update

MMI HOLDINGS

9 March 2011

MMI Holdings - unaudited group results for the period ended 31 December 2010 (as published on SENS)

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Update is a newsletter produced by the investor relations department of Metropolitan Holdings Limited. It provides information on the different businesses in the group as well as financial news. Contact Sue Snow (financial media) on (021) 940-6119 / ssnow@metropolitan.co.za or Natalie Amos (investor relations) on (021) 940-6112 / namos@metropolitan.co.za for further information.

MMI Holdings

Unaudited group results for the six months ended 31 December 2010

- Merger of Metropolitan and Momentum
- Embedded value of R31.1 billion, or 1 939 cents per share
- Pro forma diluted core headline earnings of R1 228 million
- Group pro forma value of new business of R356 million
- Total interim ordinary dividend of R948 million
- Total assets under management and administration of R424 billion

OVERVIEW OF OPERATIONS AND PROSPECTS

OPERATING ENVIRONMENT

The merger of Metropolitan and Momentum introduced new energy and opportunities for the group as a whole. The integration process is progressing well, with Momentum and Metropolitan's operations combined into six business units with distinct focus areas.

Equity markets recovered strongly during the latter half of 2010. The volatility in these markets eased, and long bond interest rates reduced. Overall consumer confidence started returning, household disposable income increased and employment levels stabilised, resulting in improved operating conditions.

HIGHLIGHTS – MMI GROUP

- The embedded value of R31.1 billion (1 939 cents per share) reflects the financial strength of the group.
- Pro forma diluted core headline earnings of R1 228 million or 77 cents per share for the period.
- Diluted earnings and headline earnings, which include the impact of the strong stock market performance, exceeded the one billion rand mark for the half-year on a pro forma basis.
- A total interim ordinary dividend of R948 million, or 63 cents per share (42 cents interim plus 21 cents special) was declared, confirming the board's confidence in the future of the group.
- Total assets under management and administration, at R424 billion, indicate the scale of the group.
- Finalisation of merger between Metropolitan and Momentum.

CAPITAL MANAGEMENT ACROSS MMI

- The group actively manages its capital resources and balances the interests of all stakeholders as part of protecting its shareholder wealth.
- Asset allocation, capital protection and other value-enhancing strategies were applied where deemed appropriate.
- The shareholder investment strategy is currently being reviewed and any changes in asset allocation may impact earnings in future reporting periods.
- Group CAR cover, at 2.5 times, confirms the financial strength and stability of the group.
- The current estimated economic capital required by the life insurance operations in the MMI group is approximately R10 billion.
- The actual capital held by the group of R15.4 billion, before dividend, exceeded the economic capital requirement and the group remains appropriately capitalised, with a particularly strong balance sheet.
- The FSB's Solvency Assessment and Management (SAM) project will change the way the group's economic capital will be determined in the future.

PROSPECTS FOR MMI

- Each business unit has embarked on a detailed strategic planning and integration process to identify and optimise structures, operations, target markets, distribution channels and product offerings. A number of opportunities have been identified during the integration process currently underway.
- Merger synergies are expected to start flowing through during the second half of the 2011 calendar year.
- The group reported satisfactory increases for both the volumes and the value of new business written during the six months. This demonstrates the group's strong distribution capability and augurs well for future new business growth prospects.
- Growth in new business volumes will, however, remain dependent on the economic environment, including a recovery in employment and disposable income levels.
- Africa, although a complex market, remains largely untapped and provides a number of opportunities for the group throughout its footprint in 12 countries outside of South Africa.
- All business units face opportunities and threats posed by ongoing changes in the highly regulated environments in which they operate, including the national health insurance and national social security reform proposals.
- The board of MMI believes that the group has begun implementing the appropriate strategies to unlock value and generate a satisfactory return on capital for shareholders over time.

Operational overview: Momentum businesses for six months ended 31 December 2010

Retail

- New recurring business volumes increased by 7% when compared with the prior period. This was due to an increase in sales of discretionary savings products and retirement annuities, and a small reduction in risk product sales. This change in new business mix reduced the overall new business margin.
- New business sourced through the agency force increased in line with Momentum's objective to grow this channel.
- The recovery in economic conditions coupled with the satisfactory results of our client retention initiatives, had a positive impact on the lapse and surrender experience, which is approaching the longer-term expectations.
- Operating profit increased as a result of increased asset-based fees and satisfactory experience profits.

Employee benefits

- New business volumes increased by 69% on an APE (Annual Premium Equivalent) basis due to strong new business growth in both the umbrella fund and the standalone risk businesses. The increase in the administration business was higher than the increase of the new risk business, resulting in a change in new business mix that reduced the overall new business margins.
- Risk experience improved compared to the prior period, mainly as a result of a significant improvement in the claims experience of the income disability product.
- Expense efficiencies have been extracted from the systems integration initiatives that were completed during the early part of 2010 calendar year.

International

- Members under administration in the health business increased by 3% from 125 000 lives at 30 June 2010 to 129 000 lives at 31 December 2010.
- The operating loss increased as a result of the strong Rand and higher claims ratios experienced in certain countries. Corrective measures have been introduced to improve the claims ratios to the targeted levels.

Investments (including asset management)

- The Momentum Wealth business experienced strong new business growth, especially in terms of discretionary flows.
- The net funds outflow, although decreasing, remains a concern.
- The relative investment performance of certain equity and balanced mandates was below expectations. However, relative investment performance in respect of the fixed interest, retail and alternative asset classes were in line with expectations.
- The net outflow of funds coupled with the decline in performance fees during the period under review had a negative impact on the operating profit for the Investments business unit.

Health

- Members under administration declined by 2% during the period under review. This was mainly due to the impact of the current economic conditions on employment levels of certain employer groups.
- The rationalisation of administration systems, along with initiatives to reduce the overall cost base in line with the loss of members, has resulted in a reduction in direct expenses.

FNB Life

- With effect from 1 December 2010, only 10% of the earnings of FNB Life is included in the Momentum results. The remaining 90% accrues to FirstRand Limited in terms of the strategic relationship agreement with FirstRand.

Operational overview: Metropolitan businesses for twelve months ended 31 December 2010

Retail

- New business flows ended 4% higher, driven by good production in the traditional agency channels and a move to better quality lines of business. Combined with the removal of prior year underperforming products, good expense management and satisfactory persistency, this contributed to an increase in the annual new business margin to a very satisfactory 4.0%, exceeding the upper end of the targeted margin range.
- The mix of new recurring premium business sold continued to shift towards risk policies.
- Increasing average fund levels, combined with the factors mentioned above, resulted in an increase in operating profit.
- The difficult economic conditions experienced in the low to middle-income market segment continued, but a continued focus on the quality of new business and the retention of existing business ensured satisfactory overall persistency during the year.

Employee benefits (corporate)

- Although the new business flows reduced by 24%, the new business margin increased from 0.9% to 1.1%, supported by high margin investment contracts concluded during the period.
- Significant volumes of off balance sheet administration business were recorded, which also contributed to the increased margin.
- Operating profit was stronger, reflecting higher asset-based fees and improved risk experience on both the disability and mortality books.

International

- New business premiums ended 4% stronger than in 2009 with the markets in Lesotho and Namibia delivering good results
- Total operating profit ended slightly below the 2009 levels, reflecting the slower growth of the established businesses and tough operating conditions across all markets. Start-up losses in the newer West African markets reduced.

Asset management

- The investment team continued to focus on delivering good absolute and relative investment performance over the year.
- Operating profit declined as a result of administration margin compression, higher expenses and lower investment assets retained.

Health

- The business experienced good growth in membership mainly reflecting the increase in membership of the Government Employees Medical Scheme. Total principal members under administration at the year-end were 914 000 (2009: 855 000), representing over 2.4 million lives, confirming Metropolitan Health Group's status as South Africa's largest administrator of restricted medical schemes.
- Two new schemes were secured during the latter half of 2010 and subsequently successfully taken on at the beginning of 2011.
- Operating profit for the year ended slightly down, with increased revenue being suppressed by higher operational and incentive-based expenses.

Shareholder capital

- Investment income, impacted by lower yields, was boosted by interest received on an income tax refund.
- Prior year costs relating to strategic ventures have not again been incurred in 2010.

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited interim results of the MMI Holdings Limited group for the period ended 31 December 2010.

Metropolitan / Momentum merger

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. For accounting purposes, the acquisition is accounted for as a reverse acquisition in terms of IFRS 3 (Revised) – Business combinations, with Momentum being treated as the acquirer and Metropolitan Holdings Limited (Metropolitan) as 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 new MMI Holdings Limited board was reconstituted on the latter date.

Presentation of financial information

The group has adopted a June year-end, being the year-end of the Momentum group. The statutory results presented for the current period comprise Momentum for the six months ended 31 December 2010 and Metropolitan for the month ended December 2010, while the comparatives are the six months ended 31 December 2009 and the twelve months ended 30 June 2010 for Momentum only (restated for accounting policy adjustments noted below).

Metropolitan and Momentum operated as separate groups for most of the current reporting period; therefore additional information regarding the two groups' pre-merger results for twelve months and six months respectively, as well as pro forma combined results of MMI Holdings Limited for the six months to 31 December 2010, are set out in this report and are also available on both SENS and the company website.

Basis of presentation of financial information

These results 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. The comparatives have been restated for the changes in accounting policies. 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

Certain accounting policies have been amended to align the historic accounting policies of Momentum and Metropolitan. Owner-occupied properties are carried at fair value instead of cost less accumulated depreciation; actuarial gains and losses on employee benefit assets are recognised immediately instead of over the lives of employees; investment contracts with discretionary participation features are accounted for as insurance contracts with premiums and claims recorded in the income statement instead of applying deposit accounting. None of these amendments has had any material impact on earnings for the current reporting period.

The group has also chosen to early adopt IAS12 – Income taxes, and now accounts for deferred tax on investment property at the capital gains tax rate instead of the corporate rate.

Segmental information

Metropolitan and Momentum operated as two separate groups for most of the current reporting period and the segments for MMI Holdings Ltd group have therefore been disclosed as Metropolitan and Momentum separately. In addition, segmental information reflecting the pre-merger segments has been included on SENS as well as on the company website while pro-forma segmental information is included below.

CORPORATE GOVERNANCE

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

DIRECTORATE CHANGES AND DIRECTORS' SHAREHOLDING

Following the implementation of the merger between Momentum and Metropolitan the board of directors was reconstituted as set out in the circular to shareholders, and the current board members are listed below. All transactions in listed shares of the company involving directors were disclosed on SENS as required.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The group had no material capital commitments at 31 December 2010. The group is party to legal proceedings in the normal course of business, and appropriate provisions are made when losses are expected to materialise.

EVENTS AFTER THE REPORTING PERIOD

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

DIVIDEND AND SPECIAL DIVIDEND DECLARATION

Ordinary listed shares

The dividend policy for ordinary listed shares, approved by the directors, is to provide shareholders with a stable dividend, reflecting the board's long-term view on the expected underlying basic core headline earnings growth. Exceptions will be made from time-to-time, in order to take account of, inter alia, volatile investment markets, capital requirements and changes in legislation.

On 8 March 2011 a dividend of 63 cents per ordinary share was declared, comprising an ordinary dividend of 42 cents per share plus a special dividend of 21 cents per share, payable out of the company's retained earnings. This dividend is payable to the holders of ordinary shares recorded in the register of the company at the close of business on Friday, 1 April 2011 and will be paid on Monday, 4 April 2011. The last day to trade "cum" dividend will be Friday, 25 March 2011. The shares will trade "ex" dividend from the start of business on Monday, 28 March 2011. Share certificates may not be dematerialised or rematerialised between Monday, 28 March and Friday, 1 April 2011, both days inclusive.

Where applicable, dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to certificated shareholders on or about payment date. Shareholders who hold dematerialised shares will have their accounts with their CSDP or broker credited on Monday, 4 April 2011.

Staff share purchase scheme dividend

A dividend of R4 million (2009: Metropolitan declared R7 million) was declared on the unlisted shares in the staff share purchase scheme, as provided for in the trust deed.

Preference share dividend

Dividends of R11 million (7.7% p.a.), R5 million (7.7% p.a.), and R29 million (18.0% p.a.) were declared on 8 March 2011 on the unlisted A1, A2 and A3 MMI preference shares respectively, and are payable on 31 March 2011.

The declaration rate was determined as set out in the company's articles. MMI preference share dividends are included under finance costs in these results.

INDEPENDENT ACTUARIAL REVIEW

The embedded value and value of new business results have been independently reviewed by Deloitte.

Signed on behalf of the board

Laurie Dippenaar C*hairman*
Nicolaas Kruger *Group chief executive officer*

Centurion
8 March 2011

Directors: LL Dippenaar (chairman), MJN Njeke (deputy chairman), NAS Kruger (group chief executive officer), FW van Zyl (deputy group chief executive officer), M Mthombeni (executive), PE Speckmann (group finance director), JP Burger, RB Gouws, PK Harris, F Jakoet, KL Matseke, PJ Moleketi, SA Muller, JE Newbury, SE Nxasana, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, M Vilakazi

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JSE code:	MMI
NSX code:	MIM
ISIN NO	ZAE0001149902

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.

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.

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.

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 KTI: 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.

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

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)

Annexure A

MMI unaudited pro forma financial information

Results for the 6 months ended 31 December 2010

MMI unaudited pro forma financial information

Basis of preparation

The MMI pro forma financial information for the six months ended 31 December 2010 has been prepared on the assumption that the Merger was effective as at 1 July 2010 and is presented for illustrative purposes only.

Because of its nature, the unaudited pro forma financial information may not fairly present MMI's financial position, changes in equity, results of operations or cash flows going forward. The unaudited pro forma financial information is the responsibility of the MMI Directors.

The unaudited pro forma financial information is based on the accounting policies adopted by MMI, which are in accordance with IFRS except for value of new business and embedded value information, which is calculated in terms of the guidance of the Actuarial Society of South Africa.

The following points should be noted with regard to the pro forma financial information:

- The Metropolitan results for the six months ended 31 December 2010 have been included in the MMI pro forma financial information based on the reviewed Metropolitan results for the 12 months ended 31 December 2010 less the previously published unaudited six months results ended 30 June 2010, unless otherwise stated.
- Value of new business for Metropolitan for the six months ended 31 December 2010 has been calculated based the reviewed current value of new business for the 12 months ended 31 December 2010 less the previously published six months ended 30 June 2010, adjusted for assumption changes used in the value of new business for the 12 months ended 31 December 2010.
- The Momentum results for the six months ended 31 December 2010 have been included in the MMI pro forma financial information based on the published unaudited Momentum results for the six months ended 31 December 2010.
- The results of FNB Life have been accounted for as though the strategic relationship agreement was effective from 1 July 2010 and therefore only reflects 10% of FNB Life's profits.
- Merger-related costs incurred by Momentum for the six months ended 31 December 2010 have been included in the pro forma financial information. The merger-related costs incurred by Metropolitan have been added back as these costs are pre-acquisition and would therefore not be an expense for the MMI group.
- The integration for the newly formed group has not been completed. The segmental information has therefore been prepared on the following basis:
    - Momentum Retail: Existing Momentum Retail business including Momentum Wealth and Metropolitan Odyssey;
    - Metropolitan Retail: Existing Metropolitan Retail business and Momentum's middle market initiative (New Markets);
    - Employee benefits: Momentum and Metropolitan employee benefits business including Metropolitan Retirement Administrators;
    - International business: Momentum African health business, Momentum Namibia and Metropolitan African life assurance businesses – representing businesses in Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Swaziland, Tanzania and Zambia;
    - Investment business: Momentum asset management businesses including United Kingdom operations and Metropolitan asset management businesses;
    - Health business: Momentum South African health business and Metropolitan health business;
    - FNB Life – represents 10% of FNB Life's results. For embedded value disclosure FNB Life's information is included in Momentum Retail; and
    - Shareholder capital: Holding company related activities and the management of MMI's capital and investment income.

MMI unaudited pro forma financial information

The MMI pro forma financial information presented in this annexure has been extracted from the detailed unaudited pro forma financial information of MMI for the six months ended 31 December 2010 as published separately on SENS on 9 March 2011.

The independent reporting accountant's limited assurance report on the unaudited pro forma financial information of MMI for the six months ended 31 December 2010 is available for inspection.

MMI unaudited pro forma financial information

CONSOLIDATED PRO FORMA INCOME STATEMENT	6 mths to 31.12.2010 Rm
Net insurance premiums received	**9 307**
Fee income (1)	**2 170**
Investment income	**6 358**
Net realised and fair value gains	**16 994**
Net income	**34 829**
Net insurance benefits and claims	**9 236**
Change in liabilities	**7 387**
Change in insurance contract liabilities	**6 220**
Change in investment contracts with DPF liabilities	**1 425**
Change in reinsurance provision	**(258)**
Fair value adjustments on investment contract liabilities	**9 472**
Fair value adjustments on collective investment scheme liabilities	**1 021**
Depreciation, amortisation and impairment expenses	**476**
Employee benefit expenses	**1 958**
Sales remuneration	**1 463**
Other expenses	**1 375**
Expenses	**32 388**
Results of operations	**2 441**
Share of profit of associates	**25**
Finance costs (2)	**(334)**
Profit before tax	**2 132**
Income tax expenses	**(783)**
Earnings	**1 349**
Attributable to:	
Owners of the parent	**1 325**
Non-controlling interests	**6**
Momentum preference shares	**18**
	1 349

(1) Fee income consists of the following:

Investment contracts: R944 million

Trust and fiduciary services: R310 million

Health administration services: R798 million

Other fee income: R118 million

(2) Finance costs consist of the following:

Preference shares: R44 million

Subordinated redeemable debt: R60 million

Cost of carry and interest rate swaps: R182 million

Other: R48 million

MMI unaudited pro forma financial information

RECONCILIATION OF PRO FORMA HEADLINE EARNINGS attributable to owners of the parent	**Basic earnings 6 mths to 31.12.2010 Rm**	**Diluted earnings 6 mths to 31.12.2010 Rm**
Earnings	**1 325**	**1 325**
Finance costs – convertible preference shares		**44**
Diluted earnings		**1 369**
Goodwill and other impairments	**19**	**19**
Headline earnings (3)	**1 344**	**1 388**
Net realised and fair value gains on excess	**(587)**	**(587)**
Basis and other changes and investment variances	**161**	**161**
Dilutory effect of subsidiaries (4)		**(3)**
Investment income on treasury shares – contract holders (5)		**1**
Merger costs	**27**	**27**
Amortisation of intangible assets relating to business combinations	**241**	**241**
Core headline earnings (6)	**1 186**	**1 228**

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

(4) 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.

(5) For diluted core headline earnings, treasury shares held on behalf of contract holders are deemed to be issued. For diluted earnings and headline earnings, these shares are deemed to be cancelled.

(6) 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 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**
Basic	
Core headline earnings	**80**
Headline earnings	**91**
Earnings	**89**
Weighted average number of shares (million)	**1 482**
Diluted	
Core headline earnings	**77**
Weighted average number of shares (million)	**1 605**
Headline earnings	**88**
Earnings	**86**
Weighted average number of shares (million)	**1 584**

MMI unaudited pro forma financial information

ANALYSIS OF DILUTED CORE HEADLINE EARNINGS	6 mths to 31.12.2010 Rm
Momentum Retail	**357**
Metropolitan Retail	**218**
Employee benefits	**124**
International	**20**
Investments	**125**
Health	**29**
FNB Life	**23**
Shareholder capital	**332**
Diluted core headline earnings	**1 228**

- Shareholder capital includes unallocated expenses of R312 million which will be allocated to business units after the strategic planning sessions and group budgeting processes have been finalised.

MMI unaudited pro forma financial information

VALUE OF NEW BUSINESS	6 mths to 31.12.2010 Rm
Momentum Retail	**188**
Metropolitan Retail	**128**
Employee benefits	**26**
International	**14**
Value of covered new business	**356**

- Value of new business for Metropolitan for the six months ended 31 December 2010 has been calculated based the current value of new business for the 12 months ended 31 December 2010 less the previously published six months ended 30 June 2010, adjusted for assumption changes used in the value of new business for the 12 months ended 31 December 2010.
- Net of non-controlling interests.

NEW BUSINESS PREMIUMS – COVERED BUSINESS	6 mths to 31.12.2010 Rm
Recurring premiums	**1 614**
Momentum Retail	**698**
Metropolitan Retail	**443**
Employee benefits	**394**
International	**79**
Single premiums	**13 834**
Momentum Retail	**11 106**
Metropolitan Retail	**1 040**
Employee benefits	**1 599**
International	**89**
Annual premium equivalent (APE)	**2 996**
Momentum Retail	**1 809**
Metropolitan Retail	**546**
Employee benefits	**553**
International	**88**
Present value of premiums (PVP)	**21 972**
Momentum Retail	**14 461**
Metropolitan Retail	**2 957**
Employee benefits	**4 132**
International	**422**

- Net of non-controlling interests.

MMI unaudited pro forma financial information

PRO FORMA PROFITABILITY OF NEW BUSINESS – COVERED BUSINESS	6 mths to 31.12.2010
Value of new business as % of APE	**11.9**
Momentum Retail	**10.4**
Metropolitan Retail	**23.4**
Employee benefits	**4.7**
International	**15.9**
Value of new business as % of PVP	**1.6**
Momentum Retail	**1.3**
Metropolitan Retail	**4.3**
Employee benefits	**0.6**
International	**3.3**

RETURN ON EMBEDDED VALUE	6 mths to 31.12.2010 Rm
Opening embedded value at 1 July 2010	**28 972**
Capital movements	**(458)**
Embedded value profit	**2 604**
Closing embedded value at 31 December 2010	**31 118**
Annualised return on embedded value	**18.9%**

Annexure B

Momentum

Unaudited results for the 6 months ended 31 December 2010

MOMENTUM

Basis of preparation

The Momentum results disclosed in this Annexure represent Momentum Group Limited and its subsidiaries and associates for the six months ended 31 December 2010.

These results 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. The comparatives have been restated for the changes in accounting policies noted below. The preparation of the 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 annual financial statements at 30 June 2010 and, with the exception of the principal economic assumptions, have remained unchanged since then.

Treatment of FNB Life

Effective from 1 December 2010, Momentum entered into a reinsurance agreement whereby 90% of the FNB Life business is reinsured with a cell owned by FirstRand. The results for the six months ended 31 December 2010 therefore include 100% of FNB Life's profit for the 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.

Change in accounting policies

Early adoption of accounting standard

The International Accounting Standards Board (IASB) amended IAS12 - Income taxes in December 2010. The amendments introduce a presumption that the value of an investment property is recovered entirely through sale. The Momentum group chose to early adopt the amendments because this new accounting policy provides reliable and more relevant information for users as it represents more realistic tax consequences relating to investment properties. 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 group had the following accounting policy changes in order to align the historic accounting policies of Momentum and Metropolitan, and 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 the six months ended 31 December 2009). The related tax release was R2 million (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 recognise these actuarial gains and losses immediately in the income statement. This resulted in an increase in the employee benefit asset of R45 million at 1 July 2009 and a R45 million decrease in fair value gains 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 similar to 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 the 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.

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 period and had no 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, IFRS 3 (Revised) – Business combinations, 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.
- The 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

- 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. The Retail segment comprises mostly the Retail division within Momentum Group Limited.
- 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 and personal accident products mainly to the lower income clients of FirstRand Bank Limited.
- 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' assets is also included under this segment.

MOMENTUM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
ASSETS			
Intangible assets	**3 158**	3 132	3 127
Owner-occupied properties	**947**	908	947
Property and equipment	**47**	109	108
Investment properties	**2 266**	2 274	2 276
Investment in associates	**5 264**	7 856	6 804
Employee benefit assets	**113**	83	113
Financial instrument assets (1)	**171 751**	147 669	149 765
Insurance and other receivables	**768**	489	583
Deferred income tax	**982**	951	932
Reinsurance contracts	**873**	635	628
Current income tax assets	**35**	63	36
Cash and cash equivalents	**11 959**	27 723	22 611
Non-current assets held for sale	**5 337**	-	11 434
Total assets	**203 500**	191 892	199 364
EQUITY			
Equity attributable to owners of the parent	**9 074**	8 339	8 676
Non-redeemable, non-cumulative, non-participative preference shares	**500**	500	500
Non-controlling interests	**(4)**	(10)	(4)
Total equity	**9 570**	8 829	9 172
LIABILITIES			
Insurance contract liabilities (2)	**43 620**	41 150	41 037
Financial instrument liabilities			
Investment contracts	**122 446**	113 471	112 141
– with discretionary participation features (2)	**13 346**	13 880	12 459
– designated as fair value through income	**109 100**	99 591	99 682
Other financial instrument liabilities (3)	**14 208**	14 380	15 569
Deferred income tax	**1 807**	1 738	1 634
Employee benefit obligations	**350**	176	361
Other payables	**7 268**	11 915	8 805
Provisions	**112**	208	140
Current income tax liabilities	**10**	25	43
Non-current liabilities held for sale	**4 109**	-	10 462
Total liabilities	**193 930**	183 063	190 192
Total equity and liabilities	**203 500**	191 892	199 364

(1) Financial instrument assets consist of the following:
Assets designated as fair value through income: R158 036 million (31.12.2009: R133 235 million; 30.06.2010: R138 485 million)
Derivative financial instruments: R7 420 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 762 million (31.12.2009: R3 685 million; 30.06.2010: R2 887 million)
Loans and receivables: R1 469 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 223 million (31.12.2009: R13 111 million; 30.06.2010: R14 370 million)
Derivative financial instruments: R776 million (31.12.2009: R1 016 million; 30.06.2010: R956 million)
Liabilities at amortised cost: R209 million (31.12.2009: R253 million; 30.06.2010: R243 million)

MOMENTUM

STATEMENT OF ASSETS AND LIABILITIES ON REPORTING BASIS	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
Total assets per statement of financial position	**203 500**	191 892	199 364
Actuarial value of policy liabilities per statement of financial position	**(166 066)**	(154 621)	(153 178)
Other liabilities per statement of financial position	**(27 864)**	(28 442)	(37 014)
Non-controlling interests per statement of financial position	**4**	10	4
Excess of assets over liabilities on the published basis	**9 574**	8 839	9 176
Change in excess			
Profit after tax	**778**	834	1 678
Profit before fair value losses / gains on excess, basis changes and investment variances	**778**	780	1 592
Net realised and fair value (losses)/gains on excess	**(23)**	13	25
Basis and other changes and investment variances	**23**	41	61
Movement in share based payments reserve	**(12)**	12	7
Movement in revaluation reserve	**24**	141	125
Movement in foreign currency translation reserve	**(17)**	(12)	(16)
Movement in other reserves	**-**	1	(1)
Ordinary dividends paid	**(357)**	(338)	(801)
Preference dividends paid	**(18)**	(21)	(38)
Change in excess	**398**	617	954

RECONCILIATION OF EXCESS OF ASSETS AND LIABILITIES TO STATUTORY BASIS	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
Excess of assets over liabilities on the published basis	**9 574**	8 839	9 176
Difference between statutory and published valuation methods	**(254)**	(237)	(275)
Impairment of subsidiaries' and associates' values for statutory purposes	**(708)**	(656)	(625)
Sage intangible and other inadmissible assets	**(767)**	(779)	(761)
Unsecured subordinated debt	**1 012**	927	953
Consolidation adjustments	**(24)**	(40)	(32)
Change in accounting policies [(4)]	**-**	(355)	(364)
Excess of assets over liabilities on the statutory basis	**8 833**	7 699	8 072
Capital adequacy requirement (CAR) (Rm)	**3 794**	3 856	3 830
Ratio of excess of assets over liabilities to CAR (times)	**2.3**	2.0	2.1
Discretionary margins	**8 199**	7 792	7 814

(4) The excess of assets over liabilities on the statutory basis has not been restated as a result of the changes in the accounting policies.

MOMENTUM

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	**4 267**	4 028	9 722
Fee income [5]	**1 443**	1 296	2 690
Investment income	**4 372**	5 099	9 417
Net realised and fair value gains	**11 599**	10 612	9 730
Net income	**21 681**	21 035	31 559
Net insurance benefits and claims	**5 006**	4 217	9 386
Change in liabilities	**2 636**	2 433	2 046
Change in insurance contract liabilities	**2 501**	1 956	1 841
Change in investment contracts with DPF liabilities	**389**	537	258
Change in reinsurance provision	**(254)**	(60)	(53)
Fair value adjustments on investment contract liabilities	**8 601**	9 440	10 695
Fair value adjustments on collective investment scheme liabilities	**1 022**	796	744
Depreciation, amortisation and impairment expenses	**83**	86	249
Employee benefit expenses	**1 122**	983	2 037
Sales remuneration	**960**	816	1 587
Other expenses	**674**	550	1 218
Expenses	**20 104**	19 321	27 962
Results of operations	**1 577**	1 714	3 597
Share of profit of associates	**22**	16	32
Finance costs [6]	**(266)**	(306)	(1 122)
Profit before tax	**1 333**	1 424	2 507
Income tax expenses	**(558)**	(592)	(830)
Earnings	**775**	832	1 677
Attributable to:			
Owners of the parent	**760**	813	1 640
Non-controlling interests	**(3)**	(2)	(1)
Preference shareholders	**18**	21	38
	775	832	1 677
Basic earnings per share (cents)	**401**	429	865

(5) Fee income consists of the following:

Investment contracts: R892 million (31.12.2009: R640 million; 30.06.2010: R1 120 million)

Trust and fiduciary services: R235 million (31.12.2009: R183 million; 30.06.2010: R564 million)

Health administration services: R243 million (31.12.2009: R254 million; 30.06.2010: R505 million)

Other fee income: R73 million (31.12.2009: R219 million; 30.06.2010: R501 million)

(6) Finance costs consist of the following:

Subordinated redeemable debt: R37 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)

MOMENTUM

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	**Earnings** **6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Earnings	**760**	813	1 640
Impairment of intangible assets	**-**	-	12
Impairment of goodwill	**7**	5	71
Headline earnings (7)	**767**	818	1 723
Net realised and fair value losses/(gains) on excess	**23**	(13)	(25)
Basis and other changes and investment variances	**(23)**	(41)	(61)
Amortisation of intangible assets relating to business combinations (8)	**27**	27	55
FNB Life (90%)	**(174)**	(191)	(416)
Merger costs	**27**	-	-
Core headline earnings (9)	**647**	600	1 276

(7) Headline earnings comprise operating profit, investment income on shareholder assets, net realised and fair value gains on investment assets, investment variances and basis and other changes.

(8) The amortisation of intangible assets relate to the value of business acquired intangible assets identified in terms of IFRS3.

(9) Core headline earnings 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**	6 mths to 31.12.2009	12 mths to 30.06.2010
Basic			
Core headline earnings	**341**	316	673
Headline earnings	**404**	431	908
Earnings	**401**	429	865
Weighted average number of shares (million)	**190**	190	190

MOMENTUM

ANALYSIS OF CORE HEADLINE EARNINGS	**6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Retail	**305**	267	598
Operating profit	**414**	343	826
Tax	**(109)**	(76)	(228)
Investments	**150**	165	271
Operating profit	**207**	222	354
Tax	**(57)**	(57)	(83)
Group	**(1)**	-	60
Operating profit	**7**	2	88
Tax	**(8)**	(2)	(28)
New markets	**(21)**	(16)	(22)
Operating profit	**(29)**	(21)	(30)
Tax	**8**	5	8
FNB Life (10%)	**23**	23	47
Operating profit	**32**	29	64
Tax	**(9)**	(6)	(17)
Capital centre (10)	**191**	161	322
Operating profit and investment income	**246**	195	376
Tax	**(55)**	(34)	(54)
Core headline earnings	**647**	600	1 276

(10) The capital centre includes unallocated expenses of R312 million (31.12.2009: R198 million; 30.06.2010: R430 million) which will be allocated to business units after the strategic planning sessions and group budgeting processes have been finalised.

MOMENTUM

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	**775**	832	1 677
Other comprehensive income for the year, net of tax	**7**	130	108
Exchange differences on translating foreign operations	**(17)**	(12)	(16)
Available for sale financial assets	**12**	130	68
Land and buildings revaluation	**14**	14	66
Change in non-distributable reserves	**-**	1	(1)
Income tax relating to components of other comprehensive income	**(2)**	(3)	(9)
Total comprehensive income for the year	**782**	962	1 785
Total comprehensive income attributable to:			
Owners of the parent	**767**	943	1 748
Non-controlling interests	**(3)**	(2)	(1)
Momentum preference shares	**18**	21	38
	782	962	1 785

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 and end of period	**1 041**	1 041	1 041
Changes in other reserves			
Balance at beginning of period	**1 140**	648	648
Changes in accounting policy	**-**	395	395
Total comprehensive income	**7**	130	108
Transfer to retained earnings	**-**	-	(11)
Balance at end of period (11)	**1 147**	1 173	1 140
Changes in retained earnings			
Balance at beginning of period	**6 495**	5 606	5 606
Changes in accounting policy	**-**	32	32
Total comprehensive income	**760**	813	1 640
Dividend paid	**(357)**	(338)	(801)
Employee share schemes – value of services provided	**(12)**	12	7
Transfer from other reserves	**-**	-	11
Balance at end of period	**6 886**	6 125	6 495
Equity attributable to owners of the parent	**9 074**	8 339	8 676
FirstRand preference shares			
Balance at beginning of period	**500**	500	500
Total comprehensive income	**18**	21	38
Dividend paid	**(18)**	(21)	(38)
Balance at end of period	**500**	500	500
Changes in non-controlling interests			
Balance at beginning of period	**(4)**	(9)	(9)
Total comprehensive income	**(3)**	(2)	(1)
Transactions with owners	**3**	1	6
Balance at end of period	**(4)**	(10)	(4)
Total equity	**9 570**	8 829	9 172

(11) Other reserves consist of the following:

Land and buildings revaluation reserve: R453 million (31.12.2009: R407 million; 30.06.2010: R441 million)

Foreign currency translation reserve: R18 million (31.12.2009: R39 million; 30.06.2010: R35 million)

Fair value reserve: R670 million (31.12.2009: R719 million; 30.06.2010: R658 million)

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

MOMENTUM

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	**(10 424)**	(3 091)	(9 709)
Net cash inflow / (outflow) from investing activities	**14**	(597)	33
Net cash (outflow) / inflow from financing activities	**(242)**	273	2 117
Net cash outflow	**(10 652)**	(3 415)	(7 559)
Cash and cash equivalents disposed of	**-**	-	(968)
Cash and cash equivalents at beginning of period	**22 611**	31 138	31 138
Cash and cash equivalents at end of period	**11 959**	27 723	22 611

MOMENTUM

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	**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
Fee income	**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)
Expenses			
Payments to contract holders	**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
Other expenses	**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
Finance costs	**266**	306	1 122
Inter-segment expenses	**(93)**	(185)	(290)

- The operations are segregated into Retail, Investments, Group, New markets, FNB Life and Capital centre.
- Segment assets did not change materially from 30 June 2010, except for market-related movements.
- Other segment information used to assess the performance of the operating segments is disclosed throughout the results and includes core headline earnings, new business premiums, value of new business and profitability of new business as a % of APE and PVFP.

MOMENTUM

EMBEDDED VALUE	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
Covered business			
Reporting excess – covered business	**8 685**	7 636	7 996
Difference between statutory and published valuation methods	**(254)**	(237)	(275)
Intangible asset relating to Sage	**(633)**	(670)	(647)
Consolidation adjustments	**(87)**	(95)	(92)
Change in accounting policies	**-**	(32)	-
Value of preference shares issued	**(500)**	(455)	(475)
Net asset value – covered business	**7 211**	6 147	6 507
Net value of in-force business	**9 013**	8 697	8 458
Embedded value – covered business	**16 224**	14 844	14 965
Non-covered business			
Reporting excess – non-covered business	**889**	1 203	1 180
Consolidation adjustments	**64**	55	61
Net asset value before write up to directors' value – non-covered business	**953**	1 258	1 241
Write up to directors' value	**624**	1 733	1 477
Asset management	**528**	1 487	1 196
Health	**76**	151	163
African operations (12)	**-**	89	100
Short term insurance	**20**	6	18
Embedded value – non-covered business	**1 577**	2 991	2 718
Adjusted net asset value	**8 788**	9 138	9 225
Value of in-force business	**9 013**	8 697	8 458
Embedded value	**17 801**	17 835	17 683
Required capital – covered business (adjusted for qualifying debt)	**4 238**	4 401	4 316
Surplus capital – covered business	**2 973**	1 746	2 191

(12) African operations were previously shown as non-covered business and have now been reclassified as covered business.

MOMENTUM

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
Wealth and Retail [13]	**7 208**	6 476	6 321
Gross value of in-force business	**8 596**	7 855	7 712
Less cost of capital	**(1 388)**	(1 379)	(1 391)
New markets	**136**	122	126
Gross value of in-force business	**156**	145	145
Less cost of capital	**(20)**	(23)	(19)
Employee benefits	**851**	844	796
Gross value of in-force business	**1 120**	1 105	1 104
Less cost of capital	**(269)**	(261)	(308)
FNB Life (10%)	**75**	65	70
Gross value of in-force business	**85**	67	73
Less cost of capital	**(10)**	(2)	(3)
African operations [14]	**129**	-	-
Gross value of in-force business	**145**	-	-
Less cost of capital	**(16)**	-	-
Capital centre	**614**	608	512
Gross value of in-force business	**651**	639	546
Less cost of capital	**(37)**	(31)	(34)
FNB Life (90%)	**-**	582	633
Gross value of in-force business	**-**	603	654
Less cost of capital	**-**	(21)	(21)
Net value of in-force business	**9 013**	8 697	8 458

13) Wealth has been included within the Investment cluster in the analysis of core headline earnings.

14) The African operations have been included within the Group cluster in the analysis of core headline earnings. African operations were previously shown as non-covered business and have now been reclassified as covered business.

EMBEDDED VALUE AT A COMPANY LEVEL	**Net asset value Rm**	**Value of in-force Rm**	**31.12.2010 Rm**	31.12.2009 Rm	30.06.2010 Rm
Covered business	7 211	9 013	**16 224**	14 844	14 965
	Net asset value Rm	**Directors' value adjustments Rm**	**Directors' value Rm**	31.12.2009 Rm	30.06.2010 Rm
Non-covered business	953	624	**1 577**	2 991	2 718
Asset management	691	528	**1 219**	2 167	1 893
Health	205	76	**281**	417	356
African operations [15]	-	-	**-**	357	398
Short term insurance	57	20	**77**	50	71
Allocation of directors' value adjustments to net asset value	624	(624)	**-**	-	-
Total embedded value	8 788	9 013	**17 801**	17 835	17 683

(15) African operations were previously shown as non-covered business and have now been reclassified as covered business.

MOMENTUM

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Note	Covered business NAV Rm	VoIF Rm	Cost of CAR Rm	**6 mths to 31.12.2010 EV Rm**	6 mths to 31.12.2009 EV Rm	12 mths to 30.06.2010 EV Rm
Covered business							
Profit from new business		(507)	755	(43)	**205**	226	391
Embedded value from new business	A	(507)	736	(42)	**187**	203	303
Expected return to end of period	B	-	19	(1)	**18**	23	88
Profit from existing business		870	(325)	96	**641**	421	708
Expected return – unwinding of RDR	B	-	541	(99)	**442**	385	801
Release from the cost of required capital	C	-	-	136	**136**	157	265
Expected (or actual) net of tax profit transfer to net worth	D	796	(796)	-	**-**	-	-
Operating experience variations	E	53	(72)	38	**19**	(26)	(161)
Operating assumption changes	F	21	2	21	**44**	(95)	(197)
Embedded value earnings 90% of FNB Life until date of unbundling		174	(76)	4	**102**	296	566
Allowance for transfer pricing between RMBUT and Momentum		-	98	-	**98**	-	-
Embedded value profit from operations		537	452	57	**1 046**	943	1 665
Investment return on net worth	G	90	-	-	**90**	283	410
Investment variations	H	123	360	(8)	**475**	756	571
Economic assumption changes	I	-	138	-	**138**	150	43
Embedded value profit – covered business		750	950	49	**1 749**	2 132	2 689
Effect of exclusion of 90% of FNB Life due to unbundling at effective date		-	(576)	3	**(573)**	-	-
Transfer of business from non-covered business (16)		333	145	(16)	**462**	(52)	(52)
Changes in share capital		-	-	-	**-**	-	-
Capital transferred to non-covered business		(22)	-	-	**(22)**	(86)	(58)
Dividend paid		(357)	-	-	**(357)**	(338)	(802)
Change in embedded value – covered business		704	519	36	**1 259**	1 656	1 777
Non-covered business							
Earnings and changes in equity					**24**	65	75
Change in directors' valuation					**(453)**	(110)	(364)
Allowance for transfer pricing between RMBUT and Momentum					**(272)**	-	-
Embedded value profit – non covered business					**(701)**	(45)	(289)
Transfer of business to covered business (16)					**(462)**	52	52
Capital transferred from covered business					**22**	86	58
Change in embedded value – non-covered business					**(1 141)**	93	(179)
Total change in embedded value					**118**	1 749	1 598
Return on embedded value (%) (annualised) (internal rate of return)					**12.3**	27.8	15.2

(16) African operations were previously shown as non-covered business and have now been reclassified as covered business.

MOMENTUM

NOTES TO THE EMBEDDED VALUE

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS (EXCLUDING 90% OF FNB LIFE)	**6 mths to 31.12.2010 Rm**	Pro forma 6 mths to 31.12.2009 Rm	Pro forma 12 mths to 30.06.2010 Rm
MOMENTUM			
Wealth and Retail [17] [18]	**188**	210	286
Gross value of new business	**219**	240	340
Cost of capital	**(31)**	(30)	(54)
New markets	**(10)**	(16)	(40)
Gross value of new business	**(9)**	(15)	(39)
Cost of capital	**(1)**	(1)	(1)
Employee benefits	**9**	9	57
Gross value of new business	**20**	15	80
Cost of capital	**(11)**	(6)	(23)
Total value of new business	**187**	203	303

(17) The Wealth value of new business shown for December 2009 and June 2010 would have been higher by R22 million and R47 million respectively if a transfer pricing arrangement between Momentum Wealth and RMB Unit Trusts was in place for those periods. The value of new business shown at 31 December 2010 reflects the transfer pricing arrangement agreed between Momentum Wealth and RMB Unit Trusts at the start of the period.

(18) Included in the value of new business for Wealth and Retail is 10% of the value of new business for FNB Life.

MOMENTUM

NEW BUSINESS PREMIUMS – COVERED BUSINESS (EXCLUDING 90% OF FNB LIFE)	6 mths to 31.12.2010 Rm	Pro forma 6 mths to 31.12.2009 Rm	Pro forma 12 mths to 30.06.2010 Rm
Recurring premiums	**967**	812	1 586
Wealth and Retail [19]	**614**	576	1 129
New markets	**48**	28	69
Employee benefits	**305**	208	388
Single premiums	**12 121**	10 187	21 337
Wealth and Retail	**10 991**	9 795	19 221
Employee benefits	**1 130**	392	2 116
Annual premium equivalent (APE)	**2 179**	1 831	3 720
Wealth and Retail [19]	**1 713**	1 556	3 051
New markets	**48**	28	69
Employee benefits	**418**	247	600
Present value of premiums (PVP)	**17 253**	14 485	29 702
Wealth and Retail [19]	**14 167**	12 739	24 985
New markets	**100**	62	143
Employee benefits	**2 986**	1 684	4 574

(19) Included in the recurring premiums, APE and PVP for Wealth and Retail is 10% of FNB Life's numbers.

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2010 Rm	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Total lump sum inflows	**29 477**	28 059	54 759
Inflows not included in value of new business	**(17 797)**	(18 238)	(34 696)
Wealth and Retail			
- Policy alterations and other retail items	**(57)**	(11)	(8)
- Linked products	**30**	(239)	(138)
- Unit trusts	**(7 339)**	(6 529)	(14 827)
Employee benefits	**(69)**	(70)	(42)
Asset Management			
- Flows recognised on the statement of financial position	**(5 556)**	(6 924)	(10 032)
- Flows not recognised on the statement of financial position	**(4 806)**	(4 465)	(9 649)
Term extensions on maturing policies	**441**	366	735
Retirement annuity proceeds invested in living annuities	**-**	-	539
Single premiums included in value of new business	**12 121**	10 187	21 337

MOMENTUM

PROFITABILITY OF NEW BUSINESS – COVERED BUSINESS (EXCLUDING 90% OF FNB LIFE)	6 mths to 31.12.2010	Pro forma 6 mths to 31.12.2009	Pro forma 12 mths to 30.06.2010
% of APE	**8.6**	11.1	8.1
Wealth and Retail [20]	**11.0**	13.5	9.4
New markets	**(20.8)**	(57.1)	(58.0)
Employee benefits	**2.2**	3.6	9.5
% of PVP	**1.1**	1.4	1.0
Wealth and Retail [20]	**1.3**	1.6	1.1
New markets	**(10.0)**	(25.8)	(28.0)
Employee benefits	**0.3**	0.5	1.2

(20) The new business margin of Wealth and Retail includes the margin on 10% of FNB Life's new business.

SOURCE OF NEW BUSINESS PRODUCTION – COVERED BUSINESS Individual life – insurance and investment business	**6 mths to 31.12.2010**		6 mths to 31.12.2009		12 months to 30.06.2010	
	APE %	**Total premium %**	APE %	Total premium %	APE %	Total premium %
Personal financial advisors	**17.2**	**14.5**	13.1	10.3	14.2	11.6
Brokers	**63.1**	**82.0**	69.7	86.7	68.8	85.4
Corporate	**17.1**	**3.0**	15.5	2.7	14.9	2.6
Direct	**2.6**	**0.5**	1.7	0.3	2.1	0.4

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting period to the present value of in-force covered business at the beginning of the reporting period and adding the expected return on new business, which 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 period.

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 from the present value of in-force covered business to the adjusted net worth is calculated on the statutory valuation method.

MOMENTUM

E. OPERATING EXPERIENCE VARIATIONS

OPERATING EXPERIENCE VARIATIONS	6 mnths to 31.12.2010 Adjusted net worth Rm	Value of in-force business (net of cost of capital required) Rm	Embedded value Rm	6 mnths to 31.12.2009 Embedded value Rm	12 mnths to 30.06.2010 Embedded value Rm
Wealth and Retail	40	(16)	**24**	(25)	(42)
Mortality and morbidity	74	1	**75**	98	228
Terminations, premium cessations and policy alterations	19	(23)	**(4)**	(33)	(108)
Benefit enhancement	-	-	**-**	(51)	(52)
Expense variation	(54)	-	**(54)**	(39)	(110)
Other	1	6	**7**	-	-
New markets	(13)	(6)	**(19)**	(4)	(13)
Mortality and morbidity	1	-	**1**	1	11
Other (including expense and termination experience)	(14)	(6)	**(20)**	(5)	(24)
Employee benefits	(16)	(51)	**(67)**	(43)	(112)
Mortality and morbidity	(20)	11	**(9)**	6	31
Terminations	-	(38)	**(38)**	(3)	(72)
Expenses and other	4	-	**4**	(30)	(29)
Reduction in average management fees	-	(24)	**(24)**	(16)	(42)
FNB Life	6	2	**8**	6	23
Return on working capital (21)	-	-	**-**	10	21
STC related variation	10	-	**10**	19	42
Capital centre (22)	26	(1)	**25**	45	32
Opportunity cost of capital	-	38	**38**	(34)	(112)
Total operating experience variations	53	(34)	**19**	(26)	(161)

(21) Return on working capital has been allocated to the business units for the reporting period ended 31 December 2010.

(22) The impact of merger related costs is included in the Capital centre for the reporting period ended 31 December 2010.

F. OPERATING ASSUMPTIONS AND MODEL CHANGES

OPERATING ASSUMPTIONS AND MODEL CHANGES	6 mnths to 31.12.2010 Adjusted net worth Rm	6 mnths to 31.12.2010 Value of in-force business (net of cost of capital required) Rm	6 mnths to 31.12.2010 Embedded value Rm	6 mnths to 31.12.2009 Embedded value Rm	12 mnths to 30.06.2010 Embedded value Rm
Wealth and Retail	32	68	**100**	(64)	(201)
Mortality and morbidity assumptions	-	-	**-**	97	156
Renewal expense assumptions	-	-	**-**	-	(197)
Termination assumptions	-	-	**-**	(81)	(86)
Discretionary margins	-	-	**-**	(11)	(22)
Wealth modelling change	-	34	**34**	(73)	(76)
Other methodology changes	32	34	**66**	4	24
New markets	-	-	**-**	-	(10)
Employee benefits	(11)	(66)	**(77)**	-	(56)
Assumed mortality and morbidity profit margin	-	-	**-**	-	-
Termination assumptions	-	-	**-**	-	(1)
Renewal expense assumptions	-	-	**-**	-	(113)
Other methodology changes	(11)	(66)	**(77)**	-	58
FNB Life	-	-	**-**	9	6
Methodology change: Cost of capital required	-	21	**21**	(40)	64
Total operating assumptions and model changes	21	23	**44**	(95)	(197)

G. INVESTMENT RETURN ON NET WORTH

Investment return on net worth of covered business comprises the following:

INVESTMENT RETURN ON NET WORTH	**6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Investment income	**120**	164	346
Capital appreciation	**(2)**	129	70
Change in fair value of properties	**15**	6	47
Preference share dividends paid and change in fair value of preference shares	**(43)**	(16)	(53)
Investment return on adjusted net worth	**90**	283	410

H. 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.

MOMENTUM

I. 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.

COVERED BUSINESS SENSITIVITIES

COVERED BUSINESS: SENSITIVITIES – 31.12.2010		Net worth	In-force business			New business written		
			Net value	Gross value	Cost of CAR [25]	Net value	Gross value	Cost of CAR [25]
		Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value		**7 211**	**9 013**	**10 753**	**(1 740)**	**187**	**230**	**(43)**
1%	increase in risk discount rate	7 211	8 225	10 203	(1 978)	144	192	(48)
	% change		(8.7)	(5.1)	13.7	(23.0)	(16.5)	11.6
1%	reduction in risk discount rate	7 211	9 871	11 342	(1 471)	232	268	(36)
	% change		9.5	5.5	(15.5)	24.1	16.5	(16.3)
10%	decrease in future expenses	7 211	9 422	11 162	(1 740)	211	253	(42)
	% change [23]		4.5	3.8	0.0	12.8	10.0	(2.3)
10%	decrease in lapse, paid-up and surrender rates	7 211	9 268	11 125	(1 857)	230	275	(45)
	% change		2.8	3.5	6.7	23.0	19.6	4.7
5%	decrease in mortality and morbidity for assurance business	7 211	9 624	11 364	(1 740)	232	274	(42)
	% change		6.8	5.7	0.0	24.1	19.1	(2.3)
5%	decrease in mortality for annuity business	7 211	8 866	10 606	(1 740)	183	225	(42)
	% change		(1.6)	(1.4)	0.0	(2.1)	(2.2)	(2.3)
1%	reduction in gross investment return, inflation rate and risk discount rate	7 211	8 945	10 766	(1 821)	207	251	(44)
	% change [24]		(0.8)	0.1	4.7	10.7	9.1	2.3
1%	reduction in inflation rate	7 211	9 131	10 871	(1 740)	189	231	(42)
	% change		1.3	1.1	0.0	1.1	0.4	(2.3)
10%	fall in market value of equities and properties	7 131	8 340	10 135	(1 795)	187	230	(43)
	% change	(1.1)	(7.5)	(5.7)	3.2	0.0	0.0	0.0
10%	reduction in premium indexation take-up rate	7 211	8 861	10 601	(1 740)	174	216	(42)
	% change		(1.7)	(1.4)	0.0	(7.0)	(6.1)	(2.3)
10%	decrease in non commission related acquisition expenses	7 211	9 013	10 753	(1 740)	217	259	(42)
	% change		0.0	0.0	0.0	16.0	12.6	(2.3)
1%	Equity risk premium increases by 1%	7 211	9 236	10 976	(1 740)	193	235	(42)
	% change		2.5	2.1	0.0	3.2	2.2	(2.3)

(23) No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.

(24) Bonus rates are assumed to change commensurately.

(25) The change in the value of cost of CAR is disclosed as nil where the sensitivity test results in an insignificant change in the value.

MOMENTUM

NET FLOW OF FUNDS	Gross inflow Rm	Gross outflow Rm	**6 mths to 31.12.2010 Net inflow / (outflow) Rm**	6 mths to 31.12.2009 Net inflow / (outflow) Rm	12 mths to 30.06.2010 Net inflow / (outflow) Rm
Retail and wealth	8 398	(7 229)	**1 169**	984	1 439
Employee benefits	2 890	(2 646)	**244**	289	1 670
Asset management	5 556	(5 430)	**126**	(7 060)	(9 809)
Long-term insurance business cash flows	16 844	(15 305)	**1 539**	(5 787)	(6 700)
Retail and wealth	6 002	(2 935)	**3 067**	1 758	4 219
Health	3 179	(2 657)	**522**	504	846
Asset management	12 145	(24 961)	**(12 816)**	(11 068)	(15 648)
Total net flow of funds	38 170	(45 858)	**(7 688)**	(14 593)	(17 283)

FUNDS RECEIVED FROM CLIENTS	**6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Recurring inflows	**8 693**	8 206	16 783
Retail and wealth	**3 395**	3 143	6 172
Risk	**1 476**	1 110	2 159
Retirement annuities	**846**	844	1 711
Discretionary savings	**1 073**	1 189	2 302
New markets	**75**	53	111
Employee benefits	**1 691**	1 454	3 275
Health	**3 179**	3 085	6 280
FNB Life	**353**	471	945
Lump sum inflows	**29 477**	28 059	54 759
Retail and wealth	**10 577**	9 679	18 093
Guaranteed annuities	**337**	495	920
Living annuities	**1 576**	1 427	3 097
Endowments	**740**	1 064	1 764
Linked products – local	**6 866**	5 467	10 311
Linked products – offshore	**1 058**	1 226	2 001
Employee benefits	**1 199**	462	2 158
Asset management	**17 701**	17 918	34 508
Total inflows	**38 170**	36 265	71 542
Adjustment for premiums received from investment contract holders	**(12 577)**	(13 365)	(22 477)
Adjustment for off-balance sheet inflows	**(21 326)**	(18 872)	(39 343)
Net insurance premiums per income statement	**4 267**	4 028	9 722

MOMENTUM

PAYMENTS TO CLIENTS	**6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Retail	**16 915**	18 357	29 480
Death and disability claims	**1 257**	1 020	2 030
Maturity claims	**1 972**	2 344	4 897
Annuities	**948**	907	1 967
Surrenders	**13 245**	14 319	21 185
Re-insurance recoveries	**(507)**	(233)	(599)
Employee benefits	**2 646**	1 627	3 763
Death and disability claims	**651**	580	1 168
Maturity claims	**131**	123	252
Annuities	**164**	118	258
Withdrawals and surrenders	**1 733**	829	2 124
Re-insurance recoveries	**(33)**	(23)	(39)
Asset management			
Withdrawals	**23 547**	28 189	49 938
Health			
Claims	**2 657**	2 581	5 434
FNB Life			
Death and disability claims	**93**	104	210
Total payments to clients	**45 858**	50 858	88 825
Adjustment for payments to investment contract holders	**(10 299)**	(18 963)	(29 513)
Adjustment for off-balance sheet outflows	**(30 553)**	(27 678)	(49 926)
Net insurance benefits and claims per income statement	**5 006**	4 217	9 386

MOMENTUM

NUMBER OF EMPLOYEES	**31.12.2010**	31.12.2009	30.06.2010
Retail	**1 988**	2 011	1 989
Administration	**935**	867	903
Sales	**1 053**	1 144	1 086
Investments	**691**	658	691
Wealth	**331**	287	319
Asset management	**360**	371	372
Group	**1 815**	1 935	1 836
Employee benefits	**798**	845	822
Health	**957**	1 045	963
Africa	**60**	45	51
New markets	**247**	169	240
FNB Life	**86**	85	81
IT support	**172**	154	160
Capital centre	**250**	190	229
Total number of employees	**5 249**	5 202	5 226

ANALYSIS OF EXPENSES	**6 mths to 31.12.2010 Rm**	6 mths to 31.12.2009 Rm	12 mths to 30.06.2010 Rm
Depreciation, amortisation and impairment expenses	**83**	86	249
Employee benefit expenses	**1 122**	983	2 037
Sales remuneration	**960**	816	1 587
Other expenses	**674**	550	1 218
Finance costs	**266**	306	1 122
Total expenses	**3 105**	2 741	6 213
Long-term insurance business	**2 404**	2 032	4 245
Operating expenses	**1 372**	1 144	2 442
Sales remuneration	**960**	816	1 587
Asset management fees	**72**	72	216
Operating expenses – Asset management	**230**	215	543
Operating expenses – Health administration	**277**	260	519
Finance costs	**266**	306	1 122
Consolidation adjustments	**(72)**	(72)	(216)
Total expenses	**3 105**	2 741	6 213

MOMENTUM

FINANCIAL INSTRUMENT ASSETS	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
Equity securities	**39 788**	29 698	33 857
Debt securities	**45 858**	37 515	44 852
Funds on deposit and other money market instruments	**8 673**	9 355	8 247
Unit-linked investments	**68 543**	60 407	54 462
Derivative financial instruments	**7 420**	7 867	6 521
Loans and receivables	**1 469**	2 827	1 826
Total financial instrument assets as per statement of financial position	**171 751**	147 669	149 765

ASSETS UNDER MANAGEMENT OR ADMINISTRATION	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
Total on-balance sheet assets	**203 500**	191 892	199 364
Collective investments	**26 724**	23 138	26 580
Health	**3 973**	3 745	3 804
Asset management – segregated assets	**56 246**	71 954	64 175
Linked product assets under administration	**27 116**	22 253	23 169
Total assets under management or administration	**317 559**	312 982	317 092

ANALYSIS OF ASSETS UNDER MANAGEMENT OR ADMINISTRATION	31.12.2010 Rm	31.12.2009 Rm	30.06.2010 Rm
On-balance sheet assets			
Managed and administered by group asset managers	**128 625**	116 375	111 462
Properties	**2 266**	2 274	2 276
Collective investment schemes	**68 543**	60 407	54 462
Investment assets	**57 816**	53 694	54 724
Linked product assets under administration	**39 290**	33 555	35 495
Other assets	**35 585**	41 962	52 407
	203 500	191 892	199 364
Off-balance sheet assets			
Managed and administered by group asset managers	**82 970**	95 092	90 755
Collective investment schemes	**26 724**	23 138	26 580
Segregated assets	**56 246**	71 954	64 175
Health	**3 973**	3 745	3 804
Linked product assets under administration	**27 116**	22 253	23 169
Total assets under management or administration	**317 559**	312 982	317 092

MOMENTUM

ANALYSIS OF ASSETS BACKING GROUP SHAREHOLDER EXCESS	31.12.2010		31.12.2009		30.06.2010	
	Rm	**%**	Rm	%	Rm	%
Preference shares	**3 010**	**31.4**	2 642	29.9	2 640	28.8
Share trust loan	**11**	**0.1**	204	2.3	185	2.0
Properties	**609**	**6.4**	509	5.8	577	6.3
Equities	**43**	**0.4**	6	0.1	41	0.5
Intangible assets	**1 232**	**12.9**	1 343	15.2	1 268	13.8
Cash and cash equivalents and other	**5 681**	**59.3**	5 062	57.2	5 418	59.0
	10 586	**110.5**	9 766	110.5	10 129	110.4
Unsecured subordinated debt	**(1 012)**	**(10.5)**	(927)	(10.5)	(953)	(10.4)
Excess per reporting basis	**9 574**	**100.0**	8 839	100.0	9 176	100.0

Annexure C

Metropolitan

Reviewed results for the 12 months ended 31 December 2010

METROPOLITAN

Basis of preparation

The Metropolitan group results disclosed in this Annexure represent the previous Metropolitan Holdings Limited group on a carve-out basis excluding the financial information of the Momentum Group Limited. The following transactions are therefore not recognised in this set of condensed carve-out financial information:

- the 951 million ordinary shares issued by Metropolitan Holdings Limited as part of the merger with Momentum on 1 December 2010;
- the fair value exercise to recognise the fair value of all identifiable Metropolitan group assets and liabilities and the related amortisation charge; and
- elimination of pre-acquisition reserves of Metropolitan group on acquisition date.

The financial results and cash flows of the Metropolitan group for the year ended 31 December 2010 were not impacted by any other transactions, other than merger costs, following the merger with Momentum.

The Metropolitan group carve-out financial information has been independently reviewed by PricewaterhouseCoopers Inc and their report is available for inspection.

The embedded value and value of new business results have been independently reviewed by Deloitte and their report is available for inspection.

These results 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 annual financial statements at 31 December 2009 and, with the exception of the principal economic assumptions, have remained unchanged since then.

Restatement of 2009 results

Early adoption of IAS 12 – Income taxes

The International Accounting Standards Board amended IAS12 - Income taxes in December 2010. The amendment introduces a presumption that the carrying value of an investment property is recovered entirely through sale. The Metropolitan group chose to early adopt the amendment as 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 had no effect on the 2009 opening retained earnings but decreased the deferred income tax expense and liability by R111 million for 2009. This resulted in an increase of R111 million on the 2009 embedded value.

Reallocations

The following items have been reallocated for 2009 to ensure consistency within the MMI Holdings Limited group:

- Administration fee income was previously set off against other expenses in the income statement. This income is now disclosed under fee income as this better reflects its nature. An amount of R75 million was reallocated in 2009 (2010 amounts to R81 million).
- The amortisation and impairment of deferred acquisitions costs and the change in provision of commission debtors (agents and brokers) were previously disclosed under depreciation, amortisation and impairment expenses in the income statement. These costs are now shown under sales remuneration as they all relate to commission. An amount of R19 million was reallocated in 2009 (2010 amounts to R6 million).

- Leave pay provision balances were previously disclosed under accounts payable. This balance is now disclosed under employee benefit obligations as it relates to employee balances. An amount of R61 million was reallocated in 2009 (2010 amounts to R66 million).

The reallocations above had no impact on the earnings attributable to the Metropolitan 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, IFRS 3 (Revised) – Business combinations, 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.
- 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.

Embedded value

Metropolitan asset management subsidiaries (Metropolitan Asset Management, Metropolitan Collective Investment Schemes and Metropolitan Property Services), were valued using Embedded Value methodology prior to 31 December 2010. The valuation methodology at 31 December 2010 has changed to using forward Price Earnings multiples applied to the relevant sustainable earnings bases.

Segmental information

The segments in this Annexure have been grouped as follows:

- Retail (includes Metropolitan Odyssey Ltd, DirectFin Solutions (Pty) Ltd and for 2009 it includes Union Life Ltd) – development, distribution and administration of individual life investment and risk products;
- Corporate (includes Metropolitan Retirement Administrators (Pty) Ltd) – all aspects of retirement fund business including investment, risk management, actuarial consulting and administration;
- International – development, distribution and administration of individual life investment and risk products as well as retirement fund business in Namibia, Botswana, Lesotho, Kenya, Ghana, Nigeria and Swaziland;
- Asset management – all aspects of active asset management, collective investment schemes management, property management and administration, on behalf of all businesses within the group and third parties;
- Health – provision of medical aid administration services, health risk management strategies, managed healthcare and administration system franchising to both corporate and retail healthcare schemes; and
- Shareholder capital – consists of the holding company, Metropolitan Card Operations (Pty) Ltd, Metropolitan Capital group and the shareholders excess in the life insurance companies.

METROPOLITAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2010 Rm	31.12.2009 Rm
ASSETS		
Intangible assets	**420**	464
Owner-occupied properties	**709**	690
Property and equipment	**207**	202
Investment properties	**3 288**	3 193
Investment in associates	**1 090**	856
Employee benefit assets	**221**	232
Financial instrument assets (1)	**61 151**	56 201
Insurance and other receivables	**1 596**	1 579
Deferred income tax	**12**	10
Reinsurance contracts	**292**	242
Current income tax assets	**16**	200
Cash and cash equivalents	**7 128**	7 702
Total assets	**76 130**	71 571
EQUITY		
Equity attributable to owners of the parent	**7 246**	6 723
Non-controlling interests	**156**	167
Total equity	**7 402**	6 890
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts (2)	**39 588**	35 807
Capitation contracts	**1**	2
Financial instrument liabilities		
Investment contracts	**23 611**	23 471
– with discretionary participation features (2)	**12 664**	12 022
– designated as fair value through income	**10 947**	11 449
Other financial instrument liabilities (3)	**2 336**	2 308
Deferred income tax	**404**	283
Employee benefit obligations	**312**	263
Other payables	**2 433**	2 540
Current income tax liabilities	**43**	7
Total liabilities	**68 728**	64 681
Total equity and liabilities	**76 130**	71 571

(1) Financial instrument assets consist of the following:

Assets designated as fair value through income: R59 252 million (31.12.2009: R54 441 million)

Derivative financial instruments: R867 million (31.12.2009: R718 million)

Available-for-sale assets: R1 million (31.12.2009: R2 million)

Loans and receivables: R1 031 million (31.12.2009: R1 040 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: R352 million (31.12.2009: R301 million)

Derivative financial instruments: R766 million (31.12.2009: R787 million)

Liabilities at amortised cost: R1 218 million (31.12.2009: R1 220 million)

METROPOLITAN

STATEMENT OF ASSETS AND LIABILITIES ON REPORTING BASIS	**31.12.2010 Rm**	31.12.2009 Rm
Total assets per statement of financial position	**76 130**	71 571
Actuarial value of policy liabilities per statement of financial position	**(63 199)**	(59 278)
Other liabilities per statement of financial position	**(5 529)**	(5 403)
Non-controlling interests per statement of financial position	**(156)**	(167)
Excess per reporting basis	**7 246**	6 723
Net assets – other businesses	**(771)**	(726)
Excess – long-term insurance business (4)	**6 475**	5 997
LONG-TERM INSURANCE BUSINESS (4)		
Change in excess of long-term insurance business (4)	**478**	1 084
Increase in share capital	**(126)**	(25)
Sale of Union Life	**83**	
Metropolitan Nigeria accounted for as a subsidiary		(74)
Change in other reserves	**9**	18
Dividend paid	**733**	336
Total surplus arising	**1 177**	1 339
Operating profit	**696**	634
Investment income on excess	**361**	313
Net realised and fair value gains on excess	**485**	416
Investment variances (5)	**(18)**	279
Basis and other changes	**(347)**	(303)
Consolidation adjustments	**155**	125
Income tax expenses (6)	**237**	251
Adjustment for finance costs	**47**	46
Results of long-term insurance business (4)	**1 616**	1 761
Results of other businesses and consolidation adjustments	**62**	73
Results of operations per income statement	**1 678**	1 834

STATEMENT OF ASSETS AND LIABILITIES ON STATUTORY BASIS	**31.12.2010 Rm**	31.12.2009 Rm
Reporting excess – long-term insurance business (4)	**6 475**	5 997
Disregarded assets in terms of statutory requirements (7)	**(462)**	(553)
Capital adjustments	**501**	501
Statutory excess – long-term insurance business (4)	**6 514**	5 945
Capital adequacy requirement (CAR) (Rm)	**2 317**	2 090
Ratio of long-term insurance business excess to CAR (times)	**2.8**	2.8
Discretionary margins	**2 149**	1 704

(4) 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.

(5) Investment variances reflect the impact of actual investment returns on the value of future expense recoveries and include any change in the PGN 110 (Allowance for embedded investment derivatives) liability.

(6) Includes deferred tax on contract holder capital gains and losses.

(7) 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.

METROPOLITAN

CONSOLIDATED INCOME STATEMENT	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Net insurance premiums received	**10 304**	10 240
Fee income (8)	**1 471**	1 260
Investment income	**3 667**	3 995
Net realised and fair value gains	**4 849**	4 642
Net income	**20 291**	20 137
Net insurance benefits and claims	**8 757**	8 466
Change in liabilities	**4 651**	4 565
Change in insurance contract liabilities	**4 039**	3 852
Change in investment contracts with DPF liabilities	**665**	747
Change in reinsurance provision	**(53)**	(34)
Fair value adjustments on investment contract liabilities	**1 042**	1 235
Fair value adjustments on collective investment scheme liabilities	**5**	7
Depreciation, amortisation and impairment expenses (9)	**191**	129
Employee benefit expenses	**1 694**	1 549
Sales remuneration	**982**	1 006
Other expenses (9)	**1 291**	1 346
Expenses	**18 613**	18 303
Results of operations	**1 678**	1 834
Share of profit of associates	**14**	3
Finance costs (10)	**(134)**	(168)
Profit before tax	**1 558**	1 669
Income tax expenses	**(385)**	(412)
Earnings	**1 173**	1 257
Attributable to:		
Owners of the parent	**1 153**	1 240
Non-controlling interests	**20**	17
	1 173	1 257
Basic earnings per share	**210**	234
Diluted earnings per share	**190**	205

(8) Fee income consists of the following:
Investment contracts: R115 million (31.12.2009: R67 million)
Trust and fiduciary services: R151 million (31.12.2009: R159 million)
Health administration services: R1 107 million (31.12.2009: R944 million)
Other fee income: R98 million (31.12.2009: R90 million)

(9) A provision for a loan impairment of R72 million raised in prior years for Metropolitan Card Operations was reversed during 2009 and written off against other expenses.

(10) Finance costs consist of the following:
Preference shares: R86 million (31.12.2009: R118 million)
Subordinated redeemable debt: R46 million (31.12.2009: R46 million)
Other: R2 million (31.12.2009: R4 million)

METROPOLITAN

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings 12 mths to 31.12.2010 Rm	Basic earnings 12 mths to 31.12.2009 Rm	Diluted earnings 12 mths to 31.12.2010 Rm	Diluted earnings 12 mths to 31.12.2009 Rm
Earnings	**1 153**	1 240	**1 153**	1 240
Finance costs – convertible preference shares			**86**	118
Diluted earnings			**1 239**	1 358
Profit on sale of Union Life	**(3)**		**(3)**	
Impairment of associate	**29**		**29**	
Goodwill impairment and adjustments relating to equity accounted associates		61		61
Headline earnings (11)	**1 179**	1 301	**1 265**	1 419
Net realised and fair value gains on excess	**(601)**	(490)	**(601)**	(490)
Basis and other changes and investment variances	**357**	5	**357**	5
Merger costs	**42**		**42**	
Dilutory effect of subsidiaries (12)			**(5)**	(1)
Investment income on treasury shares – contract holders (13)			**1**	1
Core headline earnings (14)	**977**	816	**1 059**	934

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

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

(13) For diluted core headline earnings, treasury shares held on behalf of contract holders are deemed to be issued. For diluted earnings and headline earnings, these shares are deemed to be cancelled.

(14) Net realised and fair value gains on investment assets, investment variances and basis and other changes can be volatile; therefore core headline earnings have been disclosed that comprise operating profit and investment income on shareholder assets.

EARNINGS PER SHARE (cents) attributable to owners of the parent	**12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Basic		
Core headline earnings	**178**	154
Headline earnings	**215**	246
Earnings	**210**	234
Weighted average number of shares (million)	**549**	529
Diluted		
Core headline earnings	**162**	141
Weighted average number of shares (million)	**653**	663
Headline earnings	**194**	214
Earnings	**190**	205
Weighted average number of shares (million)	**652**	663

METROPOLITAN

ANALYSIS OF DILUTED CORE HEADLINE EARNINGS	**12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Retail business	**432**	383
Operating profit	**585**	506
Tax	**(153)**	(123)
Corporate business	**158**	140
Operating profit	**218**	185
Tax	**(60)**	(45)
International business	**84**	89
Operating profit	**92**	100
Tax	**(8)**	(11)
Asset management business	**55**	61
Operating profit	**77**	88
Tax	**(22)**	(27)
Health business	**92**	95
Operating profit	**144**	153
Tax	**(52)**	(58)
Shareholder capital	**238**	166
Holding company expenses	**(86)**	(67)
Strategic ventures	**-**	(43)
Investment income on shareholder excess	**490**	433
Income tax on investment income	**(166)**	(157)
Diluted core headline earnings	**1 059**	934

RESULTS OF OPERATIONS FROM ADMINISTRATION BUSINESS (gross of minority interests and before finance costs and tax)	**Net income** Rm	**Expenses** Rm	**Results of operations** **12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Health business	1 148	(991)	**157**	174
Asset administration	128	(68)	**60**	57
Asset management	129	(112)	**17**	31
Metropolitan Card Operations	-	-	**-**	(31)
Metropolitan Retirement Administrators	88	(89)	**(1)**	(1)
	1 493	(1 260)	**233**	230

METROPOLITAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Earnings	**1 173**	1 257
Other comprehensive income for the year, net of tax	**(13)**	(10)
Exchange differences on translating foreign operations	**(34)**	(37)
Land and buildings revaluation	**28**	29
Share of other comprehensive income of associates	**(3)**	-
Change in non-distributable reserves	**-**	2
Income tax relating to components of other comprehensive income	**(4)**	(4)
Total comprehensive income for the year	**1 160**	1 247
Total comprehensive income attributable to:		
Owners of the parent	**1 149**	1 240
Non-controlling interests	**11**	7
	1 160	1 247

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Changes in share capital		
Balance at beginning	**183**	51
Conversion of preference shares, net of issue costs	**-**	114
Staff share scheme shares released	**32**	17
Decrease in treasury shares held on behalf of contract holders	**(81)**	1
Balance at end	**134**	183
Changes in other reserves		
Balance at beginning	**528**	532
Total comprehensive income	**(2)**	(1)
Employee share schemes – value of services provided	**1**	1
Transfer to retained earnings	**(3)**	(4)
Balance at end (15)	**524**	528
Changes in retained earnings		
Balance at beginning	**6 011**	5 264
Total comprehensive income	**1 151**	1 241
Dividend paid	**(562)**	(497)
Shares repurchased	**(12)**	-
Transactions with non-controlling interest shareholders	**(3)**	-
Transfer from other reserves	**3**	4
Balance at end	**6 588**	6 012
Equity attributable to owners of the parent	**7 246**	6 723
Changes in non-controlling interests		
Balance at beginning	**167**	141
Total comprehensive income	**11**	7
Dividend paid	**(21)**	(17)
Sale of Union Life	**(47)**	
Metropolitan Nigeria transferred to subsidiary		36
Transactions with owners	**46**	-
Balance at end	**156**	167
Total equity	**7 402**	6 890

(15) Other reserves consist of the following:

Land and buildings revaluation reserve: R224 million (31.12.2009: R203 million)

Foreign currency translation reserve: (R52 million) (31.12.2009: (R26 million))

Fair value reserve: R55 million (31.12.2009: R54 million)

Non-distributable reserve: R297 million (31.12.2009: R297 million

METROPOLITAN

CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Net cash inflow/(outflow) from operating activities	**134**	(475)
Net cash outflow from investing activities	**(123)**	(118)
Net cash outflow from financing activities	**(586)**	(515)
Net cash flow	**(575)**	(1 108)
Effect of foreign exchange rate changes	**1**	-
Cash resources and funds on deposit at beginning	**7 702**	8 810
Cash resources and funds on deposit at end	**7 128**	7 702

SEGMENT REPORT	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Revenue		
Premiums received	**11 079**	11 207
Retail	**6 930**	6 831
Corporate	**2 907**	3 182
Health	**24**	12
International	**1 218**	1 182
Fee income	**1 471**	1 260
Retail	**137**	91
Corporate	**133**	128
Asset management	**249**	233
Health	**1 107**	944
International	**21**	11
Shareholder capital	**2**	2
Inter-segment fee income	**(178)**	(149)
Expenses		
Payments to contract holders	**10 958**	13 073
Retail	**5 558**	5 108
Corporate	**4 587**	7 308
Health	**21**	14
International	**792**	643
Other expenses	**4 292**	4 198
Retail	**2 176**	2 317
Corporate	**367**	365
Asset management	**180**	155
Health	**971**	803
International	**479**	460
Shareholder capital	**277**	238
Inter-segment expenses	**(158)**	(140)

- The South African operations are segregated into retail, corporate, asset management, health and shareholder capital. The international companies - Botswana, Ghana, Kenya, Lesotho, Namibia, Nigeria and Swaziland - are all managed as a single operating segment.
- Segment assets did not change materially from 31 December 2009, except for market-related movements.
- Other segment information used to assess the performance of the operating segments is disclosed throughout the results and includes, diluted core headline earnings, new business premiums, value of new business and profitability of new business as a % of APE.

METROPOLITAN

EMBEDDED VALUE	31.12.2010 Rm	31.12.2009 Rm
Covered business		
Reporting excess – long-term insurance business	**6 475**	5 997
Disregarded assets (16)	**(189)**	(183)
Dilutory effect of subsidiaries (17)	**(6)**	(3)
Reclassification from non-covered business	**(49)**	(54)
Diluted net asset value – covered business	**6 231**	5 757
Net value of in-force business	**4 535**	4 114
Diluted embedded value – covered business	**10 766**	9 871
Non-covered business		
Net assets – other businesses	**771**	726
Reclassification to covered business	**49**	54
Consolidation adjustments	**(108)**	(112)
Adjustments for dilution (18)	**886**	877
Diluted net asset value – non-covered business	**1 598**	1 545
Write up to directors' value	**953**	702
Diluted embedded value – non-covered business	**2 551**	2 247
Diluted adjusted net asset value	**8 782**	7 302
Value of in-force business – covered business	**4 535**	4 114
Value of in-force business – non-covered business	**-**	702
Diluted embedded value	**13 317**	12 118
Required capital – covered business (adjusted for qualifying debt)	**4 059**	3 616
Surplus capital – covered business	**2 172**	2 141

(16) Disregarded assets as disclosed in the statement of assets and liabilities on reporting basis 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 16): R76 million (31.12.2009: R83 million)
Staff share scheme loans: R8 million (31.12.2009: R73 million)
Treasury shares held on behalf of contract holders: R91 million (31.12.2009: R10 million)
Liability – MMI convertible preference shares issued to KTI: R711 million (31.12.2009: R711 million)

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	31.12.2010 Rm	31.12.2009 Rm
Retail	**3 208**	2 893
Gross value of in-force business	**3 576**	3 233
Less cost of capital	**(368)**	(340)
Employee benefits	**674**	611
Gross value of in-force business	**879**	791
Less cost of capital	**(205)**	(180)
International	**653**	610
Gross value of in-force business	**660**	615
Less cost of capital	**(7)**	(5)
Net value of in-force business	**4 535**	4 114

METROPOLITAN

EMBEDDED VALUE AT A BUSINESS UNIT LEVEL	**Adjusted net worth Rm**	**Value of in-force Rm**	**31.12.2010 Rm**	31.12.2009 Rm
Covered business				
Metropolitan Life Ltd	5 469	3 883	**9 352**	8 587
Retail		3 208		
Employee benefits		675		
Metropolitan Odyssey	44	-	**44**	36
Union Life		-	**-**	47
International	718	652	**1 370**	1 201
Metropolitan Life International	104	-	**104**	68
Metropolitan Namibia	185	326	**511**	493
Metropolitan Botswana	121	60	**181**	188
Metropolitan Lesotho	200	244	**444**	382
Metropolitan Kenya	13	1	**14**	8
Metropolitan Ghana	23	13	**36**	12
Metropolitan Swaziland	21	2	**23**	23
Metropolitan Nigeria	51	6	**57**	27
Total covered business	6 231	4 535	**10 766**	9 871
	Adjusted net worth Rm	**Write up to directors' value Rm**	**31.12.2010 Rm**	31.12.2009 Rm
Non-covered business				
Asset management (A)	89	458	**547**	391
Metropolitan Health Group (B)	239	991	**1 230**	961
Metropolitan Holdings (after consolidation adjustments) (C)	1 270	(496)	**774**	895
Total non-covered business	1 598	953	**2 551**	2 247
Total embedded value	7 829	5 488	**13 317**	12 118
Diluted net asset value – non-covered business	(1 598)			
Adjustments to covered business – net asset value	244			
Reporting excess – long-term insurance business	6 475			

(A) Metropolitan asset management subsidiaries were valued using Embedded Value methodology prior to 2010. The valuation methodology at 31 December 2010 has changed to using forward Price Earnings multiples applied to the relevant sustainable earnings bases.

(B) Metropolitan Health Group has been valued using Embedded Value methodology.

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

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ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business NAV Rm	VoIF Rm	Cost of CAR Rm	12 mths to 31.12.2010 EV Rm	12 mths to 31.12.2009 EV Rm
Covered business						
Profit from new business		(256)	547	(9)	**282**	126
Embedded value from new business	A	(256)	532	(9)	**267**	119
Expected return to end of period	B	-	15	-	**15**	7
Profit from existing business		729	(288)	(51)	**390**	331
Expected return – unwinding of RDR	B	-	554	(69)	**485**	420
Release from the cost of required capital	C			72	**72**	-
Expected (or actual) net of tax profit transfer to net worth	D	710	(710)		**-**	-
Operating experience variances	E	227	(63)	(1)	**163**	(20)
Operating assumption changes	F	(208)	(69)	(53)	**(330)**	(69)
Embedded value profit from operations		473	259	(60)	**672**	457
Investment return on net worth	G	855	-	-	**855**	782
Investment variances	H	(16)	54	-	**38**	433
Economic assumption changes	I	(143)	180	(1)	**36**	(376)
Change in risk margin		-	2	-	**2**	-
Exchange rate movements		(20)	(7)	-	**(27)**	(28)
Embedded value profit – covered business		1 149	488	(61)	**1 576**	1 268
Changes in share capital		77			**77**	23
Dividend paid		(711)			**(711)**	(317)
Sale of Union Life		(41)	(12)	6	**(47)**	
Change in embedded value – covered business		474	476	(55)	**895**	974
Non-covered business						
Earnings					**68**	46
Revaluation of directors' valuation					**251**	104
Embedded value profit – non-covered business					**319**	150
Changes in share capital					**(114)**	(23)
Dividend paid					**138**	(195)
Finance costs – preference shares					**(86)**	(118)
Sale of Union Life					**47**	
Change in embedded value – non-covered business					**304**	(186)
Total change in group embedded value					**1 199**	788
Total group embedded value profit					**1 895**	1 418
Return on embedded value (%) (annualised) – internal rate of return					**16.2**	11.9

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NOTES TO EMBEDDED VALUE

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Retail	**223**	81
Gross value of new business	**225**	86
Less: Cost of capital	**(2)**	(5)
Employee benefits	**23**	25
Gross value of new business	**30**	45
Less: Cost of capital	**(7)**	(20)
International	**21**	13
Gross value of new business	**21**	13
Less: Cost of capital	**(0)**	(0)
Value of covered new business	**267**	119

- Net of non-controlling interests.
- Due to rounding, the cost of capital for the international business is less than R1 million.

NEW BUSINESS PREMIUMS – COVERED BUSINESS	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Recurring premiums	**1 155**	1 160
Retail	**843**	813
Corporate	**158**	199
International	**154**	148
Single premiums	**3 176**	3 422
Retail	**2 115**	1 973
Corporate	**941**	1 327
International	**120**	122
Annual premium equivalent (APE)	**1 472**	1 501
Retail	**1 054**	1 010
Corporate	**252**	331
International	**166**	160
Present value of premiums (PVP)	**8 540**	8 430
Retail	**5 602**	5 050
Corporate	**2 154**	2 737
International	**784**	643

- Net of non-controlling interests.

PROFITABILITY OF NEW BUSINESS – COVERED BUSINESS	**12 mths to 31.12.2010**	12 mths to 31.12.2009
% of APE	**18.1**	7.9
Retail	**21.2**	8.0
Corporate	**9.1**	7.6
International	**12.7**	8.1
% of PVP	**3.1**	1.4
Retail	**4.0**	1.6
Corporate	**1.1**	0.9
International	**2.7**	2.0

- Corporate value of new business includes value generated in respect of new administration contracts secured, where premium income is not applicable.

SOURCE OF NEW BUSINESS PRODUCTION – COVERED BUSINESS Individual life – insurance and investment business	**12 mths to 31.12.2010**		12 mths to 31.12.2009	
	APE %	**Total premium %**	APE %	Total premium %
Personal financial advisors	**59**	**56**	50	55
Broker distribution	**24**	**36**	22	31
Wholesale distribution	**1**	**-**	11	4
Third party business	**-**	**-**	1	1
Union Life	**-**	**-**	2	1
International	**16**	**8**	14	8

B. Expected return

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting period to the present value of in-force covered business at the beginning of the reporting period and adding the expected return on new business, which 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 period.

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 from the present value of in-force covered business to the adjusted net worth is calculated on the statutory valuation method.

E. Operating experience variance

OPERATING EXPERIENCE VARIATIONS	12 mths to 31.12.2010 Adjusted net worth Rm	VoIF (net of cost of capital) Rm	Embedded value Rm	12 mths to 31.12.2009 Embedded value Rm
Retail	92	(69)	**23**	(5)
Employee benefits	72	(1)	**71**	(64)
International	63	6	**69**	49
Total operating experience variations	227	(64)	**163**	(20)

- Retail adjusted net worth experience variance: Positive mortality and morbidity experience (mainly on Grouped individual business) partly offset by increased share based expenses and lower than expected expense recoveries on withdrawals.
- Retail VoIF experience variance: Worse than expected impact of withdrawals (Odyssey and Voluntary Group business) aggravated by the loss of a significant credit life scheme.
- Employee benefits adjusted net worth experience variance: Positive mortality and morbidity experience on risk business.
- International adjusted net worth experience variance: Positive risk experience on Employee benefits business and credit life business partly offset by expense overruns on start-up operations.

F. Operating assumption changes

OPERATING ASSUMPTION CHANGES	12 mths to 31.12.2010 Adjusted net worth Rm	VoIF (net of cost of capital) Rm	Embedded value Rm	12 mths to 31.12.2009 Embedded value Rm
Retail	(108)	(72)	**(180)**	8
Employee benefits	(53)	(26)	**(79)**	(23)
International	(47)	(24)	**(71)**	(54)
Total operating assumption changes	(208)	(122)	**(330)**	(69)

- Retail adjusted net worth operating assumption: Negative contributions from a strengthening of reserves due to withdrawals, a reallocation of expenses and a methodology enhancement on Grouped individual business, reduced by a weakening of the mortality basis on Grouped individual business.
- Retail VoIF operating assumption: Negative contributions from model corrections on Commercial Union and Odyssey, a methodology enhancement on grouped individual business and a change in the calculation of the cost of capital.
- Employee benefits adjusted net worth operating assumption: Negative contribution due to model enhancements in respect of investment guarantees.
- Employee benefits VoIF operating assumption: Negative contribution from a change in the calculation of cost of capital.
- International adjusted net worth operating assumption: Negative contribution from strengthening of reserves mainly due to renewal expenses.

G. Investment return on net worth

INVESTMENT RETURN ON NET WORTH	12 mths to 31.12.2010 Rm	12 mths to 31.12.2009 Rm
Investment income	**358**	309
Capital appreciation	**497**	473
Investment return on adjusted net worth	**855**	782

H. 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.

I. 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.

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COVERED BUSINESS: SENSITIVITIES – 31.12.2010		Net worth	In-force business			New business written		
			Net value	Gross value	Cost of CAR	Net value	Gross value	Cost of CAR
		Rm	Rm	Rm	Rm	Rm	Rm	Rm
Base value		**6 231**	**4 535**	**5 115**	**(580)**	**267**	**276**	**(9)**
1%	increase in risk discount rate		3 949	4 787	(838)	227	242	(15)
	% change		(13)	(6)	44	(15)	(12)	67
1%	reduction in risk discount rate		5 213	5 491	(278)	310	315	(5)
	% change		15	7	(52)	16	14	(44)
10%	decrease in future expenses		4 986	5 566	(580)	306	315	(9)
	% change (1)		10	9	-	15	14	-
10%	decrease in lapse, paid-up and surrender rates		4 681	5 261	(580)	315	324	(9)
	% change		3	3	-	18	17	-
5%	decrease in mortality and morbidity for assurance business		4 796	5 376	(580)	308	317	(9)
	% change		6	5	-	15	15	-
5%	decrease in mortality for annuity business		4 505	5 085	(580)	263	272	(9)
	% change		(1)	(1)	-	(1)	(1)	-
1%	reduction in gross investment return, inflation rate and risk discount rate	6 318	4 600	5 180	(580)	306	315	(9)
	% change (2)	1	1	1	-	15	14	-
1%	reduction in gross investment return only (no change in risk discount rate)	6 164	4 021	4 901	(880)	230	244	(14)
	% change (2)	(1)	(11)	(4)	52	(14)	(12)	56
1%	reduction in inflation rate	6 467	4 438	5 018	(580)	298	307	(9)
	% change	4	(2)	(2)	-	12	11	-
10%	fall in market value of equities and properties	5 870	4 283	4 863	(580)			
	% change	(6)	(6)	(5)	-			
10%	reduction in premium indexation take-up rate		4 443	5 023	(580)	243	252	(9)
	% change		(2)	(2)	-	(9)	(9)	-
10%	decrease in non commission related acquisition expenses					299	308	(9)
	% change					12	12	-

Notes

(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 CAR is disclosed as nil where the sensitivity test results in an insignificant change in the value.

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NET FUNDS RECEIVED FROM CLIENTS	Gross inflow Rm	Gross outflow Rm	**12 mths to 31.12.2010 Net inflow Rm**	12 mths to 31.12.2009 Net inflow Rm
Retail	6 930	(5 558)	**1 372**	1 723
Corporate	2 907	(4 587)	**(1 680)**	(4 126)
International	1 218	(792)	**426**	539
Long-term insurance business cash flows	11 055	(10 937)	**118**	(1 864)
Health	19 517	(17 864)	**1 653**	1 760
Asset administration	16 315	(16 265)	**50**	2 901
Asset management	76	(2 439)	**(2 363)**	(1 420)
Corporate	10	(693)	**(683)**	118
Total net funds received from clients	46 973	(48 198)	**(1 225)**	1 495

PREMIUMS RECEIVED	**12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Recurring premiums	**7 851**	7 779
Retail	**4 815**	4 856
Corporate	**1 966**	1 863
International	**1 070**	1 060
Single premiums	**3 204**	3 416
Retail	**2 115**	1 975
Corporate	**941**	1 319
International	**148**	122
Capitation contracts – health	**24**	12
Segment premiums received	**11 079**	11 207
Adjustment for premiums received from investment contract holders	**(936)**	(1 071)
Transfers between insurance, investment and investment with DPF contracts	**161**	104
Net insurance premiums per income statement	**10 304**	10 240

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PAYMENTS TO CONTRACT HOLDERS	**12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Retail	**5 558**	5 108
Death and disability claims	**1 035**	1 099
Maturity claims	**1 742**	1 487
Annuities	**817**	768
Withdrawal benefits	**54**	108
Surrenders	**2 012**	1 752
Re-insurance recoveries	**(102)**	(106)
Employee benefits	**4 587**	7 308
Death and disability claims	**1 239**	1 159
Maturity claims	**58**	101
Annuities	**517**	696
Withdrawal benefits	**121**	269
Terminations	**284**	3 405
Disinvestments	**2 595**	1 879
Re-insurance recoveries	**(227)**	(201)
International	**792**	643
Death and disability claims	**183**	195
Maturity claims	**130**	138
Annuities	**40**	38
Withdrawal benefits	**58**	69
Surrenders	**243**	199
Terminations	**2**	3
Disinvestments	**153**	24
Re-insurance recoveries	**(17)**	(23)
Capitation contracts	**21**	14
Total payments to contract holders	**10 958**	13 073
Adjustment for payments to investment contract holders	**(2 362)**	(4 711)
Transfers between insurance, investment and investment with DPF contracts	**161**	104
Net insurance benefits and claims per income statement	**8 757**	8 466

- Segment information is disclosed in the segment report and reconciles to total payments to contract holders.

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NUMBER OF EMPLOYEES	**31.12.2010**	31.12.2009
Indoor staff	**5 463**	5 512
Insurance companies	**2 617**	2 780
Retail	**1 209**	1 274
Union Life	**-**	98
Cover2Go	**-**	13
Employee benefits	**398**	400
International	**469**	453
Group services	**541**	542
Metropolitan Health Group	**2 546**	2 382
Asset management	**76**	81
Asset administration	**62**	67
Metropolitan Retirement Administrators	**141**	138
DirectFin Solutions	**6**	47
Holding company	**15**	17
Field staff	**4 538**	4 210
Retail	**3 366**	2 822
Union Life	**-**	304
International	**1 172**	1 084
Total	**10 001**	9 722

- Union Life was sold during 2010

ANALYSIS OF EXPENSES	**12 mths to 31.12.2010 Rm**	12 mths to 31.12.2009 Rm
Depreciation, amortisation and impairment expenses	**191**	129
Employee benefit expenses	**1 694**	1 549
Sales remuneration	**982**	1 006
Other expenses	**1 291**	1 346
Finance costs	**134**	168
Total expenses	**4 292**	4 198
Long-term insurance business	**3 004**	3 093
Administration expenses	**1 649**	1 761
Sales remuneration	**979**	1 003
Asset management fees	**231**	210
Direct property expenses	**145**	119
Administration business	**1 152**	996
Finance costs – preference shares and subordinated redeemable debt	**132**	164
Holding company (19)	**128**	67
Consolidation adjustments	**(124)**	(122)
Total expenses	**4 292**	4 198

(19) Holding company expenses include merger costs of R42 million in 2010.

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FINANCIAL INSTRUMENT ASSETS	31.12.2010 Rm	31.12.2009 Rm
Equity securities	**27 183**	24 687
Debt securities	**14 405**	13 014
Funds on deposit and other money market instruments	**5 680**	5 484
Unit-linked investments	**11 985**	11 258
Derivative financial instruments	**867**	718
Loans and receivables	**1 031**	1 040
Total financial instrument assets	**61 151**	56 201

ASSETS UNDER MANAGEMENT	31.12.2010 Rm	31.12.2009 Rm
Total on-balance sheet assets	**76 130**	71 571
Collective investments	**23 700**	22 189
Health	**5 387**	5 006
Asset management – segregated assets	**570**	2 948
Employee benefits – segregated assets	**806**	1 508
Total assets under management	**106 593**	**103 222**

ANALYSIS OF ASSETS UNDER MANAGEMENT	31.12.2010 Rm	31.12.2009 Rm
On-balance sheet assets		
Managed and administered by group asset managers	**56 422**	51 017
Properties	**3 998**	3 869
Collective investment schemes	**2 401**	1 982
Investment assets	**50 023**	45 166
Administered and/or managed by Metropolitan Collective Investments (excludes managed by group asset managers)	**1 170**	1 320
Managed by external managers	**14 006**	14 521
Other assets	**4 532**	4 713
	76 130	71 571
Off-balance sheet assets		
Managed and administered by group asset managers	**4 297**	6 629
Collective investment schemes	**3 071**	3 004
Segregated assets	**1 226**	3 625
Administered and/or managed by Metropolitan Collective Investments (includes white label funds)	**20 628**	19 185
Employee benefits – segregated assets	**151**	831
Health	**5 387**	5 006
Total assets under management	**106 593**	103 222

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ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2010 Rm	%	31.12.2009 Rm	%
Equity securities	**2 885**	**39.8**	2 489	37.0
Collective investment schemes	**1 124**	**15.5**	1 260	18.8
Debt securities	**602**	**8.3**	723	10.8
Owner-occupied properties	**665**	**9.2**	638	9.5
Investment properties	**390**	**5.4**	223	3.3
Cash and cash equivalents	**2 049**	**28.3**	1 781	26.5
Goodwill	**149**	**2.0**	154	2.3
Other net assets	**594**	**8.2**	667	9.9
	8 458	**116.7**	7 935	118.1
Redeemable preference shares	**(711)**	**(9.8)**	(711)	(10.6)
Subordinated redeemable debt	**(501)**	**(6.9)**	(501)	(7.5)
Shareholder excess per reporting basis	**7 246**	**100.0**	6 723	100.0

GROUP SHAREHOLDER EXCESS – TOP 10 EQUITY HOLDINGS	31.12.2010 Rm	%	31.12.2009 Rm	%
MTN Group Ltd	**244**	**8.5**	196	7.9
Anglo American Plc	**168**	**5.8**	113	4.5
Billiton Plc	**160**	**5.5**	139	5.6
Sasol Ltd	**151**	**5.2**	128	5.1
Standard Bank Group Ltd	**143**	**5.0**	104	4.2
Impala Platinum Holdings Ltd	**124**	**4.3**	116	4.7
SABMiller Plc	**110**	**3.8**	87	3.5
Compagnie Financiere Richemont	**104**	**3.6**	62	2.5
FirstRand Ltd	**92**	**3.2**	117	4.7
Naspers Ltd	**92**	**3.2**	87	3.5
	1 388	**48.1**	1 149	46.2
Total equities backing shareholder excess	**2 885**	**100.0**	2 489	100.0