Aviva plc
Interim Report 2007

We invest in countries that are going places,

not just ones that have already got there.

We're already well established in emerging markets like China and India.

Overview

Financial statements – International Financial Reporting Standards (IFRS) basis

Information on the European Embedded Value (EEV) basis

Aviva is the world's fifth-largest insurance group and the largest insurance services provider in the UK. We are one of the leading providers of life and pension products in Europe and are actively growing our long-term savings businesses in Asian markets, Australia and the USA. Our main activities are long-term savings, fund management and general insurance*.

We have annual premium income and investment sales** of £41.5 billion† and £377 billion of assets under management. We have 59,000 employees serving more than 40 million customers.

UK

Total sales

£10,365m
(2006: £10,031m)

PVNBP**	£5,820m
Investment sales	£1,595m
Net written premiums	£2,950m
	£10,365m

Main operations

Norwich Union, RAC, Morley, RAC auto windscreens, BSM

→18-23
Read more about our performance and future direction on pages 18 to 23 of this report

Europe

Total sales

£10,000m
(2006: £9,010m)

PVNBP**	£7,353m
Investment sales	£778m
Net written premiums	£1,869m
	£10,000m

Main operations

Aviva, Commercial Union, Delta Lloyd, Hibernian

→24-27
Read more about our performance and future direction on pages 24 to 27 of this report

North America

Total sales

£2,381m
(2006: £1,013m)

PVNBP**	£1,716m
Investment sales	–
Net written premiums	£665m
	£2,381m

Main operations

Aviva

→28-29
Read more about our performance and future direction on pages 28 to 29 of this report

* Typically includes motor, household, creditor, health, commercial motor, commercial property and commercial liability insurance.
** Present value of new business premium (PVNBP) is equal to total single premium sales in the year plus the discounted value of annual premiums expected to be received over the term of new contracts, and is expressed at the point of sale.
† For the year ended 31 December 2006.

Strengths and highlights

We have maintained a balanced portfolio of businesses that benefit from diversification of distribution, products and geography

We have achieved continued growth in sales, with long-term savings sales up by 25%≈ to £19.3 billion

We have produced strong initial sales from Aviva in the United States, underlining the benefit of our increased presence in the world's largest savings market

We have added significantly to our future distribution, agreeing deals in the UK, Italy, Spain, Turkey, Malaysia, Taiwan and Sri Lanka that will provide access to over 30 million potential new customers

We announced an innovative agreement in the UK to outsource the administration of almost three million existing life policies to Swiss Re, improving customer service and reducing costs

We remain on track to deliver £250 million of annualised cost savings by the end of 2007 across our UK business at a one-off cost of £250 million and these savings have already contributed around £80 million to our operating profit

Key financial information for the six months to 30 June 2007:

£1,198m -£50m
IFRS profit before tax attributable to shareholders' profits

£1,541m -£158m
EEV operating profit‡

11.6% -2.4%
Return on equity shareholders' funds≠

£24.8bn +£3.5bn
Worldwide sales#

11.90p +10%
Interim dividend per ordinary share

£19.1bn +£3.6bn
Equity shareholders' funds~

Asia Pacific

Total sales

£2,046m
(2006: £1,227m)

PVNBP**	£654m
Investment sales	£1,378m
Net written premiums	£14m
	£2,046m

Main operations

AVIVA

→30-31
Read more about our performance and future direction on pages 30 to 31 of this report

≈ All growth rates in this Interim Report are calculated on a **constant currency** basis.
‡ From continuing operations, including long-term savings result on a European Embedded Value (EEV) basis before adjusting items.
≠ Return based on opening equity shareholders' funds on an EEV basis.
\# From continuing operations, including share of associates' premiums. Calculated as the sum of present value of new business premiums (PVNBP), investment sales and general insurance and health net written premium
~ On an EEV basis.

Dear Shareholder,

Introduction

This is my first opportunity since becoming group chief executive to report on our progress. I am pleased to say that we have delivered a robust set of results for the first half of 2007 in a challenging environment. We have a huge opportunity to gain new customers and establish ourselves as the world's most trusted provider of savings, investments and insurance. It will be a battle to win this business, but I am determined that we shall succeed and take the group to its next stage of growth.

Richard Harvey

I would like to wish my predecessor Richard Harvey all the best for his retirement and extend the thanks of everyone involved with Aviva for his contribution to the success of the group. Richard guided the group through many challenges and significant merger activity. He leaves the group in a strong position to continue the progress it made under his leadership. I wish Richard well for his upcoming African adventure, where I'm sure he will bring his customary energy and enthusiasm to the voluntary work that he and his wife, Kay, will be undertaking with the international development agency Concern Universal.

Strategy

I spent a significant amount of time over the first half of the year consulting with business colleagues, the board and leading external thinkers on the future direction of the group. These discussions confirmed to me that our strategy remains fundamentally sound and I don't propose to make any changes to the core priorities of our business.

I would, however, like to focus on two aspects of that strategy which I consider vitally important for our continued progress: realising the full potential of our existing businesses through operational excellence and the rigorous allocation of capital for growth and value.

One Aviva

Since July, Aviva has been managed as four strong regions by a new executive team, reflecting the increasingly multi-national nature of the group's business and creating greater clarity of roles and responsibilities. The interests of our customers and shareholders are best served by our businesses acting as one group and we are headlining the changes we are making as a move to "One Aviva". The regions comprise Europe, Asia Pacific, North America and the UK. Europe will continue to be led by Tidjane Thiam, Simon Machell is heading up Asia Pacific, Tom Godlasky has expanded his responsibilities to include the whole of North America, Mark Hodges retains the UK life business and Igal Mayer has moved from Canada to head the UK general insurance business. Furthermore, Alain Dromer has been appointed as chief executive of Morley and will join our executive committee in September. In addition to his role at Morley, he will have a mandate to create and lead a global asset management operation, Aviva Global Investors, designed to capitalise on the existing strengths of our asset management business around the world. I'm excited to be working with such a talented executive team and together we will look to drive aggressive, high-quality growth for Aviva.

Operational excellence

If we are to produce the financial results that our shareholders are seeking, we need to have efficient and robust operations that deliver a high-quality service to customers. We have already announced this year an innovative deal with Swiss Re to outsource the administration of almost three million Norwich Union Life policies. This deal will allow us to decommission 220 systems, make significant progress in improving service levels to the financial adviser community and to focus attention on further improving customer satisfaction.

Investing in the business

To grow and generate value it is crucial that we invest our capital in the right markets and at the right time. Additionally, it is important that we have businesses at different stages of their development.

Our Northern European businesses have scale and are able to generate sustainable returns that can be reinvested in higher-growth areas.

In Southern Europe, we have further strengthened our bancassurance proposition. In Spain, we have entered into a bancassurance joint venture with Cajamurcia, the leading financial institution in Murcia, which provides an excellent geographic fit with our existing bancassurance network. In Italy, we have established a bancassurance joint venture with Banco Popolare, Italy's third-largest bank, to sell protection and non-life insurance.

In Central and Eastern Europe, we see continued economic growth presenting excellent future prospects. Our commitment to this region was demonstrated by signing an agreement in Turkey to merge our existing operations with

Aksigorta AS,. The merged business has signed a long-term bancassurance agreement with Akbank TAS,, Turkey's second-largest privately owned bank. We have also agreed a number of significant bancassurance partnerships that will help build our new business in Russia.

In Asia, we announced that we are entering the Malaysian long-term savings market through a joint venture with the CIMB group. In turn, the joint venture will enter into an exclusive bancassurance agreement with CIMB bank, which has more than 4.5 million customers. We have also agreed to establish a joint venture in Taiwan with First Financial to manufacture long-term savings and pension products and distribute them through an exclusive bancassurance agreement with First Commercial Bank, Taiwan's second-largest network. Furthermore, we have signed additional bancassurance agreements in India and Sri Lanka.

In the UK, we announced an agreement with HSBC to underwrite and distribute general insurance products to their 10 million customers. This agreement brings together our underwriting and customer management expertise with HSBC's distribution network to offer customers a broad product range and good service.

In aggregate, these new arrangements provide access to over 30 million potential customers, giving us strong prospects for growth across a number of diverse markets. It is worth bearing in mind that these deals are in addition to the strong growth generated by the acquisition of AmerUs at the end of 2006. The US market provides compelling demographics as over 70 million "baby boomers" are approaching or entering retirement.

While I have talked about our growth prospects, it is important to remember some of the core strengths of our business. We have a leading bancassurance network and are increasingly seen as a partner of choice for banks. These deals are long-term in nature and continue to provide high new business margins. Additionally, the scale of this franchise means that we are not in any sense dependent on any one partner.

Financial results

Our pre-tax EEV operating profit of £1,541 million (2006: £1,699 million) reflects a strong operational performance that was offset by the cost of the severe flooding in the UK in June. Our return on equity shareholders' funds was 11.6% (2006: 14.0%). On an IFRS basis, the group operating profit before tax was £1,375 million (2006: £1,376 million).

Interim dividend

I am pleased to announce that the board has recommended an interim dividend of 11.90 pence (2006: 10.82 pence), an increase of 10%. It remains our intention to increase the total dividend on a basis judged prudent using a dividend cover in the 1.5 to 2.0 times range, while retaining capital to support future business growth.

Outlook

It is an exciting time at Aviva. Demographic changes are leading increasing numbers of people to protect their assets and invest for their future financial wellbeing. This presents a significant opportunity for us, particularly given the overall buoyancy in the world economy driven, to a great extent, by emerging markets. Our increasing scale and international reach, combined with our ability to deliver a wide range of superior products and services relevant to our customers, gives us every confidence that the group is well placed to deliver further significant growth.

Andrew Moss
Group chief executive


EVERYTHING REDUCED
ALL NEW
BUY NOW
ST IN
SPEC

Every day we’re encouraged to spend, spend, spend.

Shouldn’t somebody show us how to save, save, save?

www.six-steps.org makes saving for your future simple and straightforward.

Basis of preparation

The results for the six months to 30 June 2007 have been prepared on the basis of the accounting policies set out in Aviva plc's 2006 Annual Report and Accounts. The results for the six months to 30 June 2007 and 2006 are unaudited but have been reviewed by the external auditor, Ernst & Young LLP. The interim financial statements do not constitute financial statements as defined in Section 240 of the Companies Act 1985. The results for the full year 2006 have been taken from the group's 2006 Annual Report and Accounts. The external auditor has reported on the 2006 financial statements and the report was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. Additionally, the group's 2006 Report and Accounts have been filed with the Registrar of Companies.

In accordance with Phase I of International Financial Reporting Standard 4, *Insurance Contracts* (IFRS 4), the group has continued to apply existing accounting practices for insurance and participating investment contracts, modified as appropriate to comply with the IFRS framework and applicable standards. Items included in the financial statements of each of the group's entities are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are stated in sterling, which is the company's functional and presentational currency. Unless otherwise noted, the amounts shown in the financial statements are in millions of pounds sterling (£m). As supplementary information, consolidated financial information is also presented in euros.

In addition to presenting our results and financial position on an International Financial Reporting Standards (IFRS) basis, we also use European Embedded Value (EEV) as an alternative performance measure. We continue to focus on the EEV basis in this period's report, as the directors believe life EEV operating return is a more meaningful measure of the performance of our life business than the IFRS basis. The EEV methodology is in accordance with the EEV principles introduced by the CFO Forum in May 2004 and the additional guidance issued in October 2005.

In producing this review, we aim to present a view that is balanced and comprehensive and that is consistent with the size and complexity of our business. The review is written in the context of the risks and uncertainties facing our business. We anticipate that the format and content of the review will evolve over time, along with developments in our business and the external environment.

Forward-looking statements

This review contains forward-looking statements about:

- Our future plans
- Our current goals
- Expectations of our future financial condition, performance and results

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events that are beyond our control. For example, certain insurance risk disclosures are dependent on our choices about assumptions and models, and by their nature are only estimates. As a result, actual future gains and losses could differ materially from those that have been estimated. Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

- UK domestic and global economic business conditions
- Monetary and interest rate policies
- Foreign currency exchange rates
- Equity and property prices
- The impact of competition, inflation and deflation
- Changes to regulations, taxes or UK and foreign legislation
- The timing and impact of acquisitions or business combinations in relevant industries
- Natural and other disasters
- Changes to consumer saving or spending habits
- Our success in managing the above factors

As a result, our actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in our forward-looking statements. We undertake no obligation to update the forward-looking statements contained in this review or any other forward-looking statements we make.

Key performance indicators

The Companies Act requires that a fair review of the business contains financial and, where applicable, non-financial key performance indicators (KPIs). We consider that our financial KPIs are those that communicate to the members the financial performance and strength of the group as a whole. The KPIs comprise:

- Return on equity shareholders' funds
- Proposed ordinary dividend
- Dividend cover
- Operating profit (International Financial Reporting Standards basis)
- Operating profit (European Embedded Value basis)

Management also use a variety of Other Performance Indicators (OPIs) in both running and assessing the performance of individual business segments, rather than the group as a whole. OPIs include measures such as present value of new business premiums, new business margins, combined operating ratio and underwriting profit.

In addition to reporting on our financial performance, it is important that as a forward thinking company we are aware of our wider responsibilities and report on the non-financial aspects of our performance. We consider that our employees and customers are fundamental to the success of our business; as such, they form the basis for our non-financial measures, and include:

- Leadership and employee engagement
- Customer satisfaction

Data relating to non-financial performance indicators is collected from a variety of sources throughout the year and is used in the assessment of senior management remuneration. A significant element of the data used to determine senior management remuneration is collected during the second half of the year and so it is not appropriate to quantify our non-financial performance as part of the Interim Report; however, this review does include qualitative comments on developments during the first half of 2007. Additionally, the 2007 Report and Accounts will provide quantitative measures on which our non-financial performance can be assessed.

Strategy

Our core purpose
To provide prosperity and peace of mind for our customers.

Our ambition
To be the world's most trusted savings, investment and insurance provider.

Our business strategy
We will be a clear leader in helping our customers grow their wealth and protect their assets and their health.

We shall achieve this by:

- Offering a superior range of long-term savings, investment and protection products in markets that provide significant opportunities for growth
- Providing a broad range of competitive motor, property, health and related insurance services to individuals and small to medium-sized enterprises in chosen markets

Our key strategic priorities are:

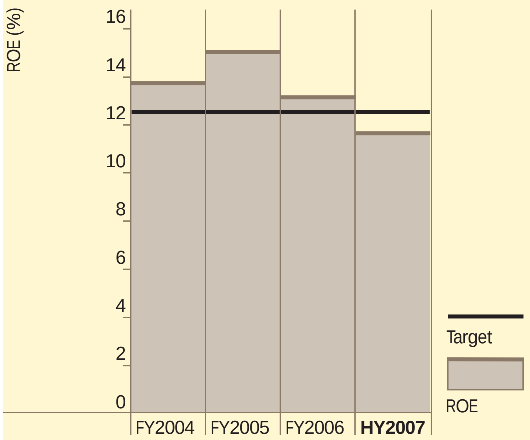
- → Understanding and meeting the evolving needs of our customers
- → Working closely with business partners to deliver efficient and effective distribution channels
- → Attracting, motivating and retaining talented people who are committed to our values and ambitions
- → Using brands to widen leadership positions
- → Using scale to deliver benefits, including cost-competitiveness
- → Building profitable businesses in selected areas where we have, or can, achieve market leading positions
- → Delivering growth organically and through carefully selected acquisitions designed to increase shareholder value

These strategic statements set out the overall high-level direction of the group. Individual business units subsequently select those strategic options that are relevant to their individual markets.

Key performance indicators

In 2007, our strategy is underpinned by focusing on a number of key financial performance measures. The key measures that are used to assess performance at a group level are set out below:

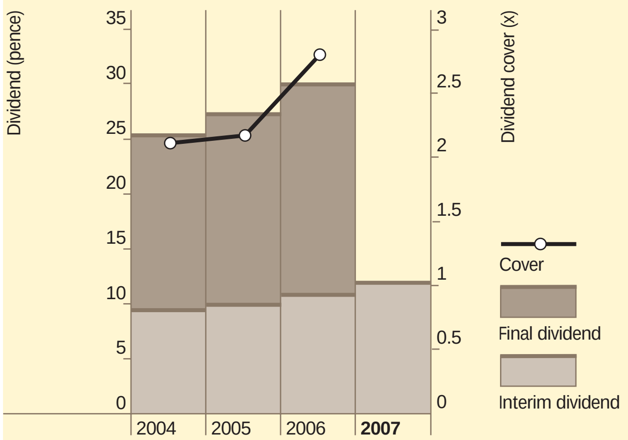
Return on equity shareholders' funds*



We aim to deliver an after-tax operating return on opening equity shareholders' funds, including life profits on a European Embedded Value (EEV basis), equivalent to 12.5%.

Our post-tax operating return on equity shareholders' funds was 11.6% (2006: 14.0%), reflecting the impact of a higher opening capital base following the benefit of strong equity investment performance and our strong life operational results for the six months, offset by the effect of adverse weather within the general insurance result.

Proposed ordinary dividend per share and dividend cover**

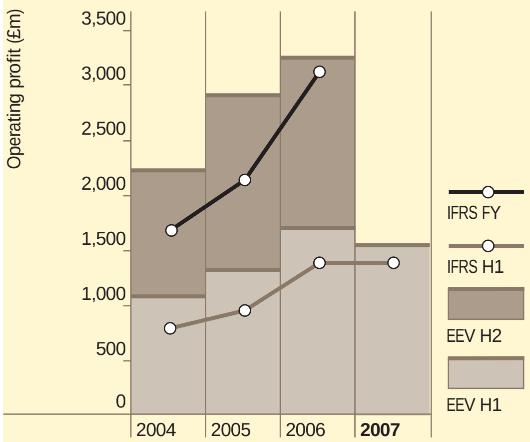


Our intention is to increase the total dividend on a basis judged prudent using a dividend cover in the 1.5 to 2.0 times range as a guide, while retaining capital to support future business growth.

Our board has recommended an interim dividend of 11.90 pence (2006: 10.82 pence), up 10%. This reflects our intention to grow the dividend prudently.

It is not appropriate to state a dividend cover for the interim period.

Group operating profit before tax†



We aim to achieve steady sustainable growth in our operating profit, both on an EEV and IFRS basis. In seeking to achieve this growth, we continue to adopt strict financial management disciplines underpinned by strong corporate governance.

Our EEV operating profit fell by 8%‡ to £1,541 million (2006: £1,699 million). On an IFRS basis, operating profit before tax amounted to £1,375 million (2006: £1,376 million). Both results reflect strong operational performance from our life businesses offset by lower results in the general insurance segment as a result of adverse effects from weather and an increase in competition in the current year.

* Return on equity shareholders' funds is calculated using opening equity capital and after-tax return based on operating profit, including long-term savings profit on a European Embedded Value (EEV) basis before adjusting items.
** Dividend cover is measured on operating earnings after tax on an IFRS basis, expressed as a multiple of the ordinary dividend in respect of the financial year.
† Group EEV operating profit is calculated using long-term savings operating profit on an EEV basis before adjusting items. Group IFRS operating profit is calculated using long-term savings operating profit on an IFRS basis before adjusting items.

Group performance

Operating profit

Group operating profit – IFRS basis

	Six months 2007 £m	Six months 2006 £m	Full year 2006 £m
Long-term business*	**1,081**	710	1,896
Fund management*	**76**	61	155
General insurance and health	**560**	866	1,680
Other:			
Other operations*	**(72)**	(11)	(80)
Corporate centre	**(80)**	(73)	(160)
Group debt costs and other interest	**(190)**	(177)	(381)
IFRS operating profit before tax	**1,375**	1,376	3,110

Group operating profit – EEV basis

	Six months 2007 £m	Six months 2006 £m	Full year 2006 £m
Long-term business*	**1,251**	1,021	2,033
Fund management*	**45**	33	96
General insurance and health	**560**	866	1,680
Other:			
Other operations*	**(45)**	29	(23)
Corporate centre	**(80)**	(73)	(160)
Group debt costs and other interest	**(190)**	(177)	(381)
EEV operating profit before tax	**1,541**	1,699	3,245

* The results of Norwich Union Equity Release, the proportion of the results of the group's UK and French asset management operations and the proportion of the results of Norwich Union Life Services that arise from providing fund management and other services to the life business have been included in the long-term business operating return on an EEV basis. On an IFRS basis, they are included in fund management and other operations.

Our operating profit before tax, including life EEV operating return, decreased by 8%‡ to £1,541 million (2006: £1,699 million) with strong results in the life segment offset by lower results in the general insurance segment as a result of adverse effects from weather and more competitive market conditions. On an IFRS basis, our worldwide operating profit before tax was maintained at £1,375 million (2006: £1,376 million).

The operating results of our long-term savings, fund management and general insurance businesses are discussed in detail in the business unit overview section of this review on pages 16 to 31. Other components of our operating profit are discussed below.

Other operations

Our other operations recorded an operating loss of £72 million (2006: loss of £11 million) on an IFRS basis, the decrease mainly occurring in the Netherlands. In the United Kingdom, a decrease in operating profit in the RAC is offset by reduced losses in Norwich Union Life Services (NULS).

	Six months 2007 £m	Six months 2006 £m	Full year 2006 £m
RAC	**6**	20	45
UK Life			
Norwich Union Life Services	**(20)**	(42)	(50)
Lifetime and SIPP	**(18)**	(6)	(29)
Other	**(40)**	17	(46)
Total	**(72)**	(11)	(80)

Operating profit from RAC non-insurance operations of £6 million (2006: £20 million) includes the costs of transforming the Auto Windscreens operating model and those incurred in the transformation of BSM. Additionally, the prior year numbers included £17 million profit from MSS and LVL, which were disposed of in May 2006.

NULS reported a reduced loss of £20 million (2006: £42 million loss) reflecting expense savings from the ongoing efficiency programme in the UK business.

The £40 million loss (2006: £17 million profit) from other businesses mainly reflects lower banking profits, increased share scheme costs in the Netherlands and holding company costs across other business units. The prior period result also included a one-off gain on the sale of investments of £17 million in the Netherlands.

On an EEV basis, our other operations reported a loss of £45 million (2006: £29 million profit) as this excludes the majority of NULS losses, which are incorporated within the life EEV operating return.

Corporate centre

Our corporate centre result for the period was a loss of £80 million (2006: loss of £73 million) mainly due to increased brand spend, reflecting our strong commitment to developing the global brand, increased investment in IT and higher staff incentive costs.

Group debt costs and other interest

Group debt costs and other interest charges of £190 million (2006: £177 million) comprise internal and external interest on borrowings, subordinated debt and intra-group loans not allocated to local business operations. Net pension income is also included, being the expected return on pension scheme assets less the interest charge on pension scheme liabilities.

Interest costs in the period were higher at £222 million (2006: £215 million) of which external interest costs increased to £129 million (2006: £109 million). This increase reflected interest on subordinated debt raised in December 2006 to repay locally held AmerUs debt and on commercial paper raised to help fund the AmerUs acquisition. Internal interest costs reduced to £93 million (2006: £106 million) following the restructuring of internal loan agreements. Net income from the staff pension scheme fell to £32 million (2006: £38 million).

Interest on the £990 million direct capital instrument issued in 2004 is not included within unallocated interest as it is instead treated as an appropriation of profits retained in the period. This appropriation will be charged when declared and settled in accordance with IFRS and will be reflected in the second half of the year.

‡ All growth rates in this Interim Report are shown on a constant currency basis unless otherwise stated.

Group performance continued

Profit before tax

The tables below set out the reconciling items between our operating profit, as discussed above, and our profit before tax for the six months ended 30 June 2007.

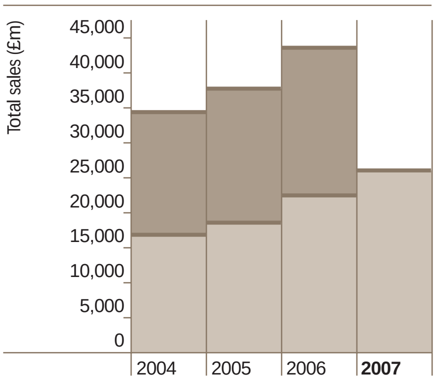
Reconciliation of group operating profit to profit before tax – IFRS basis

	Six months 2007 £m	Six months 2006 £m	Full year 2006 £m
Operating profit before tax – IFRS basis	**1,375**	1,376	3,110
Adjusted for the following:			
Impairment of goodwill	**(3)**	–	(94)
Amortisation of acquired value of in-force business	**(114)**	(33)	(100)
Amortisation and impairment of intangibles	**(52)**	(19)	(70)
Financial Services Compensation Scheme and other levies	**–**	6	6
Short-term fluctuation in return on investments backing general insurance and health business	**37**	(205)	149
(Loss)/profit on the disposal of subsidiaries and associates	**(5)**	147	222
Integration and restructuring costs	**(40)**	(24)	(246)
Profit before tax – IFRS basis	**1,198**	1,248	2,977
Tax	**(308)**	(319)	(588)
Profit for the financial period	**890**	929	2,389
Attributable to:			
Equity shareholders	**807**	856	2,215
Minority interests	**83**	73	174

Reconciliation of group operating profit to profit before tax – EEV basis

	Six months 2007 £m	Six months 2006 £m	Full year 2006 £m
Operating profit before tax – EEV basis	**1,541**	1,699	3,245
Adjusted for the following:			
Impairment of goodwill	**(3)**	–	(94)
Amortisation and impairment of intangibles	**(41)**	(10)	(46)
Financial Services Compensation Scheme and other levies	**–**	6	6
Variation from longer-term investment return	**278**	(944)	468
Effect of economic assumption changes	**301**	471	671
(Loss)/profit on the disposal of subsidiaries and associates	**(5)**	86	161
Integration and restructuring costs	**(40)**	(24)	(246)
Profit before tax – EEV basis	**2,031**	1,284	4,165
Tax	**(529)**	(524)	(1,286)
Profit for the financial period	**1,502**	760	2,879

Total sales



Profit before tax

Profit before tax on an EEV basis was higher at £2,031 million (2006: £1,284 million), and includes a positive variance from the longer-term investment return of £278 million (2005: £944 million adverse) and favourable economic assumption changes of £301 million (2006: £471 million favourable).

Integration and restructuring costs mainly reflect the costs associated with the efficiency programme being implemented across the UK business and are in line with the £250 million previously announced. Other costs are attributable to integration activity on Ark Life in Ireland and AmerUs in the US, which were both acquired in 2006.

The variance from the longer-term investment return primarily reflects higher than expected returns in equity markets, partly offset by the impact of lower fixed interest securities valuations following the increase of 70 basis points and 60 basis points in UK and Euro zone long-term bond yields respectively. Long-term economic assumptions, which are set with reference to bond yields, were revised upwards at 30 June 2007. These higher assumptions, together with a £177 million favourable impact of tax reflecting the impact of the change to the UK corporation tax rates effective from April 2008, have increased the expected value of future profits from in-force life contracts, benefiting profits by £301 million (2006: £471 million).

On an IFRS basis, the positive non-life short-term fluctuations of £37 million (2006: £205 million adverse) are principally due to higher equity market returns compared to our longer term investment return assumptions. The effect of the non-life investment market movements, and integration and restructuring costs are included in the IFRS profit before tax attributable to shareholders of £1,198 million (2006: £1,248 million).

Tax

The taxation charge for the period was £529 million (2006: £524 million) on an EEV basis and includes a charge of £416 million (2006: £573 million) in respect of operating profit, which is equivalent to an effective rate of 27.0% (2006: 33.7%) and mainly reflects the impact of one-off tax credits due to changes in future UK tax rates and the release of provisions. The effective tax rate on IFRS operating profit is 27.5% (2006: 26.9%).

Dividend

The Board has recommended a 10% increase in the interim dividend to 11.90 pence per share (2006: 10.82 pence) and it is payable on 16 November 2007 to shareholders on the register on 21 September 2007.

Financial highlights

	Six months 2007	Six months 2006	Full year 2006
Worldwide sales	**£24,792m**	£21,281m	£41,464m
Life and pensions new business contribution before required capital	**£550m**	£459m	£892m
Life and pensions new business contribution after required capital	**£419m**	£352m	£683m
Life and pensions margin before required capital	**3.5%**	3.5%	3.5%
Life and pension margin after required capital	**2.7%**	2.7%	2.6%
General insurance business combined operating ratio	**97%**	92%	94%
Return on equity shareholders' funds	**11.6%**	14.0%	13.1%
Earnings per share:			
Basic – EEV operating profit after tax basis	**38.6p**	42.1p	79.2p
Basic – IFRS operating profit after tax basis	**34.7p**	38.5p	86.9p

Worldwide sales

We achieved continued strong sales growth in the six months to 30 June 2007, with total long-term savings new business sales up 25% to £19,294 million (2006: £15,631 million). The overall increase reflects growth in life and pension sales of 19% to £15,543 million (2006: £13,147 million), and strong investment sales, up 52% to £3,751 million (2006: £2,484 million). In particular, Aviva USA has delivered an excellent performance with sales of £1,716 million from the combined business (2006 pro forma*: £1,253 million), a pro forma* increase of 51%.

In the UK, we achieved a record half year with total sales increasing by 7% to £7,415 million (2006: £6,899 million). We delivered solid life and pension sales of £5,820 million (2006: £5,816 million) and collective investment sales rose significantly by 47% to £1,595 million (2006: £1,083 million). Included in this total is our share of sales through our bancassurance joint venture with The Royal Bank of Scotland Group (RBSG), which increased by 30% to £777 million (2006: £598 million).

Outside the UK, our long-term savings new business sales grew strongly by 39% to £11,879 million (2006: £8,732 million), reflecting strong growth in all regions and particularly Ireland and the United States. Life and pension new business sales were 35% higher at £9,723 million (2006: £7,331 million), while investment sales grew by 56% to £2,156 million (2006: £1,401 million).

Net written premiums from our general insurance and health business were £5,498 million (2006: £5,650 million) reflecting increasing price competition across most regions and the adverse impact of movements in the Canadian exchange rate.

Long-term new business contribution and margin

Our new business contribution before the effect of required capital increased by 21% to £550 million (2006: £459 million), generating a stable group margin of 3.5% (2006: 3.5%). The significant growth in sales in our United States business following the acquisition of AmerUs in 2006 has been the primary factor in driving growth in new business contribution. In addition, our UK margin increased to 3.1% (2006: 2.9%), reflecting a greater proportion of higher-margin annuity sales and a change to our charging structure on stakeholder pensions. Strong sales growth in Italy at a higher margin also contributed to the overall growth in new business contribution.

After the effect of required capital, our new business contribution increased by 20% to £419 million (2006: £352 million), leading to a margin of 2.7% (2006: 2.7%). The growth in new business contribution after the effect of required capital mirrored the growth in the pre-required capital contribution.

Combined operating ratio

Our operating profit from general insurance and health businesses decreased by 34% to £560 million (2006: £866 million), leading to a worldwide general insurance combined operating ratio (COR) of 97% (2006: 92%). The increase in the COR was largely as a result of adverse weather in the UK and increased competitive pressures.

Our general insurance reserves are set conservatively with the aim of protecting against adverse future claims experience and development. Our business is predominantly short tail in nature and loss development experience is generally stable. As a result of the prudence applied in setting our reserves, there are some releases in 2007 of £330 million relating to the 2006 accident year and prior. We apply a consistent reserving policy and our reserves remain at very strong levels.

Return on equity shareholders' funds

Our annualised post-tax EEV operating return on equity shareholders' funds was 11.6% (2006: 14.0%) reflecting the impact of a higher opening capital base following the benefit of strong equity investment performance and our strong life operational results for the six months, offset by the effect of adverse weather within the general insurance result. This return is based on the post-tax operating profit from continuing operations, including the EEV operating return, expressed as a percentage of the opening equity shareholders' funds.

Earnings per share

Our basic operating earnings per share after tax on an EEV basis were 38.6 pence (2006: 42.1 pence) and on an IFRS basis were 34.7 pence (2006: 38.5 pence). Both decreases reflect strong operational performances from our life business that were offset by the adverse impact of weather-related claims on our general insurance result and a higher number of shares in issue.

* Pro forma figures represent the sum of the 2006 sales from our long-established United States operations plus the sales from AmerUs Group, acquired in November 2006, using consistent assumptions and on a constant currency basis.


WE DELIVER!

Instead of debating global warming,

shouldn’t we be planning for it?

We’ve pioneered digital flood mapping in the UK for more accurate risk assessment.

Business unit overview

Reconciliation of regional and business segment operating profit – EEV basis

	UK £m	Europe £m	North America £m	Asia Pacific £m	Six months 2007 Total £m	Six months 2006 Total £m	12 months 2006 Total £m
Long-term savings	**413**	**679**	**112**	**47**	**1,251**	1,021	2,033
Fund management	**19**	**16**	**1**	**9**	**45**	33	96
General insurance and health	**284**	**203**	**70**	**3**	**560**	866	1,680
Non-insurance operations	**(23)**	**(18)**	**–**	**(4)**	**(45)**	29	(23)
	693	**880**	**183**	**55**	**1,811**	1,949	3,786
Corporate centre					**(80)**	(73)	(160)
Group debt costs and other interest					**(190)**	(177)	(381)
EEV operating profit before adjusting items					**1,541**	1,699	3,245

Philip Scott
Group finance director

Tidjane Thiam
Europe

Mark Hodges
UK life

Igal Mayer
UK general insurance

Overview

The following section details the specific performances of our business units, split by geographic region. From July, we have introduced a new structure that aligns management responsibilities with our increasingly multi-national operations. Additionally, the new structure recognises the growth potential of our significant business portfolios in Europe, Asia Pacific, North America and the UK. The regional teams will champion profitable growth and will be accountable for performance across their business area. This will allow us to better take advantage of market opportunities, improve speed of response, eliminate duplication of effort and encourage the sharing of best practice. All of the benefits listed above will have positive implications for our customers and shareholders. The group's newly defined regions and responsible executive team members are listed below:

UK – Mark Hodges (life) and Igal Mayer (general insurance)

Europe – Tidjane Thiam

North America – Tom Godlasky

Asia Pacific – Simon Machell

In addition to the above, **Philip Scott** became group finance director. **Anupam Sahay** and **John Ainley** have continued in their roles as group strategy and planning director and group HR director, respectively. Mark Hodges and Igal Mayer will work together to continue to develop the UK shared service functions to obtain the best possible synergies. **Alain Dromer** has been appointed as chief executive of Morley and will join our executive board in September. In addition to his role at Morley, he will have a mandate to create and lead a global asset management operation, Aviva Global Investors, designed to capitalise on the existing strengths of our asset management businesses around the world.

Tom Godlasky
North America

Simon Machell
Asia Pacific

Anupam Sahay
Group strategy and development

John Ainley
Group human resources

UK life

	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
2007	**302**	**303**	**413**	**5,820**	**178**	**3.1**
2006	312	213	350	5,816	167	2.9

Our UK long-term savings business, Norwich Union, continues to be a leader in the UK market. Our broad product offering, respected brand, wide distribution reach and financial strength mean that we are uniquely placed to deliver growth and returns for customers and shareholders.

Our ambition is to create value for our customers and protect what is important to them. We aim to be easy to do business with and to keep the promises we make to both our customers and shareholders.

We aspire to be the clear leader in our market. We will achieve this by simplifying our business structure to improve service and reduce costs, by extending our distribution model through building our presence in the direct to customer and corporate sectors, further strengthening our relationship with IFAs and continuing to focus on offering products that satisfy customer needs.

The UK long-term savings market continues to grow*. Customers' needs for pension products remain high following A-Day regulatory changes in 2006 with advisers continuing to review their customers' product portfolio into 2007. Furthermore, consumer appetite for investment products continues to be driven by population demographics and retirement planning.

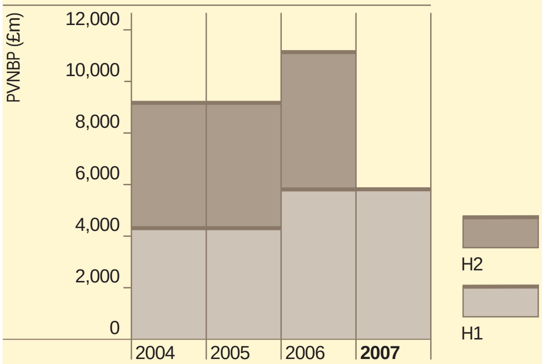
In the first six months of 2007, we have again delivered a record new business sales performance, with total sales up 7% at £7,415 million (2006: £6,899 million), including collective investment sales of £1,595 million (2006: £1,083 million). In addition, our market share** has risen to 11.2% for the first quarter of 2007 (full year 2006: 10.9%).

In March 2007 we announced a partnership with Swiss Re to outsource the administration of almost three million of our existing life and pension policies. This will enable us to decommission 220 of our 550 product systems and deliver improvements in both our customer service and cost efficiency. Ultimately, we aim to reach a position whereby we have 80% of our business by value on five core contract systems.

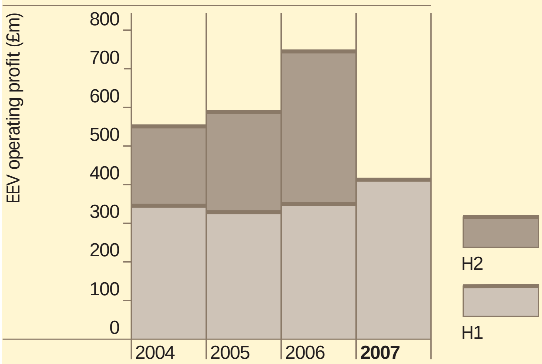
We continue to pursue the potential reattribution of the inherited estates of the CGNU and CULAC with-profit funds and are currently engaged in complex and lengthy negotiations with the independent policyholder advocate, Clare Spottiswoode. This is the first time a reattribution on this scale has been proposed under the new regulatory process. We are committed to working towards a deal but will only go ahead with a reattribution if the negotiated outcome is fair to policyholders and shareholders. We expect to provide an update on the negotiations later in the year.

Our operational review, announced in September 2006, remains on track to deliver £125 million annualised savings by the end of this year. As at 30 June 2007 we had achieved estimated annualised savings of £96 million, contributing a £35 million improvement to our first half financial results.

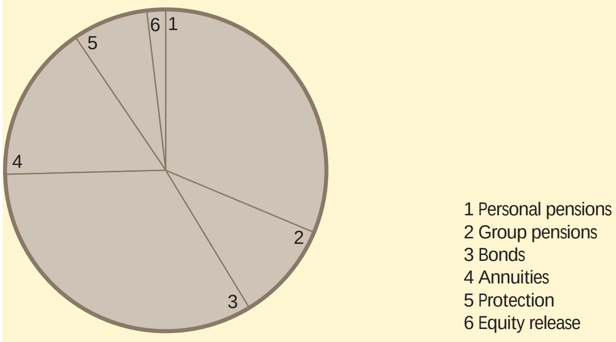
UK life – PVNBP



UK life – EEV operating profit



PVNBP by product line



Focus for 2007 and beyond

- Ongoing improvement in customer service standards
- Actively working to retain our existing customers
- Identifying and exploiting new market opportunities
- Extracting value from the back book
- Rationalising the cost base and legacy systems of the UK business
- Pursuing the potential reattribution of the inherited estates

* ABI total market for the three months to 31 March 2007 on an annual premium equivalent basis.

** Market share figures are based on provider total sales on an annual premuim equivalent basis as disclosed in ABI returns for the period 1 January 2007 – 31 March 2007.

Our customer service has continued to improve and our service capability is now well placed to support our overall objectives. Customer satisfaction improved, with the percentage of customers who are either extremely or very satisfied rising to 73% (2006: 63%). Customer advocacy is rising and customer service complaints have reduced by 34% on 2006. We have introduced several new service promises, which aim to provide customers and advisers with a consistent and easy service experience.

In addition, independent research shows that the percentage of advisers who rate our service as excellent or good has increased to 65% (2006: 35%) with adviser service complaints down by 45% on 2006.

We have improved our profitability with new business margin increasing to 3.1% (2006: 2.9%), driven by a combination of the savings from our ongoing operational review and our commitment to maximising shareholder value through balancing price, volume and mix. After required capital, our new business contribution was £143 million (2006: £135 million), a margin of 2.5% (2006: 2.3%).

Life EEV operating return was 18% higher at £413 million (2006: £350 million), reflecting the increased profitability of our new business, combined with a strong improvement in expense and persistency experience.

The improvement in our overall expense experience is due to the impact of our operational review. We continue to record adverse experience due to our ongoing investment in our ambition of offering simpler products to customers combined with the simplification of our processes.

Our improvement in persistency experience reflects the implementation of our customer retention strategy including active customer calling and targeting poor performing distributors. We continue to review our adviser and sales force remuneration model to encourage good persistency behaviour. Overall persistency experience for the period is broadly in line with expectations.

The UK life operating profit on an IFRS basis was 42% higher at £303 million, (2006: £213 million), driven by both with-profit and non-profit business. The increase in operating profit for with-profits business to £85 million (2006: £68 million) is driven by strong investment performance conditions, which continue to drive higher policyholder bonuses. The increase in the non-profit business is driven by the FSA rule change PS 06/14, which contributed £76 million to the result, and has been partially offset by investment losses caused by adverse interest rate movements.

Alongside our strong financial performance in the first half of 2007, we have continued to invest in corporate distribution channels and direct to customer propositions while further improving our product offerings.

We believe wrap platforms will be a key distribution channel for future growth with advisers and investors seeking greater flexibility, wider diversity of fund choice and simple to use technology. We are investing in this capability and aim to become a key player in this emerging market. We expect our Lifetime wrap platform to form an increasing part of our business in 2007 and beyond.

We have further enhanced our "make sense of it" website, which includes guidance on investments, pensions, retirement and protection options. This consumer website makes it easy for users to make sense of their personal financial situation and to determine what options are available to them.

Collective investments continue to play an important part in our strategy demonstrated by our broad fund range, including socially responsible investment, UK equity and property funds. In the UK all companies sector, three of our funds were placed in the first quartile over the year to 30 June: the NU sustainable futures growth, NU UK ethical and NU UK focus funds.

The strategy we have put in place is reflected in our half year performance. We will continue to drive value from our business for the long-term benefit of both our customers and shareholders. Our aim remains to grow our new business sales at least in line with the market while maintaining or increasing our overall new business margin from current levels.

↑ Futures on hold: Excuses for failing to plan for retirement

– "It will never happen to me"
– "I never really think about my pension or saving for retirement"
– "I don't understand retirement and its issues"
– "I think it is boring"

Research by Aviva reveals that 32% of Britons delay their retirement plans because they don't understand the jargon.

Some 20% think retirement is too far off to worry about, and 14% haven't thought about their future at all yet. As a result, 65% do not feel financially prepared for retirement.

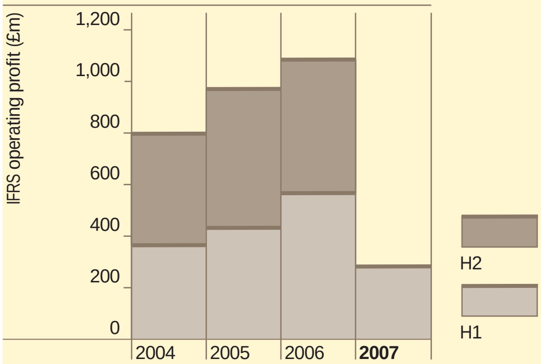
Among financial decisions, most people in the UK rank planning for their retirement only fourth after buying a car, booking a holiday, and buying or renovating a house.

To help resolve this problem, www.makesenseofit.com has been launched by Norwich Union. The website provides access to a jargon-free, unbiased planning resource to enable people to make informed financial decisions for retirement.

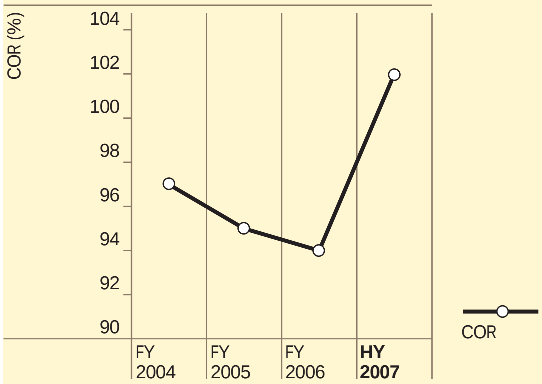
For more information on planning for your retirement visit www.makesenseofit.com

UK general insurance

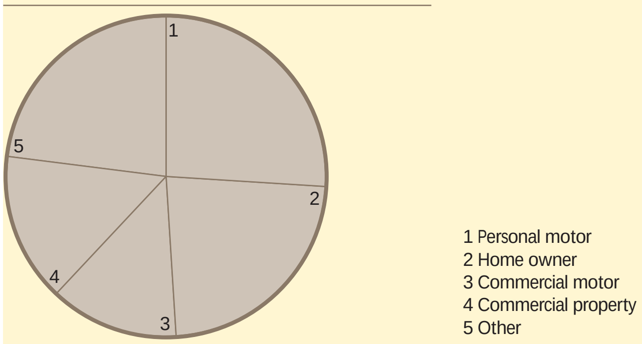
UK general insurance and health – IFRS operating profit



UK general insurance – combined operating ratio



Net written premium by product line



Focus for 2007 and beyond

Continuing to focus on profitable underwriting in a challenging market

Improving customer service standards, particularly in light of the recent bad weather

Controlling our costs and delivering a more flexible cost base

General insurance and health

	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio %*	Net written premium £m	Underwriting result £m
2007	**314**	**284**	**102**	**2,950**	**(46)**
2006	502	566	92	3,132	222

* General insurance only

Norwich Union insurance

Norwich Union Insurance (NUI), the leading general insurer in the UK with a market share of 15%, generated operating profits of £269 million (2006: £561 million) in the first half of 2007. The result includes an adverse weather impact of £235 million (2006: £125 million benefit), with an estimated £175 million arising from the June floods and £60 million relating to the storms of 18 January. This impact was mitigated by a benefit of £245 million (2006: £140 million) on prior year claims costs. We continue to apply our reserving policy consistently and our reserves remain at very strong levels. Our published combined operating ratio was 102% (2006: 92%).

The result has been achieved against a backdrop of challenging conditions across our core insurance markets. In personal motor we have achieved rate increases of 8% (2006: between 2% and 5% increase) and our focus on writing profitable business is reflected in a combined operating ratio of 103%, 2% better than the same period in 2006. Homeowner rates have increased by 5% (2006: 6% increase). Overall commercial rates have fallen by around 3% (2006: 3% decrease), although we are seeing increased market stability in commercial motor rates. Market conditions continue to impact our net written premium levels, which have decreased by 7% to £2,699 million (2006: £2,898 million).

During the first half of 2007, our position as a partner of choice to the UK's top brands was reflected in a number of major deals across the organisation. In February, RAC successfully renewed its contract with Motability until 2014 and has also agreed a new three-year contract with Barclays to provide roadside assistance to their advance value account customers that commenced in June. In May we announced plans for the creation of a new joint venture between NUI and HSBC. Operating under the name of HSBC Insurance, the venture will underwrite and distribute general insurance products to HSBC's 10 million UK customers when it launches later in the year.

We are continually looking to improve our products and customer service levels. Following the launch of a dedicated retention centre in Norwich Union Direct in November 2006 our customer ownership initiative is now live for all motor claims and provides a single point of contact for customers who experience a claim. Additionally, we are also working to develop closer ties with large commercial brokers. The success of such initiatives is reflected in very strong retention rates across all classes of business and improving customer satisfaction scores.

Our focus on cost control is reflected in the reduction in our expense ratio from the 2006 full year figure of 13.9% to 13.6%, with our cost and efficiency programme, which is on track to deliver its anticipated run-rate benefits of £125 million from 2008, contributing to this improvement. However, we have seen an increase in our commission ratio to 24.3% (2006: 21.9%) driven by lower volumes of commission-free direct business and the impact of consolidators in our intermediary business.

↑ Norwich Union's major role in United Nations report

Pioneering initiatives by Norwich Union in the UK are featured among best practice case studies in a report on sustainability in insurance from the UN and leaders in the industry.

The report, "Insuring for Sustainability; Why and how the leaders are doing it", explains why sustainability matters in insurance and why the industry is uniquely positioned to tackle some of the most serious challenges the world is facing, including the effects of climate change.

Norwich Union is highlighted for industry-leading initiatives such as Pay As You Drive motor insurance, for its accuracy of pricing and driver safety, and for work on sustainable measures to tackle the effects of flooding in the home.

The report was commissioned by the United Nations Environment Programme Finance Initiative insurance working group, an alliance of 16 leading insurers, reinsurers and brokers from 13 countries.

For more information on our CSR programmes visit www.aviva.com/csr

RAC contributed an operating profit of £81 million in the first half of 2007 (2006: £66 million), of which £75 million (2006: £46 million) is recognised within general insurance and the remainder in the results of our non-insurance operations.

Operating profit from RAC non-insurance operations amounted to £6 million (2006: £20 million). The 2006 result included a contribution of £17 million from disposed operations (Manufacturing Support Services and Lex Vehicle Leasing). The result includes the costs of transforming the Auto Windscreens operating model and those incurred in the planned transformation of BSM which, after review, has been significantly re-scoped to provide our learner drivers with the choice of how they do business with us.

We expect market conditions will remain challenging for the rest of 2007. Notwithstanding this, NUI remains committed to playing its part to meet or beat an Aviva combined operating ratio of 98%.

NU Healthcare

NU Healthcare is a leading UK health insurer providing private medical insurance (PMI) and income protection to over 800,000 customers. The PMI health result was a loss of £2 million (2006: loss of £6 million).

Aviva Re

Our group captive reinsurer, Aviva Re, reported an operating profit of £17 million (2006: £11 million).

↑ Norwich Union named "best general insurer"

Norwich Union picked up three awards in the *Personal Finance & Savings* readership awards.

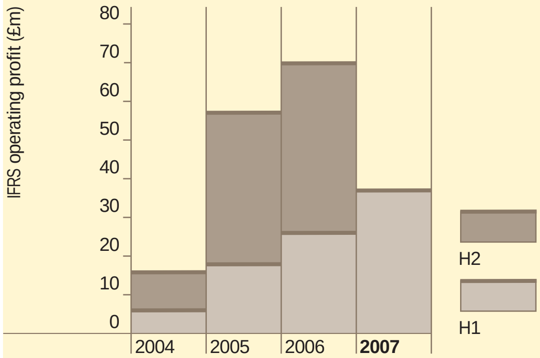
Norwich Union won "General Insurer of the Year", "Best Life/Critical Insurer" and "Most Innovative Product of 2006" for Pay As You Drive insurance.

This is a fantastic outcome for Norwich Union who launched the pioneering Pay As You Drive insurance product last year with great success.

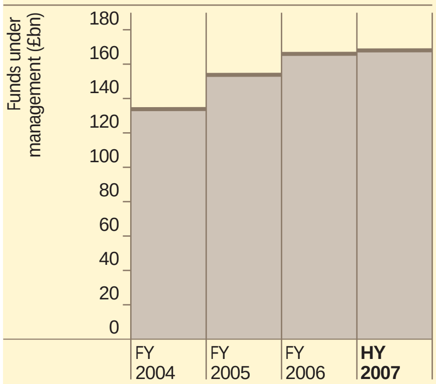
For more information on Norwich Union visit www.norwichunion.com

Morley and UK fund management

Morley and UK fund management – IFRS operating profit



Morley – Funds under management



Focus for 2007 and beyond

- Diversifying further our property portfolio into Europe and Asia
- Building greater distribution presence in Europe
- Attracting and retaining talent
- Continuing to focus on delivering the investment performance and service that our clients expect

	IFRS operating profit		EEV operating profit	
	2007 £m	2006 £m	2007 £m	2006 £m
Morley	**41**	31	**23**	17
The Royal Bank of Scotland Group	**(4)**	(4)	**(4)**	(4)
Norwich Union investment funds	**–**	(1)	**–**	(1)
Total	**37**	26	**19**	12

Morley

Morley is the largest fund management business in the Aviva group. It plays a central role in its commitment to the asset management business, managing directly, and via its subsidiaries and branches in Australia, Ireland, Luxembourg, North America and Poland, £168 billion of funds from group and third-party clients.

Our strategy remains one of focusing on our core asset classes of pan-European equities, fixed income, property and asset allocation. We seek to provide the best products and service to our selected institutional and wholesale clients in our targeted markets across Europe.

Most global equity markets posted solid gains in the first half of 2007 resulting from a rapid growth in corporate earnings, robust economic data and significant merger and acquisition activity. Together these factors helped offset the sharp decline in bond markets resulting from the negative impact of rising interest rates and worries over the outlook for inflation.

Total profit for Morley was £42 million (2006: £32 million) including profits from the pooled pensions business, reported in our UK long-term savings segment, of £1 million (2006: £1 million). We reported a 32% increase in fund management operating profits to £41 million (2006: £31 million) primarily as a result of strengthening global equity markets, 2006-related performance fees recognised in the first half of the year of £5 million (2006: £1 million) and additional revenue streams attributable to new mandates. Morley's cost to income ratio was 73% (full year 2006: 72%) reflecting both additional mandates and ongoing investment in the business.

Following the tragic death in April of chief executive-elect Chris Phillips, Philip Scott, chairman of Morley and executive director of Aviva, took on a more active role in the day-to-day management of the business. He worked with the rest of the executive to maintain the development of the business while the search for a new chief executive was undertaken. In July Alain Dromer was appointed by Aviva to be chief executive, Aviva Global Investors and Morley, with the mandate to create and lead a global asset management operation designed to capitalise on the existing strengths of our asset management businesses around the world.

In the first half of 2007, we continued to invest in people, in particular in the equities team, where new fund managers joined as part of the introduction of a more focused investment strategy within the active equity management teams.

Our property team also continued to grow, increasing funds under management and the size of the team as property remained a key asset class for investors across Europe. The property team was recognised as property manager of the year at the 2007 UK Pensions Awards. We also received industry recognition for our investment capabilities, including the "fixed income hedge fund of the year" award at the Eurohedge Awards for our G7 Fixed Income fund.

We continue to build our European distribution reach, opening a new office in Frankfurt to sell the Aviva Morley range of SICAV funds and continuing to build the sales and client teams in Milan and Madrid.

In February, we established a presence in China and announced a number of new property investments and partnerships across Asia as part of a long-term commitment to the region.

Our economic outlook for the remainder of the year is for an environment that remains supportive for equities, while bonds now represent better value after their recent sell-off. Property remains expensive in the UK: early 2007 was robust, but returns are expected to be disappointing in the second half of the year. Selected property markets in Asia and Europe are currently representing better value.

UK fund management

In addition to sales under the Morley brand, we sell ISAs, unit trusts, open-ended investment companies (Oeics) and structured products under the Norwich Union and The Royal Bank of Scotland brands.

Our operating loss from these businesses amounted to £4 million (2006: £5 million loss), reflecting strong sales of collective investments offset by the impact of new business strain.

the 2006 DEAL AWARDS
Derivatives Excellence, Achievement and Leadership

↑ Innovative fund generates strong investment demand

Strategic partner Barclays is a significant distributor of Morley's Global Balanced Income fund. Since launch in June 2006, the fund has returned 11.3%, well above its aim of providing a yield of 7% per annum.

The fund is aimed at both retail and institutional investors seeking a regular high income.

Designed to perform well in volatile market conditions, the fund is unique in the UK market by investing in both convertible bonds and equities while using call option strategies to enhance returns.

The innovative use of options in the fund led to Morley winning the Derivatives Week "Equity end user of the year" award.

By 30 June 2007, inflows to the Global Balanced Income fund had totalled £230 million and it continues to see strong investor demand.

For more information on Morley visit www.aviva.com or www.morleyfm.com

↑ European property giant opens for business in Japan and Asia

The Morley property team have been exploring Asian markets with an initial US$2 billion (£1 billion) of equity to invest and an overall aim of growing Aviva's Asian property business to US$10 billion (£5 billion) in the next four years.

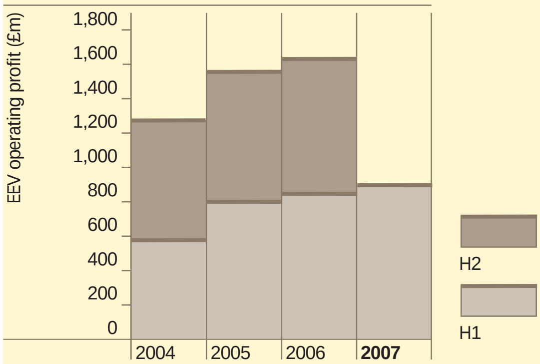
We shall be working with property partners in Japan, China, South Korea and India to develop joint ventures and property partnerships in the same way that we have done across Europe.

The first of these joint ventures, announced in April, will be in Japan with Mitsubishi UFJ Trust and Banking Corporation. We already have several property investments in the region totalling around US$430 million (£216 million).

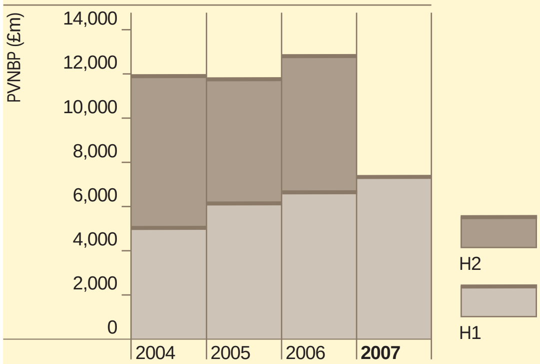
For more information on Morley visit www.aviva.com or www.morleyfm.com

Europe

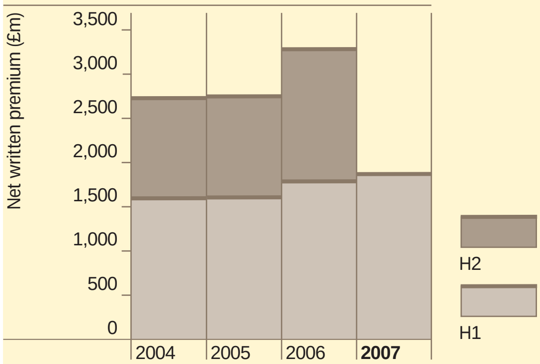
Europe – EEV operating profit



Europe – PVNBP



Europe – General insurance and health net written premium



Focus for 2007 and beyond

- Acquiring more customers through our bancassurance network
- Obtaining further access to distribution in mature markets
- Increasing activity in central and eastern Europe
- Continuing to develop further our products and services
- Growing our online general insurance business in Ireland

Aviva is a market leader in Europe in long-term savings and has a focused general insurance presence with market-leading positions in Ireland and the Netherlands. These are supported by our high-performing fund management businesses.

All of our businesses are focused on our customers. We develop products and distribution based on their needs. This is supported by actively sharing knowledge and experience across the region.

We continued to deliver profitable life and pensions growth, with sales volumes 12% higher at £7,353 million (2006: £6,645 million) and EEV operating profit 11% higher at £679 million (2006: £617 million). This performance reflects the benefits of Aviva's portfolio of businesses at different stages of development.

Our southern European businesses in Spain and Italy achieved strong sales growth in markets that have slowed in the current period. We strengthened our distribution capability through a new bancassurance deal with Caja de Ahorros de Murcia in Spain and a new deal with Banco Popolare in Italy. Furthermore, we increased sales to our existing customer base by launching several new successful products, including index-linked products in Italy, and a new tax-favoured retirement savings plan in Spain, known as PIAS.

Our businesses grew strongly in Ireland, Central and Eastern Europe and Turkey. In Ireland, both the bancassurance and the broker channels gained market share. Strong sales growth in Poland reflected strong bancassurance and unit-linked sales. Elsewhere in Central and Eastern Europe, our businesses are well positioned to capture the emerging opportunities in these markets. In Turkey, we have expanded our direct sales force and have announced the merger of our life and pension business with AK Emeklilik, giving us the opportunity to distribute long-term savings products through Akbank's branch network.

Conditions in the more developed markets of France and the Netherlands continue to be challenging in the short term. Nevertheless, our businesses were able to increase their long-term new business margin. Our objective is to increase our share of these important markets through the segmentation of our customer base, the provision of superior and targeted service and advice, cross-selling and the continued enhancement of our product offerings.

Our general and health insurance businesses in France, the Netherlands, Ireland and the rest of Europe performed strongly in markets where competition is intensifying. Net written premiums increased by 6% to £1,869 million (2006: £1,783 million). Profitability remains strong across the region, with a general insurance COR of 85% (2006: 87%) and operating profit of £203 million (2006: £214 million). We continue to innovate and are making good progress in developing our on-line proposition in Ireland.

Our fund management operations in Europe are continuing to deliver strong investment performance for our customers and good operating results. Operating profits were at a similar level to the prior period at £29 million (2006: £30 million).

Long-term savings

2007	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
France	**131**	**138**	**225**	**1,832**	**80**	**4.4**
Ireland	**37**	**40**	**37**	**889**	**14**	**1.6**
Italy	**40**	**41**	**72**	**1,818**	**49**	**2.7**
Netherlands	**249**	**254**	**166**	**1,146**	**37**	**3.2**
Poland	**59**	**60**	**71**	**379**	**17**	**4.5**
Spain	**58**	**63**	**107**	**1,114**	**88**	**7.9**
Other Europe	**(13)**	**(14)**	**1**	**175**	**(2)**	**(1.1)**
Europe	**561**	**582**	**679**	**7,353**	**283**	**3.8**

2006	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
France	109	116	196	2,028	87	4.3
Ireland	10	31	8	558	11	2.0
Italy	27	28	53	1,583	38	2.4
Netherlands	223	225	185	1,170	34	2.9
Poland	56	56	66	264	14	5.3
Spain	41	48	112	916	88	9.6
Other Europe	(7)	(7)	(3)	126	(4)	(3.2)
Europe	459	497	617	6,645	268	4.0

In **France**, volatility in the financial markets and uncertainty in the run-up to the May presidential elections led to a decline in overall market premiums by 5%. Sales volumes are lower, following record sales in 2006 that were boosted by strong equity markets. Our new business sales amounted to £1,832 million (2006: £2,028 million), with new business margin at 4.4% (2006: 4.3%).

Aviva France continues to be successful in attracting transfers into less capital-intensive unit-linked funds, following the Fourgous amendment*. The savings association AFER, in particular, has achieved a significant share of the total transfers in the market, with cumulative transfers to date of £4.5 billion including £438 million in the first half of 2007, of which approximately 30% has been invested in unit-linked funds. AFER has also recently reviewed its charging structure, and ran a marketing campaign to raise public awareness of the competitiveness of its product. This has been accompanied by Aviva with short-term product offers and campaigns in the non-AFER distribution channels.

These initiatives, together with the benefits of a revised protection product launched across all the distribution channels, will continue in the second half of 2007.

In-force business profitability has been strong and, total EEV life profits were higher at £225 million (2006: £196 million), due to lower maintenance expenses, more favourable operating experience and higher expected returns from a higher start-of-year embedded value.

* Fourgous policy conversions enable investment in a mix of "Euro" and unit-linked funds, providing policyholders the opportunity to enjoy a greater flexibility in managing their funds. Aviva does not include these transfers as new business.

The outlook for 2007 will be influenced by the market response to the proposed tax changes following the French election and trends in the financial markets. Recent marketing initiatives, such as the AFER campaign, and our experience in responding to changes in the economic and regulatory environment means that the business is well placed to tackle these challenges.

In **Ireland**, new business sales increased to £889 million (2006: £558 million). This strong performance reflected growth in both the bancassurance and broker channels, supported by new products and favourable market conditions. The January launch of our Secure Capital fund was particularly well received in both channels. A special offer on savings products in the bancassurance channel also contributed to sales growth. The increase in pension sales has been driven by tax incentives on Personal Retirement Savings Accounts and the continued success of our re-launched Horizon product.

A lower new business margin of 1.6% (2006: 2.0%) reflected lapse assumption changes made at the end of December 2006, since which time the margin has been improving as a result of product developments. The strong increase in sales helped increase the operating profit to £37 million (2006: £8 million), with the prior year result affected by the impact of negative assumption changes.

To support the growing sales in the broker channel, our Irish business has opened a new service centre. This centre will provide consistent contact points and a high level of service to the brokers. The continued development of new products is also expected to contribute to further premium growth and margin improvement in 2007.

↑ Romania launches a new text message reminder service

Aviva Romania has launched a new cell phone SMS text message service to remind customers when premium payments are due.

Direct debit mandates with retail banks are still not common in Romania, so we are looking for other ways to support and encourage the timely payment of premiums.

This is the first of a set of initiatives under Aviva Romania's Conservation Programme to improve customer loyalty and retention.

For more information on Aviva Romania visit www.aviva.com or www.aviva.ro/

Europe continued

In **Italy**, we principally sell through bancassurance partnerships with UniCredit Group, Banca delle Marche, Banche Popolari Unite (now UBI Banca) and Banca Popolare Italiana (now Banco Popolare). New business sales increased by 16% to £1,818 million (2006: £1,583 million) in a market which declined by 6%*. This result was achieved through developing further our relationship with UniCredit, successful marketing campaigns and new product launches. The new business margin was 2.7% (2006: 2.4%) reflecting a higher proportion of regular premium sales. EEV operating profit increased to £72 million (2006: £53 million), reflecting the benefit of increased sales and margin.

In June 2007, we announced a joint venture with Banco Popolare: a new exclusive long-term bancassurance partnership to sell protection products. Banco Popolare is a newly formed Italian banking group, created by the merger between Banco Popolare di Verona e Novara and Banca Popolare Italiana. This partnership will provide us with access to more than five million potential customers through more than 2,200 branches, the third-largest branch network in Italy.

The prospects for continued growth are good, and the Italian market continues to offer strong long-term potential.

In the **Netherlands**, sales were broadly flat at £1,146 million (2006: £1,170 million). Stronger annuity and pension sales offset a fall in unit-linked sales following consumer concerns surrounding policy charges and a decline in mortgage related business. Sales by the Erasmus Groep amounted to £14 million in the period following this acquisition at the end of March, and these operations are now being integrated into Delta Lloyd. Sales through the innovative Florius web-based brand, owned by ABN AMRO, commenced in April.

New business margins increased due to higher interest rates but have remained extremely tight on annuity sales. Operating profits were £166 million (2006: £185 million), reflecting a higher expected return on the in-force book, but the impact of a positive assumption change made in June 2006 has not been repeated.

The Dutch market is expected to remain highly competitive in 2007. In this context, Delta Lloyd continues its strategy of strengthening its position through broadening distribution.

In **Poland**†, new business sales were £379 million (2006: £264 million). This performance reflected the successful launch of our structured bond product and increased volumes through our bancassurance network. Pension sales increased significantly to £174 million (2006: £103 million) helped by the launch of a specialist sales team, a growth in transfer business and higher average premiums.

A lower margin of 4.5% (2006: 5.3%) reflected lower amounts of overdue premiums from the state pension agency, which have a high margin, and a change in business mix towards lower margin pensions business. The substantial increase in sales contributed to an increased operating profit of £71 million (2006: £66 million).

The Polish insurance and investment markets continue to offer strong long-term growth potential, supported by a favourable economic outlook.

In **Spain**, we principally sell through our partnerships with five savings banks: Bancaja, Unicaja, Caixa Galicia, Caja España and Caja Granada. We use the Aviva brand in relation to our Aviva Vida y Pensiones business, which distributes products through an agency-based network.

In June 2007, we announced a new long-term bancassurance partnership with the Spanish savings bank Caja de Ahorros de Murcia (Cajamurcia). Cajamurcia will provide exclusive access to its network of 413 branches for a newly created company owned by Aviva and Cajamurcia to sell life assurance and pension business. This partnership provides an excellent geographic fit with the existing agreements that we already have in Spain and strengthens our position in Murcia, one of the fastest-growing economic areas of Spain.

New business sales increased by 23% to £1,114 million (2006: £916 million), reflecting successful diversification into savings products including the launch of PIAS** products that have been developed to take advantage of the more favourable tax regime that came into effect on 1 January 2007. Overall, the new business margin remains strong but has decreased to 7.9% (2006: 9.6%), due to a change in product mix, with higher sales of savings products and a lower proportion of sales from mortgage-linked protection products. Individual product margins remained stable. Operating profit was £107 million (2006: £112 million) and has been impacted by adverse experience variances, predominantly as a result of higher than expected lapses on protection business.

Our **other European** operations comprise top-five ranking businesses in Hungary and Turkey, and developing businesses in the Czech Republic, Romania and Russia. Overall, our other European operations achieved strong sales growth of 45% to £175 million (2006: £126 million). In Hungary, we managed to increase significantly sales through our broker and the direct sales force channels, reflecting the attractiveness of our flexible unit-linked savings product. In Turkey, the strong performance of our sales force, driven by an increase in its size and productivity, contributed to higher regular premium pension sales, resulting in a strengthening of our market position.

This position in **Turkey** will be further reinforced by the merger we announced in June of our life and pensions business with AK Emeklilik. The merger creates a leading life and pension provider in Turkey, bringing together our direct sales force, which is the largest in the country, and AK Emeklilik's leading position in bancassurance. In addition to the merger, Aviva has concluded a long-term bancassurance agreement with Akbank, Turkey's second-largest private bank. We expect the deal to be completed in the second half of 2007.

In the **Czech Republic, Hungary** and **Romania**, we are seeking to achieve growth with unit-linked and other savings products focused on the higher end of the market. We aim to enhance our product range while further developing all of our distribution channels.

In Hungary we are ranked second in terms of new business volumes and in Romania we see the launch of new compulsory and voluntary pension products during 2007 as key growth opportunities for the business. In **Russia**, our multi-product

* Measured in terms of gross written premuims for the period May 2006 to April 2007.
** PIAS are newly introduced savings contracts with tax benefits after 10 years if an annuity is purchased.
† Results include Lithuania.

multi-distribution strategy is focused on achieving a top-five market position and a 10% market share within five years of launch and we have recently announced our fourth and fifth bancassurance agreements, which give us access to the networks of MDM Bank and International Moscow Bank.

General insurance and health

2007	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio‡ %	Net written premium £m	Underwriting result £m
France	**37**	**31**	**97**	**421**	**–**
Ireland	**90**	**80**	**78**	**245**	**53**
Netherlands	**60**	**70**	**76**	**1,055**	**29**
Other Europe	**2**	**22**	**93**	**148**	**6**
Total	**189**	**203**	**85**	**1,869**	**88**

2006	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio‡ %	Net written premium £m	Underwriting result £m
France	9	27	98	435	(1)
Ireland	181	88	74	251	63
Netherlands	11	80	82	955	34
Other Europe	8	19	98	142	3
Total	209	214	87	1,783	99

In **France** where our strategic focus is on personal and small commercial lines, all market segments are currently experiencing increasing price competition. We launched a new household product in April 2007, which received a favourable response from agents, and further product developments are expected to follow later in the year.

Operating profit increased to £31 million (2006: £27 million), with a break-even underwriting result (2006: loss of £1 million) and net written premiums of £421 million (2006: £435 million). The general insurance COR improved to 97% (2006: 98%) with a stable claims ratio reflecting a continuation of favourable claims experience, accompanied by cost savings.

In **Ireland**, competitive market conditions are continuing, especially in household lines, with premium rates under pressure and claims frequency increasing. This resulted in a slight reduction in our net written premium to £245 million (2006: £251 million) and operating profit to £80 million (2006: £88 million), although the COR remained strong at 78% (2006: 74%).

Our strong market position and underwriting expertise enabled us to maintain our market leadership position. We were again successful in winning awards in all our categories at the annual Irish Broker Association award ceremony, including best general, commercial and personal insurer.

We continue to focus on product innovation with Hibernian Rescue and Hibernian Driving School launched this year. Hibernian Driving School provides driving tuition with subsequent discounts on motor insurance. We have now commenced selling direct motor insurance through Allied Irish Banks' website, with sales performing well.

In the **Netherlands**, net written premiums increased significantly to £1,055 million (2006: £955 million). This rise was driven by an increase in the size of the health portfolio combined with £17 million of general insurance premiums from Erasmus since its acquisition in March 2007.

General insurance operating profit was £86 million (2006: £74 million) with a COR of 76% (2006: 82%), reflecting strong premium rating in certain lines and the favourable development of prior year claims. The health operating result deteriorated to a loss of £16 million (2006: £6 million profit) as a result of higher than expected levels of late reported claims from 2006 which also affected expected loss ratios in the current year.

In July, we announced the sale of our health operations to OWM CZ Groep Zorgverkeraar UA (CZ) in a transaction that gives Delta Lloyd the opportunity to sell life, pensions and general insurance products to CZ's existing customer base.

In our **other Europe** operations in Italy, Poland and Turkey, profits improved to £22 million (2006: £19 million). In Poland, plans for the launch of a direct motor business remain on track for 2008.

Fund management

	IFRS operating profit		EEV operating profit	
	2007 £m	2006 £m	2007 £m	2006 £m
France	**16**	16	**5**	5
Netherlands	**11**	13	**9**	10
Other Europe	**2**	1	**2**	1
Total	**29**	30	**16**	16

Our business in **France**, Aviva Gestion d'Actifs (AGA) enjoys a strong investment performance track record, with all of our funds ranked in the top half over five years. AGA continued to earn industry awards for sustained fund performance, with the financial weekly *Mieux Vivre Votre Argent* awarding prizes to seven of our funds. Operating profit was stable at £16 million (2006: £16 million).

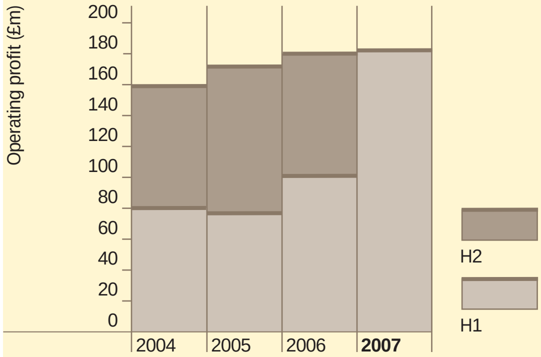
Investment performance in the **Netherlands** has been strong in the period. Delta Lloyd's main equity fund headed the performance rankings over a five-year period and held a top-five ranking over six and 12 months. Following the successful launch of the Select Opportunity fund, three further funds will be launched later in the year. In June, Delta Lloyd announced the acquisition of Cyrte Investments, which will add funds with distinctive technology and media profiles to our fund offering. Operating profit from our Dutch fund management business was £11 million (2006: £13 million).

Other Europe represents our business in Poland which generated strong sales in mutual funds of £141 million (2006: £62 million), reflecting the favourable equity market and the success of promotional campaigns. Operating profit was £2 million (2006: £1 million).

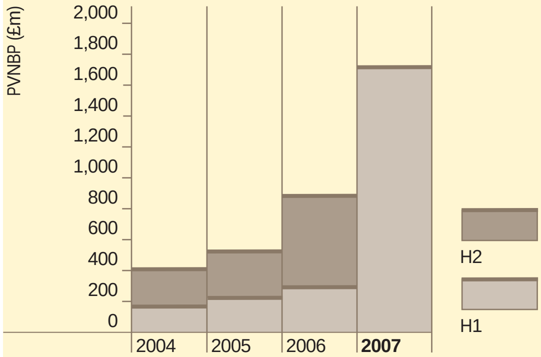
‡ General insurance business only.

North America

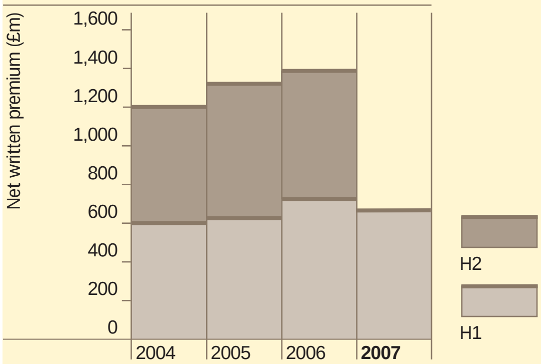
North America – EEV Operating profit



North America – PVNBP



North America – General insurance net written premium



Focus for 2007 and beyond

- Growing by at least 20% per annum, while maintaining margins
- Delivering on our target integration benefits
- Building Aviva brand awareness in the US
- Capitalising on our innovative product set
- Expanding further our distribution network
- Maintaining disciplined underwriting, minimising the impact of the softening market
- Investing in infrastructure to drive growth and productivity benefits

Our North American business comprises our life business in the United States and our general insurance operations in Canada. Our United States operations represent the combination of the former Aviva business based in Boston and the former AmerUs Group, based in Des Moines, which was acquired in November 2006. The combined United States operation ranks first and second in the indexed life and indexed annuity markets, respectively. In Canada, we continue to be the second-largest provider of general insurance and the largest insurer in the province of Ontario, Canada's largest market.

EEV operating profit for North America in the period was £183 million (2006: £102 million) of which the United States generated £112 million (2006: £16 million) and Canada contributed £71 million* (2006: £86 million).

Long-term savings

	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
2007	**52**	**165**	**112**	**1,716**	**57**	**3.3**
2006	(15)	(15)	16	289	5	1.7

In the **United States**, total new business sales were £1,716 million (2006: £289 million), a pro forma increase of 51%**. This represents a record first-half sales performance from the former AmerUs business across all business lines.

Sales of annuities totalled £1,293 million, a pro forma increase of 58% over the prior period. We increased our market share in this segment through the introduction of new products in July 2006 and a successful marketing campaign at the beginning of the year. The business has continued to expand the distribution network, with three new independent marketing organisations (IMOs), 44 new wholesalers and over 6,000 new agents contracted in the first half of 2007.

Life sales were £271 million, representing a pro forma increase of 10% over the prior period. Increased indexed life sales more than offset reductions in sales of lower-margin life products, which were discontinued in the period as part of a product rationalisation process.

Funding Agreement sales, which are irregular in nature, were £152 million, a pro forma increase of 107% over the prior period.

New business contribution of £57 million (2006: £5 million), a pro forma increase of 60%, reflected a combination of the strong sales growth and improved margins following our decision to focus on indexed life and annuity products and structured settlements and to discontinue lower margin universal life and fixed annuity products.

EEV operating profit was £112 million (2006: £16 million) reflecting the increase in expected return following the AmerUs acquisition and the increased new business contribution from the excellent sales performance.

* Includes £1 million (2006: £1 million) from fund management operations.
** Pro forma increases in sales and new business contribution are based upon combined sales for the former Aviva business based in Boston and the former AmerUs Group, based in Des Moines, for the 2006 half year and are stated at constant exchange rates. Information on EEV operating profit for the former AmerUs Group for 2006 is not available.

Work on integrating our expanded United States operation is progressing well, at a total estimated cost of £25 million ($50 million), and is on track to achieve the £23 million ($45 million) annual cost savings from 2008, which were identified at the time of acquisition. In particular, the business now delivers a single, aligned portfolio of products across multiple distribution platforms. We anticipate that sales growth will continue to be strong.

General insurance

	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio %	Net written premium £m	Underwriting result £m
2007	**48**	**70**	**99**	**665**	**5**
2006	40	85	96	724	24

The **Canadian** market continues to be highly competitive and net written premiums were £665 million (2006: £724 million). On a constant currency basis, this is an increase of 1%.

Personal lines premiums were broadly flat in the period. Growth from existing and new warranty business was offset by lower motor premiums, due to lower premium rates for better risks and increased competition as competitors acquire brokers. We continue to generate premium growth from our corporate partnership with President's Choice Financial and from Elite Insurance Company, Canada's largest insurer of specialty personal insurance products. In support of our commitment to service excellence in retail operations, we have completed the national rollout of Gateway, our advanced personal lines portal solution for brokers.

Commercial lines net written premiums increased by 1% in a softening market. This increase reflected underlying growth in the number of commercial lines policies written, offset by reductions in commercial motor premium rates, resulting from the aggressive pricing strategies of a number of competitors. Much of the growth in policy numbers was generated through Fastrax, our broker portal for small commercial business, which has experienced policy number growth of 20%. We continue to take a leading stance through maintaining our policy of underwriting integrity and pricing for profit.

The underwriting profit was £5 million (2006: £24 million) and the COR was 99% (2006: 96%). The claims ratio has deteriorated due to a combination of claims inflation and persistent snowfalls in the first four months of the year, which led to a higher frequency of claims. Our claims service model, including our network of preferred healthcare providers who provide timely and appropriate treatment of injuries, is a key contributor to excellent customer satisfaction and advocacy.

IFRS operating profit was £70 million (2006: £85 million) with the adverse movement in the underwriting result being partly offset by an increase in the investment return due to higher fixed income yields and average asset balances.

Aviva Canada is a vocal and proactive supporter of the value of the independent broker channel. We are encouraged by the brokers' positive response to our support that included our investment in 2006 in two market leading group brokers in Quebec. These businesses are performing as expected and the integration of their operations is progressing on track.

↑ Aviva Canada: Clean Start Discount for new drivers

Aviva Canada has taken the first step towards providing affordable motor insurance for inexperienced drivers with the introduction of a "Clean Start Discount".

The Clean Start Discount is available to drivers who have held a driving licence for less than six years and haven't had any convictions or accidents.

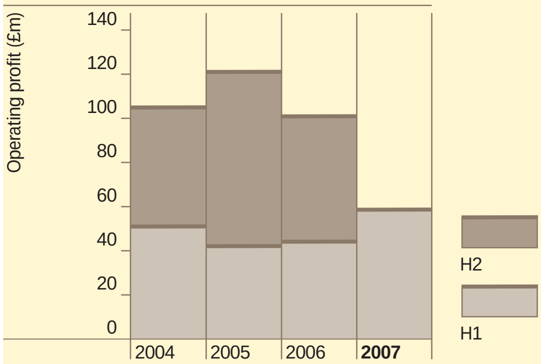
The reduction will vary depending on where the driver lives and their driving experience, and can be up to 70%.

The benefit is available to both new drivers with their own policy and to parents with children listed as occasional drivers.

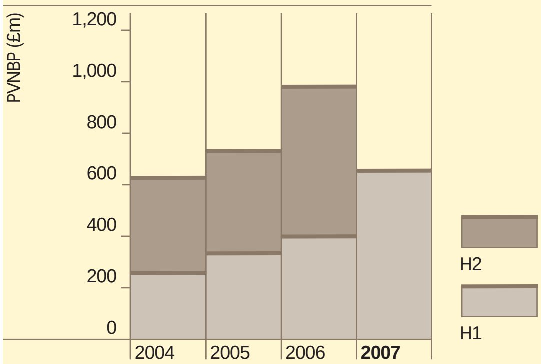
For more information on Aviva Canada visit www.avivacanada.com

Asia Pacific

Asia Pacific – EEV operating profit



Asia Pacific – PVNBP



Focus for 2007 and beyond

Continuing to expand in India and China through our bancassurance and direct sales channels

Developing further our relationship with DBS in Singapore and Hong Kong

Entrance into attractive new markets in Malaysia and Taiwan

Continuing development of our Navigator platforms in Singapore and Australia

Continuing development of our relationships with key distributors in Australia

In the Asia Pacific region, our portfolio consists of well-established long-term savings businesses in Australia, Singapore and Hong Kong, and fast-growing businesses, including China and India. Our Navigator fund administration platforms in Australia and Singapore are well positioned to capture growth in retail fund management products. Our market-leading health insurance business in Singapore is our main general insurance business in the region.

Our strategy for the region is to build rapidly a significant market presence in selected markets, while also expanding our geographical coverage. We have a wealth of experience within our established operations, which we are using to build our operations in the developing markets.

Life and pension sales rose by 73% to £654 million (2006: £397 million), while EEV operating profit increased to £47 million (2006: £38 million) and the new business margin was 4.9% (2006: 4.8%).

In response to recent tax changes that affected the superannuation market, our business in the Australian market has focused on capturing as much as possible of the one-off business presented by the 30 June government deadline. We have continued to enhance the Navigator product as these platforms are playing an increasingly important role in the Australian superannuation market.

In the advanced but rapidly growing businesses in Singapore and Hong Kong, our main priority is to increase our distribution footprint. We continue to focus on increasing bancassurance sales via our bancassurance partner, DBS bank, and on expanding our strong presence in the developing independent financial adviser (IFA) channel. In Singapore, we are developing direct sales through the launch of a simple savings product through the direct channel.

Our businesses in the high-growth markets of China and India continue to grow through our direct sales force (DSF) and bancassurance channels. In both markets, we have increased distribution this year. We have also been successful in agreeing entry to the attractive markets of Malaysia and Taiwan by securing long-term partnerships with major banks.

Long-term savings

2007	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
Asia	**2**	**5**	**24**	**414**	**20**	**4.8**
Australia	**32**	**26**	**23**	**240**	**12**	**5.0**
Asia Pacific	**34**	**31**	**47**	**654**	**32**	**4.9**

2006	IFRS profit before tax £m	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
Asia	(5)	(3)	19	252	12	4.8
Australia	22	18	19	145	7	4.8
Asia Pacific	17	15	38	397	19	4.8

In **Australia,** we sell primarily protection and corporate pension products. Our protection focus is on high quality service and providing products that are consistently well rated by rating agencies. This focus continues to drive strong sales growth. The launch in May of Riskfirst, our new online underwriting platform for IFAs, has been well received and offers market-leading speed and functionality. We recently successfully transitioned a corporate pension mandate, contributing £64 million to sales.

Our **Singapore** and **Hong Kong** operations are ranked second and 10th in their respective markets. Aviva Singapore remains the market leader in the IFA segment and in the employee benefits and healthcare segment. In Hong Kong, we saw significant sales growth through the IFA channel, which now represents more than half of our sales, and through our partnership with DBS.

We expect continued growth in 2007 in Singapore and Hong Kong, building on the success of the first half of 2007.

In **China**, Aviva-COFCO, our 50% joint venture with COFCO, was the third-largest* foreign joint venture (2006: fifth). We are actively pursuing growth in cities and provinces with significant long-term potential. Aviva-COFCO has increased its presence in the country to seven provinces, with a total of 17 city branches (2006: 15). As our business grows in China, we seek to obtain first mover advantage in new cities. During the first half of 2007, we introduced a range of unit-linked products that sold well alongside our universal life products.

In **India,** we operate through our joint venture with the Dabur Group in which we have a share of 26%, the maximum permitted for foreign investors at present. We are one of the leaders in bancassurance, with over 30 bancassurance agreements, and generated 33% new business sales growth. In January 2007, we announced a bancassurance partnership with IndusInd Bank, which has over 140 branches and 1.4 million customers. We are also focusing on expanding the DSF in a cost-efficient manner and have expanded our geographical coverage by increasing the active sales force from 14,200 at the end of December 2006 to over 27,000 at the end of June 2007.

In **Sri Lanka**, total life sales increased to £9 million (five months in 2006: £6 million) driven by strong unit-linked sales. Following our first bancassurance relationship with National Development Bank, we have entered into two more bancassurance partnerships, most recently in June with Sampath Bank, the country's seventh-largest bank.

In **Taiwan**, we signed a joint venture agreement in April with First Financial, the owner of First Commercial Bank, the second-largest bank in Taiwan, giving us exclusive access to five million customers. We are expecting to start trading in the first half of 2008 following receipt of final regulatory approvals.

In **Malaysia**, we completed a transaction with Bumiputra-Commerce Holdings Berhad in July, purchasing 49% of their life insurance and takaful business and gaining access to four million customers via their 388 branches and 4,000 agents. Malaysia is the eighth-largest insurance market in Asia, with a high savings rate at 37% of the gross national product. The deal also brings new expertise to the group in providing financial services that are compatible with Islamic Shari'ah law.

Fund management

	IFRS operating profit		EEV operating profit	
	2007 £m	2006 £m	2007 £m	2006 £m
Asia Pacific	**9**	4	**9**	4

Our fund management and administration business consists of the successful Navigator platforms in Australia and Singapore. Total sales increased to £1,378 million (2006: £819 million), reflecting our provision of an increased fund choice and a favourable investment environment. Operating profit increased to £9 million (2006: £4 million), reflecting growth in new business levels and investment markets in the region.

In **Australia**, Navigator is an investment administration platform that gives customers access to wealth-creation and post-retirement products. It was a joint winner of the top award at the 2007 Asset Innovation Awards. Sales through the Navigator platform were £950 million (2006: £589 million), reflecting a surge in sales ahead of the changes to superannuation legislation that became effective on 1 July and the positive impact of our strategic investments in key independent advisers. Other investment sales were £80 million (2006: £96 million).

In **Singapore**, Navigator serves as a product wrapper that offers customers access to a range of mutual funds from different fund managers. The business has continued to grow strongly during 2007 with sales significantly higher at £348 million (2006: £134 million). This success reflects continuing strong distribution relationships with key brokers, increased fund choice and an ongoing buoyant economic environment.

General insurance and health

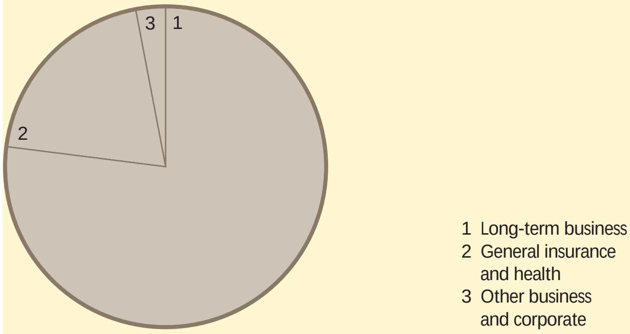
	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio** %	Net written premium £m	Underwriting result £m
2007	**–**	**3**	**89%**	**14**	**2**
2006	1	1	104%	11	1

In our **Singapore** health insurance business, premiums were maintained at a similar level to 2006 with an increased profitability. **Sri Lanka's** general insurance business is the fifth-largest in the country and achieved 51% growth in net written premiums, increasing operating profit to £3 million (2006: £1 million).

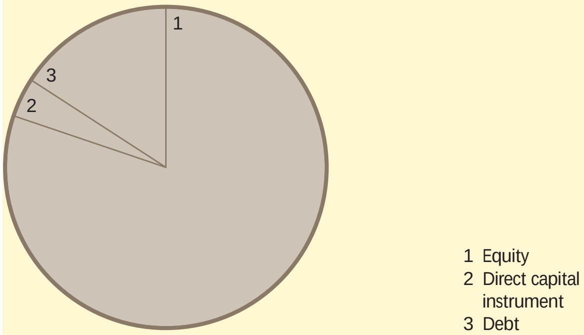
* Based on first year premium as at 30 April 2007.
** General insurance business only.

Capital structure, strength and solvency

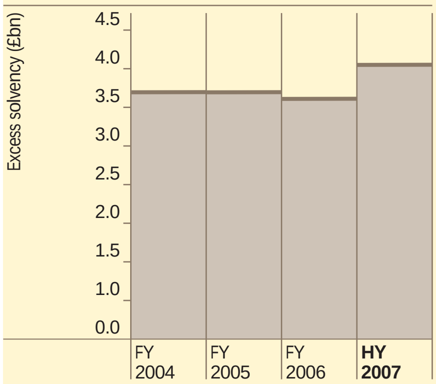
Total capital employed by segment



Capital financing



IGD excess solvency



Focus for 2007 and beyond

Continuing to optimise our capital base and capital efficiency amidst the evolving regulatory background

Investigating the benefits of securitising part of our insurance portfolios

Optimising our financial risk structure

Maintaining effective capital management processes and a prudent level of capital resources

Capital employed by segment – EEV basis

We maintain an efficient capital structure using a combination of equity shareholders' funds, preference capital, subordinated debt and borrowings. This structure is consistent with our risk profile and the regulatory and market requirements of our business. We believe that the European Embedded Value (EEV) provides a more meaningful view of our life operations than IFRS; accordingly, our capital structure is analysed on an EEV basis.

An important aspect of our capital management process is the setting of target rates of return for individual business units. The targets are adjusted to make allowance for risks faced by those business units. Management remuneration is partly based on performance against these targets, therefore encouraging focus on creation of value for the shareholder. We have a number of sources of capital available to us and seek to optimise our debt to equity structure so we can maximise returns to our shareholders. We consider alternative sources of capital such as reinsurance and securitisation in addition to more traditional sources of funding. We select capital funding that is appropriate to its deployment and usage.

The table below shows how our capital is deployed by segment and how that capital is funded:

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Long-term business	**20,517**	16,232	19,664
General insurance and health	**5,460**	5,572	5,175
Other business	**758**	1,744	1,059
Corporate	**(30)**	(26)	(19)
Total capital employed	**26,705**	23,522	25,879
Financed by:			
Equity shareholders' funds and minority interests	**21,545**	17,275	19,668
Direct capital instrument	**990**	990	990
Preference shares	**200**	200	200
Total shareholders' funds	**22,735**	18,465	20,858
Subordinated debt	**2,949**	2,811	2,937
External debt	**1,257**	815	1,258
Net internal debt	**(236)**	1,431	826
Total capital employed	**26,705**	23,522	25,879

At 30 June 2007, we had £26.7 billion (30 June 2006: £23.5 billion) of total capital employed in our trading operations.

In the first half of 2007, the total capital employed increased by £0.8 billion since the end of 2006, reflecting growth in our long-term savings businesses driven by strong operational results and movements in equity markets over the period.

At 30 June 2007, our internal net debt has moved to a net asset position due to the timing of dividend upstreaming from subsidaries and the restructuring of internal loan agreements.

Capital strength and solvency

We are subject to regulatory capital tests and we also employ realistic scenario tests to allocate capital and manage risk. Overall, the group and its subsidiaries satisfy all existing requirements.

The ratings of our main operating subsidiaries are AA/AA- ("very strong") with a stable outlook from Standard and Poor's and Aa3 ("excellent") from Moody's with a stable outlook.

These ratings reflect our strong liquidity, competitive position, capital base, increasing underlying earnings and strategic and operational management.

Group – Regulatory basis

Relevant capital and solvency regulations are used to measure and report the financial strength of our insurance subsidiaries. These measures are based on local regulatory requirements and are consolidated under the European Insurance Groups Directive (IGD). The regulatory capital tests verify that we retain an excess of solvency capital above the required minimum level calculated using a series of prudent assumptions about the type of business written by our insurance subsidiaries.

	30 June 2007	30 June 2006	31 December 2006
Insurance Groups Directive (IGD) excess solvency	**£4.0bn**	£4.2bn	£3.5bn
Solvency cover	**1.8 times**	1.9 times	1.8 times

As at 30 June 2007, we had an estimated excess regulatory capital of £4.0 billion (2006: £4.2 billion), as measured under the European Insurance Groups Directive.

In broad terms, for our long-term business, the minimum solvency requirements are set at 4% and 1% for non-linked and unit-linked reserves respectively. For our general insurance portfolio of business, the minimum solvency requirement is the higher of 18% of gross premiums or 26% of gross claims, in both cases adjusted to reflect the level of reinsurance recoveries. For our other major non-European businesses (USA, Australia and Canada), a risk charge on assets and liabilities approach is used.

Our excess solvency of £4.0 billion reflects a net increase of £0.5 billion since 31 December 2006, driven by strong operational performance, the benefit of movements in interest rates and offset by payment of the dividend.

From 31 December 2006, we have been required to have a positive solvency on an IGD basis at all times. Our risk management processes review the adequacy of this measure.

Group capital statement

FRS 27 requires us to produce a capital statement that sets out our financial strength and provides an analysis of the deployment and constraints over the availability of capital to meet risks and regulatory requirements. The capital statement also provides a reconciliation of shareholders' funds to regulatory capital.

The analysis below sets out the group's available capital resources:

						30 June 2007	31 December 2006
	UK with-profit funds† £bn	Other UK life operations £bn	Overseas life operations £bn	Total life £bn	Other operations‡ £bn	Total £bn	Total £bn
Total shareholders' funds	**0.1**	**3.1**	**10.1**	**13.3**	**2.2**	**15.5**	14.1
Other sources of capital*	**–**	**0.2**	**0.2**	**0.4**	**2.7**	**3.1**	3.1
Unallocated divisible surplus	**7.2**	**–**	**2.3**	**9.5**	**–**	**9.5**	9.5
Adjustments onto regulatory basis**	**0.1**	**(1.4)**	**(3.9)**	**(5.2)**	**(2.4)**	**(7.6)**	(7.2)
Total available capital	**7.4**	**1.9**	**8.7**	**18.0**	**2.5**	**20.5**	19.5

* Other sources of capital represents: subordinated debt of £2,949 million (31 December 2006: £2,937 million) issued by Aviva plc; and £152 million (31 December 2006: £153 million) other qualifying capital issued by Dutch, Italian and US subsidiary undertakings.
** Including an adjustment for minorities.
† Includes the Provident Mutual with-profit fund.
‡ Other operations includes general insurance, health and fund management businesses.

Employees and responsibility

Corporate social responsibility

Our vision for corporate social responsibility (CSR) is to act responsibly for the long term in how we do business, to help meet our ambition of being the world's most trusted savings, investment and insurance provider.

Progress is reported fully in our CSR report, published each April. However, we can report some notable developments in the first half of 2007.

Environmental management

While we have been concentrating on managing and reducing, where possible, our CO_2 output, we have agreed to be carbon neutral for our 2007 emissions. We have identified five projects, located in countries in which we operate and sub-sahara Africa to deliver the required carbon credits to offset our remaining emissions. The projects range from investing in wind farms and biogas projects to providing more efficient wood-burning stoves. The projects provide both social and environmental benefits.

Diversity and human rights

Aviva launched its innovative Respect Diversity toolkit, which comprises a variety of learning tools including case studies, interactive games, presentations, research, benchmarking information and an award-winning DVD, *Embracing Diversity*. The toolkit is designed to help HR managers to embed the key principles of diversity and respect around the Aviva world.

We were awarded a global diversity and innovation award at the World Diversity Leaders Summit, hosted by the United Nations Global Compact.

Embedding CSR in the business

Our businesses continually seek ways to embed CSR in their core business activities. This year, for example, Delta Lloyd in the Netherlands launched a new motor product whereby trees are planted for each policy sold to help offset the carbon footprint of the policy. In addition, the premiums from the policies are invested on a sustainable basis. In France, a new home insurance product has been launched which offers discounts to energy-efficient households with carbon neutral household equipment.

Continued focus in 2007 and ongoing

In the remainder of 2007 and looking further ahead our focus will be on:

- Building a higher level of awareness of CSR – through communications and employee engagement tools, such as the annual global employee survey.
- Managing our environmental impacts – with a commitment to set energy reduction targets across the Aviva group.
- Developing the external agenda – continuing to participate in external forums to contribute to developing the external agenda on important CSR issues, such as climate change.
- Further embedding diversity and human rights – through use of the Respect Diversity toolkit.
- Embedding CSR in our business – focusing on CSR education and development of CSR tools for business units.

For further details of Aviva's CSR programme, please visit our latest CSR report at www.aviva.com/csr07

↑ Aviva renews support for breast cancer charity

Aviva is taking the title sponsorship of Breakthrough's new 44-kilometre (27-mile) fundraising event in September. This follows the success of the 2006 Aviva Weekend to Breakthrough Breast Cancer, which raised £5.4 million for breast cancer research and education projects.

The Aviva Walk London to Breakthrough Breast Cancer will be the largest fund-raising event staged by the UK's leading breast cancer charity.

For more information on Aviva Weekend to Breakthrough Breast Cancer visit www.breakthroughwalklondon.org.uk

Employees

Our people are central to our success as a business. We want everyone who works for Aviva to be inspired to deliver great service to our customers, to feel valued for doing so, and to make a difference to Aviva through their feedback. These themes inform our people strategy and the policies and practices that underpin it.

Great employer

We want people, both internally and externally, to recognise Aviva as a great place to work. Key to this is our approach to talent management and leadership skills.

Talent management

The newly designed "Talking Talent" process, that combines an assessment of performance with predictive indicators of potential, has been launched in Australia, India, Aviva Global Services, Ireland and Spain as well as several units within the UK. Our intention is to have launched the process in all our business units by the end of the year. This new process is based upon the belief that everyone we employ has talent. Our aim is to use this talent for the benefit of Aviva, its customers and of course the individuals themselves. This process will also help drive forward our strategy to becoming a global organisation by encouraging the movement of talent between our business units.

Leadership

We aim to create an environment where everyone feels well led at work. Great customer service requires skilled and motivated leaders who lead engaged and effective teams. Therefore, creating a "leaderful" organisation is a priority. We are working with our leaders, through strategic leadership and Leadership Insights Programmes, to help them understand better the impact of their leadership on the people they lead and the things that make a difference to people in the work place.

One Aviva

Driven by the business environment in which we now operate, we have adopted a new business model at the heart of which is the creation of four strong regions – Europe, Asia Pacific, North America and UK - and a small, lean group centre.

This structure means that we shall be better placed to take advantage of market opportunities, improve speed of response, eliminate duplication of effort, deploy talent and encourage the sharing of best practice in the interests of our customers and shareholders. The new structure will help to create the right blend of centrally shared service with local expertise.

At the beginning of the year we welcomed into the group as Aviva Global Services 1,600 people from the Indian business that supports Norwich Union and Aviva Canada customers. On 1 July 2006, we will bring a further 350 people from these operations into our employment.

The focus on our structure has resulted in a reduction of the number of roles in the UK. We will be seeking to minimise the number of compulsory redundancies through voluntary turnover and redeployment. Further details can be found in our Corporate Social Responsibility reports at www.aviva.com/csr.

↑ Norwich Union service improvements

Service Academy, our customer experience development programme, is going from strength to strength. There are now over 700 employees working through the foundation and advanced levels. The academy gives customer-facing employees the opportunity to develop their financial services, product and customer knowledge in a way that is tailored for their specific needs.

Norwich Union's (NU's) academy offers a flexible learning programme that leads to a professional qualification designed by NU and endorsed by the Chartered Insurance Institute. About 80% of the tutorial sessions are delivered online via the employee's workstation, with the remainder through face-to-face workshops.

Results from the academy have been very strong with those participating in the training programme demonstrating an understanding of the financial services industry that is 41% higher than colleagues who have yet to start the programme. The academy aims to chalk up a total of 2,000 enrolments by the end of the year.

For more information on Norwich Union visit
www.norwichunionce.co.uk

Our strategy for the future

is to make sure there is a future.

We've committed to becoming the first insurer to go carbon neutral worldwide.

Summarised consolidated income statement – IFRS basis

For the six months to 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
	Income			
21,331	Premiums written net of reinsurance	**14,505**	13,707	27,234
(349)	Net change in provision for unearned premiums	**(237)**	(222)	93
20,982	Net earned premiums	**14,268**	13,485	27,327
1,351	Fee and commission income	**919**	905	1,870
10,068	Net investment income	**6,846**	2,854	15,473
(118)	Share of (loss)/profit after tax of joint ventures and associates	**(80)**	223	485
(7)	(Loss)/profit on the disposal of subsidiaries and associates	**(5)**	147	222
32,276		**21,948**	17,614	45,377
	Expenses			
(19,569)	Claims and benefits paid, net of recoveries from reinsurers	**(13,307)**	(11,037)	(23,444)
(938)	Change in insurance liabilities, net of reinsurance	**(638)**	98	(2,620)
(3,626)	Change in investment contract provisions	**(2,466)**	(1,826)	(6,002)
40	Change in unallocated divisible surplus	**27**	623	(558)
(3,290)	Fee and commission expense	**(2,237)**	(2,188)	(5,043)
(2,444)	Other expenses	**(1,662)**	(1,540)	(3,557)
(656)	Finance costs	**(446)**	(384)	(830)
(30,483)		**(20,729)**	(16,254)	(42,054)
1,793	**Profit before tax**	**1,219**	1,360	3,323
(31)	Tax attributable to policyholders' returns	**(21)**	(112)	(346)
1,762	**Profit before tax attributable to shareholders' profits**	**1,198**	1,248	2,977
	Tax expense			
(168)	United Kingdom tax	**(114)**	(269)	(479)
(316)	Overseas tax	**(215)**	(162)	(455)
(484)		**(329)**	(431)	(934)
31	Less: tax attributable to policyholders' returns	**21**	112	346
(453)	Tax attributable to shareholders' profits	**(308)**	(319)	(588)
1,309	**Profit for the period**	**890**	929	2,389
	Attributable to:			
1,187	– Equity shareholders of Aviva plc	**807**	856	2,215
122	– Minority interests	**83**	73	174
1,309		**890**	929	2,389

All profit is from continuing operations.

6 months 2007		6 months 2007	6 months 2006	Full year 2006
	Earnings per share – IFRS basis			
45.6c	Basic (pence per share)	**31.0p**	35.3p	87.5p
45.1c	Diluted (pence per share)	**30.7p**	35.0p	86.6p

Subsequent to 30 June 2007, the directors proposed an interim dividend for 2007 of 11.90 pence (interim 2006: 10.82 pence) per ordinary share, amounting to £309 million (interim 2006: £275 million) in total. The dividend will be paid on 16 November 2007 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2007.

During the six months to 30 June 2007 the directors declared a final dividend for 2006 of 19.18 pence per ordinary share (final 2005: 17.44 pence) totalling £492 million (6 months to 30 June 2006: £418 million).

Pro forma reconciliation of Group operating profit to profit before tax – IFRS basis
For the six months to 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
	IFRS operating profit before tax attributable to shareholders' profits			
1,590	Long-term business	**1,081**	710	1,896
112	Fund management	**76**	61	155
824	General insurance and health	**560**	866	1,680
	Other:			
(106)	– Other operations	**(72)**	(11)	(80)
(118)	– Corporate centre	**(80)**	(73)	(160)
(280)	– Group debt costs and other interest	**(190)**	(177)	(381)
2,022	**IFRS operating profit before adjusting items and tax attributable to shareholders' profits**	**1,375**	1,376	3,110
	Adjusted for the following:			
(4)	Impairment of goodwill	**(3)**	–	(94)
(168)	Amortisation of acquired value of in-force business	**(114)**	(33)	(100)
(76)	Amortisation and impairment of intangibles	**(52)**	(19)	(70)
–	Financial Services Compensation Scheme and other levies	**–**	6	6
54	Short-term fluctuation in return on investments backing general insurance and health business	**37**	(205)	149
(7)	(Loss)/profit on the disposal of subsidiaries and associates	**(5)**	147	222
(59)	Integration and restructuring costs	**(40)**	(24)	(246)
1,762	**Profit before tax attributable to shareholders' profits**	**1,198**	1,248	2,977
	Tax attributable to shareholders' profits			
(556)	Operating profit	**(378)**	(370)	(725)
103	Other activities	**70**	51	137
(453)		**(308)**	(319)	(588)
1,309	**Profit for the period**	**890**	929	2,389

6 months 2007		6 months 2007	6 months 2006	Full year 2006
	Earnings per share – IFRS operating profit basis			
51.0c	Basic (pence per share)	**34.7p**	38.5p	86.9p
50.6c	Diluted (pence per share)	**34.4p**	38.1p	86.0p

Consolidated statement of recognised income and expense – IFRS basis
For the six months to 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
509	Fair value gains/(losses) on AFS securities, owner-occupied properties and hedging instruments	**346**	(159)	374
(172)	Fair value gains transferred to profit	**(117)**	(4)	(162)
–	Impairment losses on revalued assets	**–**	–	(2)
12	Share of fair value changes in investments held by joint ventures and associates taken to equity	**8**	–	–
1,097	Actuarial gains/(losses) on pension schemes	**746**	473	(114)
(74)	Foreign exchange rate movements	**(50)**	(10)	(346)
(1)	Aggregate tax effect – policyholder tax	**(1)**	2	–
(337)	Aggregate tax effect – shareholder tax	**(229)**	(106)	(5)
1,034	**Net income recognised directly in equity**	**703**	196	(255)
1,309	Profit for the period	**890**	929	2,389
2,343	**Total recognised income and expense for the period**	**1,593**	1,125	2,134
	Attributable to:			
2,227	Equity shareholders of Aviva plc	**1,514**	1,050	1,978
116	Minority interests	**79**	75	156
2,343		**1,593**	1,125	2,134

Reconciliation of movements in consolidated shareholders' equity – IFRS basis
For the six months to 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
20,991	**Balance at 1 January**	**14,064**	11,092	11,092
2,378	Total recognised income and expense for the period	**1,593**	1,125	2,134
(748)	Dividends and appropriations (note 15)	**(501)**	(427)	(762)
–	Issue of share capital for the acquisition of AmerUs Group Co. net of transaction costs	**–**	–	892
45	Other issues of share capital, net of transaction costs	**30**	47	43
227	Shares issued in lieu of dividends	**152**	77	203
112	Capital contributions from minority shareholders	**75**	35	397
(94)	Minority share of dividends declared in the period	**(63)**	(57)	(75)
211	Minority interest in acquired/disposed subsidiaries	**142**	223	92
36	Reserves credit for equity compensation plans	**24**	5	48
23,158	**Total equity**	**15,516**	12,120	14,064
(2,882)	**Minority interests**	**(1,931)**	(1,404)	(1,698)
20,276	**Balance at 31 December**	**13,585**	10,716	12,366

Summarised consolidated balance sheet – IFRS basis
As at 30 June 2007

6 months 2007 €m		30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
	Assets			
4,346	Goodwill	**2,912**	2,336	2,910
4,233	Acquired value of in-force business and intangible assets	**2,836**	1,004	2,728
3,816	Investments in joint ventures	**2,557**	2,420	2,795
1,330	Investments in associates	**891**	897	895
1,279	Property and equipment	**857**	883	904
23,406	Investment property	**15,682**	14,111	15,123
40,016	Loans	**26,811**	24,479	26,445
	Financial investments			
163,676	– Debt securities	**109,663**	99,451	113,041
87,946	– Equity securities	**58,924**	54,704	56,762
54,503	– Other investments	**36,517**	30,782	33,050
11,690	Reinsurance assets	**7,832**	7,589	7,825
1,142	Deferred tax assets	**765**	655	1,199
400	Current tax assets	**268**	86	344
16,354	Receivables and other financial assets	**10,957**	8,660	8,098
5,864	Deferred acquisition costs and other assets	**3,929**	3,741	3,476
4,139	Prepayments and accrued income	**2,773**	2,993	2,585
22,575	Cash and cash equivalents	**15,125**	15,268	14,542
1,882	Assets of operations classified as held for sale	**1,261**	1,008	–
448,597	**Total assets**	**300,560**	271,067	292,722
	Equity			
966	Ordinary share capital	**647**	604	641
6,693	Capital reserves	**4,484**	4,480	4,460
1,740	Other reserves	**1,166**	1,003	993
9,101	Retained earnings	**6,098**	3,439	5,082
18,500	**Equity attributable to ordinary shareholders of Aviva plc**	**12,395**	9,526	11,176
1,776	Preference share capital and direct capital instrument	**1,190**	1,190	1,190
2,882	Minority interests	**1,931**	1,404	1,698
23,158	**Total equity**	**15,516**	12,120	14,064
	Liabilities			
215,951	Gross insurance liabilities	**144,687**	133,068	144,230
137,464	Gross liabilities for investment contracts	**92,101**	82,856	88,358
14,163	Unallocated divisible surplus	**9,489**	8,235	9,465
5,955	Net asset value attributable to unitholders	**3,990**	3,080	3,810
2,881	Provisions	**1,930**	2,364	2,850
4,497	Deferred tax liabilities	**3,013**	2,323	3,077
1,727	Current tax liabilities	**1,157**	957	1,262
18,203	Borrowings	**12,196**	11,070	12,137
15,855	Payables and other financial liabilities	**10,623**	9,381	9,235
7,176	Other liabilities	**4,808**	4,785	4,234
1,567	Liabilities of operations classified as held for sale	**1,050**	828	–
425,439	**Total liabilities**	**285,044**	258,947	278,658
448,597	**Total equity and liabilities**	**300,560**	271,067	292,722

Approved by the Board on 8 August 2007

Philip Scott, Director

Summarised consolidated cash flow statement – IFRS basis
For the six months to 30 June 2007

The cash flows presented in this statement cover all the Group's activities and include flows from policyholder and shareholder activities.

	6 months 2007				
	Long-term business operations £m	Non-long-term business operations £m	Group £m	6 months 2006 Group £m	Full year 2006 Group £m
Cash flows from operating activities					
Cash generated from operations	**859**	**680**	**1,539**	2,465	2,455
Tax paid	**(232)**	**(68)**	**(300)**	(363)	(595)
Net cash from operating activities	**627**	**612**	**1,239**	2,102	1,860
Cash flows from investing activities:					
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	**(283)**	**(76)**	**(359)**	(205)	(1,889)
Disposal of subsidiaries, joint ventures and associates, net of cash transferred	**256**	**16**	**272**	480	616
Net loans to joint ventures and associates	**184**	**–**	**184**	–	(104)
Purchases of property and equipment	**(13)**	**(59)**	**(72)**	(106)	(295)
Proceeds on sale of property and equipment	**2**	**37**	**39**	25	156
Purchases of intangible assets	**(3)**	**(26)**	**(29)**	(24)	(58)
Net cash from/(used in) investing activities	**143**	**(108)**	**35**	170	(1,574)
Cash flows from financing activities:					
Proceeds from issue of ordinary shares, net of transaction costs	**–**	**30**	**30**	47	935
Net drawdown of borrowings	**27**	**180**	**207**	66	901
Interest paid on borrowings	**(165)**	**(281)**	**(446)**	(384)	(825)
Preference dividends paid	**–**	**(9)**	**(9)**	(9)	(17)
Ordinary dividends paid	**–**	**(340)**	**(340)**	(341)	(490)
Coupon payments on direct capital instrument	**–**	**–**	**–**	–	(52)
Finance lease payments	**–**	**(1)**	**(1)**	(4)	(22)
Capital contributions from minority shareholders	**75**	**–**	**75**	35	304
Dividends paid to minority interests of subsidiaries	**(53)**	**(10)**	**(63)**	(57)	(75)
Non-trading cash flows between operations	**(412)**	**412**	**–**	–	–
Net cash (used in)/from financing activities	**(528)**	**(19)**	**(547)**	(647)	659
Net increase in cash and cash equivalents	**242**	**485**	**727**	1,625	945
Cash and cash equivalents at 1 January	**10,420**	**3,426**	**13,846**	13,067	13,067
Effect of exchange rate changes on cash and cash equivalents	**(13)**	**12**	**(1)**	7	(166)
Cash and cash equivalents at 30 June/31 December	**10,649**	**3,923**	**14,572**	14,699	13,846
Cash and cash equivalents at 30 June/31 December comprised:					
Cash at bank and in hand	**3,215**	**1,602**	**4,817**	3,853	4,087
Cash equivalents	**7,637**	**2,744**	**10,381**	11,532	10,455
	10,852	**4,346**	**15,198**	15,385	14,542
Bank overdrafts	**(203)**	**(423)**	**(626)**	(686)	(696)
	10,649	**3,923**	**14,572**	14,699	13,846

Notes to the consolidated financial statements

1 – Basis of preparation – IFRS

(a) The results for the six months to 30 June 2007 have been prepared on the basis of the accounting policies set out in Aviva plc's 2006 Annual Report and Accounts. The results for the six months to 30 June 2007 and 2006 are unaudited but have been reviewed by the auditor, Ernst & Young LLP. The interim results do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. These interim results do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the Group's annual financial statement at 31 December 2006. The results for the full year 2006 have been taken from the Group's 2006 Annual Report and Accounts. The auditor has reported on the 2006 accounts and the report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The Group's 2006 Report and Accounts have been filed with the Registrar of Companies.

(b) Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are stated in sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in the financial statements are in millions of pounds sterling (£m). As supplementary information, consolidated financial information is also presented in euros.

(c) The results for the six months to 30 June 2007 are presented on a regional basis: United Kingdom, Europe, North America and Asia Pacific.
(i) The UK region includes the UK life and general insurance businesses, all of the business of Morley as well as the results of Aviva Re, the Group's captive reinsurance business;

(ii) Europe incorporates all European operations excluding the UK as set out above;

(iii) North America is made up of our life business in the United States and general insurance and fund management businesses in Canada; and

(iv) Asia Pacific includes all our Asian and Australian businesses.

2 – Exchange rates

The Group's principal overseas operations during the year were located within the Eurozone and the United States.

The euro rates employed in this announcement are an average rate of €1 = £0.68 (6 months to 30 June 2006: €1= £0.68; full year 2006: €1 = £0.68) and a closing rate of €1 = £0.67 (30 June 2006: €1 = £0.69; 31 December 2006: €1 = £0.67).

The US dollar rates used for translation are an average of £1 = US$1.97 (6 months to 30 June 2006: £1 = US$1.79; full year 2006: £1 = US$1.84) and a closing rate of £1 = US$1.99 (30 June 2006: £1 = US$1.82; 31 December 2006: £1 = US$1.96).

3 – Acquisitions

(a) Erasmus Group

On 26 March 2007, the Group's Dutch subsidiary, Delta Lloyd, acquired 100% of the shares in Erasmus Groep BV (Erasmus) in the Netherlands. Erasmus writes both general insurance and long-term business, and the acquisition will further strengthen Delta Lloyd's position in the Dutch insurance market.

The Erasmus acquisition has given rise to goodwill on acquisition of £5 million, calculated as follows:

Purchase cost:

	£m
Cash paid	**47**
Attributable costs	**1**
Total consideration	**48**

The assets and liabilities at the date of acquisition were:

	Book value £m	Fair value and accounting policy adjustments £m	Fair value £m
Assets			
Acquired value of in-force business on insurance contracts	**–**	**13**	**13**
Intangible assets	**2**	**(1)**	**1**
Investments	**627**	**23**	**650**
Other assets	**122**	**–**	**122**
Total assets	**751**	**35**	**786**
Liabilities			
Gross insurance liabilities	**(674)**	**(20)**	**(694)**
Other liabilities	**(41)**	**(8)**	**(49)**
Total liabilities	**(715)**	**(28)**	**(743)**
Total net assets acquired	**36**	**7**	**43**
Goodwill arising on acquisition			**5**

The assets and liabilities as at the acquisition date in the table above are stated as provisional values and may be amended in the Group's full year financial statements in accordance with paragraph 62 of IFRS 3, *Business Combinations.*

Notes to the consolidated financial statements continued

3 – Acquisitions continued

As disclosed in the EEV section on page 74, the embedded value of the long-term business acquired was £42 million, representing the net assets adjusted for other intangibles net of tax.

(b) Bancassurance partnership with Cajamurcia

On 6 June 2007, the Group announced that it had entered into a long-term bancassurance agreement with Spanish savings bank Caja de Ahorros de Murcia (Cajamurcia) that will enhance the Group's leading position in the Spanish life market. Cajamurcia will provide exclusive access to its network of branches to Cajamurcia Vida y Pensiones SA (Cajamurcia Vida), the newly-created life insurance company jointly-owned by the Group and Cajamurcia, to sell insurance and pension products. Regulatory approval to write new business is currently awaited for the new company.

On signing the agreement, the Group acquired 5% of the share capital of Cajamurcia Vida and Cajamurcia granted the Group a call option over a further 45% of the shares in this company which may be exercised within five days from 14 March 2008. If it does not exercise this option during this period, the Group has granted a call option over its 5% holding to Cajamurcia.

The Group paid £8 million for the initial 5% holding on completion on 6 June 2007 and has had management control over Cajamurcia Vida since that time. The Group has therefore consolidated its results and balance sheet since that date. Further consideration of £69 million would be payable on exercising the option, with additional amounts of up to £187 million payable, dependent on the performance of the new company.

The acquisition of the initial 5% shareholding has given rise to goodwill on acquisition of £2 million, calculated as follows:

Purchase cost:

	£m
Cash paid	**8**
Attributable costs	**1**
Total consideration	**9**

The book and fair values of the assets and liabilities at the date of acquisition were:

	£m
Assets	
Intangible assets	**201**
Other assets	**6**
Total assets	**207**
Liabilities	
Deferred tax on acquired assets	**(60)**
Total liabilities	**(60)**
Total net assets	**147**
Net assets acquired (initial 5% share)	**7**
Goodwill arising on acquisition of this holding	**2**

In view of the recent completion date, the assets and liabilities as at the acquisition date in the table above are stated as provisional values, and may be amended in the Group's full year financial statements in accordance with paragraph 62 of IFRS 3, *Business Combinations*.

The value of the agreement to distribute through Cajamurcia's branch network has been identified as a separate intangible asset with a value of £201 million, using estimated post-tax cash flows and discount rates.

(c) Non-adjusting post-balance sheet event

On 8 June 2007, the Group announced that it was entering the Malaysian long-term savings market through a joint venture with the CIMB Group, listed on Malaysia's stock exchange as Bumiputra-Commerce Holdings Berhad. Under the agreement, the Group will acquire a 49% interest in two of CIMB Group's subsidiaries, Commerce Life Assurance Berhad (Commerce Life) and Commerce Takaful Berhad (Commerce Takaful), for a total cash consideration of £74 million. The terms of the joint venture agreement have been agreed by Bank Negara, Malaysia's financial services regulator. In addition, Commerce Life and Commerce Takaful will enter into exclusive bancassurance agreements with CIMB Group's subsidiary, CIMB Bank, for the distribution of life and takaful insurance products through the bank's branches. Formal signing of agreements and completion took place on 2 July 2007.

4 – (Loss)/profit on the disposal of subsidiaries and associates

The (loss)/profit on the disposal of subsidiaries, joint ventures and associates comprises:

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
United Kingdom (see below)	**(7)**	66	69
Ireland	**–**	87	86
France	**–**	–	79
Other small operations	**2**	(6)	(12)
(Loss)/profit on disposal before tax	**(5)**	147	222
Tax on (loss)/profit on disposal	**3**	(11)	13
(Loss)/profit on disposal after tax	**(2)**	136	235

In June 2007, the Group sold its holdings in its associate, The British Aviation Insurance Company Limited, to Berkshire Hathaway for £15 million, resulting in a loss on disposal of £7 million.

5 – Integration and restructuring costs

£40 million of integration and restructuring costs have been included in the results to 30 June 2007 (30 June 2006: £24 million; 31 December 2006: £246 million). £31 million relates to Norwich Union's restructuring to reduce duplication and improve efficiency. Other costs are attributable to activity to integrate Ark Life in Ireland and AmerUs in the US. Both businesses were acquired in 2006.

6 – Operations classified as held for sale

The assets and liabilities of operations classified as held for sale as at 30 June 2007 were as follows:

	30 June 2007 £m	30 June 2006 £m	Full year 2006 £m
Investments and property and equipment	**52**	354	–
Receivables and other financial assets	**1,062**	506	–
Deferred acquisition costs and other assets	**74**	31	–
Cash and cash equivalents	**73**	117	–
Total assets	**1,261**	1,008	–
Gross insurance liabilities	**(871)**	(682)	–
Payables and financial liabilities	**(68)**	(48)	–
Other liabilities	**(111)**	(98)	–
Total liabilities	**(1,050)**	(828)	–
Net assets	**211**	180	–

The RAC non-core businesses that were held for sale at 30 June 2006 were disposed of during the second half of that year.

(a) Turkish life business

On 8 June 2007, Aviva announced that it had signed an agreement with Aksigorta A.Ş (Aksigorta), the insurance company of the Sabancı Holding Group, to form a new Turkish life and pensions company. Under the terms of the agreement, Aviva's Turkish life and pensions business, Aviva Hayat ve Emeklilik A.Ş (Aviva HE) will merge with Ak Emeklilik A.Ş (Ak E), Aksigorta's life and pensions business. The joint venture will enter into an exclusive long-term bancassurance agreement with Akbank TAŞ Turkey's second-largest privately-owned bank. The transaction is subject to regulatory approval and is expected to complete in the fourth quarter of 2007.

Aviva and Sabancı will jointly control the joint venture through equal shareholdings. As a result, the relevant assets and liabilities of Aviva HE have been classified as held for sale, at their carrying values, in the consolidated balance sheet as at 30 June 2007.

(b) Dutch health insurance business

On 16 July 2007, the Group announced that its Dutch subsidiary, Delta Lloyd Group (DL), had reached an agreement to sell its health insurance business to OWM CZ Groep Zorgverkeraar UA (CZ), a mutual health insurer, and create a long-term alliance for the cross-selling of insurance products. Under the terms of the agreement, CZ will purchase the DL health insurance business and take on its underwriting risk and policy administration. DL will continue to market and distribute health insurance products from CZ to its existing customers, and to provide asset management for the transferred business. DL will also have exclusive rights to market life, general insurance and income protection products to CZ's customers. The transaction is expected to take effect on 1 January 2008, subject to regulatory, competition and other relevant approvals.

The relevant assets and liabilities of the DL health insurance business have been classified as held for sale, at their carrying values, in the consolidated balance sheet as at 30 June 2007.

On an EEV basis, assets held for sale include the value of internally-generated in-force business of £36 million in Turkey. Total assets in the consolidated balance sheet on an EEV basis for the Turkish and Dutch businesses held for sale are therefore £1,297 million.

Notes to the consolidated financial statements continued

7 – Geographical analysis of long-term business IFRS operating profit

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
With-profit	**85**	68	147
Non-profit	**218**	145	536
United Kingdom	**303**	213	683
France	**138**	116	273
Ireland	**40**	31	60
Italy	**41**	28	79
Netherlands (including Belgium and Germany)	**254**	225	458
Poland	**60**	56	108
Spain	**63**	48	126
Other Europe	**(14)**	(7)	(16)
Europe	**582**	497	1,088
North America	**165**	(15)	71
Asia	**5**	(3)	10
Australia	**26**	18	44
Asia Pacific	**31**	15	54
Total	**1,081**	710	1,896

8 – Geographical analysis of fund management operating profit

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
UK business	**33**	23	62
International business	**8**	8	14
Morley	**41**	31	76
The Royal Bank of Scotland Group	**(4)**	(4)	(7)
Norwich Union investment funds	**–**	(1)	1
United Kingdom	**37**	26	70
France	**16**	16	33
Netherlands	**11**	13	37
Other Europe	**2**	1	3
Europe	**29**	30	73
North America	**1**	1	3
Asia Pacific	**9**	4	9
Total	**76**	61	155

9 – Geographical analysis of general insurance and health

(a) Operating result

	Operating profit			Underwriting result		
	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
United Kingdom[1]	**284**	566	1,112	**(46)**	222	388
France	**31**	27	63	**–**	(1)	6
Ireland	**80**	88	172	**53**	63	121
Netherlands	**70**	80	139	**29**	34	50
Other	**22**	19	43	**6**	3	12
Europe	**203**	214	417	**88**	99	189
North America	**70**	85	148	**5**	24	27
Asia Pacific	**3**	1	3	**2**	1	3
Total	**560**	866	1,680	**49**	346	607
Analysed by:						
General insurance	**574**	862	1,652	**92**	373	639
Health	**(14)**	4	28	**(43)**	(27)	(32)
Total	**560**	866	1,680	**49**	346	607

1. The United Kingdom includes the operating profit of Aviva Re, previously shown in the "International" segment which no longer exists. Comparatives have been restated accordingly.

(b) Investment return information

	Actual investment return credited to income			Longer-term investment return		
	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
United Kingdom	**302**	294	651	**330**	344	724
France	**17**	17	35	**31**	28	57
Ireland	**23**	22	41	**27**	25	51
Netherlands	**37**	37	72	**41**	46	89
Other	**10**	9	17	**16**	16	31
Europe	**87**	85	165	**115**	115	228
North America	**55**	50	98	**65**	61	121
Asia Pacific	**–**	–	1	**1**	–	–
Total longer-term investment return				**511**	520	1,073
Total actual investment income	**444**	429	915			
Realised gains	**160**	110	281			
Unrealised (losses)/gains	**(56)**	(224)	26			
Total actual investment return	**548**	315	1,222			

The total short-term favourable fluctuation in investment return of £37 million (six months 30 June 2006: £205 million adverse; full year 2006: £149 million favourable) is the difference between the total actual investment return of £548 million (six months 30 June 2006: £315 million; full year 2006: £1,222 million) and the total longer-term investment return of £511 million (six months 30 June 2006: £520 million; full year 2006: £1,073 million).

Actual income and longer-term investment return both contain the amortisation of the discount/premium arising on the acquisition of fixed income securities.

The longer-term investment return is calculated separately for each principal general insurance and health business unit. In respect of equities and properties, the return is calculated by multiplying the opening market value of the investments, adjusted for sales and purchases during the period, by the longer-term rate of investment return. The longer-term rate of investment return is determined using consistent assumptions between operations, having regard to local economic and market forecasts of investment return. The allocated longer-term return for other investments is the actual income receivable for the period.

The Group has calculated the longer-term investment return for its general insurance and health business using the same start of year economic assumptions for equities and properties as those used for EEV reporting as shown on page 78 of this report.

Notes to the consolidated financial statements continued

9 – Geographical analysis of general insurance and health continued

The principal assumptions underlying the calculation of the longer-term investment return are:

	Longer-term rates of return Equities		Longer-term rates of return Properties	
	2007 %	2006 %	2007 %	2006 %
United Kingdom	**7.6%**	7.1%	**6.6%**	6.1%
France	**7.0%**	6.3%	**6.0%**	5.3%
Ireland	**7.0%**	6.3%	**6.0%**	5.3%
Netherlands	**7.0%**	6.3%	**6.0%**	5.3%
Canada	**7.1%**	7.0%	**6.1%**	6.0%

The table below shows the sensitivity of the Group's general insurance and health operating profit before tax to changes in the longer-term rates of return:

Movement in investment return for	By	Change in	6 months 2007 £m By	6 months 2006 £m By
Equities	1% higher/lower	Group operating profit	**32**	31
Properties	1% higher/lower	Group operating profit	**3**	3

10 – Analysis of other operations' operating result

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
RAC	**6**	20	45
UK Life			
– Norwich Union Life Services	**(20)**	(42)	(50)
– Lifetime and SIPP	**(18)**	(6)	(29)
Other	**(40)**	17	(46)
Total	**(72)**	(11)	(80)

11 – Corporate Centre

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Staff profit share and other incentive schemes	**(12)**	(7)	(17)
Central costs	**(68)**	(66)	(143)
Total	**(80)**	(73)	(160)

12 – Group debt costs and other interest

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
External			
– Subordinated debt	**(88)**	(84)	(169)
– Other	**(41)**	(25)	(61)
Internal	**(93)**	(106)	(228)
Net finance income on pension schemes	**32**	38	77
Total	**(190)**	(177)	(381)

13 – Tax

(a) Tax charged to the income statement

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Current tax:			
– For the period	**329**	417	1,022
– Prior year adjustments	**(77)**	(118)	(287)
Total current tax	**252**	299	735
Deferred tax:			
– Origination and reversal of temporary differences	**145**	132	221
– Changes in tax rates or tax laws	**(99)**	–	(7)
– Write down of deferred tax assets	**31**	–	(15)
Total deferred tax	**77**	132	199
Total tax charged to income statement	**329**	431	934
Analysed between:			
– Tax charge attributable to policyholders' returns	**21**	112	346
– Tax charge on IFRS operating profit before tax attributable to shareholders' profits from continuing operations	**378**	370	725
– Tax credit on profit on other activities	**(70)**	(51)	(137)
	329	431	934

The Group, as a proxy for policyholders in the UK, Ireland and Australia, is required to record taxes on investment income and gains each year. Accordingly, the tax benefit or expense attributable to UK, Irish and Australian life insurance policyholder returns is included in the tax charge.

(b) Tax charged to equity

(i) The total tax charge/(credit) comprises:

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Current tax credit	**(1)**	–	(9)
Deferred tax charge	**231**	104	14
Total tax charged to equity	**230**	104	5

(ii) The tax expense attributable to policyholders' returns included in the charge above is £1 million (six months to 30 June 2006: £2 million credit; full year 2006: £nil).

(c) Tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Profit before tax	**1,219**	1,360	3,323
Tax calculated at standard UK corporation tax rate of 30% (2006: 30%)	**366**	408	997
Different basis of tax for UK life insurance	**–**	78	209
Adjustment to tax charge in respect of prior years	**(77)**	(125)	(287)
Non-assessable dividends	**(61)**	(26)	(55)
Non-taxable profit on sale of subsidiaries and associates	**(2)**	(33)	(80)
Disallowable expenses	**17**	24	46
Different local basis of tax on overseas profits	**53**	204	201
Reduction in future UK tax rate (net of movement in unallocated divisible surplus)	**(69)**	–	–
Deferred tax valuation difference	**108**	(91)	(60)
Other	**(6)**	(8)	(37)
Tax charged to the income statement	**329**	431	934

Notes to the consolidated financial statements continued

14 – Earnings per share

(a) Basic earnings per share

(i) The profit attributable to ordinary shareholders is:

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Profit for the period	**890**	929	2,389
Amount attributable to minority interests	**(83)**	(73)	(174)
Cumulative preference dividends for the period	**(9)**	(9)	(17)
Coupon payments on direct capital instrument net of tax	**–**	–	(37)
Profit attributable to ordinary shareholders	**798**	847	2,161

(ii) Basic earnings per share is calculated as follows:

	6 months 2007			6 months 2006			Full year 2006		
	Before tax £m	Net of tax, minorities and preference dividends and DCI appropriation £m	Per share p	Before tax £m	Net of tax, minorities and preference dividends and DCI appropriation £m	Per share p	Before tax £m	Net of tax, minorities and preference dividends and DCI appropriation £m	Per share p
Operating profit attributable to ordinary shareholders	**1,375**	**893**	**34.7**	1,376	924	38.5	3,110	2,146	86.9
Adjusted for the following:									
– Impairment of goodwill	**(3)**	**(3)**	**(0.1)**	–	–	–	(94)	(94)	(3.8)
– Amortisation and net impairment of acquired value of in-force business	**(114)**	**(82)**	**(3.2)**	(33)	(33)	(1.4)	(100)	(83)	(3.4)
– Amortisation and net impairment of intangibles	**(52)**	**(34)**	**(1.3)**	(19)	(16)	(0.7)	(70)	(48)	(1.9)
– Financial Services Compensation Scheme and other levies	**–**	**–**	**–**	6	4	0.2	6	4	0.2
– Short-term fluctuation on return on investments backing general insurance and health business	**37**	**53**	**2.1**	(205)	(147)	(6.1)	149	189	7.7
– (Loss)/profit on the disposal of subsidiaries and associates	**(5)**	**(2)**	**(0.1)**	147	136	5.7	222	235	9.5
– Integration and restructuring costs	**(40)**	**(27)**	**(1.1)**	(24)	(21)	(0.9)	(246)	(188)	(7.7)
Profit attributable to ordinary shareholders	**1,198**	**798**	**31.0**	1,248	847	35.3	2,977	2,161	87.5

Earnings per share has been calculated based on the operating profit before impairment of goodwill and other non-operating items, after tax, attributable to ordinary shareholders, as well as on the profit attributable to ordinary shareholders. The directors believe the former earnings per share figures provide a better indication of operating performance.

The calculation of basic earnings per share uses a weighted average of 2,571 million (six months 30 June 2006: 2,401 million; full year 2006: 2,469 million) ordinary shares in issue, after deducting shares owned by the employee share trusts. The actual number of shares in issue at 30 June 2007 was 2,595 million (30 June 2006: 2,415 million; 31 December 2006: 2,566 million).

14 – Earnings per share continued
(b) Diluted earnings per share
Diluted earnings per share is calculated as follows:

	6 months 2007			6 months 2006			Full year 2006		
	Total £m	Weighted average number of shares m	Per share p	Total £m	Weighted average number of shares m	Per share p	Total £m	Weighted average number of shares m	Per share p
Profit attributable to ordinary shareholders	**798**	**2,571**	**31.0**	847	2,401	35.3	2,161	2,469	87.5
Dilutive effect of share awards and options	**–**	**27**	**(0.3)**	–	22	(0.3)	–	27	(0.9)
Diluted earnings per share	**798**	**2,598**	**30.7**	847	2,423	35.0	2,161	2,496	86.6

Diluted earnings per share on an operating profit attributable to ordinary shareholders is 34.4 pence (six months 30 June 2006: 38.1 pence; full year 2006: 86.0 pence).

15 – Dividends and appropriations

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Ordinary dividends declared and charged to equity in the year			
Final 2005 – 17.44 pence per share, paid on 17 May 2006	**–**	418	418
Interim 2006 – 10.82 pence per share, paid on 17 November 2006	**–**	–	275
Final 2006 – 19.18 pence per share, paid on 18 May 2007	**492**	–	–
	492	418	693
Preference dividends declared and charged to equity in the year	**9**	9	17
Coupon payments on direct capital instrument – gross of tax	**–**	–	52
	501	427	762

Subsequent to 30 June 2007, the directors proposed an interim dividend for 2007 of 11.90 pence per ordinary share (six months 30 June 2006; 10.82 pence), amounting to £309 million (six months 30 June 2006: £275 million) in total. The dividend will be paid on 16 November 2007 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2007.

Interest on the direct capital instrument issued in November 2004 is treated as an appropriation of retained profits and, accordingly, it is accounted for when paid. Tax relief will be obtained at a rate of 30%.

Irish shareholders who are due to be paid a dividend denominated in euros will receive a payment at the exchange rate prevailing on 8 August 2007.

16 – Segmental information
(a) Segmental results – primary reporting format – business segments
The principal activity of the Group is financial services, which is managed using the following reportable segments: long-term business; fund management; general insurance and health.

Long-term business
Our long-term business comprises life insurance, long-term health and accident insurance, savings, pensions and annuity business written by our life insurance subsidiaries including managed pension fund business and our share of the other life and related business written in our associates and joint ventures, as well as the Lifetime mortgage business written in the United Kingdom.

Fund management activities
Our fund management business invests policyholders' and shareholders' funds, provides investment management services for institutional pension fund mandates and manages a range of retail investment products, including investment funds, unit trusts, OEICs and ISAs. Clients include Aviva group businesses and third-party financial institutions, pension funds, public sector organisations, investment professionals and private investors.

General insurance and health
Our general insurance and health business provides insurance cover to individuals and to small and medium-sized businesses, for risks associated mainly with motor vehicles, property and liability, such as employers' liability and professional indemnity liability, and medical expenses.

Notes to the consolidated financial statements continued

16 – Segmental information continued

Other

Other activities not related to the core business segments or which are not reportable segments due to their immateriality, such as the RAC non-insurance operations, our banking businesses and service companies are included as "Other" in the following tables. Head office expenses, such as Group treasury and finance functions are also reported as "Other", together with eliminations and any other reconciling items. Certain financing costs and taxes are not allocated among the segments.

The accounting policies of the segments are the same as those for the Group as a whole. Any transactions between the business segments are on normal commercial terms and market conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding items such as tax and certain borrowings.

(b) Segmental results of the income statement – primary reporting format – business segments for the six months ended 30 June 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment income from external customers:					
– Net written premiums	**9,007**	**–**	**5,498**	**–**	**14,505**
– Net change in provision for unearned premiums	**–**	**–**	**(237)**	**–**	**(237)**
Net earned premiums	**9,007**	**–**	**5,261**	**–**	**14,268**
Fee and commission income	**382**	**228**	**89**	**220**	**919**
	9,389	**228**	**5,350**	**220**	**15,187**
Net investment income	**6,098**	**11**	**538**	**199**	**6,846**
Inter-segment revenue	**–**	**74**	**–**	**–**	**74**
(Loss)/profit on the disposal of subsidiaries and associates	**–**	**–**	**(7)**	**2**	**(5)**
Segment income	**15,487**	**313**	**5,881**	**421**	**22,102**
Claims and benefits paid, net of recoveries from reinsurers	**(9,690)**	**–**	**(3,617)**	**–**	**(13,307)**
Change in insurance liabilities, net of reinsurance	**(708)**	**–**	**70**	**–**	**(638)**
Change in investment contract provisions	**(2,466)**	**–**	**–**	**–**	**(2,466)**
Change in unallocated divisible surplus	**27**	**–**	**–**	**–**	**27**
Fee and commission expense	**(704)**	**(64)**	**(1,437)**	**(32)**	**(2,237)**
Other operating expenses:					
– Depreciation	**(5)**	**(1)**	**(4)**	**(41)**	**(51)**
– Amortisation of acquired value of in-force business	**(108)**	**–**	**–**	**–**	**(108)**
– Amortisation and net impairment of intangible assets	**(31)**	**(2)**	**(11)**	**(8)**	**(52)**
– Impairment of goodwill	**–**	**(3)**	**–**	**–**	**(3)**
– Other impairment losses recognised in the income statement	**(19)**	**–**	**–**	**(2)**	**(21)**
– Inter-segment expense	**(70)**	**–**	**(4)**	**–**	**(74)**
– Other expenses	**(521)**	**(168)**	**(330)**	**(408)**	**(1,427)**
Finance costs	**(165)**	**–**	**–**	**(152)**	**(317)**
Segment expenses	**(14,460)**	**(238)**	**(5,333)**	**(643)**	**(20,674)**
Segment result before share of profit/(loss) of joint ventures and associates	**1,027**	**75**	**548**	**(222)**	**1,428**
Share of profit/(loss) of joint ventures and associates	**(78)**	**(4)**	**3**	**(1)**	**(80)**
Segmental result before tax	**949**	**71**	**551**	**(223)**	**1,348**
Unallocated costs:					
– Finance costs on central borrowings					**(129)**
– Tax attributable to policyholders' returns					**(21)**
– Tax attributable to shareholders' profits					**(308)**
Total unallocated expenses					**(458)**
Profit for the period					**890**

Finance costs on central borrowings comprise interest payable on borrowings by holding companies within the Group which are not allocated to operating companies.

16 – Segmental information continued

Pro forma reconciliation to operating profit before tax attributable to shareholders' profits

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment result before tax	**949**	**71**	**551**	**(223)**	**1,348**
Finance costs on central borrowings	**–**	**–**	**(1)**	**(128)**	**(129)**
Adjusted for the following items:					
– Impairment of goodwill	**–**	**3**	**–**	**–**	**3**
– Amortisation and impairment of acquired value of in-force business	**114**	**–**	**–**	**–**	**114**
– Amortisation and impairment of intangible assets	**31**	**2**	**11**	**8**	**52**
– Short-term fluctuation in return on investments backing general insurance and health business	**–**	**–**	**(37)**	**–**	**(37)**
– Loss/(profit) on the disposal of subsidiaries and associates	**–**	**–**	**7**	**(2)**	**5**
– Integration and restructuring costs	**8**	**–**	**26**	**6**	**40**
– Group debt costs, other interest and corporate centre reallocation	**–**	**–**	**3**	**(3)**	**–**
	1,102	**76**	**560**	**(342)**	**1,396**
Less:					
Tax attributable to policyholders' returns	**(21)**	**–**	**–**	**–**	**(21)**
Operating profit before tax attributable to shareholders' profits	**1,081**	**76**	**560**	**(342)**	**1,375**

Notes to the consolidated financial statements continued

16 – Segmental information continued

(c) Segmental results of the income statement – primary reporting format – business segments for the six months ended 30 June 2006

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment income from external customers:					
– Net written premiums	8,057	–	5,650	–	13,707
– Net change in provision for unearned premiums	–	–	(222)	–	(222)
Net earned premiums	8,057	–	5,428	–	13,485
Fee and commission income	318	170	87	330	905
	8,375	170	5,515	330	14,390
Net investment income	2,383	6	349	116	2,854
Inter-segment revenue	–	85	–	–	85
(Loss)/profit on the disposal of subsidiaries and associates	(3)	–	90	60	147
Segment income	10,755	261	5,954	506	17,476
Claims and benefits paid, net of recoveries from reinsurers	(7,659)	–	(3,378)	–	(11,037)
Change in insurance liabilities, net of reinsurance	197	–	(99)	–	98
Change in investment contract provisions	(1,826)	–	–	–	(1,826)
Change in unallocated divisible surplus	623	–	–	–	623
Fee and commission expense	(788)	(50)	(1,337)	(13)	(2,188)
Other operating expenses:					
– Depreciation	(7)	(2)	(11)	(41)	(61)
– Amortisation of acquired value of in-force business	(16)	–	–	–	(16)
– Net impairment of acquired value of in-force business	(10)	–	–	–	(10)
– Amortisation and net impairment of intangible assets	(9)	–	(6)	(4)	(19)
– Inter-segment expense	(69)	–	(4)	(12)	(85)
– Other expenses	(505)	(144)	(364)	(421)	(1,434)
Finance costs	(126)	–	(3)	(146)	(275)
Segment expenses	(10,195)	(196)	(5,202)	(637)	(16,230)
Segment result before share of profit/(loss) of joint ventures and associates	560	65	752	(131)	1,246
Share of profit/(loss) of joint ventures and associates	213	(4)	–	14	223
Segmental result before tax	773	61	752	(117)	1,469
Unallocated costs:					
– Finance costs on central borrowings					(109)
– Tax attributable to policyholders' returns					(112)
– Tax attributable to shareholders' profits					(319)
Total unallocated costs					(540)
Profit for the period					929

Finance costs on central borrowings comprise interest payable on borrowings by holding companies within the Group which are not allocated to operating companies.

16 – Segmental information continued

Pro forma reconciliation to operating profit before tax attributable to shareholders' profits

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment result before tax	773	61	752	(117)	1,469
Finance costs on central borrowings	–	–	–	(109)	(109)
Adjusted for the following items:					
– Amortisation and impairment of acquired value of in-force business	33	–	–	–	33
– Amortisation and impairment of intangible assets	9	–	6	4	19
– Short-term fluctuation in return on investments backing general insurance and health business	–	–	205	–	205
– Loss/(profit) on the disposal of subsidiaries and associates	3	–	(90)	(60)	(147)
– Financial Services Compensation Scheme levy	–	–	(6)	–	(6)
– Integration and restructuring costs	3	–	2	19	24
– Group debt costs, other interest and corporate centre reallocation	1	–	(3)	2	–
	822	61	866	(261)	1,488
Less:					
Tax attributable to policyholders' returns	(112)	–	–	–	(112)
Operating profit before tax attributable to shareholders' profits	710	61	866	(261)	1,376

Notes to the consolidated financial statements continued

16 – Segmental information continued

(d) Segmental results of the income statement – primary reporting format – business segments for the year ended 31 December 2006

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment income from external customers:					
– Net written premiums	16,532	–	10,702	–	27,234
– Net change in provision for unearned premiums	–	–	93	–	93
Net earned premiums	16,532	–	10,795	–	27,327
Fee and commission income	630	452	172	616	1,870
	17,162	452	10,967	616	29,197
Net investment income	13,928	17	1,299	229	15,473
Inter-segment revenue	–	199	–	–	199
Profit on the disposal of subsidiaries and associates	12	–	88	122	222
Segment income	31,102	668	12,354	967	45,091
Claims and benefits paid, net of recoveries from reinsurers	(16,523)	–	(6,921)	–	(23,444)
Change in insurance liabilities, net of reinsurance	(2,594)	–	(26)	–	(2,620)
Change in investment contract provisions	(6,002)	–	–	–	(6,002)
Change in unallocated divisible surplus	(558)	–	–	–	(558)
Fee and commission expense	(2,125)	(111)	(2,742)	(65)	(5,043)
Other operating expenses:					
– Depreciation	(12)	(3)	(19)	(89)	(123)
– Amortisation of acquired value of in-force business	(58)	–	–	–	(58)
– Net impairment of acquired value of in-force business	(28)	–	–	–	(28)
– Amortisation and net impairment of intangible assets	(32)	(1)	(18)	(19)	(70)
– Impairment of goodwill	–	–	–	(94)	(94)
– Other impairment losses recognised in the income statement	6	–	(5)	(1)	–
– Inter-segment expense	(190)	–	(8)	(1)	(199)
– Other expenses	(990)	(392)	(806)	(996)	(3,184)
Finance costs	(367)	–	(3)	(230)	(600)
Segment expenses	(29,473)	(507)	(10,548)	(1,495)	(42,023)
Segment result before share of profit/(loss) of joint ventures and associates	1,629	161	1,806	(528)	3,068
Share of profit/(loss) of joint ventures and associates	471	(7)	5	16	485
Segmental result before tax	2,100	154	1,811	(512)	3,553
Unallocated costs:					
– Finance costs on central borrowings					(230)
– Tax attributable to policyholders' returns					(346)
– Tax attributable to shareholders' profits					(588)
Total unallocated costs					(1,164)
Profit for the period					2,389

Finance costs on central borrowings comprise interest payable on borrowings by holding companies within the Group which are not allocated to operating companies.

16 – Segmental information continued

Pro forma reconciliation to operating profit before tax attributable to shareholders' profits

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Segment result before tax	2,100	154	1,811	(512)	3,553
Finance costs on central borrowings	–	–	(2)	(228)	(230)
Adjusted for the following items:					
– Impairment of goodwill	–	–	–	94	94
– Amortisation and impairment of acquired value of in-force business	100	–	–	–	100
– Amortisation and impairment of intangible assets	32	1	18	19	70
– Financial Services Compensation Scheme levy	–	–	(6)	–	(6)
– Short-term fluctuation in return on assets backing general insurance and health business	–	–	(149)	–	(149)
– Profit on the disposal of subsidiaries and associates	(12)	–	(88)	(122)	(222)
– Integration and restructuring costs	21	–	95	130	246
– Group debt costs, other interest and corporate centre reallocation	1	–	1	(2)	–
	2,242	155	1,680	(621)	3,456
Less:					
Tax attributable to policyholders' returns	(346)	–	–	–	(346)
Operating profit before tax attributable to shareholders' profits	1,896	155	1,680	(621)	3,110

(e) Segmental balance sheet – primary reporting format – business segments as at 30 June 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Goodwill	**1,309**	**6**	**398**	**1,199**	**2,912**
Acquired value of in-force business and intangible assets	**2,404**	**16**	**276**	**140**	**2,836**
Investments in joint ventures and associates	**3,304**	**49**	**–**	**95**	**3,448**
Property and equipment	**396**	**6**	**65**	**390**	**857**
Investment property	**15,317**	**–**	**340**	**25**	**15,682**
Loans	**18,929**	**–**	**685**	**7,197**	**26,811**
Financial investments					
– Debt securities	**100,062**	**3**	**7,532**	**2,066**	**109,663**
– Equity securities	**55,151**	**32**	**2,745**	**996**	**58,924**
– Other investments	**35,822**	**8**	**474**	**213**	**36,517**
Other assets	**28,187**	**500**	**11,642**	**1,548**	**41,877**
Segment assets	**260,881**	**620**	**24,157**	**13,869**	**299,527**
Unallocated assets – tax assets					**1,033**
Total assets					**300,560**
Insurance liabilities	**126,943**	**–**	**17,744**	**–**	**144,687**
Liability for investment contracts	**92,101**	**–**	**–**	**–**	**92,101**
Unallocated divisible surplus	**9,489**	**–**	**–**	**–**	**9,489**
Net asset value attributable to unitholders	**3,935**	**5**	**50**	**–**	**3,990**
External borrowings	**3,797**	**–**	**11**	**4,182**	**7,990**
Other liabilities, including inter-segment liabilities	**9,146**	**280**	**351**	**8,634**	**18,411**
Segment liabilities	**245,411**	**285**	**18,156**	**12,816**	**276,668**
Unallocated liabilities					
– Central borrowings					**4,206**
– Tax liabilities					**4,170**
Total liabilities					**285,044**
Total equity					**15,516**
Total equity and liabilities					**300,560**

Central borrowings are borrowings by holding companies within the Group which are not allocated to operating companies.

Notes to the consolidated financial statements continued

16 – Segmental information continued

(f) Segmental balance sheet – primary reporting format – business segments as at 30 June 2006

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Goodwill	661	8	400	1,267	2,336
Acquired value of in-force business and intangible assets	590	19	286	109	1,004
Investments in joint ventures and associates	3,138	45	39	95	3,317
Property and equipment	386	3	126	368	883
Investment property	13,725	–	348	38	14,111
Loans	17,720	–	637	6,122	24,479
Financial investments					
– Debt securities	89,195	1	7,776	2,479	99,451
– Equity securities	50,852	12	2,810	1,030	54,704
– Other investments	30,262	7	451	62	30,782
Other assets	24,871	445	11,163	2,780	39,259
Segment assets	231,400	540	24,036	14,350	270,326
Unallocated assets – tax assets					741
Total assets					271,067
Insurance liabilities	114,934	–	18,134	–	133,068
Liability for investment contracts	82,856	–	–	–	82,856
Unallocated divisible surplus	8,235	–	–	–	8,235
Net asset value attributable to unitholders	3,080	–	–	–	3,080
External borrowings	3,951	–	(1)	3,494	7,444
Other liabilities, including inter-segment liabilities	6,876	297	(58)	10,243	17,358
Segment liabilities	219,932	297	18,075	13,737	252,041
Unallocated liabilities					
– Central borrowings					3,626
– Tax liabilities					3,280
Total liabilities					258,947
Total equity					12,120
Total equity and liabilities					271,067

Central borrowings are borrowings by holding companies within the Group which are not allocated to operating companies.

16 – Segmental information continued

(g) Segmental balance sheet – primary reporting format – business segments as at 31 December 2006

	Long-term business £m	Fund management £m	General insurance and health £m	Other £m	Total £m
Goodwill	1,316	9	390	1,195	2,910
Acquired value of in-force business and intangible assets	2,301	18	287	122	2,728
Investments in joint ventures and associates	3,526	44	39	81	3,690
Property and equipment	416	4	94	390	904
Investment property	14,714	–	384	25	15,123
Loans	18,805	–	735	6,905	26,445
Financial investments					
– Debt securities	102,815	3	7,933	2,290	113,041
– Equity securities	52,782	19	2,858	1,103	56,762
– Other investments	32,453	8	457	132	33,050
Other assets	24,383	534	9,755	1,854	36,526
Segment assets	253,511	639	22,932	14,097	291,179
Unallocated assets – tax assets					1,543
Total assets					292,722
Insurance liabilities	126,224	–	18,006	–	144,230
Liability for investment contracts	88,358	–	–	–	88,358
Unallocated divisible surplus	9,465	–	–	–	9,465
Net asset value attributable to unitholders	3,786	1	23	–	3,810
External borrowings	3,894	–	11	4,037	7,942
Other liabilities, including inter-segment liabilities	6,999	313	(712)	9,719	16,319
Segment liabilities	238,726	314	17,328	13,756	270,124
Unallocated liabilities					
– Central borrowings					4,195
– Tax liabilities					4,339
Total liabilities					278,658
Total equity					14,064
Total equity and liabilities					292,722

Central borrowings are borrowings by holding companies within the Group which are not allocated to operating companies.

(h) Goodwill allocation and impairment testing

IFRS requires formal impairment testing to be carried out annually. For impairment testing, goodwill and intangibles with indefinite useful lives have been allocated to cash-generating units by geographical reporting unit and business segment. The carrying amount of goodwill and intangible assets with indefinite useful lives is reviewed at least annually or when circumstances or events indicate there may be uncertainty over this value. A small impairment charge of £3 million (2006: £nil) was booked in the first half of the year.

Notes to the consolidated financial statements continued

16 – Segmental information continued

(i) Long-term business summary analysis by geographical segment

(i) Income statement

	Net written premiums			Fee and commission income			Profit before tax		
	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
United Kingdom	**2,427**	2,309	5,300	**105**	81	140	**302**	312	970
France	**1,780**	2,015	3,573	**100**	90	179	**131**	109	259
Ireland	**171**	182	397	**34**	26	64	**37**	10	52
Italy	**568**	1,053	1,919	**38**	32	69	**40**	27	76
Netherlands (including Belgium and Germany)	**1,173**	1,153	2,079	**15**	15	21	**249**	223	453
Poland	**224**	205	395	**31**	26	55	**59**	56	108
Spain	**816**	610	1,266	**31**	25	56	**58**	41	113
Other Europe	**99**	74	159	**2**	3	3	**(13)**	(7)	(16)
Europe	**4,831**	5,292	9,788	**251**	217	447	**561**	459	1,045
North America	**1,473**	275	932	**5**	–	4	**52**	(15)	17
Asia Pacific	**276**	181	512	**21**	20	39	**34**	17	68
Total	**9,007**	8,057	16,532	**382**	318	630	**949**	773	2,100

The following analysis shows the net written premiums from associates and joint ventures on insurance and participating investment contracts which are not included in the analysis above.

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
RBSG	**124**	133	236
India	**25**	16	31
China	**39**	13	38
	188	162	305

(ii) Balance sheet

	Segmental total assets			Segmental net assets		
	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
United Kingdom	**125,983**	118,278	123,974	**4,737**	4,316	4,809
France	**48,283**	46,303	46,547	**1,414**	1,324	1,355
Ireland	**11,275**	10,524	10,951	**1,061**	1,033	1,040
Italy	**11,854**	11,322	11,828	**607**	563	613
Netherlands (including Belgium and Germany)	**29,452**	28,840	28,340	**3,308**	2,513	2,922
Poland	**2,627**	1,840	2,232	**220**	160	216
Spain	**7,043**	6,458	6,641	**1,087**	826	862
Other Europe	**492**	480	483	**57**	58	65
Europe	**111,026**	105,767	107,022	**7,754**	6,477	7,073
North America	**19,610**	3,816	18,828	**2,495**	295	2,470
Asia Pacific	**4,262**	3,539	3,687	**484**	380	433
Total	**260,881**	231,400	253,511	**15,470**	11,468	14,785

16 – Segmental information continued
(j) General insurance and health business summary analysis by geographical segment
(i) Income statement

	Net written premiums			Fee and commission income			Profit before tax		
	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
United Kingdom	**2,950**	3,132	6,000	**81**	66	157	**314**	502	1,130
France	**421**	435	735	**–**	–	–	**37**	9	77
Ireland	**245**	251	519	**1**	–	1	**90**	181	297
Netherlands	**1,055**	955	1,755	**–**	15	–	**60**	11	107
Other Europe	**148**	142	278	**2**	2	3	**2**	8	26
Europe	**1,869**	1,783	3,287	**3**	17	4	**189**	209	507
North America	**665**	724	1,389	**4**	4	10	**48**	40	169
Asia Pacific	**14**	11	26	**1**	–	1	**–**	1	5
Total	**5,498**	5,650	10,702	**89**	87	172	**551**	752	1,811

(ii) Balance sheet

	Segmental total assets			Segmental net assets		
	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
United Kingdom	**12,960**	13,043	12,548	**3,568**	3,623	3,216
France	**1,796**	1,774	1,731	**312**	355	376
Ireland	**1,823**	1,863	1,765	**523**	504	444
Netherlands	**3,274**	2,991	2,775	**655**	514	630
Other Europe	**810**	835	803	**265**	275	266
Europe	**7,703**	7,463	7,074	**1,755**	1,648	1,716
North America	**3,446**	3,469	3,250	**649**	668	647
Asia Pacific	**48**	61	60	**29**	22	25
Total	**24,157**	24,036	22,932	**6,001**	5,961	5,604

Notes to the consolidated financial statements continued

17 – Group capital structure

(a) Deployment of equity shareholders' funds

In order to better reflect shareholder risk the presentation of deployment of equity shareholders' funds has been revised at 30 June 2007. The objective of the revised presentation is to provide a better indication of shareholder market risk. In order to do this we have "looked through" unitised investments which are classified as "other" within IFRS balance sheet and made adjustments for minority holdings that are fully consolidated on the balance sheet. In addition, we have explicitly shown the market risks within the staff pension schemes.

						30 June 2007	31 December 2006
	Equities £m	Property £m	Cash, Loans and Debt securities £m	Other Investments £m	Other net assets and Pension liability £m	Total £m	Total £m
Total assets included in the statutory IFRS balance sheet	**58,924**	**16,539**	**151,599**	**36,517**	**36,981**	**300,560**	292,722
Goodwill[1]					**(3,129)**	**(3,129)**	(3,127)
Acquired value of in-force business and intangible assets					**(2,836)**	**(2,836)**	(2,728)
Liabilities of the long-term, general and other businesses excluding pension fund deficit and debt	**(50,962)**	**(13,943)**	**(146,161)**	**(32,361)**	**(37,589)**	**(281,016)**	(272,664)
Minorities and other investments reclassification[2]	**985**	**55**	**(672)**	**(3,100)**	**2,732**	**–**	–
Shareholder assets	**8,947**	**2,651**	**4,766**	**1,056**	**(3,841)**	**13,579**	14,203
Pension fund	**5,883**	**724**	**2,780**	**239**	**(9,684)**	**(58)**	(973)
Adjusted shareholder assets	**14,830**	**3,375**	**7,546**	**1,295**	**(13,525)**	**13,521**	13,230
Goodwill[1]						**3,129**	3,127
Additional and acquired value of in-force long-term business and intangible assets[3]						**10,055**	9,522
Assets backing total capital employed in continuing operations						**26,705**	25,879
External debt						**(1,257)**	(1,258)
Net internal debt[4]						**236**	(826)
Subordinated debt						**(2,949)**	(2,937)
						22,735	20,858
Minority interests						**(2,409)**	(2,137)
Direct capital instrument						**(990)**	(990)
Preference capital						**(200)**	(200)
Equity shareholders' funds – EEV basis						**19,136**	17,531

1. Includes goodwill relating to the joint venture with The Royal Bank of Scotland Group.
2. Minority and other investments reclassification represents the reallocation of unit trusts to their constituent parts net of net asset value attributable to unit holders.
3. Additional and acquired value of in-force business and intangible assets includes £36 million internally-generated AVIF of Turkey Life, which is classified as held for sale at 30 June 2007
4. Net internal debt represents the upstream of internal loans from business opeartions to corporate and holding entities net of tangible assets held by these entities.

(b) Analysis of return of capital employed

	Operating return[1] Before tax £m	Operating return[1] After tax £m	Opening shareholders' funds including minority interests £m	June 30 2007 Annualised return on capital %	31 December 2006 Return on capital %
Life assurance					
United Kingdom	**413**	**290**	**6,729**	**8.8%**	8.0%
France	**225**	**147**	**2,291**	**13.2%**	12.8%
Ireland	**37**	**32**	**1,019**	**6.4%**	(7.3)%
Italy	**72**	**44**	**803**	**11.3%**	9.3%
Netherlands (including Belgium and Germany)	**166**	**122**	**3,837**	**6.5%**	7.7%
Poland	**71**	**58**	**719**	**16.8%**	20.0%
Spain	**107**	**75**	**1,375**	**11.2%**	11.7%
Other Europe	**1**	**1**	**106**	**1.9%**	(10.5)%
Europe	**679**	**479**	**10,150**	**9.7%**	9.6%
North America	**112**	**73**	**2,288**	**6.5%**	6.3%
Asia Pacific	**47**	**35**	**496**	**14.6%**	14.9%
	1,251	**877**	**19,663**	**9.1%**	9.0%
General insurance and health					
United Kingdom	**215**	**150**	**2,887**	**10.7%**	23.0%
France	**31**	**20**	**333**	**12.4%**	11.3%
Ireland	**80**	**70**	**423**	**35.8%**	27.5%
Netherlands	**70**	**51**	**684**	**15.5%**	17.7%
Other Europe	**22**	**15**	**161**	**19.5%**	22.8%
Europe	**203**	**156**	**1,601**	**20.4%**	20.1%
North America	**70**	**45**	**666**	**14.0%**	11.3%
Asia Pacific	**3**	**2**	**22**	**19.0%**	17.6%
	491	**353**	**5,176**	**14.1%**	20.3%
Fund management	**45**	**31**	**305**	**21.4%**	–
Other business	**(45)**	**(31)**	**754**	**(8.1)%**	2.4%
Corporate	**(48)**	**3**	**(19)**	**(29.1)%**	311.1%
External debt	**(41)**	**(29)**	**(1,258)**	**4.7%**	4.3%
Net internal debt[2]	**(24)**	**(17)**	**(826)**	**4.2%**	3.6%
Subordinated debt	**(88)**	**(62)**	**(2,937)**	**4.3%**	4.2%
	1,541	**1,125**	**20,858**	**11.1%**	12.6%
Less:					
Minority interests		**(124)**	**(2,137)**	**11.9%**	14.3%
Direct capital instrument		**–**	**(990)**	**–**	3.7%
Preference capital		**(9)**	**(200)**	**8.5%**	8.5%
Return on equity shareholders' funds		**992**	**17,531**	**11.6%**	13.1%

1. The operating return is based upon Group operating profit, which is stated before impairment of goodwill, amortisation of additional value of in-force business, exceptional items and tax including policyholder tax, adjusted for the short-term fluctuation in investment return.
2. The net internal debt return before tax of £(24) million comprises investment return of £69 million less Group internal debt costs and other interest of £(93) million.

Alternative method of reporting long-term business
Summarised consolidated income statement – EEV basis
For the six months ended 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
	Operating profit before tax attributable to shareholders' profits			
1,840	Life EEV operating return	**1,251**	1,021	2,033
66	Fund management[1]	**45**	33	96
824	General insurance and health	**560**	866	1,680
	Other:			
(67)	– Other operations[2]	**(45)**	29	(23)
(118)	– Corporate centre	**(80)**	(73)	(160)
(279)	– Group debt costs and other interest	**(190)**	(177)	(381)
2,266	**Operating profit before tax attributable to shareholders' profits**	**1,541**	1,699	3,245
	Adjusted for the following:			
(4)	Impairment of goodwill	**(3)**	–	(94)
(60)	Amortisation and impairment of intangibles	**(41)**	(10)	(46)
–	Financial Services Compensation Scheme and other levies	**–**	6	6
408	Variation from longer term investment return	**278**	(944)	468
443	Effect of economic assumption changes	**301**	471	671
(7)	(Loss)/profit on the disposal of subsidiaries and associates	**(5)**	86	161
(59)	Integration and restructuring costs	**(40)**	(24)	(246)
2,987	**Profit before tax**	**2,031**	1,284	4,165
(612)	Tax on operating profit	**(416)**	(573)	(1,028)
(166)	Tax on other activities	**(113)**	49	(258)
2,209	**Profit for the period**	**1,502**	760	2,879
	Attributable to:			
2,029	– Equity shareholders of Aviva plc	**1,380**	674	2,648
180	– Minority interests	**122**	86	231
2,209		**1,502**	760	2,879

All profit is from continuing operations.

1. Excludes the proportion of the results of Morley's fund management businesses, of our French asset management operation Aviva Gestion d'Actifs (AGA) and other fund management operations within the Group that arises from the provision of fund management services to our life businesses. These results are included within the life EEV operating return.
2. Excludes the proportion of the results of Norwich Union Life Services relating to the services provided to the UK life business. These results are included within the life EEV operating return. Other subsidiaries providing services to our life businesses do not materially impact the Group results.

Earnings per share – EEV basis
For the six months ended 30 June 2007

6 months 2007	Earnings per share	6 months 2007	6 months 2006	Full year 2006
	Operating profit on an EEV basis after tax, attributable to ordinary shareholders of Aviva plc			
56.8c	Basic (pence per share)	**38.6p**	42.1p	79.2p
56.2c	Diluted (pence per share)	**38.2p**	41.7p	78.3p
	Profit after tax for the period on an EEV basis, attributable to ordinary shareholders of Aviva plc			
78.4c	Basic (pence per share)	**53.3p**	27.7p	105.1p
77.6c	Diluted (pence per share)	**52.8p**	27.4p	103.9p

Consolidated statement of recognised income and expense – EEV basis
For the six months ended 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
59	Fair value gains/(losses) on AFS securities, owner-occupied properties and hedging instruments	**40**	(57)	42
–	Fair value gains transferred to profit	**–**	(4)	(18)
–	Impairment losses on revalued assets	**–**	–	(2)
12	Share of fair value changes in investments held by joint ventures and associates taken to equity	**8**	–	–
1,097	Actuarial gains/(losses) on pension schemes	**746**	473	(114)
(69)	Foreign exchange rate movements	**(47)**	(24)	(401)
(340)	Aggregate tax effect – shareholder tax	**(231)**	(132)	27
759	**Net income/(expense) recognised directly in equity**	**516**	256	(466)
2,209	Profit for the period	**1,502**	760	2,879
2,968	**Total recognised income and expense for the period**	**2,018**	1,016	2,413
	Attributable to:			
2,794	– Equity shareholders of Aviva plc	**1,900**	931	2,208
174	– Minority interests	**118**	85	205
2,968		**2,018**	1,016	2,413

Reconciliation of movements in consolidated shareholders' equity – EEV basis
For the six months ended 30 June 2007

6 months 2007 €m		6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
31,131	**Balance at 1 January**	**20,858**	17,546	17,546
3,012	Total recognised income and expense for the period	**2,018**	1,016	2,413
(748)	Dividends and appropriations (IFRS section: note 15)	**(501)**	(427)	(762)
–	Issue of share capital for the acquisition of AmerUs Group Co, net of transaction costs	**–**	–	892
45	Other issues of share capital, net of transaction costs	**30**	47	43
227	Shares issued in lieu of dividends	**152**	77	203
112	Capital contribution from minority shareholders	**75**	35	397
(94)	Minority share of dividends declared in the period	**(63)**	(57)	(75)
212	Minority interest in acquired/disposed subsidiaries	**142**	223	153
36	Reserves credit for equity compensation plans	**24**	5	48
33,933	**Total equity**	**22,735**	18,465	20,858
(3,596)	**Minority interests**	**(2,409)**	(1,743)	(2,137)
30,337	**Balance at 30 June/31 December**	**20,326**	16,722	18,721

Alternative method of reporting long-term business continued
Summarised consolidated balance sheet – EEV basis
As at 30 June 2007

6 months 2007 €m		30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
	Assets			
4,346	Goodwill	**2,912**	2,336	2,910
4,233	Acquired value of in-force business and intangible assets	**2,836**	1,004	2,728
10,721	Additional value of in-force long-term business	**7,183**	6,345	6,794
3,816	Investments in joint ventures	**2,557**	2,420	2,795
1,330	Investments in associates	**891**	897	895
1,279	Property and equipment	**857**	883	904
23,406	Investment property	**15,682**	14,111	15,123
40,016	Loans	**26,811**	24,479	26,445
	Financial investments:			
163,676	– Debt securities	**109,663**	99,451	113,041
87,946	– Equity securities	**58,924**	54,704	56,762
54,503	– Other investments	**36,517**	30,782	33,050
11,690	Reinsurance assets	**7,832**	7,589	7,825
1,142	Deferred tax assets	**765**	655	1,199
400	Current tax assets	**268**	86	344
16,354	Receivables and other financial assets	**10,957**	8,660	8,098
5,864	Deferred acquisition costs and other assets	**3,929**	3,741	3,476
4,139	Prepayments and accrued income	**2,773**	2,993	2,585
22,575	Cash and cash equivalents	**15,125**	15,268	14,542
1,936	Assets of operations classified as held for sale	**1,297**	1,008	–
459,372	**Total assets**	**307,779**	277,412	299,516
	Equity			
966	Ordinary share capital	**647**	604	641
6,693	Capital reserves	**4,484**	4,480	4,460
767	Other reserves	**514**	770	531
9,101	Retained earnings	**6,098**	3,439	5,082
11,034	Additional retained profit on an EEV basis	**7,393**	6,239	6,817
28,561	**Equity attributable to ordinary shareholders of Aviva plc**	**19,136**	15,532	17,531
1,776	Preference share capital and direct capital instrument	**1,190**	1,190	1,190
3,596	Minority interests	**2,409**	1,743	2,137
33,933	**Total equity**	**22,735**	18,465	20,858
	Liabilities			
215,951	Gross insurance liabilities	**144,687**	133,068	144,230
137,464	Gross liabilities for investment contracts	**92,101**	82,856	88,358
14,163	Unallocated divisible surplus	**9,489**	8,235	9,465
5,955	Net asset value attributable to unitholders	**3,990**	3,080	3,810
2,881	Provisions	**1,930**	2,364	2,850
4,497	Deferred tax liabilities	**3,013**	2,323	3,077
1,727	Current tax liabilities	**1,157**	957	1,262
18,203	Borrowings	**12,196**	11,070	12,137
15,855	Payables and other financial liabilities	**10,623**	9,381	9,235
7,176	Other liabilities	**4,808**	4,785	4,234
1,567	Liabilities of operations classified as held for sale	**1,050**	828	–
425,439	**Total liabilities**	**285,044**	258,947	278,658
459,372	**Total equity and liabilities**	**307,779**	277,412	299,516

Approved by the Board on 8 August 2007

Philip Scott, Director

Segmentation of summarised consolidated balance sheet – EEV basis
As at 30 June 2007

	30 June 2007 Life and related businesses £m	30 June 2007 General business and other £m	30 June 2007 Group £m	30 June 2006 Life and related businesses £m	30 June 2006 General business and other £m	30 June 2006 Group £m	31 December 2006 Group £m
Total assets before acquired additional value of in-force long-term business	**259,847**	**38,969**	**298,816**	231,790	38,916	270,706	290,916
Acquired additional value of in-force long-term business	**1,744**	**–**	**1,744**	361	–	361	1,806
Total assets included in the statutory IFRS balance sheet	**261,591**	**38,969**	**300,560**	232,151	38,916	271,067	292,722
Liabilities of the long-term business	**(248,293)**	**–**	**(248,293)**	(222,264)	–	(222,264)	(241,892)
Liabilities of the general insurance and other businesses	**–**	**(36,751)**	**(36,751)**	–	(36,683)	(36,683)	(36,766)
Net assets on a statutory IFRS basis	**13,298**	**2,218**	**15,516**	9,887	2,233	12,120	14,064
Additional value of in-force long-term business[1]	**7,219**	**–**	**7,219**	6,345	–	6,345	6,794
Net assets on an EEV basis[2]	**20,517**	**2,218**	**22,735**	16,232	2,233	18,465	20,858
Equity capital, capital reserves, shares held by employee trusts and other reserves			**5,645**			5,854	5,632
IFRS basis retained earnings			**6,098**			3,439	5,082
Additional EEV basis retained profit			**7,393**			6,239	6,817
Equity attributable to ordinary shareholders of Aviva plc on an EEV basis			**19,136**			15,532	17,531
Preference share capital and direct capital instrument			**1,190**			1,190	1,190
Minority interests			**2,409**			1,743	2,137
EEV basis total equity			**22,735**			18,465	20,858

1. The analysis between the Group's and the minority interest's share of the additional value of in-force long-term business is as follows:

	30 June 2007 £m	31 December 2006 £m	Movement in the period £m
Group's share included in shareholders' funds	**7,393**	6,817	576
Minority interest share	**478**	439	39
Movement in AFS securities	**(652)**	(462)	(190)
Per segmentation of summarised consolidated balance sheet	**7,219**	6,794	425
Less: share included in assets of operations held for sale	**(36)**	–	(36)
Per balance at 30 June/31 December	**7,183**	6,794	389

2. Analysis of net assets on an EEV basis is made up as follows:

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
Embedded value	**18,704**	15,532	18,098
RBSG goodwill	**217**	217	217
Goodwill and intangible assets allocated to long-term business	**1,652**	696	1,527
Notional allocation of IAS 19 pension fund deficit to long-term business[3,4]	**(56)**	(213)	(179)
Long-term business net assets on an EEV basis	**20,517**	16,232	19,663

3. The value of the Aviva Staff Pension Scheme deficit has been notionally allocated between segments, based on current funding and the life proportion has been included within the long-term business net assets on an EEV basis.

4. Effective from 31 December 2006, the pension fund deficit notionally allocated to long-term business is net of the proportion of funding borne by the UK with-profit funds.

Alternative method of reporting long-term business continued

1 – Basis of preparation and EEV methodology

The summarised consolidated income statement and balance sheet on pages 64 to 67 present the Group's results and financial position for life and related businesses on the European Embedded Value (EEV) basis and for its non-life businesses on the International Financial Reporting Standards (IFRS) basis. The EEV methodology that the Group has adopted is in accordance with the EEV principles introduced by the CFO Forum in May 2004 and the Additional Guidance on EEV disclosures, published by the CFO Forum in October 2005, which is applicable for financial years ending on or after 31 December 2006. Detailed information on the basis of preparation and EEV methodology is set out in Aviva plc's 2006 Report and Accounts; any updates are detailed below.

In the directors' opinion, the EEV basis provides a more relevant reflection of the performance of the Group's life and related operations year on year than results presented under the IFRS basis. The directors consider that the EEV methodology represents a more meaningful basis of reporting the underlying value of the Group's life and related businesses and the underlying drivers of performance. This basis allows for the impact of uncertainty in the future investment returns more explicitly and is consistent with the way the business is priced and managed.

At the time the Group adopted EEV principles in 2004, its approach to establishing economic assumptions, including investment returns, required capital and discount rates, was reviewed by Tillinghast, a firm of actuarial consultants. The approach used by the Group is based on the established "capital asset pricing model" theory and remains in line with EEV principles and guidance.

The results for the six month periods to 30 June 2007 and 30 June 2006 are unaudited but have been reviewed by Ernst & Young LLP. Their independent report in respect of 30 June 2007 is included on page 85. The interim accounts for the six months ended 30 June 2007 do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

Risk discount rates (RDR)

Following the review of the risk margin at 31 December 2006, the directors decided to leave the life embedded value risk margin unchanged at 2.7%. The market assessed risk factor (beta) had reduced in recent periods, implying a reduction of the risk in the life business. Following the review at 30 June 2007, the directors have decided to maintain the life embedded value risk margin at 2.7%. Management will keep the risk margin under review and will make adjustments as necessary to reflect past trends and future expected trends in the riskiness of the life business, based on the beta.

The sensitivity disclosures on pages 81 to 84 of this report indicate the potential impact on embedded value that could be caused by a change to the RDR.

2 – Components of life EEV return

The life EEV return comprises the following components:

– new business contribution written during the period including value added between the point of sale and end of the period;

– the profit from existing business equal to:

  the expected return on the value of the in-force covered business at the beginning of the period,

  experience variances caused by the differences between the actual experience during the period and expected experience based on the operating assumptions used to calculate the start of year value,

  the impact of changes in operating assumptions including risk margins;

– the expected investment return on the shareholders' net worth, based upon assumptions applying at the start of the year;

– investment return variances caused by differences between the actual return in the period and the expected return based on economic assumptions used to calculate the start of year value; and

– the impact of changes in economic assumptions in the period.

2 – Components of life EEV return continued

The life EEV operating return comprises the first three of these components and is calculated using economic assumptions as at the start of the year and operating (demographic, expenses and tax) assumptions as at the end of the period.

Life EEV return	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
New business contribution (after the effect of required capital)	**419**	352	683
Profit from existing business			
– expected return	**600**	503	1,011
– experience variances	**(19)**	(9)	(50)
– operating assumption changes	**11**	3	44
Expected return on shareholders' net worth	**240**	172	345
Life EEV operating return before tax	**1,251**	1,021	2,033
Investment return variances	**241**	(739)	319
Effect of economic assumption changes	**301**	471	671
Life EEV return before tax	**1,793**	753	3,023
Tax on operating profit	**(373)**	(315)	(630)
Tax charge on other ordinary activities	**(146)**	75	(295)
Life EEV return after tax	**1,274**	513	2,098

There were no separate development costs reported in these periods.

3 – New business contribution

The table overleaf sets out the premium volumes, the contribution from and the resulting margin achieved on new business written by the life and related businesses.

The contribution generated by new business written during the period is the present value of the projected stream of after tax distributable profit from that business. New business contribution before tax is calculated by grossing up the contribution after tax at the full corporation tax rate for UK business and at appropriate rates of tax for other countries. New business contribution has been calculated using the same economic assumptions as those used to determine the embedded value as at the start of the year and operating assumptions used to determine the embedded value as at the end of the year, and is rolled forward to the end of the financial period. New business contribution is shown before and after the effect of required capital, calculated on the same basis as for in-force covered business.

New business sales are expressed on two bases: annual premium equivalent (APE) and the present value of new business premiums (PVNBP). The PVNBP calculation is equal to total single premium sales received in the year plus the discounted value of regular premiums expected to be received over the term of the new contracts, and is expressed at the point of sale. The premium volumes and projection assumptions used to calculate the present value of regular premiums for each product are the same as those used to calculate new business contribution, so the components of the new business margin are on a consistent basis.

Alternative method of reporting long-term business continued

3 – New business contribution continued
(a) Geographical analysis of new business

	Present value of new business premiums		Before the effect of required capital: New business contribution		Before the effect of required capital: New business margin[1]		After the effect of required capital: New business contribution		After the effect of required capital: New business margin[1]	
	6 months 2007 £m	6 months 2006 £m	6 months 2007 £m	6 months 2006 £m	6 months 2007 %	6 months 2006 %	6 months 2007 £m	6 months 2006 £m	6 months 2007 %	6 months 2006 %
Life and pensions										
United Kingdom	**5,820**	5,816	**178**	167	**3.1%**	2.9%	**143**	135	**2.5%**	2.3%
France	**1,832**	2,028	**80**	87	**4.4%**	4.3%	**54**	64	**2.9%**	3.2%
Ireland	**889**	558	**14**	11	**1.6%**	2.0%	**12**	8	**1.3%**	1.4%
Italy	**1,818**	1,583	**49**	38	**2.7%**	2.4%	**37**	26	**2.0%**	1.6%
Netherlands (including Belgium and Germany)	**1,146**	1,170	**37**	34	**3.2%**	2.9%	**24**	17	**2.1%**	1.5%
Poland	**379**	264	**17**	14	**4.5%**	5.3%	**15**	12	**4.0%**	4.5%
Spain	**1,114**	916	**88**	88	**7.9%**	9.6%	**79**	80	**7.1%**	8.7%
Other Europe	**175**	126	**(2)**	(4)	**(1.1)%**	(3.2)%	**(3)**	(5)	**(1.7)%**	(4.0)%
Europe	**7,353**	6,645	**283**	268	**3.8%**	4.0%	**218**	202	**3.0%**	3.0%
North America	**1,716**	289	**57**	5	**3.3%**	1.7%	**35**	2	**2.0%**	0.7%
Asia	**414**	252	**20**	12	**4.8%**	4.8%	**16**	10	**3.9%**	4.0%
Australia	**240**	145	**12**	7	**5.0%**	4.8%	**7**	3	**2.9%**	2.1%
Asia Pacific	**654**	397	**32**	19	**4.9%**	4.8%	**23**	13	**3.5%**	3.3%
Total life and pensions	**15,543**	13,147	**550**	459	**3.5%**	3.5%	**419**	352	**2.7%**	2.7%
Investment sales	**3,751**	2,484								
Total long-term savings (including share of associates and joint ventures)[2]	**19,294**	15,631								

1. New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.
2. Total long-term savings includes investment sales. Investment sales are calculated as new single premiums plus annualised value of new regular premiums.

(b) Analysis of new business by distribution channel
(i) Before the effect of required capital, tax and minority interest

	Present value of new business premiums		New business contribution		New business margin	
	6 months 2007 £m	6 months 2006 £m	6 months 2007 £m	6 months 2006 £m	6 months 2007 %	6 months 2006 %
Analysed between:						
– Bancassurance channels	**4,541**	3,958	**205**	187	**4.5%**	4.7%
– Other distribution channels	**11,002**	9,189	**345**	272	**3.1%**	3.0%
Total	**15,543**	13,147	**550**	459	**3.5%**	3.5%

3 – New business contribution continued

(ii) After the effect of required capital, tax and minority interest

	Annual premium equivalent		Present value of new business premiums		New business contribution		New business margin	
	6 months 2007 £m	6 months 2006 £m	6 months 2007 £m	6 months 2006 £m	6 months 2007 £m	6 months 2006 £m	6 months 2007 %	6 months 2006 %
Analysed between:								
– Bancassurance channels	**320**	267	**2,586**	2,218	**71**	59	**2.7%**	2.7%
– Other distribution channels	**1,367**	1,133	**10,716**	8,932	**169**	135	**1.6%**	1.5%
Total	**1,687**	1,400	**13,302**	11,150	**240**	194	**1.8%**	1.7%

Alternative method of reporting long-term business continued

4 – Geographical analysis of the components of life EEV operating return

Six months 2007	UK £m	France £m	Ireland £m	Italy £m	Nether-lands £m	Poland £m	Spain £m	Other Europe £m	Europe £m	North America £m	Asia £m	Australia £m	Asia Pacific £m	Total £m
New business contribution														
(after the effect of required capital)	143	54	12	37	24	15	79	(3)	218	35	16	7	23	419
Profit from existing business														
– expected return	261	81	21	18	85	29	33	5	272	50	7	10	17	600
– experience variances:														
Maintenance expenses[1]	4	2	1	(1)	(10)	1	(1)	(2)	(10)	2	–	(1)	(1)	(5)
Project and other related expenses[2]	(56)	(1)	(1)	–	(6)	–	–	(3)	(11)	–	–	–	–	(67)
Mortality/Morbidity[3]	3	11	–	–	2	6	(2)	2	19	(2)	2	2	4	24
Lapses[4]	(6)	5	(2)	(2)	(5)	11	(7)	(2)	(2)	–	(4)	2	(2)	(10)
Other[5]	18	19	(2)	4	(3)	4	(2)	3	23	(3)	–	1	1	39
	(37)	36	(4)	1	(22)	22	(12)	(2)	19	(3)	(2)	4	2	(19)
– operating assumption changes:														
Maintenance expenses[6]	–	13	–	–	–	–	–	–	13	–	–	(2)	(2)	11
Project and other related expenses –	–	–	–	–	–	–	–	–	–	–	–	–	–	
Mortality/Morbidity	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lapses	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	13	–	–	–	–	–	–	13	–	–	(2)	(2)	11
Expected return on shareholders' net worth	46	41	8	16	79	5	7	1	157	30	3	4	7	240
Life EEV operating return before tax	**413**	**225**	**37**	**72**	**166**	**71**	**107**	**1**	**679**	**112**	**24**	**23**	**47**	**1,251**

1. Maintenance expenses in Delta Lloyd reflect the impact of expense overruns in Belgium and ABN AMRO.
2. Project and other related expenses in the UK reflect project costs associated with strategic initiatives, including developments designed to offer simpler products to customers and the simplification of systems and processes. In the Netherlands, exceptional expenses reflect higher project costs compared to allowances.
3. Mortality experience continues to be better than the assumptions set across a number of our businesses.
4. Lapse experience in Poland continues to be better than the assumptions set for both life and pension products. This has been offset by small negative experience variances across a number of our other businesses.
5. In the UK, other experience profits include better than assumed default experience on corporate bonds and commercial mortgages. In France, positive experience includes the benefit of higher than assumed tax-free dividend income.
6. In France, the maintenance expenses assumption change relates to lower "look through" expenses in the holding company.

Six months 2006	UK £m	France £m	Ireland £m	Italy £m	Nether-lands £m	Poland £m	Spain £m	Other Europe £m	Europe £m	North America £m	Asia £m	Australia £m	Asia Pacific £m	Total £m
New business contribution														
(after the effect of required capital)	135	64	8	26	17	12	80	(5)	202	2	10	3	13	352
Profit from existing business														
– expected return	236	69	19	14	84	26	27	6	245	8	5	9	14	503
– experience variances:														
Maintenance expenses[1]	(1)	4	–	(1)	(12)	4	(1)	–	(6)	–	–	–	–	(7)
Project and other related expenses[2]	(75)	–	(1)	–	(6)	–	–	(1)	(8)	–	–	–	–	(83)
Mortality/Morbidity[3]	20	14	(2)	–	20	8	–	2	42	–	3	3	6	68
Lapses[4]	(35)	5	(5)	(2)	4	6	–	(3)	5	–	(1)	1	–	(30)
Other[5]	24	6	(1)	2	9	5	–	(2)	19	–	–	–	–	43
	(67)	29	(9)	(1)	15	23	(1)	(4)	52	–	2	4	6	(9)
– operating assumption changes:														
Maintenance expenses[6]	–	–	(10)	–	–	–	–	–	(10)	–	–	–	–	(10)
Project and other related expenses –	–	–	–	–	–	–	–	–	–	–	–	–	–	
Mortality/Morbidity	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lapses[7]	–	–	(7)	–	–	–	–	–	(7)	–	–	–	–	(7)
Other[8]	–	–	–	–	20	–	–	–	20	–	–	–	–	20
	–	–	(17)	–	20	–	–	–	3	–	–	–	–	3
Expected return on shareholders' net worth	46	34	7	14	49	5	6	–	115	6	2	3	5	172
Life EEV operating return before tax	350	196	8	53	185	66	112	(3)	617	16	19	19	38	1,021

1. Maintenance expenses in the Netherlands reflect the impact of expense overruns in Belgium.
2. Project and other related expenses in the UK reflect £18 million relating to the ongoing transformation of the life business and £57 million of other exceptional, project and related costs associated with strategic initiatives, regulatory change and developments designed to increase future new business volumes such as those relating to pensions simplification.
3. Mortality experience continues to be better than the assumptions set across many of our businesses, notably for term and protection business in the UK and AFER in France. In addition there is a one-off reserve release associated with the review of a large group pension scheme in the Netherlands.
4. Lapse experience in the UK has been worse than assumed and primarily relates to bonds and pensions.
5. In the UK, other experience profits include better than assumed default experience on corporate bonds and commercial mortgages.
6. Maintenance expenses in Ireland relate to a change in assumptions regarding the future attribution of investment income and expenses between policyholders and shareholders.
7. In Ireland, the lapse assumption change relates to the Celebration Bond and life linked bonds.
8. In the Netherlands, the assumption changes relate to reduced asset management fees and a change in the asset mix in Belgium.

4 – Geographical analysis of the components of life EEV operating return continued

Year ended 31 December 2006	**UK £m**	France £m	Ireland £m	Italy £m	Netherlands £m	Poland £m	Spain £m	Other Europe £m	**Europe £m**	**North America £m**	Asia £m	Australia £m	**Asia Pacific £m**	**Total £m**
New business contribution (after the effect of required capital)	263	110	9	50	25	25	168	(6)	381	8	22	9	31	683
Profit from existing business														
– expected return	474	142	41	26	158	52	53	9	481	29	10	17	27	1,011
– experience variances:														
Maintenance expenses	13	9	4	(1)	(11)	5	(2)	(2)	2	–	–	(2)	(2)	13
Project and other related expenses[1]	(149)	1	(4)	–	(23)	–	(1)	(2)	(29)	–	–	–	–	(178)
Mortality/Morbidity[2]	(13)	33	(2)	4	3	16	1	2	57	–	8	7	15	59
Lapses[3]	(66)	8	(9)	(8)	2	21	(1)	(2)	11	(9)	(6)	3	(3)	(67)
Other[4]	75	20	(9)	6	20	3	11	(1)	50	(2)	(2)	2	–	123
	(140)	71	(20)	1	(9)	45	8	(5)	91	(11)	–	10	10	(50)
– operating assumption changes:														
Maintenance expenses[5]	58	–	(3)	–	60	(3)	–	(11)	43	(12)	(1)	(5)	(6)	83
Project and other related expenses[6]	(46)	(2)	(22)	–	(9)	–	–	(3)	(36)	–	–	–	–	(82)
Mortality/Morbidity[7]	57	45	(13)	–	–	17	–	(1)	48	3	4	7	11	119
Lapses[8]	(224)	(41)	(47)	–	(14)	17	(21)	(1)	(107)	–	–	2	2	(329)
Other[9]	215	9	–	2	19	1	2	3	36	–	(1)	3	2	253
	60	11	(85)	2	56	32	(19)	(13)	(16)	(9)	2	7	9	44
Expected return on shareholders' net worth	87	68	15	31	99	8	11	2	234	15	3	6	9	345
Life EEV operating return before tax	744	402	(40)	110	329	162	221	(13)	1,171	32	37	49	86	2,033

1. Project and other related expenses in the UK reflect £32 million relating to the ongoing transformation of the life business and £117 million of other exceptional and project costs associated with strategic initiatives, including developments designed to improve the future new business volumes, and regulatory changes. In the Netherlands, exceptional expenses reflect higher project costs compared to allowances as well as the payment to ABN AMRO in respect of the joint venture operations.
2. Mortality experience continues to be better than the assumptions set across many of our businesses.
3. Lapse experience in the UK has been worse than assumed and primarily relates to bonds and pensions. In Poland, lapses for both life and pension products have been lower than assumed resulting in the favourable experience variance.
4. In the UK, other experience profits include better than assumed default experience on corporate bonds and mortgages, and the benefit of higher than expected performance fees in Morley.
5. Maintenance expenses in the UK relate to Morley's change in profit margin. The change in Delta Lloyd is also driven by improved asset management profitability. The adverse movement in North America is due to a reassessment of expenses in our Boston-based operations.
6. In the UK, project and other related expenses relate to short-term project costs and capitalisation of reorganisation costs. Ireland reflects changes in expense assumptions regarding the future attribution of investment income and expenses between policyholders and shareholders.
7. The change in mortality assumptions in the UK includes an alignment in the basis for internal business. Mortality assumptions in France were changed following improvements in mortality experience over the last few years.
8. In the UK, the lapse assumption change relates to bonds and pension business while the change in Ireland relates to the Celebration Bond and unit-linked bonds. In France, lapse assumptions have been changed for non-AFER business in Aviva Vie. In Spain, lapse assumptions have been changed for risk business and some savings products.
9. In the UK, the assumption changes reflect the beneficial impact of the with-profit funds sharing the pension scheme deficit funding (£126 million) and the impact of PS06/14, primarily in reducing the non-profit reserves (£50 million). In Delta Lloyd the impact is due to changes to management fee rebates.

Alternative method of reporting long-term business continued

5 – Analysis of movement in life and related businesses embedded value

The following tables provide an analysis of the movement in embedded value for the life and related businesses for the six months to 30 June 2007 and the six months to 30 June 2006. The analysis is shown separately for net worth and the value of in-force covered business, and includes amounts transferred between these categories. The transfer to life and related businesses from other segments consists of service company profits and losses during the reported period that have emerged from the value of in-force. Since the "look through" into service companies includes only future profits and losses, these amounts must be eliminated from the closing embedded value. All figures are shown net of tax.

			6 months 2007
	Net worth £m	Value of in-force £m	Total £m
Embedded value at the beginning of the period – Free surplus	**3,569**		
– Required capital[1]	**5,314**		
Total	**8,883**	**9,215**	**18,098**
New business contribution (after the effect of required capital)	**(318)**	**611**	**293**
Expected return on existing business – return on VIF	**–**	**425**	**425**
Expected return on existing business – transfer to net worth	**644**	**(644)**	**–**
Experience variances and operating assumption changes	**325**	**(332)**	**(7)**
Expected return on shareholders' net worth	**167**	**–**	**167**
Investment return variances and economic assumption changes	**602**	**(206)**	**396**
Life EEV return after tax	**1,420**	**(146)**	**1,274**
Exchange rate movements	**(16)**	**(12)**	**(28)**
Embedded value from business acquired	**33**	**9**	**42**
Net amounts released from life and related businesses	**(666)**	**–**	**(666)**
Transfer from life and related businesses to other segments	**(16)**	**–**	**(16)**
Embedded value at the end of the period – Free surplus	**4,033**		
– Required capital[1]	**5,605**		
Total	**9,638**	**9,066**	**18,704**

1. Required capital is shown net of implicit items permitted by local regulators to cover minimum solvency margins.

The embedded value of business acquired in the six months to 30 June 2007 of £42 million represents the embedded value of Erasmus Groep BV.

Required capital has increased in the period by £291 million. The movement comprises an increase of £384 million in relation to new business written, a reduction of £114 million regarding in-force business, £30 million additional in-force required capital relating to the acquisition during the period and a £9 million decrease due to foreign exchange rate movements. The decrease in the in-force required capital includes the effect of a maturing portfolio of business, an increase in long-term interest rates which has decreased statutory reserves and, hence, capital requirements and the impact of the higher solvency margin required for certain unit-linked business, following clarification by the French regulator.

			6 months 2006
	Net worth £m	Value of in-force £m	Total £m
Embedded value at the beginning of the period – Free surplus	2,772		
– Required capital[1]	4,448		
Total	7,220	7,893	15,113
New business contribution (after the effect of required capital)	(344)	586	242
Expected return on existing business – return on VIF	–	353	353
Expected return on existing business – transfer to net worth	488	(488)	–
Experience variances and operating assumption changes	179	(188)	(9)
Expected return on shareholders' net worth	119	–	119
Investment return variances and economic assumption changes	(114)	(78)	(192)
Life EEV return after tax	328	185	513
Exchange rate movements	(9)	(20)	(29)
Embedded value from business acquired	170	176	346
Net amounts released from life and related businesses	(451)	–	(451)
Transfer to life and related businesses from other segments	40	–	40
Embedded value at the end of the period – Free surplus	2,682		
– Required capital[1]	4,616		
Total	7,298	8,234	15,532

1. Required capital is shown net of implicit items permitted by local regulators to cover minimum solvency margins.

6 – Segmental analysis of life and related businesses embedded value

30 June 2007	Net worth: Required capital[1] £m	Net worth: Free surplus £m	Value of in-force covered business: Present value of in-force £m	Value of in-force covered business: Cost of required capital £m	Total: Embedded value £m
United Kingdom	**1,317**	**917**	**4,809**	**(443)**	**6,600**
France	**1,353**	**145**	**1,210**	**(322)**	**2,386**
Ireland	**247**	**174**	**539**	**(38)**	**922**
Italy	**286**	**386**	**229**	**(68)**	**833**
Netherlands (including Belgium and Germany)	**1,095**	**2,005**	**1,477**	**(381)**	**4,196**
Poland	**111**	**65**	**583**	**(35)**	**724**
Spain	**293**	**41**	**631**	**(60)**	**905**
Other Europe	**21**	**20**	**86**	**(11)**	**116**
Europe	**3,406**	**2,836**	**4,755**	**(915)**	**10,082**
North America[2]	**682**	**135**	**827**	**(140)**	**1,504**
Asia Pacific	**200**	**145**	**231**	**(58)**	**518**
Total	**5,605**	**4,033**	**10,622**	**(1,556)**	**18,704**

1. Required capital is shown net of implicit items permitted by local regulators to cover minimum solvency margins.
2. AmerUs holding company debt amounting to £349 million at 30 June 2007 (30 June 2006: £nil) has been included within other operations.

30 June 2006	Net worth: Required capital[1] £m	Net worth: Free surplus £m	Value of in-force covered business: Present value of in-force £m	Value of in-force covered business: Cost of required capital £m	Total: Embedded value £m
United Kingdom	1,170	491	4,906	(436)	6,131
France	1,130	183	1,099	(231)	2,181
Ireland	266	193	543	(46)	956
Italy	314	309	205	(63)	765
Netherlands (including Belgium and Germany)	1,074	1,213	1,377	(321)	3,343
Poland	98	69	461	(29)	599
Spain	268	7	533	(59)	749
Other Europe	19	23	68	(12)	98
Europe	3,169	1,997	4,286	(761)	8,691
North America	119	108	117	(28)	316
Asia Pacific	158	86	196	(46)	394
Total	4,616	2,682	9,505	(1,271)	15,532

1. Required capital is shown net of implicit items permitted by local regulators to cover minimum solvency margins.

The shareholders' net worth is the market value of the shareholders' funds and the shareholders' interest in the surplus held in the non-profit component of the long-term business funds, determined on a statutory solvency basis and adjusted to add back any non-admissible assets. Required capital, net of implicit items is included within the net worth.

The value of in-force covered business includes "cost of required capital" – the effect of holding shareholders' capital to support the level of required capital and allowing for projected future releases.

Alternative method of reporting long-term business continued

7 – Time value of options and guarantees

The following table sets out the time value of options and guarantees relating to covered business by territory.

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
United Kingdom	**46**	46	50
France	**79**	56	77
Ireland	**2**	5	2
Italy	**18**	17	17
Netherlands (including Belgium and Germany)	**105**	117	146
Poland	**5**	5	4
Spain	**4**	4	4
Other Europe	**1**	–	–
Europe	**214**	204	250
North America	**55**	10	68
Asia Pacific	**6**	5	4
Total	**321**	265	372

The time value of options and guarantees (TVOG) is most significant in the United Kingdom, France, the Netherlands and the United States. In the United Kingdom, this relates mainly to non-market value adjustment (MVA) guarantees on unitised with-profit business and guaranteed annuity rates. In France, this relates mainly to guaranteed crediting rates and surrender values on traditional business including the AFER fund. In the Netherlands, this relates mainly to maturity guarantees on unit-linked products and interest rate guarantees on traditional individual and group profit sharing business. In the United States, this relates to crediting rate, death benefit and surrender guarantees on life business.

The TVOG has reduced by £51 million to £321 million, reflecting the impact of the increase in interest rates.

8 – Geographical analysis of fund management operating profit

The summarised consolidated income statement – EEV basis, includes profit from the Group's fund management operations as analysed below. This excludes the proportion of the results of Morley's fund management businesses, of our French asset management operation Aviva Gestion d'Actifs (AGA) and other fund management operations within the Group that arises from the provision of fund management services to our Life businesses. These results are included within the Life EEV operating return.

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
UK business	**18**	11	35
International business	**5**	6	9
Morley	**23**	17	44
The Royal Bank of Scotland	**(4)**	(4)	(7)
Norwich Union investment funds	**–**	(1)	1
United Kingdom	**19**	12	38
France	**5**	5	10
Netherlands	**9**	10	33
Other Europe	**2**	1	3
Europe	**16**	16	46
North America	**1**	1	3
Asia Pacific	**9**	4	9
Total	**45**	33	96

9 – Analysis of other operations' operating result

The summarised consolidated income statement – EEV basis, includes the results of the Group's other operations as analysed below. This excludes the proportion of the results of Norwich Union Life Services relating to the services provided to the UK life business. These results are included within the Life EEV operating return. Other subsidiaries providing services to our life businesses do not materially impact the Group results.

	6 months 2007 £m	6 months 2006 £m	Full year 2006 £m
RAC	**6**	20	45
UK Life			
– Norwich Union Life Services	**3**	2	5
– Lifetime and SIPP	**(18)**	(6)	(29)
Other	**(36)**	13	(44)
Total	**(45)**	29	(23)

10 – Summary of minority interest in life and related businesses' EEV results

Six months 2007	France £m	Ireland £m	Italy £m	Nether-lands £m	Poland £m	Spain £m	Europe £m	Asia Pacific £m	Total £m	Share-holder interest £m	Group £m
Minority interest											
New business contribution before effect of required capital	**13**	**3**	**28**	**3**	**2**	**45**	**94**	**1**	**95**	**455**	**550**
Effect of required capital	**(6)**	**(1)**	**(7)**	**(1)**	**–**	**(4)**	**(19)**	**–**	**(19)**	**(112)**	**(131)**
New business contribution after effect of required capital	**7**	**2**	**21**	**2**	**2**	**41**	**75**	**1**	**76**	**343**	**419**
Life EEV operating return before tax	**19**	**8**	**40**	**8**	**9**	**55**	**139**	**1**	**140**	**1,111**	**1,251**
Life EEV return after tax	**6**	**9**	**31**	**4**	**10**	**33**	**93**	**1**	**94**	**1,180**	**1,274**
Closing life and related businesses' embedded value	**165**	**224**	**438**	**105**	**92**	**391**	**1,415**	**10**	**1,425**	**17,279**	**18,704**

Six months 2006	France £m	Ireland £m	Italy £m	Nether-lands £m	Poland £m	Spain £m	Europe £m	Asia Pacific £m	Total £m	Share-holder interest £m	Group £m
Minority interest											
New business contribution before effect of required capital	14	3	22	6	2	45	92	–	92	367	459
Effect of required capital	(5)	(1)	(7)	(1)	–	(5)	(19)	–	(19)	(88)	(107)
New business contribution after effect of required capital	9	2	15	5	2	40	73	–	73	279	352
Life EEV operating return before tax	19	2	29	9	10	56	125	1	126	895	1,021
Life EEV return after tax	5	(4)	29	2	8	20	60	3	63	450	513
Closing life and related businesses' embedded value	151	232	396	73	98	322	1,272	11	1,283	14,249	15,532

Note: There are no minority interests in the UK or North America.

Alternative method of reporting long-term business continued

11 – Principal economic assumptions

(a) Deterministic calculations

Economic assumptions are derived actively, based on market yields on risk-free fixed interest assets at the end of each reporting period. The same margins are applied on a consistent basis across the Group to gross risk-free yields to obtain investment return assumptions for ordinary shares and property and to produce risk discount rates. Additional country-specific risk margins are applied to smaller businesses to reflect additional economic, political and business-specific risk, which result in the application of risk margins ranging from 3.7% to 8.7% in our eastern European and Asian business operations. Expense inflation is derived as a fixed margin above a local measure of long-term price inflation. Risk free rates and price inflation have been harmonised across territories within the euro currency zone, except for expense inflation in Ireland where significant differences remain. Required capital is shown as a multiple of the EU statutory minimum solvency margin or equivalent.

Investment return assumptions are generally derived by major product class, based on hypothecating the assets at the valuation date. Future assumed reinvestment rates are consistent with implied market returns at 30 June 2007. Rates have been derived using rates from the current yield curve at a duration based on the term of the liabilities, or directly from forward yield curves where considered appropriate. Assumptions about future investment mix are consistent with long-term plans. In most cases, the investment mix is assumed to continue unchanged throughout the projection period. The changes in assumptions between reporting dates reflect the actual movements in risk free yields in the United Kingdom, the Eurozone and other territories. The principal economic assumptions used are as follows:

	United Kingdom				France			
	30 June 2007	31 December 2006	30 June 2006	31 December 2005	30 June 2007	31 December 2006	30 June 2006	31 December 2005
Risk discount rate	**8.0%**	7.3%	7.4%	6.8%	**7.3%**	6.7%	6.8%	6.0%
Pre-tax investment returns:								
Base Government fixed interest	**5.3%**	4.6%	4.7%	4.1%	**4.6%**	4.0%	4.1%	3.3%
Ordinary shares	**8.3%**	7.6%	7.7%	7.1%	**7.6%**	7.0%	7.1%	6.3%
Property	**7.3%**	6.6%	6.7%	6.1%	**6.6%**	6.0%	6.1%	5.3%
Future expense inflation	**3.5%**	3.4%	3.3%	3.2%	**2.5%**	2.5%	2.5%	2.5%
Tax rate	**28.0%**	30.0%	30.0%	30.0%	**34.4%**	34.4%	34.4%	34.4%
Required capital (% EU minimum)	**150%/ 100%**	150%/ 100%	150%/ 100%	150%/ 100%	**115%**	115%	115%	115%

	Ireland				Italy			
	30 June 2007	31 December 2006	30 June 2006	31 December 2005	30 June 2007	31 December 2006	30 June 2006	31 December 2005
Risk discount rate	**7.3%**	6.7%	6.8%	6.0%	**7.3%**	6.7%	6.8%	6.0%
Pre-tax investment returns:								
Base Government fixed interest	**4.6%**	4.0%	4.1%	3.3%	**4.6%**	4.0%	4.1%	3.3%
Ordinary shares	**7.6%**	7.0%	7.1%	6.3%	**7.6%**	7.0%	7.1%	6.3%
Property	**6.6%**	6.0%	6.1%	5.3%	**6.6%**	6.0%	6.1%	5.3%
Future expense inflation	**4.0%**	4.0%	4.0%	4.0%	**2.5%**	2.5%	2.5%	2.5%
Tax rate	**12.5%**	12.5%	12.5%	12.5%	**38.3%**	38.3%	38.3%	38.3%
Required capital (% EU minimum)	**150%**	150%	150%	150%	**115%**	115%	115%	115%

	Netherlands				Poland			
	30 June 2007	31 December 2006	30 June 2006	31 December 2005	30 June 2007	31 December 2006	30 June 2006	31 December 2005
Risk discount rate	**7.3%**	6.7%	6.8%	6.0%	**9.2%**	8.7%	8.8%	8.6%
Pre-tax investment returns:								
Base Government fixed interest	**4.6%**	4.0%	4.1%	3.3%	**5.5%**	5.0%	5.1%	4.9%
Ordinary shares	**7.6%**	7.0%	7.1%	6.3%	**8.5%**	8.0%	8.1%	7.9%
Property	**6.6%**	6.0%	6.1%	5.3%	**n/a**	n/a	n/a	n/a
Future expense inflation	**2.5%**	2.5%	2.5%	2.5%	**3.9%**	3.4%	3.5%	3.3%
Tax rate	**25.5%**	25.5%	29.1%	29.1%	**19.0%**	19.0%	19.0%	19.0%
Required capital (% EU minimum)	**150%**	150%	150%	150%	**150%**	150%	150%	150%

11 – Principal economic assumptions continued

	Spain				United States			
	30 June 2007	31 December 2006	30 June 2006	31 December 2005	30 June 2007	31 December 2006*	30 June 2006	31 December 2005
Risk discount rate	**7.3%**	6.7%	6.8%	6.0%	**7.7%**	7.4%	7.8%	7.2%
Pre-tax investment returns:								
Base Government fixed interest	**4.6%**	4.0%	4.1%	3.3%	**5.0%**	4.7%	5.1%	4.5%
Ordinary shares	**7.6%**	7.0%	7.1%	6.3%	**8.0%**	7.7%	n/a	n/a
Property	**6.6%**	6.0%	6.1%	5.3%	**n/a**	n/a	n/a	n/a
Future expense inflation	**2.5%**	2.5%	2.5%	2.5%	**3.0%**	3.0%	3.0%	3.0%
Tax rate	**30.0%**	30.0%	35.0%	35.0%	**35.0%**	35.0%	35.0%	35.0%
Required capital (% EU minimum, or equivalent)	**125%/ 110%**	125%/ 110%	125%/ 110%	125%/ 110%	**250%**	250%	200%	200%

* The principal economic assumptions used for AmerUs Group Co. at the date of acquisition were as follows: risk discount rate of 7.2%, pre-tax investment returns of 4.6% for base government fixed interest and required capital of 250%.

For service companies, expense inflation relates to the underlying expenses rather than the fees charged to the life company. Future returns on corporate fixed interest investments are calculated from prospective yields less an adjustment for credit risk. Required capital in the United Kingdom is 150% EU minimum for Norwich Union Annuity Limited and 100% for other companies. Required capital in Spain is 125% EU minimum for Aviva Vida y Pensiones and 110% for bancassurance companies. The level of required capital for the US business is 250% of the risk based capital, at the company action level, set by the National Association of Insurance Commissioners. The required capital is equivalent to 5% of the insurance liabilities on a local regulatory basis which is broadly equivalent to the required capital we hold for our main European businesses.

(b) Stochastic calculations

The time value of options and guarantees calculation allows for expected management and policyholder actions in response to varying future investment conditions. The management actions modelled include changes to asset mix and bonus rates. Modelled policyholder actions are described under "Other assumptions".

This section describes the models used to generate future investment simulations, and gives some sample statistics for the simulations used. Two separate models have been used, for the UK businesses and for International businesses, as each of these models better reflect the characteristics of the businesses.

United Kingdom

Model

Overall asset returns have been generated assuming that the portfolio total return has a lognormal distribution. The mean and standard deviation of the overall asset return have been calculated using the evolving asset mix of the fund and assumptions over the mean and standard deviation of each asset class, together with correlations between them.

Asset classes

The significant asset classes for UK participating business are equities, property and long-term fixed rate bonds. The most significant assumption is the distribution of future long-term interest rates, since this is the most important factor in the cost of guaranteed annuity options.

Summary statistics

The following table sets out the mean and standard deviations (StDev) of future returns at 30 June 2007 for the three most significant asset classes. Interest rates are assumed to have a lognormal distribution with an annualised standard deviation of 12.5% pa for the natural logarithm of the interest rate.

	Mean[1]	StDev[2]
Equities	**8.3%**	**20%**
Property	**7.3%**	**15%**
Government bonds	**5.3%**	**3.25% – 4.5%**[3]

1. Means have been calculated by accumulating a unit investment for the required number of years in each simulation, averaging the accumulation across all simulations, and converting the result to an equivalent annual rate (by taking the nth root of the average accumulation minus 1).

2. Standard deviations have been calculated by accumulating a unit investment for the required number of years in each simulation, taking the natural logarithm of the result, calculating the variance of this statistic, dividing by the projection period (n years) and taking the square root. This makes the result comparable to implied volatilities quoted in investment markets.

3. Depending on the duration of the portfolio.

For the UK, the statistics are the same over all projection horizons. Assumptions are also required for correlations between asset classes. These have been set based on an assessment of historical data. Returns for corporate fixed interest investments in each scenario are equal to the return on Government bonds plus a fixed additional amount, based on current spreads less a margin for credit risk.

Alternative method of reporting long-term business continued

11 – Principal economic assumptions continued

International

Model

Government nominal interest rates are generated by a model that projects a full yield curve at annual intervals. The model assumes that the logarithm of the short rate follows a mean reverting process subject to two normally distributed random shocks. This ensures that nominal interest rates are always positive, the distribution of future interest rates remains credible, and the model can be calibrated to give a good fit to the initial yield curve.

The total annual return on equities is calculated as the return on one year bonds plus an excess return. The excess return is assumed to have a lognormal distribution. The model also generates property total returns and real yield curves, although these are not significant asset classes for Aviva outside the UK.

Asset classes

The most important assets are fixed rate bonds of various durations. In some businesses equities are also an important asset class.

Summary statistics

The following table sets out the means and standard deviations of future euro and US dollar returns at 30 June 2007 for the three most significant asset classes: equities (in the case of euro), short-term bonds (defined to be of one year duration) and long-term bonds (defined to be 10 year zero coupon bonds). In the accumulation of 10 year bonds, it is assumed that these are held for one year, sold as nine year bonds then the proceeds are reinvested in 10 year bonds, although in practice businesses follow more complex asset strategies or tend to adopt a buy and hold strategy. Correlations between asset classes have been set using the same approach as described for the United Kingdom.

	5 year return		10 year return		20 year return	
	Mean[1]	StDev[2]	Mean[1]	StDev[2]	Mean[1]	StDev[2]
Euro						
Short Government bonds	**4.4%**	**2.0%**	**4.4%**	**3.5%**	**4.5%**	**6.1%**
Long Government bonds	**5.0%**	**4.4%**	**4.6%**	**3.3%**	**4.8%**	**3.7%**
Equities	**7.7%**	**19.7%**	**7.6%**	**19.3%**	**7.5%**	**19.1%**
US dollar						
Short Government bonds	**4.7%**	**2.1%**	**4.7%**	**3.7%**	**5.0%**	**7.2%**
Long Government bonds	**5.2%**	**4.9%**	**5.0%**	**4.0%**	**5.3%**	**4.7%**

1. Means have been calculated by accumulating a unit investment for the required number of years in each simulation, averaging the accumulation across all simulations, and converting the result to an equivalent annual rate (by taking the nth root of the average accumulation minus 1).
2. Standard deviations have been calculated by accumulating a unit investment for the required number of years in each simulation, taking the natural logarithm of the result, calculating the variance of this statistic, dividing by the projection period (n years) and taking the square root. This makes the result comparable to implied volatilities quoted in investment markets.

(c) Other assumptions

Taxation

Current tax legislation and rates have been assumed to continue unaltered, except where changes in future tax rates have been announced.

Demographic assumptions

Assumed future mortality, morbidity and lapse rates have been derived from an analysis of Aviva's recent operating experience. Where appropriate, surrender and option take up rate assumptions that vary according to the investment scenario under consideration have been used in the calculation of the time value of options and guarantees, based on our assessment of likely policyholder behaviour in different investment scenarios.

Expense assumptions

Management expenses and operating expenses of holding companies attributed to life and related businesses have been included in the EEV calculations and split between expenses relating to the acquisition of new business, the maintenance of business in-force and project expenses. Future expense assumptions include an allowance for maintenance expenses and a proportion of recurring project expenses. Certain expenses of an exceptional nature, when they occur, are identified separately and are generally charged as incurred. No future productivity gains have been anticipated.

Where subsidiary companies provide administration, investment management or other services to businesses included in the European Embedded Value calculations, the value of profits or losses arising from these services have been included in the embedded value and new business contribution.

Valuation of debt

Borrowings in the EEV consolidated balance sheet are valued on an IFRS basis, consistent with the primary financial statements. At 30 June 2007 the market value of the Group's external debt, subordinated debt, preference shares including General Accident plc preference shares of £250 million (classified as minority interests) and direct capital instrument was £5,696 million (31 December 2006: £5,991 million).

11 – Principal economic assumptions continued

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Borrowings per summarised consolidated balance sheet – EEV basis	**12,196**	11,070	12,137
Add: Amount included within held for sale	**11**	–	–
Less: Securitised mortgage funding	**(6,825)**	(6,689)	(7,068)
Borrowings excluding non-recourse funding – EEV basis	**5,382**	4,381	5,069
Less: Operational financing by businesses	**(1,176)**	(762)	(874)
External debt and subordinated debt – EEV basis	**4,206**	3,619	4,195
Add: Preference shares (including General Accident plc) and direct capital instrument	**1,440**	1,440	1,440
External debt, subordinated debt, preference shares and direct capital instrument – EEV basis	**5,646**	5,059	5,635
Effect of marking these instruments to market	**50**	354	356
Market value of external debt, subordinated debt, preference shares and direct capital instrument	**5,696**	5,413	5,991

Other

It has been assumed that there will be no changes to the methods and bases used to calculate the statutory technical provisions and current surrender values, except where driven by varying future investment conditions under stochastic economic scenarios.

12 – Sensitivity analysis

(a) Economic assumptions

The following tables show the sensitivity of the embedded value as at 30 June 2007 and the new business contribution before the effect of required capital for the six months to 30 June 2007 to:

- one percentage point increase and decrease in the discount rates;
- one percentage point increase and decrease in interest rates, including all consequential changes (including assumed investment returns for all asset classes, market values of fixed interest assets, risk discount rates);
- one percentage point increase and decrease in the assumed investment returns for equity and property investments, excluding any consequential changes to the risk discount rate;
- 10% rise and fall in market value of equity and property assets (not applicable for new business contribution); and
- decrease in the level of required capital to 100% EU minimum (or equivalent) (not applicable for new business contribution).

In each sensitivity calculation, all other assumptions remain unchanged except where they are directly affected by the revised economic conditions. For example, future bonus rates are automatically adjusted to reflect sensitivity changes to future investment returns. Some of the sensitivity scenarios may have consequential effects on valuation bases, where the basis for certain blocks of business is actively updated to reflect current economic circumstances. Consequential valuation impacts on the sensitivities are allowed for where an active valuation basis is used. Where businesses have a target asset mix, the portfolio is re-balanced after a significant market movement otherwise no re-balancing is assumed.

Embedded value (net of tax) 30 June 2007	As reported on page 75 £m	1% increase in discount rates £m	1% decrease in discount rates £m	1% increase in interest rates £m	1% decrease in interest rates £m
United Kingdom	**6,600**	**(480)**	**560**	**(350)**	**395**
France	**2,386**	**(140)**	**160**	**(95)**	**90**
Ireland	**922**	**(40)**	**40**	**(35)**	**35**
Italy	**833**	**(25)**	**25**	**5**	**(30)**
Netherlands (including Belgium and Germany)	**4,196**	**(170)**	**200**	**–**	**(160)**
Poland	**724**	**(40)**	**45**	**(5)**	**5**
Spain	**905**	**(45)**	**55**	**(25)**	**25**
Other Europe	**116**	**(5)**	**5**	**–**	**–**
Europe	**10,082**	**(465)**	**530**	**(155)**	**(35)**
North America	**1,504**	**(95)**	**105**	**(130)**	**125**
Asia Pacific	**518**	**(15)**	**20**	**–**	**–**
Total	**18,704**	**(1,055)**	**1,215**	**(635)**	**485**

Alternative method of reporting long-term business continued

12 – Sensitivity analysis continued

Embedded value (net of tax) 30 June 2007	As reported on page 75 £m	1% increase in equity/property returns £m	1% decrease in equity/property returns £m	10% rise in equity/property market values £m	10% fall in equity/property market values £m	EU minimum capital (or equivalent) £m
United Kingdom	**6,600**	**230**	**(235)**	**450**	**(445)**	**95**
France	**2,386**	**75**	**(75)**	**120**	**(140)**	**50**
Ireland	**922**	**20**	**(20)**	**30**	**(30)**	**15**
Italy	**833**	**10**	**(10)**	**10**	**(10)**	**10**
Netherlands (including Belgium and Germany)	**4,196**	**215**	**(220)**	**425**	**(430)**	**100**
Poland	**724**	**10**	**(10)**	**10**	**(10)**	**10**
Spain	**905**	**10**	**(10)**	**15**	**(15)**	**5**
Other Europe	**116**	**–**	**–**	**–**	**–**	**5**
Europe	**10,082**	**340**	**(345)**	**610**	**(635)**	**195**
North America	**1,504**	**10**	**(15)**	**–**	**–**	**95**
Asia Pacific	**518**	**5**	**(5)**	**10**	**(10)**	**10**
Total	**18,704**	**585**	**(600)**	**1,070**	**(1,090)**	**395**

In general, the magnitude of the sensitivities will reflect the size of the embedded values, though this will vary as the sensitivities have different impacts on the different components of the embedded value. In addition, other factors can have a material impact, such as the nature of the options and guarantees, as well as the types of investments held. The interest rate sensitivity will vary significantly by territory, depending on the type of business written: for example, where non-profit business is well matched by backing assets, the favourable impact of reducing the risk discount rate is the dominant factor.

Sensitivities will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. Options and guarantees are the main reason for the asymmetry of the sensitivities where the guarantee impacts to different extents under the different scenarios. This can be seen in the sensitivity of a 1% movement in the interest rate for the Netherlands, where there is a significant amount of business with investment return guarantees. The increase of 60 basis points to the assumed pre-tax investment returns at 30 June 2007 has significantly decreased this sensitivity, reflecting the level of the guarantees relative to the interest rate assumption.

Sensitivities to a 1% movement in the equity/property return will only impact the value of the in-force covered business, whereas a 10% movement in equity/property values may impact both the net worth and the value of in-force, depending on the allocation of assets.

New business contribution before required capital (gross of tax) 6 months 2007	As reported on page 70 £m	1% increase in discount rates £m	1% decrease in discount rates £m	1% increase in interest rates £m	1% decrease in interest rates £m
United Kingdom	**178**	**(29)**	**34**	**(12)**	**15**
France	**80**	**(7)**	**7**	**(1)**	**–**
Ireland	**14**	**(2)**	**3**	**(1)**	**2**
Italy	**49**	**(2)**	**2**	**–**	**(1)**
Netherlands (including Belgium and Germany)	**37**	**(7)**	**8**	**5**	**(12)**
Poland	**17**	**(1)**	**2**	**–**	**–**
Spain	**88**	**(6)**	**7**	**(2)**	**2**
Other Europe	**(2)**	**(2)**	**1**	**(1)**	**1**
Europe	**283**	**(27)**	**30**	**–**	**(8)**
North America	**57**	**(14)**	**18**	**–**	**(8)**
Asia Pacific	**32**	**(3)**	**3**	**3**	**(4)**
Total	**550**	**(73)**	**85**	**(9)**	**(5)**

12 – Sensitivity analysis continued

New business contribution before required capital (gross of tax) 6 months 2007	As reported on page 70 £m	1% increase in equity/property returns £m	1% decrease in equity/property returns £m
United Kingdom	**178**	**15**	**(14)**
France	**80**	**3**	**(3)**
Ireland	**14**	**2**	**(2)**
Italy	**49**	**1**	**(1)**
Netherlands (including Belgium and Germany)	**37**	**6**	**(6)**
Poland	**17**	**1**	**(1)**
Spain	**88**	**1**	**(1)**
Other Europe	**(2)**	**–**	**1**
Europe	**283**	**14**	**(13)**
North America	**57**	**2**	**(2)**
Asia Pacific	**32**	**1**	**(1)**
Total	**550**	**32**	**(30)**

(b) Non-economic assumptions

The tables below show the sensitivity of the embedded value as at 30 June 2007 and the new business contribution before the effect of required capital for 2007 to the following changes in non-economic assumptions:

– 10% decrease in maintenance expenses (a 10% sensitivity on a base expense assumption of £10 pa would represent an expense assumption of £9 pa). Where there is a "look through" into service company expenses, the fee charged by the service company is unchanged while the underlying expense decreases;

– 10% decrease in lapse rates (a 10% sensitivity on a base assumption of 5% pa would represent a lapse rate of 4.5% pa);

– 5% decrease in both mortality and morbidity rates disclosed separately for life assurance and annuity business.

No future management actions are modelled in reaction to the changing non-economic assumptions. In each sensitivity calculation, all other assumptions remain unchanged. No changes to valuation bases have been included.

Embedded value (net of tax) 30 June 2007	As reported on page 75 £m	10% decrease in maintenance expenses £m	10% decrease in lapse rates £m	5% decrease in mortality/morbidity rates life assurance £m	5% decrease in mortality/morbidity rates annuity business £m
United Kingdom	**6,600**	**170**	**95**	**50**	**(120)**
France	**2,386**	**35**	**35**	**25**	**(5)**
Ireland	**922**	**20**	**20**	**5**	**(5)**
Italy	**833**	**5**	**–**	**–**	**–**
Netherlands (including Belgium and Germany)	**4,196**	**80**	**20**	**15**	**(40)**
Poland	**724**	**20**	**40**	**10**	**–**
Spain	**905**	**10**	**45**	**15**	**(5)**
Other Europe	**116**	**5**	**5**	**–**	**–**
Europe	**10,082**	**175**	**165**	**70**	**(55)**
North America	**1,504**	**25**	**15**	**15**	**(5)**
Asia Pacific	**518**	**10**	**10**	**10**	**–**
Total	**18,704**	**380**	**285**	**145**	**(180)**

Alternative method of reporting long-term business continued

12 – Sensitivity analysis continued

New business contribution before required capital (gross of tax) 6 months 2007	As reported on page 70 £m	10% decrease in maintenance expenses £m	10% decrease in decrease in lapse rates £m	5% decrease in mortality/morbidity rates life assurance £m	5% decrease in mortality/morbidity rates annuity business £m
United Kingdom	**178**	**10**	**10**	**11**	**(5)**
France	**80**	**3**	**4**	**2**	**–**
Ireland	**14**	**1**	**3**	**–**	**–**
Italy	**49**	**1**	**1**	**1**	**–**
Netherlands (including Belgium and Germany)	**37**	**4**	**3**	**1**	**(1)**
Poland	**17**	**1**	**2**	**1**	**–**
Spain	**88**	**2**	**10**	**2**	**–**
Other Europe	**(2)**	**1**	**–**	**–**	**–**
Europe	**283**	**13**	**23**	**7**	**(1)**
North America	**57**	**2**	**3**	**2**	**–**
Asia Pacific	**32**	**3**	**2**	**1**	**–**
Total	**550**	**28**	**38**	**21**	**(6)**

The demographic sensitivities shown above represent a standard change to the assumptions for all products. Different products will be more or less sensitive to the change, and impacts may partially offset.

Independent auditors' report

We have been instructed by the Company to review the financial information on pages 38 to 84 for the six months ended 30 June 2007 which comprises the Summarised consolidated income statement – IFRS basis, the Pro forma reconciliation of Group operating profit to profit before tax– IFRS basis, the consolidated statement of recognised income and expense – IFRS basis, the Reconciliation of movements in consolidated shareholders' equity – IFRS basis, the Summarised consolidated balance sheet – IFRS basis, the Summarised consolidated cash flow statement, the related notes 1 to 17, and the information on the EEV basis. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Ernst & Young LLP
London

8 August 2007

Shareholder information

Managing your shareholding

Shareholders who have any queries in respect of their shareholding should contact the Company's Registrar, Lloyds TSB Registrars. Contact details can be found below. In addition to assisting with general queries, the Registrar can help with the following:

Amalgamating different share accounts
If shareholders received more than one copy of the Company's communications, it could be because there is more than one record for the shareholder on the share register. To avoid duplicate mailings the Registrar can arrange for accounts to be amalgamated.

Dividend payments direct to your bank account
As an alternative to having dividends paid by cheque, shareholders can, if they wish, have them credited directly into their bank or building society account on the dividend payment date. Having the dividend paid directly into their bank account offers shareholders the benefits of avoiding the risk of cheques being lost in the post, and is more convenient as payment is credited automatically on the payment date. The tax voucher is sent to the shareholder's registered address as usual. Shareholders wishing to set up a dividend mandate can do so via the Company's website **www.aviva.com/dividendmandate**. For overseas shareholders, a TAPS (Transcontinental Automated Payment Service) is available, which allows shareholders in many countries to have dividends credited direct to their bank accounts in local currencies.

Consolidated Tax Vouchers
Private shareholders who currently receive dividends paid directly into their bank or building society account receive one consolidated tax voucher each year instead of a voucher with each dividend payment, unless they request otherwise.

Scrip Dividend
The Aviva Scrip Dividend Scheme (the "Scheme") provides shareholders with the opportunity to receive their dividends in the form of new ordinary shares in the Company instead of cash. Shareholders who have not joined the Scheme but wish to do so should contact Lloyds TSB Registrars and request a mandate form. The completed mandate form will need to be received by Lloyds TSB Registrars no later than 19 October 2007 in order to be effective for the 2007 interim dividend. Further details are included on the Company's website **www.aviva.com/scripdividend**.

A range of shareholder frequently asked questions including practical help on transferring shares and updating details is available online at **www.aviva.com/shareholders**.

Corporate nominee

Shareholders can hold their shares through the Company's nominee service, Aviva Share Account Limited. Shareholders' names will not appear on the public register but they will continue to have a right to receive shareholder communications and attend the Annual General Meeting. For further details contact the Registrar.

Share dealing

The Company has arranged the following services that can be used to buy or sell Aviva shares. Alternatively, if shareholders hold a share certificate they can also use any bank, building society or stockbroker offering share dealing facilities to sell their shares. Shareholders in any doubt about buying or selling their shares should seek professional financial advice.

Share dealing facilities for UK shareholders/share account members

- **You can buy or sell shares via the internet** or by telephone through Shareview Dealing, a share dealing service provided by Lloyds TSB Registrars. For internet purchases and sales log on to **www.shareview.co.uk/dealing** and for telephone purchases and sales call **0870 850 0852** between 8.00am and 4.30pm, Monday to Friday. All 0870 numbers are charged at national rates, and are only available if you are calling from the UK. Lloyds TSB Registrars is authorised and regulated by the Financial Services Authority, registered number 119278.
- **To buy or sell shares over the telephone**, shareholders can contact Barclays Stockbrokers on **0870 549 3002** (for shareholders with a share certificate) or **0870 549 3001** (for shareholders with a share account statement). To check instructions and maintain high quality service standards, Barclays Stockbrokers may record and monitor calls. New Business Development hours are 8.00am and 6.00pm Monday to Friday, excluding Bank Holidays. Barclays Stockbrokers is authorised and regulated by the Financial Services Authority, registered number 124247.
- **NatWest Stockbrokers provide a share dealing service** either over the telephone or at certain NatWest branches for Aviva Share Account holders only. For more information contact NatWest Stockbrokers on **0845 122 0689**. NatWest Stockbrokers Limited ("NWS") is a member of the London Stock Exchange and PLUS. NWS is authorised and regulated by the Financial Services Authority, registered number 124395. Registered Office: Waterhouse Square, 138-142 Holborn, London EC1N 2TH. Registered Number 1959479, England. NWS is operated by a joint venture between The Royal Bank of Scotland Group plc and The Toronto-Dominion Bank.

Share dealing facilities for overseas shareholders
To sell Aviva shares over the telephone, shareholders can contact Barclays Stockbrokers on **+44 (0)141 352 3959**. Non UK residents will need to provide various documents in order to use this service and details will be provided on registration. Please note that regulations prevent this service from being offered to US, Canadian and Australian residents. Settlement proceeds will be sent to either a UK sterling bank account or by sterling cheque.

Shareholder Information

ShareGift
The Orr Mackintosh Foundation operates a purely voluntary charity share donation scheme for shareholders who wish to dispose of small numbers of shares when the dealing costs or minimum fee makes it uneconomical to sell them. Details of the scheme are available from ShareGift at **www.sharegift.org** or can be obtained from the Company's Registrar.

Keeping Your Shareholder Information Safe
In our 2007 AGM mailing to shareholders we included an insert advising shareholders to be vigilant in reducing the opportunities for share related fraud and identity theft. We have been contacted by a growing number of shareholders who have been approached by organisations claiming to be "investment specialists" acting on behalf of Aviva. Unfortunately, it is possible for such organisations to obtain names and addresses and holdings from the Aviva Share Register and Annual Returns which are both public records.

Aviva has not appointed or authorised any "investment specialists" to contact shareholders and you should be wary of any unsolicited calls or offers of advice. If you do receive such calls you should try and find out as much information about them as possible and report the matter to the Financial Services Authority (FSA). The FSA maintains a register of authorised persons and also on its website a list of unauthorised overseas firms who are targeting UK investors. See the FSA website **www.fsa.gov.uk** for more information. You should also inform the Company's Registrar, Lloyds TSB Registrars, on 0870 600 3952.

Share price
Shareholders can access the current share price of Aviva plc ordinary shares at **www.aviva.com** or alternatively can call **0906 843 2197**. Calls are currently charged at 60 pence per minute at all times. The average time to access the share price is approximately one minute.

Group financial calendar for 2007

Announcement of third quarter long-term savings new business figures	25 October

Ordinary Shares

Ex-dividend date*	19 September
Record date*	21 September
Scrip dividend price available*	26 September
Last date for scrip dividend forms to be received in order to be effective for 2007 interim dividend	19 October
Dividend payment date	16 November

*Please note that these dates differ from the provisional dates announced on 9 November 2006.

Preference Shares

8$\frac{3}{8}$% cumulative irredeemable preference shares	
Ex-dividend date	29 August
Record date	31 August
Second payment date	30 September
8$\frac{3}{4}$% cumulative irredeemable preference shares	
Ex-dividend date	28 November
Record date	30 November
Second payment date	31 December

Shareholder information continued

Useful contact details

Detailed below are the contact details and various addresses that shareholders may find useful if they have a query in respect of their shareholding. Please quote Aviva plc, as well as the name and address in which the shares are held, in all correspondence. If you have a shareholder reference, please have this available as well.

General shareholding, administration queries and Aviva share account queries:
Lloyds TSB Registrars, The Causeway,
Worthing, West Sussex BN99 6DA.
T: 0870 600 3952
www.shareview.co.uk
email: aviva@lloydstsb-registrars.co.uk

Corporate and single company Peps:
Barclays Stockbrokers Limited,
Tay House, 300 Bath Street, Glasgow G2 4LH.
T: 0870 514 3263.
www.stockbrokers.barclays.co.uk

Individual Savings Accounts (ISAs):
Lloyds TSB Registrars (ISA Manager),
The Causeway, Worthing, West Sussex BN99 6DA.
T: 0870 242 4244

Internet sites

Aviva owns various internet sites, most of which interlink with each other.

Aviva Group	www.aviva.com
UK long-term savings and general insurance	www.norwichunion.com
Fund management	www.morleyfm.com
Aviva worldwide internet sites	www.aviva.com/websites

2007 Annual General Meeting – voting results

The voting results, including proxy votes and votes withheld, from Aviva's Annual General Meeting held on 26 April 2007 can be viewed on the Company's website at **www.aviva.com/investors**.

E-Communications

At the 2007 Annual General Meeting, a resolution was passed to amend the Company's Articles of Association to take full advantage of the provisions in the Companies Act 2006 in relation to electronic communications. In particular, the provisions enable all communications between the shareholder and the Company to be made in electronic form. Documents will be supplied via the Company's website to shareholders who have not requested a hard copy or provided an e-mail address to which documents or information may be sent. If you wish to continue to receive hard copy documents and have previously not elected to do so, you should write to the Registrar. The wider use of electronic communications enables faster receipt of documents, reduces the Company's printing, paper and postage costs and has a positive impact on the environment. If you have not already done so, to receive communications electronically, log onto **www.aviva.com/shareholders** and register for shareholder e-communications.

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Board photography by Chris Moyse and Edward Webb.

We are committed to caring for the environment and looking for sustainable ways to minimise our impact on it.

Our interim report has been printed by Burlington. We choose Burlington because they have the important environmental certification by SGS for the FSC standards.

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