



Interim Results Presentation

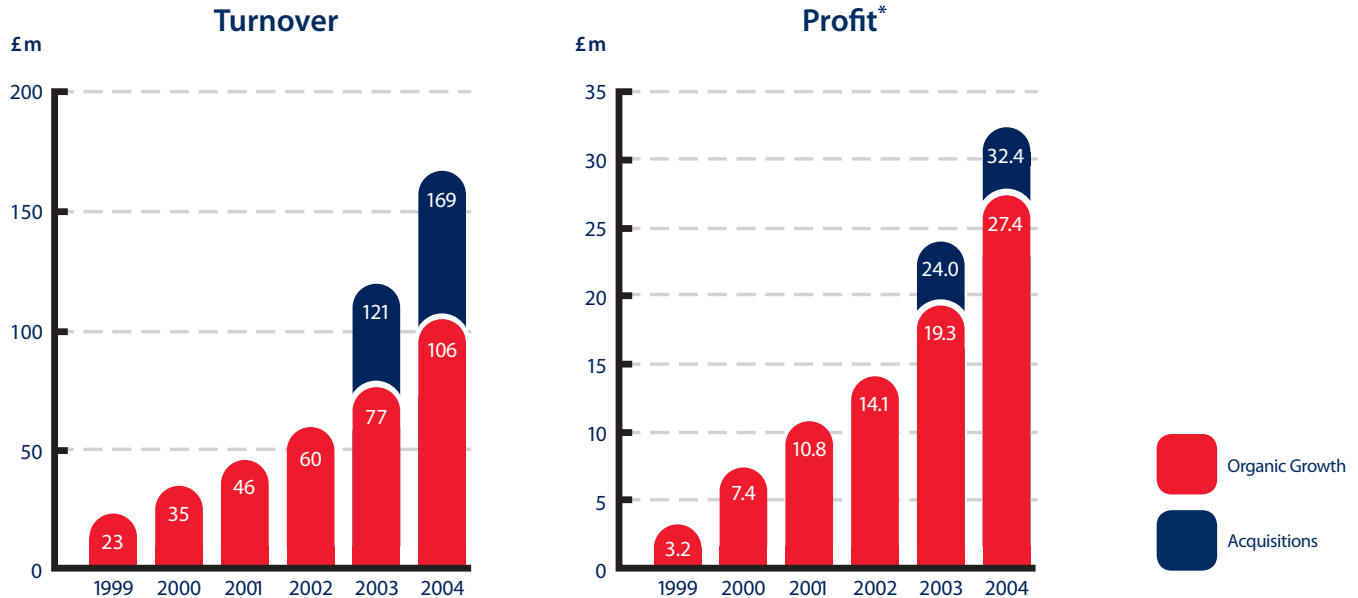
November 30th 2004

Highlights

- Shareholder value increased by around 40% since demerger of South Staffordshire Water announced in February 2004
- Home emergency businesses had an excellent six months:
 - 25% increase in turnover to £88m
 - 34% increase in operating profits* to £11.2m
 - 13% policy growth by Home Service in the UK to 3.31m
 - Continued development of service networks
- Earnings per share* growth from continuing operations of 19% to 12.7p
- Total turnover £122m (2003: £145.5m) and operating profit £5.7m (2003: £17.4m) reflecting demerger of the Water businesses, subsequent business disposals and an exceptional operating cost of £1.2m
- Disposal of remaining commercial businesses being progressed

*excluding goodwill and exceptional items

Homeserve has achieved a tenfold increase in operating profit over the last six years from its domestic businesses



Compound annual growth in turnover of 48% and profit* of 59%

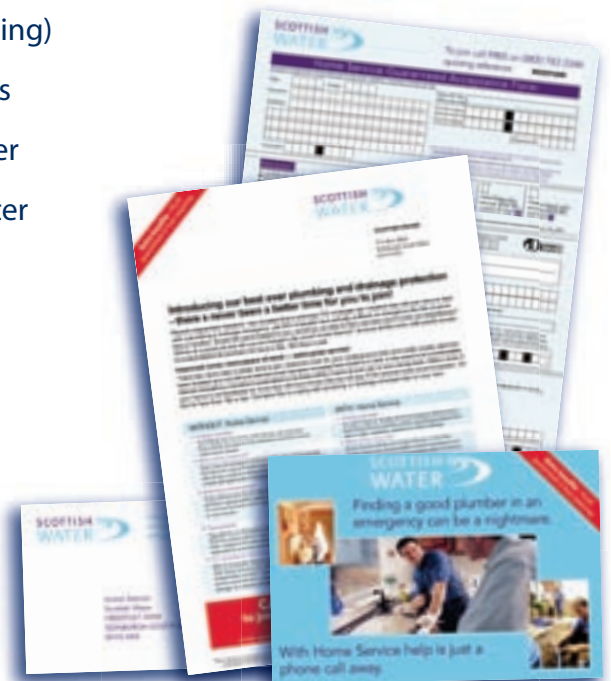
Organic profits* of £27m on turnover of £106m representing 54% compound annual profit growth

* excluding goodwill and exceptional items

Home Service achieved an outstanding first half

- Turnover up 28% to £53.6m
- Operating profit up 39 % to £8.9m
- UK policies up 13% to 3.31m since March 2004 (2.3m plumbing)
- Autumn mailing creatives achieving excellent response rates
- Continued good response to initial mailings in Scottish Water
- Strong cross sell performance from gas supply pipe and water supply pipe
- Retention up to 88% from 87% (September 2003)

Policies	Sept 03	Sept 04	Annual Increase
Plumbing and Drains	1.89m	2.31m	22%
Electrics	0.56m	0.58m	4%
Other	0.13m	0.42m	223%
Total	2.58m	3.31m	28%



Significant international development opportunity

- Worldwide homeowner need for emergency plumber solution
- Replicate UK model - Water Company branded, direct marketing
- Fully underwritten claims and network handled by AXA Assistance
- Australia test marketing with SA Water from October 2004



- France set up September 2001
- 189,000 policies
- 87% retention rate
- Shareholding increased from 40% to 49% in November 2004



- USA opened November 2003
- 23,000 policies
- Aqua America first partner
- Fragmented market with 57,000 Water Companies
- Good progress on next water company partners

Regency results reflect the difficult furniture market

- Turnover increased by 13% to £8.6m
- Operating profit reduced by £0.4m to £1.7m before exceptional operating costs of £1.2m relating to amounts due from Courts Plc
- Warranty sales and margins maintained, despite retail environment
- Geared up upholstery network operation for increased work load
- Continuing to develop cleaning operation
- We now have 149 directly employed operatives
- Good start from Disaster Restoration which extends the Regency at Home offering



Highway has achieved excellent results which demonstrates the transformation in operating performance

- Turnover increased by 21% to £ 26.2m
- Operating profit increased by £0.8m to £0.6m
- More efficient branch management and improved engineer productivity
- IT system changes implemented in November and will significantly reduce back office costs
- Drainage repair business working for household insurers achieved sales of almost £1m in September
 - 12% market share
 - Significant growth potential
- Business model is directly employed, national coverage and pricing, local branch control, incentivised operatives



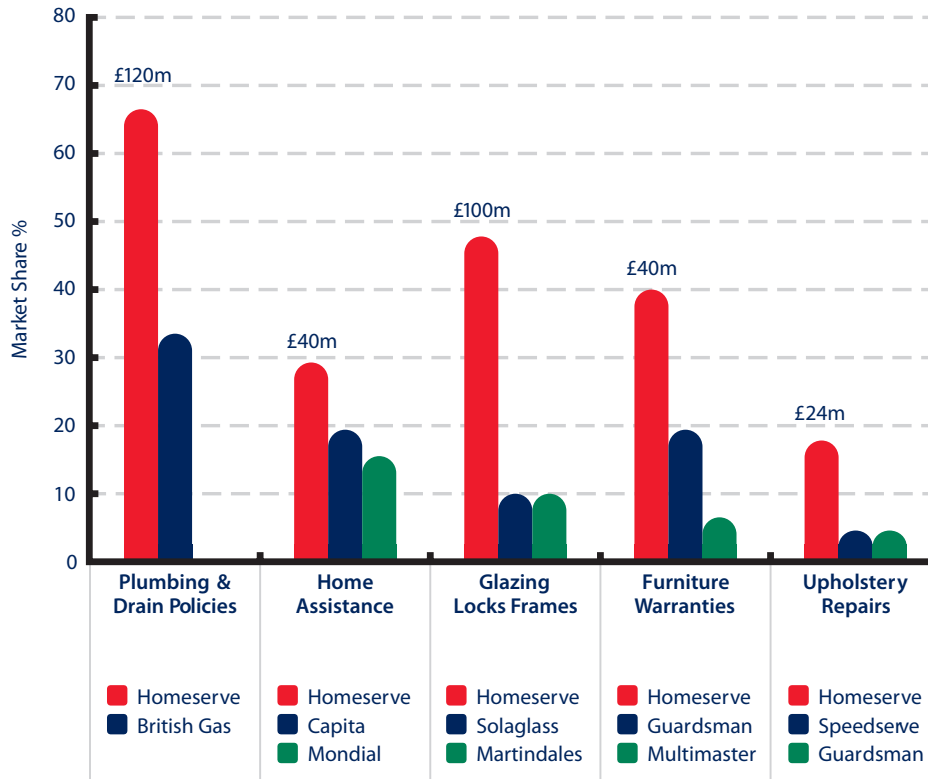
Household insurer repair potential

“Household building claims are a real headache”

- £2.2 billion market but highly fragmented – local builders
- Homeserve, the largest repairer with nearly £50m sales of glazing, locks, window/ door frames, drainage repairs
- Homeserve already works with all major Insurers
- **Current trades**
 - Glazing, locks, door and window frames
 - Garage doors, conservatories, greenhouses
 - Drainage unblocking, CCTV and repairs
 - Plumbing emergencies
 - Upholstery and carpet repair and cleaning
- **Proposed trades**
 - Fire and flood
 - Water ingress
 - Specialist surveys
 - Building repairs



Homeserve is leader in 5 key market sectors



For Homeserve to be “Your Home Emergency Service”

The Home Emergency Market is worth c.£4.3 billion

Plumbing & Drainage Emergency
£59.95 pa

Water Supply Pipe
£15.99 pa

Gas Pipe
£14.95 pa

Boiler Breakdown
£95.88 pa

Electrical Breakdown
£42.95 pa



Manufacturer Policy
Shower Repair

Furniture Policy
Upholstery Repair

Carpet Cleaning

Household Insurance
Broken Glass

Lock Replacement

£960m
Utilities

£2.2 billion
Household Insurers

£295m
Appliance Manufacturers

£850m
Retailers

Profit and Loss

Six months ended 30 September 2004	2004 £m	2003 £m	
Turnover			
Continuing	114.0	95.0	20%
Discontinued	8.0	50.5	
	122.0	145.5	
Operating Profit			
Continuing	11.7	9.5	23%
Discontinued	0.1	11.5	
	11.8	21.0	
Interest	(0.4)	(3.5)	
Profit Before Tax*	11.4	17.5	
Goodwill	(4.8)	(3.6)	
Exceptional Operating Costs	(1.2) ^Δ	—	
Exceptional Items	(19.5) [†]	—	
Effective Tax Rate	31.0%	29.5%	

* All figures before goodwill and exceptional costs

† Sale of Mail Solutions and OnSite South

Δ Provision against amounts due from Courts Plc

Per Share Data - Continuing Operations

Six months ended 30 September 2004	2004	2003	%
Profit for period*	£7.9m	£5.4m	46%
Weighted average shares	62.0m	63.2m	
EPS*	12.7p	10.7p [†]	19%
DPS	5.1p	6.1p	
Shares Purchased - Number	1.2m ^Δ	—	
- Cost	£8.0m		

* Before goodwill and exceptional costs

[†] EPS of 8.6p adjusted for share consolidation

^Δ Impacts on number of shares used for EPS and DPS

Turnover and Operating profit - Continuing Operations

Six months ended 30 Sept 2004		2004		2003		
£m	Turnover	%	Operating Profit	%	Turnover	Operating Profit
Home Service	53.6	29%	8.9	39%	41.7	6.4
Regency	8.6	13%	1.7 ^Δ	(20%)	7.6	2.1
Highway	26.2	21%	0.6		21.6	(0.2)
Domestic	88.4	25%	11.2	34%	70.9	8.3
Commercial	25.7	4%	0.5	(54%)	24.6	1.2
Inter Division	(0.1)		—		(0.5)	—
Total	114.0	20%	11.7	23%	95.0	9.5

^Δ Before exceptional operating cost of £1.2m

Cash Flow - Homeserve

Six months ended 30 September 2004 £m	2004	2003
Operating Profit (pre goodwill)	10.5	21.0
Depreciation and profit on disposals	3.6	8.7
Increase in working capital	4.6	1.4
Exceptional Costs	(1.8)	—
Net cash inflow from operating activities	16.9	31.1
Net interest / dividends to minority	(2.0)	(3.7)
Taxation	(5.3)	(5.3)
Capital expenditure	(5.3)	(14.1)
Share Purchase	(8.0)	—
Acquisitions and Disposals	5.4	(2.3)
Equity dividends paid	(4.5)	(7.8)
Financing	2.3	(0.6)
(Decrease) in Cash	(0.5)	(2.7)
Net Debt	(4.8)	(106.4)

Capital Expenditure

Six months ended 30 Sept 2004 £m	2004	2003
Domestic	4.7	2.7
Commercial	1.0	2.1
Sale Proceeds	(0.1)	(0.5)
	5.6	4.3
Regulated Water	—	10.0
	5.6	14.3

£0.2m (2003: £0.2m) acquired under finance leases

Balance Sheet

As at 30 September 2004	£m	2004	2003
Fixed Assets			
- Goodwill		163.0	121.2
- Tangible		26.9	176.6
Other Net Current Liabilities		(0.1)	(7.1)
Deferred Consideration		(5.1)	(21.5)
Accruals and Deferred income		(13.6)	(17.8)
Net Debt		(4.8)	(106.4)
Deferred Tax and Provisions		(1.4)	(10.1)
Net Assets		164.9	134.9

Prospects

- Strong organic growth in profits from domestic services businesses in first half
- Policy growth continues with a record month for new policy sales in October 2004 (179,000)
- International businesses developing well although still early stage
- Development of service networks progressing well with increased levels of directly employed tradesmen
- Well positioned to increase penetration into £2bn household insurance claims market
- Profits continue to be substantially weighted to second half of the year