



Brit Insurance Holdings PLC

**INTERIM REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 23 APRIL 2004**

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COMPANIES HOUSE		12/05/04
LD2		03/01
COMPANIES HOUSE		05/05/04

Registered No. 3121594

Brit Insurance Holdings Plc

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Brit Insurance Holdings PLC



Company Information

Chairman

Clive Frederick Coates

Executive Directors

Neil David Eckert
Matthew Scales
Dane Jonathan Douetil

Non-Executive Directors

Peter Hazell
George Franklin MacAulay
Donald Cecil McCrickard
Michael Smith
John Anthony Victor Townsend
Jo Mark Pole Welman

Secretary

Peter John Goddard

Registered Office

55 Bishopsgate
London
EC2N 3AS

Registered Number

3121594

Auditors

Mazars
Chartered Accountants & Registered Auditors
24 Bevis Marks
London EC3A 7NR

Brit Insurance Holdings Plc

Report of the Directors

Financial statements for the period ended 23 April 2004

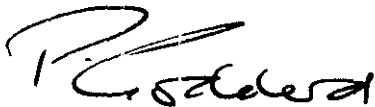
The directors present unaudited interim financial statements for the period ended 23 April 2004.

The purpose of these statements is to enable a reasonable judgement to be made as to whether the company has sufficient reserves for a distribution.

The statements have been compiled on a true and fair basis subject only to the exclusion of information which is not relevant in determining whether a distribution would be lawful under the Companies Act 1985.

These financial statements relate to Brit Insurance Holdings PLC (the company) and therefore do not include the results of the trading subsidiaries.

By Order of the Board



Peter John Goddard
Secretary
4 May 2004

Brit Insurance Holdings Plc

Profit and Loss Account For the Period Ended 23 April 2004

		Period ended 23 April 2004 £
	Notes	
Administrative expenses		(4,987,338)
Operating loss		(4,987,338)
Other income		62,641
Interest receivable and similar income	2	3,291,286
Interest payable and similar charges	3	(1,575,002)
Loss on ordinary activities before taxation		(3,208,413)
Taxation	4	962,524
Loss on ordinary activities after taxation		(2,245,889)

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The company's income and expenses for the period all relate to continuing operations.

The notes on pages 6 to 11 form part of these accounts.

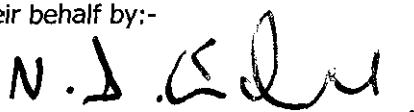
Brit Insurance Holdings Plc

Balance Sheet As at 23 April 2004

		23 April 2004 £
	Notes	
Fixed asset investments		
Investments in subsidiary undertakings	5	506,853,839
Investments in associated undertakings	6	1,033,983
Other Investments	7	63,908,355
Own shares	8	263,845
		<u>572,060,022</u>
Current assets		
Debtors	9	184,364,219
Cash at bank and in hand		1,038,814
		<u>185,403,033</u>
Creditors: Amounts falling due within one year	10	(16,284,257)
Net current assets		<u>169,118,776</u>
Total assets less current liabilities		<u>741,178,798</u>
Creditors: Amounts falling due after more than one year		(43,934,215)
Net assets		<u><u>697,244,583</u></u>
Capital and reserves		
Called up equity share capital	11	243,513,412
Share premium	12	311,134,900
Capital redemption reserve	12	586,250
Profit and loss account	12	142,010,021
Shareholders' funds	13	<u><u>697,244,583</u></u>

The financial statements on pages 4 to 11 were approved by the Board of Directors on 4 May 2004 and signed on their behalf by:-

N ECKERT
Director



M SCALES
Director



The notes on pages 6 to 11 form part of these accounts.

Brit Insurance Holdings Plc

Notes to the Financial Statements For the period ended 23 April 2004

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Investments

(i) The values of financial investments are stated in the financial statements on the following basis:

- Listed investments are stated at closing middle market prices on recognised stock exchanges.
- Unlisted investments and subsidiary undertakings are stated at cost or Directors' valuation.

(ii) Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses arise from the difference between proceeds and cost. Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years which have been realised during the year and are reported as realised gains and losses in the current year's profit and loss account.

(c) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(d) Own shares

Own shares held as assets are stated at the lower of cost and market valuation.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of the investment.

(f) Convertible Unsecured Subordinated Loan Stock 2008 ("CULS")

CULS are initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. CULS are reported as a liability unless conversion actually occurs. No gain or loss is recognised on conversion. Finance costs of the CULS are recognised in the profit and loss account over their term at a constant rate on the carrying value.

Brit Insurance Holdings Plc

Notes to the Financial Statements continued

2. Interest receivable and similar income

	Period ended 23 April 2004 £
Investment income	707,496
Realised losses on investments	(344,831)
Unrealised gains on investments	2,928,621
	<u>3,291,286</u>

3. Interest payable and similar charges

	Period ended 23 April 2004 £
Bank interest payable	1,202,317
Converted Unsecured Subordinated Loan Stock 2008	372,685
	<u>1,575,002</u>

4. Taxation

	Period ended 23 April 2004 £
(a) Analysis of tax credit in period	
Current taxation:	
UK corporation tax on loss for the year	1,257,500
Deferred tax	(294,976)
	<u>962,524</u>

Brit Insurance Holdings Plc

Notes to the Financial Statements continued

	Period ended 23 April 2004 £
(b) Factors affecting tax credit for period	
Loss on ordinary activities before tax	(3,208,413)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	962,524
Effects of:	
Expenses not deductible for tax purposes	(169,500)
Group relief received for no consideration	(315,162)
Investment profit not taxable	484,662
Other timing differences	294,976
Current tax credit for the period Note 4 (a) above	1,257,500

(c) Factors that may affect future tax charges

The future tax charge of the company is dependent on the ability of the company to utilise tax losses as they become available.

5. Fixed asset investments in subsidiary undertakings

	23 April 2004 £
Cost and net book value at 1 January and 23 April:	506,853,839

6. Fixed asset investments in associated undertakings

	23 April 2004 £
1 January 2004	62,278
Purchase of additional shares	342,705
Loan	629,000
23 April 2004	1,033,983

Brit Insurance Holdings Plc

Notes to the Financial Statements continued

7. Fixed asset investments in other investments

	23 April 2004 £ Market value	23 April 2004 £ Cost
Shares and other variable-yield securities and units in unit trusts:		
Listed	26,533,720	29,603,363
Unlisted	1,114,500	7,439,796
Debt securities and other fixed income securities:		
Listed	24,347,920	23,970,943
Unlisted	-	-
Deposits with credit institutions	11,912,215	11,912,215
	<u>63,908,355</u>	<u>72,926,317</u>

8. Investment in own shares

	23 April 2004 £
Long-Term Incentive Plan:	
1 January 2004	445,065
Vested	(181,220)
23 April 2004	<u>263,845</u>

In December 1999, May 2000 and December 2001 the trustees of the Brit Long-Term Incentive Plan acquired Brit Insurance Holdings PLC shares on behalf of certain employees, in accordance with the terms of that plan. Following the vesting of some of these shares during 2004 the number of shares held as at 23 April 2004 was 321,768.

9. Debtors

	23 April 2004 £
Due within one year:	
Amount due from group companies	183,867,101
Other debtors	445,671
Prepayments and accrued income	51,447
	<u>184,364,219</u>

Brit Insurance Holdings Plc

Notes to the Financial Statements continued

10. Creditors

	23 April 2004 £
Amounts payable within one year:	
Bank borrowings	15,000,000
Accruals and deferred income	1,284,257
	<u>16,284,257</u>

Amounts payable between two and five years:

Converted Unsecured Subordinated Loan Stock 2008	<u>43,934,215</u>
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The conversion rate of the convertible unsecured subordinated loan stock of 113.64 ordinary shares for every £100 nominal of Loan Stock converted has been adjusted with effect from 23 April 2004 to 123.46 ordinary shares for every £100 nominal of Loan Stock converted. This follows the reduction of the Company's share premium account.

11. Called up equity share capital

	23 April 2004 £
Authorised	
1,400,000,000 ordinary shares 25p each	<u>350,000,000</u>
Allotted, issued and fully paid:	
974,053,647 ordinary shares 25p each	<u>243,513,412</u>

12. Reserves

	Share premium account £	Capital redemption reserve	Profit and loss account	Total
Balance at 1 January 2004	481,134,900	586,250	(25,744,090)	455,977,060
Capital reorganisation	(170,000,000)	-	170,000,000	-
Loss for the period	-	-	(2,245,839)	(2,245,889)
At 23 April 2004	<u>311,134,900</u>	<u>586,250</u>	<u>142,010,021</u>	<u>453,731,171</u>

Following the receipt of approval from the High Court on 21 April 2004, the company has been able to effect its capital reorganisation and transfer £170,000,000 from share premium to profit and loss account.

The company had distributable reserves at 23 April 2004 of £102,166,862. (31 December 2003: negative £65,587,000)

Brit Insurance Holdings Plc

Notes to the Financial Statements continued

13. Reconciliation of movements in Shareholders' funds

	23 April 2004
	£
Total recognised loss for the period	(2,245,889)
Shareholders' funds at 1 January 2004	699,490,472
Shareholders' funds at 23 April 2004	<u>697,244,583</u>