

Summary of financial information

Unaudited results for the 6 months ended 31 December 2014

MMI GROUP LIMITED

DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited condensed interim results of MMI Group Limited for the period ended 31 December 2014. The preparation of these results was supervised by the finance director, Preston Speckmann, BCompt (Hons), CA(SA).

Basis of preparation of financial information

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

Corporate governance

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

Contingent liabilities and capital commitments

As part of running a business, the company is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The company had no material capital commitments at 31 December 2014 that were not in the ordinary course of business.

Events after the reporting period

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

Directors' responsibility and external audit

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

MMI Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2014	31.12.2013	30.06.2014
	Rm	Rm	Rm
ASSETS			
Intangible assets	2,827	2,759	2,806
Owner-occupied properties	1,317	1,283	1,373
Property and equipment	126	138	130
Investment properties	5,018	4,669	4,797
Investment in subsidiary companies	62,127	54,606	55,536
Employee benefit assets	408	332	408
Financial instrument assets ⁽¹⁾	268,725	251,834	264,307
Insurance and other receivables	2,797	2,505	2,832
Reinsurance contracts	1,704	1,730	1,661
Cash and cash equivalents	12,438	11,440	15,447
Current tax asset	364	-	281
Non-current assets held for sale	-	-	-
Total assets	357,852	331,296	349,579
EQUITY			
Equity attributable to owners of the parent	15,513	15,345	16,045
Non-redeemable, non-cumulative, non-participative preference shares	500	500	500
Total equity	16,013	15,845	16,545
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	97,315	94,547	98,083
Financial instrument liabilities			
Investment contracts	223,186	201,522	215,139
– with discretionary participation features	24,829	23,108	24,005
– designated as fair value through income	198,357	178,414	191,134
Other financial instrument liabilities ⁽²⁾	11,413	9,339	9,520
Deferred income tax	1,537	1,808	1,628
Employee benefit obligations	748	1,002	840
Other payables	7,640	7,039	7,824
Provisions	-	-	-
Current income tax liabilities	-	194	-
Total liabilities	341,839	315,451	333,034
Total equity and liabilities	357,852	331,296	349,579
(1) Financial instrument assets consist of the following:			
Assets designated as fair value through income:	240,760	235,035	247,732
Investments in associates at fair value	17,988	6,672	6,672
Derivative financial instruments:	1,771	3,191	2,253
Available-for-sale assets:	8	381	7
Loans and receivables:	8,198	6,555	7,643
(2) Other financial instrument liabilities consist of the following:			
Liabilities designated as fair value through income:	9,730	6,304	7,380
Derivative financial instruments:	1,683	2,533	1,638
Liabilities at amortised cost:	-	502	502

	6 mths to 31.12.2014	6 mths to 31.12.2013	12 mths to 30.06.2014
CONSOLIDATED INCOME STATEMENT	Rm	Rm	Rm
Net insurance premiums received	10,135	8,935	18,073
Fee income ⁽¹⁾	1,791	1,540	2,816
Investment income	6,088	6,148	11,839
Net realised and fair value gains	4,630	24,483	39,540
Net income	22,644	41,106	72,267
Net insurance benefits and claims	9,920	10,447	19,296
Change in liabilities	13	2,773	7,276
Change in insurance contract liabilities	(769)	3,543	7,051
Change in investment contracts with DPF liabilities	825	(694)	203
Change in reinsurance provision	(43)	(76)	22
Fair value adjustments on investment contract liabilities	6,076	20,156	32,221
Depreciation, amortisation and impairment expenses	85	86	170
Employee benefit expenses	1,755	1,519	2,940
Sales remuneration	1,660	1,506	2,970
Other expenses	1,074	878	1,956
Expenses	20,583	37,365	66,829
Results of operations	2,061	3,741	5,438
Finance costs ⁽²⁾	(261)	(697)	(375)
Profit before tax	1,800	3,044	5,063
Income tax expenses	(456)	(1,179)	(1,775)
Earnings	1,344	1,865	3,288
Attributable to:			
Owners of the parent	1,329	1,853	3,261
MMI Group Ltd preference shares	15	12	27
	1,344	1,865	3,288
(1) Fee income consists of the following:			
Investment contracts	1,257	938	1,711
Trust and fiduciary services	313	438	570
Other fee income	221	164	535
	1,791	1,540	2,816
(2) Finance costs consist of the following:			
Subordinated redeemable debt	133	55	149
Cost of carry and interest rate swaps	109	580	153
Other	19	62	73
	261	697	375

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2014 Rm	6 mths to 31.12.2013 Rm	12 mths to 30.06.2014 Rm
Changes in share capital			
Balance at beginning	1,041	1,041	1,041
Balance at end	1,041	1,041	1,041
Changes in other reserves			
Balance at beginning	5,718	5,917	5,915
Total comprehensive income	657	(318)	102
Transfer to retained earnings	92	(3)	(300)
Balance at end ⁽¹⁵⁾	6,467	5,596	5,717
Changes in retained earnings			
Balance at beginning	9,286	8,871	8,825
Total comprehensive income	1,328	1,834	3,361
Dividend paid	(2,517)	(2,000)	(3,200)
Transfer from other reserves	(92)	3	300
Balance at end	8,005	8,708	9,286
Equity attributable to owners of the parent	15,513	15,345	16,044
MMI Group Ltd preference shares			
Balance at beginning	500	500	500
Total comprehensive income	15	12	27
Dividends paid	(15)	(12)	(27)
Balance at end	500	500	500
Total equity	16,013	15,845	16,544
Land and buildings revaluation reserve	497	447	456
Revaluation of subsidiaries	1,207	190	598
Revaluation of available-for-sale investments	5	5	5
Non-distributable reserve	-	295	-
Employee benefit fund reserve	99	-	-
Common control reserve	4,659	4,659	4,659

	6 mths to 31.12.2014	6 mths to 31.12.2013	12 mths to 30.06.2014
	Rm	Rm	Rm
CONSOLIDATED CASH FLOW STATEMENT			
Net cash outflow from operating activities	8,631	11,197	7,430
Net cash inflow/(outflow) from investing activities	(13,450)	(9,068)	(61)
Net cash (outflow)/inflow from financing activities	1,810	(2,309)	(3,542)
Net cash flow	(3,009)	(180)	3,827
Cash resources and funds on deposit at beginning	15,447	11,620	11,620
Cash resources and funds on deposit at end	12,438	11,440	15,447
Made up as follows:			
Cash and cash equivalents as per statement of financial position	12,438	11,440	15,447

FINANCIAL INSTRUMENT ASSETS	31.12.2014	31.12.2013	30.06.2014
	Rm	Rm	Rm
Equity securities	58,691	56,670	57,444
Debt securities	80,307	73,673	74,254
Funds on deposit and other money market instruments	10,283	12,112	12,681
Unit-linked investments	91,487	92,961	103,360
Derivative financial instruments	1,771	3,191	2,253
Investments in associates	17,988	6,672	6,672
Loans and receivables	8,198	6,555	7,643
Total financial instrument assets	268,725	251,834	264,307