

RAND MERCHANT INSURANCE HOLDINGS LIMITED
(RMI)

Registration number: 2010/005770/06
JSE ordinary share code: RMI
ISIN code: ZAE000153102

Summarised, unaudited interim results announcement and cash dividend declaration for the six months ended 31 december 2013

FINANCIAL HIGHLIGHTS

Normalised earnings +18% to 90.1 cents per share

Ordinary dividend +15% to 46.0 cents per share

Market value +33% to 2 745 cents per share

THE RMI GROUP AT A GLANCE

The interests of RMI comprise a portfolio of South Africa's premier insurance brands:

Discovery

Effective interest 25.8%

Discovery Limited (Discovery) services the healthcare funding and insurance markets in South Africa, the UK, the USA and Asia. As a pre-eminent developer of integrated financial services products, it operates under a number of brand names, the more significant of which are Discovery Health, Discovery Life, Discovery Invest, DiscoveryCard, Discovery Insure, Vitality, PruHealth, PruProtect and Ping An Health.

MMI Holdings

Effective interest 25.2%

The core businesses of MMI Holdings Limited (MMI) are life insurance, employee benefits, investment and savings, healthcare solutions and short-term insurance. Product solutions are provided to all market segments in South Africa, the rest of Africa and selected international countries, principally under the Momentum and Metropolitan brand names.

OUTsurance

Effective interest 84.8%

OUTsurance Holdings Limited (OUTsurance) is a direct personal lines and small business short-term insurer. Pioneers of the OUTbonus concept, it has grown rapidly by applying a scientific approach to risk selection, product design and claims management. Its South African direct life insurance business has reached critical mass and is fast gaining traction. The launch of Youi, its direct personal lines initiative in Australia has been successful and is exceeding expectations.

RMB Structured Insurance

Effective interest 79.1%

RMB Structured Insurance Limited (RMBSI) holds both short-term and life insurance licences. It creates bespoke insurance and financial risk solutions for South Africa's large corporations by using sophisticated risk techniques and innovative financial structures. In addition, it partly owns a portfolio of underwriting management agencies.

Basis of preparation

This report covers the unaudited financial results of RMI for the six months ended 31 December 2013. These summarised results have been prepared in accordance with:

- International Financial Reporting Standards (IFRS), including IAS 34: Interim financial reporting;
- the requirements of the South African Companies Act, Act 71 of 2008, as amended; and
- the Listings Requirements of the JSE Limited.

The primary results and accompanying commentary are presented on a normalised basis. We believe this most accurately reflects underlying economic performance. The normalised earnings have been derived from the unaudited IFRS financial results. A reconciliation of the adjustments made to derive normalised earnings is presented in the accompanying schedules.

The accounting policies applied are consistent with those applied in the previous financial year, except for changes required by the mandatory adoption of new and revised IFRS. The adoption of IFRS 10: Consolidated financial statements, had resulted in the consolidation and non-consolidation of certain entities by RMI's associates without any impact on the profit or net asset value of these associates in previous accounting periods. As a result of this, the restatements made by RMI's associates as required by IFRS 10 had no impact on RMI's results as previously reported.

Schalk Human, CA(SA), prepared these consolidated financial results under the supervision of Peter Cooper, CA(SA). The board of directors takes full responsibility for the preparation of this announcement.

Operating environment

The South African macro-economic environment for the first six months of the financial year continued to be challenging. From a local economic perspective we had to contend with a far less benign global financial environment. South Africa, with its current account deficit and large financing requirement, was particularly vulnerable to slowing capital flows and the Rand weakened rapidly. This placed upward pressure on inflation and led to the South African Reserve Bank's decision to increase the repo rate by 50 basis points in January 2014.

These external headwinds, combined with a slowdown in real income growth, resulted in continued pressure on South African households. GDP growth in South Africa remains subdued. Capacity constraints and labour market unrest negatively impacted the supply side of the economy.

As a result, consumer confidence remained uncertain, with the above-mentioned labour uncertainty and unemployment reducing disposable and/or investible income. For our group companies this resulted in an environment where operating conditions remained challenging and highly competitive during the period under review.

Overview of results

Notwithstanding such an uncertain backdrop, most of the businesses in which RMI is invested produced gratifying results for the half year, with strong positive growth in normalised earnings being recorded by Discovery and OUTsurance:

| | Six months ended 31 December | Six months ended 31 December | | Year ended 30 June |
|------------|---------------------------------|---------------------------------|-------------|-----------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | 2013 Audited |
| Discovery | 1 650 | 1 349 | 22 | 2 787 |
| MMI | 1 690 | 1 501 | 13 | 3 241 |
| OUTsurance | 594 | 493 | 20 | 1 161 |
| RMBSI | 24 | 55 | (56) | 89 |

- Discovery's growth stemmed from strong performances by its core businesses in South Africa (Life, Health and Invest) while PruProtect in the UK also grew strongly.

- OUTsurance's growth was driven by a significant improvement in Youi's loss position as well as a satisfactory performance by the SA short-term insurance operations.

RMI's attributable share of this outcome for the six months ended 31 December 2013 was as follows:

| | Six months ended 31 December | Six months ended 31 December | | Year ended 30 June |
|---------------------------------------|---------------------------------|---------------------------------|-------------|-----------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | 2013 Audited |
| Normalised earnings from: | | | | |
| - Discovery | 413 | 337 | 23 | 699 |
| - MMI | 419 | 368 | 14 | 803 |
| - OUTsurance | 502 | 412 | 22 | 990 |
| - RMBSI | 20 | 42 | (52) | 70 |
| | 1 354 | 1 159 | 17 | 2 562 |
| Funding and holding company costs | (16) | (22) | 27 | (37) |
| Normalised earnings | 1 338 | 1 137 | 18 | 2 525 |
| Normalised earnings per share (cents) | 90.1 | 76.5 | 18 | 169.9 |

The gross interim dividend of 46.0 cents per share represents a 15% increase and is covered 2.0 times by the normalised earnings (2012: 1.9 times).

Market value of investments

On the back of strong financial performance, Discovery benefited from a significant market re-rating during the period, with its JSE market capitalisation increasing by 36% on a year-on-year basis. Over the year, RMI's market capitalisation increased by 33%.

On a "look-through" basis, the market value attributed to RMI's interest in OUTsurance (83.4% held) and RMBSI (76.4% held) increased by 44% to R18.4 billion, reflecting market recognition of the progress made in building out OUTsurance's Australian initiative and the strength of its South African franchise.

| | As at 31 December | As at 31 December | | As at 30 June |
|--|----------------------|----------------------|----------|------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | 2013 Audited |
| Market value of interest in: | | | | |
| - Discovery | 12 510 | 9 207 | 36 | 12 445 |
| - MMI | 9 929 | 8 701 | 14 | 8 701 |
| Market value of listed investments | 22 439 | 17 908 | 25 | 21 146 |
| Implied market value of unlisted investments | 18 377 | 12 757 | 44 | 16 337 |
| Gross market value of portfolio | 40 816 | 30 665 | 33 | 37 483 |
| Net liabilities of the holding company | (34) | (90) | (62) | (44) |
| RMI market capitalisation | 40 782 | 30 575 | 33 | 37 439 |
| RMI closing share price (cents) | 2 745 | 2 058 | 33 | 2 520 |

At 31 December 2013 the net borrowings carried at the corporate centre by RMI was insignificant.

Interim dividend payment

RMI follows a stated practice of returning to shareholders net dividends (after providing for funding and operational costs incurred at the centre) received by it in the ordinary course of business.

Having due regard to the interim dividends receivable from our underlying investments and applying the dividend practice outlined above, the board of RMI has resolved to declare a gross interim dividend of 46.0 cents per ordinary share (2012: 40.0 cents). Such dividend is covered 2.0 times by normalised earnings per share (2012: 1.9 times).

Dividend Withholding Tax (DWT) at a rate of 15% is levied on dividends paid to shareholders who are not exempt from DWT. RMI has accumulated Secondary Tax on Companies (STC) credits that have been used to reduce the DWT liability arising, which will result in a net dividend of 39.14671 cents per ordinary share for those shareholders who are not exempt.

The board is of the opinion that RMI is adequately capitalised at this stage and that the company will be able to meet its obligations in the foreseeable future after payment of the interim dividend.

In evaluating the likely rate of growth in future dividends from RMI, shareholders should take cognisance of the fact that OUTsurance, which currently contributes some 49% of RMI's dividend flow, has embarked on an accelerated growth plan in Australia and will be entering the New Zealand market on an incremental basis. This will require greater re-investment of earnings in the initiatives. In the medium term the rate of growth in dividends that RMI receives from OUTsurance may lag behind the rate of growth in earnings accruing from that source.

Outlook for the coming year

South Africa's dependence on foreign capital flows to fund the wide current account deficit continues to introduce uncertainty and vulnerability to the macro-economic outlook. The recent increase in the repo rate is likely to be the first in an interest rate hiking cycle. This will place further pressure on the South African consumer and growth in new insurance business volumes will continue to be dependent on a recovery in employment and improved disposable income levels.

- Discovery sees the progress made over the last six months as positioning it strongly for continued growth and profitability into the future.
- MMI believes that it has identified and is implementing innovative strategies to unlock value over time.
- OUTsurance believes that conditions in its South African business will remain largely unchanged. It expects to continue to penetrate the Australian market giving rise to strong topline growth together with enhanced economies of scale.

From a shareholder perspective, we believe that all the strategic imperatives required to enable the group to continue to deliver real growth in earnings are in place.

The information provided above is not an earnings forecast and has not been reviewed and reported on by the company's external auditors.

For and on behalf of the board.

GT Ferreira P Cooper
Chairman Chief executive officer
Sandton
6 March 2014

DIVIDEND DECLARATION

Interim cash dividend declaration

Notice is hereby given that a gross interim dividend of 46.0 cents per ordinary share payable out of income reserves was declared on 6 March 2014 in respect of the six months ended 31 December 2013.

The company has utilised STC credits amounting to 0.31140 cents per ordinary share. The balance of the dividend will be subject to DWT at a rate of 15%, which will result in a net dividend of 39.14671 cents per ordinary share for those shareholders who are not exempt. The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date is 1 485 688 346 ordinary shares and 648 001 redeemable preference shares.

Shareholders' attention is drawn to the following important dates:

- Last day to trade in order to participate in this dividend Thursday, 20 March 2014
- Shares commence trading "ex dividend" on Monday, 24 March 2014
- The record date for the dividend payment will be Friday, 28 March 2014
- Dividend payment date Monday, 31 March 2014

No de-materialisation or re-materialisation of share certificates may be done between Monday, 24 March 2014 and Friday, 28 March 2014 (both days inclusive).

By order of the board.

JS Human
Company secretary
6 March 2014

REVIEW OF INVESTMENT PERFORMANCE

For a comprehensive review of the investment performance of RMI's investee companies, shareholders are referred to www.rminsurance.co.za.

Summarised consolidated income statement

| | Six months ended 31 December | | | Year ended 30 June 2013 |
|--|---------------------------------|-------------------|-------------|----------------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | Audited |
| Earned premiums net of reinsurance | 4 741 | 3 670 | 29 | 7 869 |
| Fee income | 82 | 67 | 22 | 146 |
| Investment income | 218 | 234 | (7) | 631 |
| Profit on sale of subsidiary | - | 42 | (100) | 38 |
| Net fair value gains on financial assets | 454 | 479 | (5) | 560 |
| Income | 5 495 | 4 492 | 22 | 9 244 |
| Net claims paid | (2 671) | (2 157) | 24 | (3 873) |
| Fair value adjustment to investment contracts and insurance contract provisions | (342) | (259) | 32 | (1 027) |
| Fair value adjustment to financial liabilities | (85) | (85) | - | (201) |
| Acquisition, marketing and administration expenses | (1 473) | (1 151) | 28 | (2 418) |
| Profit before finance costs, share of after tax results of associates and taxation | 924 | 840 | 10 | 1 725 |
| Net finance costs | (46) | (66) | (30) | (125) |
| Share of after tax results of associates | 1 026 | 685 | 50 | 1 179 |
| Profit before taxation | 1 904 | 1 459 | 31 | 2 779 |
| Taxation | (255) | (224) | 14 | (371) |
| Profit for the period | 1 649 | 1 235 | 34 | 2 408 |
| Attributable to: | | | | |
| Equity holders of RMI | 1 553 | 1 146 | 36 | 2 214 |
| Non-controlling interests | 96 | 89 | 8 | 194 |
| Profit for the period | 1 649 | 1 235 | 34 | 2 408 |

Computation of headline earnings

| | Six months ended 31 December | | | Year ended 30 June 2013 |
|--|---------------------------------|-------------------|-------------|----------------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | Audited |
| Earnings attributable to equity holders | 1 553 | 1 146 | 36 | 2 214 |
| Adjustment for: | | | | |
| (Profit)/loss on dilution of shareholding | (145) | 4 | | 11 |
| Realised profit on sale of available-for-sale financial assets | (9) | (1) | | (1) |
| Goodwill and other impairments | 4 | - | | 1 |
| Loss on disposal of property and equipment | 3 | - | | - |
| Profit on sale of subsidiary | - | (26) | | (24) |
| Headline earnings attributable to equity holders | 1 406 | 1 123 | 25 | 2 201 |

Sources of headline earnings

| | Six months ended 31 December | | | Year ended 30 June 2013 |
|-----------------------------------|---------------------------------|-------------------|-------------|----------------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | Audited |
| Headline earnings from: | | | | |
| - Discovery | 446 | 330 | 35 | 551 |
| - MMI | 449 | 350 | 28 | 628 |
| - OUTsurance | 505 | 421 | 20 | 990 |
| - RMBSI | 22 | 44 | (50) | 69 |
| | 1 422 | 1 145 | 24 | 2 238 |
| Funding and holding company costs | (16) | (22) | 27 | (37) |
| Headline earnings | 1 406 | 1 123 | 25 | 2 201 |

Computation of earnings per share

| | Six months ended 31 December | | | Year ended 30 June 2013 |
|---|---------------------------------|-------------------|-------------|----------------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | Audited |
| Earnings attributable to equity holders | 1 553 | 1 146 | 36 | 2 214 |
| Headline earnings attributable to equity holders | 1 406 | 1 123 | 25 | 2 201 |
| Number of shares in issue (millions) | 1 486 | 1 486 | - | 1 486 |
| Weighted average number of shares in issue (millions) | 1 483 | 1 483 | - | 1 483 |
| Earnings per share (cents) | 104.7 | 77.3 | 35 | 149.2 |
| Diluted earnings per share (cents) | 103.7 | 77.0 | 35 | 148.2 |
| Headline earnings per share (cents) | 94.8 | 75.7 | 25 | 148.4 |
| Diluted headline earnings per share (cents) | 93.7 | 75.4 | 24 | 147.4 |
| Dividend per share (cents) | | | | |
| Interim dividend | 46.0 | 40.0 | 15 | 40.0 |
| Final dividend | - | - | - | 55.0 |
| Total dividend | 46.0 | 40.0 | 15 | 95.0 |

Summarised consolidated statement of comprehensive income

| | Six months ended 31 December | | | Year ended 30 June 2013 |
|--|---------------------------------|-------------------|-------------|----------------------------|
| R million | 2013 Unaudited | 2012 Unaudited | % change | Audited |
| Profit for the period | 1 649 | 1 235 | 34 | 2 408 |
| Other comprehensive income for the period | | | | |
| Items that may subsequently be reclassified to income, before and after taxation | | | | |
| Currency translation differences | 30 | 42 | (29) | 62 |
| Fair value movement on available-for-sale financial assets | 42 | 26 | 62 | 19 |
| Share of other comprehensive income of associates | 98 | 77 | 27 | 173 |
| Items that may subsequently be reclassified to income, after taxation | 84 | 64 | 31 | 173 |
| Items that will not be reclassified to income, after taxation | 14 | 13 | 8 | - |
| Other comprehensive income for the period | 170 | 145 | 17 | 254 |
| Total comprehensive income for the period | 1 819 | 1 380 | 32 | 2 662 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of RMI | 1 712 | 1 281 | 34 | 2 457 |
| Non-controlling interests | 107 | 99 | 8 | 205 |
| Total comprehensive income for the period | 1 819 | 1 380 | 32 | 2 662 |

Summarised consolidated statement of financial position

| | As at 31 December | As at 31 December | As at 30 June |
|--|----------------------|----------------------|------------------|
| R million | 2013 Unaudited | 2012 Unaudited | 2013 Audited |
| Assets | | | |
| Property and equipment | 525 | 442 | 460 |
| Goodwill and other intangible assets | 28 | 55 | 43 |
| Investments in associates | 11 145 | 10 061 | 10 442 |
| Financial assets | 7 917 | 7 244 | 7 781 |
| Loans and receivables including insurance receivables | 1 719 | 1 208 | 1 668 |
| Taxation | 16 | 7 | - |
| Deferred acquisition cost | 30 | 30 | 38 |
| Reinsurance contracts | 425 | 335 | 275 |
| Deferred taxation | 431 | 444 | 414 |
| Cash and cash equivalents | 3 256 | 2 457 | 2 664 |
| Total assets | 25 492 | 22 283 | 23 785 |
| Equity | | | |
| Share capital and premium | 13 590 | 13 615 | 13 632 |
| Reserves | 826 | (693) | (67) |
| Capital and reserves attributable to equity holders of the company | 14 416 | 12 922 | 13 565 |
| Non-controlling interests | 750 | 545 | 586 |
| Total equity | 15 166 | 13 467 | 14 151 |
| Liabilities | | | |
| Insurance contracts | 5 798 | 4 532 | 4 855 |
| Share-based payment liability | 44 | 29 | 50 |
| Financial liabilities | 3 308 | 3 246 | 3 601 |
| Payables and provisions | 993 | 681 | 913 |
| Deferred taxation | 174 | 311 | 176 |
| Taxation | 9 | 17 | 39 |
| Total liabilities | 10 326 | 8 816 | 9 634 |
| Total equity and liabilities | 25 492 | 22 283 | 23 785 |

Statement of changes in equity

| Unaudited | Share capital and premium | Equity accounted reserves | Transactions with non-controlling interests | Other reserves | Retained earnings | Non-controlling interests | Total equity |
|---|---------------------------|---------------------------|---|----------------|-------------------|---------------------------|--------------|
| Balance as at 1 July 2012 | 13 614 | 420 | (2 071) | 88 | 1 133 | 626 | 13 810 |
| Total comprehensive income for the period | - | 77 | - | 57 | 1 146 | 99 | 1 379 |
| Dividends paid | - | - | - | - | (1 560) | (123) | (1 683) |
| Income of associates retained | - | 79 | - | - | (79) | - | - |
| Movement in treasury shares | 1 | 6 | - | - | - | - | 7 |
| Transactions with non-controlling interests | - | 23 | - | - | - | - | 23 |
| Sale of subsidiary | - | - | - | (1) | (1) | (76) | (78) |
| Share-based payment reserve | - | - | - | 1 | - | - | 1 |
| Change from equity-settled to cash-settled scheme | - | - | - | (9) | (2) | (2) | (13) |
| Change in reserves due to a change in holding | - | - | - | 14 | (14) | 21 | 21 |
| Balance as at 31 December 2012 | 13 615 | 605 | (2 071) | 150 | 623 | 545 | 13 467 |
| Balance as at 1 July 2013 | 13 632 | 935 | (2 071) | 162 | 907 | 586 | 14 151 |
| Total comprehensive income for the period | - | 98 | - | 61 | 1 553 | 107 | 1 819 |
| Dividends paid | - | - | - | - | (817) | (86) | (903) |
| Income of associates retained | - | 625 | - | - | (625) | - | - |
| Movement in treasury shares | (42) | 3 | - | - | - | - | (39) |
| Transactions with non-controlling interests | - | - | (5) | - | - | (2) | (7) |
| Issue of share capital by a subsidiary | - | - | - | - | - | 112 | 112 |
| Change in reserves due to a change in holding | - | - | - | 43 | (43) | 33 | 33 |
| Balance as at 31 December 2013 | 13 590 | 1 661 | (2 076) | 266 | 975 | 750 | 15 166 |

Summarised consolidated statement of cash flows

| | Six months ended 31 December | Year ended 30 June 2013 |
|--|---------------------------------|------------------------------|
| R million | 2013 Unaudited | 2012 Unaudited Audited |
| Cash available from operating activities | 1 346 | 2 056 3 076 |
| Dividends paid | (817) | (1 560) (2 154) |
| Investment activities | 195 | 261 351 |
| Financing activities | (174) | (789) (1 164) |
| Net increase/(decrease) in cash and cash equivalents | 550 | (32) 109 |
| Unrealised foreign currency translation adjustments | 42 | 27 93 |
| Cash and cash equivalents at the beginning of the period | 2 664 | 2 462 2 462 |
| Cash and cash equivalents at the end of the period | 3 256 | 2 457 2 664 |

Computation of normalised earnings

| | Six months ended 31 December | Year ended 30 June 2013 |
|--|---------------------------------|---|
| R million | 2013 Unaudited | 2012 Unaudited % change Audited |
| Headline earnings attributable to equity holders | 1 406 | 1 123 25 2 201 |
| RMI's share of normalised adjustments made by associates: | (46) | 38 341 |
| Amortisation of intangible assets relating to business combinations | 80 | 87 171 |
| Basis and other changes and investment variances | (16) | (3) 92 |
| Finance costs raised on puttable non-controlling interest financial liability | 19 | 20 41 |
| Fair value adjustment to puttable non-controlling interest financial liability | (26) | - 33 |
| Non-controlling interest allocation if no put options | (10) | (8) (10) |
| Net realised and fair value gains on shareholders' assets | (100) | (58) (85) |
| Once-off costs | 7 | - 15 |
| Recapture of reinsurance | - | - 84 |
| Group treasury shares | (22) | (24) (17) |
| Normalised earnings attributable to equity holders | 1 338 | 1 137 18 2 525 |

Computation of normalised earnings per share

| | Six months ended 31 December | Year ended 30 June 2013 |
|---|---------------------------------|---|
| | 2013 Unaudited | 2012 Unaudited % change Audited |
| Weighted average number of shares in issue (millions) | 1 486 | 1 486 1 486 |
| Normalised earnings per share (cents) | 90.1 | 76.5 18 169.9 |
| Diluted normalised earnings per share (cents) | 89.1 | 76.3 17 168.6 |
| Dividend cover (dividend relative to normalised earnings) | 2.0 | 1.9 1.8 |

Effective interest

RMI's effective interest in the group entities is different from the actual holdings as a result of the following consolidation adjustments:

- treasury shares held by the group entities;
- shares held by consolidated share incentive trusts;
- "deemed" treasury shares arising from BEE transactions entered into; and
- "deemed" treasury shares held by policyholders and mutual funds managed by them.

At 31 December 2013 the effective interest held by RMI can be compared to the actual interest in the statutory issued share capital of the companies as follows:

| | 31 December 2013 | 31 December 2012 |
|------------|------------------------|--|
| | Effective Unaudited | Actual Unaudited Effective Unaudited Actual Unaudited |
| Discovery | 25.8% | 25.0% 26.7% 25.0% |
| MMI | 25.2% | 25.0% 25.2% 25.0% |
| OUTsurance | 84.8% | 83.4% 85.3% 83.4% |
| RMBSI | 79.1% | 76.4% 79.1% 76.4% |

Segment report

The segmental analysis is based on the management accounts prepared for the group.

| R million | Discovery Unaudited | MMI Unaudited | OUTsurance Unaudited | RMBSI Unaudited | Other ⁽¹⁾ Unaudited | RMI group Unaudited |
|--|------------------------|------------------|-------------------------|--------------------|-----------------------------------|------------------------|
| Six months ended 31 December 2013 | | | | | | |
| Operating profit | - | - | 843 | 37 | 44 | 924 |
| Finance costs | - | - | - | (7) | (39) | (46) |
| Share of after tax results of associates | 455 | 453 | 4 | (1) | 115 | 1 026 |
| Profit before taxation | 455 | 453 | 847 | 29 | 120 | 1 904 |
| Taxation | - | - | (248) | (5) | (2) | (255) |
| Profit for the period | 455 | 453 | 599 | 24 | 118 | 1 649 |
| Normalised earnings | 413 | 419 | 594 | 24 | (112) | 1 338 |
| Assets | - | - | 8 383 | 5 286 | 650 | 14 319 |
| Associates | 5 013 | 6 066 | 19 | 47 | - | 11 145 |
| Intangible assets | - | - | 25 | 1 | 2 | 28 |
| Total assets | 5 013 | 6 066 | 8 427 | 5 334 | 652 | 25 492 |
| Total liabilities | - | - | 4 706 | 4 930 | 690 | 10 326 |
| Six months ended 31 December 2012 | | | | | | |
| Operating profit | - | - | 776 | 67 | (3) | 840 |
| Finance costs | - | - | - | (11) | (55) | (66) |
| Share of after tax results of associates | 331 | 369 | 6 | - | (21) | 685 |
| Profit before taxation | 331 | 369 | 782 | 56 | (79) | 1 459 |
| Taxation | - | - | (220) | (1) | (3) | (224) |
| Profit for the period | 331 | 369 | 562 | 55 | (82) | 1 235 |
| Normalised earnings | 337 | 368 | 493 | 55 | (116) | 1 137 |
| Assets | - | - | 6 975 | 4 618 | 574 | 12 167 |
| Associates | 4 235 | 5 798 | 18 | 10 | - | 10 061 |
| Intangible assets | - | - | 51 | 1 | 3 | 55 |
| Total assets | 4 235 | 5 798 | 7 044 | 4 629 | 577 | 22 283 |
| Total liabilities | - | - | 3 518 | 4 226 | 1 072 | 8 816 |

(1) "Other" includes RMI Holdings Limited, consolidation of treasury shares and other consolidation entries.

Geographical segments

| R million | South Africa Unaudited | Australia Unaudited | Total Unaudited |
|-----------------------------------|------------------------------|------------------------|--------------------|
| Six months ended 31 December 2013 | | | |
| Profit/(loss) before taxation | 1 907 | (3) | 1 904 |
| Taxation | (256) | 1 | (255) |
| Profit/(loss) for the period | 1 651 | (2) | 1 649 |
| Total assets | 21 931 | 3 561 | 25 492 |
| Total liabilities | 7 734 | 2 592 | 10 326 |
| Six months ended 31 December 2012 | | | |
| Profit/(loss) before taxation | 1 529 | (70) | 1 459 |
| Taxation | (245) | 21 | (224) |
| Profit/(loss) for the period | 1 284 | (49) | 1 235 |
| Total assets | 19 956 | 2 327 | 22 283 |
| Total liabilities | 7 282 | 1 534 | 8 816 |

Financial instruments measured at fair value

The group's activities expose it to a variety of financial risks. The interim results announcement does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual integrated report for the year ended 30 June 2013.

The table below analyses financial instruments carried at fair value by level in the fair value hierarchy. The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments. These levels are defined as follows:

Level 1 - fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured at the reporting date.

Level 2 - fair value is determined through valuation techniques based on observable market inputs. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible at entity specific estimates.

Level 3 - fair value is determined through valuation techniques which use significant unobservable inputs.

| Unaudited R million | Level 1 | Level 2 | Level 3 | Total carrying amount |
|--|---------|---------|---------|-----------------------------|
| 31 December 2013 | | | | |
| Financial assets | | | | |
| Equity securities | | | | |
| - available-for-sale | 719 | - | - | 719 |
| - at fair value through profit or loss | 2 388 | 26 | - | 2 414 |
| Debt securities | | | | |
| - available-for-sale | - | 538 | - | 538 |
| - at fair value through profit or loss | 905 | 2 828 | 423 | 4 156 |
| Derivative asset | - | 11 | - | 11 |
| Total financial assets recognised at fair value | 4 012 | 3 403 | 423 | 7 838 |
| Financial liabilities | | | | |
| Convertible debentures | - | 15 | - | 15 |
| Financial liabilities at fair value through profit or loss | - | - | 85 | 85 |
| Derivative liability | - | 17 | - | 17 |
| Investment contracts | 863 | 419 | - | 1 282 |
| Total financial liabilities recognised at fair value | 863 | 451 | 85 | 1 399 |
| Six months ended 31 December | | | | |
| Unaudited R million | | | | 2013 2012 |
| Reconciliation of movement in level 3 assets | | | | |
| Balance at the beginning of the period | | | 441 | 477 |
| Amount received in the current period | | | (5) | - |
| Investment income accrued | | | 17 | 18 |
| Dividends received from the OUTsurance Investment Trust | | | (30) | (45) |
| Balance at the end of the period | | | 423 | 450 |
| Reconciliation of movement in level 3 liabilities | | | | |
| Balance at the beginning of the period | | | 110 | 115 |
| Preference dividends charged to the income statement in respect of cell captive arrangements and profit shares | | | 85 | 85 |
| Preference dividends paid | | | (110) | (114) |
| Balance at the end of the period | | | 85 | 86 |
| Total carrying amount | | | | |
| Unaudited R million | Level 1 | Level 2 | Level 3 | |
| 31 December 2012 | | | | |
| Financial assets | | | | |
| Equity securities | | | | |
| - available-for-sale | 683 | - | - | 683 |
| - at fair value through profit or loss | 1 711 | 29 | - | 1 740 |
| Debt securities | | | | |
| - available-for-sale | - | 663 | - | 663 |
| - at fair value through profit or loss | 959 | 2 670 | 450 | 4 079 |
| Total financial assets recognised at fair value | 3 353 | 3 362 | 450 | 7 165 |
| Financial liabilities | | | | |
| Convertible debentures | - | 15 | - | 15 |
| Financial liabilities at fair value through profit or loss | - | - | 86 | 86 |
| Investment contracts | 826 | 420 | - | 1 246 |
| Total financial liabilities recognised at fair value | 826 | 435 | 86 | 1 347 |

The fair values of the above instruments were determined as follows:

Level 1

The level 1 equity securities comprise listed preference share and ordinary share investments which are listed on a securities exchange. The fair values of these investments are calculated based on the closing bid prices on the last business day of the reporting period. The ordinary share investments include an investment in a listed exchange traded fund which tracks the performance of the top forty companies listed on the JSE. Debt securities represent South African government issued interest securities and other listed interest securities on the Bond Exchange of South Africa. The carrying amount represents the closing bid prices on the last business day of the reporting period. Investment contract liabilities are valued with reference to the fair value of the underlying assets.

Level 2

The level 2 fair value instruments include unlisted preference shares that are redeemable with a notice period ranging from thirty days to three years. Dividend yields range from 50.8% to 70% of the prime overdraft rate. The fair value of the preference shares which are redeemable within one year from the reporting date is deemed to equal the redemption value. The fair value of the preference shares with a maturity date of longer than one year is calculated on a discounted cash flow basis with the discount rate adjusted for changes in credit risk of the ultimate counterparty, being one of the large South African banks. Due to the redeemable nature, the preference shares are deemed to be debt securities. The fair values of collective investment schemes investments are determined by the closing unit price as quoted by the collective investment schemes. The collective investment schemes are not listed. The fair value of money market instruments and other interest securities are determined based on observable market inputs. The derivative asset and liability are valued with reference to the closing bid prices of the underlying listed equities they relate to. Investment contract liabilities are valued with reference to the fair value of the underlying assets.

Level 3

The level 3 financial asset at fair value through profit or loss represents an investment in the OUTSurance Investment Trust, the value of which is not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralised nature of the transaction. The financial liabilities at fair value through profit or loss represent profits arising out of the cell captives and profit sharing arrangements that accrue on a monthly basis and which are distributed as preference dividends on a six monthly basis.

ADMINISTRATION

Directors

GT Ferreira (Chairman), P Cooper (CEO), L Crouse, LL Dippenaar, JW Dreyer, JJ Durand, PM Goss, PK Harris, TV Mokgatla, O Phetwe, (Ms) SEN Sebotsa and KC Shubane

Alternate: (Ms) A Kekana

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JS Human

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