RMI

OPTIMISE
DIVERSIFY
MODERNISE

SUMMARISED UNAUDITED RESULTS ANNOUNCEMENT AND DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

contents

Basis of preparation

These summarised, unaudited financial results for the six months ended 31 December 2017 have been prepared in accordance with:

- International Financial Reporting Standards (IFRS), including *IAS34: 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 LLM 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 summarised consolidated financial statements for the six months ended 31 December 2017 contained in this booklet have not been audited.

Normalised earnings presented in these summarised financial results constitute pro forma financial information. The pro forma financial information is the responsibility of RMI's board of directors and is presented for illustrative purposes.

The forward-looking information has not been commented or reported on by the group's external auditor.

Value created

for the six months ended 31 December 2017

Compound shareholders' return since listing in 2011

26.3% per annum

Normalised earnings

R2 271 million

(2016: R1 805 million)

(+24% to 150.2 cents per share)

(2016: 121.5 cents per share)

+26%

Headline earnings

R2 087 million

(2016: R1 625 million)

(+26% to 138.3 cents per share)

(2016: 109.6 cents per share)

+28%

About RMI

Rand Merchant Investment Holdings Limited (RMI) is a specialist financial services investment holding company listed on the JSE.

Its objective is to achieve superior returns for investors.

VALUE CREATION

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

INVESTMENT PORTFOLIO

RMI's investments include:

- Discovery Limited **(Discovery)**;
- Hastings Group Holdings plc **(Hastings)**;
- MMI Holdings Limited **(MMI)**;
- OUTsurance Holdings Limited **(OUTsurance)**;
- RMI Investment Managers Group Proprietary Limited **(RMI Investment Managers)**; and
- AlphaCode Proprietary Limited **(AlphaCode)** with its next-generation investments:
  - Entersekt Proprietary Limited **(Entersekt)**;
  - Luno Limited **(Luno)**;
  - Merchant Capital Advisory Services Proprietary Limited **(Merchant Capital)**; and
  - Prodigy Investments Limited **(Prodigy)**.

The portfolio strikes a balance between growth and return and will evolve further in line with RMI's strategy.

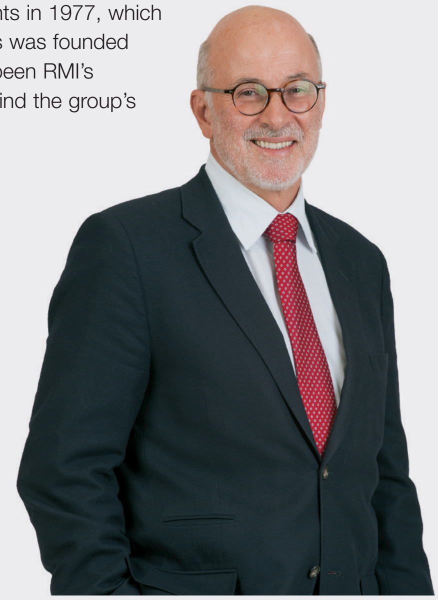
INVESTMENT POLICY

RMI's aim is to be a value-adding, active enabler of leadership and innovation in financial services. It acquires meaningful interests with significant influence in industry-changing businesses that can deliver superior earnings, dividends and capital growth over the long term.

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.

End of an era



GT Ferreira has been involved in the financial services sector since graduating from the University of Stellenbosch. He was a co-founder of Rand Consolidated Investments in 1977, which acquired control of Rand Merchant Bank in 1985. When RMB Holdings was founded in 1987, he was appointed chairman, a position he still holds. He has been RMI's chairman since its inception in December 2010 and a driving force behind the group's value creation and relentless pursuit of high values.

In a stellar career, he was instrumental in building leading businesses such as FirstRand, Discovery, MMI and OUTsurance. The combined value of these businesses is in excess of R550 billion.

In April, he will turn 70 and reach the point of compulsory retirement. He will be replaced as chairman by Jannie Durand, the current deputy chairman, effective 31 March 2018.

His legacy will remain as a set of unique values instilled in RMI. These values will ensure that the set strategy is implemented with integrity and discipline to create further value for stakeholders.

Joining GT are Jan Dreyer, Pat Goss and Khehla Shubane. Together, these four directors have a combined service of more than 130 years at RMI and its predecessor companies. RMI would like to thank these directors for their wisdom, innovation and commitment to the group.

RMI's investments

The businesses in the RMI portfolio are all businesses that take established industries head on and disrupt the way things are done.

OPTIMISE

- 25.0% Discovery
- 25.5% MMI Holdings
- 87.7% OUTsurance

DIVERSIFY

- 29.9% Hastings
- 100% RMI Investment Managers

MODERNISE

- 100% Alpha Code
  - 25.1% Entersekt
  - 7.5% Luno
  - 25.1% Merchant Capital
  - 3.5% Prodigy Finance

RMI's effective interest in these group entities is different from the actual interest due to consolidation adjustments in respect of treasury shares. See page 20.

LISTED INVESTMENTS

DISCOVERY

Discovery is a pioneering market leader with uniquely positioned businesses in the healthcare, long- and short-term insurance, wellness and financial services industries. It operates in South Africa, the UK, China, Singapore, Australia, Japan, Europe and the USA through various business lines.

Its innovative shared value business model incentivises people to be healthier and enhances and protects their lives. This delivers superior actuarial dynamics for the insurer and a healthier society.

HASTINGS

Hastings is a UK-listed, fast-growing, agile, digitally-focused general short-term insurance provider to the UK car, van, bike and home insurance market. It has strong relationships with all major price comparison websites, a cost-effective digital marketing model and a focus on client retention.

Hastings provides refreshingly straightforward products and services. It has 2.6 million live client policies and is a multi-award-winning business.

MMI

MMI is an insurance-based financial services group listed on the JSE Limited.

The core businesses of MMI are long- and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits. These product and service solutions are provided to all market segments through the Metropolitan and Momentum operating brands.

UNLISTED INVESTMENTS

OUTSURANCE

OUTsurance provides short- and long-term insurance products in South Africa and short-term insurance products in Australia, New Zealand and Namibia.

It has a client-centric approach, providing value-for-money insurance solutions backed by world-class service. Premiums are calculated according to a client's unique risk profile and clients who remain claim free receive a cash OUTbonus, the first such reward system in South Africa.

RMI INVESTMENT MANAGERS

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 minority equity stakes in boutique investment managers which span the asset class spectrum across active, passive, traditional and alternative. While the team is more focused on the execution of the growth initiatives at each affiliate than on further acquisitions, they continue to look for opportunities that will complement the existing suite of managers, as the company builds its share of the South African investment management market.

ALPHACODE

AlphaCode identifies, partners and grows extraordinary next-generation financial services entrepreneurs. It is actively seeking to fund new and disruptive, sustainable, scalable business models.

- **Merchant Capital** is a provider of alternative sources of working capital for small and medium enterprises in South Africa.
- **Entersekt** is a leader in authentication, app security and payments-enablement technology, offering a highly scalable solution set with a track record of success across multiple continents.

During the six-month review period, two further investments were made:

- **Prodigy** is an international fintech platform that offers loans to international postgraduate students attending top universities, and
- **Luno** makes it safe and easy to buy, store and learn about digital currencies like Bitcoin and Ethereum in South Africa.

Performance and outlook

External environment

The South African economy has already experienced a positive impact as a result of the improved domestic political environment, most notably in the strengthening of the Rand and improved business confidence. That, together with the broad-based upturn in the global economy, has improved the prospects for GDP growth. However, a number of major hurdles still remain. Therefore, while the economy is expected to recover moderately in 2018 and 2019 on the back of higher prices for commodities, growth will remain constrained if structural imbalances are not addressed appropriately. This is further complicated by recent high profile corporate failures and critical water shortages in parts of the country.

Overview of results

Despite the challenges associated with the political uncertainty and other pressures during the last half of 2017, RMI managed to produce yet another set of strong results, in keeping with its commitment to long-term value creation. Normalised earnings increased by 26% to R2.3 billion for the six months ended 31 December 2017.

Discovery's performance over the six-month period exceeded expectations, with normalised earnings increasing by 30% to R2.8 billion. The established businesses delivered combined growth in operating profit of 15%, which is well above the target of CPI + 5%, with VitalityHealth (150% growth), Discovery Vitality (73% growth) and Discovery Invest (29% growth) being the main drivers of earnings growth. In addition, the emerging businesses exceeded their targeted earnings growth of CPI + 30%. In total, 8% of earnings was invested in new initiatives, including Discovery Bank, Umbrella Funds, Vitality Invest and Discovery Insure Commercial Insurance. The core new business annualised premium income (excluding the take-on of new closed medical schemes and gross revenue of the Vitality Group) increased by 16% to R9.3 billion. The Discovery group also continued to meet the requirements of its capital allocation model and maintained an above-guidance capital buffer of R2.5 billion.

RMI included normalised earnings of R382 million from **Hastings** for the six months to 31 December 2017. Hastings announced its 31 December 2017 year-end results on 1 March 2018, which indicated 26% growth in normalised earnings in Sterling terms. Gross written premiums increased by 21%, due to a 13% increase in live client policies and premium rate increases. Claims increased by 15% due to the additional exposure to increased policy volumes and claims inflation of 5%. Management expenses increased by 14%, primarily due to additional headcount to support the continued growth of the business. Hastings declared a final dividend of 8.5 pence per share, an increase of 29% on the final dividend in the prior year of 6.6 pence per share.

MMI recorded a 3% decrease in normalised earnings to R1.6 billion for the six-month period under review. Growth in normalised earnings was strained by weaker persistency in Metropolitan Retail, weaker life insurance profitability at Momentum Retail and an increase in MMI's share of losses, in line with business plans, on new initiatives such as the India joint venture. Momentum Corporate's profit has improved materially, with group underwriting results showing significant improvement year-on-year. Earnings and headline earnings, which include the fair value gains on shareholder funds and the positive investment variances experienced during the six months, increased by 23% and 27% respectively. MMI remained well capitalised at 31 December 2017 on both the existing and the proposed new Solvency Assessment and Management (SAM) bases.

Normalised earnings from **OUTsurance**, including its stake in Hastings, increased by 28% to R1.5 billion. Excluding its share in Hastings, OUTsurance's normalised earnings increased by 11%, mainly driven by Youi's 60% growth in operating profit. The group's claims ratio was lower at 51.5% due to lower natural peril claims in Australia and continued low claims frequencies and limited claims cost inflation in South Africa. The group cost-to-income ratio increased from 25.0% to 25.2% owing to a higher cost ratio in the South African operations, with Youi Australia reducing its cost-to-income ratio from 30.1% to 29.5%. Growth in gross written premium income was muted by reduced new business inceptions experienced in the Australasian operations, coupled with low levels of premium inflation in South Africa.

RMI Investment Managers is in its third year of operations, with the financial performance being slightly behind expectations. The profitability of the underlying affiliates was primarily impacted by the additional operational investments made to ensure scalability and by the impact of weak markets. During the period under review, one new affiliate was added to the group, being Ethos Private Equity (Ethos), adding R11.2 billion of assets under management in the alternative investment space. The total assets under management across the eleven affiliates of the group totalled R106 billion as at 31 December 2017.

Royal Investment Managers is a joint venture between RMI Investment Managers and Royal Bafokeng Holdings (RBH). During the period under review, two new affiliates were added, namely Ethos (in conjunction with RMI Investment Managers) and Balondolozi, an independent majority black-owned quantitative manager with approximately R4.5 billion of assets under management.

The net funding and holding company costs amounted to R330 million, compared to R98 million in the comparative period. The increase is predominantly due to the debt incurred to fund the acquisition of the group's 29.9% stake in Hastings. The net funding and holding company costs were positively impacted by the return on higher cash balances compared to the prior period following the scrip dividend and cash proceeds on the sale of 49% of the group's stake in Hastings to OUTsurance, and the fair value gain on the hedge which backs the share option liability following the significant increase in the RMI share price during the six months.

The funding rates on the debt are as follows:

- R1 130 million preference shares (three years and one day) – 66% of prime overdraft rate (prime);
- R1 130 million preference shares (five years) – 68% of prime;
- R5 650 million preference shares (three years and one day) – 66% of prime;
- R1 800 million preference shares (five years) – 68% of prime; and
- R2 512 million GBP-denominated loan (£150 million) in Main Street 1353, the holding company of the group's investment in Hastings – 50% is a three-year loan at LIBOR (LIBOR fixed at 0.77%) plus 1.9% and the other 50% is a five-year loan at LIBOR (LIBOR fixed at 0.98%) plus 2.75%.

SOURCES OF NORMALISED EARNINGS

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies.

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

	For the six months ended 31 December			Year ended 30 June
R million	2017	2016	% change	2017
Continuing operations				
Discovery	2 829	2 184	30	4 656
Hastings	1 374	–	>100	828[1]
MMI	1 556	1 598	(3)	3 208
OUTsurance excluding Hastings	1 268	1 139	11	2 463
– OUTsurance including Hastings	1 461	1 139	28	2 476
– Hastings included in OUTsurance	(193)	–	>(100)	(13)
Other[2]	(10)	(8)	(25)	(5)
Discontinued operation				
RMBSI (excluding Truffle)	–	3	(100)	(38)

1. Includes normalised earnings from Hastings for the four months from 1 March 2017, the effective date of the acquisition.
2. Other includes RMI Investment Managers and AlphaCode investments.

A reconciliation of the adjustments made to derive normalised earnings is presented on page 22.

RMI's consolidated normalised earnings for the period under review is listed in the table below:

R million	For the six months ended 31 December 2017	2016	% change	Year ended 30 June 2017
Continuing operations	2 271	1 803	26	3 927
Discovery	716	546	31	1 167
Hastings	382	–	>100	246[1]
MMI	396	404	(2)	816
OUTsurance excluding Hastings	**1 117**	959	16	2 092
– OUTsurance including Hastings	**1 286**	959	34	2 103
– Hastings included in OUTsurance	**(169)**	–	>(100)	(11)
Other[2]	(10)	(8)	(25)	(5)
Funding and holding company costs	(330)	(98)	>(100)	(389)
Discontinued operation				
RMBSI (excluding Truffle)	–	2	(100)	(30)
Normalised earnings	2 271	1 805	26	3 897
Normalised earnings per share (cents) (continuing operations)	150.2	121.3	24	263.6
Normalised earnings per share (cents) (continuing and discontinued operations)	150.2	121.5	24	261.6

1. Includes normalised earnings from Hastings for the four months from 1 March 2017, the effective date of the acquisition.
2. Other includes RMI Investment Managers and AlphaCode investments.

The funding and holding company costs include the funding and operational expenses carried at the RMI corporate centre. The significant increase in the funding and holding company costs relates to the funding costs on the preference shares issued and loan incurred primarily to fund the investment in Hastings.

MARKET VALUE OF INVESTMENTS

During the 2017 calendar year, RMI's share price increased by 15% (2016: increased by 3%), compared to a 28% increase in the life insurance index and an 18% increase in the non-life insurance index. RMI has delivered a total annually compounded return to shareholders of 26.3% since its listing in March 2011.

The individual investment performances during the 2017 calendar year are outlined below:

- **Discovery's** share price increased by 62% (2016: decreased by 14%).
- **MMI's** share price decreased by 11% (2016: increased by 7%).
- On a "look-through" basis, based on share prices as at 31 December 2017, the value attributed to RMI's unlisted investments decreased by 8% (2016: increased by 16%) to R30.6 billion (2016: R33.3 billion). These unlisted investments include OUTsurance (excluding **OUTsurance's** 49% stake in the group's holding in Hastings) (87.7% held), **RMI Investment Managers** and the **AlphaCode** investments.

R million	2017	2016	% change	As at 30 June 2017 Audited
Market value of interest in:				
– Discovery	30 122	18 543	62	20 716
– Hastings (RMI's effective holding)	9 896	–	–	9 857
– 29.9% holding	10 531	–	–	10 491
– Attributable to non-controlling interest of OUTsurance	(635)	–	–	(634)
– MMI	8 422	9 461	(11)	8 117
Market value of listed investments	48 440	28 004	73	38 690
RMI Investment Managers and AlphaCode at cost	823	417	97	619
Discontinued operation (RMBSI)	–	370	(100)	–
Implied market value of OUTsurance (excluding Hastings)	29 812	32 466	(8)	29 187
Gross market value of portfolio	79 075	61 257	29	68 496
Net liabilities of holding company	(9 406)	(2 127)	>(100)	(9 789)
RMI market capitalisation	69 669	59 130	18	58 707
RMI closing share price (cents)	4 590	3 980	15	3 899

The movement in the net liabilities of the holding company was due to the acquisition of a 29.9% stake in Hastings in March 2017.

INTERIM DIVIDEND PAYMENT

MMI decided to update its dividend policy to be consistent with its planned capital deployment and projected capital coverage profile, with a more proactive approach to capital management. A decision was made to distribute capital to shareholders by means of a share buy-back in lieu of paying dividends. Given the current discount to embedded value, it is believed that a share buy-back is the most efficient use of capital and will enhance value to shareholders. MMI plans to distribute R2 billion to shareholders through share buy-backs during the next 12 months. In future, it will target a dividend cover range centred around 2.5 times core headline earnings compared to the 1.5 times to 1.7 times core headline earnings referenced previously.

RMI's 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. As MMI used to be a significant contributor of dividends to RMI in the past, this update to MMI's dividend policy has a direct knock-on impact on the dividend that RMI can declare to its shareholders.

The board believes 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 39.0 cents (2016: 53.0 cents) per ordinary share with an option to elect scrip in lieu of cash or to reinvest all or part of the cash dividend (net of any applicable taxes) in RMI ordinary shares. The interim dividend per ordinary share is covered 3.9 times (2016: 2.3 times) by the normalised earnings of 150.2 cents (2016: 121.5 cents) per share.

Since 2014, RMI has actively pursued a strategy to optimise, diversify and modernise its portfolio of financial services assets. Its ambitions to diversify geographically, add to its existing portfolio of significant stakes in financial services companies and to facilitate ongoing growth initiatives in its existing portfolio companies imply additional investment and use of financial leverage. The RMI board has decided that, in addition to the cash dividend, it would offer a scrip distribution alternative and a reinvestment option to prudently manage RMI's capital structure. The RMI board will continuously assess RMI's dividend policy through its investment phase and may, if appropriate, continue to utilise the scrip distribution alternative and the reinvestment option to support investment activity.

Shareholders are referred to the dividend declaration forming part of this announcement regarding the applicability of Dividend Withholding Tax to the ordinary dividend and more detail on the options available to shareholders.

Changes to directorate

RMI welcomes the following new board members, effective from 31 March 2018, following the retirement of Messrs Ferreira, Dreyer, Goss (lead independent) and Shubane:

- **Mamongae Mahlare,** MBA (Harvard), BSc (Chemical Engineering), is the managing director of Illovo Sugar SA. Previously she was head of alternate beverages at Coca Cola Beverages South Africa, held various positions at SABMiller's operations in Tanzania and Mozambique and was an associate consultant at Bain & Company.
- **Ralph Mupita,** MBA (UCT), BSc (Engineering)(Honours), is the chief financial officer and an executive director of MTN. He is the past chief executive officer of Old Mutual Emerging Markets covering life insurance, asset management, general insurance, lending and banking businesses in Africa, Latin America and Asia.
- **James Teeger,** BCom, CA(SA), leads the investment activities of the Oppenheimer family. He was previously a director of De Beers and spent 12 years at RMB where he held the position of co-head of structured finance.
- **David Frankel,** an electrical engineer with an MBA from Harvard, is managing partner and co-founder of Founder Collective. He was co-founder and chief executive officer of Internet Solutions and served on the board of Dimension Data plc. He has served on the board of RMB since 2007.

Jannie Durand will become chairman of the board. He is a long-serving non-executive director on RMI's board and was previously appointed deputy chairman in anticipation of GT Ferreira's retirement. A new lead independent will be announced in due course.

Events after the reporting period

ACQUISITION OF OUTSURANCE SHARES

RMI acquired 35 353 536 shares in OUTsurance from Mr Willem Roos on 6 March 2018 for an amount of R350 million. The price was determined by an internal valuation as at 31 December 2017 which is used for all share transactions between OUTsurance employees and the staff share trust. As reported previously, Willem will retain the majority of his shares in OUTsurance until at least the end of 2021 and therefore remains a significant shareholder in OUTsurance.

Update on RMI's strategy

VISION

RMI's aim is to be a value-adding, active enabler of leadership and innovation in financial services. Its objective is to create a portfolio of businesses which are market leaders and can deliver sustainable earnings, an attractive dividend yield and capital growth. RMI therefore pursues opportunities in the changing financial services landscape which meet its stringent criteria and strong values.

VALUES

A values-driven culture is integral to RMI's success and long-term sustainability. It is therefore committed to ensuring that the principles of good corporate governance and ethical business practice are applied consistently in interactions with all stakeholders and in a way that upholds its values, which have been formed over decades and should stand the group in good stead for the future.

RMI has an "owner-manager" culture, which is shared at every business in which it is invested. It subscribes to a set of values which seek to foster integrity, innovation, individual empowerment and personal accountability.

RMI's strategy is based on three initiatives designed to create sustainable value. They are:

OPTIMISATION

GROWING THE INTRINSIC VALUE OF INVESTMENTS

RMI focuses on continuously improving the value of its investee companies to create **better value** for its shareholders.

DIVERSIFICATION

EXPANDING INTO NEW MARKETS AND SEGMENTS

RMI is constantly evaluating opportunities to expand the services of its existing investee companies and to add new investments, thereby creating **more value**.

MODERNISATION

PIONEERING THE NEXT FRONTIER

RMI is conscious of renewal in financial services and will acquire proven businesses and invest in start-ups with special opportunities and drivers, which can create **new value**.

	STRATEGIC INITIATIVE	MAJOR MILESTONES
OPTIMISE	**OPTIMISATION OF OUR ESTABLISHED INVESTMENTS** Management will continue its strategic dialogue and activity across the portfolio. It will assist with creating leadership stability and succession planning.	▶ Extension of the **MMI** and **OUTsurance** incentive schemes. ▶ Sale of **RMB Structured Insurance** to Santam. ▶ Sale of 49% of Main Street 1353 (holding company of the group's stake in **Hastings**) to OUTsurance. ▶ Increasing shareholding in **OUTsurance**. ▶ Exploration of new products and strategic projects to diversify revenue streams for **OUTsurance**. ▶ Ongoing strategic dialogue with **Discovery** and **MMI**.
DIVERSIFY	**DIVERSIFICATION OF INCOME STREAM AND DISTRIBUTION OF ASSETS** RMI will evaluate expanding its geographic footprint further, either independently and/or through the existing portfolio.	▶ Acquired a 29.9% stake in **Hastings** for R8.6 billion effective 1 March 2017. ▶ Acquired the following investments in **RMI Investment Managers** in the six months under review: – 30% in Ethos Private Equity – 30% in Balondolozi. ▶ Continue to evaluate later-stage, capital-light business models with organic growth potential.
MODERNISE	**MODERNISATION** RMI will continue to identify new businesses, technologies and industry trends to complement RMI and its investee companies.	▶ **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. ▶ Acquired the following investments in the six months under review: – 3.5% in **Prodigy Finance** – 7.5% in **Luno**. ▶ Pipeline of potential future investment opportunities created.

Outlook and future value creation

EXISTING PORTFOLIO

Over the period, **Discovery** continued to make substantial progress against all three of its 2018 ambition criteria:

- Financial and social impact, targeting R10 billion in normalised profit from operations, with growth of CPI + 10%, return on capital of risk-free + 10% and making 10 million people around the world healthier.
- A unique foundation, comprising a sophisticated data and science capability, an aspirational global Vitality brand, exceptional talent, particularly in terms of critical skills and an entrenched values-based culture.
- Brilliant businesses that are insurgent in their markets, offer sustainable products that meet complex consumer needs, generate excellent member engagement, deliver superior actuarial dynamics and offer an exceptional service ecosystem.

Discovery's established businesses are all well positioned in their respective markets, its emerging businesses are insurgent and four substantial businesses will be launched during 2018. This gives the group confidence of ongoing growth and performance into the future.

Hastings provides car, van, bike and home insurance to clients in the UK at competitive prices and with a focus on great service. Its business model has been designed to be successful in the high growth, dynamic digital distribution segment of the UK insurance market and is underpinned by sophisticated IT systems and pricing capabilities, which are driving its strong track record of sustainable growth. Hastings continues to grow its share of the price comparison website (PCW) market in the UK, with PCWs growing their share of the total UK motor insurance market from 24% to 70% over the past ten years.

The digital retail market is expected to continue to grow for the foreseeable future, partly due to increased use of mobile technology. The new Guidewire platform and agile approach enable Hastings to identify opportunities, outperform and deliver value for shareholders. Guidewire is market-leading software that supports claims, broking and billing in an integrated platform. Hastings has also invested in additional software components to increase the ability of clients to self-serve through digital engagement.

In January 2018, Hastings announced the retirement of its chairman, Mike Fairy, at the company's annual general meeting in May 2018. Gary Hoffman will take over the role of non-executive chairman when Mike steps down. Toby van der Meer, who joined Hastings in June 2011, was appointed to the Hastings board and took over the role of CEO from Gary Hoffman on 1 March 2018.

The Hastings board approved a long-term capital appreciation plan which aligns the long-term interests of shareholders with retention incentives for key senior personnel.

MMI remains committed to its client-centric strategy that is purposefully focused on providing for its clients' needs to enhance their lifetime financial wellness. At the same time, MMI continues to refine the actions and decisions to optimise delivery on its strategy:

- The business is increasingly focused on execution, with strategy now well ingrained in the various business areas;
- MMI is starting to see the benefit of the execution focus coming through in a number of areas such as its product offering, technology environment and footprint growth in Momentum Retail;
- MMI has commenced the exit of a number of African countries to improve its focus on remaining operations;
- The business continues to invest in the Multiply programme and sees it as a key component of its client engagement strategy; and
- MMI continues to invest in its distribution channels. The launch of insurance products in selected African Bank branches is one manifestation of this focus.

Nicolaas Kruger stepped down as CEO of MMI with effect from 15 February 2018, after nine years as CEO and 26 years of service in the group. Hillie Meyer, previously CEO of Momentum from 1996 to 2005, will join MMI as CEO on a three-year contract. RMI extends its appreciation to Nicolaas for his contribution and wishes Hillie all the best during his tenure as CEO.

OUTsurance has undergone a period of slow top-line growth whilst maintaining targeted profitability. The focus of the management team is to deliver on the growth objectives of its various business units. Over recent months, OUTsurance has seen an improvement in the growth of the South African personal lines operation and a satisfactory expansion in the business volumes written by its commercial agency force.

In the near-term, the improvement in new business volumes is likely to be dampened by very low premium inflation. Management is focused on sustaining the improved new business performance of Youi Australia and reigniting growth in the New Zealand operation. The growth recovery is expected to be incremental.

During the period under review, Youi Australia entered the Compulsory Third Party (bodily injury) insurance market in partnership with QBE. The CTP offering enhances Youi's overall client proposition.

Digitising the way OUTsurance does business is a key strategy across all operating units and management is excited about the improved client experience and efficiency associated with these initiatives.

OUTvest is a newly launched digital investment platform where clients receive high-quality advice and a value-for-money passive investment proposition. Management is focused on the expansion of the product range and capabilities of this business.

In October 2017, Willem Roos, OUTsurance's long-serving CEO and founding member, resigned as CEO and took up a non-executive position on OUTsurance's board. RMI wishes to express its gratitude to Willem for his visionary leadership, dedication and creation of a unique business culture which has led to the success of OUTsurance since its founding in 1998. Willem leaves behind a highly experienced and dedicated management team committed to the client-centric culture, service excellence and underwriting discipline which are the cornerstones of OUTsurance's success.

The assets under management across the affiliates of **RMI Investment Managers** continue to grow as clients look to independent asset managers for alternative choices to managing their assets. Industry flows, however, slowed during the period under review, coupled with a challenging macro-economic environment resulting in supressed profitability of the affiliate asset managers.

Affiliates across the portfolio substantially strengthened their businesses during the period by diversifying their client base and adding to their investment and operational teams while growing their assets under management by R23 billion. RMI Investment Managers continued to add value to its affiliates across strategy, distribution and operations and the team is pleased with the overall progress made, especially with its growing reputation as a trusted, value-adding but non-interfering shareholder of choice for the independent asset management industry.

While the team is more focused on the execution of the growth initiatives at each affiliate than on further acquisitions, they continue to look for opportunities to add affiliates, particularly in the areas where the business is underexposed, notably in the managing of global and unlisted assets. In keeping with this, the team is pleased about Ethos becoming an affiliate, given the quality of the business as South Africa's oldest and one of the most highly-regarded alternative asset managers. Furthermore, the constructive outlook for the alternatives landscape, increasing client demand and a supportive regulatory environment bode well for future growth. The team and its joint venture partners in MMI and RBH look forward to working with Ethos as they broaden their business into other parts of the alternatives market to create a more diversified and transformed business.

RMI is pleased to announce the appointment of Alida de Swardt as CEO of RMI Investment Managers effective from 1 March 2018. Alida replaces Chris Meyer who emigrated to Australia in January 2018. Alida was the head of distribution and marketing of RMI Investment Managers.

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

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

AlphaCode's vision is to pioneer the next frontier of financial services by identifying, partnering and growing extraordinary next-generation financial services entrepreneurs. Over the last six months, AlphaCode has had success with both partnering these next-generation businesses with its underlying portfolio companies to drive innovation and modernisation and building an investment portfolio of superior entrepreneur-led, early-stage fintech-focused businesses that have achieved some market traction and are poised for rapid growth.

During the period under review, AlphaCode participated in a large capital raise in **Prodigy Finance**, an international fintech platform that offers loans to postgraduate students accepted into business, engineering and law at the world's top universities, alongside one of Europe's leading venture capital fintech investors, Balderton Capital. In August 2017, RMI invested in **Luno**, a crypto-currency platform that enables clients to buy, sell and store Bitcoin and Ethereum. Luno is a global platform with operations in South Africa, Nigeria, Malaysia, Singapore and 35 countries across Europe. AlphaCode has a strong pipeline of investment opportunities and will continue to invest in this space.

AlphaCode remains committed to building the broader entrepreneurial sector in South Africa by supporting high-impact black technology and professional services entrepreneurs, providing mentorship, free office space, support facilities and access to enterprise development funding through its broad-based black economic empowerment (BBBEE) centre of excellence.

RMI remains confident that its clear strategy, in conjunction with its solid investment portfolio and underpinned by unwavering values, will allow it to continue delivering on its primary objective of creating sustainable, long-term value for shareholders.

GT Ferreira
Chairman

Herman Bosman
Chief executive

Sandton
12 March 2018

Dividend declaration

Cash dividend or, as an alternative, an election to either (i) receive a scrip distribution; or (ii) reinvest the cash dividend

1. INTRODUCTION

The board of directors (RMI board) of Rand Merchant Investment Holdings Limited (RMI) has declared an interim cash dividend of 39 cents per RMI ordinary share for the six months ended 31 December 2017 (cash dividend). The RMI board has resolved to make a maximum of 13 928 492 fully paid RMI ordinary shares of R0.0001 each (RMI shares) available to RMI shareholders as (a) capitalisation shares (having an aggregate notional issue price of up to R591 960 914.61) (capitalisation shares) and/or (b) reinvestment shares (having an aggregate notional issue price of the cash dividend reinvested (net of any applicable taxes)) (reinvestment shares).

The RMI board has resolved to:

i. Make the capitalisation shares available to shareholders, in lieu of the cash dividend (scrip distribution alternative); and

ii. Offer RMI shareholders the ability to reinvest all or part of their cash dividend (net of any applicable taxes) (subscription value) in RMI ordinary shares by RMI (a) crediting such subscription value to RMI shareholders; and (b) applying such credit on behalf of RMI shareholders to subscribe for reinvestment shares (reinvestment option),

as may be elected by RMI shareholders in respect of all or a part of their shareholding recorded in RMI's securities register at 12:00 on the record date, being Friday, 6 April 2018 (record date).

2. RATIONALE

Since 2014, RMI has actively pursued a strategy to optimise, diversify and modernise its portfolio of financial services assets. RMI's ambitions to diversify geographically, add to its existing portfolio of significant stakes in financial services companies and to facilitate ongoing growth initiatives in its existing portfolio companies imply additional investment and use of financial leverage. The RMI board has decided that, in addition to the cash dividend, it would offer the scrip distribution alternative and the reinvestment option to prudently manage RMI's capital structure. The RMI board will continuously assess RMI's dividend policy through its investment phase and may, if appropriate, continue to utilise the scrip distribution alternative and the reinvestment option to support investment activity.

The scrip distribution alternative and reinvestment option are effective methods of managing the balance sheet post the March 2017 acquisition of a 29.9% interest in Hastings Group Holdings plc by RMI, which was debt-funded. Furthermore, the scrip distribution alternative and the reinvestment option each provide a cost-effective opportunity for shareholders to increase their shareholding in RMI.

Remgro, RMI's largest shareholder at more than 30%, has undertaken to elect reinvestment shares in respect of all its shareholding, as contemplated in the reinvestment option.

3. TERMS OF THE SCRIP DISTRIBUTION ALTERNATIVE AND REINVESTMENT OPTION

Each of the scrip distribution alternative and reinvestment option applies to the interim gross cash dividend of 39 cents per RMI share for the six months ended 31 December 2017 declared on Monday, 12 March 2018. This will result in the payment of a net cash dividend of 31.2 cents per RMI share to RMI shareholders liable for the full local 20% dividends tax and 39 cents per RMI share to RMI shareholders exempt from dividends tax. Non-resident RMI shareholders may qualify for a reduced rate of dividends tax, depending on whether or not there is an applicable agreement for the avoidance of double taxation between South Africa and the country in which a non-resident RMI shareholder is resident for tax purposes.

The issue price for the capitalisation and reinvestment shares is R42.50 per RMI share, being a 4.5% discount to the closing share price of RMI shares on the JSE as at 8 March 2018. The number of capitalisation shares which RMI shareholders may elect to receive under the scrip distribution alternative has been determined in the ratio of 0.91765 fully paid RMI shares for every 100 RMI shares held on the record date.

The reinvestment shares will be issued in consideration for the amount of the cash dividend (net of any applicable taxes) as elected to be reinvested by RMI shareholders. The number of reinvestment shares, which RMI shareholders may elect to receive under the reinvestment option, assuming RMI shareholders are liable for the full local 20% dividends tax, has been determined in the ratio of 0.73412 reinvestment shares for every 100 RMI shares held on the record date. If no dividends tax is payable, the number of reinvestment shares, which RMI shareholders may elect to receive under the reinvestment option has been determined in the ratio of 0.91765 reinvestment shares for every 100 RMI shares held on the record date.

The ratio of the scrip distribution alternative and reinvestment option has been determined with reference to such RMI shareholder's ordinary shareholding in RMI (at 12:00 on the record date) in relation to the ratio that 39 cents or the cash dividend (net of any applicable taxes), in the scrip distribution alternative or reinvestment option, respectively, bears to the issue price, being R42.50 per share, which is a 4.5% discount to the closing price on Thursday, 8 March 2018 for RMI shareholders electing such option.

A circular setting out the terms of the cash dividend, scrip distribution alternative and the reinvestment option, including a form of election, will be posted to RMI shareholders on Wednesday, 14 March 2018.

The election to receive either the scrip distribution alternative or the reinvestment option is optional. RMI shareholders may elect to participate in either (i) the scrip distribution alternative; or (ii) the reinvestment option, in respect of all or part of their shareholding on the record date. RMI shareholders not electing to participate in the scrip distribution alternative or the reinvestment option in respect of all or part of their shareholding will be deemed, by default, to have elected to receive the cash dividend. RMI shareholders recorded in the securities register of RMI at 12:00 on the record date, who have not elected to receive the capitalisation shares or the reinvestment shares, will be paid the cash dividend in respect of their entire shareholding on the record date.

To the extent that the receipt and/or exercise of the election to participate in the scrip distribution alternative or the reinvestment option and/or the receipt of capitalisation shares or the reinvestment shares pursuant to the scrip distribution alternative or the reinvestment option, respectively, in jurisdictions other than South Africa might be prohibited or otherwise restricted by legal or regulatory requirements, require RMI to take any further action, and/or the failure to comply with any of those legal or regulatory requirements might constitute a violation of the laws or regulatory requirements of such jurisdictions, RMI shareholders will not be entitled to elect to participate in and/or receive RMI shares pursuant to the scrip distribution alternative or the reinvestment option, directly or indirectly, in those jurisdictions, and shall be deemed to have elected the cash dividend, notwithstanding an election to participate in the scrip distribution alternative or the reinvestment option by such RMI shareholder.

Where an RMI shareholder's entitlement to new RMI shares in respect of the scrip distribution alternative or the reinvestment option results in a fraction of a new RMI share, such fraction will be rounded down to the nearest whole number resulting in allocations of whole RMI shares to RMI shareholders and a cash payment for the fraction will be made to such RMI shareholders.

The weighted average traded price for RMI shares on Wednesday, 4 April 2018 less 10% of such weighted average traded price shall be used as the cash value for fractional entitlements to be paid to RMI shareholders in accordance with the JSE Listings Requirements. RMI will release an announcement on Thursday, 5 April 2018 in respect of the cash value determined on this basis.

4. CIRCULAR AND SALIENT DATES

A circular providing RMI shareholders with the full information on the cash dividend, the scrip distribution alternative and the reinvestment option, including a form of election to participate in either (i) the scrip distribution alternative or (ii) the reinvestment option, will be distributed to RMI shareholders on Wednesday, 14 March 2018.

The salient dates of events thereafter are as follows:

Event	2018
Circular and form of election posted to RMI shareholders on	Wednesday, 14 March
Last day to trade in order to be eligible to participate in the cash dividend/scrip distribution alternative/reinvestment option (cum cash dividend/scrip distribution alternative/reinvestment option)	Tuesday, 3 April
RMI shares trade ex the entitlement to the cash dividend/scrip distribution alternative/ reinvestment option	Wednesday, 4 April
Listing of maximum possible number of new RMI shares that could be issued in terms of the scrip distribution alternative and reinvestment option	Wednesday, 4 April
Cash value in respect of the RMI shares for determination of fractional entitlements to RMI shares, based on the volume weighted average price on Wednesday, 4 April 2018, discounted by 10%, released on SENS by 11:00 on	Thursday, 5 April
Last day to elect (i) the scrip distribution alternative in lieu of the cash dividend; or (ii) to reinvest the cash dividend in terms of the reinvestment option. Forms of election to reach the Transfer Secretaries by 12:00 on	Friday, 6 April
Record date in respect of the cash dividend/scrip distribution alternative/ reinvestment option	Friday, 6 April
Share certificates in respect of the scrip distribution alternative, posted and/or electronic funds transfers and CSDP/broker accounts credited/updated	Monday, 9 April
Announcement regarding the results of the cash dividend/scrip distribution alternative/reinvestment option released on SENS	Monday, 9 April
Announcement regarding the results of the cash dividend/scrip distribution alternative/reinvestment option published in the press	Tuesday, 10 April
Share certificates in respect of the reinvestment option posted and CSDP/ broker accounts credited/updated	Wednesday, 11 April
Maximum number of new RMI shares listed adjusted to reflect the actual number of new RMI shares issued in respect of the scrip distribution alternative and the reinvestment option on or about	Friday, 13 April

Notes:
1. All times provided are South African standard time quoted on a 24-hour basis, unless specified otherwise. The above dates and times are subject to change. If applicable, any changes will be released on SENS.
2. Share certificates may not be dematerialised or rematerialised between Wednesday, 4 April 2018 and Friday, 6 April 2018, both days inclusive.

RMI's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date comprise 1 517 848 499 ordinary shares.

By order of the RMI board.

JS Human
Company secretary

Sandton
12 March 2018

Portfolio review

Discovery

VALUE CREATED

MARKET CAPITALISATION		NORMALISED EARNINGS		DIVIDENDS PAID	
2017: R120.3 billion 2016: R74.1 billion	+62%	**2017: R2 829 million** 2016: R2 184 million	+30%	**2017: 101.0c per share** 2016: 88.0c per share	+15%

SIX-MONTH PERFORMANCE

- Core new business annualised premium income, excluding new closed schemes, increased by 16% to R9.3 billion;
- Normalised profit from operations increased by 19% to R4.1 billion;
- Normalised earnings increased by 30% to R2.8 billion;
- Gross inflows under management increased by 10% to R60.7 billion;
- Embedded value increased by 13% to R60.4 billion; and
- The interim dividend for the six months increased by 15% to 101.0 cents per share.

The above financial performance illustrates how the 2018 ambition has been instrumental in driving financial outcomes and scale since 2013. Sizeable businesses like Discovery Invest, VitalityLife and VitalityHealth moved into the established category; high-potential businesses like Discovery Insure, Ping An Health and Vitality Group became emerging businesses and ongoing investment took place in new ventures to ensure a pipeline for future growth.

Discovery continued to meet the requirements of its capital allocation model in terms of solvency capital, allocated capital and maintaining an above-guidance buffer of R2.5 billion as at 31 December 2017. During the period, Discovery came to market for its inaugural Domestic Medium-Term Note issuance to diversify its funding sources. This was oversubscribed. The Financial Leverage Ratio (FLR) as at 31 December 2017 was 26.5%, remaining below the limit of 28%.

During the six months under review, Discovery generated R6.1 billion in cash, and after payment of tax, dividends and interest on debt, invested R3.8 billion in new business and R1.1 billion in new initiatives. Both these investments meet the criteria of risk-free rate + 10%, validating the approach to continue to invest significantly without breaching the FLR or cash buffer.

RMI included R716 million of Discovery's earnings in its normalised earnings (2016: R546 million).

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

Hastings

Hastings has a 31 December year-end. The latest published results are for the year ended 31 December 2017. All the numbers and commentary below relate to the year ended 31 December 2017.

VALUE CREATED

MARKET CAPITALISATION		NORMALISED EARNINGS		DIVIDENDS PAID	
2017: £2 103 million 2016: £1 623 million	+30%	**Year ended 31 December 2017: £144.6 million** 2016: £114.9 million	+26%	**Year ended 31 December 2017: 12.6 pence per share** 2016: 9.9 pence per share	+27%

FINANCIAL YEAR PERFORMANCE

- Continued growth, with gross written premiums up 21% to £930.8 million and net revenue up 21% to £715.6 million;
- Sustained increase in clients with live client policies up by 13% to 2.64 million (2016: 2.35 million);
- Growing market share to 7.3% of UK private car insurance;
- Loss ratio of 73.0% for the year ended 31 December 2017, below the target range of between 75% and 79% (2016: 73.7% before the impact of the Ogden rate change);
- Consistent growth in profitability with normalised earnings increasing by 26% to £144.6 million;
- Continued reduction in the net debt leverage multiple to 1.4 times adjusted operating profit (2016: 1.9 times); and
- Final dividend for 2017 of 8.5 pence per share (2016: 6.6 pence per share) reflecting increasing earnings and strong cash generation. The total dividend for the financial year ended 31 December 2017 is 12.6 pence per share (2016: 9.9 pence per share).

Hastings continues to invest in the future and Guidewire, its state of the art integrated claims and broking platform, has successfully continued its phased roll-out, achieving the milestone of handling all new business quotes for car insurance from price comparison websites. Guidewire allows Hastings to deliver increased digital and self-service capabilities, more efficient claims handling and improved service for all clients.

RMI included R382 million of Hastings earnings in normalised earnings for the six months ended 31 December 2017 (2016: Rnil as the stake in Hastings was only acquired on 1 March 2017).

For a detailed review of Hastings's performance, RMI shareholders are referred to **www.hastingsplc.com**.

VALUE CREATED

MARKET CAPITALISATION		NORMALISED EARNINGS		MMI has replaced the dividend payment with a share buy-back
2017: R33.1 billion 2016: R37.1 billion	(11%)	**2017: R1 556 million** 2016: R1 598 million	(3%)	

SIX-MONTH PERFORMANCE

- The new business present value of premiums decreased by 5% to R20.3 billion;
- The value of new business decreased by 1% to R288 million, with the new business margin being maintained at 1.4%;
- The embedded value increased by 2% to R43.4 billion (2 705 cents per share), reflecting an annualised return on embedded value of 11.2%;
- MMI's normalised earnings decreased by 3% to R1.6 billion. Growth in normalised earnings was strained by weaker persistency in Metropolitan Retail, lower profitability at Momentum Retail and, in line with the business plan, larger losses on new initiatives;
- Earnings and headline earnings, which include the fair value gains on shareholder funds and the positive investment variances experienced during the six months, increased by 23% and 27% respectively; and
- MMI decided to distribute capital to shareholders by means of a share buy-back in lieu of paying dividends. Given the current discount to embedded value, it is believed that a share buy-back is the most efficient use of capital and will enhance value to shareholders.

MMI's capital position remains solid on the current statutory basis with a buffer of R4.1 billion as at 31 December 2017. The capital adequacy requirement (CAR) cover ratio was 2.8 times as at 31 December 2017, compared to 2.7 times as at 31 December 2016. On a forward-looking Solvency Assessment and Management (SAM) basis, MMI is also well capitalised after considering all capital deployment initiatives and planned capital distributions.

RMI included R396 million of MMI's earnings in its normalised earnings (2016: R404 million).

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

VALUE CREATED

NET ASSET VALUE		NORMALISED EARNINGS		DIVIDENDS PAID	
2017: R10.1 billion 2016: R5.9 billion	+71%	**2017: R1 461 million** 2016: R1 139 million	+28%	**2017: R20.5c per share** 2016: R17.5c per share	+17%

SIX-MONTH PERFORMANCE

- Group normalised earnings increased by 28% to R1.5 billion, driven mainly by a favourable claims ratio across the group and the positive impact of OUTsurance's investment in Hastings;
- Net earned premiums grew by 2% to R7.2 billion, of which the Australasian operations contributed 45%;
- The claims ratio decreased from 53.9% to 51.5%;
- The cost-to-income ratio increased from 25.0% to 25.2%; and
- The interim dividend increased by 17% to 20.5 cents per share.

OUTsurance's South African short-term operations increased operating profit marginally to R1 115 million for the six months under review. Premium growth remained low as a result of the challenging economic environment and low claims cost inflation. The benefit of low claims-related inflation has been passed on to clients in the form of low price increases, which has resulted in increased competitiveness. Despite several natural catastrophe events during the period, OUTsurance achieved a claims ratio of 48.7%, which is below target and the long-term average. The benefit of the lower claims ratio was offset by a higher cost-to-income ratio as expense inflation was above premium inflation. The cost-to-income ratio was further impacted by higher marketing, research and development and employee-related costs. New business volumes have shown an improving trend over the reporting period, benefiting from low premium adjustments and operational improvements. Business OUTsurance continues to deliver pleasing growth, in line with an incremental expansion in the size and capabilities of the tied-agent force. Business OUTsurance grew gross written premiums by 10%.

OUTsurance Life grew gross written premiums by 8% to R235 million. The lower than expected growth was due to the recessionary conditions prevailing in the life insurance market. The embedded value increased by 6% to R814 million.

Youi Australia generated normalised earnings of R370 million for the period under review, compared to R270 million in the comparative period. The claims ratio decreased from 59.2% to 55.4% due to favourable weather with less natural catastrophe events. The cost-to-income ratio reduced from 30.1% to 29.5%.

Youi New Zealand's start-up loss reduced from R35 million to R10 million, driven by lower claims and cost-to-income ratios.

Normalised earnings at **OUTsurance Namibia** increased from R17 million to R23 million, driven by an improvement in claims and cost-to-income ratios.

The OUTsurance 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 from 1 July 2018.

RMI included R1 286 million of OUTsurance's earnings in its normalised earnings (2016: R959 million).

For a detailed review of OUTsurance's performance, RMI's shareholders are referred to **www.outsurance.co.za**.

Financial review

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 BBBEE transactions entered into; and
- "deemed" treasury shares held by policyholders and mutual funds managed by them.

As at 31 December 2017, 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 2017		31 December 2016	
Unaudited	Effective	Actual	Effective	Actual
Continuing operations				
Discovery	25.1%	25.0%	25.1%	25.0%
Hastings	29.9%	29.9%	–	–
MMI	25.7%	25.5%	25.7%	25.5%
OUTsurance	88.5%	87.7%	84.9%	84.1%
RMI Investment Managers	100.0%	100.0%	100.0%	100.0%
Merchant Capital	25.1%	25.1%	25.1%	25.1%
Entersekt	25.1%	25.1%	–	–
Discontinued operation				
RMB Structured Insurance	–	–	78.1%	75.5%

The group's interests in Prodigy Investments Limited and Luno Limited are treated as financial assets at fair value through profit or loss, as the size of these shareholdings does not enable the group to exercise significant influence, which is the criterion for classifying an investment as an investment in associate.

SUMMARISED CONSOLIDATED INCOME STATEMENT

R million	Six months ended 31 December 2017 Unaudited	Six months ended 31 December 2016 Unaudited	% change	Year ended 30 June 2017 Audited
Continuing operations				
Earned premiums net of reinsurance	7 208	7 048	2	14 064
Fee and other income	61	65	(6)	135
Investment income	377	331	14	688
Profit on sale of subsidiary	–	–	–	1
Net fair value gains/(losses) on financial assets	42	(40)	>100	(43)
Income	7 688	7 404	4	14 845
Net claims paid	(3 663)	(3 580)	2	(6 783)
Fair value adjustment to investment contracts and insurance contract provisions	(70)	(221)	(68)	(427)
Fair value adjustment to financial liabilities	(100)	(88)	14	(199)
Acquisition, marketing and administration expenses	(1 968)	(1 904)	3	(3 886)
Profit before finance costs, share of after tax results of associates and taxation	1 887	1 611	17	3 550
Net finance costs	(387)	(84)	>100	(414)
Share of after tax results of associates	1 314	770	71	1 702
Profit before taxation	2 814	2 297	23	4 838
Taxation	(570)	(496)	15	(1 084)
Profit for the period from continuing operations	2 244	1 801	25	3 754
Profit/(loss) for the period from discontinued operation	–	1	(100)	(49)
Profit for the period	2 244	1 802	25	3 705
Attributable to:				
Equity holders of RMI	2 059	1 619	27	3 327
Non-controlling interests	185	183	1	378
Profit for the period	2 244	1 802	25	3 705

COMPUTATION OF HEADLINE EARNINGS

R million	Six months ended 31 December 2017 Unaudited	Six months ended 31 December 2016 Unaudited	% change	Year ended 30 June 2017 Audited
Earnings attributable to equity holders	2 059	1 619	27	3 327
Adjustment for:				
Intangible asset impairments	33	16		91
(Profit)/loss on dilution of shareholding	(3)	10		28
Realised profit on sale of available-for-sale financial assets	(2)	(1)		(2)
Profit on sale of subsidiary	–	(18)		(20)
(Profit)/loss on sale of property and equipment	–	(1)		1
Impairment of available-for-sale financial assets	–	–		9
Impairment of owner-occupied building below cost	–	–		7
Headline earnings attributable to equity holders	2 087	1 625	28	3 441

COMPUTATION OF NORMALISED EARNINGS

R million	Six months ended 31 December 2017	2016	% change	Year ended 30 June 2017
Headline earnings attributable to equity holders	2 087	1 625	28	3 441
RMI's share of normalised adjustments made by investee companies:	167	188		456
Amortisation of intangible assets relating to business combinations	170	97		238
Non-recurring and restructuring expenses	35	20		63
Net realised and fair value (gains)/losses on shareholders' assets	(28)	3		13
Basis and other changes and investment variances	(10)	47		117
Rebranding and business acquisition expenses	–	21		25
Group treasury shares	17	(8)		–
Normalised earnings attributable to equity holders	2 271	1 805	26	3 897

COMPUTATION OF EARNINGS PER SHARE

R million	Six months ended 31 December 2017 Unaudited	2016 Unaudited	% change	Year ended 30 June 2017 Audited
Earnings attributable to equity holders	2 059	1 619	27	3 327
Headline earnings attributable to equity holders	2 087	1 625	28	3 441
Normalised earnings attributable to equity holders	2 271	1 805	26	3 897
Number of shares in issue (millions)	**1 518**	1 486	2	1 506
Weighted average number of shares in issue (millions)	**1 510**	1 482	2	1 486
Continuing operations				
Earnings per share (cents)	**136.4**	109.0	25	226.5
Diluted earnings per share (cents)	**134.0**	107.3	25	223.0
Headline earnings per share (cents)	**138.3**	109.4	26	234.2
Diluted headline earnings per share (cents)	**135.8**	107.7	26	230.6
Normalised earnings per share (cents)	**150.2**	121.3	24	263.6
Diluted normalised earnings per share (cents)	**147.7**	119.6	23	259.7
Continuing and discontinued operations				
Earnings per share (cents)	**136.4**	109.2	25	223.9
Diluted earnings per share (cents)	**134.0**	107.5	25	220.4
Headline earnings per share (cents)	**138.3**	109.6	26	231.5
Diluted headline earnings per share (cents)	**135.8**	107.9	26	227.9
Normalised earnings per share (cents)	**150.2**	121.5	24	261.6
Diluted normalised earnings per share (cents)	**147.7**	119.8	23	257.7
Dividend per share				
Interim dividend (cents)	39.0	53.0	(26)	53.0
Final dividend (cents)	–	–	–	65.0
Total dividend	39.0	53.0	(26)	118.0

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended 31 December 2017 Unaudited	Six months ended 31 December 2016 Unaudited	% change	Year ended 30 June 2017 Audited
Profit for the period	2 244	1 802	25	3 705
Other comprehensive income for the period				
Items that may subsequently be reclassified to income				
Currency translation differences	(149)	(464)	68	(248)
Fair value movement on available-for-sale financial assets	73	(27)	>100	(22)
Impairment of available-for-sale assets	–	–	–	13
Deferred taxation relating to fair value movement on available-for-sale financial assets	(16)	6	>(100)	2
Share of other comprehensive income of associates	(53)	(487)	89	(417)
Items that may subsequently be reclassified to income, after taxation	(63)	(491)	87	(448)
Items that will not be reclassified to income, after taxation	10	4	>100	31
Other comprehensive income for the period	(145)	(972)	85	(672)
Total comprehensive income for the period	2 099	830	>100	3 033
Attributable to:				
Equity holders of RMI	1 932	706	>100	2 707
Non-controlling interests	167	124	35	326
Total comprehensive income for the period	2 099	830	>100	3 033

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	As at 31 December 2017 Unaudited	As at 31 December 2016 Unaudited	As at 30 June 2017 Audited
Assets			
Property and equipment	1 118	730	1 000
Goodwill and other intangible assets	47	78	90
Investments in associates	25 150	14 971	24 455
Financial assets	10 186	10 090	9 846
Loans and receivables including insurance receivables	2 671	2 645	2 536
Deferred acquisition cost	317	348	338
Reinsurance contracts	584	237	672
Taxation	3	15	–
Deferred taxation	125	109	176
Assets of discontinued operation	–	6 663	–
Cash and cash equivalents	2 494	877	2 302
Total assets	42 695	36 763	41 415
Equity			
Share capital and premium	14 825	13 556	14 328
Reserves	5 880	4 646	4 947
Capital and reserves attributable to equity holders of the company	20 705	18 202	19 275
Non-controlling interests	1 325	1 186	1 215
Total equity	22 030	19 388	20 490
Liabilities			
Financial liabilities	12 412	3 301	12 479
Insurance contracts	6 826	6 589	6 841
Share-based payment liability	121	132	165
Payables and provisions	1 163	1 120	1 263
Deferred taxation	53	–	53
Taxation	90	63	124
Liabilities of discontinued operation	–	6 170	–
Total liabilities	20 665	17 375	20 925
Total equity and liabilities	42 695	36 763	41 415

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 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
Balance as at 1 July 2017	14 328	4 300	(2 989)	295	3 341	1 215	20 490
Income statement	–	–	–	–	2 059	185	2 244
Other comprehensive income	–	(53)	–	(74)	–	(18)	(145)
Dividends paid	–	–	–	–	(979)	(101)	(1 080)
Issue of shares	462	–	–	–	–	–	462
Income of associates retained	–	616	–	–	(616)	–	–
BBBEE cost	–	1	–	–	–	–	1
Movement in treasury shares	35	3	–	–	–	–	38
Transactions with non-controlling interests	–	(5)	(22)	–	1	(3)	(29)
Issue of share capital to non-controlling interests by subsidiaries	–	–	–	–	–	49	49
Share-based payment reserve	–	15	–	3	(16)	(2)	–
Balance as at 31 December 2017	14 825	4 877	(3 011)	224	3 790	1 325	22 030

CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Six months ended 31 December 2017 Unaudited	Six months ended 31 December 2016 Unaudited	Year ended 30 June 2017 Audited
Cash flows from operating activities			
Cash generated from operations	**1 672**	1 003	2 638
Interest income	**302**	242	503
Dividends received	**611**	603	1 085
Income tax paid	**(494)**	(480)	(1 130)
Cash flows from discontinued operation	**–**	(349)	190
Net cash generated from operating activities	2 091	1 019	3 286
Cash flows from investing activities			
Purchase of property and equipment	**(213)**	(140)	(484)
Disposal of property and equipment	**2**	–	2
Additions to financial assets	**(4 369)**	(2 176)	(9 215)
Disposals of financial assets	**4 016**	2 718	9 572
New investments acquired	**(127)**	(450)	(9 040)
Proceeds on sale of subsidiary	**–**	–	165
Cash flows from discontinued operation	**–**	(244)	–
Net cash outflow from investing activities	(691)	(292)	(9 000)
Cash flows from financing activities			
Proceeds from issue of shares	**312**	–	760
Issue of preference share debt	**–**	–	9 710
Redemption of preference share debt	**–**	–	(2 298)
Cash raised from borrowings incurred	**–**	594	2 367
Repayment of borrowings	**(40)**	–	–
Cost of funding	**(45)**	(12)	(59)
Dividends paid on preference shares in issue	**(342)**	(82)	(271)
Dividends paid by subsidiaries to non-controlling interests	**(101)**	(108)	(253)
Additional shares acquired in subsidiary	**(10)**	–	(912)
Dividends paid to shareholders	**(829)**	(966)	(1 753)
Proceeds on issue of shares to non-controlling interest	**49**	41	71
Cash flows from discontinued operation	**–**	495	–
Net cash (outflow)/inflow from financing activities	(1 006)	(38)	7 362
Net increase in cash and cash equivalents for the period	**394**	689	1 648
Unrealised foreign currency translation adjustment – Continuing operations	**(202)**	(521)	43
Cash and cash equivalents at the beginning of the period	**2 302**	611	611
Cash and cash equivalents transferred to assets of discontinued operation	**–**	98	–
Cash and cash equivalents at the end of the period	2 494	877	2 302

SEGMENTAL REPORT

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

Unaudited R million	Discovery	MMI	OUTsurance	Hastings	Other[1]	RMI group
Six months ended 31 December 2017						
Net income	–	–	7 538	–	150	7 688
Policyholder benefits and transfer to policyholder liabilities	–	–	(3 733)	–	–	(3 733)
Depreciation	–	–	(70)	–	(2)	(72)
Amortisation	–	–	(45)	–	–	(45)
Other expenses	–	–	(1 756)	–	(95)	(1 851)
Finance costs	–	–	–	–	(387)	(387)
Fair value adjustment to financial liabilities	–	–	(100)	–	–	(100)
Share of after tax results of associates	666	315	165	176	(8)	1 314
Profit/(loss) before taxation	666	315	1 999	176	(342)	2 814
Taxation	–	–	(551)	–	(19)	(570)
Profit/(loss) for the period	666	315	1 448	176	(361)	2 244
Hastings included in OUTsurance (net of GBP funding costs)	–	–	(154)	154	–	–
Profit/(loss) for the period	666	315	1 294	330	(361)	2 244
Normalised earnings	716	396	1 461	189	(491)	2 271
Hastings included in OUTsurance (net of GBP funding costs)	–	–	(193)	193	–	–
Normalised earnings	716	396	1 268	382	(491)	2 271
Assets	–	–	14 411	–	3 087	17 498
Investments in associates	9 420	5 926	3 999	5 094	711	25 150
Intangible assets	–	–	47	–	–	47
	9 420	5 926	18 457	5 094	3 798	42 695
Hastings included in OUTsurance	–	–	(3 944)	3 944	–	–
Total assets	9 420	5 926	14 513	9 038	3 798	42 695
Total liabilities	–	–	8 166	–	12 499	20 665

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

Unaudited R million	Discovery	MMI	OUTsurance	Discontinued operations	Other[1]	RMI group
Six months ended 31 December 2016						
Net income	–	–	7 359	–	45	7 404
Policyholder benefits and transfer to policyholder liabilities	–	–	(3 801)	–	–	(3 801)
Depreciation	–	–	(59)	–	(2)	(61)
Amortisation	–	–	(43)	–	–	(43)
Other expenses	–	–	(1 720)	–	(80)	(1 800)
Finance costs	–	–	–	–	(84)	(84)
Fair value adjustment to financial liabilities	–	–	(88)	–	–	(88)
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 for the period 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
Investments in 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

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

GEOGRAPHICAL SEGMENTS

Unaudited R million	South Africa	Australia	New Zealand	United Kingdom	Total
Six months ended 31 December 2017					
Profit/(loss)	1 016	538	(10)	(44)	1 500
Share of after tax results of associates	850	–	–	464	1 314
Profit/(loss) before taxation	1 866	538	(10)	420	2 814
Taxation	(402)	(168)	–	–	(570)
Profit/(loss) for the year	1 464	370	(10)	420	2 244
Assets					
Property and equipment	1 064	41	13	–	1 118
Investments in associates	16 112	–	–	9 038	25 150
Financial assets	5 333	7 140	384	–	12 857
Cash and cash equivalents	2 263	192	39	–	2 494
Other assets	216	769	91	–	1 076
Total assets	24 988	8 142	527	9 038	42 695
Liabilities					
Insurance contract liabilities	2 088	4 587	151	–	6 826
Other liabilities	10 285	942	100	2 512	13 839
Total liabilities	12 373	5 529	251	2 512	20 665
Six months ended 31 December 2016					
Profit/(loss)	1 163	399	(35)	–	1 527
Share of after tax results of associates	722	–	–	48	770
Profit 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 year	1 519	270	(35)	48	1 802
Assets					
Property and equipment	675	31	24	–	730
Investments in associates	14 971	–	–	–	14 971
Financial assets	5 378	6 891	466	–	12 735
Cash and cash equivalents	636	201	40	–	877
Other assets	6 898	456	96	–	7 450
Total assets	28 558	7 579	626	–	36 763
Liabilities					
Insurance contract liabilities	1 886	4 490	213	–	6 589
Other liabilities	9 691	981	114	–	10 786
Total liabilities	11 577	5 471	327	–	17 375

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The group's activities expose it to a variety of financial risks. 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
31 December 2017				
Financial assets				
Equity securities				
– Exchange traded funds	724	–	–	724
– Listed preference shares	346	–	–	346
– Collective investment schemes	–	107	–	107
– Listed equity securities	172	–	–	172
– Unlisted equity securities	–	–	131	131
Debt securities				
– Unlisted preference shares	–	102	–	102
– Zero-coupon deposits	–	292	–	292
– Term deposits	–	4 422	–	4 422
– Government, municipal and public utility securities	–	416	–	416
– Money market securities	–	2 569	–	2 569
– Collective investment schemes	–	44	–	44
– Other debt securities at fair value through profit or loss	–	18	818	836
Derivative asset	–	25	–	25
Total financial assets recognised at fair value	1 242	7 995	949	10 186
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	140	140
Derivative liability	–	30	–	30
Total financial liabilities recognised at fair value	–	30	140	170

Unaudited R million	Six months ended 31 December 2017 Unaudited	 2016 Unaudited
Reconciliation of movement in Level 3 assets		
Balance at the beginning of the period	814	643
Additions in the current period	130	281
Amount received in the current period	–	(106)
Investment income accrued	43	28
Dividends received from the OUTsurance share trusts	(38)	(39)
Balance at the end of the period	949	807
Reconciliation of movement in Level 3 liabilities		
Balance at the beginning of the period	150	144
Preference dividends charged to the income statement	100	88
Preference dividends paid	(110)	(105)
Balance at the end of the period	140	127

The Level 3 financial liabilities at fair value through profit or loss represent profits arising out of profit sharing arrangements on ring-fenced insurance business that accrue on a monthly basis.

Unaudited R million	Level 1	Level 2	Level 3	Total carrying amount
31 December 2016				
Financial assets				
Equity securities				
– Exchange traded funds	547	–	–	547
– Listed preference shares	388	–	–	388
– Collective investment schemes	–	–	–	–
– Listed equity securities	141	–	–	141
– Unlisted equity securities	–	–	–	–
Debt securities				
– Unlisted preference shares	–	505	–	505
– Zero-coupon deposits	–	127	–	127
– Term deposits	–	4 577	–	4 577
– Government, municipal and public utility securities	–	466	–	466
– Money market securities	–	2 474	–	2 474
– Collective investment schemes	–	43	–	43
– Other debt securities at fair value through profit or loss	–	–	807	807
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

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

LEVEL 1

The fair value of **financial instruments traded in an active market** is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The **listed preference share investments** comprise instruments which are listed on a securities exchange. The fair values of these investments are calculated based on the quoted closing prices of the individual investments on the reporting date. These instruments are included in Level 1 and comprise mainly instruments classified as trading securities. The investment in the exchange traded funds track the performance of the top fifty companies listed on the JSE.

LEVEL 2

The fair values of **financial instruments that are not traded in an active market** are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are market observable, the instrument is included in Level 2.

Level 2 instruments comprise derivative, debt and short-term money market instruments where the value is determined by using market observable input, e.g. JIBAR, prime overdraft rate, foreign currency rates, listed bond rates of similar instruments, without significant adjustments.

The **unlisted preference shares** are redeemable with a notice period of one year. Dividend yields are 65% of the prime overdraft rate. 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. Due to the redeemable nature, the preference shares are deemed to be debt securities.

Zero-coupon deposits are not traded actively during a financial reporting period and are classified as Level 2 financial instruments. Fair value is determined based on a discounted cash flow valuation.

The group uses zero-coupon deposits to offset the interest rate risk inherent in some of the life insurance products underwritten by OUTsurance Life. The counterparties to these deposits are the large South African banks. The zero-coupon deposits have been structured to allow for the payment of the notional initial deposit to be spread over the specified term to enable cash flow matching. The maturity dates of the accreting zero-coupon deposits are long-term, with maturity dates at the various trading dates not exceeding 15 years. The fair values of the accreting zero-coupon deposits are determined monthly based on observable market inputs. To determine the fair values of the accreting zero-coupon deposits, a risk-free swap yield curve produced every business day by the JSE is referenced. The instruments are designated at fair value through profit or loss, with both the interest accrual and fair value accounted for in profit or loss.

The fair value of **money market instruments** and **government, municipal and public utility securities** is determined based on observable market inputs. These instruments consist of fixed and floating rate notes held in segregated portfolios. These instruments are typically listed on the Bond Exchange of South Africa (BESA). Instruments listed on BESA are not as actively traded as Level 1 instruments. Despite this, the fair values of these instruments can be readily determined as the inputs utilised in the fair value calculation are available in the open market and on the coupon face at issue date.

LEVEL 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The **financial instruments at fair value through profit or loss** represent profits arising out of the profit sharing arrangements that accrue on a monthly basis and which are distributed as preference dividends bi-annually to the FirstRand Limited Group. The only significant unobservable input in the calculation of the preference dividend is the historic profit of the profit sharing arrangements and there are no other inputs that determine the value of these instruments. Should the profit of the profit sharing arrangement increase or decrease, the preference dividend will increase or decrease in direct proportion.

A specific valuation technique is used to value this Level 3 financial instrument which represents an accrued profit related to the FirstRand Limited Homeowners profit sharing arrangement:

The fair value is determined based on valuation techniques where the input is determined by management, e.g. profits arising out of profit sharing arrangements, and is not readily available in the market or where market observable input is significantly adjusted.

Inputs are determined by the profits arising and calculations are made in accordance with the profit share percentages, stipulated within the profit sharing arrangement. No assumptions or adjustments or any other inputs are made to the profits before or after distribution. Distribution of the profits arising are made in the form of preference dividends.

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 (chief executive and financial director), JP Burger, P Cooper, (Ms) SEN De Bruyn, LL Dippenaar, JW Dreyer, PM Goss, PK Harris, (Ms) A Kekana, P Lagerström, MM Morobe, O Phetwe and KC Shubane.

ALTERNATES

F Knoetze and DR Wilson

Messrs GT Ferreira, JW Dreyer and KC Shubane will retire and Mr Durand will take over as chairman on 31 March 2018. Mr Goss will retire on 10 April 2018.

Messrs R Mupita and J Teeger and Ms Mahlare will be appointed as independent, non-executive directors and Mr D Frankel as an alternate non-executive director for Mr Teeger, effective on 31 March 2018.

SECRETARY AND REGISTERED OFFICE

JS Human

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Postal address:	PO Box 786273, Sandton, 2146
Telephone:	+27 11 282 8166
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

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STUDIO ⑤

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