

Company income statement

For the year ended 31 December 2007

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

The Company commenced trading on 10 July 2006.

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

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

Company balance sheet

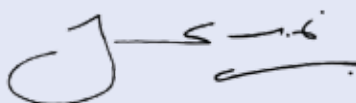
As at 31 December 2007

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

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



Gerry Grimstone, Chairman



David Nish, Group Finance Director

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

Company reconciliation of movements in total equity

For the year ended 31 December 2007

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

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