



SUMMARISED UNAUDITED RESULTS ANNOUNCEMENT
AND CASH DIVIDEND DECLARATION

for the six months ended 31 December 2016

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BASIS OF PREPARATION

These summarised unaudited financial results for the six months ended 31 December 2016 have been prepared in accordance with:

- International Financial Reporting Standards (IFRS), including *IAS 34: Interim financial reporting*;
- the requirements of the Companies Act, 71 of 2008, as amended;
- the *SAICA Financial Reporting Guide* as issued by the Accounting Practices Committee;
- the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and
- the Listings Requirements of the JSE Limited.

The accounting policies applied are consistent with those applied in the previous financial period, except for changes required by the mandatory adoption of new and revised IFRS. None of the new accounting standards becoming effective in the current financial period had a significant impact on the group's results.

Schalk Human MCom(Acc) CA(SA) prepared these consolidated financial results under the supervision of Herman Bosman LL.M CFA. The board of directors takes full responsibility for the preparation of this announcement and for correctly extracting the financial information for inclusion in the announcement.

The announcement is not audited. The forward-looking information in this announcement is not an earnings forecast and has not been reviewed and reported on by the company's external auditor.

FINANCIAL INDICATORS

for the six months ended 31 December 2016

**NORMALISED
EARNINGS**
from continuing
operations

+12%
to 121.3 cents

**NORMALISED
EARNINGS**
from continuing and
discontinued operations

+11%
to 121.5 cents

**ORDINARY
DIVIDEND**

maintained at
53.0 cents

INVESTMENTS

CONTINUING OPERATIONS



25%



25%



84%



100%



100%



25%

DISCONTINUED OPERATION



76%

LISTED INVESTMENTS

Discovery is a pioneering market leader with uniquely-positioned businesses in the healthcare, long- and short-term insurance, wellness and financial services industries. Founded in 1992 as a specialist health insurer, Discovery operates in South Africa, the UK, China, Singapore, Australia and the USA through various business lines. It has an innovative business model that makes people healthier and offers them protection products.

MMI is one of the largest insurance-based financial services groups listed on the JSE Limited. Created in December 2010 from the merger of Metropolitan and Momentum, MMI conducts business in South Africa, various African countries outside South Africa and selected international countries. MMI's core businesses are short- and long-term insurance, asset management, savings, healthcare administration, health risk management, employee benefits, property management and rewards programmes.

UNLISTED INVESTMENTS

OUTsurance provides short- and long-term insurance products in South Africa and short-term insurance products in Australia, New Zealand and Namibia, with a client-centric ethos of providing value for money insurance solutions backed by awesome client service.

RMI Investment Managers' affiliate model enables the company to access a differentiated part of the investment management industry by investing in and partnering with independent investment managers, as well as specialist investment teams. RMI Investment Managers has taken equity stakes of up to 30% in boutique investment managers and will continue to search for opportunities that will complement RMI's existing suite of managers, as the company builds its share of the South African investment management market.

AlphaCode, RMI's next-generation business platform, continues to progress on its strategy of identifying, partnering and growing extraordinary next-generation financial services entrepreneurs. AlphaCode has members operating across the financial services spectrum, with many using leading-edge technology to transform the delivery of financial services. AlphaCode's first investment, **Merchant Capital**, is a provider of alternative sources of working capital for small and medium enterprises (SMEs) in South Africa.

ABOUT RMI

KEY FACTS

*for the six months ended and as at 31 December 2016
and comparatives at 31 December 2015*

JSE SHARE CODE

RMI

FIRST LISTED

7 March 2011

MARKET CAPITALISATION

R59,1 billion
(up 3% from 2015)

CHAIRMAN

GT Ferreira

NORMALISED EARNINGS

R1 805 million
(up 11% from 2015)

HEADLINE EARNINGS

R1 625 million
(up 8% from 2015)

CHIEF EXECUTIVE

Herman Bosman

SIGNIFICANT SHAREHOLDERS

Remgro	30%
Royal Bafokeng	15%
Allan Gray	9%
Founders	8%

WEBSITE

www.rmih.co.za

HEAD OFFICE

Sandton, South Africa

WHO WE ARE

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)
IS A JSE-LISTED INVESTMENT HOLDING COMPANY WITH AN
INVESTMENT TEAM OF EXPERIENCED, ALTERNATIVE THINKING,
FINANCIAL SERVICES SPECIALISTS WHO ACTIVELY PARTNER SMART AND
INDUSTRY-CHANGING MANAGEMENT TEAMS BY BEING A SHAREHOLDER OF INFLUENCE.

VALUE CREATION

RMI's primary objective is to create value for its shareholders by optimising, diversifying and modernising its investment portfolio.

THE RMI PORTFOLIO

As at 31 December 2016, RMI's investments included Discovery Limited (Discovery), MMI Holdings Limited (MMI), OUTsurance Holdings Limited (OUTsurance), RMB-SI Investments Proprietary Limited (RMB Structured Insurance), RMI Investment Managers Group Proprietary Limited (RMI Investment Managers), AlphaCode Proprietary Limited (AlphaCode) and AlphaCode's first investment, Merchant Capital Advisory Services Proprietary Limited (Merchant Capital).

The sale of RMI's investment in RMB Structured Insurance, excluding its stake in Truffle Capital Proprietary Limited (Truffle), is expected to be completed by mid-March 2017. The results of RMB Structured Insurance, excluding Truffle, are disclosed as a discontinued operation in the RMI group results.

Effective 1 March 2017, RMI acquired a 29.9% stake in Hastings Group Holdings plc (Hastings). RMI will account for its stake in Hastings as an investment in associate from the effective date. RMI funded the acquisition through debt (a combination of preference shares and loans) in terms of its domestic medium-term note and preference share programme.

The portfolio is intended to evolve over time to increase in size and diversity and to ensure the balance between growth- and return-focused investments.

Portfolio management activity is dynamic and focused on achieving the objectives of creating value and maintaining a solid financial structure. RMI invests for the long term.

INVESTMENT POLICY

RMI's aim is to be a value-adding, active enabler of leadership and innovation in financial services.

The financial services landscape is a dynamic environment and whilst it is important to enhance the current market positions and business models of the underlying investments and evaluate traditional acquisition opportunities, it is equally important to be vigilant around the emergence of disruptive businesses and concepts and partner with industry-changing entrepreneurs. In line with this, RMI has a start-up business, AlphaCode, which focuses on growing next-generation businesses.

RMI invests in businesses that can deliver superior earnings and dividend growth over the long term. This involves the acquisition of meaningful interests in companies to have significant influence. Sound management is an important investment criterion. The group forges strategic alliances on a partnership basis and endeavour to add value, where possible. The purpose is to ensure superior returns to shareholders by way of sustainable dividend and capital growth.

DIVIDEND POLICY

RMI's dividend policy is to pay out all dividends received from underlying investments after servicing any funding commitments at holding company level and considering its debt capacity and investment pipeline. The policy seeks to achieve a sound balance between providing an attractive yield to shareholders and achieving sustained growth. Given RMI's active investment strategy, this policy will be assessed dynamically.

PERFORMANCE AND OUTLOOK

ECONOMIC ENVIRONMENT

The economic environment for the period under review remained challenging. The inflation rate remained well above the South African Reserve Bank's 6% upper-range, preventing interest rate relief for generally highly-indebted South African households. Increasing inflation, rising levels of unemployment and low consumer confidence contributed to muted household spending. The ongoing local political uncertainty has also negatively impacted investor confidence. This was compounded by increased global political uncertainty following the result of the US election. On the positive side, a decrease in the trade deficit provided support to the Rand.

OVERVIEW OF RESULTS

In this difficult economic and business environment, the group delivered a 12% increase in normalised earnings from continuing operations for the six months ended 31 December 2016.

Discovery's 3% increase in normalised earnings was driven by the performance of its three established South African businesses; Discovery Health (up 12%), Discovery Life (up 13%) and Discovery Invest (up 21%), as well as VitalityHealth in the UK (up 53%). Earnings growth was strained by a decrease in investment income attributable to equity holders and an increase in finance charges. The investment income in the prior period included interest earned on the rights issue cash before it was deployed into the business. The increased finance charges emanated from the funding of the new business acquisition costs incurred at VitalityLife and an increase in the utilisation of Discovery's bank syndicated loan programme to fund new initiatives.

MMI recorded a 5% decrease in normalised earnings, mainly due to lower morbidity profits, lower health administration revenue and the impact of weak investment markets on asset-based fee income. MMI's expense optimisation project, which targets annual expense savings of R750 million by the 2019 financial year, remains on track. The embedded value amounted to R42.5 billion as at 31 December 2016, reflecting an annualised return of 4.5%.

Normalised earnings from **OUTsurance** increased by 23%. This strong result was driven by a significant improvement in the cost-to-income ratio across the group, but in particular at Youi due to scale benefits and cost efficiencies. There was also a significant reduction in the start-up loss at Youi New Zealand due to premium growth and a significant reduction in the claims ratio. The OUTsurance group achieved a return on equity of 39%, a claims ratio of 53.9% and a cost-to-income ratio of 25.0%.

RMI Investment Managers completed its first 18 months of operations in the period under review and in line with expectations, reduced its loss to R8 million from R12 million in the comparative period. The investment performance of the affiliates continues to improve with most of their funds in the first or second quartile of their peer group over one and three years. The financial performance remains on track with most of the affiliates at or slightly below their financial targets as low absolute returns from the South African equity and global markets in Rand terms resulted in lower performance fees for those products that have absolute return benchmarks.

Merchant Capital continued its strong operational performance, as well as investing in its core operations and product development.

Normalised earnings from **RMB Structured Insurance**, excluding Truffle, decreased from R15 million to R3 million.

SOURCES OF INCOME

The total normalised earnings of RMI's investee companies for the period under review are listed in the table below:

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Continuing operations				
Discovery	2 184	2 124	3	4 312
MMI	1 598	1 679	(5)	3 206
OUTsurance	1 139	923	23	1 985
Other ¹	(8)	(12)	33	(11)
Discontinued operation				
RMB Structured Insurance	3	15	(80)	8

¹ "Other" includes RMI Investment Managers, Truffle and AlphaCode.

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies. A reconciliation of the adjustments made to derive normalised earnings is presented in the accompanying schedules.

The consolidated group normalised earnings for the six months ended 31 December 2016 from continuing and discontinued operations amounted to R1.8 billion, an increase of 11% on the comparative period. The table below provides a breakdown of this number:

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Continuing operations	1 803	1 611	12	3 342
Discovery	546	533	2	1 079
MMI	404	420	(4)	805
OUTsurance	959	773	24	1 664
Other ¹	(8)	(12)	33	(11)
Funding and holding company costs	(98)	(103)	5	(195)
Discontinued operation				
RMB Structured Insurance	2	12	(83)	6
NORMALISED EARNINGS	1 805	1 623	11	3 348
NORMALISED EARNINGS PER SHARE (CENTS) (CONTINUING OPERATIONS)	121.3	108.3	12	225.0
NORMALISED EARNINGS PER SHARE (CENTS) (CONTINUING AND DISCONTINUED OPERATIONS)	121.5	109.2	11	225.3

¹ "Other" includes RMI Investment Managers, Truffle and AlphaCode.

The funding and holding company costs include the funding and operational expenses incurred at the RMI corporate centre. This includes the investment in AlphaCode.

VALUE OF INVESTMENTS

During the 2016 calendar year, RMI's share price increased by 3%, compared to a 5% decrease in the JSE life insurance index and a 33% increase in the JSE non-life insurance index. RMI has delivered a total annual compounded return to shareholders of 27.2% since its listing in March 2011.

The individual investment performances during the 2016 calendar year are outlined below:

- Discovery's share price decreased by 14%;
- MMI's share price increased by 7%, with a dividend yield of 6.5% (based on an assumed share price of R24); and
- on a "look-through" basis, based on share prices as at 31 December 2016, the value attributed to RMI's unlisted investments increased by 16% to R33.3 billion. These unlisted investments include OUTsurance (84.1% held), RMB Structured Insurance (75.5% held), RMI Investment Managers (100% held) and Merchant Capital (25.1% held).

The values of RMI's investments are summarised in the table below:

Unaudited R million	As at 31 December		% change	As at 30 June 2016
	2016	2015		
Market value of interest in:				
– Discovery	18 543	21 531	(14)	19 838
– MMI	9 461	8 823	7	9 080
Market value of listed investments	28 004	30 354	(8)	28 918
Implied value of unlisted investments	33 253	28 616	16	33 779
Gross value of portfolio	61 257	58 970	4	62 697
Net liabilities of the holding company	(2 127)	(1 459)	(46)	(1 487)
RMI MARKET CAPITALISATION	59 130	57 511	3	61 210
RMI CLOSING SHARE PRICE (CENTS)	3 980	3 871	3	4 120

The movement in the net liabilities of the holding company was mainly due to the raising of additional debt to finance the acquisition of the investments in Polar Star Management and Sesfikile Capital, the acquisition of an additional 18 million shares in OUTsurance and the extension of the OUTsurance and MMI management incentive schemes.

INTERIM DIVIDEND PAYMENT

The policy of paying out all dividends received from underlying investments after servicing any funding commitments at holding company level and considering RMI's debt capacity and investment pipeline, remains in place. However, given the increased activity and changes in RMI's investment portfolio, RMI will dynamically assess its dividend policy.

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

The board resolved to declare an interim dividend of 53.0 cents (2015: 53.0 cents) per ordinary share. The dividend is covered 2.3 times (2015: 2.1 times) by the normalised earnings of 121.5 cents (2015: 109.2 cents) per share.

Following the increased financial leverage (mainly due to the Hastings acquisition), RMI will incur significant additional funding costs on the preference shares issued and loans incurred. Shareholders should expect a decrease in the final dividend to be declared in September 2017.

Shareholders are referred to the dividend declaration forming part of this announcement regarding the applicability of Dividend Withholding Tax to the ordinary dividend.

KING IV

RMI strives to deliver corporate governance of the highest standard. The King IV Report on Corporate Governance for South Africa 2016 (King IV) was launched on 1 November 2016. In anticipation thereof, RMI completed an assessment of its practices against the principles of King IV to benchmark practices against the latest available guidelines and trends. This assessment is available in RMI's 2016 annual integrated report at www.rmih.co.za.

EVENTS AFTER THE REPORTING PERIOD

ACQUISITION OF A 29.9% STAKE IN HASTINGS GROUP HOLDINGS PLC

On 21 February 2017, RMI announced that the requisite regulatory approvals had been received from the Financial Surveillance Department of the South African Reserve Bank, the UK Financial Conduct Authority and the Gibraltar Financial Services Commission for the acquisition of a 29.9% stake in **Hastings**. The effective date of the transaction was 1 March 2017 and the purchase price was a cash consideration of GBP487.3 million (248 pence per share).

RMI has also entered into a relationship agreement with Hastings in terms of which RMI will be able to nominate a director and observer to the board of Hastings and to all standing committees of the Hastings board (other than the nominations committee) for as long as RMI holds a direct or indirect interest of between 15% and 29.9% in the ordinary share capital of Hastings. The first such appointees are Herman Bosman, CEO of RMI, as the director and Willem Roos, CEO of OUTsurance, as the observer.

Hastings was listed on the London Stock Exchange on 15 October 2015. It is a fast-growing agile digital general insurance provider operating principally in the UK motor market. It provides private car and other forms of personal insurance cover. In recent years, it has achieved growth through strategic focus, optimised digital distribution, superior data generation and utilisation, sophisticated risk selection and advanced fraud detection and claims management. Hastings is led by a highly-regarded, experienced and entrepreneurial management team that drives a client-centric ethos and culture.

This acquisition is consistent with RMI's strategy that, in addition to its role as an active and value-adding shareholder in its existing portfolio companies, RMI intends to optimise, diversify and modernise its investment portfolio through investments across a broad spectrum of scale and lifecycles of financial services businesses. This acquisition meets RMI's objectives of diversifying geographically and into growing market segments, adding a significant traditional financial services business alongside its existing portfolio in partnership with a high quality and entrepreneurial management team.

RMI funded this acquisition through debt (a combination of preference shares and loans) in terms of its domestic medium-term note and preference share programme in its wholly-owned subsidiary, RMI Treasury Company Limited (TreasuryCo). RMI also redeemed its existing preference share and bridge funding with the proceeds of new funding raised in TreasuryCo.



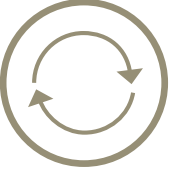
RMI is not eligible for Hastings' final dividend of 6.6 pence per share, which was announced on 2 March 2017.

TRUFFLE CAPITAL PROPRIETARY LIMITED

RMI Investment Managers finalised its acquisition of a 25% equity stake in **Truffle**, an active equity and multi-asset boutique asset manager managing R22 billion of assets, for R60 million in February 2017.

UPDATE ON RMI'S STRATEGY

In its annual integrated report for the year ended 30 June 2016, RMI clarified its strategic initiatives and the significant progress against them:

STRATEGIC INITIATIVES	DESIRED OUTCOME	PROGRESS MADE
<p>OPTIMISE</p> 	<ul style="list-style-type: none"> Enhanced involvement with portfolio companies Growth in insurance revenues Leadership stability and succession planning Portfolio rationalisation 	<ul style="list-style-type: none"> Extension of the MMI and OUTsurance management incentive schemes Sale of RMB Structured Insurance to Santam. The necessary regulatory approvals have been obtained and it is expected that the transaction will be finalised by mid-March 2017 Purchase of 18 million additional shares in OUTsurance Exploration of new products and strategic projects to diversify revenue streams for OUTsurance Ongoing strategic dialogue with Discovery and MMI
<p>DIVERSIFY</p> 	<ul style="list-style-type: none"> Focus on international markets Diversification of asset management affiliate model 	<ul style="list-style-type: none"> Acquired a 29.9% stake in Hastings for R8.6 billion, effective on 1 March 2017 Continue to evaluate later stage, capital light business models with organic growth potential Finalisation of the acquisition of the following stakes in RMI Investment Managers: <ul style="list-style-type: none"> 25% in Polar Star 25.6% in Coreshares 25% in Truffle 25% in Sesfikile Capital
<p>MODERNISE</p> 	<ul style="list-style-type: none"> Increased traction between AlphaCode and portfolio companies 	<ul style="list-style-type: none"> AlphaCode has established itself as a centre of fintech excellence in South Africa and a source of innovation and next-generation thinking for the broader RMI portfolio Pipeline of potential future investment opportunities created

OUTLOOK

EXISTING PORTFOLIO

South Africa is experiencing a tough macroeconomic environment, characterised by high inflation and weak growth, resulting in pressure on the disposable income of consumers. Ratings agencies share the view that more needs to be done to improve South Africa's growth prospects. A downgrade to sub-investment grade could result in higher interest payments, a weaker Rand, higher cost of living and subdued confidence, giving rise to higher unemployment and lower investments. Against the background of an increasingly complex regulatory environment, local growth in new business volumes and profit at RMI's existing investments are expected to be affected.

In parallel to the South African market, the international markets in which RMI's portfolio companies operate are also expected to face growth and stability issues. Although the global economy appears to have shrugged off earlier concerns related to Brexit and the result of the US election through further stimulus and a swift response by central banks, the world economy remains under pressure.

Against this demanding backdrop, RMI believes that its investee companies have appropriate strategies in place to continue producing resilient operational performances.

Through its Vitality shared-value insurance model, organic growth strategy and sophisticated capital management philosophy, **Discovery** believes it could create sustainable long-term growth. The Vitality shared-value insurance model has a profound impact on sales, lapses, behaviour change and improved insurance risk. The organic growth strategy includes substantial investment in new initiatives, whilst the capital management philosophy applies rigorous solvency assessments and standards according to a five-year capital plan.

MMI is focusing on client-centricity, growth and excellence. Client engagement solutions have been identified as being of specific strategic importance to differentiate MMI's client value proposition. Continued investment in growth initiatives aims to enhance shareholder value over the longer term and an increasing amount of this investment budget will be allocated to initiatives that broaden MMI's South African distribution footprint. The joint venture in India is expected to be MMI's largest ongoing initiative outside of South Africa. The MMI board believes that the group has identified and is implementing innovative strategies that will unlock value and generate the required return on capital for shareholders over time.

The weak South African economy has resulted in a significant decrease in vehicle sales, coupled with a highly competitive market. **OUTsurance** expects a slow recovery for the South African economy and that the growth trajectory for its South African operations will remain unchanged for the foreseeable future. Product innovation in Australia and New Zealand should contribute to future growth. A key strategic focus is to enable interaction with clients through digital channels, as this will widen new business acquisition opportunities. **OUTsurance** is also looking forward to launching new products and innovations over the next year whilst maintaining a strong focus on growing the established operations.

In September 2016, **RMI Investment Managers** finalised the acquisition of a 25% equity stake in Polar Star, a commodity arbitrage hedge fund managing R4 billion of assets. In February 2017, the acquisition of a 25% equity stake in Truffle, an active equity and multi-asset boutique asset manager managing R22 billion of assets, was completed. Royal Investment Managers completed its acquisition of a 25% equity stake in Sesfikile Capital in November 2016. Sesfikile Capital is a listed property manager with assets under management of R15 billion.

RMI Investment Managers' team already had an impact on adding value to the strategy, operations, marketing and distribution of its affiliates. The affiliates collectively managed R67 billion of client assets as at the end February 2017 (up from R65 billion as at 30 June 2016). Notable achievements across the affiliates in 2016 include:

- Coreshares' listing of an S&P500 exchange-traded fund on the JSE, the first of its kind;
- the Perpetua MET Equity Fund ranking in the top 5% of all general equity funds in 2016, a difficult year for active equity managers;
- Polar Star's ZAR hedge fund ranked as the top performing hedge fund across all South African hedge funds over five years to the end of December 2016 by HedgeNews Africa; and
- Truffle rated as the number two asset manager in South Africa by Morningstar (with more than R5 billion of unit trust assets under management) as at 31 December 2016, with 100% of their funds rated 4 or 5 stars.

The focus at RMI Investment Managers is on ensuring the success of its existing affiliates through the various initiatives underway to diversify and grow their client base, add efficiencies and best practice to their operational capabilities and back their strategic initiatives as a supportive shareholder. The team is very pleased with the overall progress. While management will in 2017 focus more on the execution of these initiatives than on further acquisitions, the team will continue to look for opportunities to add to its affiliates, particularly in the areas where they are underexposed. These include the managing of global assets and unlisted assets (e.g. private equity), both of which are seen as attractive areas of the South African asset management industry.

Merchant Capital's short-term strategy entails solidifying the South African core business and operating platform. The business continues to launch new products and partnerships to further differentiate the product and grow the client base.

The sale of **RMB Structured Insurance** is expected to be concluded by mid-March 2017.

NEW INVESTMENTS

In addition to optimising its existing portfolio, RMI plans to diversify and modernise its investment portfolio through opportunities across a wide spectrum of scale and life cycles of financial services businesses.

Traditional financial services

Hastings achieved excellent results for the year ended 31 December 2016 and increased some of the targets set during its initial public offering in October 2015. RMI is excited about the diversification impact and growth prospects that this investment will have on its investment portfolio.

RMI has entered into exclusive negotiations with its 84%-owned subsidiary, OUTsurance, regarding the potential disposal by RMI of a 49% interest in Main Street 1353 Proprietary Limited (Main Street 1353) to OUTsurance.

Main Street 1353, a wholly-owned subsidiary of RMI, holds the 29.9% interest in Hastings, which was acquired with effect from 1 March 2017. The proposed transaction creates enhanced alignment between RMI and OUTsurance and optimises the investment in Hastings through cooperation and potential synergies that may be realised between Hastings and OUTsurance.

OUTsurance and Hastings employ similar business models, albeit in different markets, specifically in relation to dynamic and analytical approaches to risk underwriting and the use of modern direct distribution channels. OUTsurance and Hastings have identified areas of potential collaboration that may include the sharing of best practices and learnings between the businesses, as appropriate.

The proposed transaction remains subject, inter alia, to the necessary terms being agreed, including key terms pertaining to pricing and to the requisite regulatory approvals being obtained.

The investment team continues to investigate potential investment opportunities, both locally and globally, that conform to RMI's investment philosophy and generate superior returns for shareholders.

Next-generation financial services

RMI continues to identify, partner and grow extraordinary entrepreneurs building disruptive scalable businesses in the financial services industry through its **AlphaCode** initiative. Numerous early-stage investment opportunities have been assessed across the fintech value chain, including lending, payments, advanced data analytics, block chain and investment solutions to identify businesses that have achieved some market traction and are poised for growth. RMI has a strong pipeline of investment opportunities and will continue to invest in this space.

For and on behalf of the board



GT Ferreira
Chairman



HL Bosman
Chief executive

Sandton

13 March 2017

CASH DIVIDEND DECLARATION

Notice is hereby given that a gross interim dividend of 53.0 cents per ordinary share payable out of income reserves was declared on 13 March 2017 in respect of the six months ended 31 December 2016.

The dividend will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 42.4 cents per ordinary share for those shareholders who are not exempt.

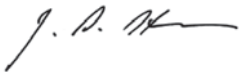
The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date is 1 485 688 346 ordinary shares.

Shareholders' attention is drawn to the following important dates:

- Last day to trade in order to participate in this dividend Tuesday, 28 March 2017
- Shares commence trading ex-dividend on Wednesday, 29 March 2017
- The record date for the dividend payment will be Friday, 31 March 2017
- Dividend payment date Monday, 3 April 2017

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 29 March 2017 and Friday, 31 March 2017 (both days inclusive).

By order of the board



J S Human
Company secretary

Sandton

13 March 2017

REVIEW OF INVESTMENT PERFORMANCE

A summary of the financial and operational performance of the main contributors to RMI's group normalised earnings is set out below:

Discovery

Discovery services the healthcare funding and insurance markets in South Africa, the United Kingdom, China, Singapore, Australia and the United States. It is a pre-eminent developer of integrated financial services products and operates under the **Discovery Health**, **Discovery Life**, **Discovery Insure**, **Discovery Invest**, **Discovery Vitality**, **VitalityHealth**, **VitalityLife** and **Ping An Health** brand names.

Discovery's financial highlights include:

- New business, excluding new closed schemes, increased by 15% to R8.2 billion;
- Normalised profit from operations increased by 13% to R3.4 billion;
- Normalised earnings increased by 3% to R2.2 billion;
- Gross inflows under management increased by 12% to R55.2 billion;
- Embedded value decreased by 6% to R53.3 billion; and
- The interim dividend increased by 3% to 88.0 cents per share.

RMI included R546 million of Discovery's earnings in its normalised earnings (2015: R533 million).

For a detailed review of Discovery's performance, RMI's shareholders are referred to www.discovery.co.za.



MMI is a South African financial services group that provides life insurance, employee benefits, investment and savings, healthcare solutions and short-term insurance to individual clients, small and medium businesses, large companies, organisations and public enterprises in South Africa, the rest of Africa and selected international countries. It covers the lower, middle and upper income markets, principally under the **Momentum** and **Metropolitan** brand names.

MMI's financial performance for the period under review is summarised below:

- The new business present value of premiums increased by 2% to R21.3 billion and the new business annualised premium equivalent increased by 4% to R2.9 billion;
- The value of new business decreased by 3% to R292 million, with the new business margin remaining at 1.4%.
- The embedded value amounted to R42.5 billion (2 648 cents per share), reflecting an annualised return on embedded value of 4.5%;
- Diluted normalised earnings decreased by 5% to R1.6 billion, mainly as a result of lower morbidity profits, lower health administration revenue and the impact of weak investment markets on asset-based fee income;
- Diluted earnings and headline earnings decreased by 33% and 29% respectively due to the strengthening Rand negatively affecting investment returns on shareholder funds and the impact of fair value movements on MMI shares held in policyholder funds;
- High group disability claims, largely linked to the current unfavourable economic conditions, negatively impacted on earnings growth;
- MMI achieved total expense savings of R63 million in the six months under review, with a reduction in annual expenses of R750 million targeted for 2019; and
- The interim dividend remained in line with the comparative period at 65.0 cents per share.

A capital buffer of R2.9 billion was recorded at 31 December 2016, after allowing for economic capital requirements, strategic growth initiatives and the interim dividend.

RMI included R404 million of MMI's earnings in its normalised earnings (2015: R420 million).

For a detailed review of MMI's performance, RMI's shareholders are referred to www.mmiholdings.co.za.



OUTsurace provides short- and long-term insurance products in South Africa, and short-term insurance products in Australia, New Zealand and Namibia, with a client-centric ethos of providing value for money insurance solutions backed by awesome client service.

The OUTsurace group delivered an excellent financial performance for the period under review:

- Group normalised earnings increased by 23% to R1 139 million, driven mainly by a significant improvement in the cost-to-income ratio across the group, but in particular at Youi due to scale benefits and cost efficiencies;
- Net earned premiums grew by 10% to R7 billion, of which the Australasian operations contributed 46%;
- The claims ratio increased from 52.9% to 53.9%;
- The cost-to-income ratio decreased from 26.9% to 25.0%; and
- The interim dividend increased by 6% to 17.5 cents per share.

New policy inceptions for the OUTsurace group, measured in terms of annualised premium, decreased by 25% from the comparative six months, a period which reflected a historic high. In the South African market, the ongoing difficult economic climate and competitive conditions continued to suppress volume growth. In Australia, the decrease in new policy inceptions is primarily associated with a material increase in price competition over the last year as claims inflation outstripped premium inflation. This diluted Youi's competitive position which is anchored by a philosophy of pricing discipline. Negative media reports on the sales processes in both Australia and New Zealand impacted on consumer confidence in the Youi brand and resulted in a slower growth rate, particularly in New Zealand. The necessary changes have been implemented to meet the high expectations of Youi's clients in Australia and New Zealand.

OUTsurace's South African short-term operations increased net earned premiums by 5%. Business OUTsurace delivered strong net earned premium growth of 10%, but new business volumes in the personal lines segment have been under pressure. The claims ratio decreased from 51.5% to 50.6% due to reduced new business strain, resulting from slower growth and continued to track below the long-term target of 55%. The cost-to-income ratio improved from 18.4% to 17.8% as a result of below inflationary growth in the cost base.

OUTsurace Life recorded normalised earnings of R35 million, compared to R24 million in the comparative period. Earnings growth was driven by a 13% increase in net earned premiums to R200 million, higher investment income and reduced operating expenditure. The embedded value increased by 15% to R766 million.

Youi Australia generated normalised earnings of R270 million for the six months under review, compared to R201 million in the comparative period. The claims ratio increased from 58.4% to 59.2% due to higher natural peril claims. The cost-to-income ratio reduced from 32.9% to 30.1%, resulting from cost efficiencies and scale benefits.

Youi New Zealand halved its loss to R35 million, largely due to a 65% increase in net earned premiums and a reduction in the claims ratio from 77.0% to 60.7%.

Normalised earnings at **OUTsurace Namibia** increased from R13 million to R17 million on the back of 11% growth in net earned premiums and a significant improvement in the cost-to-income ratio.






The OUTsurace group is well prepared to comply with the new prudential standards of the Solvency Assessment and Management regulatory regime, which is expected to become effective on 1 July 2017.

RMI included R959 million of OUTsurace's earnings in its normalised earnings (2015: R773 million).

For a detailed review of OUTsurace's performance, RMI's shareholders are referred to www.outsurace.co.za.

FINANCIAL REVIEW

RMI's investments which contributed to the group results from continuing operations for the six months ended 31 December 2016 include:

	 Discovery	 MMI HOLDINGS	 OUTSURANCE Holdings Limited	 RMI INVESTMENT MANAGERS	 MERCHANT CAPITAL
Listed or unlisted	JSE-listed	JSE-listed	Unlisted	Unlisted	Unlisted
Market capitalisation/implied value (100%)	R74.1 billion	R37.1 billion	R39.1 billion	R369 million	R88 million
RMI's interest	25.0%	25.5%	84.1%	100%	25.1%
RMI's ranking as shareholder	1st	1st	1st	1st	2nd
Market value/implied value of RMI's interest	R18.5 billion	R9.5 billion	R32.9 billion	R369 million	R22 million
Share of portfolio based on value	29%	16%	55%	<1%	<1%
Normalised earnings (100%)	R2 184 million	R1 598 million	R1 139 million	(R8 million)	R1 million
Embedded value/valuation (100%)	R53.3 billion	R42.5 billion	R30.6 billion	R369 million	R88 million

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 group entities;
- shares held by consolidated share incentive trusts;
- "deemed" treasury shares arising from broad-based black economic empowerment (BBBEE) transactions entered into; and
- "deemed" treasury shares held by policyholders and mutual funds managed by them.

As at 31 December 2016, 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		31 December	
	2016		2015	
Unaudited	Effective	Actual	Effective	Actual
Continuing operations				
Discovery	25.1%	25.0%	25.1%	25.0%
MMI	25.7%	25.5%	25.8%	25.5%
OUTsurance	84.9%	84.1%	84.2%	83.4%
RMI Investment Managers	100.0%	100.0%	100.0%	100.0%
Merchant Capital	25.1%	25.1%	25.1%	25.1%
Discontinued operation				
RMB Structured Insurance	78.1%	75.5%	78.1%	75.5%

SUMMARISED CONSOLIDATED INCOME STATEMENT

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	Restated 2015 Unaudited		
Continuing operations				
Earned premiums net of reinsurance	7 048	6 405	10	13 428
Fee and commission income	65	50	30	110
Investment income	331	278	19	579
Net fair value losses on financial assets	(40)	(110)	(64)	(39)
Income	7 404	6 623	12	14 078
Net claims paid	(3 580)	(3 247)	10	(6 888)
Fair value adjustment to investment contracts and insurance contract provisions	(221)	(143)	55	(414)
Fair value adjustment to financial liabilities	(88)	(100)	(12)	(204)
Acquisition, marketing and administration expenses	(1 904)	(1 828)	4	(3 768)
Profit before finance costs, share of after-tax results of associates and taxation	1 611	1 305	23	2 804
Net finance costs	(84)	(67)	25	(136)
Share of after-tax results of associates	770	881	(13)	1 524
Profit before taxation	2 297	2 119	8	4 192
Taxation	(496)	(428)	16	(893)
Profit for the period from continuing operations	1 801	1 691	7	3 299
Profit for the period from discontinued operation	1	17	(94)	8
PROFIT FOR THE PERIOD	1 802	1 708	6	3 307
Attributable to:				
Equity holders of RMI	1 619	1 550	4	2 977
Non-controlling interests	183	158	16	330
PROFIT FOR THE PERIOD	1 802	1 708	6	3 307

COMPUTATION OF HEADLINE EARNINGS

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Earnings attributable to equity holders	1 619	1 550	4	2 977
Adjustment for:				
Profit on sale of subsidiary	(18)	(29)		(29)
Intangible asset impairments	16	-		37
Loss/(profit) on dilution of shareholding	10	(17)		(26)
Realised profit on sale of available-for-sale financial assets	(1)	(1)		(1)
Profit on sale of property and equipment	(1)	(1)		(2)
Release of foreign currency translation reserve	-	-		(23)
Impairment of available-for-sale financial assets	-	-		3
Profit from business combination	-	-		(2)
HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	1 625	1 502	8	2 934

COMPUTATION OF NORMALISED EARNINGS

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Headline earnings attributable to equity holders	1 625	1 502	8	2 934
RMI's share of normalised adjustments made by investee companies:	188	146		438
Amortisation of intangible assets relating to business combinations	97	116		209
Basis and other changes and investment variances	47	17		131
Rebranding and business acquisition expenses	21	50		91
Non-recurring and restructuring expenses	20	15		39
Net realised and fair value losses/(gains) on shareholders' assets	3	(67)		(53)
Additional 54.99% share of DiscoveryCard profits	-	15		22
Accrual of dividends payable to preference shareholders	-	-		(1)
Group treasury shares	(8)	(25)		(24)
NORMALISED EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	1 805	1 623	11	3 348

COMPUTATION OF EARNINGS PER SHARE

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Earnings attributable to equity holders	1 619	1 550	4	2 977
Headline earnings attributable to equity holders	1 625	1 502	8	2 934
Normalised earnings attributable to equity holders	1 805	1 623	11	3 348
Number of shares in issue (millions)	1 486	1 486	-	1 486
Weighted average number of shares in issue (millions)	1 482	1 482	-	1 482
Continuing operations				
Earnings per share (cents)	109.0	103.7	5	200.5
Diluted earnings per share (cents)	107.3	103.2	4	197.1
Headline earnings per share (cents)	109.4	100.5	9	197.6
Diluted headline earnings per share (cents)	107.7	100.1	8	194.3
Normalised earnings per share (cents)	121.3	108.3	12	225.0
Diluted normalised earnings per share (cents)	119.6	108.1	11	221.6
Continuing and discontinued operations				
Earnings per share (cents)	109.2	104.6	4	200.9
Diluted earnings per share (cents)	107.5	104.1	3	197.5
Headline earnings per share (cents)	109.6	101.4	8	198.0
Diluted headline earnings per share (cents)	107.9	101.0	7	194.7
Normalised earnings per share (cents)	121.5	109.2	11	225.3
Diluted normalised earnings per share (cents)	119.8	108.9	10	222.0
Dividend per share (cents)				
Interim dividend	53.0	53.0	-	53.0
Final dividend	-	-	-	65.0
TOTAL DIVIDEND PER SHARE (CENTS)	53.0	53.0	-	118.0

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended 31 December		% change	Year ended 30 June 2016 Audited
	2016 Unaudited	2015 Unaudited		
Profit for the period	1 802	1 708	6	3 307
Other comprehensive income for the period				
Items that may subsequently be reclassified to income				
Currency translation differences	(464)	428	>(100)	364
Fair value movement on available-for-sale financial assets	(27)	(27)	-	1
Deferred taxation relating to fair value movement on available-for-sale financial assets	6	5	20	(4)
Share of other comprehensive income of associates	(487)	592	>(100)	1
Items that may subsequently be reclassified to income, after taxation	(491)	583	>(100)	(26)
Items that will not be reclassified to income, after taxation	4	9	(56)	27
Other comprehensive income for the period	(972)	998	>(100)	362
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	830	2 706	(69)	3 669
Total comprehensive income attributable to:				
Equity holders of RMI	706	2 483	(72)	3 264
Non-controlling interests	124	223	(44)	405
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	830	2 706	(69)	3 669

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	As at 31 December		As at 30 June 2016 Audited
	2016 Unaudited	Restated 2015 Unaudited	
ASSETS			
Property and equipment	730	726	679
Goodwill and other intangible assets	78	42	113
Investments in associates	14 971	15 287	14 888
Financial assets	10 090	12 797	10 679
Loans and receivables including insurance receivables	2 645	3 051	2 774
Deferred acquisition cost	348	422	365
Reinsurance contracts	237	614	257
Taxation	15	5	-
Deferred taxation	109	135	204
Assets of discontinued operation	6 663	-	6 100
Cash and cash equivalents	877	2 266	611
TOTAL ASSETS	36 763	35 345	36 670
EQUITY			
Share capital and premium	13 556	13 539	13 526
Reserves	4 646	5 108	5 030
Capital and reserves attributable to equity holders of the company	18 202	18 647	18 556
Non-controlling interests	1 186	1 119	1 170
TOTAL EQUITY	19 388	19 766	19 726
LIABILITIES			
Insurance contracts	6 589	8 436	7 068
Share-based payment liability	132	170	253
Financial liabilities	3 301	5 250	2 514
Payables and provisions	1 120	1 597	1 238
Deferred taxation	-	71	-
Taxation	63	55	245
Liabilities of discontinued operation	6 170	-	5 626
TOTAL LIABILITIES	17 375	15 579	16 944
TOTAL EQUITY AND LIABILITIES	36 763	35 345	36 670

STATEMENT OF CHANGES IN EQUITY

Unaudited R million	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 2015	13 526	3 368	(2 017)	182	2 046	978	18 083
Income statement	-	-	-	-	1 550	158	1 708
Other comprehensive income	-	592	-	341	-	65	998
Dividends paid	-	-	-	-	(951)	(99)	(1 050)
Income of associates retained	-	367	-	-	(367)	-	-
Movement in treasury shares	13	5	-	-	-	-	18
Transactions with non-controlling interests	-	(19)	7	-	-	4	(8)
Issue of share capital to non-controlling interests by subsidiaries	-	-	-	-	-	12	12
Share-based payment reserve	-	-	-	6	(2)	1	5
Balance as at 31 December 2015	13 539	4 313	(2 010)	529	2 276	1 119	19 766
Balance as at 1 July 2016	13 526	3 939	(2 097)	493	2 695	1 170	19 726
Income statement	-	-	-	-	1 619	183	1 802
Other comprehensive income	-	(487)	-	(426)	-	(59)	(972)
Dividends paid	-	-	-	-	(966)	(108)	(1 074)
Income of associates retained	-	243	-	-	(243)	-	-
BBBEE cost	-	1	-	-	-	-	1
Movement in treasury shares	30	2	-	-	3	-	35
Transactions with non-controlling interests	-	-	(98)	-	2	(16)	(112)
Issue of share capital to non-controlling interests by subsidiaries	-	-	-	-	-	23	23
Share-based payment reserve	-	2	-	5	(41)	(7)	(41)
BALANCE AS AT 31 DECEMBER 2016	13 556	3 700	(2 195)	72	3 069	1 186	19 388

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December		Year ended
	2016 Unaudited	Restated 2015 Unaudited	30 June 2016 Audited
R million			
Cash flows from operating activities – continuing operations	1 368	2 122	3 670
Cash flows from operating activities – discontinued operation	(349)	52	213
Cash flows from investment activities – continuing operations	(48)	(1 625)	(3 072)
Cash flows from investment activities – discontinued operation	(244)	135	(133)
Cash flows from financing activities – continuing operations	(533)	(1 225)	(1 566)
Cash flows from financing activities – discontinued operation	495	78	(72)
Net increase/(decrease) in cash and cash equivalents	689	(463)	(960)
Unrealised foreign currency translation adjustments – continuing operations	(521)	587	675
Unrealised foreign currency translation adjustments – discontinued operation	-	-	1
Cash and cash equivalents at the beginning of the period	611	2 142	2 142
Cash and cash equivalents transferred to assets of discontinued operation	98	-	(1 247)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	877	2 266	611

SEGMENT REPORT

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

Unaudited R million	Discovery	MMI	OUTsurance	Discontinued operation	Other ¹	RMI group
Six months ended 31 December 2016						
Operating profit/(loss)	-	-	1 648	-	(37)	1 611
Finance costs	-	-	-	-	(84)	(84)
Share of after-tax results of associates	500	263	8	-	(1)	770
Profit/(loss) before taxation	500	263	1 656	-	(122)	2 297
Taxation	-	-	(502)	-	6	(496)
Result from continuing operations	500	263	1 154	-	(116)	1 801
Discontinued operation	-	-	-	1	-	1
PROFIT/(LOSS) FOR THE PERIOD	500	263	1 154	1	(116)	1 802
NORMALISED EARNINGS	546	404	1 139	3	(287)	1 805
Assets	-	-	13 817	6 663	1 234	21 714
Associates	8 437	6 081	38	-	415	14 971
Intangible assets	-	-	73	-	5	78
TOTAL ASSETS	8 437	6 081	13 928	6 663	1 654	36 763
TOTAL LIABILITIES	-	-	7 864	6 170	3 341	17 375
Six months ended 31 December 2015 - Restated						
Operating profit/(loss)	-	-	1 352	-	(47)	1 305
Finance costs	-	-	-	-	(67)	(67)
Share of after-tax results of associates	476	397	6	-	2	881
Profit/(loss) before taxation	476	397	1 358	-	(112)	2 119
Taxation	-	-	(425)	-	(3)	(428)
Result from continuing operations	476	397	933	-	(115)	1 691
Discontinued operation	-	-	-	17	-	17
Profit/(loss) for the period	476	397	933	17	(115)	1 708
Normalised earnings	533	420	923	15	(268)	1 623
Assets	-	-	13 834	5 576	606	20 016
Associates	8 701	6 423	30	57	76	15 287
Intangible assets	-	-	39	1	2	42
TOTAL ASSETS	8 701	6 423	13 903	5 634	684	35 345
TOTAL LIABILITIES	-	-	8 404	5 136	2 039	15 579

¹ "Other" includes RMI, RMI Investment Managers, Truffle, AlphaCode and consolidation entries.

GEOGRAPHIC SEGMENTS

Unaudited R million	South Africa	Australia	New Zealand	United Kingdom	Total
Six months ended 31 December 2016					
Profit/(loss) before taxation	1 163	399	(35)	-	1 527
Share of after-tax results of associates	722	-	-	48	770
Profit/(loss) before taxation	1 885	399	(35)	48	2 297
Taxation	(367)	(129)	-	-	(496)
Result from continuing operations	1 518	270	(35)	48	1 801
Discontinued operation	1	-	-	-	1
PROFIT/(LOSS) FOR THE PERIOD	1 519	270	(35)	48	1 802
TOTAL ASSETS	28 558	7 579	626	-	36 763
TOTAL LIABILITIES	11 577	5 471	327	-	17 375
Six months ended 31 December 2015 - Restated					
Profit/(loss) before taxation	1 016	292	(70)	-	1 238
Share of after-tax results of associates	864	-	-	17	881
Profit/(loss) before taxation	1 880	292	(70)	17	2 119
Taxation	(337)	(91)	-	-	(428)
Result from continuing operations	1 543	201	(70)	17	1 691
Discontinued operation	17	-	-	-	17
PROFIT/(LOSS) FOR THE PERIOD	1 560	201	(70)	17	1 708
TOTAL ASSETS	26 540	8 038	767	-	35 345
TOTAL LIABILITIES	9 099	6 119	361	-	15 579

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The group's activities expose it to a variety of financial risks. This interim results announcement does not include all financial risk management information and disclosures required in the annual financial statements and should therefore be read in conjunction with the group's annual integrated report for the year ended 30 June 2016.

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 on 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 on 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
As at 31 December 2016				
Financial assets				
Equity securities				
– available-for-sale	935	–	–	935
– at fair value through profit or loss	141	–	–	141
Debt securities				
– available-for-sale	–	505	–	505
– at fair value through profit or loss	–	7 687	807	8 494
Derivative asset	–	15	–	15
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	1 076	8 207	807	10 090
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	127	127
Derivative liability	–	209	–	209
TOTAL FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	–	209	127	336

Unaudited R million	Six months ended 31 December	
	2016	2015
Reconciliation of movement in level 3 assets		
Balance at the beginning of the period	643	386
Additions in the current period	281	-
Amount received in the current period	(106)	-
Investment income accrued	28	16
Dividends received from the OUTsurance Investment Trust	(39)	(33)
BALANCE AT THE END OF THE PERIOD	807	369
Reconciliation of movement in level 3 liabilities		
Balance at the beginning of the period	144	107
Preference dividend accrued	88	100
Preference dividend paid	(105)	(107)
BALANCE AT THE END OF THE PERIOD	127	100

Unaudited R million	Level 1	Level 2	Level 3	Total carrying amount
As at 31 December 2015 - Restated				
Financial assets				
Equity securities				
- available-for-sale	723	-	-	723
- at fair value through profit or loss	2 072	26	-	2 098
Debt securities				
- available-for-sale	-	651	-	651
- at fair value through profit or loss	943	7 796	369	9 108
Derivative asset	-	24	-	24
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	3 738	8 497	369	12 604
Financial liabilities				
Convertible debentures	-	15	-	15
Financial liabilities at fair value through profit or loss	-	29	100	129
Derivative liability	-	14	-	14
Investment contracts	-	1 490	-	1 490
TOTAL FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	-	1 548	100	1 648

RECLASSIFICATION OF COMPARATIVE INFORMATION

RMB STRUCTURED INSURANCE TREATED AS A DISCONTINUED OPERATION

RMI classified RMB Structured Insurance, excluding its stake in Truffle, as a discontinued operation, due to the sale being considered as highly probable in terms of *IFRS 5*. The comparative information in the income statement and statement of cash flows have been reclassified as required by *IFRS 5*.

The reclassifications to the comparative income statement due to this accounting treatment of RMB Structured Insurance are set out below:

SUMMARISED CONSOLIDATED INCOME STATEMENT

Unaudited R million	Six months ended 31 December		
	Original 2015	Restated 2015	Re- classification
Continuing operations			
Earned premiums net of reinsurance	6 892	6 405	(487)
Fee and other income	171	50	(121)
Investment income	320	278	(42)
Net fair value gains/(losses) on financial assets	27	(110)	(137)
Income	7 410	6 623	(787)
Net claims paid	(3 468)	(3 247)	221
Fair value adjustment to investment contracts and insurance contract provisions	(278)	(143)	135
Fair value adjustment to financial liabilities	(100)	(100)	-
Acquisition, marketing and administration expenses	(2 202)	(1 828)	374
Profit before finance costs, share of after-tax results of associates and taxation	1 362	1 305	(57)
Net finance costs	(102)	(67)	35
Share of after-tax results of associates	887	881	(6)
Profit before taxation	2 147	2 119	(28)
Taxation	(439)	(428)	11
Profit for the period from continuing operations	1 708	1 691	(17)
Discontinued operation			
Profit for the period from discontinued operation	-	17	17
PROFIT FOR THE PERIOD	1 708	1 708	-
Attributable to:			
Equity holders of RMI	1 550	1 550	-
Non-controlling interests	158	158	-
PROFIT FOR THE PERIOD	1 708	1 708	-

RECLASSIFICATION OF TERM DEPOSITS FROM CASH AND CASH EQUIVALENTS TO DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The reclassification was done to align the classification of term deposits between the Australian and South African operations of OUTsurance.

EXTRACT OF SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited R million	Original As at 31 December 2015	Restated As at 31 December 2015	Re- classification
Financial assets	8 101	12 797	4 696
Cash and cash equivalents	6 962	2 266	(4 696)

The impact of the reclassifications due to the treatment of RMB Structured Insurance as a discontinued operation and the reclassification of the term deposits on the statement of cash flows is illustrated below:

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited R million	Six months ended 31 December		
	Original 2015	Restated 2015	Re- classification
Cash flows from operating activities – Continuing operations	2 174	2 122	(52)
Cash flows from operating activities – Discontinued operation	-	52	52
Cash flows from investment activities – Continuing operations	(285)	(1 625)	(1 340)
Cash flows from investment activities – Discontinued operation	-	135	135
Cash flows from financing activities – Continuing operations	(1 147)	(1 225)	(78)
Cash flows from financing activities – Discontinued operation	-	78	78
Net increase/(decrease) in cash and cash equivalents	742	(463)	(1 205)
Unrealised foreign currency translation adjustment – Continuing operations	587	587	-
Cash and cash equivalents at the beginning of the period	5 633	2 142	(3 491)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 962	2 266	(4 696)

ADMINISTRATION

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)

Registration number: 2010/005770/06

JSE ordinary share code: RMI

ISIN code: ZAE000210688

DIRECTORS

GT Ferreira (chairman), JJ Durand (deputy chairman), HL Bosman (CEO & FD), JP Burger, P Cooper, (Ms) SEN De Bruyn Sebotsa, LL Dippenaar, JW Dreyer, PM Goss, PK Harris, P Lagerström, MM Morobe, O Phetwe and KC Shubane.

Alternates

F Knoetze and (Ms) A Kekana

Mr Durand was elected as deputy chairman of the board of directors effective from 25 November 2016.

SECRETARY AND REGISTERED OFFICE

JS Human

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Telefax: +27 11 282 4210

Web address: www.rmih.co.za

SPONSOR

(in terms of JSE Limited Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank

Postal address: PO Box 61051, Marshalltown, 2107

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