OLD MUTUAL | plc

10 August 2007

Results for the six months ended 30 June 2007

Steady profits – underlying growth strong

- **Net client cash flows (NCCF) £11.8 billion, 10% of opening funds under management (FUM) on an annualised basis**
- **Life APE up 10% to £859 million (up 17% at constant exchange rates)**
  - **SA retail up 21% as sales force productivity and bancassurance grows, corporate flat**
  - **US up 34%: Bermuda variable annuities strong**
  - **UK up 23%: Open architecture continues to thrive**
  - **Nordic slower following tax changes and price pressure**
  - **ELAM: matches last year's highs**
- **Investment performance strong in US and Europe, recovering in SA**
- **Funds under management up 11% to £263 billion**
- **Skandia continuing to exceed acquisition assumptions in total and on track to deliver promised synergies.**
- **US Life actuarial review complete and provisions made; business now well positioned for the future**
- **Adjusted earnings per share steady at 8.2p on an IFRS basis (30 June 2006: 8.5p*)**
- **Adjusted embedded value per share (EEV basis) 161.6p at 30 June 2007 (31 December 2006: 161.1p***)**
- **Interim dividend increased by 10% to 2.3p (32.59 cents**) per share, in line with underlying growth rates**

Jim Sutcliffe, Chief Executive, commented:

"Underlying business performance during the first half, driven principally by high quality investment management, resulted in strong net client cash flows and growth in funds under management – the key driver of profitability. The Skandia synergy and development targets are on track. Group earnings, however, have been muted by the strengthening of the Sterling against the Rand and the US Dollar, and the provisions following the completion of the actuarial review in the USA. Our strong capital position and powerful set of international businesses will allow us to grow even if economic conditions continue to be turbulent."

Enquiries

Investor Relations		
Malcolm Bell	UK	+44 (0)20 7002 7166
Deward Serfontein	SA	+27 (0)21 509 8709
Media		
James Crampton	UK	+44 (0)20 7002 7133
Nad Pillay	SA	+27 (0)21 504 8026
College Hill (UK)		
Tony Friend	UK	+44 (0)20 7457 2020
Gareth David	UK	

Notes

Wherever the terms asterisked in the Financial Highlights are used, whether in the Financial Highlights, the Chief Executive's Statement, the Group Finance Director's Review or the Business Review, the following definitions apply:

* For long-term and general insurance business, adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments, and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, the impact of closure of unclaimed shares trusts, profit / (loss) on disposal of subsidiaries, associated undertakings and strategic investments and dividends declared to holders of perpetual preferred callable securities.

Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit. It is stated after tax attributable to adjusted operating profit and minority interests. It excludes income attributable to Black Economic Empowerment (BEE) trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and BEE trusts.

** Indicative only, being the Rand equivalent of 2.3p converted at the exchange rate prevailing on 30 June 2007. The actual amount to be paid by way of interim dividend to holders of shares on the South African branch register will be calculated by reference to the exchange rate prevailing at the close of business on 18 October 2007, as determined by the Company, and will be announced on 19 October 2007.

*** Restated due to addition of own shares in Employee Share Ownership Plans (ESOP)

Forward-looking statements

This announcement contains forward-looking statements with respect to certain of Old Mutual plc'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 that are beyond Old Mutual plc's control, including, among other things, UK domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties or of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in territories where Old Mutual plc or its affiliates operate.

As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.

Notes to Editors:

A webcast of the analyst presentation and Q&A will be broadcast live at 9.30 a.m. (UK time) and 10.30 a.m. (Swedish and South African time) today on the Company's website, *www.oldmutual.com*. Analysts and investors who wish to participate in the call should dial the following toll-free numbers:

UK	0500 101 630
Sweden	0200 887 651
South Africa	0800 991 468
North America	+1 877 491 0064

Playback (available until midnight on 24 August 2007):

UK	0207 031 4064
UK toll-free	0800 358 1860
Sweden	+46 (0) 850 520 333
North America toll-free	+1 888 365 0240
North America toll	+1 954 334 0342

Access code: 761356

Copies of these results together with high-resolution images (at http://oldmutual.com) and biographical details of the Executive Directors of Old Mutual plc, are available in electronic format to download from the Company's website.

A Financial Disclosure Supplement relating to the Company's Interim results can be found on the website. This contains a summary of key financial data for 2007 and 2006.

An interview with Jim Sutcliffe, Chief Executive, in video, audio and text is available on the Company's website, www.oldmutual.com, and on www.cantos.com.

Chief Executive's Statement

Steady profits – underlying growth strong

Old Mutual's international savings and wealth management business has grown profitably during the first half of 2007. The Group's open architecture model and good investment performance have continued to attract strong inflows during the period, with net client cash flow of £11.8 billion, representing 10% of opening funds under management on an annualised basis. These inflows, together with positive equity markets in the main countries in which we operate, delivered an increase in overall funds under management, one of our key measures of performance, of 11% to £263 billion from the 2006 year-end position of £237 billion.

IFRS earnings were down slightly in Sterling terms, at 8.2p, compared to the equivalent period last year (8.5p), largely due to the strength of Sterling against the Rand and the US Dollar during the first half of 2007. Assuming constant exchange rates, H1 2006 adjusted operating EPS would have been 7.0p, with the currency impact being 1.0p and the impact of the increase in issued shares being 0.5p.

As a result of the underlying growth profile of the business, the Board is pleased to declare an increase in the interim dividend of 10% to 2.3p a share.

Europe

In the UK, our industry leading open architecture platform, which enables a wide range of investment choices for IFAs and clients continued to boost sales and net client cash flows. Post "A-Day" demand continues to benefit the business with pension sales up by 32% to £249 million. Adjusted operating profit for the UK increased to £80 million from £73 million and new business margins increased to 11% as a result of the operating leverage delivered by a 23% increase in life sales and a 13% increase in funds under management to £41 billion. During the period we announced the launch of Selestia Investment Solutions, the combination of Old Mutual's Selestia platform and Skandia MultiFUNDs, giving financial advisers a single, easy-to-understand market proposition. This is well positioned to harness the market's demand for simplicity, flexibility and choice. The integration of the two platforms will deliver further revenue synergies above those originally announced and goes live on 15 August 2007.

Adjusted operating profit at Nordic benefited from higher levels of funds under management (up SEK 7 billion) and some exceptional profits in smaller lines of business. However, sales were depressed by the Swedish government's removal of the tax privileges of a key product, *Kapitalpension* in the first quarter, and by our early adoption of a level commission structure. EEV earnings were further depressed by the need to make provisions for pricing adjustments introduced in response to lowered charges from our competitors, and new business margins were depressed by the negative gearing of the lower sales levels. The Swedish market, in particular, remains very competitive. Good progress is being made in putting this division on to a sounder footing for the future with Skandia and Skandia Liv, the wholly owned mutual life business, signing agreements to resolve a number of operating legacy issues and investment in the IT platform which will provide benefits by allowing speedier product development. This will cost some SEK 100 million in the second half. We have welcomed Bertil Hult this week, as our Nordic CEO.

In ELAM, strong performance in Central European (especially Poland) markets, particularly in relation to regular premium sales, was offset by lower sales in Southern Europe, most notably in Spain and Italy. Profit for the ELAM division grew by 67%, reflecting the scale benefits of organic growth, though against a soft comparative period in 2006.

Overall, we remain ahead of our acquisition assumptions and we remain on track to meet our stated synergy targets for the middle of next year.

South Africa

OMSA’s overall profit was up 28% benefiting from the JSE’s strong performance and some one-off items. The focus given to growing the sales force and fostering better broker relations has had a positive impact on retail life sales and margins. The Retail Mass division, aimed at capturing new business from lower income customers, achieved a R120 million (up 32%) increase in sales, while the Retail Affluent division, concentrating on middle income and higher net worth individuals, grew total life sales by R174 million (up 16%). Bancassurance sales achieved through the Nedbank channel also continued to grow strongly, up 33% on the corresponding period in 2006. Concerns over historic short-term investment performance resulted in unit trust sales that did not reach last year’s historic highs and negative net client cash flow in the corporate segment. Performance at OMIGSA is improving as the business is bedded down and the results of a common risk management support function come into effect.

Nedbank momentum continues, with a 32% increase in headline earnings on a local currency basis. Nedbank exceeded its 2007 target of 20% RoE for the first time in the first quarter, ending the six months at a solid 21.2%. Its cost to income ratio for the half year fell to its target of 55% for the year, although this will be affected for the rest of 2007 by continuing high levels of investment in its retail programme. Net interest income grew 30% to R6,568 million, mainly as a result of the 30.9% growth in average interest-earning banking assets. Non interest revenue increased by 5% to R4,742 million for the period. Expenses increased by 14.9% to R6,238 million, reflecting the group's continued expense management, balanced by the need to invest for growth.

Profits at our general insurance business, Mutual & Federal, were affected by some adverse weather-related and motor claims. However the premium cycle does appear to have turned, evidenced by a recent hardening of rates. Our long-standing CEO, Bruce Campbell, has decided to pursue different challenges and leaves the Company, after 34 years on 15 August 2007. He is succeeded by Keith Kennedy, who moves up from Executive General Manager: Claims and Business Services.

Our ongoing and widely-recognised commitment to the social and economic transformation of South Africa was boosted even further by the establishment of the Masisizane Fund, with proceeds set aside for it from the closure of the Unclaimed Shares Trust. The aim of the Fund is to support a number of economic transformation initiatives including women entrepreneurs, financial education, and capacity building in local and provincial government.

USA

Continuing good investment performance at our US asset management affiliates once again delivered excellent net client cash flows, attracting $17 billion. This performance, together with the acquisition of Ashfield, has raised total funds under management from $274 billion to $315 billion and increased IFRS adjusted operating profit by 28%. Mutual fund sales at Old Mutual Capital Partners rose by 29%, underlining the potential of our strategic retail initiatives. Award-winning investment performances at Old Mutual Asset Managers (UK), which is now reported as part of the US asset management division, helped deliver an outstanding second quarter, with unit trust sales up by 56%.

Excellent sales through Old Mutual Bermuda, our offshore variable annuity business unit now representing 44% of APE sales in the US Life business, and strong demand for fixed indexed annuities, helped the Group produce a 41% increase in total life sales to $2.5 billion.

Chief Executive's Statement

We completed our investigation into the actuarial models used in the US Life business. As a result, we decided to strengthen our annuitant mortality assumptions in particular and, amongst other things, adopted a more conservative approach to future assumed spreads. This led to a $185 million adjustment to post-tax Embedded Value and a $60 million adjustment to pre-tax IFRS adjusted operating profits. Underlying profits were in line with the first quarter at an annual rate of about 1% of assets. We believe this business is now on a sound footing for the future, and we will not constrain sales in the second half as we have in past years.

The business remains on track to return cash to the Group by the end of 2007.

Asia Pacific

Our joint venture partnerships in China and India continue to make steady progress. Kotak Mahindra Old Mutual (KMOM), in which we have a 26% stake, has expanded its distribution footprint to include representation in 51 cities throughout India, and gross premiums for the six months were INR6.9 billion (£82 million).

In China, buoyant equity markets have helped drive sales of unit-linked products, placing the joint venture in seventh position on a gross premium basis out of the 25 foreign-affiliated insurance companies, with premiums in the six months of RMB807 million (£53 million).

Summary and outlook

Underlying business performance during the first half, driven principally by high quality investment management, resulted in strong net client cash flows and growth in funds under management – the key driver of profitability. The Skandia synergy and development targets are on track. Group earnings, however, have been muted by the strengthening of the Sterling against the Rand and the US Dollar, and the provisions following the completion of the actuarial review in the USA. Our strong capital position and powerful set of international businesses will allow us to grow even if economic conditions continue to be turbulent.

Jim Sutcliffe
Chief Executive

10 August 2007

Group Finance Director's Review

GROUP RESULTS

Group Highlights (£m)	**H1 2007**	H1 2006	% Change
Adjusted operating profit (IFRS basis) (pre-tax)	**757**	771	(2%)
Adjusted operating profit (EEV basis) (pre-tax)	**782**	885	(12%)
Profit before tax (IFRS)	**898**	815	10%
Adjusted operating earnings per share (IFRS basis)	**8.2p**	8.5p	(4%)
Adjusted operating earnings per share (EEV basis)	**8.7p**	9.8p	(11%)
Basic earnings per share (IFRS basis)	**9.6p**	8.0p	20%
Value of new business	**124**	121*	2%
PVNBP	**6,843**	5,963*[n]	15%
Life assurance sales (APE)	**859**	779*[n]	10%
Unit trust / mutual funds sales	**4,171**	4,252*	(2%)
Net Client Cash Flows (£bn)	**11.8**	9.7	22%
Interim dividend	**2.30p**	2.10p	10%

Group Highlights	**H1 2007**	FY 2006	% Change
Embedded Value (£bn)	**8.9**	8.9**	-
Adjusted Embedded Value per share (EEV basis)	**161.6p**	161.1p**	-
Funds under management (£bn)	**263**	237	11%
Return on equity (annualised basis) (%) ***	**13.4%**	12.0%	
Return on Embedded Value (annualised basis) (%)	**14.5%**	13.8%	

During the first half of 2007, Old Mutual has experienced strong sales and positive net client cash flows in most businesses.

In Europe we have continued to benefit from being the open architecture leader in the UK and growth continued in ELAM. In Nordic, year-to-date APE sales declined compared to the same period last year due to a drop in Sweden. South African life sales were 17% higher in Rand terms although 7% lower in Sterling. In the US, APE was up by 34% in US Dollar terms driven by the exceptional growth in Bermuda.

IFRS adjusted operating earnings per share 8.2p

Earnings per share were held back by Rand and US Dollar currency depreciation together with the full impact of additional shares issued in relation to the acquisition of Skandia.

* Proforma six months
[n] Restated due to change in the calculation of US Life APE to align with the value of new business calculation
** Restated due to addition of own shares in ESOP
*** Return on equity is calculated using adjusted operating profit after tax and minority interests on an IFRS basis with allowance for accrued coupon payments on the Group's hybrid capital. The average shareholders' equity used in the calculation excludes hybrid capital.

Group Finance Director's Review

Group Highlights (£m)	**H1 2007**	H1 2006	H1 2006 restated at 2007 rates
Adjusted operating profit			
Africa	**608**	591	474
United States	**106**	137	124
Europe	**129**	126	121
Other	**2**	1	2
	845	855	721
Other Shareholders Expenses	**(19)**	(20)	(20)
Finance Costs	**(69)**	(64)	(64)
Adjusted operating profit before tax & MI	**757**	771	637
Tax	**(177)**	(196)	(147)
Minority Interest	**(138)**	(145)	(112)
Adjusted operating profit after tax & MI	**442**	430	378
Adjusted operating EPS (pence)	**8.2**	8.5	7.0

Assuming constant exchange rates, H1 2006 adjusted operating EPS would have been 7.0p with the currency impact being 1.0p and the impact of the increase in issued shares being 0.5p.

Net client cash flows

Overall Old Mutual's NCCF's were a very healthy £11.8 billion representing 10% of opening FUM on an annualised basis. Our USAM business delivered excellent net inflows of £8.7 billion representing 12% of opening FUM on an annualised basis, while the Skandia businesses achieved £3 billion of NCCF's, representing 12% of FUM. Within this figure Skandia UK achieved an outstanding £2.4 billion representing 13% of opening FUM on an annualised basis. Within OMSA, net client cash flow remained a challenge, primarily due to net outflows from our third party asset management businesses as a result of concerns over last year's investment performance.

Adjusted Embedded Value per share 161.6p

Adjusted Group Embedded Value (EV) was unchanged at £8.9 billion at 30 June 2007 (31 December 2006: £8.9 billion, restated from £8.6 billion[‡]). The adjusted Group EV per share is 161.6p as at 30 June 2007. This represents a slight increase from 160p (restated from 157.2p[‡]) as at 1 January 2007. The movement in EV per share has largely been driven by the net impact of adjusted operating profit and other profit flows including investment variances but, has been negatively impacted by currency movements and the lower organic earnings in South African and US covered businesses.

[‡] Please note that after allowing for the opening adjustment calculated now as part of the fair value balance sheet exercise and including the adjustment for the value of ESOP shares, the adjusted Group EV is at 1 January 2007 is £8.8 billion and the EEV per share at 31 December 2006 is 160p

Group Finance Director's Review

Skandia synergies on track

The Skandia integration and synergy benefits of £70 million per annum (announced in June 2006) are on track to be delivered by the end of 2008, and an additional £10 million per annum of revenue synergies were announced in June 2007. However, 2007 is the key year for investment in synergy initiatives with £17 million incurred in the first half. It is expected that £46 million will be incurred this year as communicated in June 2006.

Value of new business growing

The value of new business grew strongly to £124 million driven by very strong sales at Skandia UK and Bermuda. In the UK, strong growth in new business sales over the first half of 2007, coupled with lower acquisition expenses has led to an increase in APE profit margin and value of new business. In Nordic, the APE profit margin declined due to lower sales and higher marketing expenses. In ELAM, the VNB was maintained although there was a shift towards high margin Polish business. In South Africa, the value of new business increased due to an overall increase in margins, particularly on individual business, which increased from 12% to 16% due to operating leverage from the higher new business sales, improvement in distribution expenses and higher margin risk business sold. In the US, margins and VNB were higher due to the Bermudan business which contributed 65% of the new business value.

Return on Equity up

Return on Equity for the Group improved to 13.4% on an annualised basis from 12.0% reflecting the improvement in the earnings run rate compared to 2006.

Group Finance Director's Review

Robust capital position

The Group's gearing level remains comfortably within our target range, with senior debt gearing at 30 June of 4.4% (5.9% at 31 December 2006) and total gearing, including hybrid capital, of 23.1% (21.4% at 31 December 2006). The overall increase in gearing was primarily as a result of a payment to Skandia Liv in connection with the finalisation of the Liv-Link agreement.

In January 2007, the Group issued €750 million of Lower Tier 2 Preferred Callable Securities, the proceeds of which were used, in part, to finance the repayment of a €400 million senior Eurobond that matured in April 2007.

The Group has continued to develop its Economic Capital programme. At 31 December 2006 our Economic Capital Requirement was £4.1 billion and the corresponding Available Financial Resources (AFR) was £7.1 billion. A comfortable surplus exists within each of our South African, US and European regions, meaning that the Group is not reliant for its economic solvency on the need to transfer capital between geographies.

The Group is in compliance with the Financial Groups Directive capital requirements, which apply to all EU-based financial conglomerates. Our FGD surplus was £1.6 billion at 30 June 2007 and we seek to maintain an FGD surplus buffer of around £750 million to £1 billion.

Capital requirements are set by the Board whilst recognising the need to maintain appropriate credit ratings and meet regulatory requirements.

Taxation

The Group's effective tax rate[§] for the period ended 30 June 2007 of 23% decreased from 29% for the corresponding period in 2006. The net effective rate in 2006 was high due to the level of the investment return adjustment for Group equity and debt instruments held in life funds, much of which is taxed at the South African statutory tax rate of 29%. In 2007 this adjustment is minimal. In addition, the 2007 effective tax rate has benefited from the recognition of certain previously unrecognised deferred tax assets and the reduction in deferred tax liability arising from the reduction in UK tax rates effective 1 April 2008.

Dividend

The directors of Old Mutual plc have declared an interim dividend of 2.30p per share[**] for the six months ended 30 June 2007, to be paid on 30 November 2007. This represents an increase in dividend per share of 10% over the 2006 interim dividend. The indicative Rand equivalent of this interim dividend[††] is 32.59c, an increase of 17%. The Board's policy on dividends is to seek to achieve steadily increasing returns to shareholders over time, reflecting the underlying rate of progress and cash flow requirements of Old Mutual's businesses.

[§] Based on the tax excluding income tax attributable to policyholder returns as a proportion before tax but after income tax attributable to policyholder returns

[**] The record date for this dividend payment is the close of business on Friday, 9 November 2007 for all the Exchanges where the Company's shares are listed. The last day to trade cum-dividend on the JSE and on the Namibian, Zimbabwe and Malawi Stock Exchanges will be Friday, 2 November 2007 and on the London Stock Exchange on Wednesday, 7 November 2007. The shares will trade ex-dividend from the opening of business on Monday, 5 November 2007 on the JSE and the Namibian, Zimbabwe and Malawi Stock Exchanges, and from the opening of business on Wednesday, 7 November 2007 on the London Stock Exchange.

Shareholders on the South African, Zimbabwe and Malawi branch registers and the Namibian section of the principal register will be paid the local currency equivalents of the dividend under the dividend access trust arrangements established in each country. Shareholders who hold their shares through VPC AB, the Swedish nominee, will be paid the equivalent of the dividend in Swedish Kronor (SEK). Local currency equivalents of the dividend for all five territories will be determined by the Company using exchange rates prevailing at close of business on Thursday, 18 October 2007 and will be announced by the Company on Friday, 19 October 2007.

Share certificates may not be dematerialised or rematerialised on the South African branch register between Monday, 5 November and Friday, 9 November 2007, both dates inclusive, and transfers between the registers may not take place during that period.

[††] Based on rates at 30 June 2007 (R14.16772 = £1)

Holding company cash flow

The table below shows the cash flows of the Old Mutual plc holding company and its satellite holding companies. We believe this provides a clearer picture of the receipts and payments of available cash within the Old Mutual Group than the IFRS holding company cash flow statement.

	£m	£m
Total gross debt 31 December 2006		**2,483**
Opening liquid assets held centrally	**76**	
Operational receipts	229	
Capital receipts	69	
Net debt raised	232	
New equity issuance	3	
Operational expenses	(87)	
Other expenses	(83)	
Acquisitions	(21)	
FX adjustments and other items	20	
Cash available	**438**	
Old Mutual plc dividend paid	(218)	
Organic investment	(160)	
Closing liquid assets held centrally	**60**	
Net debt raised		232
Adjustments		13
Total gross debt 30 June 2007		**2,728**
Liquid assets held centrally		(60)
Total net debt 30 June 2007		**2,668**

Total available cash within the holding company at the end of 2006 was £76 million. During the first half of 2007, the holding company received a total of £298 million of operational and capital receipts from business units, plus net debt and equity proceeds of £235 million.

After operational expenses, other expenses, acquisition payments and adjusting items, there was £438 million in available cash, of which £218 million was used to pay the Old Mutual plc 2006 final dividend and £160 million invested in the businesses.

The balance of remaining cash at the end of June 2007 was £60 million.

Group Finance Director's Review

Group Highlights H1 2007 (£m)	Long term business	Asset Management	Banking	General Insurance	Other
Adjusted operating profit (IFRS basis) (pre-tax)	369	144	296	36	(88)
Adjusted operating profit (EEV basis) (pre-tax)	389	144	296	36	(83)
Profit before tax (IFRS)	485	148	296	47	(78)
Value of new business	124	-	-	-	-
Life assurance sales (APE)	859	-	-	-	-
Unit trust / mutual funds sales	-	4,171	-	-	-
Net client cash flows (£bn)	9.6	2.2	-	-	-
Funds under management (£bn)	77	182	-	-	4

Group Highlights H1 2006 (£m)	Long term business	Asset Management	Banking	General Insurance	Other
Adjusted operating profit (IFRS basis) (pre-tax)	408	125	280	42	(84)
Adjusted operating profit (EEV basis) (pre-tax)	516	125	280	42	(78)
Profit before tax (IFRS)	314	196	303	64	(62)
Value of new business	111	-	-	-	-
Life assurance sales (APE)	723	-	-	-	-
Unit trust / mutual funds sales	-	4,252	-	-	-
Net client cash flows (£bn)	7.6	2.1	-	-	-
Funds under management (£bn)	65	149	-	-	4

Jonathan Nicholls
Group Finance Director

10 August 2007

COMPARATIVE INFORMATION

The reporting format for Old Mutual plc for the first half 2007 reporting period is as follows:

- All Group comparative interim reporting information on earnings include Skandia from the date of acquisition of 1 February 2006 (unless indicated otherwise).
- Within the financial statements the Europe division comparative information is from the date of acquisition of 1 February 2006.
- Where Europe information is shown within the business review, this has been adjusted on a pro forma basis to reflect ownership from 1 January 2006.

EUROPE

Net client cash flows continue at a high level

Highlights (£m)	H1 2007	Pro forma* H1 2006	% change
IFRS adjusted operating profit	**129**	129	-
EV adjusted operating profit (covered business)	**176**	211	(17%)
Life assurance sales (APE)	**554**	488	14%
Mutual fund sales	**2,232**	2,296	(3%)
Value of new business	**69**	74	(7%)
PVNBP	**4,453**	3,767	18%
Net client cash flows (£bn)	**3.0**	3.3	(9%)
Return on invested capital	**9.0%**	7.7%	
Return on EV (covered business)	**12.3%**	13.3%	

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

Highlights (£bn)	H1 2007	FY 2006	% change
Funds under management	**57**	51	13%

Strong sales driving solid funds under management

Our European business continues to achieve strong life assurance sales, particularly in the UK.

Life sales on an APE basis for the covered business reached £554 million for the first half of 2007, 14% higher than the same period last year, with UK single premium pension sales particularly strong. Mutual fund sales, although marginally down in 2007, were boosted in 2006 by UK institutional business, where funds flow can be irregular.

Net client cash flows at 12% of opening FUM on an annualised basis were strong and totalled £3.0 billion for the period.

Funds under management increased by 13% over the past six months to £57 billion. A significant portion of that growth comes from the UK division, where net inflows and advantageous market movements have contributed to the positive outcome.

Skandia is well on track to deliver on the 2008 growth and synergy targets as reiterated at the capital markets day on 21 June 2007. IFRS adjusted operating profit remains stable, even with the impact from the less profitable, but necessary, new Liv-Link agreement, with particularly impressive returns from ELAM from scale benefits and solid growth in the UK division.

Business Review

UNITED KINGDOM AND OFFSHORE

Highlights (£m)	H1 2007	Pro forma* H1 2006	% Change
IFRS adjusted operating profit**	**80**	73	10%
EV adjusted operating profit (covered business)	**120**	100	20%
Life assurance sales (APE)	**389**	316	23%
UK life assurance sales (APE)	**249**	189	32%
Unit trust sales	**1,291**	1,363	(5%)
Value of new business	**42**	33	27%
New business margin	**11%**	10%	
PVNBP	**3,377**	2,597	30%
Net client cash flows (£bn)	**2.4**	2.3	4%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months and have been restated to include the results of Old Mutual International. No restatement has been made in respect of Selestia Life and Pension, which is now reported under long-term business rather than asset management

** From 2007 the treatment of Selestia deferred fee income has been harmonised with Skandia MultiFUNDS reducing the 2007 result. The impact of policy holder tax has been smoothed from 2007

Highlights (£bn)	H1 2007	FY 2006	% Change
Funds under management	**41**	36	13%

Growing IFRS adjusted operating profits

Adjusted operating profit for the UK increased to £80 million, driven by significantly higher level of funds under management and continued growth from investment contracts.

As expected, we incurred £12 million of synergy costs in the first half related to the integration of our UK businesses to deliver the planned synergy benefits by 2008. The integration is on target to deliver the planned savings as well as significant revenue potential. The outsourcing of IT operations to HCL (Hindustan Computers Limited), was completed in February 2007 and the off-shoring of key activities is in progress. Meanwhile the business process re-engineering programme continues to drive out further efficiencies, in line with synergy plans.

The mutual fund business continues to perform well. Integration of the Skandia MultiFUNDS and Selestia fund supermarkets is on track to deliver the committed run rate savings by the middle of 2008. The integration of back office operations and sales teams has been successful and efforts are now focused on the launch of the new combined platform, which brings together the best aspects of each proposition. Selestia Investment Solutions will go live on 15 August 2007.

Higher EV adjusted operating profits (covered business)

EV adjusted operating profit for the UK increased to £120 million, with higher sales volumes driving an increased contribution from new business. Results benefit from the continued growth of the in-force books of business.

Experience (as measured against the operating assumptions) has led to a favourable contribution despite a write-back in respect of Selestia Life and Pension to reflect a reduction in charges. In the critical area of business retention, overall persistency has been in line with expectations.

Strong new business growth in UK life and mutual fund sales

Skandia's leading open architecture model continues to deliver strong new business growth. The first half of 2007 was characterised by improving sales, buoyant net client cash flows and ongoing recognition from our distributors for our award winning platform. Both life assurance sales (APE) and unit trust sales, (excluding the institutional investment business with Mercer) were up in the half year to 30 June 2007 compared to the first half of 2006, due to growth in single premium business, the continued impact of the "A-Day" pension changes and strong ISA sales. Mercer's business was significantly down in the period, and this is reflected in the fall in unit trust sales in aggregate.

Pension sales substantially higher

The increase in life assurance new business levels for the first half of 2007 is largely due to higher single premium pension sales in the UK. These have flowed from the continued impact of the "A-Day" changes. UK pensions business grew in the half year by 26%, building on the increase in volumes already experienced during 2006.

International business increased in the half year, benefiting from strong portfolio bond sales in the UK and single premium business in Latin America and the Far East. There has been some tailing off in institutional portfolio bond business in the latter part of the period following a tax change in the UK budget.

Strong underlying unit trust sales

Skandia has brought together Skandia MultiFUNDS and Selestia, under the banner "Selestia Investment Solutions" giving financial advisers a single, easy-to-understand market proposition backed by a comprehensive range of products and a single sales team with which to interact. Sales for Selestia Life and Pension of £128 million in the first half of 2007 (H1 2006: £114 million) are now reported under the long-term business rather than under asset management. Excluding this and the Mercer business described above, the underlying growth was 10%.

The Selestia and Skandia MultiFUNDS businesses continue to benefit from UK advisers' shift to open architecture investment platforms in line with their preferred strategy for the management of their clients' assets. The Global Property Securities Fund has remained Skandia's best selling fund throughout 2007, and together with the launch of the "Best Ideas" funds, this has driven improved sales across the Group, generating gross direct subscriptions exceeding £152 million for the half year.

Margins improved with new business growing

Life new business APE margins post-tax improved from 10% to 11% for the half year. The improvement in margin is due to a combination of increased scale benefits and a shift towards single premium retail pension business.

The value of new business improved by 27% to £42 million due to strong sales growth and mix of business across our core products. The 23% increase in life assurance sales and the increase in profit margin gives rise to the increase in the value of new business.

Strong growth in funds under management and net client cash flows

Net client cash flows were £2.4 billion for the half year representing 13% of opening funds under management on an annualised basis. Strong inflows combined with favourable market movements during the first half drove a significant increase in funds under management versus 2006 year end of 13% to £41 billion.

Business Review

NORDIC

Highlights (SEKm)	H1 2007	Pro forma* H1 2006	% Change
IFRS adjusted operating profit	**486**	652	(25%)
EV adjusted operating profit (covered business)	**207**	897	(77%)
Life assurance sales (APE)	**959**	1,076	(11%)
Mutual funds sales	**821**	1,586	(48%)
Value of new business	**143**	310	(54%)
New business margin	**15%**	29%	
PVNBP	**4,450**	5,389	(17%)
Net client cash flows (SEK bn)	**0.8**	2.3	(65%)

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

Highlights (SEK bn)	H1 2007	FY 2006	% Change
Funds under management	**114**	107	6%

IFRS profits lower due to new corporate business agreement with Skandia Liv

IFRS adjusted operating profit decreased by 25% in the first half year to SEK486 million due to the negative impact of the joint corporate pension agreement with Skandia Liv, but also due to higher marketing expenses and the lower risk business result.

Life assurance sales still below expectations after change in law

Life sales APE declined 11% mostly due to a weaker performance in Sweden. From 1 February 2007 the tax advantages of the Swedish *Kapitalpension* product were removed following a change in regulations. This negatively impacted sales as *Kapitalpension* products accounted for 10% of sales in 2006. Sales were also affected by a reduction in volumes from smaller brokers due to the adoption by Skandia of a new commission model in Sweden and the response from some competitors who enhanced up-front commission with small brokers. As part of our investment programme, new product launches and some adjustments to pricing are being introduced to combat the lower sales in Sweden. New sales growth in Denmark continued strongly, up 26% compared to last year.

Liv-Link legacy issues largely resolved though negatively impacting margins in the short-term

Life new business margin was 15% compared to 29% for the first half of 2006. The decline can be attributed to a change in arrangements between Skandia and Skandia Liv and negative operating leverage from lower sales. These expenses will be reduced and, in combination with the benefit of the introduction of new products, we expect margins to rise in the second half of 2007. The positive impact of cost synergies in 2008 will further strengthen the margin. However in order to reach the 2008 targeted range of 23 to 27% pre-tax, our Swedish sales, in particular, will need to improve in what is a very competitive market.

Business Review

Funds under management passed another record milestone

Funds under management increased in the first half of 2007 to SEK 114 billion due to continued positive net client cash flows and good fund performance.

Continued growth in banking business

Both deposit and loan books at SkandiaBanken continued to increase in the first half of 2007, reaching new highs. The growth in loans has been at a slower pace than last year, preserving the net interest margin in the face of stiff competition. Lending increased to SEK53.5 billion, up 16% on the first half of 2006, mainly due to strong mortgage lending in Norway and Sweden. The number of customers has increased 4% over the past 12 months. Operating profit for the first half of 2007 was 26% higher than the first half of 2006. This reflects higher earnings from increased volumes which was partly offset by increased costs associated with Basel II and additional employees in Norway to support the business growth. Our Danish banking operations will be divested in the second half to strengthen profitability and to bring focus to the remaining successful businesses. Banking profit before tax for the half year was SEK 111 million (H1 2006: SEK88 million).

Putting the business on a sound footing for the future

As previously reported, Skandia and Skandia Liv renegotiated their arrangements for jointly offered corporate business with effect from 1 January 2007. In addition, Skandia and Skandia Liv have settled other operational legacy issues.

The focus in the half year has been on improving operational efficiency and aggressive marketing activities. The integration programme has reduced IFRS adjusted operating profits in the half and will continue throughout the year in line with previous market guidance. Our unit linked product offering improvement is underway and will reach the market towards the end of 2007. Furthermore SkandiaBanken's savings offering has been strengthened by widening the fund range and introducing discounted share trading.

Head of Nordic

Bertil Hult has commenced as the new head for Skandia's Nordic division on 6 August 2007, further boosting the quality of the management team in Sweden. Bertil is well known and respected in Sweden with a strong knowledge of financial services.

Business Review

EUROPE AND LATIN AMERICA (ELAM)

Highlights (€m)	**H1 2007**	Pro forma* H1 2006	% Change
IFRS adjusted operating profit	**20**	12	67%
EV adjusted operating profit (covered business)	**60**	65	(8%)
Life assurance sales (APE)	**140**	135	4%
Mutual fund sales	**1,306**	1,183	10%
Value of new business	**25**	26	(4%)
New business margin	**18%**	20%	
PVNBP	**1,112**	1,119	(1%)
Net client cash flows (€bn)	**0.8**	1.1	(27%)

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months and excludes businesses subsequently divested

Highlights (€bn)	**H1 2007**	FY 2006	% Change
Funds under management (€bn)	**13**	11	19%

Strong adjusted operating profit result

IFRS adjusted operating profit is up 67% on the equivalent prior year period, reflecting the scale benefit of organic growth in both covered and non-covered business. This growth is driven by the larger in-force book of business which has been buoyed by good stock market performance with both fund-based and premium-based fees up on the prior year equivalent period. However, the IFRS result was partially constrained by accelerated deferred acquisition cost recognition arising from higher surrender activity in Italy.

Continuing growth in life new business sales (APE)

Life sales on an APE basis rose 4%, with strong growth in regular premium sales across Central Europe partially offset by lower single premium sales in Southern Europe. Sales in Southern Europe decreased year-on-year reflecting the strong and exceptional growth experienced in the first half of 2006. Sales in Central Europe, have increased 31% compared to the same period in 2006 buoyed by stronger economies.

Mutual fund sales up and margins improved

Mutual fund sales are up 10% over the first half of 2006, with strong contributions from both of the division's asset managers, Palladyne and Skandia Global Funds. Sales in the first half of 2006 predominantly arose from low margin institutional asset management business in Spain, while sales this half year have significantly higher margins, leading to an increased adjusted operating profit contribution from mutual fund business for the half year.

Funds under management €13 billion after €0.8 billion net client cash flows and reclassifications

Net client cash inflows in the half year were 15% of opening funds under management, on an annualised basis. Market movements were positive for the half year, growing funds under management by a further 5%.

Net client cash flows, and the comparison to prior year, have been negatively impacted by the previously high volume low margin institutional business from Spain. This business generated strong inflows in H1 2006 from a small group of institutions. Some of these funds have been withdrawn resulting in high surrender levels.

Value of new business down 4%, with profit margin at the upper end of the target range at 18%

VNB for the first half of 2007 was slightly behind the first half of 2006. An increase arising from the higher contribution from the less developed markets, which have a higher profit margin, was offset by a reduction in VNB arising from the increased investment in sales resource in Europe, which has not yet generated increased sales volumes.

The post-tax profit margin of 18% achieved for the half year is at the upper end of our medium-term target range of 16-18%. We continue to anticipate that margin pressure will increase in these markets and have lowered our margin on certain products for the remainder of the year in order to competitively reposition our offerings in these markets.

Well positioned

ELAM is well placed to achieve further growth, as evidenced by rising market shares in most of the countries in which we operate, and the growing importance of the unit linked segment within ELAM's markets. Product development and innovation remain at the heart of our offering with 13 new products launched in the half year and further offerings in the pipeline for the next half year. These products are aimed at the long-term retail savings market, with a mix of new unit linked and mutual funds offerings bolstering our existing product range.

At the same time we are seeking operational efficiencies across the business unit to ensure we have a scalable model to support both our current, and future, business needs.

Poland continues to grow strongly and is now a significant contributor to both new sales and the division's overall result. This reflects the efforts put into this business over recent years, with particular emphasis on growing distribution. We are seeing encouraging growth from Germany, with new sales on an APE basis up 22% over the same period in 2006. Expansion of the sales team and segmentation of the IFA channel in France have put us on a good footing in this market, although year-on-year growth is suppressed due to the strong tax-driven market of H1 2006. We have made a significant investment in distribution in our Latin American and European markets during the first half of 2007, and this investment sees us well placed to capture the growth in those markets.

Sale of business

As disclosed previously, a strategic decision was taken to divest the traditional life business in Spain. This transaction was concluded on 5 April 2007.

Business Review

AFRICA

The three African businesses, Old Mutual South Africa (OMSA), Nedbank and Mutual & Federal (M&F) continue to benefit from the expanding South African economy where GDP is forecast to grow 4.4% during 2007 and stock markets have performed strongly in the first half of the year, with the JSE recording a 14% rise. We are well positioned across all key product and market sectors to benefit from these positive economic conditions and are well on the way to our target of R1 trillion assets under management (OMSA and Nedbank).

Our businesses enjoy a high market share overall and the lack of commonality between these bases is the potential for our bancassurance model. OMSA serves 3.2 million retail customers, Nedbank 3.9 million retail customers and M&F another 1.1 million retail customers. However Nedbank and OMSA share less than 1 million customers in common and between the three companies altogether, the sharing of common customers is circa 0.3 million. In the corporate market both OMSA and Nedbank have large corporate customer bases and, again, a relatively limited overlap providing good opportunities to cross sell.

Measured by assets under management, OMSA is number one in the life industry and aims to be number one across the entire savings and wealth management business. Working with Nedbank and M&F, OMSA aims to build the number one financial services franchise in South Africa.

Highlights (£m)	H1 2007	H1 2006	% Change
IFRS adjusted operating profit	**608**	591	3%
Life assurance sales (APE)	**159**	171	(7%)
Unit trust sales	**495**	794	(38%)

Highlights (Rm)	H1 2007	H1 2006	% Change
IFRS adjusted operating profit	**8,584**	6,686	28%
Life assurance sales (APE)	**2,250**	1,929	17%
Unit trust sales	**6,987**	8,970	(22%)

Highlights	H1 2007	FY 2006	% Change
Funds under management (£bn)	**41**	40	3%
Funds under management (Rbn)	**576**	549	5%

Business Review

LONG-TERM BUSINESS & ASSET MANAGEMENT - OLD MUTUAL SOUTH AFRICA (OMSA)

Strong retail sales performance

Highlights (Rm)	H1 2007	H1 2006	% Change
Long-term business adjusted operating profit	**1,714**	1,589	8%
Asset management adjusted operating profit	**510**	459	11%
Long-term investment return (LTIR)	**1,413**	798	77%
IFRS adjusted operating profit	**3,637**	2,846	28%
EV adjusted operating profit (covered business)	**3,638**	2,869	27%
Return on EV (covered business)	**14.9%**	12.9%	
Life assurance sales (APE)	**2,148**	1,847	16%
Unit trust sales	**6,688**	8,574	(22%)
Value of new business	**324**	252	29%
APE margin (post-tax)	**15%**	14%	
PVNBP	**14,007**	12,115	16%
Net client cash flows (Rbn)	**(9.0)**	6.4	(241%)

Highlights (Rm)	H1 2007	FY 2006	% Change
SA client funds under management (Rbn)	**440**	424	4%
Return on Allocated Capital	**31%**	23%	

During the first half of 2007 the business continued to transition as planned towards a modern and premier savings and wealth management business. Our retail distribution continued to grow and perform well, while our asset management business settled down well into the new boutique structure. We continued to move our product offering from the "Traditional" high capital requirement / high margin product to the "New Era" product suite which is more competitive and associated with lower capital requirements and lower margins. Our focus on back office administration costs resulted in unit cost targets being achieved and our retail distribution channels continued to adapt in preparation for a world of lower upfront commissions.

Adjusted operating profit at R3,637 million was 28% higher than in 2006. Within this result, long-term business operating profit increased by 8% to R1,714 million and the LTIR increased 77% to R1,413 million. The life profit benefited from an increase in the average level of policyholder funds under management, driven by stronger equity markets, and a significantly lower IFRS 2 share based payments charge. The latter was significantly lower in the first half of this year compared to the same period last year as a result of the relative performance of the Old Mutual plc share price. The Investment Guarantee Reserve was increased by R270 million in the period, in anticipation of the requirement to move to a market consistent basis at the end of the year. This, together with some other assumption changes, resulted in a net negative impact of R161 million on adjusted operating profit.

Asset management adjusted operating profit was up 11% to R510 million, held back by less attractive investment conditions for our structured finance business, the costs associated with the investment in the new boutique structure in OMIGSA and loss of fee income as a result of the withdrawal of client funds, offset by higher fees in our property business.

Net client cash flow remained a challenge for us, primarily due to net outflows from our third party asset management businesses. Last year's investment performance was disappointing and this continues to impact current flows as does uncertainty around the restructuring into boutiques. Investment performance has now improved significantly. Good performance in the fourth quarter of 2006 and in the first quarter of 2007 saw investment performance figures for the year to June 2007 improve to 84% of funds outperforming benchmarks and achievement of the number two position in the Alexander Forbes Large Manager Watch over one and three years.

Overall, life sales (APE) were 16% higher than the first half of 2006, with Retail life sales 21% higher and Corporate life sales marginally higher. Unit trust sales were 22% lower than in 2006 although still at high levels.

Across OMSA, the after-tax value of new life business was R324 million, 29% higher than in 2006, reflecting primarily a higher margin in Retail Affluent. The Corporate margin was lower because of a lower proportion of with-profits annuity business this year compared to last year.

Our ongoing and widely-recognised commitment to the social and economic transformation of South Africa was boosted even further by the establishment of the Masisizane Fund with proceeds (R400 million) set aside for it from the closure of the Unclaimed Shares Trust. The aim of the Fund is to support a number of economic transformation initiatives including women entrepreneurs, financial education, and capacity building in local and provincial government.

Business Review

Retail Mass

Rm	**H1 2007**	H1 2006	% Change
Life sales (APE)			
Savings	**289**	199	45%
Risk	**206**	176	17%
Total	**495**	375	32%
Life VNB	**113**	96	18%
Life APE margin (post-tax)	**23%**	26%	
Net client cash flow	**905**	788	15%

Retail Mass sales were up 32% on the equivalent period in 2006, continuing the strong rate of growth seen in 2006. The result reflects the continued focus on growing the sales force, which at 30 June 2007 was 10% higher than at the beginning of the year. Sales force productivity improved, notwithstanding the effects of the protracted public servants strike, which impacted a key customer base. Good growth was also achieved in sales through the broker channel. In the six months, there was a swing to lower margin savings business.

VNB was 18% higher than in 2006, with the new business APE margin lower at 23% as compared with 26% in 2006, reflecting the higher proportion of lower margin savings business. We have responded by implementing changes to adviser remuneration and increasing minimum premiums for savings business, with effect from August 2007.

We have designed new savings products to be launched in April 2008 (to coincide with the new commission regime), with a focus on giving better value to clients and acceptable profits to shareholders.

Business Review

Retail Affluent

Rm	**H1 2007**	H1 2006	% Change
Life sales (APE)			
Savings	**628**	600	5%
Protection	**506**	375	35%
Annuity	**100**	85	18%
Total	**1,234**	1,060	16%
Single	**400**	392	2%
Recurring	**834**	668	25%
Non-life sales*	**981**	1,168	(16%)
Life VNB	**170**	74	130%
Life APE margin (post-tax)	**14%**	7%	
Net client cash flow	**(1,120)**	923	-

* Includes non-life flows in respect of OMUT, Galaxy and LISP sales on an APE basis

Total Retail Affluent life sales were 16% higher, but non-life sales 16% lower, primarily as a result of lower unit trust flows. The latter were affected by disappointing performance in 2006 in some of our funds and concerns over several investment staff losses.

Life recurring premium sales were 25% higher, driven by good risk business, aided by enhancements to our Greenlight risk product and good credit life sales, reflecting the extension of personal credit through Nedbank. Recurring premium Max Investment savings business (both life and non-life wrappers) performed well, with significant growth of the non-life recurring option but off a relatively low base. Single premium investment sales were relatively flat as a result of concerns over investment performance and less attractive returns offered on lower margin structured products. Single premium sales of the offshore investment product through Old Mutual International were 30% up on 2006.

Life VNB at R170 million was 130% higher than in 2006, with new business APE margin improving from 7% in the first half of 2006 to 14% in 2007, as a result of an increased proportion of higher margin risk business being sold, as well as good expense management and the improvement brought about by distribution expenses being spread over higher recurring premium volumes.

Unit trust sales declined by 22% compared to the strong first half of 2006, primarily as a result of concerns over short-term investment performance in our core funds (principally our Dynamic Floor and Enhanced Income funds) and uncertainty over the restructuring of the asset management business. Improved investment performance rankings as at 30 June 2007 relative to 31 December 2006, and the launch of the new Stable Growth Fund in July 2007 should benefit sales going forward.

Net client cash flow was a negative R1.1 billion (2006: R0.9 billion positive), driven primarily by net outflows from several of the unit trust funds as described above. The outflows were driven primarily by multi-managers who switched their assets from our unit trust funds.

Bancassurance sales through Nedbank continued to grow strongly and were up 33% on the corresponding period last year. Credit life sales reflected the continued buoyancy of personal credit extension and OMSA still continues to secure a high proportion of Nedbank broker risk and single premium investment sales. Overall, bancassurance life sales through Nedbank accounted for 15% of OMSA's total Retail life sales on an APE basis.

Corporate

Rm	H1 2007	H1 2006	% Change
Life sales (APE)			
Savings	**185**	147	26%
Protection	**68**	37	84%
Annuity	**56**	96	(42%)
Healthcare	**110**	132	(17%)
Total	**419**	412	2%
Single	**229**	227	1%
Recurring	**190**	185	3%
Non-life sales*	**1,458**	1,970	(26%)
Life VNB	**40**	81	(51%)
Life APE margin (post-tax)	**10%**	20%	
Net client cash flow	**(8,780)**	4,642	-

* Includes non-life flows in respect of OMIGSA, Symmetry and Old Mutual Properties on an APE basis

Total Corporate sales (APE) of R1.9 billion were 21% lower than in 2006 primarily reflecting the uncertainty amongst clients and asset consultants over the restructuring of our asset management business as well as a shorter pipeline of opportunities.

Corporate Life sales (APE) of R419 million were marginally higher than 2006. Symmetry sales were significantly up, reflecting its good investment track record, and Group assurance sales were higher, despite a tough group risk market. Single premium with-profit annuity sales were lower in comparison to last year primarily as a result of an unusually large transaction in 2006. The Life new business APE margin fell from 20% in the first half of 2006 to 10% in 2007 reflecting primarily the mix of lower margin products, and in particular the absence of significant high margin with-profit annuity business and increased volumes of lower margin Symmetry business.

We continued to drive the change to new era products with the launch of our Absolute Growth Portfolios as an attractive alternative to our older-generation Guaranteed Fund. The recent launch of the new funds has been well received by consultants and clients alike.

Business Review

Net client cash flow for the Corporate segment was a negative R8.8 billion (2006: R4.6 billion positive), driven primarily by net outflows from our asset management boutiques as a result of concerns over investment performance and uncertainty around the effects of the restructuring of the asset management business. Whilst investment performance has improved significantly over the last six months there is a risk that we could lose further funds in the short term during the transition to the multi-boutique model.

In our Healthcare administration business, a new 75,000 member scheme was added in the second quarter (which has not been accounted for as new business in 2007). We installed a new healthcare administration platform and have focused on improving our service to clients, although membership growth has been weak. We are continuing to review our options for the best long-term solution for our healthcare administration business.

Old Mutual Investment Group South Africa (OMIGSA)

Sources of FUM (Rbn)	H1 2007	FY 2006	% Change
Life	**293**	283	4%
Unit trusts	**43**	40	8%
Third party	**95**	95	-
Total OMIGSA managed assets	**431**	418	3%
Managed by external fund managers	**34**	30	13%
Total OMSA FUM	**465**	448	4%

In January 2007 we announced the restructuring of our asset management business into twelve autonomous boutique investment houses under the umbrella of Old Mutual Investment Group South Africa (OMIGSA). Given the global trends in asset management and the ongoing swing to non-life business, the strategy is to replicate the success of our US asset management model in South Africa. This will enable us to deliver more focused investment performance and raise the marketing profile of the investment skills and expertise, in order to win a growing flow of asset management mandates.

Performance across the directly managed OMIGSA funds showed a strongly improving trend for Q4 of 2006 and Q1 of 2007, although Q2 performance was disappointing. For the twelve months ended 30 June 2007, 84% of directly managed assets outperformed their benchmarks (an improvement from 69% as at 31 December 2006). This takes performance over the three years to 30 June 2007 to 79% of funds outperforming their benchmarks, from 81% at 31 December 2006. The Macro Strategy Investments Boutique Global Balanced offering ranked second over both twelve months and three years, and third over the five years to June 2007, in the Alexander Forbes Large Manager Watch.

On the multi-managed front, the Symmetry institutional funds performed well. Against multi-manager peers, as at 30 June 2007, the Aggressive Fund is rated the top performing fund for 3-month, 3-year and 5-year time periods, while the Conservative Fund is the leading performer over the 3-year period (Fifth Quadrant Manager Meter). The Balanced Fund fares well against single managers for the quarter, being ranked fifth out of 14 Funds. The Balanced Fund is the top performing fund for 1-year and 3-year time periods according to the Alexander Forbes Multi-Manager Survey.

The restructuring has resulted in some changes for staff and asset consultants and clients have adopted a cautious approach to the new structure as expected. During H1 2007, the operating models of the boutiques have been finalised and the boutique managers have met with clients to address any specific concerns. A branding campaign positioning the investment skills of OMIGSA has also been launched. The process of change is being managed tightly to ensure a focus on client retention and delivering excellent performance.

Business Review

BANKING - NEDBANK GROUP (NEDBANK)

Delivering 2007 targets – focusing on closing the gap on competitors

Nedbank remains on track to meet its 2007 performance targets. Adjusted operating profits rose 32% to R4,277 million and Nedbank's annualised return on average ordinary shareholders' equity (ROE) rose to 21.2%, up from 18.6% for the year to 31 December 2006 (H1 2006: 18.3%).

Highlights (Rm)	**H1 2007**	H1 2006	% Change
IFRS adjusted operating profit	**4,277**	3,247	32%
Headline earnings*	**2,775**	2,104	32%
Net interest income*	**6,568**	5,039	30%
Non-interest revenue*	**4,742**	4,502	5%
Net interest margin*	**3.90%**	3.91%	
Cost to income ratio*	**55.2%**	56.9%	
ROE*	**21.2%**	18.3%	
ROE* (excluding goodwill)	**24.7%**	21.8%	

*As reported by Nedbank

Net interest income (NII)

NII grew 30% to R6,568 million (H1 2006: R5,039 million), mainly as a result of the 30.9% growth in average interest-earning banking assets (H1 2007 compared with H1 2006). The margin for the six month period was 3.90% down from 3.91% reported for the half year to June 2006. This reflects strong competition for assets and pressure on deposit pricing as the sector has had to source a higher proportion of funding from the wholesale deposit market, offset by the endowment benefits from interest rate increases.

Impairments charge on loans and advances

The impairments charge rose by 26.1% to R1,016 million (H1 2006: R806 million). The credit loss ratio (impairments charge as a percentage of average advances) increased from 0.61% in H1 2006 to 0.63% for the period. Impairments continued to benefit from recoveries in both Nedbank Corporate and Nedbank Capital. As anticipated, impairments in the retail portfolios of Nedbank Retail and Imperial Bank deteriorated as a result of rising interest rates and increased levels of consumer indebtedness.

Non-interest revenue (NIR)

NIR increased 5% to R4,742 million for the period (H1 2006: R4,502 million). Commission and fee income grew by 12.9% supported by good transactional banking and bancassurance volumes. NIR growth has been adversely affected by disappointing trading income in Nedbank Capital and within the Macquarie business alliance, in particular. Nedbank Corporate recorded higher than anticipated property private equity gains and, together with Nedbank Capital, showed a strong increase in private equity revenues.

Expenses

Expenses increased by 14.9% to R6,238 million (H1 2006: R5,427 million), reflecting the Group's continued expense management balanced by the need to invest for growth. Staff expenses grew by 19.0%, as a result of the planned increase in client-facing staff and an increase in performance-related remuneration. Marketing costs increased by 23.8% as Nedbank invested to reposition and increase awareness of the Nedbank brand. Nedbank's brand equity continues to increase, with good gains in awareness and loyalty levels.

The 'jaws' ratio remained positive, with total revenue growth of 18.5% being 3.6% above expense growth of 14.9%, resulting in an improvement in the efficiency ratio from 56.9% for the first half of 2006 to 55.2%

Advances

Average interest-earning banking assets grew by 30.9%, largely driven by the strong growth in advances of 22.7% (compared to H1 2006) with good growth in most core banking advances categories.

Deposits

Deposits increased by 27.1% from R281 billion at 30 June 2006 to R357 billion at 30 June 2007, with the Group maintaining a strong liquidity position throughout the period.

Capital management

During 2007, Nedbank:

- concluded Tier 2 subordinated debt issues (NED 7 and NED 8) of R2.65 billion;
- completed a 10 year Tier 2 subordinated debt issue (NED 9) of R2 billion, which was fully subscribed for by the International Finance Corporation and African Development Bank in equal amounts. This transaction diversifies the bank's bondholder profile to include international investors and was competitively priced on a floating basis;
- completed a R2 billion Imperial Bank asset securitisation;
- issued Tier 1 perpetual preference shares of R364 million; and
- redeemed the expensive NED2 R4 billion bond on its call date in July 2007;

Nedbank continues to be well capitalised with a Tier 1 capital adequacy ratio of 8.3% (31 December 2006: 8.3%) and a total capital adequacy ratio of 12.4% (31 December 2006: 11.8%).

Business Review

GENERAL INSURANCE – MUTUAL & FEDERAL

Highlights (Rm)	**H1 2007**	H1 2006	% Change
IFRS adjusted operating profit	**509**	475	7%
Gross premiums*	**4,594**	4,260	8%
Earned premiums*	**3,813**	3,634	5%
Claims ratio*	**68.8%**	63.6%	
Combined ratio*	**97.1%**	96.1%	
Solvency ratio*	**49%**	75%	
Return on capital* (3 year average)	**31.7%**	20.4%	

* As reported by Mutual & Federal

Solid performance

Mutual & Federal has maintained positive results despite a softer insurance market compared to twelve months ago. However, premiums have now begun to be increased in response to declining profitability. The underwriting results were significantly influenced by a sharp increase in the frequency and severity of industrial and commercial fire claims, while the motor account continues to under perform.

Gross Premiums

Gross premiums grew by 8% during the first half and follow rate increases, underwriting interventions and the cancellation of unprofitable blocks of business.

Combined ratio deteriorated, though underlying result benefiting from a change in LTIR

Mutual & Federal generated an underwriting surplus of R109 million, down 22% from the surplus of R140 million in the first half of 2006. The combined ratio (the ratio of claims, commissions and expenses to net earned premiums) increased to 97.1% (H1 2006: 96.1%), mainly as a result of the increase in the claims ratio from 63.6% to 68.8%. This was a result of large fire claims, the ongoing increase in the frequency and severity of motor claims and high levels of weather-related claims. The 2007 underwriting results have been favourably impacted by a release of R48 million (2006: R36 million) from a reduction in technical reserves following further refinements of estimation methods for technical reserves. Whilst trading conditions in the commercial environment remain favourable, rates in the personal market remain soft.

Solvency ratio

The solvency ratio has reduced to 49% following the payment of a special dividend of R2.1 billion in September 2006.

Adjusted operating profit and return on capital

The adjusted operating profit includes R121 million arising from a change in the long-term investment return rate from 11.1% to 15.6%. This, together with the special dividend paid in 2006 has contributed to the increase in the return on capital from 20.4% in 2006 to 31.7% in 2007.

Business Review

UNITED STATES

Strong asset growth and excellent investment performance continues

Life sales and new business margins on target

Highlights (£m)	**H1 2007**	H1 2006*	% Change
IFRS adjusted operating profit	**106**	137	(23%)
EV adjusted operating profit (covered business)	**(53)**	67	(179%)
Life assurance sales (APE)	**146**	120	22%
Mutual fund / Unit Trust sales	**1,126**	862	31%
Net client cash flows (£bn)	**9.2**	5.7*	61%

Highlights ($m)	**H1 2007**	H1 2006*	% Change
IFRS adjusted operating profit	**209**	245	(15%)
EV adjusted operating profit (covered business)	**(105)**	120	(188%)
Life assurance sales (APE)	**288**	215**	34%
Mutual fund / unit trust sales	**2,219**	1,543	44%
Net client cash flows ($bn)	**18.2**	10.2*	78%

Highlights	**H1 2007**	FY 2006	% Change
Funds under management (£bn)	**158**	140	13%
Funds under management ($bn)	**318**	274	16%

* 2006 comparative information restated to include OMAM (UK), and excludes fund flows related to eSecLending, sold in 2006

** Restated due to change in US Life APE methodology

Our US business achieved excellent net client cash flows and sales growth during the first half of 2007, driving funds under management to $318 billion, 16% higher than at 31 December 2006. The business continues to benefit from good investment performance, wider style capabilities and enhanced distribution. Our coordinated retail distribution strategy has made good progress.

IFRS adjusted operating profit in local currency declined 15% due to the impact of modelling changes made as part of our previously announced, and now completed, actuarial review process. Full details of the IFRS and EEV effects are detailed on page 33. Excluding these items, as well as an $18 million one-off benefit in the life business in the first half of 2006, adjusted operating profit increased 19%. This was due largely to strong growth in the asset management business driven by positive markets and continued strength in net cash flows. Exchange rate depreciation of 9%, since 30 June 2006, has had a negative impact on the Sterling equivalent results.

US ASSET MANAGEMENT

Strong net client cash flows and improved profitability

Highlights ($m)	H1 2007	H1 2006	% Change
IFRS adjusted operating profit	**149**	116	28%
Mutual fund / unit trust sales	**2,219**	1,543	44%
Net client cash flows ($bn)	**17.2**	9.9*	74%
Operating margin	**28%**	25%	

Highlights ($bn)	H1 2007	FY 2006	% Change
Funds under management	**315**	274	15%

* 2006 comparative information has been restated to include OMAM (UK), and excludes fund flows related to eSecLending, which was sold in 2006

$17.2 billion in net client cash flows and 15% growth in funds under management for the half year

Net fund inflows of $17.2 billion have been achieved year to date, driven by sustained momentum at Acadian and Rogge in particular. Strong investment performance, net fund inflows and the acquisition of Ashfield resulted in an overall increase in funds under management of $41 billion during the first half of 2007.

Expanding the business

We continue to be pleased by progress made on our retail initiative, with Old Mutual Capital mutual fund sales increasing 29% to $887 million versus the corresponding period last year. OMAM (UK) unit trust sales increased 56% to $1,332 million for the half (H1 2006: $855 million), benefiting from investment made during 2006 to enhance the product offering and distribution capabilities of the business.

IFRS adjusted operating profit up 28%

Adjusted operating profit for the first half increased $33 million compared to the corresponding period in 2006, driven by higher average asset values as a result of strong net fund inflows and positive markets. The operating margin has also improved in line with our expectations, benefiting from the increased asset base and the resulting economies of scale.

Investment performance continues to show strength versus our peers

Our member firms continue to deliver excellent investment performance. At 30 June 2007, 93% and 95% of assets outperformed their benchmarks over three and five years respectively. 82% and 83% of assets ranked in the first quartile of their peer group over the same period.

US LIFE

Continuation of strong sales and margins on target

Highlights ($m)	H1 2007	H1 2006	% Change
IFRS adjusted operating profit	**60**	129	(53%)
Return on equity	**3.4%**	7.9%	
EV adjusted operating profit	**(105)**	120	(188%)
Return on EV	**0.9%**	9.2%	
Life assurance sales (APE)	**288**	215*	34%
Value of new business	**55**	40	38%
New business margin	**19%**	19%*	
PVNBP	**2,661**	1,932	38%

Highlights ($bn)	H1 2007	FY 2006	% Change
Funds under management	**23**	22	5%

* Restated due to change in US Life APE methodology

One-offs impair an otherwise positive result

IFRS and EV adjusted operating profit and return on equity have decreased compared to the first half of 2006, due to the provisions described on page 33 and the non-recurring income in the first half of 2006 of $18 million. Excluding these impacts, adjusted operating profit was up 8%, driven by higher average asset levels.

Total life sales were $2.5 billion on a gross basis and $288 million on an APE basis, a 34% increase over the same period last year. Sales by Old Mutual Bermuda were the largest contributors to the increase over prior year.

Offshore sales through Old Mutual Bermuda increased by 133% to $126 million (APE) compared to the same period last year and represented 44% of APE sales in our US life business. Attractive product offering and successful expansion of distribution relationships are the major factors creating the growth opportunity.

Funds under management at the end of the half were up 5% with strong sales offsetting surrenders of a large block of Multi-Year Guaranteed Annuities reaching the end of their guarantee period.

The business remains on track to return cash in 2007.

Margin on target

The new business margin of 19% is healthy and in line with the target. This reflects strong investment performance, a higher volume of profitable Old Mutual Bermuda business, and improvements in life insurance pricing over the prior year.

Effective financial management and risk control – update on progress and assumption changes

As previously announced, in the first half we continued to undertake an actuarial review to deal with the specific issues which we disclosed last year. As committed, we have made allowance for and disclosure of these and other items covered by the review.

Firstly, in our first quarter results announcement, we highlighted continued negative mortality (annuitant longevity) experience as the primary source of losses in our Single Premium Immediate Annuity (SPIA) block of business. Based on the actuarial review findings and continued negative mortality experience, the decision has been taken to revise assumptions on the SPIA line. As a result of this assumption change, European Embedded Value Adjusted operating profit for the covered business for the first half was negatively impacted by $131 million post-tax. Sufficient margins in other lines of business in US Life preclude taking a charge for IFRS because margins are aggregated at the consolidated US Life level under IFRS.

Secondly, through the actuarial work, we have revised the modelling of spreads under Fixed Indexed Annuity contracts and are now assuming fixed spreads, instead of a variable spreads, in line with normal actuarial practice in the US. As a consequence, the IFRS loss is $40 million pre-tax and the EV loss is $34 million post-tax.

Finally, there are other modelling changes. The IFRS loss for these changes is $20 million pre-tax and the EV loss is $20 million post-tax. The number of changes is large, both positive and negative, and our belief is that we have used suitable best estimates to account for the effects of these model changes.

We have now made the changes we intend to make arising from this project.

Business Review

OTHER

Highlights (£m)	**H1 2007**	Pro forma* H1 2006	% Change
IFRS adjusted operating profit	**2**	1	100%
Australia unit trust / mutual funds sales	**318**	300	6%
Australia institutional sales	**82**	-	n/a
Skandia:BSAM (China) Gross Premiums **	**53**	18	194%
KMOM (India) Gross Premiums **	**82**	64	28%

* The 2006 numbers are a pro forma result assuming ownership for 12 months rather than 11 months

** This represents 100% of the businesses; OM owns 50% of Skandia:BSAM and 26% of KMOM

Highlights (£bn)	**H1 2007**	FY 2006	% Change
Funds under management***	**7**	6	14%

*** Excludes KMOM

GBP exchange rates	AUD	RMB	INR
Closing	2.36	15.28	81.63
YTD Average	2.44	15.23	84.15

Australia

Skandia Group Australia consists of retail mutual funds (ASL) and institutional investment funds (Intech). After breaking even for the first time in 2006, the business posted a profit of £1.2 million (AUD2.9 million) for the first half of 2007 and is on course to achieve improved profits in 2007. In June, funds under management closed at AUD15.4 billion (FY 2006: AUD14.2 billion), consisting of retail AUD5.8 billion and institutional AUD9.6 billion. Integration of the Intech business, acquired late 2006, is now substantially complete.

China

Skandia:BSAM, our 50:50 joint venture with the Beijing State-owned Asset Management Company (BSAM) in China, is now in its third full year of operation and continues to show strong sales growth. The business sells unit-linked products and has licences to operate in Beijing, Shanghai and Jiangsu Province. Plans are underway to apply for a provincial licence and to open another two city sub branches in Jiangsu Province before the end of the year. For the six months ended 30 June 2007 Skandia:BSAM reported a loss of RMB27.7 million. Despite its recent entry into the market, of the 25 foreign owned joint venture insurance companies in China, Skandia:BSAM had the seventh largest gross premium flows (up two places from the previous quarter) including second place in Beijing.

India

Kotak Mahindra Old Mutual Life Insurance Ltd (KMOM), our joint venture with the Kotak Mahindra Group, continues to show steady progress. Old Mutual has the option to increase its share in this business to 49% if and when the Indian law allows the cap of 26% to be lifted. The business now has 79 branches in 51 cities across India, with more than 3,300 employees. In line with the Kotak Mahindra Group, KMOM has a 31 March year-end. The business recorded a deficit for the three months ended 30 June 2007 of INR246.6 million.

Independent Review Report by KPMG Audit Plc to Old Mutual plc

Introduction

We have been instructed by Old Mutual plc (‘the Company’) to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated income statement, Consolidated balance sheet, Consolidated cash flow statement, Statement of changes in equity and the related notes (the ‘Financial Information’) as set out on pages 36 to 73 and to review the European Embedded Value basis supplementary information for the six months ended 30 June 2007 as set out on pages 74 to 99 (the ‘Supplementary Information’).

The Supplementary Information has been prepared in accordance with the European Embedded Value Principles issued in May 2004 by the European CFO Forum and supplemented by the Additional Guidance on European Embedded Value Disclosures issued in October 2005 (together the ‘EEV Principles’) and using the methodology and assumptions set out on page 82 and pages 94 to 98.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with either the Financial Information or the Supplementary Information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority and also to provide a review conclusion to the Company on the Supplementary Information. Our reviews have been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the Financial Information and the Supplementary Information contained therein, is the responsibility of, and has been approved by, the directors. The Directors are responsible for preparing the Financial Information in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed. The Directors have accepted responsibility for preparing the Supplementary Information in accordance with the EEV Principles and for determining the assumptions used in the application of those principles.

Review work performed

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

Review conclusion

On the basis of our reviews we are not aware of any material modifications that should be made either to the Financial Information or to the EEV basis Supplementary Information as presented for the six months ended 30 June 2007.

KPMG Audit Plc
Chartered Accountants, 8 Salisbury Square, London, EC4Y 8BB
10 August 2007

Consolidated Income Statement

for the six months ended 30 June 2007

	Notes	6 months ended 30 June 2007	6 months ended 30 June 2006	£m Year ended 31 December 2006
Revenue				
Gross earned premiums	3(iii)	**2,504**	2,411	4,713
Outward reinsurance		**(153)**	(129)	(267)
Net earned premiums		**2,351**	2,282	4,446
Investment income (net of investment losses)		**5,427**	3,775	10,439
Banking interest and similar income		**1,450**	1,190	2,441
Fee and commission income, and income from service activities		**1,148**	1,030	2,171
Other income		**124**	127	324
Share of associated undertakings' profit after tax		**2**	3	6
Total revenues		**10,502**	8,407	19,827
Expenses				
Claims and benefits (including change in insurance contract provisions)		**(3,681)**	(3,782)	(7,958)
Reinsurance recoveries		**120**	109	245
Net claims and benefits incurred		**(3,561)**	(3,673)	(7,713)
Change in provision for investment contract liabilities		**(2,877)**	(832)	(4,655)
Losses on loans and advances		**(74)**	(73)	(123)
Finance costs (including interest and similar expenses)		**(47)**	(42)	(91)
Banking interest expense		**(928)**	(712)	(1,461)
Fees and commission expense, and other acquisition costs		**(407)**	(358)	(717)
Other operating and administrative expenses		**(1,313)**	(1,370)	(2,773)
Change in third party interest in consolidation of funds		**(220)**	(453)	(278)
Goodwill impairment	4(ii)	**(1)**	(2)	(8)
Amortisation of PVIF and other acquired intangibles		**(183)**	(174)	(379)
Profit on disposal of subsidiaries, associated undertakings and strategic investments	4(iii)	**7**	97	85
Total expenses		**(9,604)**	(7,592)	(18,113)
Profit before tax		**898**	815	1,714
Income tax expense	5(i)	**(287)**	(296)	(621)
Profit for the financial period		**611**	519	1,093
Profit for the financial period attributable to:				
Equity holders of the parent		**483**	380	836
Minority interests				
Ordinary shares		**104**	113	207
Preferred securities		**24**	26	50
Profit for the financial period		**611**	519	1,093

Earnings per share		6 months ended 30 June 2007	6 months ended 30 June 2006	Pence Year ended 31 December 2006
Basic earnings per ordinary share	6(i)	**9.6**	8.0	17.0
Diluted earnings per ordinary share	6(i)	**9.0**	7.5	16.1
Dividend per ordinary share		**4.15**	3.65	5.75
Weighted average number of shares – millions	6(i)	**4,880**	4,547	4,705

Adjusted Operating Profit

for the six months ended 30 June 2007

Reconciliation of adjusted operating profit to profit after tax

	Notes	6 months ended 30 June 2007	6 months ended 30 June 2006	£m Year ended 31 December 2006
South Africa	3(ii)	**608**	591	1,118
United States	3(ii)	**106**	137	264
Europe	3(ii)	**129**	126	239
Other	3(ii)	**2**	1	1
		845	855	1,622
Finance costs		**(69)**	(64)	(130)
Other shareholders' expenses		**(19)**	(20)	(33)
Adjusted operating profit*		**757**	771	1,459
Adjusting items	4(i)	**35**	(40)	16
Profit for the financial period before tax		**792**	731	1,475
Total income tax expense	5(i)	**(287)**	(296)	(621)
Income tax attributable to policyholder returns		**106**	84	239
Profit for the financial period after tax		**611**	519	1,093

Adjusted operating profit after tax attributable to ordinary equity holders

	Notes	6 months ended 30 June 2007	6 months ended 30 June 2006	£m Year ended 31 December 2006
Adjusted operating profit*		**757**	771	1,459
Tax on adjusted operating profit	5(iii)	**(177)**	(196)	(395)
		580	575	1,064
Minority interest – ordinary shares		**(114)**	(119)	(224)
Minority interest – preferred securities		**(24)**	(26)	(50)
		442	430	790

	Notes	6 months ended 30 June 2007	6 months ended 30 June 2006	Year ended 31 December 2006
Adjusted weighted average number of shares – millions	6(ii)	**5,407**	5,063	5,222
Adjusted operating earnings per share** - pence	6(ii)	**8.2**	8.5	15.1

* For long-term and general insurance business, adjusted operating profit is based on a long-term investment return, includes investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, the impact of closure of unclaimed share trusts, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments and dividends declared to holders of perpetual preferred callable securities.

** Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit. It is stated after tax attributable to adjusted operating profit and minority interests. It excludes income attributable to Black Economic Empowerment trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment trusts.

Consolidated Balance Sheet

at 30 June 2007

	Notes	At 30 June 2007	At 30 June 2006	£m At 31 December 2006
Assets				
Goodwill and other intangible assets		**5,340**	5,444	5,367
Investments in associated undertakings		**100**	56	83
Investment property		**946**	728	804
Property, plant and equipment		**493**	476	499
Deferred tax assets		**574**	536	511
Reinsurers' share of insurance contract provisions		**792**	819	763
Deferred acquisition costs		**1,908**	1,419	1,578
Current tax receivable		**103**	74	60
Loans, receivables and advances		**24,373**	20,530	22,804
Derivative financial instruments – assets		**734**	1,280	1,238
Financial assets fair valued through income statement		**78,192**	66,432	73,065
Other financial assets		**12,422**	12,235	11,568
Short-term securities		**1,347**	911	1,819
Other assets		**3,595**	3,526	3,635
Assets held-for-sale	8	**573**	1,168	1,165
Cash and balances with the Central Banks		**3,114**	2,078	2,951
Placements with other banks		**870**	720	665
Total assets		**135,476**	118,432	128,575
Liabilities				
Insurance contract provisions		**22,846**	21,751	22,495
Financial liabilities fair valued through income statement		**62,680**	52,004	57,586
Third party interests in consolidation of funds		**3,589**	2,261	3,041
Borrowed funds	9	**1,833**	2,203	1,676
Provisions		**519**	371	542
Deferred revenue		**406**	207	311
Deferred tax liabilities		**1,443**	1,259	1,393
Current tax payable		**220**	229	283
Amounts owed to other depositors		**25,547**	22,643	25,052
Derivative financial instruments – liabilities		**971**	1,241	1,060
Liabilities held-for-sale	8	**553**	1,105	1,107
Other liabilities		**5,928**	4,680	5,266
Total liabilities		**126,535**	109,954	119,812
Net assets		**8,941**	8,478	8,763
Shareholders' equity				
Equity attributable to equity holders of the parent		**7,359**	6,932	7,237
Minority interests				
Ordinary shares		**879**	868	848
Preferred securities		**703**	678	678
Total minority interests		**1,582**	1,546	1,526
Total equity		**8,941**	8,478	8,763

Consolidated Cash Flow Statement

for the six months ended 30 June 2007

	Note	**6 months ended 30 June 2007**	6 months ended 30 June 2006	£m Year ended 31 December 2006
Cash flows from operating activities				
Profit before tax		**898**	815	1,714
Non-cash movements in profit before tax		**(1,404)**	(1,454)	(3,421)
Changes in working capital		**2,646**	6,895	8,326
Taxation paid		**(303)**	(172)	(317)
Net cash inflow from operating activities		**1,837**	6,084	6,302
Cash flows from investing activities				
Acquisitions of financial investments		**(1,786)**	(6,568)	(4,294)
Disposal / (acquisition) of investment properties		**15**	(37)	(4)
Net acquisition of tangible fixed assets		**(50)**	(33)	(120)
Net acquisition of intangible fixed assets		**(34)**	(17)	(39)
Acquisition of interests in subsidiaries, associated undertakings and Strategic investments		**(175)**	(1,351)	(1,318)
Disposal of interests in subsidiaries, associated undertakings and strategic investments		**1**	113	78
Net cash outflow from investing activities		**(2,029)**	(7,893)	(5,697)
Cash flows from financing activities				
Dividends paid to:				
Equity holders of the Company	7	**(218)**	(174)	(282)
Equity minority interests and preferred security interests		**(88)**	(82)	(199)
Interest payable (excluding banking interest payable)		**(25)**	(43)	(52)
Net proceeds from issue of ordinary shares (including by subsidiaries to minority interests)		**199**	17	52
Receipts from unclaimed shares trust		**90**	-	-
Issue of subordinated debt		**430**	264	297
Other debt (repaid) / issued		**(277)**	404	(96)
Net cash inflow / (outflow) from financing activities		**111**	386	(280)
Net (decrease) / increase in cash and cash equivalents		**(81)**	(1,423)	325
Effects of exchange rate changes on cash and cash equivalents		**(45)**	(405)	(575)
Cash and cash equivalents on acquisition of new subsidiaries		**-**	581	581
Cash and cash equivalents at beginning of the period		**3,634**	3,303	3,303
Cash and cash equivalents at end of the period		**3,508**	2,056	3,634
Consisting of:				
Cash and balances with the Central Banks		**3,114**	2,078	2,951
Placements with other banks		**870**	720	665
Other cash equivalents		**671**	346	1,101
Cash and cash equivalents subject to consolidation of funds		**(1,147)**	(1,088)	(1,083)
Total		**3,508**	2,056	3,634

Cash flows presented in this statement include all cash flows relating to policyholders' funds for the long-term business. Cash and cash equivalents subject to consolidation of funds are not included in the cash flow as they relate to the minority holding in the funds.

Statement of Changes in Equity

for the six months ended 30 June 2007

Six months ended 30 June 2007	Note	Millions Number of shares issued and fully paid	£m Attributable to equity holders of the parent	Total minority interest	Total equity
Equity holders' funds at beginning of the period		5,501	7,237	1,526	8,763
Change in equity arising in the period					
Fair value gains / (losses):					
Property revaluation		-	5	-	5
Net investment hedge		-	31	-	31
Available for sale investments		-	(177)	-	(177)
Shadow accounting		-	93	-	93
Currency translation differences / exchange differences on translating foreign operations		-	(162)	(33)	(195)
Other movements		-	(16)	(4)	(20)
Aggregate tax effect of items taken directly to or transferred from equity		-	29	-	29
Net expense recognised directly in equity		-	(197)	(37)	(234)
Profit for the period		-	483	128	611
Total recognised income and expense for the period		-	286	91	377
Dividend for the period	7	-	(240)	(70)	(310)
Net sale of treasury shares		-	55	-	55
Issue of ordinary share capital by the Company		-	-	-	-
Net acquisition of interests in subsidiaries		-	-	35	35
Exercise of share options		4	3	-	3
Fair value of equity settled share options		-	18	-	18
Equity holders' funds at end of the period		5,505	7,359	1,582	8,941

Statement of Changes in Equity continued

for the six months ended 30 June 2007

Six months ended 30 June 2007	Note	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total £m
Attributable to equity holders of the parent at beginning of the period		550	746	2,901	(421)	2,773	688	7,237
Changes in equity arising in the period:								
Fair value gains / (losses):								
Property revaluation		-	-	5	-	-	-	5
Net investment hedge		-	-	-	31	-	-	31
Available for sale investments		-	-	(177)	-	-	-	(177)
Shadow accounting		-	-	93	-	-	-	93
Currency translation differences / exchange differences on translating foreign operations		-	-	-	(162)	-	-	(162)
Other movements		-	-	(12)	-	(4)	-	(16)
Aggregate tax effect of items taken directly to or transferred from equity		-	-	27	(5)	7	-	29
Net expense recognised directly in equity		-	-	(64)	(136)	3	-	(197)
Profit for the period		-	-	-	-	483	-	483
Total recognised income and expense for the period		-	-	(64)	(136)	486	-	286
Dividend for the period	7	-	-	-	-	(240)	-	(240)
Net sale of treasury shares		-	-	-	-	55	-	55
Issue of ordinary share capital by the Company		-	-	-	-	-	-	-
Net acquisition of interests in subsidiaries		-	-	-	-	-	-	-
Exercise of share options		-	3	-	-	-	-	3
Fair value of equity settled share options		-	-	18	-	-	-	18
Attributable to equity holders of the parent at end of the period		550	749	2,855	(557)	3,074	688	7,359

Other reserves	£m At 30 June 2007
Merger reserve	2,716
Available for sale reserve	(33)
Investment property revaluation reserve	48
Share-based payments reserve	124
Attributable to equity holders of the parent at end of the period	2,855

Retained earnings have been reduced by £649 million at 30 June 2007 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Included in the dividend for the period is £22 million of dividends declared to holders of perpetual preferred callable securities.

Statement of Changes in Equity continued

for the six months ended 30 June 2007

Six months ended 30 June 2006	Note	Millions Number of shares issued and fully paid	£m Attributable to equity holders of the parent	Total minority interest	Total equity
Equity holders' funds at beginning of the period		4,090	4,751	1,668	6,419
Change in equity arising in the period					
Fair value gains / (losses):					
Property revaluation		-	2	-	2
Net investment hedge		-	(25)	-	(25)
Available for sale investments		-	(422)	-	(422)
Shadow accounting		-	209	-	209
Currency translation differences / exchange differences on translating foreign operations		-	(565)	(181)	(746)
Other movements		-	57	(61)	(4)
Aggregate tax effect of items taken directly to or transferred from equity		-	62	-	62
Net expense recognised directly in equity		-	(682)	(242)	(924)
Profit for the period		-	380	139	519
Total recognised income and expense for the period		-	(302)	(103)	(405)
Dividend for the period	7	-	(196)	(60)	(256)
Net purchase of treasury shares		-	(13)	-	(13)
Issue of ordinary share capital by the Company		1,389	2,670	-	2,670
Net acquisition of interests in subsidiaries		-	-	41	41
Exercise of share options		9	12	-	12
Fair value of equity settled share options		-	10	-	10
Equity holders' funds at end of the period		5,488	6,932	1,546	8,478

Statement of Changes in Equity continued

for the six months ended 30 June 2007

Six months ended 30 June 2006	Note	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total £m
Attributable to equity holders of the parent at beginning of the period		410	730	374	357	2,192	688	4,751
Changes in equity arising in the period:								
Fair value gains / (losses):								
Property revaluation		-	-	2	-	-	-	2
Net investment hedge		-	-	-	(25)	-	-	(25)
Available for sale investments		-	-	(422)	-	-	-	(422)
Shadow accounting		-	-	209	-	-	-	209
Currency translation differences / exchange differences on translating foreign operations		-	-	-	(565)	-	-	(565)
Other movements		-	-	(2)	-	59	-	57
Aggregate tax effect of items taken directly to or transferred from equity		-	-	52	5	5	-	62
Net expense recognised directly in equity		-	-	(161)	(585)	64	-	(682)
Profit for the period		-	-	-	-	380	-	380
Total recognised income and expense for the period		-	-	(161)	(585)	444	-	(302)
Dividend for the period	7	-	-	-	-	(196)	-	(196)
Net purchase of treasury shares		-	-	-	-	(13)	-	(13)
Issue of ordinary share capital by the Company		138	-	2,532	-	-	-	2,670
Exercise of share options		1	11	-	-	-	-	12
Fair value of equity settled share options		-	-	10	-	-	-	10
Attributable to equity holders of the parent at end of the period		549	741	2,755	(228)	2,427	688	6,932

Other reserves	£m At 30 June 2006
Merger reserve	2,716
Available for sale reserve	(91)
Investment property revaluation reserve	38
Share-based payments reserve	92
Attributable to equity holders of the parent at end of the period	2,755

Retained earnings have been reduced by £724 million at 30 June 2006 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

Included in the dividend for the period is £22 million of dividends declared to holders of perpetual preferred callable securities.

Statement of Changes in Equity continued

for the six months ended 30 June 2007

Year ended 31 December 2006	Note	Millions Number of shares issued and fully paid	£m Attributable to equity holders of the parent	Total minority interest	Total equity
Equity holders' funds at beginning of the year		4,090	4,751	1,668	6,419
Change in equity arising in the year					
Fair value gains / (losses):					
Property revaluation		-	28	-	28
Net investment hedge		-	75	-	75
Available for sale investments		-	(94)	-	(94)
Shadow accounting		-	28	-	28
Currency translation differences / exchange differences on translating foreign operations		-	(852)	(208)	(1,060)
Other movements		-	38	(42)	(4)
Aggregate tax effect of items taken directly to or transferred from equity		-	14	-	14
Net expense recognised directly in equity		-	(763)	(250)	(1,013)
Profit for the year		-	836	257	1,093
Total recognised income and expense for the year		-	73	7	80
Dividend for the year	7	-	(321)	(160)	(481)
Net sale of treasury shares		-	18	-	18
Issue of ordinary share capital by the Company		1,400	2,674	-	2,674
Net acquisition of interests in subsidiaries		-	-	11	11
Exercise of share options		11	14	-	14
Fair value of equity settled share options		-	28	-	28
Equity holders' funds at end of the year		5,501	7,237	1,526	8,763

Statement of Changes in Equity continued

for the six months ended 30 June 2007

Year ended 31 December 2006	Note	Share capital	Share premium	Other reserves	Translation reserve	Retained earnings	Perpetual preferred callable securities	Total £m
Attributable to equity holders of the parent at beginning of the year		410	730	374	357	2,192	688	4,751
Changes in equity arising in the year:								
Fair value gains / (losses):								
Property revaluation		-	-	28	-	-	-	28
Net investment hedge		-	-	-	75	-	-	75
Available for sale investments		-	-	(94)	-	-	-	(94)
Shadow accounting		-	-	28	-	-	-	28
Currency translation differences / exchange differences on translating foreign operations		-	-	-	(852)	-	-	(852)
Other movements		-	-	(6)	-	44	-	38
Aggregate tax effect of items taken directly to or transferred from equity		-	-	11	(1)	4	-	14
Net expense recognised directly in equity		-	-	(33)	(778)	48	-	(763)
Profit for the year		-	-	-	-	836	-	836
Total recognised income and expense for the year		-	-	(33)	(778)	884	-	73
Dividend for the year	7	-	-	-	-	(321)	-	(321)
Net sale of treasury shares		-	-	-	-	18	-	18
Issue of ordinary share capital by the Company		139	3	2,532	-	-	-	2,674
Exercise of share options		1	13	-	-	-	-	14
Fair value of equity settled share options		-	-	28	-	-	-	28
Attributable to equity holders of the parent at end of the year		550	746	2,901	(421)	2,773	688	7,237

Other reserves	£m At 31 December 2006
Merger reserve	2,716
Available for sale reserve	28
Investment property revaluation reserve	48
Cash flow hedge reserve	(1)
Share-based payments reserve	110
Attributable to equity holders of the parent at end of the year	2,901

Retained earnings have been reduced by £704 million at 31 December 2006 in respect of own shares held in policyholders' funds, ESOP trusts, Black Economic Empowerment Trusts and other related undertakings.

Included in the dividend for the year is £39 million of dividends declared to holders of perpetual preferred callable securities.