

Summary of statutory and supplementary IFRS and EEV basis results > Year ended 31 December 2009

The following tables and referenced disclosure notes show the results reported in the statutory financial statements on pages 119 to 301 and supplementary EEV basis results on pages 304 to 340. 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	2009	2008
Profit (loss) after tax attributable to equity holders of the Company	IFRS income statement	119	£676m	£(396)m
Basic earnings (loss) per share	IFRS income statement	119	27.0p	(16.0)p
Dividends per share declared and paid in reporting period	IFRS note B3	149	19.20p	18.29p
Shareholders' equity, excluding minority interests	IFRS statement of financial position	124	£6,271m	£5,058m

Supplementary IFRS basis information

	Primary statement or note reference	Page	2009	2008
Operating profit based on longer-term investment returns	IFRS note B1	144	£1,405m	£1,283m
Short-term fluctuations in investment returns		144	£36m	£(1,721)m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes		144	£(74)m	£(13)m
Loss on sale and results for Taiwan agency business		144	£(621)m	£1m
Profit (loss) from continuing operations before tax attributable to shareholders (including actual investment returns)	IFRS note B1	144	£746m	£(450)m
Operating earnings per share after related tax and minority interests	IFRS note B2	148	43.4p	39.9p
Dividends per share in respect of the reporting period (including interim dividend of 6.29p (2008: 5.99p) and final dividend of 13.56p (2008: 12.91p) declared after the end of the reporting period)	IFRS note B3	149	19.85p	18.90p

Supplementary European Embedded Value (EEV) basis results

	Primary statement or note reference	Page	2009	2008
Operating profit based on longer-term investment returns	EEV income statement	305	£3,090m	£2,865m
Short-term fluctuations in investment returns		305	£351m	£(4,967)m
Mark to market value movements on core borrowings		305	£(795)m	£656m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes		305	£(84)m	£(14)m
Effect of changes in economic assumptions and time value of cost of options and guarantees		305	£(910)m	£(398)m
Profit on sale and results for Taiwan agency business		305	£91m	£(248)m
Profit (loss) from continuing operations before tax (including actual investment returns)		305	£1,743m	£(2,106)m
Operating earnings per share after related tax and minority interests	EEV note 12	326	88.8p	85.1p
Basic earnings (loss) per share	EEV earnings per share	305	49.8p	(54.1)p
Shareholders' equity, excluding minority interests	EEV statement of financial position	307	£15,273m	£14,956m

Notes

Results summary

*Basis of preparation

Results bases

With the exception of the presentation of the results for the Taiwan agency business, for which (as described below) the sale process was completed in June 2009, the basis of preparation of statutory IFRS basis results and supplementary IFRS basis information is consistent with that applied for the 2008 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 European Embedded Values Disclosures issued 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 Groups long-term businesses and is a valuable supplement to statutory accounts.

Operating profit based on longer-term investment returns

Consistent with previous reporting practice, the Group provides supplementary analysis of the IFRS profit before tax attributable to shareholders analyses its EEV basis results so as to distinguish operating profit based on longer-term investments 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 minority 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. 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 and changes in the time value of cost of options and guarantees arising from changes in economic factors.

In 2009, as a result of the exceptional dislocated market conditions, the Group incurred non-recurrent cost of £235 million for hedging its Insurance Group's Directive (IGD) capital surplus. These costs have been shown separately from operating profit based on longer-term investment returns as part of the short-term fluctuations in investment returns.

Also, in June 2009 the Group completed the previously announced sale of its Taiwan agency business. In order to facilitate comparisons of the Group's businesses, the effect of disposal and the results of the Taiwan agency business are shown separately from operating profit based on longer-term investment returns. The presentation of the comparative results for 2008 has been adjusted accordingly as described in notes 18 and I1 of the EEV and IFRS financial statements, respectively.

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