News release

4 August 2004

INTERIM RESULTS - 6 MONTHS ENDED 30 JUNE 2004

- Strong growth in achieved operating profits: up 37% to £1,130 million
- Good life results in testing market conditions: maintaining focus on value over volume growth; life and pensions margins up at 26.5% (2003: 24.5%)
- Gradual recovery in new life, pension and investment sales: total sales up 7%; life and pensions APE up 2% at £1.2 billion, including Continental Europe up 5% and UK up 3%
- Excellent general insurance performance sustained and improved: worldwide combined operating ratio ahead of target at 97% (2003: 101%)
- Interim dividend increased by 4%

Richard Harvey, group chief executive, commented:

"Aviva is in great shape. Profits are up 37% and long-term growth prospects remain strong.

"Our focus is on value and cost control across our businesses. This has driven an increase in margins in our long-term savings business. In general insurance we've delivered another set of excellent results, maximising the competitive advantages of scale.

"Consumers are slowly regaining their appetite for saving. The speed of recovery will be linked to investment market conditions and the elimination of regulatory uncertainty, particularly in the UK. Our extensive distribution networks in Europe mean we will capture growth when this recovery happens. We will also continue to develop our businesses in Asia, which represent a significant long-term growth opportunity for us."

Highlights	**6 months 2004**	**6 months 2003**	**Growth***
Operating profit before tax – achieved profit basis**	£1,130m	£828m	37%
Operating profit before tax – modified statutory basis***	£878m	£638m	38%
Worldwide new business sales#	£7,889m	£7,451m	7%
New business contribution†	£324m	£297m	10%
Interim dividend per share	9.36p	9.00p	4%
Earnings per share – achieved profit basis**	31.7p	22.5p	
Earnings per share – modified statutory basis***	25.4p	17.9p	
Total shareholders' funds****	£11,054m	£11,165m^	
Return on capital employed	13.4%	11.0%	
Net asset value per share	496p	502p^	

All operating profit is from continuing operations.
* All growth rates quoted are at constant rates of exchange.
** Including life achieved operating profit, before amortisation of goodwill and exceptional items.
*** Before amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items.
**** Measured on an embedded value basis.
\# Including share of associates' premiums (life, pensions and investment sales).
^ As at 31 December 2003.
† Before the effect of solvency margin, tax and minorities.

Group chief executive's statement on the first half year trading

The Group operating profit on an achieved basis increased by 37% to £1,130 million against the first half of last year. The benefit of cost and pricing actions, seen in the second half of last year, was sustained into 2004. Our value focus produced improved life margins on the same period last year and an improved combined operating ratio of 97% from general insurance.

The interim dividend has increased by 4% to 9.36 pence net per share and is strongly covered by modified statutory earnings. The dividend policy, which is unchanged, is to grow the dividend by approximately 5% per annum, whilst looking to maintain a target cover in a range of 1.5 to 2.0 times operating earnings after tax on a modified statutory basis.

Long-term savings

Long-term savings new business sales continued to recover with total sales, including investment products, of £7.9 billion, up 7%. The recovery is gradual but with encouraging signs as unit-linked sales increased in France and in the UK, where investment products were also popular.

Whilst worldwide life and pensions sales increased by 2% on an APE basis to £1,224 million, new business contribution increased by 10% to £324 million, with margins of 26.5% (2003: 24.5%), continuing to benefit from the actions taken on pricing and costs. Total life achieved operating profit was £800 million, up 14%.

In the UK, Norwich Union's competitive position in long-term savings has improved significantly as weaker players have closed for new business. We are focused on driving additional value using pricing and cost levers. Sales of unit-linked bonds were up 84% to £577 million and investment products were up 41% to £451 million in the first half. The move to a 1.5% charging cap for new stakeholder products will provide a modest stimulus to the market, contingent on the adoption of a simplified sales approach. Ahead of the depolarisation changes that come into effect at the end of the year, we have reached agreements with a number of distributors, including Bankhall, Sesame and Portman.

Total new business sales in Continental Europe, including investment sales, increased by 14% to £4.1 billion, with life and pension sales up 5% on an APE basis to £603 million. Aviva France saw strong growth in new business sales and out-performed the market. Higher margins resulted from increased sales of unit-linked and other products which were up 27% to £478 million in the first half of the year. The Crédit du Nord bancassurance joint venture will add further impetus to sales from the fourth quarter of 2004.

In the Netherlands, our joint venture with ABN AMRO performed very strongly, with sales ahead by 67% on an APE basis to £35 million and margins at 31.4%.

Elsewhere, Spain and Italy produced robust margins. Sales were satisfactory compared to a very strong first half in 2003. Growth prospects remain good in these under penetrated markets, where we have strong and growing bancassurance distribution networks.

Aviva has a leading position in the UK market and has successfully developed its businesses across Continental Europe in recent years. Increased focus is now being given to expand our Asian businesses which have excellent long-term prospects. In recent years, we have invested some £200 million in developing a platform in the region in Singapore, Hong Kong, China and India. During 2004, we will establish businesses in Beijing and also in Chengdu, western China, making us the first joint venture foreign life insurer in that city. This adds to our presence in Guangzhou.

General insurance

Operating profit from our general insurance business was up strongly at £613 million (2003: £387 million). The worldwide COR of 97% is ahead of our 100% target for each of the next three years to 2006. A low level of weather-related claims continued to benefit these results.

In the UK, Norwich Union has competitive scale advantages in claims purchasing and has developed a significant capability in India, which will be able to handle a substantial element of our personal claims processing. Service quality in the UK and India is ahead of industry benchmarks. The strong cost control culture saw the administration expense ratio fall to 10% in the first half of 2004 (2003: 10.5%). Rate increases, albeit slowing, continued to be achieved across the book, but we anticipate annual cost savings of £200 million in the supply chain to offset claims inflation. The underwriting outlook in personal and small commercial lines remains favourable.

Cost savings

We remain on-track to deliver the £250 million of annualised cost savings from actions announced in 2003. Efficiency remains a focus in 2004, particularly in our larger life and general insurance businesses.

In June 2004, we announced the outsourcing of 950 jobs in our UK life business which will generate future savings, with the first full year arising in 2006. An estimated charge of £30 million will be taken in the Norwich Union Life Services operating result in the second half of 2004 for the costs related to this change.

Balance sheet

The Group's capital position remains strong on both regulatory and realistic measures. The Group had estimated excess regulatory capital at 30 June 2004, as measured under the EU Groups Directive, of £2.2 billion which includes the impact of the new FSA Solvency 1 rules introduced in 2004.

In the UK, the financial strength of our with-profit funds gives Norwich Union competitive advantage. The FSA finalised the rules for realistic solvency reporting of with-profit funds in July 2004 in PS04/16 "Integrated Prudential Sourcebook for Insurers". The orphan estate measured on this basis was £4.2 billion at 30 June 2004 and covers the required capital margin (RCM), as defined by PS04/16, by 2.3 times, without the inclusion of any shareholder capital.

Outlook

Aviva is in a strong and competitive position. Profitability is responding well to ongoing value-based management actions across our businesses. The life distribution network that we have put in place across Europe combined with our excellent general insurance business, gives us a strongly financed business model with promising long-term prospects. Aviva's extensive distribution networks mean we can capture long-term savings growth as markets pick up. In general insurance, disciplined underwriting, cost efficiency and scale advantages are creating a sustainable, profitable outlook.

Richard Harvey
Group chief executive

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NEWSWIRES: There will be a conference call today for wire services at 8:15am (GMT) on +44 (0)20 7098 0703 Quote: Aviva, Richard Harvey.

ANALYSTS: A presentation to investors and analysts will take place at 9:30am (GMT) at St Helen's, 1 Undershaft, London, EC3P 3DQ. The investors and analysts presentation is being filmed for live webcast and can be viewed on the Group's website www.aviva.com or on www.cantos.com. In addition a replay will be available on these websites later today. There will also be a live teleconference link to the investor and analyst meeting on +44 (0)20 7019 9504. A replay facility will be available for two weeks on +44 (0)20 7984 7578. The pass code is 916840 for the whole presentation including Question & Answer session or 989439 for Question & Answer session only.

The presentation slides will be available on the Group's website, www.aviva.com/investors/presentations.cfm from 9am (GMT).

Photographs are available from the Aviva media centre or by clicking www.aviva.com/media

Notes to editors

- Aviva is one of the leading providers of life and pensions to Europe with substantial positions in other markets around the world, making it the world's fifth-largest insurance group, based on reported worldwide gross written premiums, at 31 December 2003.
- Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide premium income and retail investment sales from continuing operations of £30 billion and assets under management of around £240 billion.
- Overseas currency results are translated at average exchange rates.
- All growth rates are quoted in local currency.
- This announcement may contain "forward looking statements" with respect to certain of Aviva's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Aviva's control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Aviva and its affiliates operate. As a result, Aviva's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Aviva's forward-looking statements.

  Aviva undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements we may make.

Financial calendar 2004

Ex-dividend date for 2004 interim dividend	11 August 2004
Record date for 2004 interim dividend	13 August 2004
Final date for scrip dividend mandate forms to be received, in order to be effective	20 October 2004
Announcement of long-term savings new business for 9 months to 30 September 2004	29 October 2004
Payment date of interim dividend	17 November 2004

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OPERATING AND FINANCIAL REVIEW

Group operating profit before tax

The first six months of 2004 saw a continuation of the strong operational performance achieved in the second half of 2003, across all of our major businesses. This has been achieved by our continued focus on pricing and costs, our philosophy of writing for profit not volume and our disciplined approach to underwriting and efficient claims handling. The Group achieved an operating profit before tax, including life achieved operating profit, of £1,130 million (2003: £828 million), an increase of 37%. On a modified statutory basis, the equivalent operating profit was £878 million (2003: £638 million).

	6 months 2004 £m	6 months 2003 £m
Achieved operating profit before tax	**1,130**	**828**
Amortisation of goodwill	(49)	(52)
Financial Services Compensation Scheme levy	(25)	-
Change in claims equalisation provision	(11)	(28)
Exceptional costs for termination of operations	(50)	(19)
Profit/(loss) on disposal of subsidiary and associated undertakings	6	(7)
Effect of economic assumption changes	205	(217)
Short-term fluctuations in investment return – general insurance and shareholder business	(285)	137
Variation from longer-term investment return – life business	(214)	208
Profit on ordinary activities before tax – achieved profit basis	**707**	**850**
Profit on ordinary activities before tax – modified statutory basis	414	742

Profit before tax on an achieved profit basis was lower at £707 million (2003: £850 million), reflecting the combination of lower actual returns on equities compared to our longer-term investment return assumptions and increases to short and medium-term bond yields which have adversely impacted the value of fixed interest securities, particularly in the UK and the Netherlands. The first half of 2003 was characterised by reductions in short and medium-term bond yields across our major European businesses, increasing our profit before tax.

The effect of the investment market movements is also reflected in the reduction in the modified statutory basis profit before tax to £414 million (2003: £742 million).

The taxation charge for the period was £247 million (2003: £278 million) on an achieved operating profit basis and includes a charge of £338 million (2003: £260 million) in respect of the operating profit, which is equivalent to an effective rate of 29.9% (2003: 31.4%). On a modified statutory basis the effective rate on operating profit was 29.0% (2003: 30.4%).

Long-term savings

Our worldwide long-term new business sales showed steady progress in the first half of 2004 with growth in total long-term business sales (including investments sales) of 7% to £7.9 billion (2003: £7.5 billion).

	6 months 2004			Local currency growth		
	Life and pensions £m	Retail investments £m	Total £m	Life and pensions %	Retail investments %	Total %
Long-term savings sales						
United Kingdom	3,014	451	3,465	2%	41%	6%
Europe (excluding UK)	3,824	260	4,084	11%	59%	14%
International	276	64	340	(43%)	75%	(35%)
	7,114	**775**	**7,889**	**3%**	**49%**	**7%**
Navigator		323			3%	

Worldwide life and pension sales increased by 3% to £7.1 billion (2003: £6.9 billion), with worldwide life and pension sales on an APE basis increasing by 2% to £1.2 billion (2003: £1.2 billion).

In the UK, Norwich Union, our market leading business, delivered an increase in total sales of 6% to £3.5 billion. This reflects a good performance in a relatively flat market, with good growth in sales of bonds and savings and protection products. Investment sales increased largely as a result of more stable equity markets. We welcome the Government's recent announcement on stakeholder pricing made in June this year and the clarity that it provides for the marketplace in the future. We have undertaken a review of our pensions propositions and we will be repositioning our products during the third quarter this year.

In Continental Europe, our businesses delivered 14% growth to £4.1 billion, reflecting strong sales of unit-linked savings products in France and the Netherlands, particularly those sold through our ABN AMRO bancassurance channel. Sales through our bancassurance partnerships in Spain and Italy were lower compared to the first half of 2003, which benefited from the impact of marketing efforts and one-off sales. In our International business, total sales fell by 35% to £340 million due to the slowing of fixed annuity sales in our US life operations, offset in part by improving sales in Australia, where investor confidence is returning.

We are seeing signs of investor confidence returning, particularly in unit-linked sales as markets have stabilised. However, the level of uncertainty surrounding worldwide economic conditions continues to dampen an upturn in demand, particularly in respect of savings growth in the UK. We continue to work on retaining a strong competitive position in the UK and increasing customer penetration in our developing bancassurance arrangements around the world. We look forward to the launch of our joint venture with Crédit du Nord in France during the fourth quarter this year and the expansion of our distribution network with Banche Popolari Unite (BPU) in Italy, coming on stream during the first quarter of 2005.

Life achieved operating profit

		6 months 2004 £m	6 months 2003 £m
New business contribution (after the effect of solvency margin)		246	211
Profit from existing business	– expected return	406	376
	– experience variances	(13)	(19)
	– operating assumption changes	(4)	(10)
Expected return on shareholders' net worth		165	147
Life achieved operating profit before tax		**800**	**705**

Life achieved operating profit before tax was higher at £800 million (2003: £705 million). The expected returns on existing business and shareholders' net worth were higher at £571 million (2003: £523 million), reflecting the higher embedded values at the beginning of the year on which the expected return assumptions are applied.

New business margins were also higher at 26.5% (full year 2003: 26.1%) with margins improving in all major territories, except Ireland and Spain. New business contribution after the effect of solvency margin was higher at £246 million (2003: £211 million), reflecting the ongoing benefits of our pricing and cost control actions and an improvement in business mix towards unit-linked products.

We have continued to incur modest, albeit improving, levels of experience losses on our existing businesses despite the pressures exerted by the uncertain economic conditions on the operating environment. Underpinning this are strong mortality experience profits across our businesses of £36 million and better than assumed default experience on corporate bonds and commercial mortgages. This has been offset by exceptional project expenses of £48 million. Increases in lapse rates for some of our products sold in Ireland have caused us to change our assumptions. The combined effect of this change in lapse assumptions together with the adverse experience losses incurred in Ireland amounted to £13 million.

	Annual premium equivalent(1)		New business contribution(2)		New business margin(3)		
	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m	6 months 2004 %	6 months 2003 %	Full year %
Life and pensions business							
United Kingdom	547	531	126	117	23.0	22.0	22.6
Europe (excluding UK)	603	581	181	159	30.0	27.4	29.8
International	74	100	17	21	23.1	21.1	24.6
	1,224	**1,212**	**324**	**297**	**26.5**	**24.5**	**26.1**

(1) Annual premium equivalent represents regular premiums plus 10% of single premiums.
(2) Before effect of solvency margin which amounted to £78 million (2003: £86 million).
(3) New business margin represents the ratio of new business contribution to annual premium equivalent, expressed as a percentage.

UK

Our market-leading business, Norwich Union, recorded an achieved operating profit of £356 million (2003: £339 million). The increase includes higher new business contribution before the effect of solvency margin of £126 million (2003: £117 million), with improved margins at 23.0% (full year 2003: 22.6%). The improvement in margin is as a result of pricing, cost actions and a change in business mix towards higher margin products. In addition, expected returns on shareholders' net worth and the value of in-force were higher by £27 million, due to higher start of year asset values and higher economic assumptions. Adverse experience variances of £18 million reflect exceptional expenses in relation to project costs associated with regulatory change and adverse lapse experience on bond, pension and endowment products, offset by the better than assumed mortality and default experience on corporate bonds and commercial mortgages.

Europe (excluding UK)

Total life achieved operating profit from our Continental European businesses was £413 million (2003: £336 million). New business contribution increased to £181 million (2003: £159 million), with strong performances in France and the Netherlands. New business margins increased to 30.0% (full year 2003: 29.8%), with improvements in all territories except Ireland and Spain. In Ireland, increased competition in the protection market and the change in lapse assumptions on some business has adversely affected the new business margin. In Spain, the reported margin of 51.0% (full year 2003: 54.4%) includes the impact of a one-off bulk pensions contract, with new business premiums on an APE basis of £18 million written at a margin of 17%. Excluding this item, margins for our Spanish businesses were 56.3%.

Improvements in operational performance on existing business have helped us post experience profits of £12 million (2003: losses of £12 million). Furthermore, the higher start of year asset values have resulted in a £20 million increase in expected returns on net worth and in-force business.

International

Life achieved operating profit from our International business was £31 million (2003: £30 million), benefiting from higher new business contribution in Singapore and Australia, offset by reduced business levels in our US operations. New business margins were 23.1% (full year 2003: 24.6%).

New business contribution – after deducting the effect of solvency margin, tax and minority interest

New business margins after the effect of solvency margin, tax and minority interest improved to 13.2% (full year 2003: 12.9%). The increase arose primarily in our non-bancassurance channels, reflecting the impact of pricing and cost control actions and benefits from changes to business mix towards unit-linked products.

	Annual premium equivalent(1)		New business contribution(2)		New business margin(3)		
	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m	6 months 2004 %	6 months 2003 %	Full year 2003 %
Attributable to equity shareholders	1,082	1,063	143	119	13.2	11.2	12.9
Analysed between:							
- Bancassurance channels	154	168	32	29	20.8	17.3	20.8
- Other distribution channels	928	895	111	90	12.0	10.1	11.5

(1) Stated after deducting the minority interest of sales.
(2) Contribution stated after deducting effect of solvency margin, tax and minority interest.
(3) New business margin represents the ratio of new business contribution after deducting the effect of solvency margin, tax and minority interest to annual premium income after deducting the minority share expressed as a percentage.

Bancassurance margins

Bancassurance new business margins before the effect of solvency margin increased to 40.4% (full year 2003: 39.7%). In the UK, new business margins from our life and pensions sales from our partnership with The Royal Bank of Scotland Group (RBSG) increased to 22.7% (full year 2003: 17.9%). New business bancassurance margins in Italy and Spain were 25.2% and 55.8% (full year 2003: 23.4% and 59.4%), respectively. Our bancassurance agreement with ABN AMRO in the Netherlands generated margins of 31.4% (full year 2003: 32.2%). New business bancassurance margins from our partnership with DBS in Singapore and Hong Kong were 49.6% (full year 2003: 43.7%) reflecting profitable growth from these developing operations.

Life operating profit on a modified statutory basis

On a modified statutory basis, our life operating profit amounted to £548 million (2003: £515 million). The operating result from the UK with-profit business has fallen to £54 million (2003: £64 million) as bonus rates were reduced in January 2004. The UK non-profit result was £235 million (2003: £229 million).

In Continental Europe, life modified statutory profit totalled £238 million (2003: £199 million) which was driven primarily by increased profits in the Netherlands. The Dutch result of £54 million (2003: £29 million) benefited from the increases in bond yields in the first six months of the year. Operating profit from our International businesses was lower at £21 million (2003: £23 million) reflecting lower investment returns.

Health

Premium income from our health business was £682 million (2003: £646 million), with total operating profit of £33 million (2003: £27 million). Our business in the Netherlands continues to be the main contributor to the results with total operating profit higher at £28 million (2003: £20 million), as a result of improved claims experience.

Fund management

The first half of 2004 saw more stability in worldwide investment markets compared to the first half of 2003. Operating profit from our worldwide businesses was £17 million (2003: £10 million). Assets under management at 30 June 2004 grew to £242 billion (31 December 2003: £240 billion), reflecting the impact of new business flows.

In the UK, our fund management businesses comprise our Morley Fund Management retail and institutional business, our retail investment business operating as Norwich Union and our collective investment joint venture business with RBSG. Total profits from these businesses in the period were £3 million (2003: £5 million). Total investment sales across these businesses were up 41% to £451 million (2003: £319 million).

Morley's combined UK operations reported a profit of £6 million (2003: £6 million). The result reflects increased fee income following the improved market conditions compared to the prior year offset by the initial costs relating to a number of cost control initiatives. Property and Fixed Income bonds continue to dominate new business growth, while sales in our retail investment businesses improved. Our property expertise has been recognised by winning the Property Fund Manager of the Year award at the Property Week Property Awards 2004. In addition, within the group results are £4 million (2003: £1 million) of profits relating to other Morley businesses, including the pooled pensions business and overseas operations. This brings the contribution that Morley makes to the total group result to £10 million (2003: £7 million).

Operating profit through Norwich Union increased to £3 million (2003: loss of £1 million), whilst our new collective investment business with RBSG sustained a loss of £6 million (2003: nil) in the period due to new business strain from increasing sales of regular premium investment business.

Operating profit from Aviva Gestion d'Actifs, our fund management operations in France, increased to £8 million (2003: £6 million). New business sales through Navigator, our top-five master trust investment portfolio service in Australia, increased by 3% to £323 million (2003: £291 million), benefiting from improved equity markets. Profits rose to £3 million (2003: loss of £1 million). Although not included in our life achieved operating profit, on an achieved profit basis, Navigator's new business contribution was a loss of £2 million (2003: loss of £2 million) and its embedded value was £41 million (2003: £41 million).

General insurance

Our worldwide general insurance operations had an excellent start to 2004, with total operating profit of £613 million (2003: £387 million) and a combined operating ratio (COR) of 97% (2003: 101%) across the Group. The results from all of our major businesses benefited from a positive rating environment, lower claims frequency and better than expected weather-related claims experience. Scale advantages, claims management and efficiencies should provide us with ongoing benefits. The longer-term investment return on general insurance business assets increased to £508 million (2003: £458 million), reflecting the higher start of year asset values and the interest earned on the proceeds of the subordinated debt issue, raised in the third quarter of 2003.

Underwriting profit for the period amounted to £105 million (2003: loss of £71 million). The improved performance was driven by our disciplined approach to underwriting and claims management and the non-recurrence of the reserve strengthening of £70 million in our Canadian business, Pilot, in the first half of 2003. Better than expected weather-related claims experience in the first six months of 2004 amounted to £30 million (2003: £40 million). The worldwide expense ratio improved to 10.8% (2003: 10.9%). The improvement reflects the benefit of ongoing cost efficiency initiatives across our business operations.

	Net written premiums		**Underwriting result***		**Operating profit***	
	6 months 2004 £m	**6 months 2003 £m**	**6 months 2004 £m**	**6 months 2003 £m**	**6 months 2004 £m**	**6 months 2003 £m**
United Kingdom	2,674	2,496	67	10	408	313
Europe (excluding UK)	1,061	1,035	27	-	122	86
International	719	747	11	(81)	83	(12)
Continuing operations	**4,454**	**4,278**	**105**	**(71)**	**613**	**387**

* Excludes the change in the equalisation provision of £11 million (2003: £28 million) and the Financial Services Compensation Scheme levy of £25 million (2003: nil).

UK

Norwich Union Insurance is the leading general insurer in the UK. We are committed to providing high quality service whilst increasing access to our customers through a wider range of propositions, including NU Rescue and oneswoop.com. We have delivered sustainable, profitable growth, with a 7% increase in net written premiums to £2.7 billion and a 19% growth in net written premiums from our direct operation to £434 million. Better than expected weather experience has benefited our result by £20 million (2003: £30 million) and we have achieved an improved COR of 98% (2003: 99%).

In personal lines our COR has improved to 99%. We continue to achieve small rate increases (2% for motor and homeowners) and cost efficiencies. These, allied with over £200 million of annual savings in claims costs through our supply chain management have enabled us to sustain profitability. We have delivered an excellent commercial lines COR of 96% (2003: 99%). Although the level of competition in commercial lines has increased, we have recorded annualised rate increases (8% for commercial property and 15% for commercial liability) over the period. Our focus on the small/medium enterprise sector, allied with rigorous underwriting and cost control, enables us to retain our target business and maintain profitability.

We have delivered an expense ratio of 10.0% (2003: 10.5%), whilst making substantial investment in operational efficiency. We are one of the lowest cost providers in the market, with a combined expense and commission ratio, excluding creditor business, of 27%. We deliver leading standards of service with customer satisfaction scores well above industry benchmarks and continue to improve. We have successfully developed our offshore operations with over 2,200 jobs relocated to date. Service levels in our Indian centres have matched the improvements seen in the UK. We continue to invest in market-leading initiatives, including digital flood mapping, and Pay As You Drive insurance which will provide the competitive advantage required to maintain our COR through the underwriting cycle.

We have a multi-distribution strategy, with leading positions in broker, corporate partner and direct markets. We have secured a five-year contract to provide household insurance products to HSBC customers. In February we announced the closure of our UK national broker subsidiary Hill House Hammond (HHH), at an exceptional cost of £50 million and we are on course to convert over 550,000 customers into our direct operation. We have sold the HHH commercial business and realised a gain on sale of £4 million. Profit before tax also includes our full year cost of £25 million in respect of the Financial Services Compensation Scheme levy.

Europe (excluding UK)

In Europe, our general insurance businesses produced total operating profits of £122 million (2003: £86 million) with improvements in performance in all of our main markets.

In France, our general insurance business recorded operating profit of £13 million (2003: £15 million) with an underwriting loss of £6 million (2003: loss of £7 million) and a COR of 100%. The longer-term investment return was lower at £19 million (2003: £22 million).

Hibernian, our market-leading general insurance business in Ireland, reported a substantial improvement in its operating profit to £68 million (2003: £43 million). The strong underwriting profit of £36 million (2003: £14 million) reflects our disciplined underwriting, the positive rating environment in the previous year and reduced claims frequency and costs. The result for the first half of the year includes better than expected weather-related claims of £3 million (2003: £7 million). As a result of the improvement in profitability, the market dynamics are changing and we expect an increase in competition. We continue to participate in a number of market initiatives to control claims costs in order to absorb to some extent the adverse impact of the current rating environment.

In the Netherlands, operating profit increased to £23 million (2003: £12 million) representing a COR of 94% (2003: 98%). The result has benefited from the continued excellent profitability of the business written through our joint venture with ABN AMRO. Elsewhere, profits have increased as a result of prior period rate increases and improved claims experience.

International

Our International businesses recorded an operating profit of £83 million (2003: £12 million loss). This improvement is predominantly as a result of the non-recurrence of £70 million claims reserve strengthening in Pilot in the first half of 2003.

Our Canadian business reported an underwriting profit of £4 million (2003: loss of £85 million) which includes £5 million better than expected weather-related claims and also the benefit of lower claims frequency. The rating environment has begun to soften, with annualised rate increases in the first half year being minimal for personal lines and around 9% for commercial lines. Personal auto rate reductions imposed by local regulators are expected in the second half of the year and these are anticipated to be matched by legal reforms which should deliver a corresponding benefit to claims costs. The longer-term investment return was higher at £55 million (2003: £52 million), primarily reflecting the higher asset base at the start of the year.

Non-insurance operations

The result of the Group's non-insurance operations amounted to a loss of £15 million (2003: loss of £47 million) and includes an improvement in the result from Norwich Union Life Services to a loss of £15 million (2003: loss of £27 million). The improvement is due to the ongoing benefits of the cost reduction programme.

In July 2004, we announced the sale of Your Move estate agency and e.surv surveying businesses for £42 million.

Corporate costs

Corporate costs include £45 million (2003: £12 million) in respect of the global finance transformation programme. This increase is in line with the level of finance related change activity across the Group, which has gained momentum over 2004. Our considerable investment in this project is in response to the significant changes we face arising from the Financial Services Authority and European Union regulation, and the introduction of International Financial Reporting Standards in 2005. Total costs of the programme in 2004 are anticipated to peak at £55 million in the second half of 2004, reducing substantially in 2005. Other corporate costs amounted to £49 million (2003: £44 million).

Unallocated interest charges

Unallocated interest charges comprise internal and external interest on borrowings, subordinated debt and intra-group loans not allocated to local business operations. Total interest costs in the period were £224 million (2003: £198 million). External interest costs were higher at £124 million (2003: £94 million), reflecting the subordinated debt issue in the second half of 2003. Internal interest costs were comparable to 2003 at £100 million (2003: £104 million).

Cost savings

The Group continues to focus on achieving operational efficiencies and to drive costs out of the business. Over the past year, we have made progress and announced a further series of actions to reduce the cost borne across our larger business units. At the 2003 year end, we announced that we expected to achieve in 2004 estimated annualised savings of £250 million (relative to the 2002 expense base), delivering a net pre-tax benefit of £85 million in the profit and loss account, after the impact of one-off costs of £140 million. We remain on target to achieve the estimated gross annualised savings of £250 million based on the actions announced up to the end of 2003.

As at 30 June 2004, the net pre-tax benefit to the profit and loss account (relative to the first half of 2002) was £30 million. This benefit was achieved after bearing one-off costs of £75 million. These costs include £30 million for the continued investment in our off-shoring activities in India, and £45 million spend on our global finance transformation programme. Total costs of our off-shoring activities are anticipated to be in the region of £70 million for 2004, which is in line with our previous estimates.

In June 2004, we announced the restructuring of our business services division in UK life. The restructuring will result in approximately 700 job losses and a reduction of 250 contract worker positions. A significant amount of these job losses will be compulsory redundancies and hence there is a large one-off cost to be incurred to achieve cost savings. We expect these costs to be incurred over the remainder of 2004 and, combined with our other ongoing cost initiatives, to be in the order of approximately £30 million. We have ongoing initiatives to identify and drive further efficiency gains.

Dividend

The Board has declared an interim dividend of 9.36 pence net per share (2003: 9.00 pence) payable on 17 November 2004 to shareholders on the register on 13 August 2004.

Group capital and financial strength

Shareholders' funds

Equity shareholders' funds on an embedded value basis were £10.9 billion (31 December 2003: £11.0 billion) reflecting strong operational performance and the adverse impact of foreign exchange in the period. Net asset value per ordinary share, based on equity shareholders' funds, was lower at 496 pence per share (31 December 2003: 502 pence per share) after adding back the equalisation provision of £375 million (31 December 2003: £364 million).

The ratings of the Group's main operating subsidiaries are AA/AA- ("very strong") from Standard & Poor's and Aa2 ("excellent") from Moody's.

Return on capital employed

The Group's normalised annualised 2004 post-tax operating return on equity was 13.4% (full year 2003: 12.7%), which reflects the strong operational performance delivered by our businesses in the year. The normalised annualised return is based on the post-tax operating profit, including life achieved profit, before amortisation of goodwill and exceptional items, expressed as a percentage of the opening equity capital.

Financial strength of the Group and its principal insurance operations

The Group is subject to a number of regulatory capital tests and also employs a number of realistic tests to allocate capital and manage risk. Overall, the Group comfortably meets all of these requirements and has significant resources and financial strength. We report on these below.

EU Groups directive

Aviva Group had an estimated excess regulatory capital, as measured under the EU Groups Directive, of £2.2 billion at 30 June 2004 (31 December 2003: £2.4 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 and Irish with-profit funds. The reduction since the 2003 year end is principally attributed to the effect of incorporating the impact of the FSA's Solvency 1 regime on the required minimum capital of UK general insurance businesses. This was introduced in 2004 and amounted to £0.2 billion.

The FSA issued PS04/20 Financial groups in July 2004, which contains its final policy statement for the implementation of the Financial Groups Directive from 1 January 2005 onwards. Under these rules, there is no material change to our solvency position at a group level and we comfortably meet the requirement within our existing financial resources. We will continue to report our IGD solvency position to the FSA, as we have done for a number of years.

General insurance – regulatory basis

Our principal UK general insurance regulated subsidiaries are CGU International Insurance group (CGUII) and Norwich Union Insurance (NUI).

The combined businesses of the CGUII group and NUI group have strong solvency positions. On an aggregate basis the estimated excess solvency margin (representing the regulatory value of excess available assets over the required minimum margin) at 30 June 2004 was £3.9 billion (31 December 2003: £3.9 billion) after covering the required minimum margin of £3.5 billion (31 December 2003: £3.3 billion). The increase in the required minimum margin is largely attributable to the changes in the rules under Solvency 1. Solvency cover for the CGUII group has been estimated at 6.3 times (31 December 2003: 7.6 times) and for the NUI group at a cover of 2.6 times (31 December 2003: 3.2 times).

General insurance – realistic basis

Capital requirements for the Group's worldwide general insurance businesses are assessed using risk-based capital techniques. Using this basis, capital is defined as that required to ensure that at all times the ongoing level of capital will exceed the statutory minimum solvency margin over the next 5 years with a 99% probability. Calculations reflect the increasing strength of the general insurance business balance sheets and improving stability and reductions achieved in the combined operating ratios, which produced a risk based capital requirement of 34% of net written premiums (31 December 2003: 34%).

As at 30 June 2004 the risk based capital requirement of our worldwide general insurance businesses was £3.3 billion (31 December 2003: £3.3 billion) in comparison to £4.6 billion (31 December 2003: £4.5 billion) of capital employed by these businesses after deducting goodwill and adding back the claims equalisation reserve. The combined general insurance businesses of CGUII and NUI hold total regulated available assets of £7.4 billion (31 December 2003: £7.2 billion). After deducting the risk based capital for the general insurance businesses of CGUII and NUI of £3.3 billion (31 December 2003: £3.3 billion) and, adding back the claims equalisation reserve of £0.4 billion (31 December 2003: £0.4 billion), the remaining available capital of £4.5 billion (31 December 2003: £4.3 billion) is sufficient to cover the minimum margins of the overseas life businesses by approximately 2.3 times (31 December 2003: 2.2 times).

UK Life operations

We manage the strength of our funds through a variety of different means. We have the option to use, where appropriate, financial reinsurance, securitisation, shareholder funds and policyholder funds.

In July 2004 we announced our proposals to simplify the structure of many of our non-profit funds by transferring them into Norwich Union Life and Pensions (NUL&P). The transfer of these funds will create a simpler and more efficient structure for Norwich Union. The transfer of funds is subject to a set legal procedure and we are working towards an approval of the fund transfer, to be effective from 1 January 2005. We continue our investigation for the reattribution of the orphan estate. However, with the level of regulatory change taking place in the with-profits industry, we do not envisage progressing this in the short-term.

With-profit funds – statutory and realistic basis

Statutory basis

During 2003, the FSA indicated that those companies which could demonstrate that statutory regulations for valuation of liabilities were unduly onerous relative to a realistic assessment of solvency could secure modifications to the rules by way of a waiver. Such waivers were granted to CGNU Life (CGNU) and Commercial Union Life Assurance Company (CULAC) in 2003 and the statutory valuation approach was modified at year end. We did not seek a waiver for NUL&P.

Having modified the statutory approach for CGNU and CULAC, it was no longer appropriate to continue to use an implicit item for these companies and this has been allowed to lapse. The implicit item in NUL&P is supported by the non-profit business.

The free asset ratio (FAR) is the measure of the excess of assets over liabilities, expressed as a proportion of liabilities. The ratio is based on the statutory basis (as modified) including provision for adverse movement in asset values – the resilience test, based on a fall in equity values of 13.7% and property of 20.0%.

Realistic basis

We measure our realistic strength by the value of the orphan estate. The estate provides a level of capital that is available to absorb any unexpected short-term impact from adverse experience. It provides investment freedom to improve policyholders' returns and enables the operation of the with-profit business and associated features of guarantees and smoothing.

The FSA published PS04/16 Integrated Prudential Sourcebook for insurers in July 2004, which includes final policy statements on non-life and life capital requirements. This is expected to become final in November 2004 in order to be applicable for 31 December 2004 year ends. PS04/16 includes a final policy statement on the enhanced capital requirement (ECR) and the appropriate balance sheet provisions and capital requirements for with-profit business. The results below for the realistic orphan estate have been calculated in line with the key principles of PS04/16, including the stress tests to determine the required capital margin (RCM). This is a stronger basis than the ABI basis on which our previous results were disclosed.

Appropriate allowance is made for all realistic liabilities of the with-profit funds, including provision for future bonus, the fair value of guarantees, options and promises on a market consistent basis and the cost of shareholder transfers and tax associated with future bonus. The calculations also make allowance for how the with-profit funds are expected to be run, for example investment policy, and how policyholders are expected to behave, for example persistency.

Free asset ratios for the three main companies at 30 June 2004 are set out below, with a comparison of the realistic solvency position.

	Estimated statutory FAR %	**Estimated realistic orphan estate £bn**	**Estimated required capital margin £bn**	**Estimated excess £bn**
CGNU Life	16.8%	1.4	0.4	1.0
CULAC	12.2%	1.5	0.4	1.1
NUL&P	14.4%	1.3	1.0	0.3
Aggregate	**14.3%**	**4.2**	**1.8**	**2.4**

* The FAR for NUL&P includes implicit items for non-profit business only. Based on PS04/16, the RCM is 2.3 times covered by the orphan estate in aggregate.

The aggregate value of assets in the three main with-profit funds amounted to £52 billion. The aggregate investment mix of these funds at the half year was:

	30 June 2004 %	**31 December 2003 %**
Equity	39%	38%
Property	17%	16%
Fixed interest	41%	42%
Other	3%	4%
	100%	**100%**

Equity backing ratios, including property, supporting with-profit asset shares is 64% in CGNU Life and CULAC and 54% in NUL&P. With-profit new business is mainly written through CGNU Life.

Other external developments

European Embedded Value (EEV)

In May 2004 the CFO Forum, a group representing the Chief Financial Officers of major European insurers, launched the European Embedded Value Principles, with the intention of improving comparability and transparency in embedded value reporting across Europe. Aviva strongly supported this initiative through the Chairmanship of the Working Party that developed the principles. We believe that embedded value remains the best measure of value added for our long-term insurance business and believe that in a time of significant accounting change, users require a consistent and meaningful basis of reporting.

The CFO Forum members agreed that all participants will implement the principles as their supplementary basis of reporting from the 2005 year end, with optional early implementation at the 2004 year end. We will seek to publish numbers on the new basis over that period. The implementation of these new principles represents a significant investment by the industry and we are currently in the process of making the enhancements required to our actuarial systems. We currently anticipate that we will present disclosures in compliance with the European Embedded Value Principles at the 2004 year end.

International Financial Reporting Standards (IFRS)

From 2005, all listed companies within the European Union must present their results in accordance with IFRS. Aviva supports the convergence of accounting standards, which over the long term should improve comparability internationally and particularly across Europe.

The standards themselves have undergone significant change over the last 12 months and there remain a number of areas of uncertainty, not least whether the standards IAS 32 and IAS 39 which cover accounting for financial instruments will be endorsed by the European Union. Despite these external factors, our conversion project, which is part of the global finance transformation programme, is progressing well and we continue to take a leading position in debating the accounting issues affecting the insurance industry.

Aviva believes that, in the interest of good governance, it is important that the process of educating its stakeholders on the transition to IFRS begins as soon as possible despite the uncertainties remaining. We therefore intend to hold an external presentation giving an indication of the impact upon Aviva of IFRS adoption (Phase 1) in the early autumn.

LIFE NEW BUSINESS SALES

Geographical analysis of life, pensions and investment sales and new business contribution

	Total new business sales		Annual premium equivalent sales(2)		New business contribution(3)	
	6 months to 30 June 2004 £m	Local currency growth(1)	6 months to 30 June 2004 £m	Local currency growth(1)	6 months to 30 June 2004 £m	Local currency growth(1)
Life and pensions						
United Kingdom	**3,014**	**2%**	**547**	**3%**	**126**	**8%**
France	1,210	22%	145	21%	44	27%
Ireland	120	3%	44	13%	10	(9%)
Italy	714	(15%)	89	(24%)	21	(20%)
Netherlands (including Belgium and Luxembourg)	607	24%	119	17%	38	79%
Poland	48	66%	18	4%	3	–
Spain	917	9%	130	(7%)	66	(1%)
Other Europe	208	57%	58	38%	(1)	65%
Continental Europe	**3,824**	**11%**	**603**	**5%**	**181**	**15%**
International	**276**	**(43%)**	**74**	**(21%)**	**17**	**(9%)**
Total life and pensions	**7,114**	**3%**	**1,224**	**2%**	**324**	**10%**
Investment sales						
United Kingdom	**451**	**41%**	**58**	**55%**		
Netherlands	120	4%	12	4%		
Poland	49	77%	6	79%		
Other Europe	91	332%	9	332%		
Continental Europe	**260**	**59%**	**27**	**60%**		
International	**64**	**75%**	**6**	**76%**		
Total investment sales	**775**	**49%**	**91**	**56%**		
Total long-term savings	**7,889**	**7%**	**1,315**	**4%**		
Navigator sales (not included above)	323	3%				

(1) Growth rates are calculated based on constant rates of exchange.
(2) Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.
(3) Stated before the effect of solvency margin.

United Kingdom:

Total sales (including investment sales) on an APE basis grew by 6% to £605 million (2003: £568 million) reflecting a good performance in a relatively flat market overall. Our focus continues to be on value over volume, and new business contribution rose 8% to £126 million (2003: £117 million).

Total pension sales for the first six months were lower at £1,288 million (2003: £1,309 million) reflecting lower sales of group corporate pensions at £352 million (2003: £476 million), offset to some extent by higher individual pensions sales of £936 million (2003: £833 million). Norwich Union continues to focus on the defined contribution group pensions market as employers move away from defined benefit schemes. As a result, combined sales of group money purchase and group personal pensions within total pension sales increased by 25% to £221 million (2003: £177 million).

The investment market shows some signs of recovery. Bond sales for the first six months increased by 12% to £964 million (2003: £862 million) mainly as a result of continued increase in unit-linked bond sales, up 84% to £577 million (2003: £314 million). Sales of with-profit bonds were broadly flat compared to the first half of 2003. Collective investment sales were up 41% to £451 million (2003: £319 million) as a result of increased single premium unit trust business.

Sales of protection business grew by 30% to £194 million (2003: £149 million) reflecting an increase in mortgage protection and creditor business. Whilst the market remains competitive we are confident of continued strong sales, supported by the imminent launch of our term assurance and mortgage protection online underwriting capability which will provide improved processing efficiency.

Annuity sales were 11% lower at £568 million (2003: £641 million). The market continues to be extremely price competitive but Norwich Union remains focused on setting prices to protect profitability.

Total sales[1] from our joint venture with RBSG in the first six months were £359 million (2003: £426 million) reflecting lower sales of single premium bonds. Total sales[1] on an APE basis increased by 6% to £73 million (2003: £69 million). We have made further progress in integrating the sales force more closely with the bank distribution network and this, together with the introduction of new products later in the year, will further strengthen the distribution model.

Norwich Union has a strong competitive position, with top three positions across the majority of product areas. As depolarisation approaches, Norwich Union is actively progressing discussions with major distributors and is confident of consolidating its market position. Market share grew to 12.5% in the first quarter.

New business contribution was £126 million (2003: £117 million), with new business margin of 23.0% (full year 2003: 22.6%), reflecting pricing for value in a competitive market.

France:

Aviva France has outperformed the market in the first half, reporting an increase of 22% in total sales to £1,210 million (2003: £989 million), compared to an estimated increase in the individual life and savings market of 19% during the first five months of 2004. Sales through AFER, the largest savings association in France, have been strong in both euro and unit-linked products. Sales are benefiting from improved equity markets in 2004 with unit-linked products accounting for 15% of AFER sales compared against 5% for the same period last year.

Sales of single premium AFER euro products were 20% higher at £700 million (2003: £581 million) compared with market growth of 12% during the first five months of 2004. This sales performance shows the strength of the distribution capability of AFER, which has approximately 600,000 members. Just over 20,000 new members joined during the first half of 2004, a 55% increase on the same period last year.

In a buoyant unit-linked market, Aviva France sales of unit-linked and other savings products increased by 27% to £478 million (2003: £376 million) including strong growth in SFER equity-backed products sold through AFER. In pursuing growth in value, we continue to identify opportunities to increase the proportion of unit-linked business, including the conversion of existing euro products to unit-linked products for non-AFER customers. We plan to launch two new unit trust funds to AFER customers from the third quarter.

Aviva France launched its Plan d'Epargne Retraite (PERP) product during the second quarter, a unit-linked investment product for private pensions targeted at high regular premium savers, where margins will be most attractive. However pensions are a relatively new market in France and we expect sales to be moderate until there is wider investor understanding of these products.

Plans for the launch of our joint venture with Crédit du Nord in the fourth quarter this year are well advanced.

New business contribution was £44 million (2003: £35 million), with a margin of 30.3% (full year 2003: 29.0%) benefiting from the increasing proportion of unit-linked sales.

Ireland:

Hibernian Life & Pensions, the third largest life and pensions provider in the Irish market, reported a strong first half performance. Total sales on an APE basis increased by 13% to £44 million (2003: £39 million) with an estimated market share of over 11% in the first half of 2004, benefiting from strong regular premium sales. Total sales were 3% higher at £120 million (2003: £116 million).

New regular premium pension sales were up 13% to £26 million (2003: £23 million) and new single premium pension sales were 12% higher at £65 million (2003: £58 million). Sales of regular premium personal and executive pensions benefited from Hibernian's attractive product and a market-leading range of successful investment funds.

Sales of Personal Retirement Savings Account (PRSA) products have remained disappointing, although increased publicity around PRSAs in the market has helped contribute to the strong sales growth in other pension products.

Life regular premium sales increased to £9 million (2003: £7 million) reflecting strong growth in protection business, helped by the buoyant housing market. Investor caution continues to affect life single premium sales, which decreased to £20 million (2003: £28 million). Responding to this, we introduced a new investment fund to our single premium unit-linked bond in July. This includes a capital guarantee after five years and initial market feedback has been favourable.

New business contribution was £10 million (2003: £11 million), with a margin of 23.0% (full year 2003: 28.5%) primarily reflecting increased competition in the protection market and a change in lapse assumptions in certain product classes.

[1] Aviva's share of these total sales and sales by product mix is shown in the supplementary analysis on page 15.

Italy:
Total new business sales were lower at £714 million (2003: £841 million), following exceptional growth in new business sales in the first half of 2003 and lower single premium one-off direct business of £82 million (2003: £187 million).

Sales through UniCredito Italiano (UCI) were lower at £345 million (2003: £464 million), as 2004 has seen difficult trading conditions for their savings products, which in our case, has been combined with a challenging comparative, as the first half of 2003 saw a concentration of marketing campaigns. We expect these conditions to continue in 2004 although the impact will be somewhat offset by new product launches planned for the second half of 2004, including increased distribution of products through Xelion, the financial advisor network of UCI.

Our most recent agreement with Banca Popolare Commercio e Industria, now part of Banche Popolari Unite (BPU), achieved strong growth with total sales of £138 million (2003: £14 million). Sales benefited from successful limited offers on structured investment bonds. Regular premium unit-linked, protection and individual pension plan products are being introduced to widen the product range for the second half of 2004. We look forward to the benefits from the extension of our agreement with BPU to a further 380 branches, with sales expected from the start of 2005.

Total sales from Banca Popolare di Lodi Group were £121 million (2003: £151 million) and sales through Banca delle Marche were £20 million (2003: £25 million). Both partners launched limited offer campaigns on structured investment bonds during the second quarter, which closed in July, and we expect sales in the third quarter to benefit.

We continue to develop our strong partnerships across Italy and work with our partners to market a range of products to meet our customers' needs. Our long-term growth potential remains strong, although the timing of marketing campaigns and product launches varies throughout the year resulting in some volatility in sales levels each quarter. Italian pension reform proposals are expected to receive parliamentary approval during the summer and should provide future sales opportunities from 2006 as the retirement savings market develops.

New business contribution amounted to £21 million (2003: £27 million), with margins of 23.5% (full year 2003: 23.2%).

Netherlands (including Belgium and Luxembourg):
Total life and pension sales from Delta Lloyd, our top-five life and pensions business in the Netherlands, increased by 24% to £607 million (2003: £490 million), driven by strong sales growth in group pensions, bonds and savings and protection. Total sales through our joint venture with ABN AMRO were flat at £134 million (2003: £134 million) whilst sales on an APE basis were £35 million (2003: £21 million) with the increase due to stronger regular premium sales of protection business and bonds.

Total pension and annuity sales increased by 23% to £345 million (2003: £280 million) with growth in group pensions of 65% to £221 million (2003: £134 million), partially offset by the decrease in immediate annuity business following our repricing actions taken last year. Whilst rates have increased in the first half, the annuity market remains competitive. Our focus continues to be on group pensions although sales levels by their nature vary quarter on quarter due to the size of the contracts.

Total life product sales rose by 25% to £262 million (2003: £210 million) due to improved single and regular premium bond and saving sales. Unit-linked products continue to be popular, including those sold through ABN AMRO, with policyholders still preferring to select investment funds supported by bonds rather than equities. Sales of protection products increased by 19% to £153 million (2003: £128 million). Investment sales increased by 4% to £120 million (2003: £115 million).

New business contribution amounted to £38 million (2003: £22 million) with margins of 31.9% (full year 2003: 27.7%). The increase in margins is driven by an improved product mix across our business units.

Poland:
Total life sales increased to £27 million (2003: £18 million), reflecting increased demand for single premium investment products. Mutual fund business has also performed strongly, with sales of £49 million (2003: £31 million) helped by the low interest rate environment and improved stock market performance in the first quarter.

Pension sales were higher at £21 million (2003: £15 million), benefiting from sales through the State Agency to members of the workforce without a chosen pensions provider in the first half of the year.

CU Polska remains the market leader in individual life and private pensions with a 15% share of the life market measured by total premium income in 2003 and a 28% share of the private pensions market measured by total assets under management.

Spain:
Aviva continues to be the number one bancassurance group in the Spanish life market and achieved an increase in market share from 10.0% to 10.6% in the first quarter of 2004, based on gross written premiums. New business sales grew by 9% to £917 million (2003: £839 million) following further growth in our developing bancassurance partnerships and including one-off single premium sales of £177 million (2003: £149 million comprising single premium sales of £132 million and regular premium sales £17 million). On an APE basis, sales decreased by 7% to £130 million although after excluding one-off sales for 2004 and 2003, sales on an APE basis grew by 3%. This strong sales performance has been achieved in more difficult trading conditions, as evidenced by a market decline of 5% in the first quarter, based on gross written premiums.

The focus in the first half of 2004 has been on higher margin protection products, with reduced sales of lower margin traditional savings products, compared with the first half of 2003. Sales through Bancaja were lower at £343 million (2003: £457 million) following the strong marketing campaigns during the first half of 2003 for traditional savings products. We achieved underlying growth from our partnerships with Unicaja and Caixa Galicia, which also included a large bulk pension transfer that generated one-off single premium sales of £177 million.

Growth potential is strong across our bancassurance partnerships as we look to increase customer penetration and we continue to develop the product range in all our partnerships. However, quarterly sales are variable due to timing of marketing campaigns and product launches.

New business contribution amounted to £66 million (2003: £68 million), including £3 million from the bulk pension transfer in Caixa Galicia. New business margins for Spain were 51.0% (full year 2003: 54.4%) reflecting the increasing proportion of higher margin protection sales offset by the impact of the lower margin one-off sales.

Other Europe:
Total sales for our Other Europe businesses were £208 million (2003: £134 million), including total sales in Germany of £117 million (2003: £65 million). Sales in Germany include the benefit of a new limited offer bond product which delivered sales of £73 million in the first half of 2004.

In Turkey, where we are a top-five provider, total new business premiums increased to £16 million (2003: £12 million), reflecting encouraging regular premium sales in the newly launched personal pensions market where we anticipate being a leading player.

Sales through our Dublin-based offshore life and savings business were £50 million (2003: £38 million) whilst sales of undertakings for collective investment in transferable securities (UCITS) in Luxembourg increased to £91 million (2003: £21 million), as a result of improved investor sentiment and further development of the broker relationships within this distribution channel, particularly in Italy and Spain.

International:
Total sales including investment sales in our International business decreased to £340 million (2003: £562 million), due to reduced appetite for fixed annuity products in the United States. Total sales on an APE basis were £80 million (2003: £103 million).

Australia: Total life and pension sales on an APE basis were 28% higher at £31 million (2003: £22 million) reflecting continued strong growth from our corporate pension product. Sales of unit trusts were £64 million (2003: £34 million), which benefited from the more positive investor sentiment towards equity markets. Whilst not included in the new business figures, sales of Navigator, our top-five master trust, increased to £318 million (2003: £291 million), benefiting from improvements in equity markets, a more competitive fee structure and the introduction of a "pre-select" investment option. Navigator was awarded a AAA quality service rating by a leading independent financial services research company.

United States: Total life and pension sales were £135 million (2003: £374 million) driven by reduced sales of fixed annuity products, with single premium sales of £123 million (2003: £349 million) and regular premium sales of £12 million (2003: £25 million). We continue to maintain pricing disciplines in a low interest rate environment together with revised product terms.

Singapore and Hong Kong: Total sales through our operation in Singapore were £13 million (2003: £15 million) on an APE basis. We continue to focus on higher margin regular premium business with growth of 17%. The timing of product launches and marketing campaigns results in variation of single premium sales levels each quarter. Sales are generated through both our bancassurance partnership with DBS Group Holdings Limited (DBS) and through brokers. Aviva has a 53% market share of bancassurance regular premium new business and is the market leader in the developing broker market. Total sales through our partnership with DBS in Hong Kong increased strongly, particularly during the second quarter to £11 million (2003: £1 million). Whilst not included in the new business figures, total Navigator sales include £5 million (2003: £3 million) of sales through Navigator Asia in Singapore.

India: Total sales from our joint-venture life business with Dabur Group were £8 million, ranking us ninth in the market. Our 26% share included in our new business sales amounts to £2 million (2003: £1 million). Sales are through our bancassurance partnerships including Canara Bank, India's second largest bank, and our 1,600 strong direct sales force. The most recent budget in India has approved the increase in foreign investment in life companies from 26% to 49% subject to an amendment to the Insurance Act in parliament. We intend to take the opportunity of increasing our ownership interest in the company once this has been approved.

China: Our joint-venture life business, Aviva COFCO, was launched in Guangzhou in 2003 and has made a solid start. Total sales were £2 million (2003: nil), with our 50% share included in our new business sales amounting to £1 million (2003: nil). Following our approval to sell life insurance products in Beijing in the first quarter, our licence application to operate in Chengdu was granted in May and plans are being developed to start operations in both provinces during the second half of 2004.

Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	6 months to 30 June 2004 £m	**6 months to 30 June 2003 £m**	**Local currency growth(1)**	**6 months to 30 June 2004 £m**	**6 months to 30 June 2003 £m**	**Local currency growth(1)**	**Local currency growth(1)**
United Kingdom							
Individual pensions	800	706	13%	136	127	7%	12%
Group pensions	303	421	(28%)	49	55	(11%)	(26%)
Annuities	568	641	(11%)	–	–	–	(11%)
Bonds	964	862	12%	–	–	–	12%
Protection	106	70	51%	88	79	11%	30%
Total life and pensions	**2,741**	**2,700**	**2%**	**273**	**261**	**5%**	**2%**
Peps/Isas/Unit trusts/Oeics	437	313	40%	14	6	133%	41%
	3,178	**3,013**	**5%**	**287**	**267**	**7%**	**6%**
France							
AFER (excluding unit-linked)	700	581	20%	–	–	–	20%
Unit-linked & other savings	462	365	27%	16	11	45%	27%
Protection business	21	20	5%	11	12	(8%)	–
	1,183	**966**	**22%**	**27**	**23**	**17%**	**22%**
Ireland							
Life and savings	20	28	(29%)	9	7	29%	(17%)
Pensions	65	58	12%	26	23	13%	12%
	85	**86**	**(1%)**	**35**	**30**	**17%**	**3%**
Italy							
Life and savings	694	804	(14%)	20	37	(46%)	(15%)
	694	**804**	**(14%)**	**20**	**37**	**(46%)**	**(15%)**
Netherlands (including Belgium & Luxembourg)							
Life	221	183	21%	41	27	52%	25%
Pensions and annuities	321	248	29%	24	32	(25%)	23%
Total life and pensions	**542**	**431**	**26%**	**65**	**59**	**10%**	**24%**
Unit trusts	120	115	4%	–	–	–	4%
	662	**546**	**21%**	**65**	**59**	**10%**	**20%**
Poland							
Life and savings	20	10	129%	7	8	(4%)	69%
Pensions	13	4	244%	8	11	(12%)	61%
Total life and pensions	**33**	**14**	**164%**	**15**	**19**	**(8%)**	**66%**
Mutual funds	48	30	77%	1	1	91%	77%
	81	**44**	**105%**	**16**	**20**	**(6%)**	**71%**
Spain							
Life and savings	626	620	1%	27	32	(16%)	–
Pensions	249	158	58%	15	29	(48%)	41%
	875	**778**	**12%**	**42**	**61**	**(31%)**	**9%**
Other Europe							
Life and pensions	167	100	66%	41	34	29%	57%
UCITS and other	91	21	332%	–	–	–	332%
	258	**121**	**112%**	**41**	**34**	**29%**	**95%**
International							
Life and pensions	225	476	(49%)	51	52	4%	(43%)
Unit trusts	64	34	75%	–	–	–	75%
	289	**510**	**(39%)**	**51**	**52**	**4%**	**(35%)**
Total long-term savings	**7,305**	**6,868**	**7%**	**584**	**583**	**1%**	**7%**
Analysed:							
Life and pensions	6,545	6,355	4%	569	576	–	3%
Investment sales	760	513	48%	15	7	113%	49%
Total long-term savings	**7,305**	**6,868**	**7%**	**584**	**583**	**1%**	**7%**
Navigator sales (not included above)	323	294	3%	–	–	–	3%

(1) Growth rates are calculated based on constant rates of exchange.

Analysis of UK long-term savings by distribution channel

Sales

	Single			Regular			Total
	6 months to 30 June 2004 £m	6 months to 30 June 2003 £m	Local currency growth(1)	6 months to 30 June 2004 £m	6 months to 30 June 2003 £m	Local currency growth(1)	Local currency growth(1)
IFA							
– life & pensions products	2,085	2,008	4%	219	210	4%	4%
– investment products	191	173	10%	1	1	–	10%
	2,276	**2,181**	**4%**	**220**	**211**	**4%**	**4%**
Bancassurance partnership with RBSG							
– life & pensions products	184	222	(17%)	8	10	(20%)	(17%)
– investment products	30	46	(35%)	13	5	160%	(16%)
	214	**268**	**(20%)**	**21**	**15**	**40%**	**(17%)**
Other partnerships/Direct							
– life & pensions products	472	470	–	46	41	12%	1%
– investment products	216	94	130%	–	–	–	130%
	688	**564**	**22%**	**46**	**41**	**12%**	**21%**
Total UK long-term savings	**3,178**	**3,013**	**5%**	**287**	**267**	**7%**	**6%**

(1) Growth rates are calculated based on constant rates of exchange.

Annual premium equivalent (1)

	Life and pensions sales		Investment sales		Total sales	
	6 months to 30 June 2004 £m	Local currency growth(2)	6 months to 30 June 2004 £m	Local currency growth(2)	6 months to 30 June 2004 £m	Local currency growth(2)
IFA	428	4%	20	10%	448	4%
Bancassurance partnership with RBSG	26	(18%)	16	67%	42	1%
Other partnerships/Direct	93	6%	22	130%	115	18%
Total UK long-term savings	**547**	**3%**	**58**	**55%**	**605**	**6%**

(1) Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.
(2) Growth rates are calculated based on constant rates of exchange.

Analysis of sales via our principal bancassurance channels

	Total new business sales		Annual premium equivalent sales(2)	
	6 months to 30 June 2004 £m	**Local currency growth(1)**	**6 months to 30 June 2004 £m**	**Local currency growth(1)**
Life and pensions				
United Kingdom				
Royal Bank of Scotland Group	192	(17%)	26	(18%)
	192	**(17%)**	**26**	**(18%)**
Italy				
UniCredito	345	(26%)	41	(34%)
Banca Popolare di Lodi	121	(20%)	14	(34%)
Banca delle Marche	20	(20%)	11	(27%)
Banche Popolari Unite	138	–	14	–
	624	**(5%)**	**80**	**(20%)**
Netherlands				
ABN AMRO	134	–	35	67%
	134	**–**	**35**	**67%**
Spain				
Bancaja	343	(25%)	47	(23%)
Caixa Galicia	328	99%	37	(1%)
Unicaja	98	42%	17	31%
Caja Espana	71	(44%)	10	(51%)
Caja de Granada	45	–	9	–
	885	**8%**	**120**	**(8%)**
International				
DBS	24	(53%)	14	(6%)
	24	**(53%)**	**14**	**(6%)**
Total life and pensions	**1,859**	**(2%)**	**275**	**(8%)**
Investment sales				
United Kingdom				
Royal Bank of Scotland Group	43	(16%)	16	67%
	43	**(16%)**	**16**	**67%**
Total bancassurance sales	**1,902**	**(2%)**	**291**	**(6%)**

(1) Growth rates are calculated based on constant rates of exchange.
(2) Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.

Analysis of total new business sales via our joint venture with Royal Bank of Scotland Group (RBSG)

Total sales through our joint venture with RBSG are provided below on a 100% basis and for Aviva's share. In reporting our life and pensions results, we have included our 50% share of sales written through the joint venture life company and 100% of single premium with-profit bond sales written through a Norwich Union fund. Investment sales represent our 50% share of the collective investment sales.

	Total RBSG sales		Aviva's share	
	6 months to 30 June 2004 £m	**6 months to 30 June 2003 £m**	**6 months to 30 June 2004 £m**	**6 months to 30 June 2003 £m**
Single premium with-profit bond sales	111	140	111	140
Other life and pensions sales	162	184	81	92
Total life and pension sales	**273**	**324**	**192**	**232**
Collective investment sales	86	102	43	51
Total RBSG bancassurance sales	**359**	**426**	**235**	**283**

Life profits reporting

In reporting the headline operating profit, life profits have been included using the achieved profit basis. This is used throughout the Aviva Group and by many in the investment community to assess performance. We have focused on the achieved profit basis, as we believe life achieved operating profit is a more realistic measure of the performance of life businesses than the modified statutory basis. The modified statutory basis is used in our financial statements and, on this basis, the life operating profit before tax on continuing operations amounted to £548 million. The basis used for reporting achieved profit is consistent with the guidance set out by the Association of British Insurers.

Definitions of Group key performance indicators and other terms

Achieved operating profit	–	Is stated before amortisation of goodwill and exceptional items.
Achieved operating earnings per share	–	Operating profit on an achieved profit basis before amortisation of goodwill and exceptional items, after taxation, attributable to equity shareholders.
Annual premium equivalent (APE)	–	Is the UK industry standard for calculating life, pensions and investments new business levels. It is the total of new regular life premiums and 10% of single life premiums.
Modified statutory operating profit	–	Is stated before tax, amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items.
Net asset value per ordinary share	–	Is calculated based on equity shareholders' funds, adding back the equalisation provision of £375 million (30 June 2003: £342 million; 31 December 2003: £364 million).
Assets under management	–	Represents all assets managed by the Group including funds held on behalf of third parties.
New business contribution	–	Is calculated using the same economic assumptions as those used to determine the embedded values at the beginning of each year and is stated before tax and the effect of the solvency margin.
New business margin	–	The ratio of new business contribution to sales measured on an annual premium equivalent basis.
Combined operating ratio (COR)	–	The aggregate of incurred claims expressed as a percentage of earned premiums and written expenses and written commissions expressed as a percentage of written premiums.
Implicit items	–	The specific amounts by which prudential margins within life technical provisions may be adjusted to give a more appropriate measure of assets available to meet the Group's solvency requirement. In order to take allowance for implicit items FSA approval must be granted and the FSA must be satisfied that sufficient prudential margins exist to allow this adjustment.
Free asset ratio (FAR)	–	The excess of the regulatory value of assets over total liabilities divided by the regulatory value of total liabilities, expressed as a percentage.
Solvency cover	–	The excess of the regulatory value of total assets over total liabilities, divided by the regulatory value of the required minimum solvency margin.
Orphan estate	–	The assets of the long-term with-profit funds less the realistic reserves for non-profit policies, less asset shares aggregated across the with-profit policies and any additional amounts expected at the valuation date to be paid to in-force policyholders in the future in respect of smoothing costs and guarantees.
CGUII	–	A principal UK general insurance company and the parent of the majority of the Group's overseas general insurance and life assurance subsidiaries.
EU solvency	–	The excess of assets over liabilities and the worldwide minimum solvency margins, excluding goodwill and the additional value of in-force long-term business, and excluding the surplus held in the Group's life funds. The Group solvency calculation is determined according to the UK Financial Services Authority application of EU Insurance Groups Directive rules.

Summarised consolidated profit and loss account – achieved profit basis
For the six months ended 30 June 2004

Page	6 months 2004 €m		6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
		Operating profit			
21	1,176	Life achieved operating profit	800	705	1,555
35	49	Health	33	27	61
40	25	Fund management	17	10	10
36	901	General insurance	613	387	911
41	(22)	Non-insurance operations	(15)	(47)	(64)
36	(138)	Corporate costs	(94)	(56)	(160)
40	(329)	Unallocated interest charges	(224)	(198)	(406)
	1,662	**Operating profit before tax, amortisation of goodwill and exceptional items***	**1,130**	**828**	**1,907**
	(72)	Amortisation of goodwill	(49)	(52)	(103)
	(37)	Financial Services Compensation Scheme levy	(25)	-	-
	1,553	Operating profit before tax	1,056	776	1,804
	(733)	Variation from longer-term investment return	(499)	345	766
	301	Effect of economic assumption changes	205	(217)	11
	(16)	Change in the equalisation provision	(11)	(28)	(49)
34	9	Profit/(loss) on the disposal of subsidiary and associated undertakings	6	(7)	(6)
33	(74)	Exceptional costs for termination of operations	(50)	(19)	(19)
	1,040	**Profit on ordinary activities before tax**	**707**	**850**	**2,507**
	(497)	Tax on operating profit before amortisation of goodwill and exceptional items	(338)	(260)	(561)
	133	Tax on (loss)/profit on other ordinary activities	91	(18)	(192)
	676	**Profit on ordinary activities after tax**	**460**	**572**	**1,754**
	(105)	Minority interests	(72)	(40)	(112)
	571	**Profit for the financial period**	**388**	**532**	**1,642**
38	(13)	Preference dividends	(9)	(9)	(17)
	558	**Profit for the financial period attributable to equity shareholders**	**379**	**523**	**1,625**
38	(310)	Ordinary dividends	(211)	(203)	(545)
	248	**Retained profit for the financial period**	**168**	**320**	**1,080**
		Earnings per share			
	46.6c	Operating profit on an achieved profit basis before amortisation of goodwill and exceptional items, after tax, attributable to equity shareholders*	31.7p	22.5p	53.2p
	24.7c	Profit attributable to equity shareholders	16.8p	23.2p	72.2p
	24.6c	Profit attributable to equity shareholders – diluted	16.7p	23.1p	71.9p

* All operating profit is from continuing operations.

Consolidated statement of total recognised gains and losses – achieved profit basis
For the six months ended 30 June 2004

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Profit for the financial period*	388	532	1,642
Foreign exchange (losses)/gains	(306)	429	415
Total recognised gains arising in the period	**82**	**961**	**2,057**

* Stated before the effect of foreign exchange movements, which are reported within the foreign exchange (losses)/gains line.

Reconciliation of movements in consolidated shareholders' funds – achieved profit basis
For the six months ended 30 June 2004

	6 months 2004 £m	Restated* 6 months 2003 £m	Full year 2003 £m
Shareholders' funds at the beginning of the period, as originally reported	**11,165**	**9,669**	**9,668**
Prior period adjustment	-	(1)	-
Shareholders' funds at the beginning of the period, as restated	**11,165**	**9,668**	**9,668**
Total recognised gains arising in the period	82	961	2,057
Dividends	(220)	(212)	(562)
Other movements	27	1	2
Shareholders' funds at the end of the period	**11,054**	**10,418**	**11,165**

* Restated for the effect of a change in accounting policy in respect of the treatment of shares held by employee trusts as a deduction from shareholders' capital. Further details are set out on page 33.

Summarised consolidated balance sheet – achieved profit basis
As at 30 June 2004

	Long-term business 30 June 2004 £m	General business and other 30 June 2004 £m	Group 30 June 2004 £m	Long-term business 30 June 2003 £m	Restated* general business and other 30 June 2003 £m	Restated* Group 30 June 2003 £m	Group 31 December 2003 £m
Total assets before acquired additional value of in-force long-term business	179,990	29,712	209,702	168,853	28,570	197,423	208,192
Acquired additional value of in-force long-term business	458	-	458	522	-	522	488
Total assets included in the modified statutory balance sheet	**180,448**	**29,712**	**210,160**	**169,375**	**28,570**	**197,945**	**208,680**
Liabilities of the long-term business	(173,147)	-	(173,147)	(162,133)	-	(162,133)	(170,765)
Liabilities of the general insurance business	-	(27,110)	(27,110)	-	(27,333)	(27,333)	(27,736)
Net assets on a modified statutory basis	**7,301**	**2,602**	**9,903**	**7,242**	**1,237**	**8,479**	**10,179**
Additional value of in-force long-term business[1]	**4,851**	**-**	**4,851**	**4,043**	**-**	**4,043**	**4,744**
Net assets on an achieved profit basis[2]	**12,152**	**2,602**	**14,754**	**11,285**	**1,237**	**12,522**	**14,923**
Shareholders' capital, share premium, shares held by employee trusts and merger reserves			4,604			4,666	4,622
Modified statutory basis retained profit			1,773			1,810	1,932
Additional achieved profit basis retained profit			4,677			3,942	4,611
Shareholders' funds on an achieved profit basis			**11,054**			**10,418**	**11,165**
Minority interests			949			879	944
			12,003			11,297	12,109
Subordinated debt			2,751			1,225	2,814
Achieved profit basis total capital, reserves and subordinated debt			**14,754**			**12,522**	**14,923**

* Restated for the effect of a change in accounting policy in respect of the treatment of shares held by employee trusts as a deduction from shareholders' capital. Further details are set out on page 33.

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

	30 June 2004 £m	Movement in the period £m	31 December 2003 £m
Group's share included in shareholders' funds	4,677	66	4,611
Minority interest share	174	41	133
Balance	4,851	107	4,744

2 Analysis of net assets on an achieved profit basis is made up as follows:

	30 June 2004 £m	30 June 2003 £m	31 December 2003 £m
Long-term business net assets on an achieved profit basis	12,152	11,285	12,373
Comprises:			
Embedded value	11,941	11,061	12,155
RBSG goodwill	211	224	218

Basis of preparation – achieved profit basis
The achieved profit statement on page 18 includes the results of the Group's life operations reported under the achieved profit basis combined with the modified statutory basis results of the Group's non-life operations. In the directors' opinion, the achieved profit basis provides a more accurate reflection of the performance of the Group's life operations year on year than results under the modified statutory basis. The achieved profit methodology used is in accordance with the guidance on "Supplementary reporting for long-term insurance business (the achieved profit method)" circulated by the Association of British Insurers in December 2001. Further details on the methodology and assumptions are set out on pages 26 to 28.

The results of the Group's life operations under the modified statutory basis, which is the basis used in the annual statutory accounts, can be found on pages 29 to 39.

The contribution from the Group's share of the alliance with The Royal Bank of Scotland (RBSG) is incorporated within the achieved operating profit. Goodwill amortised in the period in respect of the Group's holding in the associated company, RBS Life Investments Limited, is included within the 'Amortisation of goodwill' on page 18.

The results for the six month periods to 30 June 2004 and 30 June 2003 are unaudited but have been reviewed by the auditors, Ernst & Young LLP. Their report in respect of 30 June 2004 is included in the Interim Report on page 31 of that document. The interim accounts do not constitute statutory accounts as defined by section 240 of the Companies Act 1985. The results for the full year 2003 have been taken from the Group's 2003 Annual Report and Accounts.

Components of total life achieved profit
Total life achieved profit, including the Group's share from the alliance with RBSG, comprises the following components, the first three of which in aggregate are referred to as life achieved operating profit:

- 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 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 experience based on economic assumptions used to calculate the start of year value; and
- the impact of changes in economic assumptions in the period.

		6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
New business contribution (after the effect of solvency margin)		246	211	472
Profit from existing business	– expected return	406	376	757
	– experience variances	(13)	(19)	(12)
	– operating assumption changes*	(4)	(10)	38
Expected return on shareholders' net worth		165	147	300
Life achieved operating profit before tax		**800**	**705**	**1,555**
Investment return variances		(214)	208	683
Effect of economic assumption changes		205	(217)	11
Total life achieved profit before tax		791	696	2,249
Tax on operating profit		(243)	(213)	(473)
Tax on other ordinary activities		-	9	(191)
Total life achieved profit after tax		**548**	**492**	**1,585**

* In 2003, operating assumption changes included the impact of reducing risk margins in Poland, the US and Australia in line with the directors' views of the risks associated with this in-force portfolio. The impact of this change was nil for the six months to 30 June 2003 and £24 million in the full year 2003.

New business contribution

The following table sets out the contribution from new business written by the long-term business operations. 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. 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.

	Annual premium equivalent*			New business contribution before solvency margin**		New business contribution after solvency margin***	
	6 months 2004 £m	6 months 2003 £m	Local currency growth %	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m
United Kingdom	547	531	3%	126	117	112	102
Europe (excluding UK)							
France	145	120	21%	44	35	22	14
Ireland	44	39	13%	10	11	8	9
Italy	89	117	(24%)	21	27	13	15
Netherlands (including Belgium and Luxembourg)	119	102	17%	38	22	26	3
Poland	18	20	4%	3	-	2	(1)
Spain	130	139	(7%)	66	68	53	58
Other	58	44	38%	(1)	(4)	(3)	(4)
International	74	100	(21%)	17	21	13	15
Total annualised premiums	**1,224**	**1,212**	**2%**				
Total new business contribution before effect of solvency margin**				**324**	**297**		
Effect of solvency margin				(78)	(86)		
Total new business contribution including effect of solvency margin				**246**	**211**	**246**	**211**

* Annual premium equivalent represents regular premiums plus 10% of single premiums.

** New business contribution before effect of solvency margin includes minority interests in 2004 of £54 million (six months to 30 June 2003: £54 million). This comprises minority interests in France of £3 million (six months to 30 June 2003: £2 million), Italy £12 million (six months to 30 June 2003: £14 million), Netherlands £5 million (six months to 30 June 2003: £3 million), Poland £1 million (six months to 30 June 2003: nil) and Spain £33 million (six months to 30 June 2003: £35 million).

*** New business contribution after the effect of solvency margin includes minority interests of £40 million (six months to 30 June 2003: £40 million). This comprises minority interests in France nil (six months to 30 June 2003: nil), Italy £8 million (six months to 30 June 2003: £8 million), Netherlands £4 million (six months to 30 June 2003: £2 million), Poland £1 million (six months to 30 June 2003: nil) and Spain £27 million (six months to 30 June 2003: £30 million).

New business contributions have been calculated using the same economic assumptions as those used to determine the embedded values as at the beginning of each year and operating assumptions used to determine the embedded values as at the end of the period. The effect of solvency margin represents the impact of holding the minimum European Union (EU) solvency margin (or equivalent for non-EU operations) and discounting to present value the projected future releases from the solvency margin to shareholders.

New business contribution – before effect of solvency margin, tax and minority interest

	Annual premium equivalent		New business contribution(1)	
	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m
Bancassurance arrangements	275	295	111	107
Other distribution	949	917	213	190
	1,224	1,212	324	297

(1) Stated before effect of solvency margin, tax and minority interest.

New business contribution – after effect of solvency margin, tax and minority interest (continued)

	Annual premium equivalent(1)		New business contribution(2)	
	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m
Bancassurance arrangements	154	168	32	29
Other distribution	928	895	111	90
	1,082	1,063	143	119

(1) Stated after deducting minority interest.
(2) Stated after effect of solvency margin, tax and minority interest.

Post-tax internal rate of return on life and pensions new business

The total internal rate of return on life and pensions new business for the Group was 14% (30 June 2003: 15%; 31 December 2003: 14%). The return is the discount rate at which the present value of the post-tax cash flows expected to be earned over the life time of the business written is equal to the initial capital required to support the writing of the business. The capital includes the statutory minimum solvency margin and amounts to £460 million (30 June 2003: £400 million; 31 December 2003: £900 million). This includes £160 million (30 June 2003: £170 million; 31 December 2003: £340 million) of solvency requirements.

Experience variances

Experience variances include the impact of the difference between expense, demographic and persistency assumptions, and actual experience incurred in the period. Also included are variances arising from tax, where such variances are due to management action. The source of profit is included in the table below.

30 June 2004	Exceptional expenses(1) £m	Mortality/ morbidity(2) £m	Lapses(3) £m	Other(4) £m	Total £m
United Kingdom	(35)	20	(14)	11	(18)
France	(1)	8	1	1	9
Netherlands (including Belgium and Luxembourg)	(9)	3	-	3	(3)
Europe	-	4	(5)	7	6
International	(3)	1	1	(6)	(7)
	(48)	**36**	**(17)**	**16**	**(13)**

(1) Exceptional expenses reflect project spend, including costs associated with the pace of regulatory change in the UK.
(2) Mortality experience has typically been better than anticipated in many of the group businesses in particular in the UK on annuity and PHI contracts.
(3) Lapse experience has been adverse in a number of businesses including on savings businesses in the UK, and on some classes of business in Ireland.
(4) In the UK, other experience profits include exceptional profits arising from better than assumed default experience on corporate bonds and commercial mortgages.

Operating assumption changes

Changes in operating assumptions are made when the assumed future levels of expenses, mortality or other operating assumptions are expected to change permanently. The impact of operating assumption changes in the period was a loss of £4 million (2003: loss of £10 million) and arose primarily in Ireland where the persistency assumptions with respect to certain classes of business were lowered, reflecting the recent actual experience. This has been partially offset by the beneficial impact of changes in asset mix in the Netherlands.

Analysis of life achieved operating profit

Life achieved operating profit is calculated on an after-tax basis and then grossed up at the full rate of corporation tax for UK business and at appropriate rates of tax for other countries.

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	356	339	659
Europe (excluding UK)			
France	114	90	220
Ireland	18	31	65
Italy	34	33	70
Netherlands (including Belgium and Luxembourg)	129	69	189
Poland	33	40	104
Spain	78	71	158
Other	7	2	9
International	31	30	81
Total life achieved operating profit before tax*	**800**	**705**	**1,555**

* Life achieved operating profit includes minority interests in the six months to 30 June 2004 of £79 million (six months to 30 June 2003: £65 million; full year 2003: £154 million). This comprises minority interests in France of £5 million (six months to 30 June 2003: £4 million; full year 2003: £6 million), Italy £18 million (six months to 30 June 2003: £17 million; full year 2003: £37 million), Netherlands £13 million (six months to 30 June 2003: £3 million; full year 2003: £14 million), Poland £5 million (six months to 30 June 2003: £6 million; full year 2003: £20 million), Spain £37 million (six months to 30 June 2003: £35 million; full year 2003: £76 million) and Other Europe £1 million (six months to 30 June 2003: nil; full year 2003: £1 million).

Embedded value of life business

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Embedded value at the beginning of the period	**12,155**	**10,148**	**10,148**
Total life achieved profit after tax	548	492	1,585
Exchange rate movements	(317)	307	342
Embedded value of businesses acquired*	-	64	64
Amounts injected into life operations	13	88	221
Amounts released from life operations	(458)	(38)	(205)
Embedded value at the end of the period**	**11,941**	**11,061**	**12,155**

* Embedded value of businesses acquired in 2003 represents the embedded value of Delta Lloyd ABN AMRO Verzekeringen Holding BV, the insurance company acquired as part of the bancassurance agreement entered into with ABN AMRO NV in the Netherlands, of £64 million.

** Embedded value at the end of the period includes minority interests in 2004 of £575 million (30 June 2003: £504 million; 31 December 2003: £559 million). This comprises minority interests in France of £52 million (30 June 2003: £49 million; 31 December 2003: £46 million), Italy £223 million (30 June 2003: £204 million; 31 December 2003: £230 million), Netherlands £53 million (30 June 2003: £37 million; 31 December 2003: £43 million), Poland £56 million (30 June 2003: £50 million; 31 December 2003: £63 million), Spain £187 million (30 June 2003: £161 million; 31 December 2003: £174 million) and Other Europe £4 million (30 June 2003: £3 million; 31 December 2003: £3 million).

Segmental analysis of embedded value of life business

	Net worth at 30 June*		Value of in-force at 30 June**		Embedded value at 30 June	
	2004 £m	2003 £m	2004 £m	2003 £m	2004 £m	2003 £m
United Kingdom	1,769	1,913	3,744	3,443	5,513	5,356
Europe (excluding UK)						
France	1,049	961	451	408	1,500	1,369
Ireland	262	247	274	284	536	531
Italy	319	291	109	102	428	393
Netherlands (including Belgium and Luxembourg)	1,222	967	1,131	1,021	2,353	1,988
Poland	121	120	226	216	347	336
Spain	194	182	284	226	478	408
Other	137	138	67	47	204	185
International	453	369	129	126	582	495
	5,526	**5,188**	**6,415**	**5,873**	**11,941**	**11,061**

* The shareholders' net worth comprises 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.

** The value of in-force includes the effect of holding shareholders' capital to support the minimum statutory solvency margin requirements and allowing for projected future releases. This impact reduces the value of in-force by £920 million (30 June 2003: £840 million). The minimum statutory solvency margin requirements supported by shareholders' capital of £3,200 million (30 June 2003: £3,000 million) is included within the net worth.

Minority interest in life achieved profit

	6 months 2004			6 months 2003	Full year 2003
	Shareholders' interest £m	Minority interest £m	Group £m	Group £m	Group £m
New business contribution before effect of solvency margin	270	54	324	297	621
Effect of solvency margin	(64)	(14)	(78)	(86)	(149)
New business contribution including effect of solvency margin	**206**	**40**	**246**	**211**	**472**
Life achieved operating profit before tax and exceptional items	**721**	**79**	**800**	**705**	**1,555**
Total life achieved profit before tax	707	84	791	696	2,249
Attributed tax	(213)	(30)	(243)	(204)	(664)
Total life achieved profit after tax	**494**	**54**	**548**	**492**	**1,585**
Closing life embedded value	**11,366**	**575**	**11,941**	**11,061**	**12,155**

Methodology

(a) Life achieved profit

The achieved profit method of financial reporting is designed to recognise the present value of profits to be earned over the life of an insurance policy. The total profit recognised over the lifetime of a policy is the same as under the modified statutory basis of reporting, but the timing of recognition is different.

Distributable profits from long-term businesses arise when they are released to shareholders following actuarial valuations. These are carried out in accordance with statutory requirements designed to ensure and demonstrate solvency in long-term business funds.

Future distributable profits will depend on experience in a number of areas such as investment return, discontinuance rates, mortality and administration costs. Using realistic assumptions of future experience, we can project releases to shareholders arising in future years from the business in-force and associated minimum statutory solvency margin.

The life achieved profit reflects current performance by measuring the movement, from the beginning to the end of the period, in the present value of projected releases to shareholders from the business in-force and associated minimum statutory solvency margin, together with the movement in the net assets of the long-term operations, adjusted for any amounts released from or invested in life operations.

The present value of the projected releases to shareholders is calculated by discounting back to the current time using a risk discount rate. The risk discount rate is a combination of a discount rate to reflect the time value of money and a risk margin to make prudent allowance for the risk that experience in future years may differ from the assumptions referred to above.

Achieved profit reporting takes account of the cost of maintaining local provisions. In addition, a significant allowance for the expected cost of guarantees is implicitly allowed for in the risk margin inherent in the risk discount rate consistent with the principles of the achieved profit guidance.

The calculations are carried out on an after-tax basis and the profits are then grossed up for tax at the full rate of corporation tax for the United Kingdom and at an appropriate rate for each of the other countries.

(b) Embedded value

The shareholders' interest in the long-term business operations is represented by the embedded value. The embedded value is the total of the net assets of the long-term operations and the present value at risk discount rates (which incorporate a risk margin) of the projected releases to shareholders arising from the business in-force, less a deduction for the effect of holding the minimum statutory solvency margin. This effect of solvency margin is the difference between the nominal value of the solvency margin and the present value at risk discount rates of the projected release of the solvency margin and investment earnings on the assets deemed to back the solvency margin.

For with-profit funds in the United Kingdom and Ireland, for the purpose of recognising the value of the estate, it is assumed that terminal bonuses are increased to exhaust all of the free assets over the future lifetime of the in-force with-profit policies.

Principal economic assumptions

Economic assumptions are derived actively, based on market yields on risk-free fixed interest assets at each period end. Margins are applied on a consistent basis to risk-free yields to obtain investment return assumptions for ordinary shares and property and risk discount rates. The change in assumptions in 2004 reflects the actual movements in risk free yields in each territory.

The principal economic assumptions used are as follows:

	United Kingdom				France			
	30 June 2004	31 December 2003	30 June 2003	31 December 2002	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Risk discount rate	7.7%	7.5%	7.3%	7.3%	8.1%	8.1%	7.8%	8.1%
Pre-tax investment returns:								
Base government fixed interest	5.1%	4.8%	4.5%	4.5%	4.3%	4.3%	3.9%	4.3%
Ordinary shares	7.6%	7.3%	7.0%	7.0%	6.3%	6.3%	5.9%	6.3%
Property	6.6%	6.3%	6.0%	6.0%	5.8%	5.8%	5.4%	5.8%
Future expense inflation	4.2%	4.1%	3.6%	3.6%	2.5%	2.5%	2.5%	2.5%
Tax rate	30.0%	30.0%	30.0%	30.0%	35.4%	35.4%	35.4%	35.4%

	Ireland				Italy			
	30 June 2004	31 December 2003	30 June 2003	31 December 2002	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Risk discount rate	8.6%	8.6%	8.3%	8.7%	7.4%	7.4%	7.0%	7.3%
Pre-tax investment returns:								
Base government fixed interest	4.5%	4.5%	4.1%	4.6%	4.4%	4.4%	3.9%	4.4%
Ordinary shares	7.5%	7.5%	7.1%	7.6%	7.4%	7.4%	6.9%	7.4%
Property	6.0%	6.0%	5.6%	6.1%	5.9%	5.9%	5.4%	5.9%
Future expense inflation	4.0%	4.0%	4.0%	4.0%	3.3%	3.3%	3.3%	3.3%
Tax rate	12.5%	12.5%	12.5%	12.5%	38.3%	38.3%	39.3%	39.8%

	Netherlands				Poland*			
	30 June 2004	31 December 2003	30 June 2003	31 December 2002	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Risk discount rate	7.5%	7.4%	7.1%	7.4%	14.8%	13.5%	15.4%	15.4%
Pre-tax investment returns:								
Base government fixed interest	4.4%	4.2%	3.9%	4.2%	7.5%	6.0%	8.0%	8.0%
Ordinary shares	7.4%	7.2%	6.8%	7.2%	7.5%	6.0%	8.0%	8.0%
Property	5.9%	5.7%	5.3%	5.7%	n/a	n/a	n/a	n/a
Future expense inflation	2.5%	2.5%	2.5%	2.5%	4.9%	3.4%	5.4%	5.4%
Tax rate	25.0%	25.0%	25.0%	25.0%	19.0%	19.0%	27.0%	27.0%

	Spain			
	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Risk discount rate	7.7%	7.7%	7.4%	7.7%
Pre-tax investment returns:				
Base government fixed interest	4.6%	4.6%	4.2%	4.6%
Ordinary shares	7.6%	7.6%	7.2%	7.6%
Property	6.1%	6.1%	5.7%	6.1%
Future expense inflation	3.0%	3.0%	3.0%	3.0%
Tax rate	35.0%	35.0%	35.0%	35.0%

* The economic assumptions shown above are those in the calculations for the life business. The economic assumptions for the pension business are identical with the exception of the risk discount rate which is 14.0% (30 June 2003: 13.8%; full year 2003: 12.7%; full year 2002: 13.8%).

Other assumptions

- Current tax legislation and rates have been assumed to continue unaltered, except where changes in future tax rates have been announced.
- Assumed future mortality, morbidity and lapse rates have been derived from an analysis of Aviva's recent operating experience.
- The management expenses of Aviva attributable to long-term business operations have been split between expenses relating to the acquisition of new business and to the maintenance of business in-force. Certain expenses of an exceptional nature have been identified separately and the discounted value of projected exceptional costs has been deducted from the value of in-force business. A realistic estimate of future fund management expenses that will be charged to long-term businesses by Group companies not included in the long-term business covered by the achieved profit method has been included within the value of in-force business.
- 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.
- The value of in-force business allows for future premiums under recurring single premium business where collection of future single premiums is expected and where the receipt of further single premiums is not regarded as new business at the point of receipt. It does not allow for future premiums under non-contractual increments, or for future Department of Work and Pensions (DWP) rebate premiums, and the value arising therefrom is included in the value of new business when the premiums are received.
- The value of the in-force business has been determined after allowing for the effect of holding solvency margins equal to the minimum EU solvency requirement (or equivalent for non-EU operations). Solvency margins relating to with-profit business are assumed to be covered by the surplus within the with-profit funds and no effect has been attributed to shareholders.
- Bonus rates on with-profit 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.

Alternative assumptions

Economic assumptions

The table below shows the sensitivity to a one percentage point increase in the assumed investment returns for equity and property investments and in the discount rate for new business contribution for the half year and embedded value.

	New business contribution*		**Embedded value****	
	Equity/property returns £m	**Discount rates £m**	**Equity/property returns £m**	**Discount rates £m**
United Kingdom	8	(21)	150	(275)
Europe (excluding UK)				
France	2	(4)	40	(80)
Ireland	1	(2)	10	(15)
Italy	-	(1)	10	(10)
Netherlands (including Belgium and Luxembourg)	6	(7)	200	(150)
Poland	-	-	10	(15)
Spain	-	(5)	5	(20)
Other	-	(1)	5	(5)
International	-	(3)	-	(20)
	17	**(44)**	**430**	**(590)**

* Calculated before effect of solvency margin, tax and minority interest.
** Calculated after effect of solvency margin and tax but before minority interest.

The impact of an increase of one percentage point in the discount rate is calculated with all other assumptions remaining unchanged.

Non-economic assumptions

Sensitivity calculations have been performed to identify the non-economic assumptions to which new business contribution and the value of in-force business within embedded value are particularly sensitive. The calculations have been based on similar percentage movements in each assumption from the base assumption used to calculate the published new business contribution and value of in-force business. Based on this, the Group's new business contribution and value of in-force are most sensitive to changes in future maintenance expenses.

Summarised consolidated profit and loss account – modified statutory basis
For the six months ended 30 June 2004

Page	6 months 2004 €m		6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
		Premium income (after reinsurance) and investment sales			
		Continuing operations			
34	14,142	Life premiums, including share of associates' premiums	9,617	10,248	19,035
34	1,140	Investment sales	775	520	1,141
35	1,003	Health premiums	682	646	1,066
	16,285		11,074	11,414	21,242
36	6,550	General insurance premiums	4,454	4,278	8,524
	22,835	**Total**	**15,528**	**15,692**	**29,766**
		Operating profit			
35	805	Modified statutory life profit	548	515	1,138
35	49	Health	33	27	61
40	25	Fund management	17	10	10
36	901	General insurance	613	387	911
41	(22)	Non-insurance operations	(15)	(47)	(64)
36	(138)	Corporate costs	(94)	(56)	(160)
40	(329)	Unallocated interest charges	(224)	(198)	(406)
	1,291	**Operating profit – before tax, amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items***	**878**	**638**	**1,490**
	(72)	Amortisation of goodwill	(49)	(52)	(103)
	(72)	Amortisation of acquired additional value of in-force long-term business	(49)	(40)	(135)
	(37)	Financial Services Compensation Scheme levy	(25)	-	-
	1,110	Operating profit before tax	755	546	1,252
	(420)	Short-term fluctuation in investment return	(286)	250	212
	(16)	Change in the equalisation provision	(11)	(28)	(49)
34	9	Profit/(loss) on the disposal of subsidiary and associated undertakings	6	(7)	(6)
	(74)	Exceptional costs for termination of operations	(50)	(19)	(19)
	609	**Profit on ordinary activities before tax**	**414**	**742**	**1,390**
37	(222)	Tax on profit on ordinary activities	(151)	(211)	(367)
	387	**Profit on ordinary activities after tax**	**263**	**531**	**1,023**
	(58)	Minority interests	(39)	(30)	(74)
	329	**Profit for the financial period**	**224**	**501**	**949**
38	(13)	Preference dividends	(9)	(9)	(17)
	316	**Profit for the financial period attributable to equity shareholders**	**215**	**492**	**932**
38	(310)	Ordinary dividends	(211)	(203)	(545)
	6	**Retained profit transferred to reserves**	**4**	**289**	**387**

* All operating profit is from continuing operations.

Earnings per share – modified statutory basis
For the six months ended 30 June 2004

Page		6 months 2004	6 months 2003	Full year 2003
38	Operating profit before amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items, after tax, attributable to equity shareholders	25.4p	17.9p	44.0p
38	Profit attributable to equity shareholders	9.5p	21.8p	41.4p
39	Profit attributable to equity shareholders – diluted	9.5p	21.8p	41.3p
38	Dividend per share	9.36p	9.0p	24.15p

Consolidated statement of total recognised gains and losses
For the six months ended 30 June 2004

Page		6 months 2004 £m	Restated* 6 months 2003 £m	Full year 2003 £m
29	Profit for the financial period	224	501	949
	Foreign exchange (losses)/gains	(208)	350	329
	Total recognised gains arising in the period	**16**	**851**	**1,278**

* Restated for the effect of a change in accounting policy in respect of internally-generated additional value of in-force long-term business no longer recognised. Further details are set out on page 33.

Reconciliation of movements in consolidated shareholders' funds
For the six months ended 30 June 2004

Page		6 months 2004 £m	Restated* 6 months 2003 £m	Full year 2003 £m
	Shareholders' funds at the beginning of the period			
	As originally reported	6,554	9,669	5,836
	Prior year adjustment	-	(3,833)	-
		6,554	5,836	5,836
	Total recognised gains arising in the period	16	851	1,278
38	Dividends	(220)	(212)	(562)
	Increase in share capital	23	1	2
	Movement in treasury shares	1	-	-
	Goodwill written back and other movements	3	-	-
	Shareholders' funds at the end of the period	**6,377**	**6,476**	**6,554**

* Restated for the effect of changes in accounting policies in respect of internally-generated additional value of in-force long-term business no longer recognised and the treatment of shares held by employee trusts as a deduction from shareholders' funds. Further details are set out on page 33.

Summarised consolidated balance sheet
As at 30 June 2004

	30 June 2004 £m	Restated* 30 June 2003 £m	31 December 2003 £m
Assets			
Goodwill	1,052	1,139	1,105
Investments			
Land and buildings	607	684	637
Investments in associated undertakings and participating interests	149	289	279
Variable yield securities	2,799	2,700	2,967
Fixed interest securities	9,734	9,037	10,098
Mortgages and loans, net of non-recourse funding	2,041	1,129	1,448
Deposits	744	551	435
Other investments	57	55	65
	16,131	14,445	15,929
Reinsurers’ share of technical provisions	2,699	2,822	2,926
Reinsurers’ share of provision for linked liabilities	636	651	579
Assets of the long-term business	136,433	132,562	136,662
Assets held to cover linked liabilities	42,921	35,640	40,665
Other assets	9,830	10,164	10,326
Acquired value of in-force long-term business	458	522	488
Total assets	**210,160**	**197,945**	**208,680**
Liabilities			
Shareholders' funds			
Equity	6,177	6,276	6,354
Non-equity	200	200	200
Minority interests	775	778	811
	7,152	7,254	7,365
Subordinated debt	2,751	1,225	2,814
Total capital, reserves and subordinated debt	**9,903**	**8,479**	**10,179**
Liabilities of the long-term business	121,774	120,323	121,078
Fund for future appropriations	7,816	5,519	8,443
Technical provision for linked liabilities	43,557	36,291	41,244
General insurance liabilities	17,553	17,203	17,515
Borrowings	1,769	2,337	1,760
Other creditors and provisions	7,788	7,793	8,461
Total liabilities	**210,160**	**197,945**	**208,680**

* Restated for the effect of changes in accounting policies in respect of internally-generated additional value of in-force long-term business no longer recognised and the treatment of shares held by employee trusts as a deduction from shareholders’ funds. Further details are set out on page 33.

Consolidated cash flow statement
For the six months ended 30 June 2004

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Net cash inflow from operating activities, excluding exceptional items*	1,104	386	1,208
Exceptional items*	-	(503)	(522)
Net cash outflow from servicing of finance	(99)	(84)	(256)
Corporation tax paid	(28)	(90)	(174)
Net purchases of tangible fixed assets	(48)	(36)	(101)
Acquisitions and disposals of subsidiary and associated undertakings**	174	510	600
Equity dividends paid	(341)	(321)	(523)
Proceeds from issue of subordinated debt	-	-	1,567
Net cash inflow from other financing activities:			
Issue of share capital	23	1	2
Net drawdown of loans	69	221	80
Net cash flows	**854**	**84**	**1,881**
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings	304	(155)	(164)
Net purchases of investments	544	437	2,262
Non-trading cash inflow/(outflow) to long-term business operations	6	(198)	(217)
Net investment of cash flows	**854**	**84**	**1,881**

The cash flows presented in this statement relate to non-long-term business transactions only. Long-term business profits are included as net cash inflows/(outflows) from operating activities only to the extent that they have been remitted to shareholders by way of dividends from life operations.

* Included within the exceptional items in 2003 are payments to the Berkshire Hathaway Group for reinsurance purchased in December 2000 to secure protection against any adverse impact of the run-off of London Market claims reserves. The final instalment was paid on 2 January 2003.

** The six months to 30 June 2003 and full year 2003 include £651 million of consideration received in relation to the disposal of the Australia and New Zealand general insurance businesses.

1. Basis of preparation – modified statutory solvency basis

(a) The results for the six months to 30 June 2004 have been prepared on the basis of the accounting policies set out in Aviva plc's 2003 Annual Report and Accounts. The results for the six months to 30 June 2004 and 2003 are unaudited but have been reviewed by the auditor. The interim accounts do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The results for the full year 2003 have been taken from the Group's 2003 Annual Report and Accounts. The auditors have reported on the 2003 accounts and their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The Group's 2003 Annual Report and Accounts have been filed with the Registrar of Companies.

(b) The contribution from the Group's share of the alliance with RBSG is incorporated within the modified statutory life profit. Goodwill amortised in the period in respect of the Group's holding in the associated company, RBS Life Investments Limited, is included within 'Amortisation of goodwill' on page 29.

(c) In November 2000, the Accounting Standards Board issued Financial Reporting Standard 17 (FRS17) "Retirement Benefits", the accounting provisions, which are not required to be adopted by the Group until 2005. FRS17 requires certain transitional disclosures to be made in the statutory accounts and the table shown in the supplementary analyses on page 41 shows the balance sheet effect of these memorandum disclosures. The Group has continued to account for pension costs in accordance with SSAP24.

(d) Changes in accounting policy

(i) Additional value of internally-generated in-force business

In November 2003, the Association of British Insurers revised its Statement of Recommended Practice on accounting for insurance business (ABI SORP). One of the amendments is that insurance companies are no longer allowed to recognise the internally-generated additional value of in-force business (AVIF) on their balance sheets, either as an asset or as part of shareholders' funds.

The effect of implementing this change are that shareholders' funds at 30 June 2004 have been reduced by £4,677 million (30 June 2003: reduced by £3,942 million; 31 December 2003: reduced by £4,611 million) and minority interests have been reduced by £174 million (30 June 2003: reduced by £101 million; 31 December 2003: reduced by £133 million).

(ii) Presentation changes

In December 2003, the Urgent Issues Task Force issued UITF Abstract 38 which requires shares held in employee share trusts to be deducted from capital in arriving at shareholders' funds rather than being held as assets.

The effects of implementing this change on shareholders' funds at 30 June 2004 is nil (30 June 2003: reduced by £1 million; 31 December 2003: reduced by £1 million).

2. Exchange rates

The euro rates employed in this announcement are an average rate of 1 euro = £0.68 (six months to 30 June 2003: 1 euro = £0.68; full year 2003: 1 euro = £0.69) and a closing rate of 1 euro = £0.67 (30 June 2003: 1 euro = £0.70; 31 December 2003: 1 euro = £0.70).

3. Exceptional costs for termination of operations

In February 2004, the Group announced the closure of its UK national broker subsidiary, Hill House Hammond (HHH) by the end of 2004 together with the sale of its commercial business. The associated pre-tax costs of the closure of HHH are £50 million and these exceptional costs relate to the redundancy costs and closure provisions. The Group expects to complete the branch closures by the end of September 2004.

During 2003, the Group incurred costs on the closure of its general insurance operations in Belgium. These exceptional costs relate to termination activities, including redundancy costs and closure provision.

4. Disposals

The net profit/(loss) on the disposal of subsidiary undertakings comprises:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Other small operations	6	(7)	(6)
	6	**(7)**	**(6)**

No disposal of subsidiary undertakings was sufficiently material to warrant separate disclosure.

In June 2004, our French operations, Aviva France, sold its 31.4% holding in Société Foncière Lyonnaise (SFL) a French listed property company for €427 million (£285 million) and recorded a gain of £27 million. These shares were owned by both our French life and non-life operations. In accordance with local French provisions, the gain on sale in the life company of £22 million has been transferred to a statutory provision forming part of the fund for future appropriations and will be attributed to policyholders and shareholders as bonuses are declared to policyholders, within the next eight years.

5. Geographical analysis of life and pensions and investment sales – new business and total income

	New business sales: New single premiums		New business sales: New regular premiums		Premium income (after reinsurance) and investment sales		
	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Life and pensions sales							
United Kingdom – group*	2,668	2,618	265	251	4,030	4,828	8,688
– associates	73	82	8	10	125	141	254
	2,741	2,700	273	261	4,155	4,969	8,942
Europe (excluding UK)							
France	1,183	966	27	23	1,345	1,141	2,300
Ireland	85	86	35	30	219	217	442
Italy	694	804	20	37	794	913	1,662
Netherlands (including Belgium and Luxembourg)	542	431	65	59	1,123	970	1,722
Poland – Life	20	10	7	8	126	132	263
– Pensions	13	4	8	11	217	212	440
Spain	875	778	42	61	965	834	1,641
Other	167	100	41	34	316	258	616
International	225	476	51	52	357	602	1,007
Total life and pension sales (including share of associates)	**6,545**	**6,355**	**569**	**576**	**9,617**	**10,248**	**19,035**
Investment sales							
United Kingdom	437	313	14	6	451	319	680
Netherlands	120	115	-	-	120	115	204
Poland	48	30	1	1	49	31	110
Other Europe	91	21	-	-	91	21	49
International	64	34	-	-	64	34	98
Total investment sales	**760**	**513**	**15**	**7**	**775**	**520**	**1,141**
Total long-term savings (including share of associates)	**7,305**	**6,868**	**584**	**583**	**10,392**	**10,768**	**20,176**

Single premiums are those relating to products issued by the Group, which provide for the payment of one premium only. Regular premiums are those where there is a contractual obligation to pay on an ongoing basis.

* Included within the prior year premium income (after reinsurance) and investment sales are transfers of institutional business into Morley Pooled Pensions (six months to 30 June 2003: £1,247 million; full year 2003: £1,247 million) which, since they are institutional in nature, are excluded from new business sales.

6. Geographical analysis of modified statutory life operating profit

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom			
With-profit	54	64	145
Non-profit	235	229	449
Europe (excluding UK)			
France	84	80	179
Ireland	12	18	41
Italy	19	14	30
Netherlands (including Belgium and Luxembourg)	54	29	107
Poland	38	41	103
Spain	28	24	50
Other	3	(7)	(4)
International	21	23	38
Total modified statutory life operating profit	**548**	**515**	**1,138**

7. Geographical analysis of health premiums after reinsurance and operating result

(a) Premiums after reinsurance:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	145	136	270
France	78	71	134
Netherlands	459	439	662
	682	**646**	**1,066**

(b) Operating result:

	Operating profit			Underwriting result		
	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	3	4	13	1	2	9
France	2	3	9	(3)	(2)	(2)
Netherlands	28	20	39	4	(9)	(20)
	33	**27**	**61**	**2**	**(9)**	**(13)**

8. Geographical analysis of general insurance premiums after reinsurance and operating result

(a) General insurance premiums after reinsurance:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	2,674	2,496	5,135
Europe (excluding UK)			
France	304	305	515
Ireland	292	319	611
Netherlands	341	295	563
Other	124	116	226
International			
Canada	601	565	1,208
Other	118	182	266
	4,454	**4,278**	**8,524**

(b) Operating result:

	Operating profit*			Underwriting result*		
	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	408	313	676	67	10	50
Europe (excluding UK)						
France	13	15	35	(6)	(7)	(9)
Ireland	68	43	91	36	14	26
Netherlands	23	12	35	(1)	(3)	(5)
Other	18	16	32	(2)	(4)	(6)
International						
Canada	59	(33)	12	4	(85)	(98)
Other	24	21	30	7	4	(12)
	613	**387**	**911**	**105**	**(71)**	**(54)**

* The general insurance operating profit and underwriting result are stated before the change in the equalisation provision of £11 million (six months to 30 June 2003: £28 million; full year to 31 December 2003: £49 million) and the Financial Services Compensation Scheme levy of £25 million (six months to 30 June 2003: nil; full year to 31 December 2003: nil).

9. Corporate costs

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Global finance transformation programme	(45)	(12)	(60)
Central costs and sharesave schemes	(49)	(44)	(100)
	(94)	(56)	(160)

10. Tax

The tax charge in the profit and loss account comprises:

(a) Tax on profit on ordinary activities:

		6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Current tax				
UK corporation tax	– current year	22	1	(55)
	– prior year	(11)	(9)	17
Overseas tax	– current year	(44)	(18)	(1)
	– prior year	2	3	3
Tax attributable to balance on technical account		(160)	(147)	(315)
		(191)	**(170)**	**(351)**
Deferred tax				
Origination and reversal of timing differences		47	(6)	(19)
Changes in tax rates or law		(6)	-	(11)
(Decrease)/increase in discount		(1)	(6)	14
Prior year adjustments		-	(29)	-
		40	**(41)**	**(16)**
Total tax charged in the profit and loss account		**(151)**	**(211)**	**(367)**

(b) Tax charge analysed between:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Tax charge on operating profit before tax, amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items	(255)	(194)	(403)
Tax credit/(charge) on (loss)/profit on other ordinary activities	104	(17)	36
	(151)	**(211)**	**(367)**

(c) Factors affecting current tax charge for the year:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Profit on ordinary activities before tax	414	742	1,390
Current tax charge at standard UK corporation tax rate of 30% (2003: 30%)	(124)	(223)	(417)
Adjustment to tax charge in respect of prior years	(8)	(6)	20
Non-assessable dividends	23	6	5
Non-taxable profit/(loss) on the sale of investments	8	(1)	(10)
Non-taxable amortisation of goodwill	(9)	(7)	(5)
Other disallowable expenses	(35)	(16)	(33)
Utilisation/non-utilisation of tax losses	30	-	(10)
Different local basis of tax on overseas profits	(29)	48	53
Deferred tax charge arising from movement in unrealised gains and losses	-	4	20
Other deferred tax movements	(41)	2	10
Deferred tax assets not recognised	-	9	38
Other items	(6)	14	(22)
Current tax charge for the year	**(191)**	**(170)**	**(351)**

11. Dividends

(a) The preference dividends in the profit and loss account comprise:

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Preference dividends	**9**	**9**	**17**

The preference dividends are in respect of the cumulative irredeemable preference shares of £1 each in issue.

(b) The ordinary dividends in the profit and loss account comprise:

		6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Ordinary dividends				
Interim	9.36 pence (2003: 9.0 pence)	211	203	203
Final	(2003: 15.15 pence)	-	-	342
Total ordinary dividends		**211**	**203**	**545**

Irish shareholders who are due to be paid a dividend denominated in euros will receive a payment at the exchange rate prevailing on 3 August 2004.

12. Earnings per share

(a) Basic earnings per share

	6 months 2004			6 months 2003		Full year 2003	
	Before tax £m	Net of tax, minorities and preference dividend £m	Per share p	Net of tax, minorities and preference dividend £m	Per share p	Net of tax, minorities and preference dividend £m	Per share p
Operating profit*	878	571	25.4	404	17.9	991	44.0
Adjusted for the following items:							
– Amortisation of goodwill	(49)	(49)	(2.2)	(52)	(2.3)	(103)	(4.6)
– Amortisation of acquired additional value of in-force long-term business	(49)	(36)	(1.6)	(30)	(1.3)	(98)	(4.4)
– Financial Services Compensation Scheme levy	(25)	(18)	(0.8)	-	-	-	-
– Exceptional costs for termination of operations	(50)	(42)	(1.9)	(16)	(0.7)	(16)	(0.7)
– Short-term fluctuation in investment return	(286)	(209)	(9.3)	207	9.1	198	8.9
– Change in the equalisation provision	(11)	(8)	(0.4)	(20)	(0.9)	(34)	(1.5)
– Net profit/(loss) on disposal of subsidiary undertakings	6	6	0.3	(1)	-	(6)	(0.3)
Profit attributable to equity shareholders	**414**	**215**	**9.5**	**492**	**21.8**	**932**	**41.4**

* All operating profit is from continuing operations.

12. Earnings per share (continued)

Earnings per share has been calculated based on the operating profit before amortisation of goodwill, amortisation of acquired additional value of in-force long-term business and exceptional items, after tax, attributable to equity shareholders, as well as on the profit attributable to equity shareholders. The directors believe the former earnings per share figure provides a better indication of operating performance. The calculation of basic earnings per share uses a weighted average of 2,252 million (six months to 30 June 2003: 2,252 million; full year 2003: 2,251 million) ordinary shares in issue, after deducting shares owned by the employee share trusts as required by FRS14 'Earnings per share'.

The actual number of shares in issue at 30 June 2004 was 2,262 million (30 June 2003: 2,257 million; 31 December 2003: 2,257 million).

(b) Diluted earnings per share:

	6 months 2004			6 months 2003			Full year 2003		
	Total £m	Weighted average number of shares m	Per share p	Total £m	Weighted average number of shares m	Per share p	Total £m	Weighted average number of shares m	Per share p
Profit attributable to equity shareholders	215	2,252	9.5	492	2,252	21.8	932	2,251	41.4
Dilutive effect of share awards and options	-	18	-	-	8	-	-	8	(0.1)
Diluted earnings per share	**215**	**2,270**	**9.5**	**492**	**2,260**	**21.8**	**932**	**2,259**	**41.3**

Statistical supplement

Segmental analysis of Group operating profit* at constant currency – achieved profit basis

		6 months 2004 £m	6 months 2003 at 2004 exchange rates £m	6 months 2003 £m
Life achieved operating profit				
United Kingdom		356	339	339
France		114	90	90
Ireland		18	31	31
Italy		34	33	33
Netherlands (including Belgium and Luxembourg)		129	69	69
Poland		33	35	40
Spain		78	71	71
Other Europe		7	2	2
International		31	29	30
		800	**699**	**705**
Health				
United Kingdom		3	4	4
France		2	3	3
Netherlands		28	20	20
		33	**27**	**27**
Fund Management				
United Kingdom		3	5	5
France		8	6	6
Other Europe		3	-	-
Australia		3	(1)	(1)
		17	**10**	**10**
General insurance				
United Kingdom		408	313	313
France		13	15	15
Ireland		68	43	43
Netherlands		23	12	12
Other Europe		18	16	16
Canada		59	(32)	(33)
Other		24	21	21
		613	**388**	**387**
Non-insurance operations		(15)	(47)	(47)
Corporate costs		(94)	(56)	(56)
Unallocated interest charges	– external	(124)	(94)	(94)
	– intra-group	(100)	(104)	(104)
Group operating profit before tax*		**1,130**	**823**	**828**

* Group operating profit before tax, before amortisation of goodwill and exceptional items. All operating profit is from continuing operations.

Restating 2003 modified statutory life profits to account for the impact of exchange rate movements in 2004 would result in modified statutory life profits being restated from £515 million to £511 million for the six months to 30 June 2003.

Supplementary analyses

(a) Non-insurance operations – operating result

	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
Hill House Hammond	1	6	4
Norwich Union Equity Release* and other personal finance subsidiaries	(7)	(9)	(16)
Your Move	8	(6)	1
Norwich Union Life Services	(15)	(27)	(54)
Other	(2)	(11)	1
	(15)	**(47)**	**(64)**

* The operating result from our equity release business in the UK is included within the non-insurance results on a statutory basis. On an achieved profit methodology new business contribution was £5 million before tax (30 June 2003: £12 million; 31 December 2003: £19 million) and operating profit before tax, including the benefits of the securitisation of our book, was £21 million (30 June 2003: £22 million; 31 December 2003: £31 million) which is excluded from our results.

(b) Pension schemes

The Group continues to account for its pension costs in accordance with SSAP24. The table below sets out the carrying value of the pension scheme prepayment in the Group's balance sheet under the principles of SSAP24 and the valuation of the pension schemes liabilities under the requirements of FRS17.

	30 June 2004 £m	31 December 2003 £m
Pension scheme prepayment on SSAP24 basis	276	251
Valuation of the pension schemes on a FRS17 basis, after deduction of related deferred tax	(521)	(583)

(c) Investments in joint ventures

	30 June 2004 £m	30 June 2003 £m	31 December 2003 £m
Share of gross assets	1,796	1,401	1,416
Share of gross liabilities	(1,537)	(1,306)	(1,226)
	259	**95**	**190**
Loans to joint ventures	827	669	679
	1,086	**764**	**869**

As part of their investment strategy, the UK long-term business policyholder funds have invested in a number of property limited partnerships (PLPs) through a mix of capital and loans. The PLPs are managed by general partners (GPs) in which the UK long-term business shareholder companies hold equity stakes, and which themselves hold nominal stakes in the PLPs. Most of the PLPs have raised external debt, secured on their respective property portfolios. The lenders are only entitled to obtain payment, of both interest and principal, to the extent that there are sufficient resources in the respective PLPs. The lenders have no recourse whatsoever to the policyholder or shareholders' funds of any company of the Aviva Group. Accounting for the PLPs depends on the shareholdings in the GPs and the terms in each partnership agreement. Where the partnership is managed by a contractual agreement such that no one party exerts control, the PLPs have been accounted for as joint ventures.

In addition, the Group has invested in a joint venture life assurance company in China, which commenced operations on 1 January 2003. These shares are held by Aviva plc at a cost of £22 million (31 December 2003: £22 million) and share of net assets of £16 million (31 December 2003: £18 million).

(d) Longer-term investment return

The longer-term investment return is calculated separately for each principal general insurance business and certain long-term business operations. 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 year, 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 year.

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

	Longer-term rates of return			
	Equities		Properties	
	2004 %	2003 %	2004 %	2003 %
United Kingdom	8.1%	8.1%	6.6%	6.6%
France	7.5%	7.5%	6.5%	6.5%
Ireland	8.7%	8.7%	6.7%	6.7%
Netherlands	8.4%	8.4%	6.5%	6.5%
Canada	9.3%	9.3%	7.3%	7.3%

The table below shows the sensitivity in the changes in the longer-term rates of return on the annual operating profit:

Movement in investment return	By	Change in	By
Equities	1% higher/lower	Group operating profit before tax	£31 m
Properties	1% higher/lower	Group operating profit before tax	£8 m

(e) General business – investment return information

	Actual investment return			Longer-term investment return		
	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m	6 months 2004 £m	6 months 2003 £m	Full year 2003 £m
United Kingdom	310	295	585	341	303	626
Europe (excluding UK)						
France	16	19	37	19	22	44
Ireland	29	28	58	32	29	65
Netherlands	10	28	71	24	15	40
Other	12	12	20	20	20	38
International						
Canada	46	44	94	55	52	110
Other	16	16	36	17	17	42
Total longer-term investment return				**508**	**458**	**965**
Total actual investment income	**439**	**442**	**901**			
Realised (losses)/gains	(6)	26	47			
Unrealised (losses)/gains	(193)	151	136			
Total actual investment return	**240**	**619**	**1,084**	**508**	**458**	**965**

Reconciliation between general business investment return information and short-term fluctuation in investment return incorporated in the summarised consolidated profit and loss account – modified statutory basis

For the six months to 30 June 2004

	Actual investment return £m	**Longer-term investment return £m**	**Short-term fluctuation in investment return £m**
General business	240	508	(268)
Health business	14	31	(17)
	254	**539**	**(285)**
Life business			(1)
Total short-term fluctuation in investment return			**(286)**

General insurance – geographical ratio analysis

	Claims ratio		Expense ratio		Combined operating ratio	
	6 months 2004 %	6 months 2003 %	6 months 2004 %	6 months 2003 %	6 months 2004 %	6 months 2003 %
United Kingdom	65.9%	66.0%	10.0%	10.5%	98%	99%
France	71.5%	71.7%	11.5%	11.9%	100%	100%
Ireland	68.6%	79.6%	10.0%	8.5%	88%	97%
Netherlands	58.7%	61.3%	14.5%	13.7%	94%	98%
Canada	69.1%	85.4%	12.2%	12.3%	99%	115%
Group total	**66.4%**	**69.9 %**	**10.8%**	**10.9%**	**97%**	**101%**

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.

General insurance – class of business analyses

(a) United Kingdom

	Net written premiums		Underwriting result		Combined operating ratio	
	6 months 2004 £m	**6 months 2003 £m**	**6 months 2004 £m**	**6 months 2003 £m**	**6 months 2004 %**	**6 months 2003 %**
Personal						
Motor	690	657	14	(5)	102%	102%
Homeowner	509	467	18	21	97%	96%
Creditor	310	289	9	(1)	102%	102%
Other	46	41	(2)	1	99%	97%
	1,555	1,454	39	16	99%	100%
Commercial						
Motor	397	391	4	(2)	97%	100%
Property	436	410	35	5	90%	95%
Liability	210	177	(15)	(17)	107%	109%
Other	76	64	4	8	92%	82%
	1,119	1,042	28	(6)	96%	99%
£m	**2,674**	**2,496**	**67**	**10**	**98%**	**99%**

During the six months to 30 June 2004, annualised rating increases were as follows: commercial liability: 15%; commercial property: 8%; commercial motor: 2%; homeowners: 2%; and personal motor: 2%.

(b) France

	Net written premiums		Underwriting result		Combined operating ratio	
	6 months 2004 €m	**6 months 2003 €m**	**6 months 2004 €m**	**6 months 2003 €m**	**6 months 2004 %**	**6 months 2003 %**
Motor	213	205	-	3	99%	97%
Property and other	234	243	(9)	(13)	101%	103%
€m	**447**	**448**	**(9)**	**(10)**	**100%**	**100%**
£m	**304**	**305**	**(6)**	**(7)**	**100%**	**100%**

(c) Netherlands

	Net written premiums		Underwriting result		Combined operating ratio	
	6 months 2004 €m	6 months 2003 €m	6 months 2004 €m	6 months 2003 €m	6 months 2004 %	6 months 2003 %
Property	208	229	20	5	83%	93%
Motor	171	130	2	6	97%	95%
Liability	31	27	4	5	80%	75%
Other	91	48	(28)	(20)	115%	142%
€m	**501**	**434**	**(2)**	**(4)**	**94%**	**98%**
£m	**341**	**295**	**(1)**	**(3)**	**94%**	**98%**

(d) Canada

	Net written premiums		Underwriting result		Combined operating ratio	
	6 months 2004 C$m	6 months 2003 C$m	6 months 2004 C$m	6 months 2003 C$m	6 months 2004 %	6 months 2003 %
Automobile	929	844	(16)	(202)	102%	125%
Property	395	356	34	1	91%	100%
Liability	117	110	(15)	(3)	113%	103%
Other	19	19	7	4	70%	73%
C$m	**1,460**	**1,329**	**10**	**(200)**	**99%**	**115%**
£m	**601**	**565**	**4**	**(85)**	**99%**	**115%**

Assets under management

	Long-term business 30 June 2004 £m	General business and other 30 June 2004 £m	Group 30 June 2004 £m	Group 31 December 2003 £m
Financial investments				
Shares, other variable yield securities and units in unit trusts	25,903	2,348	28,251	28,294
Strategic investments	1,479	451	1,930	2,026
Debt and fixed income securities at market value	36,233	9,734	45,967	47,048
Debt and fixed income securities at amortised cost	34,962	-	34,962	34,709
Loans secured by mortgages and other loans, net of non-recourse funding	10,311	2,041	12,352	12,283
Deposits	3,158	744	3,902	2,943
Other investments	970	57	1,027	1,842
Total financial investments	**113,016**	**15,375**	**128,391**	**129,145**
Investments in joint ventures	1,086	-	1,086	869
Investments in associated undertakings and participating interests	653	149	802	1,043
Land and buildings	8,726	607	9,333	9,106
Total investments	**123,481**	**16,131**	**139,612**	**140,163**
Assets held to cover linked liabilities	42,921	-	42,921	40,665
Other assets included in the balance sheet	14,046	13,581	27,627	27,852
Total MSSB assets included in the balance sheet	**180,448**	**29,712**	**210,160**	**208,680**
Additional value of in-force long-term business	4,851	-	4,851	4,744
Total EV assets included in the balance sheet	**185,299**	**29,712**	**215,011**	**213,424**
Third party funds under management:				
Securitised mortgages (gross of non-recourse funding)			3,152	3,143
Unit trusts, Oeics, Peps and Isas			4,642	4,460
Segregated funds			19,607	19,355
Total assets under management			**242,412**	**240,382**

Strategic investments include the market value of the Group’s shareholding in Société Générale, Münchener Rückversicherungs-Gesellschaft, RBSG and UniCredito Italiano.

General insurance and other investments mix

	United Kingdom £m	Continental Europe £m	International £m	Total 30 June 2004 £m
Shares, other variable yield securities and units in unit trusts and strategic investments	1,494	990	315	2,799
Debt and fixed income securities at market value	4,641	3,163	1,930	9,734
Land and buildings	264	310	33	607
Other	2,003	826	162	2,991
Total investments	**8,402**	**5,289**	**2,440**	**16,131**

Group capital structure

The Group maintains an efficient structure from a combination of equity shareholders' funds, preference capital, subordinated debt and borrowings, consistent with the Group's risk profile and the regulatory and market requirements of its business. The achieved profit basis provides a more accurate reflection of the performance of the Group's life operations year on year than results under the modified statutory basis. Accordingly, the Group's capital structure is analysed on an embedded value basis.

The Group's capital, from all funding sources, has been allocated such that the capital employed by trading operations is greater than the capital provided by its shareholders and its subordinated debtholders. As a result, the Group is able to enhance the returns earned on its equity capital.

Capital employed by segment

	30 June 2004 £m	31 December 2003 £m
Long-term savings	12,152	12,373
General insurance and health	4,505	4,481
Other business	581	725
Corporate	3,176	2,934
Total capital employed	**20,414**	**20,513**
Financed by		
Internal debt	3,902	3,841
External debt	1,758	1,749
Subordinated debt	2,751	2,814
Shareholders' funds and minority interests	12,003	12,109
	20,414	**20,513**

At 30 June 2004 the Group had £20.4 billion (31 December 2003: £20.5 billion) of total capital employed in its trading operations which is efficiently financed by a combination of equity shareholders' funds, preference capital, subordinated debt and internal and external borrowings.

In the first half of 2004, the total capital employed in our long-term savings operations decreased due to the positive impact of retained earnings being offset by dividends paid to holding companies and the adverse effect of the Euro foreign exchange rate movement. The total capital employed in our general insurance businesses increased due to retained earnings partially offset by dividends paid to holding companies and foreign exchange losses.

In addition to its external funding sources, the Group has a number of internal debt arrangements in place. These have allowed assets supporting technical liabilities to be invested into the pool of central assets for use across the Group. They have also enabled the shareholders to deploy cash from some parts of the business to others in order to fund growth. Although intra-group loans in nature, they are counted as part of the capital base for the purpose of capital management. All internal loans satisfy arms length criteria and all interest payments have been made when due.

The ratio of the Group's external debt to shareholders' funds was 12% (31 December 2003: 12%). Interest cover, which measures the extent to which external interest costs, excluding the subordinated debt interest, are covered by achieved operating profit, was 30 times (31 December 2003: 19 times).

Group Capital Structure (continued)

Deployment of equity shareholders' funds

	30 June 2004					31 December 2003
	Equities £m	Fixed income securities £m	Other investments £m	Other net assets £m	Total £m	Total £m
Assets						
Long-term savings	586	3,813	799	1,434	6,632	6,923
General insurance, health, corporate and other business	2,799	3,281	1,130	-	7,210	7,035
	3,385	7,094	1,929	1,434	13,842	13,958
Goodwill					1,263	1,323
Additional value of in-force long-term business					5,309	5,232
Assets backing total capital employed in continuing operations					**20,414**	**20,513**
External debt					(1,758)	(1,749)
Internal debt					(3,902)	(3,841)
Subordinated debt					(2,751)	(2,814)
					12,003	**12,109**
Minority interests					(949)	(944)
Preference capital					(200)	(200)
Equity shareholders' funds					**10,854**	**10,965**

Our exposure to equities has decreased from £3.6 billion at 31 December 2003 to £3.4 billion, which represents 17% of our capital employed. The Group has certain equity investments which are classified as strategic. The market values of these holdings and the percentage of issued share capital of these companies held by the Group, in both our shareholder and policyholder funds, is as follows.

	Market value		% of issued share capital	
	30 June 2004 £m	31 December 2003 £m	30 June 2004 %	31 December 2003 %
Société Générale	224	233	1.1%	1.1%
Münchener Rückversicherungs-Gesellschaft	371	403	2.7%	2.6%
The Royal Bank of Scotland Group	848	854	1.7%	1.8%
UniCredito Italiano	487	536	2.8%	2.8%
	1,930	**2,026**		

Return on capital employed

	6 months 2004			Full year 2003
	Normalised after-tax return £m	Opening equity capital £m	Return on capital (annualised) %	Return on capital %
Long-term savings	557	12,373	9.2%	10.4%
General insurance and health	419	4,481	19.6%	16.4%
Other business	1	725	0.3%	(7.9%)
Corporate	(23)	2,934	(1.6%)	(1.5%)
	954	**20,513**	**9.5%**	**9.5%**
Borrowings	(162)	(8,404)	3.9%	4.3%
	792	**12,109**	**13.5%**	**12.9%**
Minority interests	(70)	(944)	15.4%	17.6%
Preference capital	(9)	(200)	8.5%	8.5%
Equity shareholders' funds	**713**	**10,965**	**13.4%**	**12.7%**

The return on capital is calculated as the after-tax return on opening equity capital, based on operating profit, including life achieved profit, before amortisation of goodwill and exceptional items.

Group capital structure (continued)

Capital management
In managing its capital, the Group aims to:

(i) match the profile of its assets and liabilities, taking account of the risks inherent in each business. In the case of the Group's life operations, which have long-term liabilities, the majority of capital is held in fixed income securities. A significant proportion of the capital supporting the Group's general insurance and health operations is held in equities, reflecting the relatively low risk profile of these businesses;
(ii) maintain financial strength to support new business growth and satisfy the requirements of its policyholders, regulators and rating agencies;
(iii) retain financial flexibility by maintaining strong liquidity, including significant unutilised committed credit lines, and access to a range of capital markets;
(iv) allocate capital efficiently to support growth and repatriate excess capital where appropriate; and
(v) manage exposures to movement in exchange rates by aligning the deployment of capital by currency with the Group’s capital requirements by currency.

An important aspect of the Group's overall capital management process is the setting of target risk-adjusted rates of return for individual business units, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

Risk based capital
The Group uses risk based capital as one of several measures to assess its capital requirements for its general insurance businesses. Financial modelling techniques enhance our practice of active capital management, ensuring sufficient capital is available to protect against unforeseen events and adverse scenarios, and risk management. Our aim continues to be the optimal usage of capital through appropriate allocation to our businesses.

The introduction of FSA’s Prudential Source Book includes the requirement to calculate the realistic capital needed to meet adverse situations, the Internal Capital Assessment (ICA). Based on this we will agree specific risk adjusted capital requirements with our regulator for both our life and general insurance businesses. Our risk based capital model underpins our ICA modelling, and will form the basis of our discussions with the regulator in agreeing such capital requirements, along with our strong risk management processes. We continue to develop our risk based capital modelling capability for both our life and general insurance businesses as part of our longer-term development programme for more complex risk modelling techniques, and increasingly operate our business by considering economic and risk based capital requirements.

Our current risk based capital methodology for general insurance business assesses insurance, market and credit risks and makes prudent allowance for diversification benefits. We look at the level of capital necessary to enable the general insurance business to meet the statutory minimum solvency margin over a five year period with 99% probability of not requiring further capital. We consider risks over a five year period allowing for planned levels of business growth. Based on our model, our risk based capital requirement may be expressed as 34% of net written premiums.

Capital employed in our general insurance and health business after goodwill and adding back the claims equalisation reserve was £4.6 billion at 30 June 2004 and required capital on a risk basis was £3.3 billion, giving a surplus capital position of £1.3 billion.

Sensitivity analysis
The sensitivity of the Group’s shareholders’ funds at 30 June 2004 to a 10% fall in global equity markets or a rise of 1% in global interest rates is as follows:

31 December 2003 £bn		30 June 2004 £bn	Equities down 10% £bn	Interest rates up 1% £bn
12.4	Long-term savings[(1)]	12.2	11.7	12.2
8.1	General insurance and other	8.2	8.0	7.9
(8.4)	Borrowings[(2)]	(8.4)	(8.4)	(8.4)
12.1	**Shareholders’ funds**	**12.0**	**11.3**	**11.7**

(1) Assumes achieved profit assumptions adjusted to reflect revised bond yields.
(2) Comprising internal, external and subordinated debt.
(3) These sensitivities assume a full tax charge/credit on market value appreciation/falls.

Group capital structure (continued)

Shareholders' funds, including minority interests

		30 June 2004 Closing shareholders' funds			31 December 2003 Closing shareholders' funds		
	Note	MSSB net assets (note 1) £m	Internally generated AVIF £m	Embedded value £m	MSSB net assets (note 1) £m	Internally generated AVIF £m	Embedded value £m
Life assurance							
United Kingdom		2,748	2,765	5,513	2,844	2,829	5,673
France		1,017	483	1,500	1,068	381	1,449
Ireland		332	204	536	338	216	554
Italy		354	74	428	386	56	442
Netherlands (including Belgium and Luxembourg)		1,520	833	2,353	1,621	777	2,398
Poland		118	229	347	146	250	396
Spain		268	210	478	266	189	455
Other Europe		168	36	204	174	26	200
International		565	17	582	568	20	588
		7,090	**4,851**	**11,941**	**7,411**	**4,744**	**12,155**
Participating interests	2	211	-	211	218	-	218
		7,301	**4,851**	**12,152**	**7,629**	**4,744**	**12,373**
General insurance and health	3						
United Kingdom	4	2,370		2,370	2,448		2,448
France		396		396	414		414
Ireland		380		380	333		333
Netherlands		370		370	250		250
Other Europe		110		110	112		112
Canada		585		585	631		631
Other		294		294	293		293
		4,505	-	**4,505**	**4,481**	**-**	**4,481**
Other business		581		581	725		725
Corporate	4	3,176		3,176	2,934		2,934
External debt	5	(1,758)		(1,758)	(1,749)		(1,749)
Internal debt		(3,902)		(3,902)	(3,841)		(3,841)
Subordinated debt		(2,751)		(2,751)	(2,814)		(2,814)
		(4,654)	**-**	**(4,654)**	**(4,745)**	-	**(4,745)**
Shareholders' funds, including minority interests		**7,152**	**4,851**	**12,003**	**7,365**	**4,744**	**12,109**
Comprising							
Equities		3,385		3,385	3,571		3,571
Debt and fixed income securities		7,094		7,094	7,129		7,129
Property		582		582	612		612
Deposits and other investments		1,347		1,347	1,179		1,179
Intangible assets	6	1,721	4,851	6,572	1,811	4,744	6,555
Other net assets		1,434		1,434	1,467		1,467
Borrowings		(8,411)		(8,411)	(8,404)		(8,404)
		7,152	**4,851**	**12,003**	**7,365**	**4,744**	**12,109**

Group capital structure (continued)

Shareholders' funds, including minority interests (continued)

Notes

1. Includes acquired additional value of in-force long-term business of £458 million (31 December 2003: £488 million).
2. The net assets represent the £211 million of goodwill on the RBSG joint venture (31 December 2003: £218 million).
3. The capital employed in the Group's general insurance operations includes £262 million of goodwill (31 December 2003: £392 million).
4. Assets available to shareholders are held by the Group's UK general insurance operations and are available to finance future growth of the Group. Accordingly, for the purposes of preparing this note, these assets have been reclassified as Corporate.
5. The external borrowings reported in the summary consolidated balance sheet of £1,769 million (31 December 2003: £1,760 million) comprise £11 million, (31 December 2003: £11 million) of general insurance borrowings (reported within the general insurance and health net assets) and £1,758 million (31 December 2003: £1,749 million) of borrowings by holding companies of the Group not allocated to operating companies (shown as external debt).
6. Comprises £458 million of acquired additional value of in-force long-term business (31 December 2003: £488 million), £1,052 million of goodwill arising on acquisitions (31 December 2003: £1,105 million) and £211 million of goodwill on the RBSG joint venture (31 December 2003: £218 million).

Group capital structure (continued)

Return on capital employed

30 June 2004		**Normalised return (Note 1)**		**Opening shareholders' funds including minority interests**	**Annualised return on capital**
	Note	**Before tax £m**	**After tax £m**	**£m**	**%**
Life assurance					
United Kingdom	2	356	249	5,891	8.6%
France		114	74	1,449	10.5%
Ireland		18	16	554	5.9%
Italy		34	21	442	9.7%
Netherlands (including Belgium and Luxembourg)		129	93	2,398	7.9%
Poland		33	27	396	14.1%
Spain		78	50	455	23.2%
Other Europe		7	5	200	5.1%
International		31	22	588	7.6%
		800	**557**	**12,373**	**9.2%**
General insurance and health					
United Kingdom	3	345	236	2,448	20.2%
France		15	11	414	5.4%
Ireland		68	60	333	39.3%
Netherlands		51	40	250	34.6%
Other Europe		18	13	112	24.6%
Canada		59	40	631	13.1%
Other		24	19	293	13.4%
		580	**419**	**4,481**	**19.6%**
Other business		2	1	725	0.3%
Corporate	3, 4	(28)	(23)	2,934	(1.6%)
External debt		(40)	(33)	(1,749)	3.8%
Internal debt		(100)	(70)	(3,841)	3.7%
Subordinated debt		(84)	(59)	(2,814)	4.2%
		1,130	**792**	**12,109**	**13.5%**

Notes
1. The normalised return is based upon operating profit, including life achieved profit, before amortisation of goodwill and exceptional items.
2. Shareholders' funds includes £211 million of goodwill on RBSG joint venture.
3. Assets available to shareholders are held by the Group's UK general insurance operations and are available to finance future growth of the Group. Accordingly, these assets together with their associated pre-tax investment return of £66 million (post-tax £46 million) have been reclassified as Corporate.
4. The return before tax of £(28) million comprises investment return of £66 million and corporate costs of £(94) million.

Return on capital employed (continued)

31 December 2003		Normalised return (Note 1)		Opening shareholders' funds including minority interests (Note 2)	Return on capital
	Note	Before tax £m	After tax £m	£m	%
Life assurance					
United Kingdom	3	659	461	5,243	8.8%
France		220	142	1,221	11.6%
Ireland		65	57	472	12.1%
Italy		70	42	349	12.0%
Netherlands (including Belgium and Luxembourg)		189	140	1,806	7.8%
Poland		104	76	352	21.6%
Spain		158	102	350	29.1%
Other Europe		9	6	176	3.4%
International		81	56	410	13.7%
		1,555	**1,082**	**10,379**	**10.4%**
General insurance and health					
United Kingdom	4	608	416	2,052	20.3%
France		44	33	481	6.9%
Ireland		91	78	236	33.1%
Netherlands		74	55	275	20.0%
Other Europe		32	24	63	38.1%
Canada		12	8	535	1.5%
Other		30	27	275	9.8%
		891	**641**	**3,917**	**16.4%**
Other business		(54)	(44)	554	(7.9%)
Corporate	4, 5	(79)	(38)	2,475	(1.5%)
External debt		(109)	(86)	(2,053)	4.2%
Internal debt		(196)	(138)	(3,671)	3.8%
Subordinated debt		(101)	(71)	(1,190)	6.0%
		1,907	**1,346**	**10,411**	**12.9%**

Notes
1. The normalised return is based upon operating profit, including life achieved profit, before amortisation of goodwill and exceptional items.
2. Restated for the effect of a change in accounting policy in respect of the treatment of shares held by employee trusts as a deduction from shareholders' capital.
3. Shareholders' funds include £231 million of goodwill on RBSG joint venture.
4. Assets available to shareholders are held by the Group's UK general insurance operations and are available to finance future growth of the Group. Accordingly, these assets together with their associated pre-tax investment return of £81 million (post-tax £57 million) have been reclassified as Corporate.
5. The return before tax of £(79) million comprises investment return of £81 million and corporate costs of £(160) million.

Shareholder information

Aviva Scrip Dividend Scheme
The Aviva Scrip Dividend Scheme (the "Scheme") provides shareholders with an opportunity, if they wish, to receive new ordinary shares instead of cash dividends. The Scheme therefore allows shareholders to increase their shareholdings in Aviva without incurring dealing costs or stamp duty whilst at the same time the cash, which would otherwise have been paid out in dividends, is retained by the Company for reinvestment in the business. The Scheme replaces the former Dividend Reinvestment Plan.

Shareholders who wish to join the Scheme need to authorise the Company to issue shares instead of cash for all future dividends although, shareholders can at anytime cancel their instructions and revert to receiving their dividends in the form of cash. Shareholders who wish to elect to take new ordinary shares in the Company instead of cash for the 2004 interim dividend must contact Lloyds TSB Registrars at the address opposite and request a mandate form. This must be completed and returned so that it is received by Lloyds TSB Registrars no later than 5pm on **20 October 2004.**

Dividend payments direct to your bank account
Shareholders who wish to continue to receive their dividends in cash, can have dividend payments credited directly into their bank or building society account on the dividend payment date rather than receiving a cheque. For overseas shareholders, the Company operates the Transcontinental Account Payment Service which allows shareholders in many countries to have dividends credited direct to bank accounts in local currencies. To obtain further details and a mandate form please contact the Company's registrar at the address shown.

Shareview
Shareview is an internet based service that allows shareholders to view their shareholding online and, if they wish, to receive shareholder communications (e.g. Notice of Meeting, Report and Accounts) via email rather than by post.

To register, please go to www.shareview.co.uk to find more details of the service, practical help and extensive information on other share registration matters.

Aviva website
Aviva continues to develop its website as an important shareholder communication channel because it is cost efficient, timely and effective. At present via the Aviva website shareholders can view shareholdings, dividend history, share purchases and sales and download relevant shareholder forms. To access this facility, shareholders should visit www.aviva.com/shareholders where full registration details are provided. Those shareholders who have already registered with the Lloyds TSB Registrars Shareview site can use existing log-in details.

Share price
The current share price of Aviva ordinary shares can be found at www.aviva.com or alternatively, you can call 0906 843 2197*

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

Share dealing facilities for UK shareholders and UK Share Account members

- Shareview Dealing is a telephone and internet service arranged through Lloyds TSB Registrars and provides a simple and convenient way of selling Aviva shares. For telephone sales call 0870 850 0852 between 8.30am and 4.30pm, Monday to Friday and for internet sales log on to www.shareview.co.uk/dealing
- To buy or sell shares over the telephone, you can contact Barclays Stockbrokers on 0870 549 3001 if you hold a share account statement, or 0870 549 3002 if you hold a share certificate. Barclays Stockbrokers Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority.
- Natwest Stockbrokers provide a share dealing service at certain branches for Aviva Share Account holders only. For more information contact Natwest Stockbrokers on 0845 122 0689.

Share dealing facilities for overseas shareholders
To sell shares over the telephone, shareholders can contact Barclays Stockbrokers on + 44 (0)141 352 3959. They will be able to sell shares and send a sterling cheque for the proceeds.

ShareGift
The Orr Mackintosh Foundation operates a purely voluntary charity share donation scheme for shareholders who wish to dispose of small numbers of shares whose value makes it uneconomical to sell them. Details of the scheme are available from ShareGift at www.sharegift.org or by telephoning +44 (0)20 7337 0501 or can be obtained from the Company's registrar.

Amalgamating your shares
Any shareholders receiving duplicate mailings, i.e. more than one copy of the report and accounts, should contact the Company's registrar. It may be that they have more than one record of shareholdings which can be amalgamated to prevent this happening in future.

*Calls are currently charged at 60 pence per minute at all times. The average time to access the share price is approximately one minute.

Useful contact details
General shareholding administration queries and Aviva Share Account queries:
Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.
Tel: 0870 600 3952

Corporate and single company Peps:
Barclays Stockbrokers Limited, Tay House, 300 Bath Street, Glasgow G2 4LH.
Tel: 0870 514 3263

Individual Savings Accounts ("Isas"):
Lloyds TSB Registrars (Isa Manager), The Causeway, Worthing, West Sussex BN99 6DA.
Tel: 0870 242 4244.

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

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

<u>Group financial calendar for 2004</u>

4 August 2004	Interim dividend announcement
11 August 2004	Ordinary shares quoted 'ex dividend'
13 August 2004	Record date for the interim dividend
20 October 2004	Last date for scrip dividend mandate forms to be received in order to be effective for 2004 interim dividend
29 October 2004	Announcement of long-term savings new business for 9 months to 30 September 2004
17 November 2004	Interim dividend payment date

Corporate social responsibility
Aviva's CSR policy and programme continues to take firmer roots within the business and to generate support with staff, shareholders and customers. Aviva's CSR performance is also highly ranked by growing numbers of research agencies and investment houses. It provides one of the pathways by which the Company seeks to achieve its corporate resolve to be the financial services provider of choice. More details can be found on our website at **www.aviva.com/csr**

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