

A photograph of two white swans in flight over a body of water. The swans are positioned in the upper half of the frame, with their wings spread wide. The background is a soft, hazy blue sky. The water below is white with splashes, suggesting the swans have just landed or are about to. The overall tone is serene and elegant.

DOMESTIC & GENERAL

**PRESENTATION OF RESULTS
YEAR ENDED 31 MARCH 2006**

A swan is shown in profile, facing right, with its wings fully extended. It is splashing in water, with white foam and droplets visible around its body. The background is a clear, light blue sky. The overall image has a soft, ethereal quality.

JOHN PEARMUND

CHIEF EXECUTIVE

Forward looking statements disclaimer

Example factors that could cause actual results to differ materially

- Economic business conditions
- Monetary and interest rate policies
- Equity and property prices
- The impact of competition, inflation and deflation
- Changes to regulations, taxes or legislation
- Changes to consumer saving or spending habits
- Changes to product reliability and repair costs
- Foreign exchange rates
- The Group's success in managing the above factors

Financial highlights



- Revenue growth 14.5% to £277.0 million
- Operating profit before investment return up 11.6% to £21.2 million
- Profit before tax up 19.5% to £35.0 million
- Earnings per share up 14.3% to 67.71p
- Dividends per share up 20.3% to 32.50p

Trading segments

- **Warranty** - UK revenue up 11.1% to £240.7 million
 - Earned income up 10.7% to £226.3 million
 - Operating profit up 12.0% to £21.5 million
- **Support Services** - Revenue up 23.5% to £22.6 million
 - Operating profit up to £0.8 million
- **Pets** - Operating profit of £0.7 million

Group strategy



- **To be the leading specialist provider of breakdown protection in our chosen markets**
- **Leader in the UK non point of sale extended warranty market**
- **Look to develop related products and into other territories**
- **Increase shareholder value**

Key performance indicators

A swan with its wings spread, standing on a rocky shore with water in the background. The swan is the central focus, with its wings fully extended, showing the intricate details of its feathers. The background is a soft, out-of-focus landscape with water and rocks.

- Revenue
- Combined ratio of warranty business
- Operating profit before investment return
- Investment return
- Profit before tax
- Earnings per share
- Return on capital employed

Important to shareholders:

- Dividends and dividend cover
- Total shareholder return

Group focus

A swan with its wings spread, standing on a rocky shore with water splashing around its feet. The swan is white with a dark beak and neck. The background is a bright, hazy sky. The water is splashing around the swan's feet, creating a misty effect. The overall scene is bright and airy.

- **Customers**
- **Business partners**
- **Employees**
- **Shareholders**

Group focus



- **Customers**
 - Improving customer service
- **Business partners**
 - Meeting our business partners' needs
 - Developing new and existing products
 - Improving direct marketing capability
 - Utilisation of expertise and capacity
- **Employees**
 - Attracting, motivating and retaining talented people
- **Shareholders**
 - Creating shareholder value

BARCLAYS

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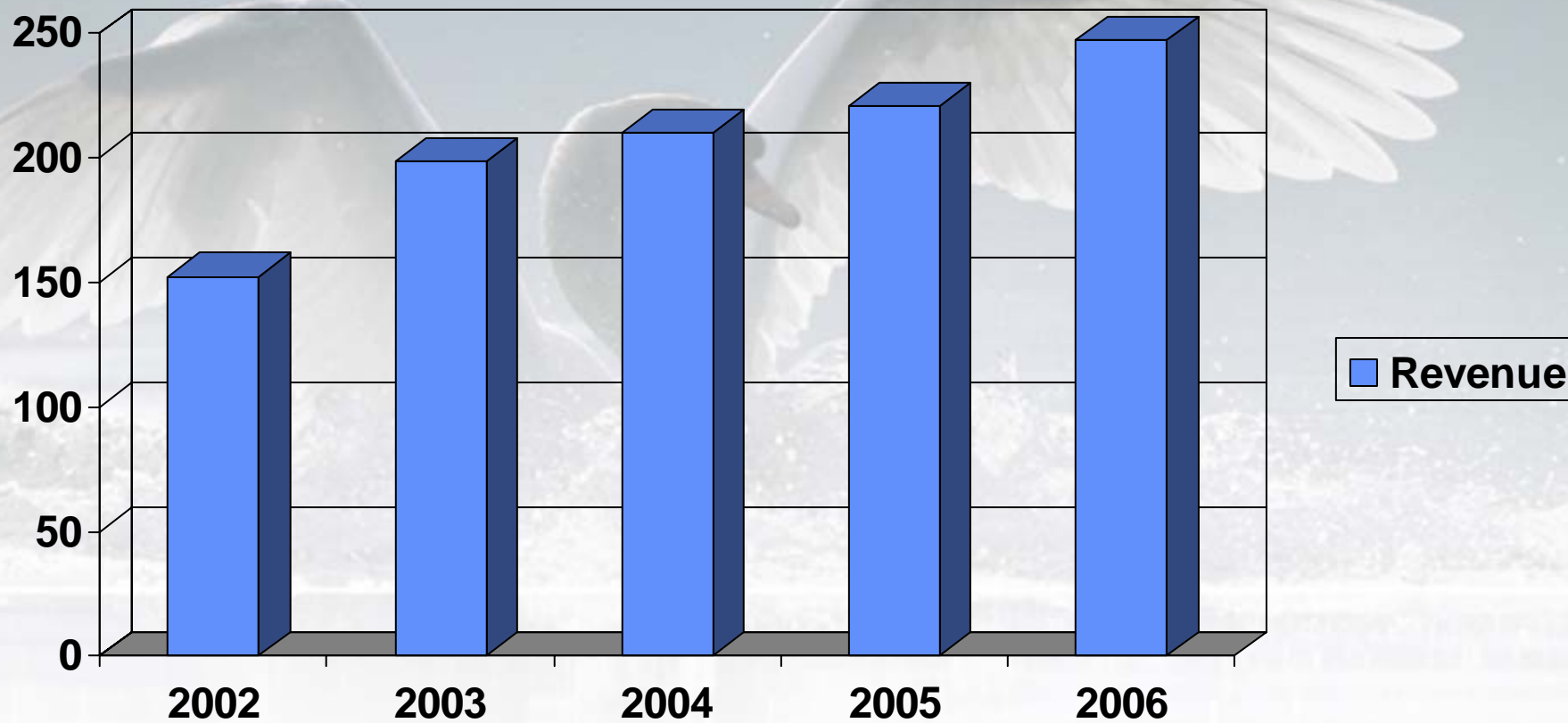
Warranty – the core business

- **Warranty protection in non point of sale market for 6.0 million appliances and 4.4 million customers.**
- **Direct marketing through 49 million mailings, 6 million telephone calls, with over 13% of new business through the web.**
- **Manage whole warranty proposition including the underwriting, claims handling, outsourced repair networks, in-house administration, call centres and mailing.**

Developments in the warranty market

- **New regulations on sale of warranties at point of sale introduced in April 2005**
- **Weaker consumer spending, particularly on white goods**
- **Strong growth in sales of flat panel televisions**
- **Use of many years' appliance purchase data**
- **Continuing competitor activity**
- **Regulation of general insurance products**

Warranty revenue



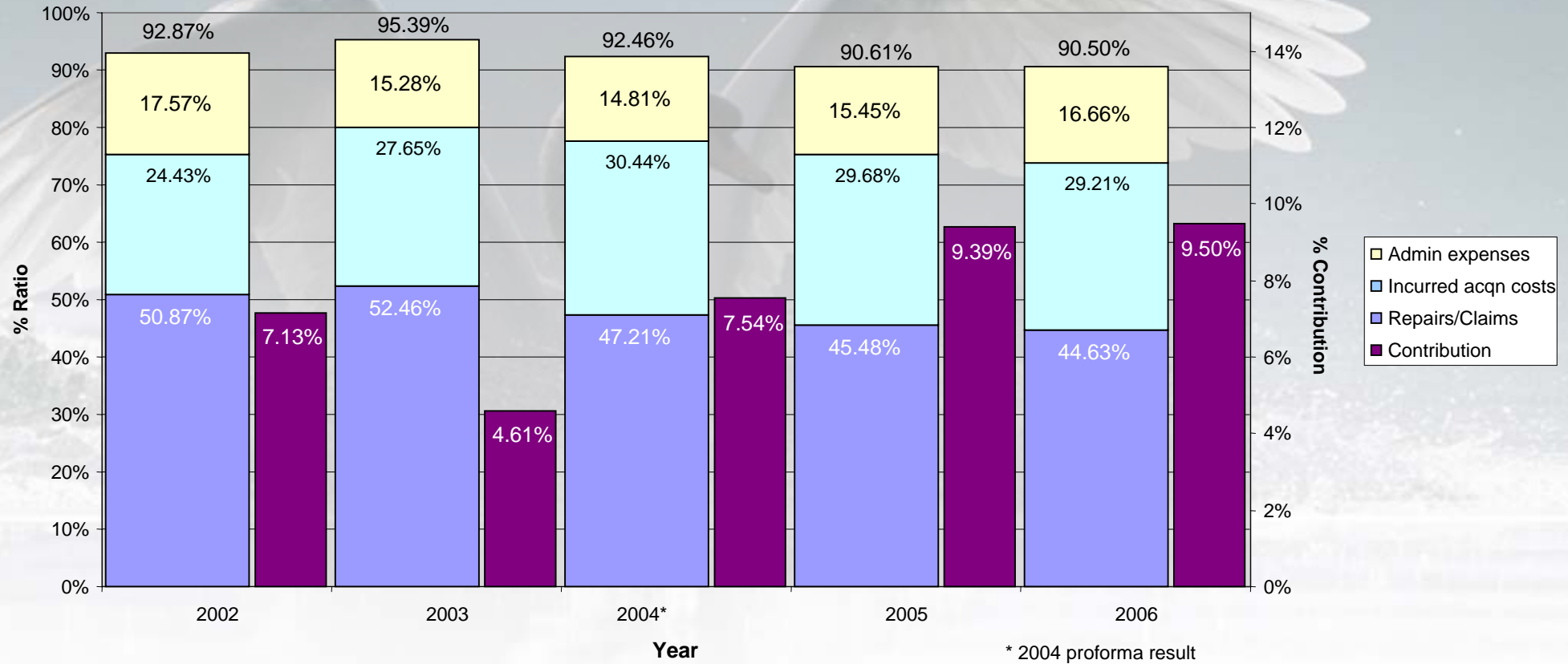
Warranty revenue

	2006	2005	Change
	£m	£m	%
Warranty – UK and Ireland	240.7	216.7	+11.1
Warranty – other EU	6.4	4.0	+60.0
Total warranty	247.1	220.7	+12.0

Warranty revenue growth

- **Telephone sales of warranties from inbound calls**
 - **Repair +1**
 - **Use of in house capability**
- **Business partner support** - **Promotional guarantees**
- **Outbound sales decline**
- **Increased mailing volumes and new clients**
- **Renewals**

Warranty combined ratio



Warranty performance

	2006	2005	Change
	£m	£m	%
Earned income	226.3	204.5	+10.7
Operating profit	21.5	19.2	+12.0
Key Ratios:	%	%	
Claims	44.6	45.5	-0.9
Acquisition	29.2	29.7	-0.5
Administration	16.7	15.4	+1.3
Combined ratio	90.5	90.6	-0.1

Warranty - Europe

	2006	2005	
	£m	£m	
Revenue	6.4	4.0	+60.0%
Operating profit	0.3	-	

- Increase of 32% in Germany
- Increase of 89% in Spain
- Increase of 80% in France
- Greater interest from manufacturers

Warranty initiatives

A background image of two white swans swimming in a body of water. The swan in the foreground is on the left, and the one in the background is on the right, both with their wings partially spread. The water is light blue and white with some ripples.

- Meeting business partner needs
- Developing existing products and accessibility to consumers
- Introducing new campaign management and database marketing system
- Developing our European operations
- Development of our new Head Office



Warranty outlook

A swan with its wings spread, standing on a body of water. The swan is white, and its wings are fully extended, showing the intricate structure of the feathers. The background is a soft, hazy blue sky and water, creating a serene and hopeful atmosphere.

- **Turnover growth**
- **Improved effectiveness of direct marketing**
- **Increased office costs**
- **Year has started in line with expectations**
- **Confident of further progress**

Support services - telephony

	2006	2005	
	£m	£m	
Revenue	18.3	13.9	+31.7%
Operating profit	0.5	-0.2	

- **Strong growth in third party income**
- **Good capacity utilisation**
- **Market remains very competitive, with greater restrictions on outbouding**
- **Aim to maximise value to warranty operations and maintain capacity utilisation**

Support services – mailing and fulfilment

	2006	2005	
	£m	£m	%
Revenue	4.3	4.4	-2.3
Operating profit	0.3	0.5	-40.0

- Further utilisation needed for Coventry mailing centre
- Investment in sales capability to grow revenue

Pets

	2006	2005
	£m	£m
Premium income	6.2	-
Commission income	1.1	2.9
Operating profit	0.7	0.7

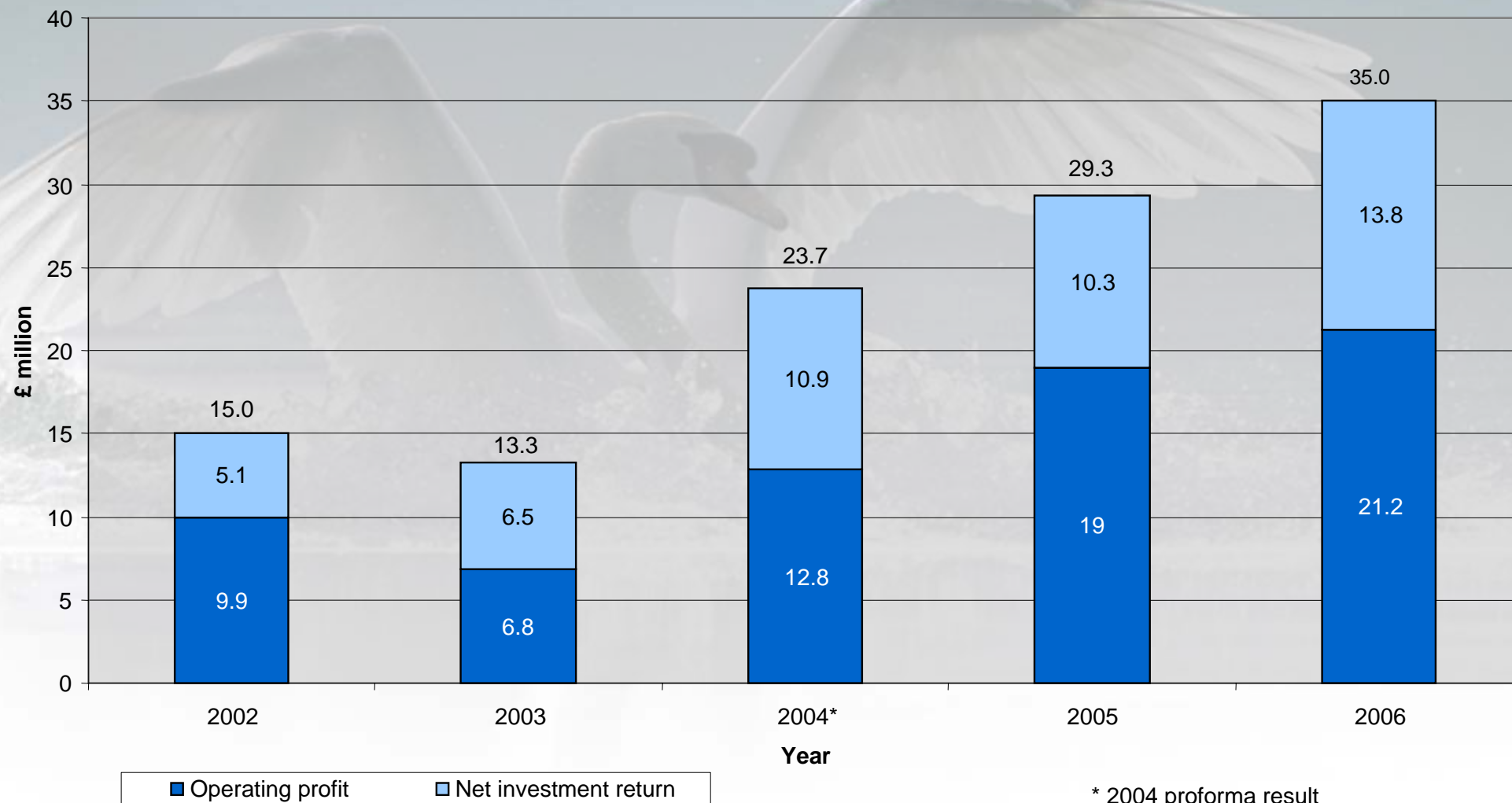
- **Underwriting brought back in house in October 2005**
- **Initiatives to develop web distribution channel and affinity relationships**
- **Opportunities from in house underwriting**
- **Premium income at run rate of approximately £10 million and contribution target of 8% – 12%**

A swan is shown in a dynamic pose, splashing in water with its wings fully extended. The swan is white, and the water is splashing around its body. The background is a clear, light blue sky. The overall scene is bright and energetic.

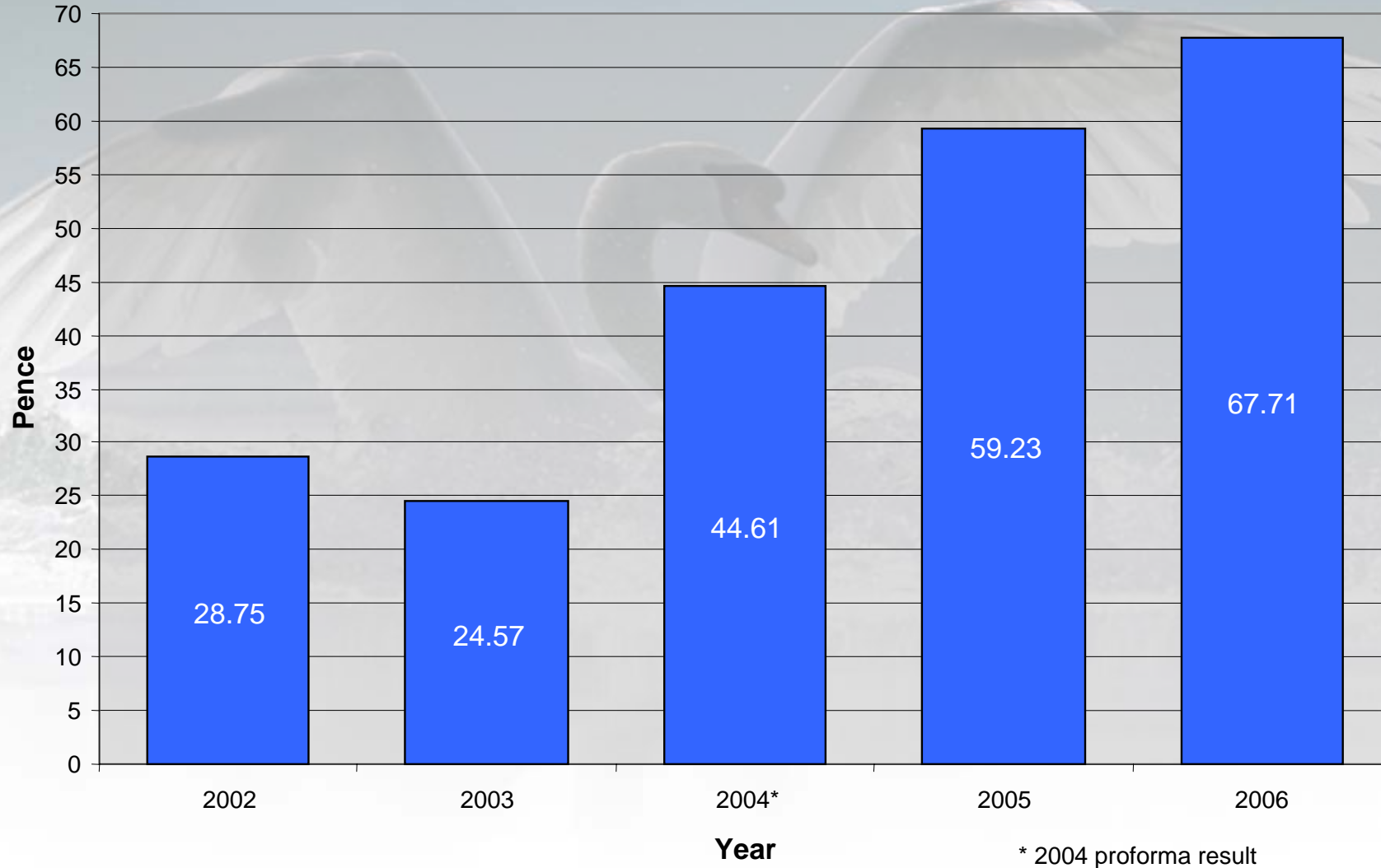
JOHN RITCHIE

DEPUTY CHIEF EXECUTIVE

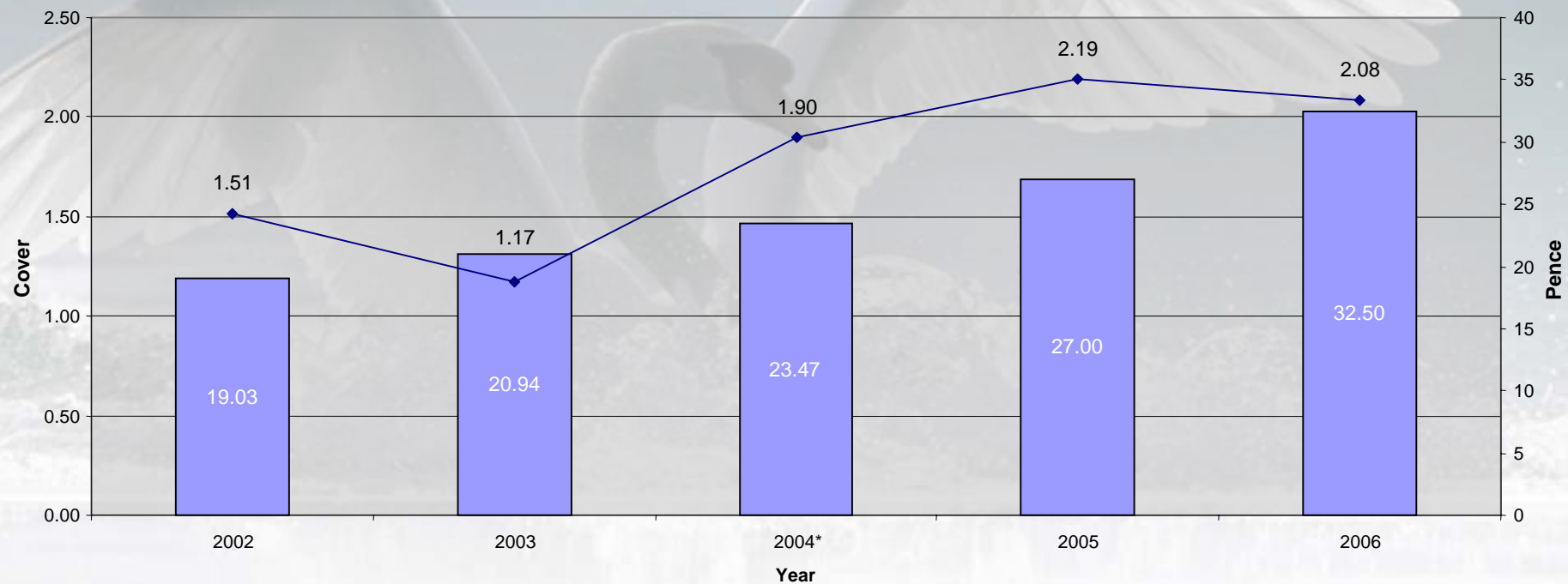
Group profit before taxation



Earnings per share



Dividend & dividend cover



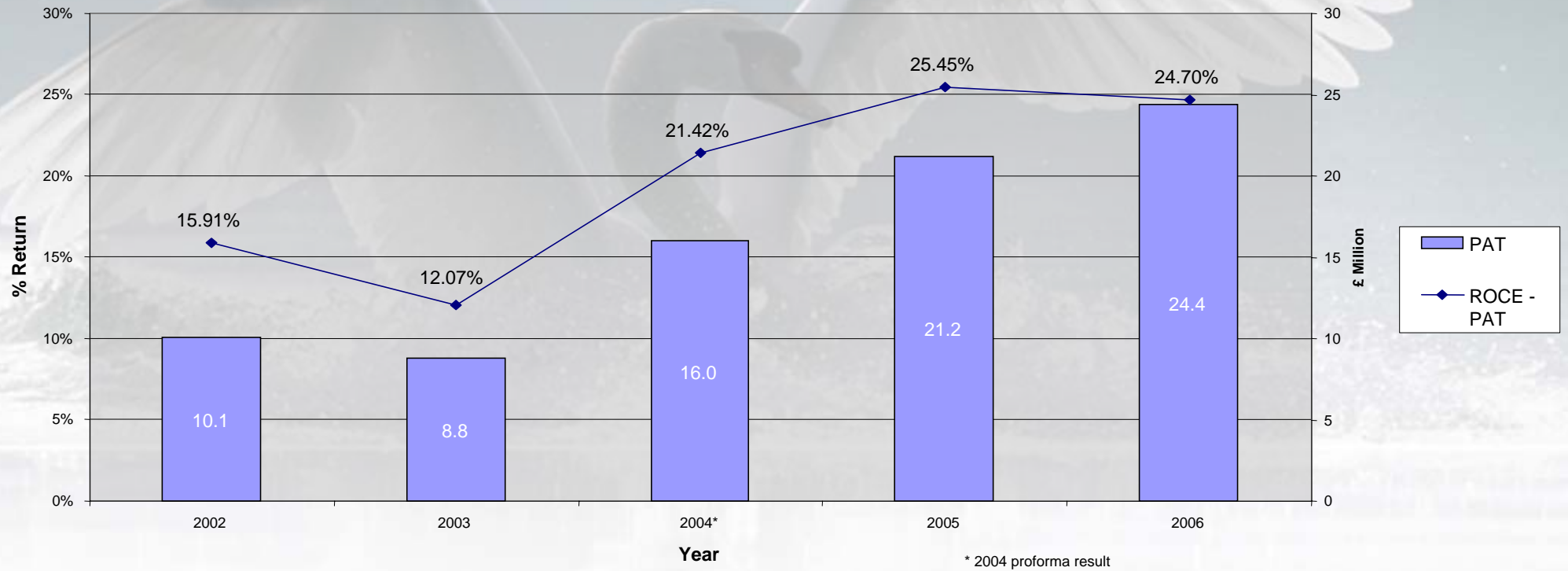
* 2004 proforma result

Dividends pence

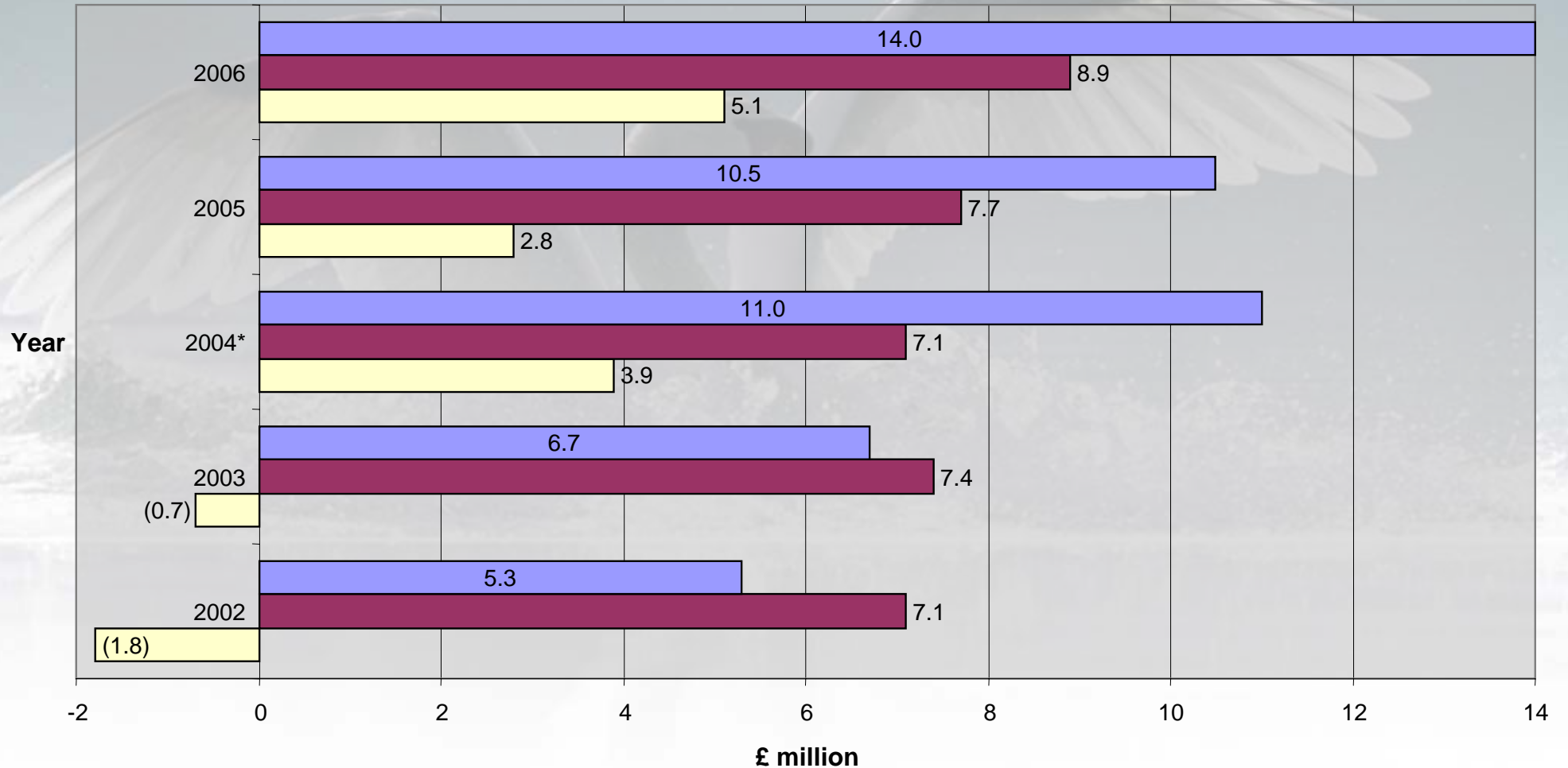
Cover

Represents dividends declared relating to the year

Return on capital employed



Investment return (ex property)



* 2004 proforma result

□ Equities

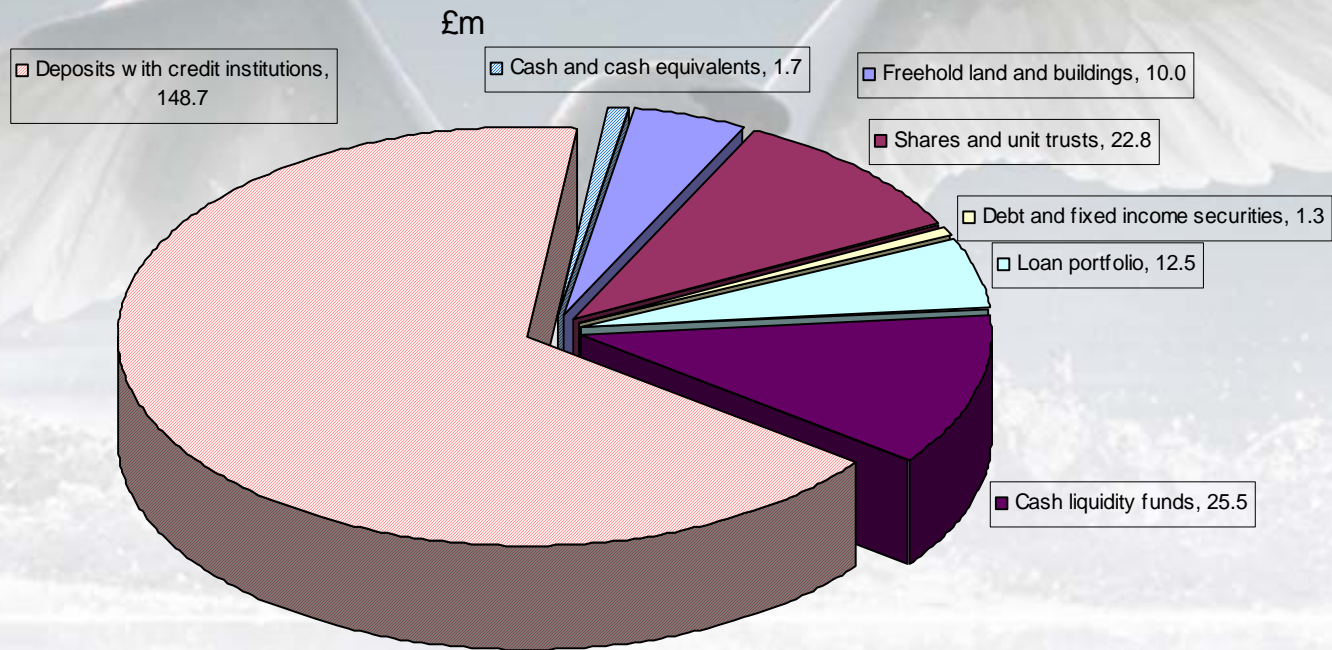
■ Interest income

■ TOTAL

Equity investment return



Investment Portfolio



Investment portfolio



	March 2006	March 2005
	£m	£m
Freehold land and buildings	10.0	10.5
Shares and unit trusts	22.8	17.7
Debt and fixed income securities	1.3	1.3
Cash liquidity funds	25.5	22.6
Loan portfolio	12.5	15.8
Deposits with credit institutions	118.8	94.5
Cash and cash equivalents	31.6	37.7
Properties, financial assets and cash	222.5	200.1
Bank loans	-3.9	-3.9
Net investments	218.6	196.2

Warranty & Insurance Liabilities

	March 2006 £m	March 2005 £m
Deferred income – unearned premiums	136.5	132.5
Deferred income – unearned service plans	104.1	82.3
Unearned commissions	1.1	1.4
Claims and repair costs	11.0	11.5
Long-term business, net of reinsurance	1.5	1.6
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	254.2	229.3
Provision for linked liabilities	2.8	2.3
Deferred acquisition costs	-64.8	-58.9
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Net warranty and insurance liabilities	192.2	172.7

Cash flow

	March 2006	March 2005
	£m	£m
Cash generated from operations	31.9	36.8
Net interest received	8.7	7.5
Taxes and dividends paid	-19.5	-16.8
Share transactions	0.8	0.3
Amount invested	21.9	27.8
Net capital expenditure and subsidiary acquisition	3.4	6.4
Increase in longer term cash and liquidity funds	27.2	25.4
Change in loans	-2.6	1.3
Reduction in short term cash	-6.1	-5.3
Increase in investments	21.9	27.8

Summary

A background image showing two white swans in flight over a body of water. The swans are captured in a dynamic pose, with their wings spread wide, creating a sense of movement and grace. The water below is slightly blurred, suggesting motion. The overall tone is bright and clean, with a light blue and white color palette.

- **Strong year of revenue growth generated from our own activities**
- **Strong profitability in our target range**
- **Second year of exceptional returns from equity portfolio**
- **Clear initiatives for further development**
- **Confident of continued progress**



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