

# Notes on the supplementary IFRS basis results

Additional IFRS basis information to enable consistent comparison of results for Prudential's insurance operations. This information does not form part of the Group's financial statements.

## 1. Operating profit from continuing operations based on longer-term investment returns\*

Results analysis by business area	Based on statutory IFRS basis results 2005 £m	Pro forma IFRS basis results 2004 £m
<b>UK operations</b>		
UK insurance operations	400	296
M&G	163	136
Egg	44	61
Total	607	493
<b>US operations</b>		
Jackson National Life	348	296
Broker-dealer and fund management (including Curian losses of £10m and £29m)	14	(14)
Total	362	282
<b>Asian operations</b>		
Long-term business	195	117
Fund management	12	19
Development expenses	(20)	(15)
Total	187	121
<b>Other income and expenditure</b>		
Investment return and other income	87	44
Interest payable on core structural borrowings	(175)	(154)
Corporate expenditure:		
Group Head Office	(70)	(51)
Asia Regional Head Office	(30)	(29)
Charge for share-based payments for Prudential schemes	(11)	(7)
Total	(199)	(197)
<b>Operating profit from continuing operations based on longer-term investment returns before exceptional items</b>	<b>957</b>	<b>699</b>

\* IFRS basis operating profit from continuing operations based on longer-term investment returns excludes goodwill impairment charges, short-term fluctuations in investment returns and the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes. The amounts for these items are included in total IFRS profit as shown elsewhere in this Annual Report.

## 2. Short-term fluctuations in investment returns

	Based on statutory IFRS basis results 2005 £m	Pro forma IFRS basis results 2004 £m
US operations:		
Movement in market value of derivatives used for economic hedging purposes	122	144
Actual less longer-term investment returns for other items	56	61
Asian operations	32	37
Other operations	1	51
	211	293