Aviva plc
Half Year Report 2008

Forty five million customers.
Twenty seven countries.
One Aviva.

Highlights and achievements*

Resilient performance in uncertain economic climate and volatile investment markets

Announced final stages of move to global Aviva brand

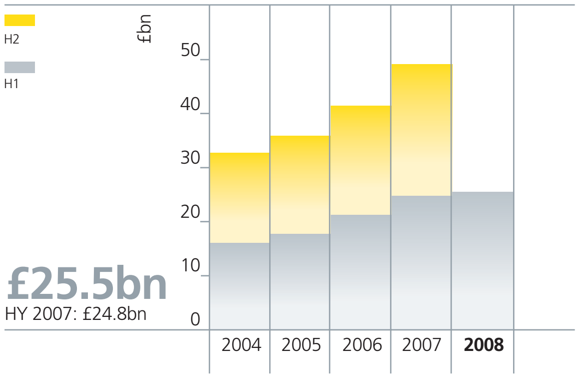
On track to deliver against previously announced cost savings targets and additional cost savings announced in UK and Irish businesses

Progress made in reattribution of inherited estate with agreement announced on offer to be made to eligible policyholders

Continued excellent growth in US life business

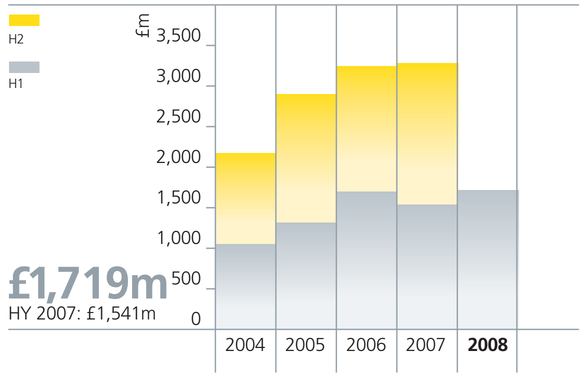
Significant growth in developing markets of China and India and commenced trading in Taiwan

Worldwide sales**



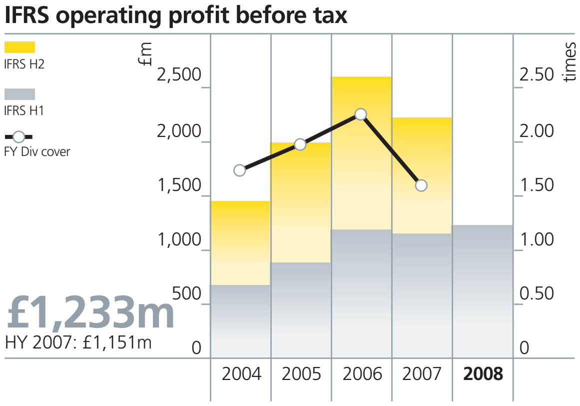
£25.5bn
HY 2007: £24.8bn

EEV operating profit before tax***



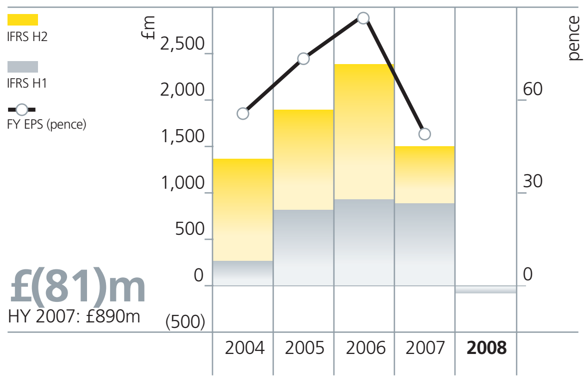
£1,719m
HY 2007: £1,541m

IFRS operating profit before tax



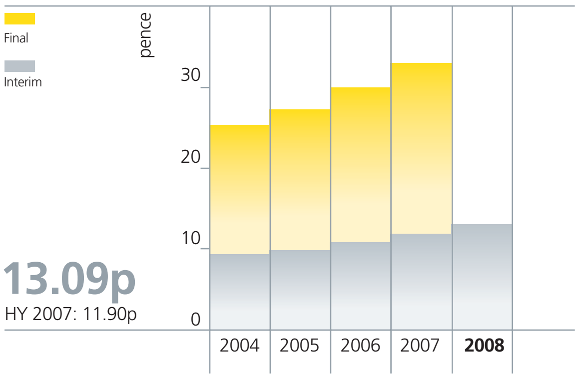
£1,233m
HY 2007: £1,151m

IFRS total return after tax≠



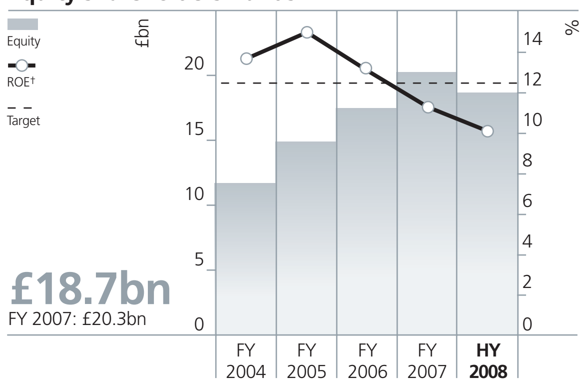
£(81)m
HY 2007: £890m

Dividend



13.09p
HY 2007: 11.90p

Equity shareholders' funds‡



£18.7bn
FY 2007: £20.3bn

* All numbers reflect the six months ended 30 June 2008 except where stated.
** From continuing operations, including our share of associates' premiums.
*** From continuing operations, including long-term savings result on an EEV basis.
† Return based on opening equity shareholder's funds on an EEV basis.
‡ On an EEV basis.
≠ IFRS total return includes the impact of investment volatility and other non-operating items.

Overview

Business review

Financial statements – International Financial Reporting Standards (IFRS) basis

Information on the European Embedded Value (EEV) basis

Other information

Group structure

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 Asia Pacific and the USA. Our main activities are long-term savings, fund management and general insurance**.

We have total annual worldwide sales of £49.2 billion≠ and at 30 June 2008 we have £359 billion of funds under management. We have 57,000 employees serving around 45 million customers in 27 countries around the world.

Group

Read more » 4–15

Total sales
£25,500m
(2007: £24,792m)

PVNBP‡	£17,283m
Investment sales	£2,417m
Net written premiums§	£5,800m
	£25,500m

EEV operating profit
£1,719m
(2007: £1,541m)

Regional operating profit	£1,991m
Corporate Centre	£(71)m
Group debt costs and other interests	£(201)m
	£1,719m

EEV (loss)/profit before tax
£(1,671)m
(2007: £2,031m)

IFRS operating profit
£1,233m
(2007: £1,151m)

IFRS (loss)/profit before tax
£(17)m
(2007: £1,198m)

Total employees
57,011†

UK

Read more » 16–19

Total sales
£9,535m
(2007: £10,365m)

PVNBP‡	£5,863m
Investment sales	£840m
Net written premiums§	£2,832m
	£9,535m

EEV operating profit
£756m
(2007: £693m)

Long-term savings	£471m
Fund management	£(8)m
General insurance	£326m
Other operations	£(33)m
	£756m

IFRS operating profit
£713m
(2007: £655m)

Employees and locations
32,872†

Our life and general insurance businesses are based in York and Norwich respectively, with operations spread across the UK. We also have overseas operations in India and Sri Lanka

Additional information
Norwich Union is a market leader in the UK long-term savings market

Norwich Union Insurance is the leading general insurer in the UK and we also provide a wide range of motoring services through the RAC

Europe

Read more » 20–23

Total sales
£11,140m
(2007: £10,000m)

PVNBP‡	£8,431m
Investment sales	£526m
Net written premiums§	£2,183m
	£11,140m

EEV operating profit
£956m
(2007: £880m)

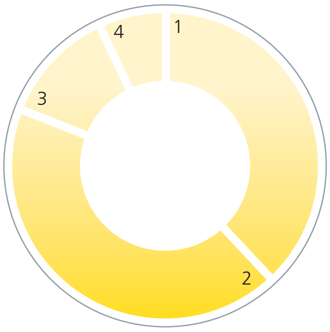
Long-term savings	£823m
Fund management	£9m
General insurance	£137m
Other operations	£(13)m
	£956m

IFRS operating profit
£614m
(2007:£605m)

Employees and locations
15,989†

Belgium#
Czech Republic
France
Germany#
Hungary
Italy
Ireland
Lithuania
Luxembourg#
Netherlands
Poland
Romania
Russia
Spain
Turkey

Additional information
Aviva is one of the leading providers of life and pensions products in Europe with a strong presence in the general insurance markets of Ireland and the Netherlands



Contribution to Group total sales

1: UK	2: Europe	3: North America	4: Asia Pacific
37%	44%	12%	7%

North America

Read more »
24–25

Total sales

£2,976m
(2007: £2,381m)

PVNBP‡	£2,205m
Net written premiums§	£771m
	£2,976m

EEV operating profit

£211m
(2007: £183m)

Long-term savings	£139m
General insurance	£76m
Other operations	£(4)m
	£211m

IFRS operating profit

£114m
(2007: £129m)

Employees and locations

4,717†
Canada
United States

Additional information

Aviva USA ranks first in sales in both the indexed life and indexed annuity markets

Aviva Canada is ranked second in sales in the Canadian general insurance market

Asia Pacific

Read more »
26–27

Total sales

£1,849m
(2007: £2,046m)

PVNBP‡	£784m
Investment sales	£1,051m
Net written premiums§	£14m
	£1,849m

EEV operating profit

£48m
(2007: £55m)

Long-term savings	£47m
Fund management	£9m
General insurance	£(1)m
Other operations	£(7)m
	£48m

IFRS operating profit

£15m
(2007: £32m)

Employees and locations

2,052†

Australia
China
Hong Kong
India
South Korea
Malaysia
Singapore
Sri Lanka
Taiwan

Additional information

In Singapore, we rank first in combined sales of long-term savings products, including unit trusts

Aviva is the second largest foreign insurer in China

Aviva Investors

Read more »
28–29

EEV operating profit

£20m
(2007: £29m)

Fund management	£20m
	£20m

IFRS operating profit

£49m
(2007: £58m)

Employees and locations

884†

Australia
Canada
China
France
Germany
Ireland
Italy
Luxembourg
Poland
Singapore
Spain
United Kingdom
United States

Additional information

Our globally integrated asset manager, Aviva Investors, will unlock the group's combined strength in investment manufacturing and distribution, operating under a single brand across the UK, Europe, North America and Asia Pacific

* Based on gross worldwide premiums for the year ended 31 December 2007.
** Typically includes motor, household, creditor, health, commercial motor, commercial property and commercial liability insurance.
† For the year ended 31 December 2007, adjusted for staff included under Aviva Investors.
‡ Present value of new business premium (PVNBP) is equal to total single premium sales received 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.
# Belgium, Germany and Luxembourg are reported as part of the Netherlands results.
≠ For the year ended 31 December 2007.
§ General insurance and health business only.

Group chief executive's statement

Dear Shareholder

I am pleased to report that Aviva's results for the first half of 2008 demonstrate great resilience in a difficult economic climate. We continue to make good progress with our transformation towards "one Aviva, twice the value" and I am confident that through this we will realise the full potential of Aviva's existing businesses.

Market background

Stock markets around the world remain volatile with banks announcing additional write-downs and capital-raising initiatives. A slowdown in the housing market and rising prices of oil and food have created inflationary pressures and uncertainty among consumers which has had a knock-on impact on the savings and investment markets.

Equities in particular have suffered. While not immune to this downward trend, our share price has outperformed the insurance sector in the first half of the year. In part, this is because we are well capitalised and have a strong balance sheet with minimal exposure to sub-prime debt. However, there is no sign yet of recovery in the global economy.

'One Aviva, twice the value'

The drive towards our strategic vision of "one Aviva, twice the value" gathered pace in April when we announced our move to a single global brand. Over the next two years Norwich Union in the UK, Hibernian in Ireland and Commercial Union in Poland will all become Aviva. I am confident this development is a great opportunity for the whole group. Becoming Aviva worldwide will bring many benefits, including improved recognition among customers, amplifying the global impact of our investment in advertising and sponsorship, and enhancing career opportunities for our employees.

We have been running a series of high-level summits around the world, attended by our top 450 senior leaders, to help drive home the importance of the "one Aviva, twice the value" message and affirm their personal commitment to the strategy. These events represent the single biggest commitment to building and sustaining cultural change that Aviva has ever made. The programme emphasises our ambition to provide prosperity and peace of mind for our customers through coming together as a strong, unified business with global reach. We want to bring our 57,000 employees together as one team, working for one company, with one approach to talent management and career opportunities.

Business developments

We continue to invest in our businesses and in expanding our geographical footprint. In the first six months of the year our operations in Taiwan have started trading and we have entered the life insurance market in South Korea, the second-largest life insurance market in Asia.

In early July we announced the sale of our offshore operations, Aviva Global Services, to WNS, our partner over the past five years. We are still committed to the concept of offshoring, the benefits that it provides the group and the role it plays in the "one Aviva, twice the value" vision and have therefore signed a deal with WNS to continue to provide these services to our UK, Irish and Canadian businesses for the next eight years.

The cost saving programmes that we announced at our analyst day last October are well under way. In June we announced further savings to come over the next two years from our general insurance operations in the UK and a reorganisation of our business in Ireland that will increase operational efficiencies, reduce costs and support our continued growth.

The creation of our global asset management business, Aviva Investors, was announced in February and much progress has been made on this front to date. While the formal launch of the business is planned for September this year, we are reporting Aviva Investors as a separate management structure for the first time in this report; you can read more on page 28.

Customers

At the heart of our business are 45 million customers worldwide. Recognising their diverse needs is fundamental to helping them make the most of their lives. For five years, we have researched consumer attitudes across the globe - this year in 25 countries - and delivered exceptional insights into what customers want.

Work is under way to improve our customers' experience of Aviva through better and more individual service. Our ambition is to drive a significant increase in the number of customers who recommend us to their family, friends and colleagues because they have valued the experience of doing business with us so much.

Financial results

Our pre-tax operating profit on an EEV basis was £1,719 million (2007: £1,541 million) with strong results in the life segment partly offset by lower general insurance results. Return on equity shareholders' funds on an EEV basis was 10.3% (Full year 2007: 11.3%). On an IFRS basis, the group operating profit before tax was £1,233 million (2007 restated: £1,151 million), and IFRS earnings per share, based on total return, was a loss of 3.9 pence (2007 restated: 31.0 pence profit) which reflected the impact of the volatile investment markets during the period. The net asset value of the group at 30 June was 702 pence (31 December 2007: 772 pence).

Interim dividend

I am pleased to announce that the board has recommended an interim dividend of 13.09 pence (2007: 11.90 pence), an increase of 10%. This increase is consistent with our intention to grow the dividend on a prudent basis, using a dividend cover range of 1.5 to 2.0 times, while retaining capital to support future business growth.

Reattribution of inherited estate

After eighteen months we have reached a significant milestone in successfully concluding our negotiations with the policyholder advocate on the reattribution of the inherited estates in two of our funds. An offer of £1 billion has been agreed for the one million eligible policyholders which should result in payments to these policyholders in summer 2009. This is an excellent result for our customers and shareholders, creating significant benefit for shareholders, enhancing the group's capital efficiency and underpinning confidence in our future dividend stream. Each policyholder has a free choice whether to accept the offer or not and the reattribution is subject to approvals by the Aviva and Norwich Union boards, as well as the FSA and High Court.

Leadership team

Andrea Moneta joined us in July as chief executive of Aviva Europe. Andrea will play a key role in harnessing the combined benefits of our European businesses as they move to the next stage of their growth and development. Amanda Mackenzie joined in March as group marketing director. She has overall responsibility for all group marketing and communications activities, including the development of our global brand. In other developments within the team, Mark Hodges, chief executive of Norwich Union Life in the UK, was appointed to the main Aviva plc board in June. Mark has been with the company for 17 years and has a rare mix of operational and strategic expertise that will be a great asset to the board.

China earthquake

Sichuan province in China was devastated by a powerful earthquake in May which left over 70,000 people dead and caused extensive damage to property. The response of Aviva staff was magnificent with many donating their own time and money towards the relief effort. Aviva-COFCO was at the forefront of this activity, both through individual contributions and by delivering compensation to affected policyholders as swiftly as possible. I am extremely proud of the way our people conducted themselves and helped the victims of this terrible event.

Outlook

This is an exciting time for Aviva as we continue to develop a world-class business with strong growth potential and a truly global presence. Our results in the first half of 2008 again demonstrate the strength of our diversified business model and, while we expect further short-term uncertainty in some of our markets, this combined with the strength of our balance sheet and prudent management decisions will ensure Aviva's continued success.

We now need to build on these strengths and develop a reputation for excellence, for financial strength, for customer service and for providing customers with what they want. With the talent, passion and energy of our employees, I know we shall succeed.

Andrew Moss
Group chief executive

Business review

Basis of preparation

The results for the six months to 30 June 2008 have been prepared using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). These include IAS 34, *Interim Financial Reporting*, which specifically addresses the contents of half year announcements. The results apply the accounting policies set out in Aviva plc's 2007 Annual Report and Accounts except that segmental information is now given in accordance with the requirements of IFRS 8, *Operating segments*, as set out on page 54. The results for the six months to 30 June 2008 and 2007 are unaudited but have been reviewed by the external auditor, Ernst & Young LLP. The half year financial statements do not constitute financial statements as defined in Section 240 of the Companies Act 1985. The results for the full year 2007 have been taken from the group's 2007 Annual Report and Accounts. The external auditor has reported on the 2007 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 2007 Report and Accounts have been filed with the Registrar of Companies.

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 better 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.

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 KPI's are discussed further on page 8.

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 Aviva's 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:

- 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

Consequently, 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.

Market consistent embedded value (MCEV)

While adoption of the MCEV principles will only become mandatory in 2009, the group intends to adopt early and report the results of its long-term business on this basis in the full year 2008 announcement. Restated comparative data will be published in advance of our full year 2008 results announcement.

Group strategy

Aviva's purpose is to deliver prosperity and peace of mind to our customers. We will achieve this by realising our vision: "One Aviva, twice the value". By working together across our businesses, we will optimise our performance in the global marketplace and maximise the value we can generate for our stakeholders.

To achieve our vision, we are focused on delivering against our five key strategic priorities. These are set out below:

Manage composite portfolio:
We are fully committed to maintaining the composite nature of the group. We firmly believe in the benefits of life insurance, general insurance and asset management as complementary parts of an overall business model that balances cash flow, returns and long-term value creation, and delivers prosperity and peace of mind to customers.

Build global asset management:
We have significant asset management functions across the group. These businesses have historically been managed separately, and we are now bringing them together in a global asset management business – Aviva Investors – that will foster investment performance and creation of solutions, with an increased focus on winning external clients.

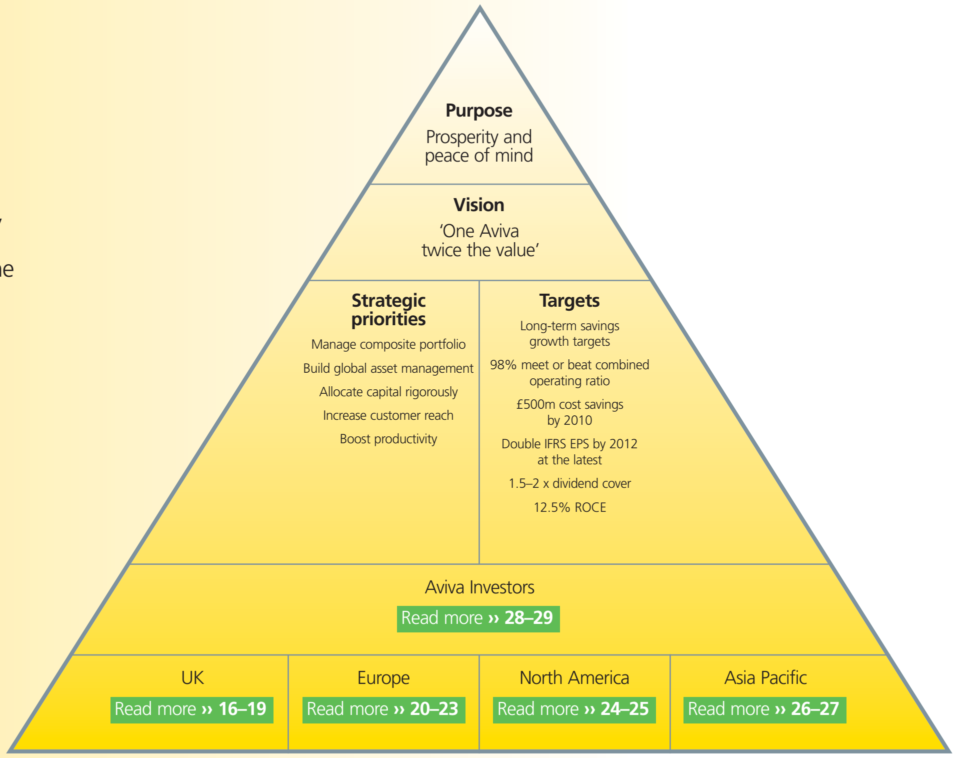
Allocate capital rigorously:
Capital management will continue to be a key focus for Aviva going forward. Capital is treated as a scarce resource, and is allocated to provide the highest sustainable returns for shareholders. We continuously seek improvements in capital structure and efficiency.

Increase customer reach:
We sell our products in 27 countries in the way that our customers choose to buy them. We will continue looking for the right distribution in the right markets. We also get closer to our customers through better understanding their needs, which helps us to generate profitable sales, by providing products and services that customers want at a fair price. Our move to a worldwide brand and closer integration means that new and existing customers will get the same quality, financial strength and security wherever they do business with us and will benefit from innovation from around the world.

Boost productivity:
We constantly look for ways to boost our productivity, in order to increase our competitiveness, improve our services and deliver higher value to our customers. This will enable Aviva to deliver further sustainable growth.

One Aviva triangle

The Aviva triangle has been developed to explain the purpose, vision, targets and strategic priorities of the group in a simple and straight forward way.



Business review continued:

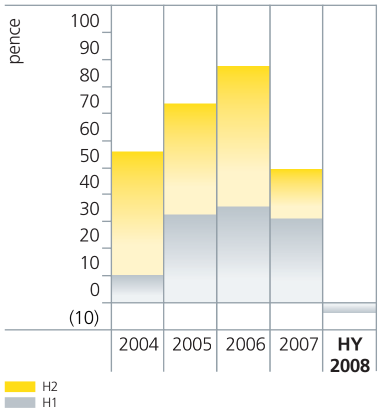
Key performance indicators

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:

Earnings per share

To demonstrate our commitment to our vision of "one Aviva, twice the value" we have announced our ambition to double IFRS earnings per share by 2012. This ambition is based on total IFRS return, including investment volatility and non-operating items, over the weighted average number of shares. Our IFRS loss per share at 30 June 2008 was 3.9 pence (2007: earnings per share 31.0 pence), with operating profit growth offset by adverse short-term fluctuations and economic assumption changes.

Earnings per share (IFRS) total return

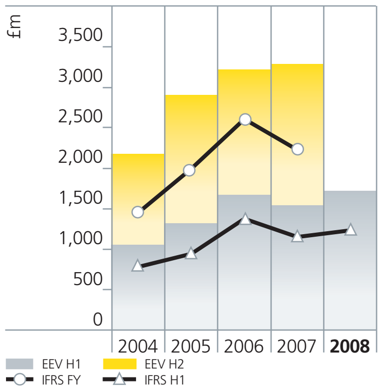


Group operating profit before tax*

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.

EEV operating profit before tax, increased by 12% to £1,719 million (2007: £1,541 million) with strong results in the life segment offset by lower profits in the general insurance segment as a result of challenging conditions in the current year. On an IFRS basis, operating profit before tax increased by 7% to £1,233 million (2007 restated: £1,151 million).

Group operating profit before tax



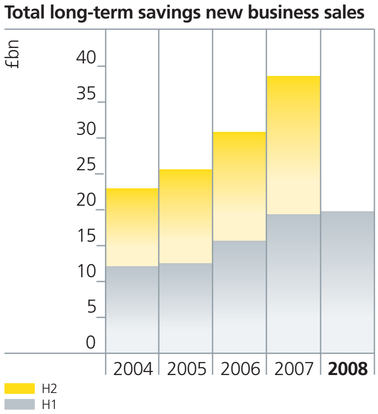
Long-term savings new business sales

During 2007 we announced regional growth targets for our life business. These are as follows:

- UK to grow at least in line with the market
- Europe to grow sales by an average of 10% per year to 2010
- North America to double sales within three years of AmerUS acquisition (in November 2006)
- Asia Pacific to grow sales by an average of 20% per year to 2010

Our total new business sales, including investment sales, increased by 2% in the six months to 30 June 2008 to £19,700 million (2007: £19,294 million). An 11% increase in life and pension sales, driven by growth in North America and Asia Pacific, is offset by a fall in investment sales across all regions reflecting the volatile investment market conditions. Further discussion of this can be found on page 12.

Total long-term savings new business sales



* 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.

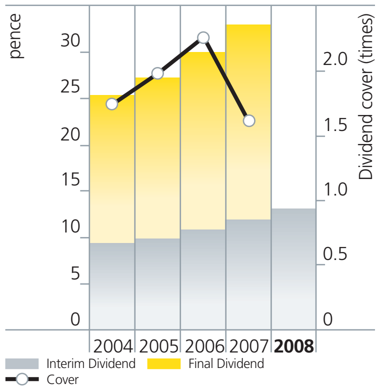
Proposed ordinary dividend per share and dividend cover**

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 13.09 pence (2007: 11.90 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.

Proposed ordinary dividend per share and dividend cover



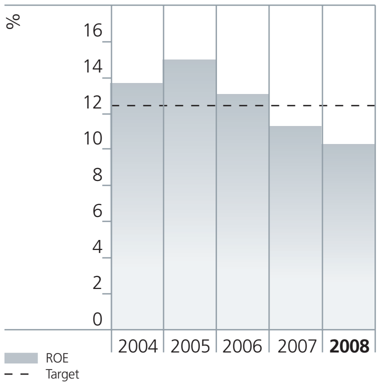
Return on equity shareholders' funds†

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 10.3% (30 June 2007: 11.6%), reflecting the dilutive impact of a higher opening capital base. This was partly offset by a 5% increase in post-tax EEV operating return reflecting the improvement in long-term business results.

Return on equity shareholders' funds for the full year 2007 was 11.3%.

Return on equity shareholders' funds



Other financial performance indicators

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 new business margins, combined operating ratio and underwriting profit.

Non-financial performance indicators

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, which 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 is collected during the second half of the year and so it is not appropriate to quantify our non-financial performance at the half year; however, this review does include qualitative comments on developments during the first half of 2008. Additionally, the 2008 Report and Accounts will provide quantitative measures on which our non-financial performance can be assessed.

** 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.

† 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 an EEV basis before adjusting items.

Business review continued:
Group performance

Operating profit

Group operating profit – IFRS basis

	6 months 2008 £m	Restated* 6 months 2007 £m	Full year 2007 £m
Long-term business**	**970**	834	1,634
Fund management**	**63**	76	155
General insurance and health	**538**	560	1,033
Other:			
Other operations and regional costs	**(66)**	(49)	(74)
Corporate centre	**(71)**	(80)	(157)
Group debt costs and other interest	**(201)**	(190)	(363)
IFRS operating profit before tax	**1,233**	1,151	2,228

Group operating profit – EEV basis

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Long-term business**	**1,480**	1,251	2,753
Fund management**	**30**	45	90
General insurance and health	**538**	560	1,033
Other:			
Other operations and regional costs	**(57)**	(45)	(70)
Corporate centre	**(71)**	(80)	(157)
Group debt costs and other interest	**(201)**	(190)	(363)
EEV operating profit before tax	**1,719**	1,541	3,286

* As set out in the 2007 report and accounts, we changed the definition of IFRS operating profit during the second half of 2007. Accordingly, we have restated the six months 2007 comparatives.

** The results of the group's asset management and other operations 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.

The group's operating profit before tax, including life EEV operating return, increased by 12% to £1,719 million (2007: £1,541 million). This solid performance has been driven by strong results in the life segment and lower profit in the general insurance and health segment, once again demonstrating the strength of our composite model. On an IFRS basis, worldwide operating profit before tax increased by 7% to £1,233 million (2007 restated: £1,151 million).

The operating results of our long-term savings, fund management and general insurance businesses are discussed in detail in the regional overview section of this review on pages 14 to 29. Other components of our operating profit are discussed below.

Corporate centre

The corporate centre result for the period was a loss of £71 million (2007: £80 million) mainly due to lower central spend and lower staff incentive costs.

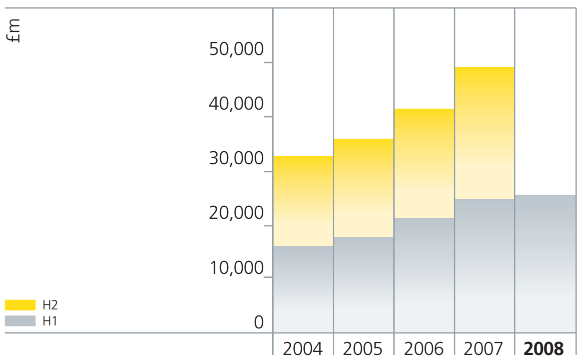
Within this overall total project spend has increased to £20 million (2007: £13 million), driven by the corporate centre's share of the ongoing implementation of the global finance strategy. This project will allow us to deliver new reporting requirements under MCEV and Solvency II and compliance with Sarbanes-Oxley (which would support a potential US listing). Further expenditure to deliver this project is also included in each regions' operating profit.

Group debt costs and other interest

Group debt costs and other interest of £201 million (2007: £190 million) comprise internal and external interest on borrowings, subordinated debt and intra-group loans not allocated to local business operations. Interest costs were in line with the prior period at £223 million (2007: £222 million). Within this, external interest costs were £128 million (2007: £129 million) and internal interest costs were £95 million (2007: £93 million). Also included is net pension income on the main UK pension scheme. This represents the expected return on pension scheme assets less the interest charge on pension scheme liabilities. Net pension income fell to £22 million (2007: £32 million).

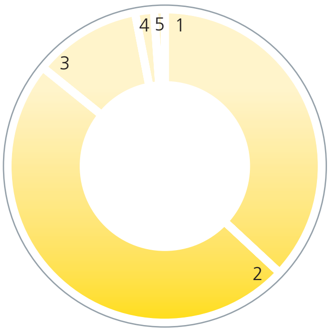
Interest on the £990 million direct capital instrument issued in 2004 is not included within unallocated interest as it is instead treated as an appropriation of profits retained in the period. This appropriation is settled in accordance with IFRS and will be reflected in the second half of the year.

Worldwide sales



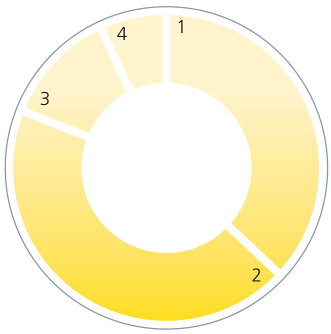
Regional analysis of EEV operating profit

Region	%
1 UK	37
2 Europe	49
3 North America	11
4 Asia Pacific	2
5 Aviva Investor	1
Total	100



Regional analysis of total sales

Region	%
1 UK	37
2 Europe	44
3 North America	12
4 Asia Pacific	7
Total	100



(Loss)/profit before tax

The tables below set out the reconciling items between our operating profit, as discussed above, and our (loss)/profit before tax for the six months ended 30 June 2008.

Reconciliation of group operating profit to (loss)/profit before tax – IFRS basis

	6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
Operating profit before tax – IFRS basis	**1,233**	1,151	2,228
Adjusted for the following:			
Investment return variances and economic assumption changes on long-term business	**(636)**	107	15
Short-term fluctuations in return on investments backing general insurance and health business	**(314)**	37	(184)
Impairment of goodwill	**(42)**	(3)	(10)
Amortisation and impairment of other intangibles	**(51)**	(49)	(103)
Profit/(loss) on disposal of subsidiaries and associates	**9**	(5)	49
Integration and restructuring costs	**(132)**	(40)	(153)
Exceptional costs for termination of operations	**(84)**	–	–
(Loss)/profit before tax – IFRS basis	**(17)**	1,198	1,842
Tax	**(64)**	(308)	(337)
(Loss)/profit for the financial period	**(81)**	890	1,505
Attributable to:			
Equity shareholders	**(94)**	807	1,327
Minority interests	**13**	83	178

Reconciliation of group operating profit to (loss)/ profit before tax – EEV basis

	6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
Operating profit before tax – EEV basis	**1,719**	1,541	3,286
Adjusted for the following:			
Investment return variances and economic assumption changes on long-term business	**(2,783)**	542	67
Short-term fluctuations in return on investments backing general insurance and health business	**(314)**	37	(184)
Impairment of goodwill	**(42)**	(3)	(10)
Amortisation and impairment of other intangibles	**(44)**	(41)	(89)
Profit/(loss) on disposal of subsidiaries and associates	**9**	(5)	20
Integration and restructuring costs	**(132)**	(40)	(153)
Exceptional costs for termination of operations	**(84)**	–	–
(Loss)/profit before tax – EEV basis	**(1,671)**	2,031	2,937
Tax	**396**	(529)	(803)
(Loss)/profit for the financial period	**(1,275)**	1,502	2,134

The loss before tax on an EEV basis was £1,671 million (2007: £2,031 million profit), and includes adverse investment variance and economic assumption changes on long-term business of £2,783 million (2007: £542 million favourable). These variances reflect the impact of the uncertain economic conditions prevailing during the period and volatile investment markets.

IFRS loss before tax of £17 million (2007: £1,198 million profit) is stated after long-term business adverse investment variances of £636 million (2007: £107 million favourable), driven by increasing risk free rates, widening credit spreads and poor equity performance across all regions.

The adverse short-term fluctuation in return on investments backing general insurance and health business of £314 million (2007: £37 million favourable) is due to lower market returns compared to our longer-term investment return assumptions. We reduced our exposure to equities through an active sell off of part of our equity book in the second half of 2007.

Impairment of goodwill of £42 million (2007: £3 million) is mainly driven by a £39 million impairment of goodwill balances in the Netherlands.

Amortisation and impairment of intangibles on an IFRS basis was £51 million (2007: £49 million). This mainly reflects the amortisation of the intangible benefit from acquired distribution channels in North America and Europe and the amortisation of intangibles such as acquired distribution channels, capitalised development costs and exclusivity rights in the United Kingdom.

Integration and restructuring costs of £132 million (2007: £40 million) mainly comprises phase one restructuring costs of £30 million announced in October 2007 and phase two restructuring costs of £91 million announced in June 2008. The balance relates mainly to the implementation of Aviva Investors.

Exceptional costs for the termination of operations of £84 million (2007: £nil) are due to the migration of the wrap platform in the UK to a third party provider, Scottish Friendly. These costs include writedowns of goodwill and intangible assets.

Tax

The taxation credit for the six month period was £396 million (2007: £529 million charge) on an EEV basis and includes a charge of £523 million (2007: £416 million) in respect of operating profit, which is equivalent to an effective rate of 30.4% (2007: 27.0%) mainly reflecting increased profits in France, Spain and the US, which are taxed at higher rates. The effective tax rate on IFRS operating profit is 28.7% (2007: 28.6%).

Dividend

The Board has recommended 10% increase in the interim dividend to13.09 pence net per share (2007: 11.90 pence) payable on 17 November 2008 to shareholders on the register on 26 September 2008.

Business review continued:

Group performance continued

Financial highlights

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Worldwide sales	**25,500**	24,792	49,152
Life and pensions new business contribution before required capital	**656**	550	1,174
Life and pensions new business contribution after required capital	**488**	419	912
Life and pensions margin before required capital	**3.8%**	3.5%	3.7%
Life and pensions margin after required capital	**2.8%**	2.7%	2.9%
General insurance business combined operating ratio	**97%**	97%	100%
Return on equity shareholders' funds	**10.3%**	11.6%	11.3%
Earnings per share			
Basic – EEV operating profit after tax basis	**39.4p**	38.6p	76.5p
Basic – IFRS total (loss)/profit after tax basis	**(3.9)p**	31.0p	49.2p

Worldwide sales

Total worldwide sales for the group in the six months to 30 June 2008 were up 3% to £25,500 million (2007: £24,792 million), with growth in both long-term savings sales and general insurance and health net written premiums.

The increase in long-term savings sales to £19,700 million (2007: £19,294 million) is driven by 11% growth in life and pensions sales of £17,283 million (2007: £15,543 million), offsetting a decrease of 36% in investment sales to £2,417 million (2007: £3,751 million) which have been impacted across all our regions by the current economic climate and volatile market conditions. These results have been supported by favourable exchange rate movements, primarily the strengthening of the euro. Excluding this impact, underlying sales were down 5%.

In the United Kingdom total long-term savings sales were down 10% to £6,703 million (2007: £7,415 million). While we achieved a record half year in life and pensions sales of £5,863 million (2007: £5,820 million), investments sales were significantly down at £840 million (2007: £1,595 million) as current economic conditions continue to impact consumer attitudes to saving for the future. Total sales included another strong half year from our bancassurance partnership with The Royal Bank of Scotland Group, sales of which were up 12%.

Aviva Europe delivered long-term business sales of £8,957 million (2007: £8,131 million), up 10%. Within this, life and pension sales were up 15% to £8,431 million (2007: £7,353 million) and investment sales fell by 32% to £526 million (2007: £778 million). The strength of the euro has a positive effect on these results and on a local currency basis total sales were down 4%, reflecting difficult conditions for long-term savings products in a number of countries within the region, in particular Ireland and Italy. These falls were partly offset by strong growth in the Netherlands and central and eastern Europe.

Our business in North America continued to deliver strong growth and long-term business sales for the six months were up 28% to £2,205 million (2007: £1,716 million), despite the volatile economic environment.

Total long-term savings sales for Asia Pacific were down 10% to £1,835 million (2007: £2,032 million). Within this, life and pension sales grew by 20% to £784 million (2007: £654 million) reflecting growth in China and India, the impact of the new businesses in Taiwan and Malaysia, together with favourable movements in exchange rates. Investment product sales fell 24% to £1,051 million (2007: £1,378 million).

Net written premiums from our general insurance and health businesses were up 5% to £5,800 million (2007: £5,498 million). This result includes the positive impact of a strengthening euro and Canadian dollar while the underlying markets remain highly competitive.

Life and pensions new business contribution and margin

Our new business contribution before the effect of required capital increased by 19% to £656 million (2007: £550 million), generating an improved margin of 3.8% (2007: 3.5%). The increase is mainly due to North America where we have seen improvements in margins on life contracts and an increase in sales of higher margin funding agreement business. In Europe, margins have improved mainly due to a portfolio transfer of higher margin risk products into Cajamurcia, our newest bancassurance joint venture in Spain. Margins in the United Kingdom are stable against the prior year.

The growth in new business contribution after the effect of required capital mirrored the growth in pre-required capital contribution and increased 16% to £488 million (2007: £419 million), leading to a margin of 2.8% (2007: 2.7%).

Earnings per share

Our IFRS earnings per share, on a total return basis, for the six month period is a loss of 3.9 pence (2007: 31.0 pence profit). The 7% increase in operating profit to £1,233 million (2007: £1,151 million) is more than offset by the impact of economic assumption changes in our long-term business and adverse short-term fluctuations in both our long-term and general insurance businesses, resulting from the current economic climate and volatile investment markets, of £950 million (2007: £144 million favourable).

Combined operating ratio

The worldwide general insurance combined operating ratio (COR) remains unchanged at 97% (2007: 97%), with improvement in the United Kingdom being offset by higher ratios in both the Netherlands and Ireland.

In the United Kingdom the absence of exceptional weather related claims helped drive down COR to 98% (2007: 102%). The improvement in the expense ratio to 12.8% (2007: 13.6%) reflected the benefits already realised through the cost saving programme announced in October 2007. In Ireland, an increase in the frequency of large claims during the first half of 2008 has increased the ratio to 98% (2007: 78%) and in the Netherlands COR has worsened to 92% (2007: 76%) following deterioration in claims experience and pressure on rates.

Return on equity shareholders' funds

The group's post-tax operating return on equity shareholders' funds was 10.3% (30 June 2007: 11.6%), reflecting the dilutive impact of a higher capital base. This was partly offset by a 5% increase in post-tax EEV operating return reflecting the improvement in long-term business results.

Return on equity shareholders' funds for the full year 2007 was 11.3%

Balance sheet and cash flow

Summarised group balance sheet
As at 30 June 2008

	IFRS basis 30 June 2008 £m	IFRS basis Restated 31 December 2007 £m	EEV basis 30 June 2008 £m	EEV basis Restated 31 December 2007 £m
Assets				
Goodwill	**3,048**	3,082	**3,048**	3,082
Acquired value of in-force business and intangible assets	**3,170**	3,197	**3,170**	3,197
Additional value of in-force long-term business	**–**	–	**7,830**	7,982
Interests in and loans to joint ventures and associates	**3,799**	3,782	**3,799**	3,782
Investment properties, property and equipment	**15,664**	16,019	**15,664**	16,019
Financial investments	**211,169**	216,174	**211,169**	216,174
Other assets	**65,514**	61,370	**65,514**	61,370
Cash and cash equivalents	**18,783**	16,089	**18,783**	16,089
Assets of operations held for sale	**6,643**	1,128	**6,643**	1,128
Total assets	**327,790**	320,841	**335,620**	328,823
Equity				
Capital and reserves	**11,530**	12,849	**11,920**	12,559
Additional retained profit on an EEV basis	**–**	–	**6,752**	7,694
Equity attributable to ordinary shareholders of Aviva plc	**11,530**	12,849	**18,672**	20,253
Preference share capital and direct capital instrument	**1,190**	1,190	**1,190**	1,190
Minority interests	**2,697**	2,553	**3,385**	3,131
Total equity	**15,417**	16,592	**23,247**	24,574
Liabilities				
Gross liabilities for insurance and investment contracts	**253,416**	251,284	**253,416**	251,284
Unallocated divisible surplus	**4,065**	6,785	**4,065**	6,785
Net asset value attributable to unitholders	**6,614**	5,101	**6,614**	5,101
Borrowings	**13,373**	12,657	**13,373**	12,657
Other liabilities	**29,000**	27,480	**29,000**	27,480
Liabilities of operations held for sale	**5,905**	942	**5,905**	942
Total liabilities	**312,373**	304,249	**312,373**	304,249
Total equity and liabilities	**327,790**	320,841	**335,620**	328,823

In the six months under review, the equity attributable to our ordinary shareholders on an IFRS basis decreased by 10% to £11,530 million (31 December 2007: £12,849 million). On an EEV basis, the equity attributable to our ordinary shareholders was £18,672 million (31 December 2007: £20,253 million).

The quality of Aviva's balance sheet asset base continues to be strong with all financial investments measured at fair value. Exposure to sub-prime securities, Alt A, wrapped credit, CDOs and CLOs represents less than 0.5% of total assets. The group's loan portfolio continues to perform well with 99% of the portfolio neither past due nor impaired. However, the fall in property values has led to a deterioration in loan to value (LTV) ratios so that now £890 million of loans have an LTV greater than 100% with an "at risk" element of £47 million.

At 30 June 2008, our total assets on an IFRS basis were £328 billion (31 December 2007 restated: £321 billion). Under EEV principles, our total assets were £336 billion (31 December 2007 restated: £329 billion). The difference relates to the recognition of internally generated additional value of in-force of the long-term business as an asset under EEV. The growth in assets reflects the investment of net proceeds from the operating activities of the group in the period, supported by the positive impact of a stronger euro, partly offset by the fall in the valuation of financial investments in the current volatile economic climate, notwithstanding the de-risking activities around the equity portfolio undertaken in 2007. Assets of operations held for sale include £5 billion of investment assets.

Total liabilities of the group were £312 billion (31 December 2007 restated: £304 billion). The increase mainly reflects additional insurance liabilities set up in respect of new business written and the impact of the stronger euro. Liabilities of operations held for sale include £5 billion of insurance liabilities.

Operations classified as held for sale include the Netherlands health business and bancassurance partnership with ABN Amro as well as some non-core UK businesses. Further details can be read in note 6 of the financial statements on page 44.

Summary consolidated cash flow statement – IFRS basis

	6 months 2008 £m	Restated 6 months 2007 £m	Restated Full Year 2007 £m
Net cash from operating activities	**3,206**	1,859	4,133
Net cash (used in)/from investing activities	**(417)**	35	(635)
Net cash used in financing activities	**(952)**	(547)	(1,174)
Net increase in cash and cash equivalents	**1,837**	1,347	2,324
Cash and cash equivalents at 1 January	**15,564**	12,635	12,635
Effect of exchange rate changes on cash and cash equivalents	**520**	(1)	605
Cash and cash equivalents at 30 June/31 December	**17,921**	13,981	15,564

Cash and cash equivalents at 30 June/31 December comprised:

Cash at bank and in hand	**8,832**	4,817	4,004
Cash equivalents	**10,362**	9,790	12,181
	19,194	14,607	16,185
Bank overdrafts	**(1,273)**	(626)	(621)
	17,921	13,981	15,564

Of the cash and cash equivalents shown above, £411 million has been classified as held for sale (30 June 2007: £73 million; 31 December 2007: £96 million).

Cash flows from operating activities of £3,206 million (6 months 2007: £1,859 million; full year 2007: £4,133 million) are stated after net purchases/sales of investment property, loans and financial investments.

Investing activities generated a cash outflow of £417 million (6 months 2007: £35 million inflow; full year 2007: £635 million outflow) mainly relating to our long-term business, including the acquisition of Swiss Life in the Netherlands and the acquisition of a further 45% of the shareholding of our Spanish joint venture, Cajamurcia Vida.

Financing activities generated a cash outflow of £965 million (30 June 2007: £547 million; full year 2007: £1,174 million) primarily driven by interest paid on borrowings.

Cash and cash equivalents in long-term operations are primarily held for the benefit of policyholders and so are generally not available for use by the group.

Business review continued:

Regional overview

Reconciliation of regional and business segment operating profit – EEV basis

	UK Life £m	UK General insurance £m	UK Other £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors £m	6 months 2008 Total £m	Restated 6 months 2007 Total £m	12 months 2007 Total £m
Long-term savings	**471**	**–**	**–**	**823**	**139**	**47**	**–**	**1,480**	1,251	2,753
Fund management	**–**	**–**	**(8)**	**9**	**–**	**9**	**20**	**30**	45	90
General insurance and health	**–**	**326**	**–**	**137**	**76**	**(1)**	**–**	**538**	560	1,033
Other operations and regional costs	**–**	**–**	**(33)**	**(13)**	**(4)**	**(7)**	**–**	**(57)**	(45)	(70)
	471	**326**	**(41)**	**956**	**211**	**48**	**20**	**1,991**	1,811	3,806
Corporate centre								**(71)**	(80)	(157)
Group debt costs and other interest								**(201)**	(190)	(363)
EEV operating profit before adjusting items								**1,719**	1,541	3,286

Group-wide responsibility

Andrew Moss
Group chief executive

Philip Scott
Group finance director

Anupam Sahay
Group strategy and development director

John Ainley
Group human resources director

Amanda Mackenzie
Group marketing director

Overview

As part of the "one Aviva, twice the value" strategy, last year we aligned our business to best be able to respond to factors in the global market we operate in today by adopting a regional management structure. This structure means that we are better placed to take advantage of market opportunities, improve speed of response, eliminate duplication of effort and encourage the sharing of best practice in the interests of our customers and shareholders.

The regional structure has evolved over the past year with the addition of Aviva Investors which was announced in February. During the period under review, Aviva Europe was managed and led jointly by Andrew Moss, group chief executive, and Philip Scott, group finance director. With effect from 1 July 2008, Andrea Moneta has joined the group and executive committee to lead this region.

The current regional structure and the responsible executive directors are set out below:

UK Life:	Mark Hodges
UK General insurance:	Igal Mayer
Europe:	Andrea Moneta
North America:	Tom Godlasky
Asia Pacific:	Simon Machell
Aviva Investors:	Alain Dromer

The business reviews that follow discuss the development and performance of these regions for the six months to 30 June 2008.

In addition to the above, Amanda Mackenzie joined the executive committee in March as group marketing director. Amanda has overall responsibility for all group marketing, communications and public affairs activities, including the development of our global brand. Anupam Sahay and John Ainley continue to serve on the executive committee in their roles of group strategy and development director and group HR director, respectively.

Regional responsibility

Mark Hodges
UK Life

Igal Mayer
UK General insurance

Alain Dromer
Aviva Investors

Simon Machell
Asia Pacific

Tom Godlasky
North America

Andrea Moneta
Europe

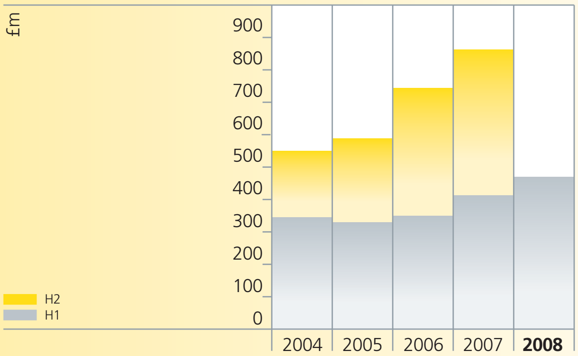
Business review continued:

UK Life

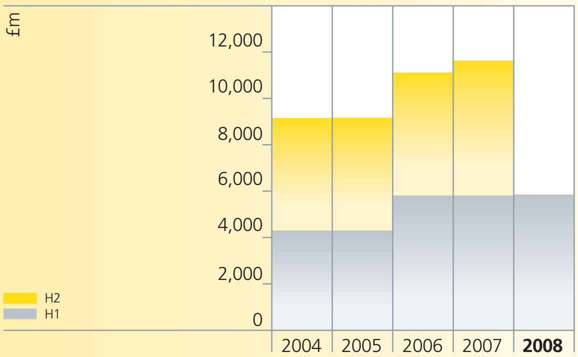
Long-term savings

	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
2008	**428**	**471**	**5,863**	**183**	**3.1**
2007	357	413	5,820	178	3.1

EEV operating profit

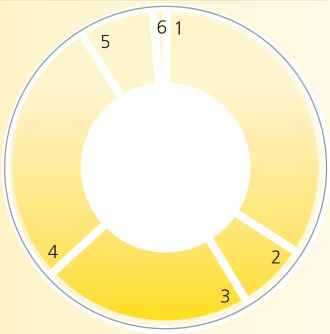


PVNBP (Life and pension sales)

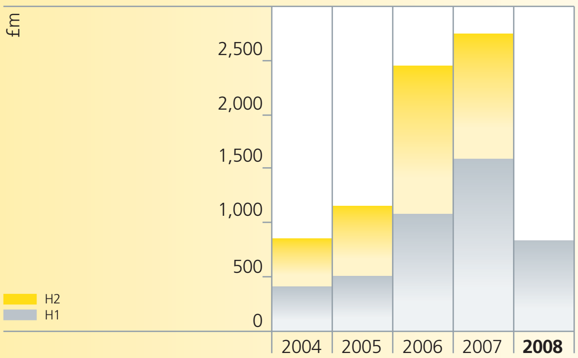


Analysis of PVNBP by product line

	%
1 Personal pensions	34
2 Group pensions	7
3 Bonds	22
4 Annuities	28
5 Protection	8
6 Equity release	1
Total	100



UK investment sales



Against a backdrop of difficult market conditions, UK Life has reported strong growth in profitability and increased the level of core life and pensions sales in a declining market*, consolidating the cumulative 39% sales growth delivered in the last two financial years. This has been achieved through the focused execution of our strategy to simplify our business model and drive out inefficiencies, while leveraging our broad product offering and distribution reach to grow our first quarter market share to 11.4% (full year 2007: 10.5%).

We successfully delivered record life and pensions sales ahead of the first half of 2007 at £5,863 million (2007: £5,820 million). Investment sales fell by 47% as consumer confidence was impacted by stock market volatility and the continued downturn in the UK commercial property market. Sales through our bancassurance partnership with The Royal Bank of Scotland Group continued to grow strongly, up 12% to £870 million (2007: £777 million).

We have a programme of new product initiatives and we continue to focus on further strengthening our distribution footprint. So far this year we have made our successful Simplified Life protection product available through IFAs; expanded our enhanced annuity proposition, making it available to a wider range of customers; realigned our stakeholder pensions pricing to reflect the more price competitive proposition that this segment requires; launched our SIPP-Lite product, as part of our retirement solutions strategy; launched our Capital Protected Plan, responding to increasing customer demand for more certainty from their investments; and most recently enhanced our pricing capabilities for annuity business, increasing the number of factors we consider during quotation to optimise rates for over 70% of customers.

The market has remained volatile during the first half of the year and we expect this to continue throughout 2008. Product categories most susceptible to the economic situation, in particular protection and single premium savings, will face low or negative growth compared to the same period last year, leading to a flat or slightly falling market for the full year.

We continue to drive out cost inefficiencies and remain on target to deliver a further £100 million of cost savings by the end of 2009. Initiatives such as IT simplification and process improvement have enabled us to achieve annualised savings of £30 million, contributing a £14 million improvement to our first half operating profit.

New business profitability has been maintained with the margin at 3.1%, reflecting continued improvements in operational efficiency and the ongoing management of volume and mix. After the cost of holding required capital, new business contribution was 8% stronger at £154 million (2007: £143 million), with a margin of 2.6% (2007: 2.5%).

Life EEV operating profit increased 14% to £471 million (2007: £413 million), driven by growth in new business profits and an improved return from our existing business, benefitting from expense efficiences and a continued focus on retaining our customers.
On an IFRS basis, life operating profit was 20% higher at £428 million (2007: £357 million), driven by with-profit business and supported by the shareholder proportion of the special distribution announced in February.

* Source: ABI 1Q 2008 market date on an APE basis.

We have migrated over 130,000 life and pensions policies to Swiss Re and transferred an additional 350,000 pensions policies onto a more modern in-house platform, enabling 118 product systems to be decommissioned. Further simplification of our business model will continue throughout 2008, with all three million migrations to Swiss Re due for completion in the first half of 2009.

Following a strategic review of our UK wrap platform strategy, we have announced that we have entered a strategic partnership with Scottish Friendly to run the Lifetime back office administration and to migrate the wrap onto their existing platform. This agreement will give customers a much improved service, reduce our costs, and will enable us to achieve greater flexibility and scale to meet the long-term needs of the market.

In parallel, we have undertaken a strategic review of our off-shore operations, and recently announced a deal to sell our off-shore operation to WNS. An off-shore capability will remain a fundamental element of our business model and this contract enables us to maintain our existing off-shore service capability.

For some time we have been working to bring enhanced clarity to policyholders regarding with-profit funds, managing the funds with increased transparency and producing clearer customer communications. The reattribution of the inherited estate is the latest phase in an overall approach to improving our with-profit offering. In July we reached an agreement in principle to offer £1 billion which should result in qualifying policyholders receiving an average payment of £1,000 and a minimum of £400 in return for them giving up their right to future distributions from the estate. All eligible policyholders have the right to elect on whether they individually wish to accept this offer, leaving their rights unaffected. The reattribution is subject to approval by the Aviva and Norwich Union boards, as well as the FSA and High Court.

This offer is in addition to the special distribution of £2.1 billion, which benefited around 1.1 million of our with-profits policyholders, made in February of this year. Taken together this means that around 70% of the value of the inherited estate will have passed to customers.

We aspire to be the clear leader in the UK life market. To us, this means offering products that satisfy customer needs, are simple to understand and easy to access, while delivering profitable growth for our shareholders. During the last six months we have continued to work to achieve this by striving for operational simplicity to improve service and reduce costs, extending our distribution model through building our presence in the direct to customer and corporate sectors, and further strengthening our relationships with IFAs.

We believe we are executing a winning strategy that delivers a positive experience for our customers and strong financial returns for our shareholders. The fact that we are making progress and are delivering good financial returns in a difficult market evidences the resilience of our business model. Our planned investment in propositions will drive increased profits and this, coupled with our drive for simplification, will enable us to deliver a robust and sustainable set of financial results in 2008.

One Aviva drives value for customers

Norwich Union has built upon expertise gained in general insurance to improve the way in which it prices annuities. By applying additional rating factors, such as marital status and postcode, customers will experience a more tailored assessment of their annuity giving them a fairer value from their pension fund. This is one of the first initiatives employing the unique experience built up within the Aviva group to improve the understanding of risk and customer buying behaviours and enhance customer propositions.

For more information visit www.norwichunion.com

Business review continued:

UK General insurance and health

General insurance and health

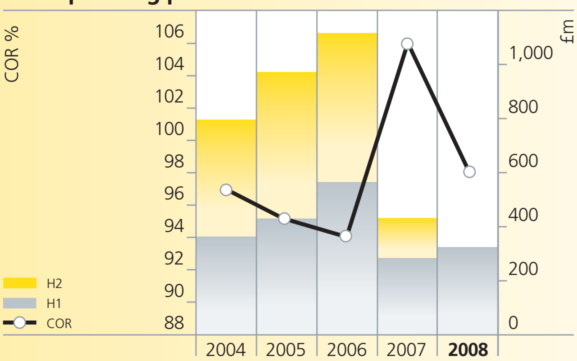
	IFRS operating profit £m	Combined operating ratio* %	Net written premium £m	Underwriting result £m
2008	**326**	**98**	**2,832**	**37**
2007	284	102	2,950	(46)

* General insurance business only.

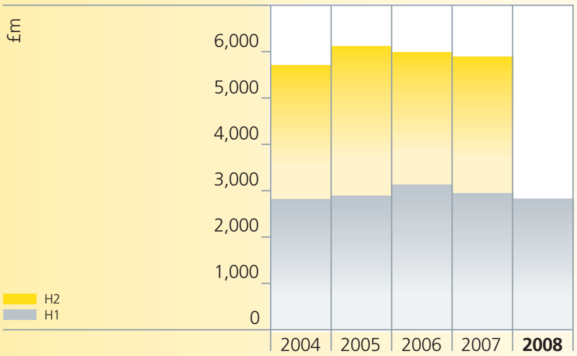
Analysis of UK general insurance and health results

	IFRS operating profit £m		Net written premium £m	
	2008	2007	**2008**	2007
Norwich Union Insurance	**305**	269	**2,589**	2,699
Aviva Re	**19**	17	**39**	44
Norwich Union Healthcare	**2**	(2)	**204**	207
United Kingdom	**326**	284	**2,832**	2,950

IFRS operating profit

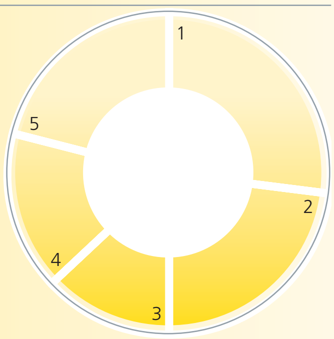


Net written premium (general insurance and health)



GI net written premium by class of business

	%
1 Personal motor	27
2 Homeowner	23
3 Commercial motor	13
4 Commercial property	16
5 Other	21
Total	100



Norwich Union Insurance

Norwich Union Insurance is the leading general insurer in the United Kingdom. We provide a range of insurance products focused on personal and small business customers, together with a range of motoring solutions through the RAC and associated brands.

In the first half of 2008 we have seen general insurance profits rise to £305 million (2007: £269 million), despite a continuation of the challenging market conditions seen throughout 2007. Our combined operating ratio improved to 98% (2007: 102%) and is now in line with the group target.

The principal factor in the improved profitability was that weather-related claims that were in line with normal expectations compared with a £235 million adverse impact in the first half of 2007. The result includes savings on prior year claims development of £160 million (2007: £245 million). We continue to apply our reserving policy consistently and our reserves are set conservatively to protect against adverse future claims experience and development. Performance in the first half of the year has also been impacted by the difficult market conditions and an increase in commission costs, driven by consolidation within the broker market. These factors have outweighed the benefits we have derived from our initiatives to deliver cost savings and control claims inflation.

Longer-term investment return is 13% lower than the prior period at £273 million (2007: £315 million). This decrease is driven by the de-risking of the investment portfolio, which has seen higher yielding equities replaced by more secure fixed interest securities, and lower levels of investments held due to adverse cash flow in both 2007 and 2008.

Net written premiums have decreased by 4% to £2,589 million (2007: £2,699 million). The reduction in premiums reflects lower levels of creditor business resulting from the ongoing uncertainty around the creditor market generally, coupled with our determination to write business for profit rather than volumes. In personal motor we have achieved rate increases of 5% (2007: 8%).

Home owner rates have increased by 10% (2007: 5%), reflecting the action initiated in August 2007 as a response to almost a decade of flat rates in that market. Rates in commercial lines have been steadily increasing and we have achieved an overall average annualised increase of 2% (2007: 3% decrease). However, this market remains extremely competitive and we have seen volumes decrease as a result.

In October 2007 we announced a programme to leverage the investments we have made in recent years and deliver cost savings of £200 million in 2008 from the first phase of this programme. We are on track to deliver these savings and our expense ratio for the half year has improved to 12.8% (2007: 13.6%) and, notwithstanding the pressure on business volumes, we expect the full year ratio will be in line with the target of 12.4% presented at the analyst day in October 2007.

In June 2008 we announced details of the second phase of the programme to transform our business. This phase is designed to improve service and drive growth and will involve the redesign of the operations function, simplification of processes, improvements in customer services and the consolidation of expertise into seven modern insurance centres of excellence in the UK. Our commitment to offshore operations is also reaffirmed under the group's new outsourcing contract with WNS, with two operating sites in India. We expect this phase, together with additional actions being taken in other areas (most notably in the IT function), will deliver further cost savings of £150 million per annum and an expense ratio of less than 11% by 2010 (based on current volumes of business), giving us significant competitive advantage in the UK market.

Looking forward, we expect that market conditions will remain challenging for the rest of the year and into 2009. Our firm stance on writing business for profit is expected to place further pressure on business volumes in the near future. However, the actions taken to control our costs and those set in train to transform our business will ensure we will maintain our market leading position, provide excellent service and deliver on our combined operating ratio commitment across the cycle.

Aviva Re

Our group captive reinsurer, Aviva Re, reported an operating profit of £19 million (2007: £17 million).

Norwich Union 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 profit of £2 million (2007: £2 million loss), reflecting higher underlying profitability and withdrawal from less profitable international business.

UK Fund management and other operations

	IFRS operating profit	
	2008 £m	2007 £m
Fund management	**(8)**	(4)
Other operations	**(33)**	(23)
	(41)	(27)

The loss arising from UK fund management operations comprises Norwich Union's retail investment business £2 million loss (six months ended 30 June 2007: £nil) and our collective investment business with RBSG £6 million loss (six months to 30 June 2007: £4 million loss).

The loss from other operations in the UK of £33 million (2007: £23 million loss) mainly reflects a £23 million loss arising in the period from the Lifetime wrap platform and a £12 million increase in the provision for interest on disputed tax liabilities, £5 million of which is exchange rate related. This is partly offset by a £5 million profit from the Norwich Union Insurance non-insurance operations. As discussed on page 17 the Lifetime business is being migrated to Scottish Friendly as part of a new strategic partnership.

In the current period, the group also commenced a strategic review of other UK non-core operations. As a consequence, certain assets and liabilities have been classified as held for sale at their carrying values in the consolidated balance sheet at 30 June 2008.

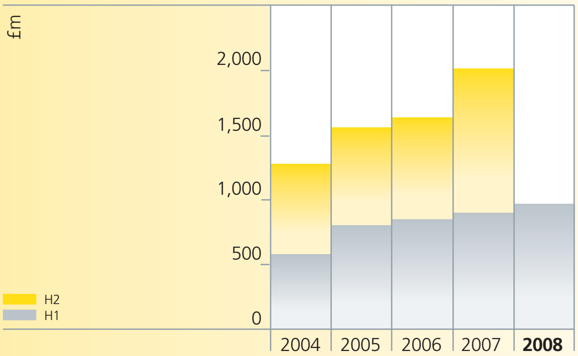
RAC report on 20 years of motoring

The 20th annual "RAC Report on Motoring" released this month, researches the views of Britain's motorists, looking back at how motoring has changed in the last 20 years. From changing trends and the cost of motoring to the nature of motoring offences, the report addresses some of the key issues facing motorists in 21st century Britain and advises some important calls to action for government, motoring organisations and motorists themselves.

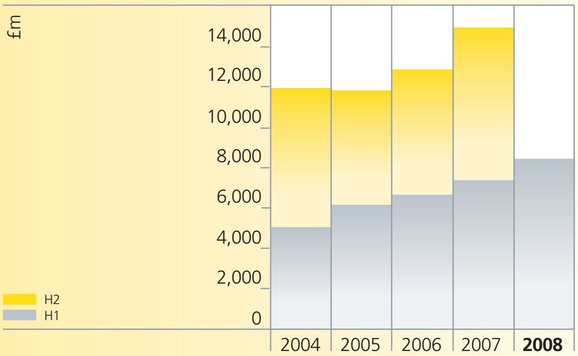
For more information please visit www.aviva.com

Business review continued:
Europe

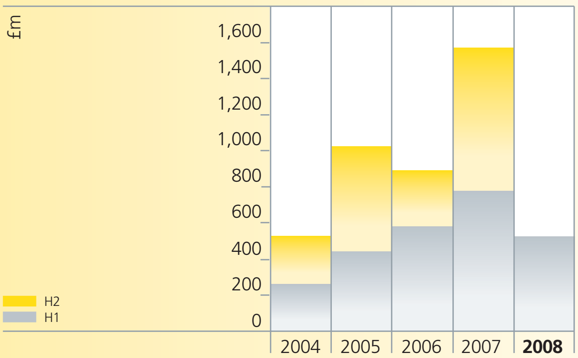
EEV operating profit



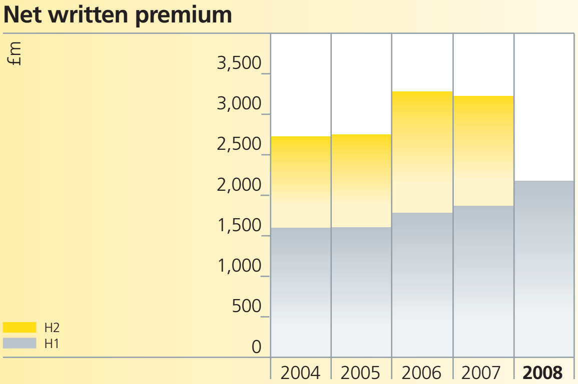
PVNBP (Life and pension sales)



Investment sales



Net written premium



Long-term savings

2008	**IFRS operating profit £m**	**EEV operating profit £m**	**PVNBP £m**	**New business contribution £m**	**New business margin %**
France	**145**	**297**	**2,010**	**84**	**4.2**
Ireland	**28**	**30**	**648**	**5**	**0.8**
Italy	**37**	**89**	**1,275**	**37**	**2.9**
Netherlands	**134**	**139**	**1,991**	**60**	**3.0**
Poland	**76**	**103**	**739**	**21**	**2.8**
Spain	**74**	**157**	**1,259**	**133**	**10.6**
Other Europe	**(8)**	**8**	**509**	**7**	**1.4**
Europe	**486**	**823**	**8,431**	**347**	**4.1**

2007	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
France	136	225	1,832	80	4.4
Ireland	31	37	889	14	1.6
Italy	38	72	1,818	49	2.7
Netherlands	94	166	1,146	37	3.2
Poland	53	71	379	17	4.5
Spain	57	107	1,114	88	7.9
Other Europe	(14)	1	175	(2)	(1.1)
Europe	395	679	7,353	283	3.8

Fund management

	Investment Sales		IFRS operating profit		EEV operating profit	
	2008 £m	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m
Netherlands	**221**	365	**10**	11	**6**	9
Other Europe	**305**	413	**3**	2	**3**	2
Total	**526**	778	**13**	13	**9**	11

General insurance and health

2008	**IFRS operating profit £m**	**Combined operating ratio* %**	**Net written premium £m**	**Under-writing result £m**
France	**30**	**96**	**485**	**1**
Ireland	**41**	**98**	**266**	**8**
Netherlands	**44**	**92**	**1,233**	**(7)**
Other Europe	**22**	**97**	**199**	**5**
Total	**137**	**95**	**2,183**	**7**

* General insurance business only.

2007	IFRS operating profit £m	Combined operating ratio %	Net written premium £m	Under-writing result £m
France	31	97	421	–
Ireland	80	78	245	53
Netherlands	70	76	1,055	29
Other Europe	22	93	148	6
Total	203	85	1,869	88

Aviva is one of the leading providers of life and pension products in Europe with a strong presence in the general insurance markets of Ireland and the Netherlands. In delivering the "one Aviva, twice the value" vision we actively share product and distribution knowledge across our businesses in order to meet our customers' needs for prosperity and peace of mind, especially in these turbulent markets.

Life and pensions sales in Aviva Europe increased by 15% to £8,431 million (2007: £7,353 million). The strength of the euro has had a positive impact on these results and, on a local currency basis, sales in the region were flat, with good growth in the Netherlands and across our central and eastern European operations offset by falls in Italy and Ireland. The results reflect both the volatile investment market conditions reducing customers' appetite for long-term savings and banks' current emphasis on offering higher-rate deposits instead of long-term savings products in response to reduced liquidity in the market. Life EEV operating profit was 21% higher at £823 million (2007: £679 million), with growth achieved not only by most of our mature businesses but also by our developing businesses in central and eastern Europe.

Although we expect market conditions for the remainder of 2008 to be challenging, we are confident of achieving our medium term target to deliver average long-term savings new business growth of 10% per year from 2007 to 2010, while growing new business profit at least as quickly.

Net written premiums in our general and health insurance businesses increased by 17% (4% on a local currency basis) to £2,183 million (2007: £1,869 million) reflecting the impact of the strong euro as well as the competitive market conditions across the region. Operating profit was down 33% at £137 million (2007: £203 million). In addition to exchange movements and increased competition this was mainly due to investment in the start-up direct motor business in Poland and higher claims costs in Ireland. The overall COR of 95% (2007: 85%) remains within the Group's 'meet or beat' target of 98% across the insurance cycle.

Our fund management operations continue to offer an attractive product offering and delivered stable IFRS operating profits of £13 million (2007: £13 million) against the backdrop of difficult market conditions.

France

Life

Aviva France is one of the top ten long-term savings businesses in France with a market share of 4%. Our business partnership with AFER continues to be successful. As a response to current market conditions, and with a clear customer focus, a recent AFER marketing initiative encouraged investment in life insurance products despite the current impact of investment market volatility by illustrating the benefits to be gained from gradual investment in unit-linked products.

Competition from short-term banking products and continued uncertainty in the financial markets has led to a sharp fall in overall market premiums. In this declining market, we delivered sales of £2,010 million (2007: £1,832 million). Adjusting for the impact of exchange gains this translates to a local currency decrease of 4% which compares favourably with a 7% fall in the overall market[1]. New business contribution was £84 million (2007: £80 million) with a margin of 4.2% (2007: 4.4%), reflecting the change in sales mix away from unit-linked products. Operating profit on an EEV basis of £297 million (2007: £225 million) reflects both the strong euro and continued positive experience variances on mortality. IFRS operating profit was £145 million (2007 restated: £136 million).

General insurance and health

In the first half of 2008 we launched a new health product and completed the roll-out of our internet portal for agents, both of which have received positive feedback. We are beginning to achieve the operational improvements we envisaged for our general insurance business this year with our policy of controlled underwriting and cost control initiatives. Kareo Services, our collaboration with Generali to deliver a single provider of motor repair services for both companies, is progressing well and has begun to deliver the efficiencies we expected.

Our underwriting profit was £1 million (2007: £nil) and total operating profit, including longer term investment return, was £30 million (2007: £31 million). The general insurance combined operating ratio improved slightly to 96% (2007: 97%).

Ireland

Following a business review of the company's operations, it was announced in June that Hibernian will reorganise its business to increase operational efficiencies, reduce costs and support its continued growth. Over the next three years, up to 580 service and support roles will gradually move to Aviva's offshoring partners in India.

Life

Hibernian Life and Ark Life together make up the third largest life and pension provider in Ireland. Total life and pension sales were down 27% to £648 million (2007: £889 million) as stock market volatility, economic uncertainty and the significant slowdown in the property market all impacted single premium sales. New business contribution of £5 million (2007: £14 million) reflected the fall in volumes and operating profit on an EEV basis fell to £30 million (2007: £37 million).

The market outlook for 2008 remains challenging but we remain confident that we are well placed to maximise the market opportunity through re-energising the broker distribution channel and driving forward new initiatives with our bancassurance partner Allied Irish Banks (AIB).

1 In GWP terms, the Fédération Française des Sociétés d'Assurance (FFSA) states that the French market for life individual products has declined 7% as at 30 June 2008.

Business review continued:

Europe continued

General insurance

Hibernian is the largest general insurer in Ireland, with a stable market share despite intense market competition. In May we acquired a 70% interest in Hibernian Health (formerly known as VIVAS Health). This strategic initiative presents significant growth opportunities in a new market sector for Hibernian and extends our existing partnership with AIB who own the remaining 30%.

The market continues to be very competitive for both personal and commercial lines business in Ireland and there is continued downward pressure on premium rates which has had an adverse impact on volumes. However, we still see opportunities to grow our business through building on our innovative product lines, scale and distribution advantage.

Net written premiums in the period of £266 million (2007: £245 million) were 5% down on a local currency basis. Combined with increased claims frequency and the increased number of large claims in the period, this has resulted in a COR of 98% (2007: 78%). Total operating profit, including longer term investment return, was £41 million (2007: £80 million).

Italy

Life

Aviva Italy is the country's sixth largest life insurer, with a market share of 6%. We recently announced the acquisition of 50% plus one share in UBI Assicurazioni Vita Spa (UBI Vita). UBI Vita distributes life insurance products through Banca Popolare di Ancona and other channels and further extends our distribution capability and customer base.

Sales for the period were down 30% to £1,275 million (2007: £1,818 million), reflecting competition from short-term banking products and reduced customer demand for unit-linked products. New business profitability has decreased in line with sales, producing an overall new business contribution of £37 million (2007: £49 million). EEV operating profit increased to £89 million (2007: £72 million), reflecting the strength of the euro and small positive experience variances.

While the market outlook for 2008 remains challenging, the potential for Aviva Italy remains strong. We continue to work with our partners on new products suited to more volatile markets and develop our bancassurance relationships as well as expanding our customer reach.

General insurance

The results of our Italian general insurance business are reported in Other Europe. We remain committed to developing this business which has been boosted by the agreement with Banco Popolare to sell protection and non-life insurance products which commenced on 1 January 2008.

The Netherlands

On 20 May 2008, Fortis announced that ABN Amro has served notice that it is terminating its bancassurance joint venture with our Dutch business, Delta Lloyd. The arrangement is expected to end in late 2008/early 2009. The joint venture writes both life and general insurance business and holds assets of £4,761 million and net assets of £388 million at 30 June 2008.

Life

Sales in Delta Lloyd were higher at £1,991 million (2007: £1,146 million), boosted by three large group pension scheme contracts totalling £758 million and a strong performance in Belgium. This exceptional performance was against a backdrop of an increasingly competitive market with banks now allowed to offer unit-linked savings and pension products on the same terms as insurers, as well as investment market uncertainty. Delta Lloyd has been very successful at winning corporate pensions contracts with further schemes in the pipeline.

New business contribution improved to £60 million (2007: £37 million) reflecting the higher volumes as well as the strengthening of the euro. EEV operating profit fell to £139 million (2007: £166 million) as strengthening of allowances for annuitant mortality offset the increased new business contribution.

Operating profit on an IFRS basis was £134 million (2007: £94 million) reflecting the one-off release of a surplus in a staff pension provision partially offset by new business strain particularly on the new corporate pension schemes.

In January 2008 Delta Lloyd announced its intention to buy Swiss Life Belgium from SNS REAAL, conditional upon the completion of SNS REAAL's acquisition of the Dutch and Belgian businesses of Swiss Life Holding. This acquisition was completed on 30 June and will significantly increase our presence in the Belgian life and pensions market.

The Dutch life and pensions market remains highly competitive but we are continuing our strategy of broadening the distribution base in order to strengthen our position.

General insurance

In the Netherlands net written premiums were £1,233 million (2007: £1,055 million), driven by higher volumes and rating increases and the acquisition of Erasmus in April 2007. The sale of the health business to OWM CZ Groep Zorgverkeraar is expected to complete on 1 January 2009, therefore this business has been shown as held for sale at 30 June.

General insurance operating profit was £57 million (2007: £86 million), with a COR of 92% (2007: 76%), reflecting higher motor claims and reserve releases lower than in 2007. The health business reported an improved operating loss of £13 million (2007: £16 million loss) as rating actions in late 2007 took effect. We have recently launched a new online insurer in the Netherlands, iZio, offering competitively priced general insurance products including home contents and car insurance.

Fund management and other operations

The Dutch fund management business manages investments on behalf of both Delta Lloyd's own operations and third parties, including individual and institutional customers. IFRS operating profit was stable at £10 million (2007: £11 million) reflecting lower fee income arising from lower and volatile stock markets. Other operations consist primarily of our banking operations in the Netherlands and Belgium together with our securitised commercial mortgages business, Amstelhuys. Lower staff incentive plan costs were partly offset by lower profit in the banking division.

Poland

Life

Our life and pensions businesses in Poland continue to grow strongly, with new business sales increasing to £739 million (2007: £379 million). This result reflects strong growth in bancassurance sales through Deutsche Bank and Bank BZ WBK, as well as the success of our new regular premium product, Nowa Perspectywa. Pension sales were boosted by an increasing number of individuals entering the pension market for the first time and higher average premiums.

New business contribution was £21 million (2007: £17 million) and life EEV operating return increased to £103 million (2007: £71 million) due to favourable experience and operating assumption changes for persistency and mortality. The reduction in margin to 2.8% (2007: 4.5%) reflected the change in business mix as lower margin single premium bancassurance business contributed a higher proportion of our sales.

The Polish market continues to offer exciting long-term growth. However the recent negative trends on the equity markets are expected to have an impact on sales performance.

General insurance

Our general insurance business in Poland continues to develop. We successfully launched a direct motor insurance business at the end of 2007 which has generated net written premiums of £6 million in 2008. The operating profit is reported within Other Europe.

Spain

Life

Aviva Spain is the country's third largest life insurer, with a market share of 7.0%. In February 2008 we exercised the option to acquire an additional 45% shareholding in our joint venture Cajamurcia Vida bringing our total shareholding to 50% and enabling the migration of the majority of the Cajamurcia protection portfolio to this company.

Total sales in the period were £1,259 million (2007: £1,114 million), including the benefit of one-off transfers amounting to £151 million in Cajamurcia, the most recent Spanish bancassurance partnership. The increase in new business contribution to £133 million (2007: £88 million) reflects the contribution of the Cajamurcia risk portfolio transfer which has also boosted the new business margin to 10.6% (2007: 7.9%). Life EEV operating return increased sharply to £157 million (2007: £107 million) due to the stronger euro and the inclusion of the Cajamurcia risk portfolio.

The outlook for the remainder of 2008 is one of continued volatility, with sales expected to continue to be impacted by the slowdown in the mortgage market and the effects of the global liquidity shortage. Longer term growth potential remains strong in the market and we continue to develop our bancassurance relationships and work with our partners on new products to maximise the value of our distribution reach.

Other Europe

Life

Our other European businesses consist of a joint venture in Turkey and operations in the Czech Republic, Hungary, Romania and Russia. Total life and pensions sales in these businesses increased by 173% to £509 million (2007: £175 million) mainly due to pensions business written following reform to mandatory pension legislation in Romania and continued strong growth in Turkey through the exclusive long-term bancassurance agreement with Akbank. While we expect some additional sales resulting from the Romanian pensions reform in the third quarter, these sales are one-off in nature and boosted our sales by £255 million in the first half of the year. Following these reforms we have become the fifth-largest pension provider in the Romanian market with share of 6.4%. Our businesses in the Czech Republic, Hungary and Russia are all developing well and expanding their distribution networks with strong sales growth in 2008.

EEV operating profit was £8 million (2007: £1 million).

General insurance

Our other European operations are in Italy, Poland and Turkey. Net written premiums from these businesses was £199 million (2007: £148 million) and they generated an operating profit of £22 million (2007: £22 million).

Turkey: AvivaSA campaign encourages people to save for their future

AvivaSA, the group's life and pensions business in Turkey, has launched a new advertising campaign and corporate social responsibility project to encourage people to save for their future.

At the press conference, which was deliberately held in a shopping mall, AvivaSA general manager Meral Egemen said the choice of location was a message in itself. She pointed out that AvivaSA did not want to stop people shopping, just to make them save to secure their future.

For more information visit www.aviva.com or www.avivasa.com.tr

Business review continued:

North America

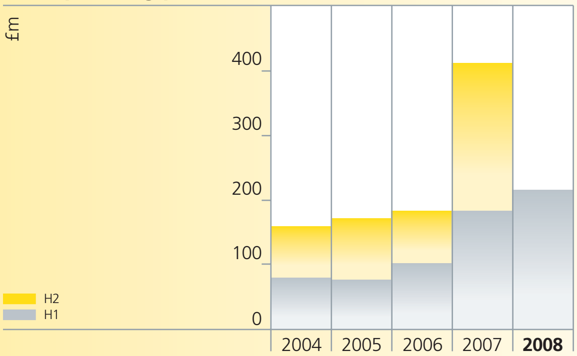
Long-term savings

	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
2008	**42**	**139**	**2,205**	**92**	**4.2**
2007	58	112	1,716	57	3.3

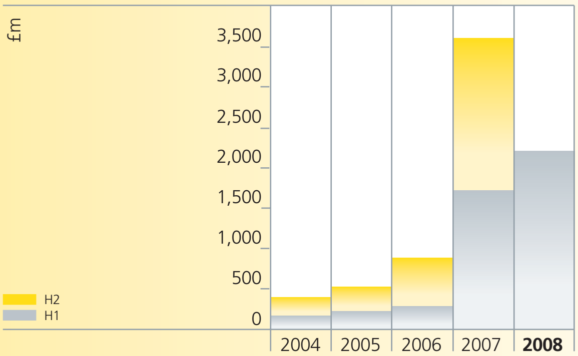
General insurance

	IFRS operating profit £m	Combined operating ratio %	Net written premium £m	Underwriting result £m
2008	**76**	**98**	**771**	**15**
2007	70	99	665	5

EEV operating profit

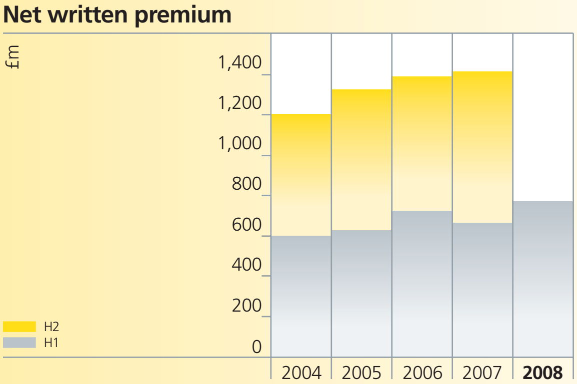


PVNBP*



* AmerUs acquired November 2006.

Net written premium



The North American region is home to two of the world's largest and richest economies. The region has two businesses that currently serve their home markets and are led out of our regional headquarters in Chicago. Our strategic priorities for the region are clear – to grow in new and existing markets, engage with our customers and people and leverage the benefits of being part of a global organisation.

Our long-term savings business in the USA is focused on driving profitable growth by responding to the huge demand for retirement savings. Our general insurance business, the second largest in Canada, continues to drive profits and growth in a mature market. We are investing in the Aviva brand, designing products that meet our customer's desire for protection and guaranteed returns, and we are driving the recognition of the customer and our people throughout our businesses. The benefits of the global organisation are evident in the region already as we achieve synergies from the use of our global asset management skills across our North American businesses.

Total life new business and general insurance premiums grew to £2,976 million (2007: £2,381 million). Regional EEV operating profit grew strongly to £211 million (2007: £182 million) accounting for 11% of the Aviva group. Regional head office costs were £4 million (2007: £nil).

The outlook for the region remains strong despite the challenging economy. We will continue the rapid and profitable growth in our long term savings business as well as continuing to deliver sustained profitable growth in our general insurance business. We remain focused on our strategic priorities and delivering superior results.

United States

Long-term savings

Aviva USA has built upon the impressive growth achieved in 2007 with a further increase of 28% in new business sales to £2,205 million (2007: £1,716 million). Our continued momentum reflects our innovative products and expanding distribution network supported by the financial strength and brand of Aviva. We are continuing our national brand-building effort with the "Bright Future" campaign showing Aviva as an innovative life insurance and annuity provider that helps ensure a bright future for its customers.

In the first quarter of 2008, we became the number one seller in both the indexed annuity and indexed life insurance markets. In the first half of 2008 we contracted with nearly as many Independent Marketing Organisations (IMOs) as we did in the past two years combined and added more than 2,300 new agents to our annuity distribution network.

Sales of annuities increased by 22% to £1,579 million (2007: £1,293 million), a significant accomplishment given the challenging economic environment, volatile equity markets and changing interest rates. We continued to bring innovation into our product offerings by launching enhancements to our guaranteed income withdrawal benefits and a new bonus index deferred annuity.

Life sales were £251 million for the first half of 2008 (2007: £271 million) following the product rationalisation programme implemented during late 2007 to focus on higher margin life products. Our "Wellness for Life" programme, provided in conjunction with the world-renowned Mayo Clinic, has been positively received and was recently highlighted in a special section by Fortune magazine. This first-of-its-kind life insurance product rewards customers for leading a healthy lifestyle.

We achieved significant growth in funding agreement sales up 147% to £375 million (2007: £152 million) as we took advantage of the favourable market circumstances for these products. Funding agreements are large corporate transactions and tend to vary quarter on quarter depending on market conditions.

Reflecting our growth in sales, new business contribution has improved to £92 million (2007: £57 million) and overall margins at 4.2% were broadly in line with full year 2007 margins of 4.3%. EEV operating profit was £139 million (2007: £112 million), an increase of 24% driven primarily by the increases in new business contribution. IFRS operating profit decreased to £42 million (2007: £58 million) reflecting the current competitive market environment including the higher cost of options to support product guarantees.

Notwithstanding increased competitive pressures, our sales performance has again been impressive. We have confidence in continuing our strategic priority of profitable growth and remain on track to achieve our target to double sales in our US business while maintaining margins within three years of our acquisition of the former AmerUs business.

Canada

General Insurance

In the first half of the year, Aviva Canada grew premiums and profits. In local currency terms, total premiums grew 4% as we continue to show pricing leadership against a fiercely competitive market with limited opportunities for rate increases. Personal lines premiums were broadly in line with prior year and commercial lines premiums continue to show good growth with underlying premiums up 9% in a softening market.

In March 2008, Aviva Canada was awarded a three-year accreditation for its injury claims management programme from the Commission on Accreditation of Rehabilitation Facilities. We are the first insurer in the world to receive this prestigious internationally recognised accreditation, which demonstrates our commitment to customer care through Aviva's Premiere Healthcare.

In line with our strategy to grow specialty lines business and diversify our portfolio outside Ontario, we acquired the National Home Warranty Group (NHW). NHW provides coverage for home buyers against defective construction and is the largest provider of this highly specialised and attractive line of business insurance in Western Canada.

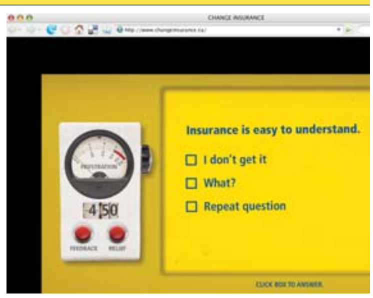
In 2008 we are investing heavily in streamlining our back-office processes, creating efficient and flexible IT infrastructure, enhancing our risk selection and pricing sophistication and providing more efficient front-office servicing for our brokers. We also launched a bold new brand positioning aimed at improving the way Canadians perceive, value and trust their insurance providers.

Underwriting profit for this period was £15 million (2007: £5 million) with a COR of 98% (2007: 99%). This improvement was driven largely by our premium growth and favourable prior year claims development although this was partially offset by rising claims inflation, increases in claims frequency and snow-related losses from the record winter snowfall.

IFRS operating profit was £76 million (2007: £70 million) reflecting the improvement in our underwriting result although this was partly offset by a decrease in the longer-term investment return as a result of reducing the risk profile on our investment portfolio in the second half of 2007.

For the remainder of 2008 we expect the Canadian general insurance market to remain competitive with limited growth as commercial rates continue to soften offset by a firming of rates in personal lines. Looking ahead, we expect to accelerate the growth and profitability of the business as we realise the benefits of our strategic investments and build customer awareness of the Aviva brand.

Aviva Canada: "Let's Change Insurance"



Our bold new brand campaign "Let's Change Insurance" is a surround-sound campaign which uses simple but sophisticated humour to engage viewers, challenge the industry's perception of itself and encourage people to visit our website.

After the first eight weeks of the campaign, surveys indicated 65% ad recall and a substantive increase in recognition of the Aviva brand. Feedback has been very positive and clearly shows that we are achieving our immediate goal to stimulate debate and generate positive change for Canadian consumers.

For more information visit www.avivacanada.com

Business review continued:

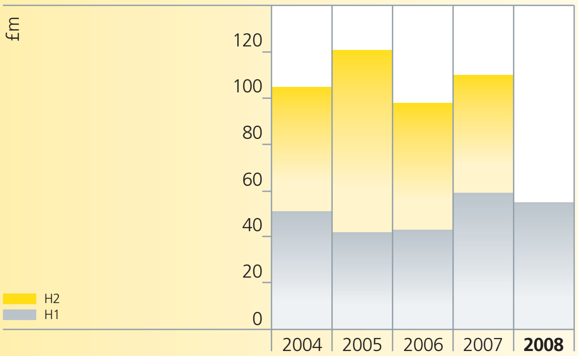
Asia Pacific

Long-term savings

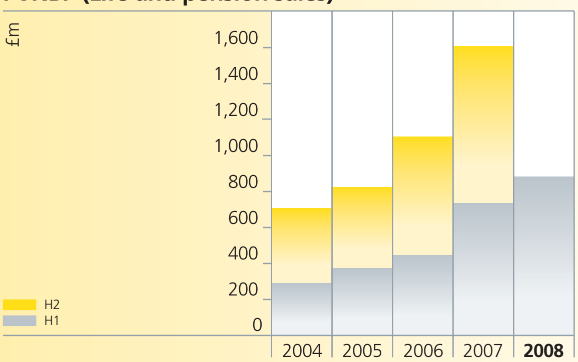
2008	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
Asia	**(7)**	**23**	**580**	**22**	**3.8**
Australia	**21**	**24**	**204**	**12**	**5.9**
Asia Pacific	**14**	**47**	**784**	**34**	**4.3**

2007	IFRS operating profit £m	EEV operating profit £m	PVNBP £m	New business contribution £m	New business margin %
Asia	3	24	414	20	4.8
Australia	21	23	240	12	5.0
Asia Pacific	24	47	654	32	4.9

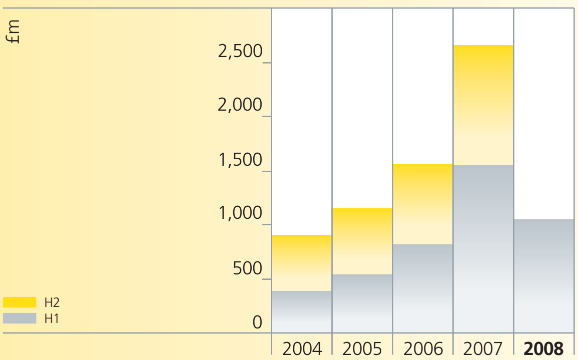
EEV operating profit



PVNBP (Life and pension sales)



Investment sales



Fund management

	Investment Sales 2008 £m	Investment Sales 2007 £m	IFRS operating profit 2008 £m	IFRS operating profit 2007 £m	EEV operating profit 2008 £m	EEV operating profit 2007 £m
Asia Pacific	**1,051**	1,378	**9**	9	**9**	9

General insurance and health

	IFRS profit before tax £m	IFRS operating profit £m	Combined operating ratio* %	Net written premium £m	Underwriting result £m
2008	**(1)**	**(1)**	**114**	**14**	**(1)**
2007	–	3	89	14	2

* General insurance business only.

Aviva Asia Pacific currently operates in nine countries across the region; our ambition is for Asia Pacific to be a key player in "one Aviva" and we continue to assess opportunities in other markets. Over the last year we have established new strategic bancassurance relationships in South Korea, Taiwan and Malaysia and in the period under review we have again experienced exceptional growth in our developing businesses in China and India. The region is underpinned by our operation in Australia which, in true demonstration of the "one Aviva, twice the value" vision, provides experience and support to our other developing businesses.

Long-term savings

Total long-term savings sales for Asia Pacific were £1,835 million (2007: £2,032 million). Within this, life and pension sales for the first half of the year grew by 20% to £784 million (2007: £654 million). This performance reflects both the growth seen in China and India as well as the impact of the new businesses in Taiwan and Malaysia, together with favourable movements in exchange rates.

In China, sales through the joint venture life business Aviva-COFCO increased by 163%, reflecting ongoing distribution expansion. We have increased our presence in the country to eight provinces, with a total of 32 city branches (2007: seven provinces, 17 city branches). Our share of total sales from Aviva's joint venture with the Dabur Group in India increased 67%, reflecting the on-going expansion of the direct sales force and development of bancassurance partnerships.

In Australia, sales were down 15%. However, 2007 included the benefit of a one-off transfer of group pensions business of £64 million as well as the £21 million impact of a favourable change to superannuation legislation. Excluding the one-offs and the impact of exchange rate movements, underlying sales grew by 16% against the prior year, driven by higher sales of protection and retail products.

Life and pension sales in Singapore increased by 8%, mainly due to the favourable effect of exchange rate movements. On a local currency basis, sales were 1% down on the prior year following the withdrawal of the Big e product, which contributed £70 million of PVNBP in the 2007 results, partly offset by the impact of new product initiatives. In Hong Kong, our products are mainly investment related and aggressive competition together with the volatile market contributed to a 15% decrease in sales.

Investment sales in the period under review fell by 24% to £1,051 million (2007: £1,378 million), affected by the current volatile market conditions. Further to this, investment sales in Singapore were adversely impacted by a change to local pension laws which restricts external contributions from the government pension fund. Prior year investment sales were boosted by a one-off impact of £227 million due to the favourable changes in Australian superannuation legislation.

Looking forward, the second half of the year will remain challenging if the investment markets continue to be volatile. However, given our plans to continue to expand our distribution network and develop our relationships with our business partners, we remain confident in achieving our medium-term sales target to grow long-term savings new business sales by an average of at least 20% a year to 2010.

EEV life operating profit for the region was in line with the prior year at £47 million (2007: £47 million). New business contribution of £34 million (2007: £32 million) was slightly ahead of the prior year reflecting the growth in premium income, while the margin fell to 4.3% (2007: 4.9%) due to a higher proportion of business being generated by our businesses in India and China and the start up nature of operations in Malaysia and Taiwan. After the effect of required capital, the margin was 2.7% (2007: 3.5%).

On an IFRS basis life operating profit was £14 million (2007 restated: £24 million). This reduction predominantly reflects an increase in expenses arising from distribution expansion in China and India and start-up costs in relation to the new businesses in Malaysia, Taiwan and Korea.

General insurance and health

Our general insurance and health operations comprise our market leading health business in Singapore, our general insurance businesses in Sri Lanka, which is ranked as the fifth largest in the country and, in Malaysia, our joint venture with the CIMB group.

Net written premium from these businesses was in line with the prior year at £14 million (2007: £14 million) and these operations together reported a loss of £1 million in the period (2007: profit of £3 million) due to higher claims from health business in Singapore, fire related claims in Malaysia and flood related claims in Sri Lanka. The combined operating ratio in the general insurance business was 114% (2007: 89%).

"China: Honouring our promises, demonstrating our value"

In the wake of the Sichuan earthquake, Aviva-COFCO moved quickly to provide immediate support for affected customers. Eric Chang, president of Aviva-COFCO, told staff at a temporary "service station" in Mianyang city, Sichuan: "It is time for us to honour our promises and to demonstrate the value of insurance."

A 24-hour customer call centre was set up to handle claims and enquiries. Claims processes were expedited to cover customers with immediate needs. Medical supplies were delivered and payment claims were signed over to families who had lost relatives.

In addition, the Aviva-COFCO CARE fund has been set up to provide support to earthquake victims, to care for Sichuan policyholders and their families, and for those Aviva-COFCO staff, sales force, business partners and their families affected by the earthquake.

For more information visit www.avivacofco.com.cn

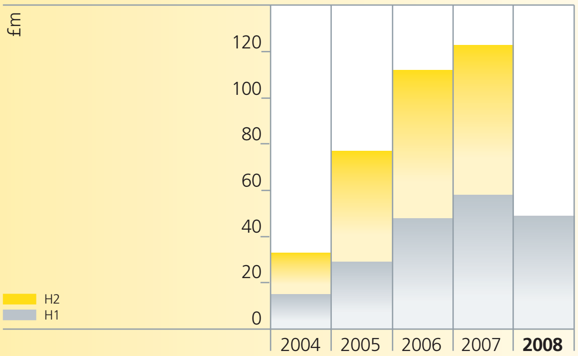
Business review continued:

Aviva Investors

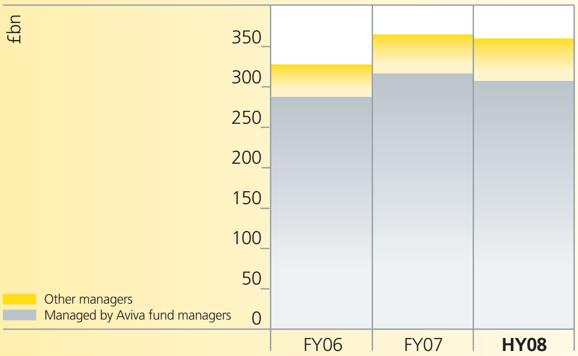
Fund management

	IFRS operating profit		EEV operating profit	
	2008 £m	2007 £m	**2008 £m**	2007 £m
United Kingdom	**28**	33	**13**	18
Europe	**19**	21	**5**	7
North America	**1**	1	**1**	1
Asia Pacific	**1**	3	**1**	3
Total Aviva Investors	**49**	58	**20**	29
Other fund management*	**14**	18	**10**	16
Total Aviva FM results	**63**	76	**30**	45

IFRS operating profit



Funds under management



Market review

Following the worst quarterly performance in global equity markets in over five years during the first three months of the year, the FTSE World index ended the second quarter a further 1.7% lower in sterling terms with the persistent threat of a global economic recession, triggered by the ongoing credit crunch, coupled with resurgent inflation worries continuing to depress market sentiment.

After a good first quarter, government bonds performed poorly in the second quarter as inflation concerns outweighed worries about the slowing global economy. This was additionally impacted by a growing sense that the need for further US interest rates cuts may no longer be so pressing.

While UK commercial property prices have continued to decline in the period, for prime properties at least, the pace of the correction appears to have eased. European markets have also seen declines, although less severe than in the UK and with marked geographic variations. Anecdotal evidence suggests that investor sentiment is starting to weaken in Asian markets, although we believe that the long-term fundamentals remain compelling.

The outlook for the world's equity markets remains highly uncertain, with high commodity prices limiting central banks' scope to respond to the rapidly weakening economic backdrop. The outlook for government and investment grade bonds looks more favourable, as efforts to contain inflation at a time of slowing economic growth may cause a longer downturn. All property markets are likely to continue to be affected by wider financial and credit market instability but we expect parts of the UK and other markets to offer good value in the next year.

Operational review

On 28 February, as part of the "one Aviva, twice the value" vision, we announced our plans to combine the asset management companies within Aviva to create a single, globally integrated asset manager to be known as Aviva Investors.

Fund managers across the group currently manage £307 billion in funds across a broad range of asset classes, with more than two thirds of these funds currently managed by Aviva Investors.

The new organisation will unlock the group's combined strengths in investment manufacturing and distribution, operating under a single brand across the UK, Europe, North America and Asia Pacific.

We have started the business transition to one global organisation, while at the same time continuing to maintain our commitment to client service and market performance.

One of the first actions taken in the creation of Aviva Investors was the renaming of the Aviva Morley SICAV** as the Aviva Investors SICAV. The SICAV is one of the primary vehicles through which Aviva Investors will distribute products in Europe and Asia.

* Other fund management operations are discussed in the relevant regional business reviews.
** Société d'investissement à capital variable (variable capital investment company). An open-ended investment fund structured as a legally independent joint stock company. Units are issued in the form of shares.

Becoming "Aviva Investors"

Globalising our business in line with 'One Aviva' is the main objective of forming Aviva Investors and an important milestone was reached in May with the renaming of the Aviva Morley SICAV as the Aviva Investors SICAV.

The SICAV is the primary vehicle through which Aviva Investors will distribute funds and this rebranding will help to cement our new global identity.

Plans are now underway in offices around the world to develop new global products for the SICAV, helping us increase third-party and cross-border sales.

We have also announced our first acquisition, with Morley and Aviva Capital Management, two of the businesses that will form part of Aviva Investors, agreeing to purchase Madison Harbor Capital LLC, a US real estate investment firm focused on multi-manager and fund-of-funds products.

The combined Aviva Investors businesses generated IFRS operating profit of £50 million for the six months ended 30 June 2008 (2007: £60 million), including profits from the pooled pensions business, reported within the UK long-term savings segment, of £1 million (2007: £2 million). This decrease was primarily due to the extremely poor conditions in global financial markets.

United Kingdom

Against the backdrop of turbulent investment markets, the UK region reported operating profit of £28 million for the six months ended 30 June 2008 (2007: £33 million).

Our global property capability continues to be a market leader with £29 billion in funds under management. The outlook for the commercial property market in the UK remains difficult.

However, many of our funds performed well on a relative basis. The property team continued to receive awards, winning "UK Property Manager of the Year" at the UK Pensions Awards for the second year running and the third time overall and picking up two awards at the IPD† and Estates Gazette awards 2008. Importantly, the IPD awards were based on performance over three years to December 2007 and both of our funds compared very favourably to the average return delivered by all funds measured by IPD over the same period.

In other areas of the business, our G7 Fund was awarded "Fixed Income Hedge Fund of the Year" for a second straight year at the Eurohedge Awards with a return to investors of 12.7%‡ for the 2007 calendar year. The Morley Sterling Liquidity Fund became the fourth largest in the Sterling Offshore money market fund sector when funds under management hit a record level of over £7 billion.

Europe

Our operations in Europe comprise Aviva Gestion d'Actifs (based in Paris) – which was ranked fifth of 61 asset management firms, based on investment performance in 2007, by French national business daily *La Tribune* – CUIM Polska (Warsaw) and Hibernian Investment Managers (Dublin). Operating profit for the six months to 30 June 2008 of £19 million (2007: £21 million) was impacted by lower levels of funds under management as a result of equity market falls since late 2007. This has been partially offset by the fall in the value of sterling against the euro and Polish zloty.

North America

Aviva Investment Canada, based in Toronto, recorded an operating profit for the six months to 30 June 2008 of £1 million (2007: £1 million). We continue to make good progress with the integration of Aviva Capital Management, the Des Moines-based US asset management operation.

Asia Pacific

Developing our manufacturing and distribution capabilities in Asia remains an area of focus. On 1 April we completed an agreement to form a joint venture in China with China National Oils and Foodstuffs and Cereals Corporation (COFCO) and Dongguan Trust and Investment, and we have continued to expand our Asian property footprint. At present, operating profit of £1 million (2007: £3 million) is primarily attributable to Portfolio Partners, our Australian asset management operation. In common with other areas, performance has been impacted by equity market falls since late 2007.

† IPD (Investment Property Databank) is a world leader in performance analysis for the owners, investors, managers and occupiers of real estate. To maintain independence it does not participate in real estate investment markets and does not offer consultancy advice on investment decisions or other real estate issues.

‡ The calculation of performance basis is the change in the price of the G7 Tranche 1 GBP class, series 1 share between the 31/12/06 and 31/12/07, net of fees.

Business review continued:

Risk and capital management

Risk management

As part of the overall corporate governance of the group we operate a risk management framework under the leadership of a chief risk officer. The description of the structure and responsibilities of the framework are set out in the 2007 annual report and accounts. In accordance with the requirements of the Transparency Directive (DTR 4.2.7) we provide an update here on the risks and uncertainties facing the group for the next six months.

Market risk

In the first half of the year, we have seen considerable market volatility and falls in the values of our investments. However, the equity de-risking programme that we undertook in 2007 has proven to be very beneficial and has significantly dampened the volatility that we are experiencing. We continue to monitor this impact very closely against our agreed extreme equity risk appetite triggers and also our market risk appetite framework. This has resulted in us gradually building up our equity protection within Delta Lloyd and the UK.

Credit markets have been very volatile throughout 2008 and the high quality of our portfolio has been vindicated.

Other risks

We have noted no material changes to the other risks identified in the 2007 annual report and accounts.

Capital management

Objectives

Aviva's capital management philosophy is focused on capital efficiency and effective risk management to support a progressive dividend policy and EPS growth. Rigorous capital allocation is one of the group's primary strategic priorities and is ultimately governed by the group Executive Committee.

The group's overall capital risk appetite is set and managed with reference to the requirements of a range of different stakeholders including shareholders, policyholders, regulators and rating agencies. In managing capital we seek to:

- maintain sufficient, but not excessive, financial strength to support new business growth and satisfy the requirements of our stakeholders;
- optimise our overall debt to equity structure to enhance our returns to shareholders, subject to our capital risk appetite and balancing the requirements of the range of stakeholders;
- retain financial flexibility by maintaining strong liquidity, including significant unutilised committed credit lines and access to a range of capital markets;
- allocate capital rigorously across the Group, to drive value adding growth in accordance with risk appetite;
- increase the dividend on a basis judged prudent, while retaining capital to support future business growth, using dividend cover on an IFRS operating earnings after tax basis in the 1.5 to 2.0 times range as a guide.

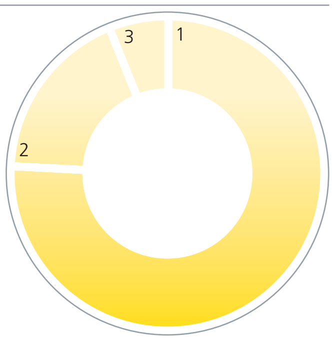
Capital resources and capital allocation

The primary sources of capital used by the group are equity shareholders' funds, preference shares, subordinated debt and borrowings. We also consider and, where efficient to do so, utilise alternative sources of capital such as reinsurance and securitisation in addition to the more traditional sources of funding. Targets are established in relation to regulatory solvency, ratings, liquidity and dividend capacity and are a key tool in managing capital in accordance with our risk appetite and the requirements of our various stakeholders.

Capital allocation is undertaken based on a rigorous analysis of a range of financial, strategic, risk and capital factors to ensure that capital is allocated efficiently to value adding business opportunities. A clear management decision making framework, incorporating ongoing operational and strategic performance review, periodic longer term strategic and financial planning and robust due diligence over capital allocation is in place, governed by the group Executive Committee and group Capital Management Committee. These processes incorporate various capital profitability metrics, including an assessment of return on capital employed and internal rates of return in relation to hurdle rates to ensure capital is allocated efficiently and that excess business unit capital is repatriated where appropriate.

Capital employed by segment

	%
1 Long-term business	76
2 General insurance and health	18
3 Other business and corporate	6
Total	100



Capital employed by segment – EEV basis

The group reports its results on both an IFRS and European Embedded Value (EEV) basis. The directors consider that the EEV principles provide a more meaningful measure of the long term underlying value of the capital employed in the Group life and related businesses.

The table below shows how our capital, on an EEV basis, is deployed by segment and how that capital is funded.

	30 June 2008 £m	31 December 2007 £m
Long-term savings	**22,900**	23,272
General insurance and health	**5,212**	5,487
Other business including fund management	**684**	1,056
Corporate*	**(32)**	(31)
Total capital employed	**28,764**	29,784
Financed by:		
Equity shareholders funds	**18,672**	20,253
Minority interests	**3,385**	3,131
Direct capital instrument	**990**	990
Preference shares	**200**	200
Subordinated debt	**3,911**	3,054
External debt	**721**	1,257
Net internal debt	**885**	899
	28,764	29,784
Net asset value per share – EEV basis	**702p**	772p

* The "Corporate" net liabilities represent the element of the pension scheme deficit held centrally.

At 30 June 2008 the Group had £28.9 billion (31 December 2007: £29.8 billion) of total capital employed in its trading operations, measured on an EEV basis. Net asset value per ordinary share, based on equity shareholders' funds, has reduced to 702 pence per share due to market falls (2007: 772 pence per share).

On 13 May 2008 the Group issued £0.8bn equivalent of Lower Tier 2 subordinated debt in a dual-tranche transaction (£400 million and €500 million). £0.6 billion of the proceeds was used to repay short-term commercial paper borrowings. This transaction had a positive impact on group IGD Solvency and Economic capital measures.

Financial leverage, the ratio of the group's external senior and subordinated debt to EEV capital and reserves was 20% (2007: 17%). Fixed charge cover, which measures the extent to which external interest costs, including subordinated debt interest and preference dividends, are covered by EEV operating profit was 11.8 times (2007: 9.8 times).

Capital strength and solvency

Overall, the group has significant resources and financial strength. The ratings of the group's main operating subsidiaries are AA/AA- ("very strong") with a stable outlook from Standard & Poor's, Aa3 ("excellent") with a stable outlook from Moody's and A+ ("Superior") with a stable outlook from AM Best. These ratings reflect the group's strong liquidity, competitive position, capital base, increasing underlying earnings and strategic and operational management. The group is subject to a number of regulatory capital tests and also employs economic capital measures to manage capital and risk.

Regulatory basis – Group: European Insurance Groups Directive

	30 June 2008	31 December 2007
Insurance Groups Directive (IGD) excess solvency	**£1.8 billion**	£2.9 billion
Cover (times) over EU minimum	**1.3 times**	1.5 times

The group has a regulatory obligation to have positive solvency on a regulatory IGD basis at all times. The group's risk management processes ensure adequate review of this measure. At 30 June 2008, the estimated excess regulatory capital was £1.8 billion (31 December 2007: £2.9 billion). This measure represents the excess of the aggregate value of regulatory capital employed in our business over the aggregate minimum solvency requirements imposed by local regulators, excluding the surplus held in the group's UK life funds. The minimum solvency requirement for the Group's European businesses is based on the Solvency I Directive. In broad terms, for EU operations, this is set at 4% and 1% of non-linked and unit-linked life reserves respectively and for Aviva's general insurance portfolio of business 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 the group's major non-European businesses (the US, Australia and Canada) a risk charge on assets and liabilities approach is used. The IGD is a pure aggregation test with no credit given for the considerable diversification benefits of Aviva.

Our excess solvency of £1.8 billion reflects a net decrease of £1.1 billion since 31 December 2007, mainly reflecting the market downturn over the last six months.

Business review continued:

People and responsibility

People

Aviva's people and responsibility agendas have continued to progress in support of our "one Aviva, twice the value" vision.

Earlier this year, 450 of Aviva's senior leaders attended one of a series of seven "summits" around the world to align, equip and mobilise our leaders to deliver the "one Aviva, twice the value" vision. The summits were designed to provide senior leaders with a much deeper understanding of our purpose, the vision, how its progress will be measured and how, as leaders, they must ensure that all Aviva employees become fully engaged in its execution.

The summits focused on strategy, execution and cultural transformation. By bringing this population together for the first time for a consistent experience, they focused on coalescing as a strong, unified business with a global outlook. Aviva's top 80 leaders reconvened in July to assess the progress we have made and how much further we need to go. During autumn 2008, this will be extended to the next 1,000 leaders across the organisation.

Talking Talent

A new globally consistent approach to managing, measuring and developing Aviva talent was launched successfully last year. Initially applied to the top 400 leaders in the organisation, this will now be extended further to provide us with a uniform and fair means of calibrating talent around the world so that opportunities and individuals can be ideally matched.

Reward

A new "one Aviva, twice the value" bonus plan was approved by shareholders at the company's annual general meeting. This plan, for all senior managers globally, reinforces our commitment to doubling earnings per share (EPS) with additional grants of conditional shares for each of the next three years. The bonus target is a challenging one based on the average growth rate in Aviva's EPS over the three year performance period, helping to align our reward offering with the business strategy.

Corporate social responsibility (CSR)

Our CSR vision is to act responsibly over the long term in how we do business, so as to help meet our ambition of providing prosperity and peace of mind to our customers.

Aviva's CSR programme encompasses our business ethics and values, our customers, our people and suppliers, our community relations and the environment. Adherence to strong CSR principles is an essential part of Aviva's long-term success. To help mobilise our business units to embed CSR we launched our global CSR toolkit in June, which provides our businesses with access to knowledge, tools and best practices.

Our performance and progress on CSR has received further recognition and earlier this year we maintained our inclusion in the FTSE4Good Index Series. We also participated in Business in the Community's Corporate Responsibility Index and were awarded a Silver band, scoring 81%.

Environment

Aviva is committed to a programme of environmental management with a particular focus on reducing our carbon footprint. We have secured 100% renewable electricity for our UK business going forward in 2008/09 and continue to see results from the implementation of resource saving initiatives. Our high definition telepresence suite is now live in six global locations and is proving an effective way of reducing our reliance on business travel.

Aviva India: A great place to work

Aviva India has been ranked amongst the top 25 employers by the Great Places to Work Institute in the "Best Workplaces in India" study for 2008. Aviva is the only insurance company among the top 25 companies. This is the fourth consecutive year that Aviva India has earned the recognition of being included amongst the best employers in India.

We have set reduction targets for carbon emissions, waste and water consumption for this year and progress against these targets will be reported in our next annual CSR report.

To continue to secure our carbon neutral status we have purchased carbon credits from five renewable energy projects in countries where we operate and where we see an urgent need for carbon finance, for example in Africa. These projects include a signature project in China supporting a local community with hydro power electricity generation which eliminates the need for reliance on coal, a kerosene lamp replacement project in Kenya and three renewable energy projects in India.

Engaging employees in our CSR programme activities also plays a significant role in our programme success and a number of initiatives have taken place around the group in the first half of the year.

Diversity and human rights

Aviva remains committed to a working environment that respects differences and promotes equality among our employees.

Our employee networks continue to thrive with Pride Aviva* launching its first national eMagazine and the London women's network hosting a range of events including one to raise awareness of the Eve appeal, a UK-based charity seeking to cut the number of deaths from gynaecological cancer by 50% in five years.

We have seen an increase in female senior managers worldwide from 18% in 2006 to 22% in 2007. This upward trend was supported by the appointment of Amanda Mackenzie in March 2008 to the group's executive committee in a new group marketing director role. Our female senior leaders are also being recognised externally with Asta Ungulaitiene, Aviva Lithuania's managing director being selected as one of the country's four most influential female leaders, while in Poland, Grázyna Goslings, group director of corporate communications, has been named one of the 50 most influential women in Poland.

Turkey launches its corporate values

The newly merged AvivaSA in Turkey launched its corporate values with a big event on 23 May, where Andrew Moss participated as the guest of honour and introduced the "one Aviva, twice the value" vision.

The theme of the day was "Embrace Life Passionately" in line with AvivaSA's corporate values. These are People, Integrity, Achievement, Progress which were symbolised by the four elements of life (Air, Water, Fire, Earth).

* Pride Aviva is an employee network for lesbian, gay, bisexual and transgender professionals.

Summarised consolidated income statement – IFRS basis
For the six months to 30 June 2008

6 months 2008 €m		6 months 2008 £m	Restated 6 months 2007 £m	Restated Full year 2007 £m
	Income			
22,138	Premiums written net of reinsurance	**17,046**	14,505	29,333
(247)	Net change in provision for unearned premiums	**(190)**	(237)	(21)
21,891	Net earned premiums	**16,856**	14,268	29,312
1,234	Fee and commission income	**950**	919	1,760
(12,369)	Net investment income	**(9,524)**	6,945	9,890
(447)	Share of (loss)/profit after tax of joint ventures and associates	**(344)**	(80)	(304)
12	Profit/(loss) on the disposal of subsidiaries and associates	**9**	(5)	49
10,321		**7,947**	22,047	40,707
	Expenses			
(18,358)	Claims and benefits paid, net of recoveries from reinsurers	**(14,136)**	(13,307)	(27,121)
4,508	Change in insurance liabilities, net of reinsurance	**3,471**	(638)	(3,507)
5,914	Change in investment contract provisions	**4,554**	(2,466)	(2,018)
3,566	Change in unallocated divisible surplus	**2,746**	27	2,922
(3,030)	Fee and commission expense	**(2,333)**	(2,277)	(4,445)
(2,901)	Other expenses	**(2,234)**	(1,662)	(3,473)
(915)	Finance costs	**(704)**	(505)	(1,208)
(11,216)		**(8,636)**	(20,828)	(38,850)
(895)	**(Loss)/profit before tax**	**(689)**	1,219	1,857
873	Tax attributable to policyholders' returns	**672**	(21)	(15)
(22)	**(Loss)/profit before tax attributable to shareholders' profits**	**(17)**	1,198	1,842
	Tax expense			
830	United Kingdom tax	**639**	(114)	(97)
(40)	Overseas tax	**(31)**	(215)	(255)
790		**608**	(329)	(352)
(873)	Less: tax attributable to policyholders' returns	**(672)**	21	15
(83)	Tax attributable to shareholders' profits	**(64)**	(308)	(337)
(105)	**(Loss)/profit for the period**	**(81)**	890	1,505
	Attributable to:			
(122)	Equity shareholders of Aviva plc	**(94)**	807	1,327
17	Minority interests	**13**	83	178
(105)		**(81)**	890	1,505

All (loss)/profit is from continuing operations.

Earnings per share – IFRS basis
For the six months to 30 June 2008

6 months 2008		6 months 2008	6 month 2007	Full year 2007
(5.1)c	Basic (pence per share)	**(3.9)p**	31.0p	49.2p
(5.1)c	Diluted (pence per share)	**(3.9)p**	30.7p	48.7p

Subsequent to 30 June 2008, the directors proposed an interim dividend for 2008 of 13.09p (interim 2007: 11.90p) per ordinary share, amounting to £347 million (interim 2007: £309 million) in total. The dividend will be paid on 17 November 2008 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2008.

During the six months to 30 June 2008, the directors declared a final dividend for 2007 of 21.10p per ordinary share (final 2006: 19.18p) totalling £554 million (6 months to 30 June 2007: £492 million).

Pro forma reconciliation of Group operating profit to profit before tax – IFRS basis
For the six months to 30 June 2008

6 months 2008 €m		6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
	IFRS Operating profit before tax attributable to shareholders' profits			
1,260	Long-term business *(note 7)*	**970**	834	1,634
82	Fund management *(note 9)*	**63**	76	155
699	General insurance and health *(note 10)*	**538**	560	1,033
	Other:			
(87)	Other operations and regional costs *(note 11)*	**(66)**	(49)	(74)
(92)	Corporate centre *(note 12)*	**(71)**	(80)	(157)
(261)	Group debt costs and other interest *(note 13)*	**(201)**	(190)	(363)
1,601	**Operating profit before tax attributable to shareholders' profits**	**1,233**	1,151	2,228
	Adjusted for the following:			
(825)	Investment return variances and economic assumption changes on long-term business *(note 8)*	**(636)**	107	15
(408)	Short-term fluctuation in return on investments backing general insurance and health business *(note 10)*	**(314)**	37	(184)
(55)	Impairment of goodwill	**(42)**	(3)	(10)
(66)	Amortisation and impairment of intangibles	**(51)**	(49)	(103)
12	Profit/(loss) on the disposal of subsidiaries and associates *(note 4)*	**9**	(5)	49
(171)	Integration and restructuring costs *(note 5)*	**(132)**	(40)	(153)
(110)	Exceptional costs for termination of operation *(note 5)*	**(84)**	–	–
(22)	**(Loss)/profit before tax**	**(17)**	1,198	1,842
(460)	Tax on operating profit	**(354)**	(329)	(607)
377	Tax on other activities	**290**	21	270
(83)		**(64)**	(308)	(337)
(105)	**(Loss)/profit for the period**	**(81)**	890	1,505

Six months 2007 has been restated to reflect the change in the definition of group operating profit on an International Financial Reporting Standards ("IFRS") basis. See the Basis of preparation note on page 39.

Earnings per share – IFRS operating profit basis
For the six months to 30 June 2008

6 months 2008 €m		6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
39.1c	Basic (pence per share)	**30.1p**	28.1p	53.2p
38.8c	Diluted (pence per share)	**29.9p**	27.8p	52.7p

Consolidated statement of recognised income and expense – IFRS basis

For the six months ended 30 June 2008

6 months 2008 €m		6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
(1,100)	Fair value (losses)/gains on AFS securities, owner-occupied properties and hedging instruments	(847)	346	172
(178)	Fair value gains transferred to profit	(136)	(117)	(391)
193	Impairment loss	148	–	–
(10)	Share of fair value changes in joint ventures and associates taken to equity	(8)	8	9
(896)	Actuarial (losses)/gains on pension schemes *(note 19)*	(690)	830	648
92	Actuarial (gains)/losses on pension schemes transferred to unallocated divisible surplus and other movements	71	(84)	(61)
761	Foreign exchange rate movements	586	(50)	739
–	Aggregate tax effect – policyholder tax	–	(1)	–
131	Aggregate tax effect – shareholder tax	101	(229)	(179)
(1,007)	**Net (expense)/income recognised directly in equity**	**(775)**	703	937
(105)	(Loss)/profit for the period	(81)	890	1,505
(1,112)	**Total recognised (expense)/income for the period**	**(856)**	1,593	2,442
	Attributable to:			
(1,278)	Equity shareholders of Aviva plc	(984)	1,514	2,145
166	Minority interests	128	79	297
(1,112)		**(856)**	1,593	2,442

Reconciliation of movements in consolidated shareholders' equity – IFRS basis

For the six months ended 30 June 2008

6 months 2008 €m		6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
21,003	**Balance at 1 January**	16,592	14,064	14,064
(1,084)	Total recognised (expense)/income for the period	(856)	1,593	2,442
(713)	Dividends and appropriations *(note 16)*	(563)	(501)	(871)
39	Issues of share capital, net of transaction costs	31	30	48
215	Shares issued in lieu of dividends	170	152	301
139	Capital contributions from minority shareholders	110	75	307
(95)	Minority share of dividends declared in the year	(75)	(63)	(66)
75	Minority interest in acquired subsidiaries	59	142	317
(98)	Changes in minority interest in existing subsidiaries	(78)	–	–
34	Reserves credit for equity compensation plans	27	24	50
19,515	**Total equity**	15,417	15,516	16,592
(3,414)	**Minority interests**	(2,697)	(1,931)	(2,553)
16,101	**Balance at 30 June/31 December**	**12,720**	13,585	14,039

Summarised consolidated balance sheet – IFRS basis
As at 30 June 2008

30 June 2008 €m		30 June 2008 £m	Restated 30 June 2007 £m	Restated 31 December 2007 £m
	Assets			
3,858	Goodwill	**3,048**	2,912	3,082
4,013	Acquired value of in-force business and intangible assets	**3,170**	2,836	3,197
3,276	Interests in, and loans to, joint ventures	**2,588**	2,557	2,576
1,533	Interests in, and loans to, associates	**1,211**	891	1,206
1,261	Property and equipment	**996**	857	942
18,567	Investment property	**14,668**	15,682	15,077
47,325	Loans	**37,387**	30,207	36,193
	Financial investments			
157,184	Debt securities	**124,176**	111,035	119,743
61,414	Equity securities	**48,517**	58,924	56,018
48,704	Other investments	**38,476**	36,517	40,413
10,541	Reinsurance assets *(note 22)*	**8,327**	7,832	8,109
315	Deferred tax assets	**249**	765	590
676	Current tax assets	**534**	268	376
13,619	Receivables and other financial assets	**10,760**	10,957	8,629
6,423	Deferred acquisition costs and other assets	**5,074**	3,929	4,487
4,029	Prepayments and accrued income	**3,183**	2,773	2,986
23,776	Cash and cash equivalents	**18,783**	14,534	16,089
8,409	Assets of operations classified as held for sale *(note 6)*	**6,643**	1,261	1,128
414,923	**Total assets**	**327,790**	304,737	320,841
	Equity			
841	Ordinary share capital	**664**	647	655
5,716	Capital reserves	**4,516**	4,484	4,494
1,532	Other reserves	**1,210**	1,166	1,467
6,506	Retained earnings	**5,140**	6,098	6,233
14,595	**Equity attributable to ordinary shareholders of Aviva plc**	**11,530**	12,395	12,849
1,506	Preference share capital and direct capital instrument	**1,190**	1,190	1,190
3,414	Minority interests	**2,697**	1,931	2,553
19,515	**Total equity**	**15,417**	15,516	16,592
	Liabilities			
195,935	Gross insurance liabilities *(note 20)*	**154,789**	144,687	153,040
124,844	Gross liabilities for investment contracts *(note 21)*	**98,627**	92,101	98,244
5,146	Unallocated divisible surplus *(note 24)*	**4,065**	9,489	6,785
8,372	Net asset value attributable to unitholders	**6,614**	4,624	5,101
3,035	Provisions	**2,398**	1,930	1,937
1,587	Deferred tax liabilities	**1,254**	3,013	2,529
1,381	Current tax liabilities	**1,091**	1,157	1,189
16,928	Borrowings *(note 25)*	**13,373**	12,196	12,657
24,962	Payables and other financial liabilities	**19,720**	14,166	18,060
5,743	Other liabilities	**4,537**	4,808	3,765
7,475	Liabilities of operations classified as held for sale *(note 6)*	**5,905**	1,050	942
395,408	**Total liabilities**	**312,373**	289,221	304,249
414,923	**Total equity and liabilities**	**327,790**	304,737	320,841

Approved by the Board on 29 July 2008

Philip Scott Director

Summarised consolidated cash flow statement – IFRS basis

For the six months to 30 June 2008

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

	6 months 2008			Restated 6 months 2007	Restated Full year 2007
	Long-term business operations £m	Non-long-term business operations £m	Group £m	Group £m	Group £m
Cash flows from operating activities					
Cash generated from operations*	**2,793**	**847**	**3,640**	2,159	4,934
Tax paid	**(358)**	**(76)**	**(434)**	(300)	(801)
Net cash from operating activities	**2,435**	**771**	**3,206**	1,859	4,133
Cash flows from investing activities:					
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	**(247)**	**(70)**	**(317)**	(359)	(769)
Disposal of subsidiaries, joint ventures and associates, net of cash transferred	**65**	**–**	**65**	272	283
Purchase of minority interest in subsidiary	**(81)**	**–**	**(81)**	–	–
Loans to joint ventures and associates	**–**	**–**	**–**	184	33
Purchases of property and equipment	**(22)**	**(68)**	**(90)**	(72)	(227)
Proceeds on sale of property and equipment	**5**	**1**	**6**	39	93
Purchases of intangible assets	**–**	**–**	**–**	(29)	(48)
Net cash (used in)/from investing activities	**(280)**	**(137)**	**(417)**	35	(635)
Cash flows from financing activities:					
Proceeds from issue of ordinary shares, net of transaction costs	**–**	**31**	**31**	30	48
New borrowings draw down, net of expenses	**279**	**2,695**	**2,974**	3,690	6,322
Repayment of borrowings	**(377)**	**(2,516)**	**(2,893)**	(3,483)	(6,000)
Net drawdown of borrowings	**(98)**	**179**	**81**	207	322
Interest paid on borrowings	**(364)**	**(340)**	**(704)**	(446)	(1,208)
Preference dividends paid	**–**	**(9)**	**(9)**	(9)	(17)
Ordinary dividends paid	**–**	**(385)**	**(385)**	(340)	(500)
Coupon payments on direct capital instrument	**–**	**–**	**–**	–	(53)
Finance lease payments	**–**	**(1)**	**(1)**	(1)	(7)
Capital contributions from minority shareholders	**105**	**5**	**110**	75	307
Dividends paid to minority interests of subsidiaries	**(63)**	**(12)**	**(75)**	(63)	(66)
Non-trading cash flows between operations	**(623)**	**623**	**–**	–	–
Net cash (used in)/from financing activities	**(1,043)**	**91**	**(952)**	(547)	(1,174)
Net increase in cash and cash equivalents	**1,112**	**725**	**1,837**	1,347	2,324
Cash and cash equivalents at 1 January	**11,132**	**4,432**	**15,564**	12,635	12,635
Effect of exchange rate changes on cash and cash equivalents	**472**	**48**	**520**	(1)	605
Cash and cash equivalents at 30 June/31 December	**12,716**	**5,205**	**17,921**	13,981	15,564
Cash and cash equivalents at 30 June/31 December comprised:					
Cash at bank and in hand	**7,546**	**1,286**	**8,832**	4,817	4,004
Cash equivalents	**5,567**	**4,795**	**10,362**	9,790	12,181
	13,113	**6,081**	**19,194**	14,607	16,185
Bank overdrafts	**(397)**	**(876)**	**(1,273)**	(626)	(621)
	12,716	**5,205**	**17,921**	13,981	15,564

* Cash generated from operations is stated after net purchases/sales of investment property, loans and financial investments.

Of the total cash and cash equivalents shown above, £411 million has been classified as held for sale (30 June 2007: £73 million; 31 December 2007: £96 million).

Cash and cash equivalents in long-term business operations are primarily held for the benefit of policyholders and so are generally not available for use by the Group.

Notes to the consolidated financial statements – IFRS basis

1 – Basis of preparation – IFRS

(a) The results for the six months to 30 June 2008 have been prepared using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). These include IAS 34, *Interim Financial Reporting*, which specifically addresses the contents of interim announcements. The results apply the accounting policies set out in Aviva plc's 2007 Annual Report and Accounts, except that segmental information is now given in accordance with the requirements of IFRS 8, *Operating Segments*, as described in note 1(d) below.

The results for the six months to 30 June 2008 and 2007 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 statements and should be read in conjunction with the groups annual financial statement at 31 December 2007. The results for the full year 2007 have been taken from the Group's 2007 Annual Report and Accounts. The auditor has reported on the 2007 financial statements 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 2007 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 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.

(c) Restatement of prior period figures

(i) Change to definition of operating profit

During 2007, the Group changed its definition of IFRS operating profit. The key changes to our definition of IFRS operating profit are set out in the 2007 Report and Accounts and were presented in this manner. Results to 30 June 2007 have been restated to reflect the changes.

(ii) Gross up for cash collateral received

The Group enters into stock lending transactions and receives cash or non-cash collateral to reduce the Group's exposure to counterparty credit risk. Collateral received in the form of cash is then either lent out at market rates of interest or held as cash. During 2007, we identified that certain cash collateral transactions should have been historically recognised on the balance sheet, with a corresponding obligation to return this collateral, instead of showing a net nil position.

The cash collateral transactions were accounted for correctly in the 2007 Report and Accounts but, as a result, the figures for loan assets, cash and cash equivalents, and payables and other financial liabilities as at 30 June 2007 have been restated by increasing them by £3,396 million, £147 million and £3,543 million respectively. The equivalent adjustment at 1 January 2007, the start of the comparative period, was to increase loan assets and payable and other financial liabilities by £2,129 million.

The 30 June 2007 comparative figures in the cash flow statement for cash generated from operations, net increase in cash and cash equivalents and cash and cash equivalents at 30 June 2007 have also been restated for the increase in cash and cash equivalents of £147 million detailed above.

In addition, we identified that the interest paid on cash collateral received and the interest earned from onlending this cash had previously been offset and reported as net investment income. The 30 June 2007 comparative figures have therefore been restated in order to report this interest expense and interest income separately, by increasing both by £59 million.

Neither of these adjustments have any impact on profit for the period, operating profit or earnings per share for the six months ended 30 June 2007, nor on retained earnings, net assets or total equity at either 1 January 2007 or 30 June 2007.

(iii) Consolidation of managed fund

The Group manages a number of specialised investment vehicles around the world, in which our insurance and investment funds have invested. The Group's percentage ownership in these vehicles can fluctuate from day to day according to the Group's and third party participation in them, and control is determined based on an analysis of the guidance in IAS 27. During 2008, we identified that one such vehicle, a UK cash deposit fund, required consolidation in accordance with IAS 27 which therefore results in grossing up assets and liabilities for the effect of the third party participation.

As a result, the figures for cash and cash equivalents, financial investments (debt securities) and net asset value attributable to unitholders as at 31 December 2007 have been restated by increasing them by £315 million, £806 million and £1,121 million respectively. The equivalent figures as at 30 June 2007 have been restated by increasing them by £242 million, £392 million and £634 million respectively. The impact on the full year 2007 income statement has been to restate net investment income and fee and commission expense by increasing both by £62 million (6 months to 30 June 2007: increase both by £40 million).

None of these adjustments has any impact on profit for the period, operating profit or earnings per share in either the full year 2007 or the 6 months to 30 June 2007, nor on retained earnings, net assets or total equity at either 1 January 2007, 30 June 2007 or 31 December 2007. The effect of restating items in the cash flow statements for these periods is given in section (iv) below.

(iv) Restatement of cash equivalents

During 2007, we reviewed the policy for cash and cash equivalents and determined that certain investments, previously classified as cash equivalents, would be more appropriately classified as financial investments.

This treatment was adopted in the 2007 Report and Accounts but the application of this review to the 30 June 2007 balances has led to a reduction of the cash equivalents balance at that date by £980 million and a corresponding increase in the debt securities total of the same amount.

This restatement has no impact on net assets or total equity. The effect of the restatements described in sections (iii) and (iv) on cash flows for the 6 months to 30 June 2007 is to reduce cash equivalents at 1 January 2007 and 30 June 2007 by £1,211 million and £738 million respectively, and to increase cash flows from operating activities by £473 million. The effect on the year to 31 December 2007 is to increase cash equivalents at 1 January 2007 and 31 December 2007 by £214 million and £315 million respectively, and to increase cash flows from operating activities by £101 million.

(d) In November 2006, the IASB issued IFRS 8, *Operating Segments*. Although its requirements are applicable for accounting periods beginning on or after 1 January 2009, the Group has decided to adopt IFRS 8 early and reflect its impact in the 2008 financial statements. Accordingly, the segmental information given in these interim results reflect the adoption of this standard.

The Group has determined its operating segments along regional lines and the results for the period to 30 June 2008 are presented on this basis, using NU Life and NUI within the United Kingdom, Europe, North America, Asia Pacific and Aviva Investors as the main segments.

(i) The NUI region covers the Group's UK general insurance business and includes 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 business in Canada;

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

(v) Aviva Investors comprises the business of Morley, as well as the asset management businesses in France and Canada.

2 – Exchange rates

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

The results and cash flows of these operations have been translated into sterling at an average rate for the period of 1 euro = £0.77 (6 months to 30 June 2007: 1 euro = £0.68; full year 2007: 1 euro = £0.68). Assets and liabilities have been translated at the period end rate of 1 euro = £0.79 (30 June 2007: 1 euro = £0.67; 31 December 2007: 1 euro = £0.73).

The US dollar rates used for translation are an average of £1 = US$1.98 (6 months to 30 June 2007: £1 = US$1.97; full year 2007: £1 = US$2.00) and a closing rate of £1 = US$2.00 (30 June 2007: £1 = US$1.99; 31 December 2007: £1 = US$1.99).

3 – Acquisitions

(i) Acquisition of VIVAS Health

On 15 May 2008, the Group's Irish subsidiary, Hibernian Group plc, acquired a 70% holding in VIVAS Group Ltd. (VIVAS Health), an Irish health insurance company, for £26 million. Allied Irish Banks plc (AIB) will continue to hold the remaining 30% equity, further strengthening AIB and Hibernian's existing relationship. The company has since been re-branded as Hibernian Health. Its health insurance products will be distributed through Hibernian and AIB's distribution channels, including Hibernian Health's existing direct and non-direct channels.

The acquisition of this shareholding has given rise to goodwill on acquisition of £22 million, calculated as follows:

Purchase cost:	£m
Cash paid	25
Attributable costs	1
Total consideration	**26**

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

	Book value £m	Fair value and accounting policy adjustments £m	Fair value £m
Assets			
Reinsurance assets	31	–	31
Cash and cash equivalents	28	–	28
Receivables and financial assets	33	–	33
Other assets	1	–	1
Total assets	**93**	**–**	**93**
Liabilities			
Insurance liabilities	51	–	51
Payables and other financial liabilities	31		31
Other liabilities	5	–	5
Total liabilities	**87**	**–**	**87**
Total net assets	**6**	**–**	**6**
Net assets acquired (70%)			**4**
Goodwill arising on acquisition of this holding			**22**

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

3 – Acquisitions continued

(ii) Acquisition of UBI Vita

On 18 June 2008, the Group acquired 50% plus one share in UBI Assicurazioni Vita SpA. (UBI Vita), an Italian life insurance company, from Unione di Banche Italiane Scpa (UBI Banca), for a consideration of £51 million. UBI Vita distributes life insurance products through a bancassurance agreement with Banca Popolare di Ancona and other channels.

The acquisition of this shareholding has given rise to goodwill on acquisition of £6 million, calculated as follows:

Purchase cost:	£m
Cash paid	51
Attributable costs	–
Total consideration	**51**

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

	Book value £m	Fair value and accounting policy adjustments £m	Fair value £m
Assets			
Intangible assets	–	35	35
Reinsurance assets	128	–	128
Prepayment and accrued income	22	–	22
Cash and cash equivalents	50	–	50
Debt securities	1,768	(2)	1,766
Other investments	444	1	445
Property and equipment	18	1	19
Receivables and other financial assets	15	1	16
Other assets	2	(1)	1
Total assets	**2,447**	**35**	**2,482**
Liabilities			
Insurance liabilities	2,241	–	2,241
Borrowings	30	–	30
Payables and other financial liabilities	140	(12)	128
Other liabilities	(10)	4	(6)
Total liabilities	**2,401**	**(8)**	**2,393**
Total net assets	**46**	**43**	**89**
Net assets acquired (50%)			**45**
Goodwill arising on acquisition of this holding			**6**

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

(iii) Acquisition of Swiss Life Belgium

On 30 June 2008, the Group acquired 100% of the shares in Swiss Life Belgium, a multi-line insurer, from SNS REAAL for £112 million. By combining Swiss Life Belgium with its Belgian insurance operation, managed through its Dutch subsidiary Delta Lloyd, the Group will further strengthen its position in the Belgian life insurance market.

The acquisition of this shareholding has given rise to goodwill on acquisition of £nil, calculated as follows:

Purchase cost:	£m
Cash paid	112
Attributable costs	–
Total consideration	**112**

3 – Acquisitions continued

The estimated book and fair values of 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	–	55	55
Prepayment and accrued income	45	–	45
Cash and cash equivalents	89	–	89
Equity securities	130	–	130
Debt securities	2,221	–	2,221
Other investments	21	–	21
Receivables and other financial assets	39	–	39
Other assets	113	–	113
Total assets	**2,658**	**55**	**2,713**
Liabilities			
Insurance liabilities	2,195	–	2,195
Liabilities for investment contracts – gross	277	–	277
Borrowings	49	–	49
Payables and other financial liabilities	35	(3)	32
Other liabilities	48	–	48
Total liabilities	**2,604**	**(3)**	**2,601**
Total net assets	**54**	**58**	**112**
Net assets acquired (100%)			**112**
Goodwill arising on acquisition			**–**

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

(iv) Addition to existing shareholding in Cajamurcia Vida
As disclosed in the 2007 financial statements, on 6 June 2007 the Group acquired 5% of the share capital of Caja Murcia Vida y Pensiones, de Seguros y Reaseguros SA (Cajamurcia Vida) from the Spanish savings bank Caja de Ahorros de Murcia (Cajamurcia). Cajamurcia Vida was fully consolidated as a subsidiary from that date, as the Group has the power to govern its financial and operating policies, through having the majority vote at meetings of the company's board of directors.

On signing the shareholders' agreement, Cajamurcia granted the Group a call option over a further 45% of the shares in Cajamurcia Vida. On 27 March 2008, the Group exercised this option and acquired 45% of the shares for £81 million. The fair value of the net assets of the company at the date the option was exercised was £176 million, and the acquisition of the additional shareholding gave rise to additional goodwill of £3 million.

(v) Investment in LIG Life
On 4 April 2008, the Group acquired 40.65% of LIG Life Insurance Co. Ltd (LIG Life), a South Korean life insurance company, for £34 million. LIG Life distributes life insurance products through multiple distribution channels and focuses on the Busan metropolitan area in the south-eastern region of the country. Further shareholdings of 5.51% and 0.63 % were acquired on 7 April and 29 May 2008 respectively for a total of £4 million. This investment has been accounted for as an interest in a joint venture.

4 – Profit/(loss) on the disposal of subsidiaries and associates

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
United Kingdom	**–**	(7)	(7)
Turkey	**–**	–	71
Other small operations	**9**	2	(15)
Profit/(loss) on disposal before tax	**9**	(5)	49
Tax on profit/(loss) on disposal	**–**	3	3
Profit/(loss) on disposal after tax	**9**	(2)	52

5 – Integration and restructuring costs

(a) Integration and restructuring costs of £132 million (six months to 30 June 2007: £40 million) comprises phase one restructuring costs of £38 million announced in October 2007, phase two restructuring costs of £83 million announced in June 2008. The balance relates mainly to the implementation of Aviva Investors.

(b) Exceptional costs for termination of operations of £84 million (six months to June 2007:£nil) are due to the closure of the wrap platform in the UK and migration of the operation to a third party provider, Scottish Friendly. These costs include write-downs of goodwill and intangible assets.

6 – Operations classified as held for sale

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Intangible assets	**260**	52	–
Investments and property and equipment	**5,072**	–	316
Deferred acquisition costs and other assets	**57**	74	–
Receivables and other financial assets	**587**	1,062	554
Prepayments and accrued income	**247**	–	145
Tax assets	**9**	–	17
Cash and cash equivalents	**411**	73	96
Total assets	**6,643**	1,261	1,128
Gross insurance liabilities/liability for investment contracts	**(5,253)**	(871)	(627)
Borrowings	**(13)**	(11)	(12)
Payables and financial liabilities	**(197)**	(68)	(72)
Other liabilities	**(369)**	(100)	(220)
Tax liabilities and other provisions	**(73)**	–	(11)
Total liabilities	**(5,905)**	(1,050)	(942)
Net assets	**738**	211	186

(i) 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 continue 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 2009, 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 2008.

(ii) Dutch bancassurance business with ABN AMRO
On 20 May 2008, the Group announced that its Dutch subsidiary, Delta Lloyd Group, had received notice from ABN AMRO that, in accordance with its contractual entitlement, as a consequence of a change of control of ABN AMRO, it wished to end their 30-year bancassurance agreement signed in 2003, covering life and general insurance, and intended to buy out Delta Lloyd's 51% shareholding in Delta Lloyd ABN AMRO Verzekeringen Holding BV. The transaction is expected to complete in 2009.

The relevant assets and liabilities of the Dutch bancassurance business with ABN AMRO have been classified as held for sale, at their carrying values, in the consolidated balance sheet as at 30 June 2008. Gross assets were £4,716 million and net assets were £388 million.

(iii) UK non-core businesses
In the current period, the Group commenced a strategic review of certain UK non-core operations. As a consequence, certain assets and liabilities have been classified as held for sale at their carrying values in the consolidated balance sheet at 30 June 2008.

(iv) Non-adjusting post-balance sheet event
On 10 July 2008 we announced the sale of our offshore operations, known as Aviva Global Services ("AGS") to WNS. As part of this agreement, we have also entered into a master services contract with WNS, who will provide offshoring services to Aviva's UK, Irish and Canadian businesses for the next eight years and four months. Aviva will receive total cash consideration of £115 million.

7 – Analysis of long-term business IFRS operating profit

	6 months 2008 £m	Restated 6 months 2007[1] £m	Full year 2007 £m
With-profit	**202**	85	178
Non-profit	**226**	272	545
United Kingdom	**428**	357	723
France	**145**	136	243
Ireland	**28**	31	73
Italy	**37**	38	78
Netherlands (including Belgium and Germany)	**134**	94	181
Poland	**76**	53	110
Spain	**74**	57	119
Other Europe	**(8)**	(14)	(27)
Europe	**486**	395	777
North America	**42**	58	103
Asia	**(7)**	3	(6)
Australia	**21**	21	37
Asia Pacific	**14**	24	31
Total	**970**	834	1,634

1. See page 39 for details of the change in long-term business operating profit definition.

8 – Long-term business economic volatility

(a) Definitions

Operating profit for long-term business is based on expected investment returns on financial investments backing shareholder and policyholder funds over the period, with consistent allowance for the corresponding expected movements in liabilities. Operating profit includes the effect of variance in experience for non-economic items, such as mortality, persistency and expenses, and the effect of changes in non-economic assumptions. Changes due to economic items, such as market value movement and interest rate changes, which give rise to variances between actual and expected investment returns, and the impact of changes in economic assumptions on liabilities, are disclosed separately outside operating profit.

(b) Economic volatility

The investment variances and economic assumption changes excluded from the long-term business operating profit are as follows:

	Long-term business		
	6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
Investment variances and economic assumption changes	**(636)**	107	15

Economic items had a significantly negative impact on profit in the six months to 30 June 2008. This was driven primarily by increases in market risk free rates and widening credit spreads on debt securities, partly mitigated by higher liability valuation interest rates, and by the impact of falling equity and property market values.

(c) Assumptions

The expected rate of investment return is determined using consistent assumptions between operations, having regard to local economic and market forecasts of investment return and asset classification under IFRS.

Where assets are classified as fair value through profit or loss, the Group has applied the same ‘real-world’ economic assumptions for fixed interest securities, equities and properties as are used under EEV principles. The principal assumptions underlying the calculation of the expected investment return are:

	Expected return fixed interest		Expected return equities		Expected return properties	
	2008 %	2007 %	2008 %	2007 %	2008 %	2007 %
United Kingdom	**4.6%**	4.6%	**7.6%**	7.6%	**6.6%**	6.6%
Eurozone	**4.4%**	4.0%	**7.4%**	7.0%	**6.4%**	6.0%

Where fixed interest securities are classified as available for sale, the expected investment return comprises the expected interest or dividend payments and amortisation of the premium or discount at purchase.

9 – Analysis of fund management operating profit

	6 months 2008 £m	6 months 2007[1] £m	Full year 2007[1] £m
United Kingdom	**28**	33	70
France	**16**	16	33
Canada	**1**	1	3
Other	**4**	8	17
Aviva Investors	**49**	58	123
United Kingdom	**(8)**	(4)	(10)
Netherlands	**10**	11	23
Other Europe	**3**	2	4
Europe	**13**	13	27
Asia Pacific	**9**	9	15
Total	**63**	76	155

1. Prior periods have been restated to reflect the new management structure to include France and Canada. Norwich Union's retail investment business and the collective investment business with RBSG do not form part of Aviva Investors UK operations.

On 28 February, as part of the "one Aviva, twice the value" vision, we announced our plans to combine the asset management companies within Aviva to create a single, globally integrated asset manager to be known as Aviva Investors.

10 – Analysis of general insurance and health

(a) Operating result

	Operating profit			Underwriting result		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m
United Kingdom	**326**	284	433	**37**	(46)	(214)
France	**30**	31	70	**1**	–	11
Ireland	**41**	80	162	**8**	53	101
Netherlands	**44**	70	169	**(7)**	29	75
Other	**22**	22	41	**5**	6	10
Europe	**137**	203	442	**7**	88	197
North America	**76**	70	154	**15**	5	18
Asia Pacific	**(1)**	3	4	**(1)**	2	3
Total	**538**	560	1,033	**58**	49	4
Analysed by:						
General insurance	**543**	574	1,037	**84**	92	47
Health	**(5)**	(14)	(4)	**(26)**	(43)	(43)
Total	**538**	560	1,033	**58**	49	4

10 – Analysis of general insurance and health continued

(b) Investment return information

	Actual investment return credited to income			Longer-term investment return		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m
United Kingdom	**301**	302	575	**289**	330	647
France	**27**	17	42	**29**	31	59
Ireland	**32**	23	52	**33**	27	61
Netherlands	**47**	37	79	**51**	41	94
Other	**18**	10	23	**17**	16	31
Europe	**124**	87	196	**130**	115	245
North America	**60**	55	120	**61**	65	136
Asia Pacific	**–**	–	–	**–**	1	1
Total longer-term investment return				**480**	511	1,029
Total actual investment income	**485**	444	891			
Realised gains	**24**	160	579			
Unrealised losses	**(343)**	(56)	(625)			
Total actual investment return	**166**	548	845			

The total short-term adverse fluctuation in investment return of £314 million (30 June 2007: £37 million favourable; 31 December 2007: £184 million adverse) is the difference between the total actual investment return of £166 million (30 June 2007: £548 million; 31 December 2007: £845 million) and the total longer-term investment return of £480 million (30 June 2007: £511 million; 31 December 2007: £1,029 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 88.

The total assets supporting the general insurance and health business, which contribute towards the longer-term return, were £18,379 million (30 June 2007: £18,957 million; 31 December 2007: £18,291 million). Total assets comprise debt securities £10,578 million (30 June 2007: £8,724 million; 31 December 2007: £10,757 million), equity securities £1,130 million (30 June 2007: £3,389 million; 31 December 2007: £1,195 million), properties £294 million (30 June 2007: £340 million; 31 December 2007: £360 million), cash and cash equivalents £3,354 million (30 June 2007: £3,261 million; 31 December 2007: £3,178 million) and other assets £3,023 million (30 June 2007: £3,242 million; 31 December 2007: £2,801 million).

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	
	2008 %	2007 %	**2008 %**	2007 %
United Kingdom	**7.6%**	7.6%	**6.6%**	6.6%
France	**7.4%**	7.0%	**6.4%**	6.0%
Ireland	**7.4%**	7.0%	**6.4%**	6.0%
Netherlands	**7.4%**	7.0%	**6.4%**	6.0%
Canada	**7.6%**	7.1%	**6.6%**	6.1%

Notes to the consolidated financial statements – IFRS basis continued

10 – Analysis of general insurance and health continued

(c) Analysis of operating profit – general insurance business only

	Operating profit			Longer-term investment return			Underwriting result		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m
United Kingdom	**324**	286	433	**286**	327	642	**38**	(41)	(209)
France	**25**	27	54	**23**	25	47	**2**	2	7
Ireland	**41**	80	162	**33**	27	61	**8**	53	101
Netherlands	**57**	86	193	**39**	21	73	**18**	65	120
Other Europe	**22**	22	41	**17**	16	31	**5**	6	10
Europe	**145**	215	450	**112**	89	212	**33**	126	238
North America	**76**	70	154	**61**	65	136	**15**	5	18
Asia Pacific	**(2)**	3	–	**–**	1	–	**(2)**	2	–
Total	**543**	574	1,037	**459**	482	990	**84**	92	47

(d) Combined operating profit ratio analysis – general insurance business only

	Claims ratio			Expense ratio			Combined operating ratio		
	6 months 2008 %	6 months 2007 %	Full Year 2007 %	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %
United Kingdom	**60.0%**	64.5%	65.9%	**12.8%**	13.6%	13.9%	**98%**	102%	106%
France	**70.0%**	73.4%	72.7%	**8.7%**	8.9%	10.2%	**96%**	97%	99%
Ireland	**71.2%**	54.5%	54.2%	**15.2%**	12.5%	14.3%	**98%**	78%	80%
Netherlands	**60.3%**	41.8%	45.1%	**14.7%**	14.1%	18.8%	**92%**	76%	85%
Canada	**64.7%**	67.2%	65.9%	**14.2%**	13.2%	13.6%	**98%**	99%	98%
Total	**62.4%**	63.1%	63.7%	**12.7%**	12.9%	13.9%	**97%**	97%	100%

Ratios are measured in local currency. The total Group ratios are based on average exchange rates applying to the respective periods.

Definitions:

Claims ratio – Incurred claims expressed as a percentage of net earned premiums.
Expense ratio – Written expenses excluding commissions expressed as a percentage of net written premiums.
Commission ratio – Written commissions expressed as a percentage of net written premiums
Combined operating ratio – Aggregate of claims ratio, expense ratio and commission ratio.

(e) Combined operating ratio analysis – class of business analysis

(i) United Kingdom (excluding Group reinsurance)

	Net written premiums			Underwriting result			Combined operating ratio		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %
Personal									
Motor	**693**	706	1,431	**(18)**	(12)	(25)	**102%**	103%	102%
Homeowner	**585**	625	1,223	**(27)**	(177)	(296)	**105%**	126%	124%
Other	**301**	355	797	**(8)**	18	10	**107%**	101%	100%
	1,579	1,686	3,451	**(53)**	(171)	(311)	**103%**	111%	110%
Commercial									
Motor	**330**	338	636	**22**	43	61	**92%**	85%	91%
Property	**418**	403	807	**(9)**	2	(175)	**99%**	100%	124%
Other	**262**	272	546	**72**	79	192	**74%**	70%	68%
	1,010	1,013	1,989	**85**	124	78	**90%**	86%	98%
Total	**2,589**	2,699	5,440	**32**	(47)	(233)	**98%**	102%	106%

During the six month period to 30 June 2008, annualised rating increases were as follows: personal motor 5%; homeowner 10% (including indexation); commercial motor 3%; commercial property 2%; commercial liability 2%.

10 – Analysis of general insurance and health continued

(ii) France

	Net written premiums			Underwriting result			Combined operating ratio		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %
Motor	**164**	147	254	**(3)**	(2)	(2)	**100%**	99%	101%
Property and other	**222**	189	320	**5**	4	9	**93%**	96%	97%
Total	**386**	336	574	**2**	2	7	**96%**	97%	99%

(iii) Netherlands

	Net written premiums			Underwriting result			Combined operating ratio		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %
Motor	**150**	131	267	**(7)**	19	42	**105%**	83%	84%
Property	**174**	138	249	**(5)**	7	19	**98%**	89%	93%
Liability	**50**	34	61	**(2)**	3	13	**97%**	82%	79%
Other	**188**	142	211	**32**	36	46	**73%**	52%	77%
Total	**562**	445	788	**18**	65	120	**92%**	76%	85%

(iv) Canada

	Net written premiums			Underwriting result			Combined operating ratio		
	6 months 2008 £m	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 £m**	6 months 2007 £m	Full Year 2007 £m	**6 months 2008 %**	6 months 2007 %	Full Year 2007 %
Motor	**450**	376	795	**37**	1	7	**91%**	100%	99%
Property	**229**	204	450	**(25)**	3	10	**112%**	98%	96%
Liability	**79**	73	143	**(2)**	(2)	(5)	**101%**	97%	103%
Other	**13**	12	24	**5**	3	6	**58%**	68%	68%
Total	**771**	665	1,412	**15**	5	18	**98%**	99%	98%

11 – Analysis of other operations and regional costs

	6 months 2008 £m	Restated 6 months 2007 £m	Full year 2007 £m
Europe	**(12)**	–	(11)
North America	**(5)**	–	(2)
Asia Pacific	**(9)**	–	(3)
Regional costs	**(26)**	–	(16)
United Kingdom	**(33)**	(23)	(8)
Europe	**(10)**	(22)	(38)
North America	**1**	–	(2)
Asia Pacific	**2**	(4)	(10)
Other operations	**(40)**	(49)	(58)
Total	**(66)**	(49)	(74)

The 30 June 2007 results have been restated to remove the covered business element of the NULS result (previously included in the UK line) to the life segment.

12 – Corporate Centre

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Project spend	**(20)**	(13)	(26)
Share awards and other incentive schemes	**(8)**	(12)	(17)
Central spend	**(43)**	(55)	(114)
Total	**(71)**	(80)	(157)

13 – Group debt costs and other interest

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
External			
Subordinated debt	**(94)**	(88)	(179)
Other	**(34)**	(41)	(80)
Internal	**(95)**	(93)	(179)
Net finance income on pension schemes	**22**	32	75
Total	**(201)**	(190)	(363)

14 – Tax

(a) Tax (credited)/charged to the income statement

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Current tax:			
For the period	**286**	329	888
Prior year adjustments	**(67)**	(77)	(94)
Total current tax	**219**	252	794
Deferred tax:			
Origination and reversal of temporary differences	**(827)**	145	(348)
Changes in tax rates or tax laws	**–**	(99)	(88)
Write down of deferred tax assets	**–**	31	(6)
Total deferred tax	**(827)**	77	(442)
Total tax (credited)/charged to income statement	**(608)**	329	352
Analysed between:			
Tax (credit)/charge attributable to policyholders' returns	**(672)**	21	15
Tax charge on IFRS operating profit before tax attributable to shareholders' profits from continuing operations	**354**	329	607
Tax credit on profit on other activities	**(290)**	(21)	(270)
	(608)	329	352

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.

14 – **Tax** continued

(b) Tax (credited)/charged to equity

(i) Total tax (credited)/charge comprises:

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Current tax credit	**–**	(1)	(19)
Deferred tax (credit)/charge	**(101)**	231	198
Total tax (credited)/charged to equity	**(101)**	230	179

(ii) The tax expense attributable to policyholders' returns included in the charge above is £nil (six months to 30 June 2007: £1 million charge; full year 2007: £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 2008 £m	6 months 2007 £m	Full year 2007 £m
(Loss)/Profit before tax	**(689)**	1,219	1,857
Tax calculated at standard UK corporation tax rate of 28.5% (2007: 30%)	**(196)**	366	557
Different basis of tax for UK life insurance	**(465)**	–	5
Adjustment to tax charge in respect of prior years	**(55)**	3	(49)
Non-assessable dividends	**(19)**	(61)	(124)
Non-taxable profit on sale of subsidiaries and associates	**(3)**	(2)	(18)
Disallowable expenses	**26**	17	7
Different local basis of tax on overseas profits	**95**	53	56
Reduction in future UK tax rate (net of movement in unallocated divisible surplus)	**–**	(69)	(64)
Deferred tax valuation difference	**17**	28	1
Other	**(8)**	(6)	(19)
Tax (credited)/charged to the income statement	**(608)**	329	352

15 – Earnings per share

(a) Basic earnings per share

(i) The profit attributable to ordinary shareholders is:

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
(Loss)/profit for the period	**(81)**	890	1,505
Amount attributable to minority interests	**(13)**	(83)	(178)
Cumulative preference dividends for the year	**(9)**	(9)	(17)
Coupon payments in respect of direct capital instruments (net of tax)	**–**	–	(37)
(Loss)/profit attributable to ordinary shareholders	**(103)**	798	1,273

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

	6 months 2008			Restated 6 months 2007			Full year 2007		
	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	**1,233**	**792**	**30.1**	1,151	723	28.1	2,228	1,376	53.2
Adjusted for the following:									
– Investment return variances and economic assumption changes on long-term business	**(636)**	**(490)**	**(18.6)**	107	89	3.5	15	79	3.1
– Impairment of goodwill	**(42)**	**(38)**	**(1.4)**	(3)	(3)	(0.1)	(10)	(10)	(0.4)
– Amortisation and impairment of intangibles	**(51)**	**(36)**	**(1.4)**	(49)	(35)	(1.4)	(103)	(72)	(2.8)
– Short-term fluctuation in return on investments backing general insurance and health business	**(314)**	**(171)**	**(6.5)**	37	53	2.1	(184)	(38)	(1.5)
– Profit on the disposal of subsidiaries and associates	**9**	**9**	**0.3**	(5)	(2)	(0.1)	49	52	2.0
– Integration and restructuring costs	**(132)**	**(105)**	**(4.0)**	(40)	(27)	(1.1)	(153)	(114)	(4.4)
– Exceptional items	**(84)**	**(64)**	**(2.4)**	–	–	–	–	–	–
(Loss)/profit attributable to ordinary shareholders	**(17)**	**(103)**	**(3.9)**	1,198	798	31.0	1,842	1,273	49.2

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 2,632 million (six months 30 June 2007: 2,571 million; full year 2007: 2,588 million) ordinary shares in issue, after deducting shares owned by the employee share trusts. The actual number of shares in issue at 30 June 2008 was 2,658 million (30 June 2007: 2,595 million; 31 December 2007: 2,622 million).

15 – Earnings per share continued

(b) Diluted earnings per share

(i) Diluted earnings per share is calculated as follows:

	6 months 2008			6 months 2007			Full year 2007		
	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
(Loss)/profit attributable to ordinary shareholders	**(103)**	**2,632**	**(3.9)**	798	2,571	31.0	1,273	2,588	49.2
Dilutive effect of share awards and options	**–**	**21**	**–**	–	27	(0.3)	–	24	(0.5)
Diluted earnings per share	**(103)**	**2,653**	**(3.9)**	798	2,598	30.7	1,273	2,612	48.7

(ii) Diluted earnings per share on operating profit attributable to ordinary shareholders is calculated as follows:

	6 months 2008			Restated 6 months 2007			Full year 2007		
	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
Operating profit attributable to ordinary shareholders	**792**	**2,632**	**30.1**	723	2,571	28.1	1,376	2,588	53.2
Dilutive effect of share awards and options	**–**	**21**	**(0.2)**	–	27	(0.3)	–	24	(0.5)
Diluted earnings per share	**792**	**2,653**	**29.9**	723	2,598	27.8	1,376	2,612	52.7

16 – Dividends and appropriations

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Ordinary dividends declared and charged to equity in the year			
Final 2006 – 19.18 pence per share, paid on 18 May 2007	**–**	492	492
Interim 2007 – 11.90 pence per share, paid on 16 November 2007	**–**	–	309
Final 2007 – 21.10 pence per share, paid on 16 May 2008	**554**	–	–
	554	492	801
Preference dividends declared and charged to equity in the year	**9**	9	17
Coupon payments on direct capital instrument – gross of tax	**–**	–	53
	563	501	871

Subsequent to 30 June 2008, the directors proposed an interim dividend for 2008 of 13.09 pence per ordinary share (six months 2007: 11.90 pence), amounting to £347 million (six months 2007: £309 million) in total. The dividend will be paid on 17 November 2008 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2008.

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 29 July 2008.

17 – Segmental information

(a) Operating segments

As explained in note 1(d), the Group has determined its operating segments along regional lines. These reflect the management structure whereby a member of the Executive Management team is accountable to the Group Chief Executive for the operating segment for which he is responsible. The activities of each operating segment are described below:

United Kingdom

The United Kingdom comprises two operating segments – Norwich Union Life (NU Life) and Norwich Union Insurance (NUI). The principal activities of NU Life are life insurance, long-term health and accident insurance, savings, pensions and annuity business, whilst NUI 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. NUI also includes the RAC motor recovery business and the group reinsurance result.

Europe

Activities reported in the Europe operating segment, exclude operations in the UK and include those in Russia and Turkey. Principal activities are long -term business in France, the Netherlands, Ireland, Italy, Poland and Spain, and general insurance in France, the Netherlands and Ireland.

North America

Our activities in North America principally comprise our long-term business operations in the USA and general insurance business operation in Canada.

Asia Pacific

Our activities in Asia Pacific principally comprise our long-term business operations in Australia, China, India, Singapore, Hong Kong, Sri Lanka, Taiwan, Malaysia, and South Korea.

Aviva Investors

Aviva Investors operates in most of the regions in which the Group operates, in particular the UK, France and Canada managing policyholders' and shareholders' invested funds, providing investment management services for institutional pension fund mandates and managing a range of retail investment products, including investment funds, unit trusts, OEICs and ISAs. Fund management activities in the Netherlands are included in the Europe operating segment.

Other

Investment return on centrally held assets, head office expenses, such as Group treasury and finance functions, together with certain taxes and financing costs arising on central borrowings are included in "Other".

Similarly central core structural borrowings and certain tax balances are included in "Other" in the segmental balance sheet. Also included are small run-off businesses not managed directly by regions.

Measurement basis

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. The Group evaluates performance of operating segments on the basis of:

(i) profit or loss from operations before tax attributable to shareholders.

(ii) profit or loss from operations before tax attributable to shareholders, adjusted for non-operating items outside the segment management's control, including investment market performance and fiscal policy changes.

17 – Segmental information continued

(b) Segmental results of the income statement for the six months ended 30 June 2008

	United Kingdom NU Life £m	United Kingdom NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors £m	Other £m	Total £m
Gross written premiums	3,801	2,867	8,272	2,662	326	–	–	17,928
Premiums ceded to reinsurers	(252)	(265)	(229)	(101)	(35)	–	–	(882)
Internal reinsurance revenue	–	26	(21)	(4)	(1)	–	–	–
Net written premiums	3,549	2,628	8,022	2,557	290	–	–	17,046
Net change in provision for unearned premiums	(3)	75	(244)	(17)	(1)	–	–	(190)
Net earned premiums	3,546	2,703	7,778	2,540	289	–	–	16,856
Fee and commission income	158	178	349	19	90	158	(2)	950
	3,704	2,881	8,127	2,559	379	158	(2)	17,806
Net investment income	(5,969)	243	(3,823)	380	(134)	(88)	(133)	(9,524)
Inter-segment revenue	–	–	–	–	–	68	–	68
Share of loss of joint ventures and associates	(326)	–	(3)	–	(15)	–	–	(344)
Profit on the disposal of subsidiaries and associates	–	–	9	–	–	–	–	9
Segmental income[1]	**(2,591)**	**3,124**	**4,310**	**2,939**	**230**	**138**	**(135)**	**8,015**
Insurance claims and benefits paid and change in insurance liabilities (net)	(367)	(1,621)	(3,708)	(2,476)	66	–	(1)	(8,107)
Investment contract claims and benefits paid and change in liabilities	2,493	–	(402)	(50)	(154)	109	–	1,996
Change in unallocated divisible surplus	883	–	1,863	–	–	–	–	2,746
Amortisation of deferred acquisition costs and acquired value of in-force business	–	–	(18)	(74)	(2)	–	–	(94)
Depreciation and other amortisation expense	(60)	(43)	(70)	(22)	(2)	(2)	–	(199)
Other operating expenses	(677)	(1,412)	(1,391)	(262)	(145)	(206)	(10)	(4,103)
Impairment losses[2]	–	–	(155)	(16)	–	–	–	(171)
Inter-segment expenses	(55)	(2)	(9)	–	(2)	–	–	(68)
Finance costs	(233)	(1)	(320)	(9)	–	–	(141)	(704)
Segmental expenses	**1,984**	**(3,079)**	**(4,210)**	**(2,909)**	**(239)**	**(99)**	**(152)**	**(8,704)**
(Loss)/profit before tax	(607)	45	100	30	(9)	39	(287)	(689)
Tax attributable to policyholders' returns	651	–	14	–	7	–	–	672
(Loss)/profit before tax attributable to shareholders	44	45	114	30	(2)	39	(287)	(17)
Adjusted for non-operating items								
Investment return variances and economic assumption changes	264	–	288	68	16	–	–	636
Short-term fluctuation in return on investments backing general insurance and health business	–	115	157	(4)	–	–	46	314
Impairment of goodwill	–	–	42	–	–	–	–	42
Amortisation and impairment of intangibles	1	13	14	21	1	1	–	51
Profit on the disposal of subsidiaries and associates	–	–	(9)	–	–	–	–	(9)
Exceptional item	84	–	–	–	–	–	–	84
Integration and restructuring costs	7	107	9	–	–	9	–	132
Operating profit before tax attributable to shareholders	**400**	**280**	**615**	**115**	**15**	**49**	**(241)**	**1,233**

1. Total reported income, excluding inter-segment revenue, is split United Kingdom £533 million, France £106 million, Netherlands £3,808 million, USA £2,106 million and Rest of the World £1,394 million. Income is attributed on the basis of geographical origin which does not materially differ from revenue by geographical destination, as most risks are located in the countries where the contracts were written.
2. Impairment losses, and reversal of such losses, recognised directly in equity were £148 million and £nil

Notes to the consolidated financial statements – IFRS basis continued

17 – Segmental information continued

(c) Segmental results of the income statement for the six months ended 30 June 2007

	United Kingdom NU Life £m	United Kingdom NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors[3] £m	Other £m	Restated Total £m
Gross written premiums	2,888	2,982	6,905	2,235	319	–	–	15,329
Premiums ceded to reinsurers	(253)	(259)	(192)	(92)	(28)	–	–	(824)
Internal reinsurance revenue	–	20	(13)	(6)	(1)	–	–	–
Net written premiums	2,635	2,743	6,700	2,137	290	–	–	14,505
Net change in provision for unearned premiums	(18)	15	(216)	(16)	(2)	–	–	(237)
Net earned premiums	2,617	2,758	6,484	2,121	288	–	–	14,268
Fee and commission income	187	203	341	18	75	95	–	919
	2,804	2,961	6,825	2,139	363	95	–	15,187
Net investment income	2,669	437	2,856	577	222	151	33	6,945
Inter-segment revenue	–	–	–	–	–	81	–	81
Share of profit/(loss) of joint ventures and associates	(83)	3	1	–	(1)	–	–	(80)
Profit/(loss) on the disposal of subsidiaries and associates	–	(8)	–	–	–	–	3	(5)
Segmental income[1]	5,390	3,393	9,682	2,716	584	327	36	22,128
Insurance claims and benefits paid and change in insurance liabilities (net)	(1,722)	(1,781)	(5,231)	(2,184)	(176)	–	(1)	(11,095)
Investment contract claims and benefits paid and change in liabilities	(2,179)	–	(2,718)	(57)	(256)	(106)	–	(5,316)
Change in unallocated divisible surplus	(382)	–	409	–	–	–	–	27
Amortisation of deferred acquisition costs and acquired value of in-force business	–	–	(25)	(90)	(2)	–	8	(109)
Depreciation and other amortisation expense	(9)	(44)	(22)	(23)	(2)	(6)	–	(106)
Other operating expenses	(637)	(1,356)	(1,102)	(260)	(106)	(161)	(81)	(3,703)
Impairment losses[2]	–	–	(23)	2	–	–	–	(21)
Inter-segment expenses	(69)	–	(8)	–	(1)	–	(3)	(81)
Finance costs	(147)	–	(216)	(5)	–	–	(137)	(505)
Segmental expenses	(5,145)	(3,181)	(8,936)	(2,617)	(543)	(273)	(214)	(20,909)
Profit before tax	245	212	746	99	41	54	(178)	1,219
Tax attributable to policyholders' returns	3	–	(17)	–	(6)	(1)	–	(21)
Profit/(loss) before tax attributable to shareholders	248	212	729	99	35	53	(178)	1,198
Adjusted for non-operating items								
Investment return variances and economic assumption changes	82	–	(167)	(17)	(5)	–	–	(107)
Short-term fluctuation in return on investments backing general insurance and health business	–	(45)	14	23	–	–	(29)	(37)
Impairment of goodwill	–	–	–	–	–	3	–	3
Amortisation and impairment of intangibles	3	14	8	21	1	2	–	49
Profit/(loss) on the disposal of subsidiaries and associates	–	8	–	–	–	–	(3)	5
Integration and restructuring costs	2	30	5	3	–	–	–	40
Operating profit before tax attributable to shareholders	335	219	589	129	31	58	(210)	1,151

1. Total reported income, excluding inter-segment revenue, is split United Kingdom £8,783 million, France £3,463 million, Netherlands £2,836 million, USA £2,014 million and Rest of the World £4,951 million. Income is attributed on the basis of geographical origin which does not materially differ from revenue by geographical destination, as most risks are located in the countries where the contracts were written.
2. Impairment losses, and reversal of such losses, recognised directly in equity were £nil and £nil.
3. Aviva Investors comprises the Morley UK, France, Canada and International fund management businesses.

17 – Segmental information continued

(d) Segmental results of the income statement for the year ended 31 December 2007

	United Kingdom							
	NU Life £m	NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors[3] £m	Other £m	Restated Total £m
Gross written premiums	6,128	6,039	13,538	4,628	658	–	–	30,991
Premiums ceded to reinsurers	(444)	(577)	(388)	(195)	(54)	–	–	(1,658)
Internal reinsurance revenue	–	28	(19)	(7)	(2)	–	–	–
Net written premiums	5,684	5,490	13,131	4,426	602	–	–	29,333
Net change in provision for unearned premiums	(18)	60	(22)	(40)	(1)	–	–	(21)
Net earned premiums	5,666	5,550	13,109	4,386	601	–	–	29,312
Fee and commission income	246	385	638	37	168	292	(6)	1,760
	5,912	5,935	13,747	4,423	769	292	(6)	31,072
Net investment income	5,186	708	2,786	896	286	44	(16)	9,890
Inter-segment revenue	–	–	–	–	–	168	–	168
Share of profit/(loss) of joint ventures and associates	(304)	3	6	–	(9)	–	–	(304)
Profit/(loss) on the disposal of subsidiaries and associates	–	(7)	(5)	–	–	–	61	49
Segmental income[1]	10,794	6,639	16,534	5,319	1,046	504	39	40,875
Insurance claims and benefits paid and change in insurance liabilities (net)	(7,199)	(3,647)	(9,348)	(4,408)	(375)	–	2	(24,975)
Investment contract claims and benefits paid and change in liabilities	(3,224)	–	(3,885)	(153)	(364)	(45)	–	(7,671)
Change in unallocated divisible surplus	1,882	–	1,040	–	–	–	–	2,922
Amortisation of deferred acquisition costs and acquired value of in-force business	–	–	(35)	(122)	(3)	–	–	(160)
Depreciation and other amortisation expense	(24)	(104)	(53)	(45)	(6)	(17)	–	(249)
Other operating expenses	(1,116)	(2,784)	(2,328)	(561)	(249)	(332)	(82)	(7,452)
Impairment losses[2]	–	–	(50)	(7)	–	–	–	(57)
Inter-segment expenses	(141)	(4)	(18)	(1)	(3)	–	(1)	(168)
Finance costs	(405)	(3)	(509)	(17)	–	–	(274)	(1,208)
Segmental expenses	(10,227)	(6,542)	(15,186)	(5,314)	(1,000)	(394)	(355)	(39,018)
Profit before tax	567	97	1,348	5	46	110	(316)	1,857
Tax attributable to policyholders' returns	(9)	–	6	–	(9)	(3)	–	(15)
Profit before tax attributable to shareholders	558	97	1,354	5	37	107	(316)	1,842
Adjusted for non-operating items								
Investment return variances and economic assumption changes	112	–	(309)	183	(1)	–	–	(15)
Short-term fluctuation in return on investments backing general insurance and health business	–	82	112	9	–	–	(19)	184
Impairment of goodwill	–	–	1	–	–	9	–	10
Amortisation and impairment of intangibles	4	28	21	40	3	7	–	103
(Loss)/profit on the disposal of subsidiaries and associates	–	7	5	–	–	–	(61)	(49)
Integration and restructuring costs	8	114	12	19	–	–	–	153
Operating profit before tax attributable to shareholders	682	328	1,196	256	39	123	(396)	2,228

1. Total reported income, excluding inter-segment revenue, is split United Kingdom £17,433 million, France £5,753 million, Netherlands £5,984 million, USA £3,793 million and Rest of the World £7,744 million. Income is attributed on the basis of geographical origin which does not materially differ from revenue by geographical destination, as most risks are located in the countries where the contracts were written.
2. Impairment losses, and reversal of such losses, recognised directly in equity were £nil and £1 million.
3. Aviva Investors comprises the Morley UK , France, Canada and International fund management businesses.

17 – Segmental information continued

(e) Segmental balance sheet as at 30 June 2008

	United Kingdom							
	NU Life £m	NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors £m	Other £m	Total £m
Goodwill	51	1,166	1,121	668	42	–	–	3,048
Acquired value of in-force business and intangible assets	53	284	1,174	1,621	25	13	–	3,170
Interests in, and loans to, joint ventures and associates	2,888	–	645	1	265	–	–	3,799
Property and equipment	167	318	424	39	39	7	2	996
Investment property	10,299	181	3,315	5	27	841	–	14,668
Loans	19,881	899	15,172	1,392	43	–	–	37,387
Financial investments	76,744	3,353	105,828	18,468	3,951	1,950	875	211,169
Deferred acquisition costs	1,488	1,158	1,092	1,280	42	3	11	5,074
Other assets	11,654	4,955	24,176	2,644	572	2,233	2,245	48,479
Total assets	**123,225**	**12,314**	**152,947**	**26,118**	**5,006**	**5,047**	**3,133**	**327,790**
Insurance liabilities								
Long-term business and outstanding claims provisions	61,957	6,094	57,885	18,836	1,833	–	28	146,633
Unearned premiums	182	3,356	1,280	823	19	–	–	5,660
Other insurance liabilities	–	91	2,325	80	–	–	–	2,496
Liability for investment contracts	39,114	–	52,692	2,110	1,966	2,745	–	98,627
Unallocated divisible surplus	3,994	–	68	–	3	–	–	4,065
Net asset value attributable to unitholders	1,049	–	3,450	–	210	1,905	–	6,614
External borrowings	2,171	11	6,612	115	–	–	4,464	13,373
Other liabilities, including inter-segment liabilities	10,113	(352)	19,352	1,585	188	247	3,772	34,905
Total liabilities	**118,580**	**9,200**	**143,664**	**23,549**	**4,219**	**4,897**	**8,264**	**312,373**
Total equity								**15,417**
Total equity and liabilities								**327,790**
Capital expenditure (excluding business combinations)	27	48	8	115	2	1	–	201

Central borrowings are borrowings by holding companies within the Group which are not allocated to operating companies are included in "Other".

17 – Segmental information continued

(f) Segmental balance sheet as at 30 June 2007

	United Kingdom NU Life £m	United Kingdom NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors £m	Other £m	Restated Total £m
Goodwill	50	1,273	895	640	36	6	12	2,912
Acquired value of in-force business and intangible assets	60	363	699	1,669	29	16	–	2,836
Interests in, and loans to, joint ventures and associates	3,192	–	156	1	99	–	–	3,448
Property and equipment	184	289	332	22	24	6	–	857
Investment property	11,759	259	2,528	–	15	1,121	–	15,682
Loans	16,218	690	12,221	1,044	34	–	–	30,207
Financial investments	83,015	3,960	95,161	16,577	3,729	2,156	1,878	206,476
Deferred acquisition costs	1,268	1,143	856	602	36	3	21	3,929
Other assets	11,435	5,958	15,643	2,791	447	944	1,172	38,390
Total assets	127,181	13,935	128,491	23,346	4,449	4,252	3,083	304,737
Insurance liabilities								
Long-term business and outstanding claims provisions	62,370	6,826	51,773	16,229	1,567	–	31	138,796
Unearned premiums	179	3,496	1,119	727	17	–	–	5,538
Other insurance liabilities	–	92	189	72	–	–	–	353
Liability for investment contracts	40,762	–	44,694	1,455	1,960	3,230	–	92,101
Unallocated divisible surplus	7,215	–	2,271	–	3	–	–	9,489
Net asset value attributable to unitholders	1,420	–	2,398	–	167	639	–	4,624
External borrowings	2,208	12	5,824	82	–	–	4,070	12,196
Other liabilities, including inter-segment liabilities	8,736	(297)	11,669	2,070	186	233	3,527	26,124
Total liabilities	122,890	10,129	119,937	20,635	3,900	4,102	7,628	289,221
Total equity								15,516
Total equity and liabilities								304,737
Capital expenditure (excluding business combinations)	4	63	49	42	2	3	–	163

17 – Segmental information continued

(g) Segmental balance sheet as at 31 December 2007

	United Kingdom NU Life £m	United Kingdom NUI £m	Europe £m	North America £m	Asia Pacific £m	Aviva Investors £m	Other £m	Restated Total £m
Goodwill	71	1,276	1,053	642	40	–	–	3,082
Acquired value of in-force business and intangible assets	65	349	1,164	1,579	28	12	–	3,197
Interests in, and loans to, joint ventures and associates	2,972	–	594	1	215	–	–	3,782
Property and equipment	177	317	374	28	37	7	2	942
Investment property	10,773	252	3,061	–	25	966	–	15,077
Loans	20,153	900	13,895	1,206	39	–	–	36,193
Financial investments	84,244	3,634	103,430	17,252	3,934	2,205	1,475	216,174
Deferred acquisition costs	1,477	1,212	914	830	45	4	5	4,487
Other assets	10,535	5,033	16,086	2,834	500	1,522	1,397	37,907
Total assets	**130,467**	**12,973**	**140,571**	**24,372**	**4,863**	**4,716**	**2,879**	**320,841**
Insurance liabilities								
Long-term business and outstanding claims provisions	65,017	6,580	56,517	17,345	1,820	–	28	147,307
Unearned premiums	179	3,468	973	815	15	–	–	5,450
Other insurance liabilities	–	92	113	78	–	–	–	283
Liability for investment contracts	41,845	–	49,551	1,756	1,952	3,140	–	98,244
Unallocated divisible surplus	4,944	–	1,838	–	3	–	–	6,785
Net asset value attributable to unitholders	1,111	–	2,680	–	189	1,121	–	5,101
External borrowings	2,184	12	6,153	139	–	–	4,169	12,657
Other liabilities, including inter-segment liabilities	10,474	(366)	13,129	1,627	160	279	3,119	28,422
Total liabilities	**125,754**	**9,786**	**131,954**	**21,760**	**4,139**	**4,540**	**7,316**	**304,249**
Total equity								**16,592**
Total equity and liabilities								**320,841**
Capital expenditure (excluding business combinations)	30	140	113	10	7	6	2	308

17 – Segmental information continued

(h) Segmental results of the income statement – products and services for the six months ended 30 June 2008

	Long-term business £m	Fund management £m	General insurance and health[2] £m	Non-insurance[3] £m	Total £m
Gross written premiums[1]	**11,735**	**–**	**6,193**	**–**	**17,928**
Premiums ceded to reinsurers	**(489)**	**–**	**(393)**	**–**	**(882)**
Net written premiums	**11,246**	**–**	**5,800**	**–**	**17,046**
Net change in provision for unearned premiums	**(2)**	**–**	**(188)**	**–**	**(190)**
Net earned premiums	**11,244**	**–**	**5,612**	**–**	**16,856**
Fee and commission income	**415**	**260**	**61**	**214**	**950**
	11,659	**260**	**5,673**	**214**	**17,806**
Net investment (expense)/income	**(10,018)**	**65**	**157**	**272**	**(9,524)**
Inter-segment revenue	**–**	**61**	**–**	**–**	**61**
Share of loss of joint ventures and associates	**(329)**	**(6)**	**(2)**	**(7)**	**(344)**
Profit on the disposal of subsidiaries and associates	**–**	**–**	**–**	**9**	**9**
Income	**1,312**	**380**	**5,828**	**488**	**8,008**
Expenses	**(1,696)**	**(327)**	**(5,707)**	**(967)**	**(8,697)**
Tax attributable to policyholder returns	**672**	**–**	**–**	**–**	**672**
Profit/(loss) before tax attributable to shareholders	**288**	**53**	**121**	**(479)**	**(17)**
Adjusted for non-operating items	**682**	**10**	**417**	**141**	**1,250**
Operating profit before tax attributable to shareholders' profits	**970**	**63**	**538**	**(338)**	**1,233**

1. Gross written premiums includes inward reinsurance premiums assumed from other companies amounting to £105 million, of which £97 million relates to property and liability insurance and the remainder health business.
2. General insurance and health business segment includes gross written premiums of £991 million and premiums ceded to other companies of £8 million relating to health business. The remaining business relates to property and liability insurance.
3. Non-insurance includes the RAC non-insurance operations, our banking businesses, service companies, head office expenses, such as Group treasury and finance functions, and certain financing costs and taxes not allocated to business segments.

(i) Segmental results of the income statement – products and services for the six months ended 30 June 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Non-insurance £m	Restated Total £m
Gross written premiums	9,461	–	5,868	–	15,329
Premiums ceded to reinsurers	(454)	–	(370)	–	(824)
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	6,157	51	538	199	6,945
Inter-segment revenue	–	74	–	–	74
Share of (loss)/profit of joint ventures and associates	(78)	(4)	3	(1)	(80)
(Loss)/profit on the disposal of subsidiaries and associates	–	–	(7)	2	(5)
Income	15,468	349	5,884	420	22,121
Expenses	(14,519)	(278)	(5,333)	(772)	(20,902)
Tax attributable to policyholder returns	(21)	–	–	–	(21)
Profit before tax attributable to shareholders	928	71	551	(352)	1,198
Adjusted for non-operating items	(94)	5	9	(33)	(47)
Operating profit before tax attributable to shareholders' profits	834	76	560	(319)	1,151

Notes to the consolidated financial statements – IFRS basis continued

17 – Segmental information continued

(j) Segmental results of the income statement – products and services for the year ended 31 December 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Non-insurance £m	Restated Total £m
Gross written premiums	19,622	–	11,369	–	30,991
Premiums ceded to reinsurers	(858)	–	(800)	–	(1,658)
Net written premiums	18,764	–	10,569	–	29,333
Net change in provision for unearned premiums	–	–	(21)	–	(21)
Net earned premiums	18,764	–	10,548	–	29,312
Fee and commission income	698	488	179	395	1,760
	19,462	488	10,727	395	31,072
Net investment income	8,529	107	827	427	9,890
Inter-segment revenue	–	152	–	–	152
Share of (loss)/profit of joint ventures and associates	(297)	(9)	3	(1)	(304)
Profit/(loss) on the disposal of subsidiaries and associates	–	–	(7)	56	49
Income	27,694	738	11,550	877	40,859
Expenses	(26,123)	(599)	(10,833)	(1,447)	(39,002)
Tax attributable to policyholder returns	(15)	–	–	–	(15)
Profit before tax attributable to shareholders	1,556	139	717	(570)	1,842
Adjusted for non-operating items	78	16	316	24	386
Operating profit before tax attributable to shareholders' profits	1,634	155	1,033	(594)	2,228

(k) Segmental balance sheet – products and services as at 30 June 2008

	Long-term business £m	**Fund management £m**	**General insurance and health £m**	**Non-insurance £m**	**Total £m**
Segment assets	**284,411**	**2,525**	**24,239**	**16,615**	**327,790**
Segment liabilities	**(269,341)**	**(2,213)**	**(18,850)**	**(21,969)**	**(312,373)**
Net assets	**15,070**	**312**	**5,389**	**(5,354)**	**15,417**

(l) Segmental balance sheet – products and services as at 30 June 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Non-insurance £m	Restated Total £m
Segment assets	265,134	1,270	24,296	14,037	304,737
Segment liabilities	(251,372)	(963)	(18,664)	(18,222)	(289,221)
Net assets	13,762	307	5,632	(4,185)	15,516

(m) Segmental balance sheet – products and services as at 31 December 2007

	Long-term business £m	Fund management £m	General insurance and health £m	Non-insurance £m	Restated Total £m
Segment assets	279,718	1,871	24,406	14,846	320,841
Segment liabilities	(264,428)	(1,517)	(18,743)	(19,561)	(304,249)
Net assets	15,290	354	5,663	(4,715)	16,592

18 – Assets under management

	30 June 2008			Restated 31 December 2007
	Life and related business £m	**General business and other £m**	**Total £m**	Total £m
Total IFRS assets included in the balance sheet	**284,411**	**43,379**	**327,790**	320,841
Third party funds under management:				
Unit trusts, OEICs, PEPs and ISAs			**23,929**	24,747
Segregated funds			**52,223**	54,422
			403,942	400,010
Non-managed assets			**(44,627)**	(36,092)
Funds under management			**359,315**	363,918
Funds not managed by Aviva fund managers			**(51,839)**	(48,017)
Funds under management by Aviva fund managers			**307,476**	315,901

19 – Pension schemes

(a) Pension scheme deficits in consolidated balance sheet

On the consolidated balance sheet, the amount described as Provisions includes the pension scheme deficits and comprises:

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Deficits in the staff pension schemes	**543**	131	205
Other obligations to staff pension schemes – Insurance policies issued by Group companies[1]	**1,109**	1,117	1,025
Total IAS 19 obligations to staff pension schemes	**1,652**	1,248	1,230
Restructuring provisions	**182**	172	136
Other provisions	**578**	510	571
Less: Amounts classified as held for sale	**(14)**	–	–
Total provisions	**2,398**	1,930	1,937

1. Pension assets in our Dutch pension schemes include insurance policies which are non-transferable under the terms of IAS19 so have been treated as other obligations to staff pension scheme within provisions above.

(b) Movements in the pension schemes' deficits and surpluses comprise:

	6 months 2008 £m	Full year 2007 £m
Surplus in the Irish scheme	**27**	56
Deficit in all other schemes	**(205)**	(1,029)
Net deficits in the schemes at 1 January	**(178)**	(973)
Employer contributions	**487**	297
Charge to net operating expenses (see (c) below)	**(84)**	(188)
Credit to investment income	**27**	99
Actuarial (losses)/gains	**(768)**	612
Acquisitions	**–**	(19)
Buy-outs and other transfers	**–**	–
Exchange rate movements in foreign plans	**1**	(6)
Net deficits in the schemes at 30 June/31 December	**(515)**	(178)
Surplus in the Irish scheme	**28**	27
Deficit in all other schemes	**(543)**	(205)

The current period surplus in the Irish schemes of £28 million (31 December 2007: £27 million surplus) is included in Other assets whilst the deficits in the other schemes of £543 million (31 December 2007: £205 million deficit) are included in provisions.

19 – Pension Schemes continued

(c) The total pension expense for these schemes comprises:

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Current service cost	**(83)**	(87)	(173)
Past service cost	**–**	(3)	–
Loss on curtailments	**(1)**	(17)	(15)
Total pension cost	**(84)**	(107)	(188)
Expected return on scheme assets	**315**	300	614
Less: income on insurance policy assets accounted for elsewhere	**(30)**	(24)	(49)
	285	276	565
Interest charge on scheme liabilities	**(288)**	(256)	(515)
(Charge)/credit to investment income	**(3)**	20	50
Total charge to income	**(87)**	(87)	(138)
Expected return on scheme assets	**(315)**	(300)	(614)
Actual (negative)/positive return on these assets	**(683)**	319	404
Actuarial (losses)/gains on scheme assets	**(998)**	19	(210)
Less: losses on insurance policy assets accounted for elsewhere	**78**	15	72
Actuarial (losses)/gains on admissible assets	**(920)**	34	(138)
Experience gains/(losses) arising on scheme liabilities	**66**	(8)	(80)
Changes in assumptions underlying the present value of the scheme liabilities	**164**	813	902
Loss on acquisitions	**–**	(9)	(36)
Actuarial (losses)/gains recognised in the statement of recognised income and expense	**(690)**	830	648

The cumulative amount of actuarial gains and losses on the pension schemes recognised in the statement of recognised income and expenses since 1 January 2004 (the date of transition to IFRS) is a loss of £851 million at 30 June 2008 (30 June 2007: £21 million gain; 31 December 2007: £161 million loss).

20 – Insurance liabilities

(a) Carrying amount

	30 June 2008			30 June 2007	31 December 2007
	Long-term business £m	General Insurance and health £m	Total £m	Total £m	Total £m
Long-term business provisions					
Participating	**64,563**	**–**	**64,563**	63,161	66,093
Unit-linked non-participating	**21,948**	**–**	**21,948**	20,835	20,601
Other non-participating	**52,266**	**–**	**52,266**	43,522	48,618
	138,777	**–**	**138,777**	127,518	135,312
Outstanding claims provisions	**916**	**10,778**	**11,694**	10,908	11,569
Provision for claims incurred but not reported	**–**	**2,239**	**2,239**	2,643	2,300
	916	**13,017**	**13,933**	13,551	13,869
Provision for unearned premiums	**–**	**5,760**	**5,760**	5,536	5,484
Provision arising from liability adequacy tests	**–**	**33**	**33**	48	24
Other technical provisions	**2,195**	**8**	**2,203**	22	3
Total	**141,888**	**18,818**	**160,706**	146,675	154,692
Less: Obligations to staff pension schemes transferred to provisions	**(1,109)**	**–**	**(1,109)**	(1,117)	(1,025)
Less: amounts classified as held for sale	**(3,854)**	**(954)**	**(4,808)**	(871)	(627)
	136,925	**17,864**	**154,789**	144,687	153,040

Other long-term technical provisions of £2,195 million relate to the acquisition of Swiss Life Belgium (see note 3 (iii)). Due to the timing of completion of this acquisition the provisions have not yet been analysed into their correct categories, this will be done in advance of the year end.

(b) Movements in long-term business provisions

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**135,312**	126,614
Provisions in respect of new business	**6,288**	10,470
Expected change in existing business provisions	**(2,920)**	(6,280)
Impact of assumption changes	**(1,584)**	(874)
Effect of special bonus to with-profit policyholders	**–**	1,728
Variance between actual and expected experience, and other movements	**(5,075)**	(1,201)
Change in liability recognised as an expense	**(3,291)**	3,843
Effect of portfolio transfers, acquisitions and disposals	**2,129**	571
Foreign exchange rate movements	**4,627**	4,284
Carrying amount at 30 June/31 December	**138,777**	135,312

20 – Insurance liabilities continued

(c) Movements in general insurance and health claims provisions

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**13,142**	12,718
Impact of changes in assumptions	**4**	1
Claim losses and expenses incurred in the current year	**4,188**	8,273
Decrease in estimated claim losses and expenses incurred in prior years	**(468)**	(937)
Incurred claims losses and expenses	**3,724**	7,337
Less:		
Payments made on claims incurred in the current year	**(1,684)**	(4,408)
Payments made on claims incurred in prior years	**(2,627)**	(3,686)
Recoveries on claim payments	**163**	315
Claims payments made in the year, net of recoveries	**(4,148)**	(7,779)
Other movements in the claims provisions	**–**	36
Changes in claims reserve recognised as an expense	**(424)**	(406)
Effect of portfolio transfers, acquisitions and disposals	**16**	175
Foreign exchange rate movements	**283**	655
Carrying amount at 30 June/31 December	**13,017**	13,142

21 – Liability for investment contracts

(a) Carrying amount

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Long-term business			
Participating contracts	**54,979**	49,924	53,609
Non-participating contracts at fair value	**42,480**	41,609	43,608
Non-participating contracts at amortised cost	**1,614**	568	1,027
	44,094	42,177	44,635
Less: Amounts classified as held for sale	**(446)**	–	–
Total	**98,627**	92,101	98,244

(b) Movements in participating investment contracts

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**53,609**	49,400
Provisions in respect of new business	**1,801**	3,009
Expected change in existing business provisions	**(946)**	(1,978)
Impact of assumption changes	**(88)**	175
Effect of special bonus to with-profit policyholders	**–**	399
Variance between actual and expected experience, and other movements	**(2,272)**	(580)
Change in liability recognised as an expense	**(1,505)**	1,025
Foreign exchange rate movements	**2,875**	3,184
Carrying amount at 30 June/31 December	**54,979**	53,609

(c) Movements in non-participating investment contracts

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**44,635**	38,958
Provisions in respect of new business	**2,987**	8,575
Expected change in existing business provisions	**(835)**	(1,094)
Impact of assumption changes	**(120)**	18
Variance between actual and expected experience, and other movements	**(3,946)**	(3,170)
Change in liability recognised as an expense	**(1,914)**	4,329
Effect of portfolio transfers, acquisitions and disposals	**277**	254
Foreign exchange rate movements	**1,096**	1,094
Carrying amount at 30 June/31 December	**44,094**	44,635

22 – Reinsurance assets

(a) Carrying amount

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Long-term business			
Insurance contracts	**4,622**	4,099	4,298
Participating investment contracts	**23**	–	22
Non-participating investment contracts	**1,400**	1,429	1,461
	6,045	5,528	5,781
Outstanding claims provisions	**117**	85	94
Less: Amounts classified as held for sale	**(4)**	–	–
	6,158	5,613	5,875
General insurance and health			
Outstanding claims provisions	**1,607**	1,630	1,634
Provisions for claims incurred but not reported	**–**	62	84
	1,607	1,692	1,718
Provision for unearned premiums	**556**	520	511
Other technical provisions	**19**	7	5
Less: Amounts classified as held for sale	**(13)**	–	–
	2,169	2,219	2,234
Total	**8,327**	7,832	8,109

(b) Movements in respect of long-term business provisions

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**5,781**	5,534
Asset in respect of new business	**143**	216
Expected change in existing business asset	**52**	(124)
Impact of assumption changes	**(169)**	(108)
Variance between actual and expected experience, and other movements	**(112)**	12
Change in reinsurance asset recognised as income	**(86)**	(4)
Effect of portfolio transfers, acquisitions and disposals	**123**	24
Foreign exchange rate movements	**227**	227
Carrying amount at 30 June/31 December	**6,045**	5,781

(c) Movements in respect of general insurance and health outstanding claims provisions and IBNR

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**1,718**	1,738
Impact of changes in assumptions	**–**	–
Reinsurers' share of incurred claim losses and expenses	**(16)**	201
Reinsurance recoveries received in the year	**(118)**	(298)
Other movements	**–**	–
Change in reinsurance asset recognised as income	**(134)**	(97)
Effect of portfolio transfers, acquisitions and disposals	**8**	39
Foreign exchange rate and other movements	**15**	38
Carrying amount at 30 June/31 December	**1,607**	1,718

23 – Effect of changes in assumptions and estimates during the period

This disclosure only allows for the impact on liabilities and related assets, such as reinsurance, deferred acquisition costs and Acquired value of in-force business, and does not allow for offsetting movements in the value of backing financial assets.

	30 June 2008 £m	31 December 2007 £m
Assumptions		
Long-term insurance business		
Interest rates	**1,136**	850
Expenses	**–**	(13)
Persistency rates	**–**	(2)
Mortality for assurance contracts	**–**	16
Mortality for annuity contracts	**–**	11
Tax and other assumptions	**(58)**	60
Investment contracts		
Interest rates	**(1)**	12
Expenses	**–**	5
Persistency rates	**–**	–
Tax and other assumptions	**–**	7
General insurance and health business		
Change in loss ratio assumptions	**(2)**	–
Change in discount rate assumptions	**–**	3
Change in expense ratio assumptions	**(1)**	(4)
Total	**1,074**	945

The impact of interest rates for long-term business relates primarily to the UK and the Netherlands. This results from the use of higher valuation interest rates for UK and Dutch traditional business, reflecting the rise in market interest rates over the year. Other assumption changes in the UK relate to the recapture of reinsured business and expense inflation.

24 – Unallocated divisible surplus

The following movements have occurred in the period:

	6 months 2008 £m	Full year 2007 £m
Carrying amount at 1 January	**6,785**	9,465
Change in participating contract assets	**(6,935)**	2,463
Change in participating contract liabilities	**4,245**	(3,244)
Effect of special bonus to with-profit policyholders	**–**	(2,127)
Other movements	**(56)**	(14)
Change in liability recognised as an expense	**(2,746)**	(2,922)
Effect of portfolio transfers, acquisitions and disposals	**–**	3
Movement in respect of change in pension scheme deficit	**13**	61
Foreign exchange rate and other movements	**13**	178
Carrying amount at 30 June/31 December	**4,065**	6,785

25 – Borrowings

Movements in borrowings during the period were:

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
New borrowings drawn down, net of expenses	**2,974**	3,690	6,322
Repayment of borrowings	**(2,893)**	(3,483)	(6,000)
Net cash inflow	**81**	207	322
Foreign exchange rate movements	**628**	(10)	632
Acquisitions	**79**	–	18
Borrowings reclassified to other liabilities	**–**	–	(174)
Fair value movements	**(49)**	(128)	(268)
Amortisation of discounts and other non-cash items	**(22)**	1	2
Movements in the year	**717**	70	532
Balance at 1 January	**12,669**	12,137	12,137
	13,386	12,207	12,669
Less: Amounts classified as held for sale *(note 6)*	**(13)**	(11)	(12)
Balance at 30 June/31 December	**13,373**	12,196	12,657

26 – Sensitivity analysis

The Group uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Primarily EEV, Financial Condition Reporting (a medium term projection of the financial health of the business under a variety of economic and operating scenarios), and increasingly Individual Capital Assessment (ICA) are used. Sensitivities to economic and operating experience are regularly produced on all of the Group's financial performance measurements as part of the Group's decision making and planning process, and as part of the framework for identifying and quantifying the risks that each of its business units, and the Group as a whole are exposed to.

For long-term business in particular, sensitivities of EEV performance indicators to changes in both economic and non-economic experience are continually used to manage the business and to inform the decision making process. More information on EEV sensitivities can be found in the presentation of results in the EEV section of this announcement.

Life insurance and investment contracts
The nature of long-term business is such that a number of assumptions are made in compiling the financial statements. Assumptions are made about investment returns, expenses, mortality rates, and persistency in connection with the in-force policies for each business unit. Assumptions are best estimates based on historic and expected experience of the business.

General insurance and health business
General insurance and health claim liabilities are estimated by using standard actuarial claims projection techniques. These methods extrapolate the claims development for each accident year based on the observed development of earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historic claims development on which the projections are based. As such, in the analysis below, the sensitivity of general insurance claim liabilities is primarily based on the financial impact of changes to the reported loss ratio.

Some results of sensitivity testing for long-term business and general insurance and health business are set out below. For each sensitivity test the impact of a change in a single factor is shown, with other assumptions left unchanged.

Sensitivity Factor	Description of sensitivity factor applied
Interest rate & investment return	The impact of a change in market interest rates by ± 1% (e.g. if a current interest rate is 5%, the impact of an immediate change to 4% and 6%). The test allows consistently for similar changes to investment returns and movements in the market value of backing fixed interest securities.
Equity/property market values	The impact of a change in equity/property market values by ± 10%
Expenses	The impact of an increase in maintenance expenses by 10%
Assurance mortality/morbidity (life insurance only)	The impact of an increase in mortality/morbidity rates for assurance contracts by 5%
Annuitant mortality (life insurance only)	The impact of a reduction in mortality rates for annuity contracts by 5%
Gross loss ratios (non-life insurance only)	The impact of an increase in gross loss ratios for general insurance and health business by 5%

The above sensitivity factors are applied using actuarial and statistical models, with the following pre-tax impacts on profit and shareholders' equity at 30 June 2008:

Long-term business
Sensitivities as at 30 June 2008
Impact on profit before tax (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%	Expenses +10%	Assurance mortality +5%	Annuitant mortality –5%
Insurance participating	(65)	(20)	–	(50)	–	–	–
Insurance non-participating	(240)	250	30	(5)	(10)	(15)	(285)
Investment participating	(65)	(30)	10	(25)	(10)	–	–
Investment non-participating	(5)	–	65	(70)	–	–	–
Assets backing life shareholders' funds	(160)	190	195	(195)	–	–	–
Total	**(535)**	**390**	**300**	**(345)**	**(20)**	**(15)**	**(285)**

26 – Sensitivity analysis continued

Sensitivities as at 30 June 2008
Impact before tax on shareholders equity (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%	Expenses +10%	Assurance mortality +5%	Annuitant mortality –5%
Insurance participating	(90)	5	–	(50)	–	–	–
Insurance non-participating	(425)	445	215	(190)	(10)	(15)	(285)
Investment participating	(65)	(30)	10	(25)	(10)	–	–
Investment non-participating	(135)	150	65	(70)	–	–	–
Assets backing life shareholders' funds	(205)	240	290	(290)	–	–	–
Total	**(920)**	**810**	**580**	**(625)**	**(20)**	**(15)**	**(285)**

General insurance and health
Sensitivities as at 30 June 2008
Impact on profit before tax (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%	Expenses +10%	Gross loss ratios +5%
Net of reinsurance	**(325)**	**350**	**90**	**(90)**	**(90)**	**(180)**

Impact before tax on shareholders equity (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%	Expenses +10%	Gross loss ratios +5%
Net of reinsurance	**(325)**	**350**	**90**	**(90)**	**(35)**	**(180)**

Fund management and non-insurance business
Sensitivities as at 30 June 2008
Impact on profit before tax (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%
Total	**(20)**	**20**	**55**	**(55)**

Impact before tax on shareholders equity (£m)

	Interest rates +1%	Interest rates –1%	Equity/ property +10%	Equity/ property –10%
Total	**(20)**	**20**	**55**	**(55)**

Limitations of sensitivity analysis
The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation, adjusting bonuses credited to policyholders, and taking other protective action.

A number of the business units use passive assumptions to calculate their long-term business liabilities. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity. Similarly, for general insurance liabilities, the interest rate sensitivities only affect profit and equity where explicit assumptions are made regarding interest (discount) rates or future inflation.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Statement of directors' responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

In accordance with DTR 4.2.6, the results apply the accounting policies set out in Aviva plc's 2007 Annual Report and Accounts except that segmental information is now given in accordance with the requirements of IFRS 8, "Operating segments", as set out on page 54.

The directors of Aviva plc are listed in the Group's 2007 Annual Report and Accounts, with the addition of Mark Hodges who was appointed to the Board on 26 June 2008. A list of current directors is maintained on the Group's website: www.aviva.com.

By order of the Board

Andrew Moss
Group chief executive

Philip Scott
Group finance director

29 July 2008

Independent review report to Aviva plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 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 and the related notes 1 to 26. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom (ISRE 2410). 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with ISRE 2410. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London

29 July 2008

Summarised consolidated income statement – EEV basis
For the six months ended 30 June 2008

6 months 2008 €m		6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
	Operating profit before tax attributable to shareholders' profits			
1,922	Life EEV operating return	**1,480**	1,251	2,753
39	Fund management[1]	**30**	45	90
699	General insurance and health	**538**	560	1,033
	Other:			
(75)	Other operations and regional costs[2]	**(57)**	(45)	(70)
(92)	Corporate centre	**(71)**	(80)	(157)
(261)	Group debt costs and other interest	**(201)**	(190)	(363)
2,232	**Operating profit before tax attributable to shareholders' profits**	**1,719**	1,541	3,286
	Adjusted for the following:			
(3,425)	Variation from longer term investment return on long-term business	**(2,638)**	241	(450)
(188)	Effect of economic assumption changes on long-term business	**(145)**	301	517
(408)	Short-term fluctuation in return on investments backing general insurance and health business	**(314)**	37	(184)
(55)	Impairment of goodwill	**(42)**	(3)	(10)
(57)	Amortisation and impairment of intangibles	**(44)**	(41)	(89)
12	Profit/(loss) on the disposal of subsidiaries and associates	**9**	(5)	20
(171)	Integration and restructuring costs	**(132)**	(40)	(153)
(110)	Exceptional costs for termination of operations	**(84)**	–	–
(2,170)	**(Loss)/profit before tax**	**(1,671)**	2,031	2,937
(679)	Tax on operating profit	**(523)**	(416)	(992)
1,193	Tax on other activities	**919**	(113)	189
(1,656)	**(Loss)/profit for the period**	**(1,275)**	1,502	2,134
	Attributable to:			
(1,749)	Equity shareholders of Aviva plc	**(1,347)**	1,380	1,869
93	Minority interests	**72**	122	265
(1,656)		**(1,275)**	1,502	2,134

All (loss)/profit is from continuing operations.

1. Excludes the proportion of the results of Aviva Investors and other fund management operations within the Group that arise from the provision of fund management services to our Life businesses. These results are included within the Life EEV operating return consistent with CFO Forum EEV principles.
2. Excludes the proportion of the results of subsidiaries providing services to the Life businesses. These results are included within the Life EEV operating return.

Earnings per share – EEV basis
For the six months ended 30 June 2008

6 months 2008	Earnings per share	6 months 2008	6 months 2007	Full year 2007
	Operating profit on an EEV basis after tax, attributable to ordinary shareholders of Aviva plc			
51.7c	Basic (pence per share)	**39.4p**	38.6p	76.5p
51.3c	Diluted (pence per share)	**39.1p**	38.2p	75.8p
	(Loss)/profit after tax for the period on an EEV basis, attributable to ordinary shareholders of Aviva plc			
(66.5)c	Basic (pence per share)	**(51.5)p**	53.3p	70.1p
(65.9)c	Diluted (pence per share)	**(51.1)p**	52.8p	69.5p

Consolidated statement of recognised income and expense – EEV basis
For the six months ended 30 June 2008

6 months 2008 €m		6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
(169)	Fair value (losses)/gains on AFS securities, owner-occupied properties and hedging instruments	(130)	48	45
83	Fair value losses/(gains) transferred to profit	64	–	(12)
(896)	Actuarial (losses)/gains on pension schemes *(IFRS section: note 19)*	(690)	830	648
92	Actuarial gains/(losses) on pension schemes transferred to unallocated divisible surplus and other movements	71	(84)	(61)
1,222	Foreign exchange rate movements	941	(47)	1,122
15	Aggregate tax effect – shareholder tax	11	(231)	(246)
347	**Net income recognised directly in equity**	**267**	516	1,496
(1,656)	(Loss)/profit for the period	**(1,275)**	1,502	2,134
(1,309)	**Total recognised (expense)/income for the period**	**(1,008)**	2,018	3,630
	Attributable to:			
(1,618)	Equity shareholders of Aviva plc	**(1,246)**	1,900	3,194
309	Minority interests	**238**	118	436
(1,309)		**(1,008)**	2,018	3,630

Reconciliation of movements in consolidated shareholders' equity – EEV basis
For the six months ended 30 June 2008

6 months 2008 €m		6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
31,106	**Balance at 1 January**	**24,574**	20,858	20,858
(1,275)	Total recognised (expense)/income and expense for the period	**(1,008)**	2,018	3,630
(713)	Dividends and appropriations (*IFRS section: note 16*)	**(563)**	(501)	(871)
39	Issues of share capital, net of transaction costs	**31**	30	48
215	Shares issued in lieu of dividends	**170**	152	301
139	Capital contributions from minority shareholders	**110**	75	307
(95)	Minority share of dividends declared in the period	**(88)**	(63)	(66)
75	Minority interest in acquired subsidiaries	**59**	142	317
(98)	Changes in minority interest in existing subsidiaries	**(65)**	–	–
34	Reserves credit for equity compensation plans	**27**	24	50
29,427	**Total equity**	**23,247**	22,735	24,574
(4,286)	**Minority interests**	**(3,385)**	(2,409)	(3,131)
25,141	**Balance at 30 June/31 December**	**19,862**	20,326	21,443

Summarised consolidated balance sheet – EEV basis
As at 30 June 2008

30 June 2008 €m		30 June 2008 £m	Restated 30 June 2007 £m	Restated 31 December 2007 £m
	Assets			
3,858	Goodwill	**3,048**	2,912	3,082
4,013	Acquired value of in-force business and intangible assets	**3,170**	2,836	3,197
9,912	Additional value of in-force long-term business	**7,830**	7,183	7,982
3,276	Interests in, and loans to, joint ventures	**2,588**	2,557	2,576
1,533	Interests in, and loans to, associates	**1,211**	891	1,206
1,261	Property and equipment	**996**	857	942
18,567	Investment property	**14,668**	15,682	15,077
47,325	Loans	**37,387**	30,207	36,193
	Financial investments			
157,184	Debt securities	**124,176**	111,035	119,743
61,414	Equity securities	**48,517**	58,924	56,018
48,704	Other investments	**38,476**	36,517	40,413
10,541	Reinsurance assets	**8,327**	7,832	8,109
315	Deferred tax assets	**249**	765	590
676	Current tax assets	**534**	268	376
13,619	Receivables and other financial assets	**10,760**	10,957	8,629
6,423	Deferred acquisition costs and other assets	**5,074**	3,929	4,487
4,029	Prepayments and accrued income	**3,183**	2,773	2,986
23,776	Cash and cash equivalents	**18,783**	14,534	16,089
8,409	Assets of operations classified as held for sale	**6,643**	1,297	1,128
424,835	**Total assets**	**335,620**	311,956	328,823
	Equity			
841	Ordinary share capital	**664**	647	655
5,716	Capital reserves	**4,516**	4,484	4,494
2,025	Other reserves	**1,600**	514	1,177
6,506	Retained earnings	**5,140**	6,098	6,233
8,547	Additional retained profit on an EEV basis	**6,752**	7,393	7,694
23,635	**Equity attributable to ordinary shareholders of Aviva plc**	**18,672**	19,136	20,253
1,506	Preference share capital and direct capital instrument	**1,190**	1,190	1,190
4,286	Minority interests	**3,385**	2,409	3,131
29,427	**Total equity**	**23,247**	22,735	24,574
	Liabilities			
195,935	Gross insurance liabilities	**154,789**	144,687	153,040
124,844	Gross liabilities for investment contracts	**98,627**	92,101	98,244
5,146	Unallocated divisible surplus	**4,065**	9,489	6,785
8,372	Net asset value attributable to unitholders	**6,614**	4,624	5,101
3,035	Provisions	**2,398**	1,930	1,937
1,587	Deferred tax liabilities	**1,254**	3,013	2,529
1,381	Current tax liabilities	**1,091**	1,157	1,189
16,928	Borrowings	**13,373**	12,196	12,657
24,962	Payables and other financial liabilities	**19,720**	14,166	18,060
5,743	Other liabilities	**4,537**	4,808	3,765
7,475	Liabilities of operations classified as held for sale	**5,905**	1,050	942
395,408	**Total liabilities**	**312,373**	289,221	304,249
424,835	**Total equity and liabilities**	**335,620**	311,956	328,823

Approved by the Board on 29 July 2008

Philip Scott Director

Segmentation of summarised consolidated balance sheet – EEV basis
As at 30 June 2008

	30 June 2008					Restated 30 June 2007	Restated 31 December 2007
	Life and related businesses £m	**General business and other £m**	**Group £m**	Life and related businesses £m	General business and other £m	Group £m	Group £m
Total assets before acquired additional value of in-force long-term business	**282,605**	**43,379**	**325,984**	263,390	39,603	302,993	319,143
Acquired additional value of in-force long-term business	**1,806**	**–**	**1,806**	1,744	–	1,744	1,698
Total assets included in the statutory IFRS balance sheet	**284,411**	**43,379**	**327,790**	265,134	39,603	304,737	320,841
Liabilities of the long-term business	**(269,341)**	**–**	**(269,341)**	(251,372)	–	(251,372)	(264,429)
Liabilities of the general insurance and other businesses	**–**	**(43,032)**	**(43,032)**	–	(37,849)	(37,849)	(39,820)
Net assets on a statutory IFRS basis	**15,070**	**347**	**15,417**	13,762	1,754	15,516	16,592
Additional value of in-force long-term business[1]	**7,830**	**–**	**7,830**	7,219	–	7,219	7,982
Net assets on an EEV basis[2]	**22,900**	**347**	**23,247**	20,981	1,754	22,735	24,574
Equity capital, capital reserves, shares held by employee trusts and other reserves			**6,780**			5,645	6,326
IFRS basis retained earnings			**5,140**			6,098	6,233
Additional EEV basis retained profit			**6,752**			7,393	7,694
Equity attributable to ordinary shareholders of Aviva plc on an EEV basis			**18,672**			19,136	20,253
Preference share capital and direct capital instrument			**1,190**			1,190	1,190
Minority interests			**3,385**			2,409	3,131
EEV basis total equity			**23,247**			22,735	24,574

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

	30 June 2008 £m	31 December 2007 £m	Movement in the period £m
Group's share included in shareholders' funds	**6,752**	7,694	(942)
Minority interests' share	**688**	578	110
Movement in AFS securities	**390**	(290)	680
Per balance at 30 June/31 December*	**7,830**	7,982	(152)

* Additional value of in-force long-term business of £7,219 million as at 30 June 2007 includes £36 million shown within assets of operations held for sale on the balance sheet.

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

	30 June 2008 £m	Restated 30 June 2007 £m	31 December 2007 £m
Embedded value	**19,867**	18,704	20,319
RBSG goodwill	**217**	217	217
Goodwill and intangible assets allocated to long-term business	**2,118**	1,652	2,036
Notional allocation of IAS 19 pension fund deficit to long-term business[3,4]	**(140)**	(56)	(58)
Minority interest in property investment vehicles	**838**	464	758
Long-term business net assets on an EEV basis[5]	**22,900**	20,981	23,272

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. The pension fund deficit notionally allocated to long-term business is net of the proportion of funding borne by the UK with-profit funds.
5. The long-term business net assets on an EEV basis have been restated to include the minority interest on property investment vehicles held in the UK. This change recognises that the embedded value reflects these investments post minority interest, whereas IFRS reports these investments gross. Prior year comparatives have been restated accordingly.

Notes to the consolidated financial statements – EEV basis

1 – Basis of preparation – EEV basis

The summarised consolidated income statement and balance sheet on pages 72 to 75 present the Group's results and financial position for the 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 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. Detailed information on the basis of preparation and EEV methodology is set out in Aviva Plc's 2007 Report and Accounts; any updates are detailed below.

The directors consider that the EEV methodology represents a more meaningful basis of reporting the value of the Group's life and related businesses and the drivers of performance than IFRS methodology. 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 2008 and 30 June 2007 are unaudited but have been reviewed by Ernst & Young LLP. Their independent report in respect of the six month period ended 30 June 2008 is included on page 95. The half year accounts for the six months ended 30 June 2008 do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

Covered business
Covered business includes the Group's share of our joint venture operations including our arrangement with The Royal Bank of Scotland Group (RBSG) and our operations in India, China, Turkey, Malaysia, Taiwan and South Korea.

Risk discount rates
Following review at 30 June 2008, the directors have decided to maintain the life embedded value risk margin at 2.7%. The market assessed risk factor (beta) has reduced since the initial risk margin was originally set, implying a reduction of the risk in the life business. 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 91 to 94 indicate the impact to the embedded value that would arise from a change in the risk discount rate.

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.

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Life EEV return			
New business contribution (after the effect of required capital)	**488**	419	912
Profit from existing business			
– expected return	**694**	600	1,266
– experience variances	**43**	(19)	(16)
– operating assumption changes	**(46)**	11	114
Expected return on shareholders' net worth	**301**	240	477
Life EEV operating return before tax	**1,480**	1,251	2,753
Investment return variances	**(2,638)**	241	(450)
Effect of economic assumption changes	**(145)**	301	517
Life EEV return before tax	**(1,303)**	1,793	2,820
Tax on operating profit	**(432)**	(373)	(819)
Tax credit/(charge) on other activities	**782**	(146)	(1)
Life EEV return after tax	**(953)**	1,274	2,000

There were no separate development costs reported in these periods.

3 – New business contribution

The table below 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 period, 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.

Notes to the consolidated financial statements – EEV basis continued

3 – New business contribution continued

(a) Geographical analysis of new business

	Annual premium equivalent		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 2008 £m	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 %**	6 months 2007 %	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 %**	6 months 2007 %
Life and pensions												
United Kingdom	**771**	757	**5,863**	5,820	**183**	178	**3.1%**	3.1%	**154**	143	**2.6%**	2.5%
France	**223**	205	**2,010**	1,832	**84**	80	**4.2%**	4.4%	**52**	54	**2.6%**	2.9%
Ireland	**103**	131	**648**	889	**5**	14	**0.8%**	1.6%	**2**	12	**0.3%**	1.3%
Italy	**154**	218	**1,275**	1,818	**37**	49	**2.9%**	2.7%	**29**	37	**2.3%**	2.0%
Netherlands (including Belgium and Germany)	**219**	133	**1,991**	1,146	**60**	37	**3.0%**	3.2%	**15**	24	**0.8%**	2.1%
Poland	**90**	49	**739**	379	**21**	17	**2.8%**	4.5%	**18**	15	**2.4%**	4.0%
Spain	**170**	139	**1,259**	1,114	**133**	88	**10.6%**	7.9%	**124**	79	**9.8%**	7.1%
Other Europe	**70**	36	**509**	175	**7**	(2)	**1.4%**	(1.1)%	**5**	(3)	**1.0%**	(1.7)%
Europe	**1,029**	911	**8,431**	7,353	**347**	283	**4.1%**	3.8%	**245**	218	**2.9%**	3.0%
North America	**227**	183	**2,205**	1,716	**92**	57	**4.2%**	3.3%	**68**	35	**3.1%**	2.0%
Asia	**94**	66	**580**	414	**22**	20	**3.8%**	4.8%	**15**	16	**2.6%**	3.9%
Australia	**42**	44	**204**	240	**12**	12	**5.9%**	5.0%	**6**	7	**2.9%**	2.9%
Asia Pacific	**136**	110	**784**	654	**34**	32	**4.3%**	4.9%	**21**	23	**2.7%**	3.5%
Total life and pensions	**2,163**	1,961	**17,283**	15,543	**656**	550	**3.8%**	3.5%	**488**	419	**2.8%**	2.7%
Investment sales	**278**	410	**2,417**	3,751								
Total long-term savings (including share of associates and joint ventures)[2]	**2,441**	2,371	**19,700**	19,294								

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.

3 – New business contribution continued

(b) Analysis of new business by distribution channel

(i) Before 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 2008 £m	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 %**	6 months 2007 %
Analysed between:								
– Bancassurance channels	**598**	557	**4,695**	4,541	**243**	204	**5.2%**	4.5%
– Other distribution channels	**1,565**	1,404	**12,588**	11,002	**413**	346	**3.3%**	3.1%
Total	**2,163**	1,961	**17,283**	15,543	**656**	550	**3.8%**	3.5%

(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 2008 £m	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 £m**	6 months 2007 £m	**6 months 2008 %**	6 months 2007 %
Analysed between:								
– Bancassurance channels	**372**	320	**2,894**	2,586	**80**	71	**2.8%**	2.7%
– Other distribution channels	**1,528**	1,367	**12,319**	10,716	**200**	169	**1.6%**	1.6%
Total	**1,900**	1,687	**15,213**	13,302	**280**	240	**1.8%**	1.8%

Notes to the consolidated financial statements – EEV basis continued

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

	UK	France	Ireland	Italy	Nether-lands	Poland	Spain	Other Europe	Europe	North America	Asia	Australia	Asia Pacific	Total
														6 months 2008 £m
New business contribution (after the effect of required capital)	**154**	**52**	**2**	**29**	**15**	**18**	**124**	**5**	**245**	**68**	**15**	**6**	**21**	**488**
Profit from existing business														
– expected return	**243**	**108**	**28**	**21**	**104**	**46**	**43**	**8**	**358**	**70**	**10**	**13**	**23**	**694**
– experience variances:														
Maintenance expenses	**6**	**–**	**(1)**	**(1)**	**(4)**	**3**	**(2)**	**(3)**	**(8)**	**–**	**–**	**–**	**–**	**(2)**
Project and other related expenses[1]	**(30)**	**–**	**(5)**	**–**	**(2)**	**–**	**(1)**	**(3)**	**(11)**	**(1)**	**(1)**	**(1)**	**(2)**	**(44)**
Mortality/ Morbidity[2]	**11**	**14**	**2**	**1**	**(7)**	**10**	**(2)**	**1**	**19**	**1**	**–**	**1**	**1**	**32**
Lapses[3]	**(10)**	**–**	**(1)**	**–**	**18**	**20**	**(12)**	**(3)**	**22**	**(18)**	**(3)**	**–**	**(3)**	**(9)**
Other[4]	**18**	**10**	**(5)**	**12**	**33**	**(2)**	**2**	**(1)**	**49**	**1**	**(3)**	**1**	**(2)**	**66**
	(5)	**24**	**(10)**	**12**	**38**	**31**	**(15)**	**(9)**	**71**	**(17)**	**(7)**	**1**	**(6)**	**43**
– operating assumption changes:														
Maintenance expenses	**–**	**–**	**(1)**	**–**	**1**	**–**	**–**	**1**	**1**	**(7)**	**(1)**	**–**	**(1)**	**(7)**
Project and other related expenses	**(7)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7)**
Mortality/ Morbidity[5]	**(11)**	**–**	**–**	**–**	**(37)**	**–**	**(6)**	**1**	**(42)**	**–**	**–**	**–**	**–**	**(53)**
Lapses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**	**(1)**
Other[6]	**30**	**61**	**–**	**–**	**(74)**	**–**	**–**	**(1)**	**(14)**	**4**	**2**	**–**	**2**	**22**
	12	**61**	**(1)**	**–**	**(110)**	**–**	**(6)**	**1**	**(55)**	**(3)**	**–**	**–**	**–**	**(46)**
Expected return on shareholders' net worth	**67**	**52**	**11**	**27**	**92**	**8**	**11**	**3**	**204**	**21**	**5**	**4**	**9**	**301**
Life EEV operating return before tax	**471**	**297**	**30**	**89**	**139**	**103**	**157**	**8**	**823**	**139**	**23**	**24**	**47**	**1,480**

1. 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.
2. Mortality experience continues to be better than the assumptions set across a number of our businesses.
3. Lapse experience has been volatile, in part reflecting wider economic volatility. In the UK, lapse experience for non-profit pension and bond products was worse than expected. In Poland, lapse experience continued to be better than the long-term assumptions for both Life and Pension products. In Spain, the adverse lapse experience was observed on both protection and saving products. In the Netherlands, the positive lapse variance mainly reflects better than expected persistency in the group pension business. In the USA, the surrender experience reflects a temporary increase in partial withdrawals on annuities.
4. In the UK, other experience profits include better than assumed default experience on corporate bonds and mortgages. In the Netherlands, this mainly reflects improved profitability of group pension business principally driven by higher than expected salary increases.
5. The mortality assumption change in the Netherlands reflects the impact of using the new industry mortality basis.
6. In the UK, other operating assumptions reflect the distribution of a special bonus to with profit policyholders. In France, the impact reflects the reduction in the cost of required capital arising from the recognition of an increased value of an implicit item. In the Netherlands, the impact reflects a provision for restricting charges on existing unit linked contracts in line with the Ombudsman recommendation.

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

	UK	France	Ireland	Italy	Nether-lands	Poland	Spain	Other Europe	Europe	North America	Asia	Australia	Asia Pacific	Total
														6 months 2007 £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[2]	–	–	–	–	–	–	–	–	–	–	–	–	–	–
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, these 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.

Notes to the consolidated financial statements – EEV basis continued

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

	UK	France	Ireland	Italy	Netherlands	Poland	Spain	Other Europe	Europe	North America	Asia	Australia	Asia Pacific	Total
														Year ended 31 December 2007 £m
New business contribution (after the effect of required capital)	305	117	25	61	53	32	173	(5)	456	108	27	16	43	912
Profit from existing business														
– expected return	538	163	45	37	192	62	65	16	580	114	13	21	34	1,266
– experience variances:														
Maintenance expense	10	4	(4)	(2)	(3)	3	(1)	(5)	(8)	(2)	(1)	–	(1)	(1)
Project and other related expenses[1]	(90)	9	(3)	–	(19)	–	(2)	(8)	(23)	(17)	(2)	(3)	(5)	(135)
Mortality/Morbidity[2]	14	27	(1)	1	7	14	(4)	3	47	(3)	8	3	11	69
Lapses[3]	(5)	10	3	(6)	(9)	23	(9)	3	15	–	(4)	(1)	(5)	5
Other[4]	26	3	(5)	7	(3)	9	10	(3)	18	(1)	–	3	3	46
	(45)	53	(10)	–	(27)	49	(6)	(10)	49	(23)	1	2	3	(16)
– operating assumption changes:														
Maintenance expenses[5]	7	2	(1)	(2)	–	5	–	(8)	(4)	(30)	1	–	1	(26)
Project and other related expenses	(2)	(1)	–	–	(7)	–	–	(9)	(17)	–	–	–	–	(19)
Mortality/Morbidity[6]	(133)	(2)	–	3	(31)	14	(8)	(1)	(25)	–	(1)	4	3	(155)
Lapses[7]	(6)	–	–	(2)	2	35	(16)	4	23	(8)	(4)	(2)	(6)	3
Other[8]	108	122	–	7	12	–	16	5	162	42	–	(1)	(1)	311
	(26)	121	(1)	6	(24)	54	(8)	(9)	139	4	(4)	1	(3)	114
Expected return on shareholders' net worth	92	83	18	33	158	9	15	3	319	52	6	8	14	477
Life EEV operating return before tax	864	537	77	137	352	206	239	(5)	1,543	255	43	48	91	2,753

1. 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, project costs mainly represent one-off restructuring costs in the Dutch businesses. In the USA, expenses reflect a number of one-off expenses including management incentive rewards, brand awareness and investment in strategic systems.
2. Mortality experience continues to be better than the assumptions set across a number of our businesses.
3. Lapse experience in Poland continues to be better than the long-term assumptions set for both Life and Pension products.
4. In the UK, other experience profits include better than assumed default experience on corporate bonds and commercial mortgages.
5. In the USA, expense assumptions have been strengthened following investment to support the growth in the business.
6. In the UK, the allowance for annuitant mortality improvement has been strengthened, by increasing the minimum rates of improvement.
7. In Poland lapse assumptions have been changed following continued favourable experience. In Spain, lapse assumptions have been strengthened mainly on risk products.
8. In the UK, other operating assumption changes include the reduction in the level of required capital assumed on the Company's annuity portfolio. In France, other operating assumption changes reflect increased profitability driven by product development and the increased proportion of unit-linked assets within managed funds. In the USA, other assumption changes relate to the implementation of the AXXX securitisation, an efficient financing solution to free up capital previously held to support excessive regulatory reserves.

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 2008 and the six months to 30 June 2007. 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 2008
	Net worth £m	Value of in-force £m	Total £m
Embedded value at the beginning of the period – Free Surplus	**4,127**		
– Required capital[1]	**6,331**		
Total	**10,458**	**9,861**	**20,319**
New business contribution (after the effect of required capital)	**(372)**	**716**	**344**
Expected return on existing business – return on VIF	**–**	**498**	**498**
Expected return on existing business – transfer to net worth	**702**	**(702)**	**–**
Experience variances and operating assumption changes	**141**	**(149)**	**(8)**
Expected return on shareholders' net worth	**214**	**–**	**214**
Investment return variances and economic assumption changes	**(1,464)**	**(537)**	**(2,001)**
Life EEV return after tax	**(779)**	**(174)**	**(953)**
Exchange rate movements	**531**	**400**	**931**
Embedded value from business acquired	**175**	**50**	**225**
Net amounts released from life and related businesses	**(626)**	**–**	**(626)**
Transfer from life and related businesses to other segments	**(29)**	**–**	**(29)**
Embedded value at the end of the period – Free Surplus	**2,979**		
– Required capital[1]	**6,751**		
Total	**9,730**	**10,137**	**19,867**

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 2008 of £225 million represents the embedded value of UBI Assicurazioni Vita SpA in Italy, Swiss Life Belgium and LIG Life Insurance Co. Ltd, in South Korea.

Required capital has increased in the period by £420 million. The movement comprises an increase of £470 million in relation to new business written, a reduction of £398 million regarding in-force business, a reduction £145 million due to an increase in implicit items, £153 million additional in-force required capital relating to the acquisitions during the period and a £340 million increase due to foreign exchange rate movements.

			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.

6 – Segmental analysis of life and related businesses embedded value

30 June 2008	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	**1,329**	**998**	**4,569**	**(349)**	**6,547**
France	**1,495**	**22**	**1,422**	**(337)**	**2,602**
Ireland	**285**	**215**	**584**	**(48)**	**1,036**
Italy	**391**	**514**	**338**	**(72)**	**1,171**
Netherlands (including Belgium and Germany)	**1,649**	**910**	**1,789**	**(589)**	**3,759**
Poland	**150**	**80**	**832**	**(48)**	**1,014**
Spain	**341**	**130**	**790**	**(79)**	**1,182**
Other Europe	**25**	**44**	**127**	**(11)**	**185**
Europe	**4,336**	**1,915**	**5,882**	**(1,184)**	**10,949**
North America[2,3]	**804**	**(82)**	**1,159**	**(167)**	**1,714**
Asia Pacific	**282**	**148**	**310**	**(83)**	**657**
Total	**6,751**	**2,979**	**11,920**	**(1,783)**	**19,867**

1. Required capital is shown net of implicit items permitted by local regulators to cover minimum solvency margins.
2. Aviva USA holding company debt amounting to £356 million at 30 June 2008 (30 June 2007: £349 million; 31 December 2007: £349 million) has been included within other operations.
3. The temporary negative free surplus in Aviva USA reflects the different impact of reduced equity markets on regulatory reserves and the matching derivative protection for equity indexed products.

31 December 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	1,307	1,338	4,816	(355)	7,106
France	1,510	74	1,416	(340)	2,660
Ireland	267	213	564	(45)	999
Italy	305	464	299	(61)	1,007
Netherlands (including Belgium and Germany)	1,456	1,557	1,605	(442)	4,176
Poland	129	128	726	(41)	942
Spain	316	87	714	(69)	1,048
Other Europe	24	33	110	(11)	156
Europe	4,007	2,556	5,434	(1,009)	10,988
North America	776	46	918	(152)	1,588
Asia Pacific	241	187	281	(72)	637
Total	6,331	4,127	11,449	(1,588)	20,319

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.

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 2008 £m	30 June 2007 £m	31 December 2007 £m
United Kingdom	**49**	46	50
France	**120**	79	89
Ireland	**2**	2	2
Italy	**24**	18	22
Netherlands (including Belgium and Germany)	**166**	105	129
Poland	**5**	5	4
Spain	**5**	4	4
Other Europe	**1**	1	1
Europe	**323**	214	251
North America	**66**	55	85
Asia Pacific	**6**	6	6
Total	**444**	321	392

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, guaranteed annuity rates and negative equity guarantees on equity release business. 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 increased by £52 million to £444 million reflecting the increase from exchange rates and the additional TVOG from acquisitions.

8 – 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 Aviva Investors 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 2008 £m	6 months 2007[1] £m	Full year 2007[1] £m
United Kingdom	**13**	18	40
France	**5**	5	10
Canada	**1**	1	3
Other	**1**	5	11
Aviva Investors	**20**	29	64
United Kingdom	**(8)**	(4)	(10)
Netherlands	**6**	9	17
Other Europe	**3**	2	4
Europe	**9**	11	21
Asia Pacific	**9**	9	15
Total	**30**	45	90

1. Prior periods have been restated to reflect the new management structure to include France and Canada. Norwich Union's retail investment business and the collective investment business with RBSG do not form part of Aviva Investors UK operations.

On 28 February, as part of the "one Aviva, twice the value" vision, we announced our plans to combine the asset management companies within Aviva to create a single, globally integrated asset manager to be known as Aviva Investors.

9 – Analysis of other operations and regional costs

The summarised consolidated income statement – EEV basis, includes the results of the Group's other operations as analysed below. Where subsidiaries provide services to our life businesses, that proportion has been excluded. These results are included within the life EEV operating return.

	6 months 2008 £m	6 months 2007 £m	Full year 2007 £m
Europe	(12)	–	(11)
North America	(5)	–	(2)
Asia Pacific	(9)	–	(3)
Regional costs	**(26)**	–	(16)
United Kingdom	(33)	(23)	(8)
Europe	(1)	(18)	(34)
North America	1	–	(2)
Asia Pacific	2	(4)	(10)
Other operations	**(31)**	(45)	(54)
Total	**(57)**	(45)	(70)

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

6 months 2008	France £m	Ireland £m	Italy £m	Netherlands £m	Poland £m	Spain £m	Europe £m	Asia Pacific £m	Total £m	Shareholders interest £m	Group £m
Minority interest											
New business contribution before effect of required capital	15	1	22	3	2	70	113	–	113	543	656
Effect of required capital	(8)	(1)	(5)	(3)	–	(4)	(21)	–	(21)	(147)	(168)
New business contribution after effect of required capital	**7**	**–**	**17**	**–**	**2**	**66**	**92**	**–**	**92**	**396**	**488**
Life EEV operating return before tax	**25**	**7**	**50**	**13**	**13**	**80**	**188**	**2**	**190**	**1,290**	**1,480**
Life EEV return after tax	**2**	**(8)**	**22**	**2**	**8**	**32**	**58**	**–**	**58**	**(1,011)**	**(953)**
Closing life and related businesses' embedded value	**222**	**253**	**619**	**146**	**129**	**532**	**1,901**	**11**	**1,912**	**17,955**	**19,867**

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

6 months 2007	France £m	Ireland £m	Italy £m	Netherlands £m	Poland £m	Spain £m	Europe £m	Asia Pacific £m	Total £m	Shareholders 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

There are no minorities in the United Kingdom or North America.

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 2008. 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 2008	31 Dec 2007	30 June 2007	31 Dec 2006	**30 June 2008**	31 Dec 2007	30 June 2007	31 Dec 2006
Risk discount rate	**7.9%**	7.3%	8.0%	7.3%	**7.5%**	7.1%	7.3%	6.7%
Pre-tax investment returns:								
Base government fixed interest	**5.2%**	4.6%	5.3%	4.6%	**4.8%**	4.4%	4.6%	4.0%
Ordinary shares	**8.2%**	7.6%	8.3%	7.6%	**7.8%**	7.4%	7.6%	7.0%
Property	**7.2%**	6.6%	7.3%	6.6%	**6.8%**	6.4%	6.6%	6.0%
Future expense inflation	**4.2%**	3.5%	3.5%	3.4%	**2.5%**	2.5%	2.5%	2.5%
Tax rate	**28.0%**	28.0%	28.0%	30.0%	**34.4%**	34.4%	34.4%	34.4%
Required Capital (% EU minimum)	**100%**	100%	150%/ 100%	150%/ 100%	**115%**	115%	115%	115%

				Ireland				Italy
	30 June 2008	31 Dec 2007	30 June 2007	31 Dec 2006	**30 June 2008**	31 Dec 2007	30 June 2007	31 Dec 2006
Risk discount rate	**7.5%**	7.1%	7.3%	6.7%	**7.5%**	7.1%	7.3%	6.7%
Pre-tax investment returns:								
Base government fixed interest	**4.8%**	4.4%	4.6%	4.0%	**4.8%**	4.4%	4.6%	4.0%
Ordinary shares	**7.8%**	7.4%	7.6%	7.0%	**7.8%**	7.4%	7.6%	7.0%
Property	**6.8%**	6.4%	6.6%	6.0%	**6.8%**	6.4%	6.6%	6.0%
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%	**32.4%**	32.4%	38.3%	38.3%
Required Capital (% EU minimum)	**150%**	150%	150%	150%	**115%**	115%	115%	115%

				Netherlands				Poland
	30 June 2008	31 Dec 2007	30 June 2007	31 Dec 2006	**30 June 2008**	31 Dec 2007	30 June 2007	31 Dec 2006
Risk discount rate	**7.5%**	7.1%	7.3%	6.7%	**9.7%**	9.4%	9.2%	8.7%
Pre-tax investment returns:								
Base government fixed interest	**4.8%**	4.4%	4.6%	4.0%	**6.0%**	5.7%	5.5%	5.0%
Ordinary shares	**7.8%**	7.4%	7.6%	7.0%	**9.0%**	8.7%	8.5%	8.0%
Property	**6.8%**	6.4%	6.6%	6.0%	**n/a**	n/a	n/a	n/a
Future expense inflation	**2.5%**	2.5%	2.5%	2.5%	**4.4%**	4.1%	3.9%	3.4%
Tax rate	**25.5%**	25.5%	25.5%	25.5%	**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 2008	31 Dec 2007	30 June 2007	31 Dec 2006	**30 June 2008**	31 Dec 2007	30 June 2007	31 Dec 2006
Risk discount rate	**7.5%**	7.1%	7.3%	6.7%	**6.7%**	6.7%	7.7%	7.4%
Pre-tax investment returns:								
Base government fixed interest	**4.8%**	4.4%	4.6%	4.0%	**4.0%**	4.0%	5.0%	4.7%
Ordinary shares	**7.8%**	7.4%	7.6%	7.0%	**7.0%**	7.0%	8.0%	7.7%
Property	**6.8%**	6.4%	6.6%	6.0%	**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%	30.0%	30.0%	**35.0%**	35.0%	35.0%	35.0%
Required Capital (% EU minimum)	**125%/ 110%**	125%/ 110%	125%/ 110%	125%/ 110%	**250%**	250%	250%	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. Following the change made in 2007 to the required capital in Norwich Union Annuity Limited (NUA), required capital in the United Kingdom is now 100%. Required capital in Spain is 125% EU minimum for Aviva Vida y Pensions 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.

Other economic assumptions

Required capital relating to with-profit business is assumed to be covered by the surplus within the with-profit funds and no effect has been attributed to shareholders. Bonus rates on participating business have been set at levels consistent with the economic assumptions and Aviva's medium-term bonus plans. The distribution of profit between policyholders and shareholders within the with-profit funds assumes that the shareholder interest in conventional with-profit business in the United Kingdom and Ireland continues at the current rate of one-ninth of the cost of bonus.

(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, to 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 the 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 2008 for the three most significant asset classes. Interest rates are assumed to have a lognormal distribution with an annualised standard deviation of 11.5% p.a. for the natural logarithm of the interest rate.

	Mean[1]	StDev[2]
Equities	8.2%	25.5%
Property	7.2%	15%
Government Bonds	5.2%	3.5 – 4.75%[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 n^{th} root of the average accumulation minus one).
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.

11 – Principal economic assumptions continued

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.

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 2008 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 ten year zero coupon bonds). In the accumulation of ten year bonds, it is assumed that these are held for one year, sold as nine year bonds then the proceeds are reinvested in ten 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	4.5%	2.0%	4.5%	3.9%	4.8%	7.0%
Long Government Bonds	5.2%	5.1%	5.1%	3.8%	5.1%	4.2%
Equities	7.8%	19.9%	7.7%	19.7%	7.7%	19.6%
US dollar						
Short Government Bonds	3.3%	1.7%	4.0%	3.9%	4.5%	7.1%
Long Government Bonds	4.1%	5.4%	4.8%	3.9%	5.2%	4.1%

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 one).
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.

11 – Principal economic assumptions continued
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 2008 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 £5,753 million (31 December 2007: £5,774 million).

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Borrowings per summarised consolidated balance sheet – EEV basis	**13,373**	12,196	12,657
Add: amount included within held for sale	**13**	11	12
Less: Securitised mortgage funding	**(7,620)**	(6,825)	(7,295)
Borrowings excluding non-recourse funding – EEV basis	**5,766**	5,382	5,374
Less: Operational financing by businesses	**(1,134)**	(1,176)	(1,063)
External debt and subordinated debt – EEV basis	**4,632**	4,206	4,311
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	**6,072**	5,646	5,751
Effect of marking these instruments to market	**(319)**	50	23
Market value of external debt, subordinated debt, preference shares and direct capital instrument	**5,753**	5,696	5,774

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 2008 and the new business contribution before the effect of required capital for the six months to 30 June 2008 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.

12 – Sensitivity analysis continued

Embedded value (net of tax) 30 June 2008	As reported on page 84 £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	6,547	(430)	495	(340)	405
France	2,602	(180)	210	(175)	155
Ireland	1,036	(40)	45	(45)	55
Italy	1,171	(35)	40	20	(45)
Netherlands (including Belgium and Germany)	3,759	(245)	285	(130)	(10)
Poland	1,014	(55)	65	(20)	20
Spain	1,182	(55)	65	(30)	30
Other Europe	185	(10)	5	–	5
Europe	10,949	(620)	715	(380)	210
North America	1,714	(70)	75	(145)	135
Asia Pacific	657	(25)	25	(5)	(5)
Total	19,867	(1,145)	1,310	(870)	745

Embedded value (net of tax) 30 June 2008	As reported on page 84 £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	6,547	215	(210)	405	(420)	–
France	2,602	100	(100)	135	(140)	60
Ireland	1,036	15	(20)	25	(30)	15
Italy	1,171	10	(10)	5	(15)	10
Netherlands (including Belgium and Germany)	3,759	310	(320)	425	(425)	160
Poland	1,014	15	(15)	20	(20)	15
Spain	1,182	10	(10)	20	(15)	10
Other Europe	185	–	–	–	–	–
Europe	10,949	460	(475)	630	(645)	270
North America	1,714	10	(10)	–	–	95
Asia Pacific	657	10	(10)	15	(15)	15
Total	19,867	695	(705)	1,050	(1,080)	380

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.

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.

12 – Sensitivity analysis continued

New business contribution before required capital (gross of tax) 6 months 2008	As reported on page 78 £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	183	(25)	27	(11)	14
France	84	(8)	9	(2)	4
Ireland	5	(2)	2	(1)	1
Italy	37	(2)	2	–	(1)
Netherlands (including Belgium and Germany)	60	(15)	19	3	(12)
Poland	21	(2)	2	–	–
Spain	133	(8)	10	(2)	2
Other Europe	7	(1)	1	(1)	2
Europe	347	(38)	45	(3)	(4)
North America	92	(5)	5	(7)	2
Asia Pacific	34	(3)	3	2	(3)
Total	656	(71)	80	(19)	9

New business contribution before required capital (gross of tax) 6 months 2008	As reported on page 78 £m	1% increase in equity/ property returns £m	1% decrease in equity/ property returns £m
United Kingdom	183	11	(11)
France	84	4	(2)
Ireland	5	1	(1)
Italy	37	–	–
Netherlands (including Belgium and Germany)	60	32	(34)
Poland	21	1	(1)
Spain	133	2	(2)
Other Europe	7	1	–
Europe	347	41	(40)
North America	92	2	(2)
Asia Pacific	34	1	(1)
Total	656	55	(54)

(b) Non-economic assumptions

The tables below show the sensitivity of the embedded value as at 30 June 2008 and the new business contribution before the effect of required capital for the six months to 30 June 2008 to the following changes in non-economic assumptions:

– 10% decrease in maintenance expenses (a 10% sensitivity on a base expense assumption of £10pa would represent an expense assumption of £9pa). 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.

Notes to the consolidated financial statements – EEV basis continued

12 – Sensitivity analysis continued

Embedded value (net of tax) 30 June 2008	As reported on page 84 £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	6,547	165	100	50	(130)
France	2,602	40	45	25	(5)
Ireland	1,036	15	20	5	(5)
Italy	1,171	10	10	5	–
Netherlands (including Belgium and Germany)	3,759	110	20	25	(50)
Poland	1,014	25	50	15	–
Spain	1,182	15	55	20	(5)
Other Europe	185	5	5	–	–
Europe	10,949	220	205	95	(65)
North America	1,714	30	10	15	–
Asia Pacific	657	15	15	10	–
Total	19,867	430	330	170	(195)

New business contribution before required capital (gross of tax) 6 months 2008	As reported on page 78 £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	183	11	9	10	(6)
France	84	2	4	2	–
Ireland	5	2	2	–	–
Italy	37	1	1	–	–
Netherlands (including Belgium and Germany)	60	5	3	2	–
Poland	21	1	2	1	–
Spain	133	4	11	2	–
Other Europe	7	2	3	2	(1)
Europe	347	17	26	9	(1)
North America	92	2	1	2	–
Asia Pacific	34	3	3	2	–
Total	656	33	39	23	(7)

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 review report to Aviva plc

Introduction
We have been engaged by the Company to review the half-yearly alternative method of reporting long-term business on pages 72 to 94 for the six months ended 30 June 2008 which comprises the Summarised consolidated income statement – EEV basis, the consolidated statement of recognised income and expense – EEV basis, the Reconciliation of movements in consolidated shareholders' equity – EEV basis, the Summarised consolidated balance sheet – EEV basis, Segmentation of summarised consolidated balance sheet – EEV basis and the related notes 1 to 12 and which should be read in conjunction with the condensed financial statements prepared on an IFRS basis.

We have reported separately on the condensed financial statements of Aviva plc for the six months ended 30 June 2008.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 half-yearly alternative method of reporting long term business is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly alternative method of reporting long-term business in accordance with the European Embedded Value Principles published by the CFO Forum in May 2004 and the Additional Guidance on European Embedded Value Disclosures published by the CFO Forum in October 2005 (together "the EEV Principles"), as described on, and using the methodology and assumptions set out on page 76.

Our responsibility
Our responsibility is to express to the Company a conclusion on the half-yearly alternative method of reporting long-term business for the six months ended 30 June 2008 based on our review.

Scope of review
We conducted our review in accordance with ISRE 2410. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the half-yearly alternative method of reporting long-term business for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the EEV Principles, using the methodology and assumptions set out on page 76.

Ernst & Young LLP
London

29 July 2008

Shareholder services

Managing your shareholding

Shareholders who have any queries in respect of their shareholding should contact the Company's Registrar, Equiniti. Contact details can be found on page 97.
In addition to assisting with general queries, the Registrar can also help with the following:

Amalgamating your shareholding

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 directly to your bank or building society 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 benefit of avoiding the risk of cheques being lost in the post and is more convenient as payment is credited automatically on the payment date. An annual tax voucher is sent to the shareholder's registered address at the time of the Company's annual report mailing to shareholders, usually in March. Shareholders wishing to set up a dividend mandate can do so via the Company's website **www.aviva.com/dividendmandate** or by contacting the Company's Registrar, Equiniti on 0871 384 2953*.
For overseas shareholders, an overseas payment service is available, which allows shareholders in over 30 countries worldwide to have dividends credited directly into their bank accounts in local currencies, normally costing less than paying in a sterling cheque. Dividend mandate forms for overseas shareholders can be obtained on the Company's website at **www.aviva.com/dividendmandate** or by contacting Equiniti on +44 (0) 121 415 7046.

Dividend Tax Vouchers

Private shareholders who currently have 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. Those shareholders who have a dividend mandate and have also elected for e mail communications, will instead receive an electronic tax voucher, viewable through their shareview portfolio from each dividend payment date. An e mail will be sent to each eligible shareholder to notify them of its availability.

Dividend Reinvestment Plan

The Aviva Dividend Reinvestment Plan (the "Plan") provides shareholders with the opportunity to use their cash dividend to purchase additional Aviva ordinary shares on the dividend payment date. Shareholders who have not joined the Plan but wish to do so should contact Equiniti to request a personalised application form. The completed application form will need to be received by Equiniti no later than 20 October 2008 in order to be effective for the 2008 interim dividend. Further details are included on the Company's website **www.aviva.com/dividend**

Online Shareholder Centre

A useful shareholder guide covering a range of shareholder frequently asked questions including practical help on transferring shares and updating personal details is available online at **www.aviva.com/shareholders**. The Company's Online Shareholder Centre also contains useful information on shareholder communications, electronic voting and other matters of interest to the private shareholder.
Also included is advice on keeping shareholder information safe. The Company is continuing to work with Equiniti to review its procedures and where possible to restrict the opportunities for fraud. All shareholders must remain vigilant and if any unsolicited mail or advice is received, should contact Equiniti on 0871 384 2953* immediately.

Corporate Nominee

Shareholders can hold their shares through the Company's nominee service, the Aviva Share Account, administered by Equiniti. Shareholders' personal details will not appear on the public register but they will continue to have a right to receive shareholder communications and attend general meetings. For further details contact the Registrar or visit **www.aviva.com/shareholders** to view the account terms and conditions which can be found in the Guide section.

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 –

- Buy and sell shares online at **www.shareview.co.uk/dealing**, by telephone on 08456 037 037 between 8.00am and 4.30pm, Monday to Friday or by calling 0871 384 2953* and having a postal form sent to you. For real time price information, useful guides, articles and tools visit **www.shareview.co.uk/dealing**. These services are provided by Equiniti Financial Services Limited, which is authorised and regulated by the Financial Services Authority, registered number 6208699.
- 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 an Aviva Share Account statement). To check instructions and maintain high quality service standards, Barclays Stockbrokers may record and monitor calls. New Business Development hours are between 8.00am and 6.00pm Monday to Friday, excluding Bank Holidays. Barclays Stockbrokers also offer a postal share dealing service. For further information and a postal share dealing form telephone 0870 514 3263. 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, and entered on its register (**www.fsa.gov.uk/register/**), with number 124395. Registered Office: Waterhouse Square, 138–142 Holborn, London EC1N 2TH. Registered in England and Wales, registered number 1959479. NWS is operated by a joint venture between The Royal Bank of Scotland Group plc and The Toronto-Dominion Bank.

Share dealing for overseas shareholders

To buy or 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.

* Calls to 0871 numbers are charged at 8 pence per minute from a BT landline. Charges from other telephone providers may vary.

Shareholder information

2008 Annual General Meeting – voting results

The voting results, including proxy votes and votes withheld, from Aviva's Annual General Meeting ("AGM") held on 1 May 2008 can be viewed on the Company's website at www.aviva.com/shareholders. In addition you will also find the Chairman's and Chief Executive's 2008 AGM presentation and a webcast of the formal business of the meeting. Information relating to previous Annual General Meetings since 2002 is also included.

Group financial calendar for 2008

Announcement of Interim Management Statement Q3 2008	22 October

Ordinary shares – 2008 interim dividend

Ex-dividend date	24 September
Record date	26 September
Last date for DRIP forms to be received in order to be effective for 2008 interim dividend	20 October
Dividend payment date	17 November

Preference shares

8⅜% cumulative irredeemable preference shares	
Ex-dividend date	13 August
Record date	15 August
Second payment date	30 September
8¾% cumulative irredeemable preference shares	
Ex-dividend date	12 November
Record date	14 November
Second payment date	31 December

Share price

Share price – Shareholders can access the current share price of Aviva plc ordinary shares at **www.aviva.com** or alternatively can call 09058 171690. Calls are currently charged at 75 pence per minute at all times from a BT landline. Charges from other telephone providers may vary. The average time to access the share price is approximately one minute.

Useful contact details

Detailed below are the contact details 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 number, please have this available as well.

General shareholding, administration and Aviva Share Account queries
Equiniti
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA

www.shareview.co.uk
email: aviva@equiniti.com

0871 384 2953*

(+44 121 415 7046
for overseas shareholders)

Corporate and single company Peps
Barclays Stockbrokers Limited
Tay House, 300 Bath Street
Glasgow G2 4LH

0870 514 3263

www.stockbrokers.barclays.co.uk

Individual Savings Accounts ("ISAs")
Equiniti (ISA) Manager
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA

0871 384 2244*

* Calls to 0871 numbers are charged at 8 pence per minute from a BT landline. Charges from other telephone providers may vary.

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

ShareGift

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.

Aviva plc

Registered in England Number: 2468686
Registered Office:
St Helen's, 1 Undershaft, London EC3P 3DQ
Telephone: +44 (0)20 7283 2000
www.aviva.com

Alternative format

If you would like to request a copy of our Annual Report and Accounts or Annual Review in an alternative format, for example, large print, braille or audio cassette, please contact the Registrar using the details above.

Aviva plc
St Helen's, 1 Undershaft
London EC3P 3DQ
Telephone +44 (0)20 7283 2000
www.aviva.com

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Number 2468686

Designed and produced by Radley Yeldar www.ry.com
Board photography by Marcus Ginns.

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

This year our annual report and accounts has been printed by Burlington. We choose Burlington because they have the important environmental certification by SGS for the FSC standards.

Also we take care to minimise the impact on the environment in the paper we use. The paper we have used, Greencoat 55 Silk, is made from 55% recycled post-consumer fibre using non-toxic, harmless de-inking residues. It also contains fibre sourced from responsibly managed and sustainable forests, certified in accordance with the FSC. And additionally, it is manufactured under strict environmental management systems, the international ISO 14001 standard and EMAS (Eco-Management & Audit Scheme).

FSC – Forest Stewardship Council. This ensures there is an audited chain of custody from the tree in the well managed forest through to the finished document in the printing factory.

ISO 14001 – A pattern of control for an environmental management system against which an organisation can be credited by a third party.

FSC
Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SGS-COC-2958
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ISO 14001