RMB HOLDINGS

It's all in the Numbers

Annual Report 04

RMB HOLDINGS

Contents

Annual Report 2004

The RMB Holdings Group includes some of South Africa's leading financial services companies –

- FirstRand (FNB, RMB, WesBank, Momentum and Discovery)
- OUTsurance
- RMB Structured Insurance
- Glenrand M.I.B

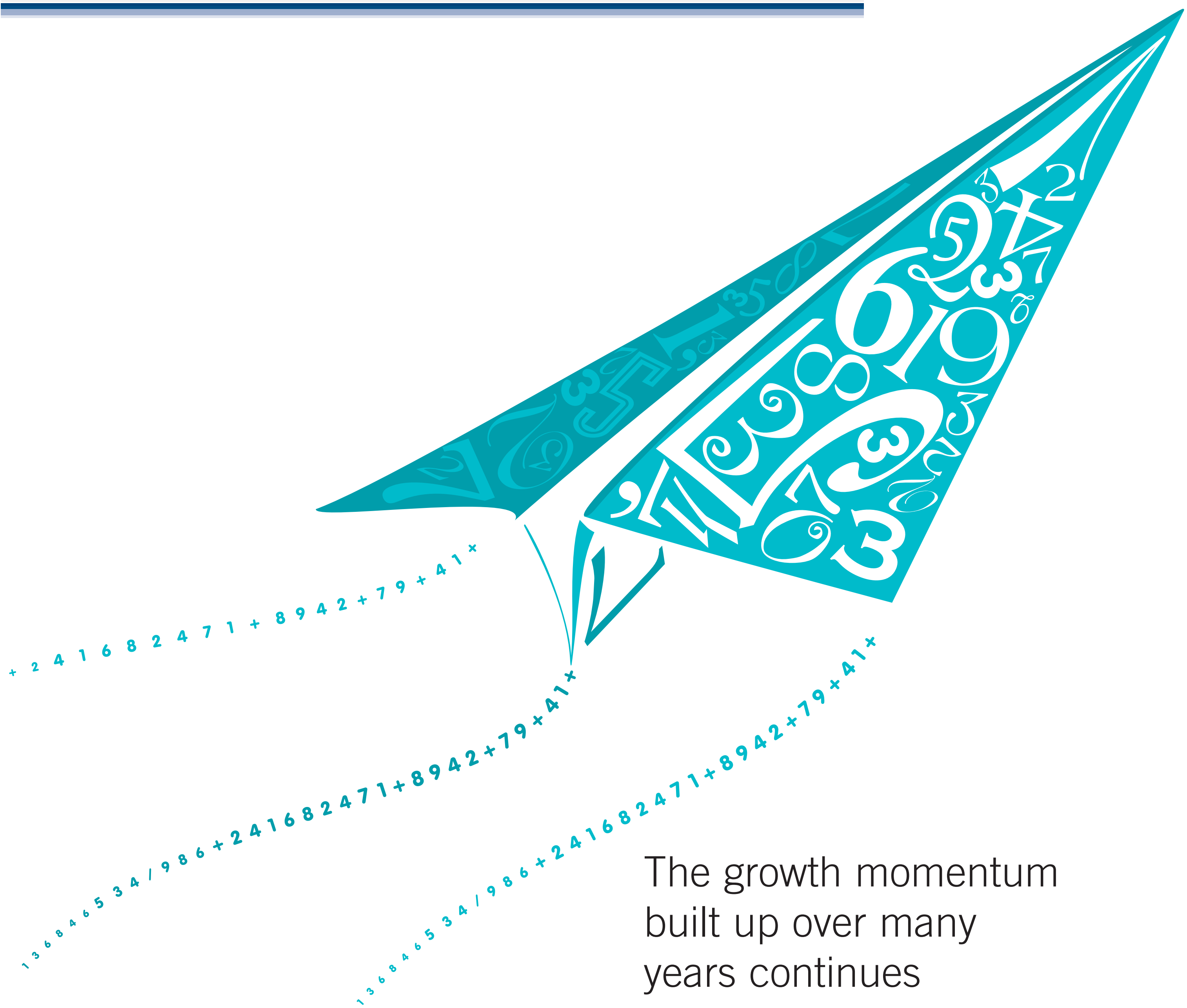
We could say a lot about value created but –

It's all in the Numbers

Since listing 12 years ago –

- Headline earnings – **48 x** greater, and now exceeds **R2 billion**
- Dividend per share – **24 x** higher, while
- Underlying intrinsic value now exceeds **R20 billion**

RMB HOLDINGS



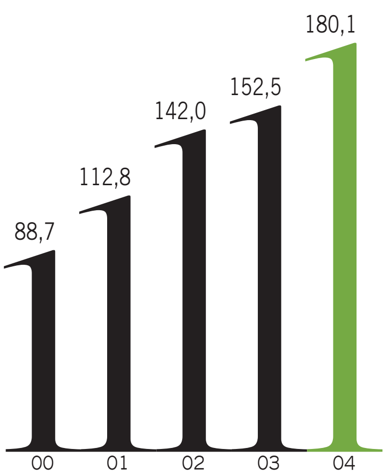
The growth momentum
built up over many
years continues

it's all in the numbers

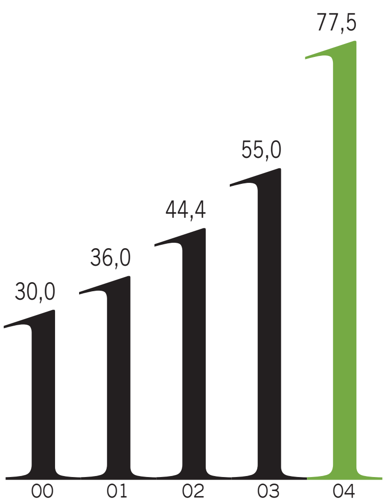
Continued growth

Headline earnings	Dividends	Intrinsic value
+18%	**+41%**	**+34%**
to 180,1 cents per share totalling	to 77,5 cents per share totalling	to 1 689 cents per share totalling
R2,1 billion	**R0,9 billion**	**R20,1 billion**

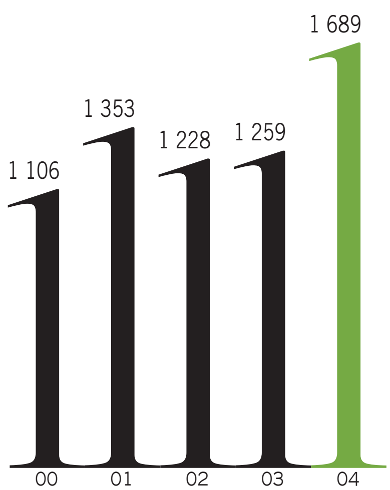
Headline earnings per share
(Cents)



Dividend per share
(Cents)



Intrinsic value per share
(Cents)



it's all in the numbers

Our efforts are bearing fruit

Financial services

FIRSTRAND

Corporate	Retail	Wealth	Health

FirstRand Limited (the "FirstRand Group") (effective interest: 34,2%*)
The FirstRand Group is a uniquely structured financial services group with critical mass in both banking and insurance. For regulatory oversight purposes, its operations are housed in three subsidiary groups under FirstRand Bank Holdings Limited, Momentum Group Limited and Discovery Holdings Limited.

In order to provide customers with a comprehensive range of products and services the group's business units are clustered according to specific target market segments. These are:

- **The Retail Businesses** – targeting individual customers (principally under the FNB/First National Bank, WesBank, RMB Private Bank, FirstLink and eBucks.com brand names);
- **The Corporate Businesses** – directed at large corporate and commercial enterprises (under the FNB Corporate, Rand Merchant Bank, RMB Asset Management, Futuregrowth and Lekana Employee Benefits brand names);
- **The Wealth Businesses** – targeting individuals in the middle and upper income markets (principally under the Momentum Life, Momentum Wealth, Pulz and RMB Unit Trust brand names); and
- **The Health Business** – serving the health insurance market (via the Discovery Group).

Short-term insurance

OUTsurance Limited ("OUTsurance") (effective interest: 65,6%*)
OUTsurance is a direct personal lines and small business short-term insurer. Pioneers of the OUTbonus concept, it has grown rapidly by applying a scientific approach to risk selection, product design and claims management.

RMB Structured Insurance Limited ("RMBSI") (effective interest: 100%)
RMBSI holds both short-term and life assurance licences. It creates individual financial risk solutions to South Africa's top companies by using sophisticated risk techniques and innovative financial structures.

Financial services

Glenrand M.I.B Limited ("Glenrand M.I.B") (effective interest: 17,1%*)
Glenrand M.I.B is a leading financial services group focused on providing risk advisory services and solutions, employee benefits and investment advisory services.

** The effective interest held by RMBH in these businesses has been influenced by the application of new financial reporting requirements relating to the consolidation of share incentive trusts. See the further commentary in this regard elsewhere in this report.*

RMB HOLDINGS

The various businesses in the group have reached a stage in their development where they will, on a sustained basis, be able to generate superior dividend returns to shareholders

it's all in the numbers

Our track record speaks for itself

R1 000 invested at listing in 1992 has –

- delivered dividends of **R3 824**
- and is now worth **R19 000**

RMB HOLDINGS

Historical review

	1993 R million	1994 R million	1995 R million	1996 R million	1997 R million	1998 R million	1999 R million
Ordinary shareholders' funds	172	542	653	753	1 899	3 949	5 128
Capital and reserves	309	680	909	998	2 119	4 049	5 228
Headline earnings attributable to ordinary shareholders	44	94	115	161	250	385	621
Core headline earnings attributable to ordinary shareholders (note 1)	44	94	115	161	250	385	621
Per share data	cents	cents	cents	cents	cents	cents	cents
Earnings per share	8,1	12,9	15,6	21,4	157,2	41,3	54,8
Headline earnings per share	8,1	12,9	15,6	21,9	34,0	50,2	68,2
Core headline earnings per share (note 1)	8,1	12,9	15,6	21,9	34,0	50,2	68,2
Dividend per share	3,2	5,1	6,4	9,0	13,6	20,1	25,1
Dividend cover (times)	2,5	2,5	2,4	2,4	2,5	2,5	2,7
Share price history	cents	cents	cents	cents	cents	cents	cents
Share price – Closing	155	320	330	575	1 300	1 305	998
Share price – High	165	320	380	585	1 370	2 600	1 510
Share price – Low	100	157	290	322	535	1 005	630
Volume of shares traded (million)	8,0	2,3	3,1	3,9	33,4	117,0	178,9

	2000 R million	2001 R million	2002 R million	2003 R million	**2004 R million**	% increase over 2003	% compound growth 1993 – 2004
Ordinary shareholders' funds	5 786	9 178	10 331	11 399	**12 367**	8	**48**
Capital and reserves	5 886	9 278	10 431	11 399	**12 367**	8	**40**
Headline earnings attributable to ordinary shareholders	810	1 184	1 687	1 812	**2 140**	18	**42**
Core headline earnings attributable to ordinary shareholders (note 1)	810	1 111	1 507	1 913	**2 348**	23	**43**
Per share data	cents	cents	cents	cents	**cents**		
Earnings per share	83,3	93,5	124,3	122,8	**173,3**	41	**32**
Headline earnings per share	88,7	112,8	142,0	152,5	**180,1**	18	**33**
Core headline earnings per share (note 1)	88,7	105,8	126,8	167,8	**190,9**	14	**33**
Dividend per share	30,0	36,0	44,4	55,0	**77,5**	41	**34**
Dividend cover (times)	3,0	2,9	2,9	2,8	**2,3**		
Share price history	cents	cents	cents	cents	**cents**		
Share price – Closing	1 010	1 265	1 082	1 065	**1 615**	52	**24**
Share price – High	1 435	1 280	1 340	1 170	**1 650**	41	**23**
Share price – Low	806	900	900	870	**1 030**	18	**24**
Volume of shares traded (million)	236,0	254,3	251,0	224,5	**298,4**		

Note 1: "Core headline earnings" for 2001, 2002, 2003 and 2004 exclude the impact of unrealised currency gains or losses from integral foreign operations. The impact of such gains in prior periods were not material.

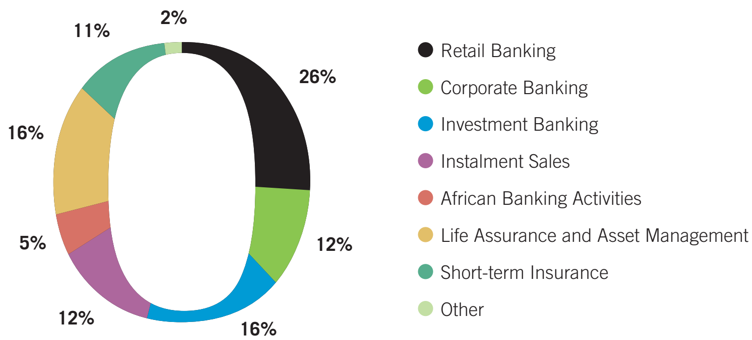
it's all in the numbers

Prudently positioned

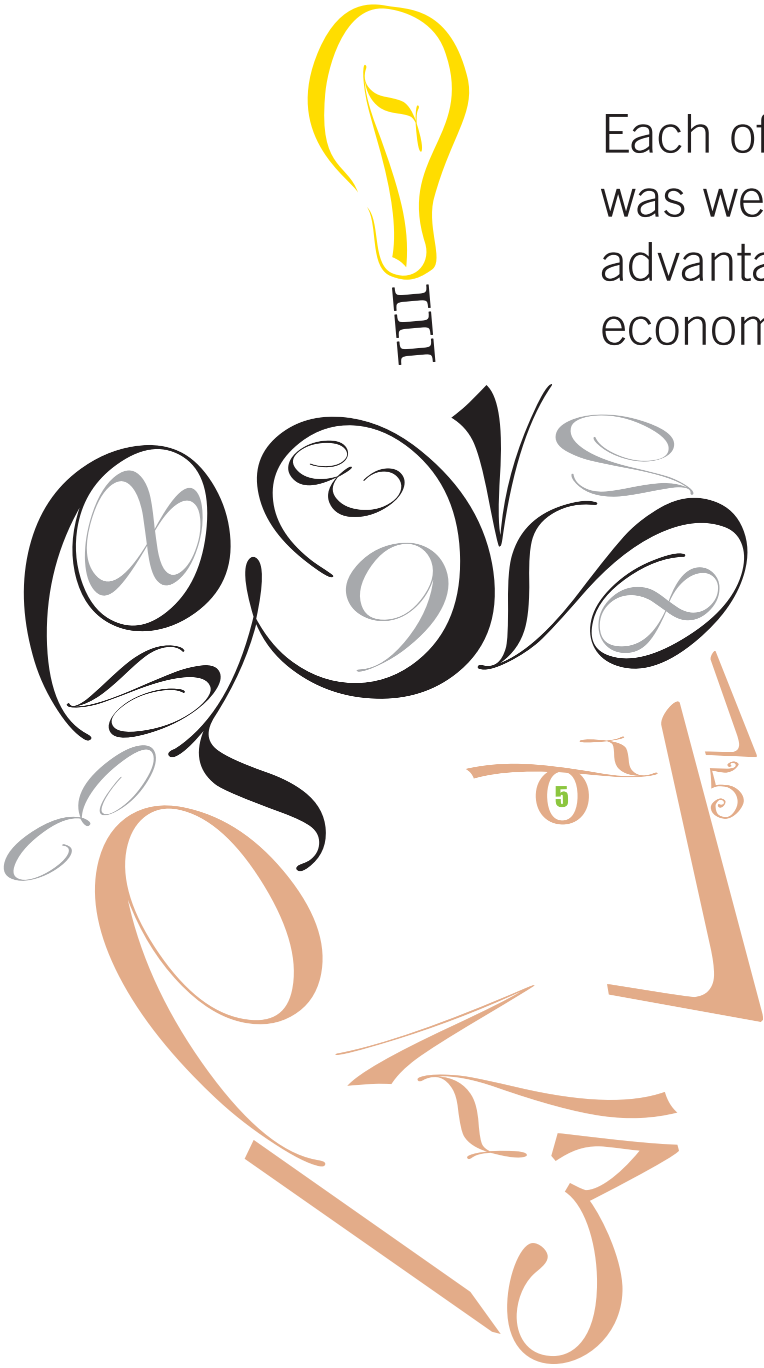
RMBH's attributable share of headline earnings was derived from the following areas of business:

	2004 R million	2003 R million	% change
FirstRand Banking Group			
Retail Banking – FNB	**426**	305	40
FNB Homeloans	**133**	139	(4)
Instalment Finance – WesBank	**256**	171	50
African Operations – FNB Africa	**98**	111	(12)
Short-term Insurance – First Link	**57**	39	46
Corporate Banking – FNB Corporate	**258**	196	32
Investment Banking – Rand Merchant Bank	**342**	270	27
Private Banking – RMB Private Bank	**14**	10	40
Ansbacher	**(23)**	(30)	23
Fiduciary Services – FNB Trust Services	**7**	7	–
Capital Centre – Banking	**38**	75	(49)
Momentum Group			
Insurance Operations – Momentum	**201**	189	6
Asset Management – RMBAM/Ashburton	**59**	42	40
Investment income on shareholders' assets	**105**	88	19
Discovery Group	**89**	60	48
FirstRand Limited			
Company	**(92)**	(13)	>(100)
Consolidation of share trusts	**(35)**	(23)	(52)
RMBH's share of headline earnings of FirstRand	**1 933**	1 636	18
Short-term Insurance and Broking			
Glenrand M.I.B	**13**	14	(7)
OUTsurance	**136**	67	>100
RMB Structured Insurance	**41**	43	(5)
Gaming			
Global Resorts	**21**	73	(71)
RMB Holdings Limited	**(4)**	(21)	81
Headline earnings of RMBH Group	**2 140**	1 812	18

Earnings diversity
(%)



Each of the group businesses was well positioned to take advantage of the current economic environment



it's all in the numbers

Executive review

We take considerable pride in two milestones in these results – not only have headline earnings grown to R2 billion, but the RMBH Group's underlying intrinsic value now exceeds R20 billion

RMB HOLDINGS

Peter Cooper
Chief Operating Officer, RMBH

GT Ferreira
Chairman, RMBH

Dear shareholder

The group's results for the year ended 30 June 2004 were achieved against a background of:

- A stronger than anticipated international economy;
- A sound domestic economy (with an annualised growth rate in excess of 3%);
- A stronger Rand (strengthening by 18,3% to a level of R6,18:US$1 at the financial year-end); and
- Lower inflation (CPIX inflation declined from 6,4% to 5,0% over the year under review);

  which factors combined to result in
- A significant reduction and subsequent stability in interest rates (the prime overdraft rate had declined by 4% to 11,5% during July to December 2003).

In combination, these factors created a positive environment in most of the areas in which the RMBH group operates, and substantially all of our businesses were well positioned to derive benefit therefrom.

This is reflected in the excellent outcome at the RMBH level, with:

- Headline earnings growing at +18% to R2,1 billion

  resulting in
- Headline earnings per share also growing by +18% to 180,1 cents

Our exit from Global Resorts, active in the gaming sector, was completed during May 2004. This transaction contributed to a 41% growth in attributable earnings. Flowing from the disposal, RMBH now holds net cash resources at the centre of some R480 million.

The intrinsic value of our underlying investment portfolio benefited from strong organic growth and exceptional growth in the value of financial counters on the JSE Securities Exchange. As a result, the intrinsic value of RMBH grew by 34% to some R20,1 billion.

FirstRand, OUTsurance and RMB Structured Insurance have all completed in-depth reviews of their future capital requirements. These processes have all had positive outcomes and:

- FirstRand has concluded that it can in future operate with lower earnings retentions, while
- OUTsurance and RMB Structured Insurance have indicated that they will be able to embark on a programme of strong annual dividend payments.

Executive review continued

This, together with the strong underlying operational trend reflected by the group's headline earnings and its current cash resources, has enabled RMBH to declare a final dividend of 52,0 cents per share, representing a 40% increase over the previous year. Together with the interim dividend of 25,5 cents per share, this brings the total dividend for the year to 77,5 cents per share (2003: 55 cents), representing a year-on-year increase of 41% and a dividend cover ratio (on headline earnings) of 2,3 times (2003: 2,8 times).

We believe these to be an excellent set of results that reflects both the benefits of a diverse and resilient earnings base and the benefits of sustained focus on our core businesses. The various businesses in the group have reached a stage in their development where they will, on a sustained basis, be able to generate superior dividend returns to shareholders.

FIRSTRAND

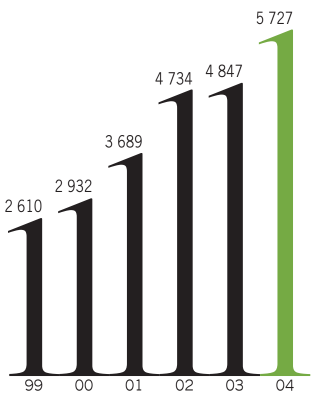
Laurie Dippenaar
Chief Executive Officer, FirstRand

FirstRand Group

Summary of FirstRand Financial Results

Year ended 30 June	**2004 R million**	2003 R million	% change
Headline earnings comprises:			
– FirstRand Banking Group	**4 760**	3 829	24
– Momentum Group	**1 081**	947	14
– Discovery Group	**265**	178	49
– FirstRand Limited (including preference share funding costs)	**(274)**	(39)	>(100)
– Consolidation of Share Trusts	**(105)**	(68)	(54)
Total headline earnings	**5 727**	4 847	18
Attributable to RMBH*	**1 933**	1 636	18

** After consolidation eliminations*



FirstRand Headline earnings
(R million)

Operating environment and financial results

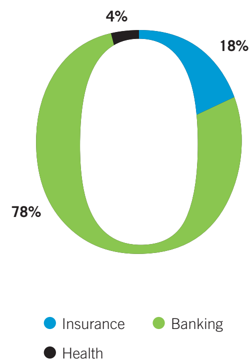
The results achieved by the FirstRand Group reflect how well positioned each of its businesses is to take advantage of the current economic environment.

- FirstRand Banking Group experienced exceptional organic growth aided by a buoyant retail sector and outstanding performances by the investment and corporate banking operations.

- Momentum Group benefited from good new business growth in risk, linked investment products and unit trust businesses, while improved investment markets aided growth in the asset management businesses.
- Discovery Group delivered an excellent performance across all its businesses with both the Life and Health divisions benefiting from strong new business growth and improved efficiencies respectively. The US Illinois operations have turned profitable and the other new international joint ventures are on track.

The group's collaboration activities produced good growth across a number of the business units.

FirstRand
Headline earnings
R5 727 million



Strategic issues

During the year the following strategic issues were addressed:

- **Ansbacher disposal** – FirstRand agreed to dispose of its interest in the UK-based Ansbacher Bank to Qatar National Bank at an immediate premium to net asset value of £7,5 million and a possible future premium of £7,5 million depending on the performance of certain business units. The net asset value of Ansbacher is estimated to be approximately £90 million at completion date. The transaction is awaiting regulatory approval and completion is expected to be achieved in October 2004.
- **Ownership transaction** – FirstRand has reaffirmed its commitment to meeting or exceeding its responsibilities under the Financial Services Charter. The group has made significant progress towards the finalisation of an empowerment transaction using third-party funding. FirstRand is hopeful of announcing the detailed terms of the transaction during the fourth quarter of this calendar year with its implementation following shortly thereafter.

First National Bank
A division of FirstRand Bank Limited

WesBank
A division of FirstRand Bank Ltd.

RAND MERCHANT BANK
A division of FirstRand Bank Limited

Paul Harris
Chief Executive Officer,
FirstRand Banking Group

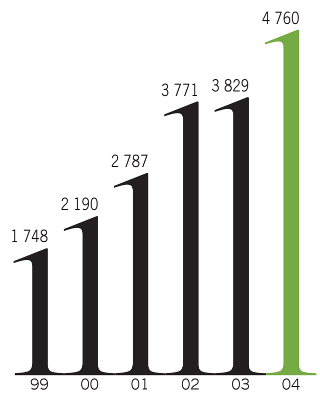
FirstRand Banking Group

The Banking Group produced excellent results for the year, benefiting from exceptional performances from RMB, FNB Retail, WesBank and FNB Corporate with headline earnings increasing by 24,3%.

Key features of the Banking Group's performance were strong growth in gross non-interest revenue (+25,9%), a 33,2% growth in trading income and a doubling of investment income.

The lower interest rate environment reduced endowment income as well as placing pressure on interest margins, although the impact was to some extent offset by endowment hedges put in place. Interest margins experienced an overall decline from 5,02% to 4,47% mainly due to the anticipated (but partly hedged) endowment effect on capital and deposits and some competitive pressure on some of the asset generators in the Banking Group.

Growth in operating expenses was contained at 10,1%. The cost-to-income ratio improved marginally to 56,9%.



FirstRand Banking Group
Headline earnings
(R million)

Executive review continued

Advances grew by a satisfactory 11,0%, assisted by exceptional new business growth in the mortgage and instalment finance business units. Assisted by an improvement in the quality of the advances book, bad debts have shown a significant reduction of 43,6%. Non-performing loans as a percentage of gross advances decreased from 2,4% in 2003 to 1,6%. The total provision reflected in the balance sheet represents a conservative 1,4% of advances (2003: 1,7%).

The Banking Group achieved a return of 24,2% on average book capital. The consolidated capital adequacy position of the regulated banking entities increased during the year. The FirstRand Banking group's total capital adequacy ratio increased by 1,7% from 12,1% (2003) to 13,8%.

Hillie Meyer
Managing Director, Momentum

Momentum Group

Momentum's results benefited from good new business growth in the linked investment product and unit trust businesses and group headline earnings increased by 14% to R1 081 million.

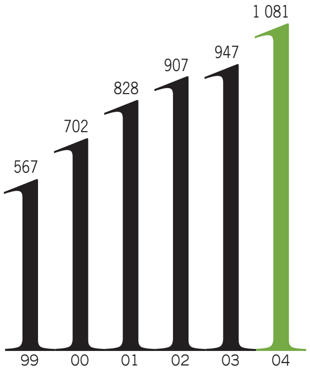
The embedded value of Momentum increased by 10% from R8 784 million at 30 June 2003 (restated to take account of the transfer of Discovery to FirstRand), to R9 666 million at 30 June 2004. The embedded value profit for the year 30 June 2004 totalled R1 455 million which represents a return of 16,6%.

Insurance operations

New annualised individual life recurring premium business increased by a pleasing 6% compared to the prior year. The main contributor to this growth was a 51% increase in recurring risk product sales. The strong increase in linked product sales, both locally and internationally, resulted in lump sum inflows increasing by 18% to R1,7 billion.

The embedded value of new business increased by 5% from R273 million to R288 million. The new business profit margin increased from 16,5% for 2003, to 17,3% in 2004. The improved margin was due to the increased profitability of Momentum's Myriad risk product and a larger proportion of more profitable retirement annuity sales.

Sales in Momentum's new health offering, Pulz, have been encouraging, with the initial target of 6 000 principal members achieved. This makes Pulz the fastest growing open medical scheme within its first year of operation. The process of amalgamating Pulz with the National Medical Plan, an open scheme with 145 000 members is on track, and will provide Pulz with the critical mass required to compete with larger open schemes.



Momentum Group
Headline earnings
(R million)

The insurance operations increased operating profit by 6% to R595 million. It is pleasing to note that the average annual compound growth in earnings from insurance operations over the past five years is 16%.

Asset management operations

The asset management operations delivered a strong performance during the year generating a 40% increase in operating profit after tax to R175 million. This was driven by the improved local equity market returns, especially during the first half of the financial year, and satisfactory inflows of new business particularly in retail products.

Discovery

Adrian Gore
Chief Executive Officer, Discovery

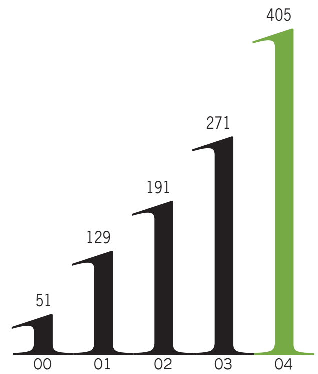
Discovery Group

Discovery produced an excellent performance reflecting a combination of strong organic growth and increased efficiencies across all its businesses. This performance translated into a 102% increase in operating profits and despite a 29% increase in weighted number of shares in issue, headline earnings per share rose by 18%.

Discovery is evolving into four key insurance businesses:

- Discovery Life exceeded expectations, further consolidating its leadership position within the pure risk assurance market and increasing operating profits by 138%.
- Discovery Health produced a strong performance which led to the lowest contribution increase for DHMS members announced for 2005, and an increase in operating profits of 40%.
- In the US, Destiny Health made solid progress with a 37% decrease in operating losses. The core Illinois operations turned profitable during the second half of the year.
- In the UK, Discovery entered into a joint venture with the Prudential Plc and a new company, PruHealth, will be launched in the next few months.

The embedded value of Discovery increased by 19%, after taking into account the issue of new shares, from R5 775 million to R6 876 million at 30 June 2004.



Discovery Group
Headline earnings
(R million)

FirstRand's capital position

FirstRand, like the rest of the entities in the RMBH group, actively manages its capital base in order to support the creation of shareholder value.

In order to further optimise the level and structure of the group's capital base, it has been decided that FirstRand Limited will issue R2,5 billion non-redeemable, non-cumulative preference shares. This will result in a reduction of the weighted average cost of capital. It is anticipated that these instruments will be listed on the JSE by the end of October 2004.

Executive review continued

As a result of the above issue and the release of capital following the sale of Ansbacher UK the group will have excess capital. Consequently, the FirstRand board has decided to explore the following possible courses of action to deal with the excess capital:

- Reduce the existing gearing in FirstRand;
- BEE funding;
- Growth opportunities; and
- Commence a share buy-in programme.

This programme will have a positive effect on RMBH, in that its return on investment will be enhanced and that it will receive an enhanced dividend flow from FirstRand.

RMB STRUCTURED INSURANCE

Gustavo Arroyo
Chief Executive Officer,
RMB Structured Insurance

Directly held insurance interests

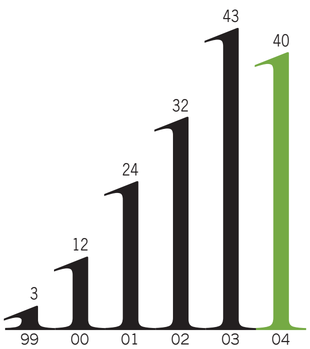
RMB Structured Insurance

RMBSI reported a 5% decrease in headline earnings, which amounted to R41,0 million (2003: R43,0 million).

The decline can, to a large extent, be ascribed to the prior year comparative being skewed by the inclusion in that year of the positive result of principal positions that the group assumed in the unwinding of a series of structured transactions. This masks the fact that in the current year, the group's core activities delivered a satisfactory performance benefiting from strong growth in premium income in its consumer protection business (on the back of strong retail sector activity) and the sale of a number of new structured products to new clients. Total assets increased to R2,8 billion from R2,2 billion and gross premiums written increased to R1,8 billion from R1,3 billion.

RMBSI continues to expand its suite of products and is focusing on achieving greater penetration with them. The group is also seeking to mine untapped markets and is making significant progress in this regard. RMBSI's international structure continues to deliver value to its clients by offering cost savings and the provision of protected cell status. By continuing to improve its international expertise RMBSI is well positioned to service South African clients expanding and consolidating their operations offshore. The RMBSI group is engaged in negotiations which, if successful, will improve its BEE profile.

RMBSI has proposed a dividend for the year of R20 million (2003: nil). Based on its capital adequacy and business plan review, it anticipates that it will be able to finance future growth and maintain a dividend payout ratio at this level.



RMB Structured Insurance
Headline earnings
(R million)

Willem Roos
Joint Managing Director, OUTsurance

Howard Aron
Joint Managing Director, OUTsurance

OUTsurance

OUTsurance continues to grow and perform extremely well. It can be proud to have become an established and trusted brand in a relatively short space of time.

OUTsurance posted exceptional results for the year, with:

- Net premium income equalling R1,4 billion, a 51% increase; while
- Underwriting profits rose by 98% to R329 million (largely as a result lower expense ratio, which declined from 20,5% to 18,1%); and
- Headline earnings increased by 106% to R205 million (2003: R100 million).

Unusually clement weather conditions, a reduction in replacement cost of electronic goods due to the strong Rand and significantly lower crime related claims all contributed to this outcome. OUTsurance has seen improvements in vehicle hijacking, vehicle theft and house burglary statistics.

Collaboration with the FirstRand Group during the past financial year has been particularly successful, with 35% of OUTsurance's premium income being sourced through FirstRand.

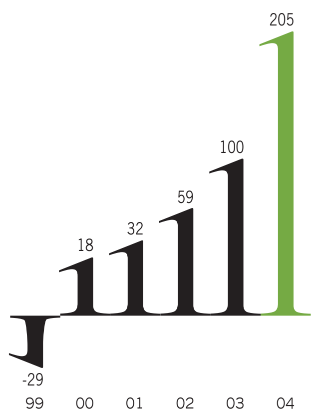
OUTsurance's claims and OUTbonus cost ratio (net claims plus OUTbonuses divided by net premiums) equalled 59%, a two percentage point improvement from the prior year. Net operating expenses, as a percentage of net premium income, decreased from 20,5% to 18,1%. Due to the improvement in the claims and expense ratios, the group was in a position to contain premium increases for clients at well below industry averages.

OUTsurance continues to reward clients for managing their risks. Since inception the group has paid OUTbonuses in excess of R53 million. Full provision is made for the OUTbonus as and when premiums are received and consequently OUTbonus payments do not skew current or future profitability.

A new initiative "Business OUTsurance" provides cover to small and medium-sized businesses. Business clients also enjoy the same OUTbonus benefit as offered to personal-lines clients. During the financial year the new venture gained significant traction, providing 10% of total new business written during the last quarter. This new venture will be a focus area of the group in the coming financial year.

At the year-end the group had total assets of R1,5 billion with a solvency margin of 42% (compared to the regulatory requirement of 25%). OUTsurance will declare a maiden dividend of R150 million which will reduce the solvency margin to the company's long-term target of between 30% and 35%. It anticipates that it will be able to continue to make annual dividend payments to shareholders.

RMBH's attributable share of OUTsurance's headline earnings for the year amounted to R136,0 million (2003: R67,0 million).



OUTsurance
Headline earnings
(R million)

Executive review continued

David Harpur
Chief Executive Officer,
Glenrand M.I.B

Other financial services interests

Glenrand M.I.B

Glenrand M.I.B reported a 12% growth in trading profit from its continuing operations but headline earnings were marginally down at R76,8 million (2003: R79,1 million).

The group's core Risk Advisory Services division proved its resilience under trying market conditions with revenue growth up 11% to R518,5 million (2003: R467,7 million) and trading profit increasing by 14% to R138,0 million (2003: R121 million). This was dissipated by the benefit consulting business which suffered a trading loss of R9,0 million which loss includes a significant amount of one-off restructuring costs and investment in new products.

The group as a whole has refocused by returning to its core insurance broking, benefit services and underwriting management business and by exiting non-core businesses. Glenrand M.I.B expects to achieve real growth in headline earnings in 2005.

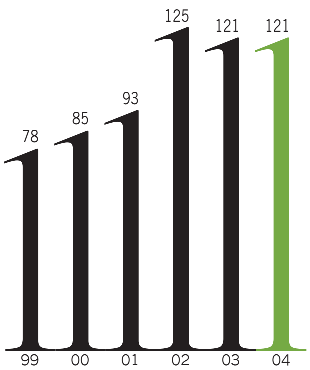
RMBH's share of headline earnings from Glenrand M.I.B amounted to R13,0 million (2003: R13,6 million).

Disposal of Global Resorts

RMBH was the lead investor in Global Resorts since its creation some ten years ago. In this period GRSA designed, developed and successfully brought into operation three multi-faceted casino, hotel and entertainment facilities and became a leading participant in the gaming industry in Southern Africa.

GRSA was about to enter a renewed growth and expansion phase, requiring a different investment profile and consequently, RMBH believed that its role as the provider of the initial risk capital had come to an end and that it was appropriate to realise its investment.

RMBH announced in February 2004 that it had reached agreement to dispose of its 48,4% interest in GRSA to a consortium of investors. It received the R530 million sale consideration arising from the disposal of its interest during May 2004, and has recorded an after-tax profit on the disposal of its interest of R161 million (being the difference between the sale consideration and the equity accounted carrying value of RMBH's interest in GRSA). While this amount has been included in attributable earnings for the year, it has been excluded from the computation of headline earnings.



Glenrand M.I.B
Net operating income
(R million)

Group capital position and dividend policy

All of the RMBH group's investments are adequately capitalised at present. Specifically, as recorded above:

- FirstRand anticipates that it will have excess capital and that it will be able to operate at a lower dividend cover ratio in future; while
- Both OUTsurance and RMB Structured Insurance generate surplus capital and will be able to make dividend payments on an annual basis in the future.

RMBH itself has no material funding obligations and, as a result of the disposal of Global Resorts, had net cash resources at year-end of some R478 million.

The intrinsic value of RMBH's underlying investments has shown a significant increase in value over the last year and may be summarised as follows:

As at 30 June	**2004 R million**	2003 R million	% change
Market value of listed interests *(FirstRand, Glenrand M.I.B)*	**18 353**	13 738	34
Value of unlisted interests *(OUTsurance, RMBSI)*	**1 233**	802	54
Net cash resources *(includes GRSA in 2003)*	**478**	409	17
Total intrinsic value	**20 064**	14 949	34
Per RMBH share (cents)	**1 689**	1 259	34

At 30 June 2004 RMBH's market capitalisation amounted to R19 183 million (2003: R12 650 million), representing a 4% discount (2003: 15%) to the group's underlying intrinsic value.

RMBH and the companies in which it is invested, constantly evaluates the appropriate capital levels of the group and the most appropriate manner in deploying such resource. Given that:

- RMBH itself is in a cash surplus position and that the quality of its investment portfolio is inherently sustainable, it should be able to finance any requirement for investment capital cost effectively without recourse to shareholders; and
- Its main operating units are adequately capitalised, and foresee that they will be producing capital surplus to their requirements,

the group believes that it should, moving forward, be able to distribute a greater element of its earnings.

Dividend payment

Accordingly, the board has resolved to declare a final dividend of 52,0 cents per share (2003: 37,2 cents).

Such final dividend, together with the interim dividend of 25,5 cents brings the total dividends for the year ended 30 June 2004 to 77,5 cents (2003: 55,0 cents). This represents:

- A year-on-year increase of 41%; and
- A dividend cover ratio (on headline earnings) of 2,3 times (2003: 2,8 times).

The group believes that it will in future be able to sustain a dividend payout ratio of between 2,2 times and 2,6 times. Given that certain group companies propose to pay dividends on an annual basis, the interim dividend payments are likely to be smaller than the final payments.

Executive review continued

Corporate governance

RMBH and all of the companies in which it invests have embraced the recommendations of the King II Report on Corporate Governance. We remain committed to the highest standard of Corporate Governance and in this regard strive to provide reports to shareholders that are timely, accurate, consistent and informative.

The Financial Services Charter

All companies in the group remain focused on meeting or exceeding their responsibilities under the Financial Services Charter (aimed at black economic advancement in the industries in which our group operates). While RMBH itself is not subject to the charter, we are ensuring that all the companies in which we are invested are focusing on meeting charter targets on solid business principles that will effect real and sustainable transformation. As indicated, group companies are making good progress in implementing viable cost-effective BEE ownership transactions.

Outlook for the group

The South African economy is expected to show accelerated growth during the 2005 financial year.

At FirstRand:
- A renewed focus on the Banking Group's existing African operations is expected to provide a significant boost to the results of those businesses. Various new opportunities in Africa are being evaluated which, if successful, are expected to enhance growth from this region in the medium to long term;
- Momentum's insurance operations will continue to look for growth opportunities, both organically and through selective industry consolidation opportunities. Further innovative product initiatives will be launched in 2004/05;
- Discovery's strong operating performance, combined with increased efficiencies achieved across all its businesses, has laid the foundations for future growth.

RMBH's other interests, while overshadowed by the absolute size of FirstRand, are each unique in their own abilities and also stand poised to extract further value from their identified niches.

The group is confident that the underlying strength of all its businesses and its relentless focus on both innovation and operating efficiencies will continue to deliver good organic growth. This, combined with a favourable operating environment and opportunities generated through further collaboration across business units and the development of new markets, means that barring any unforeseen shocks, the group will maintain its long-term historic real return to shareholders.

A word of thanks

Our group achieved these sustained and excellent results only as a result of a superhuman effort from all our management and staff. On behalf of the board of directors and the shareholders, we thank them most sincerely for their contribution.

To our fellow directors, thank you for your wise counsel, patience and support.

Finally to you, our shareholders, a special word of thanks. Without your support, the RMBH group cannot grow and prosper. We shall endeavour to reward your faith by ensuring that you receive the best possible returns on your investment.

For and on behalf of the board

GT Ferreira
Chairman

P Cooper
Chief Operating Officer

Sandton
15 September 2004

Corporate governance

Attitude to governance

RMBH is a diversified financial services group that currently holds significant investments in four entities (collectively referred to as the "group"). We subscribe to a strong set of values and seek to foster innovation, creativity, individual empowerment and personal accountability.

While the RMBH board is responsible for the maintenance of sound corporate values, we believe that its implementation is best managed at an operational level. Consequently each principal group entity has its own board of directors, executive team, audit and remuneration committees that monitor operations. We strive to apply a consistent policy of corporate governance throughout the group.

The directors of RMBH and the various group entities endorse the Code of Corporate Practices and Conduct (the "King Code 2002") contained within the King Report on Corporate Governance for South Africa 2002.

The directors are satisfied that the group has in all material respects conformed to the spirit of King II.

The board of directors and its sub-committees

Composition

RMBH has a unitary board with a non-executive director as Chairman. The roles of Chairman and Chief Operating Officer are segregated.

The board comprises eight members of whom seven are non-executive directors. Three of the non-executive directors are also independent directors as defined in the King Code 2002. Further details are disclosed under the section "Directorate" on page 28.

The directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process. There is an appropriate balance of power and authority on the board.

The board continuously evaluates its composition to ensure an appropriate mix of skills and experience. New directors are subject to a "fit and proper" test. An informal orientation programme is available to incoming directors.

Board responsibilities

The fundamental responsibility of the board is to improve the economic prosperity of the group. The board has a fiduciary duty to act in good faith, with due care and diligence, and in the best interests of the group and its stakeholders. It is the primary body responsible for the corporate governance values of the group. While control is delegated to the management committee in the day-to-day management of the group, the board retains full and effective control over the group.

The board's responsibilities include the appointment of executive officers, approval of corporate strategy, risk management and corporate governance. The board reviews and approves the business plans and monitors financial performance of the group and implementation of the strategies.

A formal board charter, as recommended by the King Code 2002, has been adopted.

Term of office

Non-executive directors retire by rotation every three years and are eligible for re-election. Re-appointment of non-executive directors is not automatic. The retirement age of directors is set at seventy.

The Chief Operating Officer has an employment contract that can, subject to fair labour practices, be terminated with one month's notice.

Board meetings

The board meets once every quarter. Should any important matter arise between scheduled meetings, additional meetings may be convened.

Before each board meeting an information pack, which provides background information on the performance of the group for the year to date, as well as any other matters for discussion at the meeting, is distributed to each board member. At its meetings, the board considers both financial and other qualitative information that might have an impact on the stakeholders in the group.

Board members have full and unrestricted access to the relevant information and may at the cost of the group seek independent professional advice in the fulfilment of their duties.

Details of the board meetings held during the year ended 30 June 2004, as well as the attendance by individual members are disclosed in the section "Directorate" on page 34.

Board committees

The board has established three sub-committees to which it delegated some of its responsibilities in meeting its corporate governance and fiduciary duties. These are:

- a management committee;
- an audit committee; and
- a directors' affairs committee (also responsible for remuneration matters).

Each committee adopted a charter, which sets out the objectives, authority, composition and responsibilities of the committee. The board approved the charters of these committees.

All the committees are free to take independent outside professional advice, as and when required, at the expense of the group.

The names of the members of the board committees, details of committee meetings held during the year ended 30 June 2004, as well as the attendance by individual members are disclosed in the section "Directorate" on page 34.

The committees, with a summary of their charters, are as follows:

Management committee

The RMBH management committee comprises four members, three of whom are non-executive. It is responsible for implementing the strategies approved by the board and for managing the affairs of the group.

Corporate governance continued

The committee is responsible for:
- the development, implementation and monitoring of strategies and policies of the group;
- the optimisation of the group capital base and its financial resources;
- the timeous and transparent communication with all stakeholders;
- ensuring best practices in terms of corporate governance across the group;
- managing the group image and reputational issues; and
- optimising overall group profitability through synchronising the strategies of the major operating units of the group and leveraging off group strength.

Audit committee

The audit committee comprises a minimum of three members. The Chairman is an independent, non-executive director.

The committee's objectives are to assist the board of directors in fulfilling its fiduciary duties by reviewing:
- the safeguarding of the group's assets;
- the financial reporting process;
- the system of internal control;
- the management of financial risks;
- the audit process;
- the group's process for monitoring compliance with the laws and regulations applicable to it;
- the group's compliance with corporate governance practices; and
- the business conduct of the group and its officials.

The independent auditor also attends audit committee meetings.

Directors' affairs committee

The directors' affairs committee comprises all of the non-executive directors. It is chaired by the Chairman of the board.

The committee's primary objectives are to assist the board in discharging its responsibilities relative to:
- its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structures in the company;
- board and board committee structures;
- the maintenance of a board directorship continuity programme;
- the remuneration, other benefits and employment conditions of any executive directors;
- the self-assessment of the effectiveness of the board as a whole and the contribution of each director; and
- ensuring that succession plans are in place for key posts in the greater group.

Remuneration practices

Each of the RMBH's Group companies operates its own remuneration committee. Such committees (the chairman and majority of members are non-executive directors) determine the particular entity's policy on remuneration and approve the remuneration of its executives and its employees. No executive director in any group company is involved in setting his own remuneration.

The remuneration of the RMBH's Chief Operating Officer is reviewed and confirmed by the directors' affairs committee.

Details of each director's remuneration for the period under review can be found on page 32 of this report.

Company secretary

The company secretary of RMBH is Adrian Arnott, a Chartered Accountant (South Africa). He was appointed by the board in 2002.

Auditor independence

The group financial statements have been audited by the independent auditors PricewaterhouseCoopers Inc.

RMBH believes that the external auditor has observed the highest level of business and professional ethics. It has no reason to believe that the external auditor has not at all times acted with unimpaired independence.

Details of fees paid to the external auditor are included on page 69 of this report.

Risk management and internal control

RMBH recognises that managing risk is an integral part of generating sustainable shareholder value and enhancing stakeholder interests.

Group boards are accountable for establishing, maintaining and monitoring the effectiveness of the process of risk management and system of internal control applied throughout the group and in any joint ventures and associations to which the group or any subsidiary is party.

The group's risk management and control framework covers the following key aspects:
- identifying key performance indicators;
- identifying significant business risks;
- maintaining proper accounting records;
- ensuring the reliability of financial and non-financial information used within the business for decision-making or for publication;
- ensuring compliance with applicable laws, regulations and codes of conduct;
- ensuring that the group is not unnecessarily exposed to avoidable financial risks such as the risks associated with fraud, potential liability and loss, including the safeguarding of assets;
- managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
- ensuring the effectiveness and efficiency of operations; and
- ensuring that the appropriate balance is struck between entrepreneurial endeavour and sound business practice.

Overall effectiveness of control environment

As with most systems of internal control, the effectiveness of internal control systems in the group is subject to inherent limitations, including:
- the possibility of human error and/or poor decision-making,
- the deliberate circumventing of controls by employees or others,
- management overriding controls, and
- the occurrence of unforeseeable circumstances.

Control systems are therefore designed to manage, rather than eliminate, the risk of failure. Accordingly, it is recognised that a sound system of internal control can provide only reasonable and not absolute assurance against risks impacting the achievement of business objectives or any material misstatement or loss.

Corporate governance continued

Management reports regularly to the respective group boards on the effectiveness of the group's risk management and control framework. The effectiveness of this framework is subject to continuous review.

During the period under review and up until the date of approval of the annual report and financial statements, nothing has come to the attention of the directors to suggest that any material breakdown in the functioning of the controls, procedures and systems, which could result in material losses, contingencies or uncertainties that would require disclosure in the financial statements, has occurred.

Corporate citizenship

RMBH is committed to good corporate citizenship practices and organisational integrity in the direction, control and stewardship of the group's affairs:

- this commitment provides stakeholders with the comfort that the group's affairs are being managed in an ethical and disciplined manner; and
- the group subscribes to a philosophy of providing meaningful, timely and accurate communication to its primary stakeholders, based on transparency, accountability and integrity.

We regard our shareholders, customers, employees, suppliers, regulators and the communities in which we operate as our key stakeholders.

Shareholders

Communication

RMBH's communication practices are designed to allow investors to make informed decisions about the acquisition and ownership of shares. We communicate formally with shareholders twice a year when we announce interim and year-end financial results. These comprehensive reports are sent to all shareholders and are accessible on the company's internet site (www.rmbh.co.za).

Ownership

Significant shareholdings are disclosed on page 38. An analysis of RMBH's share price and trading data appears on page 83.

Customers

Group companies provide a comprehensive range of financial products and services to South African corporates and individuals. In this regard the integrity of its various brands, their image and reputation are paramount.

Employees

Group companies all seek to be the employer of choice in their respective fields.

The group's human resource strategy is to recruit, build and retain the best people from South Africa's diverse population base. In particular, it seeks people with an entrepreneurial attitude and encourages an owner-manager culture. People are empowered, held accountable for their actions and are rewarded appropriately.

The group operates in a number of sectors within the broader financial services industry, each with its own distinct employment practices and unique human resource pressures. To recognise and address such divergent needs, the group follows a practice of devolving the design and implementation of appropriate remuneration structures through industry specific structures. Within this divisional framework, remuneration structures comprise:

- basic salary plus benefits; and, where appropriate,
- annual performance related rewards; as well as
- share incentive schemes.

Remuneration is based on individual and business unit performance. Annual remuneration reviews encompass all three elements.

Employment equity

In line with the business philosophy of empowerment, each business unit in the group is charged with meeting its targets in terms of plans submitted to the Department of Labour as required by the Employment Equity Act.

In addition to setting affirmative action targets aimed at raising the number of designated groups as a percentage of the total staff complement, such plans commit group companies to the following in pursuit of appropriate employment equity in the organisation:

- increasing the overall racial diversity of the workforce;
- increasing the number of black and women managers;
- creating awareness of employment equity and diversity amongst employees;
- the establishment of representative diversity forums; and
- awareness of employment opportunities for people with disabilities.

Employee wellness

Of growing importance is the impact of HIV/Aids on the workforce and the South African economy in general. The group has adopted an HIV/Aids policy that is based on education, communication, counselling and confidentiality. At FirstRand, the group's largest employer, a group-wide HIV/Aids project has been conducted, ensuring that the strategy is effective relative to the incidence of HIV/Aids within the group.

Directorate

Gerrit Thomas Ferreira   Peter Cooper   Lauritz Lanser Dippenaar   Jan Dreyer

RMB HOLDINGS

Gerrit Thomas Ferreira
(56), Chairman[(2) (4) (5) (6)]
BCom, Hons B(B&A), MBA,
Date of appointment:
12 November 1987

"GT" Ferreira has been involved in the financial services sector since graduating from the University of Stellenbosch. He started his career at the Bank of Johannesburg and was a co-founder of Rand Consolidated Investments ("RCI") in 1977. RCI acquired control of Rand Merchant Bank ("RMB") in 1985 and he was Managing Director of RMB from 1985 to 1988 after which he was elected as its Executive Chairman. He is a member of the Council of the University of Stellenbosch and serves on the board of the Open Society of South Africa.

Listed directorships
- RMB Holdings – Chairman
- FirstRand – Chairman
- Glenrand M.I.B
- VenFin

Peter Cooper
(48), Chief Operating Officer[(1)(4)(5)]
BCom (Hons), HDipTax, CA(SA)
Date of appointment:
24 November 1999

Peter Cooper graduated from the University of Cape Town. After qualifying as a Chartered Accountant he worked in the financial services sector, first as a tax consultant and later specialising in structured finance with UAL Merchant Bank. He joined RMB's Special Projects division in 1992 and transferred to RMB Holdings in 1997. He is a member of FirstRand's executive committee and, as RMBH's representative, serves on the boards of its unlisted investments.

Listed directorships
- RMB Holdings – Chief Operating Officer

Lauritz Lanser Dippenaar
(55)[(2) (4) (5) (6)]
MCom, CA(SA)
Date of appointment:
12 November 1987

Laurie Dippenaar graduated from Pretoria University, qualified as a chartered accountant with Aiken & Carter (now KPMG) and spent a number of years with the Industrial Development Corporation before becoming co-founder of RCI. RCI acquired control of RMB in 1985 and he became an executive director. He was appointed Managing Director in 1988, which position he held until 1992 when RMB Holdings acquired a controlling interest in Momentum Life Assurers, at that time the fifth largest insurance company in South Africa. He was appointed as Executive Chairman of that company, a position he held until being appointed Chief Executive Officer of FirstRand in 1998.

Listed directorships
- RMB Holdings
- FirstRand – Chief Executive Officer
- Discovery Holdings – Chairman

Jan Dreyer
(53)[(3) (6)]
BCom, LLB, HDip Co Law, HDipTax
Date of appointment:
19 October 1987

Jan Dreyer is a graduate of Stellenbosch University and the University of the Witwatersrand. He joined Edward Nathan Friedland Mansell & Lewis where he was admitted as an attorney in 1975. Thereafter he joined Hofmeyr Van der Merwe & Botha, where he worked as a commercial lawyer. He was admitted as a partner in 1978 and was chairman of the firm from 1993 until 1999. In 2000 he left the legal profession to join Rembrandt Group as an executive director. Upon the split of that company into Remgro and Venfin, he became a non-executive director of each of the two companies. He joined the board of RMB in 1984 and on the formation of RMBH, joined its board.

Listed directorships
- RMB Holdings
- Remgro
- Venfin

Notes
1. Executive
2. Non-executive
3. Independent Non-executive
4. Management Committee
5. Audit Committee
6. Directors' Affairs Committee

Directorate continued

Denis Martin Falck | Patrick Maguire Goss | Paul Kenneth Harris | Khehla Cleopas Shubane

RMB HOLDINGS

Denis Martin Falck
(58)[2] [5] [6]
CA(SA)
Date of appointment:
28 February 2001

Denis Falck left the auditing profession in 1971 to join the Rembrandt Group. He was appointed Group Financial Director in 1990 and currently holds the same portfolio on the board of Remgro. He is a non-executive director of a number of Remgro's associated companies. He was a director of Momentum Life from 1990 to 1992.

Listed directorships
- RMB Holdings
- Remgro
- FirstRand

Patrick Maguire Goss
(56)[3] [6]
BEcon (Hons), BAccSc (Hons), CA(SA)
Date of appointment:
12 November 1987

Pat Goss, after graduating from the University of Stellenbosch, qualified as a chartered accountant with Ernst and Young and then joined the Industrial Development Corporation. In 1977 he was a co-founder of RCI which successfully merged with Rand Merchant Bank in 1985. A former Chairman of the Natal Parks Board, his family interests include Umgazi River Bungalows and other related investments. He also serves on the board of Lewa Downs Wildlife Conservancy (Kenya).

Listed directorships
- RMB Holdings
- Anglovaal Industries
- FirstRand

Paul Kenneth Harris
(54)[2] [4] [5] [6]
MCom
Date of appointment:
1 July 1992

Paul Harris graduated from the University of Stellenbosch and joined the Industrial Development Corporation where he served for a number of years. He was a co-founder of RCI. When RCI acquired control of RMB in 1985 he became an executive director of the bank. He spent four years in Australia where he founded Australian Gilt Securities (later to become RMB Australia) and returned to South Africa in 1991 where he was appointed Deputy Managing Director of RMB. In 1992 he took over as Managing Director and Chief Executive Officer. He became Chief Executive Officer of FirstRand Bank in July 1999.

Listed directorships
- RMB Holdings
- FirstRand
- Remgro

Khehla Cleopas Shubane
(47)[3] [6]
BA (Hons) MBA
Date of appointment:
25 November 1993

Khehla Shubane graduated from the University of the Witwatersrand. Earlier he was a student at the University of the North where his studies were terminated following his arrest, conviction and sentence for anti-apartheid activities, which he served on Robben Island. Upon his release he was employed at Liberty Life for a short tenure. He served on various political organisations until joining the Centre for Political Studies in 1988. He has been the co-author of several political publications and is a member of the board of the Centre for Policy Studies and chairman of the National Roads Agency.

Listed directorships
- RMB Holdings
- FirstRand

Notes
1. Executive
2. Non-executive
3. Independent Non-executive
4. Management Committee
5. Audit Committee
6. Directors' Affairs Committee

Directorate continued

Directors' interest in the ordinary shares of RMBH

According to the register of directors' interests maintained by the company in accordance with section 140 of the Companies Act, directors have disclosed the following interest in the ordinary shares of RMBH at 30 June 2004:

000's	Direct beneficial	Indirect beneficial	Indirect non-beneficial	**Total 2004**	Total 2003
P Cooper	499	–	1 861	**2 360**	2 160
LL Dippenaar	2 136	89 445	–	**91 581**	91 366
JW Dreyer	1	–	–	**1**	1
DM Falck	–	–	–	**–**	–
GT Ferreira	23 353	3 758	60 207	**87 318**	87 318
PM Goss	–	11 365	–	**11 365**	11 365
PK Harris	1 100	28 891	–	**29 991**	29 716
KC Shubane	–	–	–	**–**	–
Total interest 2004	27 089	133 459	62 068	**222 616**	–
Total interest 2003	26 265	129 952	65 709		221 926

Directors' emoluments

Schedule of directors' emoluments in respect of the year ended 30 June 2004:

	Services as directors R000's	Cash package R000's	Other benefits R000's	Performance related R000's	**Total 2004 R000's**	Total 2003 R000's	Total 2002 R000's
Executive							
P Cooper	–	1 528	407	3 200	**5 135**	3 867	4 122
Non-executive							
GT Ferreira	1 500	–	–	–	**1 500**	1 400	1 250
LL Dippenaar	60	–	–	–	**60**	40	48
JW Dreyer	60	–	–	–	**60**	32	32
DM Falck	100	–	–	–	**100**	57	45
PM Goss	60	–	–	–	**60**	32	32
PK Harris	60	–	–	–	**60**	32	32
KC Shubane	60	–	–	–	**60**	32	32
Total	1 900	1 528	407	3 200	**7 035**	5 492	5 593

Notes

1. "Other benefits" comprise provident fund and medical aid contributions.
2. "Performance related" payments are in respect of the year ended 30 June 2004, but will be paid (together with an interest factor) in three tranches during the year ended 30 June 2005.
3. Mr Ferreira receives a cash payment for services rendered as Chairman of RMBH. He is also Chairman and serves on various boards and committees in the FirstRand Group. During the year fees receivable by him from FirstRand amounting to R1 250 000 were waived and ceded to RMBH and did not accrue to him in his private capacity.
4. Messrs Dippenaar and Harris are full-time executives of FirstRand. The fees receivable per the above have been waived and ceded to that company and do not accrue to them in their private capacity.

Directors' participation in FirstRand share incentive schemes

Ordinary shares

		Strike price Cents	Strike date From	To	Opening balance 1 July 2003 000's	Granted/ (taken up)/ (expired) this year 000's	**Closing balance 30 June 2004 000's**	Benefit derived R000's
P Cooper	RMBH	330	1/7/00	1/7/04	80	(40)	**40**	294
	RMBH	925	1/4/02	1/4/04	160	(160)	**–**	834
	FirstRand	690	9/4/04	9/4/06	255	–	**255**	–
	FirstRand	655	17/9/05	17/9/07	750	–	**750**	–
	FirstRand	770	16/9/06	16/9/08	–	400	**400**	–
LL Dippenaar	RMBH	1 400	1/7/01	1/7/03	70	(70)	**–**	*
	RMBH	925	1/4/02	1/4/04	215	(215)	**–**	1 217
	FirstRand	690	9/4/04	9/4/06	2 750	–	**2 750**	–
	FirstRand	655	17/9/05	17/9/07	2 000	–	**2 000**	–
	FirstRand	770	16/9/06	16/9/08	–	500	**500**	–
PK Harris	RMBH	300	1/7/00	1/7/04	120	(60)	**60**	459
	RMBH	1 400	1/7/01	1/7/03	70	(70)	**–**	*
	RMBH	825	1/4/02	1/4/04	215	(215)	**–**	1 432
	FirstRand	690	9/4/04	9/4/06	2 750	–	**2 750**	–
	FirstRand	655	17/9/05	17/9/07	2 000	–	**2 000**	–
	FirstRand	770	16/9/06	16/9/08	–	500	**500**	–

** Options lapsed without value.*

Out-performance preference shares

		Issue price Cents	Redemption/ conversion date From	To	Opening balance 1 July 2003 000's	Re-deemed/ converted this year 000's	**Closing balance 30 June 2004 000's**	Benefit derived* R000's
P Cooper	FirstRand	815	1/4/03	1/4/06	1 125	375	**750**	2 184
LL Dippenaar	FirstRand	815	1/4/03	1/4/06	1 500	500	**1 000**	2 913
PK Harris	FirstRand	815	1/4/03	1/4/06	1 500	500	**1 000**	2 913

** Value of FirstRand ordinary shares received upon conversion.*

Directorate continued

Board meetings

The board met four times during the year and attendance was as follows:

	September 2003	December 2003	February 2004	May 2004
GT Ferreira – Chair	√	√	√	√
P Cooper	√	√	√	√
LL Dippenaar	√	√	√	√
JW Dreyer	√	√	√	√
DM Falck	√	√	√	√
PM Goss		√	√	√
PK Harris	√	√	√	√
KC Shubane	√	√	√	√

Management committee meetings

The management committee met four times during the year and attendance was as follows:

	September 2003	November 2003	February 2004	May 2004
GT Ferreira – Chair	√	√	√	√
P Cooper	√	√	√	√
LL Dippenaar	√	√	√	√
PK Harris	√	√	√	√

Audit committee meetings

The audit committee met twice during the year and attendance was as follows:

	September 2003	February 2004
DM Falck – Chair	√	√
P Cooper	√	√
By rotation, at least one of –		
LL Dippenaar		
GT Ferreira	√	√
PK Harris		

Directors' affairs committee meetings

The directors' affairs committee met four times during the year and attendance was as follows:

	September 2003	November 2003	February 2004	May 2004
GT Ferreira – Chair	√	√	√	√
LL Dippenaar	√	√	√	√
JW Dreyer	√	√	√	√
DM Falck		√	√	√
PM Goss		√	√	√
PK Harris	√	√	√	√
KC Shubane	√	√	√	√

RMB HOLDINGS

Annual Financial Statements

for the year ended 30 June 2004

Contents

RMB HOLDINGS

Directors' responsibility

for the year ended 30 June 2004

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the RMB Holdings Limited group. The external auditors, PricewaterhouseCoopers Inc, have audited the financial statements and their unqualified report appears on page 37.

The information provided in this annual report has been prepared in accordance with the provisions of the Companies Act, the Long-term and Short-term Insurance Acts and the Banks Act, and complies with South African Statements of Generally Accepted Accounting Practice and prevailing practices of the insurance and banking industries.

In discharging their responsibilities, both for the integrity and fairness of these statements, the directors rely on systems of internal control and risk management procedures applied by the management of the main operating subsidiaries and associates ("the group companies"). Based on the information and explanations given by management and the external auditors of the company and of the underlying group companies, the directors are of the opinion that:

- the internal controls are adequate;
- the financial records may be relied upon in the preparation of the financial statements;
- appropriate accounting policies, supported by reasonable and prudent judgements and estimates have been applied; and
- the annual financial statements fairly present the financial position of the group.

The annual financial statements are prepared on a going-concern basis and nothing has come to the attention of the directors to indicate that the company will not remain a going concern.

The company and group annual financial statements, including the directors' report, were approved by the board of directors on 15 September 2004 and are signed on its behalf by:

GT Ferreira
Chairman

P Cooper
Chief Operating Officer

Declaration by the company secretary in respect of section 268G(d) of the Companies Act

I declare that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

AH Arnott BCom, CA(SA)
Company secretary

Report of the independent auditors to the members of RMB Holdings Limited

We have audited the annual financial statements and group annual financial statements of RMB Holdings Limited set out on pages 38 to 82 for the year ended 30 June 2004. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the South African Companies Act.

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Sandton
15 September 2004

RMB HOLDINGS

Directors' report

for the year ended 30 June 2004

NATURE OF BUSINESS

RMB Holdings Limited ("RMBH") is a diversified financial services holding company listed on the JSE Securities Exchange South Africa ("JSE") under the banking sector. Its investments include:

	Effective interest at 30 June 2004 %	2003 %
FirstRand Limited	**34,2**	34,2
RMB Structured Insurance Limited	**100,0**	100,0
OUTsurance Holdings Limited	**65,6**	65,5
Glenrand M.I.B Limited	**17,1**	17,1
Global Resorts (SA) (Pty) Limited	**–**	48,4

Further details regarding the investments are provided on pages 76 to 79 of this report. The impact of the change in accounting policy on the effective interest held as a result of the consolidation of the share incentive trusts, is disclosed in note 36 to the annual financial statements.

In terms of a written agreement between Remgro Limited ("Remgro") and RMBH, the most significant shareholders of FirstRand Limited ("FirstRand"), RMBH has management control over FirstRand.

SHARE CAPITAL

Ordinary shares

There was no change in the authorised and issued ordinary share capital during the year.

At the annual general meeting of the shareholders of the company held on 3 December 2003 a special resolution was passed authorising the board of the company or the board of a subsidiary of the company to approve the purchase of shares in RMBH during the period up to and including the date of the following annual general meeting. The repurchase is limited in any one financial year to a cumulative maximum of 20% of the company's issued share capital.

This resolution is subject to the provisions of the Companies Act, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

To date, no action in terms of this resolution has taken place.

Preference shares

There was no change in the authorised preference share capital and no preference shares were issued during the year.

SHAREHOLDER ANALYSIS

(Disclosure in terms of section 140A (8(a)) of the Companies Act)

Based on information disclosed by STRATE and investigations conducted on behalf of the company, the following shareholders have an interest of 5% or more in the issued ordinary share capital of the company at 30 June 2004:

	2004 %	2003 %
Financial Securities Limited (Remgro)	**23,1**	23,1
LL Dippenaar	**7,7**	7,7
GT Ferreira	**7,4**	7,4
Public Investment Commissioners	**6,7**	7,6

REVIEW OF OPERATIONS

A general review of the operations of the group's major subsidiaries is contained in the executive review commencing on page 10.

EARNINGS

Headline earnings for the year ended 30 June 2004 amounted to R2,140 billion (2003: R1,812 billion).

DIVIDENDS

The following ordinary dividends were declared and paid by RMBH during the year under review:

- An interim dividend for the period ended 31 December 2003 of 25,5 cents (2002: 17,8 cents) per ordinary share, declared on 3 March 2004 and paid on 29 March 2003.
- A final dividend for the period ended 30 June 2004 of 52,0 cents (2003: 37,2 cents) per ordinary share, declared on 15 September 2004, payable on 25 October 2004.

With regard to the final dividend, the last day to trade in RMBH shares on a cum-dividend basis will be 15 October 2004. The first day to trade in RMBH shares on an ex-dividend basis will be 18 October 2004. The record date is 22 October 2004 and the date of payment 25 October 2004. No dematerialisation or rematerialisation of shares can be done during the period 18 October 2004 to 22 October 2004, both days inclusive.

DIRECTORATE
The directorate is listed on page 28.

Since the last annual report there have been no changes to the list of directors.

DIRECTORS' INTERESTS IN RMBH
(Disclosure in terms of paragraph 8.61 (d) of the Listings Requirements of the JSE Securities Exchange South Africa)

At 30 June 2004 the directors disclosed that they collectively held 18,74% of the issued ordinary share capital of the company.

Details of individual directors' interest are disclosed on page 32.

INTEREST OF DIRECTORS AND OFFICERS
During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group except to the extent that they are shareholders in RMBH as disclosed in this report.

DIRECTORS' EMOLUMENTS
Directors' emoluments and information relating to share option allocations and related matters are disclosed on page 32.

DIRECTORS' PARTICIPATION IN SHARE INCENTIVE SCHEMES
RMBH does not operate a share incentive scheme in its own right. Messrs Cooper, Dippenaar and Harris are participants in the Rand Merchant Bank Share Incentive Scheme that pre-dates the formation of FirstRand. This scheme has RMBH ordinary shares as the basis and is operated by FirstRand on a fully hedged basis with no future dilution of shareholders' interests. With effect from March 2000 the scheme has been closed for further issues and will be wound down over time.

Messrs Dippenaar and Harris are full-time executive directors of FirstRand. Mr Cooper is a member of the FirstRand executive committee. As a result of this relationship, they are also participants in the FirstRand Group Share Incentive Schemes, details of which are provided in the FirstRand annual financial statements.

Their interests at 30 June 2004 in the schemes are set out on page 33.

FirstRand recovers the annual cost attributable to Mr Cooper's participation in both these share incentive schemes from RMBH. During the year ended 30 June 2004 the costs incurred by RMBH in this regard amounted to R257 261 (2003: R524 881).

PROPERTY AND EQUIPMENT
There is no change in the nature of the property and equipment of the group or in the policy regarding their use during the year.

In February 2004 a subsidiary entered into a ten-year lease agreement for Erf 1478, 1479 Zwartkop Ext 17, Centurion. As the subsidiary has an option to purchase land and buildings at the end of the lease, the transaction has been accounted for as a finance lease in the group's results.

INSURANCE
RMBH has protection against crime risks as well as professional indemnity by carrying large deductibles through a structured insurance risk financing programme and carries levels of cover commensurate with the size and stature of the organisation.

COMPANY SECRETARY AND REGISTERED OFFICE
The address of the company secretary is that of the company's registered office as stated on page 88.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE
There is no material fact or circumstances that have occurred between the accounting date and the date of this report.

RMB HOLDINGS

Accounting policies

for the year ended 30 June 2004

BASIS OF PRESENTATION

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, the requirements of the South African Companies Act and the Listings Requirements of the JSE Securities Exchange South Africa.

The principal accounting policies set out below are consistent with those of the previous year, with the exception of the consolidation of various share incentive trusts in the group. The effect of adopting this new policy is summarised in the consolidated statement of changes in shareholders' equity and in note 36 to the annual financial statements.

The consolidated financial statements have been prepared on the historical cost convention except where the fair value basis of accounting has been adopted for certain assets and liabilities.

CONSOLIDATION AND EQUITY ACCOUNTING POLICIES

Basis of consolidation

The financial statements of the group include the results of the company, its subsidiaries and associates. The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from or to the date on which effective control or significant influence was acquired or ceased.

Consolidation – subsidiary companies

Subsidiaries are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. The consolidated financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries on a line-by-line basis. The subsidiaries are shown at cost in the company financial statements and the directors' valuation is disclosed in the notes to the financial statements. Should any losses arise, they will be fully provided for in the group financial statements.

All intra group transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure compliance with the policies adopted in the consolidated financial statements.

Consolidation – share incentive trusts

Share incentive trusts have been consolidated as they are effectively controlled by the group.

Equity accounting – associate companies

Associate companies are those companies, not being subsidiaries, in which the group holds a long-term equity interest and over whose financial and operating policies a significant influence can be exercised. The post-acquisition results of associate companies have been dealt with in the consolidated financial statements on the equity method, and in the company financial statement on the cost method. The most recent available audited financial statements of the associate companies have been taken into account. If the most recent available audited financial statements are for an accounting period which ended more than six months prior to the group's year-end, then the most recently published financial information of the associate company is taken into account.

The group's share of retained income is transferred to an equity accounted reserve. The group's share of other movements in the reserves of associated companies are accounted for as changes in the consolidated equity accounted reserves.

Equity accounting is discontinued when the carrying amount of the investment in an associate undertaking reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of the associated undertaking. The results of associated companies acquired or disposed of are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal.

Goodwill

Goodwill, being the excess of the cost of shares acquired in subsidiaries and associates over net asset value at the date of acquisition, is amortised using the straight-line method over the estimated lifespan of such goodwill, or 20 years, whichever is the lesser.

The carrying amount of goodwill is reviewed annually and written down for impairment where it is considered necessary.

Negative goodwill

Negative goodwill arises when the fair value of the net assets of the subsidiaries and associates exceeds the cost of the shares acquired in the subsidiaries and associates at the date of acquisition.

Negative goodwill which relates to expectations of future losses and expenses that are identified in the group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, are recognised in the income statement when the future losses and expenses are recognised.

Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets. Negative goodwill in excess of the fair values of those assets is recognised in the income statement immediately.

REVENUE RECOGNITION

Premiums

Written premiums are recognised in relation to all policies incepting during the accounting period, and include all premium for the period of risk covered by the policy, regardless of whether or not these are wholly due for payment in the accounting period. Written premiums include adjustments to written premium of prior accounting periods where necessary. Premiums written under investment contracts where the policyholder liabilities are directly related to the performance of the underlying investment are credited directly to the policyholders' liability for investment contracts. Premium revenue is then recognised as earned premium in the current and future financial periods to match the estimated pattern of incidence of risk over the contract term to which the company will be exposed.

Interest income

Interest income is recognised on an accrual basis, applying the effective yield on the assets.

Dividend income

The group recognises dividends on the "last day to trade" for listed shares, and on the date of declaration for unlisted shares. Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares.

Commission and fee income

Commission and fee income are recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company, and the contractual conditions for the rendering of services have been met.

FOREIGN CURRENCIES

Foreign currency transactions are accounted for at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated to South African Rand using the rates of exchange ruling at the financial year-end. Profits and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

The assets and liabilities of foreign subsidiaries regarded as an integral part of the group's operations are expressed in South African Rand at rates of exchange ruling at the year-end. Capital and reserves are translated at historic rates and income statement items are translated at the actual rate of exchange on the date of the transaction where this is known or otherwise at the average rate for the year. Gains and losses arising on the translation of foreign subsidiary operations are recognised in the income statement.

FINANCIAL INSTRUMENTS

Financial assets carried on the balance sheet include cash and bank balances, any contractual right to receive cash or another financial asset, any contractual right to exchange financial instruments under conditions that are potentially favourable, and equity investments.

Financial liabilities include contractual obligations to deliver cash or another financial asset or to exchange financial instruments at conditions that are potentially unfavourable in respect of either the capital or return required by the holders of such instruments, but excludes provisions for liabilities assumed under long-term and short-term insurance and reinsurance contracts.

An equity instrument is any contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities. The delivery of cash or other financial assets in respect of such instrument is at the discretion of the issuer of such equity instrument.

Instruments with characteristics of debt are included in liabilities and dividends on such instruments are disclosed separately in the income statement and charged to profit before tax.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only to the extent that there is a legally enforceable right to set off the recognised amounts and there is the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

RMB HOLDINGS

Accounting policies continued

for the year ended 30 June 2004

Financial instruments are initially recognised at cost, including transaction costs. The particular measurement methods adopted subsequent to initial recognition are disclosed in the individual policy statements associated with each item in these policies.

INVESTMENTS

The group classifies its investments into the following categories: held for trading, held-to-maturity and available-for-sale. The classification is subject to the objectives for which the investment was acquired at the time of acquisition and is subsequently re-evaluated.

Assets held-to-maturity

Where the group has the intent and ability to hold financial assets with fixed or determinable payments and a fixed maturity up to the date of its maturity, such assets are recognised at cost, including any premium or discount from the nominal value, and subsequently carried at the amortised value, using the latest estimate of the effective interest rate returned by the cash flows arising from the asset. Other than adjustment for impairment, no adjustment is made for changes in the fair value of assets that have been categorised as held-to-maturity.

Available-for-sale assets

These investments are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates. These investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchases includes transaction costs. Available-for-sale investments are subsequently carried at fair value. The market value of listed equities and capital market instruments is calculated with reference to the stock exchange quoted closing prices at the close of business on the balance sheet date. The market value of money market instruments is calculated with reference to the present value of future cash flows pertaining to each instrument, discounted at the interest rates prevailing at the balance sheet date.

On disposal of the investment the difference between the disposal proceeds and the carrying amount is charged or credited to the income statement. When realised, the cumulative profit/loss, previously recognised in equity, is disclosed in the income statement as profit and loss on investments in the period in which they occur but are excluded from the calculation of headline earnings.

Assets held for trading

Unless held-to-maturity or available-for-sale as stated in this policy note, all assets are categorised as held for trading. Marketable securities are recognised at cost and subsequently carried at fair value. The market value of listed equities and capital market instruments is calculated with reference to the stock exchange quoted closing prices at the close of business on the balance sheet date. The market value of money market instruments is calculated with reference to the present value of future cash flows pertaining to each instrument, discounted at the interest rates prevailing at the balance sheet date.

Property and equipment

All property and equipment, is recorded at cost and subsequently stated at historical cost less accumulated depreciation. Certain of the building fixtures which form part of the finance leased asset and which can be identified separately and have a determinable useful life have also been depreciated.

Depreciation is calculated on the straight-line basis at rates which are calculated to reduce the book value of these assets to estimated residual values over their expected useful lives, as follows:

Land	Nil
Building fixtures	6 years
Computer equipment	3 years
Computer software	2 years
Furniture and fittings	6 years
Office equipment	6 years
Motor vehicles	4 years

Periodic reviews of the useful lives of the assets are conducted in order to evaluate the continued appropriateness of the policy. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount.

Repairs and maintenance costs are charged to the income statement when incurred.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and proceeds on disposal and are taken into account in determining operating result.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at cost and subsequently carried at the amortised value. If considered necessary, a provision is made for doubtful recoveries of cash invested.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short-term fixed deposits. Short-term fixed deposits are considered those instruments that can be liquidated within a period of three months from the reporting date. Fixed deposits which cannot be accessed within this period are classified as investments.

SHARE CAPITAL

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity.

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

When the company or its subsidiaries purchase the company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

BORROWINGS

Interest-bearing borrowings originated by the group are recognised initially at the proceeds received, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

PREFERENCE SHARES

The group issues variable rate cumulative redeemable preference shares to fund the statutory capital requirements of its insurance subsidiaries, and whilst the redemption is at the option of the issuer, the group has no intention to defer redemption of the various allotments of shares beyond the duration of the underlying transactions in respect of which the shares were issued. Accordingly, these preference shares are classified as long-term liabilities. The preference shares originated by the group are initially recognised at the proceeds received, less attributable transaction costs and subsequently carried at that value, which equals redemption value. The dividends on these shares are non-discretionary and recognised in the income statement as a charge against the profit before tax, and disclosed separately. Provision for dividends payable is disclosed separately in the balance sheet under current liabilities.

CONVERTIBLE DEBENTURES

Convertible debentures originated by the group are initially recognised at the proceeds, less attributable transaction costs and subsequently carried at this value. The convertible debentures can be converted at the option of the debenture holder to non-redeemable preference shares. The carrying amount equals the amount at which the debentures could be converted to non-redeemable preference shares. The dividend rights to the non-redeemable preference shares have been contractually determined and are non-discretionary. The convertible debentures are classified as long-term liabilities. Interest incurred on the convertible debentures is recognised in the income statement using the effective yield method.

CONTINGENCY RESERVE

The contingency reserve is calculated in respect of the group's short-term insurance businesses in terms of the South African Short-term Insurance Act, 1998, as amended, and in terms of the annual return required in terms of the Short-term Insurance Act, 1998, of Namibia.

The contingency reserve is established out of distributable reserves and is disclosed as a non-distributable reserve. Transfer to and from this reserve is treated as appropriations of net income.

RMB HOLDINGS

Accounting policies continued

for the year ended 30 June 2004

TECHNICAL ASSETS AND LIABILITIES

Short-term insurance provisions are assessed on a contract-by-contract basis and include the following:

• Provision for claims reported but not paid

Provision is made for claims (net of anticipated recoveries under reinsurance arrangements) notified but not settled at year-end, using the best information available at that time. The estimates include other contingencies arising from the settlements of claims.

• Provision for claims incurred but not reported

Provision is made for claims (net of anticipated recoveries under reinsurance arrangements) incurred at year-end, but not reported until after that date (IBNRs), using the best information available at the time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.

• Unearned premium provision

A provision for unearned premiums is recognised in respect of premiums written in the current and previous financial periods in respect of risks to which the company will still be exposed in subsequent financial periods in accordance with the estimated pattern of incidence of risk in such future periods. Reinsurance premiums paid under reinsurance contracts are recognised as assets and expensed as the written premiums are released to income.

• Unexpired risk provision

When, due to the nature of the insured risk or the expected claims experience, it is believed that other technical liabilities do not adequately recognise the total expected liabilities under such contract, an unexpired risk provision is recognised to defer the recognition of the underwriting result and investment returns attributable to that class of insured risk over the duration of the risk, eg contracts where the claims experience is expected to exceed premiums written under those contracts.

• Policyholder liability for insurance contracts

Policyholder liability for insurance contracts represents contracts that expose the insurer to identified risk of loss from events or circumstances occurring or discovered within a specified period. The group's liabilities under unmatured policies are computed annually at the balance sheet date by the group's statutory actuary in accordance with prevailing guidelines by the Actuarial Society of South Africa and taking into account the provisions of the Long-term Insurance Act, 1998. The transfer to or from the policyholder liability for insurance contracts reflected in the income statement represents changes in the actuarial liabilities in respect of unmatured policy liabilities.

• Policyholder liability for investment contracts

Policyholder liability for investment contracts represents financial instruments which take the form of an insurance contract but principally involve the transfer of financial risk. The group's liabilities under investment linked policies are therefore disclosed separately in the balance sheet at their fair value. Investment income earned on the corresponding assets is taken directly to the balance sheet. Fair value adjustments to these liabilities are accounted for in the income statement. Premiums received under investment linked products are debited directly to the underlying assets.

• Provision for OUTbonus

It is the policy of the insurer to pay an OUTbonus to clients who have not submitted any claims. In terms of this policy if a client has not claimed for three years the client will receive 10% of the total premiums paid, in years four and five, 20% of the premiums and from year six onwards, 25% of the premiums. Provision is made for this cost based on actuarial estimates.

CELL HOLDERS' ACCOUNT

The group and cell holders share in the operating result of the insurance business. The entitlement to the participation in the operating result remains contingent until the termination of the agreement with the cell holder or until contractually determined. A cell is defined as the assets, liabilities and equity attributable to a specific insurance contract.

During the duration of the profit sharing agreement the estimated entitlement to profit or losses by cell holders is determined annually and transferred to the cell holders' account. Increases and decreases in the estimated entitlement to operating result that may become apparent in future periods are transferred from or to the operating result of that period.

DEFERRED TAXATION

The group calculates deferred taxation on the comprehensive basis using the liability method on a balance sheet-based approach. It calculates deferred tax liabilities or assets by applying corporate tax rates to the temporary differences existing at each balance sheet date between the tax values of assets and liabilities and their carrying amount, where such temporary differences are expected to result in taxable or deductible amounts in determining taxable income for future periods when the carrying amount of the assets or liabilities are recovered or settled.

The group recognises deferred tax assets if the directors consider it probable that future taxable income will be available against which the unused tax losses can be used.

Temporary differences arise primarily from depreciation of property and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and tax losses carried forward.

RETIREMENT BENEFITS

The group has established defined contribution schemes, the assets of which are held in separate trustee-administered funds. These pension plans are generally funded by payments from employees and the relevant group companies.

An associate of the group has also established a defined benefit scheme. For defined benefit plans the pension accounting costs are assessed using the projected unit credit method.

These funds are registered in terms of the Pension Funds Act, 1956, and membership is compulsory for all group employees. Valuations are performed annually. Current service costs are written off immediately, while past service costs, experience adjustments, changes in actuarial assumptions and plan amendments are expensed over the expected remaining working lives of employees. In the case of retired employees, the costs are written off immediately.

In terms of certain employment contracts, the group makes provision for post-retirement healthcare benefits to qualifying employees and retired personnel by subsidising a portion of the medical aid contributions. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. Valuations of these obligations are carried out by qualified actuaries. The group created an independent fund to fund these obligations. All expenditure in respect of post-retirement medical benefits is accounted for in the income statement.

LEAVE PAY PROVISION

The group recognises in full employees' rights to annual leave entitlement in respect of past service.

EQUITY COMPENSATION BENEFITS

The various companies in the group have their own share incentive schemes. All costs associated with these schemes are charged to income.

SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segments) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, results or assets are 10% or more of all the segments are reported separately.

COMPARATIVES

Where necessary, comparative figures have been reclassified and restated for certain items to facilitate more meaningful disclosure.

RMB HOLDINGS

Balance sheets

as at 30 June 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		ASSETS			
7 676,3	**7 530,1**	**Non-current assets**		**12 366,6**	11 398,7
0,1	–	Property and equipment	3	**109,2**	33,9
–	–	Goodwill	4	**3 358,7**	3 475,7
116,0	**116,0**	Investment in subsidiaries	5	–	–
7 560,2	**7 414,1**	Investment in associate companies	6	**8 142,0**	7 551,2
–	–	Investments	7	**708,6**	314,0
–	–	Deferred taxation assets	8	**48,1**	23,9
		Technical assets			
–	–	Reinsurers' share of insurance provisions	9	**13,4**	13,7
8,0	**547,4**	**Current assets**		**3 973,9**	2 867,6
–	–	Investments	10	**1 334,2**	953,8
–	–	Short-term loan advanced	11	**185,5**	221,8
5,4	**2,7**	Accounts receivable	12	**281,5**	238,5
–	–	Taxation		**9,6**	–
2,6	**544,7**	Cash and cash equivalents	13	**2 163,1**	1 453,5
7 684,3	**8 077,5**	Total assets		**16 353,9**	14 280,0
		EQUITY AND LIABILITIES			
		Capital and reserves			
5 792,8	**5 792,8**	Share capital and premium	14	**5 792,8**	5 792,8
1 807,4	**2 210,1**	Reserves	15	**6 726,9**	5 500,1
7 600,2	**8 002,9**	Total shareholders' funds		**12 519,7**	11 292,9
–	–	Minority interest	16	**209,3**	124,1
73,1	–	**Non-current liabilities**		**786,3**	497,8
–	–	Cell and policyholders' account	17	**536,3**	196,0
73,1	–	Long-term interest-bearing loans	18	**230,2**	291,9
–	–	Deferred taxation liabilities	8	**19,8**	9,9
		Technical liabilities			
–	–	Insurance provisions	9	**1 918,5**	1 623,2
11,0	**74,6**	**Current liabilities**		**920,1**	742,0
11,0	**61,5**	Accounts payable and accruals	19	**253,7**	229,6
–	–	Short-term interest-bearing loans	20	**346,9**	337,3
–	–	Provisions	21	**145,8**	77,2
–	**13,1**	Taxation		**173,7**	97,9
7 684,3	**8 077,5**	Total equity and liabilities		**16 353,9**	14 280,0

Income statements

for the year ended 30 June 2004

Company 2003 R million	Company **2004 R million**		Notes	Group **2004 R million**	Group 2003 R million
586,0	**1 150,7**	Operating profit	22	**542,4**	193,0
(13,7)	**7,3**	Net finance (costs)/income	23	**(1,1)**	(18,0)
572,3	**1 158,0**	Profit from normal operations		**541,3**	175,0
–	**–**	Net goodwill amortised	4	**(5,7)**	(10,4)
572,3	**1 158,0**	Profit before taxation		**535,6**	164,6
–	**(10,5)**	Taxation	24	**(119,9)**	(58,6)
572,3	**1 147,5**	Profit after taxation of the company and its subsidiaries		**415,7**	106,0
–	**–**	Share of after-tax profits of associate companies equity accounted for		**1 720,0**	1 390,3
–	**–**	Profit from normal operations	6	**1 939,3**	1 606,8
–	**–**	Amortisation of goodwill	4	**(219,3)**	(216,5)
572,3	**1 147,5**	Group profit after taxation		**2 135,7**	1 496,3
–	**–**	Minority interest		**(76,9)**	(37,5)
572,3	**1 147,5**	Net profit for the year	15	**2 058,8**	1 458,8
		Headline earnings per share (cents) – basic	25	**180,1**	152,5
		Diluted headline earnings per share (cents) – basic	25	**176,3**	149,9
		Earnings per share (cents) – basic	26	**173,3**	122,8
		Diluted earnings per share (cents) – basic	26	**169,5**	120,3
		Dividend per share (cents)	27	**77,5**	55,0
		– Interim		**25,5**	17,8
		– Final		**52,0**	37,2

RMB HOLDINGS

Cash flow statements

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Note	Group 2004 R million	Group 2003 R million
		Cash flow from operating activities			
572,0	**690,4**	Cash inflow from operations	A	**1 481,5**	993,2
–	–	Purchase of office furniture, fittings and equipment		**(25,8)**	(24,6)
–	–	Proceeds from disposal of office furniture, fittings and equipment		**2,0**	0,4
572,0	**690,4**	Net cash generated from operations		**1 457,7**	969,0
–	–	Investment income		**176,0**	280,5
–	–	Dividends received		**12,4**	40,5
–	–	Tax paid		**(86,4)**	(28,8)
(570,1)	**(744,8)**	Dividends paid to shareholders		**(744,8)**	(570,1)
1,9	**(54,4)**	Net cash inflow/(outflow) from operating activities		**814,9**	691,1
		Cash flow from investing activities			
–	–	Loans to subsidiary and share trust		**(30,4)**	(3,1)
–	–	Reserves received upon acquisition of insurance book		**–**	(0,1)
3,5	–	Net additions to current investments		**(590,7)**	(223,6)
–	–	Goodwill on acquisition of subsidiary		**–**	(1,0)
(1,8)	–	Investment in associate		**–**	(1,8)
–	**543,0**	Proceeds from sale of associate		**543,0**	–
7,5	**126,6**	Net loans repaid/(advanced)		**126,6**	(58,0)
9,2	**669,6**	Net cash inflow/(outflow) from investing activities		**48,5**	(287,6)
		Cash flow from financing activities			
–	–	Funding from minorities		**22,0**	–
–	–	Redemption of preference shares		**(57,6)**	(11,8)
(8,9)	**(73,1)**	Net amount of borrowings raised and repaid		**(28,9)**	91,8
–	–	Cost of funding		**(42,9)**	(63,8)
–	–	Dividends paid on preference shares in issue		**(20,7)**	(23,7)
(8,9)	**(73,1)**	Net cash outflow from financing activities		**(128,1)**	(7,5)
2,2	**542,1**	**Net increase in cash and cash equivalents for the year**		**735,3**	396,0
–	–	Unrealised foreign currency translation adjustment included in cash and cash equivalents		**(25,7)**	(5,5)
0,4	**2,6**	Cash and cash equivalents at the beginning of the year		**1 453,5**	1 063,0
2,6	**544,7**	Cash and cash equivalents at the end of the year		**2 163,1**	1 453,5

Note to the cash flow statements

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		A. CASH INFLOW FROM OPERATIONS		
		Reconciliation of profit before taxation and share of after-tax profits of associate companies equity accounted to cash inflow from operations:		
572,3	**1 158,0**	Profit before taxation	**535,6**	164,6
–	**–**	Share of after-tax profits of associate companies equity accounted for	**1 720,0**	1 390,3
		Adjusted for:		
–	**(478,7)**	Profit on sale of associate	**(172,0)**	–
–	**–**	(Profit)/loss on dilution of shareholding	**(0,4)**	18,9
–	**–**	Increase in reserves in associate companies	**(1 254,6)**	(1 033,2)
–	**–**	Depreciation	**17,9**	12,7
–	**–**	Loss on sale of fixed assets	**1,4**	–
–	**–**	Increase in provision for OUTbonus	**96,2**	47,4
–	**–**	OUTbonus paid	**(25,5)**	(11,2)
–	**–**	Investment income	**(272,6)**	(221,9)
–	**–**	Cost of funding	**23,4**	38,5
–	**–**	Dividends accrued on preference shares in issue	**14,6**	28,2
–	**–**	Fair value adjustment i.r.o. policyholders' liability for investment contracts	**(2,1)**	(1,1)
–	**–**	Provisions	**4,1**	(9,9)
–	**–**	Goodwill amortised	**225,0**	226,9
		Changes in short-term insurance provisions:		
–	**–**	Gross provision for unearned premiums	**48,7**	225,1
–	**–**	Reinsurers' share of provision for unearned premiums	**(0,1)**	(7,2)
–	**–**	Provision for unexpired risks	**87,9**	(24,9)
–	**–**	Policyholders' liability for insurance contracts	**23,0**	25,5
–	**–**	Policyholders' liability for investment contracts	**344,8**	89,4
–	**–**	Gross provision for claims reported but not paid	**64,7**	72,9
–	**–**	Reinsurers' share of provision for claims reported but not paid	**–**	3,4
–	**–**	Gross provision for claims incurred but not reported	**70,9**	(69,2)
–	**–**	Reinsurers' share of provision for claims incurred but not reported	**0,4**	(0,4)
		Changes in working capital		
(2,5)	**2,9**	Current receivables and prepayments	**(43,2)**	(61,4)
2,2	**8,2**	Current payables and provisions	**(26,6)**	89,8
572,0	**690,4**	Cash inflow from operations	**1 481,5**	993,2

RMB HOLDINGS

Statements of changes in equity

for the year ended 30 June 2004

	Share capital R million	Share premium R million	Equity accounted reserves R million	Other non-distributable reserves R million	Retained earnings R million	Total equity R million
COMPANY						
Balance at 1 July 2002	11,9	5 780,9	–	333,4	1 471,8	7 598,0
Net profit for the year	–	–	–	–	572,3	572,3
Dividends paid	–	–	–	–	(570,1)	(570,1)
Balance at 30 June 2003	11,9	5 780,9	–	333,4	1 474,0	7 600,2
Net profit for the year	–	–	–	–	1 147,5	1 147,5
Dividends paid	–	–	–	–	(744,8)	(744,8)
Balance at 30 June 2004	**11,9**	**5 780,9**	**–**	**333,4**	**1 876,7**	**8 002,9**
GROUP						
Balance at 1 July 2002						
– As previously reported	11,9	5 780,9	3 229,1	360,0	949,2	10 331,1
Restatement i.r.o. OUTsurance as a result of the consolidation of its share trust:						
– Minorities share in prior year's retained income restated	–	–	–	–	3,2	3,2
– Minorities share in contingency reserve restated	–	–	–	2,1	–	2,1
– Minorities share in investment reserve restated	–	–	–	0,1	–	0,1
– Goodwill	–	–	–	–	(3,1)	(3,1)
Restatement i.r.o. FirstRand:						
– Consolidation of share trust	–	–	(24,0)	–	–	(24,0)
Restated balance at 1 July 2002	11,9	5 780,9	3 205,1	362,2	949,3	10 309,4
Net profit for the year	–	–	–	–	1 458,8	1 458,8
Dividends paid	–	–	–	–	(570,1)	(570,1)
Income of associate companies retained	–	–	1 033,2	–	(1 033,2)	–
Transfer to contingency reserve	–	–	–	25,7	(25,7)	–
Transfers relating to short-term insurance interests:						
– Revaluation of investment assets	–	–	–	(23,2)	–	(23,2)
– Decrease in reserves due to dilution in holding	–	–	–	(1,0)	–	(1,0)
Transfers relating to associates:						
– Movement on foreign currency translation reserves	–	–	(180,3)	–	–	(180,3)
– AC133 opening balance adjustments	–	–	24,0	–	–	24,0
– Movement in revaluation reserves	–	–	280,7	–	–	280,7
– Consolidation of share trust	–	–	(6,1)	–	–	(6,1)
– Other	–	–	0,7	–	–	0,7
Restated balance at 30 June 2003	11,9	5 780,9	4 357,3	363,7	779,1	11 292,9

	Share capital R million	Share premium R million	Equity accounted reserves R million	Other non-distributable reserves R million	Retained earnings R million	Total equity R million
GROUP (continued)						
Restated balance at 30 June 2003	11,9	5 780,9	4 357,3	363,7	779,1	11 292,9
Net profit for the year	–	–	–	–	2 058,8	2 058,8
Dividends paid	–	–	–	–	(744,8)	(744,8)
Income of associate companies retained	–	–	1 254,6	–	(1 254,6)	–
Retained income of associate sold transferred	–	–	(306,7)	–	306,7	–
Transfer to contingency reserve	–	–	–	29,4	(29,4)	–
Transfers relating to short-term insurance interests:						
– Revaluation of investment assets	–	–	–	21,7	–	21,7
– Increase in reserves due to change in holding	–	–	–	(0,1)	–	(0,1)
Transfers relating to associates:						
– Movement on foreign currency translation reserves	–	–	(88,3)	–	–	(88,3)
– Movement in revaluation reserves	–	–	(69,2)	–	–	(69,2)
– Consolidation of share trust	–	–	25,8	–	–	25,8
– Other	–	–	22,9	–	–	22,9
Balance at 30 June 2004	**11,9**	**5 780,9**	**5 196,4**	**414,7**	**1 115,8**	**12 519,7**

RMB HOLDINGS

Notes to the annual financial statements

for the year ended 30 June 2004

1. ACCOUNTING POLICIES

The accounting policies are set out on pages 40 to 45.

2. TURNOVER

Turnover is a not a meaningful concept in the context of the financial services industry.

3. PROPERTY AND EQUIPMENT

	Land and buildings R million	Computer equipment R million	Furniture, fittings and office equipment R million	Motor vehicles R million	Total R million
Company					
Carrying amount at 30 June 2002	–	–	0,1	–	0,1
– At cost	–	–	0,3	–	0,3
– Accumulated depreciation	–	–	(0,2)	–	(0,2)
Additions/disposals	–	–	–	–	–
Depreciation for the year	–	–	*	–	*
Carrying amount at 30 June 2003	–	–	0,1	–	0,1
– At cost	–	–	0,3	–	0,3
– Accumulated depreciation	–	–	(0,2)	–	(0,2)
Additions/disposals	–	–	–	–	–
Depreciation for the year	–	–	(0,1)	–	(0,1)
Carrying amount at 30 June 2004	–	–	–	–	–
– At cost	–	–	0,3	–	0,3
– Accumulated depreciation	–	–	(0,3)	–	(0,3)
** Amounts smaller than R50 000*					
Group					
Carrying amount at 30 June 2002	0,9	16,1	4,3	1,1	22,4
– At cost	0,9	34,8	7,9	1,4	45,0
– Accumulated depreciation	–	(18,7)	(3,6)	(0,3)	(22,6)
Additions	–	22,4	1,4	0,8	24,6
Disposals	–	(0,1)	–	(0,3)	(0,4)
Depreciation for the year	–	(11,0)	(1,3)	(0,4)	(12,7)
Carrying amount at 30 June 2003	0,9	27,4	4,4	1,2	33,9
– At cost	0,9	57,1	9,4	1,6	69,0
– Accumulated depreciation	–	(29,7)	(5,0)	(0,4)	(35,1)
Additions	70,8	12,5	10,1	3,1	96,5
Disposals	–	(0,3)	(1,8)	(1,2)	(3,3)
Depreciation for the year	(0,5)	(14,9)	(2,0)	(0,5)	(17,9)
Carrying amount at 30 June 2004	71,2	24,7	10,7	2,6	109,2
– At cost	71,7	69,3	14,0	3,1	158,1
– Accumulated depreciation	(0,5)	(44,6)	(3,3)	(0,5)	(48,9)

Land at a cost of R0,95 million is described as portion 4 of Erf 21, Highveld Township. The land was developed as a parking area for the employees of the company at the previous premises of the company. The addition of R70,8 million to land and buildings is described as Erf 1478, 1479, Zwartkop Ext 7, Centurion. The subsidiary of the company entered into a ten year lease arrangement on 1 February 2004 with an option for the company to buy the land and buildings at the end of the lease period. The lease agreement is therefore viewed as a finance lease and the land and buildings capitalised accordingly. The lease liability is detailed in note 18. The land and buildings were valued at discounted expected future lease cash flows at an average market rate of 12,42% per annum.

Motor vehicles with a book value of R2,6 million are held under hire purchase agreements as indicated under note 18.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		4. GOODWILL		
		Analysis of movement		
		Opening carrying amount	**3 475,7**	3 583,9
		Goodwill restated due the inclusion of R100 million debenture investment in the cost price of FirstRand. These debentures were repaid on 30 June 2003.	**–**	(100,0)
		Decrease in carrying value of investment due to consolidation of its share trust		
		– prior years	**–**	157,4
		– current year	**108,0**	55,8
		Goodwill due to the acquisition of a subsidiary by the short-term insurance subsidiary	**–**	5,5
		Amortisation charge relating to:		
		– Subsidiaries	**(5,7)**	(10,4)
		– Associates	**(219,3)**	(216,5)
		Closing carrying amount	**3 358,7**	3 475,7
		At 30 June 2004		
		Cost	**4 495,5**	4 387,5
		Associates (see note 6)	**4 475,1**	4 372,4
		Subsidiaries	**20,4**	15,1
		Accumulated amortisation	**(1 136,8)**	(911,8)
		Carrying amount	**3 358,7**	3 475,7
		Goodwill derived from investments in:		
		Subsidiaries	**3,3**	3,5
		Associates	**3 354,8**	3 471,4
		Subsidiary of short-term insurance subsidiary	**0,6**	0,8
			3 358,7	3 475,7
		Goodwill is amortised on the straight-line basis at 5% per annum		
		5. INVESTMENT IN SUBSIDIARIES		
116,0	**116,0**	Shares at cost		
		Directors' valuations:		
801,5	**1 233,0**	Unlisted		
		Details of subsidiaries (see note 34)		

Name of company	Number of shares	% of equity
OUTsurance Holdings Limited	1 584 225 400	48,9*
RMBSI Investments (Pty) Limited	200	100,0
London & Dominion Trust Limited	500 000	100,0

** Direct holding of 48,9% (after consolidation of share trust), indirect holding through FirstRand Limited 16,7%.*

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		6. INVESTMENT IN ASSOCIATE COMPANIES		
7 433,6	**7 414,1**	Shares at cost	**7 435,2**	7 435,2
–	**–**	Goodwill created (see note 4)	**(4 475,1)**	(4 372,4)
126,6	**–**	Interest-bearing debt	**–**	146,1
–	**–**	Share of post-acquisition increase in reserves of associate companies at beginning of the year	**3 935,7**	2 902,5
–	**–**	Share of retained income for the year	**1 254,6**	1 033,2
–	**–**	Share of retained income of associate sold transferred to retained income	**(306,7)**	–
–	**–**	Decrease in carrying value of investment due to issuing of shares at a price lower than net asset value	**(14,6)**	(14,9)
–	**–**	Share of associates' non-distributable reserves	**312,9**	421,5
7 560,2	**7 414,1**		**8 142,0**	7 551,2
		Market values and directors' valuation:		
		Listed	**18 353,1**	13 738,9
		Unlisted	**–**	480,0
			18 353,1	14 218,9
		Analysis of income		
		Per audited annual financial statements	**1 939,3**	1 538,0
		Per reviewed, unpublished annual financial statements	**–**	68,8
			1 939,3	1 606,8
		Retained income for the year	**1 254,6**	1 033,2
		Dividends received for the year	**684,7**	573,6
			1 939,3	1 606,8

Details of associates (see note 33)

Name of company	Number of shares	% of equity
FirstRand Limited	1 787 629 950	34,2*
Glenrand M.I.B Limited	40 929 920	17,1*
Global Resorts (SA) (Pty) Limited	Sold 1 January 2004	

** After consolidation of share trust*

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		7. INVESTMENTS		
		Long-term investments – available-for-sale		
		Listed shares, at valuation	**–**	225,3
		Opening net book value	**225,3**	240,4
		Additions	**47,3**	75,6
		Disposals	**(342,2)**	(51,2)
		Revaluation surplus/(deficit)	**69,6**	(39,5)
		Gilts, at valuation	**628,6**	44,4
		Opening net book value	**44,4**	36,4
		Additions	**648,4**	39,5
		Disposals	**(63,3)**	(33,3)
		Revaluation (deficit)/surplus	**(0,9)**	1,8
		Foreign investments, at valuation	**–**	44,3
		Opening net book value	**44,3**	55,0
		Additions	**44,3**	2,2
		Disposals	**(93,3)**	–
		Revaluation surplus/(deficit)	**4,7**	(12,9)
		Preference shares	**80,0**	–
		Additions	**80,0**	–
			708,6	314,0

Available-for-sale investments, comprising principally of marketable equity securities, are fair valued annually at the close of business on 30 June.

For investments traded in active markets, fair value is determined by reference to stock exchange quoted closing prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Available-for-sale investments are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		8. DEFERRED TAXATION		
		Net deferred tax asset/(liability) at the beginning of the year	**14,0**	(25,0)
		Foreign currency translation adjustment on year-end revaluation of foreign deferred tax liability	**0,4**	0,3
		Revaluation of investments	**(14,1)**	15,3
		Creation of deferred tax asset from prior year	**–**	4,9
		Deferred tax charge for the year (see note 24)	**28,0**	18,5
		Net deferred tax asset at the end of the year	**28,3**	14,0
		The net deferred tax asset at the end of the year can be analysed as follows:		
		Timing difference – accounting provisions	**45,0**	23,4
		Timing difference – unrealised investment gains and losses	**0,1**	0,1
		Timing difference – provision for tax payable on the reversal the policyholders' liability for insurance contracts	**(5,1)**	(4,4)
		Timing difference – foreign tax provision	**(14,0)**	(4,8)
		Provision for income tax that may become payable on repatriation of foreign revenue reserves	**(0,7)**	(0,7)
		Timing difference – assessable losses	**2,5**	–
		Deferred tax liability on finance lease on property	**0,5**	–
		Unrealised appreciation of non-current investments	**–**	0,4
			28,3	14,0
		Deferred income taxation assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.		
		At the year-end, the group companies' gross deferred tax assets and liabilities can be analysed as follows:		
		Deferred taxation assets of group companies	**48,1**	23,9
		Deferred taxation liabilities of group companies	**(19,8)**	(9,9)
		Net deferred tax asset at the end of the year	**28,3**	14,0

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		9. TECHNICAL ASSETS AND LIABILITIES		
		Technical assets		
		Reinsurers' share of insurance provisions		
		Reinsurers' share of provision for unearned premiums	**11,2**	11,5
		Reinsurers' share of provision for claims reported but not paid	**2,2**	1,8
		Reinsurers' share of provision for claims incurred but not reported	**–**	0,4
			13,4	13,7
		Technical liabilities		
		Insurance provisions		
		Gross provision for unearned premiums	**1 264,4**	1 216,1
		Provision for unexpired risks	**174,7**	86,7
		Policyholders' liability for insurance contracts	**48,5**	25,5
		Gross provision for claims reported but not paid	**213,3**	148,2
		Gross provision for claims incurred but not reported	**217,6**	146,7
			1 918,5	1 623,2
		In the prior year the policyholders' liability in respect of insurance contracts was called the long-term insurance fund. Policyholders' liability in respect of investment contracts was also included in the long-term insurance fund but has been reclassified to Cell and Policyholders' account. The comparatives have been restated accordingly (see note 17).		

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		10. INVESTMENTS			
		Current investments			
		Investments held for trading			
		Listed equity investments, carried at fair value	1	**813,7**	341,0
		Opening carrying amount		**341,0**	333,6
		Additions		**422,2**	149,7
		Proceeds on disposals		**(46,6)**	(46,6)
		Gains and losses on disposal		**0,1**	(7,3)
		Adjustment to market values		**97,0**	(88,4)
		Listed bond investments, carried at fair value	2	**145,4**	11,9
		Opening carrying amount		**11,9**	316,3
		Additions		**167,7**	18,5
		Proceeds on disposals		**(38,7)**	(324,2)
		Gains and losses on disposal		**0,2**	38,1
		Interest accrued on the effective yield		**3,8**	0,4
		Adjustment to market values		**0,5**	(37,2)
		Units held in an equity unit trust fund			
		Closing carrying amount at fair value		**3,2**	0,6
		Units held in a money market unit trust fund			
		Closing carrying amount at fair value		**24,4**	9,3
		Foreign listed investments			
		Closing carrying amount at fair value		**12,4**	12,8
				999,1	375,6
		Available-for-sale investments			
		Redeemable preference shares, carried at fair value	3	**153,3**	110,0
		Opening carrying amount		**110,0**	118,0
		Additions		**48,3**	80,0
		Redemption		**(5,0)**	(88,0)
		Unlisted equity investments, carried at fair value		**26,3**	–
				179,6	110,0
		Investments held-to-maturity			
		Listed bond investments under resale agreements	4		
		Closing carrying amount at amortised cost		**94,0**	407,2
		Other interest-bearing instruments carried at amortised cost	5	**61,5**	61,0
		Opening carrying amount		**61,0**	56,2
		Interest accrued on the effective yield		**5,3**	9,5
		Coupon payments received		**(4,8)**	(4,7)
				155,5	468,2
				1 334,2	953,8

10. INVESTMENTS continued

Investments held by the group's short-term insurance subsidiaries are managed in compliance with the respective insurance legislation in South Africa, Mauritius and Namibia.

Unless specifically held to match the liability profile under a certain insurance contract, investments are placed with the larger banks in Mauritius, the United Kingdom and South Africa, or the company acquires listed South African government bonds under resale agreements.

1 Listed equity investments

Listed equity investments are ordinary shares listed on the JSE Securities Exchange South Africa ("JSE") and includes a JSE Top 40 tracker fund and other mainly JSE Top 40 shares. The carrying amount represents the closing prices on the JSE at the close of business on the last business day of the financial year.

2 Listed bond investments

Listed bond investments represent South African Government issued interest securities.

3 Redeemable preference shares

Preference share investments are made in special purpose vehicles administered by large South African banks. To mitigate credit risk, the preference share investments are secured by put options to those banks. The purpose of the investments is to match the group's contracted obligations to pay dividends on the variable rate cumulative redeemable preference shares in issue (see note 18).

The investments are held to redemption and are carried at cost, which equals redemption value and approximates fair value. Preference shares of R5 million are optionally redeemable in March 2005, but are likely to be renewed at redemption. The remaining R148 million preference shares are redeemable at any time with the notice period ranging from five to ninety business days. Accrued dividends are shown as accrued investment income in the balance sheet.

Dividend yields range from 60% to 61,5% of the prime interest rate of larger South African banks.

4 Listed bond investments under resale agreements

This investment represents South African Government issued interest securities held under short duration resale agreements to protect the group against market risk.

At 30 June 2004, the group held a nominal of R20 million R151 bonds, R67 million R194 bonds and R3 million R177 bonds at an effective yield of 7,6%. During the year the average yield earned on bonds under resale agreements amounted to 8,63%.

5 Other interest-bearing instruments

At the year-end, other interest-bearing instruments included an inflation-linked annuity issued by the South African National Road Fund for the building of the N3 toll road.

The cash flow stream pays quarterly CPI (metropolitan and other urban areas) adjusted annuities up to November 2024.

The inflation-linked cash flow stream is carried at cost plus interest amortised at the real effective yield of 8,21% per annum and is adjusted for changes in the CPI (metropolitan and other urban areas). The carrying amount is reduced by the cash flows received.

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		11. SHORT-TERM LOAN ADVANCED		
		Short-term loan advanced, at cost	**181,9**	215,0
		Interest accrued at the effective yield	**3,6**	6,8
			185,5	221,8

The short-term loan advanced was repayable on 5 April 2004. On 1 July 2003, the terms of the credit linked note were renegotiated and R45 million was repaid. The short-term loan advanced currently bears interest at 8,25% and is repayable on 5 October 2004.

During the current financial year the terms of the loan, were amended and the capital amount of R215 million was divided into an A amount of R170 million and a B amount of R45 million. The A amount bears interest at 8,2% at year-end and the B amount at 8,5% at year-end. The capital is not subject to any specific repayment terms.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		12. ACCOUNTS RECEIVABLE		
		Insurance receivables		
–	**–**	Due by policyholders	**222,6**	152,4
–	**–**	Due by intermediaries	**16,1**	13,8
–	**–**	Reinsurance recoveries receivable	**30,4**	14,4
–	**–**	Accrued investment income	**2,6**	2,8
5,4	**2,7**	Other receivables	**9,8**	55,1
5,4	**2,7**		**281,5**	238,5
		13. CASH AND CASH EQUIVALENTS		
2,6	**544,7**	Cash at bank and in hand	**1 188,4**	534,1
–	**–**	Short-term bank deposits	**974,7**	919,4
2,6	**544,7**		**2 163,1**	1 453,5

Cash and cash equivalents represent current accounts, call deposits and short-term fixed deposits with large banks in South Africa, Ireland and Mauritius. The deposits are spread among these banks to reduce the credit risk exposure. In view of the fact that all deposits will be held to maturity, they are carried at amortised cost.

Company: Number of shares (million)	Company: Ordinary shares R million		Group: Number of shares (million)	Group: Ordinary shares R million
		14. SHARE CAPITAL AND PREMIUM		
		Authorised share capital		
2 000	20,0	– Ordinary shares with a par value of one cent each	2 000	20,0
100	1,0	– Redeemable cumulative preference shares with a par value of one cent each	100	1,0
		Issued ordinary share capital		
1 187,8	11,9	Issued shares at 30 June 2002/2003/2004	1 187,8	11,9

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

In terms of an agreement between the company and Remgro Limited ("Remgro"), which was circulated to shareholders on 6 December 2000, Remgro could subscribe for a maximum of 10 746 611 ordinary shares in the company at a consideration of one cent per share on 31 December 2003. The number of shares for which Remgro could subscribe depended on the value of the company's investments (excluding its investment in FirstRand Limited) at that date. Based on the valuation of such investments at 31 December 2003 Remgro's right to subscribe for additional shares has lapsed.

Company: 2003 R million	Company: **2004 R million**		Group: **2004 R million**	Group: 2003 R million
		Ordinary share capital		
11,9	**11,9**	Balance at 30 June 2002/2003/2004	**11,9**	11,9
		Share premium		
5 780,9	**5 780,9**	Balance at 30 June 2002/2003/2004	**5 780,9**	5 780,9
5 792,8	**5 792,8**	Ordinary share capital and premium	**5 792,8**	5 792,8

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		15. RESERVES		
		Distributable reserves		
		Retained income at the beginning of the year		
1 471,8	**1 474,0**	– as previously reported	**779,1**	949,2
		Restatements due to consolidation		
–	**–**	of share trust	**–**	0,1
1 471,8	**1 474,0**	Restated opening balance	**779,1**	949,3
572,3	**1 147,5**	Net profit for the year	**2 058,8**	1 458,8
(570,1)	**(744,8)**	Dividends for the current year	**(744,8)**	(570,1)
–	**–**	Transfer to reserves	**(977,3)**	(1 058,9)
1 474,0	**1 876,7**	Retained income at the end of the year	**1 115,8**	779,1
		Non-distributable reserves		
		Equity accounted reserves		
–	**–**	Equity accounted earnings from associates	**4 883,6**	3 935,7
–	**–**	Currency translation reserve	**23,8**	112,0
–	**–**	Revaluation of investment assets	**239,7**	308,9
–	**–**	Reserve on capitalisation of subsidiary	**13,1**	13,1
–	**–**	General risk reserve	**24,0**	24,0
–	**–**	FirstRand Share Trust	**(4,3)**	(30,1)
–	**–**	Other non-distributable reserves	**16,5**	(6,3)
–	**–**		**5 196,4**	4 357,3
		Other non-distributable reserves		
–	**–**	Contingency reserve of short-term insurer	**82,3**	52,9
		Investment revaluation deficit of short-term		
–	**–**	insurer	**(1,0)**	(22,6)
		Capital surpluses on disposals and restructuring		
333,4	**333,4**	of strategic investments	**333,4**	333,4
333,4	**333,4**		**414,7**	363,7
333,4	**333,4**	**Total non-distributable reserves**	**5 611,1**	4 721,0
1 807,4	**2 210,1**	**Total reserves**	**6 726,9**	5 500,1
		16. MINORITY INTEREST		
		Balance at the beginning of the year		
		– as previously reported	**124,1**	121,3
		Restatements due to consolidation		
		of share trust	**–**	(25,9)
		Restated opening balance	**124,1**	95,4
		Share of profit after tax	**76,9**	37,5
		Share of reserves created	**8,3**	(8,8)
		Balance at the end of the year	**209,3**	124,1

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		17. CELL AND POLICYHOLDERS' ACCOUNT			
		Cell holders' account	1		
		Balance at the beginning of the year		**83,6**	13,7
		Transfer (to)/from income statement (see note 22)		**(57,6)**	69,9
		Balance at the end of the year		**26,0**	83,6
		Contingency reserve	1		
		Balance at the beginning of the year		**23,7**	87,3
		Transfer from/(to) income statement (see note 22)		**27,9**	(63,6)
		Balance at the end of the year		**51,6**	23,7
		Policyholders' liability for investment contracts	2		
		Balance at the beginning of the year		**88,7**	–
		Fair value adjustment		**(2,1)**	(1,1)
		Net premium income		**344,8**	89,4
		Investment income		**27,3**	0,4
		Balance at the end of the year		**458,7**	88,7
				536,3	196,0

1 Cell holders' account and contingency reserve

An analysis of revenue reserves is made between retained earnings attributable to shareholders and cell holders. The cell holders' account represents the accumulated profit after tax and dividends attributable to cell holders.

2 Policyholders' liability for investment contracts

In the prior year the policyholders' liability in respect of investment contracts was included in the long-term insurance fund. The comparatives have been restated accordingly (see note 9).

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		18. LONG-TERM INTEREST-BEARING LOANS			
73,1	–	Funding raised by the company	1	–	73,1
–	–	Suspensive sale finance by a subsidiary	2	2,6	1,2
–	–	Finance lease on property	3	68,6	–
–	–	Funding raised by a subsidiary to meet the solvency requirement for its short-term insurance activities	4	160,5	218,1
73,1	–			231,7	292,4
–	–	Current portion of long-term loans transferred to short-term interest-bearing loans (see note 20)		(1,5)	(0,5)
73,1	–			230,2	291,9

1. Funding raised by the company

The company financed its obligations by means of a loan obtained from Rand Merchant Bank, a division of FirstRand Bank Limited. The loan was unsecured and bore interest at a rate linked to the prime interest rate. The loan was repaid during the year. Interest paid for the year amounted to R2,9 million (2003: R15,1 million).

2. Suspensive sale finance by a subsidiary

A subsidiary entered into hire purchase agreements to purchase motor vehicles. The hire purchase agreements are secured over certain of the motor vehicles with a book value of R2,6 million. The borrowings are repayable in monthly instalments. The borrowings attract interest at the bank's prime overdraft rate less 1,25%.

3. Finance lease on property

The finance lease is secured by land and buildings with a book value of R70,3 million. A subsidiary entered into a ten-year lease with a group company on 1 February 2004. The subsidiary has an option to purchase the land and buildings at the end of the ten-year lease and as a result of this the rental lease is treated as a finance lease in the books of the group. The lease is payable monthly in advance and expires on 31 January 2014. The liability represents the present value of the discounted expected future lease cash flows at an average market value of 12,42% per annum.

4. Funding raised by a subsidiary to meet the solvency requirement for its short-term insurance activities

4.1 Preference share funding

A subsidiary has 100 000 authorised variable rate cumulative redeemable preference shares of 1 cent each and has issued 2 023 (2003: 3 672) of these preference shares. During the year 1 variable rate cumulative redeemable preference share was issued and 1 650 variable rate cumulative redeemable preference shares were redeemed.

The variable rate cumulative redeemable preference shares are redeemable at the discretion of the directors of the subsidiary company.

The holders of variable rate cumulative redeemable preference shares have no voting rights at any meeting of the subsidiary, unless dividends payable on these shares are in arrears, the redemption payment of any capital is in arrears, or if a resolution is passed which affects the rights attached to the preference shares, or where the subsidiary proposes to dispose of a material portion of its assets.

The variable rate cumulative redeemable preference shares are issued to investors to meet the short-term insurance subsidiaries' statutory solvency requirements:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		18. LONG-TERM INTEREST-BEARING LOANS continued		
		Preference shares of R10 million accrue dividends at an average rate of approximately 65% of the prime interest rate. The remaining preference shares of R5 million accrue dividends at a fixed rate of 10%. The cost of funding is expensed to profit/(loss) before tax.	**15,0**	15,0
		Preference shares are issued to certain cell holders to meet the capital requirements of their cells. Some preference shares accrue dividends equal to an amount of dividends received from an investment in preference shares equal to the amount in issue, included in the amount disclosed in note 10.		
		The group does not incur any costs with regard to these preference shares.		
		Preference shares issued to cell holders may also entitle the cell holder to participate in the operating result of its business cell, distributed as a dividend. The dividends paid are included in dividends accrued on the preference share capital in the income statement (see note 22).	**130,5**	188,1
			145,5	203,1
		4.2 Debenture funding		
		The debentures were issued by a subsidiary. The debentures are unsecured, subordinated and can be converted at the option of the debenture holders to non-redeemable preference shares of R1 each on 30 June or 30 December of any year, failing which they will be compulsorily converted on 30 June 2022.		
		The effective net cost incurred on these instruments amounts to 1,5% per annum.	**15,0**	15,0
			160,5	218,1
		19. ACCOUNTS PAYABLE AND ACCRUALS		
8,3	**58,6**	Creditors and accruals	**130,6**	75,0
2,7	**2,9**	Unclaimed dividends	**2,9**	2,7
–	**–**	Deposit held as security for reinsurance	**1,2**	4,6
–	**–**	Profit participation payable	**34,3**	57,4
–	**–**	Reinsurance premiums payable	**84,7**	89,9
11,0	**61,5**		**253,7**	229,6

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		20. SHORT-TERM INTEREST-BEARING LOANS			
		Short-term loans	1	**345,4**	336,8
		Current portion of long-term loans (see note 18)		**1,5**	0,5
				346,9	337,3
		1. Short-term loans			
		1.1 Promissory note originated by the group, at amortised cost: The promissory note bears interest at 8,2% per annum and is repayable on 5 October 2004.			
		The closing carrying amount at 30 June 2004 is analysed as follows:			
		Cost		**181,8**	215,0
		Interest accrued on the effective yield		**3,6**	6,8
				185,4	221,8
		1.2 Unsecured bank borrowing originated by the group, at amortised cost: The borrowing is unsecured and bears interest at the corporate loan rate. The borrowing is refinanced on a regular basis. During the year interest accrued at an average rate of 10,67% per annum.			
		The closing carrying amount at 30 June 2004 is analysed as follows:			
		Cost		**50,0**	50,0
		Interest accrued on the effective yield (amounts below R50 000)		**–**	–
				50,0	50,0
		1.3 Secured bank borrowing originated by the group, at amortised cost: The group obtained a credit facility of R200 million from FirstRand Bank Limited subject to a surety from RMB Holdings Limited. During the year interest accrued at an average rate of 10,67% per annum. The borrowing is refinanced on a regular basis.			
		The closing carrying amount at 30 June 2004 is analysed as follows:			
		Cost		**110,0**	65,0
		Interest accrued on the effective yield (amounts below R50 000)		**–**	–
				110,0	65,0
		Short-term loans		**345,4**	336,8
		Unutilised credit facilities at the year-end amounted to R90 million (2003: R135 million).			

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		21. PROVISIONS		
		Balance at the beginning of the year	**77,2**	41,9
		Additional provisions	**104,1**	55,7
		Audit fees	**0,5**	0,5
		Leave pay due to employees	**0,5**	0,1
		Operating costs	**0,2**	–
		OUTbonus	**96,1**	47,4
		Secondary tax on companies	**0,8**	2,0
		Staff incentive bonuses	**6,0**	5,7
		Unutilised provisions reversed	**(0,2)**	(4,2)
		Guarantee fees for approved reinsurance	**–**	(0,1)
		Interest	**–**	(4,1)
		Audit fees	**(0,2)**	–
		Utilised during the year	**(35,3)**	(16,2)
		Audit fees	**(0,4)**	(0,3)
		Leave pay paid to employees	**(0,4)**	–
		Operating costs	**(0,2)**	–
		OUTbonuses paid	**(25,5)**	(11,2)
		Secondary tax on companies	**(2,8)**	–
		Staff incentive bonuses	**(6,0)**	(4,7)
		Balance at the end of the year	**145,8**	77,2
		The provisions at the end of the year consist of:		
		Audit fees	**0,4**	0,5
		Guarantee fees for approved reinsurance	**0,5**	0,5
		OUTbonus	**137,6**	67,0
		Leave pay due to employees	**0,6**	0,5
		Secondary tax on companies	**1,2**	3,2
		Staff incentive bonus	**5,5**	5,5
			145,8	77,2

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Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		22. OPERATING PROFIT			
–	–	Gross premiums written		**3 272,9**	2 271,6
–	–	Reinsurance premiums		**(68,5)**	(247,2)
–	–	Net premiums written		**3 204,4**	2 024,4
–	–	Change in the gross provision for unearned premiums		**(50,8)**	(228,0)
–	–	Change in the reinsurers' share of provision for unearned premiums		**(0,4)**	8,4
–	–	Change in the unexpired risk provision		**(87,9)**	24,9
–	–	Earned premiums, net of reinsurance		**3 065,3**	1 829,7
–	–	Claims incurred, net of reinsurance		**(1 488,2)**	(794,4)
–	–	Gross claims paid		**(1 341,3)**	(791,7)
–	–	Reinsurance recoveries received		**10,7**	28,4
–	–	Transfer to the policyholders' liability for insurance contracts		**(23,0)**	(25,5)
–	–	Fair value adjustments in respect of policyholders' liability for investment contracts		**2,1**	1,1
–	–	Change in the gross provision for outstanding claims		**(136,8)**	(0,6)
–	–	Change in the reinsurers' share of provision for outstanding claims		**0,1**	(6,1)
–	–	Provision for OUTbonus		**(96,1)**	(47,4)
(7,5)	**(13,0)**	Net operating expenses	1	**(1 275,6)**	(836,4)
(7,5)	**(13,0)**	Underwriting profit/(loss) before investment income		**205,4**	151,5
–	**478,7**	Profit on sale on associate		**172,0**	–
593,5	**685,0**	Net investment income	2	**257,6**	187,7
586,0	**1 150,7**	Operating profit attributable to shareholders and policy/cell holders		**635,0**	339,2
–	–	Profit attributable to policy/cell holders		**(92,6)**	(146,2)
–	–	Profit participation i.r.o. cell holders		**(68,8)**	(68,1)
–	–	Dividends accrued on preference shares in issue		**(14,6)**	(28,2)
–	–	Transfer from/(to) the cell holders' account and contingent reserve (see note 17)		**29,7**	(6,3)
–	–	Taxation on behalf of policy/cell holders (see note 24)		**(38,9)**	(43,6)
586,0	**1 150,7**	Operating profit		**542,4**	193,0

Included in operating profit is a net profit of R0,4 million (2003: Loss of R18,9 million) due to dilution of shareholding.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		22. OPERATING PROFIT continued		
		1. Operating expenses include inter alia the following:		
		Depreciation		
–	**0,1**	– Owned assets	**17,4**	12,7
–	**–**	– Leased assets	**0,5**	–
–	**0,1**		**17,9**	12,7
		Operating lease rentals		
0,3	**0,3**	– Properties	**3,5**	4,7
–	**–**	– Equipment	**0,7**	0,7
0,3	**0,3**		**4,2**	5,4
		Future minimum lease payments under non-cancellable operating leases (building leases) are as follows:		
–	**–**	Not later than 1 year	**9,9**	2,7
		Auditors' remuneration		
0,2	**0,2**	– Audit fees – current year	**1,5**	1,4
–	**0,1**	– underprovision prior year	**0,2**	–
0,1	**–**	– Other services	**–**	0,1
0,3	**0,3**		**1,7**	1,5
		Staff costs		
–	**–**	– Salaries and incentive bonus	**129,4**	92,2
0,5	**0,2**	Consulting and legal fees for professional services	**4,3**	1,1
		Acquisition expenses		
–	**–**	– Gross acquisition costs	**39,0**	33,7
–	**–**	– Change in deferred acquisition costs	**(2,5)**	(1,6)
–	**–**		**36,5**	32,1
–	**–**	Reinsurance commission received	**1,9**	2,7
–	**–**	Operating costs relating to customer protection insurance business	**–**	43,7
–	**–**	Gross commissions and reinsurance commissions paid	**945,1**	561,9
–	**–**	Profit participation paid	**15,4**	19,4
		2. Net investment income		
593,5	**685,0**	Dividends received	**34,7**	32,8
–	**–**	Interest received	**168,8**	271,4
–	**–**	Unrealised investment gains/(losses)	**82,0**	(126,7)
–	**–**	Gains on disposal on investments	**17,9**	52,0
–	**–**	Foreign currency translation loss	**(27,9)**	(5,2)
–	**–**	Reclassification of investment income in respect of policyholders' liability for investment contracts	**–**	(0,5)
–	**–**	Interest paid on the convertible debentures	**(1,9)**	(2,5)
–	**–**	Interest paid on long-term borrowings	**–**	(4,5)
–	**–**	Interest paid on short-term borrowings	**(16,0)**	(29,1)
593,5	**685,0**		**257,6**	187,7

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for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		23. NET FINANCE (COSTS)/INCOME		
15,1	**7,3**	Interest income	**7,3**	15,1
(28,8)	**–**	Interest expense	**(8,4)**	(33,1)
(13,7)	**7,3**	Net finance (costs)/income	**(1,1)**	(18,0)
		24. TAXATION		
		SA normal taxation		
		Current tax		
–	**(13,6)**	Current year	**(147,1)**	(72,6)
–	**5,3**	Previous year	**4,1**	–
		Deferred tax		
–	**–**	Current year	**28,2**	14,4
–	**–**	Previous year	**–**	4,9
–	**(2,2)**	Secondary tax on companies	**(1,0)**	(1,3)
		Mauritian tax		
		Current tax		
–	**–**	Current year	**–**	(0,7)
–	**–**	Previous year	**–**	(0,7)
		Deferred tax		
–	**–**	Current year	**(0,4)**	(0,3)
		Namibian tax		
		Current tax		
–	**–**	Current year	**(0,1)**	(0,2)
		Deferred tax		
–	**–**	Current year	**–**	(0,1)
		Irish tax		
		Deferred tax		
–	**–**	Current year	**(3,6)**	(2,0)
–	**(10,5)**		**(119,9)**	(58,6)
		The tax on the group's profits before taxation differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:		
572,3	**1 158,0**	Profit before taxation (excluding results in associates)	**535,6**	164,6

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
%	**%**	**24. TAXATION continued**	**%**	%
30,00	**30,00**	Tax calculated at a tax rate of 30% (2003: 30%)	**30,00**	30,00
(30,00)	**(29,28)**	Net income and expenses not subject to tax	**(7,57)**	9,85
–	**–**	Dividends paid on preference shares	**0,07**	0,30
–	**–**	Tax paid on profits attributable to policy/ cell holders	**–**	0,55
–	**–**	Prior year adjustments	**0,09**	0,43
–	**–**	Recognition of deferred tax asset	**–**	(2,99)
–	**–**	Income tax rate differential	**(1,76)**	(5,77)
–	**–**	Imputed net income from controlled foreign company	**1,27**	–
–	**–**	Assessable losses not recognised	**–**	0,24
	–	Provision for foreign tax	**–**	1,82
–	**–**	Foreign currency translation adjustments i.r.o. foreign tax provisions	**0,07**	0,30
–	**0,19**	Secondary tax on companies	**0,22**	0,87
–	**0,91**	Effective tax charge	**22,39**	35,60
		The tax charge reflected in the income statement only represents the tax payable by the shareholders. The group also pays tax on behalf of policyholders. The following table reflects the tax charge of the policyholders:		
		SA normal taxation		
		Current tax		
		Current year	**(33,2)**	(40,0)
		Deferred tax		
		Current year	**1,4**	6,4
		Secondary tax on companies	**(9,4)**	(8,2)
		Mauritian tax		
		Current tax		
		Current year	**–**	(2,0)
		Previous year	**–**	0,6
		Deferred tax		
		Current year	**2,4**	–
		Namibian tax		
		Current tax		
		Current year	**(0,1)**	(0,5)
		Deferred tax		
		Current year	**–**	0,1
			(38,9)	(43,6)
		Total tax charge		
–	**(10,5)**	Shareholders	**(119,9)**	(58,6)
–	**–**	Policyholders (see note 22)	**(38,9)**	(43,6)
–	**(10,5)**		**(158,8)**	(102,2)

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		25. HEADLINE EARNINGS PER SHARE		
		Headline earnings per share is calculated by dividing the adjusted earnings attributable to shareholders by the weighted number of ordinary shares in issue during the year.		
		Headline earnings reconciliation		
		Earnings attributable to ordinary shareholders	**2 058,8**	1 458,8
		Profit on sale of associate (after tax)	**(160,6)**	–
		Net goodwill amortised of holding company and its subsidiaries (after minorities)	**225,0**	225,4
		Goodwill impaired by associates	**31,7**	82,5
		Goodwill amortised by associates	**25,1**	42,0
		Profit on dilution of shareholding	**(0,4)**	(0,2)
		Loss on dilution of shareholding	**–**	19,1
		Loss on disposal of investment by associate	**1,6**	9,5
		Abnormal profit on release of reserves	**–**	(18,8)
		Impairment on investment by associate	**3,6**	1,1
		Realised (profit)/loss on sale of available-for-sale assets	**(34,1)**	1,7
		Impairment of gaming equipment	**–**	3,2
		Impairment of building	**–**	(6,7)
		Realised gains on investments	**(11,0)**	(6,8)
		Other	**0,1**	0,9
		Headline earnings attributable to ordinary shareholders	**2 139,8**	1 811,7
		Weighted average number of ordinary shares in issue	**1 187 808 570**	1 187 808 570
		Headline earnings per share (cents) – basic	**180,1**	152,5
		Diluted headline earnings per share (cents) – basic	**176,3**	149,9
		26. EARNINGS PER SHARE		
		Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted number of ordinary shares in issue during the year.		
		Basic earnings per share		
		Earnings attributable to ordinary shareholders	**2 058,8**	1 458,8
		Weighted average number of ordinary shares in issue	**1 187 808 570**	1 187 808 570
		Earnings per share (cents) – basic	**173,3**	122,8
		Diluted earnings per share (cents) – basic	**169,5**	120,3
		27. DIVIDEND PER SHARE		
		Total dividends paid during the year	**744,8**	570,1
		Total dividends declared during the year	**920,6**	653,3
		Number of ordinary shares in issue	**1 187 808 570**	1 187 808 570
		Dividends declared per share (cents)	**77,5**	55,0

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

28.1 Foreign currency risk

The group's foreign currency exposures are managed in terms of limits approved by its board of directors. At the year-end, the following currency exposures existed.

	June 2004 USD million	June 2004 EURO million
Cash and cash equivalents	**24,7**	**0,3**

28.2 Credit risk

Credit risk exposures consist of cash and cash equivalents and investments. The group manages its counter party exposures on cash and cash equivalents by only dealing with financial institutions of high quality credit standing. The credit exposures are reviewed by the board of directors. At the year-end, the group did not consider to have any inappropriate concentration of credit risk. At the year-end, the credit exposures were as follows:

	June 2004 Rm
Republic of South Africa	3 984,2
Republic of Namibia	4,7
Republic of Mauritius	149,6
The United Kingdom	67,4
	4 205,9

28.3 Interest rate risk

Interest rate risk arises from the rollover of the group's fixed rate borrowings and deposits, refinancing of existing borrowings and incremental borrowings.

The group matches the duration of its interest-bearing liabilities and assets to reduce fluctuations in the net effect of interest on its income.

At the year-end, the following interest rate exposures existed:

	0 – 6 months Rm	7 – 12 months Rm	1 – 3 years Rm	4 – 5 years Rm	>5 years Rm	Total Rm
Short-term loan advanced at a fixed rate of 8,25%	185,5	–	–	–	–	185,5
Short-term borrowing at a fixed rate of 8,2%	(185,4)	–	–	–	–	(185,4)
Short-term borrowing at a fixed rate of 10,67%	(160,0)	–	–	–	–	(160,0)
Governments bonds under resale agreement at 11,75%	94,0	–	–	–	–	94,0
Inflation-linked annuity at 8,21% real interest	–	–	2,2	3,1	56,2	61,5
Cash and cash equivalents at 7,4% for Rand denominated investments and 1,0% for USD denominated investments	1 002,6	–	–	–	–	1 002,6
Cash and cash equivalents at an average rate 7,69%	1 160,5	–	–	–	–	1 160,5
Interest-bearing borrowings	(0,7)	(0,8)	(3,2)	(2,3)	(64,2)	(71,2)
Convertible debentures at 8,5%	(15,0)	–	–	–	–	(15,0)
	2 081,5	**(0,8)**	**(1,0)**	**0,8**	**(8,0)**	**2 072,5**

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

28.4 Liquidity risk

The group manages liquidity risk through cash flow forecasts and actuarial assessment of the liquidity profile of long-tail insurance liabilities.

At the year-end, the group had the following liquidity profile:

	0 – 6 months Rm	7 – 12 months Rm	1 – 3 years Rm	4 – 5 years Rm	>5 years Rm	Total Rm
Short-term loan advanced	185,5	–	–	–	–	185,5
Receivable from policyholders	23,6	199,0	–	–	–	222,6
Due by intermediaries	16,1	–	–	–	–	16,1
Reinsurance recoveries receivable	30,4	–	–	–	–	30,4
Accrued investment income	2,6	–	–	–	–	2,6
Other amounts receivable	9,8	–	–	–	–	9,8
Investments	1 951,9	29,4	2,2	3,1	56,2	2 042,8
Cash and cash equivalents	2 163,1	–	–	–	–	2 163,1
Interest-bearing borrowings	(0,7)	(0,8)	(3,2)	(2,3)	(64,2)	(71,2)
Deferred tax	28,3	–	–	–	–	28,3
Claims payable	(213,3)	–	–	–		(213,3)
Short-term borrowing raised	(345,4)	–	–	–	–	(345,4)
Accounts payable and accruals	(134,7)	–	–	–	–	(134,7)
Profit participation payable to cell holders	(34,3)	–	–	–	–	(34,3)
Income tax payable	(173,7)	–	–	–	–	(173,7)
Reinsurance premiums payable	(84,7)	–	–	–	–	(84,7)
	3 424,5	**227,6**	**(1,0)**	**0,8**	**(8,0)**	**3 643,9**

28.5 Fair value

At the year-end, the carrying amounts of cash and short-term fixed deposits approximated their fair values due to the short-dated maturities of these financial assets.

The following methods and assumptions were applied in determining the fair values:

Financial instruments, traded in an organised financial market, are valued at the quoted market price at the close of business on the last day of the financial year.

Financial instruments that are not traded in an organised financial market are valued at market closing prices of comparable listed instruments, and are adjusted for those attributes of the price that are different, such as maturity date and risk profile.

The carrying amounts of the following categories of financial assets and liabilities approximate fair value:

- amounts receivable from policyholders,
- other amounts receivable,
- cash and cash equivalents,
- unlisted preference share investments,
- accounts payable and accruals, and
- provisions for liabilities and charges.

The maturity value of interest-bearing debt is discounted using current market interest rates, adjusted for the timing of cash flows and risk to arrive at an estimated fair value for interest-bearing borrowings.

29. RELATED PARTIES

Major shareholders

Details of major shareholders are disclosed in the directors' report.

Transactions with directors

There are no material transactions with directors other than the emoluments detailed in the directors' report.

Transactions with entities in the group

All transactions within the group are conducted at arm's length.

Detail of loans outstanding at year-end are set out in note 18. RMBH received a management fee from the FirstRand group of R2,5 million (2003: R3,7 million). The company's cash at bank of R544,7 million is deposited with FirstRand Bank Limited.

Transactions between subsidiaries and associates of the group

RMBSI Investments (Proprietary) Limited's subsidiaries entered into related party transactions with the FirstRand Group during the year. These transactions were conducted at arms length.

The consolidated income statement and balance sheet include the following amounts which relate to transactions entered into with related parties:

	Group	
	2004 R million	2003 R million
Insurance transactions		
Income statement effect:		
Gross written premiums	**285,2**	392,8
Refund premiums paid on restitution of an insurance contract	**–**	(116,8)
Outward reinsurance premiums	**(3,0)**	(207,0)
Claims incurred, net of reinsurance	**(305,2)**	(164,5)
Fee income earned	**11,9**	17,9
Balance sheet effect:		
Technical liabilities:		
Gross provision for unearned premiums	**923,7**	926,7
Provision for unexpired risks	**173,1**	79,4
Gross provision for claims reported but not paid	**31,7**	3,8
Gross provision for claims incurred but not reported	**20,0**	27,5
Technical assets:		
Reinsurers' share of provision for unearned premiums	**6,0**	3,0
Other transactions		
Other liability classes:		
Long-term and short-term loans raised	**185,5**	336,8
Other asset classes:		
Cash and cash equivalents	**930,5**	224,1
Investments	**699,4**	75,0
Loans advanced	**345,5**	221,8
OUTsurance entered into profit share agreements with certain business within the FirstRand Group.		
Income statement effect:		
Profit participation in respect of cellholders	**68,8**	51,4

OUTsurance entered into a ten year lease agreement with the FirstRand Group for the land and buildings described as Erf 1478, 1479, Zwartkop Ext 7, Centurion.

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

30. CONTINGENT LIABILITIES

Company

The following contingencies and guarantees exist at 30 June 2004:

– A guarantee provided in respect of funding facilities of a subsidiary for an amount not exceeding R200 million.

31. RETIREMENT BENEFITS

Group companies are participants in a defined contribution pension fund and a defined contribution provident fund.

To the extent that the company is responsible for contributions to these funds, such contributions are charged against income as incurred. The funds are registered in terms of the Pension Funds Act, 1956.

32. POST-BALANCE SHEET EVENT

Other than for the final dividend declaration dealt with on page 39 of the directors' report, there were no material post-balance sheet events which could have materially affected the financial position of the group.

	FirstRand Ltd		Glenrand M.I.B Ltd	
	2004 R million	2003 R million	**2004 R million**	2003 R million
33. ASSOCIATES				
Financial year	**30 June**	30 June	**30 June**	30 June
Year used for equity accounting	**30 June**	30 June	**30 June**	30 June
Country of incorporation	Republic of South Africa		Republic of South Africa	
Number of shares held	**1 787 629 950**	1 787 629 950	**40 929 920**	40 929 920
Interest held (%) (after consolidation of share trust)	**34,20%**	34,19%	**17,05%**	17,14%
Carrying value of investment in associates	**8 107,1**	7 076,9	**34,9**	38,9
Total share of post-acquisition increase in reserves of associates	**5 147,8**	4 015,0	**34,1**	38,1
Income attributable to RMBH for the year	**1 915,5**	1 523,2	**6,3**	14,8
Less: Dividends received	**(674,9)**	(563,1)	**(9,8)**	(8,6)
Share of retained income for the year	**1 240,6**	960,1	**(3,5)**	6,2
Market value	**18 216,0**	13 657,5	**137,1**	81,4

	FirstRand Ltd		Glenrand M.I.B Ltd	
	2004 R million	2003 R million	**2004 R million**	2003 R million
33. ASSOCIATES continued				
Balance sheet				
Assets				
Banking operations	**277 326,0**	256 655,0	**–**	–
Insurance operations	**82 654,0**	75 697,0	**–**	–
Investments	**–**	–	**51,5**	60,5
Loans	**–**	–	**–**	–
Investments in associate companies	**2 815,0**	2 455,0	**–**	–
Derivative assets	**45 485,0**	43 879,0	**–**	–
Taxation	**174,0**	–	**–**	–
Assets arising from insurance contracts	**1 403,0**	772,0	**–**	–
Intangible assets	**660,0**	472,0	**–**	9,8
Deferred taxation	**983,0**	982,0	**24,5**	35,8
Goodwill	**–**	–	**33,7**	12,9
Property and equipment	**4 456,0**	4 068,0	**46,1**	184,8
Current assets	**8 865,0**	8 694,0	**706,2**	752,7
Total assets	**424 821,0**	393 674,0	**862,0**	1 056,5
Shareholders' equity and liabilities				
Deposits and other accounts	**219 061,0**	215 637,0	**–**	–
Non-recourse deposits	**6 515,0**	2 403,0	**–**	–
Current liabilities	**14 052,0**	17 150,0	**601,7**	722,1
Provisions	**1 345,0**	908,0	**–**	–
Taxation	**1 414,0**	1 430,0	**–**	–
Derivative liabilities	**40 783,0**	46 657,0	**–**	–
Short trading positions	**23 286,0**	4 219,0	**–**	–
Deferred taxation	**2 155,0**	1 945,0	**0,3**	–
Post-retirement medical liabilities	**1 402,0**	1 293,0	**–**	–
Debenture and long-term liabilities	**7 104,0**	3 943,0	**34,8**	68,0
Life insurance fund	**81 969,0**	76 286,0	–	–
Total liabilities	**399 086,0**	371 871,0	**636,8**	790,1
Outside shareholders' interest	**1 823,0**	1 010,0	**21,9**	41,9
Capital and reserves	**23 912,0**	20 793,0	**203,3**	224,5
Total shareholders' equity and liabilities	**424 821,0**	393 674,0	**862,0**	1 056,5
Income statement				
Net profit for the year	**5 676,0**	4 516,0	**36,4**	86,0

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

	Global Resorts SA (Pty) Ltd*	
	2004 R million	2003 R million
33. ASSOCIATES continued		
Unlisted		
Financial year	**31 Dec**	31 Dec
Year used for equity accounting	**31 Dec 2003**	30 June 2003
Country of incorporation	Republic of South Africa	
Number of shares held	**–**	1 596 825
Interest held (%)	**0,00%**	48,00%
Carrying value of investment in associates	**–**	435,4
Total share of post-acquisition increase in reserve of associates	**–**	289,2
Income attributable to RMBH for the year	**17,5**	68,8
Less: Dividends received	**–**	(1,9)
Share of retained income for the year	**17,5**	66,9
Directors' valuation of RMBH's investment	**–**	480,0

** Sold 1 January 2004*

	OUTsurance Holdings Limited		RMB Structured Insurance Limited*		London and Dominion Trust Limited	
	2004 R million	2003 R million	**2004 R million**	2003 R million	**2004 R million**	2003 R million
34. SUBSIDIARIES						
Unlisted						
Financial year	**30 June**	30 June	**30 June**	30 June	**30 June**	30 June
Year used for consolidation	**30 June**	30 June	**30 June**	30 June	**30 June**	30 June
Country of incorporation	Republic of South Africa		Republic of South Africa		Republic of South Africa	
Number of shares held	**1 584 225 400**	1 584 225 400	**200**	200	**500 000**	500 000
Effective interest held (%) (after consolidation of share trust)	**65,60%**	65,49%	**100,00%**	100,00%	**100,00%**	100,00%
Shares at cost	**90,0**	90,0	**25,5**	25,5	**0,5**	0,5
Indebtedness						
– by subsidiaries	**–**	–	**–**	–	**–**	–
– to subsidiaries	**–**	–	**–**	–	**–**	–
Total attributable after tax profit of subsidiaries	**224,4**	108,5	**40,3**	43,4	**–**	–
Directors' valuation of RMBH's investment	**1 085,0**	691,5	**148,0**	110,0	**–**	–

** Indirectly held through RMBSI Investments (Pty) Limited.*

	OUTsurance Holdings Limited		RMB Structured Insurance Limited	
	2004 R million	2003 R million	**2004 R million**	2003 R million
34. SUBSIDIARIES continued				
Income statement				
Gross premiums written	**1 460,4**	1 007,6	**1 812,5**	1 264,0
Reinsurance premiums	**(27,9)**	(24,2)	**(40,6)**	(223,0)
Net premiums written	**1 432,5**	983,4	**1 771,9**	1 041,0
Change in the gross provision for unearned premiums	**(38,4)**	(61,1)	**(12,4)**	(166,9)
Change in the reinsurers' share of provision for unearned premiums	**(0,4)**	1,2	**–**	7,2
Change in the unexpired risk provision	**–**	–	**(87,9)**	24,9
Earned premiums, net of reinsurance	**1 393,7**	923,5	**1 671,6**	906,2
Claims incurred, net of reinsurance	**(719,6)**	(523,2)	**(768,6)**	(271,2)
Gross claims paid	**(670,8)**	(482,1)	**(670,5)**	(309,6)
Reinsurance recoveries received	**6,3**	19,9	**4,4**	8,5
Transfer to the policy-holders' liability for insurance contracts	**–**	–	**(23,0)**	(25,5)
Fair value adjustments in respect of policyholders' liability for investment contracts	**–**	–	**2,1**	1,1
Change in the gross provision for outstanding claims	**(55,6)**	(57,9)	**(81,2)**	57,3
Change in the reinsurers' share of provision for outstanding claims	**0,5**	(3,1)	**(0,4)**	(3,0)
Provision for OUTbonus	**(96,1)**	(47,4)	**–**	–
Net operating expenses	**(248,7)**	(186,4)	**(1 014,8)**	(628,3)
Underwriting profit/(loss) before investments income	**329,3**	166,5	**(111,8)**	6,7
Net investment income	**98,8**	87,7	**150,3**	95,7
Profit before taxation	**428,1**	254,2	**38,5**	102,4
Taxation	**(134,9)**	(77,6)	**(13,3)**	(24,5)
Net profit after taxation	**293,2**	176,6	**25,2**	77,9
Transfer from/(to) the policyholders' account	**–**	–	**29,7**	(6,3)
Dividends accrued on preference shares in issue	**–**	–	**(14,6)**	(28,2)
Profit participation	**(68,8)**	(68,1)	**–**	–
Net profit for the year attributable to shareholders	**224,4**	108,5	**40,3**	43,4

Note: London and Dominion Trust Limited is a dormant company.

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Notes to the annual financial statements continued

for the year ended 30 June 2004

35. SEGMENT REPORT

Primary segments (Business)

Year ended 30 June 2004

	Banking and Financial Services	Long-term Insurance	Short-term Insurance	Gaming	Other	Total
Operating profit	–	–	**382,7**	–	**159,7**	**542,4**
Finance costs – net	–	–	**(8,4)**	–	**7,3**	**(1,1)**
Share of associates	**1 589,9**	**462,7**	–	**17,5**	**(130,8)**	**1 939,3**
Net goodwill amortised	–	–	**(0,2)**	–	**(224,8)**	**(225,0)**
Profit before taxation	**1 589,9**	**462,7**	**374,1**	**17,5**	**(188,6)**	**2 255,6**
Taxation			**(109,4)**		**(10,5)**	**(119,9)**
Profit after taxation	**1 589,9**	**462,7**	**264,7**	**17,5**	**(199,1)**	**2 135,7**
Minority interest	–	–	**(76,9)**	–	–	**(76,9)**
Net profit	**1 589,9**	**462,7**	**187,8**	**17,5**	**(199,1)**	**2 058,8**

	Banking, Financial Services and Long-term Insurance	Short-term Insurance	Gaming	Other	Total
Segment assets	–	**4 305,5**	–	**547,7**	**4 853,2**
Associates	**8 142,0**	–	–	–	**8 142,0**
Goodwill	**3 354,8**	**3,9**	–	–	**3 358,7**
Total assets	**11 496,8**	**4 309,4**	–	**547,7**	**16 353,9**
Segment liabilities	–	**3 550,0**	–	**74,9**	**3 624,9**

Year ended 30 June 2003

	Banking and Financial Services	Long-term Insurance	Short-term Insurance	Gaming	Other	Total
Operating profit	–	–	219,5	–	(26,5)	193,0
Finance costs – net	–	–	(4,3)	–	(13,7)	(18,0)
Share of associates	1 284,9	289,6	–	69,0	(36,7)	1 606,8
Net goodwill amortised	–	–	(4,8)	–	(222,1)	(226,9)
Profit before taxation	1 284,9	289,6	210,4	69,0	(299,0)	1 554,9
Taxation	–	–	(58,6)	–	–	(58,6)
Profit after taxation	1 284,9	289,6	151,8	69,0	(299,0)	1 496,3
Minority interest	–	–	(37,5)	–	–	(37,5)
Net profit	1 284,9	289,6	114,3	69,0	(299,0)	1 458,8

	Banking, Financial Services and Long-term Insurance	Short-term Insurance	Gaming	Other	Total
Segment assets	–	3 244,5	–	8,6	3 253,1
Associates	7 115,8	–	435,4	–	7 551,2
Goodwill	3 471,4	4,3	–	–	3 475,7
Total assets	10 587,2	3 248,8	435,4	8,6	14 280,0
Segment liabilities	–	2 778,6	–	84,4	2 863,0

35. SEGMENT REPORT continued

The group is organised into the following business segments:

- Banking and Financial Services – consists of the banking business of FirstRand and the financial services business of Glenrand M.I.B
- Long-term Insurance – consists of the insurance business of FirstRand
- Short-term Insurance – consists of the insurance business of OUTsurance and RMB Structured Insurance
- Gaming – consists of the business conducted by Global Resorts
- Other – consists of the holding company costs i.r.o. of RMB Holdings Limited and FirstRand Limited.

All transactions between the different business segments are conducted at arm's length.

Secondary segments (geographical)

The secondary reporting format is by geographical analysis and the directors consider that there is only one geographical segment, being the Republic of South Africa.

36. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVES

The accounting policies of the RMBH group comply with South African Statements of Generally Accepted Accounting Practice. Such policies are in all material respects consistent with those applied in the preparation of the financial statements for the year ended 30 June 2003, except for adoption of a new accounting policy in terms of which shares held by share incentive trusts are to be eliminated upon consolidation by FirstRand, OUTsurance and Glenrand M.I.B.

Impact of new accounting policy

By eliminating the shares held by its staff share incentive trust, a reporting entity reduces the number of shares it has in issue. As a consequence, the effective interest of the remaining shareholders changes. The impact of these changes on RMBH's effective interest in its investments (where the staff share incentive trusts held shares) was as follows:

RMBH's effective interest in:	FirstRand %	OUTsurance %	Glenrand M.I.B %
At 30 June 2003:			
Before consolidation of share trust	32,7	61,2	17,2
After consolidation of share trust	34,2	65,5	17,1
At 30 June 2004:			
Before consolidation of share trust	32,6	60,3	17,0
After consolidation of share trust	34,2	65,6	17,1

The consequential changes arising from such change in RMBH's effective interest has been reflected in the accompanying financial statements. These changes in effective interest are likely to arise on an annual basis should the underlying shareholding held by the share incentive trusts change. The potential future dilution in earnings arising from such share incentive schemes is reflected in diluted headline earnings per share.

RMB HOLDINGS

Notes to the annual financial statements continued

for the year ended 30 June 2004

36. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVES continued

This change in accounting policy and other restatement of comparatives were as follows:

Balance sheet item	As restated	As originally stated	Difference	Reason
Company				
Investment in associate companies	7 560,2	7 558,4	1,8	Increase in the Global Resorts investment
Reserves	1 807,4	1 805,6	1,8	Dividend received from Global Resorts
Group				
Goodwill	3 475,7	3 370,9	104,8	The restatement is due to the net of the following: Decrease of R100 million due to the inclusion of a debenture investment in the original cost price of FirstRand Increase of R213,2 million due to consolidation of share trust Increase in amortisation of goodwill of R8,4 million as a result of the increased goodwill due to the consolidation of share trust
Investment in associate companies	7 551,2	7 640,2	(89,0)	The restatement is due to the net of the following: Decrease in goodwill of R100 million due to the inclusion of a debenture investment in the original cost price of FirstRand Increase of R207,7 million in goodwill due to consolidation of share trust Increase in share of retained income of R30,3 million due to consolidation of share trust Decrease in non-distributable reserves of R13,4 million due to consolidation of the share trust Increase in the Global Resorts investment with R1,8 million
Technical assets	13,7	32,4	(18,7)	Reclassification of reinsurers' share of provision for unearned premiums
Policyholders' account	196,0	107,2	88,8	Reclassification of policyholders' liability for investment contracts
Technical liabilities	1 623,2	1 778,9	(155,7)	Reclassification of OUTsurance OUTbonus and policyholders' liability for investment contracts
Accounts payable and accruals	229,6	248,2	(18,6)	Reclassification of reinsurance premiums payable
Provisions	77,2	10,2	67,0	Reclassification of OUTsurance OUTbonus
Reserves	5 500,1	5 480,9	19,2	Dividend of R1,8 million received from Global Resorts Restatement of R17,4 million due to consolidation of share trusts
Minorities' interest	124,1	146,8	(22,7)	Restatement due to consolidation of share trusts

Shareholder information

as at 30 June 2004

	Shares held (000's)	%
ANALYSIS OF SHAREHOLDING		
Major shareholders (owners) holding more than 5%		
Financial Securities Ltd (Remgro)	274 110	23,08
LL Dippenaar (direct and indirect)	91 581	7,71
GT Ferreira (direct and indirect)	87 318	7,35
Public Investment Commissioner	79 615	6,70
	532 624	44,84
Shareholders holding less than 5% each	655 185	55,16
Total shareholders	1 187 809	100,00
Shareholder type		
Corporates	302 179	25,44
Pension funds	289 944	24,41
Insurance companies	119 494	10,06
Other managed funds	48 025	4,04
Unit trusts	65 685	5,53
Individuals	362 482	30,52
Total	1 187 809	100,00

	Number of shareholders	Shares held	%
Public and non-public shareholders			
Public	20 657	665 586	56,03
Non-public			
Corporates (Remgro)	1	274 110	23,08
Directors and associates	6	222 616	18,74
FirstRand share trusts	1	25 497	2,15
Total	20 665	1 187 809	100,00

	Shares held	%
Geographic ownership		
South Africa	1 133 170	95,40
International	54 639	4,60
Total	1 187 809	100,00

PERFORMANCE ON THE JSE SECURITIES EXCHANGE SOUTH AFRICA
as at 30 June 2004

	2004	2003
Number of shares in issue (000's)	**1 187 809**	1 187 809
Market prices (cents per share):		
Closing	**1 615**	1 065
High	**1 650**	1 170
Low	**1 030**	870
Weighted average	**1 331**	1 013
Closing price/net asset value per share	**1,6**	1,1
Closing price/earnings (headline)	**9,0**	7,0
Volume of shares traded (millions)	**298**	225
Value of shares traded (R millions)	**3 973**	2 275
Market capitalisation (R millions)	**19 183**	12 650

RMB HOLDINGS

Notice of annual general meeting

RMB HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1987/005115/06)
Share Code: RMH
ISIN: ZAE000024501
("the company")

Notice is hereby given of the seventeenth annual general meeting of the shareholders of RMB Holdings Limited to be held in the auditorium, 18th Floor, 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton on Wednesday, 24 November 2004 at 09:30 to, if approved, pass the following resolutions with or without modifications:

1. Ordinary resolution number 1
Approval of annual financial statements
Resolved that the audited annual financial statements of the company and the group for the year ended 30 June 2004 be accepted and approved.

2. Ordinary resolution number 2
Election of directors
To appoint the following directors who retire by rotation in terms of the company's articles of association and who, being eligible, offer themselves for re-election

2.1 Gerrit Thomas Ferreira (56)
Chairman
Date of appointment: 12 November 1987
Educational qualifications: BCom, Hons B(B&A), MBA
Directorships: FirstRand, Glenrand M.I.B and VenFin

2.2 Paul Kenneth Harris (54)
Non-Executive Director
Date of appointment: 1 July 1992
Educational qualifications: MCom
Directorships: FirstRand and Remgro

2.3 Lauritz Lanser Dippenaar (55)
Non-Executive Director
Date of appointment: 12 November 1987
Educational qualifications: MCom, CA(SA)
Directorships: FirstRand and Discovery Holdings

3. Ordinary resolution number 3
Approval of directors' remuneration for the year ended 30 June 2004
Resolved that the remuneration of the directors as reflected on page 32 of the annual report be approved.

4. Ordinary resolution number 4
Approval of directors' fees for the year ending 30 June 2005
Resolved that the directors' fees for the year ending 30 June 2005 as set out below are approved.

	Per annum
Board	
– Chairman	R1 600 000
– Director	R65 000
Audit Committee	
– Chairman	R45 000
– Member	R22 000
Ad hoc meetings (per hour)	R2 000

5. **Ordinary resolution number 5**
Approval of re-appointment of auditors
Resolved that PricewaterhouseCoopers Inc. be reappointed as auditors of the company until the next annual general meeting.

6. **Ordinary resolution number 6**
Approval of auditors' remuneration
Resolved that the directors fix and pay the auditors remuneration for the year ended 30 June 2004.

7. **Ordinary resolution number 7**
Place unissued shares under the control of the directors
Resolved that all the unissued shares in the company be and are hereby placed under the control of the directors as a general authority until the forthcoming annual general meeting and that they be and are hereby authorised to allot and issue shares in the company upon such terms and conditions as the directors in their sole discretion deem fit, subject to the Companies Act (Act 61 of 1973), as amended ("the Companies Act"), the articles of association of the company and the JSE Securities Exchange South Africa ("JSE") Listings Requirements.

8. **Ordinary resolution number 8**
General issue of shares for cash
Resolved that the board of directors of the company be hereby authorised, by way of a renewable general authority, to issue equity shares in the authorised but unissued share capital of the company for cash as and when they in their discretion deem fit, subject to the Companies Act and the Listings Requirements of the JSE, when applicable, and the following limitations, namely that:

- this authority shall be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
- the equity shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- the equity shares must be issued to public shareholders as defined by the JSE Listings Requirements and not related parties;
- the equity shares which are the subject to the issue for cash may not exceed 15% in the aggregate if any one financial year of the number of equity shares in the issue of that class;
- a maximum discount at which the equity shares may be issued is 10% of the weighted average traded price of the company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to that issue, in terms of the JSE Listings Requirements.

Approval for this ordinary resolution is obtained by achieving 75% majority of the votes cast in favour of this resolution at the annual general meeting by all equity security holders present or represented by proxy.

9. **Special resolution number 1**
Authority to repurchase company shares
Resolved that in terms of the company's articles of association, the company's directors be hereby authorised, by way of a general authority, to repurchase issued shares in the company or to permit a subsidiary of the company to purchase shares in the company, as and when deemed appropriate, subject to the following limitations:

- that this authority shall be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen (15) months from the date of this annual general meeting;
- that any such repurchase be effected through the order book operated by the JSE trading system and done without any prior understanding or agreement between the company and the counterparty;

RMB HOLDINGS

Notice of annual general meeting continued

- that a paid press release giving such details as may be required in terms of the JSE Listings Requirements be published when the company or its subsidiaries have repurchased in aggregate 3% of the initial number of shares in issue, as at the time that the general authority was granted, and for each 3% in aggregate of the initial number of shares which is acquired thereafter;
- that a general purchase may not in the aggregate in any one financial year exceed 20% of the number of shares in the company's issued share capital at the time this authority is given provided that a subsidiary of the company may not hold at any one time more than 10% of the number of issued shares of the company;
- that no repurchases will be effected during a prohibited period;
- that at any point in time, the company may only appoint one agent to effect repurchases on the company's behalf;
- that the company may only undertake a repurchase of securities if, after such repurchase the spread requirements of the company comply with the JSE Listings Requirements;
- that, in determining the price at which shares may be repurchased in terms of this authority, the maximum premium permitted be 10% above the weighted average traded price of the shares as determined over the five (5) days prior to the date of repurchase;
- the sponsor to the company provides a letter to the JSE on the adequacy of working capital in terms of section 2.12 of the JSE Listings Requirements prior to any repurchases being implemented on the open market of the JSE; and
- that such repurchase shall be subject to the Companies Act and the applicable provisions of the JSE Listings Requirements.

Reason for and effect of the special resolution number 1

The reason for and the effect of the special resolution is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

The board has no immediate intention to use this authority to repurchase company shares. However, the board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

Having considered the effect in the event that the maximum allowed repurchase is effected, the directors are of the opinion that:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the annual general meeting;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. The assets and liabilities have been recognised and measured for this purpose in accordance with the accounting policies used in the latest audited annual group financial statements;
- the company's and the group's ordinary share capital and reserves will, after such payment, be sufficient to meet their needs for a period of 12 months following the date of the annual general meeting; and
- the company and the group will, after such payment, have sufficient working capital to meet their needs for a period of 12 months following the date of the annual general meeting.

For purposes of considering the special resolution and in compliance with Rule 11.26 of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

- Directors and management – refer page 28 of this report;
- Major shareholders – refer page 38 of this report;
- Material change – refer page 39 of this report;
- Directors' interest in securities – refer page 32 of this report;
- Share capital of the company – refer page 61 of this report;

- The directors, whose names are set out on pages 28 to 31 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard; and
- Litigation – There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware) which may have or have had in the previous 12 months, a material effect on the group's financial position.

10. To transact any other business that may be transacted at an annual general meeting

VOTING AND PROXIES

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member.

Proxy forms must be forwarded to reach the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), fax number (011) 688 5221) to be received by no later than 09:30 on Monday 22 November 2004. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the board of directors

AH Arnott
BCom, CA(SA)
Company secretary

1 November 2004

RMB HOLDINGS

Shareholders' diary

REPORTING	
Interim for 2005	31 December 2004
– Announcement of results	End February 2005
Final for 2005	30 June 2005
– Announcement of results for 2005	Mid September 2005
– Annual report posted by	End October 2005
– Annual general meeting	End November 2005
DIVIDENDS	
Interim for 2005	
– Declared	End February 2005
– Payable	End March 2005
Final for 2005	
– Declared	Mid September 2005
– Payable	End October 2005

Administration

RMB HOLDINGS LIMITED
(Registration No 1987/005115/06)
Share code: RMH ISIN ZAE000024501 ("RMBH")

Company secretary
AH Arnott BCom, CA(SA)

Registered office
17th Floor
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
2196

Postal address
PO Box 786273
Sandton
2146

Telephone
National 011 282 8000
International +27 11 282 8000

Telefax
National 011 282 8008/9
International +27 11 282 8008/9

Website
www.rmbh.co.za

SPONSOR (In terms of JSE Listings Requirements)
Rand Merchant Bank Corporate Finance
(A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
2196

Telephone
National 011 282 1075
International +27 11 282 1075

Telefax
National 011 282 8215
International +27 11 282 8215

AUDITORS
PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill 2157

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg
2001

Postal address
PO Box 61051
Marshalltown
2107

Telephone
National 011 370 5000
International +27 11 370 5000

Telefax
National 011 688 5221
International +27 11 688 5221

Only for use by members who have not dematerialised their shares or who have dematerialised their shares with own name registration.

Proxy form

RMB HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1987/005115/06))
Share Code: RMH
ISIN: ZAE000024501
("the company")

For use by shareholders, who have not dematerialised their shares or who have dematerialised their shares but with own name registration at the general meeting to be held at 09:30 on Wednesday 24 November 2004, in the auditorium, 18th floor, 1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, and at any adjournment thereof as follows.

Shareholders who have dematerialised their shares other than with own name registration, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.

I/We, the undersigned

of

the registered holder of

ordinary shares in RMB Holdings Limited (Reg No 1987/005115/06),
hereby appoint

1. , of or failing him

2. , of or failing him

3. the chairperson of the meeting, as my/our proxy to be present and act on my/our behalf, speak and on a poll vote on my/our behalf as indicated below at the annual general meeting of shareholders of the company to be held at 09:30 on Wednesday 24 November 2004 and at any adjournment thereof as follows. (see Note 2)

	Insert an "X" or the number of votes exercisable (one vote per ordinary share)		
	In favour of	Against	Abstain
Ordinary resolution number 1 Approval of annual financial statements			
Ordinary resolution number 2 Appointment of the following directors: 2.1 Gerrit Thomas Ferreira 2.2 Paul Kenneth Harris 2.3 Lauritz Lanser Dippenaar			
Ordinary resolution number 3 Approval of directors remuneration for the year to June 2004			
Ordinary resolution number 4 Approval of directors' fees for the year to June 2005			
Ordinary resolution number 5 Approval of re-appointment of auditors			
Ordinary resolution number 6 Approval of auditors' remuneration			
Ordinary resolution number 7 Place unissued shares under the control of the directors			
Ordinary resolution number 8 General issue of shares for cash			
Special resolution number 1 Authority to repurchase company shares			

Instructions to my/our proxy are indicated by a cross in the space provided above or by the number of shares in the appropriate boxes where all shares held are not being voted.

2004

Signature of registered shareholder (assisted by me as applicable) Date

Please see notes on reverse side of the form

RMB HOLDINGS

Explanatory notes to the notice of annual general meeting

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. Every member present in person or by proxy and entitled to vote at the annual general meeting of the company shall, on a show of hands, have one vote only, irrespective of the number of shares such member holds, but in the event of a poll, every ordinary share in the company shall have one vote.
3. Dematerialised members registered in their own names are members who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM:

1. A member may insert the name of a proxy or the names of two alternative proxies of the members choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that member in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid the completed proxy forms must forwarded to reach the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), fax number (011) 688 5221 to be received by no later than 09:30 on Monday, 22 November 2004. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.
5. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this proxy form shall not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
8. The chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.

Contact details

RMBH	17th Floor, 1 Merchant Place Cnr Fredman Drive and Rivonia Road, Sandton PO Box 786273, Sandton, 2146 Telephone 011 282 8000 Telefax 011 282 8088 (www.rmbh.co.za) Contact: Adrian Arnott
FIRSTRAND	17th Floor, 1 Merchant Place Cnr Fredman Drive and Rivonia Road, Sandton PO Box 786273, Sandton, 2146 Telephone 011 282 1808 Telefax 011 282 8088 (www.firstrand.co.za) Contact: Adrian Arnott
GLENRAND M.I.B	Surrey Place 291 Surrey Avenue, Randburg PO Box 2544, Randburg, 2125 Telephone 011 329 1111 Telefax 011 329 1333 (www.glenrandmib.co.za) Contact: Tiffany Boesch
OUTSURANCE	1241 Embankment Street Swartkop Ext 7, Centurion PO Box 8443, Centurion, 0046 Telephone 012 673 3098 Telefax 012 673 4598 (www.outsurance.com) Contact: Willem Roos
RMB STRUCTURED INSURANCE	4th Floor, 2 Merchant Place Cnr Fredman Drive and Rivonia Road, Sandton PO Box 652659 Benmore, 2010 Telephone 011 685 7600 Telefax 011 784 9858 Contact: Gustavo Arroyo

GRAPHICOR 31278

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