Summary of financial information

Unaudited results for the 6 months ended 31 December 2015

MMI GROUP LIMITED

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited condensed interim results of MMI Group Limited for the period ended 31 December 2015. The preparation of these results was supervised by Leon Basson (Group Finance), CA (SA).

Basis of preparation of financial information

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) – Interim financial reporting; the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council as well as the South African Companies Act of 2008. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the previous periods.

Corporate governance

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

Contingent liabilities and capital commitments

As part of running a business, the company is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The company had no material capital commitments at 31 December 2015 that were not in the ordinary course of business.

Events after the reporting period

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

Directors' responsibility and external audit

These results are the responsibility of the directors. The condensed interim results have not been reviewed or audited by the external auditors.

STATEMENT OF FINANCIAL POSITION 31.12.2015 31.12.2014 30.06.2015 ASSETS Rm Rm Rm Rm ASSETS 2,868 2,827 2,843 Owner-occupid properties 1,536 1,317 1,478 Property and equipment 132 126 140 Investment properties 7,681 5,018 6,650 Employee benefit assets 413 408 404 Investment in subsidiary companies 2,87,661 268,725 295,716 Insurance and other receivables 3,387 2,797 2,693 Reinsurance contracts 15,12 1,704 1,597 Cash and cash equivalents 17,364 12,438 13,037 Current tax asset 215 364 262 Total assets 3500 500 500 Stotal additions 16,605 16,013 16,999 LIABILITIES Insurance contract liabilities 16,605 16,013 16,999 Insurance contract liabilities 24,977				
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Assets designated as fair value through income263,574240,760269,038Investments in associates at fair value15,76517,98817,935Derivative financial instruments2,4511,7711,967Available-for-sale assets888Loans and receivables5,7638,1986,768(2) Other financial instrument liabilities consist of the following:11,6499,73012,608Derivative financial instruments3,5681,8831,974		570,501	337,032	575,270
Assets designated as fair value through income263,574240,760269,038Investments in associates at fair value15,76517,98817,935Derivative financial instruments2,4511,7711,967Available-for-sale assets888Loans and receivables5,7638,1986,768(2) Other financial instrument liabilities consist of the following:11,6499,73012,608Derivative financial instruments3,5681,8831,974	(4) Financial instrument access consist of the following:			
Investments in associates at fair value15,76517,98817,935Derivative financial instruments2,4511,7711,967Available-for-sale assets888Loans and receivables5,7638,1986,768(2) Other financial instrument liabilities consist of the following:268,725295,716Liabilities designated as fair value through income11,6499,73012,608Derivative financial instruments3,5681,6831,974		060 E74	240 760	260.029
Derivative financial instruments2,4511,7711,967Available-for-sale assets888Loans and receivables5,7638,1986,768(2) Other financial instrument liabilities consist of the following: Liabilities designated as fair value through income11,6499,73012,608Derivative financial instruments3,5681,6831,974				-
Available-for-sale assets888Loans and receivables5,7638,1986,768287,561268,725295,716(2) Other financial instrument liabilities consist of the following: Liabilities designated as fair value through income11,6499,73012,608Derivative financial instruments3,5681,6831,974			-	-
Loans and receivables5,7638,1986,768287,561268,725295,716(2) Other financial instrument liabilities consist of the following: Liabilities designated as fair value through income11,6499,73012,608Derivative financial instruments3,5681,6831,974				
287,561268,725295,716(2) Other financial instrument liabilities consist of the following: Liabilities designated as fair value through income11,6499,73012,608Derivative financial instruments3,5681,6831,974				
(2) Other financial instrument liabilities consist of the following:Liabilities designated as fair value through income 11,649 9,73012,608Derivative financial instruments 3,568 1,6831,974				·
Liabilities designated as fair value through income 11,649 9,73012,608Derivative financial instruments 3,568 1,6831,974		287,561	268,725	295,716
Derivative financial instruments 3,568 1,683 1,974	(2) Other financial instrument liabilities consist of the following:			
	Liabilities designated as fair value through income	11,649	9,730	12,608
15,217 11,413 14,582	Derivative financial instruments	3,568	1,683	1,974
		15,217	11,413	14,582

	31.12.2015	31.12.2014	30.06.2015
INCOME STATEMENT	Rm	Rm	Rm
Net insurance premiums received	9,552	10,135	18,982
Fee income (1)	1,564	1,791	3,148
Investment income	6,940	6,088	12,705
Net realised and fair value gains	5,165	4,630	13,437
Net income	23,221	22,644	48,272
Net insurance benefits and claims	(10,247)	(9,920)	(19,818)
Change in liabilities	2,055	(13)	586
Change in insurance contract liabilities	1,588	769	1,289
Change in investment contracts with DPF liabilities	547	(825)	(639)
Change in reinsurance provision	(80)	43	(64)
Fair value adjustments on investment contract liabilities	(8,257)	(6,076)	(15,579)
Depreciation, amortisation and impairment expenses	(87)	(85)	(13,379) (176)
Employee benefit expenses	(1,196)	(1,755)	(3,172)
Sales remuneration	(1,651)	(1,661)	(3,101)
Other expenses	(1,081)	(1,074)	(1,913)
-	(20,464)		
Expenses	(20,464)	(20,584)	(43,173)
Results of operations	2,757	2,060	5,099
Finance costs (2)	(356)	(261)	(566)
Profit before tax	2,401	1,799	4,533
Income tax expenses	(665)	(456)	(1,323)
Earnings	1,736	1,343	3,210
Attributable to:			
Owners of the parent	1,720	1,328	3,179
MMI Group Ltd preference shares	16	15	31
	1,736	1,343	3,210
(1) Fee income consists of the following:			
Investment contracts	1,015	1,168	2,097
Trust and fiduciary services	292	313	584
Other fee income	257	310	467
	1,564	1,791	3,148
(2) Finance costs consist of the following:			
Subordinated redeemable debt	0	(21)	(21)
Unsecured subordinated call notes	(169)	(112)	(249)
Cost of carry and interest rate swaps	(175)	(109)	(261)
Other	(12)	(19)	(35)
	(356)	(261)	(566)

STATEMENT OF CHANGES IN EQUITY			
	31.12.2015	31.12.2014	30.06.2015
	Rm	Rm	Rm
Changes in share capital			
Balance at beginning	1,041	1,041	1,041
Balance at end	1,041	1,041	1,041
Changes in other reserves			
Balance at beginning	6,596	5,816	5,816
Total comprehensive income	(504)	657	794
Transfer to retained earnings	(7)	(6)	(14)
Balance at end (1)	6,085	6,467	6,596
Changes in retained earnings			
Balance at beginning	8,832	9,188	9,188
Total comprehensive income	1,720	1,328	3,179
Dividend paid	(1,580)	(2,517)	(3,549)
Transfer from other reserves	7	6	14
Balance at end	8,979	8,005	8,832
Equity attributable to owners of the parent	16,105	15,513	16,469
MMI Group Ltd preference shares			
Balance at beginning	500	500	500
Total comprehensive income	16	15	31
Dividends paid	(16)	(15)	(31)
Balance at end	500	500	500
Total equity	16,605	16,013	16,969
(1) Other reserves consist of the following:			
Land and buildings revaluation reserve	578	497	536
Revaluation of subsidiaries	772	1,207	1,315
Revaluation of available-for-sale investments	5	5	5
Employee benefit fund reserve	71	99	81
Common control reserve	4,659	4,659	4,659
	6,085	6,467	6,596

CASH FLOW STATEMENT	31.12.2015	31.12.2014	30.06.2015
	Rm	Rm	Rm
Net cash inflow/ (outflow) from operating activities	7,102	8,631	(3,410)
Net cash outflow from investing activities	(383)	(13,450)	(506)
Net cash (outflow)/inflow from financing activities	(2,392)	1,810	1,506
Net cash flow	4,327	(3,009)	(2,410)
Cash resources and funds on deposit at beginning	13,037	15,447	15,447
Cash resources and funds on deposit at end	17,364	12,438	13,037
Made up as follows: Cash and cash equivalents as per statement of financial position	17,364	12,438	13,037

FINANCIAL INSTRUMENT ASSETS	31.12.2015 Rm	31.12.2014 Rm	30.06.2015 Rm
Equity securities	55,601	58,684	58,937
Debt securities	82,932	80,307	86,035
Funds on deposit and other money market instruments	9,187	10,282	10,638
Unit-linked investments	115,854	91,487	113,428
Investments in associates	15,765	17,988	17,935
Derivative financial instruments	2,451	1,771	1,967
Available-for-sale assets	8	8	8
Loans and receivables	5,763	8,198	6,768
Total financial instrument assets	287,561	268,725	295,716