

Summary of statutory and supplementary IFRS and EEV basis results

Year ended 31 December 2011

The following tables and referenced disclosure notes show the results reported in the statutory IFRS financial statements on pages 163 to 382 and supplementary EEV basis results on pages 385 to 432. This page does not form part of the statutory financial statements.

International Financial Reporting Standards (IFRS) basis results

Statutory IFRS basis results

	Primary statement or note reference	Page	2011	2010
Profit after tax attributable to equity holders of the Company	IFRS Income Statement	163	£1,490m	£1,431m
Basic earnings per share	IFRS Income Statement	163	58.8p	56.7p
Dividends per share declared and paid in reporting period	IFRS note B3	197	25.19p	20.17p
Shareholders' equity, excluding non-controlling interest	IFRS Statement of financial position	167	£9,117m	£8,031m

Supplementary IFRS basis information

	Primary statement or note reference	Page	2011	2010
Operating profit based on longer-term investment returns		192	£2,070m	£1,941m
Short-term fluctuations in investment returns on shareholder-backed business		192	£(148)m	£(123)m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	IFRS note B1	192	£21m	£(10)m
Costs of terminated AIA transaction		192	–	£(377)m
Gain on dilution of Group holdings		192	–	£30m
Profit from continuing operations before tax attributable to shareholders (including actual investment returns)	IFRS note B1	192	£1,943m	£1,461m
Operating earnings per share after related tax and non-controlling interests (excluding 2010 exceptional tax credit)	IFRS note B2	196	63.9p	62.0p
Operating earnings per share after related tax and non-controlling interests (including 2010 exceptional tax credit)	IFRS note B2	196	63.9p	68.3p
Dividends per share in respect of the reporting period (including interim dividend of 7.95p (2010: 6.61p) and final dividend of 17.24p (2010: 17.24p) declared after the end of the reporting period)	IFRS note B3	197	25.19p	23.85p

Supplementary European Embedded Value (EEV) basis results

	Primary statement or note reference	Page	2011	2010
Operating profit based on longer-term investment returns	EEV income statement	387	£3,978m	£3,696m
Short-term fluctuations in investment returns		387	£(907)m	£(30)m
Mark to market value movements on core borrowings		387	£(14)m	£(164)m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes		387	£23m	£(11)m
Effect of changes in economic assumptions		387	£(158)m	£(10)m
Costs of terminated AIA transaction		387	–	£(377)m
Gain on dilution of Group holdings		387	–	£3m
Profit from continuing operations before tax attributable to shareholders (including actual investment returns)		387	£2,922m	£3,107m
Operating earnings per share after related tax and non-controlling interests (excluding 2010 exceptional tax credit)	EEV note 12	415	115.7p	106.9p
Operating earnings per share after related tax and non-controlling interests (including 2010 exceptional tax credit)		415	115.7p	113.2p
Earnings per share		415	84.6p	101.9p
Shareholders' equity, excluding non-controlling interests	EEV statement of financial position	390	£19,637m	£18,207m

Notes

Basis of preparation

Results bases

The basis of preparation of the statutory IFRS basis results and supplementary IFRS basis information is consistent with that applied for the 2010 results and financial statements.

The EEV basis results have been prepared in accordance with the European Embedded Value Principles issued by the CFO Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance on EEV disclosures published in October 2005. Life insurance products are, by their nature, long-term and the profit on this business is generated over a significant number of years. Accounting under IFRS alone does not, in Prudential's opinion, fully reflect the value of future profit streams. Prudential considers that embedded value reporting provides investors with a measure of the future profit streams of the Group's in-force long-term businesses and is a valuable supplement to statutory accounts. There has been no change to the basis of presentation of the EEV results from the 2010 results and financial statements.

Operating profit based on longer-term investment returns

Consistent with previous reporting practice, the Group provides supplementary analysis of IFRS profit before tax attributable to shareholders and analyses its EEV basis results, so as to distinguish operating profit based on longer-term investment returns from other elements of total profit. On both the IFRS and EEV bases, operating earnings per share are calculated using operating profits based on longer-term investment returns, after related tax and non-controlling interests.

These profits exclude short-term fluctuations in investment returns and the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes. The operating profit based on longer-term investment returns for 2010 also excludes the costs associated with the terminated AIA transaction and the gain arising upon the dilution of the Group's holding in PruHealth.

Under the EEV basis, where additional profit and loss effects arise, operating profit based on longer-term investment returns also excludes the mark to market value movements on core borrowings and the effect of changes in economic assumptions.

After adjusting for related tax and non-controlling interests, the amounts excluded from operating profit based on longer-term investment returns are included in the calculation of earnings per share.