

Group financial highlights

Results summary

European Embedded Value (EEV) basis results*

	2006 £m	2005 £m
UK insurance operations	686	426
M&G	204	163
Egg	(145)	44
UK operations	745	633
US operations	718	755
Asian operations	864	568
Other income and expenditure	(298)	(244)
UK restructuring costs	(53)	–
Operating profit from continuing operations based on longer-term investment returns	1,976	1,712
Goodwill impairment charge	–	(120)
Short-term fluctuations in investment returns	745	1,068
Mark to market value movements on core borrowings	85	(67)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	207	(47)
Effect of changes in economic assumptions and time value of cost of options and guarantees	59	(302)
Profit from continuing operations before tax	3,072	2,244
Operating earnings per share from continuing operations after related tax and minority interests*	57.6p	56.6p
Basic earnings per share	91.7p	66.9p
Shareholders' funds, excluding minority interests	£11.9bn	£10.3bn

International Financial Reporting Standards (IFRS) basis results*

Statutory IFRS basis results

	2006	2005
Profit after tax attributable to equity holders of the Company	£874m	£748m
Basic earnings per share	36.2p	31.6p
Shareholders' funds, excluding minority interests	£5.5bn	£5.2bn

Supplementary IFRS basis information

	2006	2005
Operating profit from continuing operations based on longer-term investment returns	£893m	£957m
Operating earnings per share from continuing operations after related tax and minority interests*	26.4p	32.2p

	2006	2005
Dividends per share declared and paid in reporting period	16.44p	15.95p
Dividends per share relating to reporting period	17.14p	16.32p
Funds under management	£251bn	£234bn

*Basis of preparation

The EEV basis results have been prepared in accordance with the European Embedded Value Principles issued by the CFO Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance on EEV disclosures published in October 2005. The basis of preparation of statutory IFRS basis results and supplementary IFRS basis information is consistent with that applied for the 2005 full year results and financial statements.

Consistent with previous reporting practice, the Group analyses its EEV basis results and provides supplementary analysis of IFRS profit before tax attributable to shareholders, so as to distinguish operating profit based on longer-term investment returns from other constituent elements of total profit. On both the EEV and IFRS bases, operating earnings per share are calculated using operating profits from continuing operations based on longer-term investment returns, after tax and minority interests. These profits exclude goodwill impairment charges, short-term fluctuations in investment returns and the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes. Under the EEV basis, where additional profit and loss effects arise, operating profit based on longer-term investment returns also excludes the mark to market value movements on core borrowings and the effect of changes in economic assumptions and changes in the time value of cost of options and guarantees arising from changes in economic factors. After adjusting for related tax and minority interests, the amounts for these items are included in the calculation of basic earnings per share.