

## Consolidated statement of changes in equity

Period ended 30 Jun 2006

	Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Available-for-sale securities reserve £m	Hedging reserve £m	Shareholders' equity £m	Minority interests £m	Total equity £m
<b>Reserves</b>									
Profit for the period			449				449	1	450
Items recognised directly in equity:									
Exchange movements				(134)			(134)		(134)
Movement on cash flow hedges						4	4		4
Unrealised valuation movements on securities classified as available-for-sale from 1 January 2005:									
Unrealised holding losses arising during the period					(707)		(707)		(707)
Less reclassification adjustment for gains included in the income statement					(3)		(3)		(3)
Unrealised investment losses, net					(710)		(710)		(710)
Related change in amortisation of deferred income and acquisition costs					311		311		311
Related tax				(39)	140	(1)	100		100
Total items recognised directly in equity				(173)	(259)	3	(429)		(429)
Total income and expense for the period			449	(173)	(259)	3	20	1	21
Dividends			(267)				(267)		(267)
Reserve movements in respect of share-based payments			6				6		6
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the Prudential Assurance Company (PAC) with-profits fund								7	7
Acquisition of Egg minority interests (note J)			(167)				(167)	(84)	(251)
<b>Share capital and share premium</b>									
New share capital subscribed	2	251					253		253
Transfer to retained earnings in respect of shares issued in lieu of cash dividends		(7)	7				0		0
<b>Treasury shares</b>									
Movement in own shares in respect of share-based payment plans			9				9		9
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS			1				1		1
Net increase (decrease) in equity	2	244	38	(173)	(259)	3	(145)	(76)	(221)
At beginning of period	119	1,564	3,236	173	105	(3)	5,194	172	5,366
At end of period	121	1,808	3,274	0	(154)	0	5,049	96	5,145

# International Financial Reporting Standards (IFRS) basis results *continued*

## Consolidated statement of changes in equity *continued*

	Period ended 30 Jun 2005								
	Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Available-for-sale securities reserve £m	Hedging reserve £m	Shareholders' equity £m	Minority interests £m	Total equity £m
<b>Reserves</b>									
Profit for the period			300				300	5	305
Items recognised directly in equity:									
Exchange movements				183			183		183
Movement on cash flow hedges						(7)	(7)	(1)	(8)
Unrealised valuation movements on securities classified as available-for-sale from 1 January 2005:									
Unrealised holding losses arising during the period					(88)		(88)	1	(87)
Less reclassification adjustment for losses included in the income statement					25		25		25
Unrealised investment losses, net					(63)		(63)	1	(62)
Related change in amortisation of deferred income and acquisition costs					14		14		14
Related tax				30	16	2	48		48
Total items recognised directly in equity				213	(33)	(5)	175		175
Total income and expense for the period			300	213	(33)	(5)	475	5	480
Cumulative effect of changes in accounting policies on adoption of IAS 32, IAS 39 and IFRS 4, net of applicable taxes at 1 January 2005 (note M)		2	(173)		397		226	(3)	223
Dividends			(253)				(253)		(253)
Reserve movements in respect of share-based payments			6				6		6
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the PAC with-profits fund								(9)	(9)
<b>Share capital and share premium</b>									
New share capital subscribed	0	40					40		40
Transfer to retained earnings in respect of shares issued in lieu of cash dividends		(40)	40				0		0
<b>Treasury shares</b>									
Movement in own shares in respect of share-based payment plans			1				1		1
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS			(5)				(5)		(5)
Net increase (decrease) in equity		2	(84)	213	364	(5)	490	(7)	483
At beginning of period	119	1,558	2,972	(160)			4,489	137	4,626
At end of period	119	1,560	2,888	53	364	(5)	4,979	130	5,109

## Consolidated statement of changes in equity continued

Year ended 31 Dec 2005

	Share capital £m	Share premium £m	Retained earnings £m	Translation reserve £m	Available-for-sale securities reserve £m	Hedging reserve £m	Shareholders' equity £m	Minority interests £m	Total equity £m
<b>Reserves</b>									
Profit for the year			748				748	12	760
Items recognised directly in equity:									
Exchange movements				268			268		268
Movement on cash flow hedges						(4)	(4)	1	(3)
Unrealised valuation movements on securities classified as available-for-sale from 1 January 2005:									
Unrealised holding losses arising during the year					(773)		(773)		(773)
Less reclassification adjustment for losses included in the income statement					22		22		22
Unrealised investment losses, net					(751)		(751)		(751)
Related change in amortisation of deferred income and acquisition costs					307		307		307
Related tax				65	152	1	218		218
Total items recognised directly in equity				333	(292)	(3)	38	1	39
Total income and expense for the year			748	333	(292)	(3)	786	13	799
Cumulative effect of changes in accounting policies on adoption of IAS 32, IAS 39 and IFRS 4, net of applicable taxes at 1 January 2005 (note M)		2	(173)		397		226	(3)	223
Dividends			(380)				(380)		(380)
Reserve movements in respect of share-based payments			15				15	(1)	14
Change in minority interests arising principally from purchase and sale of venture investment companies and property partnerships of the PAC with-profits fund								26	26
<b>Share capital and share premium</b>									
New share capital subscribed	0	55					55		55
Transfer to retained earnings in respect of shares issued in lieu of cash dividends		(51)	51				0		0
<b>Treasury shares</b>									
Movement in own shares in respect of share-based payment plans			0				0		0
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS			3				3		3
Net increase (decrease) in equity		6	264	333	105	(3)	705	35	740
At beginning of year	119	1,558	2,972	(160)			4,489	137	4,626
At end of year	119	1,564	3,236	173	105	(3)	5,194	172	5,366