

Financial highlights

Results summary

European Embedded Value (EEV) basis results**

	2008 £m	2007 £m	2007 £m
	Half year	Half year*	Full year*
Asian operations	579	520	1,103
US operations	360	351	635
UK operations:			
UK insurance operations	504	462	859
M&G	146	140	254
	650	602	1,113
Other income and expenditure	(144)	(155)	(301)
Restructuring costs	(15)	0	(20)
Operating profit from continuing operations based on longer-term investment returns**	1,430	1,318	2,530
Short-term fluctuations in investment returns	(1,949)	241	174
Mark to market value movements on core borrowings	171	113	223
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	(98)	39	(5)
Effect of changes in economic assumptions and time value of cost of options and guarantees	(189)	275	748
(Loss) profit from continuing operations before tax (including actual investment returns)	(635)	1,986	3,670
Operating earnings per share from continuing operations after related tax and minority interests**	41.6p	39.1p	74.5p
Basic (loss) earnings per share	(19.3)p	69.9p	121.2p
Shareholders' equity, excluding minority interests	£14.0bn	£13.3bn	£14.6bn

International Financial Reporting Standards (IFRS) basis results

Statutory IFRS basis results

	2008	2007	2007
	Half year	Half year*	Full year*
(Loss) profit after tax attributable to equity holders of the Company	£(116)m	£661m	£947m
Basic (loss) earnings per share	(4.7)p	27.1p	38.7p
Shareholders' equity, excluding minority interests	£5.6bn	£5.8bn	£6.1bn

Supplementary IFRS basis information

	2008	2007	2007
	Half year	Half year*	Full year*
Operating profit from continuing operations based on longer-term investment returns**	£674m	£593m	£1,201m
Operating earnings per share from continuing operations after related tax and minority interests**	19.4p	16.0p	33.3p

	2008	2007	2007
	Half year	Half year	Full year
Dividends per share declared and paid in reporting period	12.30p	11.72p	17.42p
Dividends per share relating to reporting period	5.99p	5.70p	18.00p
Funds under management	£256bn	£256bn	£267bn

* The Company has altered its accounting policy for pension schemes to reflect the principles of IFRIC 14, giving rise to consequential changes to the comparative results for 2007 (see note 10 and note O).

** Basis of preparation

Results bases

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.

Operating profit based on longer-term investment returns

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 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 related tax and minority interests. These profits exclude short-term fluctuations in investment returns and the shareholders' share of actuarial 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.

The comparative results have been prepared using previously reported exchange rates, except where otherwise stated.