

AUDITED SUMMARISED RESULTS

for the year ended 30 June 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

HIGHLIGHTS:

- Profit R48,7 million (2008: R80 million loss)
- EPS 20,5 cents (2008: 36,2 cents loss)
- HEPS 11,5 cents (2008: 38,9 cents loss)

OVERVIEW

The group increased broking revenue by 7,9% to R502,8 million during the period under review despite a difficult last six months. Investment income increased by 10,7% to R54 million following increased premium flows and improved treasury management activities. The group posted a profit of 20,5 cents per share (2008: loss of 36,2 cents) and headline earnings per share of 11,5 cents (2008: loss of 38,9 cents). The business is now focused on short-term insurance broking and risk advisory services.

CONTINUING OPERATIONS

Risk Services (Business to Business)

In our corporate property and casualty division the financial year end saw marginal revenue growth against last year. This is a reflection of the current economic downturn with a number of our corporate clients reducing the size of their operations or otherwise shelving expansion projects. Our client retention record remains excellent in this area, but fees have come under severe pressure as we respond to our clients' need to contain expenditure.

We experienced marginal organic growth in the commercial division of the Risk Services cluster, where there was a decline in premiums and associated commissions due to prevailing economic conditions. The commercial insurance market remains soft and this had a negative impact on commission earned in this division.

Our specialist teams performed well, but the construction projects division was the most impacted by the current economic situation. There has been a dramatic decline in construction and contracting activity where many expansion contracts have either been postponed indefinitely or cancelled outright. Despite these difficult conditions we achieved a similar revenue contribution as the previous financial year in this division.

Individual Insurance Solutions (Business to Consumer)

We also recorded marginal revenue growth in the Individual Insurance cluster. Individual clients are looking for ways to reduce their insurance expenditure and this resulted in a reduction in the premium base. Our personal lines division produced a profitable result for insurers which removed the necessity for above inflation annual increases in premium, which in turn enabled us to remain competitive in this segment. We have increased policy sales and achieved good client retention.

Also in this cluster is Finrite, which was purchased in February 2008. This was the first full year contribution from this unit. The business operates as a high volume insurance product administrator that primarily services retailers that provide and sell insurance products into their client base.

Operational efficiencies

The cost base remains high and the anticipated cost reduction benefits have not yet fully materialised. We continue to address the fixed cost base of the group and are restructuring many of our property leases. We invested in client facing channels, the main one being the implementation of a new contact centre during March 2009 to reduce the cost to serve clients.

DISCONTINUING OPERATIONS

The assets and liabilities of the Benefit Services business unit, which includes Ten-50-Six Life Limited, were previously disclosed as held-for-sale in terms of IFRS 5.

Benefit Services

Glenrand M-I-B Benefit Services (Pty) Limited ("Benefit Services") was placed in provisional liquidation with effect from 31 March 2009 with a final winding up order being granted on 2 June 2009. In our Interim Reporting announcement released on 23 March 2009, we advised stakeholders that Glenrand M-I-B could no longer support the insolvent subsidiary in the face of rapidly escalating provisions and severe strain on our cash resources. At the time of liquidation, Benefit Services owed Glenrand M-I-B a cumulative amount of R166,3 million. During the past two years, the operating assets of Benefit Services were sold to various parties, each as a going concern, but none of the proceeds of these disposals were utilised to repay the loan to Glenrand M-I-B.

Ten-50-Six Life

The life company no longer has any policies in issue. All linked policy holders' assets and liabilities that were previously reflected as held for sale have now been matched and settled to policyholders.

CHANGE IN YEAR END

The group will change its financial reporting date to 30 September, with effect from 2010. The current reporting date coincides with that time of the year where we encounter the most policy renewal and new business activity. In line with the realignment of our business strategy, it was decided to arrange our affairs in a manner that allows the appropriate focus on our growth targets. We will therefore, in addition to our normal Interim Results, release 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

The operating model implemented in 2007 was reviewed as we assessed our achievements against the intended outcomes identified at the time. Our continuing operations were streamlined from three business units to two, namely:

- Risk Services: catering for all of our non personal lines clients (Business to Business); and
- Individual Insurance Solutions: catering for all of our personal lines clients and associated administration functions (Business to Consumer).

The realignment will increase customer focus into our delivery model to unlock increased revenue earning opportunities.

We will continue to explore suitable acquisition opportunities in our targeted segments. Last year we advised that we were targeting a profit margin before taxation of 20% by the end of the 2010 financial year. This target contained assumptions regarding the economic climate that have now been shown to be too optimistic. This remains our target margin.

Despite continuing uncertainty in the South African economy, we will strive to show another improvement in profit in the 2010 financial year.

DIRECTORATE

Dr I Abedian was appointed an independent non-executive director on 3 November 2008 and Mr P Cooper and Mr AP du Preez were appointed as non-executive directors on 19 November 2008 and 25 February 2009 respectively. Mr GT Ferreira, Mr AW Mansfield and Mr DJ Harpur retired from the Board at the group's annual general meeting on 19 November 2008. Mr P Cooper resigned as a director on 25 February 2009. Ms TH Nyasulu resigned on 2 April 2009 and Ms TN Mgoduso (previously an alternate director) was appointed a full director to replace her on that date. Mr BA Chelius and Ms TT Khobane were appointed alternate directors on 2 April 2009 and 27 May 2009 respectively.

Subsequent to the year-end, Ms HH Hickey was appointed as a director on 1 July 2009.

DIVIDEND

No dividend has been declared. It remains our intention to resume dividend payments when prudent to do so.

On behalf of the Board of Directors

Dr MF Kunene
Chairman
AJ Chislett
Chief Executive Officer

9 September 2009

Consolidated Income Statement

for the year ended 30 June

Notes	2009 R'000	2008 R'000
Continuing operations		
Revenue	502 867	466 049
Employment expenses	(307 121)	(268 734)
Rent and IT expenses	(48 824)	(49 042)
Amortisation and depreciation	(22 934)	(18 522)
Other expenses	(107 992)	(117 196)
Finance costs	(26 850)	(26 219)
Disposals and impairments	(5 490)	(27 953)
Investment income	72 457	66 987
Share of profit of equity accounted investees	980	1 374
Profit before taxation	57 093	26 744
Taxation	(19 016)	(23 997)
Profit from continuing operations	38 077	2 747
Discontinuing operations		
Profit (loss) from discontinuing operations (net of taxation) including the effect of the deconsolidation	10 581	(82 740)
Profit (loss) for the year	48 658	(79 993)
Profit (loss) attributable to:		
Minority interest	2 111	2 057
Shareholders of Glenrand M-I-B	46 547	(82 050)
	48 658	(79 993)
Earnings per share		
Basic earnings (loss) per share (cents)	20,5	(36,2)
Diluted earnings (loss) per share (cents)	20,5	(36,2)
Continuing operations		
Basic earnings per share (cents)	15,9	0,3
Diluted earnings per share (cents)	15,9	0,3
Headline earnings (loss) per share (cents)	11,5	(38,9)
Diluted headline earnings (loss) per share (cents)	11,5	(38,9)
Number of shares (net of treasury shares) – Weighted average (000's)	226 784	226 526
– Diluted weighted average (000's)	226 784	226 512

Consolidated Balance Sheet

as at 30 June

	2009 R'000	2008 R'000
Assets		
Non-current assets		
Property, plant and equipment	21 994	20 335
Goodwill	36 710	44 530
Intangible assets	70 002	74 772
Deferred taxation asset	25 894	36 697
Investments	2 357	3 123
Long-term accounts receivable	–	1 260
Non-current assets	156 957	180 717
Current assets	430 399	511 537
Assets classified as held-for-sale	–	2 918 219
Total assets	587 356	3 610 473
Equity and liabilities		
Equity		
Shareholders' equity	157 255	112 674
Minority interest	3 757	4 042
Total equity	161 012	116 716
Liabilities		
Non-current liabilities		
Long-term liabilities	46 640	48 064
Deferred taxation	9 163	8 579
Non-current liabilities	55 803	56 643
Current liabilities	370 541	534 347
Liabilities classified as held-for-sale	–	2 902 767
Total liabilities	426 344	3 493 757
Total equity and liabilities	587 356	3 610 473

Consolidated Cash Flow Statement

for the year ended 30 June

	2009 R'000	2008 R'000
Cash generated (utilised) by operations	22 628	(48 819)
– Continuing	44 637	42 111
– Discontinuing	(22 009)	(90 930)
Working capital changes	(84 363)	56 181
Investment income received	60 405	55 851
Interest paid	(6 673)	(20 009)
Taxation paid	(25 222)	(13 318)
Dividends paid	(1 740)	(1 768)
Cash (outflow) inflow from operating activities	(34 965)	28 118
Cash outflow from investing activities	(14 771)	(19 673)
Cash (outflow) inflow from financing activities	(11 876)	3 262
Net (decrease) increase in cash and cash equivalents	(61 612)	11 707
Cash and cash equivalents at beginning of year	268 819	256 653
Cash effect of deconsolidation of subsidiary	(39 660)	–
Effect of exchange rate fluctuations on cash held	(1 135)	459
Cash and cash equivalents at end of year	166 412	268 819

10. Reconciliation of movement in capital and reserves

for the year ended 30 June

R'000	Share capital and share premium	Treasury shares and share-based payment reserve	Non-distributable reserves	Retained earnings	Shareholders' equity	Minority interest	Total equity
Balance at 30 June 2007	52 425	(12 786)	29 949	122 817	192 405	4 037	196 442
Changes in equity for 2008							
Total recognised income and expense for the year	–	–	2 404	(87 050)	(84 646)	2 057	(82 589)
Share-based payment reserve	–	4 915	–	–	4 915	–	4 915
Acquisition of shares in subsidiary	–	–	–	–	–	(284)	(284)
Trade mark amortisation reserve transfer	–	–	(4 435)	4 435	–	–	–
Share of profits of equity accounted investees	–	–	374	(374)	–	–	–
Dividends paid	–	–	–	–	–	(1 768)	(1 768)
Balance at 30 June 2008	52 425	(7 871)	28 292	39 828	112 674	4 042	116 716
Changes in equity for 2009							
Total recognised income and expense 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 at 30 June 2009	52 425	(2 388)	19 754	87 464	157 255	3 757	161 012

DIRECTORATE: Dr MF Kunene (Chairman), *AJ Chislett (Chief Executive Officer), Dr I Abedian, BA Chelius (Alt), RG Cottrell, AP du Preez, HH Hickey, TT Khobane (Alt)
MR Mashishi, TN Mgoduso, NG Payne, *G Whitcher. Company Secretary: E Price *Executive

REGISTERED OFFICE: 288 Kent Avenue • PO Box 2544 • Randburg 2125 • Tel (011) 329 1111 • Fax (011) 329 1333 • email info@glenrandmb.co.za • website www.glenrandmb.co.za
• Licenced 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

INVESTMENT BANK AND SPONSOR: Nedbank Capital



Consolidated Statement of Recognised Income and Expenses

for the year ended 30 June

	2009 R'000	2008 R'000
Actuarial loss on post-retirement benefits	(3 161)	(6 767)
Deferred taxation on post-retirement benefits actuarial loss	773	1 767
Translation of foreign subsidiaries	(5 061)	2 404
Income and expenses recognised directly in equity	(7 449)	(2 596)
Profit (loss) for the year	48 658	(79 993)
Total recognised income and expenses for the year	41 209	(82 589)
Attributable to:		
Minority interest	2 111	2 057
Shareholders of Glenrand M-I-B	39 098	(84 646)
Total recognised income and expenses for the year	41 209	(82 589)

Business Segment Analysis

for the year ended 30 June

Notes	2009 R'000	2008 R'000
Segmental revenues		
Risk Advisory Services	502 867	466 049
Benefit Services	2 976	39 800
Total segmental revenues	505 843	505 849
Segmental results		
Risk Advisory Services	15 996	3 944
Benefit Services	(23 178)	(102 321)
Total segmental losses	(7 182)	(98 377)

Notes to the Financial Statements

- Basis of accounting**
These consolidated preliminary results are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the disclosure requirements of IAS 34 – Interim Financial Reporting and the South African Companies Act of 1973, as amended. The accounting policies are consistent with those applied for the year ended 30 June 2008.
- Employment expenses**
Included in employment expenses are Finrite employment costs for a full year, retrenchment costs of R6,9 million and IFRS 2 charges of R3,7 million.
- Finance costs and investment income**
Included in finance costs is a charge for post-retirement benefits of R18,5 million (2008: R17,6 million). Investment income includes an expected return on the defined benefit plan assets amounting to R18,4 million (2008: R18,2 million).
- Discontinuing operations**
The final liquidation order of Glenrand M-I-B Benefit Services (Pty) Limited was issued on 2 June 2009, with effect from 31 March 2009. The assets and liabilities of the Benefit Services business unit, which includes Ten-50-Six Life Limited, were previously disclosed as held-for-sale. As a consequence of the liquidation order, the insolvent subsidiary and its subsidiaries are no longer consolidated at 30 June 2009, but the results of the discontinued operations until 31 March 2009 were included.

Analysis of the accounting effects of the deconsolidation of the insolvent subsidiary and discontinued operations

	June 2009 R'000
Reversal of the negative net asset value attributable to Benefit Services Group at 31 March 2009	190 482
Less: Loans owing by the Benefit Services Group to Glenrand M-I-B Limited	(166 347)
Less: Loss on shares held in Glenrand M-I-B Limited previously treated as Treasury shares	(999)
Effect of deconsolidation	23 136
Profit on disposal of other discontinuing operations	2 861
Loss for the period from discontinuing operations	(15 641)
Profit before taxation	10 356
Taxation	225
Profit after taxation	10 581

The cash and cash equivalents deconsolidated at 31 March 2009 amounted to R39,7 million and were left in the insolvent estate.

- Business combination**
On 13 November 2008 the group acquired 10% of the ordinary shares in Glenrand M-I-B Credit and Political Risk Consultants (Pty) Limited for a consideration of R2,5 million. Previously the group owned 70% of the share capital and acquired the additional shareholding in terms of a shareholders' agreement when the previous shareholder passed away.

The acquisition had the following effect:

	June 2009 R'000
Decrease in minority interest	656
Increase in goodwill	638
Pre-acquisition dividend	660
Imputed interest	593
Total consideration	2 547

The cash and cash equivalents deconsolidated at 30 June 2009 amounted to R102,410 million and were left in the insolvent estate.

- Calculation of headline earnings (loss)**
Earnings (loss) attributable to ordinary shareholders
 46 547 | (82 050) || Adjusted for: | | |
| Impairment and disposals of assets | 5 490 | 22 276 |
| Profit on disposal of investments and subsidiary companies | (2 861) | (18 497) |
| Effect of deconsolidation | (23 136) | – |
| Fair value adjustment for subsidiary company held-for-sale | – | (9 824) |
| Minority interest | (5) | (69) |
| Headline earnings (loss) | 26 035 | (88 164) |

- Cash and cash equivalents**
Cash and cash equivalents includes own cash resources of
 80 226 | 102 410 |

- Business segment analysis**
Reconciliation of statutory to segmental loss
 67 449 | (55 833) || Statutory profit (loss) before taxation | | |
| Continuing | 57 093 | 26 744 |
| Discontinuing | 10 356 | (82 577) |
| Adjusted for: | | |
| Investment income | (79 994) | (74 011) |
| Finance costs | 26 850 | 38 896 |
| Share of profits of equity accounted investees | (980) | (1 374) |
| Headline adjusting items | (20 507) | (6 045) |
| Total segmental losses | (7 182) | (98 377) |

- Audit report**
KPMG Inc.'s unmodified auditors' report on the summarised financial statements contained in this preliminary report is available for inspection at the company's registered office.