



DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited results of MMI Holdings financial services group for the year ended 30 June 2013. The preparation of the group's results was supervised by the group finance director, Preston Speckmann, BCompt (Hons), CA(SA).

Corporate events and amalgamations

The transactions to acquire 55% of the Eris Property Group and the remaining 50% in Momentum Short-Term Insurance (MSTI) became unconditional during the current year.

After consultation with the Financial Services Board (FSB), the group applied to the High Court of South Africa for the approval of the amalgamation of the two main long-term insurance licences. As a preparatory step for this legal amalgamation of the life insurance licences, Momentum Group Ltd changed its name to MMI Group Ltd. The court approval for the amalgamation was granted on 20 May 2013 and the assets and liabilities of Metropolitan Life Ltd were sold to MMI Group Ltd on this date. This had no impact on the group results or net asset value.

MMI Holdings Ltd acquired MMI Group Ltd's preference shares from FirstRand Ltd during the current year. These shares have been eliminated at the group level, but still qualify as capital for MMI Group Ltd.

Basis of presentation of financial information

These results have been prepared in accordance with International Accounting Standard 34 (IAS 34) – Interim financial reporting; the South African Companies Act of 2008; and the Listings Requirements of the JSE Ltd (JSE). The accounting policies of the group are in terms of International Financial Reporting Standards (IFRS) and have been applied consistently to all the years presented. The preparation of financial statements is in accordance with and contains the information required by IFRS and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, 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 group's integrated report for the year ended 30 June 2013, including changes in estimates that are an integral part of the insurance business. The group is exposed to financial and insurance risks, details of which are also provided in the group's integrated report.

Segmental information

The group operates through the following divisions: Momentum Retail, Metropolitan Retail, Momentum Employee Benefits, Metropolitan International, Momentum Investments, Metropolitan Health and Shareholder Capital (which includes Momentum Short-Term Insurance, the Balance Sheet Management business unit, other support services and growth initiatives).

Reclassifications

The June 2012 results have been restated for the following reclassifications:

- The liquidity of certain items on the statement of financial position was re-assessed, which resulted in reinsurance contracts and insurance and other receivables being moved on the statement of financial position.
- Further classification-related alignments within financial assets have been made in the current year and as a result certain balances have been restated. These alignments did not result in a change to the statement of financial position or income statement but only to certain detailed financial asset related tables.
- The comparative segmental information has been restated, where appropriate, to ensure alignment with the way in which the chief operating decision-maker, being the MMI executive committee, monitors and evaluates the performance of the various segments of the business.

These restatements had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, nor on the net asset value or the statement of cash flows.

Standards and interpretations of published standards effective for the year ended 30 June 2013 and relevant to the group

- IAS 1 (amendment) – Presentation of financial statements: presentation of items of other comprehensive income became effective for the first time in the current year and had no impact on the group's earnings.
- The following amendment to a standard is effective for years beginning on or after 1 January 2012, but was early adopted by the group for the June 2011 financial year: IAS 12 (amendment) – Income taxes: deferred tax – recovery of underlying assets.

Corporate governance

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

Directorate and secretary changes and directors' shareholding

Mr John Newbury retired as a non-executive director on 26 November 2012 and we thank him for his invaluable input and support of the group over many years. The group's Company Secretary, Francois Jooste, sadly passed away during the year. The Nominations Committee of the MMI Holdings Board has appointed Ms M Chetty as the group Company Secretary with effect from 3 September 2013.

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

Contingent liabilities and capital commitments

As part of running a business, the group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The group had no material capital commitments at 30 June 2013 that were not in the ordinary course of business.

Events after year-end

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

Dividend declaration

Ordinary shares

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

On 10 September 2013 a gross final dividend of 76 cents per ordinary share was declared, resulting in an annual dividend of 127 cents per share. The final dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the company at the close of business on Friday, 4 October 2013 and will be paid on Monday, 7 October 2013. The dividend will be subject to local dividend withholding tax at a rate of 15% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate. The Secondary Tax on Companies (STC) credits utilised per share amount to 3.92110 cents per ordinary share. This will result in a net dividend, for those shareholders who are not exempt from paying dividend tax, of 65.18817 cents per ordinary share.

MMI's income tax number is 975 2050 147 and the number of ordinary shares in issue at the declaration date was 1 569 803 700. The last day to trade cum dividend will be Friday, 27 September 2013. The shares will trade ex dividend from the start of business on Monday, 30 September 2013. Share certificates may not be dematerialised or rematerialised between Monday, 30 September and Friday, 4 October 2013, 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 the payment date.

Preference shares

Dividends of R23 million (132 cents per share per annum) were declared on the unlisted A3 MMI preference shares. The declaration rate was determined as set out in the company's Memorandum of Incorporation and the total preference dividend utilised STC credits of R1 173 943.

Directors' responsibility and integrated report

These results are the responsibility of the directors. The summarised financial information is an extract from the group's 2013 annual financial statements and does not contain full or complete details. Any investment decision should be based on consideration of the information contained in the full financial results. The full integrated report for 2013 will be posted to shareholders by 30 September 2013, and will be viewable online at www.mmiholdings.com. A printed version of the integrated report may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

External audit

The summarised financial information has been extracted from the group's 2013 annual financial statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report is available for inspection at the company's registered office. In addition, the summarised group embedded value information has been extracted from the 2013 group embedded value report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of MMI, and the review report is available for inspection at the company's registered office.

Signed on behalf of the board

JJ Njeke *Chairman*
Nicolaas Kruger *Group chief executive officer*

Centurion

11 September 2013

DIRECTORS: MJN Njeke (chairman), JP Burger (deputy chairman), NAS Kruger (group chief executive officer), FW van Zyl (deputy group chief executive officer), PE Speckmann (group finance director), N Motsei (executive), L Crouse, RB Gouws, F Jakoet, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, SE Nxasana, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, M Vilakazi

GROUP COMPANY SECRETARY: M Chetty

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