

2006 unaudited interim results

Results summary

European Embedded Value (EEV) basis results*

	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m
UK insurance operations	336	144	426
M&G	100	83	163
Egg	(39)	13	44
UK operations	397	240	633
US operations	350	431	755
Asian operations	374	246	568
Other income and expenditure	(141)	(118)	(244)
UK restructuring costs	(18)	–	–
Operating profit from continuing operations based on longer-term investment returns	962	799	1,712
Goodwill impairment charge	–	(95)	(120)
Short-term fluctuations in investment returns	32	307	1,068
Mark to market movements on core borrowings	168	(29)	(67)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	246	(8)	(47)
Effect of changes in economic assumptions and time value of cost of options and guarantees	21	(143)	(302)
Profit from continuing operations before tax (including actual investment returns)	1,429	831	2,244
Operating earnings from continuing operations per share after related tax and minority interests*	28.0p	24.4p	56.6p
Basic earnings per share	43.8p	20.7p	66.9p
Shareholders' equity, excluding minority interests	£10.9bn	£9.1bn	£10.3bn

International Financial Reporting Standards (IFRS) basis results*

	Half year 2006	Half year 2005	Full year 2005
Statutory IFRS basis results			
Profit after tax attributable to equity holders of the Company	£449m	£300m	£748m
Basic earnings per share	18.7p	12.7p	31.6p
Shareholders' equity, excluding minority interests	£5.0bn	£5.0bn	£5.2bn
Supplementary IFRS basis information			
Total operating profit from continuing operations based on longer-term investment returns	£453m	£469m	£957m
Operating earnings per share from continuing operations after related tax and minority interests	12.7p	14.0p	32.2p
Dividends per share declared and paid in reporting period			
Dividends per share relating to reporting period	11.02p	10.65p	15.95p
Funds under management	5.42p	5.30p	16.32p
	£238bn	£214bn	£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. 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 movement 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.