

# Company income statement

For the year ended 31 December 2007

	Notes	2007 £m	Restated 2006 £m
<b>Revenue</b>			
Net investment return	A	418	49
Other income		-	7
<b>Total revenue</b>		<b>418</b>	<b>56</b>
<b>Expenses</b>			
Administrative expenses	B	88	55
Interest payable on subordinated liabilities		102	48
<b>Total expenses</b>		<b>190</b>	<b>103</b>
<b>Profit/(loss) before tax</b>		<b>228</b>	<b>(47)</b>
Income tax credit	F	7	8
<b>Profit/(loss) for the year</b>		<b>235</b>	<b>(39)</b>

The Company commenced trading on 10 July 2006.

For an explanation of the restatement please refer to Note Y.

The Notes on pages 302 to 325 are an integral part of these financial statements.

# Company balance sheet

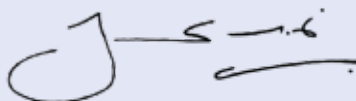
As at 31 December 2007

	Notes	2007 £m	Restated 2006 £m
<b>Assets</b>			
Investments in subsidiaries	G	4,808	4,649
Investments in associates and joint ventures	H	58	14
Loans to subsidiaries		1,368	1,270
Loans to associates		4	-
Current tax recoverable	I	-	2
Deferred tax assets	I	1	1
Derivative financial assets	J	-	1
Investment securities	K	26	18
Other assets	L	28	25
Cash and cash equivalents	M	181	382
<b>Total assets</b>		<b>6,474</b>	<b>6,362</b>
<b>Equity</b>			
Share capital	N	217	210
Share premium reserve	O	792	799
Retained earnings	P	220	(35)
Other reserves	Q	3,515	3,725
<b>Total equity</b>		<b>4,744</b>	<b>4,699</b>
<b>Liabilities</b>			
Subordinated liabilities	R	1,651	1,581
Deferred tax liabilities	I	2	1
Derivative financial liabilities	J	9	-
Other liabilities	S	68	81
<b>Total liabilities</b>		<b>1,730</b>	<b>1,663</b>
<b>Total equity and liabilities</b>		<b>6,474</b>	<b>6,362</b>

Approved on behalf of the Board of Directors on 12 March 2008 by the following Directors:



Gerry Grimstone, Chairman



David Nish, Group Finance Director

The Notes on pages 302 to 325 are an integral part of these financial statements.

# Company reconciliation of movements in total equity

For the year ended 31 December 2007

	Notes	2007 £m	Restated 2006 £m
<b>Balance at 1 January</b>		<b>4,699</b>	-
Profit/(loss) for the year	P	235	(39)
Issue of share capital for cash, net of transaction costs	N	-	1,363
Issue of share capital other than in cash	N	7	146
Capitalisation of share premium account	O	(7)	-
Merger relief on issue of demutualisation shares	Q	-	3,214
Reserves credit for employee share-based payment schemes	Q	12	15
Vested employee share-based payments	Q	(5)	-
Dividends and appropriations	Q	(197)	-
<b>Balance at 31 December</b>		<b>4,744</b>	4,699

The Notes on pages 302 to 325 are an integral part of these financial statements.

# Company cash flow statement

For the year ended 31 December 2007

	Notes	2007 £m	Restated 2006 £m
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) before tax</b>		<b>228</b>	<b>(47)</b>
Fair value movements on investment securities and derivatives	A	25	(4)
Dividend income from subsidiaries	A	(273)	-
Interest income on loans and receivables	A	(81)	(33)
Interest income from equity instruments	A	(34)	-
Interest payable on subordinated liabilities		102	48
Net foreign exchange gains on investment activities	A	(37)	1
Movements in operating assets and liabilities		6	78
Adjustment for investment income		-	(2)
Vested employee share-based payments	Q	(5)	-
<b>Net cash flows from operating activities</b>		<b>(69)</b>	<b>41</b>
<b>Cash flows from investing activities</b>			
Loans to subsidiaries		-	(190)
Loans to associates		(4)	-
Acquisition of subsidiaries	G	(102)	-
Capital injections into newly established subsidiaries	G	(14)	-
Capital injections into existing subsidiaries	G	(52)	(743)
Interest received on loans to subsidiaries		78	67
Interest received from equity instruments		34	-
Dividends received from subsidiaries		293	-
Purchase of investment securities		-	(21)
Sale of investment securities		(25)	5
Acquisition of investment in associates and joint ventures		(44)	(14)
<b>Net cash flows from investing activities</b>		<b>164</b>	<b>(896)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	Q	(197)	-
Interest paid		(99)	(67)
Proceeds from issue of ordinary share capital, net of transaction costs	N, O	-	1,363
Consideration paid to eligible members in non-permitted countries		-	(59)
<b>Net cash flows from financing activities</b>		<b>(296)</b>	<b>1,237</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(201)</b>	<b>382</b>
Cash and cash equivalents at the beginning of the year	M	382	-
<b>Cash and cash equivalents at the end of the year</b>	<b>M</b>	<b>181</b>	<b>382</b>
<b>Supplemental disclosures on cash flows from operating activities</b>			
Interest received		126	58

On 10 July 2006, the Company assumed the obligations under the subordinated guaranteed bonds and mutual assurance capital securities previously issued by The Standard Life Assurance Company (SLAC) and the instruments were relisted on the London Stock Exchange with the Company as the issuer. On the same date, the Company entered into a loan agreement to lend the proceeds it had received for assuming the obligations under the instruments to Standard Life Assurance Limited (SLAL). The proceeds involved in these transactions were of a non-cash nature and therefore the transactions are not reflected in the cash flow statement.

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