

SUMMARISED,
UNAUDITED INTERIM
RESULTS ANNOUNCEMENT AND
CASH DIVIDEND
DECLARATION

'13

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:



 Effective interest 25.8%	<p>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.</p>
 Effective interest 25.2%	<p>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.</p>
 Effective interest 84.8%	<p>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.</p>
 Effective interest 79.1%	<p>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.</p>

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 OUTsurace:

<i>R million</i>	<i>Six months ended 31 December</i>	<i>Six months ended 31 December</i>	% change	<i>Year ended 30 June</i>
	2013 Unaudited	2012 Unaudited		2013 Audited
Discovery	1 650	1 349	22	2 787
MMI	1 690	1 501	13	3 241
OUTsurace	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.
- OUTsurace'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:

<i>R million</i>	<i>Six months ended 31 December</i>	<i>Six months ended 31 December</i>	% change	<i>Year ended 30 June</i>
	2013 Unaudited	2012 Unaudited		2013 Audited
Normalised earnings from:				
– Discovery	413	337	23	699
– MMI	419	368	14	803
– OUTsurace	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.

<i>R million</i>	<i>As at</i> <i>31 December</i>	<i>As at</i> <i>31 December</i>	% change	<i>As at</i> <i>30 June</i>
	2013 Unaudited	2012 Unaudited		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
Chairman

Sandton

6 March 2014



P Cooper
Chief executive officer

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.

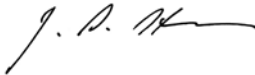
The company has utilised STC credits amounting to 0.31140 cents per ordinary share. The balance of the dividend will be subject to DWT at a rate of 15%, which will result in a net dividend of 39.14671 cents per ordinary share for those shareholders who are not exempt. The company's tax reference number 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

Discovery

Discovery's performance over the six months to 31 December 2013 was excellent and saw:

- normalised headline earnings increasing by 22% to R1.65 billion; while
- embedded value grew by 19% to R39.8 billion

Discovery's growth stemmed from strong performances by its core businesses in South Africa. Discovery Life experienced strong earnings growth, driven by above expectation new business (+11%), continued positive lapse and claims experience and disciplined expense control. Discovery Health's performance over the period exceeded expectations with a 15% increase in new business. Discovery Invest experienced a 26% increase in new business, with assets under management growing by 35% to R36 billion. New business in the UK grew by 35% with the combined profit from PruHealth and PruProtect increasing by 27%.

RMI included R413 million (2012: R337 million) of Discovery's earnings in its normalised earnings for the six month period.

For an in-depth review of Discovery's performance, RMI shareholders are referred to www.discovery.co.za.

MMI

MMI's South African operating environment remained economically challenging and highly competitive during the period under review. Growth in the rest of Africa is however proving to be resilient.

MMI delivered very strong financial results for the period, with:

- diluted core headline earnings increasing by 13% to R1.69 billion; and
- group embedded value growing to 37.4 billion, generating an annualised return of 20%.

New business volumes increased in all divisions with the strongest growth recorded by Momentum Employee Benefits (+24%) and Momentum Retail (+18%).

RMI included R419 million (2012: R368 million) of MMI's earnings in its normalised earnings for the six month period.

For an in-depth review of MMI's performance, RMI shareholders are referred to www.mmiholdings.co.za

OUTsurance

OUTsurance produced an excellent financial performance, with:

- gross written premiums increasing by 24% to R4.92 billion; while
- normalised earnings increased by 20% to R594 million, resulting in
- a 34% return on equity.

Growth in gross written premiums resulted from a 70% increase in premiums written by Youi in Australia, which now contributes 37% of the group's gross insurance revenue. New business volumes continued to improve in South Africa and OUTsurance Life recorded a 47% increase in premium income following the launch of innovative new products during the period. During the review period both the South African and Australian businesses experienced large natural catastrophe events, resulting in a net financial impact of R174 million after re-insurance recoveries (2012: R59 million). Notwithstanding this, normalised earnings increased by 20% to R594 million on the back of satisfactory claims ratios that were below market averages.

Youi delivered an excellent operational performance and its strong premium growth (+70%), which together with significant scale benefits and claims ratios that were maintained within long-term target ratios, resulted in a headline loss of R2 million (2012: loss of R49 million). The excellent performance trend delivered by Youi is expected to continue.

RMI included R502 million (2012: R412 million) of OUTsurances's earnings in its normalised earnings for the six month period.

For an in-depth review of OUTsurance's performance, RMI shareholders are referred to **www.outsurance.co.za**.

RMBSI

RMBSI continues to focus on a diversified business strategy to bolster its retainer base income on the back of the more traditional insurance business. This is beginning to bear fruit and the business mix is trending in the right direction.

Headline earnings for the period amounted to R24 million (2012: R55 million). The prior period comparative included a significant realisation on the unwinding of a customer portfolio.

RMI included R20 million (2012: R42 million) of RMBSI's earnings in its normalised earnings for the six month period.

SUMMARISED CONSOLIDATED INCOME STATEMENT				
<i>R million</i>	<i>Six months ended 31 December</i>		%	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		change
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				
<i>R million</i>	<i>Six months ended 31 December</i>		%	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		change
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

<i>R million</i>	<i>Six months ended 31 December</i>		<i>% change</i>	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		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

<i>R million</i>	<i>Six months ended 31 December</i>		<i>% change</i>	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		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				
<i>R million</i>	<i>Six months ended 31 December</i>		%	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		change
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**

<i>R million</i>	<i>As at 31 December</i>	<i>As at 31 December</i>	<i>As at 30 June</i>
	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							
<i>Unaudited R million</i>	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

<i>R million</i>	<i>Six months ended 31 December</i>		<i>Year ended 30 June 2013</i>
	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

<i>R million</i>	<i>Six months ended 31 December</i>		% change	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		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				
	<i>Six months ended 31 December</i>		% change	<i>Year ended 30 June 2013</i>
	2013 Unaudited	2012 Unaudited		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:

	<i>31 December 2013</i>		<i>31 December 2012</i>	
	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.

<i>R million</i>	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			
<i>R million</i>	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.

<i>Unaudited R million</i>	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

<i>Unaudited R million</i>	<i>Six months ended 31 December</i>	
	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

<i>Unaudited R million</i>	Level 1	Level 2	Level 3	Total carrying amount
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

RAND MERCHANT INSURANCE HOLDINGS LIMITED

(RMI)

Registration number: 2010/005770/06

JSE ordinary share code: RMI

ISIN code: ZAE000153102

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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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