

# Audited Summarised Results

for the fifteen months ended 30 September 2010

## Summary

- **Broking profit from continuing operations R36,0 million (twelve months 2009: R20,9 million)**
- **Revenue R652,6 million (twelve months 2009: R502,8 million)**
- **HEPS 18,3 cents (twelve months 2009: 11,5 cents)**
- **Own cash increased from R80,2 million to R129,9 million after capital expenditure of R42,1 million**



### CHANGE IN YEAR END

The group has changed its financial reporting date to 30 September and we are now reporting on a fifteen month period. On 10 September 2010 we released Reviewed Condensed Results for the twelve months ended 30 June 2010.

### OVERVIEW

During the fifteen month period to 30 September 2010 the group improved its broking margin from 4,2% in the 2009 financial year to 5,5%. The group increased broking profit by 45,1% to R30,3 million during the twelve months to 30 June 2010 and posted a further R8,3 million profit after tax from continuing operations in the last quarter. Broking revenue increased by 2,6% to R516,0 million in the first twelve months during tough trading conditions. During the next three months to 30 September 2010 the group achieved further revenue of R136,6 million, bringing it to a total of R652,6 million earned during the entire reporting period. It should be noted that revenue generation is cyclical in the Risk Services segment of the business, which was the primary driver for changing the reporting date to fall outside of the traditional April to August renewal period. Investment income decreased mainly due to lower interest rates.

The group posted headline earnings per share of 18,3 cents for the fifteen months (twelve months 2009: 11,5 cents) and a profit of 19,9 cents per share for the period under review (twelve months 2009: 20,5 cents). The continuing operations achieved a profit of 17,0 cents per share compared to 13,1 cents in 2009.

A Forfeitable Share Plan was approved by shareholders on 21 July 2010. To enable tracking against the performance hurdles contained in the incentive plan and to provide stakeholders with more meaningful disclosure, we have amended the income statement headings and subtotals that were used in our most recent Audited Annual Financial Statements.

### SEGMENTAL RESULTS

#### Risk Services

Risk Services is our business to business segment, which includes our commercial, corporate property and casualty teams, speciality teams, as well as our African operations. Broking profit before central charges increased by 9,7% during the twelve months to 30 June 2010 and a further R31,6 million before central charges was earned in the next three months. Revenues were up 2,4% in the first twelve months at R347,3 million. The segment posted further revenues of R96,4 million during the next three months. The reductions in controllable costs, excluding employment expenses costs, reported on for the twelve month period ending 30 June 2010 were maintained for the last quarter.

#### Individual Insurance Solutions

Individual Insurance Solutions is our business to consumer segment which includes Personal Product Solutions, Finitre and Claims Fulfilment Company. Broking profit before central charges increased by 18,2% during the twelve months to 30 June 2010 due to growth in revenues of 3,1% and a reduction of 17,1% in controllable costs excluding employment expenses. Revenue growth in our Finitre division was a pleasing 14,6% over the same period. During the next three months to 30 September 2010 the segment achieved further revenue of R40,2 million bringing it to a total of R208,9 million earned during the fifteen months. The ongoing pressure on individual clients' disposable income combined with the competitive environment and continuing soft market conditions has hindered organic growth of our existing book, however client churn remains low and new business flows continue to be positive.

### PROSPECTS

During the period we incurred increased expenditure on planned IT and brand marketing spend with good progress having been made in cutting costs previously absorbed by our discontinued businesses. Accordingly, we expect our broking margin to improve. Shareholders are reminded that the company continues to trade under a cautionary.

### DIVIDEND

A capitalisation award with a cash dividend alternative of 3 cents per ordinary share was declared as payable on 10 May 2010. The decision on the declaration of a final dividend has been postponed in view of the cautionary announcement of 17 November 2010 on SENS.

### DIRECTORATE

Ms H H Hickey was appointed as an independent non-executive director on 1 July 2009. Dr I Abedian resigned as an independent non-executive director on 10 May 2010.

On behalf of the Board of Directors

**R G Cottrell**  
Lead Independent Director  
6 December 2010

**A J Chislett**  
Chief Executive Officer

### Consolidated Income Statement

for the fifteen months ended 30 September

	Note	Audited summarised fifteen months September 2010 R'000	Audited summarised twelve months June 2009 R'000
<b>Continuing operations</b>		<b>652 573</b>	<b>502 804</b>
Revenue		1 343	1 160
Other income		(393 657)	(305 601)
Employment expenses	2	(69 680)	(49 891)
Rent and IT expenses		(14 895)	(8 296)
Depreciation		(9 713)	(7 965)
Amortisation of computer software		(128 636)	(108 177)
Other expenses		(1 319)	(3 131)
Finance costs		36 016	20 903
Broking profit		(25 069)	(18 488)
Finance costs relating to retirement benefits		(7 007)	(6 673)
Amortisation of other intangible assets other than software		13	(2 286)
Profit (loss) on disposals		(1 638)	(3 204)
Impairments			
Investment income excluding expected return on plan assets		35 588	39 640
Expected return on defined benefit retirement plan assets		19 695	18 384
Share of profit of equity accounted investees		2 387	980
Profit before taxation		59 985	49 256
Taxation		(18 659)	(17 478)
Profit from continuing operations		41 326	31 778
<b>Discontinued operations</b>	4	<b>6 715</b>	<b>16 880</b>
Profit from discontinued operations including the effect of the deconsolidation		8 395	18 193
Taxation		(1 680)	(1 313)
<b>Profit for the period</b>		<b>48 041</b>	<b>48 658</b>
<b>Profit attributable to:</b>			
Non-controlling interest		2 370	2 111
Shareholders of Glenrand M-I-B		45 671	46 547
<b>Profit for the period</b>		<b>48 041</b>	<b>48 658</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		19,9	20,5
Diluted earnings per share (cents)		19,9	20,5
<b>Continuing operations</b>			
Basic earnings per share (cents)		17,0	13,1
Diluted earnings per share (cents)		17,0	13,1
Headline earnings per share (cents)	6	18,3	11,5
Diluted headline earnings per share (cents)	6	18,2	11,5
Number of shares (net of treasury shares)			
- Weighted average (000's)		229 194	226 784
- Diluted weighted average (000's)		229 661	226 784

### Consolidated Statement of Comprehensive Income

for the fifteen months ended 30 September

	Note	Audited summarised fifteen months September 2010 R'000	Audited summarised twelve months June 2009 R'000
<b>Profit for the period</b>		<b>48 041</b>	<b>48 658</b>
<b>Other comprehensive income, net of tax</b>		<b>(9 422)</b>	<b>(7 449)</b>
Actuarial loss on post-retirement benefits		(5 828)	(2 388)
Translation of foreign subsidiaries		(3 594)	(5 061)
<b>Total comprehensive income for the period</b>		<b>38 619</b>	<b>41 209</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		2 370	2 111
Shareholders of Glenrand M-I-B		36 249	39 098
<b>Total comprehensive income for the period</b>		<b>38 619</b>	<b>41 209</b>

### Consolidated Statement of Financial Position

as at 30 September

		Audited summarised fifteen months September 2010 R'000	Audited summarised twelve months June 2009 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	24 538	21 994
Goodwill		34 090	36 710
Intangible assets	3	87 469	70 002
Deferred taxation asset		29 970	25 894
Investments		3 403	2 357
<b>Non-current assets</b>		<b>179 470</b>	<b>156 957</b>
<b>Current assets</b>		<b>384 497</b>	<b>430 399</b>
<b>Total assets</b>		<b>563 967</b>	<b>587 356</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity		192 243	157 255
Non-controlling interest		2 500	3 757
<b>Total equity</b>		<b>194 743</b>	<b>161 012</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term liabilities		62 641	46 640
Deferred taxation		8 723	9 163
<b>Non-current liabilities</b>		<b>71 364</b>	<b>55 803</b>
<b>Current liabilities</b>		<b>297 860</b>	<b>370 541</b>
<b>Total liabilities</b>		<b>369 224</b>	<b>426 344</b>
<b>Total equity and liabilities</b>		<b>563 967</b>	<b>587 356</b>

### Consolidated Cash Flow Statement

for the fifteen months ended 30 September

		Audited summarised fifteen months September 2010 R'000	Audited summarised twelve months June 2009 R'000
Cash generated by operations		68 895	22 628
- Continuing		65 008	46 001
- Discontinued		3 887	(23 373)
Working capital changes		20 309	(84 363)
Investment income received		42 626	60 405
Interest paid		(3 358)	(6 673)
Taxation paid		(4 675)	(25 222)
Dividends paid		(6 070)	(1 740)
Cash inflow (outflow) from operating activities		117 727	(34 965)
Cash outflow from investing activities		(44 582)	(14 771)
Cash outflow from financing activities		(9 079)	(11 876)
Net increase (decrease) in cash and cash equivalents		64 066	(61 612)
Cash and cash equivalents at beginning of the period		166 412	268 819
Cash effect of deconsolidation of subsidiary		-	(39 640)
Cash effect of disposal of Premium Finance Solutions		53 057	-
Effect of exchange rate fluctuations on cash held		(3 920)	(1 135)
<b>Cash and cash equivalents at end of the period</b>	8	<b>279 615</b>	<b>166 412</b>

### Operating Segments Analysis

for the fifteen months ended 30 September

		Audited summarised fifteen months September 2010 R'000	Audited summarised twelve months June 2009 R'000
<b>Segmental revenues</b>			
Risk Services		443 710	339 216
Individual Insurance Solutions		208 863	163 588
Benefit Services (discontinued)		-	2 976
<b>Total segmental revenues</b>		<b>652 573</b>	<b>505 780</b>
<b>Segmental results</b>			
Risk Services		16 617	5 404
Individual Insurance Solutions		14 133	11 957
Benefit Services (discontinued)		-	(23 178)
Premium Finance Solutions (discontinued)		(2 014)	(1 365)
Other (discontinued)		(324)	-
<b>Total segmental profits (losses)</b>	9	<b>28 412</b>	<b>(7 182)</b>

### Consolidated Statement of Changes in Equity

for the fifteen months ended 30 September

	Share capital and share premium R'000	Treasury shares and share-based payment reserve R'000	Non-distributable reserves R'000	Retained earnings R'000	Shareholders' equity R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance as at 30 June 2008</b>	52 425	(7 871)	28 292	39 828	112 674	4 042	116 716
<b>Total comprehensive income for the year</b>	-	-	(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)
<b>Balance as at 30 June 2009</b>	52 425	(2 388)	19 754	87 464	157 255	3 757	161 012
<b>Total comprehensive income for the period</b>	-	-	(3 594)	39 843	36 249	2 370	38 619
Share-based payment reserve	-	2 465	-	-	2 465	-	2 465
Issue of treasury shares	-	(489)	-	-	(489)	-	(489)
Acquisition of shares in subsidiary	-	-	-	(1 146)	(1 146)	(137)	(1 283)
Trade mark amortisation reserve transfer	-	-	(2 464)	2 464	-	-	-
Share of profits of equity accounted investees	-	-	1 887	(1 887)	-	-	-
Dividends paid/capitalisation shares awarded	6 193	-	-	(8 284)	(2 091)	(3 490)	(5 581)
<b>Balance as at 30 September 2010</b>	<b>58 618</b>	<b>(412)</b>	<b>15 583</b>	<b>118 454</b>	<b>192 243</b>	<b>2 500</b>	<b>194 743</b>

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

**DIRECTORATE:** Dr M F Kunene (Chairman), \*A J Chislett (Chief Executive Officer), 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) 329 1111 • Fax (011) 329 1333 • email info@glenrandmib.co.za • website www.glenrandmib.co.za  
• Licensed Financial Services Provider Number: 11228

**TRANSFER SECRETARIES:** Computershare Investor Services (Pty) Limited • 70 Marshall Street • Johannesburg 2001 • PO Box 61051 • Marshalltown 2107 • South Africa  
• Tel (011) 370 5000 • Fax (011) 688 7715

**SPONSOR:** Nedbank Capital

ince.motiv