



Announcement of the reviewed results and dividend declaration for the year ended 31 December 2004

The Directors announce the Group results for the year ended 31 December 2004.

<i>Summarised Income Statement</i>			
<i>Rand thousands</i>	<i>Note</i>	<i>2004</i>	<i>2003</i>
Gross Written Premium		3 191 143	3 189 100
Underwriting profit	5	235 794	127 703
Investment income	6	169 033	152 772
Investment expenses		(3 396)	(3 346)
		401 431	277 129
Net realised surplus on disposal of investments		70 105	49 914
Pension fund valuation adjustment		(10 000)	-
PROFIT before taxation		461 536	327 043
Taxation		(109 214)	(81 968)
PROFIT after taxation		352 322	245 075
Minority and cell shareholders' interests		(24 388)	(21 156)
- Minority interest		(2 318)	(2 034)
- Cell shareholders' interest		(22 070)	(19 122)
Net profit attributable to members of the Company		327 934	223 919
Headline Earnings Per Share (cents)	2	2 140.8	1 475.5
Earnings Per Share (cents)	4	2 692.5	1 838.5
Paid/Declared Dividends Per Share (cents)		650.0	450.0
Special Dividend Declared Per Share (cents)		2 300.0	-
<i>Abridged Balance Sheet</i>			
Assets			
Property, plant and equipment		63 518	71 335
Investments	7	902 941	785 089
Deferred taxation		8 389	8 293
Technical assets		441 800	408 776
Current assets		904 584	774 142
Cash and cash equivalents		1 152 371	889 121
Total Assets		3 473 603	2 936 756
Equity and Liabilities			
Shareholders' equity		1 513 203	1 197 872
Minority and cell shareholders' interests in subsidiaries		50 005	54 780
- Minority shareholders' interest		2 226	2 958
- Cell shareholders' interest		47 779	51 822
Retirement benefit obligation		83 578	68 941
Technical provisions		1 518 717	1 396 865
Current liabilities		308 100	218 298
Total Equity and Liabilities		3 473 603	2 936 756

Commentary

The excellent underwriting results continued during the second half of 2004 with a full year underwriting profit of R235.8m which is an improvement of 85%. Gross written premiums were marginally up at R3 191m (2003: R3 189m) reflecting the competitive market conditions during the period.

All underwriting accounts have performed well during the year as a result of a strict adherence to underwriting principles, appropriate pricing, rigorous risk assessment and improved claims management. In addition, benign weather patterns resulted in fewer natural catastrophes which has also contributed to the positive result.

Given that the underwriting cycle is expected to flatten in the medium term, the main challenge will be to maintain profitability while continuing to grow. In this regard underwriting discipline will remain a key focus.

A pension fund valuation adjustment of R10m has been provided for to cater for an expected additional Company contribution as a result of the promulgation of the Pension Funds Second Amendment Act and the Company's pension fund surplus apportionment exercise.

The growth in equity values during the year has contributed to an excellent investment performance. The increased cash flow as a result of the positive underwriting performance has resulted in investment income improving to R169.0m (2003: R152.8m) despite the decline in interest rates.

The Company has continued its equity disposal programme during the year realising gains of R70.1m (2003: R49.9m).

Headline earnings have increased by 45.1% to 2 140.8 cents per share (2003: 1 475.5 cents per share) and the solvency margin has significantly improved to 57.9% compared to 47.1% at the end of 2003.

The Directors have declared a special dividend of 2 300 cents per share and a final dividend of 470 cents per share (2003: 300 cents per share) bringing the total normal dividend for the year to 650 cents per share (2003: 450 cents per share). These dividends are in line with the stated policy of having a sustainable or increasing normal dividend payment whilst maintaining solvency in the 40% to 50% range.

Special Dividend Declaration

- The Directors have declared a special dividend for 2004 of 2 300 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, 4 March 2005
Shares commence trading ex the dividend from the commencement of business on: Monday, 7 March 2005
Record date: Friday, 11 March 2005
Payment date: Monday, 14 March 2005

Shareholders may not dematerialise or rematerialise their holdings of shares in the Company between Monday, 7 March 2005 and Friday, 11 March 2005 both days inclusive.

Dividend Declaration No. 67

- The Directors have declared a final dividend for 2004 of 470 cents per share (2003: 300 cents per share) giving a total for the year of 650 cents per share (2003: 450 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, 8 April 2005
Shares commence trading ex the dividend from the commencement of business on: Monday, 11 April 2005
Record date: Friday, 15 April 2005
Payment date: Monday, 18 April 2005

Shareholders may not dematerialise or rematerialise their holdings of shares in the Company between Monday, 11 April 2005 and Friday, 15 April 2005 both days inclusive.

By order of the Board.

GM Riddell Chairman
NV Beyers Managing Director
Bryanston, 10 February 2005

Condensed Statement of Changes in Equity

<i>Rand thousands</i>	<i>2004</i>	<i>2003</i>
Balance at beginning of year	1 197 872	974 650
Revaluation of investments	69 306	36 683
Translation of foreign subsidiaries	(23 447)	(841)
Net profit for the year	327 934	223 919
Dividends paid	(58 462)	(36 539)
Balance at end of year	1 513 203	1 197 872

Condensed Cash Flow Statement

Cash retained from operating activities	301 981	187 767
Net increase in working capital	(53 551)	(5 325)
Dividends, interest and rental received	157 351	150 350
Taxation paid	(118 054)	(91 411)
Dividends paid	(58 462)	(36 539)
Cash effect of investing activities	33 985	1 304
Net increase in cash and cash equivalents	263 250	206 146

Notes

<i>Rand thousands</i>	<i>2004</i>	<i>2003</i>
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 prior year.		
2. Determination of headline earnings		
Net profit attributable to members of the Company	327 934	223 919
After-tax adjustment for:		
- Net realised surplus on disposal of investments, property, plant and equipment	(67 192)	(44 215)
Headline earnings	260 742	179 704
Headline earnings per share (cents)	2 140.8	1 475.5

	<i>South Africa</i>	<i>Foreign subsidiaries</i>	<i>Total</i>
3. Segmental information			
<i>Twelve months ended 31 December 2004</i>			
Gross written premium			
General insurance business	2 840 241	201 536	3 041 777
Alternative risk transfer business	149 366	-	149 366
	2 989 607	201 536	3 191 143
Profit before taxation			
General insurance business	390 701	32 893	423 594
Alternative risk transfer business	37 942	-	37 942
	428 643	32 893	461 536
Net assets			
General insurance business	1 345 314	85 636	1 430 950
Alternative risk transfer business	132 258	-	132 258
	1 477 572	85 636	1 563 208
<i>Twelve months ended 31 December 2003</i>			
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
	2004	2003	
4. Other financial information			
Earnings per share (cents)	2 692.5	1 838.5	
Dividend paid per share (cents)	480.0	300.0	
Number of shares in issue	12 179 500	12 179 500	
Net asset value per share (cents)	12 424	9 835	
Solvency margin (%)	57.9	47.1	
5. Profit before tax after charging/(crediting)			
Depreciation	17 723	23 336	
Surplus on disposal of property, plant and equipment	(2 580)	(1 495)	
6. Investment income			
Interest and rental income	137 170	129 896	
Dividends	20 181	20 454	
Unrealised gains on trading bonds	11 682	2 422	
Total investment income	169 033	152 772	
7. Investments			
Investment properties	27 958	27 156	
Investment in associates	19 710	19 830	
- Listed	9 710	6 573	
- Unlisted	10 000	13 257	
Mortgages and loans	8 387	9 415	
Available-for-sale investments	523 976	474 355	
Ordinary shares			
- Listed	478 871	431 400	
- Unlisted	36 534	37 855	
Preference shares			
- Listed	1 165	-	
- Unlisted	1 925	2 118	
Government and other approved securities	5 445	2 931	
Municipal annuities and other fixed interest securities	36	51	
Trading investments	322 910	254 333	
Total investments	902 941	785 089	
8. Auditors			
The preliminary announcement has been reviewed by the Company's external auditors, PricewaterhouseCoopers Inc. A copy of their review opinion is available on request at the Company's registered office.			