



ANNOUNCEMENT OF RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 30 JUNE 2004

The Directors announce the unaudited Group results for the six months ended 30 June 2004.

COMMENTARY

The excellent underwriting performance reported in the second half of 2003 continued in the first half of 2004 with an underwriting profit of R105,7m up from R21,8m in 2003. Gross written premiums were marginally up on 2003 at R1 572m. This increase is considered satisfactory following the impact of the cancellation of unprofitable business in 2003 and the continued adherence to strict underwriting principles and appropriate product pricing.

All underwriting accounts performed satisfactorily with the motor account, in particular, now performing in line with other accounts. Claims continue to be closely monitored with controls over claims costs being improved following the introduction of motor vehicle assessment centres in Johannesburg, Cape Town and Durban.

The absence of major weather related events, the presence of a lower inflationary environment and stable crime rates have enabled pricing to be held at current levels while maintaining the improved level of underwriting performance.

Investment income at R64,4m is R9,3m lower than 2003 due to lower interest rates and the impact of an AC133 adjustment of R8,5m in respect of unrealised losses on the Company's bond trading portfolio. The equity disposal programme previously agreed upon continues with the surplus of R23,0m (2003: R5,7m) arising on the disposal of investments.

Headline earnings have increased by 71,3% to 940.0 cents per share (2003: 548,7 cents per share). The solvency margin is 49.7% compared to 47,1% at the end of 2003 and 41,5% at 30 June 2003.

While the Directors are confident regarding the Company prospects for the remainder of the year, it should be noted that short term insurance results can fluctuate and therefore figures for the first six months are not necessarily indicative of the year-end result.

DIVIDEND DECLARATION NO. 66

- The Directors have declared an interim dividend for 2004 of 180 cents per share (2003: 150 cents per share).
- The dividend is payable in accordance with the following timetable:

Last day to trade in order to participate in the dividend:	Friday, 3 September 2004
Shares commence trading ex the dividend from the commencement of business on:	Monday, 6 September 2004
Record date:	Friday, 10 September 2004
Payment date:	Monday, 13 September 2004

Shareholders may not dematerialise or rematerialise their holdings of shares in the Company between Monday, 6 September 2004 and Friday, 10 September 2004 both days inclusive.

By order of the Board.

GM Riddell Chairman
Johannesburg 28 July 2004

NV Beyers Managing Director

SUMMARISED INCOME STATEMENT

Rand thousands

Note	Six months ended 30 June 2004	Six months ended 30 June 2003	Twelve months ended 31 Dec 2003
GROSS WRITTEN PREMIUM	1 572 138	1 543 845	3 189 100
Underwriting profit	5 105 686	21 787	127 703
Investment income	6 64 427	73 695	152 772
Investment expenses	(1 708)	(2 014)	(3 346)
	168 405	93 468	277 129
Net realised surplus on disposal of investments	22 993	5 678	49 914
PROFIT before taxation	191 398	99 146	327 043
Taxation	(53 093)	(24 754)	(81 968)
PROFIT after taxation	138 305	74 392	245 075
Minority and cell shareholders' interest	(3 116)	(1 261)	(21 156)
Net profit attributable to members of the Company	135 189	73 131	223 919
Dividends paid	(36 539)	(18 269)	(36 539)
RETAINED INCOME	98 650	54 862	187 380

HEADLINE EARNINGS PER SHARE (cents)	2004	2003	2003
2	940.0	548.7	1 475.5
4	1 110.0	600.4	1 838.5
ORDINARY DIVIDENDS PER SHARE (cents)	180.0	150.0	450.0

ABRIDGED BALANCE SHEET

ASSETS

Property, plant and equipment	64 884	76 090	71 335
Investments	7 784 424	761 794	785 089
Deferred taxation	7 824	-	8 293
Technical assets	398 646	401 860	408 776
Current assets	787 856	685 566	774 142
Cash and cash equivalents	1 051 326	816 398	889 121
TOTAL ASSETS	3 094 960	2 741 708	2 936 756

EQUITY AND LIABILITIES

Shareholders' equity	1 278 026	998 949	1 197 872
Minority and cell shareholders' interest in subsidiaries	57 112	39 859	54 780
Deferred tax liabilities	-	1 322	-
Retirement benefit obligation	68 941	70 000	68 941
Technical provisions	1 381 199	1 387 259	1 396 865
Current liabilities	309 682	244 319	218 298
TOTAL EQUITY AND LIABILITIES	3 094 960	2 741 708	2 936 756

CONDENSED STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	1 197 872	974 650	974 650
Revaluation of investments	(2 351)	(16 240)	36 683
Translation of foreign subsidiaries	(16 145)	(14 323)	(841)
Net profit for the period	135 189	73 131	223 919
Dividends	(36 539)	(18 269)	(36 539)
Balance at end of period	1 278 026	998 949	1 197 872

CONDENSED CASH FLOW STATEMENT

Rand thousands

	Six months ended 30 June 2004	Six months ended 30 June 2003	Twelve months ended 31 Dec 2003
Cash retained from operating activities	109 032	88 383	187 767
Net decrease/(increase) in working capital	26 501	48 446	(5 325)
Dividends, interest and rental received	72 933	73 695	150 350
Taxation paid	(35 302)	(15 352)	(91 411)
Dividends paid	(36 539)	(18 269)	(36 539)
Cash effect of investing activities	25 580	(43 480)	1 304
Net increase in cash and cash equivalents	162 205	133 423	206 146

NOTES

1. Accounting policies

The financial statements are prepared in accordance and comply with the South African Statements of Generally Accepted Accounting Practice. The accounting policies applied in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2003.

2. Determination of headline earnings

Net profit attributable to members of the Company	135 189	73 131	223 919
After-tax adjustment for:			
- Net realised surplus on disposal of investments, property, plant and equipment	(20 700)	(6 299)	(44 215)
Headline earnings	114 489	66 832	179 704
Headline earnings per share (cents)	940.0	548.7	1 475.5

3. Segmental information

	South Africa	Foreign subsidiaries	Total
<i>Six months ended 30 June 2004</i>			
Gross written premium			
General insurance business	1 400 015	115 074	1 515 089
Alternative risk transfer business	57 049	-	57 049
	1 457 064	115 074	1 572 138
Profit before taxation			
General insurance business	168 775	16 639	185 414
Alternative risk transfer business	5 984	-	5 984
	174 759	16 639	191 398
Net assets			
General insurance business	1 123 656	78 534	1 202 190
Alternative risk transfer business	132 948	-	132 948
	1 256 604	78 534	1 335 138
<i>Six months ended 30 June 2003</i>			
Gross written premium			
General insurance business	1 336 074	111 664	1 447 738
Alternative risk transfer business	96 107	-	96 107
	1 432 181	111 664	1 543 845
Profit before taxation			
General insurance business	75 018	19 719	94 737
Alternative risk transfer business	4 409	-	4 409
	79 427	19 719	99 146
Net assets			
General insurance business	844 115	78 877	922 992
Alternative risk transfer business	115 816	-	115 816
	959 931	78 877	1 038 808

(Note 3 continued)

Twelve months ended 31 December 2003

	South Africa	Foreign subsidiaries	Total
Gross written premium			
General insurance business	2 706 160	218 285	2 924 445
Alternative risk transfer business	264 655	-	264 655
	2 970 815	218 285	3 189 100
Profit before taxation			
General insurance business	246 279	36 149	282 428
Alternative risk transfer business	44 615	-	44 615
	290 894	36 149	327 043
Net assets			
General insurance business	1 026 819	85 980	1 112 799
Alternative risk transfer business	139 853	-	139 853
	1 166 672	85 980	1 252 652
	Six months ended 30 June 2004	Six months ended 30 June 2003	Twelve months ended 31 Dec 2003
4. Other financial information			
Earnings per share (cents)	1 110.0	600.4	1 838.5
Dividend paid per share (cents)	300.0	150.0	300.0
Number of shares in issue	12 179 500	12 179 500	12 179 500
Net asset value per share (cents)	10 962	8 202	9 835
Solvency margin %	49.7	41.5	47.1
5. Profit before tax after charging/(crediting)			
Depreciation	11 870	11 330	23 336
Loss/(Surplus) on disposal of property, plant and equipment	1 093	(1 495)	(1 495)
6. Investment income			
Interest and rental income	54 772	62 348	132 318
Dividends	9 655	11 347	20 454
Total investment income	64 427	73 695	152 772
7. Investments			
Investment properties	51 211	54 546	27 156
Investment in associates	19 830	19 228	19 830
- Listed	6 573	5 971	6 573
- Unlisted	13 257	13 257	13 257
Mortgages and loans	9 238	11 332	9 415
Available-for-sale investments	458 442	444 260	474 355
Ordinary shares			
- Listed	419 946	404 462	431 400
- Unlisted	35 422	37 793	37 855
Preference shares			
- Unlisted	3 024	1 943	2 118
Government and other approved securities	-	-	2 931
Municipal annuities and other fixed interest securities	50	62	51
Trading investments	245 703	232 428	254 333
Total investments	784 424	761 794	785 089

In compliance with rule 3.59 of the JSE Listings Requirements, the following information is disclosed:

Martin Christopher South (British) has been appointed to the Board as a Non-Executive Director with effect from 28 July 2004. There were no resignations from the Board.