

## Friends Provident Posts Net Loss on Lower Investment Returns

by *Bloomberg.com*

Aug. 8 (Bloomberg) -- Friends Provident Plc, an insurer and Britain's fourth-largest money manager, posted a first-half net loss on lower income from investments.

The net loss was 12 million pounds (\$23 million), or 0.6 pence a share, from a profit of 103 million pounds, or 5 pence a share, a year earlier, the London-based company said today in a Regulatory News Service statement. That compares with a median estimate for a profit of 88 million pounds, based on a survey of eight analysts provided by the company.

Friends Provident owns F&C Asset Management Plc, which yesterday reported a wider first-half loss as clients withdrew money. To help boost earnings, the company is targeting overseas growth at its insurance business, following rivals Aviva Plc and Prudential Plc as they seek to counter aggressive pricing and a mature market in the U.K.

Pretax profit under European Embedded Value rules fell to 247 million pounds, from 272 million pounds, the company said.

Shares of Friends Provident have declined 4.5 percent this year, making it the worst-performer on the eight-member FTSE All-Share Life Insurance Index, which has gained 0.3 percent.

The company said in April that first-quarter sales rose 26 percent to 1.33 billion pounds, helped by sales in Asia and the Middle East. Friends Provident International, one of Friends Provident's two overseas units, sells financial protection and savings products in regions such as continental Europe, Hong Kong, Taiwan and Dubai. Friends Provident bought Lombard International Assurance SA in 2005 to boost life-insurance revenue from wealthy European clients.

In the U.K., where the insurer has 4.7 percent market share, the company gained sales of pensions as companies switched contracts following tax reforms in April. The insurer expects to outperform growth in the British market, which it projects will expand by as much as 10 percent this year, Ben Gunn, the company's head of life and pensions, said in April.

---

To contact the reporter on this story: Jon Menon in London at [jmenon1@bloomberg.net](mailto:jmenon1@bloomberg.net)  
©2006 Bloomberg L.P. All rights reserved.

*Friends Provident Posts Net Loss on Lower Investment Returns by Bloomberg.com*