



Summary of financial information

Unaudited results for the 6 months ended 31 December 2010

MMI HOLDINGS LIMITED GROUP

Corporate events

MMI Holdings Limited (previously Metropolitan Holdings Limited) acquired all the ordinary shares in Momentum Group Limited (Momentum) from FirstRand Limited (FirstRand) during 2010 and issued 951 million shares to FirstRand as consideration (the "Merger"). For accounting purposes, the acquisition is accounted for as a reverse acquisition in terms of IFRS 3 (Revised) – Business combinations, Momentum is treated as the acquirer and Metropolitan Holding Limited (Metropolitan) the acquiree. The relevant approvals for the transaction were received on 12 November 2010 (transaction unconditional), the consideration shares were issued on 1 December 2010 and the MMI Holdings Limited (MMI) Board was reconstituted on the latter date. The board of directors remain of the opinion that this transaction will unlock significant value for all stakeholders. Further details relating to the merger are discussed below.

Presentation of financial information

Momentum is considered to be the acquirer for accounting purposes and therefore:

- the unaudited results presented for the current period comprise Momentum for the six months ended 31 December 2010 and Metropolitan for the month of December 2010; and
- the comparatives are the six months ended 31 December 2009 and the 12 months ended 30 June 2010 for Momentum (restated for accounting policy changes noted below).

The Momentum comparatives for the 12 months ended 30 June 2010 were extracted from the audited Momentum Group annual financial statements which are available, together with the independent reporting accountant's audit report thereon, on the MMI website after aligning the accounting policies for the accounting policies adopted by MMI. The Momentum embedded value and value of new business numbers for the 12 months ended 30 June 2010, is available on the MMI website.

As Metropolitan and Momentum operated as separate groups for the majority of the current reporting period additional information regarding both groups, immediately prior to the merger, has been included as annexures:

- Annexure A: Unaudited pro forma MMI consolidated earnings and embedded value information, comprising Momentum and Metropolitan combined for the six months ended 31 December 2010 (assuming the Merger was effective 1 July 2010). This has been extracted from the pro forma financial information of MMI for the six months ended 31 December 2010, as published on SENS on 9 March 2011, which includes the detailed build up and assumptions supporting the pro forma financial information presented in Annexure A.
- Annexure B: Momentum's unaudited results for the six months ended 31 December 2010.
- Annexure C: Metropolitan's separate reviewed results for the 12 months ended 31 December 2010, assuming that the Merger did not take place. The independent reporting accountant's report on Metropolitan's reviewed results for the 12 months ended 31 December 2010 is available for inspection.

Treatment of FNB Life

Effective from 1 December 2010, Momentum entered into a reinsurance agreement whereby 90% of the FNB Life business is reinsured to a cell owned by FirstRand. The results for the six months therefore include 100% of FNB Life's profit for five months to 30 November 2010, and 10% of FNB Life's profit for December 2010. The value of new business for the reporting period and comparative periods is presented on a pro forma basis as if the reinsurance agreement had already been effective for the full term of these periods.

MMI HOLDINGS LIMITED GROUP

Basis of presentation of financial information

These results, including the information presented in Annexure B and Annexure C, have been prepared in accordance with International Accounting Standard 34 (IAS34) – Interim financial reporting; the South African Companies Act, Act 61 of 1973, as amended; and the Listings Requirements of the JSE Limited (JSE). The accounting policies of the group are in terms of International Financial Reporting Standards (IFRS) and have been applied consistently to all the periods presented and the previous reporting period (except for those noted below). The comparatives have been restated for the changes in accounting policies noted below. The preparation of financial statements is in accordance with and contains the information required by IFRS and the AC 500 standards, as issued by the Accounting Practices Board or its successor, which requires the use of certain critical accounting estimates as well as the exercise of managerial judgement in the application of the group's accounting policies. Such critical judgements and accounting estimates are disclosed in detail in the Momentum financial statements at 30 June 2010 (31 December 2009 for Metropolitan) and, with the exception of the principal economic assumptions, have remained unchanged since then.

Change in accounting policies

Early adoption of accounting standard

The International Accounting Standards Board amended IAS12 - Income taxes in December 2010. The amendments introduce a presumption that the carrying value of an investment property is recovered entirely through sale. The MMI group chose to early adopt the amendments because this new accounting policy provides more reliable and relevant information for users as it represents more realistic tax consequences relating to investment property. The restatement resulted in an increase of policyholder liabilities under insurance contracts of R126 million as at 1 July 2009 and a decrease of the deferred income tax liability of R126 million, representing the cumulative effect up to that date. The decrease in the deferred income tax charge for the year ended 30 June 2010 was R15 million (R5 million for the six months ended 31 December 2009).

Alignment

The MMI group had the following accounting policy changes in order to align the historic accounting policies of Momentum and Metropolitan for consistency purposes:

- Owner-occupied properties were previously carried using the cost model. The policy for the group has now changed to the fair value model and as a result the value of owner-occupied properties at 1 July 2009 was increased by R445 million and a deferred tax liability of R50 million was raised. The owner occupied property revaluation reserve was increased by R395 million and additional depreciation of R12 million was expensed for the 12 months ended 30 June 2010 (R6 million for six months ended 31 December 2009). The related tax release was R2 million for the 12 months ended 30 June 2010 (R1 million for the six months ended 31 December 2009).
- Actuarial gains and losses relating to employee benefit funds were previously recognised using the corridor method. The corridor method defers actuarial gains and losses and recognises it over the service lives of employees. The policy of the group has now changed to recognising these actuarial gains and losses immediately in the income statement. This resulted in an increase in the employee benefit fund asset of R45 million at 1 July 2009 and a R45 million decrease in fair value gains (and therefore retained earnings) for the 12 months ended 30 June 2010. The related tax release was R13 million for the year ended 30 June 2010. There was no income statement effect for the six months ended 31 December 2009.
- Investment with discretionary participation features (DPF) contracts were previously accounted for as investment business with deposit accounting being applied. The policy for the group has changed to account for investment with DPF contracts as insurance business with premiums and claims being recorded in the income statement. This resulted in premiums and claims increasing by R2 308 million and R2 849 million respectively for the 12 months ended 30 June 2010 (R744 million and R864 million respectively for six months ended 31 December 2009). Fair value adjustments on investment contract liabilities reduced by R1 094 million for the 12 months ended 30 June 2010 (R799 million for the six months ended 31 December 2009). The change had no impact on retained earnings and the carrying value of investment with DPF contract liabilities.

MMI HOLDINGS LIMITED GROUP

Standards and interpretations of published standards effective in 2010 and relevant to the group

- The following amendments to standards became effective for the first time in the current year and had no significant impact on the group's earnings: IFRS 2 – Share based payment – group cash-settled share based payment transactions, IAS 27 (Revised) – Consolidated and separate financial statements, AC 504 – IAS19: The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment. The conceptual framework for financial reporting 2010 was also effective from September 2010.
- IFRS 3 (Revised) – Business combinations was applied to the merger between Momentum and Metropolitan and the most significant impact on the group's current period earnings was that transaction costs of R27 million (net of tax) which would previously have been capitalised, were expensed.
- 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 information

As Metropolitan and Momentum operated as two separate groups for the majority of the current reporting period the segments for MMI have been disclosed as Momentum, with its previously disclosed segments. Metropolitan is shown as a segment on its own. The segmental information in Annexures B and C has been disclosed as they were previously disclosed by each group before the merger.

Momentum's segments have previously been defined as follows:

- Retail - performs all of the distribution and administration activities for the existing policy book and new individual life recurring premium policies. In addition to these services this segment provides the broker distribution and agency sales channels for all of the other segments - comprises mostly Momentum Group Ltd.
- Investments - comprises all the businesses that provide investment management services for fees. Subsidiaries which are included in this segment include RMB Asset Management, RMB Unit Trusts, RMB Asset Management International, FirstRand Alternative Investment Management, Momentum Administration Services, RMB Investment Services and Advantage Asset Management. It also includes Momentum Wealth, a division of Momentum Group Limited.
- Group - performs all of the activities in relation to employee benefits business and performs the administration for the healthcare business. The results of Momentum Ability, AdviceAtWork, Momentum Medical Scheme Administrators, Momentum Africa and Momentum Life Assurance Namibia are included in this segment.
- New markets – individual life premium policies focussing on the middle market income earners.
- FNB Life - distributes credit life, funeral, personal accident and law-on-call products mainly to the lower income clients of FirstRand Bank Ltd.
- Capital centre - responsible for the management of Momentum's capital and includes the head office accounting and corporate actuarial functions. The investment income on shareholders' asset is also included under this segment.

MMI HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
ASSETS			
Intangible assets	12 719	3 132	3 127
Owner-occupied properties	1 657	908	947
Property and equipment	254	109	108
Investment properties	5 554	2 274	2 276
Investment in associates	6 354	7 856	6 804
Employee benefit assets	334	83	113
Financial instrument assets ⁽¹⁾	232 670	147 669	149 765
Insurance and other receivables	2 363	489	583
Deferred income tax	994	951	932
Reinsurance contracts	1 164	635	628
Current income tax assets	52	63	36
Cash and cash equivalents	19 087	27 723	22 611
Non-current assets held for sale	5 337	-	11 434
Total assets	288 539	191 892	199 364
EQUITY			
Equity attributable to owners of the parent	22 572	8 339	8 676
Non-redeemable, non-cumulative, non-participative preference shares issued by Momentum	500	500	500
Non-controlling interests	262	(10)	(4)
Total equity	23 334	8 829	9 172
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts ⁽²⁾	83 209	41 150	41 037
Financial instrument liabilities			
Investment contracts	146 057	113 471	112 141
– with discretionary participation features ⁽²⁾	26 010	13 880	12 459
– designated as fair value through income	120 047	99 591	99 682
Other financial instrument liabilities ⁽³⁾	16 553	14 380	15 569
Deferred income tax	4 800	1 738	1 634
Employee benefit obligations	661	176	361
Other payables	9 651	11 915	8 805
Provisions	112	208	140
Current income tax liabilities	53	25	43
Non-current liabilities held for sale	4 109	-	10 462
Total liabilities	265 205	183 063	190 192
Total equity and liabilities	288 539	191 892	199 364

(1) Financial instrument assets consist of the following:

Assets designated as fair value through income: R217 059 million (31.12.2009: R133 235 million; 30.06.2010: R138 485 million)

Derivative financial instruments: R8 287 million (31.12.2009: R7 867 million; 30.06.2010: R6 521 million)

Held-to-maturity assets: R64 million (31.12.2009: R55 million; 30.06.2010: R46 million)

Available-for-sale assets: R4 763 million (31.12.2009: R3 685 million; 30.06.2010: R2 887 million)

Loans and receivables: R2 497 million (31.12.2009: R2 827 million; 30.06.2010: R1 826 million)

(2) Under IFRS4, the group continues to account for long-term insurance contracts and investment contracts with discretionary participation features using SA GAAP.

(3) Other financial instrument liabilities consist of the following:

Liabilities designated as fair value through income: R13 573 million (31.12.2009: R13 111 million; 30.06.2010: R14 370 million)

Liabilities held for trading: R1 543 million (31.12.2009: R1 016 million; 30.06.2010: R956 million)

Liabilities at amortised cost: R1 437 million (31.12.2009: R253 million; 30.06.2010: R243 million)

MMI HOLDINGS – GROUP RESULTS

CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Net insurance premiums received	5 265	4 028	9 722
Fee income ⁽⁴⁾	1 537	1 296	2 690
Investment income	4 758	5 099	9 417
Net realised and fair value gains	12 822	10 612	9 730
Net income	24 382	21 035	31 559
Net insurance benefits and claims	5 793	4 217	9 386
Change in liabilities	3 573	2 433	2 046
Change in insurance contract liabilities	3 207	1 956	1 841
Change in investment contracts with DPF liabilities	637	537	258
Change in reinsurance provision	(271)	(60)	(53)
Fair value adjustments on investment contract liabilities	8 743	9 440	10 695
Fair value adjustments on collective investment scheme liabilities	1 025	796	744
Depreciation, amortisation and impairment expenses	149	86	249
Employee benefit expenses	1 220	983	2 037
Sales remuneration	1 067	816	1 587
Other expenses	808	550	1 218
Expenses	22 378	19 321	27 962
Results of operations	2 004	1 714	3 597
Share of profit of associates	26	16	32
Finance costs ⁽⁵⁾	(278)	(306)	(1 122)
Profit before tax	1 752	1 424	2 507
Income tax expenses	(651)	(592)	(830)
Earnings	1 101	832	1 677
Attributable to:			
Owners of the parent	1 079	813	1 640
Non-controlling interests	4	(2)	(1)
Momentum preference shares	18	21	38
	1 101	832	1 677
Basic earnings per share (cents)	104	85	172
Diluted earnings per share (cents)	103	85	172

(4) Fee income consists of the following:

Investment contracts: R866 million (31.12.2009: R640 million; 30.06.2010: R1 120 million)
Trust and fiduciary services: R248 million (31.12.2009: R183 million; 30.06.2010: R564 million)
Health administration services: R255 million (31.12.2009: R254 million; 30.06.2010: R505 million)
Other fee income: R168 million (31.12.2009: R219 million; 30.06.2010: R501 million)

(5) Finance costs consist of the following:

Preference shares issued by MMI Holdings Ltd: R8 million (31.12.2009: Rnil million; 30.06.2010: Rnil million)
Subordinated redeemable debt: R41 million (31.12.2009: R42 million; 30.06.2010: R84 million)
Cost of carry and interest rate swaps: R182 million (31.12.2009: R182 million; 30.06.2010: R871 million)
Other: R47 million (31.12.2009: R82 million; 30.06.2010: R167 million)

MMI HOLDINGS – GROUP RESULTS

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Earnings	1 079	813	1 640	1 079	813	1 640
Finance costs – convertible preference shares				8	-	-
Diluted earnings				1 087	813	1 640
Goodwill and other impairments	9	5	83	9	5	83
Headline earnings ⁽⁶⁾	1 088	818	1 723	1 096	818	1 723
Net realised and fair value gains on excess	(155)	(13)	(25)	(155)	(13)	(25)
Basis and other changes and investment variances	(77)	(41)	(61)	(77)	(41)	(61)
Dilutory effect of subsidiaries ⁽⁷⁾				(1)		
FNB Life (90%)	(174)	(191)	(416)	(174)	(191)	(416)
Amortisation of intangible assets relating to business combinations	63	27	55	63	27	55
Merger costs	27	-	-	27	-	-
Core headline earnings ⁽⁸⁾	772	600	1 276	779	600	1 276

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

(7) Metropolitan Health and Metropolitan Kenya are consolidated at 100% in the results. For the purposes of diluted core headline earnings, non-controlling interests and investment returns are reinstated.

(8) Core headline earnings have been disclosed that comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on investment assets, investment variances and basis and other changes which can be volatile, certain once off items, as well the amortisation of intangible assets relating to business combinations as this is part of the cost of acquiring the business.

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Basic			
Core headline earnings	74	63	134
Headline earnings	105	86	181
Earnings	104	85	172
Weighted average number of shares (million)	1 038	951	951
Diluted			
Core headline earnings	74	63	134
Weighted average number of shares (million)	1 058	951	951
Headline earnings	104	86	181
Earnings	103	85	172
Weighted average number of shares (million)	1 055	951	951

- The weighted average number of shares for the comparative figures relates to the 951 million shares issued to FirstRand in exchange for Momentum.

- For diluted core headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued. For diluted earnings and headline earnings per share, these shares are deemed to be cancelled.

MMI HOLDINGS – GROUP RESULTS

DIVIDENDS	2010	2009
Ordinary listed MMI shares (cents per share)		
Interim	42	40
Special	21	
Final		60
Total		100

Ordinary unlisted Momentum shares

Momentum declared a total dividend of 422 cents per share to FirstRand in respect of the 12 months ended 30 June 2010. A dividend of 188 cents per share was declared in respect of the current period (31.12.2009: 178 cents per share).

ANALYSIS OF DILUTED CORE HEADLINE EARNINGS	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Momentum	647	600	1 276
Retail	305	267	598
Investments	150	165	271
Group	(1)	-	60
New markets	(21)	(16)	(22)
FNB Life	23	23	47
Capital centre	191	161	322
Metropolitan	132	-	-
Earnings	779	600	1 276

- Certain unallocated corporate expenses are included in the Capital centre segment.
- FNB Life represents 10% of FNB Life's earnings

DIVIDENDS			
MMI Holdings convertible redeemable preference shares (issued to KTI)	A1	A2	A3
Redemption value (per share) R	5.12	9.18	9.18
Paid – 30 September 2010 Rate	8.5%	8.5%	17.1%
Rm	12	5	27
Payable – 31 March 2011 Rate	7.7%	7.7%	18.0%
Rm	11	5	29
Redemption date	Oct - 2012	Dec - 2011	Dec - 2012

- The redemption date of the MMI A3 preference shares was extended during 2010.

MMI HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Earnings	1 101	832	1 677
Other comprehensive income for the year, net of tax	(11)	130	108
Exchange differences on translating foreign operations	(37)	(12)	(16)
Available-for-sale financial assets	12	130	68
Land and buildings revaluation	14	14	66
Share of other comprehensive income of associates	(2)	-	-
Change in non-distributable reserves	1	1	(1)
Income tax relating to components of other comprehensive income	1	(3)	(9)
Total comprehensive income for the year	1 090	962	1 785
Total comprehensive income attributable to:			
Owners of the parent	1 074	943	1 748
Non-controlling interests	(2)	(2)	(1)
Momentum preference shares	18	21	38
	1 090	962	1 785

MMI HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Changes in share capital			
Balance at beginning ⁽⁹⁾	1 041	1 041	1 041
Treasury shares held on behalf of contract holders	(328)	-	-
Shares issued ⁽¹⁰⁾	12 582	-	-
Balance at end	13 295	1 041	1 041
Changes in other reserves			
Balance at beginning	1 140	648	648
Change in accounting policy	-	395	395
Total comprehensive income	(3)	130	108
Transfer to retained earnings	1	-	(11)
Balance at end ⁽¹¹⁾	1 138	1 173	1 140
Changes in retained earnings			
Balance at beginning	6 495	5 606	5 606
Change in accounting policy	-	32	32
Total comprehensive income	1 077	813	1 640
Dividend paid	(359)	(338)	(801)
Employee share scheme	(13)	12	7
Transfer from other reserves	(1)	-	11
Balance at end	7 199	6 125	6 495
Fair value adjustment for preference shares issued by MMI ⁽¹²⁾	940	-	-
Equity attributable to owners of the parent	22 572	8 339	8 676
Momentum preference shares			
Balance at beginning	500	500	500
Total comprehensive income	18	21	38
Dividend paid	(18)	(21)	(38)
Balance at end	500	500	500
Changes in non-controlling interests			
Balance at beginning	(4)	(9)	(9)
Total comprehensive income	(2)	(2)	(1)
Transactions with owners	46	1	6
Metropolitan merger	222	-	-
Balance at end	262	(10)	(4)
Total equity	23 334	8 829	9 172

(9) The opening share capital and share premium represents the issued equity interests of Momentum Group Limited, however the number and type of shares in issue reflects the equity structure of MMI Holdings Limited.

(10) The shares issued represent the fair value of the consideration relating to the issue of the 951 million shares to FirstRand Limited.

(11) Other reserves consist of the following:

Land and buildings revaluation reserve: R458 million (31.12.2009: R407 million; 30.06.2010: R441 million)

Foreign currency translation reserve: R4 million (31.12.2009: R39 million; 30.06.2010: R35 million)

Fair value reserve: R668 million (31.12.2009: R719 million; 30.06.2010: R658 million)

Non-distributable reserve: R8 million (31.12.2009: R8 million; 30.06.2010: R6 million)

(12) This represents the write up of the carrying value of the preference shares issued by MMI Holdings Limited to Kagiso Trust Investment to fair value as part of the fair value exercise performed as a result of the merger.

MMI HOLDINGS – GROUP RESULTS

CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Net cash outflow from operating activities	(11 484)	(3 091)	(9 709)
Net cash inflow/(outflow) from investing activities	52	(597)	33
Net cash (outflow)/inflow from financing activities	(245)	273	2 117
Net cash flow	(11 677)	(3 415)	(7 559)
Effect of foreign exchange rate changes	1	-	-
Cash and cash equivalents acquired/(disposed of)	8 152	-	(968)
Cash resources and funds on deposit at beginning	22 611	31 138	31 138
Cash resources and funds on deposit at end	19 087	27 723	22 611

MMI HOLDINGS – GROUP RESULTS

SEGMENT REPORT	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Revenue			
Premiums received	17 929	17 393	32 199
Momentum	16 844	17 393	32 199
Retail	3 295	3 144	6 173
Investments	10 231	11 809	19 499
Group	2 890	1 916	5 471
New markets	75	53	111
FNB Life	353	471	945
Metropolitan	1 085	-	-
Fee income	1 537	1 296	2 690
Momentum	1 443	1 296	2 690
Retail	463	326	857
Investments	714	580	1 172
Group	465	460	907
FNB Life	-	-	8
Capital centre	137	81	156
Inter-segment fee income	(336)	(151)	(410)
Metropolitan	94	-	-
Expenses			
Payments to contract holders	16 449	23 180	38 899
Momentum	15 305	23 180	38 899
Retail	2 276	2 101	4 781
Investments	10 214	18 607	28 673
Group	2 591	1 627	3 763
New markets	35	24	62
FNB Life	93	104	210
Capital centre	96	717	1 410
Metropolitan	1 144	-	-
Other expenses	3 522	2 741	6 213
Momentum	3 105	2 741	6 213
Retail	1 120	1 108	2 130
Investments	591	558	1 261
Group	657	634	1 279
New markets	83	47	112
FNB Life	169	75	169
Capital centre	312	198	430
Other	266	306	1 122
Inter-segment expenses	(93)	(185)	(290)
Metropolitan	368	-	-
Consolidation adjustments	49	-	-

- Segment assets did not change materially from 30 June 2010, except for market-related movements and as a result of the merger.

MMI HOLDINGS – GROUP RESULTS

CAPITAL REQUIREMENTS	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
Group excess as per statement of financial position	22 572	8 339	8 676
Preference shares issued by Momentum	500	500	500
Less net asset value of non-covered businesses that are not subsidiaries of a life insurance company	(771)	-	-
Fair value adjustments on Metropolitan acquisition	(6 252)	-	-
Reporting excess – long-term insurance business ⁽¹³⁾	16 049	8 839	9 176
Disregarded assets ⁽¹⁴⁾	(1 483)	(1 016)	(1 036)
Write down of subsidiaries and associates for statutory purposes	(708)	(656)	(625)
Unsecured subordinated debt	1 513	927	953
Consolidation adjustments	(23)	(40)	(32)
Change in accounting policies ⁽¹⁵⁾	-	(355)	(364)
Statutory excess – long-term insurance business ⁽¹⁴⁾	15 348	7 699	8 072
Capital adequacy requirement (CAR) (Rm)	6 111	3 856	3 830
Ratio of long-term insurance business excess to CAR (times)	2.5	2.0	2.1

(13) The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group. It includes non-controlling interests and other items, which are eliminated on consolidation. It excludes non-insurance business.

(14) Disregarded assets are those as defined in the South African Long Term Insurance Act and are only applicable to South African Long Term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators.

(15) Change in accounting policies: The statutory surplus has not been restated as a result of the changes in the accounting policies.

MMI HOLDINGS – GROUP RESULTS

EMBEDDED VALUE	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
Covered business			
Reporting excess – long-term insurance business	16 049	8 839	9 176
Reclassification to non-covered business	(938)	(1 203)	(1 180)
	15 111	7 636	7 996
Disregarded assets ⁽¹⁶⁾	(1 076)	(907)	(922)
Dilutory effect of subsidiaries ⁽¹⁷⁾	(6)	-	-
Consolidation adjustments	(87)	(95)	(92)
Change in accounting policies		(32)	
Value of Momentum preference shares issued	(500)	(455)	(475)
Diluted net asset value – covered business	13 442	6 147	6 507
Net value of in-force business	13 548	8 697	8 458
Diluted embedded value – covered business	26 990	14 844	14 965
Non-covered business			
Net assets – non-covered businesses within life insurance companies	938	1 203	1 180
Net assets – non-covered businesses outside life insurance companies	771	-	-
Consolidation adjustments	(44)	55	61
Adjustments for dilution ⁽¹⁸⁾	886	-	-
Diluted net asset value – non-covered business	2 551	1 258	1 241
Write up to directors' value	1 577	1 733	1 477
Non-covered businesses	2 073	1 733	1 477
Holding company expenses ⁽¹⁹⁾	(496)	-	-
Diluted embedded value – non-covered business	4 128	2 991	2 718
Diluted adjusted net asset value	17 570	9 138	9 225
Value of in-force business	13 548	8 697	8 458
Diluted embedded value	31 118	17 835	17 683
Required capital – covered business (adjusted for qualifying debt)	8 297	4 401	4 316
Surplus capital – covered business	5 145	1 746	2 191
Diluted embedded value per share (cents)	1 939	1 875	1 859
Diluted net asset value per share (cents)	1 095	961	970
Diluted number of shares in issue (million) ⁽²⁰⁾	1 605	951	951

(16) Disregarded assets as disclosed in the statement of actuarial values of assets and liabilities are adjusted for internally developed software and recognised employee benefit assets.

(17) For accounting purposes, Metropolitan Health and Metropolitan Kenya have been consolidated at 100% 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.

(18) Adjustments for dilution are made up as follows:

Dilutory effect of subsidiaries (note 17): R76 million (31.12.2009: Rnil million; 30.06.2010: Rnil million)

Staff share scheme loans: R8 million (31.12.2009: Rnil million; 30.06.2010: Rnil million)

Treasury shares held on behalf of contract holders: R91 million (31.12.2009: Rnil million; 30.06.2010: Rnil million)

Liability – MMI convertible preference shares issued to KT1: R711 million (31.12.2009: Rnil million; 30.06.2010: Rnil million)

(19) The holding company expenses reflect the present value of projected recurring expenses of that company.

(20) The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares and the release of staff share scheme shares, and includes the treasury shares held on behalf of contract holders. The comparatives relate to the 951 million shares issued to FirstRand in exchange for Momentum.

MMI HOLDINGS – GROUP RESULTS

PRINCIPAL ASSUMPTIONS (South Africa) ⁽²¹⁾	31.12.2010 %	31.12.2009 %	30.06.2010 %
Pre-tax investment return			
Equities	12.0	13.0	12.8
Properties	9.5	10.5	10.3
Government stock	8.5	9.5	9.3
Other fixed interest stocks	9.0	10.0	9.8
Cash	7.5	8.5	8.3
Risk free return	8.5	9.5	9.3
Risk discount rate (RDR)	10.8	11.8	11.6
Investment return (before tax) – smoothed bonus	10.7	11.7	11.5
Expense inflation rate			
Momentum	6.8	7.0	7.3
Metropolitan	6.3		

(21) 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.

NON-CONTROLLING INTERESTS	31.12.2010 %	31.12.2009 %	30.06.2010 %
Metropolitan			
Metropolitan Health Group	17.6		
Metropolitan Namibia	18.0		
Metropolitan Botswana	24.2		
Metropolitan Kenya	33.6		
Metropolitan Ghana	7.8		
Metropolitan Nigeria	50.0		
Metropolitan Swaziland	33.0		
Momentum			
Momentum Mozambique	25.0	25.0	25.0
Momentum Tanzania	33.0	33.0	33.0
Momentum Zambia	35.0	5.0	5.0
Momentum Health Ghana	20.0	10.0	10.0
Momentum Health Mauritius	5.0	5.0	5.0
Momentum Health Botswana	28.0	18.0	18.0
Advantage Asset managers	15.0	15.0	15.0

MMI HOLDINGS – GROUP RESULTS

Merger related information (as required by IFRS 3 (Revised) – Business combinations)

The relevant approvals for the merger became unconditional on 12 November 2010, the consideration shares were issued on 1 December 2010 and the MMI Holdings Ltd board was reconstituted on the latter date.

The merger has been accounted for as a reverse acquisition under IFRS 3 (Revised) – Business combinations. This is on the basis that the Momentum shareholders (i.e. FirstRand shareholders) own a greater portion, being 59.3%, of MMI's issued shares subsequent to the merger. Guidance in IFRS 3 (Revised) suggests that this is a reverse acquisition and therefore that Momentum is the accounting acquirer and Metropolitan is the accounting acquiree for IFRS 3 purposes. Therefore, for consolidation purposes, a fair value exercise has been performed on Metropolitan.

The acquisition date fair value of the total consideration is R12 582 million and was based on the embedded value of Metropolitan as at 12 November 2010. As the acquisition date was so close to the reporting date, the initial fair value exercise has been determined provisionally, pending the completion of the final valuation of the fair value of net assets acquired.

Provisional goodwill of R170 million arose as a result of the merger, which can be attributed to certain anticipated operating synergies from the merger. Goodwill is not deductible for tax purposes. The non-controlling interest of R222 million represents their proportionate share of the net assets recognised relating to the insurance companies in Metropolitan that have minority shareholders.

Acquisition costs incurred by Momentum, relating to the merger, of R37 million (R27 million net of tax) have been expensed during the current period and are included in other expenses in the income statement.

The net income and earnings of Metropolitan included in the MMI results since the acquisition date are R2 702 million and R364 million, respectively. The net income and earnings of MMI for the 6 months ended 31 December 2010 would have been R35 138 million and R1 505 million, respectively, assuming the acquisition occurred at the beginning of the period. These figures include net income and earnings of R309 million and R174 million, respectively, representing 90% of FNB Life's results for the five months ended 30 November 2010.

Details of the purchase consideration, the net assets acquired and the provisional goodwill are as follows:

	30.11.2010 Rm
Purchase consideration	12 582
Provisional fair value of net assets:	
Intangible assets	9 444
Value of in-force acquired	6 060
Customer relations	1 925
Brand	1 078
Computer software	246
Broker network	135
Owner-occupied properties	717
Property and equipment	182
Investment properties	3 270
Investment in associates	710
Employee benefit assets	227
Financial instrument assets	60 051
Insurance and other receivables	1 719
Deferred income tax	23
Reinsurance contracts	276
Current income tax assets	11
Cash and cash equivalents	8 152
Insurance contract liabilities	(38 921)
Financial instrument liabilities	
Investment contract liabilities	(23 468)
Other financial instrument liabilities	(2 302)
Deferred income tax	(2 959)
Employee benefit obligations	(451)
Other payables	(2 876)
Current income tax liabilities	(231)
Net identifiable assets acquired	13 574
Fair value adjustment on preference shares issued by Metropolitan (*)	(940)
Non-controlling interest	(222)
Provisional goodwill	170
	12 582

* This represents the fair value of the equity component of the convertible preference shares issued by MMI Holdings Limited and is recorded in equity in these results.

MMI HOLDINGS – GROUP RESULTS

STOCK EXCHANGE PERFORMANCE	31.12.2010	30.06.2010	31.12.2009	30.06.2009
6 month period				
Value of listed shares traded (rand million)	6 333	2 724	2 470	2 180
Volume of listed shares traded (million)	381	177	191	195
Shares traded (% of average listed shares in issue) ⁽²²⁾	107.2	64	70.5	72.9
Value of shares traded – life insurance (J857 – Rbn)	49.8	49.3	50.9	43.1
Value of shares traded – top 40 index (J200 – Rbn)	1 187	1 211	1 152	1 045
Trade prices				
Highest (cents per share)	1 776	1 731	1 395	1 295
Lowest (cents per share)	1 505	1 291	1 140	941
Last sale of period (cents per share)	1 662	1 606	1 342	1 165
Percentage (%) change during period ⁽²³⁾	7.1	43.2	32.7	16.4
Percentage (%) change – life insurance sector (J857)	26.3	(4.7)	65.2	32.0
Percentage (%) change – top 40 index (J200)	51.2	(13.2)	59.1	3.9
31 December/30 June				
Price/diluted core headline earnings ratio	11.29	10.78	9.52	9.47
Dividend yield % (dividend on listed shares)	6.14	6.35	7.45	8.15
Dividend yield % – top 40 index (J200)	2.02	2.17	1.96	3.80
Total shares issued (million)				
Listed on JSE	1 504	553	553	528
Ordinary shares	1 504	549	549	524
Share incentive scheme	-	4	4	4
Unlisted – share purchase scheme	1	10	10	12
Total ordinary shares in issue	1 505	563	563	540
Treasury shares held on behalf of contract holders	(20)	(1)	(1)	(1)
Adjustment to staff share scheme shares ⁽²³⁾	(1)	(12)	(12)	(16)
Share incentive scheme	-	(2)	(2)	(4)
Share purchase scheme	(1)	(10)	(10)	(12)
Basic number of shares in issue	1 484	550	550	523
Adjustment to staff share scheme shares	1	2	12	16
Treasury shares held on behalf of contract holders	20	1	1	1
Convertible redeemable preference shares	100	100	100	123
Diluted number of shares in issue ⁽²⁴⁾	1 605	653	663	663
Market capitalisation at end (Rbn) ⁽²⁵⁾	26.67	10.65	8.90	7.72
Percentage (%) of life insurance sector	14.88	7.33	6.01	6.69

(22) Percentages have been annualised.

(23) These are shares which have been issued since 1 January 2001, the date on which the group adopted AC133 (now IAS39).

(24) The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares and the release of staff share scheme shares, and includes the treasury shares held on behalf of contract holders.

(25) The market capitalisation is calculated on the fully diluted number of shares in issue.

(26) Comparatives relate to the listed entity (previously Metropolitan Holdings Limited)