

Consolidated income statement

Year ended 31 December 2007

	Note	2007 £m	2006 £m
Gross premiums earned		18,359	16,157
Outward reinsurance premiums		(171)	(171)
Earned premiums, net of reinsurance	F2	18,188	15,986
Investment income	F2	12,221	17,128
Other income	F2	2,457	1,917
Total revenue, net of reinsurance	F1, F2	32,866	35,031
Benefits and claims		(26,210)	(25,981)
Outward reinsurers' share of benefits and claims		(20)	(144)
Movement in unallocated surplus of with-profits funds	H12	(760)	(2,296)
Benefits and claims and movements in unallocated surplus of with-profits funds, net of reinsurance		(26,990)	(28,421)
Acquisition costs and other operating expenditure	F3	(4,523)	(4,212)
Finance costs: interest on core structural borrowings of shareholder-financed operations	F4	(168)	(177)
Total charges, net of reinsurance	F1	(31,681)	(32,810)
Profit before tax*		1,185	2,221
Tax attributable to policyholders' returns		(19)	(849)
Profit before tax attributable to shareholders	B1	1,166	1,372
Tax expense	F5	(401)	(1,241)
Less: tax attributable to policyholders' returns		19	849
Tax attributable to shareholders' profits	F5	(382)	(392)
Profit from continuing operations after tax		784	980
Discontinued operations (net of tax)	J1	241	(105)
Profit for the year		1,025	875
Attributable to:			
Equity holders of the Company		1,022	874
Minority interests		3	1
Profit for the year		1,025	875
Earnings per share			
Basic (based on 2,445m and 2,413m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		31.9p	40.5p
Based on profit (loss) from discontinued operations attributable to the equity holders of the Company		9.9p	(4.3)p
		41.8p	36.2p
Diluted (based on 2,448m and 2,416m shares respectively):			
Based on profit from continuing operations attributable to the equity holders of the Company		31.9p	40.5p
Based on profit (loss) from discontinued operations attributable to the equity holders of the Company		9.8p	(4.3)p
		41.7p	36.2p

* Profit before tax represents income net of post-tax transfers to unallocated surplus of with-profits funds, before tax attributable to policyholders and unallocated surplus of with-profits funds, unit-linked policies and shareholders' profits.

The presentation of the 2006 comparative results has been adjusted to reclassify Egg as discontinued operations.