million; external payments R274 million and administration expenses R169 million.

² The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R260 million) and asset management fees for all entities (R317 million), 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 (R1 004 million); the amortisation of intangibles relating to business combinations (R368 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

³ Included in diluted normalised headline earnings.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

Restated 6 mths to 31.12.2017 ¹	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa ² Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items ³ Rm	IFRS total Rm
Revenue											
Net insurance premiums	4 435	11 226	3 788	7 221	4 036	2 192	-	-	32 898	(18 210)	14 688
Recurring premiums	4 288	193	3 120	5 702	3 760	1 872	-	-	18 935	(6 490)	12 445
Single premiums	147	11 033	668	1 519	276	320	-	-	13 963	(11 720)	2 243
Fee income	558	1 695	45	1 343	472	133	24	39	4 309	(457)	3 852
Fee income	543	1 427	45	1 312	471	133	23	-	3 954	(102)	3 852
Intergroup fee income	15	268	-	31	1	-	1	39	355	(355)	-
Expenses											
Net payments to contract holders											
External payments	4 992	13 531	2 781	6 604	2 557	1 314	-	-	31 779	(19 511)	12 268
Other expenses	1 791	1 430	1 217	1 550	1 305	913	102	100	8 408	1 577	9 985
Sales remuneration	683	400	541	78	896	355	-	-	2 953	(30)	2 923
Administration expenses	897	719	646	1 256	364	455	73	287	4 697	1 418	6 115
Asset management, direct property and other fee expenses	193	187	-	-	-	1	14	8	403	544	947
Intergroup expenses	18	124	30	216	45	102	15	(195)	355	(355)	-
Diluted normalised headline earnings	343	253	364	293	105	165	(166)	237	1 594	-	1 594
Operating profit/(loss)	504	327	506	404	41	55	(166)	(28)	1 643	-	1 643
Tax on operating profit/(loss)	(172)	(95)	(142)	(122)	9	(25)	-	11	(536)	-	(536)
Investment income	11	28	-	17	75	80	-	303	514	-	514
Tax on investment income	-	(6)	-	(2)	(19)	(3)	-	(84)	(114)	-	(114)
Fair value (losses)/gains	-	-	-	(4)	(2)	52	-	55	101	-	101
Tax on fair value (losses)/gains	-	(1)	-	-	1	6	-	(20)	(14)	-	(14)
Covered	423	172	364	250	-	206	-	315	1 730	-	1 730
Non-covered	(80)	81	-	43	105	(41)	(166)	(78)	(136)	-	(136)
	343	253	364	293	105	165	(166)	237	1 594	-	1 594
Basis changes and investment variances ⁴	40	(70)	27	-	-	44	-	-	41	-	41
Actuarial liabilities	75 571	158 217	34 879	89 782	19 521	12 453	-	-	390 423	-	390 423

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

² The 'Africa' 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.

³ The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R225 million) and asset management fees for all entities (R318 million), 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 (R1 010 million); the amortisation of intangibles relating to business combinations (R357 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

⁴ Included in diluted normalised headline earnings.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2018 ¹	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa ² Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items ³ Rm	IFRS total Rm
Revenue											
Net insurance premiums	8 938	20 894	7 368	15 244	8 609	4 251	-	-	65 304	(35 411)	29 893
Recurring premiums	8 587	403	6 064	11 588	8 002	3 751	-	-	38 395	(13 204)	25 191
Single premiums	351	20 491	1 304	3 656	607	500	-	-	26 909	(22 207)	4 702
Fee income	967	3 531	139	2 859	1 089	372	43	85	9 085	(1 549)	7 536
Fee income	948	2 863	139	2 590	1 008	289	42	-	7 879	(343)	7 536
Intergroup fee income	19	668	-	269	81	83	1	85	1 206	(1 206)	-
Expenses											
Net payments to contract holders											
External payments	9 494	24 337	5 660	16 329	4 915	2 686	-	-	63 421	(36 189)	27 232
Other expenses	3 527	2 901	2 518	3 366	2 877	1 826	209	496	17 720	2 538	20 258
Sales remuneration	1 348	725	1 060	102	1 946	615	-	-	5 796	-	5 796
Administration expenses	1 802	1 410	1 400	2 538	808	900	170	907	9 935	2 849	12 784
Asset management, direct property and other fee expenses	363	384	-	-	-	3	6	27	783	895	1 678
Intergroup expenses	14	382	58	726	123	308	33	(438)	1 206	(1 206)	-
Diluted normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003	-	2 003
Operating profit/(loss)	716	248	281	1 247	134	33	(380)	(117)	2 162	-	2 162
Tax on operating profit/(loss)	(257)	(70)	(80)	(356)	(23)	(40)	-	(58)	(884)	-	(884)
Investment income	18	56	-	33	137	169	3	592	1 008	-	1 008
Tax on investment income	(5)	(14)	-	(9)	(39)	(27)	-	(141)	(235)	-	(235)
Fair value gains/(losses)	-	11	-	(8)	(6)	11	-	(51)	(43)	-	(43)
Tax on fair value gains/(losses)	-	(4)	-	2	1	1	-	(5)	(5)	-	(5)
Covered	628	84	201	731	-	271	-	358	2 273	-	2 273
Non-covered	(156)	143	-	178	204	(124)	(377)	(138)	(270)	-	(270)
	472	227	201	909	204	147	(377)	220	2 003	-	2 003
Basis changes and investment variances ⁴	(276)	(250)	(410)	333	-	(48)	-	-	(651)	-	(651)
Actuarial liabilities	75 173	159 355	34 903	88 160	19 742	13 009	-	-	390 342	-	390 342

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

² The 'Africa' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R682 million; external payments R481 million and administration expenses R103 million.

³ The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R460 million) and asset management fees for all entities (R436 million), 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 (R2 092 million); the amortisation of intangibles relating to business combinations (R715 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

⁴ Included in diluted normalised headline earnings.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

CHANGE IN DILUTED NORMALISED HEADLINE EARNINGS	Change %	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 ¹ Rm	Restated 12 mths to 30.06.2018 ¹ Rm
Momentum Life	35	462	343	472
Momentum Investments	3	261	253	227
Metropolitan Retail	(9)	333	364	201
Momentum Corporate	9	319	293	909
Non-life Insurance	29	135	105	204
Africa	(43)	94	165	147
New Initiatives	(49)	(248)	(166)	(377)
Operating segments	(0)	1 356	1 357	1 783
Shareholders	11	262	237	220
Total diluted normalised headline earnings	2	1 618	1 594	2 003

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
6 mths to 31.12.2018									
Covered									
Protection	221	-	149	74	-	-	-	-	444
Long-term savings	110	66	108	125	-	-	-	-	409
Annuities and structured products	-	124	64	55	-	-	-	-	243
Traditional	80	-	13	-	-	-	-	-	93
Other	85	-	(1)	21	-	78	-	12	195
Investment income	-	-	-	-	-	38	-	220	258
Total	496	190	333	275	-	116	-	232	1 642
Non-covered									
Investment and savings	-	71	-	-	-	-	-	-	71
Life insurance	-	-	-	-	-	(36)	-	-	(36)
Health	-	-	-	62	-	35	-	-	97
Multiply	(34)	-	-	-	-	-	-	-	(34)
Non-life insurance	-	-	-	-	(8)	19	-	-	11
Cell captives	-	-	-	-	143	-	-	-	143
Unallocated expenses	-	-	-	-	-	-	-	(60)	(60)
New initiatives India	-	-	-	-	-	-	(150)	-	(150)
New initiatives aYo	-	-	-	-	-	-	(36)	-	(36)
Other	-	-	-	(18)	-	(40)	(62)	90	(30)
Total	(34)	71	-	44	135	(22)	(248)	30	(24)
Normalised headline earnings	462	261	333	319	135	94	(248)	262	1 618

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Restated 6 mths to 31.12.2017 ¹									
Covered									
Protection	110	-	154	84	-	-	-	-	348
Long-term savings	53	79	139	106	-	-	-	-	377
Annuities and structured products	-	93	61	45	-	-	-	-	199
Traditional	181	-	16	-	-	-	-	-	197
Other	79	-	(6)	15	-	175	-	29	292
Investment income	-	-	-	-	-	31	-	286	317
Total	423	172	364	250	-	206	-	315	1 730
Non-covered									
Investment and savings	-	81	-	-	-	-	-	-	81
Life insurance	-	-	-	-	-	10	-	-	10
Health	-	-	-	51	-	20	-	-	71
Multiply	(77)	-	-	-	-	-	-	-	(77)
Non-life insurance	-	-	-	-	(22)	(18)	-	-	(40)
Cell captives	-	-	-	-	127	-	-	-	127
Unallocated expenses	-	-	-	-	-	-	-	(45)	(45)
New initiatives India	-	-	-	-	-	-	(102)	-	(102)
New initiatives aYo	-	-	-	-	-	-	(28)	-	(28)
Other	(3)	-	-	(8)	-	(53)	(36)	(33)	(133)
Total	(80)	81	-	43	105	(41)	(166)	(78)	(136)
Normalised headline earnings	343	253	364	293	105	165	(166)	237	1 594

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Restated									
12 mths to 30.06.2018 ¹									
Covered									
Protection	(13)	-	150	293	-	-	-	-	430
Long-term savings	135	109	(118)	196	-	-	-	-	322
Annuities and structured products	-	(25)	75	212	-	-	-	-	262
Traditional	357	-	108	-	-	-	-	-	465
Other	149	-	(14)	30	-	200	-	(116)	249
Investment income	-	-	-	-	-	71	-	474	545
Total	628	84	201	731	-	271	-	358	2 273
Non-covered									
Investment and savings	-	143	-	-	-	-	-	-	143
Life insurance	-	-	-	-	-	(32)	-	-	(32)
Health	-	-	-	195	-	49	-	-	244
Multiply	(152)	-	-	-	-	-	-	-	(152)
Non-life insurance	-	-	-	-	(56)	10	-	-	(46)
Cell captives	-	-	-	-	260	-	-	-	260
Unallocated expenses	-	-	-	-	-	-	-	(97)	(97)
New initiatives India	-	-	-	-	-	-	(218)	-	(218)
New initiatives aYo	-	-	-	-	-	-	(58)	-	(58)
Other	(4)	-	-	(17)	-	(151)	(101)	(41)	(314)
Total	(156)	143	-	178	204	(124)	(377)	(138)	(270)
Normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

MOMENTUM INVESTMENTS - NON-COVERED BUSINESS	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 ¹ Rm	Restated 12 mths to 30.06.2018 ¹ Rm
Revenue	742	835	1 725
Fee income	709	753	1 558
Performance fees	3	1	1
Investment income	36	52	136
Fair value (losses)/gains	(6)	29	30
Expenses and finance costs	(647)	(696)	(1 480)
Other expenses	(624)	(673)	(1 393)
Finance costs	(23)	(23)	(87)
Share of profit/(loss) of associates	2	(3)	5
Profit before tax	97	136	250
Income tax expense	(21)	(46)	(81)
Non-controlling interest	(5)	(9)	(26)
Normalised headline earnings	71	81	143
Operating profit before tax	84	89	155
Tax on operating profit	(17)	(36)	(58)
Investment income	13	20	47
Tax on investment income	(4)	(5)	(12)
Fair value (losses)/gains	(6)	15	14
Tax on fair value (losses)/gains	1	(2)	(3)
Diluted normalised headline earnings	71	81	143
Assets under management at period end	468 604	486 787	496 911

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Africa Rm	Total Rm
6 mths to 31.12.2018			
Revenue	1 356	460	1 816
Net insurance premiums	383	339	722
Fee income	941	102	1 043
Investment income	20	19	39
Intergroup fees	12	-	12
Expenses and finance costs	(1 216)	(387)	(1 603)
Net payments to contract holders	(266)	(234)	(500)
Change in actuarial liabilities	(4)	-	(4)
Other expenses	(944)	(153)	(1 097)
Finance costs	(2)	-	(2)
Profit before tax	140	73	213
Income tax expense	(35)	(22)	(57)
Non-controlling interest	(43)	(16)	(59)
Earnings attributable to ordinary shareholders	62	35	97
Operating profit before tax	71	37	108
Tax on operating profit	(19)	(16)	(35)
Investment income	15	19	34
Tax on investment income	(4)	-	(4)
Fair value losses	(1)	(5)	(6)
Diluted normalised headline earnings	62	35	97
Closed schemes	13	35	48
Open scheme	30	-	30
Other	19	-	19
	62	35	97
	Principal members	Lives	
Momentum Corporate principal members	993 753		
Africa lives		416 186	

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Africa Rm	Total Rm
Restated			
6 mths to 31.12.2017 ¹			
Revenue	1 263	360	1 623
Net insurance premiums	344	255	599
Fee income	895	95	990
Investment income	16	10	26
Intergroup fees	8	-	8
Expenses and finance costs	(1 186)	(304)	(1 490)
Net payments to contract holders	(259)	(182)	(441)
Change in actuarial liabilities	(5)	-	(5)
Other expenses	(921)	(122)	(1 043)
Finance costs	(1)	-	(1)
Profit before tax	77	56	133
Income tax expense	(26)	(21)	(47)
Non-controlling interest	-	(15)	(15)
Earnings attributable to ordinary shareholders	51	20	71
Operating profit before tax	62	24	86
Tax on operating profit	(24)	(14)	(38)
Investment income	18	11	29
Tax on investment income	(2)	-	(2)
Fair value losses	(3)	(1)	(4)
Diluted normalised headline earnings	51	20	71
Closed schemes	42	20	62
Open scheme	(3)	-	(3)
Other	12	-	12
	51	20	71
	Principal members	Lives	
Momentum Corporate principal members	976 683		
Africa lives		454 259	

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Africa Rm	Total Rm
Restated			
12 mths to 30.06.2018 ¹			
Revenue	2 553	774	3 327
Net insurance premiums	694	558	1 252
Fee income	1 798	186	1 984
Investment income	30	30	60
Intergroup fees	31	-	31
Expenses and finance costs	(2 239)	(655)	(2 894)
Net payments to contract holders	(476)	(394)	(870)
Other expenses	(1 760)	(261)	(2 021)
Finance costs	(3)	-	(3)
Profit before tax	314	119	433
Income tax expense	(85)	(37)	(122)
Non-controlling interests	(34)	(33)	(67)
Earnings attributable to ordinary shareholders	195	49	244
Operating profit before tax	249	47	296
Tax on operating profit	(72)	(23)	(95)
Investment income	32	28	60
Tax on investment income	(9)	-	(9)
Fair value losses	(7)	(3)	(10)
Tax on fair value losses	2	-	2
Diluted normalised headline earnings	195	49	244
Closed schemes	102	49	151
Open scheme	37	-	37
Other	56	-	56
	195	49	244
	Principal members	Lives	
Momentum Corporate principal members	978 555		
Africa lives		440 981	

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Africa Rm	Total Rm
6 mths to 31.12.2018				
Net insurance premiums	416	-	89	505
Fee income	2	350	21	373
Management fees	-	217	-	217
Investment fees	-	41	-	41
Underwriting fees	-	92	-	92
Other fee income	2	-	21	23
Investment income	29	75	13	117
Total income	447	425	123	995
Expenses and finance costs	(448)	(228)	(105)	(781)
Net payments to contract holders	(255)	-	(42)	(297)
Change in actuarial liabilities	-	-	9	9
Acquisition costs ¹	(52)	-	(21)	(73)
Other expenses	(141)	(221)	(51)	(413)
Finance costs	-	(7)	-	(7)
(Loss)/Profit before tax	(1)	197	18	214
Income tax expense	(7)	(54)	5	(56)
Non-controlling interest	-	-	(4)	(4)
Earnings attributable to ordinary shareholders	(8)	143	19	154
Operating (loss)/profit before tax	(23)	129	1	107
Tax on operating (loss)/profit	(1)	(35)	5	(31)
Investment income	22	69	14	105
Tax on investment income	(6)	(19)	-	(25)
Fair value losses	-	(1)	(1)	(2)
Diluted normalised headline earnings	(8)	143	19	154
Ability	-	2	-	2
Momentum Short-term Insurance	19	-	-	19
MMI Short-term Insurance Administration	(27)	-	-	(27)
Guardrisk Group	-	141	-	141
Swaziland	-	-	2	2
Tanzania	-	-	(1)	(1)
Momentum Short-term Insurance (Namibia)	-	-	7	7
Cannon Short-term	-	-	11	11
	(8)	143	19	154

¹ The acquisition costs relating to the cell captive business are included in underwriting profit.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Africa Rm	Total Rm
Restated				
6 mths to 31.12.2017 ¹				
Net insurance premiums	350	-	83	433
Fee income	3	321	11	335
Management fees	-	233	-	233
Investment fees	-	42	-	42
Underwriting fees	-	46	-	46
Other fee income	3	-	11	14
Investment income	19	65	7	91
Total income	372	386	101	859
Expenses and finance costs	(427)	(213)	(122)	(762)
Net payments to contract holders	(250)	-	(59)	(309)
Change in actuarial liabilities	-	-	7	7
Acquisition costs ²	(50)	-	(18)	(68)
Other expenses	(127)	(207)	(52)	(386)
Finance costs	-	(6)	-	(6)
(Loss)/Profit before tax	(55)	173	(21)	97
Income tax expense	33	(46)	1	(12)
Non-controlling interest	-	-	2	2
Earnings attributable to ordinary shareholders	(22)	127	(18)	87
Operating (loss)/profit before tax	(58)	113	(26)	29
Tax on operating (loss)/profit	34	(28)	1	7
Investment income	2	61	8	71
Tax on investment income	-	(18)	-	(18)
Fair value losses	-	(2)	(1)	(3)
Tax on fair value losses	-	1	-	1
Diluted normalised headline earnings	(22)	127	(18)	87
Ability	-	3	-	3
Momentum Short-term Insurance	9	-	-	9
MMI Short-term Insurance Administration	(31)	-	-	(31)
Guardrisk Group	-	124	-	124
Swaziland	-	-	(1)	(1)
Tanzania	-	-	(1)	(1)
Momentum Short-term Insurance (Namibia)	-	-	(1)	(1)
Cannon Short-term	-	-	(15)	(15)
	(22)	127	(18)	87

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

² The acquisition costs relating to the cell captive business are included in underwriting profit.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Africa Rm	Total Rm
Restated				
12 mths to 30.06.2018 ¹				
Net insurance premiums	731	-	164	895
Fee income	6	656	31	693
Management fees	-	456	-	456
Investment fees	-	73	-	73
Underwriting fees	-	125	-	125
Other fee income	6	2	31	39
Investment income	41	117	16	174
Total income	778	773	211	1 762
Expenses and finance costs	(867)	(420)	(201)	(1 488)
Net payments to contract holders	(486)	-	(88)	(574)
Change in actuarial liabilities	-	-	11	11
Acquisition costs ²	(113)	-	(34)	(147)
Other expenses	(268)	(409)	(90)	(767)
Finance costs	-	(11)	-	(11)
(Loss)/Profit before tax	(89)	353	10	274
Income tax expense	33	(93)	1	(59)
Non-controlling interest	-	-	(1)	(1)
Earnings attributable to ordinary shareholders	(56)	260	10	214
Operating (loss)/profit before tax	(109)	236	(5)	122
Tax on operating (loss)/profit	39	(60)	1	(20)
Investment income	20	118	17	155
Tax on investment income	(6)	(32)	-	(38)
Fair value losses	-	(3)	(3)	(6)
Tax on fair value losses	-	1	-	1
Diluted normalised headline earnings	(56)	260	10	214
Ability	-	2	-	2
Momentum Short-term Insurance	8	-	-	8
MMI Short-term Insurance Administration	(64)	-	-	(64)
Guardrisk Group	-	258	-	258
Swaziland	-	-	2	2
Tanzania	-	-	3	3
Momentum Short-term Insurance (Namibia)	-	-	(3)	(3)
Cannon Short-term	-	-	8	8
	(56)	260	10	214

¹ The table has been restated based on a new operating model adopted by the group. The group has also adopted normalised headline earnings as its primary earnings measure and not core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of core headline earnings under the old model to normalised headline earnings under the new model.

² The acquisition costs relating to the cell captive business are included in underwriting profit.

MMI HOLDINGS GROUP - SEGMENTAL INFORMATION

INDIA - NON-COVERED BUSINESS ¹	6 mths to 31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018
	Rm	Rm	Rm
Net written premiums	332	187	451
Net earned premiums	257	122	307
Fee income	7	1	4
Net incurred claims	(162)	(122)	(268)
Total management expenses	(368)	(177)	(425)
Net commission expenses	(33)	(14)	(37)
Underwriting loss	(299)	(190)	(419)
Investment income	15	10	20
Operating loss	(284)	(180)	(399)
Investment income on excess	7	9	15
Loss before and after tax	(277)	(171)	(384)
MMI share of results (49%)	(136)	(84)	(188)
MMI support costs	(14)	(18)	(30)
Normalised headline earnings	(150)	(102)	(218)

¹ The India results have been reported with a three month lag.

SEGMENT IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS ¹	Total revenue in scope of IFRS 15				
	Contract admini- stration Rm	Trust and fiduciary services Rm	Health admini- stration Rm	Other fee income Rm	Total fee income Rm
6 mths to 31.12.2018					
Momentum Life	424	6	-	214	644
Momentum Investments	704	675	-	47	1 426
Metropolitan Retail	34	-	-	39	73
Momentum Corporate	216	219	936	19	1 390
Non-life Insurance	34	-	-	635	669
Africa	25	7	7	116	155
New Initiatives	-	-	-	24	24
Shareholders	-	7	-	-	7
Segmental total	1 437	914	943	1 094	4 388
Reconciling items	-	(114)	-	-	(114)
IFRS total	1 437	800	943	1 094	4 274

¹ Comparative information not required in terms of IFRS 15.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	31.12.2018 Rm	Restated 31.12.2017 Rm	Restated 30.06.2018 Rm
Covered business			
Equity attributable to owners of the parent	22 400	22 763	22 328
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(3 022)	(3 310)	(3 170)
Difference between statutory and published valuation methods ¹	-	(1 048)	(1 574)
Net assets - non-covered business within life insurance companies	(2 593)	(2 199)	(2 269)
Net assets - non-covered business outside life insurance companies	(3 026)	(3 203)	(3 430)
Dilutory effect of subsidiaries ²	(81)	(56)	(52)
Value of MMI Group Ltd preference shares issued	(500)	(500)	(500)
Diluted adjusted net worth – covered business	13 178	12 447	11 333
Net value of in-force business	21 140	22 694	22 133
Diluted embedded value – covered business	34 318	35 141	33 466
Non-covered business			
Net assets - non-covered business within life insurance companies	2 593	2 199	2 269
Net assets - non-covered business outside life insurance companies	3 026	3 203	3 430
Consolidation adjustments and transfers to covered business ³	(2 093)	(2 438)	(2 306)
Adjustments for dilution ⁴	648	686	660
Diluted adjusted net worth – non-covered business	4 174	3 650	4 053
Write-up to directors' value	1 388	4 600	2 082
Non-covered business	3 204	5 520	3 895
Holding company expenses ⁵	(1 232)	(333)	(1 232)
International holding company expenses ⁵	(584)	(587)	(581)
Diluted embedded value – non-covered business	5 562	8 250	6 135
Diluted adjusted net worth	17 352	16 097	15 386
Net value of in-force business	21 140	22 694	22 133
Write-up to directors' value	1 388	4 600	2 082
Diluted embedded value	39 880	43 391	39 601
Required capital – covered business (adjusted for qualifying debt) ⁶	2 707	5 448	5 699
Free surplus – covered business	10 471	6 999	5 634
Diluted embedded value per share (cents)	2 660	2 705	2 543
Diluted adjusted net worth per share (cents)	1 158	1 004	988
Diluted number of shares in issue (million) ⁷	1 499	1 604	1 557

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

- ¹ The new regulatory framework, as defined in the South African Insurance Act, 18 of 2017, became effective on 1 July 2018. This meant that the previous Statutory Valuation Method was no longer recognised as a valid basis for regulatory liabilities. MMI covered businesses elected to adopt the IFRS liabilities as reference for determining the Value of In-force business for Embedded Value purposes. The remaining difference between the statutory and published valuation method is no longer applicable to the embedded value statement from 1 July 2018, but remain applicable to prior reporting periods.
- ² 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.
- ³ Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- ⁴ Adjustments for dilution are made up as follows:
- Dilutory effect of subsidiaries (note 2): R117 million (31.12.2017: R109 million; 30.06.2018: R114 million)
 - Treasury shares held on behalf of contract holders: R277 million (31.12.2017: R323 million; 30.06.2018: R292 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R254 million (31.12.2017: R254 million; 30.06.2018: R254 million)
- ⁵ The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- ⁶ The required capital for in-force covered business amounts to R7 098 million (31.12.2017: R9 829 million; 30.06.2018: R10 073 million) and is adjusted for qualifying debt of R4 391 million (31.12.2017: R4 381 million; 30.06.2018: R4 374 million). With the new required capital methodology, that coincided with the implementation of the new regulatory framework as of 1 July 2018, MMIGL has adopted a target range for Solvency Cover of 1.7 to 2.1 times the SCR. This makes allowance for the capital required to support the covered business as well as the wider strategic deployments of the group. The required capital allocated to the South African in-force covered business represents the IFRS shareholder assets required to provide resilience against a range of severe but plausible scenarios, based on stress testing of the new regulatory balance sheet. For the international covered business, required capital is determined as a multiple of the statutory capital adequacy requirements.
- ⁷ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS ¹	31.12.2018	Restated 31.12.2017	Restated 30.06.2018
	Rm	Rm	Rm
Momentum Life	8 973	9 377	9 834
Gross value of in-force business	9 848	10 715	11 182
Less cost of required capital	(875)	(1 338)	(1 348)
Momentum Investments ²	1 654	3 034	1 948
Gross value of in-force business	1 844	3 222	2 111
Less cost of required capital	(190)	(188)	(163)
Metropolitan Retail	4 295	4 003	4 023
Gross value of in-force business	4 589	4 688	4 659
Less cost of required capital	(294)	(685)	(636)
Momentum Corporate	4 508	4 045	4 250
Gross value of in-force business	5 435	4 886	5 183
Less cost of required capital	(927)	(841)	(933)
Africa	1 710	2 235	2 078
Gross value of in-force business	2 058	2 496	2 366
Less cost of required capital	(348)	(261)	(288)
Net value of in-force business	21 140	22 694	22 133

¹ With the adoption of the new regulatory framework for South African insurers, MMI covered businesses elected to adopt the IFRS liabilities as reference for determining the Value of In-force business for Embedded Value purposes. For purposes of determining the Cost of Required Capital, total Restricted Assets were defined in terms of the new regulatory balance sheet by referencing the regulatory technical provisions and SCR. Required Capital is derived as the total Restricted Assets less the IFRS liabilities.

² Prior periods have been restated to include Wealth business in the Momentum Investments segment.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted Net value of net worth Rm	in-force Rm	31.12.2018 Rm	Restated 31.12.2017 Rm	Restated 30.06.2018 Rm
Covered business					
Momentum Life	1 375	8 973	10 348	12 460	13 480
Momentum Investments ^{1, 2}	1 034	1 654	2 688	4 356	2 888
Metropolitan Retail	1 216	4 295	5 511	6 374	6 175
Momentum Corporate	2 766	4 508	7 274	6 383	6 730
Africa	2 167	1 710	3 877	4 033	3 833
Shareholders	4 620	-	4 620	1 535	360
Total covered business	13 178	21 140	34 318	35 141	33 466
	Adjusted net worth Rm	Write-up to directors' value Rm	31.12.2018 Rm	Restated 31.12.2017 Rm	Restated 30.06.2018 Rm
Non-covered business					
Momentum Life	637	(1 198)	(561)	33	(376)
Multiply	637	(1 198)	(561)	33	(376)
Momentum Investments	917	1 011	1 928	2 110	1 744
Investment and savings ¹	749	910	1 659	2 087	1 726
Other	168	101	269	23	18
Momentum Corporate	188	1 415	1 603	1 864	1 572
Health	228	1 415	1 643	1 879	1 595
Other	(40)	-	(40)	(15)	(23)
Non-life Insurance	2 225	1 658	3 883	3 845	3 553
Non-life insurance	893	(313)	580	616	470
Cell captives	1 332	1 971	3 303	3 229	3 083
Africa	(155)	(534)	(689)	(773)	(530)
Life insurance	318	(221)	97	184	204
Health	114	250	364	310	358
Non-life insurance	78	-	78	115	102
Other	(665)	21	(644)	(795)	(613)
International holding company expenses ³	-	(584)	(584)	(587)	(581)
New Initiatives	507	268	775	629	577
New initiatives India	395	226	621	528	453
New initiatives aYo	60	42	102	53	77
Other	52	-	52	48	47
Shareholders	(145)	(1 232)	(1 377)	542	(405)
Other	(145)	-	(145)	875	827
Holding company expenses ³	-	(1 232)	(1 232)	(333)	(1 232)
Total non-covered business	4 174	1 388	5 562	8 250	6 135
Total embedded value	17 352	22 528	39 880	43 391	39 601

¹ Prior periods have been restated to reflect the transfer of Wealth to covered business.

² Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R436 million (31.12.2017: R432 million; 30.06.2018: R582 million) and value of in-force of R171 million (31.12.2017: R573 million; 30.06.2018: R229 million).

³ The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses. The holding company expenses reflect the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE		Covered business					Restated	Restated
		Notes	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2018 Total EV Rm	6 mths to	12 mths to
							31.12.2017 Total EV Rm	30.06.2018 Total EV Rm
Profit from new business			(542)	1 042	(141)	359	318	433
Embedded value from new business		A	(542)	1 018	(141)	335	299	345
Expected return to end of period		B	-	24	-	24	19	88
Profit from existing business			1 919	(395)	38	1 562	1 251	1 102
Expected return – unwinding of RDR		B	-	1 221	(163)	1 058	1 096	2 198
Release from the cost of required capital		C	-	-	196	196	200	452
Expected (or actual) net of tax profit transfer to net worth		D	1 657	(1 657)	-	-	-	-
Operating experience variances		E	277	41	5	323	39	(181)
Development expenses		F	(15)	-	-	(15)	(13)	(51)
Operating assumption changes		G	-	-	-	-	(71)	(1 316)
Embedded value profit/(loss) from operations			1 377	647	(103)	1 921	1 569	1 535
Investment return on adjusted net worth		H	43	-	-	43	409	695
Investment variances		I	(25)	(972)	95	(902)	472	(82)
Economic assumption changes		J	(2)	-	(1)	(3)	160	28
Exchange rate movements		K	9	7	(2)	14	(12)	21
Exceptional items		L	1 534	(1 409)	745	870	-	-
Embedded value profit/(loss) - covered business			2 936	(1 727)	734	1 943	2 598	2 197
Transfer of business to non-covered		M	-	-	-	-	(59)	(59)
Other capital transfers		N	(346)	-	-	(346)	(374)	(455)
Dividend (paid)/received			(745)	-	-	(745)	(1 979)	(3 194)
Change in embedded value - covered business			1 845	(1 727)	734	852	186	(1 511)
Non-covered business								
Change in directors' valuation and other						(610)	(253)	(1 750)
Change in holding company expenses						(3)	(23)	(916)
Embedded value profit/(loss) - non-covered business						(613)	(276)	(2 666)
Transfer of business from covered business		M				-	59	59
Other capital transfers		N				346	374	455
Dividend received/(paid)						744	544	1 752
Shares repurchased						(1 031)	-	(974)
Finance costs – preference shares						(19)	(19)	(37)
Change in embedded value - non-covered business						(573)	682	(1 411)
Total change in group embedded value						279	868	(2 922)
Total embedded value profit/(loss)						1 330	2 322	(469)
Return on embedded value (%) - internal rate of return						6.8%	11.2%	-1.1%
Return on embedded value excluding Exceptional items (%) - internal rate of return						2.3%	11.2%	-1.1%

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^{1, 2}	Momentum		Metropolitan Retail Rm	Momentum Corporate Rm	Africa Rm	Total Rm
	Momentum Life Rm	Investments ^{3, 4} Rm				
6 mths to 31.12.2018						
Value of new business	44	43	58	198	(8)	335
Gross	92	50	83	250	1	476
Less cost of required capital	(48)	(7)	(25)	(52)	(9)	(141)
New business premiums	1 493	11 007	1 187	6 377	473	20 537
Recurring premiums	509	109	653	493	176	1 940
Protection	256	-	427	299	47	1 029
Long-term savings	253	108	224	194	129	908
Annuities and structured products	-	1	2	-	-	3
Single premiums	984	10 898	534	5 884	297	18 597
Protection	-	-	-	-	105	105
Long-term savings	984	9 290	217	5 869	80	16 440
Annuities and structured products	-	1 608	317	15	112	2 052
New business premiums (APE)	607	1 199	707	1 082	206	3 801
Protection	256	-	427	299	58	1 040
Long-term savings	351	1 037	246	781	137	2 552
Annuities and structured products	-	162	34	2	11	209
New business premiums (PVP)	4 104	11 312	2 523	9 784	1 067	28 790
Profitability of new business as a percentage of APE	7.2	3.6	8.2	18.3	(3.9)	8.8
Profitability of new business as a percentage of PVP	1.1	0.4	2.3	2.0	(0.7)	1.2
Restated						
6 mths to 31.12.2017						
Value of new business	25	75	130	44	25	299
Gross	54	89	160	57	37	397
Less cost of required capital	(29)	(14)	(30)	(13)	(12)	(98)
New business premiums	1 383	11 028	1 391	1 750	473	16 025
Recurring premiums	491	102	675	327	232	1 827
Protection	276	-	447	68	86	877
Long-term savings	215	101	226	259	146	947
Annuities and structured products	-	1	2	-	-	3
Single premiums	892	10 926	716	1 423	241	14 198
Protection	-	-	-	1	143	144
Long-term savings	892	9 803	362	1 412	80	12 549
Annuities and structured products	-	1 123	354	10	18	1 505
New business premiums (APE)	580	1 194	747	469	256	3 246
Protection	276	-	447	68	100	891
Long-term savings	304	1 081	263	400	154	2 202
Annuities and structured products	-	113	37	1	2	153
New business premiums (PVP)	3 725	11 328	2 919	4 855	1 367	24 194
Profitability of new business as a percentage of APE	4.3	6.3	17.4	9.4	9.8	9.2
Profitability of new business as a percentage of PVP	0.7	0.7	4.5	0.9	1.8	1.2

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^{1, 2}	Momentum		Metropolitan Retail	Momentum Corporate	Africa	Total
	Momentum Life	Investments ^{3, 4}				
	Rm	Rm				
Restated						
12 mths to 30.06.2018						
Value of new business	66	76	84	124	(5)	345
Gross	120	105	134	160	15	534
Less cost of required capital	(54)	(29)	(50)	(36)	(20)	(189)
New business premiums	2 963	22 650	2 618	4 319	861	33 411
Recurring premiums	995	206	1 249	806	429	3 685
Protection	517	-	816	271	114	1 718
Long-term savings	478	205	429	533	315	1 960
Annuities and structured products	-	1	4	2	-	7
Single premiums	1 968	22 444	1 369	3 513	432	29 726
Protection	-	-	-	10	244	254
Long-term savings	1 968	19 955	631	3 482	152	26 188
Annuities and structured products	-	2 489	738	21	36	3 284
New business premiums (APE)	1 192	2 451	1 386	1 157	472	6 658
Protection	517	-	816	272	138	1 743
Long-term savings	675	2 201	492	881	330	4 579
Annuities and structured products	-	250	78	4	4	336
New business premiums (PVP)	8 089	23 267	5 091	11 218	2 337	50 002
Profitability of new business as a percentage of APE	5.5	3.1	6.1	10.7	(1.1)	5.2
Profitability of new business as a percentage of PVP	0.8	0.3	1.6	1.1	(0.2)	0.7

¹ Value of new business and new business premiums are net of non-controlling interests.

² MMI typically does not include any basis changes for interim reporting, i.e. the value of new business has been calculated on opening demographic 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. MMI does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

³ Prior periods have been restated to include Wealth that was transferred to covered business.

⁴ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R2 million (31.12.2017: R9 million; 30.06.2018: R39 million).

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 Rm	Restated 12 mths to 30.06.2018 Rm
Total lump sum inflows	17 564	13 966	26 942
Inflows not included in value of new business	(3 174)	(4 348)	(6 635)
Wealth off-balance sheet business	3 318	3 777	7 674
Term extensions on maturing policies	725	262	438
Automatically Continued Policies	178	553	1 318
Non-controlling interests and other adjustments	(14)	(12)	(11)
Single premiums included in value of new business	18 597	14 198	29 726

PRINCIPAL ASSUMPTIONS (South Africa) ^{1, 2}	31.12.2018 %	31.12.2017 %	30.06.2018 %
Pre-tax investment return			
Equities	13.2	12.9	13.0
Properties	10.7	10.4	10.5
Government stock	9.7	9.4	9.5
Other fixed-interest stocks	10.2	9.9	10.0
Cash	8.7	8.4	8.5
Risk-free return ³	9.7	9.4	9.5
Risk discount rate (RDR)	12.0	11.6	11.8
Investment return (before tax) - balanced portfolio ³	11.9	11.5	11.7
Renewal expense inflation rate ⁴	6.5	6.7	6.5

¹ The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

² The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

³ 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.

⁴ For the retail businesses 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 addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. For Momentum Corporate a fixed real return of 2.4% is projected. The 6.5% above represents 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	ANW Rm	Gross Rm	VIF Rm	Cost of required capital Rm	6 mths to	Restated	Restated
							31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018
							EV Rm	EV Rm	EV Rm
Momentum Life			100	(27)	-		73	(55)	78
Mortality and morbidity	1		83	18	-		101	69	157
Terminations, premium cessations and policy alterations	2		20	(70)	-		(50)	10	(33)
Expense variance			3	-	-		3	(12)	(15)
Other			(6)	25	-		19	(122)	(31)
Momentum Investments			47	(14)	-		33	(19)	(96)
Mortality and morbidity			3	-	-		3	1	24
Terminations, premium cessations and policy alterations			7	(19)	-		(12)	9	(29)
Expense variance			(5)	-	-		(5)	(46)	(158)
Credit risk variance			22	-	-		22	14	31
Other	3		20	5	-		25	3	36
Metropolitan Retail			44	14	-		58	3	(33)
Mortality and morbidity	1		37	1	-		38	50	98
Terminations, premium cessations and policy alterations			(16)	11	-		(5)	(63)	(141)
Expense variance			(5)	-	-		(5)	(5)	(18)
Credit risk variance			16	-	-		16	8	17
Other			12	2	-		14	13	11
Momentum Corporate			72	70	5		147	124	(34)
Mortality and morbidity	1		32	-	-		32	27	11
Terminations, premium cessations and policy alterations	4		2	70	-		72	12	(59)
Expense variance			11	-	-		11	47	51
Credit risk variance			6	-	-		6	22	48
Other	5		21	-	5		26	16	(85)
Africa			28	(2)	-		26	(7)	10
Mortality and morbidity	6		25	2	-		27	24	52
Terminations, premium cessations and policy alterations	7		(23)	-	-		(23)	(4)	(39)
Expense variance			14	-	-		14	(7)	(4)
Other			12	(4)	-		8	(20)	1
Shareholders			(14)	-	-		(14)	(7)	(106)
Total operating experience variances			277	41	5		323	39	(181)

Notes

- Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
- Positive alteration experience due to better than expected take-up of premium increases were offset by negative termination experience and larger than expected premium discounts.
- Lower commission payments than expected.
- Good retention on risk business.
- Profits earned on administration only business.
- Mainly due to a correction relating to reinsurance premiums.
- Mainly due to a correction relating to claw back commission.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	ANW Rm	Gross Rm	VIF Rm	Cost of required capital Rm	6 mths to	Restated	Restated
						31.12.2018	6 mths to 31.12.2017	12 mths to 30.06.2018
						EV Rm	EV Rm	EV Rm
Momentum Life		-	-	-	-	-	(14)	(137)
Mortality and morbidity assumptions		-	-	-	-	-	-	(10)
Termination assumptions		-	-	-	-	-	-	(182)
Renewal expense assumptions		-	-	-	-	-	-	(256)
Modelling, methodology and other changes		-	-	-	-	-	(14)	311
Momentum Investments		-	-	-	-	-	13	(1 270)
Mortality and morbidity assumptions		-	-	-	-	-	-	5
Termination assumptions		-	-	-	-	-	-	(75)
Renewal expense assumptions		-	-	-	-	-	-	(775)
Modelling, methodology and other changes		-	-	-	-	-	13	(425)
Metropolitan Retail		-	-	-	-	-	-	(273)
Mortality and morbidity assumptions		-	-	-	-	-	-	3
Termination assumptions		-	-	-	-	-	-	(55)
Renewal expense assumptions		-	-	-	-	-	-	(216)
Modelling, methodology and other changes		-	-	-	-	-	-	(5)
Momentum Corporate		-	-	-	-	-	(70)	614
Mortality and morbidity assumptions		-	-	-	-	-	-	(143)
Termination assumptions		-	-	-	-	-	-	9
Renewal expense assumptions		-	-	-	-	-	(70)	526
Modelling, methodology and other changes		-	-	-	-	-	-	222
Africa		-	-	-	-	-	-	(250)
Mortality and morbidity assumptions		-	-	-	-	-	-	49
Termination assumptions		-	-	-	-	-	-	(2)
Renewal expense assumptions		-	-	-	-	-	-	(87)
Modelling, methodology and other changes		-	-	-	-	-	-	(210)
Total operating assumption changes		-	-	-	-	-	(71)	(1 316)

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 Rm	Restated 12 mths to 30.06.2018 Rm
Investment income	305	276	559
Capital appreciation and other	(245)	151	171
Preference share dividends paid and change in fair value of preference shares	(17)	(18)	(35)
Investment return on adjusted net worth	43	409	695

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. EXCEPTIONAL ITEMS

With the adoption of the new regulatory framework for South African insurers, MMI covered businesses elected to adopt the IFRS liabilities as reference for determining the Value of In-force business for Embedded Value purposes. This has resulted in a reallocation of value between the Adjusted Net Worth and Value of In-force due to the liability difference between the previous statutory and IFRS liabilities. For purposes of determining the Cost of Required Capital, total Restricted Assets were defined in terms of the new regulatory balance sheet by referencing the regulatory technical provisions and SCR. Differences in the nature of the Required Capital between the new and the previous basis (which referenced Capital Adequacy Requirement) has resulted in a positive impact on the embedded value.

M. TRANSFER OF BUSINESS FROM/TO NON-COVERED BUSINESS

Transfer of business between covered and non-covered business.

N. OTHER CAPITAL TRANSFERS

Capital transfers include the alignment of the net asset value of subsidiaries between covered and non-covered business and the recapitalisation of some International subsidiaries.

MMI HOLDINGS GROUP - EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES - 31.12.2018	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital ³ Rm	Net value Rm	Gross value Rm	Cost of required capital ³ Rm
Base value	13 178	21 140	23 774	(2 634)	335	476	(141)
1% increase in risk discount rate		19 495	22 402	(2 907)	259	410	(151)
% change		(8)	(6)	10	(23)	(14)	7
1% reduction in risk discount rate		23 119	25 443	(2 324)	411	541	(130)
% change		9	7	(12)	23	14	(8)
10% decrease in future expenses		22 792	25 360	(2 568)	413	550	(137)
% change ¹		8	7	(3)	23	16	(3)
10% decrease in lapse, paid-up and surrender rates		21 897	24 487	(2 590)	402	549	(147)
% change		4	3	(2)	20	15	4
5% decrease in mortality and morbidity for assurance business		23 553	26 121	(2 568)	414	555	(141)
% change		11	10	(3)	24	17	-
5% decrease in mortality for annuity business		20 677	23 410	(2 733)	315	467	(152)
% change		(2)	(2)	4	(6)	(2)	8
1% reduction in gross investment return, inflation rate and risk discount rate	13 178	21 446	24 482	(3 036)	367	521	(154)
% change ²	-	1	3	15	10	9	9
1% reduction in inflation rate		22 195	24 706	(2 511)	377	514	(137)
% change		5	4	(5)	13	8	(3)
10% fall in market value of equities and properties	12 878	20 252	22 851	(2 599)			
% change	(2)	(4)	(4)	(1)			
10% reduction in premium indexation take-up rate		20 779	23 380	(2 601)	309	451	(142)
% change		(2)	(2)	(1)	(8)	(5)	1
10% decrease in non-commission- related acquisition expenses					390	531	(141)
% change					16	12	-
1% increase in equity/property risk premium		21 816	24 521	(2 705)	348	489	(141)
% change		3	3	3	4	3	-

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 CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 Rm	Restated 12 mths to 30.06.2018 Rm
Momentum Life						
Embedded value from new business	(148)	240	(48)	44	25	66
Expected return – unwinding of RDR	-	470	(43)	427	440	897
Release from the cost of required capital	-	-	48	48	73	198
Expected (or actual) net of tax profit transfer to net worth	571	(571)	-	-	-	-
Operating experience variances	100	(27)	-	73	(55)	78
Development expenses	(8)	-	-	(8)	(3)	(17)
Operating assumption changes	-	-	-	-	(14)	(137)
Embedded value profit/(loss) from operations	515	112	(43)	584	466	1 085
Investment return on adjusted net worth	47	-	-	47	83	203
Investment variances	(18)	(446)	105	(359)	214	(132)
Economic assumption changes	-	44	-	44	41	24
Exceptional items	1 167	(1 045)	415	537	-	-
Embedded value profit/(loss) - covered business	1 711	(1 335)	477	853	804	1 180
Momentum Investments						
Embedded value from new business	(86)	136	(7)	43	75	76
Expected return – unwinding of RDR	-	104	(11)	93	133	270
Release from the cost of required capital	-	-	22	22	11	26
Expected (or actual) net of tax profit transfer to net worth	211	(211)	-	-	-	-
Operating experience variances	47	(14)	-	33	(19)	(96)
Development expenses	(3)	-	-	(3)	(1)	(3)
Operating assumption changes	-	-	-	-	13	(1 270)
Embedded value profit/(loss) from operations	169	15	4	188	212	(997)
Investment return on adjusted net worth	34	-	-	34	74	84
Investment variances	9	(262)	33	(220)	32	7
Economic assumption changes	-	9	-	9	(3)	8
Exceptional items	11	(27)	(67)	(83)	-	-
Embedded value profit/(loss) - covered business	223	(265)	(30)	(72)	315	(898)
Metropolitan Retail						
Embedded value from new business	(137)	220	(25)	58	130	84
Expected return – unwinding of RDR	-	227	(38)	189	174	372
Release from the cost of required capital	-	-	55	55	53	102
Expected (or actual) net of tax profit transfer to net worth	432	(432)	-	-	-	-
Operating experience variances	44	14	-	58	3	(33)
Development expenses	(3)	-	-	(3)	(3)	(24)
Operating assumption changes	-	-	-	-	-	(273)
Embedded value profit/(loss) from operations	336	29	(8)	357	357	228
Investment return on adjusted net worth	55	-	-	55	58	115
Investment variances	2	(109)	(41)	(148)	139	135
Economic assumption changes	-	25	11	36	89	76
Exceptional items	16	(16)	379	379	-	-
Embedded value profit/(loss) - covered business	409	(71)	341	679	643	554

MMI HOLDINGS GROUP - ADDITIONAL INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2018 Rm	Restated 6 mths to 31.12.2017 Rm	Restated 12 mths to 30.06.2018 Rm
Momentum Corporate						
Embedded value from new business	(77)	327	(52)	198	44	124
Expected return – unwinding of RDR	-	312	(54)	258	227	474
Release from the cost of required capital	-	-	71	71	63	126
Expected (or actual) net of tax profit transfer to net worth	270	(270)	-	-	-	-
Operating experience variances	72	70	5	147	124	(34)
Development expenses	(1)	-	-	(1)	(6)	(7)
Operating assumption changes	-	-	-	-	(70)	614
Embedded value profit/(loss) from operations	264	439	(30)	673	382	1 297
Investment return on adjusted net worth	64	-	-	64	64	127
Investment variances	11	(111)	(2)	(102)	71	(57)
Economic assumption changes	-	(76)	-	(76)	(3)	(103)
Exceptional items	-	-	37	37	-	-
Embedded value profit - covered business	339	252	5	596	514	1 264
Africa						
Embedded value from new business	(94)	95	(9)	(8)	25	(5)
Expected return – unwinding of RDR	-	132	(17)	115	141	273
Expected (or actual) net of tax profit transfer to net worth	173	(173)	-	-	-	-
Operating experience variances	28	(2)	-	26	(7)	10
Operating assumption changes	-	-	-	-	-	(250)
Embedded value profit/(loss) from operations	107	52	(26)	133	159	28
Investment return on adjusted net worth	38	-	-	38	79	112
Investment variances	(29)	(44)	-	(73)	16	(35)
Economic assumption changes	(2)	(2)	(12)	(16)	36	23
Exchange rate movements	9	7	(2)	14	(12)	21
Exceptional items	340	(321)	(19)	-	-	-
Embedded value profit/(loss) - covered business	463	(308)	(59)	96	278	149
Shareholders						
Operating experience variances	(14)	-	-	(14)	(7)	(106)
Embedded value loss from operations	(14)	-	-	(14)	(7)	(106)
Investment return on adjusted net worth	(195)	-	-	(195)	51	54
Embedded value (loss)/profit - covered business	(209)	-	-	(209)	44	(52)

MMI HOLDINGS GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ¹

	31.12.2018 Rm	31.12.2017 Rm	30.06.2018 Rm
Managed and/or administered by Investments			
Financial assets	392 802	410 228	418 540
Momentum Manager of Managers	78 138	89 396	88 943
Momentum Investment Consultants	5 294	5 153	5 850
Momentum Collective Investments	80 058	80 296	82 157
Metropolitan Collective Investments	122	875	120
Momentum Asset Management	146 816	154 113	152 247
Momentum Global Investments	54 334	54 328	60 476
Momentum Alternative Investments	6 319	6 154	6 278
Momentum Securities	21 721	19 913	22 469
Properties - Eris Property Group	22 077	21 260	21 859
On-balance sheet	8 674	8 147	8 346
Off-balance sheet	13 403	13 113	13 513
Momentum Wealth linked product assets under administration	151 968	157 694	160 839
On-balance sheet	98 243	102 395	104 327
Off-balance sheet	53 725	55 299	56 512
Managed internally or by other managers within MMI (on-balance sheet)	78 712	72 129	71 097
Managed by external managers (on-balance sheet)	18 318	16 307	16 543
Properties managed internally or by other managers within MMI or externally	4 238	3 565	4 268
Momentum Corporate - cell captives on-balance sheet	16 834	15 745	16 575
Total assets managed and/or administered	684 949	696 928	709 721
Managed and/or administered by Investments			
On-balance sheet	216 746	230 207	231 035
Off-balance sheet	176 056	180 021	187 505
	392 802	410 228	418 540

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.

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 31.12.2018					
Momentum Life	134	4 313	4 447	(4 756)	(309)
Momentum Investments	10 036	221	10 257	(14 677)	(4 420)
Metropolitan Retail	503	3 072	3 575	(2 876)	699
Momentum Corporate	6 032	6 042	12 074	(7 361)	4 713
Non-life Insurance	426	4 333	4 759	(2 527)	2 232
Africa	347	2 006	2 353	(1 512)	841
Long-term insurance business fund flows	17 478	19 987	37 465	(33 709)	3 756
Off-balance sheet fund flows					
Managed and/or administered by Investments			38 233	(44 772)	(6 539)
Properties - Eris Property Group			334	(444)	(110)
Momentum Wealth linked product assets under administration			3 325	(4 314)	(989)
Total net funds received from clients			79 357	(83 239)	(3 882)
Restated					
6 mths to 31.12.2017 ²					
Momentum Life	147	4 288	4 435	(4 992)	(557)
Momentum Investments	11 033	193	11 226	(13 531)	(2 305)
Metropolitan Retail	668	3 120	3 788	(2 781)	1 007
Momentum Corporate	1 519	5 702	7 221	(6 604)	617
Non-life Insurance	276	3 760	4 036	(2 557)	1 479
Africa	320	1 872	2 192	(1 314)	878
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					
12 mths to 30.06.2018 ²					
Momentum Life	351	8 587	8 938	(9 494)	(556)
Momentum Investments	20 491	403	20 894	(24 337)	(3 443)
Metropolitan Retail	1 304	6 064	7 368	(5 660)	1 708
Momentum Corporate	3 656	11 588	15 244	(16 329)	(1 085)
Non-life Insurance	607	8 002	8 609	(4 915)	3 694
Africa	500	3 751	4 251	(2 686)	1 565
Long-term insurance business fund flows	26 909	38 395	65 304	(63 421)	1 883
Off-balance sheet fund flows					
Managed and/or administered by Investments			70 861	(81 246)	(10 385)
Properties - Eris Property Group			1 819	(835)	984
Momentum Wealth linked product assets under administration			7 545	(9 280)	(1 735)
Total net funds received from clients			145 529	(154 782)	(9 253)

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 table has been restated based on a new operating model adopted by the group.

MMI HOLDINGS GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2018		31.12.2017		30.06.2018	
	Rm	%	Rm	%	Rm	%
Equity securities	374	1.7	344	1.5	411	1.8
Preference shares	1 400	6.3	1 216	5.3	1 456	6.5
Collective investment schemes	606	2.7	465	2.0	367	1.6
Debt securities	6 658	29.7	7 061	31.0	6 833	30.6
Properties	3 260	14.6	3 625	15.9	3 479	15.6
Owner-occupied properties	2 152	9.6	2 775	12.2	2 426	10.9
Investment properties	1 108	4.9	850	3.7	1 053	4.7
Cash and cash equivalents and funds on deposit	7 189	32.1	6 084	26.7	5 927	26.5
Intangible assets	6 338	28.3	7 005	30.8	6 653	29.8
Other net assets	1 497	6.7	1 921	8.4	2 122	9.5
	27 322	122.0	27 721	121.8	27 248	122.0
Redeemable preference shares	(254)	(1.1)	(254)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	(4 391)	(19.6)	(4 381)	(19.2)	(4 374)	(19.6)
Treasury shares held on behalf of contract holders	(277)	(1.2)	(323)	(1.4)	(292)	(1.3)
Shareholder excess per reporting basis	22 400	100.0	22 763	100.0	22 328	100.0

NUMBER OF EMPLOYEES	31.12.2018		31.12.2017		30.06.2018	
Indoor staff	9 419		9 248		9 350	
SA	8 138		7 985		8 099	
International	1 281		1 263		1 251	
Field staff	6 722		7 698		7 585	
Momentum Retail	1 110		1 134		1 038	
Metropolitan Retail	4 092		5 012		4 535	
International	1 520		1 552		2 012	
Total	16 141		16 946		16 935	

MMI HOLDINGS GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9 ¹	Fair value through income		Total fair value Rm	Amortised cost ² Rm	Other measurement basis ² Rm	Total Rm
	Mandatorily Rm	Designated Rm				
31.12.2018						
Equity securities	92 145	-	92 145	-	-	92 145
Debt securities	30 382	89 496	119 878	20	-	119 898
Funds on deposit and other money market instruments	10 030	14 269	24 299	430	-	24 729
Unit-linked investments	137 364	-	137 364	-	-	137 364
Investments in associates at fair value through income	18 893	-	18 893	-	-	18 893
Derivative financial instruments	2 367	-	2 367	-	-	2 367
Loans and receivables	-	-	-	3 345	-	3 345
Insurance and other receivables (excl prepayments and accelerated rental) ³	-	-	-	-	6 181	6 181
Cash and cash equivalents	-	-	-	26 216	-	26 216
Total financial assets	291 181	103 765	394 946	30 011	6 181	431 138
Investment contracts with DPF ⁴	-	-	-	-	23 100	23 100
Investment contracts designated at fair value through income	-	236 731	236 731	-	-	236 731
Derivative financial instruments	2 177	-	2 177	-	-	2 177
Collective investment scheme liabilities	25 644	-	25 644	-	-	25 644
Subordinated call notes	-	4 391	4 391	-	-	4 391
Carry positions	-	4 947	4 947	-	-	4 947
Preference shares	5	1 017	1 022	-	-	1 022
Borrowings	-	-	-	1 908	-	1 908
Other payables (excl premiums in advance and deferred revenue liability)	-	-	-	6 491	5 585	12 076
Other liabilities	114	-	114	-	-	114
Total financial liabilities	27 940	247 086	275 026	8 399	28 685	312 110

¹ Comparative information not required in terms of IFRS 9.

² The carrying value of financial assets carried at amortised cost and insurance and other receivables approximates fair value. The fair value of borrowings at amortised cost is R2 168 million and the carrying value of other payables approximates fair value due to their short-term nature.

³ With the adoption of IFRS 9 policy loans have been reallocated to insurance and other receivables on the balance sheet. Policy loans are not within the scope of IFRS 9.

⁴ The value of investment contracts with discretionary participation features (DPF) is the retrospective accumulation of the fair value of the underlying assets, which has been used as an approximation for the fair value of this financial liability as the fair value cannot be measured reliably. There is no intention to dispose of these financial instruments.

MMI HOLDINGS GROUP - FINANCIAL INSTRUMENTS

FINANCIAL ASSETS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IAS 39

	31.12.2017 Rm	30.06.2018 Rm
Financial assets designated at fair value through income	408 821	409 439
Securities designated at fair value through income	394 058	395 146
Investments in associates designated at fair value through income	11 821	11 383
Derivative financial instruments	2 935	2 910
Available-for-sale	7	-
Financial assets carried at amortised cost	38 314	36 392
Held-to-maturity	396	437
Loans and receivables	6 115	5 433
Insurance and other receivables	4 528	4 710
Cash and cash equivalents	27 275	25 812
Total financial assets	447 135	445 831

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

FINANCIAL LIABILITIES SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IAS 39

	31.12.2017 Rm	30.06.2018 Rm
Investment contracts with DPF ¹	25 086	24 550
Financial liabilities designated at fair value through income	289 660	288 333
Investment contracts designated at fair value through income	246 076	247 861
Liabilities designated at fair value through income	41 730	38 217
Derivative financial instruments	1 854	2 255
Financial liabilities carried at amortised cost	13 244	15 242
Financial liabilities ²	1 238	2 420
Other payables ²	12 006	12 822
Total financial liabilities	327 990	328 125

¹ The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which has been used as an approximation for the fair value of this financial liability as the fair value cannot be measured reliably. There is no intention to dispose of these financial instruments.

² The fair value of financial liabilities at amortised cost was R1 597 million as at 31.12.2017 and R2 680 million as at 30.06.2018 and the carrying value of other payables approximated fair value due to their short-term nature.

MMI HOLDINGS GROUP - FINANCIAL INSTRUMENTS

ADOPTION OF NEW STANDARDS

IFRS 9 TRANSITIONAL ADJUSTMENTS

Statement of financial position

	30.06.2018 as per IAS 39 Rm	IFRS 9 class- ification Rm	IFRS 9 ECL adjustment Rm	01.07.2018 as per IFRS 9 Rm
ASSETS				
Investments in associates and joint ventures	636	-	-	636
Financial assets <i>designated</i> at fair value through income	395 146	(395 146)	-	-
Financial assets at fair value through income	-	395 146	-	395 146
Investments in associates <i>designated</i> at fair value through income	11 383	(11 383)	-	-
Investments in associates at fair value through income	-	11 383	-	11 383
Derivative financial assets	2 910	-	-	2 910
Held-to-maturity financial assets	437	(437)	-	-
Loans and receivables	5 629	(5 629)	-	-
Financial assets at amortised cost	-	6 066	(46)	6 020
Cash and cash equivalents	25 812	-	-	25 812
Other assets	34 412	-	-	34 412
Total assets	476 365	-	(46)	476 319
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	22 328	-	(40)	22 288
Non-controlling interests	462	-	-	462
Total equity	22 790	-	(40)	22 750
Financial liabilities <i>designated</i> at fair value through income	38 217	(38 217)	-	-
Financial liabilities at fair value through income	-	38 217	-	38 217
Other liabilities ¹	415 358	-	(6)	415 352
Total liabilities	453 575	-	(6)	453 569
Total equity and liabilities	476 365	-	(46)	476 319

¹ The liability ECL adjustment relates to tax on the impairment provision increase.

MMI HOLDINGS GROUP - STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2018	30.06.2018	31.12.2017	30.06.2017
6 month period				
Value of listed shares traded (rand million)	6 971	9 236	8 160	10 392
Volume of listed shares traded (million)	404	433	420	449
Shares traded (% of average listed shares in issue) ¹	55	57	54	58
Trade prices				
Highest (cents per share)	1 895	2 424	2 242	2 669
Lowest (cents per share)	1 578	1 673	1 709	1 920
Last sale of period (cents per share)	1 713	1 767	2 100	2 024
Annualised percentage (%) change during period	(6)	(29)	8	(26)
Annualised percentage (%) change – life insurance sector (J857)	25	(22)	55	(2)
Annualised percentage (%) change – top 40 index (J200)	(18)	(4)	34	7
31 December/30 June				
Price/diluted normalised headline earnings (segmental) ratio ²	8.1	7.0	10.6	6.8
Dividend yield % (dividend on listed shares) ¹	2.0	-	-	7.8
Dividend yield % – top 40 index (J200) ¹	3.3	2.8	2.7	2.8
Total shares issued (million)				
Ordinary shares listed on JSE	1 498	1 529	1 576	1 575
Treasury shares held by subsidiary	(27)	-	-	-
Treasury shares held on behalf of contract holders	(16)	(17)	(16)	(18)
Basic number of shares in issue	1 455	1 512	1 560	1 557
Treasury shares held on behalf of contract holders	16	17	16	18
Convertible redeemable preference shares	28	28	28	29
Diluted number of shares in issue ³	1 499	1 557	1 604	1 604
Market capitalisation at end (Rbn) ⁴	26	28	34	32

¹ Percentages have been annualised.

² Comparatives have been restated for normalised headline earnings.

³ 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.

⁴ The market capitalisation is calculated on the fully diluted number of shares in issue.

MMI HOLDINGS GROUP - APPENDIX A

CHANGES TO PRIMARY EARNINGS METRIC AND SEGMENTAL REPORTING

As communicated at the last annual results announcement, MMI Holdings Ltd (MMI) has changed its primary earnings metric from core headline earnings to normalised headline earnings, in order to align closer to earnings metrics used by the South African insurance industry. Furthermore, following a revision to its internal operating structure, MMI has changed its reporting segments, to align to its current operating model.

These changes have been applied to the reporting period ended 31 December 2018. For illustrative purposes, this disclosure supplement provides segmental earnings for the comparative reporting periods 31 December 2017 and 30 June 2018 and because of their nature, they do not fairly present MMI's financial position, changes in equity, results of operations or cash flows. Please take note that the historical information contained in this supplementary information has not been reviewed by the auditors of MMI. This supplementary financial information is the responsibility of the directors of MMI.

Primary earnings metric

MMI has changed its primary earnings metric from core headline earnings to normalised headline earnings. Compared to core headline earnings, normalised headline earnings has fewer adjustments to the definition of headline earnings and is more comparable to primary earnings metrics used by the South African insurance industry.

Normalised headline earnings include the impact of investment variances, actuarial basis changes and other non-recurring items that were previously not reported as part of core headline earnings. However, normalised headline earnings still adjust the standard definition of headline earnings for treasury shares and for the amortisation of intangible assets from business combinations. MMI is of the opinion that these adjustments present a more realistic picture of underlying performance and remove distortions that might arise from elimination of treasury shares (potential distortions that are peculiar to financial institutions that invest in their own securities on behalf of clients).

New reporting segments

To more meaningfully report on earnings and growth, MMI has aligned its reporting segments to its revised internal operating structure.

The historic segment of Momentum Retail has been split into Momentum Life and Momentum Investments. Momentum Life includes protection, savings and traditional products focused on the middle and affluent client segments. Momentum Investments consists of Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties. All Momentum Wealth products are now reported as covered business, and prior year value of new business and present value of new business premiums have been restated accordingly.

There are no material changes to the Metropolitan Retail reporting segment. Metropolitan Retail focusses on the lower to mid-income retail market segment, with a range of protection and savings products.

Momentum Corporate offers group risk, annuities, pensions savings and umbrella funds (FundsAtWork) and includes MMI Health.

Non-life Insurance is a new reporting segment, comprising the retail general insurance offering, Momentum Short-term Insurance (MSTI) and the cell captive insurer, Guardrisk.

The former international segment has been split: Africa (excluding South Africa) will be shown separately, with India and aYo now reported under New Initiatives, alongside Money Management and other smaller initiatives.

The Shareholder segment reflects investment income on capital held to support local operations and some costs not allocated to operating segments (eg certain holding company expenses).

MMI HOLDINGS GROUP - APPENDIX A

Earnings for the six months ending 31 December 2017 - New primary earnings metric with old segment reporting

SEGMENTAL ANALYSIS	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
Published						
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)
Non-life 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 headline earnings	567	317	455	(27)	244	1 556
Reconciliation to normalised headline earnings						
Fair value gains/(losses)	1	-	(8)	64	53	110
Basis changes and investment variances	(30)	27	-	44	-	41
Non-recurring items	(15)	-	-	(92)	(6)	(113)
Total reconciling items	(44)	27	(8)	16	47	38
Normalised headline earnings	523	344	447	(11)	291	1 594
Restated						
6 mths to 31.12.2017						
Covered						
Operating profit	556	364	254	175	(60)	1 289
Investment income	-	-	-	-	403	403
Total	556	364	254	175	343	1 692
Non-covered						
Investment and savings	48	-	33	26	-	107
Life insurance	-	-	-	(27)	-	(27)
Health	(2)	-	49	(86)	-	(39)
Non-life insurance	(22)	-	127	(17)	-	88
Client engagement	(57)	(20)	(8)	(10)	3	(92)
Unallocated expenses	-	-	-	(5)	(46)	(51)
Other operations	-	-	(8)	(67)	(9)	(84)
Total	(33)	(20)	193	(186)	(52)	(98)
Normalised headline earnings	523	344	447	(11)	291	1 594

MMI HOLDINGS GROUP - APPENDIX A

Earnings for the six months ending 31 December 2017 - New primary earnings metric with new segment reporting

SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Normalised headline earnings - old model	523		344	447		(11)		291	1 594
Items to restate into new segments									
Split of annuities from Momentum Retail to Momentum Investments	(118)	118	-	-	-	-	-	-	-
Move of investment business to Momentum Investments	(48)	107	-	(33)	-	(26)	-	-	-
Health business allocated to Momentum Corporate only	2	-	-	(2)	-	-	-	-	-
Non-life business, including Guardrisk, disclosed as new segment	22	-	-	(127)	105	-	-	-	-
Split out new initiatives into separate segment	25	-	-	-	-	130	(166)	11	-
Multiply (excluding money management) moved to Momentum Life	(35)	-	20	8	-	10	-	(3)	-
Wealth on-balance sheet moved to Momentum Investments	(28)	28	-	-	-	-	-	-	-
African life insurance investment income reallocated from Shareholders	-	-	-	-	-	62	-	(62)	-
	343	253	364	293	105	165	(166)	237	1 594
Covered									
Protection	110	-	154	84	-	-	-	-	348
Long-term savings	53	79	139	106	-	-	-	-	377
Annuities and structured products	-	93	61	45	-	-	-	-	199
Traditional	181	-	16	-	-	-	-	-	197
Other	79	-	(6)	15	-	175	-	29	292
Investment income	-	-	-	-	-	31	-	286	317
Total	423	172	364	250	-	206	-	315	1 730
Non-covered									
Investment and savings	-	81	-	-	-	-	-	-	81
Life insurance	-	-	-	-	-	10	-	-	10
Health	-	-	-	51	-	20	-	-	71
Multiply	(77)	-	-	-	-	-	-	-	(77)
Non-life insurance	-	-	-	-	(22)	(18)	-	-	(40)
Cell captives	-	-	-	-	127	-	-	-	127
Unallocated expenses	-	-	-	-	-	-	-	(45)	(45)
New initiatives India	-	-	-	-	-	-	(102)	-	(102)
New initiatives aYo	-	-	-	-	-	-	(28)	-	(28)
Other	(3)	-	-	(8)	-	(53)	(36)	(33)	(133)
Total	(80)	81	-	43	105	(41)	(166)	(78)	(136)
Normalised headline earnings	343	253	364	293	105	165	(166)	237	1 594

MMI HOLDINGS GROUP - APPENDIX A

Earnings for the 12 months ending 30 June 2018 - New primary earnings metric with old segment reporting

SEGMENTAL ANALYSIS	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
Published						
12 mths to 30.06.2018						
Covered						
Operating profit	1 096	611	425	191	(8)	2 315
Investment income	-	-	-	-	546	546
Total	1 096	611	425	191	538	2 861
Non-covered						
Investment and savings	1	-	91	99	-	191
Life insurance	-	-	-	(69)	-	(69)
Health	19	-	151	(156)	-	14
Non-life insurance	(56)	-	260	(3)	-	201
Client engagement	(140)	(29)	(8)	(19)	9	(187)
Unallocated expenses	-	-	-	-	(104)	(104)
Other operations	-	(12)	(16)	(91)	21	(98)
Total	(176)	(41)	478	(239)	(74)	(52)
Core headline earnings	920	570	903	(48)	464	2 809
Reconciliation to normalised headline earnings						
Fair value gains/(losses)	7	-	6	14	(67)	(40)
Basis changes and investment variances	(526)	(410)	333	(48)	-	(651)
Non-recurring items	-	-	-	(100)	(15)	(115)
Total reconciling items	(519)	(410)	339	(134)	(82)	(806)
Normalised headline earnings	401	160	1 242	(182)	382	2 003
Restated						
12 mths to 30.06.2018						
Covered						
Operating profit	571	201	758	200	(46)	1 684
Investment income	-	-	-	-	553	553
Total	571	201	758	200	507	2 237
Non-covered						
Investment and savings	9	-	100	78	-	187
Life insurance	-	-	-	(90)	-	(90)
Health	19	-	149	(169)	-	(1)
Non-life insurance	(56)	-	260	10	-	214
Client engagement	(142)	(29)	(8)	(19)	9	(189)
Unallocated expenses	-	-	-	(5)	(116)	(121)
Net investment income	-	-	-	-	(4)	(4)
Other operations	-	(12)	(17)	(187)	(14)	(230)
Total	(170)	(41)	484	(382)	(125)	(234)
Normalised headline earnings	401	160	1 242	(182)	382	2 003

MMI HOLDINGS GROUP - APPENDIX A

Earnings for the 12 months ending 30 June 2018 - New primary earnings metric with new segment reporting

SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Normalised headline earnings - old model	401		160	1 242		(182)		382	2 003
Items to restate into new segments									
Split of annuities from Momentum Retail to Momentum Investments	4	(4)	-	-	-	-	-	-	-
Move of investment business to Momentum Investments	(9)	187	-	(100)	-	(78)	-	-	-
Health business allocated to Momentum Corporate only	(19)	-	-	19	-	-	-	-	-
Non-life business, including Guardrisk, disclosed as new segment	56	-	-	(260)	204	-	-	-	-
Split out new initiatives into separate segment	68	-	12	-	-	278	(377)	19	-
Multiply (excluding money management) moved to Momentum Life	(47)	-	29	8	-	19	-	(9)	-
Wealth on-balance sheet moved to Momentum Investments	(52)	52	-	-	-	-	-	-	-
African life insurance investment income reallocated from Shareholders	-	-	-	-	-	110	-	(110)	-
Tax reallocation from Momentum Retail to shareholders and other	70	(8)	-	-	-	-	-	(62)	-
	472	227	201	909	204	147	(377)	220	2 003
Covered									
Protection	(13)	-	150	293	-	-	-	-	430
Long-term savings	135	109	(118)	196	-	-	-	-	322
Annuities and structured products	-	(25)	75	212	-	-	-	-	262
Traditional	357	-	108	-	-	-	-	-	465
Other	149	-	(14)	30	-	200	-	(116)	249
Investment income	-	-	-	-	-	71	-	474	545
Total	628	84	201	731	-	271	-	358	2 273
Non-covered									
Investment and savings	-	143	-	-	-	-	-	-	143
Life insurance	-	-	-	-	-	(32)	-	-	(32)
Health	-	-	-	195	-	49	-	-	244
Multiply	(152)	-	-	-	-	-	-	-	(152)
Non-life insurance	-	-	-	-	(56)	10	-	-	(46)
Cell captives	-	-	-	-	260	-	-	-	260
Unallocated expenses	-	-	-	-	-	-	-	(97)	(97)
New initiatives India	-	-	-	-	-	-	(218)	-	(218)
New initiatives aYo	-	-	-	-	-	-	(58)	-	(58)
Other	(4)	-	-	(17)	-	(151)	(101)	(41)	(314)
Total	(156)	143	-	178	204	(124)	(377)	(138)	(270)
Normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003