

# General Information

## Directors

David John Coldman (Chairman)  
Jo Mark Pole Welman (Deputy Chairman)  
Andrew Shone (Deputy Chairman)  
Neil David Eckert (Chief Executive Officer)  
Andrew Holland (Chief Operating Officer)  
Matthew Scales (Finance Director)  
Simon Dudley Clapham (Executive Director)  
Dane Jonathan Douetil (Executive Director)  
Paul Gaunt (Non-Executive Director) †  
George Franklin MacAulay (Non-Executive Director)\* ‡  
Donald Cecil McCrickard (Non-Executive Director)\* ‡  
Richard Sandor (Non-Executive Director) ‡  
John Anthony Victor Townsend (Non-Executive Director)\*  
Philip Richard Withers Green (Non-Executive Director) ‡

\* Member of Audit Committee

† Member of Asset Allocation Committee

‡ Member of Remuneration and Nomination Committees

### Secretary

John Anthony Lynch ACA

### Registered Office

55 Bishopsgate  
London  
EC2N 3BD

### Company Number

3121594

### Members' Agent

Wren Underwriting Agencies  
Limited  
12 Arthur Street  
London EC4R 9HP

### Investment Managers

Rea Brothers (Investment  
Management) Limited  
12 Appold Street  
London  
EC2A 2AW

Investec Guinness Flight Global  
Asset Management Limited  
2 Gresham Street  
London  
EC2V 7QP

### Auditors

Mazars Neville Russell  
Chartered Accountants  
24 Bevis Marks  
London EC3A 7NR

### Bankers

BankBoston N.A.  
29 Victoria Street  
London SW1H 0ED

National Westminster Bank Plc  
City of London Office  
1 Princes Street  
LONDON  
EC2R 8PA

### Stockbrokers

HSBC Investment Bank plc  
Thames Exchange  
10 Queen Street Place  
London EC4R 1BL

Raphael Zorn Hemsley Limited  
Cheapside House  
138 Cheapside  
London EC2V 6LH

### Registrars

IRG PLC  
Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ

### Financial Calendar 2000

Full year figures announced	May
Annual report posted	June
Annual general meeting	July
Final dividend paid	July
Half year figures announced	Sep
Interim report posted	Sep
Interim dividend paid	Oct

# Chairman's Statement

The last few months have been momentous for your Company. The transition from investment trust to insurance holding company, the acquisition of Wren plc and the acquisition of BRIT Insurance Limited, show that we are delivering our strategy. The task is now to deliver returns to our shareholders.

BRIT's conservative stance on underwriting and the preservation of our capital places us in an excellent position to benefit from the upturn in market conditions which is now clearly visible in certain of our core accounts. This will be reflected in improved underwriting returns.

Our management team is now in place and representatives of both Wren plc and BRIT Insurance Limited form the Executive Management Group. This team will drive the business forward, delivering the strategy set by your Board.

The results for the six months ended 30 September 1999 show a profit on ordinary activities before taxation of £2.37m as compared to a loss of £3.99m (restated). Earnings per share improved to 1.63p from a loss per share of 1.06p (restated). These results exclude underwriting income which will be included in the results to 31 December 1999.

Your Board has declared an interim dividend of 1p per share (1998: 3.0p) which will be paid on 14 January 2000 to shareholders on the register at the close of business on 17 December 1999.

The acquisition of BRIT Insurance Limited and Wren plc will allow us to deliver our stated strategy of supporting our wholly owned insurance business with BRIT's capital resources, an increasingly rare and precious commodity.

Following the completion of the acquisition of BRIT Insurance Limited, I am delighted to welcome to the Board Matthew Scales who becomes Finance Director of our Group and Dane Douetil who is CEO of BRIT Insurance Limited.

We look forward to exploiting BRIT's strong position in the marketplace and our future potential being appreciated by the investment community.

**John Coldman**

30 November 1999

# Chief Executive's Report

Over the past six months we have brought together the Lloyd's business of Wren and the Financial Services Authority business of BRIT Insurance under the BRIT umbrella. The metamorphosis of BRIT Insurance Holdings PLC represents the completion of the first major phase in the development of your Company towards becoming a premier specialist insurance and reinsurance business.

These businesses bring together considerable experience and expertise and significantly; they have adopted a similar conservative underwriting strategy during the recent difficult trading environment. This has allowed us to preserve our significant capital resources and they are ready to deploy into a market upturn.

Over the past year, we have stated our concerns over the general deterioration in trading conditions. The combination of falling rates, increased coverage and the frequency and severity of claims during 1998 and 1999 make current market conditions unsustainable, and evidence of the financial consequences to the insurance industry are now beginning to emerge.

The reinsurance market traditionally leads rates upward, and we are now seeing a significant contraction in the availability of retrocessional cover, and this in turn places an upward pressure on prices. Although overall market conditions remain difficult there are now signs of visible improvement in certain market areas, particularly in Reinsurance, Space and Fleet Motor. Each of these areas coincide with our flagship accounts where we are market leaders. The combination of our underwriters' expertise in these fields and the ability to provide significant additional capital to them when others have withdrawn should prove highly advantageous.

Our relatively conservative stance on underwriting exposure in recent years looks likely to have served us well. We will maintain our realistic stance on the final outcome of the 1998 and 1999 years of account for the entire market and will make our reserving assumptions accordingly.

Differing accounting policies and provisioning, together with the early stages of development of 1998 and 1999, offer an inconsistent picture of the probable outcome of the insurance industry's recent trading activities. We have always emphasised that those that can emerge from the bottom of the cycle with strong balance sheets will be in a position to make significant underwriting profits as premium rates recover.

BRIT continues to hold a number of investments in other quoted Lloyd's vehicles. This portfolio has been rationalised into a few strategic holdings where we believe we can achieve value through continued sector consolidation. Despite the outlook for the 1998 and 1999 underwriting years' results, we believe that the stock market has more than discounted for potential losses and these investments could be worth significantly more than their current stockmarket valuations.

Our shares have also returned to a significant discount to tangible net asset value and your Board are actively considering the opportunity cost of returning capital to shareholders against the potential profits for which we have striven to position the Company through the last few difficult years.

It is ironic that the best opportunities to make significant underwriting profits must necessarily be preceded by highly adverse market sentiment and a scarcity of capital. We have been consistent in our strategy to build a high quality specialist insurance business with a short term focus on capital preservation. There are now definite signs that the tide is turning in three of our specialist classes. Your Company has been through a difficult part of the insurance cycle since launch, but our underwriters now have some grounds for optimism.

**Neil Eckert**

30 November 1999

## Consolidated Profit and Loss Account

for the six months ended 30 September 1999 (unaudited)

	Notes	6 months ended 30 Sept 1999			6 months ended 30 Sept 1998 (Restated)
		Continuing operations	Acquisitions	Total	
		£'000	£'000	£'000	£'000
Balance on technical account for general business	1	(199)	–	(199)	1,429
Investment income		7,464	1,124	8,588	18,670
Movement on unrealised gains on investments		(2,315)	(3,099)	(5,414)	(23,879)
Investment expenses		(2,539)	(144)	(2,683)	(1,539)
Net investment return	2	2,610	(2,119)	491	(6,748)
Fees and commissions		–	768	768	–
Other income	3	684	2,904	3,588	1,863
Other expenses	4	(867)	(1,410)	(2,277)	(535)
Profit on ordinary activities before tax		2,228	143	2,371	(3,991)
Tax on profit on ordinary activities	5	450	(115)	335	2,412
Profit on ordinary activities after tax		2,678	28	2,706	(1,579)
Dividends	6	(2,402)	–	(2,402)	(4,488)
Retained profit for the period		276	28	304	(6,067)
Basic earnings per share (p)	7			1.63p	(1.06p)
Diluted earnings per share (p)	7			1.63p	(1.06p)
Operating earnings per share (p)	7			1.06p	4.93p

# Consolidated Balance Sheet

at 30 September 1999 (unaudited)

		1999	1998
			(Restated)
	Notes	£'000	£'000
<b>Intangible assets</b>			
Cost of syndicate participations	8	5,757	1,614
Goodwill	9	5,276	–
		<b>11,033</b>	1,614
<b>Investments</b>			
Financial investments	10	288,632	206,315
<b>Debtors</b>			
	11	16,143	–
<b>Other assets</b>			
Tangible fixed assets		1,560	–
Cash at bank and in hand		21,504	31,235
Other		–	559
		<b>23,064</b>	31,794
<b>Prepayments and accrued income</b>			
	12	(5,060)	3,696
<b>Total assets</b>			
		<b>333,812</b>	243,419
<b>Capital and reserves</b>			
Share capital	13	52,434	37,404
Share premium	14	168,333	128,013
Profit and loss reserve	14	31,667	42,294
<b>Equity shareholders' funds</b>			
		<b>252,434</b>	207,711
<b>Provisions for other risks and charges</b>			
Provision for deferred taxation		441	7,450
Other provisions		1,147	–
		<b>1,588</b>	7,450
<b>Creditors</b>			
	15	75,909	23,498
<b>Accruals and deferred income</b>			
		<b>3,881</b>	4,760
<b>Total equity shareholders' funds and liabilities</b>			
		<b>333,812</b>	243,419

# Main accounting policies used in the preparation of these accounts

## a) Basis of preparation

The interim financial statements of the Group have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified by the revaluation of investments.

The interim financial statements of the Group have been prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985, as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993. The recommendations of the Statement of Recommended Practice on Accounting for Insurance Businesses issued by the Association of British Insurers in December 1998 ("the ABI SORP") have been adopted.

The consolidated financial statements incorporate the financial statements of BRIT Insurance Holdings PLC and all its subsidiaries made up to 30 September 1999.

## b) Recognition of Insurance Transactions

As noted on page 17, no information is available in respect of the insurance transactions of the syndicates on which the group participates. Consequently all such transactions are excluded from the results for the period.

## c) Investments

Listed investments are stated at closing middle market prices on recognised stock exchanges. Unlisted investments are stated at cost or directors' valuation. The movement on unrealised investment gains and losses is 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 period. The movement on unrealised investment gains includes adjustments in respect of unrealised gains and losses recorded in prior periods which have been realised during the period and are reported as realised gains and losses in the current profit and loss account.

## d) Investment income

Dividends and interest on listed investments (and any related tax credits) are taken into account by reference to the date the security becomes 'ex-dividend'. Dividends and interest on investments in unlisted shares and securities (and any related tax credits) are taken into account when it is reasonably certain that they are receivable.

Realised investment gains and losses are calculated as the difference between net proceeds on disposal and their purchase price.

## e) Profit commissions

Profit commissions are recognised on 31 December when the year of account to which they relate is closed. Profit commission in respect of the 1997, 1998 and 1999 years of account for the Wren sub-group are pre-acquisition and will not be taken as income for BRIT Insurance Holdings PLC.

## f) Agency fees

Agency fees are recognised in the period to which the fee relates.

## g) Other income

Other income includes:

- gains made on disposal of syndicate participation rights in the period (net of related costs)
- amounts charged to managed syndicates in respect of fixed assets used by those syndicates

#### **h) Expenses**

All expenses are accounted for on an accruals basis. Profits arising in Marham Consortium Management Limited, which are due to a Wren managed syndicate, are charged as an expense to the Group.

Depreciation is calculated so as to write off the value of freehold buildings and cost of other tangible fixed assets over their estimated useful economic lives on a straight line basis.

#### **i) Intangible assets**

Intangible assets consist of goodwill arising on the acquisition of Wren plc and syndicate participation rights of the Group's corporate member subsidiaries.

The cost of syndicate participation rights is capitalised and amortised in equal annual instalments over three years. Amortisation commences at the end of the third year from the start of the Group's first underwriting year on the syndicate. If, at any time, the directors become aware of a permanent diminution in the value of the Group's right to participate on a syndicate, the asset will be written down accordingly. If a syndicate participation right is sold then any related costs are offset against the disposal proceeds and any gain/loss is taken to the profit and loss account.

Goodwill arising on the acquisition of companies or businesses is capitalised and amortised on a straight line basis over the period which, in the directors' opinion, represents its useful economic life.

#### **j) Taxation**

Items of income/gain and expenditure/loss are recognised and assessable to corporation tax in the same period, after adjustment in accordance with tax legislation.

Corporation tax is provided on taxable profits at the current rate. Following the loss of investment trust status, any investment gains are also taxable at the current rate.

Deferred taxation is provided using the liability method on timing differences, arising from the different treatment of items for accounting and taxation purposes.

#### **k) Foreign Currencies**

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### **l) Pension benefits**

Pension benefits are funded over employees' periods of service. Contributions are based on the recommendation of the actuary following the valuation of the fund and are charged to the profit and loss account as incurred.

# Notes to the accounts

## 1 Balance on technical account

The balance on the technical account for general business for the six months ended 30 September 1999 relates to cash calls by syndicates for open years that are supported by the Group's corporate members.

The balance on the technical account for general business for the six months ended 30 September 1998 included a refund of the outstanding balance of the Lloyd's Central Fund special contribution, which was paid by the underwriting subsidiaries of the Group as part of Reconstruction and Renewal at Lloyd's.

## 2 Net investment return

	<b>6 months ended 30 Sept 1999 (unaudited) £'000</b>	6 months ended 30 Sept 1998 (unaudited) £'000
<b>Investment Income:</b>		
Income from investments	7,220	9,655
Gains/(losses) on the realisation of investments	1,368	9,015
	<b>8,588</b>	18,670
<b>Unrealised investment gains/(losses)</b>	<b>(5,414)</b>	(23,879)
<b>Investment expenses:</b>		
Investment expenses	(1,333)	(683)
Interest payable	(1,350)	(856)
Net investment return	<b>491</b>	(6,748)

### 3 Other income

	6 months ended 30 Sept 1999 (unaudited) £'000	6 months ended 30 Sept 1998 (unaudited) £'000
Profit on disposal of syndicate participations	3,507	1,863
Income from managed syndicates (use of assets)	74	–
Other	7	–
	<b>3,588</b>	1,863

### 4 Other expenses

	6 months ended 30 Sept 1999 (unaudited) £'000	6 months ended 30 Sept 1998 (unaudited) £'000
Wages and salaries	624	31
Legal and professional charges	259	126
Accommodation costs	185	–
Audit fees	78	26
Consortium (losses) due to syndicates	(20)	–
Other	1,151	352
	<b>2,277</b>	535

# Notes to the accounts (continued)

## 5 Taxation

	6 months ended 30 Sept 1999 (unaudited) £'000	6 months ended 30 Sept 1998 (unaudited) £'000
<b>The tax charge/(credit) for the period comprises:</b>		
UK corporation tax at 30%	865	605
Tax on franked investment income	614	2,028
Movement in deferred tax	(1,814)	(5,045)
	<b>(335)</b>	<b>(2,412)</b>

## 6 Dividends

	6 months ended 30 Sept 1999 (unaudited) £'000	6 months ended 30 Sept 1998 (unaudited) £'000
Dividends proposed		
– Interim dividend of 1p per share (1998: 3p per share)	2,402	4,488
	<b>2,402</b>	<b>4,488</b>

The interim dividend of 1p will be payable to shareholders on the shareholders' register at 17 December 1999 and will be paid on 14 January 2000. The interim dividend will also be paid in respect of the 30,479,798 consideration shares issued to Lennoxhurst Limited on 16 November 1999 on completion of the BRIT Insurance Limited acquisition.

## 7 Earnings per share

The calculation of basic earnings per share is based on earnings of £2,706,000 (1998: loss of £1,579,000) and on 166,353,859 (1998: 149,614,871) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The calculation of fully diluted earnings per share is based on earnings of £2,706,000 (1998: loss of £1,579,000) and on 166,353,859 (1998: 149,614,871) ordinary shares being the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The operating earnings per share, excluding unrealised gains or losses on the Lloyd's quoted investment portfolio, is calculated as follows:

	<b>6 months ended 30 Sept 1999 (unaudited) £'000</b>	6 months ended 30 Sept 1998 (unaudited) £'000
Basic earnings for six months to 30 September	<b>2,706</b>	(1,579)
Removal of unrealised losses/(gains) on Lloyd's investments	<b>(945)</b>	10,605
Tax effect	-	(1,655)
<b>Operating profit after tax</b>	<b>1,761</b>	7,371
<b>Weighted average number of shares</b>	<b>166,353,859</b>	149,614,871
<b>Operating EPS</b>	<b>1.06p</b>	4.93p

# Notes to the accounts (continued)

## 8 Cost of syndicate participations

	<b>30 Sept 1999 (unaudited) £'000</b>	30 Sept 1998 (unaudited) £'000
Balance at 1 April	1,287	1,801
Acquired via purchase of Wren plc	3,010	–
Additions	1,890	–
Disposals	(3,937)	(2,050)
Realised profit on disposal	3,507	1,863
Balance at 30 September	<b>5,757</b>	1,614

## 9 Goodwill

On 26 July 1999, the offer from BRIT Insurance Holdings PLC to acquire Wren plc became unconditional. Goodwill arising on this acquisition is calculated as follows:

	<b>£'000</b>
Cost of initial investment in Wren plc	25,542
Consideration via issue of BRIT shares	44,560
Consideration via issue of cash	12,824
Costs incurred in acquisition of Wren plc	1,734
Total consideration	84,660
Net assets of Wren plc acquired*	79,298
Goodwill arising on acquisition of Wren plc	5,362
Amortised to date	86
Goodwill at 30 September 1999	<b>5,276</b>

The goodwill arising on the acquisition of Wren plc will be amortised over ten years.

\* The net assets acquired are based on provisional estimates of fair value adjustments, including the estimates for pipeline profits/losses on the 1997, 1998 and 1999 years of account, all of which are open, which under FRS 7 and UITF 22 are deemed to be pre-acquisition.

## 10 Investments

	30 Sept 1999 (unaudited) £'000	30 Sept 1998 (unaudited) £'000
<b>Investments:</b>		
– equities	237,735	194,911
– other	50,897	11,404
	<b>288,632</b>	206,315

## 11 Debtors

	30 Sept 1999 (unaudited) £'000	30 Sept 1998 (unaudited) £'000
Trade debtors	7,515	–
Due from managed syndicates	237	–
Tax recoverable	3,672	–
Other debtors	4,719	–
	<b>16,143</b>	–

## 12 Prepayments and accrued income

	30 Sept 1999 (unaudited) £'000	30 Sept 1998 (unaudited) £'000
Prepayments and accrued income	3,028	8,883
Provisions in respect of open year losses	(8,088)	(5,187)
	<b>(5,060)</b>	3,696

## Notes to the accounts (continued)

### 13 Share capital

	30 Sept 1999 (unaudited)	30 Sept 1998 (unaudited)
<b>No. of shares in issue:</b>		
At 1 April	149,614,871	149,614,871
Shares issued in respect of acquisition of Wren plc	59,275,762	–
Shares in issue at 30 September	<b>208,890,633</b>	149,614,871
Shares accepted by Wren shareholders but not in issue at 30 September 1999		
	293,612	–
Shares issued after 30 September 1999 to dissenting Wren shareholders		
	551,244	–
	<b>209,735,489</b>	149,614,871

On 16 November 1999, 30,479,798 BRIT shares were issued following the acquisition of 70.01 % of BRIT Insurance Limited.

## 14 Reserves

	Share Premium (unaudited) £'000	Profit and Loss Reserve (unaudited) £'000	Capital Reserve Realised (unaudited) £'000	Capital Reserve Unrealised (unaudited) £'000
<b>Balance at 31 March 1999</b>	128,013	4,906	30,824	(3,411)
Prior year adjustments:				
– transfer of cost of acquiring investments from capital reserve to investments	–	–	933	–
– transfer of capital reserves to Profit and Loss Reserve	–	26,457	(31,757)	3,411
<b>Balance at 1 April 1999</b>	<b>128,013</b>	<b>31,363</b>	–	–
Shares issued to acquire Wren plc, net of costs	<b>40,320</b>	–	–	–
Profit in the period	–	<b>304</b>	–	–
<b>Balance at 30 September 1999</b>	<b>168,333</b>	<b>31,667</b>	–	–

BRIT Insurance Holdings PLC lost its investment trust status on 1 April 1999. This resulted in changes to the designations of the following reserves:

Revenue reserve – this is now the Profit and Loss Reserve.

Capital Reserve – realised and unrealised. These reserves have been transferred to the Profit and Loss Reserve (net of any deferred tax). In accordance with the ABI SORP, unrealised gains/losses are taken to the profit and loss account.

## Notes to the accounts (continued)

### 15 Creditors

	<b>30 Sept 1999 (unaudited) £'000</b>	30 Sept 1998 (unaudited) £'000
Bank loans and overdraft	<b>42,755</b>	19,000
Trade creditors	<b>19,656</b>	–
Consortium profits owed to managed syndicates	<b>917</b>	–
Proposed dividend	<b>2,402</b>	4,488
Corporation tax payable	<b>8,640</b>	–
Other creditors	<b>1,539</b>	10
	<b>75,909</b>	23,498

### 16 Contingent Liability

The taxable results of the Group depend on the taxable results of the syndicates on which it participates.

The syndicate results for the 1994, 1995 and 1996 years of account have still to be finally determined. One of the reasons for this delay is the Inland Revenue's contention that the reinsurance to close 1994 should be subject to a disallowance to reflect the net present value claim payable by that year of account. The validity of such an adjustment to 'discount' the reinsurance to close is being strongly contested by the Managing Agents involved but, if the Inland Revenue is successful in asserting its contention for 1994 and subsequent years of account, the directors consider that there will be a permanent acceleration in the payment of tax by the Group.

To the extent that the discounting of disallowances is expected to become a constant recurring feature of the Group's tax computations, the Group will also suffer an increase to its overall tax charge as, under the provisions of SSAP 15, no deferred tax benefit can currently be recognised in such circumstances.

The total tax credit of £335,000 has been calculated on the basis that the Inland Revenue will not be successful in its attempts to apply discounting to the reinsurances to close either the 1994, 1995 or 1996 years of account. It is not currently practicable for the directors of the Group to quantify the adjustment that would be necessary to the tax charge should the Inland Revenue succeed in its arguments with Managing Agents.

On 30 July 1999, the Commissioners issued a ruling concluding that the RITC premium paid should be fully deductible for tax purposes, i.e. that the RITC premium paid did not need to be discounted. However, the Inland Revenue have expressed dissatisfaction with this ruling which means that the matter continues to remain uncertain for some time.

## Notes

These accounts are not statutory accounts as defined in Section 240 of the Companies Act 1985. Statutory accounts for the year to 31 March 1999, on which the auditors of the Company gave an unqualified report, have been delivered to the Registrar of Companies.

The accounting policies adopted in the preparation of these accounts have been consistently applied throughout the current and comparative periods.

Lloyd's syndicates prepare accounts on a three year basis to 31 December and the information currently made available from Lloyd's is based on syndicate results at that date. No underwriting transactions have been included in these accounts because no information is available from syndicates for transactions since 31 December 1998 to the date of this report. A dispensation has been obtained from the Stock Exchange to exclude all syndicate transactions and balances relating to the Group's corporate member subsidiaries.

Following the acquisition of Wren plc by BRIT Insurance Holdings PLC on 26 July 1999, BRIT Insurance Holdings PLC lost its investment trust status from 1 April 1999. There are a number of new accounting policies for the enlarged Group in addition to those previously adopted by BRIT Insurance Holdings PLC. Details of the main accounting policies are set out on pages 6 and 7.

The loss of investment trust status has resulted in:

- (i) Revenue Reserve being renamed the Profit and Loss Reserve;
- (ii) Expenses incurred in acquiring specific investments being capitalised;
- (iii) The deferred taxation relating to unrealised gains/losses arising on assets held at the date of loss of investment trust status being recognised; and
- (iv) The balance on the Capital Reserve (Realised) and Capital Reserve (Unrealised) being transferred to the Profit and Loss Reserve for the Group.

Comparatives have been restated on the above bases.

Basic earnings per share are based on profit on ordinary activities after taxation for the six months to 30 September 1999 of £2,706,000 (1998: loss of £1,579,000) and calculated on 166,353,859 shares being the weighted average number of shares in issue during the period. The number of shares in issue throughout the comparative period was 149,614,871.

The calculation of fully diluted earnings per share is based on 166,353,859 shares being the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The interim dividend of 1p per share will be paid on 14 January 2000 to shareholders on the register at the close of business at 17 December 1999.

These interim statements were approved by the Board at a meeting held on 30 November 1999.

# Independent review report to BRIT Insurance Holdings PLC

## **Introduction**

We have been instructed by the company to review the financial information set out on pages 4 to 17 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 1999.

MAZARS NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS

London  
30 November 1999

# Provisional Syndicate Portfolio for 2000 Year of Account

Syndicate	Underwriter	Managing Agency	2000 Total £
<b>Marine</b>			
382	Wadman	Hardy (Underwriting Agencies) Ltd	1,057,605
735	Shone	Wren Syndicates Management Ltd	41,419,496
<b>Non-Marine</b>			
250	Finn	Wren Syndicates Management Ltd	14,258,282
318	Pritchard	Limit Underwriting Ltd	9,166,175
386	Wallace	Limit Underwriting Ltd	11,498,889
557	Rendall	R J Kiln & Co Ltd	875,000
570	Marsh	Atrium Underwriters Ltd	675,000
623	Beazley	Beazley Furlonge Ltd	12,318,948
780	Tunncliffe	B F Caudle Agencies Ltd	3,424,793
807	Mathers	R J Kiln & Co Ltd	875,000
<b>Motor</b>			
980	Neal	Limit Underwriting Ltd	4,375,000
1202	Sams	Wren Syndicates Management Ltd	37,317,242
<b>Aviation</b>			
340	Tilling	St Paul Syndicate Management Ltd	5,120,104
800	Clapham	Wren Syndicates Management Ltd	29,542,888
<b>Life</b>			
389	Allen	Wren Syndicates Management Ltd	7,229,225
<b>Composite</b>			
510	<i>Combined</i>	R J Kiln & Co Ltd	9,337,734
<b>TOTAL</b>			<b>188,491,381</b>

The above figures are as at 30 November 1999. It is possible that changes may occur up until January 2000.

