

Zurich Insurance Company South Africa Limited

Announcement of the reviewed Group results and dividend declaration
for the six months ended June 30, 2007

Highlights

Insurance premium revenue ↑ 14.6% | Net asset value ↑ 13.7% | Headline earnings ↑ 24.5%

Rand thousands

	June 30, 2007	June 30, 2006	% Change	Audited at December 31, 2006
Condensed Income Statement				
Insurance premium revenue	2,183,457	1,905,852	14.6%	3,910,639
Insurance premium ceded to reinsurers	460,784	374,217		735,513
Net insurance premium	1,722,673	1,531,635		3,175,126
Net insurance premium revenue	1,707,879	1,495,576	14.2%	3,115,547
Reinsurance commission earned	61,627	62,615		138,032
Pension fund surplus	6,126	–		230,764
Other income – fee income	6,366	3,625		10,602
Investment income	100,463	95,197		202,224
Net fair value loss on assets held at fair value through income	- 18,066	- 28,680		- 18,962
Net realised gains on financial assets – available-for-sale	35,489	68,425		71,334
Income	1,899,884	1,696,758	12.0%	3,749,541
Net insurance claims	1,233,774	1,074,935	14.8%	2,256,842
Gross acquisition costs	324,053	292,698	10.7%	609,307
Administrative and other operating expenses	164,248	160,872	2.1%	447,250
Investment expenses	1,778	2,250		3,594
Expenses	1,723,853	1,530,755	12.6%	3,316,993
Profit before tax	176,031	166,003	6.0%	432,548
Income tax expense	53,222	33,941	56.8%	105,666
Profit after tax	122,809	132,062	- 7.0%	326,882
Minority interest	123	1,498		6,302
Net profit attributable to members of the Company	122,686	130,564	- 6.0%	320,580

Rand thousands

	June 30, 2007	June 30, 2006	% Change	Audited at December 31, 2006
Condensed Balance Sheet				
Assets				
Property and equipment	63,607	61,827		68,476
Investments	1,120,253	982,662	14.0%	1,071,347
Intangible insurance assets – deferred acquisition costs	110,810	92,504		98,736
Retirement benefit fund surplus	74,020	–		230,764
Assets arising from reinsurance contracts	639,878	445,977	43.5%	605,614
Current assets	982,328	968,244		1,048,678
Cash and cash equivalents	1,497,550	1,431,247	4.6%	1,482,314
Total assets	4,488,446	3,982,461	12.7%	4,605,929
Equity and liabilities				
Shareholders' equity	1,850,668	1,627,485	13.7%	1,758,933
Minority shareholders' interest in subsidiaries	225	10,188		13,043
Employee retirement benefit obligations	14,270	41,695		179,924
Reinsurance commission	36,390	33,397		34,270
Deferred tax liabilities	56,382	5,754		99,451
Liabilities arising from insurance contracts	1,946,394	1,753,829	11.0%	1,920,676
Other liabilities	584,117	510,113	14.5%	599,632
Total equity and liabilities	4,488,446	3,982,461		4,605,929

Rand thousands

	June 30, 2007	June 30, 2006	Audited at December 31, 2006
Condensed Statement of Changes in Equity			
Balance at beginning of year	1,758,933	1,511,949	1,511,949
Net changes in available-for-sale financial assets on disposal	- 19,691	- 11,720	- 66,495
Revaluation of available-for-sale financial assets	61,806	83,729	131,253
Translation of foreign subsidiaries	- 19,575	- 13,960	- 38,481
Net profit for the year	122,686	130,564	320,580
Dividends paid	- 53,491	- 73,077	- 99,873
Balance at end of period	1,850,668	1,627,485	1,758,933

Rand thousands

	June 30, 2007	June 30, 2006	Audited at December 31, 2006
Condensed Cash Flow Statement			
Cash retained from operating activities	96,234	366,301	498,275
– Cash generated from operations	- 108,286	155,793	220,046
– Net increase in working capital	166,754	161,049	146,711
– Dividends and interest income	100,463	95,197	202,224
– Taxation paid	- 62,697	- 45,738	- 70,706
Dividends paid	- 53,491	- 73,077	- 99,873
Cash effect of investing activities	- 27,507	120,495	66,384
Net increase in cash and cash equivalents	15,236	413,719	464,786
Cash and cash equivalents at beginning of year	1,482,314	1,017,528	1,017,528
Cash and cash equivalents at end of year	1,497,550	1,431,247	1,482,314

Notes

1. Accounting policies and basis of preparation

The principal policies used in the preparation of the results for the period ended June 30, 2007 are consistent with those applied in the annual financial statements for the year ended December 31, 2006 and for the results for the six months ended June 30, 2006 in terms of International Financial Reporting Standards. Comparative information in the condensed cash flow statement has been amended to accommodate the enhanced disclosure in the current year.

Commentary

Notwithstanding that the industry continues to operate in a competitive market, with an increased claims pattern, the Group achieved an improvement in the underwriting result for the current period compared to that for the corresponding six months last year.

Premium revenue increased by 14.6% compared to 2006, which reflects satisfactory growth in a competitive market. This was achieved notwithstanding the negative impact of reductions in premium revenues from its Zimbabwean subsidiary.

The first six months were characterised by both a higher incidence of claims and increased claims costs on the property and motor accounts and, the effects of severe flooding in Kwa-Zulu Natal in late March, affected the account.

In spite of corrective action taken on the motor account, which included premium increases of more than 20%, the result continues to be impacted negatively due to an increase in the incidence of accidents and crime related losses. Motor repair costs, including the costs of repairing imported vehicles, continue to escalate well above the official inflation rate. The Group will, however, continue to take the steps necessary to limit the effect on the underwriting result.

Gains on disposal of available-for-sale investments were lower at R35.4 million (2006 R68.4 million). Headline earnings of R89.7 million were 24.5% higher compared to the same period last year. Earning per share of 1,007 cents, however, were 6.0% lower, mainly as a result of an increased tax charge and reduced gains on the disposal of available-for-sale financial assets.

Liquidity is satisfactory, the cash flow from operations is positive although reduced as a result of a significant increase in claims payments.

The proposed conversion of the pension fund from a defined benefit fund to a defined contribution fund was successfully completed with all members opting for the conversion. This has led to a significant decrease in both the retirement obligations and the surplus attributable to the Group as this surplus was utilised to settle the obligations. Therefore, other than a small number of post retirement medical aid obligations totalling R14.2 million, there are no further post retirement obligations.

The solvency margin increased marginally to 55% but remains above the stated policy of maintaining solvency within the 40% to 50% range.

Given the strong solvency position, the Directors have declared an interim dividend of 260 cents per share, an increase of 18%.

Gerard de Rauville was elected as Chairman of the Board on May 9 and, with effect from August 1, the Board welcomes both Chris Cron and Ms Mandiza Mbekeni as Directors. Al Paas resigned as a Director during the period under review.

While the Directors are confident regarding the Group's prospects for the remainder of the year it should be noted that underwriting as well as investment performance fluctuates and, therefore, results for the first six months are not necessarily indicative of the year-end result.

Dividend Declaration No. 72

1. The Directors have declared an interim dividend for 2007 of 260 cents per share (2006: 220 cents per share)

2. The dividend is payable in accordance with the following timetable:

Last day to trade in order to participate in the dividend: Friday, August 17, 2007

Shares commence trading ex the dividend from the commencement of business on: Monday, August 20, 2007

Record date: Friday, August 24, 2007

Payment date: Monday, August 27, 2007

Shareholders may not dematerialise or rematerialise their holdings of shares in the Company between August 20, 2007 and August 24, 2007, both days inclusive.

August 1, 2007. By order of the Board. Bryanston

Board Of Directors

JPG de Rauville Independent Non-Executive Chairman

DM Burton Executive

MN Mbekeni Independent Non-Executive

DS Phiri Non-Executive

NV Beyers Chief Executive Officer

CI Cron Non-Executive

SG Morris Independent Non-Executive

CN Zungu Executive

Auditors:

The Company's external auditors, PricewaterhouseCoopers Inc, have reviewed the financial announcement. A copy of their review opinion is available on request at the Company's registered office.

Transfer Secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001

Group Company Secretary and Registered Office TA Pitman

Zurich Insurance Company South Africa Limited
(Formerly South African Eagle Insurance Company Limited)

Registration number 1965/006764/06

The Braes, 193 Bryanston Drive, Bryanston, 2021

Sponsor

RAND MERCHANT BANK,
(A division of FirstRand Bank Limited)

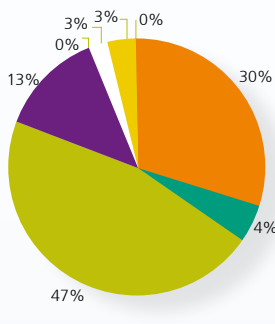
Rand thousands

	June 30, 2007	June 30, 2006	% Change	Audited at December 31, 2006
2. Financial highlights				
Reconciliation between earnings and headline earnings				
Headline earnings	89,720	72,061	24.5%	262,041
After-tax adjustment for:				
Net realised surplus on disposal of investments, property and equipment	32,966	58,503		58,539
Net profit attributable to members of the Company	122,686	130,564	- 6.0%	320,580
Headline earnings per share (cents)	736.6	592.0		2,151.5
Earnings per share (cents)	1,007.3	1,072.0	- 6.0%	2,632.1
Ordinary dividends declared per share (cents)	260.0	220.0		650.0
Dividends paid per share (cents)	430.0	600.0		820.0
Number of shares in issue	12,179,500	12,179,500		12,179,500
Net asset value per share (cents)	15,194.9	13,362.5	13.7%	14,441.8
Solvency margin (%)	55.0%	54.0%		55.8%
Combined ratio (%) *	97.2%	97.9%		97.3%
Return on average equity (%)	18.2%	17.8%		19.6%

* If the conversion costs relating to the conversion of the Pension Fund from defined benefit to defined contribution of R135 million were included at December 2006, the combined ratio would have been 101.5%.

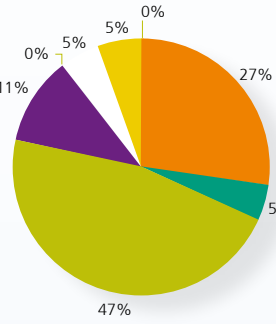
Segmental Information

Gross written premium June 30, 2007



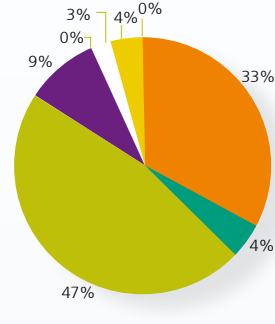
Total: R2,183,457 (R'000)

Gross written premium June 30, 2006



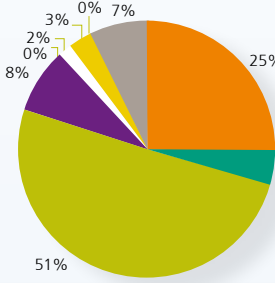
Total: R1,905,852 (R'000)

Gross written premium December 31, 2006



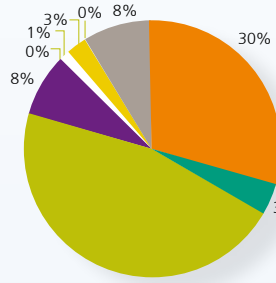
Total: R3,910,639 (R'000)

Segmental revenue June 30, 2007



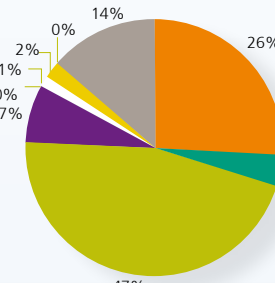
Total: R1,884,612 (R'000)

Segmental revenue June 30, 2006



Total: R1,696,758 (R'000)

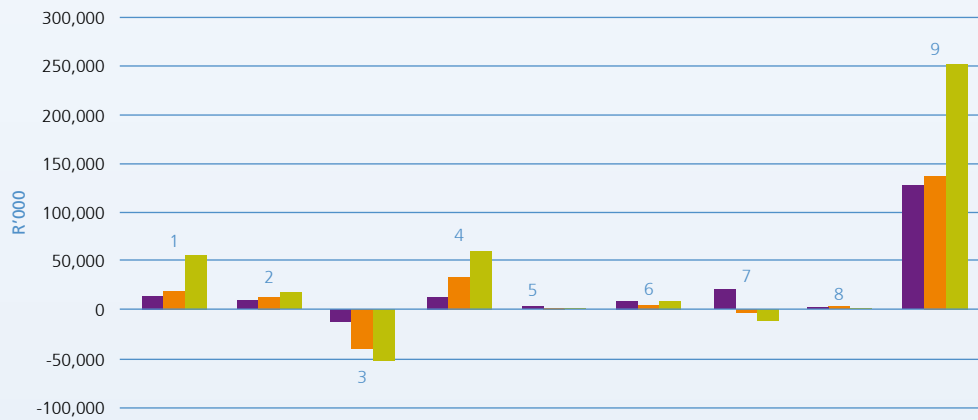
Segmental revenue December 31, 2006



Total: R3,749,541 (R'000)



Segmental result before tax



1 Property	2 Transport	3 Motor	4 Engineering	5 Guarantee	6 Liability	7 Accident and Health	8 Miscellaneous	9 Other
R9,971	R7,908	- R11,305	R11,623	R1,214	R9,412	R19,651	R130	R128,107
R19,204	R13,227	- R38,244	R32,226	R170	R3,631	- R1,211	R683	R136,317
R53,817	R16,740	- R52,340	R59,778	R118	R8,329	- R12,333	R88	R358,351

June 30, 2007
June 30, 2006
December 31, 2006