

We are making steady progress to return Glenrand M-I-B to sustained profitability. Our core Risk Services business performed well with total income up 14% to R515 million. Following the disposal of our loss-making Benefit Services business we have re-organised the company so that our broking, risk advisory, claims and policy administration services are more closely aligned to our customer's needs. We are now focused on profitable continuing operations and have created a platform for sustained profits from next year onwards.

Andrew Chislett, Chief Executive Officer

OVERVIEW

The period under review marked the restructuring of the group as a risk advisory business, with core interests in short-term insurance broking, risk advisory, claims and policy administration capabilities.

The continuing business produced 14% growth in income (excluding the return on plan assets) in difficult market conditions, yet the group returned a disappointing overall loss of 36,2 cents per share (2007: profit of 35,6 cents) arising primarily from increased losses in the discontinuing Benefit Services business and impairments to assets that are considered of limited value in use.

This result is very disappointing and although placing a significant burden on the continuing business, the group has sufficient cash facilities to settle these obligations.

The disposal of the pension fund administration business of Glenrand M-I-B Benefit Services (Pty) Limited ("Benefit Services") to Absa Consultants and Actuaries (Pty) Limited ("Absa") was effective 5 February 2008. Similarly, the Healthcare division of Benefit Services was sold to Absa effective 1 March 2008. We are still in the process of planning the transfer of policyholders' assets from Ten-50-Six Life Limited ("TFS"). We are also in an advanced stage of disposing of the pension backed home loan book of business of Benefit Services, which is the last remaining asset in Benefit Services, other than its holding in TFS.

We are continuing to address the cost base of the continuing business and a number of projects to reduce variable costs associated with technology, telephony and printing have been completed. Improved treasury management added significantly to investment income. The targeted R10 million cost savings have been exceeded which were, however, offset by once off restructuring costs to exit pre-existing contractual arrangements.

DISCONTINUING OPERATIONS

The Benefit Services business incurred a trading loss of R102,3 million (2007: R35,8 million), which included increased estimates of R85,2 million to close down the Benefit Services unit. This was due to a change in the basis of the disposal and consequential delays in concluding the final disposal arrangements. This changed the assumptions on which the provisions were previously based.

With the appointment of Absa as our agent to finalise these accounts, a fuller understanding of the extent of the processing backlogs on funds that terminated their mandates and therefore not transferring to Absa became apparent. It is estimated that this process will require a further 24 months to conclude and the provision includes interventions to accelerate the effort where possible. There are 201 terminated funds, almost all with long outstanding annual financial statements and valuation reports. It is targeted that 65% of these funds will be resolved by 30 June 2009 and 85% by 31 December 2009. The project plan will require constant vigilance and a concerted effort to conclude the project within the estimated provisions.

The costs of exiting the discontinued operations have been adequately provided for.

CONTINUING OPERATIONS

The continuing business produced revenue growth across all of its operating units despite ongoing soft market conditions in the commercial and corporate segments. Broking revenues increased by 10,5% to R466 million. Investment income (excluding the return on plan assets) increased significantly to approximately R48,8 million, as a result of increased premium flow and higher interest rates, resulting in total income of R515 million. Glenrand M-I-B had own cash resources of R102 million at 30 June 2008.

All business units of the Risk Services operation continue to enjoy excellent client and staff retention. New business targets were met, offset by the impact of soft market conditions on the commission components of the commercial and corporate units. The personal lines book experienced positive revenue growth from hardening rates driven by insurers' motor losses and achievement of sales targets.

Earnings per share from the continuing business was 0,3 cents (2007: 17,0 cents), however excluding once off impairments of software amounting to R17,7 million, headline earnings per share of 8,8 cents was achieved. Although good progress has been made towards restructuring the group's cost base, the share of group costs previously absorbed by Benefit Services was carried by Risk Services subsequent to 5 February 2008.

Contributing further to the overall headline loss was a charge for post-retirement benefits which increased significantly since the previous annual valuations and accounted for R17,6 million included in finance costs. Actuarial adjustments of R6,8 million before taxation relating to post-retirement benefits were recognised directly against equity. The expected return on the defined benefit plan assets amounted to R18,2 million which was included in investment income. The net income statement effect before tax from post-retirement benefits is R4,6 million. An additional R4,3 million (2007: R3,5 million) was recognised in terms of IFRS 2 share-based payments, mainly as a result of the granting of additional share options. The provision for doubtful debts increased to R8 million.

PROSPECTS

Management believes that the disposal of Benefit Services and organisational redesign initiatives sets the platform for a return to sustainable profits from the 2009 financial year onwards. We are continuing with a selective acquisition strategy in terms of the growth agenda for our continuing operations. Management has set a target of achieving a 20% profit before tax margin on gross revenue from our continuing operations by 2010.

DIRECTORATE

Mr A J Chislett was appointed CEO to the group on 1 November 2007 and Dr M F Kunene reverted to his previous role as non-executive Chairman of the Board. Mr N G Payne was appointed as a member and Chairman of the Remuneration and Nominations Committee and Mr R G Cottrell as lead independent non-executive director. Ms T Mgoduso was appointed as alternate director to Mrs H Nyasulu on 3 July 2007.

DIVIDEND

No dividend was declared. We are committed to resuming dividend payments as soon as it is prudent to do so, taking into account retentions for growth.

On behalf of the Board of Directors

Dr M F Kunene (Chairman) **A J Chislett** (Chief Executive Officer) 10 September 2008

Income Statement

for the year ended 30 June

	2008 R'000	2007 R'000
Continuing operations		
Revenue	466 049	421 616
Employment expenses	(268 734)	(248 544)
Rent and IT expenses	(49 042)	(43 794)
Amortisation and depreciation	(18 522)	(15 250)
Other expenses	(117 196)	(96 832)
Finance costs	(26 219)	(7 412)
Disposals and impairments	(27 953)	2 593
Investment income	66 987	31 169
Share of profit of equity accounted investees	1 374	788
Profit before taxation	26 744	44 334
Taxation	(23 997)	(3 604)
Profit from continuing operations	2 747	40 730
Discontinuing operations		
(Loss) profit from discontinuing operations (net of taxation) including the profit on disposal of discontinued operations	(82 740)	43 486
(Loss) profit for the year	(79 993)	84 216
(Loss) profit attributable to:		
Minority interest	2 057	3 674
Shareholders of Glenrand M-I-B	(82 050)	80 542
	(79 993)	84 216
Earnings per share		
Basic (loss) earnings per share (cents)	(36,2)	35,6
Diluted (loss) earnings per share (cents)	(36,2)	35,6
Continuing operations		
Basic earnings per share (cents)	0,3	17,0
Diluted earnings per share (cents)	0,3	17,0
Headline (loss) earnings per share (cents)	(38,9)	6,7
Diluted headline (loss) earnings per share (cents)	(38,9)	6,7
Number of shares (net of treasury shares)		
- Weighted average (000's)	226 526	226 526
- Diluted weighted average (000's)	226 612	226 526

- Exit from loss making Benefit Services substantially complete
- Renewed focus on profitable operations providing platform for growth

Statement of Recognised Income and Expenses

for the year ended 30 June

	2008 R'000	2007 R'000
Actuarial loss on post-retirement benefits	(6 767)	(1 156)
Deferred taxation on post-retirement benefits actuarial loss	1 767	335
Translation of foreign subsidiaries	2 404	1 976
Income and expenses recognised directly in equity (Loss) profit for the year	(2 596) (79 993)	1 155 84 216
Total recognised income and expenses for the year	(82 589)	85 371
Attributable to:		
Minority interest	2 057	3 674
Shareholders of Glenrand M-I-B	(84 646)	81 697
Total recognised income and expenses for the year	(82 589)	85 371

Balance Sheet

as at 30 June

	2008 R'000	2007 R'000
Assets		
Non-current assets		
Property, plant and equipment	20 335	23 378
Investment properties	-	6 464
Goodwill	44 530	31 457
Intangible assets	74 772	52 971
Deferred taxation asset	36 697	40 642
Investments	3 123	3 783
Long-term accounts receivable	1 260	6 615
Non-current assets	180 717	165 310
Current assets	511 537	427 724
Assets classified as held for sale	2 918 219	5 576 409
Total assets	3 610 473	6 169 443
Equity and liabilities		
Equity		
Shareholders' equity	112 674	192 405
Minority interest	4 042	4 037
Total equity	116 716	196 442
Liabilities		
Non-current liabilities		
Long-term liabilities	48 064	34 643
Deferred taxation	8 579	117
Non-current liabilities	56 643	34 760
Current liabilities	534 347	352 411
Liabilities classified as held for sale	2 902 767	5 585 830
Total liabilities	3 493 757	5 973 001
Total equity and liabilities	3 610 473	6 169 443

Cash Flow Statement

for the year ended 30 June

	2008 R'000	2007 R'000
Cash (utilised) generated by operations	(48 819)	17 502
- Continuing	42 111	53 741
- Discontinuing	(90 930)	(36 239)
Working capital changes	56 181	(3 794)
Investment income received	55 851	39 721
Interest paid	(20 009)	(8 842)
Taxation paid	(13 318)	(18 045)
Dividends paid	(1 768)	(2 587)
Cash inflow from operating activities	28 118	23 955
Cash (outflow) inflow from investing activities	(19 673)	62 310
Cash inflow from financing activities	3 262	4 452
Net increase in cash and cash equivalents	11 707	90 717
Cash and cash equivalents at beginning of year	256 653	164 135
Effect of exchange rate fluctuations on cash held	459	1 801
Cash and cash equivalents at end of year	268 819	256 653

Business Segment Analysis

for the year ended 30 June

	2008 R'000	2007 R'000
Segmental revenues		
Risk Advisory Services	466 049	431 219
- Continuing	466 049	421 616
- Discontinuing	-	9 603
Benefit Services	39 800	85 329
Total segmental revenues	505 849	516 548
Segmental results		
Risk Advisory Services	3 944	22 705
- Continuing	3 944	18 197
- Discontinuing	-	4 508
Benefit Services	(102 321)	(35 842)
Total segmental losses	(98 377)	(13 137)

9. 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 2006	52 425	(16 323)	39 341	31 728	107 171	17 070	124 241
Changes in equity for 2007							
Total recognised income and expense for the year	-	-	1 976	79 721	81 697	3 674	85 371
Share-based payment reserve	-	3 537	-	-	3 537	-	3 537
Issue of shares by subsidiary company	-	-	-	-	-	367	367
Sale of shares in subsidiary company	-	-	-	-	-	(14 487)	(14 487)
Trade mark amortisation reserve transfer	-	-	(6 653)	6 653	-	-	-
Share of losses of equity accounted investees	-	-	(4 715)	4 715	-	-	-
Dividends paid	-	-	-	-	-	(2 587)	(2 587)
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

DIRECTORATE: Dr M F Kunene (Chairman), *A J Chislett (Chief Executive Officer), P Cooper (Alt), R G Cottrell, G T Ferreira, D J Harpur, A W Mansfield, M R Mashishi, T N Mgoduso (Alt), T H Nyasulu, N G Payne, *G Whitcher. Company Secretary: E Price *Executive

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INVESTMENT BANK AND SPONSOR: Nedbank Capital