



A risk advisory and financial services group

GLENRAND M·I·B

Glenrand M-I-B Limited (Registration number 1997/008001/06) ('Glenrand M-I-B' or 'the company' or 'the group')

JSE Share Code GMB ISIN Code ZAE 000018529

Service Beyond Expectation

REVIEWED YEAR-END RESULTS FOR THE YEAR ENDED 30 JUNE 2003

INCOME STATEMENT

for the year ended 30 June 2003				
		Reviewed Year ended 30 June 2003 R'000	% Change	Audited Year ended 30 June 2002 R'000
Operating revenue	4	917 021	10	832 333
- continuing		535 354		454 488
- discontinued/discontinuing	3	381 667		377 845
Operating expenses		(783 483)	11	(699 061)
- continuing		(420 284)		(365 560)
- discontinued/discontinuing	3	(363 199)		(333 501)
Trading profit		133 538		133 272
Interest paid		(12 192)		(8 243)
Operating profit		121 346		125 029
Income from associates		9 346		5 464
Profit before non-trading items		130 692		130 493
Non-operating income		5 822		3 330
Headline adjusting items	5	5 075		4 961
Profit before taxation		141 589		138 784
- continuing		124 389	33	93 797
- discontinued/discontinuing	3	17 200		44 987
Taxation	6	(35 751)		(38 852)
Profit after taxation		105 838		99 932
Minority interest		(19 884)		(21 496)
- continuing		(8 383)		(3 709)
- discontinued/discontinuing	3	(11 501)		(17 787)
Profit for the year		85 954		78 436
Headline earnings per share, fully diluted (cents)		33,2	1	32,8
Earnings per share, fully diluted (cents)		36,1		34,9
Number of shares				
- issued (000's)		238 546		236 546
- weighted average, fully diluted (000's)		238 335		224 538

BALANCE SHEET

as at 30 June 2003			
		Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
Assets			
Fixed assets		184 805	196 742
Goodwill and other intangibles		22 706	32 957
Deferred taxation		42 879	41 970
Investments		60 570	23 927
Current assets		783 923	1 348 908
Total assets		1 094 883	1 644 504
Equity and liabilities			
Ordinary shareholders' funds		226 570	174 276
Cost of shares held by subsidiary		(2 084)	(2 084)
Minority interest		41 940	52 676
Deferred taxation		7 169	7 991
Long-term liabilities	7	67 976	78 390
Current liabilities		753 312	1 333 255
Total equity and liabilities		1 094 883	1 644 504

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2003					
R'000	Share capital	Share premium	Non- distrib- able reserves	Retained earnings	Total
Balance as at 30 June 2001	4 428	—	33 878	74 399	112 705
Ordinary shares issued	305	32 136	—	—	32 441
Preference shares redeemed	(1)	—	—	—	(1)
Translation of foreign subsidiaries	—	—	(7 222)	—	(7 222)
Shared earnings of associates	—	—	3 884	(3 884)	—
Profit for the year	—	—	—	78 436	78 436
Dividends	—	—	—	(42 083)	(42 083)
Balance as at 30 June 2002	4 732	32 136	30 540	106 868	174 276
Ordinary shares issued	40	3 418	—	—	3 458
Preference shares redeemed	(1)	—	—	—	(1)
Transfer to capital redemption fund	—	—	1	(1)	—
Translation of foreign subsidiaries	—	—	12 923	—	12 923
Shared earnings of associates	—	—	7 820	(7 820)	—
Profit for the year	—	—	—	85 954	85 954
Dividends	—	—	—	(50 040)	(50 040)
Balance as at 30 June 2003	4 771	35 554	51 284	134 961	226 570

CASH FLOW STATEMENT

for the year ended 30 June 2003		
	Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
Cash generated from operations	151 023	151 669
- continuing	146 531	111 193
- discontinued/discontinuing	4 492	40 476
Movement in working capital	29 747	(66 984)
Taxation paid	(50 948)	(22 037)
Dividends paid	(50 040)	(42 083)
Cash available from (utilised by) operating activities	79 782	20 565
Cash utilised by investing activities	(128 135)	(47 252)
Cash (utilised) generated by financing activities	(39 628)	15 196
Net decrease in cash and cash equivalents	(87 981)	(11 491)
Cash and cash equivalents at beginning of year	418 100	429 591
Cash and cash equivalents at end of year	330 119	418 100

SEGMENTAL ANALYSIS

for the year ended 30 June 2003		
	Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
Segmental revenues	640 063	536 690
Risk advisory services		
Africa	467 708	376 372
United Kingdom	167 206	156 740
International - other	5 149	3 578
Risk management and technology	44 556	79 864
Africa	43 951	78 447
International - other	605	1 417
Benefit consulting, healthcare and medical services	232 402	215 779
Africa	232 402	215 779
Total segmental revenues	917 021	832 333
Segmental profits		
Risk advisory services	130 767	92 512
Africa	121 145	79 992
United Kingdom	8 895	12 496
International - other	727	24
Risk management and technology	3 040	3 555
Africa	3 154	3 691
International - other	(114)	(136)
Benefit consulting, healthcare and medical services	(269)	37 205
Africa	(269)	37 205
Total segmental profits	133 538	133 272

NOTES

1. BASIS OF ACCOUNTING

The accounting policies as set out in the 2002 Annual Report comply with South African Statements of Generally Accepted Accounting Practice and have been consistently applied in producing the results, except for adoption of AC133: *Financial Instruments: Recognition and Measurement*, which has had no material impact on the financial statements.

2. REVIEW OPINION

The group results have been reviewed by KPMG Inc. who have substantially completed their audit and intend issuing an unqualified opinion on the annual report due for publication in the near future. Their unqualified review report is available for inspection at the company's registered office.

3. DISCONTINUED/DISCONTINUING OPERATIONS

During the year under review Glenrand M-I-B International Limited, a subsidiary of our international investment company Glensure Limited, was disposed of effective 27 February 2003. Effective 31 December 2002, we disposed of our subsidiary investment in IRCA (Pty) Limited (a Risk Management Consulting company). The results of Protector Group are recorded as a discontinuing operation in line with our commentary under Strategic Developments.

4. OPERATING REVENUE

	Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
Includes:		
Investment income	53 542	37 301
5. CALCULATION OF HEADLINE EARNINGS		
Profit for the period	85 954	78 436
Less: Profit on disposal of investments	(14 187)	(6 110)
Less: Goodwill amortisation	(3 389)	(4 456)
Add: Provision for impairment of investment	3 788	2 593
Add: Provision for impairment of asset	3 852	—
Add: Post-retirement medical aid liability relating to prior year	4 861	—
Add: Administration fee relating to prior year	—	3 012
Less: Taxation effect	(1 983)	(904)
Add: Minority shareholders effect	210	1 107
Headline earnings	79 106	73 678

6. TAXATION

	Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
The group's tax charge comprises the following:		
SA normal taxation	23 762	22 865
SA deferred taxation	(1 937)	(2 056)
STC	5 940	4 647
Foreign taxation	1 368	740
Discontinued/discontinuing	5 365	10 969
Associates' taxation	1 253	1 687
	35 751	38 852

7. LONG-TERM LIABILITIES

	Reviewed Year ended 30 June 2003 R'000	Audited Year ended 30 June 2002 R'000
Interest bearing	43 596	64 097
Non-interest bearing	24 380	14 293
	67 976	78 390

OPERATIONAL REVIEW

BUSINESS REVIEW

Our business
Glenrand M-I-B is a leading financial services group focused on providing risk advisory services and solutions, employee benefits, investment advisory services, selected financial products and full healthcare maintenance organisation services and products.

FINANCIAL REVIEW

Overview
In line with the trading update that was released earlier this year, we are reporting headline earnings of 33,2 cents at 30 June 2003, an increase of 1% from the prior year of 32,8 cents.

Income statement
Total operating revenue growth was 10% due to the strong revenue growth of the Africa Risk Advisory Services division, which increased by 24% to R468 million (2002: R376 million). A further factor in the operating revenue growth was the 44% increase in investment income over the prior year from R37 million to R54 million.

The Africa Risk Advisory Services division delivered an excellent trading profit of R121 million, representing a 51% increase over last year's R80 million.

The Benefit consulting, healthcare and medical services divisions delivered a disappointing trading loss of R0,3 million against their 2002 trading profit of R37 million.

Our Benefit Consulting division incurred a trading loss of R2 million against a prior year trading profit of R8 million. This was mainly due to the decrease in the healthcare revenue as a result of the change in legislation (effective 1 January 2003) whereby healthcare brokers no longer receive the renewal commissions annually upfront, but rather monthly in arrears. Although just a timing issue, it will result in a reduction in revenue in the first year of the new legislation being in place.

Protector Group's result was impacted this year by a significant number of restructuring, reorganisation and development costs.

Earnings from associate companies increased by 71% from R5 million to R9 million. This was almost exclusively as a result of organic growth in certain associate companies that performed well.

There was a slight benefit from the improved effective taxation rate of 25% in the current year as compared to the 28% in the prior year.

Minority interest charges have decreased marginally to R20 million (2002: R21 million), due to the lower profits from the Protector Group and the sale of Glenrand M-I-B International Limited and IRCA (Pty) Limited, which both occurred prior to year-end.

Balance sheet and cash flow

The interest bearing long-term debt to equity ratio of 16% for 2003 has reduced from the 2002 ratio of 29%. Proceeds from the sale of our UK operations were used to retire certain foreign debt held by Glensure Limited (our UK investment company).

The cash generation ratio of 1,07 at 30 June 2003 demonstrates that our cash generated from operations exceeds our reported profits before tax. The cash outflow from investing activities is as a result of the sale of our UK operations, whereby the cash received was exceeded by the value of cash disposed of. The decrease in cash resources from R418 million in 2002 to R330 million in 2003 is as a result of the abovementioned sale and the increase in the Protector Group overdraft balance. The current ratio improved, however, with a R15 million increase over last year in the net current asset position.

STRATEGIC DEVELOPMENTS

Risk Advisory Services

Our continued strategy is to consider selective acquisitions, as we believe the local broker market will experience consolidation in line with international trends and the influence resulting from the consolidation of local insurance and reinsurance companies.

Employee Benefits

We expect to see a far better operating performance delivered by our Employee Benefits operation. This should be achieved as our successful new business efforts during 2003 translate into revenue during 2004, the impact of the changed healthcare legislation is now behind us and as a result of our continuing focus on cost control.

Protector Group

Protector Group has positioned itself uniquely as an integrated health funding and healthcare provider in the emerging healthcare market sector.

The significant investment incurred by Protector over the last two-year period has been necessary in increasing its capacity and ability to grow its market share aggressively going forward.

Notwithstanding the future prospects to which Protector are well geared, the group, in assessing its future strategic direction, has determined that Protector is not considered part of our core focus.

Furthermore, it is felt that Protector would benefit significantly by having a direct Black Empowerment shareholder. The group is, therefore, in negotiations regarding our equity interest in Protector as communicated in our cautionary announcement dated 3 September 2003.

PROSPECTS

We expect to see growth in headline earnings from the continuing operations for the year ahead.

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final dividend (No. 8) of 13 cents per share (2002: 11 cents) has been declared. The following are the salient dates:

Last day to trade in order to participate in the final dividend	Friday, 26 September 2003
Trading on or after this date will be ex the final dividend	Monday, 29 September 2003
Record date	Friday, 3 October 2003
Payment date	Monday, 6 October 2003

On payment date, if so mandated, dividends due to holders of certificated securities will either be transferred electronically to bank accounts or, alternatively, cheques will be posted to their registered addresses.

Dividends in respect of dematerialised shareholdings will be credited to shareholders' accounts with their Central Securities Depository Participant (CSDP) or broker. Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 29 September 2003 and Friday, 3 October 2003, both dates inclusive.

On behalf of the board of directors

A W Mansfield
(Chairman - Non-executive)
3 September 2003

D J Harpur
(Chief Executive Officer)



DIRECTORATE

A W Mansfield (Chairman), D J Harpur (Chief Executive Officer), ESC von Roretz (Chief Operating Officer) G C Beaver, R G Cottrell, G T Ferreira, G R George, M P Hutton, C W Keey, J H Henderson, Dr M F Kunene, M D W Ryan, M B Martin (Alt), B H Seach, G Munro (Alt). Group secretary: E Price.

REGISTERED OFFICE

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REGISTRARS

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