Half Year Results 2013

Standard Life plc

Standard Life

The Half Year Results 2013 are published on the Group's website at www.standardlife.com

The Directors are responsible for the maintenance and integrity of the financial information published on the website in accordance with UK legislation governing the dissemination of financial statements. Access to the website is available outside the UK, where comparable information may be different.

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8 August 2013

Record flows driving strong growth in revenue

Record long-term savings new business sales and Group net inflows

- Group assets under administration of £232.8bn (FY 2012: £218.1bn) and Group net flows of £6.5bn (H1 2012: £0.7bn)
- Long-term savings new business sales of £12.2bn (H1 2012: £10.1bn)
- Long-term savings net inflows of £2.5bn[1] (H1 2012: £1.6bn[1]) including gross inflows of £11.8bn[1] (H1 2012: £10.2bn[1])
- Standard Life Investments third party net inflows of £7.1bn[1] (H1 2012: £0.6bn[1]) of which 51% from outside UK
- Standard Life Investments third party assets under management (AUM) of £93.4bn (FY 2012: £83.0bn)

Strong growth in fee based revenue driving Group operating profit performance

- Fee based revenue increased by 14% to £694m (H1 2012: £610m)
- Lower unit costs with acquisition costs of 130bps (FY 2012: 156bps) and maintenance costs of 41bps (FY 2012: 45bps)
- Operating profit[2] before tax up 6% to £304m (H1 2012: £286m[3]) including
    - 28% increase in UK operating profit with strong momentum in both our retail and corporate businesses
    - 37% increase in Standard Life Investments operating profit with excellent investment performance and exceptionally strong net inflows
    - £14m increase in financing costs from debt issued in H2 2012 at attractive interest rates
- IFRS profit after tax attributable to equity holders of £129m (H1 2012: £238m[3]) reflecting the expected increase in the tax charge and impact of rising yields on debt securities

Continued strong balance sheet

- EEV operating capital and cash generation of £231m (H1 2012: £279m[3]) reflects a lower back book management contribution in the period
- IGD surplus of £3.7bn (FY 2012: £4.1bn), following the payment of the 2012 final and special dividends of £532m, remains relatively insensitive to market movements

Progressive interim dividend up 6.5%

- Interim dividend up 6.5% to 5.22p (H1 2012: 4.90p)

David Nish, Chief Executive, commented:
"Standard Life has made really good progress in the first half of the year, delivering substantial growth in sales, flows and assets, all driving higher revenues and operating profits.

In the UK, through listening to our customers and developing propositions that meet their needs, we have significantly increased operating profit by 28% and have strong momentum in both our retail and corporate businesses.

Standard Life Investments has had an outstanding start to the year with its operating profit up 37%. Excellent investment performance has driven exceptionally strong net inflows of £7.1bn. The team continued to innovate, develop and launch new products and expanded the global reach of the business.

Canada is making progress in transforming its business, and our joint ventures in India continue to deliver strong performance in a market where we see further opportunities for our businesses.

We look forward to the future as our business model, propositions, distribution capability and strong balance sheet mean we are confident we can deliver ongoing improvements in value for our customers and shareholders."

Financial Highlights

Key performance indicators	H1 2013	H1 2012[3]
Group operating profit before tax (£m)	**304**	286
EEV operating profit before tax (£m)	**465**	588
EEV operating capital and cash generation (£m)	**231**	279
Assets under administration (£bn)	**232.8**	218.1[4]
Net flows (£bn)	**6.5**	0.7

Group operating profit[2]	H1 2013 £m	H1 2012[3] £m
By source		
Fee based revenue	**694**	610
Spread/risk margin	**197**	180
Total income	**891**	790
Acquisition expenses	**(155)**	(144)
Maintenance expenses	**(430)**	(388)
Group corporate centre costs	**(23)**	(21)
Capital management	**3**	31
Share of joint ventures' and associates' profit before tax	**18**	18
Operating profit before tax	**304**	286
Diluted operating EPS	**9.9p**	12.3p
Diluted EPS	**5.5p**	10.2p

Business segment performance – operating profit before tax		H1 2013 £m		H1 2012[3] £m
UK and Europe				
Retail – new fee business profit contribution[5]	37		25	
Retail – old fee business profit contribution[5]	91		90	
Corporate profit contribution[5]	42		40	
Spread/risk profit contribution[5]	71		50	
Indirect expenses and capital management	(80)		(79)	
UK		**161**		126
Europe		**21**		26
Standard Life Investments		**93**		68
Canada		**59**		71
Asia and Emerging Markets		**(1)**		3
Other		**(29)**		(8)
Group operating profit before tax		**304**		286

Other financial highlights	H1 2013	H1 2012[3]
IGD surplus	**£3.7bn**	£4.1bn[4]
Embedded value	**£8.3bn**	£8.1bn[4]
Interim dividend per share	**5.22p**	4.90p
IFRS profit before tax attributable to equity holders of Standard Life plc	**£179m**	£207m
IFRS profit after tax attributable to equity holders of Standard Life plc	**£129m**	£238m

For more information please read Section 1.5 – Basis of preparation and the reconciliation of consolidated operating profit for the period in Section 3 of the Half Year Results 2013.

Group performance

We continue to achieve improvements in performance and deliver further value for our customers and shareholders.

Group operating profit increased by 6% to £304m (H1 2012: £286m[3]). The result benefited from strong growth in fee based revenue, reflecting both higher market levels and the increased demand for our fee based long-term savings and investment propositions. In the UK, we significantly reduced unit costs helped by tight control over absolute costs while spread/risk margin benefited from steady new business volumes, positive experience and investment strategy changes. Operating profit in Canada included a 13%[6] increase in fee based revenue to £95m but was negatively impacted by one-off reserving changes relating to modelling changes, while H1 2012 benefited from positive experience variances. We continue to pursue additional management actions in Canada in the second half of the year of approximately half the amount of £153m achieved in Canada in 2012. IFRS profit before tax attributable to equity holders amounted to £179m (H1 2012: £207m[3]) and was impacted by rising yields on debt securities. IFRS profit after tax attributable to equity holders of £129m (H1 2012: £238m[3]) reflected the expected increase in the tax charge. The prior period result benefited from a non-recurring release of deferred tax.

Group assets under administration increased by 7% to £232.8bn while Standard Life Investments third party assets under management increased by 13% to £93.4bn. AUA benefited from robust net flows into our newer style fee based propositions and positive market movements. Notably, Standard Life Investments had another strong start to the year with third party net inflows of £7.1bn (H1 2012: £0.6bn).

EEV operating profit before tax of £465m (H1 2012: £588m[3]) reflected an increase in core profits of 9% to £402m, driven by higher new business contribution, and lower benefit of back book management of £67m (H1 2012: £215m[3]). Back book management result included £37m of favourable operating tax variances and £24m of favourable assumption changes, while H1 2012 included £219m of gains from asset strategy changes and improved modelling.

EEV operating capital and cash generation was £231m (H1 2012: £279m[3]). Gross operating capital and cash generation of £362m (H1 2012: £386m) decreased by £24m primarily as a result of lower contribution from back book management and efficiency as well as higher financing costs. New business strain increased to £131m (H1 2012: £107m) and included broadly flat acquisition expenses, up by just 4% despite a 21% increase in sales, and an increase in actuarial reserves as a result of prudent reserving assumptions lagging behind the beneficial effect that new business is expected to provide from improved efficiencies and future increments. The core operations of the business generated higher capital and cash of £311m (H1 2012: £293m).

The Board have proposed an interim dividend of 5.22p per share (H1 2012: 4.90p), an increase of 6.5%. The Group will continue to apply its existing progressive dividend policy taking account of market conditions and the Group's financial performance.

Business highlights

Our goal is to drive shareholder value through being a leading customer-driven business focused on long-term savings and investments propositions in our chosen markets. This is underpinned by a simple business model: maximising revenue, increasing assets and lowering unit costs whilst optimising the balance sheet to maximise returns for our shareholders.

During H1 2013 we have made good progress in each of our businesses. Growth in revenue reflects ongoing customer demand for our propositions in what remains a challenging economic environment, while continued work on reducing costs across the Group has enabled us to increase the operating leverage within the business, in turn driving an ongoing improvement in profitability.

Strong UK performance

- UK operating profit before tax up 28% to £161m (H1 2012: £126m[3]) driven by growing contribution from fee based propositions and an increase in spread/risk margin
- UK acquisition expenses improved to 93bps (FY 2012: 133bps) and maintenance expenses improved to 26bps (FY 2012: 31bps)
- The number of adviser firms on Wrap increased by 10%[7] to 1,192 (H1 2012: 1,087) and our SIPP proposition continues to perform well with a 15%[7] increase in customer numbers and AUA up 19%[7] to £21.5bn (H1 2012: £18.0bn)
- Our packaged 'off the shelf' auto enrolment solution is being sought by small and medium enterprise (SME) advisers such as Punter Southall and LEBC
- Standard Life Wealth AUA increased by 50%[7] to £2.1bn

Record Standard Life Investments third party funds under management and net flows

- Operating profit before tax up 37% to £93m (H1 2012: £68m) benefiting from third party net inflows of £7.1bn
- Average fee revenue yield from third party business increased to 43bps (FY 2012: 40bps)
- Expanding global distribution capabilities with £3.6bn or 51% of third party net flows from outside the UK
- MyFolio net flows up 44% to £750m and AUM has more than doubled[7] to £3.1bn
- Continuation of strong investment performance over all key time periods

Growing our fee business in Canada

- Canada fee based AUA up 5%[6] to £17.0bn (FY 2012: £15.9bn) and fee based revenue up 13%[6] to £95m (H1 2012: £83m)
- Expanded our range of mutual funds to leverage the expertise of Standard Life Investments in global and multi-asset funds
- Ongoing success in individual segregated funds with No.1 ranked proposition by net flows

Continued progress in Asia and Emerging Markets

- Began to write new business in Singapore and Dubai with terms of business agreed with 37 adviser firms and sales of £29m
- Hong Kong ranked No.3 in the investment linked market including No.1 in the broker and IFA segment[8]
- HDFC Life continues to reinforce its strong market position in the private market in India

Outlook

Our UK business is capitalising on regulatory, market and demographic changes. Our newer style propositions are gathering momentum with ongoing demand for investment solutions from customers, their advisers and employers. The pipeline of corporate business secured but not yet transitioned is strong and further benefits are expected from auto enrolment implementations for new and existing corporate pension clients. Standard Life Investments remains focused on expanding its investment capabilities and geographic reach and its pipeline of institutional business remains good. Canada continues to build on momentum in its fee based propositions and to pursue additional management actions of approximately £75m in the second half of the year. Our Asia and Emerging Markets business is well positioned for growth in the attractive international markets in which it operates.

We look forward to the future as our business model, propositions, distribution capability and strong balance sheet mean we are confident we can deliver ongoing improvements in value for our customers and shareholders.

Business segment performance

Strategy

UK and Europe[9]

We continue to strengthen our leading long-term savings and investment business by providing high quality innovative propositions and investment solutions combined with strong customer service and a highly scalable business model. Our strong market positions, along with demographic and regulatory changes in the UK such as auto enrolment and RDR, provide us with significant opportunities to drive profitable growth across our UK and Europe businesses.

Standard Life Investments

We remain very well positioned to deliver profitable growth. We are increasing our domestic and global presence and expertise across a range of asset classes while delivering consistently strong investment performance and strengthening relationships with our distribution partners. We also continue to leverage our investment expertise to maximise opportunities and revenues for the wider Group.

Operating profit

UK and Europe[9]

	H1 2013 £m	H1 2012[3] £m
Fee based revenue	439	406
Spread/risk margin	83	56
Total income	522	462
Acquisition expenses	(108)	(97)
Maintenance expenses	(229)	(212)
Capital management	(3)	(1)
Operating profit before tax	182	152

- Operating profit up 20% driven by a strong UK performance with all parts of the UK business contributing to growing profitability
- UK operating profit up 28% to £161m (H1 2012: £126m[3])
- Total income up 13% reflecting strong growth in AUA and improved annuities performance
- Ongoing reduction in unit costs: UK acquisition expenses 93bps (FY 2012: 133bps); UK maintenance expenses 26bps (FY 2012: 31bps)

Standard Life Investments

	H1 2013 £m	H1 2012 £m
Fee based revenue	244	193
Maintenance expenses	(164)	(135)
Share of joint ventures' and associates' profit before tax	13	10
Operating profit before tax	93	68
Interest and exchange rate movements	(1)	-
Earnings before interest and tax (EBIT)	92	68

- Operating profit and EBIT up 37% and 35% respectively
- Fee based revenue up 26% driven by strong net flows, particularly into higher margin propositions
- Average fee revenue yield from third party business increased to 43bps (FY 2012: 40bps)
- Maintenance expenses expressed as a proportion of average AUM increased marginally to 18bps (FY 2012: 17bps) reflecting the ongoing development of our investment management capability and expanding distribution and geographic reach
- HDFC AMC, which remains the largest mutual fund company in India with AUM of £11.5bn, contributed £13m to operating profit

AUA and flows

UK and Europe[9]

- Total AUA grew by £8.3bn or 6% to £154.5bn
- Robust fee retail new net inflows of £1.7bn up 12% on H1 2012 with Q2 net flows of £0.9bn up 31% on Q2 2012
- Dealing with 342 IFAs with whom we have either not dealt with previously or for several years
- Corporate net flows of £534m (H1 2012: £763m) impacted by expected outflows from schemes secured by competitors on a commission basis prior to the implementation of RDR
- Positive net flows in Germany and Ireland
- Continued growth in higher margin propositions:
  - MyFolio AUM more than doubled[7] to £3.1bn
  - Standard Life Wealth grew AUA by 50%[7] to £2.1bn and acquisition of Newton Private Client business expected to be completed in September 2013

Standard Life Investments

- Total AUM increased by 7% to £178.8bn
- Third party AUM increased by £10.4bn or 13% to £93.4bn
- Third party net inflows of £7.1bn representing 17% of opening third party AUM on an annualised basis
- Industry-leading retention rates with redemptions of just 14% of opening third party AUM (H1 2012: 14%)
- Overseas clients accounted for £3.6bn or 51% of third party net inflows, with net flows from the US of £1.4bn
- Assets managed for John Hancock exceed US$3.5bn
- Increased institutional client base in UK and Europe by 9% and our UK wholesale retail business recorded the highest net sales in the industry in the first two quarters of the year

Operational highlights

UK and Europe[9]

- Smooth transition to operate under RDR with 77% of Wrap clients now using adviser charging
- Number of adviser firms using our platform increased by 10% to 1,192 firms and number of adviser firms with assets on Wrap of greater than £20m up 38% to 191 firms
- Secured 108 (H1 2012: 105) new schemes with potential estimated assets up 66% on prior year
- 135,000 (H1 2012: 62,000) employees joined our corporate pension schemes with total members now over 1.3 million
- Strong corporate pension secured pipeline and increased take-up of Standard Life investment solutions
- Streamlined and significantly increased our corporate pension enrolment and processing capacity

Standard Life Investments

- Continuing to deliver strong investment performance and our money weighted average for third party assets is well above median over all key time periods
- AUM across the MyFolio fund range of £3.1bn
- Growing reputation in the US including Multi-Asset Class (MAC) Partners Programme with the California Public Employees' Retirement System (CalPERS)
- Strength of mutual funds proposition is demonstrated by the proportion of eligible and actively managed funds (45 out of 60) rated 'Silver' or above by Standard & Poor's
- Became the first designated Worldwide Partner in the history of the Ryder Cup

Canada

Strategy

We continue to grow our fee based business, capitalising on the opportunities created by demographic and market changes. We are achieving this through providing innovative retirement and investment solutions as well as exceptional levels of customer service. We continue to focus on maximising the value of our back book of spread business, improving its profitability, capital efficiency and risk exposure.

Operating profit

	H1 2013 £m	H1 2012[3] £m
Fee based revenue	95	83
Spread/risk margin	114	124
Total income	**209**	207
Acquisition expenses	(37)	(41)
Maintenance expenses	(125)	(114)
Capital management	12	19
Operating profit before tax	**59**	71

- Operating profit of £59m benefited from growth in our fee business
- Fee based revenue increased by 13%[6] to £95m as a result of higher AUA
- Spread/risk margin of £114m was negatively impacted by one-off reserving changes of £9m while H1 2012 benefited from positive experience variances of £8m
- Continued focus on management actions to increase back book profitability and de-risk our balance sheet
- Increase in expenses reflects continuing investment in our propositions and the growth of our business

AUA and flows

- Total AUA increased by 1%[6] to £28.3bn driven by net inflows into fee based propositions of £0.2bn and positive market movements which offset expected outflows from the spread/risk business
- Strong position in corporate pensions with fee based gross inflows up 10% to £0.9bn and net inflows up 18% to £0.1bn
- Retail mutual funds net outflows increased to £62m (H1 2012: £7m) and now starting to leverage Standard Life Investments expertise in global and multi asset funds to launch new products and expand distribution in dealer channel
- Momentum in sales of retail segregated funds with market share up to 12% (FY 2012: 9%) and net flows up 5% to £193m, or up 46% when excluding discontinued GLWB product

Operational highlights

- No.1 by net flows of retail segregated funds and No.3 by gross sales
- Innovative 'Pension in a Box' proposition for SMEs and broker channel launched and first implementations secured
- Optimising the customer experience with new features and ability to self-service online through our corporate VIP room
- Group Retirement Centre providing planning services to members in or approaching retirement
- Added 8,700 members to our corporate pensions (H1 2012: 11,100) members
- Ideal Monthly Income Fund won Fundata award for superior risk-adjusted performance relative to peers

Asia and Emerging Markets[9]

Strategy

We are focused on delivering profitable growth through our two joint ventures and through the expansion of our retail savings and investments in Asia and the Middle East. The expansion into two new attractive international and offshore wealth management markets leaves us well placed to leverage our existing offshore capability. We continue to work with our joint venture partners on developing our businesses in India and China.

Operating profit

	H1 2013 £m	H1 2012 £m
Fee based revenue	27	22
Acquisition expenses	(10)	(6)
Maintenance expenses	(23)	(21)
Total wholly owned	**(6)**	(5)
India and China JV businesses	5	8
Operating (loss)/profit before tax	**(1)**	3

- Operating loss of £6m across wholly owned operations reflects:
- 20%[6] increase in fee based revenue driven by higher assets under administration and growth in net flows
- Higher expenses reflect the costs associated with the newly opened branches in Singapore and Dubai as well as ongoing investment in our business
- Continued profitability from JV businesses reflects the progress made by HDFC Life in creating a leading and profitable insurance business in India, reinforcing its strong position in the individual private market

AUA and flows

- AUA in the wholly owned businesses increased by 18%[6] to £262m benefiting from demand for our Harvest Wealth product launched in late 2012
- Net inflows in wholly owned businesses up 30% to £39m representing an annualised 36% of opening AUA
- AUA in the joint ventures increased by 7% to £1.6bn, due to net inflows of £0.1bn

Operational highlights

- Announced transition of further shared functions to Hong Kong bringing more of our people closer to customers
- Our business in Hong Kong is now ranked No.3 in the investment linked market including No.1 in the IFA channel
- Began to write new business in Singapore and Dubai with terms of business agreed with 37 adviser firms and sales of £29m
- Increased distribution capability in China
- HDFC Life continues to grow and is a leading force in the private market in India where we are well positioned to take advantage of our brand strength and strong customer-focused business practices

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Stephen Percival	0131 245 1571 / 07734 974 173
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Newswires and online publications

We will hold a conference call for newswires and online publications at 08:00 (UK time). Participants should dial +44 (0)20 3059 8125 and quote Standard Life 2013 Half Year Results. A replay facility will be available for seven days. To access the replay please dial +44 (0)121 2604 861. The pass code is 1490155#.

Investors and Analysts

A presentation for investors and analysts will take place at 11:30 (UK time) at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB. There will also be a live webcast and teleconference at 11:30 (UK Time), both of which will have the facility to ask questions at the end of the formal presentation. Participants should dial + 44 (0)20 3059 8125 and quote Standard Life 2013 Half Year Results.

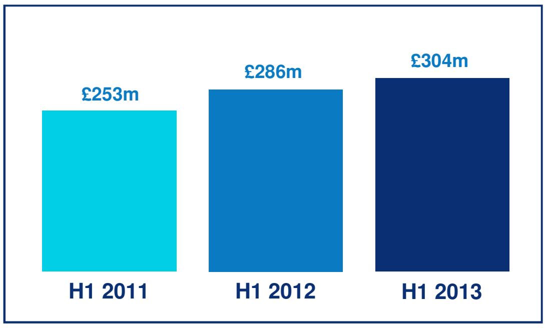
Notes to Editors

1. In order to be consistent with the presentation of new business information, certain products are included in both long-term savings and investments AUA and net flows. Refer to Supplementary information 6.1 – Group assets under administration and net flows for further information.
2. Operating profit is IFRS profit before tax adjusted to remove the impact of market driven short-term fluctuations in investment return and economic assumptions, restructuring costs (including Solvency 2 restructuring programme), impairments of intangible assets, amortisation of intangible assets acquired in business combinations, profit or loss on the disposal of a subsidiary, joint venture or associate and other significant one-off items outside the control of management.
3. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*.
4. Comparative as at 31 December 2012.
5. Profit contribution is defined as revenue less directly attributable expenses.
6. In constant currency.
7. Year-on-year movement.
8. Share of broker and IFA segment as at 31 March 2013.
9. Following changes within Asia and Emerging Markets and the Group Executive management structure at the beginning of 2013, the Irish offshore business is now reported within Europe in the UK and Europe business. Prior period comparatives have been restated to reflect this change.

1 Business review

1.1 Group key financial performance indicators

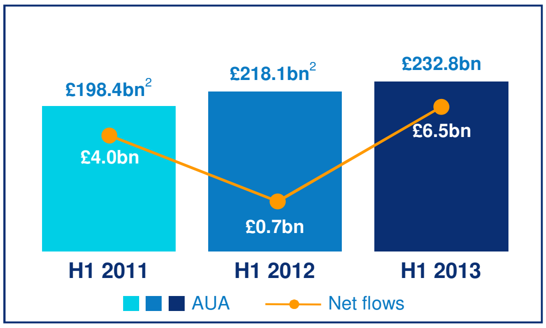
Group operating profit before tax[1]



Group operating profit is a measure of our ability to deliver long-term returns for our shareholders and provides an indication of our dividend paying capability.

- Group operating profit before tax increased by 6% to £304m. Higher fee based revenue has been partly offset by increased expenses relating to further development and expansion of our businesses.
- Fee based revenue increased by 14% or £84m to £694m driven by higher AUA and continued demand for higher margin products in Standard Life Investments
- Capital management reduced by £28m to £3m due to lower investment returns on shareholders' funds and higher financing costs following the issue of subordinated debt in the second half of 2012

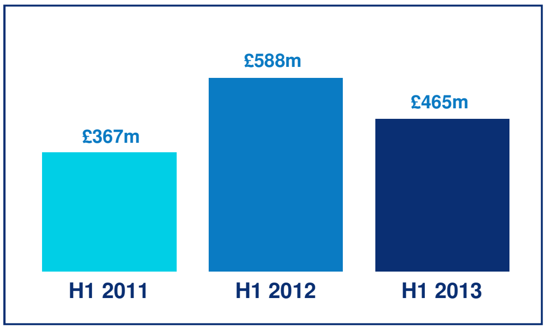
Assets under administration and net flows



As a long-term savings and investments business, assets under administration (AUA) and net flows are key drivers of shareholder value. We aim to grow AUA by focusing on our customers and meeting their needs with innovative propositions.

- Group AUA increased by 7% to £232.8bn driven by strong net inflows in the UK and Standard Life Investments, and favourable market movements
- Total net inflows increased to £6.5bn reflecting demand for our attractive propositions
- Third party assets in Standard Life Investments increased to a record level of £93.4bn

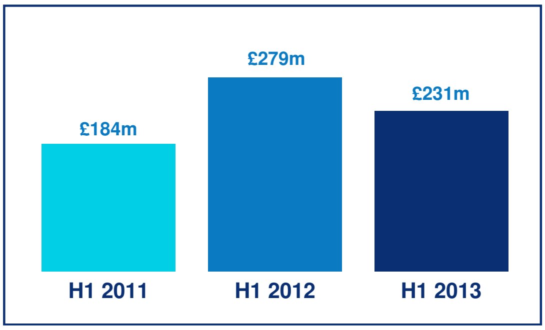
EEV operating profit before tax[1]



European Embedded Value (EEV) operating profit measures our ability to manage our existing book of business and to write profitable new business.

- EEV operating profit before tax decreased by 21% to £465m, with increased core profits offset by lower back book profits
- Core EEV operating profit of £402m was 9% or £33m higher than H1 2012, mainly due to a £23m increase in new business contribution and an £11m increase in expected return
- Back book operating profit decreased by £148m to £67m. H1 2013 included £37m of favourable operating tax variances and £24m of assumption changes. H1 2012 back book profits of £215m included £219m of gains from asset strategy changes and improved modelling.

EEV operating capital and cash generation[1]



EEV operating capital and cash generation reflects our ability to generate capital and cash. This enables further investment in the business and the payment of dividends to our shareholders.

- EEV operating capital and cash generation decreased by 17% to £231m largely due to £24m of higher new business strain reflecting higher sales volumes and £17m lower operating capital and cash generation from back book management
- EEV operating capital and cash generation remains aligned with Group operating profit after tax

1 Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits.* Refer to Note 3.1 – Accounting policies (a) Basis of preparation.
2 AUA as at 31 December.

Find out more about these measures in Section 1.2 – Group overview and Section 1.5 – Basis of preparation.

1.2 Group overview

Our financial results demonstrate our ability to deliver sustainable returns for our shareholders. We continue to develop high quality and innovative solutions that meet the changing needs of our customers. Details of our financial performance are highlighted below.

IFRS

	H1 2013	H1 2012	Movement
Group operating profit before tax[1,2]	**£304m**	£286m	6%
IFRS profit after tax attributable to equity holders of Standard Life plc[2]	**£129m**	£238m	(46%)
Group operating return on equity[2]	**11.4%**	15.1%	(3.7% points)

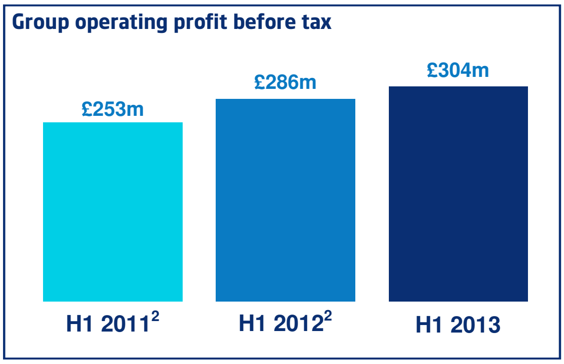
IFRS profit

IFRS profit after tax attributable to equity holders reduced to £129m (H1 2012: £238m) mainly due to the expected increase in the tax charge and the impact of a rise in yields on debt securities. The tax expense attributable to equity holders' profits in H1 2013 was £42m (H1 2012: credit £39m). IFRS profit for the period of £137m (H1 2012: £246m) also includes profit attributable to non-controlling interests of £8m (H1 2012: £8m). H1 2012 results have been restated to reflect the revised requirements following the amendment to IAS 19 *Employee Benefits*.

Group operating profit before tax increased by 6% from £286m to £304m and the non-operating loss before tax was £129m (H1 2012: loss £82m).

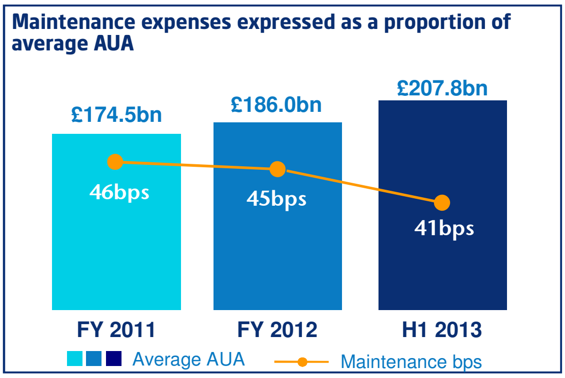
Group operating profit before tax

	H1 2013 £m	H1 2012 £m
Fee based revenue[3]	**694**	610
Spread/risk margin	**197**	180
Total income	**891**	790
Acquisition expenses	**(155)**	(144)
Maintenance expenses[4]	**(430)**	(388)
Group corporate centre costs[4]	**(23)**	(21)
Capital management[2]	**3**	31
Share of joint ventures' and associates' profit before tax[3]	**18**	18
Group operating profit before tax	**304**	286



Group operating profit before tax increased by 6% to £304m. The key highlights are:

- **Fee based revenue** increased to £694m driven by higher average asset values and the demand for our fee based long-term savings and investment propositions
- **Spread/risk margin** increased to £197m benefiting from favourable experience variances in the UK and release of UK annuity reserves arising from investment strategy changes
- **Acquisition expenses** increased to £155m and expressed as a proportion of sales improved to 130bps (FY 2012: 156bps) reflecting the growth in sales and the scalability of our business model
- **Maintenance expenses**[4] increased to £430m reflecting further expansion of our businesses, particularly by Standard Life Investments and our operations in Asia. Maintenance expenses expressed as a proportion of average AUA improved further to 41bps (FY 2012: 45bps).
- **Group corporate centre costs**[4] increased slightly to £23m (H1 2012: £21m)
- **Capital management** reduced to £3m due to lower investment returns on shareholders' funds and higher financing costs following the issue of subordinated debt in the second half of 2012



[1] Operating profit is IFRS profit before tax adjusted to remove the impact of short-term market driven fluctuations in investment return and economic assumptions, restructuring costs (including the Solvency 2 programme), impairment of intangible assets, amortisation of intangible assets acquired in business combinations, profit or loss on the disposal of a subsidiary, joint venture or associate and other significant one-off items outside the control of management.

[2] Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

[3] The share of profit from HDFC Asset Management Company Limited is now reflected in the share of joint ventures' and associates' profit before tax, previously it was included in fee based revenue. H1 2012 comparative has been restated.

[4] JV relationship management costs are now reflected in Group corporate centre costs, previously these were included within maintenance expenses as part of our Asia and Emerging Markets business. H1 2012 comparative has been restated.

- HDFC Asset Management, our **associate** business which is included in the results of Standard Life Investments, contributed £13m to profit (H1 2012: £10m). Our share of profit from the life **joint venture** businesses in Asia reduced to £5m (H1 2012: £8m), mainly due to higher new business strain driven by the expansion of our Indian joint venture's unit linked product sales in H1 2013.

Group non-operating loss before tax

Group non-operating loss in H1 2013 was £129m (H1 2012: loss £82m). The losses in H1 2013 were primarily due to short-term fluctuations in investment return and economic assumption changes, with losses of £90m (H1 2012: loss £43m) mainly due to a rise in yields on debt securities.

Non-operating restructuring and corporate transaction expenses of £36m (H1 2012: £42m) relate to a number of business unit restructuring programmes and Solvency 2.

Group non-operating loss before tax

	H1 2013 £m	H1 2012 £m
Short-term fluctuations in investment return and economic assumption changes	**(90)**	(43)
Restructuring and corporate transaction expenses	**(36)**	(42)
Other operating profit adjustments	**(3)**	3
Group non-operating loss before tax	**(129)**	(82)

Group tax expense

The tax expense attributable to equity holders' profits in H1 2013 was £42m (H1 2012: credit £39m) of which £66m (H1 2012: credit £8m) related to operating items and a credit of £24m (H1 2012: credit £31m) to non-operating items. The increase in the total tax expense reflects a higher tax charge in our UK and Europe business in H1 2013 and a non-recurring release of deferred tax on a number of items in H1 2012.

Group operating return on equity

Return on equity measures our success in generating profit relative to our shareholder capital. Group operating return on equity decreased to 11.4% (H1 2012: 15.1%) mainly due to an increased tax charge. The prior period result benefited from a non-recurring release of deferred tax on a number of items. We will continue to manage our capital position to ensure that we generate sustainable returns for our shareholders.

Find out more about the IFRS results in Section 1.3 – Business segment performance and Section 1.5 – Basis of preparation.

Assets under administration and new business

	H1 2013	H1 2012	Movement
Assets under administration	**£232.8bn**	£218.1bn[1]	7%
Net flows	**£6.5bn**	£0.7bn	829%
Present value of new business premiums	**£12.2bn**	£10.1bn	21%
New business contribution	**£201m**	£178m	13%

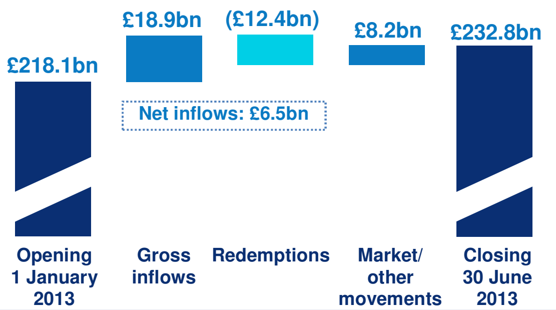
[1] Comparative as at 31 December 2012.

Assets under administration and net flows

AUA increased by 7% to £232.8bn driven by a combination of net inflows across our businesses and positive market movements:

- Overall net inflows increased to £6.5bn (H1 2012: £0.7bn) reflecting robust net inflows into our newer style fee based propositions
- Fee business AUA increased to £196.5bn (FY 2012: £180.7bn) with 84% (FY 2012: 83%) of total AUA now related to fee business
- Spread/risk business AUA reduced to £24.8bn (FY 2012: £25.7bn) due to negative market movements which were impacted by the increase in yields on debt securities and net outflows in the UK due to scheduled annuity payments

Movement in Group AUA



1.2 Group overview *continued*

New business

	PVNBP		New business contribution		PVNBP margin		IRR		Undiscounted payback	
	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012
	£m	£m	£m	£m	%	%	%	%	years	years
UK and Europe	**10,202**	7,888	**161**	137	**1.6**	1.7	**19**	20	**5**	5
Canada	**1,528**	1,780	**18**	26	**1.2**	1.5	**7**	8	**10**	11
Asia and Emerging Markets	**491**	409	**22**	15	**4.3**	3.6	**16**	14	**6**	6
Total	**12,221**	10,077	**201**	178	**1.6**	1.8	**14**	15[1]	**7**	7[1]

1 Restated for revision to exchange rates.

- Present value of new business premiums (PVNBP) for the Group totalled £12,221m and was 21% higher than H1 2012. UK and Europe sales rose by 29%, partly offset by a 14% fall in Canada sales.
- Increased new business contribution reflects higher sales volumes. The overall margin was 1.6%, with reductions in UK and Europe and Canada partly offset by an increase in Asia and Emerging Markets.
- Total internal rate of return (IRR) for the Group reduced to 14%. The low interest rate environment continues to impact the returns on business written in Canada, which generated an IRR of 7%.

EEV

	H1 2013	H1 2012	Movement
EEV per share	**352p**	343p[2]	3%
EEV operating profit before tax[3]	**£465m**	£588m	(21%)
EEV profit before tax[3]	**£695m**	£766m	(9%)
Return on embedded value[3]	**8.9%**	13.3%	(4.4% points)

2 Comparative as at 31 December 2012.
3 Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*.

Group embedded value

Group embedded value increased to £8,344m (FY 2012: £8,142m) representing an EEV per share of 352p. EEV per share increased by 32p before dividend distributions, including EEV operating profit after tax of £353m (15p per share). This resulted in a return on embedded value (RoEV) of 8.9%. EEV non-operating profit after tax was £189m (8p per share). The 9p increase in EEV per share from other and non-trading items was mainly due to actuarial gains on the staff pension schemes and foreign exchange movements.

Movement in embedded value per share

4 Profits are shown net of tax.

EEV profit before tax

EEV profit before tax of £695m (H1 2012: £766m) included operating profit of £465m (H1 2012: £588m) and non-operating profit of £230m (H1 2012: £178m).

EEV operating profit before tax

EEV operating profit before tax decreased by 21%, with increased core profits offset by lower back book profits:

- Core profits increased by 9% to £402m due to a £23m rise in new business contribution and an £11m rise in the expected return. This led to a core RoEV of 7.9% (H1 2012: 8.0%).
- EEV operating profit before tax from back book management of £67m (H1 2012: £215m) included £37m of favourable operating tax variances and £24m of assumption changes. H1 2012 profit of £215m included £219m of gains from asset strategy changes and improved modelling.

	EEV operating profit before tax		RoEV	
	H1 2013	H1 2012	H1 2013	H1 2012
	£m	£m	%	%
Core	**402**	369	**7.9**	8.0
Efficiency	**(4)**	4	**(0.1)**	0.1
Back book management	**67**	215	**1.1**	5.2
Total	**465**	588	**8.9**	13.3

EEV non-operating profit before tax

Total EEV non-operating profit before tax of £230m (H1 2012: £178m) included profit from economic assumption changes of £289m (H1 2012: £136m). This was due to profits from the use of higher projected investment returns and the reduction in the UK corporation tax rate, partly offset by losses from higher discount rates.

Restructuring costs of £36m (H1 2012: £43m) primarily represent costs relating to a number of business unit restructuring programmes and Solvency 2. Following the redemption of inter-Group subordinated debt in the second half of 2012, there is no longer a valuation adjustment for different accounting bases (H1 2012: non-operating loss of £70m).

Cash generation

	H1 2013	H1 2012	Movement
EEV operating capital and cash generation[1]	**£231m**	£279m	(17%)

[1] Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*.

Group operating EEV capital and cash generation

Total EEV operating capital and cash generation decreased by 17% to £231m (H1 2012: £279m):

- Gross EEV operating capital and cash generation decreased by £24m mainly as a result of reduced capital and cash generation from back book management and lower core non-covered business capital and cash generation. New business strain increased by 22% but as a percentage of PVNBP was unchanged at 1.1%.
- Core capital and cash generation was £22m lower than in H1 2012. This was primarily due to a £24m increase in new business strain reflecting higher sales volumes. A £22m increase in the expected return was partly offset by an £18m reduction in core non-covered business, reflecting the impact of higher financing costs following the issue of subordinated debt in the second half of 2012.
- Back book management capital and cash generation of £68m included £50m of favourable tax variances and actuarial reserve changes in UK and Europe. H1 2012 benefited from higher post tax profits on the UK pension scheme and management of UK tax assets.

Coverage of gross EEV operating capital and cash compared to new business strain decreased to 2.76 (H1 2012: 3.61) mainly due to increased new business strain reflecting higher sales.

Group EEV operating capital and cash generation	**H1 2013 £m**	H1 2012 £m
UK and Europe	**269**	240
Canada	**74**	85
Asia and Emerging Markets	**18**	22
Non-covered	**1**	39
Gross EEV operating capital and cash generation	**362**	386
New business strain	**(131)**	(107)
EEV operating capital and cash generation	**231**	279
Analysed by:		
Core	**171**	193
Efficiency	**(8)**	1
Back book management	**68**	85
Total	**231**	279

Reconciliation of Group operating profit to EEV operating capital and cash generation

As with EEV operating capital and cash generation, Group operating profit removes the impact of short-term economic volatility. Whilst there is clear alignment between Group operating profit and EEV operating capital and cash generation, there are differences which include:

- £30m negative impact from the difference in the treatment of assets and actuarial reserves
- £27m positive impact from the difference in the treatment of deferred acquisition costs (DAC)/deferred income reserve (DIR), intangibles, tax and other. Other includes the impact of different methodologies in respect of asset management charges. In EEV operating profit this income is included on an expected return basis but the actual charges are included in Group operating profit.

Reconciliation of Group operating profit to EEV operating capital and cash generation for the period ended 30 June 2013

[2] Group operating profit after tax consists of: Group operating profit before tax of £304m, tax charge on operating profit of (£66m) and share of joint ventures' and associates' tax expense of (£4m).

1.2 Group overview *continued*

Capital management

	H1 2013	FY 2012	Movement
IFRS equity attributable to equity holders of Standard Life plc[1]	**£4,134m**	£4,359m	(5%)
EEV[1]	**£8,344m**	£8,142m	2%
Group capital surplus[2]	**£3.7bn**	£4.1bn	(10%)

1 Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*.
2 H1 2013 based on estimated regulatory returns. FY 2012 based on final regulatory returns. Calculated under the Insurance Groups Directive (IGD).

Group capital surplus

The Group capital surplus decreased to £3.7bn (FY 2012: £4.1bn) following the payment in May 2013 of both the 2012 final dividend and special dividend. The quality of our capital resources remains strong with £8.1bn (FY 2012: £8.0bn) of core tier 1 capital.

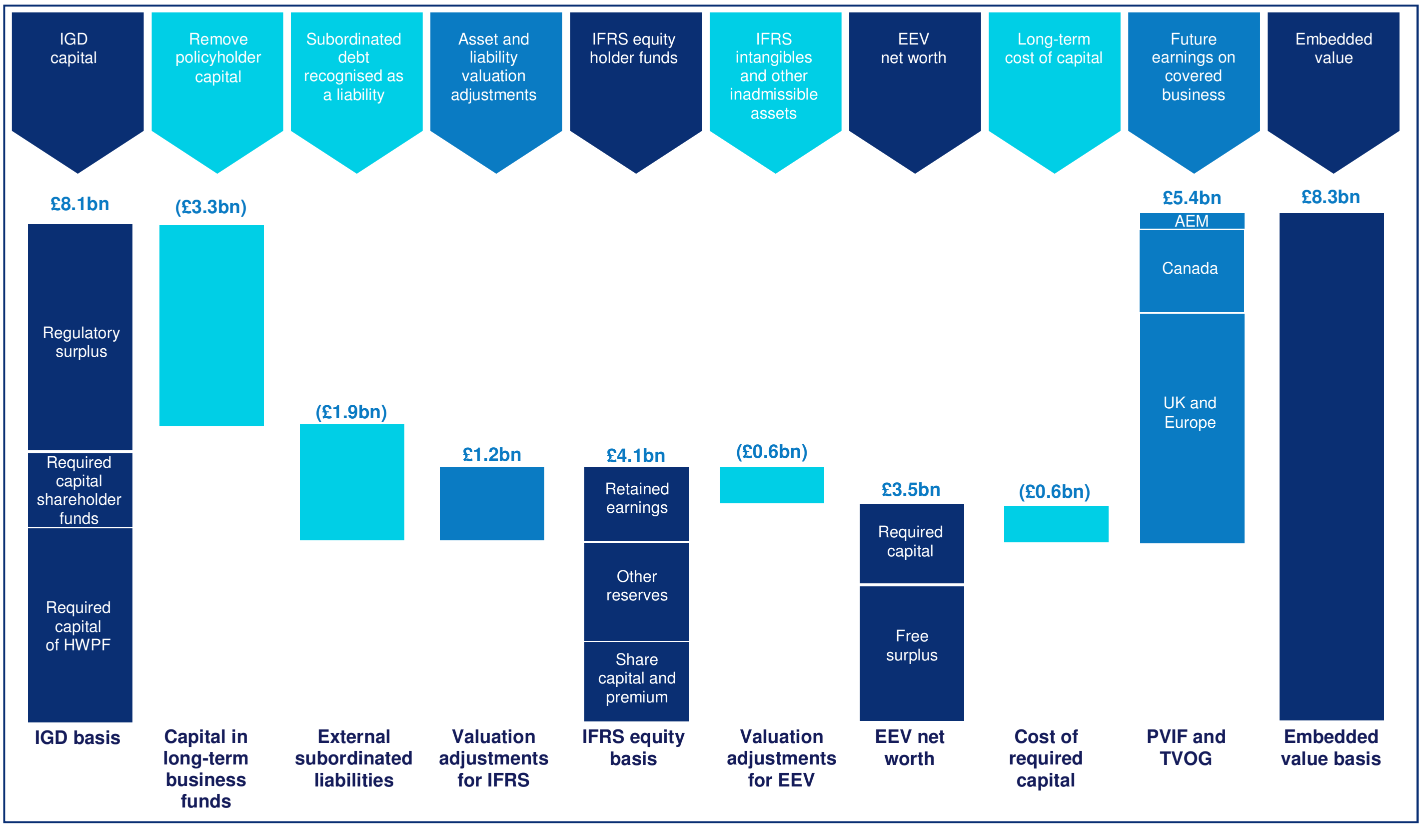
The Group capital surplus remains largely insensitive to a 30% fall in equities from the 30 June 2013 position, with the surplus estimated to reduce by approximately £0.2bn (FY 2012: £0.3bn reduction). Following a 100bps rise in yields, the surplus would be expected to remain unchanged (FY 2012: £0.1bn reduction). Following a 100bps fall in yields the surplus would be expected to remain unchanged (FY 2012: £0.4bn reduction).

Group capital surplus and solvency cover[3]	H1 2013 £bn	H1 2012 £bn	FY 2012 £bn
Shareholders' capital resources	**2.9**	3.2	3.3
Capital resources arising from subordinated debt	**1.9**	1.1	1.9
SLAL long-term business funds	**3.3**	2.9	2.8
Group capital resources[4]	**8.1**	7.2	8.0
Group capital resource requirement	**(4.4)**	(4.2)	(3.9)
Group capital surplus	**3.7**	3.0	4.1
Group solvency cover	**185%**	174%	205%

3 H1 2013 and H1 2012 based on estimated regulatory returns. FY 2012 based on final regulatory returns.
4 Net of restricted assets of £1.2bn (H1 2012: £1.2bn, FY 2012: £1.2bn).

Reconciliation of key capital measures

The following diagram illustrates the key differences between regulatory, IFRS and EEV capital measures at 30 June 2013:



Liquidity management and dividends

	H1 2013	FY 2012	Movement
Standard Life plc cash and liquid resources	**£926m**	£1,064m	(13%)
Interim dividend	**£124m**	£115m[1]	7.8%

[1] Comparative as at H1 2012.

Liquidity management

The Group maintains a strong liquidity position and this was shown in stress testing undertaken during H1 2013.

We undertake specific liquidity stress testing to ensure that we can withstand a scenario of significant falls in asset values combined with unprecedented levels of surrenders and claims.

We also maintain contingency funding plans across the Group to ensure that each business unit is prepared for a liquidity issue. As part of this contingency planning, Standard Life plc, the Group's ultimate holding company, maintains a £500m revolving credit facility with a syndicate of banks. This facility was renewed on 5 March 2013 and is due to mature in March 2018. The Group's revolving credit facility was undrawn at 30 June 2013.

Standard Life plc cash and liquid resources	H1 2013 £m	H1 2012 £m	FY 2012 £m
Opening 1 January	**1,064**	565	565
Dividends received from subsidiaries	**455**	224	499
Cash dividends paid to shareholders[2]	**(532)**	(216)	(331)
Additional investments in subsidiaries	**-**	(125)	(131)
Additional investments in associates and joint ventures	**(19)**	(16)	(16)
Issue of external subordinated liabilities	**-**	-	497
Other	**(42)**	(5)	(19)
Closing	**926**	427	1,064

[2] H1 2013 reflects the payment of the 2012 final dividend of £230m and the 2012 special dividend of £302m. FY 2012 reflects the payment of the 2011 final dividend of £216m and the 2012 interim dividend of £115m.

Standard Life plc also holds substantial cash and liquid resources. At 30 June 2013, Standard Life plc held £647m (FY 2012: £1,064m) of cash and short-term debt securities and £279m (FY 2012: £nil) of corporate bonds.

Dividends

During H1 2013, Standard Life plc paid the final dividend for 2012 of 9.80p per share, amounting to £230m and the 2012 special dividend of 12.80p per share amounting to £302m. We propose an interim dividend of 5.22p per share (H1 2012: 4.90p). This represents an increase of 6.5% per share. We will continue to apply our existing progressive dividend policy taking account of market conditions and our financial performance.

1.3 Business segment performance

1.3.1 UK and Europe

Financial highlights

	H1 2013	H1 2012	Movement
Operating profit before tax[1]	**£182m**	£152m	20%
Operating return on equity[1]	**17.3%**	24.5%	(7.2% points)
Assets under administration	**£154.5bn**	£146.2bn[2]	6%
Net flows	**£2,326m**	£1,348m	73%
EEV covered business operating profit before tax	**£287m**	£346m	(17%)
EEV non-covered business operating profit before tax[1]	**£6m**	£4m	50%

1 Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*.
2 Comparative as at 31 December 2012.

Strategic overview

We continue to strengthen our leading long-term savings and investment business by providing high quality innovative propositions and investment solutions combined with excellent customer service and a highly scalable business model. Our strong market positions, along with demographic and regulatory changes in the UK, including auto enrolment and the Retail Distribution Review (RDR), are starting to have a positive impact on our business and provide us with significant opportunities to drive future profitable growth. Our European business is drawing upon our experience in the UK in order to meet growing demand as the market gradually shifts away from products with guarantees, against an environment of regulatory change and low interest rates.

Market update

In the UK, the start of 2013 saw the implementation of RDR and the continuation of the phased introduction of auto enrolment and pension reform. Our investment in technology and investment solutions has put us in a unique position to capitalise on these changes as their full impact continues to unfold. Markets in the first half of the year saw increasing investor confidence but nevertheless remained impacted by an uncertain global economic environment and the ongoing transition to a new long-term savings regulatory environment in the UK. We have continued to focus on driving consumer and employer awareness of the need for pensions and other forms of long-term and retirement savings.

Our Wrap platform continues to attract new advisers and will be key to deepening relationships with IFAs who are increasingly looking at platforms as not just transactional tools but as a means of streamlining their processes, reducing administrative costs and minimising risk in their business while allowing them to focus on their customers' needs. We continue to enhance our platform and have recently launched our Leading Platform Programme, which is part of our ongoing commitment to ensure that Standard Life Wrap remains the investment platform of choice.

Our investment solutions including MyFolio funds and Standard Life Wealth continue to prove popular with advisers and customers who are looking beyond specific products. Our acquisition of Newton Private Client business is expected to complete in the third quarter, strengthening our discretionary fund management capability and our presence across the value chain.

Our retail business has made a smooth transition to operating under RDR and we are encouraged by growing interest from advisors, many of whom we have not dealt with for several years. We welcome the increased transparency that the ban on cash rebates from fund management groups to platform providers will bring and have been leading the market by working to secure the best value for our Wrap customers through 'super clean' share classes. Following the HMRC announcement regarding taxability of such rebates, both advisers and customers have welcomed our decision to meet the customers' tax liability in respect of cash rebates arising in 2013.

Much of the attention across our industry has focused on auto enrolment as large employers reach their auto enrolment staging dates. Whilst the broader UK pension industry faces potential capacity issues, the investment we have made in our technology and processes in recent years means we are ideally placed to meet demand from employers. We have implemented 51 auto enrolment schemes in the first half of the year, adding 97,622 new employees in the process. We expect a total of 300 implementations this year and around 3,000 in 2014 as auto enrolment becomes a reality for smaller employers. We continue to have a very strong pipeline of new secured corporate pension business and further growth in customers is expected from auto enrolment implementations for our existing corporate pension clients. The regulatory changes impacting the corporate landscape are bringing unprecedented opportunities. We expect the ban on commission following RDR to be positive for our corporate business despite the short term impact of expected outflows from schemes secured by competitors on a commission basis prior to the implementation of RDR.

In addition to the auto enrolment activity, we continue to see a heightened level of interest from companies revisiting their overall pension provision helping us to ensure a strong pipeline of new business, which is increasingly making use of our investment solutions. There are further opportunities in the small and medium enterprise space where our packaged 'off the shelf' auto enrolment solution is sought by advisers such as Punter Southall. The recently announced ban on consultancy charging for auto enrolment schemes will see employers looking for help and support which we are ideally positioned to deliver.

In Germany, the market is slowly moving away from products with guarantees as providers are now offering significantly reduced guarantees for new business. This is reflected in a 78% increase in new business sales of our Maxxellence unit linked product.

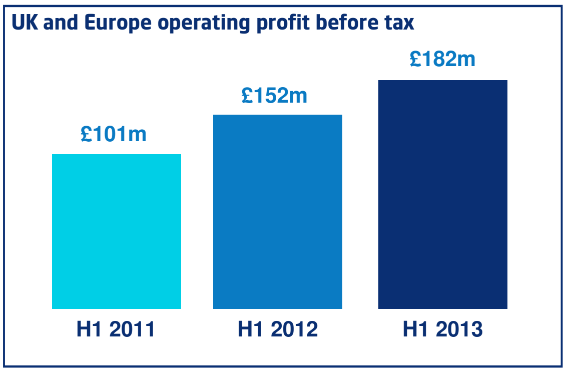
Our excellence in customer service was recognised by an award from MLP, a leading German adviser firm. Commission continues to play an important role in both Germany and Ireland, however, we are beginning to see interest from advisers wishing to understand more about how we have managed to transform the way in which we do business in the UK and how we have supported IFAs in becoming new-model advisers. Market conditions in Ireland remain difficult, whilst the offshore bond product offers an equity-linked investment option at a time of continuing low interest rates.

Profitability

Operating profit before tax

	UK		Europe		UK and Europe	
	H1 2013 £m	H1 2012 £m	H1 2013 £m	H1 2012 £m	H1 2013 £m	H1 2012 £m
Fee based revenue	349	325	90	81	439	406
Spread/risk margin	78	56	5	-	83	56
Total income	427	381	95	81	522	462
Acquisition expenses	(86)	(84)	(22)	(13)	(108)	(97)
Maintenance expenses	(177)	(169)	(52)	(43)	(229)	(212)
Capital management	(3)	(2)	-	1	(3)	(1)
Operating profit before tax	161	126	21	26	182	152

UK and Europe operating profit before tax increased by 20% to £182m including a 28% increase in UK operating profit to £161m.



The key movements in the **UK operating profit** from H1 2012 are:

- **Fee based revenue** increased by 7% predominantly driven by higher AUA as our new style propositions continue to attract net inflows while our older style propositions continue to benefit from ongoing increments, market movements and our retention activity. The average revenue yield on fee based business fell slightly to 70bps (FY 2012: 72bps) reflecting changes in business mix.
- **Spread/risk margin** increased to £78m helped by steady new business annuity volumes and the benefit of positive experience, and a reserve release arising from investment strategy changes
- **Acquisition expenses** were £86m and expressed as a percentage of PVNBP sales improved to 93bps (FY 2012: 133bps), reflecting the significant growth in sales and the scalability of our business model
- **Maintenance expenses** increased by 5% to £177m reflecting higher management fees payable. As a proportion of average AUA, maintenance expenses improved to 26bps (FY 2012: 31bps) as we continue to benefit from our scalable business model and cost discipline.

The **Europe operating profit** result fell by £5m to £21m. This reflected the higher strain from growing new business volumes, and included the impact of increased reserves held to cover new business sales in Germany.

UK profit contribution[1]

UK fee business profit contribution increased by 10% to £170m (H1 2012: £155m).

Newer style UK retail propositions continue to show momentum which, combined with the benefits of scalability and growth in direct customers coming from our corporate business, helped to deliver a 48% increase in profit contribution to £37m. This, together with the stable contribution from older style propositions, helped to drive an overall increase in retail fee based business contribution of 11% to £128m (H1 2012: £115m).

In our corporate business growth in corporate AUA resulted in a 5% increase in profit contribution to £42m (H1 2012: £40m). Our corporate business continues to provide our retail business with a source of new customers and revenue.

Profit contribution from spread/risk products increased by 42% to £71m (H1 2012: £50m), helped by steady new business volumes and the benefit of positive experience and reserve releases arising from investment strategy changes.

UK profit contribution[1]	H1 2013 £m	H1 2012 £m
Retail – new	37	25
Retail – old	91	90
Retail fee based business contribution	128	115
Corporate	42	40
Fee based business contribution	170	155
Spread/risk	71	50
UK profit contribution	241	205
Indirect expenses and capital management	(80)	(79)
UK operating profit before tax	161	126

[1] Profit contribution reflects the income and expenses directly attributable to each of the UK lines of business. It differs from operating profit due to the exclusion of indirect expenses, such as overheads, and capital management.

1.3 Business segment performance *continued*

1.3.1 UK and Europe *continued*

EEV operating profit

UK and Europe EEV operating profit before tax was lower at £293m (H1 2012: £350m), with the prior period benefiting from back book management actions taken to reduce the risk exposures of the UK business. Core EVOP increased by 15% to £264m (H1 2012: £230m), primarily due to an increase in contribution from new business.

Operating return on equity

UK and Europe operating return on equity of 17.3% (H1 2012: 24.5%), reflects a £40m decrease in operating profit after tax to £142m (H1 2012: £182m) due to an increased tax charge. The prior year result benefited from a non-recurring release of deferred tax on a number of items. The total UK and Europe operating return on equity includes a return of 17.6% for the UK business and 15.9% for the Europe business.

Assets under administration and net flows

UK and Europe AUA grew by 6% to £154.5bn. Fee based business AUA, which accounts for 86% of total AUA, increased by 7% to £133.1bn reflecting a combination of higher net inflows and positive market movements.

	Net flows		AUA	
	H1 2013 £m	H1 2012 £m	**30 Jun 2013 £bn**	31 Dec 2012 £bn
UK retail – new	**1,730**	1,542	**31.7**	28.7
UK retail – old	**(1,357)**	(1,430)	**32.5**	31.7
UK retail fee based business	**373**	112	**64.2**	60.4
UK corporate	**534**	763	**26.5**	24.5
UK retail and corporate fee based business	**907**	875	**90.7**	84.9
UK institutional pensions	**1,849**	880	**24.0**	21.3
UK conventional with profits	**(690)**	(635)	**3.5**	4.1
Europe fee based	**570**	517	**14.9**	13.6
Total fee based business	**2,636**	1,637	**133.1**	123.9
UK spread/risk	**(310)**	(295)	**14.7**	15.3
Europe spread/risk	**-**	6	**0.6**	0.5
Assets not backing products	**-**	-	**6.1**	6.5
Total UK and Europe	**2,326**	1,348	**154.5**	146.2

In the UK, net inflows into our new style retail propositions grew by 12% to £1.7bn, reflecting stronger gross inflows of £3.1bn (H1 2012: £2.7bn). Net inflows in Q2 2013 increased by 31% compared to Q2 2012 and by 10% compared to Q1 2013, which typically benefits more from tax year end activity. These increases were despite a backdrop of subdued consumer sentiment, ongoing economic uncertainty and a continually evolving market environment following the introduction of RDR.

Retention in our older style UK retail business has reduced net outflows by 5%. We continue to engage with customers with maturing policies who wish to continue to save or annuitise with us.

UK corporate pension net inflows, excluding the trustee investment plan business of Standard Life Investments, of £0.5bn (H1 2012: £0.8bn) were affected by the short term impact of expected outflows from schemes secured by competitors on a commission basis prior to the implementation of RDR. We continue to secure new schemes and have a strong pipeline of new business wins which will migrate later on this year. Net inflows into institutional pensions more than doubled to £1.8bn (H1 2012: £0.9bn).

UK spread/risk business AUA decreased to £14.7bn due to net outflows driven by scheduled annuity payments and adverse market movements mainly due to the rise in yields on debt securities. Gross inflows into annuities were broadly in line with the prior period at £268m (H1 2012: £281m).

In our Europe business, fee based AUA grew by 10% to £14.9bn, driven by net inflows and favourable market movements. Net inflows increased by 10% to £570m (H1 2012: £517m) predominantly reflecting the Irish branch business, where sales and inflows have improved on 2012, driven largely by the quality of our investment proposition and our recent marketing campaign.

New business performance

Total UK and Europe PVNBP sales increased by 29% to £10,202m (H1 2012: £7,888m) reflecting resilient retail and strong corporate sales against a backdrop of subdued consumer sentiment and ongoing economic uncertainty. Sales of corporate pensions increased by 41% demonstrating the strength of our propositions within the corporate market.

Our business model

We have strategically positioned ourselves across the value chain, and we provide investment solutions through Standard Life Investments via funds such as MyFolio, and by our discretionary fund manager, Standard Life Wealth.

Maximising revenue

Our business continues to benefit from our expertise across the value chain as we embed our wider investment solutions across our customer base:

- Our MyFolio risk based funds range, managed by Standard Life Investments, help make investing in funds simpler for our customers and has more than doubled AUM to £3.1bn (H1 2012: £1.5bn). This has secured additional investment management margin for the Group.
- Standard Life Wealth continues to grow with assets on our higher margin propositions increasing 50% to £2.1bn (H1 2012: £1.4bn). We have also announced the acquisition of Newton Private Client business. This transaction will accelerate the development and growth of our discretionary fund management business and bring assets of c£3.6bn, with completion expected in September 2013.
- Our growing pipeline of corporate business is seeing increased take-up of Standard Life investment solutions and we are actively engaging with our existing clients about their default investment arrangements
- Our Maxxellence investment product continues to perform well, attracting £21m in assets since launch last year
- We made a smooth transition to operating under RDR, with 77% of Wrap clients now using adviser charging

Increasing assets

Our retail business continues to grow as we continue to strengthen relationships with both new-model advisers and our direct customers:

- The total number of adviser firms on our Wrap platform has increased by 10% to 1,192 (H1 2012: 1,087), while the number of adviser firms with assets on Wrap of at least £20m has increased by 38% to 191 (H1 2012: 138)
- Total platform AUA increased by 33% to £16.8bn (H1 2012: £12.6bn) with Wrap AUA up 39% to £14.2bn (H1 2012: £10.2bn)
- Our SIPP proposition continues to grow with a 15% increase in customers and AUA up 19% to £21.5bn (H1 2012: £18.0bn)
- Our distribution agreement with RBS Group private banking customers is now live. We have also launched an online feature allowing customers who have already taken advice from their RBS adviser to top-up online through their Wrap platform.
- In H1 2013 we are writing new business with 342 IFAs with whom we have either not dealt with for several years or ever before
- We continue to improve engagement with our existing customers through improved contact strategy including hosting pre-retirement workshops across the country, providing online information support and information on the range of retirement options

Our corporate pension business continues to build momentum through its leading workplace savings solutions and by its strong links and existing relationships with corporate benefit consultants and employers:

- We secured 108 new schemes (H1 2012: 105 new schemes), which will bring an estimated 41,400 new employees (H1 2012: 43,651 new employees)
- Successfully implemented auto enrolment for 33 existing and 19 new schemes which, combined with regular joiners across the 35,000 schemes we already administer, means that we have secured 134,681 new employees resulting in the number of total employees increasing to 1.3 million
- Our early experience of auto enrolment remains encouraging with an average opt out rate of 11.6% of those auto enrolled
- We are continuing to see high levels of enquiries from employers as they revisit their entire defined contribution pension provisions
- Entered into a strategic arrangement with Punter Southall to offer a packaged ‘off the shelf’ solution to their new auto enrolment clients and we are ideally placed to assist SMEs following the recently announced ban on consultancy charging for auto enrolment schemes

Lowering unit costs

The scalability of our business and extensive use of technology continue to be the key enablers in delivering lower unit costs. Initiatives undertaken to manage the acquisition and maintenance expenses of our business are now showing results:

- Acquisition expenses in the UK expressed as a proportion of PVNBP reduced to 93bps (FY 2012: 133bps) as improvements in efficiency and absolute reductions continue
- Maintenance expenses in the UK expressed as a proportion of average AUA reduced to 26bps (FY 2012: 31bps). This reflects the scalability of our operations, improving efficiency of our processes and ongoing focus on cost control.
- The continuing trend towards online interaction with customers and self-servicing continues with 80% of opt-outs for auto enrolment being processed without manual intervention or interaction with our customer service representatives
- We have significantly increased our ability and efficiency with which we can take in new corporate clients at a time when the industry is facing possible capacity constraints. We have launched a simple, online, five stage auto enrolment solution aimed at helping existing schemes to quickly and easily convert their current arrangements to a qualifying workplace pension scheme.

1.3 Business segment performance *continued*

1.3.2 Standard Life Investments

Financial highlights

	H1 2013	H1 2012	Movement
Operating profit before tax	**£93m**	£68m	37%
Operating return on equity	**63.0%**	46.0%	17.0% points
Earnings before interest and tax (EBIT)[1]	**£92m**	£68m	35%
EBIT margin[1]	**37.7%**	35.2%	2.5% points
Third party assets under management (AUM)	**£93.4bn**	£83.0bn[2]	13%
Total assets under management	**£178.8bn**	£167.7bn[2]	7%
Third party net inflows	**£7.1bn**	£0.6bn	1,083%

1 EBIT and EBIT margin are key performance metrics for the investment management industry.
2 Comparative as at 31 December 2012.

Strategic overview

Standard Life Investments is a leading asset manager with an expanding global reach. Our 'Focus on Change' investment philosophy lies at the heart of our wide range of investment solutions and is backed by disciplined risk management and a shared commitment to a culture of investment excellence. This has proved itself to be robust and repeatable in both good and challenging market conditions. We have an unbroken record of positive annual net flows since inception and have delivered a strong track record of profitable organic growth. Earnings before interest and tax have had a compound annual growth rate over the last six years of 16%.

We have further expanded our range of investment solutions, with developments in real estate, multi-asset product portfolio and emerging market products being of particular note. We continue to broaden the diversity of our AUM with 51% (£3.6bn) of third party net inflows coming from outside the UK, including £1.4bn from the US, and 53% from the Institutional distribution channel.

We will continue to leverage our investment expertise and work closely with our strategic partners including other areas of the Standard Life Group, Sumitomo Mitsui in Japan, HDFC in India and John Hancock in the US, while exploring and capitalising on further opportunities for growth elsewhere.

Our 'Focus on Change' investment philosophy continues to drive the investment process, delivering strong performance with the majority of funds ahead of benchmark for all key time periods. We play a leading role in governance and stewardship. Strong corporate governance along with responsible stewardship of a business' assets, employees, customers and environment has a fundamental impact on long-term investment returns. During H1 2013, we voted at 1,578 shareholder meetings and undertook 287 environmental, social and governance engagements, promoting high standards of governance and stewardship.

During 2013, Standard Life Investments became the first designated Worldwide Partner in the history of the Ryder Cup, extending our brand reach and building our global growth strategy. The Ryder Cup's heritage, values and strong team ethos are an excellent match to Standard Life Investments' core beliefs and ambition.

Market update

The early part of 2013 saw gentle positive momentum behind the global economy. However, in the second quarter, markets faced renewed uncertainty about monetary policy and worries about the sources of future economic growth. These uncertainties led to increased volatility and the revival of high correlations between different asset markets.

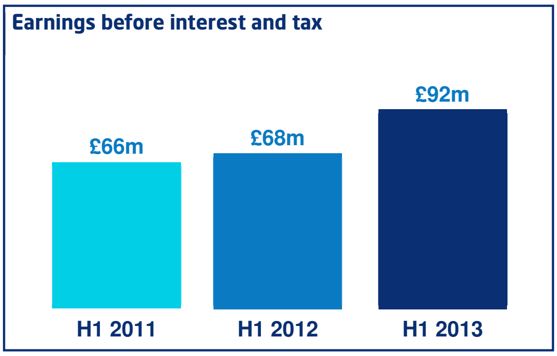
With clients' short run attitude to risk very closely aligned to central bank provision of liquidity, and longer term desire to maintain exposure to the sustainable yield of equities and real estate, Standard Life Investments stands to benefit by providing robust and innovative investment solutions that satisfy changing client risk appetites. In the fixed income space, where there is a trend to diversify away from traditional solutions, our suite of products is well placed to capitalise on this.

Client confidence in the institutional space continues to grow and record inflows have been recorded across the global wholesale market. The advantages of our strategic positioning have been reflected in Standard Life Investments attracting flows across a range of higher margin products by providing a broad suite of investment solutions, continuing product innovation and expanding geographic reach.

Profitability

Operating profit before tax

	H1 2013 £m	H1 2012 £m
Fee based revenue	**244**	193
Maintenance expenses	**(164)**	(135)
Share of joint ventures' and associates' profit before tax	**13**	10
Standard Life Investments operating profit before tax	**93**	68
Interest and exchange rate movements	**(1)**	-
Earnings before interest and tax (EBIT)	**92**	68



EBIT increased by 35% to £92m with a 2.5% points increase in EBIT margin to 37.7%. Operating profit before tax increased by 37% to £93m. Revenue rose by 26% reflecting the increased AUM, market levels and the shift in mix towards higher margin products such as UK mutual funds and multi-asset investment solutions. The changing mix helped to increase the revenue yield on third party AUM to 43bps (FY 2012: 40bps). The increase in expenses to £164m reflected the investment in growing the business and diversifying our sources of revenue both geographically and by product category. We have expanded our geographical footprint, invested in our operational and technology infrastructure while tightly managing our core cost base. HDFC Asset Management, our associate business, remains the largest mutual fund provider in India and contributed £13m (H1 2012: £10m) to operating profit before tax.

Operating return on equity

Operating return on equity increased to 63.0% (H1 2012: 46.0%), reflecting the increased profitability of our business and an efficient capital base.

Investment performance

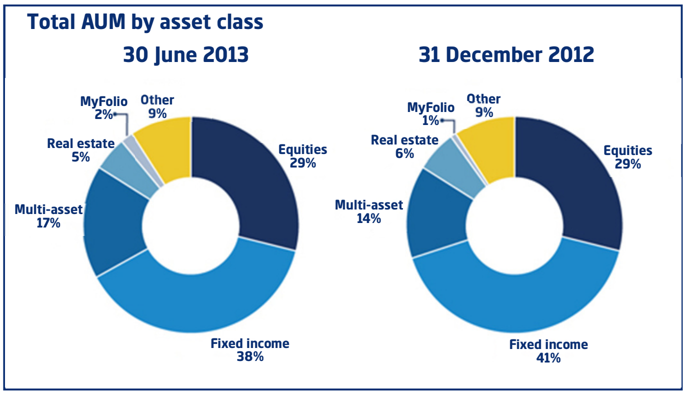
The strong growth in H1 2013 was underpinned by excellent investment performance despite the return of volatility to markets in June 2013. 92% of funds were ahead of benchmark in the year to June with 91% ahead at 3 years and 82% at 5 years. It is particularly encouraging that equity funds performed strongly through stock selection during this recent period of turbulence with 87% of equity funds ahead of benchmark at 1 year. An impressive performance continues to be delivered by the credit teams with over 90% of funds ahead of benchmark at 1 year. Our suite of multi-asset funds outperformed their cash benchmark over all key time periods since inception. In addition, the strength of our mutual funds proposition is demonstrated by two of our funds being in the top three best performing in 2012 across 2,883 open ended investment funds available in the UK. A large proportion of eligible and actively managed funds (45 out of 60) were rated ‘Silver’ or above by Standard & Poor’s.

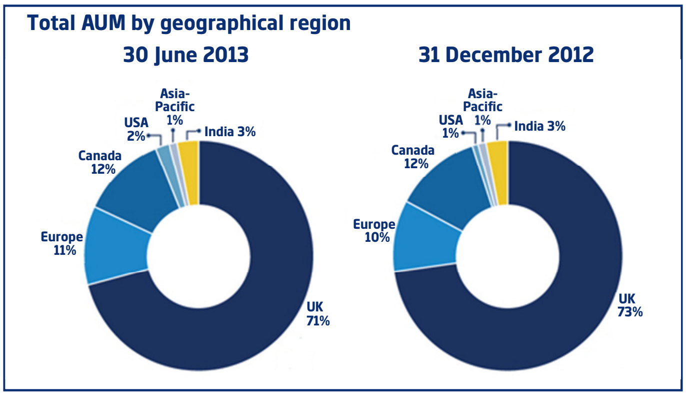
Assets under management and net flows

We remain focused on meeting the needs of existing clients and securing new business backed by consistently strong investment performance, ongoing product innovation, high levels of client service and an expanding global distribution capability. After excluding the outflow of £1.8bn of assets relating to the expected loss of a single low revenue yield mandate in 2012, third party net inflows increased 196% to £7.1bn (H1 2012: £2.4bn) representing an annualised 17% of opening third party AUM. This continued our unbroken record of positive annual net inflows since inception. Our retention rates were some of the best in the industry, with redemptions at just 14% of opening AUM.

Third party AUM increased to a record £93.4bn (FY 2012: £83.0bn) representing 52% of total AUM (FY 2012: 49%). In-house AUM increased to £85.4bn (FY 2012: £84.7bn) with favourable market movements more than offsetting scheduled outflows from the with profits business. As a result, total AUM reached £178.8bn (FY 2012: £167.7bn).

Inflows during H1 2013 reflected the diverse nature of our product offering, our expanding global distribution capability and the increasingly international nature of our client base. Assets under management generated from sales in our Boston office broke through $5bn, with net inflows in H1 2013 increasing to £1.4bn (H1 2012: £0.6bn). In the UK and Europe we increased the institutional client base by 9%.





1.3 Business segment performance *continued*

1.3.2 Standard Life Investments *continued*

At an asset class level, we saw a broad mix of net inflows into fixed income, multi-asset, real estate and cash.

Our UK wholesale retail business continued to perform well with net inflows into our range of UK mutual funds up 80% to £1.8bn (H1 2012: £1.0bn) and represented our highest ever market share of gross sales at 5.2% (FY 2012: 4.7%). We also recorded the highest net sales in the industry in Q4 2012, Q1 2013 and Q2 2013.

Our pipeline of institutional business remains strong with fixed income, real estate and multi-asset propositions continuing to attract considerable interest, increasingly from outside the UK. There is also positive demand for our mutual funds in the UK and for our SICAV funds in continental Europe and Asia Pacific.

Our business model

Maximising revenue

- Sales of high margin products enabled us to maintain the revenue yield on our third party gross sales at 51bps (FY 2012: 52bps) whilst the average revenue yield on third party assets increased to 43bps (FY 2012: 40bps)
- Continue to collaborate across the Standard Life Group to maximise the Group's share of the value chain, for example our MyFolio range of funds, which won 'Best New Fund Launch' at the Professional Adviser awards, now has AUM of £3.1bn
- Standard Life Investments announced the launch of a second Global Emerging Markets Debt fund, for retail and institutional investors in Europe

Increasing assets

- Achieved record third party AUM of £93.4bn driven by third party net inflows of £7.1bn
- Our share of the wholesale market in the UK continues to grow, with gross sales increasing to 5.2% (FY 2012: 4.7%). UK mutual funds AUM now exceeds £16bn, representing 17% of third party assets.
- Developing our multi-asset portfolio of products which comprises our suite of global absolute return strategies and balanced funds
- Market-leading range of MyFolio risk based funds, used extensively within our long-term savings and investments business, continues to be very popular with AUM of approximately £3.1bn
- Strong pipeline of new investment initiatives which positions us well to continue to meet the changing demands of our clients through new and innovative investment solutions

Lowering unit costs

- Maintenance expenses expressed as a proportion of average AUM were 18bps (FY 2012: 17bps). This reflects the ongoing development of our investment capability and expanding distribution and geographic reach.
- Extended our geographical footprint with expansion in Boston, Hong Kong and London
- Investment in core operational and technology infrastructure to support future growth
- Ongoing control over costs, combined with expansion in revenue margins, has resulted in a 16% compound annual growth in EBIT over the last six years

1.3.3 Canada

Financial highlights

	H1 2013	H1 2012	Movement
Operating profit before tax[1]	**£59m**	£71m	(17%)
Operating return on equity[1]	**7.5%**	10.3%	(2.8% points)
Assets under administration	**£28.3bn**	£27.8bn[2]	2%
Net flows	**£54m**	£56m	(4%)
EEV operating profit before tax[1]	**£144m**	£210m	(31%)

1 Comparatives have been restated to reflect an amendment to IAS 19 *Employee Benefits*.
2 Comparative as at 31 December 2012.

Strategic overview

In Canada, we continue to grow our fee based business, capitalising on the opportunities created by demographic and market changes as we celebrate our 180th anniversary. This is achieved through providing innovative retirement and investment solutions as well as exceptional levels of customer service.

Our corporate pension expertise is driving sponsor and member solutions to the market through technology innovation, a comprehensive investment platform and exceptional customer experience. In addition, our highly ranked retail sales team are providing advisors with solutions and tools to bring them closer to their customers, including our market-leading retail segregated funds, addressing customer needs for income and security. We are building on the strength of Standard Life Investments to provide global products in a Canadian market experiencing increased demand for investment diversification. We have expanded distribution across the corporate brokerage network, increasing our presence with investment advisors. We are engaging directly with our corporate pension members as we look to aggregate their assets on our investment platforms. We continue to focus on maximising the value of our back book of spread business, improving its profitability, capital efficiency and risk exposure.

Market update

Canada continues to be seen as a safe haven for international investors, however, consumer confidence remains below historic standards with individuals looking to reduce debt and increase household savings. Longer term, the combination of declining population growth and an ageing population in Canada is expected to increase the emphasis on private sector retirement and health benefit provisions. This brings with it increasing opportunities for providers of investment products, and decumulation and payout propositions.

The continued low interest rate environment and equity market volatility have left investors looking for alternatives to traditional investments and savings propositions. In the retail space, our complete suite of income oriented investment funds and a very well positioned retail segregated fund offering, along with the launch of Standard Life Investments' successful Global Absolute Return Strategies offering for the Canadian retail market, is aiming to meet the need of risk-averse customers for stable yields. Retail mutual fund regulation is evolving towards increased cost and performance transparency. While we do not expect that this will lead to the elimination of upfront sales commissions in the short term, we are leveraging the UK experience with RDR to take advantage of this evolving environment. We are working closely with Standard Life Investments to expand our retail mutual fund offering in Canada.

The need for greater private pension provision through employers is also very evident and we continue to engage with policy makers and employers, and to innovate in this area. The continued shift away from defined benefit pension plans, particularly by private sector employers, will increase demand for defined contribution retirement solutions. In addition, the introduction of Pooled Registered Pension Plans (PRPP) will make pensions saving much more accessible to employees of small and medium enterprises who represent the majority of employers in Canada. This development should also be positive for employers as a recent study conducted by Environics Research Group for us highlighted how small and medium-sized enterprises underestimate the value that employees place on workplace retirement solutions. Our easy to implement 'Pension in a Box' proposition was specifically designed with those customers in mind. Provincial legislation introducing PRPP has experienced delays however recently provinces representing over 50% of all businesses in Canada have enacted PRPP legislation and are in the stages of introducing guidelines and issuing licenses to providers. We continue to innovate to ensure that we have the right investment solutions, novel ways of engaging with employees and efficient scheme administration processes to succeed. Our innovative 'Plan for Life' program and our newly-created Retirement Centre are designed to facilitate plan members' savings and investments habits. Our corporate benefits business which provides health insurance, administration and disability management services is becoming increasingly important as more employers look for an integrated offering.

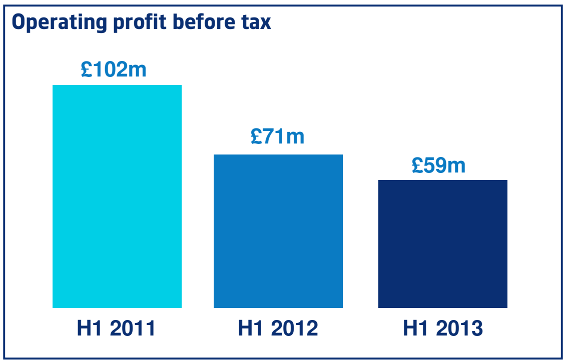
1.3 Business segment performance *continued*

1.3.3 Canada *continued*

Profitability

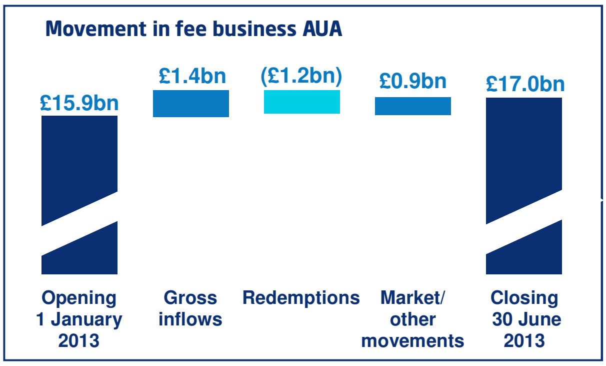
Operating profit before tax

	H1 2013 £m	H1 2012 £m
Fee based revenue	**95**	83
Spread/risk margin	**114**	124
Total income	**209**	207
Acquisition expenses	**(37)**	(41)
Maintenance expenses	**(125)**	(114)
Capital management	**12**	19
Canada operating profit before tax	**59**	71



Operating profit before tax decreased by £12m to £59m (H1 2012: £71m) mainly due to the movement in one-off reserving changes of £17m. The key highlights are:

- **Fee based revenue** increased by £12m mainly from higher average AUA and new business inflows
- **Spread/risk margin** was impacted by one-off reserving changes relating to modelling changes which generated a loss of £9m compared to a gain of £8m in H1 2012. The result benefited from management actions to enhance the investment yield on assets of £20m (H1 2012: £9m). Spread/risk margin from existing business remained in line with the prior period. We continue to make progress on additional management actions to enhance spread/risk margin.
- **Acquisition expenses** decreased due to lower management expenses and a shift in product and technology development spend towards maintenance expenses
- **Maintenance expenses** increased by £11m mainly due to higher renewal commission and portfolio management fees from higher average AUA. In addition, technology and change spend increased as we enhanced our propositions and processes, with investments to develop our corporate pensions capabilities including PRPP. Maintenance expenses as a proportion of average AUA improved to 93bps (FY 2012: 95bps).
- **Capital management** decreased by £7m as surplus assets were invested in lower yielding bonds rather than properties following a de-risking exercise undertaken in 2012



EEV operating profit

EEV operating profit before tax of £144m (H1 2012: £210m) reflects a lower contribution from back book management compared to the first half of 2012.

Operating return on equity

Operating return on equity decreased to 7.5% (H1 2012: 10.3%) mainly due to additional capital currently being held in the Canadian business following the successfully executed management actions in H2 2012.

Assets under administration and net flows[1]

Total AUA increased by 2% to £28.3bn reflecting positive market movements and net inflows into our propositions.

Fee business AUA increased by 5% in constant currency to £17.0bn helped by positive net inflows into retail segregated funds and corporate pensions as well as positive market movements.

Spread/risk AUA decreased to £9.5bn as a result of scheduled net outflows.

Net inflows into fee based propositions of £238m were 11% lower (H1 2012: £268m) as growth in corporate pensions and retail segregated funds were offset by net outflows from retail mutual funds.

Net flows[1]		H1 2013 £m	H1 2012 £m
Fee	F	**107**	91
Spread/Risk	S/R	**(120)**	(113)
Corporate pensions		**(13)**	(22)
Corporate benefits	S/R	**42**	44
Retail segregated funds	F	**193**	184
Retail mutual funds	F	**(62)**	(7)
Retail investment funds		**131**	177
Retail spread/risk	S/R	**(106)**	(143)
Total Canada		**54**	56
Fee business		**238**	268
Spread/risk business		**(184)**	(212)
Total Canada		**54**	56

[1] Canada categories for AUA and net flows have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

New business performance

PVNBP sales of £1,528m were 15% lower in constant currency (H1 2012: £1,780m). Strong performance in retail segregated funds where sales increased by 8% was offset by lower sales of corporate pensions and corporate benefits due to the uneven pattern of this business and a particularly strong performance in the first half of 2012.

Our business model

While we celebrate our long-standing heritage in Canada, we look to further enhance our position in the market and strengthen our relationships with customers and partners through innovative solutions, helping Canadians look forward to their financial future with confidence and optimism.

Maximising revenue

- The average revenue yield on our fee business remained stable at 113bps (FY 2012: 113bps)
- We are working closely with Standard Life Investments on distributing global investment products through our retail investment funds offering, securing a greater proportion of the value chain and driving future revenue growth

Increasing assets

- We launched ‘Pension in a Box’, a comprehensive and flexible retirement program targeted at small and medium enterprises, which offers the complete Plan for Life Programme member experience. This programme includes a comprehensive investment governance and monitoring programme, a full range of capital accumulation plans and online administration through our corporate pensions website, the VIP Room. By adding this innovative option to our retirement offerings, which includes the PRPP, we offer clients a wide spectrum of solutions to meet their specific needs.
- We are modernising our corporate pensions employer website to address clients’ information and reporting needs through a centralised self-serve platform, and introducing new reporting capabilities and features
- We launched corporate pensions Target Liability Bond Funds, a sophisticated solution for employers looking to address the challenges of the low interest rate environment and help them manage the transition from defined benefit to defined contribution plans
- Global Absolute Return Strategies mutual fund and other global funds managed by Standard Life Investments are helping us to strengthen and build distribution relationships. We now have access to four of the top six Canadian banks’ investment dealer platforms, allowing us to re-engage with advisors in this distribution channel.
- In corporate benefits, we expanded our range of health and wellness consulting services and tools, focusing on promoting sustainable health initiatives in the workplace. We have various programmes including drug and absence management, new consultancy services offering expert advice to develop a wellness strategy and new tools enabling customers to take charge of their health.
- We also enhanced our healthcare management approach by enabling the submission of claims directly from healthcare providers’ point-of-care and introduced digital statements and invoicing through our client website

Lowering unit costs

- Acquisition expenses as a proportion of PVNBP sales increased to 242bps (FY 2012: 220bps) due to the impact of lower sales in the period
- Maintenance costs as a proportion of average AUA improved to 93bps (FY 2012: 95bps) as we continued to invest in our client propositions and improve efficiency and customer experience

1.3 Business segment performance *continued*

1.3.4 Asia and Emerging Markets

Financial highlights – wholly owned

	H1 2013	H1 2012	Movement
Operating loss before tax	**(£6m)**	(£5m)	(20%)
Operating return on equity	**(15.4%)**	(14.3%)	(1.1% points)
Assets under administration	**£262m**	£215m[1]	22%
Net flows	**£39m**	£30m	30%
EEV covered business operating loss before tax	**(£1m)**	-	-
EEV non-covered business operating loss before tax	**(£4m)**	(£6m)	33%

Financial highlights – joint ventures (Standard Life's share)

	H1 2013	H1 2012	Movement
Operating profit before tax	**£5m**	£8m	(38%)
Operating return on equity	**6.7%**	14.5%	(7.8% points)
Assets under administration	**£1.6bn**	£1.5bn[1]	7%
Net flows	**£125m**	£140m	(11%)
EEV covered business operating profit before tax	**£16m**	£8m	100%

[1] Comparative as at 31 December 2012.

Strategic overview

Our Asia and Emerging Markets business consists of wholly owned operations in Hong Kong, Singapore and Dubai, and life joint ventures in India and China. We aim to accelerate our access to the high growth, high value markets within Asia and Emerging Markets. Our increased focus on Asia is gaining traction, leading to further expansion of our retail investments business.

Our business in Hong Kong continues to attract business from higher net worth customers resident in Hong Kong and the wider region. Based on new business sales, we are now the market leader in the Broker and IFA segment in Hong Kong[2].

The recently established branches in Singapore and Dubai have increased the number of brokers that have signed terms of business and are in discussion with potential bank partners.

Our joint ventures in India and China continue to demonstrate positive progress despite operating in challenging local environments. HDFC Life, our joint venture in India, is well positioned to take advantage of their brand strength and strong customer-focused business practices.

Market update

In Hong Kong, new regulations aimed at protecting consumers and requiring greater disclosure came into force on 1 July 2013. While this is likely to adversely affect new business volumes in the short term, we believe we are well placed in the market due to our customer-led strategy.

Singapore and Dubai are both high growth, high value emerging markets. Morgan Stanley Capital International share index has recently upgraded Dubai from 'frontier market' to 'emerging market' which will increase the interest of foreign investors.

In India, the continued regulatory and economic uncertainty has the potential to impact on the growth of the insurance sector in 2013. In this challenging market, HDFC Life continues to adopt a proactive approach to the regulatory changes and will aim to consolidate its standing and reputation in the market with quality a main focus.

In China, the insurance market has seen moderate growth with domestic companies continuing to dominate with over 90% of the total new business market. Our joint venture, Heng An Standard Life, continues to focus on growth in targeted segments by developing their distribution capability.

[2] As at 31 March 2013.

Profitability

Operating (loss)/profit before tax

Operating loss before tax is £1m (H1 2012: profit £3m). The key highlights are:

- **Fee based revenue** increased by 20% in constant currency resulting from strong growth in sales in Hong Kong
- Total **expenses** increased by 22% in constant currency to £33m mainly due to higher acquisition costs associated with commencing business in Singapore and Dubai
- The **joint venture businesses** delivered an operating profit before tax of £5m (H1 2012: £8m). A higher new business strain on profit was driven by the expansion of HDFC Life unit linked product sales in early 2013. This included the release of two new pension products to capitalise on opportunities within the market to improve long-term value generation.

Operating (loss)/profit before tax	H1 2013 £m	H1 2012 £m
Fee based revenue	**27**	22
Acquisition expenses	**(10)**	(6)
Maintenance expenses	**(23)**	(21)
Total wholly owned	**(6)**	(5)
India and China JV businesses	**5**	8
Asia and Emerging Markets operating (loss)/profit before tax	**(1)**	3

EEV operating profit

Total EEV operating profit increased to £11m from £2m in H1 2012. The wholly owned businesses recorded a total EEV operating loss of £5m (H1 2012: loss £6m). This is the result of improved new business sales in Hong Kong offset by additional operating costs arising from new branches in Singapore and Dubai. EEV operating profit in our joint venture businesses increased to £16m (H1 2012: £8m) through improved profits from in-force business.

Operating return on equity

Operating return on equity for our total Asia and Emerging Markets operations was a negative return of 1.6% (H1 2012: positive return of 4.3%) driven by lower operating profit after tax.

Assets under administration and net flows

AUA in the wholly owned businesses grew by 18% in constant currency to £262m (FY 2012: £215m). This was driven by strong net flows and favourable market movements. Net flows in the wholly owned businesses were higher at £39m (H1 2012: £30m) reflecting improved consumer sentiment across the markets we operate in and our efforts in promoting new product initiatives to capitalise on the market upturn.

AUA in the joint venture businesses increased by 7% to £1.6bn (FY 2012: £1.5bn) mainly due to net flows of £125m (H1 2012: £140m).

New business performance

PVNBP sales in the wholly owned businesses increased by 64% in constant currency to £210m (H1 2012: £125m), driven by an increase in Hong Kong. Sales in Singapore and Dubai continue to rise, however their contribution to new business volumes reflects the early stage of their development.

In India, sales rose 6% in constant currency to £239m as HDFC Life continue to focus on quality and capitalise on their brand strength. In China, Heng An Standard Life sales are down 20% in constant currency to £42m with a positive start to the year in the individual channel outweighed by lower sales in the bank channel as the business focuses on higher margin regular premium sales.

Our business model

Maximising revenue

- Revenue increased by 20% in constant currency, reflecting good new business volumes, changes in business mix and the introduction of new products in Hong Kong in late 2012
- We are exploring opportunities for greater collaboration with Standard Life Investments in Asia

Increasing assets

- We continue to offer propositions that help our customers invest in volatile market conditions. In Hong Kong, the Harvest Wealth product launched in late 2012 has seen positive demand and is meeting the needs of internationally mobile clients.
- In Singapore and Dubai, our regular savings plan proposition has been well received by customers
- Our Indian joint venture, HDFC Life released their 2012/13 financial year end results at the start of May and reported a 16% growth in new business premium income and 11% growth in total premium income. These results demonstrate the significant success management have achieved in growing the business within the competitive and challenging Indian insurance industry.

Lowering unit costs

- As part of our continuing effort to drive efficiency, we have transitioned more shared functions to Hong Kong and our other businesses in the region. This will help to reduce the layers of decision making, bringing us closer to our markets and creating more customer facing roles.
- Total expenses increased to £33m (H1 2012: £27m), reflecting additional costs as we expand our business in Asia and Emerging Markets

1.4 Risk management

Risk management is an integral part of the Group's corporate agenda. Our risk management strategy is to manage long-term value creation, cashflow and risk in a holistic manner in order to make informed decisions to create and protect value in the Group's activities. We are proactive in managing and understanding the risks to our objectives at every level of the Group and ensuring capital is delivered to areas where most value can be created for the risks taken. Find out more on the main risks we face below.

	Market risk	Credit risk
Definition	The risk that arises from the Group's exposure to market movements which could result in the value of income, or the value of financial assets and liabilities, or the cash flows relating to these, fluctuating by differing amounts.	The risk of exposure to loss if a counterparty fails to perform its financial obligation, including failure to perform those obligations in a timely manner. It also includes the risk of a reduction in the value of assets due to a widening of mortgage, bond and swap spreads.
Appetite	The Group has no appetite for market risk exposures except where they arise as a consequence of core strategic activity. Business units are expected to limit market risk exposures by matching the features of liabilities to features of assets. Exposures may be incurred where there is an overriding business need and specific appetites will be established as necessary.	The Group has an appetite for credit risk to the extent that acceptance of this risk optimises the Group risk-adjusted return. However, the Group has limited appetite for significant losses arising from counterparty failures and maintains robust risk limits which Group companies must adhere to.
Main sources of risk	**Equity and property risk** • Changes in the value of future profits earned on unit linked funds and collective investment schemes where the funds are invested in equities and property • Burnthrough from the Heritage With Profits Fund (HWPF) and German With Profits Fund • Assets held to back annuities and surplus in Canada **Fixed interest risk** • Changes in the value of future profits earned on unit linked funds and collective investment schemes where the underlying funds are invested in fixed interest assets • Burnthrough from the HWPF and German With Profits Fund • Insufficient long-dated fixed income assets to match the longest dated liabilities in Canada **Currency risk** • Exchange rate movements that reduce the value of overseas operations and profits generated by them • Changes in the value of future profits on unit linked funds and collective investment schemes where the underlying funds are invested in overseas assets	The Group is exposed to credit risk through: • Changes in the value of future profits earned on unit linked funds and collective investment schemes where the underlying funds are invested in corporate bonds • Burnthrough from the HWPF Credit risk also results from holding the following assets: • Corporate bonds held to back annuities written by SLAL post-demutualisation • Assets held to back the subordinated debt in SLAL, a proportion of which are asset backed securities that are held for historical reasons • Corporate bonds and commercial mortgages held in Canada to back annuities Other holdings of cash and cash equivalents, debt securities and the reinsurance of certain insurance liabilities to reinsurance counterparties also results in credit risk.
H1 2013 summary	Concerns about sovereign debt levels in certain Eurozone countries have persisted leading to UK, German and Canadian yields remaining low relative to historical levels. In managing our market risks we have: • Introduced cashflow matching investment strategies for annuity business in Ireland and Germany which have reached sufficient size to make this feasible • Continued the dynamic hedging of guarantees provided for Canadian Segregated Funds • Monitored and managed the equity backing ratio of assets held within the HWPF in line with Principles and Practices of Financial Management and the need to treat with-profits policyholders fairly • Reviewed and affirmed our hedging strategy in respect of the currency risk arising from our overseas operations	We suffered no direct loss as a result of events in Cyprus during H1 2013 and our approach to managing credit concerns regarding debt issued by certain European sovereign states and banks remains the same. This includes: • Maintaining benchmarks for our fixed interest portfolios which exclude holdings in peripheral sovereign debt • Restricting holdings of cash and cash equivalents to banking counterparties that we assess to be of appropriate credit standing, taking into consideration both direct and indirect factors such as the potential impact of contagion risk on these banks UK sovereign debt credit ratings were cut by two major rating agencies in H1 2013. We had anticipated this and were well-prepared. We successfully restructured a number of reinsured external fund links which has resulted in reducing our potential credit exposures.

<table>
<tr><th>Demographic and expense risk</th><th>Liquidity risk</th><th>Operational and strategic risk</th></tr>
<tr><td>The risk that arises from the inherent uncertainties as to the occurrence, amount and timing of future cash flows due to demographic and expense experience differing from that expected. This includes liabilities of insurance and investment contracts.</td><td>The risk that the Group is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost.</td><td>Operational risk is the risk of adverse consequences for the Group’s business, resulting from inadequate or failed internal processes, people or systems, or external events. Strategic risk is the risk associated with the robustness of the planning process and threats to achieving our strategy.</td></tr>
<tr><td>The Group has an appetite for such risks since we expect acceptance of the risk to be value additive. Appetites will be established to reflect planned business activities in line with the Group’s overall strategic objectives.</td><td>The Group has no appetite to fail to meet its liabilities as they fall due.</td><td>The Group has an appetite for operational risks where exposures arise due to core strategic activity. However, the Group will seek to put effective controls in place to reduce operational risk exposures, except where the costs of such controls exceed the expected benefits.</td></tr>
<tr><td>Persistency
• Changes in the value of future profits earned on unit linked funds and collective investment schemes and future recourse cash flow payments from the HWPF
• Changes in the value of future profits earned in respect of Standard Life Investment’s third party AUM and segregated fund business
Longevity
• Annuity contracts written by the UK and Canada where the current experience differs from that expected, more volatility of experience than expected, or the rate of improvement in mortality is greater than anticipated
Expense
• Changes in the value of future expected expenses
• Shareholder is directly exposed to risk of expenses being above expectation</td><td>The Group is exposed to liquidity risk from the following sources:
• The type of business that is written, the assets and liabilities arising from that business and how the assets are managed to meet those liabilities
• Operational aspects of the business, for example the management of cash as it flows into our business as premiums and out of our business as claims and the payment of corporate cash flows including dividends, coupons and debt repayment
• Potential liquidity issues in unit linked funds due to the underlying asset classes
• The collateralisation of derivatives which results in cash volatility as the value of the derivative changes</td><td>The key operational and strategic themes affecting the Group are:
• Ability to deliver the strategic plan
• The significance of adverse global economic volatility
• The changes to the tax, legal or regulatory environment and resultant impact on our model and how our strategy is executed (e.g. auto enrolment, Solvency 2)
• Inadequate control environment internally and in relation to third parties
• Potential loss of clients from adverse customer experiences
• Insufficient capacity and capability to deliver change programmes and projects
• Insufficient people capabilities to deliver our strategy and plans
• Reputational damage</td></tr>
<tr><td>We have continued to monitor opportunities for enhancing back-book profitability via reinsurance or capital market solutions.

We remain focused on developing propositions to increase the retention of funds when insurance and savings contracts reach maturity.

We have continued to monitor emerging research into longevity, for example from the Office for National Statistics and the industry-wide Continuous Mortality Investigation, in order to inform our in-house view of likely future improvements in life expectancy.

We have renegotiated the terms of certain reinsurance arrangements in Canada to assist with the management of our longevity risk.</td><td>We have continued to monitor the liquidity for various asset classes particularly in the context of developments in the financial markets.

During H1 2013 we refinanced our £500m syndicated revolving credit facility for a further 5 years.

To further assist with liquidity management we have continued to:
• Centrally co-ordinate strategic planning and funding requirements
• Maintain our Euro Medium Term Note Programme</td><td>The move to the new regulatory regime within the UK in April 2013 has had no significant impact on the Group to date.

We have continued to work on implementing appropriate processes and controls to prepare for tax, legal and regulatory changes. In particular, aligned to regulatory developments, we have increased our focus on conduct risk management to ensure this is embedded across the Group and we meet, if not exceed, regulatory expectations. Our Solvency 2 project continues to respond to changes in requirements.

We continue to monitor developments and prepare for possible outcomes regarding the constitutional arrangements for the UK and Europe given the potential impact these could have on our business.</td></tr>
</table>

1.5 Basis of preparation

Overview

Our Business review for the period to 30 June 2013 has been prepared in line with the Disclosure and Transparency Rules (DTR) issued by the Financial Conduct Authority (FCA). The DTR incorporates the requirement of the European Union (EU) Transparency Directive for all UK listed companies to report their half year results in accordance with IAS 34 *Interim Financial Reporting*. Under DTR 4.2.7R, the Group is required to provide at least an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year. Principal risks are detailed in Section 1.4 – Risk management and Note 41 of the Group's Annual Report and Accounts 2012. Under DTR 4.2.8R we are also required to make certain related party disclosures. These are contained in Note 3.15 of the IFRS financial information. To provide clear and helpful information, we have also considered the voluntary best practice principles of the Reporting statement: Operating and Financial Review (OFR) issued by the Accounting Standards Board (ASB), now part of the Financial Reporting Council.

The Group's condensed consolidated half year financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the EU. However, our Board believes that non-Generally Accepted Accounting Principles (non-GAAP) measures, which have been used in the Business review, are useful for both management and investors and make it easier to understand our Group's performance.

The most important non-GAAP measures in the Business review include operating profit, EEV operating profit and EEV operating capital and cash generation. All non-GAAP measures should be read together with the Group's IFRS condensed consolidated income statement, condensed consolidated statement of financial position and condensed consolidated statement of cash flows, which are presented in the IFRS financial information in Section 3 of this report.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial information.

IFRS and EEV reporting

The financial results, which are unaudited at the half year, are prepared on both an IFRS basis and an EEV basis. All EU-listed companies are required to prepare consolidated financial information using IFRS issued by the International Accounting Standards Board (IASB) as endorsed by the EU. EEV measures the net assets of the business plus the present value of future profits expected to arise from in-force long-term life assurance and pensions policies. The IFRS financial results in the Business review and in Section 3 have been prepared on the basis of the IFRS accounting policies applied by the Group in the IFRS consolidated financial information section of the Annual Report and Accounts 2012 as amended for new standards effective from 1 January 2013, as described in Note 3.1 – Accounting policies. The EEV basis has been determined in accordance with the EEV Principles and Guidance issued in May 2004 and October 2005 and the revised Interim Transitional Guidance issued in September 2012 by the Chief Financial Officers (CFO) Forum. The CFO Forum represents the chief financial officers of major European insurers, including Standard Life. EEV methodology has been applied to covered business, which mainly comprises the Group's long-term savings business. Non-covered business is reported on an IFRS basis. The EEV financial results in the Business review, and in Section 4 have been prepared in accordance with the EEV methodology applied by the Group in Note 4.17 – EEV methodology for H1 2013, and in the relevant EEV methodology notes included in the Annual Report and Accounts 2012 in respect of the comparative period.

Group operating profit and EEV operating profit

The H1 2013 reconciliation of consolidated operating profit to IFRS profit for the period, presented in Section 3, presents profit before tax attributable to equity holders adjusted for non-operating items. Further details on the calculation of Group operating profit is presented in accounting policy (jj) – Operating profit in the Annual Report and Accounts 2012. The H1 2013 EEV consolidated income statement in Section 4, presents EEV profit showing both operating and non-operating items. By presenting our results in this way, the Directors believe they are presenting a more useful indication of the underlying business performance of the Group.

Forward-looking statements

This document may contain 'forward-looking statements' about certain of the Standard Life Group's current plans, goals and expectations relating to future financial conditions, performance, results, strategy and objectives. Statements containing the words: 'believes', 'intends', 'targets', 'estimates', 'expects', 'plans', 'pursues', 'seeks' and 'anticipates' and any other words of similar meaning are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which may be beyond the Group's control. As a result, the Group's actual financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements, and persons receiving this document should not place undue reliance on forward-looking statements. The Standard Life Group undertakes no obligation to update any of the forward-looking statements in this document or any other forward-looking statements it may make.

2 Statement of Directors' responsibilities

We confirm to the best of our knowledge that:

1. The International Financial Reporting Standards (IFRS) condensed consolidated income statement, the IFRS condensed consolidated statement of comprehensive income, the IFRS condensed consolidated statement of financial position, the IFRS condensed consolidated statement of changes in equity and the IFRS condensed consolidated statement of cash flows and associated notes, which have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole as required by DTR 4.2.4R,
2. The European Embedded Value (EEV) consolidated income statement, the EEV earnings per share, the EEV consolidated statement of comprehensive income, the EEV consolidated statement of financial position and associated notes have been prepared on the EEV basis as set out in Note 4.1 – Basis of preparation.
3. The Business review includes a fair review of the information required by DTR 4.2.7R, namely important events that have occurred during the period and their impact on the condensed consolidated financial information, as well as a description of the principal risks and uncertainties faced by the company and the undertakings included in the consolidation taken as a whole for the remaining six months of the financial year, and
4. The Business review and the notes to the condensed consolidated financial information include a fair review of the information required by DTR 4.2.8R, namely material related party transactions and any material changes in the related party transactions described in the last annual report.

As previously announced, Jackie Hunt resigned as Chief Financial Officer and as a Director on 26 April 2013. Also, Sheelagh Whittaker retired as a non-executive Director at the conclusion of the Company's Annual General Meeting on 14 May 2013.

The current Directors of the Company are listed on the Standard Life plc website, **www.standardlife.com**

By order of the Board

Gerry Grimstone
Chairman
8 August 2013

David Nish
Chief Executive
8 August 2013

3 International Financial Reporting Standards (IFRS)

IFRS condensed consolidated income statement

For the six months ended 30 June 2013

	Notes	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Revenue				
Gross earned premium		**2,015**	2,144	4,315
Premium ceded to reinsurers		**(44)**	(46)	(95)
Net earned premium		**1,971**	2,098	4,220
Investment return		**6,207**	5,297	13,982
Fee and commission income		**473**	447	906
Other income		**36**	38	77
Total revenue		**8,687**	7,880	19,185
Expenses				
Claims and benefits paid		**3,095**	3,117	6,562
Claim recoveries from reinsurers		**(293)**	(299)	(590)
Net insurance benefits and claims		**2,802**	2,818	5,972
Change in reinsurance assets and liabilities		**436**	122	44
Change in insurance and participating liabilities		**(1,370)**	532	1,339
Change in investment contract liabilities		**5,326**	2,729	7,718
Change in unallocated divisible surplus		**(1)**	(76)	(39)
Expenses under arrangements with reinsurers		**(49)**	249	656
Administrative expenses				
Restructuring and corporate transaction expenses	3.3	**38**	43	114
Other administrative expenses		**841**	828	1,607
Total administrative expenses	3.3	**879**	871	1,721
Change in liability for third party interest in consolidated funds		**352**	324	782
Finance costs		**54**	37	77
Total expenses		**8,429**	7,606	18,270
Share of profit from associates and joint ventures		**23**	27	48
Profit before tax		**281**	301	963
Tax expense attributable to policyholders' returns	3.4	**102**	94	218
Profit before tax attributable to equity holders' profits		**179**	207	745
Total tax expense	3.4	**144**	55	269
Less: Tax attributable to policyholders' returns	3.4	**(102)**	(94)	(218)
Tax expense/(credit) attributable to equity holders' profits	3.4	**42**	(39)	51
Profit for the period		**137**	246	694
Attributable to:				
Equity holders of Standard Life plc		**129**	238	665
Non-controlling interests		**8**	8	29
		137	246	694
Earnings per share				
Basic (pence per share)	3.5	**5.5**	10.2	28.3
Diluted (pence per share)	3.5	**5.5**	10.1	28.1

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of comprehensive income

For the six months ended 30 June 2013

	Notes	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Profit for the period		**137**	246	694
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains/(losses) on defined benefit pension schemes		**189**	(152)	(64)
Effect of limit on defined benefit pension schemes' surpluses		**(59)**	65	27
Revaluation of land and buildings		**74**	2	5
Equity movements transferred to unallocated divisible surplus		**(47)**	-	7
Equity holder tax effect relating to items that will not be reclassified subsequently to profit or loss	3.4	**(13)**	102	102
Total items that will not be reclassified subsequently to profit or loss		**144**	17	77
Items that may be reclassified subsequently to profit or loss:				
Fair value losses on cash flow hedges		**(1)**	-	(1)
Net investment hedge		**(8)**	6	18
Net change in financial assets designated as available-for-sale		**(27)**	-	-
Exchange differences on translating foreign operations		**65**	(34)	(65)
Equity movements transferred to unallocated divisible surplus		**(20)**	7	4
Share of other comprehensive income of joint ventures		**1**	-	-
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	3.4	**6**	-	-
Total items that may be reclassified subsequently to profit or loss		**16**	(21)	(44)
Other comprehensive income for the period		**160**	(4)	33
Total comprehensive income for the period		**297**	242	727
Attributable to:				
Equity holders of Standard Life plc		**289**	234	698
Non-controlling interests		**8**	8	29
		297	242	727

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

Pro forma reconciliation of consolidated operating profit to IFRS profit for the period

For the six months ended 30 June 2013

	Notes	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Operating profit before tax[2]				
UK and Europe		**182**	152	393
Standard Life Investments		**93**	68	145
Canada		**59**	71	353
Asia and Emerging Markets		**(1)**	3	3
Other		**(29)**	(8)	(27)
Operating profit before tax	3.2	**304**	286	867
Adjusted for the following items:				
Short-term fluctuations in investment return and economic assumption changes		**(90)**	(43)	(29)
Restructuring and corporate transaction expenses		**(36)**	(42)	(109)
Other operating profit adjustments		**(3)**	3	(4)
Non-operating loss before tax	3.2	**(129)**	(82)	(142)
Share of joint ventures' and associates' tax expense	3.2	**(4)**	(5)	(9)
Profit attributable to non-controlling interests	3.2	**8**	8	29
Profit before tax attributable to equity holders' profits		**179**	207	745
Tax (expense)/credit attributable to:				
Operating profit	3.2	**(66)**	8	(124)
Adjusted items	3.2	**24**	31	73
Total tax (expense)/credit attributable to equity holders' profits		**(42)**	39	(51)
Profit for the period		**137**	246	694

1 The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

2 The split of operating profit before tax for comparative periods presented has been updated to reflect changes in segmental reporting. Refer to Note 3.2 – Segmental analysis (b) Reportable segments – Group operating profit, revenue and asset information.

The Group's chosen supplementary measure of performance is operating profit. The Directors believe that operating profit provides a more useful indication of the long-term operating performance of the Group. To align the measure of the Group's performance with the long-term nature of its business, operating profit excludes items which create short-term volatility. Operating profit includes the impact of significant actions taken by management during the period.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of financial position
As at 30 June 2013

	Notes	30 June 2013 £m	30 June 2012 restated[1] £m	31 December 2012 restated[1] £m
Assets				
Intangible assets		**220**	204	214
Deferred acquisition costs		**922**	900	904
Investments in associates and joint ventures		**360**	351	328
Investment property	3.11	**8,623**	8,646	8,565
Property, plant and equipment		**227**	155	156
Pension and other post-retirement benefit assets	3.10	**447**	272	339
Deferred tax assets		**144**	239	177
Reinsurance assets		**6,490**	6,811	6,912
Loans	3.11	**3,157**	3,237	3,299
Derivative financial assets	3.11	**2,358**	2,625	2,150
Equity securities and interests in pooled investment funds	3.11	**81,725**	59,768	65,812
Debt securities	3.11	**63,691**	69,942	73,301
Receivables and other financial assets	3.11	**3,886**	2,602	1,717
Other assets		**285**	273	284
Cash and cash equivalents	3.11	**7,816**	9,775	9,942
Total assets		**180,351**	165,800	174,100
Equity				
Share capital	3.8(a)	**238**	236	236
Shares held by trusts	3.8(b)	**(6)**	(5)	(7)
Share premium reserve		**1,110**	1,110	1,110
Retained earnings		**1,189**	1,078	1,441
Other reserves		**1,603**	1,578	1,579
Equity attributable to equity holders of Standard Life plc		**4,134**	3,997	4,359
Non-controlling interests		**336**	348	341
Total equity		**4,470**	4,345	4,700
Liabilities				
Non-participating contract liabilities	3.9	**120,391**	106,473	113,251
Participating contract liabilities	3.9	**31,127**	31,973	31,618
Reinsurance liabilities		**396**	360	381
Deposits received from reinsurers		**5,770**	6,022	6,136
Third party interest in consolidated funds		**10,364**	9,472	12,037
Borrowings		**218**	142	108
Subordinated liabilities		**1,888**	1,176	1,868
Pension and other post-retirement benefit provisions	3.10	**106**	122	130
Deferred income		**334**	359	352
Deferred tax liabilities		**119**	49	43
Income tax liabilities		**58**	92	150
Derivative financial liabilities		**1,185**	1,637	853
Other financial liabilities		**3,806**	3,457	2,323
Other liabilities		**119**	121	150
Total liabilities		**175,881**	161,455	169,400
Total equity and liabilities		**180,351**	165,800	174,100

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of changes in equity

For the six months ended 30 June 2013

2013	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity holders of Standard Life plc £m	Non-controlling interests £m	Total equity £m
1 January		**236**	**(7)**	**1,110**	**1,441**	**1,579**	**4,359**	**341**	**4,700**
Profit for the period		-	-	-	129	-	129	8	**137**
Other comprehensive income for the year		-	-	-	124	36	160	-	**160**
Total comprehensive income for the year		**-**	**-**	**-**	**253**	**36**	**289**	**8**	**297**
Distributions to equity holders	3.7	-	-	-	(532)	-	(532)	-	**(532)**
Issue of share capital other than in cash	3.8	2	-	-	-	-	2	-	**2**
Reserves credit for employee share-based payment schemes		-	-	-	-	17	17	-	**17**
Transfer to retained earnings for vested employee share-based payment schemes		-	-	-	31	(31)	-	-	**-**
Shares acquired by employee trusts		-	(2)	-	-	-	(2)	-	**(2)**
Shares distributed by employee trusts		-	3	-	(4)	-	(1)	-	**(1)**
Other movements in non-controlling interests in the year		-	-	-	-	-	-	(13)	**(13)**
Aggregate tax effect of items recognised directly in equity	3.4	-	-	-	-	2	2	-	**2**
30 June		**238**	**(6)**	**1,110**	**1,189**	**1,603**	**4,134**	**336**	**4,470**

2012 (restated)[1]	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity holders of Standard Life plc £m	Non-controlling interests £m	Total equity £m
1 January		**235**	**(19)**	**1,110**	**1,034**	**1,605**	**3,965**	**358**	**4,323**
Profit for the period		-	-	-	238	-	238	8	**246**
Other comprehensive income for the year		-	-	-	15	(19)	(4)	-	**(4)**
Total comprehensive income for the year		**-**	**-**	**-**	**253**	**(19)**	**234**	**8**	**242**
Distributions to equity holders	3.7	-	-	-	(216)	-	(216)	-	**(216)**
Issue of share capital other than in cash	3.8	1	-	-	-	-	1	-	**1**
Reserves credit for employee share-based payment schemes		-	-	-	-	12	12	-	**12**
Transfer to retained earnings for vested employee share-based payment schemes		-	-	-	22	(22)	-	-	**-**
Shares acquired by employee trusts		-	(2)	-	-	-	(2)	-	**(2)**
Shares distributed by employee trusts		-	16	-	(15)	-	1	-	**1**
Other movements in non-controlling interests in the year		-	-	-	-	-	-	(18)	**(18)**
Aggregate tax effect of items recognised directly in equity	3.4	-	-	-	-	2	2	-	**2**
30 June		**236**	**(5)**	**1,110**	**1,078**	**1,578**	**3,997**	**348**	**4,345**

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

2012 (restated)[1]	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity holders of Standard Life plc £m	Non-controlling interests £m	Total equity £m
1 January		**235**	**(19)**	**1,110**	**1,034**	**1,605**	**3,965**	**358**	**4,323**
Profit for the year		-	-	-	665	-	665	29	**694**
Other comprehensive income for the year		-	-	-	65	(32)	33	-	**33**
Total comprehensive income for the year		**-**	**-**	**-**	**730**	**(32)**	**698**	**29**	**727**
Distributions to equity holders	3.7	-	-	-	(331)	-	(331)	-	**(331)**
Issue of share capital other than in cash	3.8	1	-	-	-	-	1	-	**1**
Reserves credit for employee share-based payment schemes		-	-	-	-	25	25	-	**25**
Transfer to retained earnings for vested employee share-based payment schemes		-	-	-	25	(25)	-	-	**-**
Shares acquired by employee trusts		-	(5)	-	-	-	(5)	-	**(5)**
Shares distributed by employee trusts		-	17	-	(17)	-	-	-	**-**
Other movements in non-controlling interests in the year		-	-	-	-	-	-	(46)	**(46)**
Aggregate tax effect of items recognised directly in equity	3.4	-	-	-	-	6	6	-	**6**
31 December		**236**	**(7)**	**1,110**	**1,441**	**1,579**	**4,359**	**341**	**4,700**

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of cash flows
For the six months ended 30 June 2013

	Notes	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Cash flows from operating activities				
Profit before tax		**281**	301	963
Change in operating assets		**(6,858)**	(5,331)	(14,319)
Change in operating liabilities		**3,437**	5,325	11,375
Adjustment for non-cash movements in investment income		**(62)**	(28)	(6)
Change in unallocated divisible surplus		**(1)**	(76)	(39)
Non-cash and items relating to investing and financing activities		**58**	145	84
Taxation paid		**(140)**	(192)	(284)
Net cash flows from operating activities		**(3,285)**	144	(2,226)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(7)**	(5)	(18)
Acquisition of investments in associates and joint ventures		**(19)**	(16)	(16)
Purchase of intangible assets		**(20)**	(13)	(38)
Net cash flows from investing activities		**(46)**	(34)	(72)
Cash flows from financing activities				
Repayment of other borrowings		**(36)**	(17)	(42)
Proceeds from subordinated liabilities		**-**	-	747
Repayment of subordinated liabilities		**-**	-	(50)
Capital flows from third party interest in consolidated funds and non-controlling interests		**1,662**	845	2,983
Distributions paid to non-controlling interests		**(51)**	(34)	(75)
Shares acquired by trusts		**-**	(2)	(5)
Interest paid		**(56)**	(39)	(77)
Ordinary dividends paid	3.7	**(532)**	(216)	(331)
Net cash flows from financing activities		**987**	537	3,150
Net (decrease)/ increase in cash and cash equivalents		**(2,344)**	647	852
Cash and cash equivalents at the beginning of the period		**9,898**	9,125	9,125
Effects of exchange rate changes on cash and cash equivalents		**72**	(49)	(79)
Cash and cash equivalents at the end of the period[2]		**7,626**	9,723	9,898
Supplemental disclosures on cash flows from operating activities				
Interest paid		**5**	5	11
Interest received		**1,222**	1,354	2,694
Dividends received		**1,083**	947	1,822
Rental income received on investment properties		**296**	306	595

[1] The IFRS condensed consolidated primary statements for comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

[2] Comprises £7,816m (30 June 2012: £9,775m; 31 December 2012: £9,942m) of cash and cash equivalents and (£190m) (30 June 2012: (£52m); 31 December 2012: (£44m)) of overdrafts which are reported in borrowings in the IFRS condensed consolidated statement of financial position.

The Notes on pages 39 to 65 are an integral part of this IFRS condensed consolidated financial information.

Notes to the IFRS condensed consolidated financial information

3.1 Accounting policies

(a) Basis of preparation

The IFRS condensed consolidated half year financial information has been prepared in accordance with the Disclosure Rules and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board as endorsed by the European Union (EU).

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group's Annual Report and Accounts 2012 have been applied in the preparation of the IFRS condensed consolidated half year financial information except as noted below.

The Group has adopted the following new International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and amendments to existing standards which are effective by EU endorsement for annual periods beginning on or after 1 January 2013 unless otherwise stated:

IFRS 13 *Fair Value Measurement*
IFRS 13 replaces the guidance on fair value measurement in existing IFRSs with a single standard. The standard does not change requirements regarding which items should be measured at fair value but provides guidance on how to determine fair value. The standard has been applied prospectively and also requires specific disclosures on fair values. Some of these disclosures are specifically required for financial instruments by IAS 34, thereby affecting the half year IFRS condensed consolidated financial information period. These disclosures have been provided in Note 3.12 – Fair value hierarchy of financial instruments.

Amendment to IAS 1 *Presentation of Financial Instruments* (effective for annual periods beginning on or after 1 July 2012)
The amendment to IAS 1 revised the way other comprehensive income is presented. As a result items that can subsequently be reclassified to profit or loss are presented separately from items that will never be reclassified to profit or loss in the IFRS condensed consolidated statement of comprehensive income. The tax associated with each category is also shown separately. The amendment has affected presentation only.

Amendment to IAS 19 *Employee Benefits*
The amendment to IAS 19 revises requirements for pensions and other post retirement benefits, termination benefits and other employee benefits. The main impact on the Group's IFRS condensed consolidated financial information is that expected returns on plan assets and the unwind of the discount rate on the defined benefit obligation are no longer separately recognised in profit or loss. Instead, interest on the net defined benefit asset or liability is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset. Additionally, the amended standard no longer permits entities to defer past service costs. Past service costs must be recognised immediately in profit or loss. The amendment has been applied retrospectively and the impact is described in Note 3.10 – Defined benefit and defined contribution plans.

Enhanced disclosures are also required by the amendment which will be presented in the Annual Report and Accounts for the year ended 31 December 2013.

All other revisions in the amendment have had no impact on the Group's IFRS condensed consolidated financial information.

Amendment to IFRS 7 *Financial Instruments: Disclosures*
The amendment to IFRS 7 requires additional disclosures for financial assets and liabilities which are set off in the financial statements or are subject to enforceable master netting agreements or similar arrangements. There is no impact on the IFRS condensed consolidated half year financial information. The additional disclosures will be presented in the Annual Report and Accounts for the year ended 31 December 2013.

Additionally the Group has adopted the following amendments to existing standards which are effective by EU endorsement from 1 January 2013 and management considers that the implementation of these amendments has had no significant impact on the Group's financial statements:

- Amendment to IAS 12 *Income Taxes*: *Deferred Tax*
- *Annual Improvements to IFRS 2009-2011*

(b) IFRS condensed consolidated half year financial information

This IFRS condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012 were approved by the Board of Directors on 7 March 2013 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. This IFRS condensed consolidated half year financial information has been reviewed, not audited.

3.2 Segmental analysis

(a) Basis of segmentation

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. The Group's reportable segments are as follows:

UK and Europe
UK and Europe operations provide a broad range of pensions, protection, savings and investment products to individual and corporate customers in the UK, Germany, Austria and Ireland.

Standard Life Investments
Investment management services are provided by Standard Life Investments to the Group's other reportable segments. Standard Life Investments also provides a range of investment products for individuals and institutional customers through a number of different investment vehicles. This segment includes the Group's share of the results of HDFC Asset Management Company Limited.

Canada
The operations in Canada provide long-term savings, investments and insurance solutions to individuals, and group benefit and retirement plan members.

Asia and Emerging Markets
The businesses included in Asia and Emerging Markets offer a range of savings and investment products and comprise wholly owned operations in Hong Kong, Singapore and Dubai and investments in joint ventures in India and China.

Other
This primarily includes the group corporate centre and related activities.

(b) Reportable segments - Group operating profit, revenue and asset information

IFRS 8 *Operating Segments* requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker'. The Chief Operating Decision Maker for the Group is the executive team.

The key performance metrics of the Group include operating profit and assets under administration (AUA), which are analysed in the tables that follow by reportable segment.

In June 2012, changes were announced in the way the Group manages its business. Domestic business in Germany and Ireland which was previously reported in the International segment, was combined with the UK segment to form UK and Europe. The remaining components of International formed the new Asia and Emerging Markets segment. Segmental disclosures provided in the Group's half year results for the six months ended 30 June 2012 were presented in the reportable segments applicable prior to the announcement in June 2012 as the Group had been managed on that basis during the reporting period. The segmental disclosures provided in the Annual Report and Accounts for the year ended 31 December 2012 were presented on a basis incorporating the announcement in June 2012.

In February 2013, further changes were made. The offshore bond business in Ireland which was previously reported in Asia and Emerging Markets is now managed and reported as part of UK and Europe. Additionally, due to changes in the way the Group's segments are managed, some overhead costs which were previously reported in Asia and Emerging Markets are now reported in group corporate centre in Other. These combined changes provide stronger focus in our chosen markets and will help drive further value in each of the markets in which the Group operates. The reportable segments have therefore been changed for the period ended 30 June 2013.

Comparative amounts for 30 June 2012 and 31 December 2012 have been prepared on the same basis to allow more meaningful comparison.

(b)(i) Analysis of Group operating profit by segment

As described beneath the pro forma reconciliation of consolidated operating profit to IFRS profit for the period, operating profit is considered to present an indication of the long-term operating performance of the Group. Operating profit is the key measure utilised by the Group's management in their evaluation of segmental performance and is therefore also presented by reportable segment.

6 months 30 June 2013	Notes	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Elimination £m	Total £m
Fee based revenue		439	244	95	27	-	(111)	**694**
Spread/risk margin		83	-	114	-	-	-	**197**
Total income		**522**	**244**	**209**	**27**	**-**	**(111)**	**891**
Acquisition expenses		(108)	-	(37)	(10)	-	-	**(155)**
Maintenance expenses		(229)	(164)	(125)	(23)	-	111	**(430)**
Group corporate centre costs		-	-	-	-	(23)	-	**(23)**
Capital management		(3)	-	12	-	(6)	-	**3**
Share of joint ventures' and associates' profit before tax[1]		-	13	-	5	-	-	**18**
Other		-	-	-	-	-	-	**-**
Operating profit/(loss) before tax		**182**	**93**	**59**	**(1)**	**(29)**	**-**	**304**
Tax on operating profit		(40)	(20)	(4)	-	(2)	-	**(66)**
Share of joint ventures' and associates' tax expense		-	(3)	(1)	-	-	-	**(4)**
Operating profit/(loss) after tax		**142**	**70**	**54**	**(1)**	**(31)**	**-**	**234**
Adjusted for the following items:								
Short-term fluctuations in investment return and economic assumption changes	3.6	(51)	1	(32)	(2)	(6)	-	**(90)**
Restructuring and corporate transaction expenses		(27)	(1)	(1)	(3)	(4)	-	**(36)**
Other operating profit adjustments		(3)	-	-	-	-	-	**(3)**
Total non-operating items		**(81)**	**-**	**(33)**	**(5)**	**(10)**	**-**	**(129)**
Tax on non-operating items		12	-	9	1	2	-	**24**
Profit for the period attributable to equity holders of Standard Life plc		**73**	**70**	**30**	**(5)**	**(39)**	**-**	**129**
Profit attributable to non-controlling interests								**8**
Profit for the period								**137**

[1] The share of profit from HDFC Asset Management Company Limited is now reflected in the share of joint ventures' and associates' profit before tax, previously it was included in fee based revenue.

Each operating segment reports total income as its measure of revenue in its analysis of operating profit. Fee based revenue consists of income generated primarily from asset management charges, premium based charges and transactional charges. Spread/risk margin reflects the margin earned on spread/risk business and includes net earned premiums, claims and benefits paid, net investment return using long-term assumptions and reserving changes.

Eliminations relate to inter-segment transactions, which are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

3.2 Segmental analysis *continued*
(b) Reportable segments - Group operating profit, revenue and asset information *continued*
(b)(i) Analysis of Group operating profit by segment *continued*

6 months 30 June 2012 (restated)[1]	Notes	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Elimination £m	Total £m
Fee based revenue		406	193	83	22	-	(94)	**610**
Spread/risk margin		56	-	124	-	-	-	**180**
Total income		**462**	**193**	**207**	**22**	**-**	**(94)**	**790**
Acquisition expenses		(97)	-	(41)	(6)	-	-	**(144)**
Maintenance expenses		(212)	(135)	(114)	(21)	-	94	**(388)**
Group corporate centre costs		-	-	-	-	(21)	-	**(21)**
Capital management		(1)	-	19	-	13	-	**31**
Share of joint ventures' and associates' profit before tax[2]		-	10	-	8	-	-	**18**
Other		-	-	-	-	-	-	**-**
Operating profit/(loss) before tax		**152**	**68**	**71**	**3**	**(8)**	**-**	**286**
Tax on operating profit		30	(15)	(11)	2	2	-	**8**
Share of joint ventures' and associates' tax expense		-	(3)	(2)	-	-	-	**(5)**
Operating profit/(loss) after tax		**182**	**50**	**58**	**5**	**(6)**	**-**	**289**
Adjusted for the following items:								
Short-term fluctuations in investment return and economic assumption changes	3.6	(24)	-	(18)	-	(1)	-	**(43)**
Restructuring and corporate transaction expenses		(35)	(2)	(1)	-	(4)	-	**(42)**
Other operating profit adjustments		3	-	-	-	-	-	**3**
Total non-operating items		**(56)**	**(2)**	**(19)**	**-**	**(5)**	**-**	**(82)**
Tax on non-operating items		20	1	10	-	-	-	**31**
Profit for the period attributable to equity holders of Standard Life plc		**146**	**49**	**49**	**5**	**(11)**	**-**	**238**
Profit attributable to non-controlling interests								**8**
Profit for the period								**246**

[1] Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

[2] The share of profit from HDFC Asset Management Company Limited is now reflected in the share of joint ventures' and associates' profit before tax, previously it was included in fee based revenue.

Full year 2012 (restated)[1]	Notes	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Elimination £m	Total £m
Fee based revenue		839	408	172	46	-	(194)	**1,271**
Spread/risk margin		112	-	393	-	-	-	**505**
Total income		**951**	**408**	**565**	**46**	**-**	**(194)**	**1,776**
Acquisition expenses		(203)	-	(79)	(10)	-	-	**(292)**
Maintenance expenses		(463)	(281)	(240)	(41)	-	194	**(831)**
Group corporate centre costs		-	-	-	-	(50)	-	**(50)**
Capital management		12	-	107	-	23	-	**142**
Share of joint ventures' and associates' profit before tax[2]		-	18	-	8	-	-	**26**
Other		96	-	-	-	-	-	**96**
Operating profit/(loss) before tax		**393**	**145**	**353**	**3**	**(27)**	**-**	**867**
Tax on operating profit		(15)	(33)	(75)	-	(1)	-	**(124)**
Share of joint ventures' and associates' tax expense		-	(5)	(4)	-	-	-	**(9)**
Operating profit/(loss) after tax		**378**	**107**	**274**	**3**	**(28)**	**-**	**734**
Adjusted for the following items:								
Short-term fluctuations in investment return and economic assumption changes	3.6	(4)	-	(19)	(1)	(5)	-	**(29)**
Restructuring and corporate transaction expenses		(95)	(3)	(3)	(1)	(7)	-	**(109)**
Other operating profit adjustments		-	-	-	-	(4)	-	**(4)**
Total non-operating items		**(99)**	**(3)**	**(22)**	**(2)**	**(16)**	**-**	**(142)**
Tax on non-operating items		51	1	17	-	4	-	**73**
Profit for the year attributable to equity holders of Standard Life plc		**330**	**105**	**269**	**1**	**(40)**	**-**	**665**
Profit attributable to non-controlling interests								**29**
Profit for the year								**694**

[1] Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

[2] The share of profit from HDFC Asset Management Company Limited is now reflected in the share of joint ventures' and associates' profit before tax, previously it was included in fee based revenue.

(b)(ii) Analysis of assets under administration by segment

Group assets under administration (AUA) presents a measure of the total assets of the Group including those administered on behalf of customers and institutional clients. AUA represents the IFRS gross assets of the Group adjusted to include third party AUA, which are not included in the IFRS condensed consolidated statement of financial position. In addition, certain assets on the IFRS condensed consolidated statement of financial position are excluded from the definition, including reinsurance assets, deferred acquisition costs and intangible assets.

As a long-term savings and investments business, AUA is a key driver of shareholder value and is consequently one of the key measures utilised by the executive team in their evaluation of segmental performance. AUA is therefore presented by reportable segment (in billions).

30 June 2013	UK and Europe £bn	Standard Life Investments £bn	Canada £bn	Asia and Emerging Markets £bn	Other £bn	Elimination[1] £bn	Total £bn
Fee based	133	93	17	-	-	(47)	**196**
Spread/risk	15	-	10	-	-	-	**25**
Assets not backing products in long-term savings business	6	-	2	-	-	-	**8**
Joint ventures	-	-	-	2	-	-	**2**
Other corporate assets	-	1	-	-	1	-	**2**
Total assets under administration	**154**	**94**	**29**	**2**	**1**	**(47)**	**233**

[1] In order to be consistent with the presentation of new business information, certain products are included in both Standard Life Investments AUA and other segments. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

3.2 Segmental analysis *continued*

(b) Reportable segments - Group operating profit, revenue and asset information *continued*

(b)(ii) Analysis of assets under administration by segment *continued*

30 June 2012	UK and Europe £bn	Standard Life Investments £bn	Canada £bn	Asia and Emerging Markets £bn	Other £bn	Elimination[1] £bn	Total £bn
Fee based	117	74	15	-	-	(38)	**168**
Spread/risk	15	-	10	-	-	-	**25**
Assets not backing products in long-term savings business	7	-	2	-	-	-	**9**
Joint ventures	-	-	-	1	-	-	**1**
Other corporate assets	-	-	-	-	2	(1)	**1**
Total assets under administration	**139**	**74**	**27**	**1**	**2**	**(39)**	**204**

[1] In order to be consistent with the presentation of new business information, certain products are included in both Standard Life Investments AUA and other segments. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

31 December 2012	UK and Europe £bn	Standard Life Investments £bn	Canada £bn	Asia and Emerging Markets £bn	Other £bn	Elimination[1] £bn	Total £bn
Fee based	124	83	16	-	-	(42)	**181**
Spread/risk	16	-	10	-	-	-	**26**
Assets not backing products in long-term savings business	6	-	2	-	-	-	**8**
Joint ventures	-	-	-	1	-	-	**1**
Other corporate assets	-	-	-	-	2	-	**2**
Total assets under administration	**146**	**83**	**28**	**1**	**2**	**(42)**	**218**

[1] In order to be consistent with the presentation of new business information, certain products are included in both Standard Life Investments AUA and other segments. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

(c) Total revenue by geographical location

Total revenue as presented in the IFRS condensed consolidated income statement split by geographical location in which it was earned is as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
UK	**6,488**	4,942	12,540
Canada	**1,306**	1,413	3,363
Rest of the world	**893**	1,525	3,282
Total	**8,687**	7,880	19,185

(d) Non-current non-financial assets by geographical location

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
UK	**7,180**	7,097	7,126
Canada	**1,453**	1,483	1,391
Rest of the world	**437**	425	418
Total	**9,070**	9,005	8,935

Non-current non-financial assets for this purpose consist of investment property, property, plant and equipment and intangible assets (excluding intangible assets arising from insurance or participating investment contracts).

3.3 Administrative expenses

	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Restructuring and corporate transaction expenses	**38**	43	114
Interest expense	**7**	8	17
Commission expenses	**184**	194	394
Staff costs and other employee-related costs	**328**	317	645
Change in provisions	**3**	98	11
Recovery under insurance claim	**-**	(98)	(98)
Other administrative expenses	**316**	298	635
	876	860	1,718
Acquisition costs deferred during the period	**(76)**	(117)	(202)
Impairment of deferred acquisition costs	**4**	-	3
Amortisation of deferred acquisition costs	**75**	106	180
Release of deferred acquisition costs	**-**	22	22
Total administrative expenses	**879**	871	1,721

1 Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

Total restructuring costs incurred during the period of £38m (six months ended 30 June 2012: £43m, 12 months ended 31 December 2012: £114m), included a number of business unit restructuring programmes and Solvency 2. Of the restructuring costs, £36m (six months ended 30 June 2012: £42m, 12 months ended 31 December 2012: £109m) is adjusted when determining operating profit before tax, with the remaining £2m (six months ended 30 June 2012: £1m, 12 months ended 31 December 2012: £5m) incurred by the Heritage With Profits Fund.

In addition to interest expense of £7m (six months ended 30 June 2012: £8m, 12 months ended 31 December 2012: £17m), there was interest expense of £54m (six months ended 30 June 2012: £37m, 12 months ended 31 December 2012: £77m) incurred in respect of subordinated liabilities and £17m (six months ended 30 June 2012: £18m, 12 months ended 31 December 2012: £36m) in respect of deposits from reinsurers. For the six months ended 30 June 2013, total interest expense is £78m (six months ended 30 June 2012: £63m, 12 months ended 31 December 2012: £130m).

Recovery under insurance claim of £98m for the 6 months to 30 June 2012 and 12 months to 31 December 2012 reflects the cash receipt by Standard Life Assurance Limited (SLAL) in its claim against the insurers of its 2008/2009 professional indemnity policy in relation to the Standard Life Pension Sterling Fund. A judgment handed down in the Commercial Court in London on 1 February 2012 found in SLAL's favour. An appeal was made by the insurers and as a result a risk existed that SLAL would be required to return the cash received, or a portion of the cash received, to the insurer and therefore a provision was recognised by the Group in respect of the cash received in the 6 months to 30 June 2012. On 18 December 2012, the Court of Appeal handed down a judgment upholding the decision and dismissing the insurers appeal. In January 2013 SLAL received notification from the lawyers acting for the insurers that they would not seek leave to appeal the decision further. As a result the provision was released and the income of £98m was recognised in full in the financial statements for the year ended 31 December 2012.

The release of deferred acquisition costs of £22m in the 6 months to 30 June 2012 and 12 months to 31 December 2012 reflect the reclassification of certain non-participating investment contracts as non-participating insurance contracts due to a change in the benefits available under the contracts. As a result of the reclassification deferred income of £26m was released and recognised in the IFRS condensed consolidated income statement in fee and commission income. Deferred acquisition costs of £22m that were considered recovered by the fees that had previously been deferred were also released, resulting in a net increase of £4m in profit before tax.

3.4 Tax expense

The tax expense is attributed as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Tax expense attributable to policyholders' returns	102	94	218
Tax expense/(credit) attributable to equity holders' profits	42	(39)	51
Total tax expense	**144**	55	269

From 1 April 2013 the UK Corporation Tax Rate was reduced to 23%. This rate has been applied in calculating the UK deferred tax position at 30 June 2013. The 2013 Finance Act contains provisions for further reductions in the rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015 respectively. These reductions have not been included in the calculation of UK deferred tax as they had not been substantively enacted as at 30 June 2013.

The share of tax of associates and joint ventures is £4m (six months ended 30 June 2012: £5m, 12 months ended 31 December 2012: £9m) and is included in profit before tax in the IFRS condensed consolidated income statement in 'Share of profit from associates and joint ventures'.

The total tax expense is split as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Income tax:			
UK	63	93	224
Double tax relief	-	(1)	(2)
Overseas	12	16	43
Adjustment to tax expense in respect of prior years	(27)	(30)	(32)
Total income tax	**48**	78	233
Deferred tax:			
Deferred tax expense/(credit) arising from the current periods	96	(23)	36
Total deferred tax	**96**	(23)	36
Total tax expense attributable to operations	**144**	55	269
Attributable to equity holders' profits	**42**	(39)	51

Tax relating to components of other comprehensive income is as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Deferred tax on actuarial gains/(losses) on defined benefit pension schemes	7	(102)	(102)
Deferred tax on revaluation of land and buildings	6	-	-
Equity holder tax effect relating to items that will not be reclassified subsequently to profit or loss	**13**	(102)	(102)
Income tax on net change in financial assets designated as available-for-sale	(6)	-	-
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**(6)**	-	-
Tax relating to each component of other comprehensive income	**7**	(102)	(102)

All of the amounts presented above are in respect of equity holders of Standard Life plc.

Tax relating to items taken directly to equity is as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Deferred tax on reserves for employee share-based payment shares	(2)	(2)	(6)
Tax relating to items taken directly to equity	**(2)**	(2)	(6)

3.5 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the weighted average number of shares in issue less the weighted average number of shares owned by employee share trusts that have not vested unconditionally to employees.

	6 months 2013	6 months 2012 restated[1]	Full year 2012 restated[1]
Profit attributable to equity holders of Standard Life plc (£m)	**129**	238	665
Weighted average number of ordinary shares outstanding (millions)	**2,355**	2,344	2,351
Basic earnings per share (pence per share)	**5.5**	10.2	28.3

[1] Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares – share awards and share options awarded to employees.

For share options, a calculation is made to determine the number of shares that could be acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that could be issued, or purchased, assuming the exercise of the share options.

	6 months 2013	6 months 2012 restated[1]	Full year 2012 restated[1]
Profit attributable to equity holders of Standard Life plc (£m)	**129**	238	665
Weighted average number of ordinary shares outstanding for diluted earnings per share (millions)	**2,359**	2,346	2,369
Diluted earnings per share (pence per share)	**5.5**	10.1	28.1

[1] Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

The dilutive effect of share awards and options included in the weighted average number of ordinary shares above was four million (six months ended 30 June 2012: two million; 12 months ended 31 December 2012: 18 million).

(c) Alternative earnings per share

Earnings per share is also calculated based on operating profit before tax as well as on the profit attributable to equity holders. The Directors believe that earnings per share based on operating profit provides a more useful indication of the long-term operating performance of the Group.

3.5 Earnings per share *continued*

(c) Alternative earnings per share *continued*

(c)(i) Basic alternative earnings per share

	6 months 2013 £m	6 months 2013 p per share	6 months 2012 restated[1] £m	6 months 2012 restated[1] p per share	Full year 2012 restated[1] £m	Full year 2012 restated[1] p per share
Operating profit before tax	**304**	**12.9**	286	12.2	867	36.9
Tax on operating profit	**(66)**	**(2.8)**	8	0.3	(124)	(5.3)
Share of joint ventures and associates tax expense	**(4)**	**(0.2)**	(5)	(0.2)	(9)	(0.4)
Operating profit after tax	**234**	**9.9**	289	12.3	734	31.2
Adjusted for the following items:						
Short-term fluctuations in investment return and economic assumption changes	**(90)**	**(3.9)**	(43)	(1.8)	(29)	(1.2)
Restructuring and corporate transaction expenses	**(36)**	**(1.5)**	(42)	(1.8)	(109)	(4.6)
Other operating profit adjustments	**(3)**	**(0.1)**	3	0.1	(4)	(0.2)
Total non-operating items	**(129)**	**(5.5)**	(82)	(3.5)	(142)	(6.0)
Tax on non-operating items	**24**	**1.1**	31	1.4	73	3.1
Profit attributable to equity holders of Standard Life plc	**129**	**5.5**	238	10.2	665	28.3

1 Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

(c)(ii) Diluted alternative earnings per share

	6 months 2013 £m	6 months 2013 p per share	6 months 2012 restated[1] £m	6 months 2012 restated[1] p per share	Full year 2012 restated[1] £m	Full year 2012 restated[1] p per share
Operating profit before tax	**304**	**12.9**	286	12.2	867	36.6
Tax on operating profit	**(66)**	**(2.8)**	8	0.3	(124)	(5.2)
Share of joint ventures and associates tax expense	**(4)**	**(0.2)**	(5)	(0.2)	(9)	(0.4)
Operating profit after tax	**234**	**9.9**	289	12.3	734	31.0
Adjusted for the following items:						
Short-term fluctuations in investment return and economic assumption changes	**(90)**	**(3.9)**	(43)	(1.8)	(29)	(1.2)
Restructuring and corporate transaction expenses	**(36)**	**(1.5)**	(42)	(1.8)	(109)	(4.6)
Other operating profit adjustments	**(3)**	**(0.1)**	3	0.1	(4)	(0.2)
Total non-operating items	**(129)**	**(5.5)**	(82)	(3.5)	(142)	(6.0)
Tax on non-operating items	**24**	**1.1**	31	1.3	73	3.1
Profit attributable to equity holders of Standard Life plc	**129**	**5.5**	238	10.1	665	28.1

1 Comparative periods presented have been restated to reflect retrospective application of changes to accounting policies as a result of an amendment to IAS 19 *Employee Benefits*. Refer to Note 3.1 – Accounting policies (a) Basis of preparation.

3.6 Short-term fluctuations in investment return and economic assumption changes

The Group focuses on operating profit as a measure of its performance, which incorporates expected returns on investments backing equity holder funds with a consistent allowance for corresponding expected movements in equity holder liabilities. The methodology used in calculating operating profit is outlined below.

Operating profit is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from operating profit and are presented within profit before tax. As a result, the components of IFRS profit attributable to market movements and interest rate changes which give rise to variances between actual and expected investment returns, as well as the impact of changes in economic assumptions on equity holder liabilities, are excluded from operating profit and disclosed separately within the heading of short-term fluctuations in investment return and economic assumption changes.

The expected rates of return for debt securities, equity securities and property are determined separately for each of the Group's operations and are consistent with the expected rates of return as determined under the Group's published European Embedded Value (EEV) methodology. The expected rates of return for equity securities and property, with the exception of the Canadian operations, are determined based on the gilt spot rates of an appropriate duration plus an equity risk premium or property risk premium, respectively. The expected rates of return on equity securities and property for Canadian operations are determined by the Appointed Actuary in Canada.

The principal assumptions, as set at the start of the year, in respect of gross investment returns underlying the calculation of the expected investment return for equity securities and property are as follows:

	2013		2012	
	UK %	**Canada** %	UK %	Canada %
Equity securities	**4.74**	**8.60**	4.93	8.60
Property	**3.74**	**8.60**	3.93	8.60

In respect of debt securities at fair value through profit or loss, the expected rate of return is determined based on the average prospective yields for the debt securities actually held or, in respect of the Canadian operations, is determined by the Appointed Actuary in Canada. For debt securities classified as available-for-sale that support liabilities measured at amortised cost the expected rate of return is the effective interest rate adjusted for an allowance, established at initial recognition, for expected defaults. If debt securities classified as available-for-sale are sold, any gain or loss is amortised within the expected return over the period to the earlier of the maturity date of the sold debt security or the redemption date of the supported liability.

Gains and losses on foreign exchange are deemed to represent short-term fluctuations in investment return and economic assumption changes and thus are excluded from operating profit.

For the six months ended 30 June 2013, short-term fluctuations in investment return and economic assumption changes were losses of £90m (six months ended 30 June 2012: losses of £43m; 12 months ended 31 December 2012: losses of £29m). Short-term fluctuations in investment return relate principally to the investment volatility in Canada non-segregated funds and UK annuities and in respect of the Group's subordinated liabilities, and assets backing those liabilities.

3.7 Dividends

Subsequent to 30 June 2013, the Directors have proposed an interim dividend for 2013 of 5.22 pence per ordinary share (interim 2012: 4.90 pence), an estimated £124m in total (interim 2012: £115m). The dividend will be paid on 29 October 2013. This dividend will be recorded as an appropriation of retained earnings in the financial statements for the year ended 31 December 2013. During the six months ended 30 June 2013 a final dividend for the year ended 31 December 2012 of 9.80 pence per ordinary share (final 2011: 9.20 pence) and a special dividend of 12.80 pence per ordinary share totalling £230m (final 2011: £216m) and £302m respectively was paid. There was no special dividend paid for the year ended 31 December 2011.

3.8 Issued share capital and shares held by trusts

(a) Issued share capital

The movement in the issued ordinary share capital of the Company was:

	6 months 2013 Number	6 months 2013 £m	6 months 2012 Number	6 months 2012 £m	Full year 2012 Number	Full year 2012 £m
At start of period	**2,357,978,652**	**236**	2,353,665,822	235	2,353,665,822	235
Shares issued in respect of share incentive plans	**166,617**	**-**	271,215	-	445,155	-
Shares issued in respect of share options	**18,217,800**	**2**	3,840,453	1	3,867,675	1
At end of period	**2,376,363,069**	**238**	2,357,777,490	236	2,357,978,652	236

The Group operates share incentive plans, allowing employees the opportunity to buy shares from their salary each month. The maximum purchase that an employee can make in any one year is £1,500. The Group offers to match the first £25 of shares bought each month. During the six months ended 30 June 2013, the Company allotted 166,617 ordinary shares to Group employees under the share incentive plans (six months ended 30 June 2012: 271,215; 12 months ended 31 December 2012: 445,155).

The Group also operates a Long-Term Incentive Plan (LTIP) for executives and senior management and a Sharesave (Save-as-you-earn) scheme for all eligible employees. During the six months ended 30 June 2013, 18,169,290 ordinary shares were issued on exercise of share options in respect of the LTIP (six months ended 30 June 2012: 3,832,753; 12 months ended 31 December 2012: 3,832,753) and 48,510 ordinary shares were issued on exercise of share options in respect of the Sharesave scheme (six months ended 30 June 2012: 7,700; 12 months ended 31 December 2012: 34,922).

(b) Shares held by trusts

The Employee Share Trust (EST) purchases and holds shares in the Company for delivery to employees under various employee share schemes. Shares purchased by the EST are presented as a deduction from equity in the IFRS condensed consolidated statement of financial position. Share-based liabilities to employees may also be settled by the issue of new shares.

Shares held by trusts also include shares held by the Unclaimed Asset Trust (UAT). The shares held by the UAT are those not yet claimed by the eligible members of The Standard Life Assurance Company (SLAC) following its demutualisation on 10 July 2006.

Any corresponding obligation to deliver a fixed number of the Company's equity instruments to employees, or eligible members of SLAC, is offset within the shares held by trusts reserve.

At 30 June 2013, the number of shares held by trusts which were not offset by a corresponding obligation to deliver a fixed number of equity instruments was 738,043 (30 June 2012: 2,123,733; 31 December 2012: 2,342,977).

3.9 Insurance contracts, investment contracts and reinsurance contracts

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Non-participating insurance contract liabilities	**28,785**	27,946	29,050
Non-participating investment contract liabilities	**91,606**	78,527	84,201
Non-participating contract liabilities	**120,391**	106,473	113,251
Participating insurance contract liabilities	**15,645**	15,988	15,919
Participating investment contract liabilities	**14,762**	15,313	14,993
Unallocated divisible surplus	**720**	672	706
Participating contract liabilities	**31,127**	31,973	31,618

Due to changes in economic and non-economic factors, certain assumptions used in estimating insurance and investment contract liabilities have been revised. Therefore, the change in liabilities reflects actual experience over the period, changes in assumptions and, to a limited extent, improvements in modelling techniques.

The movements in insurance contracts, investment contracts and reinsurance contracts during the six months ended 30 June 2013, and the six months ended 30 June 2012 arising from changes in estimates are set out below:

6 months 2013	Participating insurance contract liabilities £m	Non-participating insurance contract liabilities £m	Participating investment contract liabilities £m	Non-participating investment contract liabilities £m	Reinsurance contracts £m	Net £m
Changes in:						
Methodology/modelling changes	14	(5)	(14)	-	-	(5)
Non-economic assumptions	-	10	-	-	(8)	2
Economic assumptions	15	(457)	(95)	-	152	(385)
6 months 2012						
Changes in:						
Methodology/modelling changes	(62)	(118)	76	-	110	6
Non-economic assumptions	-	(6)	-	-	-	(6)
Economic assumptions	(28)	358	22	-	(133)	219

The movement in insurance contract liabilities, participating investment contract liabilities and reinsurance contracts during the year ended 31 December 2012 was as follows:

2012	Participating insurance contract liabilities £m	Non-participating insurance contract liabilities £m	Participating investment contract liabilities £m	Total insurance and participating contracts £m	Reinsurance contracts £m	Net £m
At 1 January	**16,509**	**25,051**	**15,319**	**56,879**	**(6,573)**	**50,306**
Expected change	(1,331)	(762)	(897)	(2,990)	310	(2,680)
Methodology/modelling changes	(18)	(165)	64	(119)	110	(9)
Effect of changes in:						
Economic assumptions	(49)	1,075	(105)	921	(451)	470
Non-economic assumptions	(7)	(100)	(38)	(145)	73	(72)
Effect of:						
Economic experience	928	548	644	2,120	(1)	2,119
Non-economic experience	56	(662)	(46)	(652)	3	(649)
New business	26	2,102	76	2,204	-	2,204
Total change in contract liabilities	**(395)**	**2,036**	**(302)**	**1,339**	**44**	**1,383**
Contract reclassification	-	2,182	-	2,182	-	2,182
Foreign exchange adjustment	(195)	(219)	(24)	(438)	(2)	(440)
At 31 December	**15,919**	**29,050**	**14,993**	**59,962**	**(6,531)**	**53,431**
Reinsurance assets					(6,912)	
Reinsurance liabilities					381	
					(6,531)	

The change in non-participating investment contract liabilities during the year ended 31 December 2012 was as follows:

	2012 £m
At 1 January	**77,507**
Contributions	11,027
Initial charges and reduced allocations	(6)
Account balances paid on surrender and other terminations in the year	(9,062)
Investment return credited and related benefits	7,718
Foreign exchange adjustment	(406)
Contract reclassification	(2,182)
Recurring management charges	(395)
At 31 December	**84,201**

3.10 Defined benefit and defined contribution plans

(a) Analysis of amounts recognised in the IFRS condensed consolidated income statement

The amounts recognised in the IFRS condensed consolidated income statement for defined contribution and defined benefit schemes are as follows:

	6 months 2013 £m	6 months 2012 restated £m	Full year 2012 restated £m
Current service cost	**35**	35	64
Past service cost	**1**	1	1
Interest income	**(6)**	(7)	(11)
Charge recognised in the IFRS condensed consolidated income statement	**30**	29	54

(b) Analysis of amounts recognised in the IFRS condensed consolidated statement of financial position

The present value of the defined benefit obligation less the fair value of gross scheme assets is as follows:

	30 June 2013				30 June 2012 (restated)				31 December 2012 (restated)			
	UK £m	**Canada £m**	**Ireland £m**	**Total £m**	UK £m	Canada £m	Ireland £m	Total £m	UK £m	Canada £m	Ireland £m	Total £m
Present value of funded obligation	**(2,197)**	**(217)**	**(69)**	**(2,483)**	(2,122)	(224)	(52)	(2,398)	(2,121)	(233)	(69)	(2,423)
Present value of unfunded obligation	**-**	**(66)**	**-**	**(66)**	-	(71)	-	(71)	-	(70)	-	(70)
Fair value of plan assets	**2,885**	**192**	**61**	**3,138**	2,533	179	57	2,769	2,642	188	61	2,891
Effect of limit on plan surpluses	**(241)**	**-**	**-**	**(241)**	(144)	-	-	(144)	(182)	-	-	(182)
Net asset/(liability) in the IFRS consolidated statement of financial position	**447**	**(91)**	**(8)**	**348**	267	(116)	5	156	339	(115)	(8)	216

The Group also recognises a net liability of £7m (30 June 2012: £6m; 31 December 2012: £7m) arising from a scheme with a total defined benefit obligation of £7m (30 June 2012: £6m; 31 December 2012: £7m) administered for the benefit of employees in Germany, resulting in a net asset of £341m (30 June 2012: £150m; 31 December 2012: £209m).

(c) Impact of amendment to IAS 19

An amendment to IAS 19 *Employee Benefits* effective for the current period has resulted in a revision to the calculation of the charge to the IFRS condensed consolidated income statement in respect of defined benefit plans. This amendment has been applied retrospectively. The expected return on plan assets and unwind of the discount rate on the defined benefit obligation are now not recognised in profit or loss separately. Instead, the interest on the net defined benefit asset is now recognised in profit or loss. This is calculated as the net defined benefit asset multiplied by the discount rate used to measure the defined benefit obligation.

The amendment also removed the ability for entities to defer unvested past service costs and recognise them over the future vesting period. Past service costs are now recognised immediately in profit or loss.

The impact on the IFRS condensed consolidated statement of financial position as a result of the retrospective application of IAS 19 is a decrease in deferred tax assets of £1m (30 June 2012: £1m; 31 December 2012: £1m) and a decrease in the pension and other post-retirement benefits liability of £4m (30 June 2012: £5m; 31 December 2012: £5m) with a corresponding change in retained earnings.

The impact of the amendment on the IFRS condensed consolidated income statement is an increase in other administrative expenses of £17m for the six months ended 30 June 2013 (six months ended 30 June 2012: £16m; 12 months ended 31 December 2012: £33m). There was a corresponding change in actuarial gains/losses on defined benefit pension schemes in the IFRS condensed consolidated statement of other comprehensive income so that the overall impact on total comprehensive income was nil for each reporting period.

(d) Principal assumptions

The principal economic assumptions used in determining the period end pension benefit obligation for the Group's plans are as follows:

	30 June 2013			30 June 2012			31 December 2012		
	UK	**Canada**	**Ireland**	UK	Canada	Ireland	UK	Canada	Ireland
	%	**%**	**%**	%	%	%	%	%	%
Rate of increase in salaries	**5.70**	**3.50**	**3.50**	5.30	3.50	3.50	5.30	3.50	3.50
Rate of increase in pensions	**2.90**	**1.33**	**1.00**	2.70	1.33	1.00	2.70	1.33	1.00
Discount rate	**4.75**	**4.60**	**3.90**	4.40	4.30	5.10	4.50	4.00	3.90
Inflation assumption	**2.90-3.70**	**2.00**	**2.00**	2.70-3.30	2.00	2.00	2.70-3.30	2.00	2.00

3.11 Risk management

(a) Overview

The Group recognises the need to manage long-term value creation, cash flow and risk in a holistic manner in order to make informed decisions to create and protect value in the Group's activities. The Group is proactive in understanding and managing the risks to its objectives at every level and ensuring that capital is delivered to areas where most value can be created for the risks taken.

The Group classifies the risks to which it is exposed as follows:

- Market risk
- Credit risk
- Demographic and expense risk
- Liquidity risk
- Operational risk

The Group's IFRS condensed consolidated half year financial information does not include all financial risk management information and disclosures required in the Group's Annual Report and Accounts. This note should therefore be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2012. The information presented in this note has been prepared on the same basis as that presented in the Group's Annual Report and Accounts.

There have been no significant changes to the Group's enterprise risk management framework since 31 December 2012 however it continues to evolve as the Group prepares for Solvency 2. No changes have been made to the Group's qualitative risk appetites or key metrics used to set quantitative risk appetites.

During the six months ended 30 June 2013 credit concerns have continued regarding debt issued by certain European sovereign states and banks. In response, the Group has continued to exclude holdings in peripheral European sovereign debt from its benchmarks for fixed interest portfolios other than those held in unit linked funds. The Group has also continued to restrict holdings of cash and cash equivalents to banking counterparties that are assessed to be of appropriate credit standing, taking into consideration both direct and indirect factors such as the potential impact of contagion risk.

(b) Investment property and financial assets

The values of the Group's holdings of investment properties and financial assets are impacted by the Group's exposure to market and credit risk.

The assets on the Group's IFRS condensed consolidated statement of financial position can be split into four categories (risk segments) which give the shareholder different exposures to the risks outlined in the Business Review section 1.4 – Risk management.

These categories are:

Shareholder business
Shareholder business refers to the assets to which the shareholder is directly exposed. For the purposes of this financial information the shareholder refers to the equity holders of Standard Life plc.

Participating business
Participating business refers to the assets of the participating funds of the life operations of the Group.

Unit linked and segregated funds
Unit linked and segregated funds refer to the assets of the UK and Europe unit linked funds, Canada segregated funds, the linked business of Standard Life International Limited and Standard Life Asia Limited unit linked funds.

Third party interest in consolidated funds and non-controlling interests (TPICF and NCI)
Third party interest in consolidated funds and non-controlling interests refers to the assets recorded on the Group IFRS condensed consolidated statement of financial position which belong to third parties. The Group controls the entities that own the assets but the Group does not own 100% of the equity or units of the relevant entities.

3.11 Risk management *continued*

(b) Investment property and financial assets *continued*

In previous reporting periods, the Standard Life SICAV funds managed by Standard Life Investments, which held assets of £9.8bn at 31 December 2012, were consolidated in accordance with the Group's accounting policies. During the six months to 30 June 2013, the Group's holding in these funds fell below 50% of the net assets of the funds and therefore the funds are not consolidated at 30 June 2013. All assets and liabilities of these funds were previously included on a line-by-line basis. The Group's holdings in the SICAV funds are now reflected in equity securities and interests in pooled investment funds. The statement of financial position categories materially impacted by the change are debt securities, equity securities and interests in pooled investment funds, cash and cash equivalents and third party interest in consolidated funds.

The total Group holding in investment property and financial assets has been presented below based on the risk segment.

30 June 2013	Shareholder business £m	Participating business £m	Unit linked and segregated funds £m	TPICF and NCI[1] £m	Total £m
Loans to associates and joint ventures	14	-	-	-	**14**
Investment property	538	2,011	4,728	1,346	**8,623**
Equity securities and interests in pooled investment funds	227	13,952	62,756	4,790	**81,725**
Debt securities	12,308	24,693	23,435	3,255	**63,691**
Loans	2,752	216	189	-	**3,157**
Derivative financial assets	65	780	1,100	413	**2,358**
Receivables and other financial assets	874	556	2,033	423	**3,886**
Cash and cash equivalents	1,170	1,129	4,416	1,101	**7,816**
Total	**17,948**	**43,337**	**98,657**	**11,328**	**171,270**

1 Third party interest in consolidated funds and non-controlling interests.

30 June 2012	Shareholder business £m	Participating business £m	Unit linked and segregated funds £m	TPICF and NCI[1] £m	Total £m
Loans to associates and joint ventures	20	-	30	12	**62**
Investment property	780	2,184	4,399	1,283	**8,646**
Equity securities and interests in pooled investment funds	198	8,615	48,206	2,749	**59,768**
Debt securities	11,084	30,245	23,783	4,830	**69,942**
Loans	2,826	239	172	-	**3,237**
Derivative financial assets	279	1,329	746	271	**2,625**
Receivables and other financial assets	665	464	1,161	312	**2,602**
Cash and cash equivalents	1,312	1,990	5,360	1,113	**9,775**
Total	**17,164**	**45,066**	**83,857**	**10,570**	**156,657**

1 Third party interest in consolidated funds and non-controlling interests.

31 December 2012	Shareholder business £m	Participating business £m	Unit linked and segregated funds £m	TPICF and NCI[1] £m	Total £m
Loans to associates and joint ventures	16	-	7	3	**26**
Investment property	521	2,048	4,701	1,295	**8,565**
Equity securities and interests in pooled investment funds	197	9,079	53,019	3,517	**65,812**
Debt securities	12,423	30,005	24,823	6,050	**73,301**
Loans	2,855	226	218	-	**3,299**
Derivative financial assets	63	1,106	681	300	**2,150**
Receivables and other financial assets	515	496	550	156	**1,717**
Cash and cash equivalents	1,537	1,494	5,461	1,450	**9,942**
Total	**18,127**	**44,454**	**89,460**	**12,771**	**164,812**

1 Third party interest in consolidated funds and non-controlling interests.

The shareholder is directly exposed to the impact of market movements in property prices, interest rates and foreign exchange rates and the impact of defaults and movements in credit spreads on the value of assets held by the shareholder business. The shareholder is also exposed to the market and credit risk that the assets of the participating funds of the life operations of the Group are not sufficient to meet their obligations. In this situation, the shareholder would be exposed to the full shortfall in the funds.

No further analysis is provided on the assets of the remaining risk segments unit linked and segregated funds and TPICF and NCI. Assets of the unit linked and segregated funds are managed in accordance with the mandates of the particular funds and the financial risks of the assets are expected to be borne by the policyholder. The unit linked business includes £4,289m (30 June 2012: £4,408m; 31 December 2012: £4,790m) of assets that are held as reinsured external fund links.

Under certain circumstances the shareholder may be exposed to losses relating to the default of the insured external fund links. These exposures are actively monitored and managed by the Group and the Group considers the circumstances under which losses may arise to be very remote.

The shareholder is not exposed to market and credit risk from assets in respect of TPICF and NCI since the financial risks of the assets are borne by third parties.

The shareholder is exposed to operational risk arising across the four risk segments and any losses incurred are typically borne by the shareholder.

The shareholder is also exposed to certain risks relating to defined benefit pension schemes operated by the Group. These include:

- Market risks through the potential impact of market movements on the value of assets held in the defined benefit pension schemes
- Credit risks through the potential impact of widening credit spreads or credit losses on the assets held in the defined benefit pension schemes
- Longevity risk through the risk that members of the defined benefit pension scheme live longer than expected

Further information on the investment property and financial assets of the shareholder and participating business at the reporting date is provided below.

Investment property

The Group is subject to property price risk due to changes in the value and return on holdings in investment properties. This risk arises from various direct and indirect holdings which are controlled through the use of portfolio limits.

The tables below analyse investment property held by the shareholder and participating businesses by country and sector.

Shareholder business

	Office			Industrial			Retail			Other			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
Canada	**408**	652	392	**59**	56	57	**-**	-	-	**71**	72	72	**538**	780	521
Total	**408**	652	392	**59**	56	57	**-**	-	-	**71**	72	72	**538**	780	521

Participating business

	Office			Industrial			Retail			Other			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
UK	**537**	641	560	**260**	288	264	**968**	990	962	**-**	-	-	**1,765**	1,919	1,786
Canada	**51**	47	50	**21**	20	20	**5**	5	5	**17**	13	13	**94**	85	88
Belgium	**14**	15	14	**-**	-	-	**-**	-	-	**-**	-	-	**14**	15	14
France	**-**	2	2	**4**	27	27	**-**	-	-	**2**	-	2	**6**	29	31
Spain	**132**	136	129	**-**	-	-	**-**	-	-	**-**	-	-	**132**	136	129
Total	**734**	841	755	**285**	335	311	**973**	995	967	**19**	13	15	**2,011**	2,184	2,048

There is no exposure to residential property in the shareholder and participating businesses.

3.11 Risk management *continued*

(b) Investment property and financial assets *continued*

Equity securities

The Group is subject to equity price risk due to daily changes in the market value and returns in the holdings in its equity security portfolio. Exposure to equity securities are primarily managed through the use of investment mandates including constraints based on appropriate equity indices.

The following table analyses equity securities held by the shareholder and participating businesses by country.

	Shareholder business			Participating business			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
UK	**17**	18	19	**4,717**	4,150	4,553	**4,734**	4,168	4,572
Canada	**136**	105	105	**205**	209	204	**341**	314	309
Australia	**-**	2	1	**38**	27	32	**38**	29	33
Austria	**-**	-	-	**4**	8	11	**4**	8	11
Belgium	**-**	1	-	**92**	101	96	**92**	102	96
Denmark	**-**	1	1	**89**	77	102	**89**	78	103
Finland	**-**	-	-	**39**	20	30	**39**	20	30
France	**1**	2	2	**557**	421	500	**558**	423	502
Germany	**1**	2	1	**448**	365	395	**449**	367	396
Greece	**-**	-	-	**1**	1	1	**1**	1	1
Ireland	**-**	1	1	**138**	83	102	**138**	84	103
Italy	**-**	-	-	**103**	93	104	**103**	93	104
Japan	**-**	2	3	**107**	80	77	**107**	82	80
Mexico	**-**	-	-	**6**	2	5	**6**	2	5
Netherlands	**-**	1	1	**305**	362	336	**305**	363	337
Norway	**-**	-	-	**85**	39	53	**85**	39	53
Portugal	**-**	1	-	**35**	32	30	**35**	33	30
Spain	**-**	1	-	**125**	101	89	**125**	102	89
Sweden	**1**	1	1	**285**	193	221	**286**	194	222
Switzerland	**-**	2	1	**520**	474	391	**520**	476	392
US	**26**	17	30	**1,860**	1,585	1,525	**1,886**	1,602	1,555
Other	**8**	34	25	**244**	189	217	**252**	223	242
Total	**190**	191	191	**10,003**	8,612	9,074	**10,193**	8,803	9,265

In addition to the equity securities analysed above, the shareholder business has interests in pooled investment funds of £37m (30 June 2012: £7m; 31 December 2012: £6m) and the participating business has interests in pooled investment funds of £3,949m (30 June 2012: £3m; 31 December 2012: £5m).

Debt securities

The Group is exposed to interest rate risk and credit risk through its holdings in debt securities. The Group manages its exposure to debt securities by setting exposure limits by name of issuer, sector and credit rating.

At 30 June 2013, the total shareholder business holding of debt securities was £12,308m (30 June 2012: £11,084m; 31 December 2012: £12,423m), of which 96% (30 June 2012: 96%; 31 December 2012: 96%) was rated as investment grade. The total participating business holding of debt securities at 30 June 2013 was £24,693m (30 June 2012: £30,245m; 31 December 2012: £30,005m), of which 95% (30 June 2012: 95%; 31 December 2012: 96%) was rated as investment grade. This shows the high quality of the debt securities held.

The following tables show the shareholder and participating businesses' exposure to credit risk from debt securities analysed by credit rating and country.

Shareholder business

	Government, Provincial and Municipal[1]			Banks			Other financial institutions			Other corporate			Other[2]			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
AAA	**959**	1,078	1,281	**141**	174	144	**83**	105	126	**140**	177	155	**175**	168	161	**1,498**	1,702	1,867
AA	**1,713**	1,269	1,471	**457**	558	524	**238**	210	233	**412**	390	399	**-**	-	-	**2,820**	2,427	2,627
A	**1,259**	1,401	1,319	**1,335**	771	1,238	**890**	776	885	**2,736**	2,568	2,876	**-**	-	-	**6,220**	5,516	6,318
BBB	**3**	-	2	**109**	81	87	**63**	58	56	**1,096**	795	910	**-**	-	-	**1,271**	934	1,055
Below BBB or not rated	**9**	5	9	**15**	37	49	**342**	335	334	**63**	53	88	**70**	75	76	**499**	505	556
Total	**3,943**	3,753	4,082	**2,057**	1,621	2,042	**1,616**	1,484	1,634	**4,447**	3,983	4,428	**245**	243	237	**12,308**	11,084	12,423

	Government, Provincial and Municipal[1]			Banks			Other financial institutions			Other corporate			Other[2]			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
UK	**386**	464	302	**513**	422	607	**727**	793	844	**855**	584	743	**70**	75	74	**2,551**	2,338	2,570
Canada	**3,158**	3,259	3,441	**185**	150	179	**258**	274	290	**2,136**	2,208	2,211	**-**	-	-	**5,737**	5,891	6,121
Australia	**-**	-	-	**98**	60	85	**14**	6	6	**8**	-	9	**-**	-	-	**120**	66	100
Austria	**21**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**21**	-	-
Belgium	**-**	-	-	**27**	-	53	**-**	-	-	**5**	-	1	**-**	-	-	**32**	-	54
Denmark	**-**	-	-	**4**	7	5	**-**	-	-	**15**	4	6	**-**	-	-	**19**	11	11
Finland	**-**	-	-	**75**	20	-	**-**	-	-	**-**	-	1	**-**	-	-	**75**	20	1
France	**22**	-	-	**236**	126	228	**17**	1	4	**402**	326	402	**-**	-	-	**677**	453	634
Germany	**317**	21	315	**68**	93	114	**18**	19	22	**332**	268	208	**-**	-	-	**735**	401	659
Greece	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Ireland	**-**	-	-	**-**	-	-	**9**	3	10	**-**	-	2	**-**	-	-	**9**	3	12
Italy	**-**	-	-	**29**	25	33	**-**	-	2	**69**	69	52	**-**	-	-	**98**	94	87
Japan	**-**	1	2	**85**	95	70	**28**	27	18	**20**	20	21	**-**	-	-	**133**	143	111
Mexico	**1**	-	1	**-**	-	-	**-**	-	-	**78**	57	77	**-**	-	-	**79**	57	78
Netherlands	**-**	-	-	**391**	304	286	**18**	1	1	**21**	14	154	**-**	-	-	**430**	319	441
Norway	**-**	-	1	**-**	2	21	**-**	-	-	**36**	32	39	**-**	-	-	**36**	34	61
Portugal	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Spain	**-**	-	-	**8**	8	9	**2**	-	-	**38**	31	39	**-**	-	-	**48**	39	48
Sweden	**-**	-	1	**15**	46	58	**12**	-	-	**57**	33	60	**-**	-	-	**84**	79	119
Switzerland	**-**	-	-	**79**	78	78	**11**	11	11	**11**	12	13	**-**	-	-	**101**	101	102
US	**11**	7	12	**176**	161	173	**500**	349	424	**350**	315	364	**-**	-	-	**1,037**	832	973
Other	**27**	1	7	**68**	24	43	**2**	-	2	**14**	10	26	**175**	168	163	**286**	203	241
Total	**3,943**	3,753	4,082	**2,057**	1,621	2,042	**1,616**	1,484	1,634	**4,447**	3,983	4,428	**245**	243	237	**12,308**	11,084	12,423

1 Government, Provincial and Municipal includes debt securities which are issued by or explicitly guaranteed by the national government. For Canada, this includes debt securities which are issued by or explicitly guaranteed by the Crown Corporations of the Government of Canada.

2 This balance primarily consists of securities held in supranationals.

3.11 Risk management *continued*

(b) Investment property and financial assets *continued*

Participating business

	Government, Provincial and Municipal[1]			Banks			Other financial institutions			Other corporate			Other[2]			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
AAA	**8,844**	18,627	16,452	**626**	842	760	**870**	939	990	**128**	40	155	**158**	364	244	**10,626**	20,812	18,601
AA	**5,666**	580	2,070	**522**	660	494	**1,264**	841	1,084	**280**	268	297	**-**	-	-	**7,732**	2,349	3,945
A	**126**	126	131	**1,239**	1,597	1,643	**1,551**	1,293	1,732	**1,020**	1,425	1,195	**-**	-	-	**3,936**	4,441	4,701
BBB	**4**	8	4	**232**	309	313	**411**	403	448	**622**	769	763	**-**	-	-	**1,269**	1,489	1,528
Below BBB or not rated	**17**	-	4	**207**	212	223	**576**	548	586	**330**	394	417	**-**	-	-	**1,130**	1,154	1,230
Total	**14,657**	19,341	18,661	**2,826**	3,620	3,433	**4,672**	4,024	4,840	**2,380**	2,896	2,827	**158**	364	244	**24,693**	30,245	30,005

	Government, Provincial and Municipal[1]			Banks			Other financial institutions			Other corporate			Other[2]			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
UK	**12,634**	14,685	13,401	**923**	1,133	1,167	**3,166**	2,879	3,149	**931**	1,255	1,082	**-**	-	-	**17,654**	19,952	18,799
Canada	**357**	418	396	**23**	20	23	**50**	60	49	**64**	53	59	**-**	-	-	**494**	551	527
Australia	**-**	63	1	**142**	175	180	**75**	67	95	**18**	25	21	**-**	-	-	**235**	330	297
Austria	**-**	279	364	**26**	52	27	**-**	-	-	**-**	6	3	**-**	-	-	**26**	337	394
Belgium	**1**	3	286	**15**	17	24	**-**	-	68	**16**	15	21	**-**	-	-	**32**	35	399
Denmark	**-**	6	6	**29**	26	33	**-**	1	-	**44**	55	58	**-**	-	-	**73**	88	97
Finland	**-**	201	203	**109**	87	45	**25**	25	25	**8**	9	13	**-**	-	-	**142**	322	286
France	**196**	931	1,287	**307**	361	324	**246**	138	257	**314**	481	435	**-**	-	-	**1,063**	1,911	2,303
Germany	**1,420**	2,121	1,988	**319**	427	356	**220**	124	126	**157**	262	221	**-**	-	-	**2,116**	2,934	2,691
Greece	**-**	-	-	**-**	-	-	**2**	-	-	**2**	3	4	**-**	-	-	**4**	3	4
Ireland	**-**	-	-	**4**	3	5	**21**	38	56	**9**	15	13	**-**	-	-	**34**	56	74
Italy	**4**	2	2	**30**	66	74	**130**	78	42	**62**	119	89	**-**	-	-	**226**	265	207
Japan	**11**	34	33	**66**	39	32	**11**	11	1	**-**	1	-	**-**	-	-	**88**	85	66
Mexico	**-**	1	-	**-**	-	-	**-**	-	-	**51**	55	61	**-**	-	-	**51**	56	61
Netherlands	**-**	409	474	**273**	436	398	**83**	33	223	**32**	49	42	**-**	-	-	**388**	927	1,137
Norway	**-**	91	142	**72**	156	133	**12**	14	14	**58**	28	63	**-**	-	-	**142**	289	352
Portugal	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	1	**-**	-	-	**-**	-	1
Spain	**4**	8	5	**23**	24	24	**4**	21	6	**81**	65	82	**-**	-	-	**112**	118	117
Sweden	**4**	66	68	**95**	113	189	**5**	7	11	**27**	29	31	**-**	-	-	**131**	215	299
Switzerland	**-**	-	-	**9**	78	19	**67**	35	29	**12**	27	12	**-**	-	-	**88**	140	60
US	**-**	6	5	**278**	397	318	**387**	321	437	**329**	258	310	**-**	-	-	**994**	982	1,070
Other	**26**	17	-	**83**	10	62	**168**	172	252	**165**	86	206	**158**	364	244	**600**	649	764
Total	**14,657**	19,341	18,661	**2,826**	3,620	3,433	**4,672**	4,024	4,840	**2,380**	2,896	2,827	**158**	364	244	**24,693**	30,245	30,005

1 Government, Provincial and Municipal includes debt securities which are issued by or explicitly guaranteed by the national government. For Canada, this includes debt securities which are issued by or explicitly guaranteed by the Crown Corporations of the Government of Canada.

2 This balance primarily consists of securities held in supranationals.

Loans

The Group is exposed to interest rate risk and credit risk from loans issued. The Group manages its exposure by setting portfolio limits by individual business unit. These limits specify the proportion of the value of the total portfolio of mortgage loans and mortgage bonds that are represented by a single, or group of related counterparties, geographic area, employment status, or economic sector, risk rating and loan to value percentages.

The shareholder business holding of loans of £2,752m (30 June 2012: £2,826m, 31 December 2012: £2,855m) primarily comprises the Canadian non-segregated funds commercial mortgage book. This mortgage book is deemed to be of very high quality. The Canada mortgage book has an average loan to value of 39% (30 June 2012: 40%, 31 December 2012: 39%).

The participating business holding of loans of £216m (30 June 2012: £239m, 31 December 2012: £226m) primarily comprises of UK mortgages. These mortgage books are deemed to be of very high quality.

3.12 Fair value hierarchy of financial instruments

(a) Determination of fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain financial assets and derivative financial liabilities, the following fair value hierarchy categorisation has been used:

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

This category includes equity securities listed on a recognised exchange, certain government and supranational institution bonds and exchange traded futures and options.

Level 2: Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes certain government bonds, listed or publicly quoted corporate bonds, commercial paper, certificates of deposit and derivative instruments which are not exchange traded. Corporate bonds have generally been classified as level 2 as the composite price provided by external pricing providers may include, as an input, quotes provided by some banks that are not based on actual transaction prices.

Level 3: Fair values measured using inputs that are not based on observable market data (unobservable inputs).

Level 3 financial instruments principally include unlisted equity securities, being predominantly interests in private equity funds, listed or publicly quoted corporate bonds for which prices are not available from external pricing providers or where such prices are considered to be stale (including some asset backed securities) or are based on single broker indicative quotes and unquoted bonds where credit spreads, being a significant input to the valuation technique, are obtained from a broker or estimated internally.

(b) Methods and assumptions used to determine fair value of financial assets and liabilities

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is given below.

Equity securities and interests in pooled investment funds – 30 June 2013: £81,725m (30 June 2012: £59,768m; 31 December 2012: £65,812m)
Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market and are therefore treated as level 1 instruments within the fair value hierarchy.

Unlisted equities are valued using an adjusted net asset value. The Group's exposure to unlisted equity securities primarily relates to private equity investments. The majority of the Group's private equity investments are carried out through European fund of funds structures, where the Group receives valuations from the investment managers of the underlying funds.

The valuations received from investment managers of the underlying funds are reviewed and where appropriate adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are treated as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

Debt securities – 30 June 2013: £63,691m (30 June 2012: £69,942m; 31 December 2012: £73,301m)
For debt securities, the Group has determined a hierarchy of pricing sources. The hierarchy consists of reputable external pricing providers who generally use observable market data. If prices are not available from these providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value. These procedures are based largely on inputs that are not based on observable market data. A further analysis by category of debt security is as follows:

- Government, including provincial and municipal, and supranational institution bonds
  These instruments are valued using prices received from external pricing providers who generally base the price on quotes received from a number of market participants. They are treated as level 1 or level 2 instruments within the fair value hierarchy depending upon the nature of the underlying pricing information used for valuation purposes.
- Corporate bonds (listed or quoted in an established over-the-counter market including asset backed securities)
  These instruments are generally valued using prices received from external pricing providers who generally consolidate quotes received from a panel of banks into a composite price. As the market becomes less active the quotes provided by some banks may be based on modelled prices rather than on actual transactions. These sources are based largely on observable market data, and therefore these instruments are treated as level 2 instruments within the fair value hierarchy. When prices received from external pricing providers are based on a single broker indicative quote the instruments are treated as level 3 instruments.

  For instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale, the Group performs its own assessment of the fair value of these instruments. This assessment is largely based on inputs that are not based on observable market data, principally single broker indicative quotes, and accordingly these instruments are treated as level 3 instruments within the fair value hierarchy.
- Other corporate bonds including unquoted bonds, commercial paper and certificates of deposit
  These instruments are valued using models. For unquoted bonds the model uses inputs from comparable bonds and includes credit spreads which are obtained from brokers or estimated internally. Commercial paper and certificates of deposit are valued using standard valuation formulas. The classification of these instruments within the fair value hierarchy will be either level 2 or 3 depending upon the nature of the underlying pricing information used for valuation purposes.

3.12 Fair value hierarchy of financial instruments *continued*

(b) Methods and assumptions used to determine fair value of financial assets and liabilities *continued*

Derivative financial assets – 30 June 2013: £2,358m (30 June 2012: £2,625m; 31 December 2012: £2,150m) and derivative financial liabilities – 30 June 2013: £1,185m (30 June 2012: £1,637m; 31 December 2012: £853m)

The majority of the Group's derivatives are over-the-counter (OTC) investments which are fair valued using valuation techniques based on observable market data and are therefore treated as level 2 investments within the fair value hierarchy.

Exchange traded derivatives are valued using prices sourced from the relevant exchange. They are considered to be instruments quoted in an active market and are therefore treated as level 1 instruments within the fair value hierarchy.

Non-performance risk arising from the credit risk of each counterparty has been considered on a net exposure basis in line with the Group's risk management policies. At 30 June 2013 the residual credit risk is considered immaterial and no credit risk adjustment has been made.

Non-participating investment contract liabilities – 30 June 2013: £89,005m (30 June 2012: £75,723m; 31 December 2012; £81,601m)

The fair value of the non-participating investment contract liabilities is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities in which these funds are invested. The underlying assets and liabilities are predominately classified as Level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable. Therefore, the liabilities are classified within level 2 of the fair value hierarchy.

Liabilities in respect of third party interest in consolidated funds – 30 June 2013: £10,364m (30 June 2012: £9,472m; 31 December 2012: £12,037m)

The fair value of liabilities in respect of third party interest in consolidated funds is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets in which these funds are invested. When the underlying assets and liabilities are valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 2. Where the underlying assets and liabilities are not valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 3.

(b)(i) Fair value hierarchy for financial assets measured at fair value in the statement of financial position

The table below presents the Group's financial assets measured at fair value by level of the fair value hierarchy.

	Level 1			Level 2			Level 3			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
Derivative financial assets	**621**	838	613	**1,737**	1,787	1,537	**-**	-	-	**2,358**	2,625	2,150
Equity securities and interests in pooled investment vehicles	**80,573**	58,555	64,653	**2**	-	3	**1,150**	1,213	1,156	**81,725**	59,768	65,812
Debt securities	**20,366**	26,629	25,277	**41,959**	41,948	46,621	**1,366**	1,365	1,403	**63,691**	69,942	73,301
Total financial assets at fair value	**101,560**	86,022	90,543	**43,698**	43,735	48,161	**2,516**	2,578	2,559	**147,774**	132,335	141,263

There were no significant transfers between Levels 1 and 2 during the period (six months ended 30 June 2012: none; 12 months ended 31 December 2012: none).

All transfers between fair value hierarchy levels are deemed to occur on the last day of the quarter in which they arise.

The table that follows presents an analysis of the Group's financial assets measured at fair value by level of the fair value hierarchy for each category as set out in Note 3.11 – Risk management.

	Fair value hierarchy											
	Level 1			Level 2			Level 3			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
Shareholder business												
Derivative financial assets	**5**	-	-	**60**	279	63	**-**	-	-	**65**	279	63
Equity securities and interests in pooled investment funds	**213**	186	182	**2**	-	3	**12**	12	12	**227**	198	197
Debt securities	**909**	635	834	**10,411**	9,447	10,606	**988**	1,002	983	**12,308**	11,084	12,423
Total shareholder business	**1,127**	821	1,016	**10,473**	9,726	10,672	**1,000**	1,014	995	**12,600**	11,561	12,683
Participating business												
Derivative financial assets	**251**	535	415	**529**	794	691	**-**	-	-	**780**	1,329	1,106
Equity securities and interests in pooled investment funds	**13,234**	7,875	8,380	**-**	-	-	**718**	740	699	**13,952**	8,615	9,079
Debt securities	**14,531**	18,757	17,701	**9,948**	11,245	12,085	**214**	243	219	**24,693**	30,245	30,005
Total participating business	**28,016**	27,167	26,496	**10,477**	12,039	12,776	**932**	983	918	**39,425**	40,189	40,190
Unit linked and segregated funds												
Derivative financial assets	**269**	223	135	**831**	523	546	**-**	-	-	**1,100**	746	681
Equity securities and interests in pooled investment funds	**62,696**	48,132	52,942	**-**	-	-	**60**	74	77	**62,756**	48,206	53,019
Debt securities	**4,867**	6,589	6,062	**18,408**	17,079	18,567	**160**	115	194	**23,435**	23,783	24,823
Total unit linked and segregated fund	**67,832**	54,944	59,139	**19,239**	17,602	19,113	**220**	189	271	**87,291**	72,735	78,523
Third party interest in consolidated funds and non-controlling interests												
Derivative financial assets	**96**	80	63	**317**	191	237	**-**	-	-	**413**	271	300
Equity securities and interests in pooled investment funds	**4,430**	2,362	3,149	**-**	-	-	**360**	387	368	**4,790**	2,749	3,517
Debt securities	**59**	648	680	**3,192**	4,177	5,363	**4**	5	7	**3,255**	4,830	6,050
Total third party interest in consolidated funds and non-controlling interests	**4,585**	3,090	3,892	**3,509**	4,368	5,600	**364**	392	375	**8,458**	7,850	9,867
Total	**101,560**	86,022	90,543	**43,698**	43,735	48,161	**2,516**	2,578	2,559	**147,774**	132,335	141,263

(b)(ii) Fair value hierarchy for financial liabilities measured at fair value in the statement of financial position

The table below presents the Group's financial liabilities measured at fair value by level of the fair value hierarchy.

	Level 1			Level 2			Level 3			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
Non-participating investment contract liabilities	**-**	-	-	**89,005**	75,723	81,601	**-**	-	-	**89,005**	75,723	81,601
Liabilities in respect of third party interest in consolidated funds	**-**	-	-	**10,358**	9,468	12,034	**6**	4	3	**10,364**	9,472	12,037
Derivative financial liabilities	**232**	497	127	**953**	1,140	726	**-**	-	-	**1,185**	1,637	853
Total financial liabilities at fair value	**232**	497	127	**100,316**	86,331	94,361	**6**	4	3	**100,554**	86,832	94,491

There were no transfers between Levels 1 and 2 during the six months ended 30 June 2013 (six months ended 30 June 2012: none; 12 months ended 31 December 2012: none).

3.12 Fair value hierarchy of financial instruments *continued*

(b) Methods and assumptions used to determine fair value of financial assets and liabilities *continued*

(b)(ii) Fair value hierarchy for financial liabilities measured at fair value in the statement of financial position *continued*

The table that follows presents an analysis of the Group's financial liabilities measured at fair value by level of the fair value hierarchy for each category as set out in Note 3.11 – Risk management.

	Fair value hierarchy											
	Level 1			Level 2			Level 3			Total		
	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m	**30 Jun 2013 £m**	30 Jun 2012 £m	31 Dec 2012 £m
Shareholder business												
Derivative financial liabilities	**-**	6	2	**35**	15	21	**-**	-	-	**35**	21	23
Total shareholder business	**-**	6	2	**35**	15	21	**-**	-	-	**35**	21	23
Participating business												
Derivative financial liabilities	**54**	98	7	**61**	22	41	**-**	-	-	**115**	120	48
Total participating business	**54**	98	7	**61**	22	41	**-**	-	-	**115**	120	48
Unit linked and segregated funds												
Non-participating investment contract liabilities	**-**	-	-	**89,005**	75,723	81,601	**-**	-	-	**89,005**	75,723	81,601
Derivative financial liabilities	**129**	285	82	**612**	791	466	**-**	-	-	**741**	1,076	548
Total unit linked and segregated fund	**129**	285	82	**89,617**	76,514	82,067	**-**	-	-	**89,746**	76,799	82,149
Third party interest in consolidated funds and non-controlling interests												
Liabilities in respect of third party interest in consolidated funds	**-**	-	-	**10,358**	9,468	12,034	**6**	4	3	**10,364**	9,472	12,037
Derivative financial liabilities	**49**	108	36	**245**	312	198	**-**	-	-	**294**	420	234
Total third party interest in consolidated funds and non-controlling interests	**49**	108	36	**10,603**	9,780	12,232	**6**	4	3	**10,658**	9,892	12,271
Total	**232**	497	127	**100,316**	86,331	94,361	**6**	4	3	**100,554**	86,832	94,491

(b)(iii) Reconciliation of movements in level 3 instruments

The movements during the period of level 3 financial assets and liabilities held at fair value are analysed below

	Equity securities and interests in pooled investment funds		Debt securities		Liabilities in respect of third party interest in consolidated funds	
	6 months 2013 £m	Full year 2012 £m	**6 months 2013 £m**	Full year 2012 £m	**6 months 2013 £m**	Full year 2012 £m
At period start	**1,156**	1,245	**1,403**	1,382	**(3)**	(7)
Total gains/(losses) recognised in the income statement	**43**	92	**(109)**	43	**(3)**	(5)
Purchases	**43**	82	**241**	414	**-**	-
Repayment	**-**	-	**-**	-	**-**	9
Sales	**(134)**	(239)	**(144)**	(265)	**-**	-
Transfers in to level 3	**9**	-	**15**	27	**-**	-
Transfers out of level 3	**-**	-	**(51)**	(175)	**-**	-
Foreign exchange adjustment	**33**	(24)	**11**	(23)	**-**	-
At period end	**1,150**	1,156	**1,366**	1,403	**(6)**	(3)

As at 30 June 2013, £82m of total losses (31 December 2012: £12m of gains) were recognised in the IFRS condensed consolidated income statement for assets and liabilities held at the period end.

Total gains or losses recognised in the IFRS condensed consolidated income statement shown above are included in investment return, with the exception of gains on third party interest in consolidated funds which are included in change in liability for third party interest in consolidated funds.

During the period, £15m (31 December 2012: £27m) of debt securities were transferred from level 2 to level 3 and £51m (31 December 2012: £175m) of debt securities were transferred from level 3 to level 2. Transfers into level 3 generally arose when external pricing providers stopped providing a price or where the price provided was considered stale. Transfers out of level 3 arose when acceptable prices became available from external pricing providers.

(b)(iv) Group's valuation process for level 3 instruments

As noted above, the Group holds financial instruments which have been classified as level 3 instruments, principally comprising:

- Private equity investments which, because of the nature of the fund structures in which the Group invests, are valued based on valuations received from the investment managers of the underlying funds
- Certain debt securities for which prices are either not available from external pricing providers or the prices that are available are considered stale, the Group performs its own assessment of the fair value of these instruments. This assessment principally uses single broker indicative quotes to determine the fair value of these instruments.

(b)(v) Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

For the majority of level 3 financial instruments, the Group does not use internal models to value the securities but rather obtains valuations from external parties. Due to the externally generated nature of the majority of valuations used for level 3 instruments, the Group has limited access to the significant assumptions and data sources used by the external party and accordingly no sensitivity analysis has been presented. The Group reviews the appropriateness of the valuations based on its knowledge of the market.

Where internal models are used to value level 3 instruments, changes in the assumptions used within those models to reasonably possible alternative assumptions do not have a significant impact on profit before tax or total assets or liabilities.

The table below presents quantitative information about the significant unobservable inputs for level 3 instruments:

	30 June 2013 Fair value £m	Valuation technique	Unobservable input	Range (weighted average)
Private equity investments	1,150	Adjusted net asset value	Net asset value from fund managers	N/A
			Adjustment to net asset value[1]	N/A
Debt securities	1,366	N/A	Single quoted price[2]	N/A

[1] An adjustment is made for significant movements in private equity market since the date of the most recent valuation received from the investment manager of the underlying funds.

[2] Debt securities which are valued using a single broker indicative quotes are disclosed in level 3 in the fair value hierarchy. No adjustment is made to these prices.

(c) Fair value of financial assets and liabilities measured at amortised cost

The table below presents estimated fair values of financial assets and liabilities whose carrying value does not approximate fair value. Fair values of financial assets and financial liabilities are based on observable market inputs where available, or are estimated using other valuation techniques.

	30 June 2013 Carrying value £m	31 Dec 2012 Carrying value £m	30 June 2013 Fair value £m	31 Dec 2012 Fair value £m
Financial assets				
Loans secured by mortgages	**2,901**	3,014	**3,006**	3,119
Financial liabilities				
Subordinated notes	**747**	744	**762**	790
Subordinated guaranteed bonds	**519**	502	**568**	553
Mutual Assurance Capital Securities	**622**	622	**645**	654
Non-participating investment contract liabilities	**2,601**	2,600	**2,658**	2,697

The estimated fair values are calculated by discounting the expected future cash flows at current market rates, with the exception of subordinated liabilities, which are based on the quoted market offer price.

It is not possible to reliably calculate the fair value of participating investment contract liabilities. The carrying value of participating investment contract liabilities at 30 June 2013 was £14,762m (31 December 2012: £14,993m).

The carrying value of all other financial assets and liabilities measured at amortised cost approximates their fair value.

3.13 Provisions and contingent liabilities

(a) Legal proceedings and regulations

The Group, like other financial organisations, is subject to legal proceedings and complaints in the normal course of its business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, the Directors do not believe that such proceedings (including litigation) will have a material effect on the results and financial position of the Group.

The Group is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and it has complied in material respects with local solvency and other regulations. Therefore, there are no contingencies in respect of these regulations.

(b) Issued share capital

The Scheme of Demutualisation sets a 10-year time limit, ending in 2016, for those eligible members of The Standard Life Assurance Company who were not allocated shares at the date of demutualisation to claim their entitlements. As future issues of these shares are dependent upon the actions of eligible members, it is not practical to estimate the financial effect of this potential obligation.

(c) Other

In the ordinary course of business, Standard Life Trust Company (SLTC) enters into agreements which contain guarantee provisions for clearing system arrangements related to investment activities. Under such arrangements, the company, together with other participants in the clearing systems, may be required to guarantee certain obligations of a defaulting member. The guarantee provisions and amounts vary based upon the agreement. SLTC cannot estimate the amount, if any, that may be payable upon default. To facilitate its participation in the clearing system, SLTC has provided as security a bank credit facility up to a maximum of CA$84m.

3.14 Commitments

(a) Capital commitments

As at 30 June 2013 capital expenditure that was authorised and contracted for, but not provided and incurred, was £225m (30 June 2012: £241m, 31 December 2012: £215m) in respect of investment properties. Of this amount, £183m (30 June 2012: £202m, 31 December 2012: £185m) and £42m (30 June 2012: £39m, 31 December 2012: £30m) relates to the contractual obligations to purchase, construct or develop investment property and repair, maintain or enhance investment property respectively.

On 27 February 2013, the Group announced that it had entered into an agreement with Newton Management Limited to acquire its private client division with assets under management of c£3.6bn. The consideration of up to £83.5m will be ultimately contingent on the value of assets under management transferred to, and retained by, the Group. The transaction is expected to complete on 27 September 2013 subject to completion conditions being satisfied.

(b) Unrecognised financial instruments

The Group has committed the following unrecognised financial instruments to customers and third parties:

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Commitments to extend credit:			
Original term to maturity of one year or less	**20**	67	42
Original term to maturity of more than one year	**-**	2	-
Other commitments	**326**	285	289

Included in other commitments is £299m (30 June 2012: £245m; 31 December 2012: £258m) committed by certain subsidiaries which are not fully owned by the Group. These commitments are funded through contractually agreed additional investments in the subsidiary by the Group and the non-controlling interests. The levels of funding are not necessarily in line with the relevant percentage holdings.

(c) Operating lease commitments

The Group has entered into commercial non-cancellable leases on certain property, plant and equipment where it is not in the best interest of the Group to purchase these assets. Such leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Not later than one year	**31**	33	32
Later than one year and no later than five years	**74**	92	83
Later than five years	**112**	115	117
Total operating lease commitments	**217**	240	232

3.15 Related party transactions

(a) Transactions with/from related parties

Transactions with related parties carried out by the Group were as follows:

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Sale to:			
Associates	**10**	7	13
Joint ventures	**26**	21	77
Other related parties	**64**	46	91
	100	74	181
Purchase from:			
Joint ventures	**24**	21	21
	24	21	21

Sales to other related parties include management fees received from non-consolidated investment vehicles managed by Standard Life Investments.

The Group's defined benefit pension schemes have assets of £789m (30 June 2012: £819m; 31 December 2012: £845m) invested in investment vehicles managed by the Group.

(b) Transactions with key management personnel and their close family members

All transactions between the key management personnel and their close family members and the Group during the period are on commercial terms which are equivalent to those available to all employees of the Group.

During the six months ended 30 June 2013, the key management personnel and their close family members contributed £2.5m (six months ended 30 June 2012: £0.5m, 12 months ended 31 December 2012: £1.2m) to products sold by the Group.

4 European Embedded Value (EEV)

EEV consolidated income statement

For the six months ended 30 June 2013

	Notes	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Covered business				
UK and Europe		**287**	346	803
Canada		**144**	210	315
Asia and Emerging Markets		**15**	8	10
Covered business EEV operating profit[2]	4.2(a)	**446**	564	1,128
UK and Europe		**6**	4	10
Standard Life Investments[3]	4.6(b)	**46**	34	62
Group corporate centre costs		**(23)**	(21)	(50)
Other	4.6(c)	**(10)**	7	8
Non-covered business EEV operating profit[2]		**19**	24	30
Consolidation adjustment for different accounting bases[4]		**-**	-	(75)
EEV operating profit before tax		**465**	588	1,083
EEV non-operating items				
Long-term investment return and tax variances		**(12)**	161	498
Effect of economic assumption changes		**289**	136	(106)
Restructuring costs		**(36)**	(43)	(114)
Other EEV non-operating items		**(11)**	(6)	(18)
Consolidation adjustment for different accounting bases[4]		**-**	(70)	(42)
EEV non-operating profit before tax		**230**	178	218
EEV profit before tax		**695**	766	1,301
Tax attributable to:				
EEV operating profit		**(112)**	(119)	(240)
EEV non-operating items		**(41)**	(38)	(42)
Total EEV profit after tax		**542**	609	1,019

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

2 The split of EEV operating profit for comparative periods presented has been updated to reflect changes in segmental reporting. Refer to Note 4.1 – Basis of preparation.

3 Standard Life Investments non-covered EEV operating profit of £46m (six months ended 30 June 2012: £34m; 12 months ended 31 December 2012: £62m) represents operating profit of £93m (six months ended 30 June 2012: £68m; 12 months ended 31 December 2012: £145m) after excluding profits of £47m (six months ended 30 June 2012: £34m; 12 months ended 31 December 2012: £83m) which have been generated by life and pensions covered business. Standard Life Investments EEV operating profit therefore represents third party non-covered EEV operating profit. Refer to Note 4.6(b) – Standard Life Investments EEV operating profit before tax and Note 4.17 – EEV methodology.

4 This adjustment reflects the removal of accounting differences for the Canada subordinated liability as explained in Note 4.17 – EEV methodology.

EEV earnings per share (EPS)

For the six months ended 30 June 2013

	6 months 2013	6 months 2012 restated[1]	Full year 2012 restated[1]
EEV operating profit after tax (£m)[2]	**353**	469	843
Basic EPS (pence)	**15.0**	20.0	35.9
Weighted average number of ordinary shares outstanding (millions)	**2,355**	2,344	2,351
Diluted EPS (pence)	**15.0**	20.0	35.6
Weighted average number of ordinary shares outstanding for diluted earnings per share (millions)	**2,359**	2,346	2,369

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 EEV operating profit before tax of £465m (six months ended 30 June 2012: £588m; 12 months ended 31 December 2012: £1,083m) less attributed tax on EEV operating profit of £112m (six months ended 30 June 2012: £119m; 12 months ended 31 December 2012: £240m).

EEV consolidated statement of comprehensive income

For the six months ended 30 June 2013

	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
EEV profit after tax	**542**	609	1,019
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on defined benefit pension schemes[2]	**189**	(152)	(64)
Effect of limit on defined benefit pension schemes' surpluses[2]	**(59)**	65	27
Equity holder tax effect relating to items that will not be reclassified subsequently to profit or loss	**(7)**	102	102
Other	**5**	-	(1)
Total items that will not be reclassified subsequently to profit or loss	**128**	15	64
Items that may be reclassified subsequently to profit or loss:			
Fair value losses on cash flow hedges[2]	**(1)**	-	(1)
Net investment hedge[2]	**(8)**	6	18
Net change in non-covered business financial assets designated as available-for-sale	**(15)**	-	-
Exchange differences on translating foreign operations[3]	**67**	(54)	(86)
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**3**	-	-
Total items that may be reclassified subsequently to profit or loss	**46**	(48)	(69)
Other comprehensive income/(expense) for the period	**174**	(33)	(5)
Total comprehensive income for the period attributable to equity holders	**716**	576	1,014

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 Consistent with the IFRS consolidated statement of comprehensive income.
3 Exchange differences primarily relate to Europe (£31m) and Canada (£26m).

EEV consolidated statement of financial position
As at 30 June 2013

	Notes	30 June 2013 £m	30 June 2012 restated[1] £m	31 December 2012 restated[1] £m
Covered business				
Free surplus		**724**	650	944
Required capital		**1,336**	1,436	1,348
Net worth		**2,060**	2,086	2,292
Present value of in-force		**5,464**	4,868	5,073
Cost of required capital		**(608)**	(638)	(648)
Total embedded value of covered business	4.2(c)	**6,916**	6,316	6,717
Non-covered business				
UK and Europe		**619**	440	514
Standard Life Investments		**285**	255	255
Group corporate centre		**517**	507	640
Other		**7**	251	16
Total net assets of non-covered business	4.6(a)	**1,428**	1,453	1,425
Consolidation adjustment for different accounting bases[2]		**-**	37	-
Total Group embedded value	4.7(a)	**8,344**	7,806	8,142
Equity				
Share capital		**238**	236	236
Shares held by trusts		**(6)**	(5)	(7)
Share premium reserve		**1,110**	1,110	1,110
Retained earnings on an IFRS basis		**1,189**	1,078	1,441
Other reserves		**1,603**	1,578	1,579
Additional retained earnings on an EEV basis		**4,210**	3,809	3,783
Total equity		**8,344**	7,806	8,142

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 This adjustment reflects the removal of accounting differences for the Canada subordinated liability as explained in Note 4.17 – EEV methodology.

EEV per share
As at 30 June 2013

	30 June 2013	30 June 2012 restated[1]	31 December 2012 restated[1]
Total Group embedded value (£m)	**8,344**	7,806	8,142
EEV per share (pence)	**352**	332	343
Diluted closing number of ordinary shares outstanding (millions)	**2,370**	2,354	2,373

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Notes to the EEV financial information

4.1 Basis of preparation

The European Embedded Value (EEV) basis results have been prepared in accordance with the EEV Principles and Guidance issued in May 2004 by the CFO Forum of European Insurance Companies and the Additional Guidance issued in October 2005 and the Revised Interim Transitional Guidance issued in September 2012. EEV reports the value of business in-force based on a set of best estimate assumptions, allowing for the impact of uncertainty inherent in future assumptions, the cost of holding required capital and the value of free surplus. The total profit recognised over the lifetime of a policy is the same as under International Financial Reporting Standards (IFRS) but the timing of recognition of profits is different.

EEV includes the net assets of the businesses that are owned by equity holders of Standard Life plc (the Company) plus the present value of future profits expected to arise from in-force long-term insurance policies (PVIF) where these future profits are attributable to equity holders under the Scheme of Demutualisation (the Scheme) or from sales of new business since 10 July 2006.

The opening and closing EEV numbers, and therefore the profit arising in the period, for the covered business are determined on an after-tax basis. The tax assumptions are based upon the best estimate of the actual tax expected to arise. Profit before tax is derived by grossing up profit after tax at the long-term rate of corporation tax appropriate to each territory. While for some territories this rate does not equate to the actual effective rate of tax used in the calculation of after-tax profits, it provides a consistent grossing-up basis upon which to compare results from one year to another and is in line with the Group's expectation of the rate of tax applicable to business sold after demutualisation.

A detailed description of EEV methodology is provided in Note 4.17 – EEV methodology. There have been no significant changes to EEV methodology from that adopted in the previous reporting period.

The half year EEV supplementary financial statements have been reviewed but not audited. The EEV supplementary financial statements for the year ended 31 December 2012 were approved on 7 March 2013. The report of the auditors on that financial information was unqualified.

Covered business

A detailed description of EEV covered business is provided in Note 4.17 – EEV methodology.

No allowance has been made for the change in reserving or required capital bases anticipated under Solvency 2. This approach is in accordance with the Revised Interim Transitional Guidance for Embedded Value Reporting issued by the CFO Forum in September 2012.

Segmentation

In June 2012, changes were announced in the way the Group manages its business. Domestic business in Germany and Ireland which was previously reported in the International segment, was combined with the UK segment to form UK and Europe. The remaining components of International formed the new Asia and Emerging Markets segment. Segmental disclosures provided in the Group's half year results for the six months ended 30 June 2012 were presented in the reportable segments applicable prior to the announcement in June 2012 as the Group had been managed on that basis during the reporting period. The segmental disclosures provided in the Annual Report and Accounts for the year ended 31 December 2012 were presented on a basis incorporating the announcement in June 2012.

In February 2013, further changes were made. The offshore bond business in Ireland which was previously reported in Asia and Emerging Markets is now managed and reported as part of UK and Europe. Additionally, due to changes in the way the Group's segments are managed, some overhead costs which were previously reported in Other within non-covered business are now reported within Group corporate centre costs in non-covered business.

The IFRS reportable segments have been changed for the period ended 30 June 2013, as explained in IFRS condensed consolidated financial information Note 3.2(b) – Reportable segments – Group operating profit, revenue and asset information. EEV reporting segments have been amended and reflect the new IFRS reportable segments. Comparative amounts for 30 June 2012 and 31 December 2012 have been prepared on the new basis to allow more meaningful comparison.

Acquisition

On 27 February 2013, the Group announced that it had entered into an agreement with Newton Management Limited to acquire its private client division with assets under management of £3.6bn. The consideration of up to £83.5m will be ultimately contingent on the value of assets under management transferred to, and retained by, the Group. The transaction is expected to complete on 27 September 2013 subject to completion conditions being satisfied.

4.1 Basis of preparation *continued*

Amendment to IAS 19 *Employee benefits*

As described in Note 3.1 – Accounting policies (a) Basis of preparation within the IFRS condensed consolidated financial information, the amendment to IAS 19 *Employee Benefits* which is effective for accounting periods beginning on or after 1 January 2013 has impacted the IFRS accounting for the Group's defined benefit pension schemes. In accordance with our EEV Methodology, the Group's pension schemes are accounted for within the EEV results using their IFRS values. The main impact on the Group's IFRS condensed consolidated financial information of the amendment to IAS 19 is that the expected returns on plan assets and the unwind of the discount rate on the defined benefit obligation are no longer separately recognised in profit or loss. Instead, interest on the net defined benefit asset or liability is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset. Additionally, the amended standard no longer permits entities to defer past service costs. Past service costs must be recognised immediately in profit or loss. The amendment has been applied retrospectively and prior period comparatives have therefore been restated. Within the EEV Income Statement for the 12 months ended 31 December 2012, EEV operating profit has reduced by £33m (six months ended 30 June 2012: £16m), Other Comprehensive Income for the 12 months ended 31 December 2012 has increased by £33m (six months ended 30 June 2012: £16m) and EEV net assets as at 31 December 2012 have increased by £4m (30 June 2012: £4m).

Impact of UK budget changes announced on 20 March 2013

The Finance Act 2013, which was enacted on 17 July 2013, reduced the UK corporation tax rate to 20% with effect from 1 April 2015. This reduced rate has been used as our best estimate assumption for UK corporation tax as at 30 June 2013.

4.2 Segmental analysis – covered business

(a) Segmental EEV income statement

This Note provides an analysis of EEV covered business as defined in Note 4.17 – EEV methodology.

6 months 2013	Notes	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Contribution from new business	4.3	161	18	22	**201**
Contribution from in-force business:					
Expected return on existing business		119	78	10	**207**
Experience variances	4.4	19	26	(8)	**37**
Operating assumption changes	4.5	4	20	-	**24**
Development expenses		(11)	(6)	(10)	**(27)**
Expected return on free surplus		(5)	8	1	**4**
EEV operating profit before tax		**287**	**144**	**15**	**446**
Investment return and tax variances		(21)	14	(5)	**(12)**
Effect of economic assumption changes		332	(43)	-	**289**
Restructuring costs		(25)	(1)	-	**(26)**
EEV profit before tax		**573**	**114**	**10**	**697**
EEV attributed tax		(115)	(27)	(1)	**(143)**
EEV profit after tax		**458**	**87**	**9**	**554**

An analysis of EEV profit after tax by territory is provided in Note 4.9 (c) – Analysis of covered business EEV net worth and PVIF movements (net of tax).

EEV operating profit before tax for covered business is calculated using the expected long-term investment return which is based on opening economic assumptions. Investment variances, the effect of economic assumption changes and other EEV non-operating items are excluded from EEV operating profit and are reported as part of total EEV profit.

The £23m higher contribution from new business primarily reflects a £24m increase from UK and Europe. The overall PVNBP margin was 1.6% (30 June: 2012: 1.8%), with reduced margins in UK and Europe and Canada partly offset by increased margins in Asia and Emerging Markets.

The expected return on existing business of £207m is £5m higher than for the six months to 30 June 2012.

Details of experience variances and operating assumption changes are provided in Note 4.4 – Experience variances and Note 4.5 – Operating assumption changes.

Development costs of £27m were £3m lower than the prior period. The £3m increase in Asia and Emerging Market development costs includes £2m of increased investment spend to expand our operations into new markets.

The £4m expected return on free surplus reflects the relatively low expected returns currently available on cash assets within free surplus. The figure is net of interest payments on subordinated debt liabilities.

Investment return and tax variances generated a loss of £12m, whilst the effect of economic assumption changes was an overall gain of £289m. Within the changes to economic assumptions, the impact of changes to the long term corporation tax rate in the UK was a profit of £125m, refer to Note 4.1 – Basis of preparation. Increased risk free rates were the main driver for both a loss of £357m from higher risk discount rates, which is explained in Note 4.13 – Principal economic assumptions – deterministic calculations – covered business, and for a profit of £512m from the use of higher future assumed investment returns.

Restructuring costs of £26m primarily represent the covered business costs associated with a number of business unit restructuring programmes and Solvency 2.

6 months 2012 (restated)[1]	**Notes**	**UK and Europe £m**	**Canada £m**	**Asia and Emerging Markets £m**	**Total £m**
Contribution from new business	4.3	137	26	15	**178**
Contribution from in-force business:					
Expected return on existing business		113	80	9	**202**
Experience variances	4.4	115	110	(9)	**216**
Operating assumption changes	4.5	-	-	-	**-**
Development expenses		(15)	(8)	(7)	**(30)**
Expected return on free surplus		(4)	2	-	**(2)**
EEV operating profit before tax		**346**	**210**	**8**	**564**
Investment return and tax variances		157	(2)	6	**161**
Effect of economic assumption changes		(17)	146	7	**136**
Restructuring costs		(36)	(1)	-	**(37)**
EEV profit before tax		**450**	**353**	**21**	**824**
EEV attributed tax		(104)	(88)	(3)	(195)
EEV profit after tax		**346**	**265**	**18**	**629**

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Full year 2012 (restated)[1]	**Notes**	**UK and Europe £m**	**Canada £m**	**Asia and Emerging Markets £m**	**Total £m**
Contribution from new business	4.3	267	45	27	**339**
Contribution from in-force business:					
Expected return on existing business		223	155	17	**395**
Experience variances	4.4	285	293	(10)	**568**
Operating assumption changes	4.5	56	(164)	(7)	**(115)**
Development expenses		(29)	(16)	(18)	**(63)**
Expected return on free surplus		1	2	1	**4**
EEV operating profit before tax		**803**	**315**	**10**	**1,128**
Investment return and tax variances		359	128	11	**498**
Effect of economic assumption changes		(235)	118	11	**(106)**
Restructuring costs		(101)	(2)	-	**(103)**
EEV profit before tax		**826**	**559**	**32**	**1,417**
EEV attributed tax		(189)	(135)	(4)	**(328)**
EEV profit after tax		**637**	**424**	**28**	**1,089**

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

4.2 Segmental analysis – covered business *continued*

(b) Segmental analysis of movements in EEV

6 months 2013	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Opening covered business EEV	**4,103**	**2,317**	**297**	**6,717**
EEV profit after tax	**458**	**87**	**9**	**554**
Internal capital transfers	(275)	(159)	35	**(399)**
Transfer back of surplus to Standard Life Investments	(35)	(1)	-	**(36)**
Transfer back of mutual funds net worth	(5)	(3)	-	**(8)**
Actuarial gains on defined benefit pension schemes	-	29	-	**29**
Foreign exchange differences	31	27	9	**67**
Aggregate tax effect of items not recognised in income statement	-	(8)	-	**(8)**
Other	(1)	1	-	**-**
Total other movements	**(285)**	**(114)**	**44**	**(355)**
Closing covered business EEV	**4,276**	**2,290**	**350**	**6,916**

6 months 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Opening covered business EEV	**3,818**	**1,716**	**257**	**5,791**
EEV profit after tax	**346**	**265**	**18**	**629**
Internal capital transfers	(172)	135	16	**(21)**
Transfer back of surplus to Standard Life Investments	(25)	-	-	**(25)**
Transfer back of mutual funds net worth	(1)	(1)	-	**(2)**
Actuarial losses on defined benefit pension schemes	-	(9)	-	**(9)**
Foreign exchange differences	(18)	(21)	(10)	**(49)**
Aggregate tax effect of items not recognised in income statement	-	4	-	**4**
Other	(3)	(1)	2	**(2)**
Total other movements	**(219)**	**107**	**8**	**(104)**
Closing covered business EEV	**3,945**	**2,088**	**283**	**6,316**

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Full year 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Opening covered business EEV	**3,818**	**1,716**	**257**	**5,791**
EEV profit after tax	**637**	**424**	**28**	**1,089**
Internal capital transfers	(247)	236	22	**11**
Transfer back of surplus to Standard Life Investments	(60)	(2)	-	**(62)**
Transfer back of mutual funds net worth	(3)	(3)	-	**(6)**
Actuarial losses on defined benefit pension schemes	(12)	(9)	-	**(21)**
Foreign exchange differences	(16)	(49)	(16)	**(81)**
Aggregate tax effect of items not recognised in income statement	-	4	-	**4**
Other	(14)	-	6	**(8)**
Total other movements	**(352)**	**177**	**12**	**(163)**
Closing covered business EEV	**4,103**	**2,317**	**297**	**6,717**

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

(c) Segmental analysis of opening and closing EEV

30 June 2013	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Analysis of EEV				
Free surplus	473	441	30	**944**
PVIF	3,494	1,351	228	**5,073**
Required capital	246	1,061	41	**1,348**
Cost of capital	(110)	(536)	(2)	**(648)**
Opening covered business EEV	**4,103**	**2,317**	**297**	**6,717**
Analysis of EEV				
Free surplus	297	377	50	**724**
PVIF	3,838	1,373	253	**5,464**
Required capital	250	1,037	49	**1,336**
Cost of capital	(109)	(497)	(2)	**(608)**
Closing covered business EEV	**4,276**	**2,290**	**350**	**6,916**

30 June 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Analysis of EEV				
Free surplus	739	(99)	15	**655**
PVIF	2,984	1,229	210	**4,423**
Required capital	203	1,059	34	**1,296**
Cost of capital	(108)	(473)	(2)	**(583)**
Opening covered business EEV	**3,818**	**1,716**	**257**	**5,791**
Analysis of EEV				
Free surplus	617	4	29	**650**
PVIF	3,211	1,439	218	**4,868**
Required capital	225	1,173	38	**1,436**
Cost of capital	(108)	(528)	(2)	**(638)**
Closing covered business EEV	**3,945**	**2,088**	**283**	**6,316**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

31 December 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Analysis of EEV				
Free surplus	739	(99)	15	**655**
PVIF	2,984	1,229	210	**4,423**
Required capital	203	1,059	34	**1,296**
Cost of capital	(108)	(473)	(2)	**(583)**
Opening covered business EEV	**3,818**	**1,716**	**257**	**5,791**
Analysis of EEV				
Free surplus	473	441	30	**944**
PVIF	3,494	1,351	228	**5,073**
Required capital	246	1,061	41	**1,348**
Cost of capital	(110)	(536)	(2)	**(648)**
Closing covered business EEV	**4,103**	**2,317**	**297**	**6,717**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

4.3 Analysis of new business contribution

The following table sets out the premium volumes and contribution from new business written by the life and related businesses, consistent with the definition of new business set out in Note 4.17 – EEV methodology.

New business contribution (NBC) and the present value of new business premium (PVNBP) margins are shown after the effect of required capital.

6 months 2013	Fee (F) – Spread/risk (S/R)	NBC £m	Single premiums £m	Annualised regular premiums £m	PVNBP £m	PVNBP multiplier[1]	PVNBP margin[2] %
Individual pensions	F	15	1,638	32	1,744	3.3	0.9
Savings and investments	F	15	1,256	13	1,363	8.2	1.1
Annuities	S/R	27	186	-	186	-	14.9
Protection	S/R	-	-	-	1	-	-
Retail		**57**	**3,080**	**45**	**3,294**	**4.8**	**1.8**
Corporate pensions	F	15	518	499	2,818	4.6	0.5
Institutional pensions	F	80	3,085	10	3,120	3.5	2.6
Corporate		**95**	**3,603**	**509**	**5,938**	**4.6**	**1.6**
UK		**152**	**6,683**	**554**	**9,232**	**4.6**	**1.7**
Europe		**9**	**775**	**18**	**970**	**10.8**	**0.9**
UK and Europe		**161**	**7,458**	**572**	**10,202**	**4.8**	**1.6**
Fee	F	7	671	16	1,074	25.2	0.7
Spread/risk	S/R	11	121	20	454	16.7	2.4
Canada		**18**	**792**	**36**	**1,528**	**20.4**	**1.2**
Wholly owned	F	13	9	30	210	6.7	6.1
Joint ventures		9	44	54	281	4.4	3.0
Asia and Emerging Markets		**22**	**53**	**84**	**491**	**5.2**	**4.3**
Total covered business		**201**	**8,303**	**692**	**12,221**	**5.7**	**1.6**

1 The PVNBP multiplier is calculated as the total of PVNBP less single premiums, divided by annualised regular premiums.
2 PVNBP margins are calculated as the ratio of NBC to PVNBP and are based on the underlying unrounded numbers.

6 months 2012	Fee (F) – Spread/risk (S/R)	NBC £m	Single premiums £m	Annualised regular premiums £m	PVNBP £m	PVNBP multiplier[1]	PVNBP Margin[2] %
Individual pensions	F	10	1,735	45	1,895	3.6	0.6
Savings and investments	F	12	872	15	990	7.9	1.2
Annuities	S/R	36	200	-	200	-	17.8
Protection	S/R	-	-	-	1	-	-
Retail		**58**	**2,807**	**60**	**3,086**	**4.7**	**1.9**
Corporate pensions	F	30	566	320	1,995	4.5	1.5
Institutional pensions	F	38	1,953	-	1,953	-	2.0
Corporate		**68**	**2,519**	**320**	**3,948**	**4.5**	**1.7**
UK		**126**	**5,326**	**380**	**7,034**	**4.5**	**1.8**
Europe		**11**	**671**	**15**	**854**	**12.2**	**1.3**
UK and Europe		**137**	**5,997**	**395**	**7,888**	**4.8**	**1.7**
Fee	F	9	642	33	1,268	19.0	0.7
Spread/risk	S/R	17	103	26	512	15.7	3.3
Canada		**26**	**745**	**59**	**1,780**	**17.5**	**1.5**
Wholly owned	F	8	5	20	125	6.0	6.1
Joint ventures		7	49	52	284	4.5	2.5
Asia and Emerging Markets		**15**	**54**	**72**	**409**	**4.9**	**3.6**
Total covered business		**178**	**6,796**	**526**	**10,077**	**6.2**	**1.8**

1 The PVNBP multiplier is calculated as the total of PVNBP less single premiums, divided by annualised regular premiums.
2 PVNBP margins are calculated as the ratio of NBC to PVNBP and are based on the underlying unrounded numbers.

Full year 2012	Fee (F) – Spread/risk (S/R)	NBC £m	Single premiums £m	Annualised regular premiums £m	PVNBP £m	PVNBP multiplier[1]	PVNBP Margin[2] %
Individual pensions	F	5	3,085	78	3,347	3.4	0.1
Savings and investments	F	23	1,756	23	1,958	8.8	1.2
Annuities	S/R	71	462	-	462	-	15.3
Protection	S/R	-	-	-	1	-	-
Retail		**99**	**5,303**	**101**	**5,768**	**4.6**	**1.7**
Corporate pensions	F	51	892	535	3,397	4.7	1.5
Institutional pensions	F	99	3,896	2	3,897	0.5	2.5
Corporate		**150**	**4,788**	**537**	**7,294**	**4.7**	**2.1**
UK		**249**	**10,091**	**638**	**13,062**	**4.7**	**1.9**
Europe		**18**	**1,405**	**40**	**1,873**	**11.7**	**1.0**
UK and Europe		**267**	**11,496**	**678**	**14,935**	**5.1**	**1.8**
Fee	F	16	1,545	57	2,555	17.7	0.6
Spread/risk	S/R	29	208	52	1,029	15.8	2.8
Canada		**45**	**1,753**	**109**	**3,584**	**16.8**	**1.3**
Wholly owned	F	14	8	41	252	6.0	5.4
Joint ventures		13	76	104	522	4.3	2.6
Asia and Emerging Markets		**27**	**84**	**145**	**774**	**4.8**	**3.5**
Total covered business		**339**	**13,333**	**932**	**19,293**	**6.4**	**1.8**

1 The PVNBP multiplier is calculated as the total of PVNBP less single premiums, divided by annualised regular premiums.
2 PVNBP margins are calculated as the ratio of NBC to PVNBP and are based on the underlying unrounded numbers.

4.4 Experience variances

6 months 2013	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	(12)	-	(5)	**(17)**
Maintenance expenses	(1)	(5)	(2)	**(8)**
Mortality and morbidity	2	-	-	**2**
Tax	14	23	-	**37**
Other	16	8	(1)	**23**
Total	**19**	**26**	**(8)**	**37**

UK and Europe lapse variances include negative £14m from UK business, mainly due to the impact of transfers within our pension business and increased paid up activity.

Positive tax variances of £14m in UK and Europe and £23m in Canada include gains of £11m in Europe and £11m in Canada following the settlement of various prior year tax matters and adjustments to prior year tax provisions.

Other UK and Europe variances include £19m of gains in the UK. These include an £11m profit from management actions to reduce the impact of foreign currency exposure on actuarial reserves and a £14m profit from improved modelling of future management charges.

For the six months ended 30 June 2012, Canada other variances of £99m includes a gain of £112m from revised modelling of future cash flows, primarily for segregated fund business. UK and Europe other variances of £118m includes a £107m benefit to HWPF TVOG from asset strategy changes and improved modelling of German business.

4.4 Experience variances *continued*

For the 12 months ended 31 December 2012, the overall total of £546m of other variances includes £520m of gains from management actions. These consist of £96m in UK and Europe from a professional indemnity insurance claim; £119m variances in UK and Europe HWPF TVOG primarily from asset strategy changes and improved modelling of German business; £67m in UK and Europe from management actions that resulted in the use of higher investment returns for annuities; £90m in Canada from revised modelling of future cash flows, primarily for segregated fund business; and £148m in Canada from the sale of properties and a renegotiation of an existing reinsurance arrangement.

6 months 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	(8)	-	(7)	**(15)**
Maintenance expenses	(6)	9	-	**3**
Mortality and morbidity	5	-	1	**6**
Tax	6	2	-	**8**
Other	118	99	(3)	**214**
Total	**115**	**110**	**(9)**	**216**

1 The EEV comparative amounts have been restated to reflect changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Full year 2012 (restated)[1]	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	(6)	-	(9)	**(15)**
Maintenance expenses	(8)	11	1	**4**
Mortality and morbidity	(5)	-	1	**(4)**
Tax	14	23	-	**37**
Other	290	259	(3)	**546**
Total	**285**	**293**	**(10)**	**568**

1 The EEV comparative amounts have been restated to reflect changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

4.5 Operating assumption changes

6 months 2013	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	-	-	(5)	**(5)**
Maintenance expenses	-	-	4	**4**
Mortality and morbidity	-	-	-	**-**
Tax	-	-	(1)	**(1)**
Other	4	20	2	**26**
Total	**4**	**20**	**-**	**24**

In general, operating assumptions for the main classes of business, including most expense and other non-economic assumptions, are reviewed on an annual basis. The impact of this review will be reflected in the full year results. The main exception is India where the joint venture reviews assumptions as part of its 31 March year end. These assumption changes are reflected in the Group's EEV results as at 30 June 2013. Other assumption changes reflect EEV operating non-economic assumption changes not resulting from the annual review of operating assumptions.

The £20m other assumption changes in Canada includes £16m from an update of commission assumptions.

For the 12 months ended 31 December 2012, Canada lapse assumption losses of £53m arose from the impact of assuming higher surrenders within Group pension business, reflecting recent experience. The £50m gains from mortality assumption changes in Canada mainly arose from annuities. The adverse £139m other assumption changes in Canada include losses of £45m from the decision to impose a minimum inflation rate on expenses; £17m from a reduction in expected fee income from our existing group savings and retirement contracts; and £72m from assuming that we will earn lower fee income on the funds invested from future deposits.

6 months 2012	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	-	-	(1)	**(1)**
Maintenance expenses	-	-	1	**1**
Mortality and morbidity	-	-	-	**-**
Tax	-	-	-	**-**
Other	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

Full year 2012	UK and Europe £m	Canada £m	Asia and Emerging Markets £m	Total £m
Lapses	(3)	(53)	(7)	**(63)**
Maintenance expenses	23	(22)	-	**1**
Mortality and morbidity	7	50	1	**58**
Tax	-	-	-	**-**
Other	29	(139)	(1)	**(111)**
Total	**56**	**(164)**	**(7)**	**(115)**

4.6 Non-covered business

Non-covered business EEV operating profit is represented by operating profit[1] as adjusted for Standard Life Investments look through profits and the return on mutual funds which are recognised in covered business. Refer to Note 4.17 – EEV methodology.

(a) Segmental analysis – non-covered business

6 months 2013	UK and Europe £m	Standard Life Investments £m	Other including Group corporate centre £m	Total non-covered business £m
Opening EEV non-covered business net assets	**514**	**255**	**656**	**1,425**
EEV (loss)/profit after tax	-	34	(46)	**(12)**
Transfer back of net worth from covered business	5	36	3	**44**
Foreign exchange differences	-	-	-	**-**
Internal capital transfers	(2)	(42)	443	**399**
Distributions to equity holders	-	-	(532)	**(532)**
Other	102	2	-	**104**
Closing EEV non-covered business net assets	**619**	**285**	**524**	**1,428**

The transfer back of net worth from covered business represents the transfer of profits and losses in relation to Standard Life Investments, the UK mutual funds business (within UK and Europe non-covered, Standard Life Savings Limited) and the Canada mutual funds business (within Other including Group corporate centre non-covered), necessary to reconcile the opening and closing EEV net assets. For further detail refer to Note 4.17 – EEV methodology – Transfer back of net worth from covered business.

The £102m other movement in the UK and Europe EEV net assets mainly relates to the change in the UK non-covered pension scheme of positive £101m (six months ended 30 June 2012: negative £76m; 12 months ended 31 December 2012: negative £13m) and the associated deferred tax asset of £nil (six months ended 30 June 2012: positive £99m; 12 months ended 31 December 2012: positive £98m).

[1] Refer to 7 Glossary.

4.6 Non-covered business *continued*

(a) Segmental analysis – non-covered business *continued*

6 months 2012 (restated)[1]	UK and Europe £m	Standard Life Investments £m	Other including Group corporate centre £m	Total non-covered business £m
Opening EEV non-covered business net assets	**393**	**256**	**903**	**1,552**
EEV profit/(loss) after tax	24	24	(16)	**32**
Transfer back of net worth from covered business	1	25	1	**27**
Foreign exchange differences	-	(2)	(3)	**(5)**
Internal capital transfers	(2)	(49)	72	**21**
Distributions to equity holders	-	-	(216)	**(216)**
Other	24	1	17	**42**
Closing EEV non-covered business net assets	**440**	**255**	**758**	**1,453**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Full year 2012 (restated)[1]	UK and Europe £m	Standard Life Investments £m	Other including Group corporate centre £m	Total non-covered business £m
Opening EEV non-covered business net assets	**393**	**256**	**903**	**1,552**
EEV profit/(loss) after tax	27	43	(51)	**19**
Transfer back of net worth from covered business	3	62	3	**68**
Foreign exchange differences	-	(3)	(2)	**(5)**
Internal capital transfers	(2)	(106)	97	**(11)**
Distributions to equity holders	-	-	(331)	**(331)**
Other	93	3	37	**133**
Closing EEV non-covered business net assets	**514**	**255**	**656**	**1,425**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

(b) Standard Life Investments EEV operating profit before tax

Standard Life Investments non-covered business profits are included in EEV on a look through basis. This means that the profits from Standard Life Investments which are generated from life and pensions business are allocated to covered business. Therefore, the difference between third party non-covered business EEV operating profit before tax of £46m (30 June 2012: £34m; 31 December 2012: £62m) and operating profit for the Standard Life Investments business of £93m (30 June 2012: £68m; 31 December 2012: £145m) is the profit allocated to covered business.

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Standard Life Investments third party non-covered business EEV operating profit before tax	**46**	34	62
Third party related covered business EEV operating profit before tax	**33**	20	56
Total third party business EEV operating profit before tax	**79**	54	118
Other covered business EEV operating profit before tax	**14**	14	27
Standard Life Investments operating profit before tax	**93**	68	145

Total Standard Life Investments EEV operating profit allocated to covered business of £47m (30 June 2012: £34m; 31 December 2012: £83m) consists of third party related covered business EEV operating profit of £33m (30 June 2012: £20m; 31 December 2012: £56m) and other covered business EEV operating profit of £14m (30 June 2012: £14m; 31 December 2012: £27m).

Third party related covered business EEV operating profits relate to products actively marketed and sold to third parties through Standard Life Investments distribution channels. If these profits are added to the Standard Life Investments third party non-covered business EEV operating profits of £46m (30 June 2012: £34m; 31 December 2012: £62m) there are £79m (30 June 2012: £54m; 31 December 2012: £118m) of total third party related profits for Standard Life Investments.

The proportion of Standard Life Investments operating profit before tax generated from third parties reflects new business flows into higher margin third party products and outflows from captive products.

(c) Other EEV operating profit before tax

	6 months 2013 £m	6 months 2012 £m	Full year 2012 £m
Canada non-life subsidiaries	1	1	1
Mutual funds transferred to covered business	(4)	(3)	(6)
Canada non-life subsidiaries excluding transfers to covered business	(3)	(2)	(5)
Group centre interest and financing	(2)	11	17
Other	(5)	(2)	(4)
Other non-covered business EEV operating (loss)/profit before tax	(10)	7	8

Canada non-life subsidiaries are included within the Canada segment of the IFRS condensed consolidated financial information.

4.7 Movements in total EEV

(a) Analysis of profit and loss movements

	Covered						
6 months 2013	**UK and Europe £m**	**Canada £m**	**Asia and Emerging Markets £m**	**Total non-covered £m**	**Group elimination £m**	**Total £m**	**Pence per share p**
Opening EEV	**4,103**	**2,317**	**297**	**1,425**	**-**	**8,142**	**343**
New business contribution	161	18	22	-	-	**201**	
Contribution from in-force business	126	126	(7)	-	-	**245**	
Non-covered business	-	-	-	19	-	**19**	
EEV operating profit before tax	**287**	**144**	**15**	**19**	**-**	**465**	
Tax on EEV operating profit	(59)	(34)	(1)	(18)	-	**(112)**	
EEV operating profit/(loss) after tax	**228**	**110**	**14**	**1**	**-**	**353**	**15**
EEV non-operating profit/(loss) after tax	230	(23)	(5)	(13)	-	**189**	**8**
EEV profit/(loss) after tax	**458**	**87**	**9**	**(12)**	**-**	**542**	
Non-trading adjustments	(285)	(114)	44	15	-	**(340)**	
Closing EEV	**4,276**	**2,290**	**350**	**1,428**	**-**	**8,344**	**352**

	Covered						
6 months 2012 (restated)[1]	**UK and Europe £m**	**Canada £m**	**Asia and Emerging Markets £m**	**Total non-covered £m**	**Group elimination £m**	**Total £m**	**Pence per share p**
Opening EEV	3,818	1,716	257	1,552	89	7,432	316
New business contribution	137	26	15	-	-	**178**	
Contribution from in-force business	209	184	(7)	-	-	**386**	
Non-covered business	-	-	-	24	-	**24**	
EEV operating profit before tax	346	210	8	24	-	588	
Tax on EEV operating profit	(80)	(52)	(2)	15	-	**(119)**	
EEV operating profit after tax	266	158	6	39	-	469	20
EEV non-operating profit/(loss) after tax	80	107	12	(7)	(52)	**140**	**6**
EEV profit/(loss) after tax	346	265	18	32	(52)	609	
Non-trading adjustments	(219)	107	8	(131)	-	**(235)**	
Closing EEV	3,945	2,088	283	1,453	37	7,806	332

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

4.7 Movements in total EEV *continued*

(a) Analysis of profit and loss movements *continued*

Full year 2012 (restated)[1]	Covered: UK and Europe £m	Covered: Canada £m	Covered: Asia and Emerging Markets £m	Total non-covered £m	Group elimination £m	Total £m	Pence per share p
Opening EEV	**3,818**	**1,716**	**257**	**1,552**	**89**	**7,432**	**316**
New business contribution	267	45	27	-	-	**339**	
Contribution from in-force business	536	270	(17)	-	-	**789**	
Non-covered business	-	-	-	30	(75)	**(45)**	
EEV operating profit/(loss) before tax	**803**	**315**	**10**	**30**	**(75)**	**1,083**	
Tax on EEV operating profit	(187)	(76)	(1)	6	18	**(240)**	
EEV operating profit/(loss) after tax	**616**	**239**	**9**	**36**	**(57)**	**843**	**36**
EEV non-operating profit/(loss) after tax	21	185	19	(17)	(32)	**176**	**7**
EEV profit/(loss) after tax	**637**	**424**	**28**	**19**	**(89)**	**1,019**	
Non-trading adjustments	(352)	177	12	(146)	-	**(309)**	
Closing EEV	**4,103**	**2,317**	**297**	**1,425**	**-**	**8,142**	**343**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

(b) Analysis of non-trading adjustments

	6 months 2013 £m	6 months 2012 restated[1] £m	Full year 2012 restated[1] £m
Items included in other comprehensive income	**174**	(33)	(5)
Other items:			
Distributions to equity holders	**(532)**	(216)	(331)
Issue of share capital other than in cash	**2**	1	1
Shares acquired by employee trusts	**(2)**	(2)	(5)
Shares distributed by employee trusts	**(1)**	1	-
Reserves credit for employee share-based payment schemes	**17**	12	25
Aggregate tax effect of items recognised directly in equity	**2**	2	6
Total EEV non-trading adjustments	**(340)**	(235)	(309)

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

4.8 Reconciliation of EEV net assets to IFRS net assets and IGD regulatory capital resources

	30 June 2013 £m	30 June 2012 restated[1] £m	31 December 2012 restated[1] £m
Net assets on an EEV basis	**8,344**	7,806	8,142
Present value of in-force life and pensions business net of cost of capital	**(4,856)**	(4,230)	(4,425)
EEV net worth	**3,488**	3,576	3,717
Adjustment of long-term debt to market value	**67**	(57)	77
Canada marked to market adjustment	**-**	(19)	(19)
Sterling reserves	**57**	17	25
Valuation movement in available-for-sale assets backing investment contract liabilities	**(8)**	-	-
Deferred acquisition costs net of deferred income reserve	**412**	373	382
Deferred tax differences	**72**	98	129
Adjustment for share of joint ventures	**23**	21	22
Consolidation adjustment for different accounting bases[2]	**-**	(37)	-
Other	**23**	25	26
Net assets attributable to equity holders on an IFRS basis	**4,134**	3,997	4,359
Valuation adjustments for IGD	**(1,194)**	(869)	(1,034)
External subordinated liabilities	**1,888**	1,122	1,868
Capital in long-term business funds	**3,254**	2,923	2,796
IGD regulatory capital resources[3]	**8,082**	7,173	7,989

1 The comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 This adjustment reflects the removal of accounting differences for the Canada subordinated liability as explained in Note 4.17 – EEV methodology.
3 30 June 2013 and 30 June 2012 based on estimated regulatory returns. 31 December 2012 based on final regulatory returns.

Reconciling items are shown net of tax where appropriate.

4.9 Group EEV capital and cash generation

(a) Analysis of Group EEV capital and cash generation

6 months 2013	Notes	Free surplus movement £m	Required capital movement £m	EEV net worth movement £m
Capital and cash generation from existing business		328	3	331
New business strain		(189)	58	(131)
Other covered business operating capital and cash generation		41	(11)	30
Covered business operating capital and cash generation	4.9(c)	**180**	**50**	**230**
Non-covered business operating capital and cash generation		1	-	1
EEV operating capital and cash generation	4.9(b)	**181**	**50**	**231**
Non-operating capital and cash generation:				
Covered business		14	(79)	(65)
Non-covered business		(13)	-	(13)
EEV non-operating capital and cash generation		**1**	**(79)**	**(78)**
Total EEV capital and cash generation		**182**	**(29)**	**153**

4.9 Group EEV capital and cash generation *continued*

(a) Analysis of Group EEV capital and cash generation *continued*

6 months 2012	Notes	Free surplus movement £m	Required capital movement £m	EEV net worth movement £m
Capital and cash generation from existing business		322	(13)	309
New business strain		(153)	46	(107)
Other covered business operating capital and cash generation		3	35	38
Covered business operating capital and cash generation	4.9(c)	**172**	**68**	**240**
Non-covered business operating capital and cash generation		39	-	39
EEV operating capital and cash generation	4.9(b)	**211**	**68**	**279**
Non-operating capital and cash generation				
Covered business		(120)	87	(33)
Non-covered business		(59)	-	(59)
EEV non-operating capital and cash generation		**(179)**	**87**	**(92)**
Total EEV capital and cash generation		**32**	**155**	**187**

Full year 2012	Notes	Free surplus movement £m	Required capital movement £m	EEV net worth movement £m
Capital and cash generation from existing business		636	(23)	613
New business strain		(325)	109	(216)
Other covered business operating capital and cash generation		389	(64)	325
Covered business operating capital and cash generation		**700**	**22**	**722**
Non-covered business operating capital and cash generation		(21)	-	(21)
EEV operating capital and cash generation	4.9(b)	**679**	**22**	**701**
Non-operating capital and cash generation				
Covered business		(320)	57	(263)
Non-covered business		(49)	-	(49)
EEV non-operating capital and cash generation		**(369)**	**57**	**(312)**
Total EEV capital and cash generation		**310**	**79**	**389**

(b) Reconciliation of operating profit to EEV operating capital and cash generation

6 months 2013	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Total £m
Operating profit/(loss) before tax	**182**	**93**	**59**	**(1)**	**(29)**	**304**
Tax on operating profit	(40)	(23)	(5)	-	(2)	**(70)**
Operating profit/(loss) after tax[1]	**142**	**70**	**54**	**(1)**	**(31)**	**234**
Impact of different treatment of assets and actuarial reserves	(31)	-	-	1	-	**(30)**
DAC and DIR[2], intangibles, tax and other	34	-	5	(12)	-	**27**
Look through to investment management	35	(36)	1	-	-	**-**
EEV operating capital and cash generation	**180**	**34**	**60**	**(12)**	**(31)**	**231**
EEV operating profit after tax – PVIF	52	-	47	23	-	**122**
EEV operating profit/(loss) after tax	**232**	**34**	**107**	**11**	**(31)**	**353**

1 Group operating profit after tax consists of: Group operating profit before tax of £304m, tax on operating profit of £66m and share of joint ventures' and associates' tax expense of £4m.
2 Deferred acquisition costs (DAC) and deferred income reserve (DIR).

6 months 2012 (restated)[1]	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Total £m
Operating profit/(loss) before tax	**152**	**68**	**71**	**3**	**(8)**	**286**
Tax on operating profit	30	(18)	(13)	2	2	**3**
Operating profit/(loss) after tax	**182**	**50**	**58**	**5**	**(6)**	**289**
Impact of different treatment of assets and actuarial reserves	(11)	-	5	(1)	-	**(7)**
DAC and DIR[2], intangibles, tax and other	1	-	6	(10)	-	**(3)**
Look through to investment management	25	(25)	-	-	-	**-**
EEV operating capital and cash generation	**197**	**25**	**69**	**(6)**	**(6)**	**279**
EEV operating profit after tax – PVIF	95	-	88	7	-	**190**
EEV operating profit/(loss) after tax	**292**	**25**	**157**	**1**	**(6)**	**469**

1 The comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 Deferred acquisition costs (DAC) and deferred income reserve (DIR).

Full year 2012 (restated)[1]	UK and Europe £m	Standard Life Investments £m	Canada £m	Asia and Emerging Markets £m	Other £m	Total £m
Operating profit/(loss) before tax	**393**	**145**	**353**	**3**	**(27)**	**867**
Tax on operating profit	(15)	(38)	(79)	-	(1)	**(133)**
Operating profit/(loss) after tax	**378**	**107**	**274**	**3**	**(28)**	**734**
Impact of different treatment of assets and actuarial reserves	(15)	-	-	(4)	-	**(19)**
DAC and DIR[2], intangibles, tax and other[3]	(5)	-	59	(11)	(57)	**(14)**
Look through to investment management	60	(62)	2	-	-	**-**
EEV operating capital and cash generation	**418**	**45**	**335**	**(12)**	**(85)**	**701**
EEV operating profit after tax – PVIF	229	-	(100)	13	-	**142**
EEV operating profit/(loss) after tax	**647**	**45**	**235**	**1**	**(85)**	**843**

1 The comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.
2 Deferred acquisition costs (DAC) and deferred income reserve (DIR).
3 The £59m DAC and DIR, intangibles, tax and other item in Canada includes £57m relating to the elimination of the consolidation adjustment for different accounting bases, following the redemption of inter-Group subordinated liabilities. There is an offsetting adjustment in Other.

4.9 Group EEV capital and cash generation *continued*

(c) Analysis of covered business EEV net worth and PVIF movements (net of tax)

Total

6 months 2013	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**944**	**1,348**	**2,292**	**4,425**	**6,717**
Contribution from new business		(189)	58	(131)	293	**162**
Contribution from in-force business:						
Expected return on existing business		-	18	18	145	**163**
Expected return transfer to net worth		326	(15)	311	(311)	**-**
Experience variances		61	(11)	50	(20)	**30**
Operating assumption changes		7	-	7	11	**18**
Development expenses		(27)	-	(27)	4	**(23)**
Expected return on free surplus		2	-	2	-	**2**
EEV operating profit after tax	4.9(a)	**180**	**50**	**230**	**122**	**352**
Investment return and tax variances		(113)	(40)	(153)	142	**(11)**
Effect of economic assumption changes		148	(39)	109	125	**234**
Restructuring costs		(21)	-	(21)	-	**(21)**
EEV profit/(loss) after tax	4.2(b)	**194**	**(29)**	**165**	**389**	**554**
Internal capital transfers		(399)	-	(399)	-	**(399)**
Transfer back of surplus to Standard Life Investments		(36)	-	(36)	-	**(36)**
Transfer back of mutual funds net worth		(8)	-	(8)	-	**(8)**
Actuarial gains on defined benefit pension schemes		29	-	29	-	**29**
Foreign exchange differences		9	17	26	41	**67**
Aggregate tax effect of items not recognised in income statement		(8)	-	(8)	-	**(8)**
Other		(1)	-	(1)	1	**-**
Closing EEV		**724**	**1,336**	**2,060**	**4,856**	**6,916**

6 months 2012 (restated)[1]	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**655**	**1,296**	**1,951**	**3,840**	**5,791**
Contribution from new business		(153)	46	(107)	247	**140**
Contribution from in-force business:						
Expected return on existing business		-	21	21	134	**155**
Expected return transfer to net worth		326	(34)	292	(292)	**-**
Experience variances		27	35	62	100	**162**
Operating assumption changes		(1)	-	(1)	1	**-**
Development expenses		(23)	-	(23)	-	**(23)**
Expected return on free surplus		(4)	-	(4)	-	**(4)**
EEV operating profit after tax	4.9(a)	**172**	**68**	**240**	**190**	**430**
Investment return and tax variances		(46)	43	(3)	128	**125**
Effect of economic assumption changes		(47)	44	(3)	105	**102**
Restructuring costs		(27)	-	(27)	(1)	**(28)**
EEV profit after tax	4.2(b)	**52**	**155**	**207**	**422**	**629**
Internal capital transfers		(21)	-	(21)	-	**(21)**
Transfer back of surplus to Standard Life Investments		(25)	-	(25)	-	**(25)**
Transfer back of mutual funds net worth		(2)	-	(2)	-	**(2)**
Actuarial losses on defined benefit pension schemes		(9)	-	(9)	-	**(9)**
Foreign exchange differences		(3)	(15)	(18)	(31)	**(49)**
Aggregate tax effect of items not recognised in income statement		4	-	4	-	**4**
Other		(1)	-	(1)	(1)	**(2)**
Closing EEV		**650**	**1,436**	**2,086**	**4,230**	**6,316**

[1] The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

UK and Europe

6 months 2013	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**473**	**246**	**719**	**3,384**	**4,103**
Contribution from new business		(103)	10	(93)	224	**131**
Contribution from in-force business:						
Expected return on existing business		-	2	2	93	**95**
Expected return transfer to net worth		234	-	234	(234)	**-**
Experience variances		46	2	48	(35)	**13**
Operating assumption changes		3	-	3	-	**3**
Development expenses		(13)	-	(13)	4	**(9)**
Expected return on free surplus		(5)	-	(5)	-	**(5)**
EEV operating profit after tax		**162**	**14**	**176**	**52**	**228**
Investment return and tax variances		(119)	(7)	(126)	109	**(17)**
Effect of economic assumption changes		114	(6)	108	159	**267**
Restructuring costs		(20)	-	(20)	-	**(20)**
EEV profit after tax		**137**	**1**	**138**	**320**	**458**
Other movements	4.2(b)	(313)	3	(310)	25	**(285)**
Closing EEV		**297**	**250**	**547**	**3,729**	**4,276**

4.9 Group EEV capital and cash generation *continued*
(c) Analysis of covered business EEV net worth and PVIF movements (net of tax) *continued*

6 months 2012	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**739**	**203**	**942**	**2,876**	**3,818**
Contribution from new business		(81)	12	(69)	177	**108**
Contribution from in-force business:						
Expected return on existing business		-	2	2	85	**87**
Expected return transfer to net worth		220	-	220	(220)	**-**
Experience variances		31	3	34	53	**87**
Development expenses		(11)	-	(11)	-	**(11)**
Expected return on free surplus		(5)	-	(5)	-	**(5)**
EEV operating profit after tax		**154**	**17**	**171**	**95**	**266**
Investment return and tax variances		10	2	12	109	**121**
Effect of economic assumption changes		(57)	4	(53)	39	**(14)**
Restructuring costs		(26)	-	(26)	(1)	**(27)**
EEV profit after tax		**81**	**23**	**104**	**242**	**346**
Other movements	4.2(b)	(203)	(1)	(204)	(15)	**(219)**
Closing EEV		**617**	**225**	**842**	**3,103**	**3,945**

Canada

6 months 2013	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**441**	**1,061**	**1,502**	**815**	**2,317**
Contribution from new business		(55)	44	(11)	24	**13**
Contribution from in-force business:						
Expected return on existing business		-	15	15	44	**59**
Expected return transfer to net worth		64	(15)	49	(49)	**-**
Experience variances		21	(15)	6	16	**22**
Operating assumption changes		3	-	3	12	**15**
Development expenses		(5)	-	(5)	-	**(5)**
Expected return on free surplus		6	-	6	-	**6**
EEV operating profit after tax		**34**	**29**	**63**	**47**	**110**
Investment return and tax variances		6	(33)	(27)	37	**10**
Effect of economic assumption changes		34	(33)	1	(33)	**(32)**
Restructuring costs		(1)	-	(1)	-	**(1)**
EEV profit/(loss) after tax		**73**	**(37)**	**36**	**51**	**87**
Other movements	4.2(b)	(137)	13	(124)	10	**(114)**
Closing EEV		**377**	**1,037**	**1,414**	**876**	**2,290**

6 months 2012 (restated)[1]	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**(99)**	**1,059**	**960**	**756**	**1,716**
Contribution from new business		(42)	27	(15)	35	**20**
Contribution from in-force business:						
Expected return on existing business		-	18	18	42	**60**
Expected return transfer to net worth		75	(34)	41	(41)	**-**
Experience variances		(3)	34	31	52	**83**
Development expenses		(6)	-	(6)	-	**(6)**
Expected return on free surplus		1	-	1	-	**1**
EEV operating profit after tax		**25**	**45**	**70**	**88**	**158**
Investment return and tax variances		(59)	41	(18)	16	**(2)**
Effect of economic assumption changes		9	40	49	61	**110**
Restructuring costs		(1)	-	(1)	-	**(1)**
EEV profit/(loss) after tax		**(26)**	**126**	**100**	**165**	**265**
Other movements	4.2(b)	129	(12)	117	(10)	**107**
Closing EEV		**4**	**1,173**	**1,177**	**911**	**2,088**

1 The EEV comparative amounts have been restated to reflect retrospective application of changes to IAS 19 *Employee benefits*. Refer to Note 4.1 – Basis of preparation.

Asia and Emerging Markets

6 months 2013	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**30**	**41**	**71**	**226**	**297**
Contribution from new business		(31)	4	(27)	45	**18**
Contribution from in-force business:						
Expected return on existing business		-	1	1	8	**9**
Expected return transfer to net worth		28	-	28	(28)	**-**
Experience variances		(6)	2	(4)	(1)	**(5)**
Operating assumption changes		1	-	1	(1)	**-**
Development expenses		(9)	-	(9)	-	**(9)**
Expected return on free surplus		1	-	1	-	**1**
EEV operating profit/(loss) after tax		**(16)**	**7**	**(9)**	**23**	**14**
Investment return and tax variances		-	-	-	(4)	**(4)**
Effect of economic assumption changes		-	-	-	(1)	**(1)**
EEV profit/(loss) after tax		**(16)**	**7**	**(9)**	**18**	**9**
Other movements	4.2(b)	36	1	37	7	**44**
Closing EEV		**50**	**49**	**99**	**251**	**350**

4.9 Group EEV capital and cash generation *continued*

(c) Analysis of covered business EEV net worth and PVIF movements (net of tax) *continued*

6 months 2012	Notes	Free surplus £m	Required capital £m	Net worth £m	PVIF net of cost of capital £m	Total £m
Opening EEV		**15**	**34**	**49**	**208**	**257**
Contribution from new business		(30)	7	(23)	35	**12**
Contribution from in-force business:						
Expected return on existing business		-	1	1	7	**8**
Expected return transfer to net worth		31	-	31	(31)	**-**
Experience variances		(1)	(2)	(3)	(5)	**(8)**
Operating assumption changes		(1)	-	(1)	1	**-**
Development expenses		(6)	-	(6)	-	**(6)**
EEV operating profit/(loss) after tax		**(7)**	**6**	**(1)**	**7**	**6**
Investment return and tax variances		3	-	3	3	**6**
Effect of economic assumption changes		1	-	1	5	**6**
EEV profit/(loss) after tax		**(3)**	**6**	**3**	**15**	**18**
Other movements	4.2(b)	17	(2)	15	(7)	**8**
Closing EEV		**29**	**38**	**67**	**216**	**283**

4.10 Time value of options and guarantees (TVOG)

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
UK and Europe	**(96)**	(167)	(156)
Canada	**(49)**	(73)	(58)
Asia and Emerging Markets	**(7)**	(11)	(7)
Total	**(152)**	(251)	(221)

The UK and Europe TVOG reflects the value of shareholder exposure to with profit policyholder guarantees. The total comprises £79m for guarantees in the HWPF and £17m for guarantees in the German With Profits Fund (GWPF). The value of this exposure has reduced by £60m during the six months ended 30 June 2013. This arose from a post-tax operating loss of £9m, consisting of a loss of £5m from revised modelling and a £4m loss from new business, along with a post-tax non-operating profit of £69m which largely reflects favourable assumption changes, particularly from the impact of increased risk free yields.

4.11 Market value of subordinated liabilities within covered business

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
UK and Europe	**(1,213)**	(1,052)	(1,207)
Canada	**(258)**	(286)	(260)
Total	**(1,471)**	(1,338)	(1,467)

Subordinated liabilities within EEV covered business are based on the market value of the debt. The free surplus shown in Note 4.2 – Segmental analysis – Covered business (c) Segmental analysis of opening and closing EEV is net of these liabilities.

UK and Europe subordinated liabilities include Euro denominated subordinated guaranteed bonds.

The impact of market value fluctuations in subordinated liabilities within covered business is reflected in non-operating profit as shown in Note 4.2(a) – Segmental EEV income statement.

4.12 PVIF monetisation profile

The following tables show the PVIF emergence on a discounted and undiscounted basis along with a reconciliation to the total closing PVIF and the PVIF net of cost of capital impact from new business.

(a) PVIF emergence

In-force business

30 June 2013	PVIF £m	Cash emerging during years (£m) 1-5	6-10	11-15	16-20	20+
UK and Europe	6,431	1,990	1,472	1,037	700	1,232
Canada	4,625	541	520	471	443	2,650
Asia and Emerging Markets	364	171	91	52	32	18
Total undiscounted	**11,420**	**2,702**	**2,083**	**1,560**	**1,175**	**3,900**
Total discounted	**5,616**	**2,358**	**1,377**	**786**	**449**	**646**

New business

30 June 2013	PVIF £m	Cash emerging during years (£m) 1-5	6-10	11-15	16-20	20+
UK and Europe	340	106	79	58	40	57
Canada	135	10	16	14	12	83
Asia and Emerging Markets	64	31	15	7	6	5
Total undiscounted	**539**	**147**	**110**	**79**	**58**	**145**
Total discounted	**324**	**136**	**79**	**46**	**28**	**35**

(b) Reconciliation to closing PVIF

In-force business

30 June 2013	Reconciliation of discounted PVIF: PVIF £m	TVOG £m	Total £m
UK and Europe	3,934	(96)	**3,838**
Canada	1,422	(49)	**1,373**
Asia and Emerging Markets	260	(7)	**253**
Total	**5,616**	**(152)**	**5,464**

See also Note 4.2(c) – Segmental analysis – covered business – Segmental analysis of opening and closing EEV, and Note 4.10 – Time value of options and guarantees (TVOG).

4.12 PVIF monetisation profile *continued*

(b) Reconciliation to closing PVIF *continued*

New business	Reconciliation of discounted PVIF			
30 June 2013	PVIF £m	Cost of capital £m	TVOG £m	Total £m
UK and Europe	233	(5)	(4)	**224**
Canada	45	(10)	(11)	**24**
Asia and Emerging Markets	46	-	(1)	**45**
Total	**324**	**(15)**	**(16)**	**293**

See also Note 4.9(c) – Analysis of covered business EEV net worth and PVIF movements (net of tax).

As outlined in Note 4.1 – Basis of preparation, the Group's EEV results do not include any allowance for changes to the reserving or required capital bases anticipated under future reporting or regulatory regimes. The PVIF monetisation profile therefore excludes changes anticipated under Solvency 2.

4.13 Principal economic assumptions – deterministic calculations – covered business

(a) Gross investment returns and expense inflation

30 June 2013	UK HWPF/PBF[1] %	Europe HWPF/PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Gross investment returns					
Risk free	2.42	1.73	2.42	2.83	1.65
Corporate bonds	3.00[3]	n/a	n/a	[4]	2.44
Equities	5.42	4.73	5.42	8.60	4.65
Property	4.42	3.73	4.42	8.60	n/a
Other					
Expense inflation:	3.64		3.64	1.50[5]	2.50
Germany		1.59			
Ireland		2.56			

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.

2 SLIL denotes Standard Life International Limited.

3 Excludes corporate bond returns on annuities. For annuities in UK equity holder owned funds, the overall investment return, after allowing for assumed defaults, is 4.19% for annuities that are level or subject to fixed escalations and 3.44% for annuities where escalations are linked to a price index.

4 With the exception of AFS assets used to back investment contract liabilities at amortised cost, current holdings are assumed to yield in future years the earned rate for the year preceding the valuation and future reinvestments are assumed to be in a mixture of government and corporate bonds. For AFS assets used to back investment contract liabilities at amortised cost, yields are calculated at acquisition and subsequent changes are ignored.

5 1.50% in 2013. The rate in subsequent years is based on a moving 30-year bond yield less a 2% deduction, with a floor of 1.50%.

30 June 2012	UK HWPF/PBF[1] %	Europe HWPF/PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Gross investment returns					
Risk free	1.71	1.58	1.71	1.99	0.92
Corporate bonds	2.57[3]	n/a	n/a	[4]	3.23
Equities	4.71	4.58	4.71	8.60	3.92
Property	3.71	3.58	3.71	8.60	n/a
Other					
Expense inflation:	3.12		3.12	0.00[5]	2.50
Germany		1.64			
Ireland		2.53			

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 Excludes corporate bond returns on annuities. For annuities in UK equity holder owned funds, the overall investment return, after allowing for assumed defaults, is 3.96% for annuities that are level or subject to fixed escalations and 2.48% for annuities where escalations are linked to a price index.
4 Current holdings are assumed to yield in future years the earned rate for the year preceding the valuation. Future reinvestments are assumed to be in a mixture of government and corporate bonds.
5 0.00% in 2012. The rate in subsequent years is based on a moving 30-year bond yield less a 3% deduction.

31 December 2012	UK HWPF/PBF[1] %	Europe HWPF/PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Gross investment returns					
Risk free	1.74	1.32	1.74	2.32	0.91
Corporate bonds	2.34[3]	n/a	n/a	[4]	1.66
Equities	4.74	4.32	4.74	8.60	3.91
Property	3.74	3.32	3.74	8.60	n/a
Other					
Expense inflation:	3.39		3.39	1.50[5]	2.50
Germany		1.87			
Ireland		2.84			

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 Excludes corporate bond returns on annuities. For annuities in UK equity holder owned funds, the overall investment return, after allowing for assumed defaults, is 3.81% for annuities that are level or subject to fixed escalations and 3.06% for annuities where escalations are linked to a price index.
4 With the exception of AFS assets used to back investment contract liabilities at amortised cost, current holdings are assumed to yield in future years the earned rate for the year preceding the valuation and future reinvestments are assumed to be in a mixture of government and corporate bonds. For AFS assets used to back investment contract liabilities at amortised cost, yields are calculated at acquisition and subsequent changes are ignored.
5 1.50% in 2013. The rate in subsequent years is based on a moving 30-year bond yield less a 2% deduction, with a floor of 1.50%.

(b) Risk discount rates – in-force business

30 June 2013	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – in-force business							
Risk free	2.42	2.42	1.73	1.73	2.42	2.83	1.65
Risk margin	4.50	2.30	2.50	1.30	2.20	3.60	2.90
Risk discount rate[3]	**6.92**	**4.72**	**4.23**	**3.03**	**4.62**	**6.43**	**4.55**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 Using the value of in-force business as weights, the average risk discount rates for UK and Europe were 5.65% and 3.47% respectively.

4.13 Principal economic assumptions – deterministic calculations – covered business *continued*

(b) Risk discount rates – in-force business *continued*

30 June 2012	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – in-force business							
Risk free	1.71	1.71	1.58	1.58	1.71	1.99	0.92
Risk margin	4.50	2.50	2.00	1.40	2.10	4.40	3.10
Risk discount rate[3]	**6.21**	**4.21**	**3.58**	**2.98**	**3.81**	**6.39**	**4.02**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 Using the value of in-force business as weights, the average risk discount rates for UK and Europe were 5.19% and 3.29% respectively.

31 December 2012	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – in-force business							
Risk free	1.74	1.74	1.32	1.32	1.74	2.32	0.91
Risk margin	4.50	2.30	2.50	1.30	2.40	3.90	2.90
Risk discount rate[3]	**6.24**	**4.04**	**3.82**	**2.62**	**4.14**	**6.22**	**3.81**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 Using the value of in-force business as weights, the average risk discount rates for UK and Europe were 5.03% and 3.09% respectively.

Risk margins have been updated at 30 June 2013 to reflect the impact of market movements. Allowances for non-market risk are unchanged from those used at 31 December 2012, these are reviewed once a year and any changes will be reflected in the 2013 full year results.

The impact of the other changes in risk discount rates has been included in the effect of economic assumption changes shown in Note 4.2(a) – Segmental analysis – covered business – segmented EEV income statement. The amounts within these totals that relate to the changes in risk discount rate are for UK and Europe: loss £278m, for Canada: loss £77m, for Asia and Emerging Markets: loss £2m.

(c) Risk discount rates – new business

6 months 2013	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – new business							
Risk free[3]	1.74	1.74	1.32	1.32	1.74	2.32	0.91
Risk margin	2.50	2.60	3.30	1.50	2.10	2.70	2.90
Risk discount rate[4]	**4.24**	**4.34**	**4.62**	**2.82**	**3.84**	**5.02**	**3.81**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 As the new business contribution is calculated using start of period economic assumptions, the risk free rates shown here represent market yields at 31 December 2012.
4 Using the value of in-force for new business as weights, the average risk discount rates for UK and Europe were 4.33% and 2.83% respectively.

6 months 2012	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – new business							
Risk free[3]	1.93	1.93	1.83	1.83	1.93	2.17	1.09
Risk margin	3.10	2.80	3.30	2.20	2.20	2.50	3.10
Risk discount rate[4]	**5.03**	**4.73**	**5.13**	**4.03**	**4.13**	**4.67**	**4.19**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 As the new business contribution is calculated using start of period economic assumptions, the risk free rates shown here represent market yields at 31 December 2011.
4 Using the value of in-force for new business as weights, the average risk discount rates for UK and Europe were 4.76% and 4.06% respectively.

Full year 2012	UK HWPF %	UK PBF[1] %	Europe HWPF %	Europe PBF[1] %	SLIL[2] %	Canada %	Hong Kong %
Risk discount rates – new business							
Risk free[3]	1.93	1.93	1.83	1.83	1.93	2.17	1.09
Risk margin	2.50	2.60	3.30	1.70	2.10	2.70	2.90
Risk discount rate[4]	**4.43**	**4.53**	**5.13**	**3.53**	**4.03**	**4.87**	**3.99**

1 Proprietary Business Fund (PBF) denotes the equity holder owned fund in SLAL.
2 SLIL denotes Standard Life International Limited.
3 As the new business contribution is calculated using start of period economic assumptions, the risk free rates shown here represent market yields at 31 December 2011.
4 Using the value of in-force for new business as weights, the average risk discount rates for UK and Europe were 4.52% and 3.60% respectively.

(d) Asia and Emerging Markets – joint ventures

The PVIF and cost of required capital of the Asian joint ventures are calculated using a 'risk neutral' approach whereby projected investment returns and discount rates are based on risk free rates. The risk free rates used were:

	30 June 2013 %	30 June 2012 %	31 December 2012 %
India	**7.98**	8.30	8.41
China	**3.93**	3.93	3.93

As a result of this risk neutral approach there is no requirement to hold a market risk margin within the risk discount rate.

Non-market risk has been allowed for via a specific deduction to PVIF, based on a non-market risk 'cost of capital' approach. This has reduced the PVIF of the India and China JV businesses at 30 June 2013 by £27m (30 June 2012: £23m; 31 December 2012: £25m). Similarly, the 30 June 2013 pre-tax NBC has been reduced by £4m (30 June 2012: £3m; 31 December 2012: £6m) as an allowance for non-market risk.

4.14 Principal economic assumptions – stochastic calculations

The level of TVOG is generally calculated using a stochastic projection. This requires an economic scenario generator (ESG) which projects the relevant fund under a large number of different future economic scenarios. A detailed description of the methodology applied in the relevant funds is provided in Note 4.17 – EEV methodology.

Characteristics of ESG used for HWPF and GWPF TVOG calculations – UK and Europe

The ESG simulates future economic environments in a market-consistent manner. The outputs of the ESG include:

- Cash account index
- Gross redemption yield term structure
- Equity total return index
- Property total return index
- Gilt total return index
- Corporate bond total return index
- Equity dividend yields
- Property rental yields
- Price inflation
- Earnings inflation

The ESG allows option-pricing techniques to be used to value TVOG.

Parameters used in ESG

Cash and bond returns
These variables are calibrated using government strips.

Inflation
This variable is calibrated based on the relationship between real and nominal yield curves.

Equity returns
The volatility of equity returns is calibrated to the market prices of a range of FTSE 100 and Dow Jones Euro Stoxx options.

Property returns
As there is no liquid property option market, a best estimate of property return volatility is used. The property volatility is estimated from adjusted Investment Property Databank UK data.

Dividend and rental yields
Dividend yields are derived from current market observable yields (FTSE All Stocks for UK and Euro Stoxx 50 for Europe).

Rental yields are derived from rental income on our actual portfolio of property (with a three month lag).

Swaption-implied volatilities
The implied volatility is that required in order that the price of the option calculated via the Black Scholes Formula equals the market price of that option.

The model swaption-implied volatilities are set out in the following table (please note the different displayed Swap terms for UK and Euro):

UK Sterling	30 June 2013 Swap term (years)		30 June 2012 Swap term (years)		31 December 2012 Swap term (years)	
Option term (years)	10	15	10	15	10	15
10	18.1%	18.0%	17.6%	15.8%	17.1%	17.0%
15	16.1%	16.0%	16.5%	15.1%	15.3%	15.3%
20	14.6%	14.4%	15.0%	13.7%	14.1%	14.0%
25	13.5%	13.4%	13.7%	12.5%	13.1%	13.0%

Euro	30 June 2013 Swap term (years)		30 June 2012 Swap term (years)		31 December 2012 Swap term (years)	
Option term (years)	15	20	15	20	15	20
10	20.0%	19.7%	19.6%	19.0%	18.9%	18.7%
15	19.8%	19.2%	18.8%	17.9%	18.7%	18.1%
20	18.4%	17.5%	17.0%	16.0%	17.4%	16.5%
25	16.7%	n/a	15.8%	n/a	16.0%	n/a

Equity-implied volatilities
The implied volatility is that required in order that the price of the option calculated via the Black Scholes Formula equals the market price of that option.

The model equity-implied volatilities are set out in the following table:

UK equities Term (years)	30 June 2013	30 June 2012	31 December 2012
10	25.7%	27.2%	26.1%
15	26.2%	27.4%	26.4%
20	26.7%	27.9%	26.8%
25	27.6%	28.9%	27.7%

European equities Term (years)	30 June 2013	30 June 2012	31 December 2012
10	23.6%	25.5%	24.2%
15	23.5%	25.4%	24.1%
20	24.2%	26.1%	24.6%
25	24.6%	26.4%	24.8%

Property-implied volatilities
The implied volatilities have been set as best estimate levels of volatility based on historic data.

For the UK and Europe, the model is calibrated to property-implied volatility of 15% for 30 June 2013, 15% for 31 December 2012 and 15% for 30 June 2012.

Note 4.10 – Time value of options and guarantees (TVOG) also shows the value of TVOG in Canada and Asia and Emerging Markets, which are in addition to the UK and Europe TVOG. Where material, these values are also calculated using ESG similar to that used for the HWPF and GWPF TVOG calculations, although market observed data is not always available at all durations.

4.15 Foreign exchange

The principal exchange rates applied are:

Local currency: £	Closing 30 June 2013	Average to 30 June 2013	Closing 30 June 2012	Average to 30 June 2012	Closing 31 December 2012	Average to 31 December 2012
Canada	1.600	1.577	1.599	1.590	1.619	1.591
Europe	1.167	1.180	1.236	1.215	1.233	1.231
India	90.090	85.470	87.574	82.833	89.061	84.877
China	9.309	9.581	9.966	9.981	10.127	10.017
Hong Kong	11.765	12.009	12.166	12.259	12.599	12.331

4.16 Sensitivity analysis – economic and non-economic assumptions

The sensitivities specified by the EEV Principles and Guidance are reported in the year end results. These are not updated for half year reporting.

4.17 EEV methodology

Covered business

For the purposes of EEV reporting, a distinction is drawn between covered business to which EEV methodology is applied and non-covered business where results and balances are based on those determined under IFRS and included in the IFRS condensed consolidated financial information, unless otherwise stated.

The Group's covered business is its life assurance and pensions businesses in the UK and Europe (UK, Germany including Austria and Ireland), Canada and Asia and Emerging Markets (Hong Kong, Singapore, Dubai and the India and China JV businesses), as well as the current and future profits and losses from Standard Life Investments arising on its management of funds relating to the life and pensions businesses.

UK and Europe covered business also includes:

- Non-insured self invested personal pension (SIPP) business
- Those elements of Wrap business that are contained within a long-term product wrapper, i.e. bonds, SIPPs and mutual funds
- Mutual funds sold by the UK business
- The Group's Germany branch of Standard Life Assurance Limited (SLAL)
- The Group's Ireland branch of SLAL
- The Group's offshore bond business which is sold by Standard Life International Limited (SLIL)

4.17 EEV methodology *continued*

Canada covered business also includes mutual funds.

Asia and Emerging Markets covered business consists of:

- The Group's business in Hong Kong (Standard Life (Asia) Limited)
- International savings and investment business in Singapore and Dubai
- The Group's share of results in the JV in India, HDFC Standard Life Insurance Company Limited, at 26% for the six months ended 30 June 2013 (during the 12 months ended 31 December 2012: 26%)
- The Group's share of results in the JV in China, Heng An Standard Life Insurance Company Limited, at 50% for the six months ended 30 June 2013 (during the 12 months ended 31 December 2012: 50%)

Non-covered business

The Group's non-covered business predominantly consists of the third party business of Standard Life Investments, Standard Life plc, the non-covered business of Standard Life Savings Limited, other non-life and pensions entities and the Group's UK pension scheme.

Non-covered business EEV operating profit is represented by operating profit as adjusted for Standard Life Investments look through profits and the return on mutual funds which are recognised in covered business.

Segmentation

Under the EEV Principles and Guidance we are required to provide business classifications which are consistent with those used for the primary statements. In the IFRS condensed consolidated financial information the Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed, as required under IFRS 8 – *Operating segments*. The EEV segmentation has been prepared in a consistent manner, whilst also distinguishing between covered and non-covered business.

Transfer back of net worth from covered business

Covered business includes the profits and losses arising from non-covered businesses providing investment management and other services to the Group's life and pensions businesses. As a result, the profits and losses on an IFRS basis have been removed from the relevant non-covered segments (Standard Life Investments, UK and Europe non-covered and other non-covered) and are instead included within the EEV results of the covered businesses.

The capitalised values of the future profits and losses from such service companies are included in the opening and closing embedded value for the relevant businesses, but the net assets remain within the relevant non-covered businesses. A transfer of profits from the covered business to the non-covered business is deemed to occur in order to reconcile the profits and losses arising in the financial period within each segment with the opening and closing EEV net assets.

Value of in-force covered business

The value of future equity holders' cash flows is calculated for each material business unit on an after-tax basis, projected using best estimate future assumptions as described in the EEV methodology.

Allowance is made for external reinsurance and reinsurance within the Group. The cash flows include the profits and losses arising in Group companies providing investment management and other services where these relate to covered business. This is referred to as the 'look through' into service companies.

The projected cash flows are discounted to the valuation date using a risk discount rate which is intended to make sufficient allowance for the risks associated with the emergence of these cash flows, other than those risks allowed for elsewhere in the EEV calculations. In particular, a deduction is made from the present value of the best estimate cash flows to reflect the risks associated with the existence of financial options and guarantees, this deduction being assessed using stochastic techniques as described in the EEV methodology.

Free surplus

The free surplus is the market value of any assets allocated to, but not required to support, the in-force covered business at the valuation date. In the UK, this comprises the market value of the assets in the equity holders' fund, plus the value of the equity holders' interests in the surplus of the long-term fund, after appropriate allowance for tax, less the required capital supporting the covered business.

For some assets and liabilities where market value is not the normal basis for accounting, the free surplus is restated to market value, adjusted as required to allow for the present value of any tax which would become payable if the assets were realised.

Allowance for risk

Under the EEV Principles and Guidance, risks within the covered business are allowed for in the following ways:

- Application of risk discount rates to projected cash flows, which are derived by adding a risk margin to a risk free rate
- Holding of required capital for the covered business, determined by reference to both regulatory requirements and internal economic capital assessments
- Allowing for TVOG

Risk discount rates

Under the EEV methodology, a risk discount rate is required to calculate the present value of expected future distributable profits as a single value at a particular date. The risk discount rate comprises a risk free rate which reflects the time value of money and a risk margin allowing for the risk that experience in future years may differ from that assumed. In particular, a risk margin is added to allow for the risk that expected additional returns on certain asset classes are not achieved.

Risk discount rates have been determined as the risk free government bond yield plus a risk margin. The risk margins have been determined for market risk and non-market risk separately. For market risk, we have opted for an approach whereby the risk margin is determined such that PVIF (excluding the allowance for TVOG) calculated using expected 'real world' asset returns equates with PVIF calculated using 'risk neutral' investment returns and discount rates. In this way, the benefits of assuming higher than risk free returns on future cash flows are offset by using a higher discount rate. However, when returns above the risk free rate arise from the additional returns available from investing in illiquid assets, namely corporate bonds and mortgages, where they are matched to appropriate liabilities, these are not offset in determining the discount rate. Allowance has then been made for non-market risk by applying stress tests to PVIF using our internal capital model, and quantifying an additional risk margin based on the results of the stress tests.

The main elements of non-market risk which are stress tested are lapse, mortality, expense and credit risk assumptions. Benefits of diversification between risk types are allowed for in deriving the risk margins in line with our internal capital model.

Separate risk discount rates have been calculated for in-force and new business and for the principal geographic segments (UK, Germany, Ireland onshore, SLIL, Canada and Hong Kong). Within the UK and Europe, separate risk margins are calculated for profits emerging on policies inside the HWPF (regardless of whether these profits emerge directly from the HWPF or by inter-fund arrangements) and on policies that are in equity holder owned funds. For HWPF policies, there is a significant inter-fund arrangement in respect of mortality surpluses on annuities. The HWPF risk margin anticipates diversification benefits including the annuity mortality risk, since the overall capital structure also benefits from this diversification.

The risk margins are also reduced to allow for any cost of required capital (excluding double taxation cost) which is already reflected within the EEV.

Market risk margins are reviewed at each valuation date, allowing for changes in risk profile arising from movements in asset mix. Non-market risk margins are reviewed in detail once a year.

The values of the risk discount rates used for this reporting period are provided in Note 4.13 – Principal economic assumptions – deterministic calculations – covered business.

Within the EEV results for the India and China JV businesses, PVIF and cost of required capital are calculated using a 'risk neutral' approach, whereby projected investment returns and discount rates are based on risk free rates. As a result, there is no need for an additional market risk margin in the discount rate. Non-market risk is deducted directly from PVIF using a 'cost of capital' approach on the risk capital arising from the key sources of non-market risk. For the India and China JV businesses, this methodology would give a similar result to the methodology used in the UK, Europe, Canada and Hong Kong, since the calibration of a risk discount rate would have allowed for the market and non-market risks.

Required capital

Required capital represents the amount of assets over and above those required to back the liabilities in respect of the covered business whose distribution to equity holders is restricted. As a minimum, this will represent the capital requirement of the local regulator.

The levels of required capital are reviewed in detail at least once a year.

We have set required capital to be the higher of regulatory capital and our own internally assessed risk-based capital requirement. In determining the required capital for the purposes of assessing EEV, the Group excludes any capital which is provided by the existing surplus in the HWPF, as this capital is provided by policyholders. Any required capital in excess of that provided by the existing surplus in the HWPF would need to be provided by assets in the equity holders' funds. As part of the annual assessment, projections of the expected surplus in the HWPF, on best estimate assumptions, are carried out to assess whether this is sufficient to cover the level of required capital in respect of the HWPF. Required capital used in the EEV is also net of any capital that is assumed to be available from subordinated liabilities.

The levels of required capital in the current EEV calculations are therefore as follows:

- UK and Europe (business in HWPF) – no capital requirement in excess of statutory reserves or asset shares is valued in the EEV
- UK and Europe (business in equity holder owned funds) – 100% of EU minimum regulatory capital, which is higher in aggregate than Standard Life's internal risk-based capital requirement
- Canada – the level of required capital is taken as 170% of minimum continuing capital and surplus requirements (MCCSR)
- Asia and Emerging Markets – required capital is generally based on the local statutory capital requirements

The cost of required capital has been calculated using assumptions consistent with those used in the value of in-force (VIF) calculations.

4.17 EEV methodology *continued*

Time value of financial options and guarantees (TVOG)

TVOG represents the potential additional cost to equity holders where a financial option exists which affects policyholder benefits and is exercisable at the option of the policyholder.

UK and Europe – HWPF
The main source of TVOG in the Group EEV arises from the HWPF. Under the terms of the Scheme, equity holder cash flows from the HWPF are held back if required to cover HWPF liabilities on the Prudential Regulation Authority realistic or regulatory basis. This option for the UK, Germany and Ireland results in the loss of cash flows when the HWPF has insufficient assets to pay guaranteed policy benefits. The main options and guarantees within the HWPF in respect of UK and Europe business relate to with profits business and include minimum guaranteed rates of return.

The value of TVOG arising from the HWPF at any point in time will be sensitive to:

- The level of the residual estate (working capital in the HWPF)
- Investment conditions in terms of bond yields, equity and property values, and implied market volatility
- The investment profile of the assets backing the applicable policies, the residual estate and non profit business in the fund at the time TVOG is calculated

The level of TVOG has been calculated by a model which projects the HWPF under a large number of different future economic scenarios. Particular features of this calculation are:

- The projected economic scenarios and the methodology used to discount equity holder cash flows are based on market-consistent assumptions
- The total cost includes an allowance for non-market risk
- Changes in policyholder behaviour are allowed for according to the particular economic scenario
- Changes in management actions, including the dynamic guarantee deductions, are allowed for according to the particular economic scenario, such actions being expected to be consistent with the way that the HWPF will be managed in future as described in the Scheme and in the Principles and Practices of Financial Management (PPFM)
- Each projection allows for the gradual release of the residual estate over time to policyholders where there are sufficient funds

UK and Europe – other
Most with profits business written post demutualisation is managed in a number of new with profits funds. For the present reporting period, the only significant volumes of this type of new business have arisen in Germany. These policies have guarantees relating to benefits available on the policy maturity date, some of which increase each year with the addition of bonuses.

Equity holder assets are at risk if the resources of these with profits funds are insufficient to pay the guaranteed benefits. The level of TVOG has been calculated using stochastic techniques. TVOG has reduced both NBC and closing PVIF for Germany.

An adjustment is made within free surplus to allow for the potential cost of a selection of guaranteed annuity benefits on unit linked and smoothed-managed business within Germany.

Canada
The main options and guarantees within the Canada business are in respect of minimum investment returns, guaranteed maturity and death benefits, and vested bonuses, which apply to certain investment and insurance contracts. TVOG has reduced both NBC and closing PVIF for Canada.

Asia and Emerging Markets
TVOG in the Asia businesses within Asia and Emerging Markets arises from guarantees and options given to with profits business written in India and China.

Other economic assumptions

The assumed investment returns reflect our estimates of expected returns on principal asset classes and are, in general, based on market conditions at the date of calculation of the EEV.

The inflation rates assumed are, in general, based on the market implied long-term price inflation plus a margin to allow for salary inflation.

The Group's international savings and investment business, which is sold via branches in Singapore and Dubai, is included within Asia and Emerging Markets results but has the same other economic assumptions as the SLIL International bond business.

Details of the assumptions used for this reporting period are provided in Note 4.13 – Principal economic assumptions – deterministic calculations – covered business.

Non-economic assumption changes

Non-economic assumptions for the main classes of business, including most expense assumptions, are reviewed in full on an annual basis. Other non-economic assumption changes, not relating to the full annual review of non-economic assumptions, may be reflected in the half year results, for example non-economic assumption changes resulting from management action or modelling changes.

Expense assumptions

Expense assumptions on a per policy basis have been derived based on an analysis of management expenses performed by each business, and are split between acquisition and maintenance assumptions.

In determining future expenses in relation to covered business, no allowance has been made in the EEV or NBC for any allocation of Group corporate centre costs.

Development expenses represent specific expenses incurred which are considered temporary in nature and are not expected to occur again.

Costs related to restructuring have been excluded from the EEV results where it has been agreed that these costs are to be met by the HWPF and therefore would not form part of the surplus cash flows.

Investment management expenses are also allowed for, and the assumptions for these reflect the actual investment expenses of Standard Life Investments in providing investment management services to the life and pensions businesses rather than the investment fees actually charged.

Restructuring costs are consistent with those identified in the Group operating profit adjustments. Refer to the IFRS condensed consolidated financial information Note 3.3 – Administrative expenses for further detail. In addition, restructuring costs for covered business include associated impacts on PVIF and cost of required capital.

Acquisition costs used within the calculation of NBC reflect the full acquisition expenses incurred in writing new business in the period.

Expenses – pension schemes

Pension schemes have been included in accordance with International Accounting Standard (IAS) 19 *Employee Benefits* and IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements.*

Other non-economic experience assumptions

Assumptions are made in respect of future levels of mortality, morbidity, premium terminations, option take-up, surrenders and withdrawals. The assumptions reflect our best estimates of the likely future experience, and are based on recent experience and relevant industry data, where available.

Annuitant mortality assumptions use a combination of base mortality rates, which are generally set by reference to recent experience, and expected future changes in mortality. The latter uses company-specific considerations, along with data provided by the Continuous Mortality Investigation Bureau in the UK and the Canadian Institute of Actuaries in Canada.

Assumptions regarding option take-up, surrenders and withdrawals are assumed to vary, where appropriate, according to the investment scenario under consideration when deriving TVOG, to reflect our best estimate of how policyholder behaviour may vary in such circumstances.

New business

Definition of new business
New business includes new policies written during the period and some increments to existing policies.

For the UK, classification as new or existing business is determined using the approach used for the published new business figures as follows:

- New recurrent single premium business is classified as new regular premium business to the extent that it is deemed likely to renew
- Pensions vesting into annuity contracts under existing group defined benefits contracts are not included as new business
- Pensions vesting under other group contracts and individual pensions are included as new business
- Products substituted due to the exercise of standard contract terms are not deemed to be new business
- All increments and indexations to existing policies, including new members, and increments and indexations paid by existing members of group schemes, are deemed to be new business

For Germany, new business comprises new contracts written into the equity holder owned funds during the period (with the exception of vesting annuities for tax layer 1 deferred annuities sold before September 2009). NBC for Germany is calculated assuming a specific level of future premium indexation. Similarly, it is assumed that premiums on ‘low start’ policies increase at the end of the low start period.

For Ireland, new business is determined as follows:

- New contracts written during the period are included as new business
- New premiums on recurrent single premium contracts are included as new business
- Pensions vesting into annuity contracts under existing group defined benefits contracts are not included as new business
- Pensions vesting under other group contracts and individual pensions are included as new business
- All increments and indexations to existing policies, including new members, and increments and indexations paid by existing members of group schemes, are deemed to be new business

4.17 EEV methodology *continued*

For Canada, business is deemed to be new business if a contract has been issued during the reporting period. NBC also includes the value of renewal premiums for a new contract, where the renewal premiums are (i) contractual, (ii) non-contractual but reasonably predictable, or (iii) recurrent single premiums that are pre-defined and reasonably predictable.

The present value of future net income attributable to renewal premiums on existing group pension and savings contracts, including those from new members, is not included as new business. Since all deposits (new and renewal) in individual segregated funds business attract a new business/first year commission, this business is treated as new business for EEV purposes.

For the Asia businesses, new business is defined as that arising from the sale of new contracts during the reporting period. The value of new business includes the value of expected renewals on those new contracts.

New business contribution (NBC)
The contribution generated by new business written during the period is the present value of the projected stream of after-tax distributable profit from that business. NBC before tax is calculated by grossing up the contribution after tax at the full corporation tax rate for UK business and at other equivalent rates of tax for other countries. NBC is calculated as at the end of the reporting period.

The economic assumptions used are those at the start of the reporting period, and the non-economic assumptions are those at the end of the reporting period. An exception to this approach is annuity business in the UK and Ireland where, to ensure consistency between the economic assumptions used in NBC and those used in pricing the business and in the calculation of mathematical reserves, the economic assumptions used are the average rates for each quarter during the reporting period, and the asset allocations are those used in the pricing basis.

Present value of new business premiums (PVNBP)
New business sales are expressed as PVNBP. The PVNBP calculation is equal to total single premium sales received in the period plus the discounted value of regular premiums expected to be received over the term of the new contracts, and is expressed at the point of sale. The premium volumes and projection assumptions used to calculate the present value of regular premiums for each product are the same as those used to calculate NBC, except that PVNBP is discounted using the relevant opening risk free rate rather than the risk discount rate.

Tax

The opening and closing EEV numbers for covered business are determined on an after-tax basis. The tax assumptions used are based upon the best estimate of the actual tax expected to arise. EEV attributable tax and EEV profit before tax are derived by grossing up EEV profit after tax at the long-term rate of corporation tax appropriate to each territory. While for some territories this rate does not equate to the actual effective rate of tax used in the calculation of EEV after-tax profits, it provides a consistent grossing-up basis upon which to compare results from one year to another and is in line with the Group's expectation of the rate of tax applicable to new business.

For non-covered business, attributed tax is consistent with the IFRS financial statements, unless otherwise stated.

Assets designated as available-for-sale under IFRS

The Group has designated certain financial assets used to back subordinated liabilities and investment contract liabilities as available-for-sale (AFS) under IFRS accounting.

Where AFS assets are held by an EEV covered business entity and these assets are used to back investment contract liabilities accounted for under local solvency regulations at amortised cost, then the assets are also included within EEV on an amortised cost basis and EEV operating profit reflects the long-term investment return on the assets calculated at acquisition.

Where AFS assets are held by an EEV covered business entity and these assets are used to back subordinated liabilities which are accounted for in EEV at market value, then the assets are also included within EEV on a market value basis. EEV operating profit reflects the long-term investment return on the assets and unrealised gains and losses are included within EEV non-operating profit.

Where AFS assets are held by an EEV non-covered entity, unrealised gains and losses do not impact EEV profit and are recorded within the EEV consolidated statement of comprehensive income.

Subordinated liabilities

The liabilities in respect of the UK subordinated debt plus the subordinated debt issued by Canada form part of covered business and have been deducted at market value within EEV.

For Canada, previously issued subordinated liabilities were owned by a non-covered subsidiary of the Group, where the asset was valued on an amortised cost basis. Total Group EEV was adjusted to exclude the difference between the market value and the amortised cost value. During the year ended 31 December 2012, the subordinated liability was fully redeemed and the consolidation adjustment for different accounting bases is therefore no longer required.

For non-covered business, no adjustment is made to the IFRS valuation of debt.

Foreign exchange

Embedded value and other items within the EEV consolidated statement of financial position denominated in foreign currencies have been translated to Sterling using the appropriate closing exchange rates. NBC and other items within the EEV consolidated statement of comprehensive income have been translated using the appropriate average exchange rates. Gains and losses arising from foreign exchange differences on consolidation are presented separately within the EEV consolidated statement of comprehensive income. Details of the exchange rates applied are provided in Note 4.15 – Foreign exchange.

EEV capital and cash generation

Covered business EEV operating capital and cash generation represents the EEV operating profit net worth (free surplus and required capital) on an after-tax basis. Non-covered business EEV operating capital and cash generation represents non-covered operating profit after tax as adjusted for Standard Life Investments look through profits after tax and the after-tax return on mutual funds which are recognised in covered business.

EEV non-operating capital and cash generation comprises covered business non-operating profit items (non-operating net worth movement after tax) and non-covered business non-operating profit items on an after-tax basis.

5 Independent review report to Standard Life plc

Introduction

We have been engaged by Standard Life plc (the Company) to review the financial information in the Half Year Results 2013 for the six months ended 30 June 2013, which comprises:

- The International Financial Reporting Standards (IFRS) condensed consolidated income statement, the IFRS condensed consolidated statement of comprehensive income, the IFRS condensed consolidated statement of financial position, the IFRS condensed consolidated statement of changes in equity, the IFRS condensed consolidated statement of cash flows and related notes prepared in accordance with the IFRS accounting policies set out in Note 3.1 (together with the IFRS condensed consolidated financial information), and
- The European Embedded Value (EEV) consolidated income statement, the EEV earnings per share statement, the EEV consolidated statement of comprehensive income, the EEV consolidated statement of financial position, and related notes prepared on the EEV basis set out in Note 4.1 (together with the EEV financial information).

We have read the other information contained in the Half Year Results 2013, including the pro forma reconciliation of consolidated Group operating profit to IFRS profit for the period, and considered whether it contains any apparent misstatements or material inconsistencies with either the IFRS condensed consolidated financial information or the EEV financial information.

Directors' responsibilities

The Half Year Results 2013 is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Results 2013 in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 3.1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The IFRS financial information included in the Half Year Results 2013 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union. The Directors are responsible for preparing the EEV financial information in accordance with the EEV basis set out in Note 4.1.

Our responsibility

Our responsibility is to express to the Company a conclusion on the IFRS condensed consolidated financial information included in the Half Year Results 2013 based on our review. This report on the IFRS financial information, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose.

Our responsibility on the EEV financial information in the Half Year Results 2013 is to express to the Company a conclusion based on our review. This report on the EEV financial information, including the conclusion, has been prepared for and only for the Company in accordance with our engagement letter dated 16 July 2013 and for no other purpose.

We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- the IFRS condensed consolidated financial information in the Half Year Results 2013 for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority, and
- the EEV financial information in the Half Year Results 2013 for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with the EEV basis set out in Note 4.1.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh
8 August 2013

(a) The maintenance and integrity of the Standard Life website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6 Supplementary information

6.1 Group assets under administration and net flows

Group assets under administration (AUA) represent the IFRS gross assets of the Group adjusted to include third party AUA, which are not included in the statement of financial position. In addition, certain assets are excluded, for example deferred acquisition costs, intangibles and reinsurance assets.

Group assets under administration (summary)
Six months ended 30 June 2013

	Opening AUA at 1 Jan 2013 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 30 Jun 2013 £bn
Fee business						
UK retail new	28.7	3.1	(1.4)	1.7	1.3	31.7
UK retail old	31.7	0.3	(1.6)	(1.3)	2.1	32.5
UK retail	**60.4**	**3.4**	**(3.0)**	**0.4**	**3.4**	**64.2**
Corporate	24.5	1.6	(1.1)	0.5	1.5	26.5
UK retail and corporate	**84.9**	**5.0**	**(4.1)**	**0.9**	**4.9**	**90.7**
Institutional pensions	21.3	3.2	(1.3)	1.9	0.8	24.0
Conventional with profits	4.1	0.1	(0.8)	(0.7)	0.1	3.5
UK total	**110.3**	**8.3**	**(6.2)**	**2.1**	**5.8**	**118.2**
Europe	13.6	1.1	(0.6)	0.5	0.8	14.9
Standard Life Investments third party	83.0	12.8	(5.7)	7.1	3.3	93.4
Canada	15.9	1.4	(1.2)	0.2	0.9	17.0
Asia and Emerging Markets (wholly owned)	0.2	-	-	-	0.1	0.3
Consolidation/eliminations[1]	(42.3)	(5.7)	2.6	(3.1)	(1.9)	(47.3)
Total fee business	**180.7**	**17.9**	**(11.1)**	**6.8**	**9.0**	**196.5**
Spread/risk						
UK	15.3	0.3	(0.6)	(0.3)	(0.3)	14.7
Europe	0.5	-	-	-	0.1	0.6
Canada	9.9	0.5	(0.6)	(0.1)	(0.3)	9.5
Total spread/risk business	**25.7**	**0.8**	**(1.2)**	**(0.4)**	**(0.5)**	**24.8**
Assets not backing products in long-term savings business	8.5	-	-	-	(0.6)	7.9
Joint ventures	1.5	0.2	(0.1)	0.1	-	1.6
Other corporate assets	2.0	-	-	-	0.3	2.3
Other consolidation/eliminations[1]	(0.3)	-	-	-	-	(0.3)
Group assets under administration	**218.1**	**18.9**	**(12.4)**	**6.5**	**8.2**	**232.8**
Group assets under administration managed by:						
Standard Life Group entities	176.0					187.4
Other third party managers	42.1					45.4
Total	**218.1**					**232.8**

[1] In order to be consistent with the presentation of new business information, certain products are included in both life and pensions AUA and investment operations. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

Group assets under administration (summary)
Six months ended 30 June 2012

	Opening AUA at 1 Jan 2012 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 30 Jun 2012 £bn
Fee business						
UK retail new	23.7	2.7	(1.2)	1.5	0.7	25.9
UK retail old	32.1	0.5	(1.9)	(1.4)	0.7	31.4
UK retail	**55.8**	**3.2**	**(3.1)**	**0.1**	**1.4**	**57.3**
Corporate	22.0	1.6	(0.8)	0.8	0.3	23.1
UK retail and corporate	**77.8**	**4.8**	**(3.9)**	**0.9**	**1.7**	**80.4**
Institutional pensions	17.5	2.1	(1.2)	0.9	0.8	19.2
Conventional with profits	5.3	-	(0.7)	(0.7)	0.1	4.7
UK total	**100.6**	**6.9**	**(5.8)**	**1.1**	**2.6**	**104.3**
Europe	11.5	1.0	(0.4)	0.6	0.2	12.3
Standard Life Investments third party	71.8	7.9	(7.3)	0.6	1.9	74.3
Canada	14.3	1.4	(1.1)	0.3	0.1	14.7
Asia and Emerging Markets (wholly owned)	0.1	-	-	-	0.1	0.2
Consolidation/eliminations[1]	(35.5)	(3.9)	2.4	(1.5)	(1.2)	(38.2)
Total fee business	**162.8**	**13.3**	**(12.2)**	**1.1**	**3.7**	**167.6**
Spread/risk						
UK	14.4	0.3	(0.6)	(0.3)	0.6	14.7
Europe	0.5	-	-	-	-	0.5
Canada	10.3	0.4	(0.6)	(0.2)	0.1	10.2
Total spread/risk business	**25.2**	**0.7**	**(1.2)**	**(0.5)**	**0.7**	**25.4**
Assets not backing products in long-term savings business	8.5	-	-	-	0.7	9.2
Joint ventures	1.2	0.2	(0.1)	0.1	-	1.3
Other corporate assets	1.6	-	-	-	-	1.6
Other consolidation/eliminations[1]	(0.9)	-	-	-	-	(0.9)
Group assets under administration	**198.4**	**14.2**	**(13.5)**	**0.7**	**5.1**	**204.2**
Group assets under administration managed by:						
Standard Life Group entities	163.3					167.0
Other third party managers	35.1					37.2
Total	**198.4**					**204.2**

[1] In order to be consistent with the presentation of new business information, certain products are included in both life and pensions AUA and investment operations. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

6.1 Group assets under administration and net flows *continued*

Group assets under administration (summary)

12 months ended 31 December 2012

	Opening AUA at 1 Jan 2012 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2012 £bn
Fee business						
UK retail new	23.7	5.2	(2.4)	2.8	2.2	28.7
UK retail old	32.1	0.8	(3.9)	(3.1)	2.7	31.7
UK retail	**55.8**	**6.0**	**(6.3)**	**(0.3)**	**4.9**	**60.4**
Corporate	22.0	3.0	(1.8)	1.2	1.3	24.5
UK retail and corporate	**77.8**	**9.0**	**(8.1)**	**0.9**	**6.2**	**84.9**
Institutional pensions	17.5	4.2	(2.4)	1.8	2.0	21.3
Conventional with profits	5.3	0.1	(1.5)	(1.4)	0.2	4.1
UK total	**100.6**	**13.3**	**(12.0)**	**1.3**	**8.4**	**110.3**
Europe	11.5	2.1	(1.0)	1.1	1.0	13.6
Standard Life Investments third party	71.8	17.6	(11.5)	6.1	5.1	83.0
Canada	14.3	2.8	(2.0)	0.8	0.8	15.9
Asia and Emerging Markets (wholly owned)	0.1	0.1	-	0.1	-	0.2
Consolidation/eliminations[1]	(35.5)	(8.3)	4.6	(3.7)	(3.1)	(42.3)
Total fee business	**162.8**	**27.6**	**(21.9)**	**5.7**	**12.2**	**180.7**
Spread/risk						
UK	14.4	0.7	(1.2)	(0.5)	1.4	15.3
Europe	0.5	-	-	-	-	0.5
Canada	10.3	0.9	(1.3)	(0.4)	-	9.9
Total spread/risk business	**25.2**	**1.6**	**(2.5)**	**(0.9)**	**1.4**	**25.7**
Assets not backing products in long-term savings business	8.5	-	-	-	-	8.5
Joint ventures	1.2	0.4	(0.2)	0.2	0.1	1.5
Other corporate assets	1.6	-	-	-	0.4	2.0
Other consolidation/eliminations[1]	(0.9)	-	-	-	0.6	(0.3)
Group assets under administration	**198.4**	**29.6**	**(24.6)**	**5.0**	**14.7**	**218.1**
Group assets under administration managed by:						
Standard Life Group entities	163.3					176.0
Other third party managers	35.1					42.1
Total	**198.4**					**218.1**

[1] In order to be consistent with the presentation of new business information, certain products are included in both life and pensions AUA and investment operations. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

Group assets under administration
Six months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Opening AUA at 1 Jan 2013 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 30 Jun 2013 £bn
UK							
Individual SIPP	F	18.8	1.5	(1.0)	0.5	1.2	20.5
Investment bonds	F	0.5	-	-	-	(0.1)	0.4
Mutual funds	F	7.6	1.2	(0.3)	0.9	0.2	8.7
Wealth	F	1.8	0.4	(0.1)	0.3	-	2.1
UK retail new fee business		**28.7**	**3.1**	**(1.4)**	**1.7**	**1.3**	**31.7**
Legacy life (excluding conventional with profits)	F	2.1	-	(0.1)	(0.1)	0.1	2.1
Other individual pensions	F	22.9	0.3	(1.1)	(0.8)	1.6	23.7
Investment bonds	F	6.7	-	(0.4)	(0.4)	0.4	6.7
UK retail old fee business		**31.7**	**0.3**	**(1.6)**	**(1.3)**	**2.1**	**32.5**
UK retail fee business		**60.4**	**3.4**	**(3.0)**	**0.4**	**3.4**	**64.2**
Corporate pensions	F	24.5	1.6	(1.1)	0.5	1.5	26.5
UK retail and corporate fee business		**84.9**	**5.0**	**(4.1)**	**0.9**	**4.9**	**90.7**
Institutional pensions	F	21.3	3.2	(1.3)	1.9	0.8	24.0
Conventional with profits	F	4.1	0.1	(0.8)	(0.7)	0.1	3.5
UK total fee business	F	**110.3**	**8.3**	**(6.2)**	**2.1**	**5.8**	**118.2**
Annuities	S/R	15.3	0.3	(0.6)	(0.3)	(0.3)	14.7
Assets not backing products		6.5	-	-	-	(0.4)	6.1
UK long-term savings		**132.1**	**8.6**	**(6.8)**	**1.8**	**5.1**	**139.0**
Fee	F	13.6	1.1	(0.6)	0.5	0.8	14.9
Spread/risk	S/R	0.5	-	-	-	0.1	0.6
Europe long-term savings		**14.1**	**1.1**	**(0.6)**	**0.5**	**0.9**	**15.5**
UK and Europe long-term savings		**146.2**	**9.7**	**(7.4)**	**2.3**	**6.0**	**154.5**
Canada[1]							
Fee	F	12.0	0.9	(0.8)	0.1	0.7	12.8
Spread/risk	S/R	3.6	0.1	(0.2)	(0.1)	-	3.5
Corporate pensions		**15.6**	**1.0**	**(1.0)**	**-**	**0.7**	**16.3**
Corporate benefits	S/R	**0.6**	**0.3**	**(0.2)**	**0.1**	**(0.1)**	**0.6**
Retail segregated funds	F	2.3	0.4	(0.2)	0.2	0.1	2.6
Retail mutual funds	F	1.6	0.1	(0.2)	(0.1)	0.1	1.6
Retail investment funds		**3.9**	**0.5**	**(0.4)**	**0.1**	**0.2**	**4.2**
Retail spread/risk	S/R	5.7	0.1	(0.2)	(0.1)	(0.2)	5.4
Asset not backing products		2.0	-	-	-	(0.2)	1.8
Canada long-term savings		**27.8**	**1.9**	**(1.8)**	**0.1**	**0.4**	**28.3**
Asia and Emerging Markets							
Wholly owned long-term savings	F	0.2	-	-	-	0.1	0.3
Joint ventures long-term savings		1.5	0.2	(0.1)	0.1	-	1.6
Asia and Emerging Markets long-term savings		**1.7**	**0.2**	**(0.1)**	**0.1**	**0.1**	**1.9**
Total worldwide long-term savings		**175.7**	**11.8**	**(9.3)**	**2.5**	**6.5**	**184.7**
Other corporate assets		2.0	-	-	-	0.3	2.3
Standard Life Investments third party assets under management		83.0	12.8	(5.7)	7.1	3.3	93.4
Consolidation and elimination adjustments[2,3]		(42.6)	(5.7)	2.6	(3.1)	(1.9)	(47.6)
Group assets under administration		**218.1**	**18.9**	**(12.4)**	**6.5**	**8.2**	**232.8**

1 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

2 In order to be consistent with the presentation of new business information, certain products are included in both life and pensions AUA and investment operations. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments.

3 Consolidation and elimination adjustments closing AUA includes Standard Life Investments third party insurance contracts of £34.9bn (31 December 2012: £31.4bn), UK mutual funds and other £10.3bn (31 December 2012: £8.9bn) and Canada mutual funds of £1.6bn (31 December 2012: £1.6bn).

6.2 Long-term savings operations net flows

Six months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Gross flows 6 months to 30 Jun 2013 £m	Redemptions 6 months to 30 Jun 2013 £m	Net flows 6 months to 30 Jun 2013 £m	Gross flows 6 months to 30 Jun 2012 £m	Redemptions 6 months to 30 Jun 2012 £m	Net flows 6 months to 30 Jun 2012 £m
UK							
Individual SIPP	F	**1,484**	**(1,014)**	**470**	1,494	(929)	565
Investment bonds	F	**50**	**(15)**	**35**	48	(14)	34
Mutual funds	F	**1,161**	**(266)**	**895**	778	(225)	553
Wealth	F	**376**	**(46)**	**330**	415	(25)	390
UK retail new fee business		**3,071**	**(1,341)**	**1,730**	2,735	(1,193)	1,542
Legacy life (excluding conventional with profits)	F	**48**	**(172)**	**(124)**	56	(159)	(103)
Other individual pensions	F	**303**	**(1,088)**	**(785)**	412	(1,177)	(765)
Investment bonds	F	**13**	**(461)**	**(448)**	31	(593)	(562)
UK retail old fee business		**364**	**(1,721)**	**(1,357)**	499	(1,929)	(1,430)
UK retail fee business		**3,435**	**(3,062)**	**373**	3,234	(3,122)	112
Corporate pensions	F	**1,605**	**(1,071)**	**534**	1,583	(820)	763
UK retail and corporate fee business		**5,040**	**(4,133)**	**907**	4,817	(3,942)	875
Institutional pensions	F	**3,190**	**(1,341)**	**1,849**	2,054	(1,174)	880
Conventional with profits	F	**50**	**(740)**	**(690)**	70	(705)	(635)
UK total fee business		**8,280**	**(6,214)**	**2,066**	6,941	(5,821)	1,120
Annuities	S/R	**268**	**(585)**	**(317)**	281	(585)	(304)
Protection	S/R	**30**	**(23)**	**7**	35	(26)	9
UK long-term savings		**8,578**	**(6,822)**	**1,756**	7,257	(6,432)	825
Europe							
Fee	F	**1,106**	**(536)**	**570**	973	(456)	517
Spread/risk	S/R	**16**	**(16)**	**-**	21	(15)	6
Europe long-term savings		**1,122**	**(552)**	**570**	994	(471)	523
UK and Europe long-term savings		**9,700**	**(7,374)**	**2,326**	8,251	(6,903)	1,348
Canada[1]							
Fee	F	**890**	**(783)**	**107**	807	(716)	91
Spread/risk	S/R	**101**	**(221)**	**(120)**	98	(211)	(113)
Corporate pensions		**991**	**(1,004)**	**(13)**	905	(927)	(22)
Corporate benefits	S/R	**227**	**(185)**	**42**	222	(178)	44
Retail segregated funds	F	**381**	**(188)**	**193**	353	(169)	184
Retail mutual funds	F	**118**	**(180)**	**(62)**	143	(150)	(7)
Retail investments funds		**499**	**(368)**	**131**	496	(319)	177
Retail spread/risk	S/R	**132**	**(238)**	**(106)**	114	(257)	(143)
Canada long-term savings		**1,849**	**(1,795)**	**54**	1,737	(1,681)	56
Asia and Emerging Markets							
Wholly owned long-term savings	F	**51**	**(12)**	**39**	38	(8)	30
Joint ventures long-term savings[2]		**229**	**(104)**	**125**	215	(75)	140
Asia and Emerging Markets long-term savings		**280**	**(116)**	**164**	253	(83)	170
Total worldwide long-term savings		**11,829**	**(9,285)**	**2,544**	10,241	(8,667)	1,574

1 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

2 Includes net flows in respect of Standard Life's share of the India and China JV businesses.

Three months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Gross flows 3 months to 30 Jun 2013 £m	Redemptions 3 months to 30 Jun 2013 £m	Net flows 3 months to 30 Jun 2013 £m	Gross flows 3 months to 30 Jun 2012 £m	Redemptions 3 months to 30 Jun 2012 £m	Net flows 3 months to 30 Jun 2012 £m
UK							
Individual SIPP	F	**750**	**(536)**	**214**	667	(469)	198
Investment bonds	F	**29**	**(7)**	**22**	23	(7)	16
Mutual funds	F	**640**	**(146)**	**494**	382	(111)	271
Wealth	F	**202**	**(26)**	**176**	219	(14)	205
UK retail new fee business		**1,621**	**(715)**	**906**	1,291	(601)	690
Legacy life (excluding conventional with profits)	F	**23**	**(94)**	**(71)**	27	(84)	(57)
Other individual pensions	F	**140**	**(549)**	**(409)**	224	(586)	(362)
Investment bonds	F	**6**	**(218)**	**(212)**	16	(279)	(263)
UK retail old fee business		**169**	**(861)**	**(692)**	267	(949)	(682)
UK retail fee business		**1,790**	**(1,576)**	**214**	1,558	(1,550)	8
Corporate pensions	F	**795**	**(523)**	**272**	858	(466)	392
UK retail and corporate fee business		**2,585**	**(2,099)**	**486**	2,416	(2,016)	400
Institutional pensions	F	**1,458**	**(601)**	**857**	881	(740)	141
Conventional with profits	F	**24**	**(412)**	**(388)**	34	(388)	(354)
UK total fee business		**4,067**	**(3,112)**	**955**	3,331	(3,144)	187
Annuities	S/R	**139**	**(299)**	**(160)**	140	(294)	(154)
Protection	S/R	**15**	**(12)**	**3**	17	(10)	7
UK long-term savings		**4,221**	**(3,423)**	**798**	3,488	(3,448)	40
Europe							
Fee	F	**608**	**(288)**	**320**	487	(215)	272
Spread/risk	S/R	**7**	**(8)**	**(1)**	6	(8)	(2)
Europe long-term savings		**615**	**(296)**	**319**	493	(223)	270
UK and Europe long-term savings		**4,836**	**(3,719)**	**1,117**	3,981	(3,671)	310
Canada[1]							
Fee	F	**379**	**(394)**	**(15)**	398	(296)	102
Spread/risk	S/R	**46**	**(105)**	**(59)**	46	(98)	(52)
Corporate pensions		**425**	**(499)**	**(74)**	444	(394)	50
Corporate benefits	S/R	**112**	**(91)**	**21**	111	(88)	23
Retail segregated funds	F	**183**	**(93)**	**90**	166	(78)	88
Retail mutual funds	F	**52**	**(77)**	**(25)**	66	(68)	(2)
Retail investment funds		**235**	**(170)**	**65**	232	(146)	86
Retail spread/risk	S/R	**74**	**(119)**	**(45)**	55	(123)	(68)
Canada long-term savings		**846**	**(879)**	**(33)**	842	(751)	91
Asia and Emerging Markets							
Wholly owned long-term savings	F	**27**	**(6)**	**21**	18	(4)	14
Joint ventures long-term savings[2]		**75**	**(48)**	**27**	72	(35)	37
Asia and Emerging Markets long-term savings		**102**	**(54)**	**48**	90	(39)	51
Total worldwide long-term savings		**5,784**	**(4,652)**	**1,132**	4,913	(4,461)	452

1 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.
2 Includes net flows in respect of Standard Life's share of the India and China JV businesses.

6.2 Long-term savings operations net flows *continued*

15 months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Net flows 3 months to 30 Jun 2013 £m	3 months to 31 Mar 2013 £m	3 months to 31 Dec 2012 £m	3 months to 30 Sep 2012 £m	3 months to 30 Jun 2012 £m
UK						
Individual SIPP	F	**214**	256	115	171	198
Investment bonds	F	**22**	13	15	18	16
Mutual funds	F	**494**	401	278	265	271
Wealth	F	**176**	154	167	182	205
UK retail new fee business		**906**	824	575	636	690
Legacy life (excluding conventional with profits)	F	**(71)**	(53)	(56)	(70)	(57)
Other individual pensions	F	**(409)**	(376)	(573)	(427)	(362)
Investment bonds	F	**(212)**	(236)	(239)	(262)	(263)
UK retail old fee business		**(692)**	(665)	(868)	(759)	(682)
UK retail fee business		**214**	159	(293)	(123)	8
Corporate pensions	F	**272**	262	196	265	392
UK retail and corporate fee business		**486**	421	(97)	142	400
Institutional pensions	F	**857**	992	212	740	141
Conventional with profits	F	**(388)**	(302)	(408)	(404)	(354)
UK total fee business		**955**	1,111	(293)	478	187
Annuities	S/R	**(160)**	(157)	(96)	(147)	(154)
Protection	S/R	**3**	4	5	3	7
UK long-term savings		**798**	958	(384)	334	40
Europe						
Fee	F	**320**	250	355	266	272
Spread/risk	S/R	**(1)**	1	3	-	(2)
Europe long-term savings		**319**	251	358	266	270
UK and Europe long-term savings		**1,117**	1,209	(26)	600	310
Canada[1]						
Fee	F	**(15)**	122	117	292	102
Spread/risk	S/R	**(59)**	(61)	(54)	(57)	(52)
Corporate pensions		**(74)**	61	63	235	50
Corporate benefits	S/R	**21**	21	24	24	23
Retail segregated funds	F	**90**	103	95	52	88
Retail mutual funds	F	**(25)**	(37)	(9)	-	(2)
Retail investment funds		**65**	66	86	52	86
Retail spread/risk	S/R	**(45)**	(61)	(68)	(65)	(68)
Canada long-term savings		**(33)**	87	105	246	91
Asia and Emerging Markets						
Wholly owned long-term savings	F	**21**	18	12	13	14
Joint ventures long-term savings[2]		**27**	98	54	55	37
Asia and Emerging Markets long-term savings		**48**	116	66	68	51
Total worldwide long-term savings		**1,132**	1,412	145	914	452

1 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

2 Includes net flows in respect of Standard Life's share of the India and China JV businesses.

6.3 Investment operations

Six months ended 30 June 2013

Third party assets under management by geography

		Opening AUM at 1 Jan 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
UK	Wholesale	14,815	3,504	(1,622)	1,882	683	2,565	17,380
	Institutional	39,437	3,584	(1,979)	1,605	1,374	2,979	42,416
		54,252	**7,088**	**(3,601)**	**3,487**	**2,057**	**5,544**	**59,796**
Europe	Wholesale	2,457	1,244	(648)	596	355	951	3,408
	Institutional	5,550	849	(82)	767	306	1,073	6,623
		8,007	**2,093**	**(730)**	**1,363**	**661**	**2,024**	**10,031**
Canada	Wholesale	3,626	426	(365)	61	146	207	3,833
	Institutional	9,397	831	(570)	261	81	342	9,739
		13,023	**1,257**	**(935)**	**322**	**227**	**549**	**13,572**
US	Institutional	**1,997**	**1,505**	**(144)**	**1,361**	**225**	**1,586**	**3,583**
Asia Pacific	Wholesale	416	643	(84)	559	113	672	1,088
	Institutional	823	29	(219)	(190)	102	(88)	735
		1,239	**672**	**(303)**	**369**	**215**	**584**	**1,823**
India	Wholesale	3,306	131	-	131	(171)	(40)	3,266
	Cash funds	1,196	93	-	93	30	123	1,319
		4,502	**224**	**-**	**224**	**(141)**	**83**	**4,585**
Total	Wholesale	24,620	5,948	(2,719)	3,229	1,126	4,355	28,975
	Institutional	57,204	6,798	(2,994)	3,804	2,088	5,892	63,096
	Cash funds	1,196	93	-	93	30	123	1,319
Total third party AUM		**83,020**	**12,839**	**(5,713)**	**7,126**	**3,244**	**10,370**	**93,390**

Third party assets under management by asset class

	Opening AUM at 1 Jan 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
Equities	18,326	1,042	(1,690)	(648)	1,367	719	19,045
Fixed Income	27,342	2,720	(1,483)	1,237	(931)	306	27,648
Multi Asset[1]	22,055	7,420	(1,854)	5,566	1,718	7,284	29,339
Real Estate	6,525	288	(165)	123	10	133	6,658
MyFolio	2,241	910	(160)	750	110	860	3,101
Other[2]	6,531	459	(361)	98	970	1,068	7,599
Total third party AUM	**83,020**	**12,839**	**(5,713)**	**7,126**	**3,244**	**10,370**	**93,390**

Third party investment products and insurance contracts and total AUM

	Opening AUM at 1 Jan 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
Third party investment products	51,612	8,635	(3,850)	4,785	2,105	6,890	58,502
Third party insurance contracts	31,408	4,204	(1,863)	2,341	1,139	3,480	34,888
Total third party AUM	**83,020**	**12,839**	**(5,713)**	**7,126**	**3,244**	**10,370**	**93,390**
Total AUM	**167,723**						**178,792**

1 Comprises suite of global absolute return strategies and balanced funds.
2 Comprises cash and private equity.
3 Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 30 June 2013. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column

6.3 Investment operations *continued*

Three months ended 30 June 2013

Third party assets under management by geography

		Opening AUM at 1 Apr 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
UK	Wholesale	16,432	1,842	(880)	962	(14)	948	17,380
	Institutional	42,006	1,558	(769)	789	(379)	410	42,416
		58,438	**3,400**	**(1,649)**	**1,751**	**(393)**	**1,358**	**59,796**
Europe	Wholesale	3,010	731	(358)	373	25	398	3,408
	Institutional	5,915	727	(39)	688	20	708	6,623
		8,925	**1,458**	**(397)**	**1,061**	**45**	**1,106**	**10,031**
Canada	Wholesale	3,980	194	(179)	15	(162)	(147)	3,833
	Institutional	10,214	450	(248)	202	(677)	(475)	9,739
		14,194	**644**	**(427)**	**217**	**(839)**	**(622)**	**13,572**
US	Institutional	**2,784**	**899**	**(91)**	**808**	**(9)**	**799**	**3,583**
Asia Pacific	Wholesale	751	389	(60)	329	8	337	1,088
	Institutional	783	(39)	(84)	(123)	75	(48)	735
		1,534	**350**	**(144)**	**206**	**83**	**289**	**1,823**
India	Wholesale	3,578	(51)	-	(51)	(261)	(312)	3,266
	Cash funds	949	157	-	157	213	370	1,319
		4,527	**106**	**-**	**106**	**(48)**	**58**	**4,585**
Total	Wholesale	27,751	3,105	(1,477)	1,628	(404)	1,224	28,975
	Institutional	61,702	3,595	(1,231)	2,364	(970)	1,394	63,096
	Cash funds	949	157	-	157	213	370	1,319
Total third party AUM		**90,402**	**6,857**	**(2,708)**	**4,149**	**(1,161)**	**2,988**	**93,390**

Third party assets under management by asset class

	Opening AUM at 1 Apr 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
Equities	19,402	412	(573)	(161)	(196)	(357)	19,045
Fixed Income	28,100	1,350	(764)	586	(1,038)	(452)	27,648
Multi Asset[1]	26,311	4,083	(978)	3,105	(77)	3,028	29,339
Real Estate	6,553	188	(72)	116	(11)	105	6,658
MyFolio	2,760	482	(89)	393	(52)	341	3,101
Other[2]	7,276	342	(232)	110	213	323	7,599
Total third party AUM	**90,402**	**6,857**	**(2,708)**	**4,149**	**(1,161)**	**2,988**	**93,390**

Third party investment products and insurance contracts and total AUM

	Opening AUM at 1 Apr 2013 £m	Gross flows £m	Redemptions £m	Net flows £m	Market and other movements £m	Net movement in AUM £m	Closing AUM at 30 Jun 2013 £m
Third party investment products	56,013	4,917	(1,849)	3,068	(579)	2,489	58,502
Third party insurance contracts	34,389	1,940	(859)	1,081	(582)	499	34,888
Total third party AUM	**90,402**	**6,857**	**(2,708)**	**4,149**	**(1,161)**	**2,988**	**93,390**
Total AUM	**179,132**						**178,792**

1 Comprises suite of global absolute return strategies and balanced funds.
2 Comprises cash and private equity.
3 Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 30 June 2013. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column.

6.4 Long-term savings operations new business

Six months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Single premiums 6 months to 30 June 2013 £m	Single premiums 6 months to 30 June 2012 £m	New regular premiums 6 months to 30 June 2013 £m	New regular premiums 6 months to 30 June 2012 £m	PVNBP[1] 6 months to 30 June 2013 £m	PVNBP[1] 6 months to 30 June 2012 £m	Change %	Change in constant currency %
UK									
Individual SIPP	F	**1,519**	1,530	**24**	36	**1,607**	1,669	**(4%)**	**(4%)**
Investment bonds	F	**50**	48	**-**	-	**50**	48	**4%**	**4%**
Mutual funds	F	**1,200**	798	**13**	15	**1,307**	916	**43%**	**43%**
UK retail new fee business		**2,769**	2,376	**37**	51	**2,964**	2,633	**13%**	**13%**
Other individual pensions	F	**119**	205	**8**	9	**137**	226	**(39%)**	**(39%)**
Investment bonds	F	**6**	26	**-**	-	**6**	26	**(77%)**	**(77%)**
UK retail old fee business		**125**	231	**8**	9	**143**	252	**(43%)**	**(43%)**
UK retail fee business		**2,894**	2,607	**45**	60	**3,107**	2,885	**8%**	**8%**
Corporate pensions	F	**518**	566	**499**	320	**2,818**	1,995	**41%**	**41%**
UK retail and corporate fee business		**3,412**	3,173	**544**	380	**5,925**	4,880	**21%**	**21%**
Institutional pensions	F	**3,085**	1,953	**10**	-	**3,120**	1,953	**60%**	**60%**
UK total fee business		**6,497**	5,126	**554**	380	**9,045**	6,833	**32%**	**32%**
Annuities	S/R	**186**	200	**-**	-	**186**	200	**(7%)**	**(7%)**
Protection	S/R	**-**	-	**-**	-	**1**	1	**-**	**-**
UK long-term savings		**6,683**	5,326	**554**	380	**9,232**	7,034	**31%**	**31%**
Europe									
Fee	F	**760**	654	**18**	15	**954**	837	**14%**	**12%**
Spread/risk	S/R	**15**	17	**-**	-	**16**	17	**(6%)**	**(10%)**
Europe long-term savings		**775**	671	**18**	15	**970**	854	**14%**	**12%**
UK and Europe long-term savings		**7,458**	5,997	**572**	395	**10,202**	7,888	**29%**	**29%**
Canada[2]									
Fee	F	**172**	146	**16**	33	**575**	772	**(26%)**	**(26%)**
Spread/risk	S/R	**46**	43	**3**	6	**118**	151	**(22%)**	**(23%)**
Corporate pensions		**218**	189	**19**	39	**693**	923	**(25%)**	**(26%)**
Corporate benefits	S/R	**-**	-	**17**	20	**261**	301	**(13%)**	**(14%)**
Retail segregated funds	F	**381**	353	**-**	-	**381**	353	**8%**	**7%**
Retail mutual funds	F	**118**	143	**-**	-	**118**	143	**(17%)**	**(18%)**
Retail investment funds		**499**	496	**-**	-	**499**	496	**1%**	**-**
Retail spread/risk	S/R	**75**	60	**-**	-	**75**	60	**25%**	**24%**
Canada long-term savings		**792**	745	**36**	59	**1,528**	1,780	**(14%)**	**(15%)**
Asia and Emerging Markets									
Wholly owned long-term savings	F	**9**	5	**30**	20	**210**	125	**68%**	**64%**
India[3]		**29**	21	**48**	47	**239**	233	**3%**	**6%**
China[3]		**15**	28	**6**	5	**42**	51	**(18%)**	**(20%)**
Joint ventures long-term savings		**44**	49	**54**	52	**281**	284	**(1%)**	**1%**
Asia and Emerging Markets long-term savings		**53**	54	**84**	72	**491**	409	**20%**	**21%**
Total worldwide long-term savings		**8,303**	6,796	**692**	526	**12,221**	10,077	**21%**	**21%**

1 Present value of new business premiums (PVNBP) is the industry measure of insurance new business sales under the EEV methodology, calculated as 100% of single premiums plus the expected present value of new regular premiums.

2 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

3 Standard Life's share of the joint venture company's new business.

4 New business gross sales for overseas operations are calculated using average exchange rates.

6.4 Long-term savings operations new business *continued*

Three months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	Single premiums 3 months to 30 June 2013 £m	Single premiums 3 months to 30 June 2012 £m	New regular premiums 3 months to 30 June 2013 £m	New regular premiums 3 months to 30 June 2012 £m	PVNBP[1] 3 months to 30 June 2013 £m	PVNBP[1] 3 months to 30 June 2012 £m	Change %	Change in constant currency %
UK									
Individual SIPP	F	768	702	8	19	805	777	4%	4%
Investment bonds	F	29	23	-	-	29	23	26%	26%
Mutual funds	F	667	389	2	9	693	462	50%	50%
UK retail new fee business		1,464	1,114	10	28	1,527	1,262	21%	21%
Other individual pensions	F	51	121	4	4	59	132	(55%)	(55%)
Investment bonds	F	1	13	-	-	1	13	(92%)	(92%)
UK retail old fee business		52	134	4	4	60	145	(59%)	(59%)
UK retail fee business		1,516	1,248	14	32	1,587	1,407	13%	13%
Corporate pensions	F	241	340	244	157	1,499	1,058	42%	42%
UK retail and corporate fee business		1,757	1,588	258	189	3,086	2,465	25%	25%
Institutional pensions	F	1,399	848	10	-	1,434	848	69%	69%
UK total fee business		3,156	2,436	268	189	4,520	3,313	36%	36%
Annuities	S/R	94	100	-	-	94	100	(6%)	(6%)
Protection	S/R	-	-	-	-	1	1	-	-
UK long-term savings		3,250	2,536	268	189	4,615	3,414	35%	35%
Europe									
Fee	F	424	305	7	7	504	391	29%	26%
Spread/risk	S/R	7	6	-	-	7	6	17%	14%
Europe long-term savings		431	311	7	7	511	397	29%	26%
UK and Europe long-term savings		3,681	2,847	275	196	5,126	3,811	35%	34%
Canada[2]									
Fee	F	53	92	5	24	189	573	(67%)	(67%)
Spread/risk	S/R	18	25	1	5	43	112	(62%)	(63%)
Corporate pensions		71	117	6	29	232	685	(66%)	(67%)
Corporate benefits	S/R	-	-	9	8	126	137	(8%)	(8%)
Retail segregated funds	F	183	166	-	-	183	166	10%	9%
Retail mutual funds	F	52	66	-	-	52	66	(21%)	(22%)
Retail investment funds		235	232	-	-	235	232	1%	-
Retail spread/risk	S/R	45	29	-	-	45	29	55%	54%
Canada long-term savings		351	378	15	37	638	1,083	(41%)	(42%)
Asia and Emerging Markets									
Wholly owned long-term savings	F	6	2	16	9	117	54	117%	111%
India[3]		8	7	9	12	49	70	(30%)	(31%)
China[3]		5	10	3	2	19	19	-	(7%)
Joint ventures long-term savings		13	17	12	14	68	89	(24%)	(26%)
Asia and Emerging Markets long-term savings		19	19	28	23	185	143	29%	25%
Total worldwide long-term savings		4,051	3,244	318	256	5,949	5,037	18%	18%

1 Present value of new business premiums (PVNBP) is the industry measure of insurance new business sales under the EEV methodology, calculated as 100% of single premiums plus the expected present value of new regular premiums.

2 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

3 Standard Life's share of the joint venture company's new business.

4 New business gross sales for overseas operations are calculated using average exchange rates.

15 months ended 30 June 2013

	Fee (F) – Spread/risk (S/R)	PVNBP 3 months to 30 Jun 2013 £m	3 months to 31 Mar 2013 £m	3 months to 31 Dec 2012[1] £m	3 months to 30 Sep 2012 £m	3 months to 30 Jun 2012 £m
UK						
Individual SIPP	F	**805**	802	666	668	777
Investment bonds	F	**29**	21	23	23	23
Mutual funds	F	**693**	614	445	427	462
UK retail new fee business		**1,527**	1,437	1,134	1,118	1,262
Other individual pensions	F	**59**	78	49	66	132
Investment bonds	F	**1**	5	19	11	13
UK retail old fee business		**60**	83	68	77	145
UK retail fee business		**1,587**	1,520	1,202	1,195	1,407
Corporate pensions	F	**1,499**	1,319	690	635	1,058
UK retail and corporate fee business		**3,086**	2,839	1,892	1,830	2,465
Institutional pensions	F	**1,434**	1,686	919	1,025	848
UK total fee business		**4,520**	4,525	2,811	2,855	3,313
Annuities	S/R	**94**	92	156	106	100
Protection	S/R	**1**	-	-	-	1
UK long-term savings		**4,615**	4,617	2,967	2,961	3,414
Europe						
Fee	F	**504**	450	685	401	391
Spread/risk	S/R	**7**	9	10	8	6
Europe long-term savings		**511**	459	695	409	397
UK and Europe long-term savings		**5,126**	5,076	3,662	3,370	3,811
Canada[2]						
Fee	F	**189**	386	419	421	573
Spread/risk	S/R	**43**	75	58	7	112
Corporate pensions		**232**	461	477	428	685
Corporate benefits	S/R	**126**	135	214	165	137
Retail segregated funds	F	**183**	198	192	123	166
Retail mutual funds	F	**52**	66	69	63	66
Retail investment funds		**235**	264	261	186	232
Retail spread/risk	S/R	**45**	30	33	40	29
Canada long-term savings		**638**	890	985	819	1,083
Asia and Emerging Markets						
Wholly owned long-term savings	F	**117**	93	89	47	54
India[3]		**49**	190	111	91	70
China[3]		**19**	23	18	18	19
Joint ventures long-term savings		**68**	213	129	109	89
Asia and Emerging Markets long-term savings		**185**	306	218	156	143
Total worldwide long-term savings		**5,949**	6,272	4,865	4,345	5,037

1 The three month period to 31 December 2012 excludes the full impact of year end changes to non-economic assumptions. The effect of changes to year end non-economic assumptions was an increase in total PVNBP of £6m.

2 Canada categories have been revised to align with other business segments. The main changes are that group products are now referred to as corporate and individual products as retail.

3 Amounts shown reflect Standard Life's share of the joint venture company's new business.

7 Glossary

Acquisition expenses
Expenses related to the procurement and processing of new business written, including a share of overheads.

Annuity
A periodic payment made for an agreed period of time (usually up to the death of the recipient) in return for a cash sum. The cash sum can be paid as one amount or as a series of premiums. If the annuity commences immediately after the payment of the sum, it is termed an immediate annuity. If it commences at some future date, it is termed a deferred annuity.

Assets under administration (AUA)
A measure of the total assets that the Group administers on behalf of customers and institutional clients. It includes those assets for which the Group provides investment management services, as well as those assets that the Group administers where the customer has made a choice to select an external third party investment manager. Assets under administration reflect the value of the IFRS gross assets of the Group adjusted, where appropriate, for consolidation adjustments, inter-company assets and intangible assets. In addition, the definition includes third party assets administered by the Group which are not included in the consolidated statement of financial position.

Assets under management (AUM)
A measure of the total assets that Standard Life Investments manages on behalf of customers and institutional clients, for which they receive a fee.

Assumptions
Variables applied to data used to project expected outcomes.

Back book management
We choose to analyse our EEV operating profit before tax in the three components which reflect the focus of our business effort – core, efficiency and back book management. Back book management includes all non-expense related operating variances and assumption changes for covered business plus those development costs directly related to back book management initiatives and, for non-covered business, specific costs attributed to back book management.

Board
The board of Directors of the Company.

Burnthrough costs
Burnthrough costs are an estimate of the value of the potential shareholder support that could be required to meet policyholder benefits in a participating fund. It is usually the case that shareholders participate in the profits or surpluses generated within a participating fund only to a limited extent. However, there could be unfavourable outcomes in the future when the assets of the participating fund are no longer sufficient to pay the benefits of the policyholders of that fund. This would be described as a 'burnthrough event' and could require some level of financial support from the shareholder. The burnthrough cost is normally calculated by projecting a large number of possible future economic outcomes, taking an average over all of these outcomes.

Capital resources (CR)
Capital resources include the assets in excess of liabilities, valued on a regulatory basis, and certain other components of capital.

Capital resources requirement (CRR)
A company must hold capital resources in excess of the capital resources requirement. The CRR represents the total of the individual capital resources requirements (ICRR) of each regulated company in the Group.

CFO Forum
A high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies.

Company
Standard Life plc.

Constant currency
Eliminates the effects of exchange rate fluctuations and is used when calculating financial performance on a range of measures.

Core
We choose to analyse our EEV operating profit before tax in the three components which reflect the focus of our business effort – core, efficiency and back book management. Core includes new business contribution, expected return and development costs for covered business, excluding those development costs directly related to back book management initiatives and, for non-covered business, operating profit excluding specific costs attributable to back book management.

Covered business
The business covered by the EEV methodology. This should include any contracts that are regarded by local insurance supervisors as long-term or life insurance business and may cover other long-term life insurance, short-term life insurance such as group risk business and long-term accident and health business. Where short-term healthcare is regarded as part of or ancillary to a company's long-term life insurance business, then it may be regarded as long-term business. For covered business within the Standard Life Group please refer to the EEV methodology within the EEV supplementary information.

Deferred acquisition costs (DAC)
The method of accounting whereby acquisition costs on long-term business are deferred in the statement of financial position as an asset and amortised over the life of those contracts. This leads to a smoothed recognition of up front expenses instead of the full cost in the year of sale.

Deferred income reserve (DIR)
The method of accounting whereby front end fees that relate to services to be provided in future periods are deferred in the statement of financial position as a liability and amortised over the life of those contracts. This leads to a smoothed recognition of up front income instead of the full income in the year of sale.

Development costs
Costs that are considered to be non-recurring and are reported separately from other expenses in the EEV movement analysis.

Director
A director of the Company.

Discounting
The reduction to present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money. The choice of a discount rate will usually greatly influence the value of insurance provisions, and may give indications on the conservatism of provisioning methods.

Dividend cover
This is a measure of how easily a company can pay its dividend from profit. It is calculated as profit after tax and minority interest divided by the total dividend for that financial period.

Earnings before interest and tax (EBIT)
EBIT is defined as earnings before interest, taxation, foreign exchange gains and losses, profit on partial disposal of investments in associates, divergence on financial guarantee costs, movement on contract for differences and restructuring costs.

EBIT margin
This is an industry measure of performance for investment management companies. It is calculated as EBIT divided by total revenue.

Earnings per share (EPS)
EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, for example share awards and share options awarded to employees.

Economic assumptions
Assumptions in relation to future interest rates, investment returns, inflation and tax. These assumptions, and variances in relation to these assumptions, are treated as non-operating profits/(losses) under EEV.

Efficiency
We choose to analyse our EEV operating profit before tax in the three components which reflect the focus of our business effort – core, efficiency and back book management. Efficiency includes covered business variances and assumption changes, which relate to maintenance expenses.

European Embedded Value (EEV)
The value to equity shareholders of the net assets plus the expected future profits on in-force business from a life assurance and pensions business. Prepared in accordance with the EEV Principles and Guidance issued in May 2004 by the CFO Forum and the Additional Guidance issued in October 2005 and the Revised Interim Transitional Guidance issued in September 2012. EEV reports the value of business in-force based on a set of best estimate assumptions, allowing for the impact of uncertainty inherent in future assumptions, the costs of holding required capital, the value of free surplus and TVOG (see TVOG).

EEV operating profit
Covered business EEV operating profit represents profit generated from new business sales and the in-force book of business, based on closing non-economic and opening economic assumptions.

Non-covered business EEV operating profit represents operating profit.

EEV operating capital and cash generation
This is a measure of the underlying shareholder capital and cash flow of the Group.

Covered business EEV operating capital and cash generation represents the EEV operating profit net worth (free surplus and required capital) on an after-tax basis.

Non-covered business EEV operating capital and cash generation represents non-covered operating profit after tax.

Executive team
The executive team is responsible for the day-to-day running of the Group and comprises: the Chief Executive, Chief Executive – UK and Europe, President and Chief Executive Officer – Canada, Chief Executive – Standard Life Investments, the Group Company Secretary and General Counsel, the Group Operations Officer, Chief Financial Officer and the Chief Risk Officer.

Expected return on EEV
Anticipated results based on applying opening assumptions to the opening EEV.

Experience variances
Current period differences between the actual experience incurred over the period and the assumptions used in the calculation of the embedded value, excluding new business non-economic experience variances which are captured in new business contribution.

Fee based business
Fee based business is a component of operating profit and is made up of products where we generate revenue primarily from asset management charges (AMCs), premium based charges and transactional charges. AMCs are earned on products such as SIPP, corporate pensions and mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the customer, with the major indirect Group exposure to rising or falling markets coming from higher or lower AMCs.

Financial options and guarantees
Terms relating to covered business conferring potentially valuable guarantees underlying, or options to change, the level and nature of policyholder benefits and exercisable at the discretion of the policyholder, whose potential value is impacted by the behaviour of financial variables.

Free surplus
The amount of capital and any surplus allocated to, but not required to support, the in-force business covered by the EEV.

Global Absolute Return Strategy (GARS)
A discretionary multi-asset fund provided under several regulated pooled and segregated structures globally by Standard Life Investments. Their investment objective is to deliver consistent positive returns at a level exceeding the risk-free rate by an average of 5% per annum, and to do so with as little risk as possible.

Group capital surplus
This is a regulatory measure of our financial strength and compares the Group's capital resources to its capital resources requirements in accordance with the Insurance Groups Directive.

Group, Standard Life Group or Standard Life
Prior to demutualisation on 10 July 2006, SLAC and its subsidiaries and, from demutualisation on 10 July 2006, the Company and its subsidiaries.

Heritage With Profits Fund (HWPF)
The Heritage With Profits Fund contains all existing business – both with profits and non profit – written before demutualisation in the UK, Irish or German branches, with the exception of the classes of business which the Scheme of Demutualisation allocated to the Proprietary Business Fund. This HWPF also contains increments to existing business.

Individual Capital Assessment (ICA)
The process by which the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) requires insurance companies to make an assessment of the regulated company’s own capital requirements, which is then reviewed and agreed by the FCA and PRA.

In-force
Long-term business which has been written before the period end and which has not terminated before the period end.

Internal rate of return (IRR)
A measure of rate of return on an investment and so an indicator of capital efficiency. The IRR is equivalent to the discount rate at which the present value of the after-tax cash flows expected to be earned over the lifetime of new business written is equal to the capital invested to support the writing of the business.

International Financial Reporting Standards (IFRS)
International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB). The Group's consolidated financial statements are required to be prepared in accordance with IFRS.

Investment grade
Debt securities with a credit rating of BBB or higher.

Key performance indicators (KPI)
This is a measure by reference to which the development, performance or position of the business can be measured effectively.

Look through
EEV covered business profits include the profits and losses arising in Group companies providing investment management and other services, where these relate to covered business. This is referred to as the 'look through' into service companies.

Maintenance expenses
Expenses related to the servicing of the in-force book of business (including investment management and termination expenses and a share of overheads).

Mutual fund
A collective investment vehicle enabling investors to pool their money, which is then invested in a diverse portfolio of stocks or bonds, enabling investors to achieve a more diversified portfolio than they otherwise might have done by making an individual investment.

Net flows
Net flows represent gross inflows less redemptions. For long-term savings business, gross inflows are premiums and deposits recognised in the period on a regulatory basis (excluding any switches between funds). Redemptions are claims and annuity payments (excluding any reinsurance transactions and switches between funds).

Net worth
The market value of shareholders' funds and the shareholders' interest in the surplus held in the non profit component of the long-term business funds, determined on a statutory solvency basis and adjusted to add back any non-admissible assets per regulatory returns.

New business contribution (NBC)
The expected present value of all future cash flows attributable to the equity holder from new business, as included within EEV operating profit.

New business strain (NBS)
Costs involved in acquiring new business (such as commission payments to intermediaries, expenses, reserves) affecting the insurance company's financial position at that point and where all of the income from that new business (including premiums and investment income) has not yet been received and will not be received until a point in the future. To begin with, therefore, a strain may be created where cash outflows exceed inflows.

NBS margin
New business strain as a percentage of PVNBP sales (see PVNBP).

Non-covered business
Mainly includes Standard Life Investments third party and other businesses not associated with the life assurance and pensions business. Non-covered business excludes Standard Life Investments look through profits and the return on mutual funds which are recognised in covered business. Non-covered business is excluded from the EEV methodology and is included within the Group EEV on an IFRS basis.

Non-economic assumptions
Assumptions in relation to future levels of mortality, morbidity, persistency and expenses. These assumptions, and variances in relation to these assumptions, are included as operating profits/(losses) under EEV.

Non-participating/non-profit policy
A policy, including a unit linked policy, which is not a participating/with profits policy.

Operating profit
The Group's chosen supplementary measure of performance is operating profit. This is a non-Generally Accepted Accounting Principles (GAAP) measure. Operating profit excludes impacts arising from short-term fluctuations in investment return and economic assumption changes. It is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from operating profit and are presented within profit before tax. The impact of certain changes in economic assumptions is also excluded from operating profit and is presented within profit before tax.

Operating profit also excludes the impact of the following items:

- Restructuring costs and significant corporate transaction expenses
- Impairment of intangible assets
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate
- Amortisation of intangibles acquired in business combinations
- Items which are one-off in nature and outside the control of management and which, due to their size or nature, are not indicative of the long-term operating performance of the Group

Participating/with profits policy
A policy where, in addition to guaranteed benefits specified in the policy, additional bonuses may be payable from relevant surplus. The declaration of such bonuses (usually annually) reflects, amongst other things, the overall investment performance of the fund of which the policy forms part.

Personal pension plan
An individual pension arrangement with particular tax advantages whereby individuals who are self-employed or those who are not members of employer-sponsored pension scheme arrangements can make provision for retirement or provide benefits for their dependents in a tax efficient manner.

Present value of in-force business (PVIF)
The present value of the projected future distributable profits after tax attributable to equity holders from the covered business in-force at the valuation date, adjusted where appropriate to take account of TVOG (see TVOG).

Present value of new business premiums (PVNBP)
The industry measure of insurance new business sales under the EEV methodology. It is calculated as 100% of single premiums plus the expected present value of new regular premiums.

Profit contribution
Profit contribution reflects the income and expenses directly attributable to each of the UK lines of business. It differs from operating profit due to the exclusion of indirect expenses, such as overheads, and capital management.

Proprietary Business Fund
The Proprietary Business Fund in Standard Life Assurance Limited (SLAL) contains, among other things, certain classes of business – pension contribution insurance policies, income protection plan policies and a number of SIPP policies written before demutualisation, as well as most new insurance business written after demutualisation in the UK, Ireland and Germany.

PVNBP margin
PVNBP margin is NBC expressed as a percentage of PVNBP.

Recourse cash flow (RCF)
Certain cash flows arising in the HWPF on specified blocks of UK and Irish business, which are transferred out of the fund on a monthly basis and accrue to the ultimate benefit of equity holders, as determined by the Scheme of Demutualisation.

Regular premium
A regular premium contract (as opposed to a single premium contract), is one where the policyholder agrees at inception to make regular payments throughout the term of the contract.

Required capital
The amount of assets, over and above the value placed on liabilities in respect of covered business, whose distribution to equity holders is restricted.

Return on equity (RoE)
The annualised post-tax profit on an IFRS basis expressed as a percentage of the opening IFRS equity, adjusted for time apportioned dividends paid to equity holders. Operating RoE is based on operating profit after tax and total RoE is based on IFRS profit after tax attributable to equity holders.

Return on EEV (RoEV)
The annualised post-tax operating profit on an EEV basis expressed as a percentage of the opening embedded value, adjusted for time apportioned dividends paid to equity holders.

Scheme of Demutualisation (the Scheme)
The scheme pursuant to Part VII of, and Schedule 12 to, the Financial Services and Markets Act 2000, under which substantially all of the long-term business of SLAC was transferred to Standard Life Assurance Limited on 10 July 2006.

SICAV
A SICAV (société d'investissement à capital variable) is an open-ended collective investment scheme common in Western Europe. SICAVs can be cross-border marketed in the EU under the Undertakings for Collective Investment in Transferable Securities (UCITS) directive.

Single premium
A single premium contract (as opposed to a regular premium contract), involves the payment of one premium at inception with no obligation for the policyholder to make subsequent additional payments.

SIPP
A self invested personal pension which provides the policyholder with greater choice and flexibility as to the range of investments made, how those investments are managed, the administration of those assets and how retirement benefits are taken.

SLAC
The Standard Life Assurance Company (renamed The Standard Life Assurance Company 2006 on 10 July 2006).

SLAL
Standard Life Assurance Limited.

Spread/risk based business
Spread/risk based business is a component of operating profit and mainly comprises products where we provide a guaranteed level of income for our customers in return for an investment. A good example of this product line is annuities. The 'spread' referred to in the title primarily relates to the difference between the guaranteed amount we pay to customers and the actual return on the assets over the period of the contract.

Spread/risk margin
Spread/risk margin reflects the margin earned on spread/risk business. This includes net earned premiums, claims and benefits paid, net investment return using long-term assumptions and reserving changes.

Time value of options and guarantees (TVOG)
Represents the potential additional cost to equity holders where a financial option or guarantee exists which affects policyholder benefits and is exercisable at the option of the policyholder.

Total shareholder return
This is a measure of the overall return to shareholders and includes the movement in the share price and any dividends paid and reinvested.

UK corporate
UK corporate provides workplace pensions, savings and benefits to UK employers and employees. These are sold through Corporate Benefit Consultants, independent financial advisors or directly with employers.

UK retail
This relates to business where we have a relationship with the customer either directly or through an independent financial adviser. We analyse this type of business into new and old categories. Retail new includes the products, platforms, investment solutions and services of our UK retail business that we continue to market actively to our customers. Retail old includes business that was predominantly written before demutualisation.

Undiscounted payback period
A measure of capital efficiency that measures the time at which the value of expected undiscounted cash flows (after tax) is sufficient to recover the capital invested to support the writing of new business.

Unit linked policy
A policy where the benefits are determined by reference to the investment performance of a specified pool of assets referred to as the unit linked fund.

Wrap platform
An investment platform which is essentially a trading platform enabling investment funds, pensions, direct equity holdings and some life assurance contracts to be held in the same administrative account rather than as separate holdings.

8 Shareholder information

Registered office

Company registration number: SC286832
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH
Scotland
Phone: **0800 634 7474** or **0131 225 2552**

For shareholder services call **0845 113 0045**

Registrar

Capita Registrars Limited

Auditors

PricewaterhouseCoopers LLP

Solicitors

Slaughter and May

Brokers

JP Morgan Cazenove
Deutsche Bank

Shareholder services

We offer a wide range of shareholder services, some details of which are set out below. If you need any further information about any of these services, please:

- contact our registrar, Capita, on **0845 113 0045** if calling from the UK. International numbers for Capita can be found on the last page of this report
- visit our share portal at **www.standardlifeshareportal.com**

Sign up for ecommunications

You can choose to receive your shareholder communications electronically. Just go to **www.standardlife.com/shareholders** to find out how. Signing up means:

- you'll receive an email when documents like the Annual Report and Accounts and AGM guide are available on our website. You can then read these online in an easy-to-use, searchable format instead of receiving paper copies in the post.
- voting instructions for the Annual General Meeting will be sent to you electronically

Set up a share portal account

Just go to **www.standardlifeshareportal.com** to find out how. Having a share portal account means you can:

- manage your account at a time that suits you
- download your dividend tax vouchers when you need them
- view your Standard Life Share Account statement

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. Because of this, it is possible that some registered shareholders could receive unsolicited mail or phone calls. You could also be targeted by fraudulent 'investment specialists'. Remember, if it sounds too good to be true, it probably is. You can find more information about share scams at the Financial Conduct Authority website **www.fca.org.uk/consumers/scams**

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the Standard Life Share Account – by contacting Capita, or you could get in touch with your broker to find out about their nominee services.

If you want to limit the amount of unsolicited mail you receive generally, please contact:

Mailing Preference Service (MPS)
DMA House
70 Margaret Street
London
W1W 8SS

You can also register online at **www.mpsonline.org.uk**

Analysis of registered shareholdings as at 30 June 2013

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	58,949	54.47	27,545,601	1.16
1,001-5,000	42,542	39.31	90,035,794	3.79
5,001-10,000	4,050	3.74	27,162,504	1.14
10,001-100,000	2,157	1.99	50,046,206	2.11
*100,001+	524	0.49	2,181,572,964	91.80
Total	**108,222**	**100**	**2,376,363,069**	**100**

* These figures include the Company-sponsored nominee – the Standard Life Share Account – which had 1,154,973 participants holding 958,864,438 shares, and the Unclaimed Asset Trust, which had 73,254 participants holding 27,415,941 shares.

Financial calendar for 2013

Ex-dividend date for 2013 interim dividend	**11 September 2013**
Record date for 2013 interim dividend	**13 September 2013**
Last date for DRIP elections for 2013 interim dividend	**2 October 2013**
Interim dividend payment date	**29 October 2013**
2013 Q3 trading results and interim management statement	**30 October 2013**

Contact details

We want to make sure you have answers to all your questions.

	Visit	Mail	Phone
UK and Ireland If you have any questions about voting at the Annual General Meeting, dividends or your shareholding, please contact our registrar:	**www.standardlifeshareportal.com**	**questions@standardlifeshares.com** **Address:** Standard Life Shareholder Services 34 Beckenham Road Beckenham Kent BR3 4TU	**0845 113 0045** **+44 (0)20 3367 8224** **(01) 431 9829**
Germany and Austria If you have any questions about voting at the Annual General Meeting, dividends or your shareholding, please contact our registrar:	**www.standardlifeshareportal.com/de**	**fragen@standardlifeshares.de** **Address:** Standard Life Aktionärsservice Postfach 20 01 43 60605 Frankfurt am Main Germany	**+49 (0)6196 76 93 130**
Canada If you have any questions about voting at the Annual General Meeting, dividends or your shareholding, please contact our registrar:	**www.standardlifeshareportal.com** (English) **www.standardlifeshareportal.com/fr** (French)	**questions@standardlifeshares.ca** **Address:** Standard Life Shareholder Services PO Box 4636 Station A Toronto M5W 7A4	**1-866-982-9939**

www.standardlife.com

Read our latest financial results
Our financial results are available online and on our iPad app at

standardlife.com/results

Alternatively use your smart phone to scan this QR code and view the latest financial results on your mobile.

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 30 June 2013 (unless otherwise indicated).

This document has been published by Standard Life for information only. It is based on our understanding as at August 2013 and does not provide financial or legal advice.

Standard Life plc is registered in Scotland (SC286832) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

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