

Unaudited Interim Results for the six months ended 31 December 2009



Glenrand M-I-B Limited
Incorporated in the Republic of South Africa
(Registration number 1997/008001/06)
("Glenrand M-I-B" or "the group")
JSE share code: GMB ISIN: ZAE 000078010

SUMMARY

- Revenue R258,2 million (2008: R251,9 million)
- Profit R9,7 million (2008: R21,7 million)
- HEPS 5,0 cents (2008: 9,6 cents)
- Distribution per share of 3,0 cents

OVERVIEW

The group increased broking revenue by 2,5% to R258,2 million during tough economic times. However investment income decreased by 44% due to lower interest rates.

The group posted headline earnings per share of 5,0 cents (2008: 9,6 cents) and a profit of 3,9 cents per share (2008: 9,1 cents). The continuing operations achieved a profit of 3,3 cents per share compared to 8,8 cents in 2008. The decrease in investment income amounted to 2,9 cents per share and an impairment of goodwill of R2,2 million (note 6) reduced earnings by a further 1,0 cent per share.

Management initiatives resulted in a pleasing decrease in non-employment related expenditure despite a significant investment in IT and marketing, in line with our strategic plans. The employment costs were distorted due to incentives awarded in respect of the prior year, excluding which the average increase in payroll costs was 6,3%.

SEGMENTAL RESULTS

With the discontinuation of the employee benefits operations, we have elected to track the costs previously absorbed by the discontinued businesses separately and to target them for reduction, resulting in the segmental analysis reflecting unallocated central costs.

Risk Services

Risk Services is our business to business segment, which includes our commercial, corporate property and casualty teams, specialty teams as well as our African operations.

Notwithstanding the general economic environment and competitive pressures impacting the Commercial, Specialist and Corporate Divisions, growth in revenues of 3,0% was achieved. Cost savings of 14,1% were achieved within the business unit on controllable expense items, excluding remuneration costs. We maintained our high client retention rate, however, the segmental operating margin was 2,8% (2008: 3,2%) which is reflective of the downward pressure on margins. Subsequent to the reporting date there have been good new business wins.

Individual Insurance Solutions

Individual Insurance Solutions is our business to consumer segment which includes Personal Product Solutions, Finitre and Claims Fulfillment Company.

Results for the six months were satisfactory with a pleasing year on year growth in broking profit of 24,7%.

New business relating to Personal Product Solutions is tracking on target and client retention remains excellent. The current economic climate is having an impact on premium growth as clients endeavour to reduce insurance expenditure by shopping around for cheaper premiums or reduced coverage.

Finitre's revenue was flat for the period, however, new client administration contracts have been secured that are expected to boost revenue in the future. Although Claims Fulfillment Company revenue was slightly down, the contribution of this division was buoyed by employment cost savings.

Client satisfaction, revenue growth and cost reductions remain key focus areas for this segment.

DISCONTINUED OPERATIONS

Premium Finance Solutions

With effect from 1 February 2010, Glenrand M-I-B Limited disposed of its shareholding in Glenrand M-I-B Premium Finance Solutions (Pty) Limited ("Premium Finance Solutions") to Lovmest (Pty) Limited (part of the Lombard Insurance Group). At 31 December 2009 the assets and liabilities of the business are disclosed as held for sale in terms of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). The transaction will release a funding facility of R74,3 million (2008: R61 million).

EFFECTIVE TAX RATE

The effective tax rate is distorted due to permanent differences arising from the impairment of goodwill (R2,2 million), share based payments (R2,1 million), the amortisation of the customer relationship intangible assets (R1,9 million) and STC timing differences (R0,6 million).

CHANGE IN YEAR END

The group has changed its financial reporting date to 30 September. We will therefore be releasing Reviewed Summarised Results for the twelve months ending 30 June 2010 and Audited Annual Financial Statements for the fifteen months ending 30 September 2010.

PROSPECTS

Risk Services and Individual Insurance Solutions have both secured pleasing new business wins, the benefits of which will flow in the next reporting period.

We are making progress with our efforts to reduce the cost base of the business. Our planned investments in IT, marketing and process related improvement initiatives are progressing well.

CAPITALISATION AWARD WITH A CASH DIVIDEND ALTERNATIVE

Notice is hereby given that the Directors of the company have resolved to issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares, which will be issued only to those ordinary shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 7 May 2010, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 3,0 cents per ordinary share ("the cash dividend alternative").

In accordance with the provisions of Strate, the electronic settlement and custody system used by JSE Limited, the relevant dates for the capitalisation award election and the cash dividend alternative are as follows:

	2010
Last day to trade to be eligible to participate in the capitalisation award or the cash dividend alternative	Friday, 30 April
Shares commence trading ex the capitalisation award election and the cash dividend alternative on	Monday, 3 May
Listing of the maximum number of new ordinary shares that could be taken up in terms of the capitalisation award on	Monday, 3 May
Last day to elect to receive capitalisation award shares by 12:00, failing which the cash dividend alternative will be received	Friday, 7 May
Record date to participate in the capitalisation award or to receive the cash dividend alternative	Friday, 7 May
Payment of the cash dividend alternative to shareholders who have not elected to participate in the capitalisation award or have participated in the capitalisation award in respect of only part of their shareholding on	Monday, 10 May
New shares issued and posted or participant or broker accounts credited regarding the shares to be issued to shareholders participating in the capitalisation award in respect of all or part of their shareholding on	Monday, 10 May
The maximum number of new shares listed in terms of the capitalisation award, adjusted to reflect the actual number of shares issued in terms of the capitalisation award, on or about	Friday, 14 May
Shares may not be dematerialised or rematerialised between Monday, 3 May 2010 and Friday, 7 May 2010, both days inclusive.	

The above dates and times are subject to change. Any changes will be released on the Securities Exchange News Service (SENS) and published in the press.

The number of capitalisation shares to which shareholders are entitled will be determined in the ratio that 3,0 cents per ordinary share bears to the 30 day volume-weighted average price for the company's share, to be determined no later than Wednesday, 21 April 2010. Details of the ratio will be published on SENS no later than Thursday, 22 April 2010, by 11:00 and in the financial press the following business day. Trading in the Strate environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction will be rounded up to the nearest whole number, where the fraction is greater than or equal to 0,5, and rounded down to the nearest whole number, where the fraction is smaller than 0,5.

A circular relating to the capitalisation award and the cash dividend alternative will be posted to shareholders on or about Wednesday, 14 April 2010.

Notes:

- Dematerialised shareholders are required to notify their duly appointed participant or broker of their election in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between shareholders and their participant or broker.
- The right to elect capitalisation award shares in jurisdictions other than the Republic of South Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions.

On behalf of the Board of Directors

Dr M F Kunene
Chairman
1 March 2010

A J Chislett
Chief Executive Officer

Consolidated Income Statement

for the six months ended 31 December 2009

	Note	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Continuing operations				
Revenue		258 159	251 854	502 804
Employment expenses	2	(161 398)	(145 321)	(305 601)
Amortisation and depreciation		(11 407)	(11 371)	(22 934)
Other expenses		(77 786)	(82 250)	(156 908)
Finance costs		(2 509)	(4 757)	(21 619)
Disposals and impairments		(2 497)	(1 035)	(5 490)
Investment income		11 542	20 742	58 024
Share of profit of equity accounted investees		490	332	980
Profit before taxation		14 594	28 194	49 256
Taxation		(6 323)	(7 251)	(17 478)
Profit from continuing operations		8 271	20 943	31 778

	Note	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Discontinuing operations				
Profit from discontinuing operations (net of taxation) including the effect of the deconsolidation	4	1 430	759	16 880
Profit for the period		9 701	21 702	48 658

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Profit attributable to:			
Non-controlling interest	870	1 094	2 111
Shareholders of Glenrand M-I-B	8 831	20 608	46 547
Profit for the period	9 701	21 702	48 658

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Earnings per share			
Basic earnings per share (cents)	3,9	9,1	20,5
Diluted earnings per share (cents)	3,9	9,1	20,5

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Continuing operations			
Basic earnings per share (cents)	3,3	8,8	13,1
Diluted earnings per share (cents)	3,2	8,8	13,1

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Headline earnings per share (cents)	5,0	9,6	11,5
Diluted headline earnings per share (cents)	5,0	9,6	11,5

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Number of shares (net of treasury shares)			
- Weighted average (000's)	227 561	226 526	226 784
- Diluted weighted average (000's)	227 834	226 526	226 784

Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2009

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Profit for the period	9 701	21 702	48 658
Other comprehensive income, net of tax	(2 606)	(4 276)	(7 449)
Actuarial loss on post-retirement benefits	(695)	(1 422)	(2 388)
Translation of foreign subsidiaries	(1 911)	(2 854)	(5 061)
Total comprehensive income for the period	7 095	17 426	41 209

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Total comprehensive income attributable to:			
Non-controlling interest	870	1 094	2 111
Shareholders of Glenrand M-I-B	6 225	16 332	39 098
Total comprehensive income for the period	7 095	17 426	41 209

Consolidated Statement of Financial Position

as at 31 December 2009

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	26 890	19 576	21 994
Goodwill	35 544	38 696	36 710
Intangible assets	71 553	68 526	70 002
Deferred taxation asset	23 887	33 197	25 894
Investments	2 346	1 708	2 357
Long-term accounts receivable	-	869	-
Non-current assets	160 220	162 572	156 957
Current assets	306 548	500 505	430 399
Assets classified as held for sale	86 326	2 287 078	-
Total assets	553 094	2 950 155	587 356

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	165 598	131 772	157 255
Non-controlling interest	1 750	2 740	3 757
Total equity	167 348	134 512	161 012

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Liabilities			
Non-current liabilities			
Long-term liabilities	52 419	47 724	46 640
Deferred taxation	9 163	8 307	9 163
Non-current liabilities	61 582	56 031	55 803
Current liabilities	249 883	491 269	370 541
Liabilities classified as held for sale	74 281	2 268 343	-
Total liabilities	385 746	2 815 643	426 344
Total equity and liabilities	553 094	2 950 155	587 356

Consolidated Cash Flow Statement

for the six months ended 31 December 2009

	Unaudited 6 months ended 31 December 2009 R'000	Reviewed 6 months ended 31 December 2008 R'000	Audited summarised year ended 30 June 2009 R'000
Cash generated by operations	19 041	16 945	22 628
- Continuing	20 827	23 183	46 001
- Discontinuing	(1 786)	(6 238)	(23 373)
Working capital changes	(47 114)	(80 170)	(84 363)
Investment income received	17 918	34 568	60 405
Interest paid	(1 995)	(4 709)	(6 673)
Taxation refunded (paid)	13 014	(10 947)	(25 222)
Dividends paid	(2 740)	(1 740)	(1 740)
Cash outflow from operating activities	(1 876)	(46 053)	(34 965)
Cash outflow from investing activities	(13 804)	(7 897)	(14 771)
Cash (outflow) inflow from financing activities	(1 325)	1 302	(11 876)
Net decrease in cash and cash equivalents	(17 005)	(52 648)	(61 612)
Cash and cash equivalents at beginning of period	166 412	268 819	268 819
Cash effect of deconsolidation of subsidiary	-	-	(39 660)
Effect of exchange rate fluctuations on cash held	(1 394)	(833)	(1 135)
Cash and cash equivalents at end of period	148 013	215 338	166 412

Consolidated Statement of Changes in Equity

for the six months ended 31 December 2009

R'000	Share capital and share premium	Treasury shares and share-based payment reserve	Non-distributable reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
Balance as at 30 June 2008	52 425	(7 871)	28 292	39 828	112 674	4 042	116 716
Total comprehensive income for the year	-	-	(5 061)	44 159	39 098	2 111	41 209
Share-based payment reserve	-	3 655	-	-	3 655	-	3 655
Acquisition of shares in subsidiary	-	-	-	-	-	(656)	(656)
Trade mark amortisation reserve transfer	-	-	(2 957)	2 957	-	-	-
Disposal of treasury shares	-	1 828	-	-	1 828	-	1 828
Share of profits of equity accounted investees	-	-	(520)	520	-	-	-
Dividends paid	-	-	-	-	-	(1 740)	(1 740)
Balance as at 30 June 2009	52 425	(2 388)	19 754	87 464	157 255	3 757	161 012
Total comprehensive income for the period	-	-	(1 911)	8 136	6 225	870	7 095
Share-based payment reserve	-	2 118	-	-	2 118	-	2 118
Acquisition of shares in subsidiary	-	-	-	-	-	(137)	(137)
Trade mark amortisation reserve transfer	-	-	(986)	986	-	-	-
Share of profits of equity accounted investees	-	-	(10)	10	-	-	-
Dividends paid	-	-	-	-	-	(2 740)	(2 740)
Balance as at 31 December 2009	52 425	(270)	16 847	96 596	165 598	1 750	167 348

DIRECTORATE: Dr M F Kunene (Chairman), *A J Chislett (Chief Executive Officer), *Dr I Abedian, B A Chelius (Alt), *R G Cottrell, A P du Preez, *H H Hickey, T T Khobane (Alt), M R Mashishi, T N Mgoduso, *N G Payne, *G Whitcher. Company Secretary: E Price *Executive *Independent Non-executive

REGISTERED OFFICE: 288 Kent Avenue • PO Box 2544 • Randburg 2125 • Tel (011)