

**Britannic Group plc**

**Preliminary results presentation**

**Year ended 31 December 2004**

**Appendices**

1 March 2005

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# Group achieved profits (1)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
<b>Assured Services</b>				
- new business profit	11.8	(2.8)	9.0	15.0
- unwind of in-force	30.8	(7.6)	23.2	23.1
- operational variance	7.4	(1.7)	5.7	6.2
- cost of closure to new business	-	-	-	(2.8)
- longer term return on SRC	29.5	(6.9)	22.6	22.0
- longer term return on shareholder investments	8.5	(1.8)	6.7	9.3
- general insurance	2.0	(0.6)	1.4	2.0
- other income and charges	(0.6)	0.4	(0.2)	(1.7)
	<b>89.4</b>	<b>(21.0)</b>	<b>68.4</b>	<b>73.1</b>

# Group achieved profits (2)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
Assured Services	89.4	(21.0)	68.4	73.1
Britannic Asset Management	9.5	(3.0)	6.5	6.6
Britannic Money	-	-	-	(1.3)
Group income and charges	(3.0)	1.8	(1.2)	(2.3)
Interest on loan finance	(8.3)	2.5	(5.8)	(5.9)
<b>Operating profit before exceptional items</b>	<b>87.6</b>	<b>(19.7)</b>	<b>67.9</b>	<b>70.2</b>
Exceptional items	14.5	(15.1)	(0.6)	(16.0)
<b>Operating profit after exceptional items</b>	<b>102.1</b>	<b>(34.8)</b>	<b>67.3</b>	<b>54.2</b>

# Group achieved profits (3)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
<b>Operating profit after exceptional items</b>	<b>102.1</b>	<b>(34.8)</b>	<b>67.3</b>	<b>54.2</b>
Loss on disposal of Britannic Money	-	-	-	(16.5)
Fluctuations in investment return				
- on SRC	51.0	(12.1)	38.9	19.2
- on other shareholder investments	5.9	(4.1)	1.8	5.5
Investment variance on in-force	6.6	(1.6)	5.0	3.0
	165.6	(52.6)	113.0	65.4

# Group achieved profits (4)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
B/fwd from previous slide	165.6	(52.6)	113.0	65.4
Other assumption changes	1.7	(0.4)	1.3	(17.1)
Change in equalisation provision	0.5	(0.2)	0.3	0.3
<b>Result</b>	<b>167.8</b>	<b>(53.2)</b>	<b>114.6</b>	<b>48.6</b>
Operating earnings per share (before exceptional items)			34.5	35.7
Operating earnings per share			34.2	27.6
Earnings per share			58.3	24.7

# Exceptional items (pre tax)

	YE04 £m Achieved profits	YE04 £m MSB	YE03 £m Achieved profits	YE03 £m MSB
<b>Operating</b>				
BAM goodwill write down	(50.0)	(50.0)	-	-
Cornhill acquisition	64.5	(4.0)	-	-
Blairlogie goodwill write down	-	-	(4.3)	(4.3)
BRS closure provisions	-	-	(15.7)	(8.3)
	<b>14.5</b>	<b>(54.0)</b>	<b>(20.0)</b>	<b>(12.6)</b>
<b>Non operating</b>				
Loss on disposal of BM	-	-	(25.1)	(25.1)

# Britannic Asset Management

	YE04 £m	YE03 £m
Income *	37.4	36.7
Administrative expenses **	(29.0)	(28.5)
Profit before interest and tax	8.4	8.2
Interest receivable	1.1	0.9
Operating profit before exceptional items	9.5	9.1
Exceptional items	-	(4.3)
Profit on ordinary activities before tax	9.5	4.8
Taxation	(3.0)	(2.5)
<b>Profit after tax</b>	<b>6.5</b>	<b>2.3</b>

\* *net of front-end charges and commission*

\*\* *2004 includes non recurring items of £2.7m pension fund contribution accrual release, (£1.2m) in respect of senior management restructuring and (£2.1m) split caps financial settlement (total (£0.6m))*

# Group MSB profits (1)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
<b>Assured Services</b>				
OB conventional	2.2	(0.5)	1.7	2.3
OB unitised with profit	10.8	(2.5)	8.3	8.3
Industrial branch	0.6	(0.2)	0.4	1.2
	13.6	(3.2)	10.4	11.8
Non profit and unit linked	21.4	(5.6)	15.8	11.3
Cost of closure to new business	-	-	-	(2.1)
Longer term return				
- on SRC	29.5	(6.9)	22.6	22.0
- on other shareholder investments	8.5	(1.8)	6.7	9.3
General insurance operating result	2.0	(0.6)	1.4	2.0
Other income and charges	(0.6)	0.4	(0.2)	(1.7)
	<b>74.4</b>	<b>(17.7)</b>	<b>56.7</b>	<b>52.6</b>

# Group MSB profits (2)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
Assured Services	74.4	(17.7)	56.7	52.6
Britannic Asset Management	9.5	(3.0)	6.5	6.6
Britannic Money	-	-	-	(1.3)
Group income and charges	(3.0)	1.8	(1.2)	(2.3)
Interest on loan finance	(8.3)	2.5	(5.8)	(5.9)
<b>Operating profit before exceptional items</b>	<b>72.6</b>	<b>(16.4)</b>	<b>56.2</b>	<b>49.7</b>
Exceptional items	(54.0)	0.9	(53.1)	(10.9)
<b>Operating profit</b>	<b>18.6</b>	<b>(15.5)</b>	<b>3.1</b>	<b>38.8</b>

# Group MSB profits (3)

	Pre-tax £m	YE04 Tax £m	Net £m	YE03 Net £m
<b>Operating profit</b>	<b>18.6</b>	<b>(15.5)</b>	<b>3.1</b>	<b>38.8</b>
Loss on disposal of Britannic Money	-	-	-	(16.5)
Fluctuations in investment return				
- on SRC	51.0	(12.1)	38.9	19.2
- on other shareholder investments	5.9	(4.1)	1.8	5.5
Change in equalisation provision	0.5	(0.2)	0.3	0.3
<b>Result</b>	<b>76.0</b>	<b>(31.9)</b>	<b>44.1</b>	<b>47.3</b>
Operating earnings per share (before exceptional items)			28.6	25.3
Operating earnings per share			1.6	19.7
Earnings per share			22.4	24.1

# Reconciliation of movement on value of BA in-force business

	YE04 £m	YE03 £m
Opening value of in-force business	231.3	228.4
Achieved profit	31.3	14.7
Surplus transferred to P & L	(10.4)	(11.8)
<b>Closing value of in-force business</b>	<b>252.2</b>	<b>231.3</b>

# Britannic Asset Management

## funds under management

	Internal £m	Third Party £m	Total £m
Opening funds	9,870	4,399	14,269
Net funds flow	(1,008)	(550)	(1,558)
Investment value movements	848	281	1,129
<b>Closing funds</b>	<b>9,710</b>	<b>4,130</b>	<b>13,840</b>
<b>Third party comprises:</b>			
Retail		1,307	
Pooled		887	
Segregated		1,936	
		<u>4,130</u>	

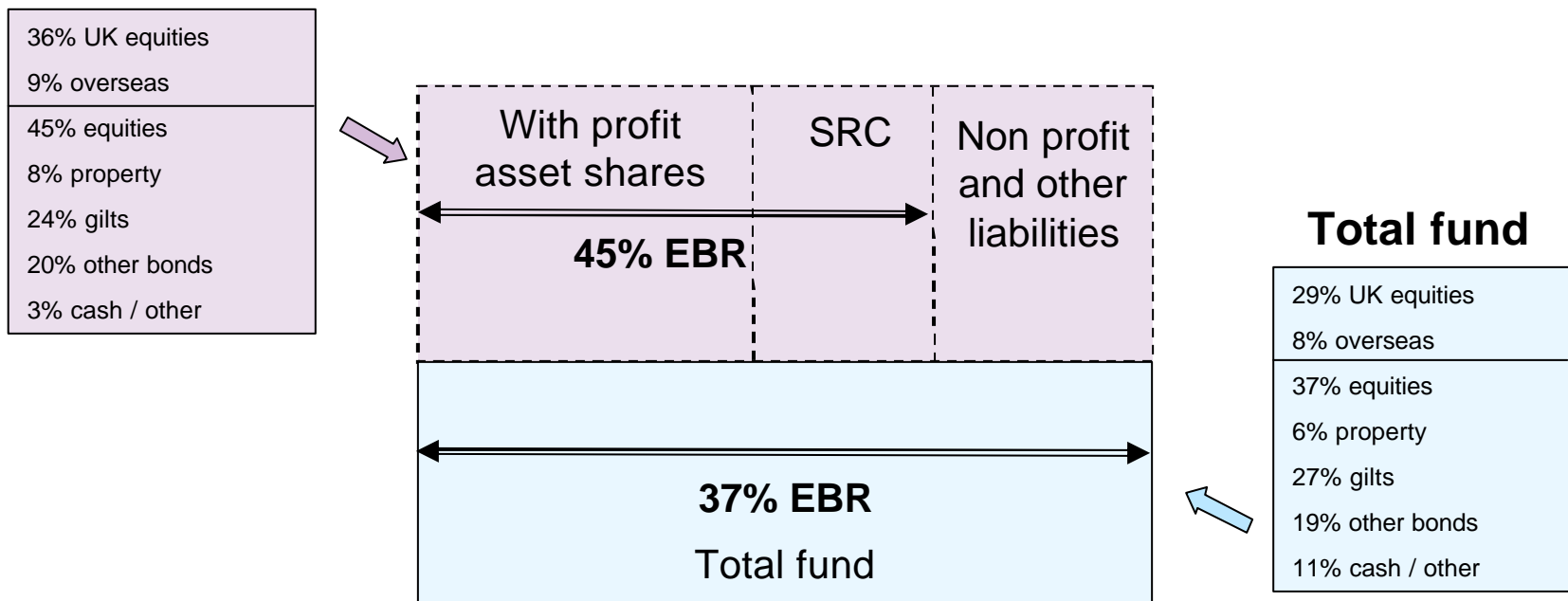
# Alba Life

<b>Ordinary long term fund total assets</b>	<b>£m</b>	<b>OLT fund EBR</b>	<b>%</b>
Property	268	Equities	-
Fixed interest	1,508	Property	14.4
Other	86	<b>Total EBR</b>	<b><u>14.4</u></b>
<b>Total assets</b>	<b><u>1,862</u></b>		<b>£m</b>
		<b>Unit linked fund total assets</b>	<b>796</b>
<b>Annuity book (net of reinsurance)</b>	<b>£m</b>	<b>Unit linked fund surplus</b>	<b>75</b>
Deferred annuity liability	703		
Immediate annuity liability	93	<b>Shareholder fund net assets</b>	<b>107</b>
<b>Total annuity liabilities</b>	<b><u>796</u></b>		

# Britannic Assurance

## asset allocation

### Asset share & SRC



# Britannic Assurance

## asset profile / investment return

Asset class	YE04		YE03	
	Value £m	Return %	Value £m	Return %
UK equities	1,561	11.9	1,431	19.8
Overseas equities	464	9.3	382	26.3
Bonds	2,488	6.9	2,189	4.3
Property	344	19.3	299	11.3
Cash / other	581	4.1	1,130	3.0
<b>Asset shares / SRC</b>	<b>4,570</b>	<b>9.5</b>	<b>4,576</b>	<b>11.4</b>
<b>Total fund</b>	<b>5,438</b>	<b>8.6</b>	<b>5,431</b>	<b>8.3</b>

# Britannic Assurance

## shareholders' fund asset allocation

Asset class	YE04		YE03	
	Value £m	MV %	Value £m	MV %
Equities	95	75.1	71	56.1
Fixed interest	13	10.4	20	15.9
Cash	18	14.5	35	28.0
<b>Total</b>	<b>126</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>
<b>Return</b>		<b>9.6%</b>		<b>13.5%</b>

# Achieved profits basis assumptions

	YE04 %	YE03 %
Gilt yield	4.6	4.8
Equity margin	2.5	2.5
Equity return (gross)	7.1	7.3
Risk margin	0.5	0.5
Tax	(0.2)	(0.2)
<b>Risk discount rate (net)</b>	<b>7.4</b>	<b>7.6</b>
Expense inflation	4.0	3.9

# New business

	Asset Management		Assured Services
	Unit trusts £m	Fund mngt £m	£m
IFAs/consultants	100.7	106.9	149.8
Partners	74.8	-	-
Direct	2.7	-	-
<b>Total 2004</b>	<b>178.2</b>	<b>106.9</b>	<b>149.8</b>
Total 2003	192.8	123.3	465.8

# Gross premiums

	YE04 £m	YE03 £m
Ordinary branch with profit	264.9	321.1
Unit linked	125.8	178.4
Pension non profit	60.6	327.1
Life non profit	10.6	17.7
Industrial branch	64.4	75.3
<b>Total long term business</b>	<b>526.3</b>	<b>919.6</b>