

Standard Life plc Half Year Results 2011 10 August 2011

Delivering increased profits and cash flow

Continuing growth in assets and strong net flows

- Group assets under administration reach £200.0bn (31 December 2010: £196.8bn)
- Long-term savings new business sales up 16% to £11.2bn (H1 2010: £9.6bn)
- Long-term savings net inflows up 14% to £2.8bn¹ (H1 2010: £2.5bn)
- Standard Life Investments third party net inflows of £2.9bn¹ (H1 2010: £4.7bn)

Improving revenue and profits

- Fee-based revenues up 14% to £611m reflecting continuing strong inflows and asset growth (H1 2010: £535m)
- IFRS operating profit before tax from continuing operations and after investment for transformation and growth up 44% to £262m (H1 2010: £182m)
- IFRS profit after tax attributable to equity holders of £199m (H1 2010: £182m)

Reducing unit costs

- Maintenance expenses 2bps lower at 40bps (H1 2010: 42bps)
- Delivery of a further £30m of efficiencies
- Investment in technology to support growth and continuing improvement in efficiency

Improving cash generation and increased dividend

- EEV operating capital and cash generation after investing for transformation and growth 30% higher at £193m (H1 2010: £149m)
- Interim dividend up 5.7% to 4.60p; scrip dividend to be removed for 2011 final dividend to be paid in 2012

Delivering for our customers

- SIPP market share up to 38%² with expansion of discretionary fund manager offering
- Increase in number of adviser firms on Wrap to 926 (H1 2010: 727)
- Launch of Lifelens to provide workplace benefit solutions to corporates
- Encouraging early performance from MyFolio with AUA of £0.6bn

David Nish, Chief Executive, commented:

"We're on track to transform the operational and financial performance of Standard Life, with operating profit up 44%. We have grown assets under administration to £200bn and increased fee based revenues by 14%. We are investing to strengthen our market positions and have launched a number of innovative propositions to respond to the changing needs of our customers, and their advisers. We have improved our efficiency and see further opportunities to do more. We are competitively positioned to benefit from market changes and the new regulatory environment.

We believe that the changes we are making to the business will deliver a stronger Standard Life which, in turn, will deliver sustained growth in the future. We are confident that the strong capital position of the Group, and our attractive customer propositions, will enable us to continue to succeed in the current volatile market conditions. Today's results demonstrate the real progress we are making in our transformation. Successful delivery of this will see us improve operating profit and returns for our shareholders."

Unless otherwise stated, all comparisons are in Sterling and are for the 6 months ended 30 June 2010.

www.standardlife.com

IFRS results	H1 2011 £m	H1 2010 £m
By source		
Fee based revenue	611	535
Spread/risk margin	207	198
Total income	818	733
Acquisition expenses	(142)	(132)
Maintenance expenses	(351)	(324)
Investment for transformation and growth	(80)	(72)
Group corporate centre costs	(20)	(30)
Capital management	37	27
India and China JV businesses	-	(20)
IFRS operating profit before tax from continuing operations	262	182
By segment		
UK	87	76
Canada	103	62
International	19	8
Global investment management	67	49
Other	(14)	(13)
IFRS operating profit before tax from continuing operations	262	182
Tax on operating profit	(52)	(48)
IFRS operating profit after tax from continuing operations	210	134
Diluted IFRS operating EPS from continuing operations	9.2p	6.0p
IFRS profit attributable to equity holders after tax	199	182
Diluted EPS from continuing operations	8.7p	8.9p

EEV results	H1 2011 £m	H1 2010 £m
Covered business by source		
New business contribution	166	161
Contribution from in-force business	233	251
Other covered	(33)	(36)
Covered business operating profit	366	376
Non-covered business		
Global investment management	27	21
Other non-covered and corporate costs	(17)	(33)
Non-covered business operating profit/(loss)	10	(12)
EEV operating profit before tax from continuing operations	376	364
Tax on operating profit	(96)	(112)
EEV operating profit after tax from continuing operations	280	252
Diluted EEV operating EPS from continuing operations	12.3p	11.3p
EEV profit after tax	321	326

For more information please read Section 1.6 – Basis of preparation and the reconciliation of IFRS consolidated operating profit for the period in Section 3 of the Half Year Results 2011

Delivering on our strategy

We are now in the middle of the delivery and execution phase of our three-year transformation. Our strategy remains consistent and we continue to be focused on meeting the long-term savings and investment needs of our customers. We have launched a number of new propositions to build on the leading market positions we have across the Group.

We are focused on following our simple model: increasing assets, maximising revenues, reducing unit costs and driving increased cash profitability. Assets under administration reached £200bn for the first time and fee-based revenue increased by 14%. We continued to invest to transform and grow our business while increasing profit. We have delivered a further £30m of cost efficiencies in the period and will continue to pursue further savings. Group IFRS operating profit before tax increased by 44% to £262m (H1 2010: £182m), with significant profit improvements across our businesses.

Standard Life continues to have a strong capital position, with an IGD surplus of £3.9bn (31 December 2010: £3.8bn). In the last few years we have significantly de-risked our business and this, combined with our capital-lite business model, means we believe we are well placed to operate in the currently proposed Solvency 2 environment. We will continue to look for opportunities to drive our capital efficiency and improve return on equity, and today we are announcing our intention to remove the scrip dividend option from 2012.

Overall we continue to make good progress with our strategy. We have a lot to do and, despite challenging market conditions, we are well on track to achieve a continued improvement in profitability and performance.

Increased assets under administration

Assets under administration	1 Jan 2011	Gross inflows	Redemptions	Net inflows	Market and other movements ⁴	30 Jun 2011
Fee business (£bn)	163.1	13.9	(9.5)	4.4	(1.6)	165.9
Spread/risk business (£bn)	23.5	0.8	(1.3)	(0.5)	-	23.0
Other (£bn) ³	10.2	0.2	(0.1)	0.1	0.8	11.1
Group AUA (£bn)	196.8	14.9	(10.9)	4.0	(0.8)	200.0

Net flows	H1 2011	H1 2010
Fee business (£bn)	4.4	5.7
Spread/risk business (£bn)	(0.5)	(0.5)

Group assets under administration increased by £3.2bn during the first half of the year and have now reached £200.0bn. This increase was driven by strong, though lower, flows into our newer fee-based propositions, market movements and increases in other assets. This was offset by the transfer of our UK money market funds following our decision to exit this sector of the industry.

Improved IFRS operating profit

IFRS operating profit before tax from continuing operations was 44% higher at £262m.

Revenues from fee business were 14% higher at £611m and now make up 75% of total income (H1 2010: 73%). The remaining 25% (H1 2010: 27%) of total income is a margin on spread/risk business. An increase in the spread/risk margin in our Canada business included the positive impact of specific management actions designed to enhance investment yields on assets. This was partially offset by lower UK annuity volumes as well as lower reserve releases than benefited the UK result in the first half of 2010, resulting in total spread/risk margin being 5% higher at £207m.

Acquisition expenses, the costs we incur in writing new business, were up 8% to £142m largely driven by higher costs in the International and Canada businesses. However, as a proportion of sales, acquisition expenses fell from 141bps to 130bps for Group, and from 126bps to 104bps in the UK. Maintenance expenses, the ongoing costs we incur in servicing and administering customer policies, were 8% higher at £351m largely due to growth in our Global investment management and International businesses. However, maintenance expenses expressed as a proportion of average AUA were down to 40bps (H1 2010: 42bps) at Group level and 31bps (2010: 35bps) in the UK. This continues the positive trend and demonstrates the scalability of our business.

IFRS profit after tax attributable to equity holders, including non-operating items, increased by 9% to £199m.

Growth in capital and cash generation

Gross EEV operating capital and cash generation⁵ increased by 19% to £358m (H1 2010: £300m) driven by higher contributions from covered business, Standard Life Investments' third party business and non-covered UK pension scheme. This has allowed us to fund additional new business strain, and invest in transforming and growing our business. Operating capital and cash generation from continuing operations increased by 30% to £193m (H1 2010: £149m).

EEV operating profit increased

Total EEV operating profit (EVOP) from continuing operations increased by 3% to £376m (H1 2010: £364m). Within this, core EVOP was 7% higher at £359m (H1 2010: £336m), due to higher new business contribution (NBC) of £166m (H1 2010: £161m), increased expected return on existing business and an improvement in the non-covered result driven by an increase in Standard Life Investments third party EEV profit.

The NBC of £166m generated a NBC margin of 1.5% (H1 2010: 1.7%) and an IRR of 16% (H1 2010: 19%), reflecting a higher proportion of group insurance sales and lower margins in Canada as well as the industry-wide impact of regulatory changes in India.

Efficiency operating profit of £40m (H1 2010: loss £3m) primarily reflects the impact of a management action within the UK business to reduce current and future investment expenses. Back book management operating loss of £23m (H1 2010: profit £31m) includes a £11m loss in the HWPF TVOG, which reflects a management decision to increase equity exposure, and a £13m lapse experience loss which is primarily due to transfers within our UK pension business.

Increased profits while investing for transformation and growth

We have previously said that we were targeting £100m of annual margin improvement by 2012 to be achieved through greater efficiency, as well as improved asset mix and increasing flows to Standard Life Investments. To date, we have achieved efficiency savings of £64m and increased revenues from our fee based products resulting from strong flows into higher margin propositions and Standard Life Investments. For example, our gross sales of mutual funds via Group distribution channels more than doubled to £1.2bn. During the first half of the year we expensed £80m (H1 2010: £72m) in our transformation and growth programme, with a combination of new customer and advisor propositions launched, investment in our underlying technology to support our growth and the one-off costs related to our new brand and visual identity. Our total investment in transformation and growth, including capitalised development spend and capital injections into our India and China JV businesses, was £119m (H1 2010: £89m). We have invested £23m in our JV businesses in the first half of the year, which represents most of the planned investment for the year.

The investment we are making in transformation and growth is beginning to deliver the anticipated benefits and we are confident that 2012 will deliver continued improvement in operating profit. There are opportunities for further investment and we will continue to pace the investment with the need to deliver attractive near term, as well as long-term, operating profit growth. As planned, we expect our total investment in transformation and growth (including capitalised investment expenditure and capital injections into the joint venture businesses) to be £200m in 2011, and for this to decline in 2012.

Strong balance sheet

The strong capital position of the Group is evidenced by our balance sheet which has strengthened on both an embedded value and IFRS basis despite the recent volatility in financial markets. Our IGD surplus stands at £3.9bn (31 December 2010: £3.8bn). Direct shareholder exposure to sovereign debt issued by Greece, Ireland, Italy, Portugal and Spain equates to less than £3m. Our capital and cash generation continues to be strong.

Our embedded value was £7,518m (31 December 2010: £7,321m) which represents an embedded value per share of 324p (31 December 2010: 322p). IFRS equity excluding intangible assets and non-controlling interests was £3,781m (31 December 2010: £3,768m), representing 163p per share (31 December 2010: 166p). The increase in IFRS equity, excluding intangible assets and non-controlling interests, relates primarily to profit for the period attributable to equity holders of £199m offset by the cash impacts of the dividend, capitalised investment expenditure and the purchase of Focus Solutions.

Increase in dividend continuing our progressive policy

The Board has declared an interim dividend of 4.60p per share (H1 2010: 4.35p), an increase of 5.7% (H1 2010: 4.8%), in line with our existing progressive dividend policy taking account of market conditions and the Group's financial performance. The Board intends to remove the scrip dividend option and replace it with a Dividend Reinvestment Plan (DRIP) in 2012, commencing with the final dividend for 2011.

Outlook

We have improved our performance and delivered increased profits and cash flow in the first half of the year which, in part, continued to benefit from management actions to enhance investment yields on assets in Canada. Short-term market conditions are challenging, although we see the momentum we have demonstrated across our key propositions continuing into the second half of the year and beyond.

We remain confident that the underlying demographic and regulatory trends in our key markets, and our customers' demand for our propositions, will drive our future growth. By delivering on our strategy we have the potential to grow our profits significantly and increase the return for our shareholders.

UK

Growth in fee business net flows driven by core propositions

	1 Jan 2011	Gross inflows	Redemptions	Net inflows	Market and other movements	30 Jun 2011
UK fee business (£bn)	76.2	5.7	(3.9)	1.8	0.8	78.8
Institutional pensions (£bn)	15.8	1.8	(1.0)	0.8	0.4	17.0
Conventional with profits (excl. annuities) (£bn)	6.6	0.1	(0.7)	(0.6)	0.2	6.2
UK fee business total	98.6	7.6	(5.6)	2.0	1.4	102.0
Spread/risk business AUA (£bn)	13.4	0.3	(0.6)	(0.3)	0.3	13.4
Total AUA backing products (£bn)	112.0	7.9	(6.2)	1.7	1.7	115.4
Fee business revenue (bps)	77					76

UK fee business AUA grew by 3% to £102bn, reflecting a continuation of good flows as well as positive market movements. Fee business net flows increased by 7% to £2bn, while new business sales were up 19% to £8bn, driven by the success of our core propositions. The average revenue yield across our UK fee business was broadly maintained at 76bps (2010: 77bps).

Momentum in our retail business

We continue to see strong momentum in our retail business by providing IFAs and direct customers with the propositions, tools and service they value. Our focus on those IFAs who are best placed to prosper in the new market environment we are entering, and developing solutions for both them and their clients, has allowed us to grow our intermediary market share without incurring the cost of commission on new business and maintain our leading position. Our acquisition of Focus Solutions, along with threesixty Services, provides Standard Life with a unique ability to support advisers in developing RDR (and beyond RDR) compliant business models in a very efficient way. Standard Life won 'Company of the Year' and 'Best SIPP Provider' at the Money Marketing Financial Services Awards.

Our platforms continue to attract customers, advisors and assets, as we further enhance the features and usability of our technology. Collectively, our platforms now account for 189,000 customers with assets fast approaching the £11bn mark. We now have 926 (H1 2010: 727) adviser firms on the Wrap platform, with an average AUA of £8.2m per firm (H1 2010: £6.1m).

Total SIPP customers at the end of June increased to 120,800, an increase of 26% on the same time last year and 13% compared to the end of 2010. We continue to enhance our SIPP proposition, including expanding our discretionary fund manager offering. Our market share has grown to over 38%, helping to increase AUA at the end of June by 26% to £16.4bn (H1 2010: £13.0bn).

Standard Life Wealth continues to build a strong presence in the IFA market with the launch of a Managed Portfolio Service, and now has over £700m of AUA. In the direct space we enhanced our online offering by launching online pension, ISA and mutual funds.

UK spread/risk business AUA has been broadly maintained with positive market movements offsetting £334m of net outflows which were driven by scheduled annuity payments and lower sales of annuity products in the first half of the year. We have taken a number of actions directed at improving the retention rate of retiring customers and at attracting increased new business volumes.

Growth in corporate business driven by success of our corporate pension propositions

Net flows in our overall corporate business, including institutional pensions, increased by 2%, with a 64% increase in corporate pension net flows. In total, corporate business AUA increased by 7% to £39.3bn (2010: £36.8bn). We continued to build on our momentum by winning 84 new schemes (H1 2010: 103 schemes) in the first half of the year and 41,000 new employees joined a Standard Life pension scheme in total (H1 2010: 24,000 employees).

Earlier in the year we announced the launch of Lifelens, our market-leading fully integrated employee-centric offering providing employee pension and non-pension benefit solutions via the workplace. We continue to develop this proposition and have already implemented two large Lifelens schemes in the first six months of the year.

The effectiveness of our twin-track approach of building relationships with both advisors and employers is reflected in our leading market share and success in winning more of the higher value schemes we target i.e. those typified by lower frequency of employee turnover and higher average member salaries. This, combined with the quality of our propositions and the high levels of customer service we offer, positions us well for both pensions reform and RDR.

MyFolio delivering net flows to Standard Life Investments

MyFolio funds have grown to £0.6bn since launch in November 2010. These funds offer our customers a choice of investment strategies across five risk levels through carefully constructed portfolios in either tracker, multi-manager or Standard Life Investments managed funds. They are the default option for online execution only pensions, mutual funds and ISAs, and are available through a number of platforms. We are also working with intermediaries to help promote MyFolio. MyFolio funds are an example of how we can capture greater margins through our combination of businesses; since launch, over 60% of MyFolio funds have flowed into Standard Life Investments managed funds, resulting in additional revenue for the Group.

Increase in IFRS operating profit before tax

	H1 2011 £m	H1 2010 £m
Fee based revenue	309	277
Spread/risk margin	52	83
Total income	361	360
Acquisition expenses	(85)	(87)
Maintenance expenses	(159)	(154)
Investment for transformation and growth	(34)	(31)
Capital management	4	(12)
UK IFRS operating profit before tax from continuing operations	87	76

IFRS operating profit before tax in the UK business increased by 14% to £87m. The continued growth in our fee based business resulted in a 12% increase in fee revenues to £309m. This was offset by a reduction in the spread/risk margin which fell by £31m as a result of lower sales of annuities and an £18m benefit from changes in investment strategy and reserve releases in the first half of 2010.

Acquisition expenses fell by £2m to £85m. Maintenance expenses included revenue passed on to Standard Life Investments in respect of Trustee Investment Plan (TIP) of £29m (H1 2010: £23m) with other maintenance expenses marginally lower at £130m (H1 2010: £131m).

Capital management improved due to investment of shareholder funds in higher yielding asset classes, and the improved funding position of the UK staff pension scheme.

Lowering the unit costs of our operations

Technology is a key enabler in our drive to lower unit costs. We have undertaken a number of initiatives to manage the acquisition and maintenance expenses of our business, which are beginning to show results. In the first half of this year acquisition expenses expressed as a proportion of PVNBP fell by 17% to 104bps (H1 2010: 126bps). Maintenance expenses expressed as a proportion of average AUA fell to 31bps (H1 2010: 35bps) reflecting the scalability of our operations.

We are lowering unit costs by improving existing propositions and processes. Offerings such as Lifelens have been designed to be scalable by making greater use of online technologies and direct links to employers, and their employees, to increase self-servicing. Our market-leading adviser portal, Adviserzone, which we redeveloped and released to market earlier in the year, has seen usage more than double, with the number of users, online quotations and individual adviser firm customisations continuing to grow. We continued to grow our business while maintaining leading levels of customer service against an improving cost base. The number of employees in UK customer service reduced by 10% over the last 12 months. We have implemented two significant sourcing agreements which will help to reduce both the risk of delivery and overall costs of future IT development.

While these improving trends and opportunities demonstrate the potential for greater operational leverage we have more to deliver as we continue to transform our business.

Global investment management

Growth in net flows into higher margin products

Third party assets	1 Jan 2011	Gross inflows	Redemptions	Net inflows	Market and other movements	30 Jun 2011
Fee business (£bn)	71.6	7.6	(4.7)	2.9	(2.9)	71.6
Fee business excl. Global Liquidity Funds (£bn) ⁶	67.7	7.6	(4.7)	2.9	1.0	71.6
Fee business revenue (bps)	35					36

Strong net inflows, as well as the impact of positive market movements, were offset by outflows on the transfer of money market funds managed on a constant net asset value basis to Deutsche Asset Management, which reduced assets by £4bn. Net sales of £2.9bn (2010: £4.7bn), equivalent to 9% of opening third party AUM (excluding money market funds) on an annualised basis, were driven by strong demand for higher margin wholesale, Global Absolute Return Strategies (GARS) and real estate products, partly offset by outflows from UK segregated funds. Assets under management (AUM) in our third party business were maintained at £71.6bn and represented 46% of total AUM.

Retail mutual fund products continue to prove popular with investors in the UK. Net sales doubled to £1.5bn (H1 2010: £0.7bn) as we continue to increase our share of this market. The SICAV range, predominantly sold in Europe, saw sales up by 40% to £418m (H1 2010: £298m). GARS continues to show strong sales in both the institutional and retail space and has now attracted over £10bn since launch in 2006. Overseas sales were strengthened by increased demand for funds in India, a tripling of Canadian business and an institutional mandate win in Australia as we begin to increase our presence in that market.

The strong net flows into higher margin products have resulted in the contribution to annual revenue from net flows in the first half of the year to be broadly in line with 2010 and have driven average revenue yield across our third party business to 36bps (2010: 35bps) excluding the fee received from the transfer of the money market fund business.

Increased EBIT margin and IFRS operating profit before tax

	H1 2011 £m	H1 2010 £m
Fee based revenue	193	157
Maintenance expenses	(106)	(91)
Investment for transformation and growth	(20)	(17)
Global investment management IFRS operating profit before tax	67	49
EBIT margin ⁷	33%	32%

IFRS operating profit before tax increased by 37% to £67m. Revenue increased by 23% to £193m driven by strong flows into higher margin products and higher average market levels as well as £7m in respect of the transfer of UK money market funds.

Operating costs were tightly controlled while allowing for investment in the business to continue our longer-term growth. Earnings before interest and tax (EBIT) margin⁷ increased by 1% point to 33%.

Continuing to deliver robust investment performance

Standard Life Investments continues to deliver robust long-term investment performance: 91% of funds over one year, and 78% of funds over three years, outperformed their benchmark indices. The strength of our mutual fund range is demonstrated by the proportion of eligible and actively managed funds (24 out of 29) rated 'A' or above by Standard & Poor's in the UK. At the 2011 Eurofunds – Fund Class Awards, Standard Life Investments won a special award as 'Best Asset Manager in Europe over 7 years' in the category of asset managers with between 26 and 40 funds rated, including both OEICs and SICAVs.

Canada

Continued growth in fee business and group insurance sales

	1 Jan 2011	Gross inflows	Redemptions	Net inflows	Market and other movements	30 Jun 2011
Fee business AUA (£bn)	14.0	1.3	(1.0)	0.3	0.4	14.7
Spread/risk business AUA (£bn)	10.1	0.5	(0.7)	(0.2)	(0.3)	9.6
Total AUA backing products (£bn)	24.1	1.8	(1.7)	0.1	0.1	24.3
Fee business revenue (bps)	118					118

Fee business AUA in Canada has increased by 3%⁸ to £14.7bn. This increase was driven by a combination of positive market movements and net inflows. Group savings fee business net inflows of £247m were 17%⁸ lower than in the first half of 2010 which included a large scheme win. Individual savings fee business net inflows increased to £93m (H1 2010: £85m) reflecting the strength of our savings and investments propositions, our well-positioned offering and strong adviser relationships. Our mutual funds net outflows increased to £68m (H1 2010: outflow of £13m) due to lower sales. The average revenue yield on fee business was maintained at 118bps (2010: 118bps).

Within Canada spread/risk business, the group insurance and disability management business has continued to grow strongly with PVNBP sales up 55%⁸ to £486m. A large proportion of these sales consisted of future renewal premiums and as such had a marginal impact on net inflows. In our individual spread/risk business net outflows almost halved to £100m (H1 2010: £189m) due to higher sales of annuities and lower term funds redemptions. Group savings and retirement net outflows improved to £116m (H1 2010: £124m).

We continue to enhance our propositions for both corporate and retail customers. The launch of a stock and options feature and the introduction of the Standard Life Investments GARS proposition to our Quality & Choice investment programme support our market positioning as a provider of comprehensive solutions in benefits and pension management. In the retail space we launched Ideal Income Segregated Funds which help our customers protect their assets against risks in their retirement. In addition we announced an alliance with Qtrade Financial Group, an online brokerage platform and investment dealer, which will enhance our distribution capabilities.

Increase in IFRS operating profit before tax

	H1 2011 £m	H1 2010 £m
Fee based revenue	84	72
Spread/risk margin	155	115
Total income	239	187
Acquisition expenses	(39)	(33)
Maintenance expenses	(98)	(96)
Investment for transformation and growth	(17)	(16)
Capital management	18	20
Canada IFRS operating profit before tax	103	62

IFRS operating profit before tax in our Canada business increased to £103m in the first half of the year.

The spread/risk margin in the first half of this year included the impact of specific management actions aimed at enhancing the investment yield on assets leading to a £31m decrease (H1 2010: decrease £17m) in policyholder liabilities.

Fee-based revenue increased by 14%⁸. The increase in acquisition costs was primarily due to a shift in sales towards individual savings and retirement products. There was only a slight increase in maintenance expenses despite the rise in AUA.

International

Growth in net flows in Ireland and Hong Kong with improved performance from joint venture businesses

	1 Jan 2011	Gross inflows	Redemptions	Net inflows	Market and other movements	30 Jun 2011
Wholly owned fee business AUA (£bn)	11.1	1.3	(0.4)	0.9	0.3	12.3
India and China JV businesses AUA (£bn)	1.2	0.2	(0.1)	0.1	-	1.3
Fee business revenue (bps)	212					196

Fee business AUA across our wholly owned International operations is 6%⁸ higher at £12.3bn. The increase has been driven by net inflows which were 45%⁸ higher. New business sales increased by 42%⁸ to £1.2bn.

This was mainly due to strong growth in sales in Ireland. Irish net flows more than doubled⁸ to £536m (H1 2010: £264m) reflecting continued success of our domestic and offshore bonds businesses. We continued to enhance our offshore bond proposition, launching a recurring single premium bond and our International Bond which exceeded £2bn in AUA. Flows in Hong Kong almost tripled, helped by continued demand for our popular Harvest propositions. The average revenue yield across International wholly owned businesses was lower at 196bps (2010: 212bps), reflecting the continuing shift in both sales and back book mix across International.

Net flows in the India and China joint venture businesses increased by 8%⁸, a strong result given the regulatory changes introduced in India in the second half of 2010. HDFC Life performed very strongly, with market share increasing to 12% in the year to March 2011, securing third place in the private sector overall. New business increased by 13% in the financial year 2010/11 whereas the private market as a whole fell by 17% over the same period.

Increase in IFRS operating profit before tax

	H1 2011 £m	H1 2010 £m
Fee based revenue	108	105
Acquisition expenses	(18)	(12)
Maintenance expenses	(68)	(59)
Investment for transformation and growth	(4)	(8)
Capital management	1	2
Total wholly owned	19	28
India and China JV businesses	-	(20)
International IFRS operating profit before tax	19	8

International IFRS operating profit before tax more than doubled to £19m, due to progress made in our joint ventures in India and China, while profit from the wholly owned businesses decreased by 32% to £19m (H1 2010: £28m). This was mainly due to higher acquisition expenses in our Irish businesses reflecting growth in sales, as well as increased maintenance expenses reflecting the growing back book.

Supplementary information - analysis of IFRS profit by segment

Six months ended 30 June 2011	UK £m	Canada £m	International £m	Global investment management £m	Other £m	Elimination £m	Total £m
Fee based revenue	309	84	108	193	-	(83)	611
Spread/risk margin	52	155	-	-	-	-	207
Total income	361	239	108	193	-	(83)	818
Acquisition expenses	(85)	(39)	(18)	-	-	-	(142)
Maintenance expenses	(159)	(98)	(68)	(106)	(3)	83	(351)
Investment for transformation and growth	(34)	(17)	(4)	(20)	(5)	-	(80)
Group corporate centre costs	-	-	-	-	(20)	-	(20)
Capital management	4	18	1	-	14	-	37
India and China JV businesses	-	-	-	-	-	-	-
IFRS operating profit/(loss) before tax from continuing operations	87	103	19	67	(14)	-	262

Six months ended 30 June 2010	UK £m	Canada £m	International £m	Global investment management £m	Other £m	Elimination £m	Total £m
Fee based revenue	277	72	105	157	-	(76)	535
Spread/risk margin	83	115	-	-	-	-	198
Total income	360	187	105	157	-	(76)	733
Acquisition expenses	(87)	(33)	(12)	-	-	-	(132)
Maintenance expenses	(154)	(96)	(59)	(91)	-	76	(324)
Investment for transformation and growth	(31)	(16)	(8)	(17)	-	-	(72)
Group corporate centre costs	-	-	-	-	(30)	-	(30)
Capital management	(12)	20	2	-	17	-	27
India and China JV businesses	-	-	(20)	-	-	-	(20)
IFRS operating profit/(loss) before tax from continuing operations	76	62	8	49	(13)	-	182

12 months ended 31 December 2010	UK £m	Canada £m	International £m	Global investment management £m	Other £m	Elimination £m	Total £m
Fee based revenue	593	150	212	331	-	(155)	1,131
Spread/risk margin	148	222	-	-	-	-	370
Total income	741	372	212	331	-	(155)	1,501
Acquisition expenses	(172)	(64)	(31)	-	-	-	(267)
Maintenance expenses	(312)	(193)	(129)	(194)	-	155	(673)
Investment for transformation and growth	(61)	(35)	(15)	(34)	(4)	-	(149)
Group corporate centre costs	-	-	-	-	(50)	-	(50)
Capital management	(21)	30	1	-	17	-	27
Other	59	-	-	-	-	-	59
India and China JV businesses	-	-	(23)	-	-	-	(23)
IFRS operating profit/(loss) before tax from continuing operations	234	110	15	103	(37)	-	425

Global investment management fee based revenue includes share of profits from HDFC Asset Management Company Limited.

For further information please contact:

Institutional Equity Investors

Jakub Rosochowski 0131 245 8028

Media

Nicola McGowan 0131 245 4016/07872 191 341

Barry Cameron 0131 245 6165/07712 486 463

Paul Keeble 020 7872 4481/07712 486 387

Susanna Voyle 020 7353 4200/ 07980 894 557
(Tulchan Communications)

Retail Equity Investors

Capita Registrars 0845 113 0045

Debt Investors

Scott Forrest 0131 245 6045

Nick Mardon 0131 245 6371

Newsires and online publications

We will hold a conference call for newsires and online publications from 07:30 (UK time) on 10 August 2011. Participants should dial +44 (0)1452 555566 and quote Standard Life Half Year Results 2011. The conference ID number is 82173074. A replay facility will be available for seven days. To access the replay please dial +44 (0)1452 550000. The pass code is 82173074#.

Investors and Analysts

A presentation for investors and analysts will take place at 9:30am at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N. A live webcast of the presentation and the presentation slides will be available on the Group's website. In addition a replay will be available on this website later today.

There will also be a live listen-only teleconference to the investor and analyst presentation at 9:30am. Investors and analysts should dial +44 (0)20 3059 5845. Callers should quote Standard Life 2011 Half Year Results. A replay facility will be available for 14 days. Investors and analysts should dial +44 (0)121 2604861. The pass code is 1182010#.

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 6.4 - Group assets under administration and net flows for further information.
- 2 ABI market share Q1 2011
- 3 Other assets included within AUA of £11.1bn (2010: £10.2bn) comprise assets not backing products, joint ventures, non-life assets and consolidation / elimination adjustments.
- 4 Comprises market and other movements including the transfer of our UK money market funds following our decision to exit this sector of the industry
- 5 Gross EEV operating capital and cash generation of £358m (H1 2010: £300m) is the operating capital and cash generated before investment into new business and investment for transformation and growth. After deducting new business strain of £119m (H1 2010: £109m) and investment for transformation and growth of £46m (H1 2010: £42m), operating capital and cash is £193m (H1 2010: £149m).
- 6 The transfer of Standard Life Investments Global Liquidity Funds plc (GLF) took place at the end of May 2011 resulting in total third party AUM reducing by approximately £4.0bn in comparison with the position as at 31 December 2010.
- 7 EBIT Margin has been adjusted to exclude the impact of the transfer of Standard Life Investments Global Liquidity Funds plc.
- 8 On a constant currency basis.