



REVIEWED YEAR-END RESULTS FOR THE YEAR ENDED 30 JUNE 2004

OPERATIONAL REVIEW

BUSINESS REVIEW

Our business

Glenrand M+I-B is a leading provider of insurance broking and benefit consulting services to a range of South African and international clients.

FINANCIAL REVIEW

Overview

The results for the year at the operational level reflect continued growth. Our continuing operating revenue has increased by 11% to R597 million and the trading profit from continuing operations has improved by 12% to R129 million. In accordance with the trading update issued recently, headline earnings are marginally down from 33,3 cents as at 30 June 2003 to 32,0 cents.

Income statement

The Africa Risk Advisory Services Division has continued to deliver a solid performance for the current year with revenues growing by 11% to R518 million and trading profits by 14% to R138 million. All strategic business units within Risk Services contributed to this growth.

Benefit Services has produced a trading loss of R9 million from a revenue base of R76 million. A significant amount of one-off costs relating to the recruitment and retrenchment of staff, as a result of the restructuring within the company, have been incurred. The employment of additional highly qualified staff has increased the cost base, and it is anticipated that the benefits from this investment will only be achieved in the 2005 financial year. Further additional costs have been incurred in the establishment of new products and services within the company to generate additional revenue streams.

The decrease in the associate earnings by 27% to R6,8 million has been impacted mainly by the poor performance of Swicon (Pty) Limited, the payroll management company.

The group has incurred significant non-headline expenses, which have decreased the earnings per share to 15,2 cents for the current year. In line with our decision to exit non-core investments, we disposed of our investment in the Protector Group, and this resulted in a capital loss. The associate investment in Swicon has been impaired to reflect the value expected to be achieved on its disposal. Increased goodwill write-offs have occurred to

reflect certain investments at their correct carrying value. A further write-down was required as a result of the prior year sale of IRCA.

The effective taxation rate, in respect of headline earnings, is 34%.

The improved performances by certain of the underwriting management companies in which we have investments have resulted in the increased minority interest charge.

AC139: *Share-based payments* is relevant for the group for the June 2006 financial year. This accounting statement requires the cost of share options to be recognised in the income statement. We have decided to disclose the cost of these share options in our 2004 financials. To this end the cost for the current and prior year is R0,5 million and R0,3 million respectively and the impact on headline earnings, had these costs been accounted for, would not be material.

Balance sheet and cash flow

The sale of the Protector Group has had a significant impact on the group balance sheet.

The gearing of the company has reduced to 3% with the decrease of R38 million in interest-bearing long-term liabilities. The liquidity position of the group has improved over the prior year.

The trading results continue to generate strong cash flows as demonstrated by our cash generated from operations. Proceeds from the sale of the Protector Group have enhanced cash resources for the year. Own cash increased by R110 million to R241 million at 30 June 2004. As a result, the final dividend has been declared at 14 cents, giving a total increased dividend of 25 cents for the year.

STRATEGIC DEVELOPMENT

Empowerment

Discussions to extend the empowerment investors who will bring value continue. Certain parties have been identified to enhance present arrangements. It is expected that this development will be achieved by June 2005.

Risk Advisory Services

This comprises short-term and reinsurance broking and underwriting management services and this area of activity has performed well. Appropriate empowerment and strong international linkages are strategic imperatives for sustainability. Overall prospects in this business are positive.

Benefit Services

Although no turnaround was expected in the year to June 2004, the costs in laying a foundation for the future were higher than anticipated, impacting on the June 2004 results. Prospects of a positive contribution to June 2005 and beyond are good.

Focus

The group as a whole has refocused its energies on core insurance broking and underwriting management services. This focus will underpin future strategic development.

PROSPECTS

The group is expected to achieve real growth in headline earnings per share for June 2005.

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final dividend (No. 10) of 14 cents per share (2003: 13 cents) has been declared. The following are the salient dates:

Last day to trade in order to participate in the final dividend	Friday, 1 October 2004
Trading on or after this date will be ex the final dividend	Monday, 4 October 2004
Record date	Friday, 8 October 2004
Payment date	Monday, 11 October 2004

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, 4 October 2004 and Friday, 8 October 2004, both dates inclusive.

On behalf of the board of directors

A W Mansfield
(Chairman – Non-executive)
8 September 2004

D J Harpur
(Chief Executive Officer)

INCOME STATEMENT

for the year ended 30 June 2004

Note	Reviewed Year ended 30 June 2004 R'000	% Change	Audited Year ended 30 June 2003 R'000
Operating revenue	671 150		917 021
– continuing	596 747	11	535 354
– discontinued	74 403		381 667
Operating expenses	(541 409)		(783 483)
– continuing	(467 905)	11	(420 284)
– discontinued	(73 504)		(363 199)
Trading profit	129 741		133 538
– continuing	128 842	12	115 070
– discontinued	899		18 468
Interest paid	(8 832)		(12 192)
Operating profit	120 909		121 346
Income from associates	6 856		9 346
Profit before non-trading items	127 765		130 692
Non-operating income	5 361		5 822
Headline adjusting items	(41 037)		5 075
Profit before taxation	92 089		141 589
– continuing	92 532	(26)	124 389
– discontinued	(443)		17 200
Taxation	(44 855)		(35 751)
Profit after taxation	47 234		105 838
Minority interest	(10 835)		(19 884)
– continuing	(10 478)		(8 383)
– discontinued	(357)		(11 501)
Profit attributable to shareholders	36 399		85 954
Headline earnings per share, fully diluted (cents)	32,0	(4)	33,3
Earnings per share, fully diluted (cents)	15,2	(58)	36,2
Number of shares			
– issued (000's)	242 046		238 546
– weighted average, fully diluted (000's)	240 237		237 274

BALANCE SHEET

as at 30 June 2004

Note	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Assets		
Fixed assets	46 143	184 805
Goodwill and other intangibles	33 748	22 706
Deferred taxation	24 458	35 803
Investments	51 464	60 570
Current assets	706 183	752 702
Total assets	861 996	1 056 586
Equity and liabilities		
Ordinary shareholders' funds	205 370	226 570
Cost of shares held by subsidiary	(2 084)	(2 084)
Minority interest	21 959	41 940
Deferred taxation	260	93
Long-term liabilities	34 792	67 976
Current liabilities	601 699	722 091
Total equity and liabilities	861 996	1 056 586

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2004

R'000	Share capital	Share premium	Non-distributable reserves	Retained earnings	Total
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 reserve fund	—	—	1	(1)	—
Translation of foreign subsidiaries	—	—	12 923	—	12 923
Shared earnings of associates	—	—	7 820	(7 820)	—
Profit attributable to shareholders	—	—	—	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
Ordinary shares issued	70	6 157	—	—	6 227
Consolidation of share option trust	(16)	(1 513)	—	296	(1 233)
Translation of foreign subsidiaries	—	—	(4 665)	—	(4 665)
Shared earnings of associates	—	—	(6 112)	6 112	—
Cash flow hedge	—	—	—	(640)	(640)
Profit attributable to shareholders	—	—	—	36 399	36 399
Dividends	—	—	—	(57 288)	(57 288)
Balance as at 30 June 2004	4 825	40 198	40 507	119 840	205 370

CASH FLOW STATEMENT

for the year ended 30 June 2004

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Cash generated from operations	152 779	151 023
– continuing	151 089	146 531
– discontinued	1 690	4 492
Movement in working capital	(19 853)	(1 474)
Taxation paid	(36 773)	(50 948)
Dividends paid	(57 288)	(50 040)
Cash available from operating activities	38 865	48 561
Cash generated (utilised) by investing activities	25 225	(128 135)
Cash generated (utilised) by financing activities	15 726	(39 628)
Net increase (decrease) in cash and cash equivalents	79 816	(119 202)
Cash and cash equivalents at beginning of year	298 898	418 100
Cash and cash equivalents at end of year	378 714	298 898

SEGMENTAL ANALYSIS

for the year ended 30 June 2004

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Segmental revenues		
Risk advisory services	520 445	640 063
Africa	518 458	467 708
United Kingdom	1 987	167 206
International – other	—	5 149
Risk management and technology	—	44 556
Africa	—	43 951
International – other	—	605
Benefit services, healthcare and medical services	150 705	232 402
Africa	150 705	232 402
Total segmental revenues	671 150	917 021
Segmental profits		
Risk advisory services	137 541	130 767
Africa	138 369	121 145
United Kingdom	(828)	8 895
International – other	—	727
Risk management and technology	—	3 040
Africa	—	3 154
International – other	—	(114)
Benefit services, healthcare and medical services	(7 800)	(269)
Africa	(7 800)	(269)
Total segmental profits	129 741	133 538

NOTES

1. Basis of accounting

The accounting policies as set out in the 2003 annual report comply with South African Statements of Generally Accepted Accounting Practice and have been consistently applied in producing the results, except to comply with AC132: *Consolidated Financial Statements*. The Glenmib Employee Scheme Trust, which holds Glenrand M+I-B shares, is now consolidated. The prior year balance sheet has not been restated as the financial effect is immaterial. Earnings per share in the prior year have, however, been restated due to the decrease in the weighted number of shares in issue. This change has no material effect on earnings in the prior or current year.

Certain comparative figures have been restated in accordance with current year classifications.

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 operations

Effective 1 December 2003, we disposed of our 65% held investment in Protector Group.

4. Operating revenue

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Includes: Investment income	55 100	53 542

5. Calculation of headline earnings

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Profit attributable to shareholders	36 399	85 954
Add: Loss (Profit) on disposal of investments	9 478	(14 187)
Add: Goodwill amortisation	10 884	(3 389)
Add: Provision for impairment of assets	20 675	7 640
Add: Post-retirement medical aid liability relating to prior year	—	4 861
Add: Taxation effect	145	(1 983)
Less: Minority shareholders' effect	(689)	210
Headline earnings	76 892	79 106

6. Taxation

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
The group's tax charge comprises the following:		
SA normal taxation	43 917	23 762
SA deferred taxation	(10 102)	(1 937)
STC	6 684	5 940
Foreign taxation	1 223	1 368
Discontinued	(349)	5 365
Associates' taxation	3 482	1 253
	44 855	35 751

7. Long-term liabilities

	Reviewed Year ended 30 June 2004 R'000	Audited Year ended 30 June 2003 R'000
Interest bearing	5 896	43 596
Non-interest bearing	28 896	24 380
	34 792	67 976