

| | Note | 2005 | | | | | | | | Total equity £m |
|--|------|---------------------|---------------------|-------------------------|---------------------------|---|-----------------------|----------------------------|--------------------------|--------------------|
| | | 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 | |
| Reserves | | | | | | | | | | |
| 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 losses included in the income statement | | | | | | 22 | | 22 | | 22 |
| | | | | | | (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 of income and expense 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 | A5 | | 2 | (173) | | 397 | | 226 | (3) | 223 |
| Dividends | B3 | | | (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 |
| Share capital and share premium | | | | | | | | | | |
| New share capital subscribed | H11 | 0 | 55 | | | | | 55 | | 55 |
| Transfer to retained earnings in respect of shares issued in lieu of cash dividends | H11 | | (51) | 51 | | | | | | |
| Treasury shares | | | | | | | | | | |
| Movement in own shares in respect of share-based payment plans | | | | 0 | | | | 0 | | 0 |
| Movement in 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 | A5 | 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 |