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Additional unaudited financial information

I: Selected historical financial information of Prudential

The following table sets forth Prudential's selected consolidated financial data for the periods indicated. Certain data is derived from Prudential's audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and European Embedded Value (EEV).

This table is only a summary and should be read in conjunction with Prudential's consolidated financial statements and the related notes included elsewhere in this document.

Income statement data

	Year ended 31 December*				
	2012 £m	**2011** £m	**2010** £m	**2009** £m	**2008** £m
IFRS basis results					
Gross premium earned	**29,910**	25,706	24,568	20,299	18,993
Outward reinsurance premiums	**(506)**	(429)	(357)	(323)	(204)
Earned premiums, net of reinsurance	**29,404**	25,277	24,211	19,976	18,789
Investment return	**24,051**	9,360	21,769	26,889	(30,202)
Other income	**2,021**	1,869	1,666	1,234	1,146
Total revenue, net of reinsurance	**55,476**	36,506	47,646	48,099	(10,267)
Benefits and claims and movement in unallocated surplus of with-profits funds, net of reinsurance	**(45,953)**	(29,289)	(40,518)	(41,195)	10,824
Acquisition costs and other expenditure	**(6,055)**	(5,120)	(4,989)	(4,756)	(2,457)
Finance costs: interest on core structural borrowings of shareholder-financed operations	**(280)**	(286)	(257)	(209)	(172)
Loss on sale of Taiwan agency business	**–**	–	–	(559)	–
Total charges, net of reinsurance	**(52,288)**	(34,695)	(45,764)	(46,719)	8,195
Profit (loss) before tax *(being tax attributable to shareholders' and policyholders' returns)* note (1)	**3,188**	1,811	1,882	1,380	(2,072)
Tax (charge) credit attributable to policyholders' returns	**(378)**	17	(611)	(818)	1,624
Profit (loss) before tax attributable to shareholders	**2,810**	1,828	1,271	562	(448)
Tax (charge) credit attributable to shareholders' returns	**(613)**	(409)	40	10	58
Profit (loss) from continuing operations after tax	**2,197**	1,419	1,311	572	(390)
Discontinued operations (net of tax)	**–**	–	–	(14)	–
Profit (loss) for the year	**2,197**	1,419	1,311	558	(390)
Based on profit (loss) for the year attributable to the equity holders of the Company:					
Basic earnings per share (in pence)	**86.5p**	55.8p	51.8p	22.3p	(16.0)p
Diluted earnings per share (in pence)	**86.4p**	55.7p	51.7p	22.2p	(16.0)p
Dividend per share declared and paid in reporting period (in pence) note (6)	**25.64p**	25.19p	20.17p	19.20p	18.29p

* The Group has adopted updated US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP principles. Accordingly, the 2008 to 2011 comparative results have been adjusted from those previously published for the retrospective application of the improvement as if the new accounting policy had always applied.

Supplementary IFRS income statement data

	Year ended 31 December*				
	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Operating profit based on longer-term investment returns note (2)	2,533	2,027	1,826	1,428	1,248
Short-term fluctuations in investment returns on shareholder-backed business	204	(220)	(198)	(171)	(1,684)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	50	21	(10)	(74)	(13)
Costs of terminated AIA transaction	–	–	(377)	–	–
Gain on dilution of Group's holdings	42	–	30	–	–
Amortisation of acquisition accounting adjustments arising on the purchase of REALIC	(19)	–	–	–	–
Loss on sale and results of Taiwan agency business	–	–	–	(621)	1
Profit (loss) from continuing operations before tax attributable to shareholders note (2)	2,810	1,828	1,271	562	(448)
Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests and excluding 2010 exceptional tax credit) (in pence)	76.8p	62.8p	59.0p	44.0p	39.0p
Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests and including 2010 exceptional tax credit) (in pence)	76.8p	62.8p	65.3p	44.0p	39.0p

* The Group has adopted updated US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP principles. Accordingly, the 2008 to 2011 comparative results have been adjusted from those previously published for the retrospective application of the improvement as if the new accounting policy had always applied.

Supplementary EEV income statement data

	Year ended 31 December				
	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Operating profit based on longer-term investment returns note (2)	4,321	3,978	3,696	3,090	2,865
Short-term fluctuations in investment returns on shareholder-backed business	538	(907)	(30)	351	(4,967)
Mark to market value movements on core borrowings	(380)	(14)	(164)	(795)	656
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	62	23	(11)	(84)	(14)
Effect of changes in economic assumptions	(16)	(158)	(10)	(910)	(398)
Costs of terminated AIA transaction	–	–	(377)	–	–
Gain on dilution of Group's holdings	42	–	3	–	–
Gain on acquisition of REALIC	453	–	–	–	–
Profit on sale and results of Taiwan agency business	–	–	–	91	(248)
Profit (loss) from continuing operations before tax attributable to shareholders	5,020	2,922	3,107	1,743	(2,106)
Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests and excluding 2010 exceptional tax credit) (in pence)	125.0p	115.7p	106.9p	88.8p	85.1p
Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests and including 2010 exceptional tax credit) (in pence)	125.0p	115.7p	113.2p	88.8p	85.1p

Additional unaudited financial information continued

I: Selected historical financial information of Prudential continued

New business data

New business excluding Japan[note (3)]

	Year ended 31 December				
	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Annual premium equivalent (APE) sales:					
Asia[note (3)]	1,897	1,660	1,501	1,209	1,174
US	1,462	1,275	1,164	912	716
UK	836	746	820	723	947
Total APE sales	4,195	3,681	3,485	2,844	2,837
EEV new business profit (NBP)	2,452	2,151	2,028	1,619	1,205
NBP margin (% APE)	58%	58%	58%	57%	42%

Statement of financial position data

As of and for the year ended 31 December*	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Total assets	310,253	272,745	260,040	227,103	214,858
Total policyholder liabilities and unallocated surplus of with-profits funds	271,363	236,290	224,980	196,417	182,391
Core structural borrowings of shareholder-financed operations	3,554	3,611	3,676	3,394	2,958
Total liabilities	299,889	264,138	252,475	221,230	210,193
Total equity	10,364	8,607	7,565	5,873	4,665

* The Group has adopted updated US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP principles. Accordingly, the 2008 to 2011 comparative results have been adjusted from those previously published for the retrospective application of the improvement as if the new accounting policy had always applied.

Other data

As of and for the year ended 31 December	2012 £bn	2011 £bn	2010 £bn	2009 £bn	2008 £bn
Funds under management[note (4)]	405	351	340	290	249
EEV shareholders' equity, excluding non-controlling interests	22.4	19.6	18.2	15.3	15.0
Insurance Groups Directive capital surplus (as adjusted)[note (5)]	5.1	4.0	4.3	3.4	1.5

Notes

1 This measure is the formal profit (loss) before tax measure under IFRS but is not the result attributable to shareholders.

2 Operating profits are determined on the basis of including longer-term investment returns. EEV and IFRS operating profits are stated after excluding the effect of short-term fluctuations in investment returns against long-term assumptions, the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes, gain on dilution of the Group's holdings and in 2010 costs associated with the terminated AIA transaction. In addition, for EEV basis results, operating profit excludes the effect of changes in economic assumptions, the market value movement on core borrowings and in 2012, the gain arising on the acquisition of REALIC. Separately, on the IFRS basis, operating profit also excludes amortisation of accounting adjustments on the acquisition of REALIC.

3 Asia comparative APE new business sales prior to 2011 exclude the Japanese insurance operations, which ceased writing new business from 15 February 2010.

4 Funds under management comprise funds of the Group held in the statement of financial position and external funds that are managed by Prudential asset management operations.

5 The surpluses shown are before allowing for the final dividends for each year, which are paid in the following year. The 2012 surplus is estimated.

II(a): Analysis of long-term insurance business pre-tax IFRS operating profit based on longer-term investment returns by driver

This classifies the Group's pre-tax operating earnings from long-term insurance operations into the underlying drivers of those profits, using the following categories:

i **Spread income** represents the difference between net investment income (or premium income in the case of the UK annuities new business) and amounts credited to policyholder accounts. It excludes the operating investment return on shareholder net assets, which has been separately disclosed **as expected return on shareholder assets**;

ii **Fee income** represents profits driven by net investment performance, being asset management fees that vary with the size of the underlying policyholder funds net of investment management expenses;

iii **With-profits** results represents the shareholders' transfer from the with-profits fund in the period;

iv **Insurance margin** primarily represents profits derived from the insurance risks of mortality, morbidity and persistency;

v **Margin on revenues** primarily represents amounts deducted from premiums to cover acquisition costs and administration expenses;

vi **Acquisition costs and administration expenses** represent expenses incurred in the period attributable to shareholders. It excludes items such as restructuring costs and Solvency II costs which are not included in the segment profit for insurance as well as items that are more appropriately included in other source of earnings lines (eg investment expenses are netted against investment income as part of spread income or fee income as appropriate); and

vii **DAC adjustments** comprises DAC amortisation for the period, excluding amounts related to short-term fluctuations, net of costs deferred in respect of new business.

Analysis of pre-tax IFRS operating profit by source

	2012 £m				
	Asia	US	UK	Unallocated	Total
Spread income	106	702	266	–	1,074
Fee income	141	875	61	–	1,077
With-profits result	39	–	272	–	311
Insurance margin	594	399	39	–	1,032
Margin on revenues	1,453	–	216	–	1,669
Expenses:					
Acquisition costs	(903)	(972)	(122)	–	(1,997)
Administration expenses	(583)	(537)	(128)	–	(1,248)
DAC adjustments	(28)	442	(8)	–	406
Expected return on shareholder assets	43	55	107	–	205
Gain on China Life (Taiwan) shares	51	–	–	–	51
Long-term business operating profit	913	964	703	–	2,580
Asset management operating profit	75	39	371	–	485
GI commission	–	–	33	–	33
Other income and expenditure*	–	–	–	(565)	(565)
Total operating profit based on longer-term investment returns	988	1,003	1,107	(565)	2,533

* Including restructuring and Solvency II implementation costs.

Additional unaudited financial information continued

II(a): Analysis of long-term insurance business pre-tax IFRS operating profit based on longer-term investment returns by driver continued

	2011 £m				
	Asia	US	UK	Unallocated	Total
Spread income	88	730	247	–	1,065
Fee income	131	680	59	–	870
With-profits result	38	–	293	–	331
Insurance margin	477	232	27	–	736
Margin on revenues	1,199	–	226	–	1,425
Expenses:					
Acquisition costs	(766)	(890)	(127)	–	(1,783)
Administration expenses	(503)	(412)	(128)	–	(1,043)
DAC adjustments*	14	228	(5)	–	237
Expected return on shareholder assets	26	83	91	–	200
Long-term business operating profit	704	651	683	–	2,038
Asset management operating profit	80	24	357	–	461
GI commission	–	–	40	–	40
RPI to CPI inflation measure change on defined benefit schemes	–	–	–	42	42
Other income and expenditure†	–	–	–	(554)	(554)
Total operating profit based on longer-term investment returns	784	675	1,080	(512)	2,027

* DAC adjustments have been adjusted for the retrospective application of the accounting policy change described in note A5 of the IFRS financial statements.
† Including restructuring and Solvency II implementation costs.

Margin analysis of long-term insurance business

The following analysis expresses certain of the Group's sources of operating profit as a margin of policyholder liabilities or other suitable driver. Details of the Group's average policyholder liability balances are given in D2(b), D3(b), D4(b).

	2012			2011		
Long-term business	Profit £m	Average liability note (iv) £m	Margin note (iii) bps	Profit £m	Average liability note (iv) £m	Margin note (iii) bps
Spread income	1,074	62,174	173	1,065	57,417	185
Fee income	1,077	78,807	137	870	68,298	127
With-profits result	311	95,681	33	331	93,056	36
Insurance margin	1,032			736		
Margin on revenues	1,669			1,425		
Expenses:						
Acquisition costs note (i)	(1,997)	4,195	(48)%	(1,783)	3,681	(48)%
Administration expenses	(1,248)	143,321	(87)	(1,043)	125,715	(83)
DAC adjustments note (ii)	406			237		
Expected return on shareholder assets	205			200		
Gain on China Life (Taiwan) shares	51			–		
Operating profit	2,580			2,038		

Long-term business	Asia					
	2012			2011		
	Profit £m	Average liability £m	Margin note (iii) bps	Profit £m	Average liability £m	Margin note (iii) bps
Spread income	106	6,720	158	88	5,623	157
Fee income	141	13,022	108	131	12,370	106
With-profits result	39	12,990	30	38	11,775	32
Insurance margin	594			477		
Margin on revenues	1,453			1,199		
Expenses:						
Acquisition costs note (i)	(903)	1,897	(48)%	(766)	1,660	(46)%
Administration expenses	(583)	19,742	(295)	(503)	17,993	(280)
DAC adjustments note (ii)	(28)			14		
Expected return on shareholder assets	43			26		
Gain on China Life (Taiwan) shares	51			–		
Operating profit	913			704		

Notes

(i) The ratio for acquisition costs is calculated as a percentage of APE including with-profits sales. Acquisition costs include only those relating to shareholders.
(ii) DAC adjustments have been adjusted for the retrospective application of the accounting policy change described in note A5 of the IFRS financial statements.
(iii) Margin represents the operating return earned in the year as a proportion of the relevant class of policyholder liabilities excluding unallocated surplus.
(iv) For UK and Asia, opening and closing policyholder liabilities have been used to derive an average balance for the year, as this is seen as a good proxy for average balances throughout the year. The calculation of average liabilities for Jackson is derived from month-end balances throughout the year as opposed to opening and closing balances only. Liabilities held in the general account for variable annuity living and death guaranteed benefits together with other amounts on which no spread income is earned (eg REALIC liabilities) are excluded from the calculation of the average. In addition for REALIC, which are included in the average liability to calculate the administration expense margin, the calculation excludes the liabilities reinsured to (and in essence retained by) Swiss Re immediately prior to the acquisition by Jackson.

Analysis of Asia IFRS operating profit drivers

- **Spread income** has increased by £18 million from £88 million in 2011 to £106 million in 2012, an increase of 20 per cent that predominantly reflects the growth of the Asian non-linked policyholder liabilities.
- **Fee income** has increased from £131 million in 2011 to £141 million in 2012, broadly in line with the increase in movement in average unit-linked liabilities, following the recovery in equity markets in 2012.
- **Insurance margin** has increased by £117 million from £477 million in 2011 to £594 million in 2012 predominantly reflecting the continued growth of the in-force book, which contains a relatively high proportion of risk-based products. Insurance margin includes non-recurring items of £48 million (2011: £38 million), reflecting assumption changes and other items that are not expected to reoccur in the future.
- **Margin on revenues** has increased by £254 million from £1,199 million in 2011 to £1,453 million in 2012 primarily reflecting the on-going growth in the size of the portfolio and higher premium income recognised in the year.
- **Acquisition costs** have increased by 18 per cent from £766 million in 2011 to £903 million in 2012, compared to the 14 per cent increase in sales, resulting in a marginal increase in the acquisition cost ratio. The analysis above has been prepared applying shareholder acquisition costs as a proportion of total APE. If with-profits sales were excluded from the denominator the acquisition cost ratio would become 63 per cent (2011: 59 per cent) reflecting changes to product and country mix.
- **Administration expenses** have increased from £503 million in 2011 to £583 million in 2012 as the business continues to expand. Expressed as a ratio of policyholder liabilities, administration costs have increased from 280 basis points to 295 basis points due to changes in business mix.
- **Expected return on shareholder assets** has increased from £26 million in 2011 to £43 million in 2012 primarily due to higher income from increased shareholder assets.

Additional unaudited financial information continued

II(a): Analysis of long-term insurance business pre-tax IFRS operating profit based on longer-term investment returns by driver continued

	US					
	2012			2011		
Long-term business	Profit £m	Average liability note (iii) £m	Margin bps	Profit £m	Average liability note (iii) £m	Margin bps
Spread income	702	29,416	239	730	28,274	258
Fee income	875	44,046	199	680	34,452	197
Insurance margin	399			232		
Expenses:						
Acquisition costs note (i)	(972)	1,462	(66)%	(890)	1,275	(70)%
Administration expenses	(537)	75,802	(71)	(412)	62,726	(66)
DAC adjustments note (ii)	442			228		
Expected return on shareholder assets	55			83		
Operating profit	964			651		

Notes
(i) The ratio for acquisition costs is calculated as a percentage of APE.
(ii) DAC adjustments have been adjusted for the retrospective application of the accounting policy change described in note A5 of the IFRS financial statements.
(iii) The calculation of average liabilities for Jackson is derived from month-end balances throughout the year as opposed to opening and closing balances only. Liabilities held in the general account for variable annuity living and death guaranteed benefits together with other amounts on which no spread income is earned (eg REALIC liabilities) are excluded from the calculation of the average. In addition for REALIC, which is included in the average liability to calculate the administration expense margin, the calculation excludes the liabilities reinsured to (and in essence retained by) Swiss Re immediately prior to the acquisition by Jackson.
The 2010 balances have been amended for consistency albeit impacts are minimal.

Analysis of US operating profit drivers

- **Spread income** was £702 million in 2012, down £28 million from the £730 million earned in 2011. 2012 benefited by £156 million from the effect of transactions entered into during 2011 and 2010 to more closely match the overall asset and liability duration (2011: £113 million). Excluding this effect, the spread margin would have been 186 basis points (2011: 218 basis points). The reported spread margin decreased as a result of downward pressure on yields caused by the low interest rate environment, the effect of which was only partly mitigated by reductions in crediting rates.
- **Fee income** has increased by 29 per cent to £875 million in 2012, compared to £680 million in 2011 as a result of the growth in separate account balances primarily due to positive net flows from variable annuity business. Fee income margin has increased slightly to 199 basis points (2011: 197 basis points) primarily reflecting changes to business mix.
- **Insurance margin** represents operating profits from insurance risks, including variable annuity guarantees and other sundry items. Positive net flows into variable annuity business with life contingent and other guarantee fees, coupled with the benefit in the period of repricing actions, have increased the insurance margin from £232 million in 2011 to £399 million in 2012. This includes the benefits of four months' profits amounting to £87 million from the life business of REALIC, following its acquisition by Jackson in September 2012.
- **Acquisition costs,** which are commissions and general expenses incurred to acquire new business, have increased in absolute terms compared to 2011 due largely to an increase in sales volumes. However, acquisition costs as a percentage of APE have decreased to 66 per cent for 2012, compared to 70 per cent in 2011, due to the continued increase in producers selecting asset based commission which is treated as an administrative expense in this analysis, rather than front end commissions.
- **Administration expenses** increased to £537 million in 2012 compared to £412 million in 2011, primarily as a result of higher asset based commissions paid on the larger 2012 separate account balance. Asset based commissions are paid upon policy anniversary dates and are treated as an administration expense in this analysis as opposed to a cost of acquisition and are offset by higher fee income. The administration expense margin was higher at 71 basis points (2011: 66 basis points). Excluding these trail commission amounts, the resulting administration expense margin would be 48 basis points (2011: 46 basis points). The increase arises as a result of the effect of the REALIC acquisition on the administration expense margin together with the impact in 2012 of non-recurring expenditures.
- **DAC adjustments** increased to £442 million in 2012 compared to £228 in 2011. 2011 was lowered by £190 million of accelerated DAC amortisation as a result of the reversal of the benefit received in 2008 from the mean reversion formula. Market movements in 2012 resulted in deceleration of DAC amortisation of £56 million which was offset by higher amortisation as a result of higher gross profits. Following the adoption of the updated US GAAP principles for deferred acquisition costs, as described in note A5 of the IFRS financial statements, certain acquisition costs are no longer fully deferrable resulting in new business strain of £174 million for 2012 (2011: £156 million).

Analysis of pre-tax operating profit before and after acquisition costs and DAC adjustments

	2012 £m				2011 £m			
	Other operating profits	Acquisition costs Incurred	Acquisition costs Deferred	Total	Other operating profits	Acquisition costs Incurred	Acquisition costs Deferred	Total
Total operating profit before acquisition costs and DAC adjustments	1,494			1,494	1,313			1,313
Less new business strain		(972)	798	(174)		(890)	734	(156)
Other DAC adjustments – amortisation of previously deferred acquisition costs								
Normal[note]			(412)	(412)			(316)	(316)
Decelerated (accelerated)			56	56			(190)	(190)
Total	1,494	(972)	442	964	1,313	(890)	228	651

	UK					
	2012			2011		
Long-term business	Profit £m	Average liability £m	Margin bps	Profit £m	Average liability £m	Margin bps
Spread income	266	26,038	102	247	23,520	105
Fee income	61	21,739	28	59	21,476	27
With-profits result	272	82,691	33	293	81,281	36
Insurance margin	39			27		
Margin on revenues	216			226		
Expenses:						
Acquisition costs[note]	(122)	836	(15)%	(127)	746	(17)%
Administration expenses	(128)	47,777	(27)	(128)	44,996	(28)
DAC adjustments	(8)			(5)		
Expected return on shareholder assets	107			91		
Operating profit	703			683		

Note
The ratio for acquisition costs is calculated as a percentage of APE including with-profits sales. Acquisition costs include only those relating to shareholders.

Analysis of UK IFRS operating profit drivers

- **Spread income** has increased from £247 million in 2011 to £266 million in 2012 principally due to increased new business profits from higher annuity sales. The margin has fallen slightly from 105 basis points to 102 basis points.
- **Fee income** has increased in line with the growth in unit-linked liabilities. Expressed as an asset management charge it is equivalent to 28 basis points (2011: 27 basis points).
- **With-profits** income has decreased by £21 million from £293 million in 2011 to £272 million in 2012 principally due to a 50 basis point reduction in annual bonus rates. This has contributed to the reduction in the with-profits margin from 36 basis points in 2011 to 33 basis points in 2012.
- **Insurance margin** has increased by £12 million from £27 million in 2011 to £39 million in 2012, mainly due to increased profits from our protection business.
- **Margin on revenues** represents premiums charges for expenses and other sundry net income received by the UK. 2012 income was £216 million (2011: £226 million).
- **Acquisition costs** as a percentage of new business sales have improved from 17 per cent in 2011 to 15 per cent in 2012. The ratio above expresses the percentage of shareholder acquisition costs as a percentage of total APE sales. It is therefore impacted by the level of with-profit sales in the year. Acquisition costs as a percentage of shareholder-backed new business sales were 33 per cent for 2012 (2011: 33 per cent).
- **Expected return on shareholder** has increased from £91 million in 2011 to £107 million in 2012 principally due to higher IFRS shareholders' funds.

Additional unaudited financial information continued

II(b): Asia operations – analysis of IFRS operating profit by territory

	2012 £m	2011* £m
China	19	11
Hong Kong	88	69
India	54	47
Indonesia	260	212
Japan	(2)	2
Korea	16	17
Malaysia	120	104
Philippines	15	5
Singapore	206	167
Taiwan bancassurance business	18	2
Thailand	7	4
Vietnam	25	30
Other	(5)	1
Non-recurrent items: note (ii)		
Gain on China Life (Taiwan) shares	51	–
Other non-recurrent items	48	38
Total insurance operations note (i)	920	709
Development expenses	(7)	(5)
Total long-term business operating profit	913	704
Eastspring Investments	75	80
Total Asia operations	988	784

Notes

(i) Analysis of operating profit between new and in-force business

The result for insurance operations comprises amounts in respect of new business and business in-force as follows:

	2012 £m	2011* £m
New business strain	(51)	(70)
Business in force	872	741
Non-recurrent items: note (ii)		
Gain on China Life (Taiwan) shares	51	–
Other non-recurrent items	48	38
Total	920	709

The IFRS new business strain corresponds to approximately 3 per cent of new business APE premiums for 2012 (2011: approximately 4 per cent of new business APE). The improvement is driven by a shift in overall sales mix to lower strain products and countries.

The strain reflects the aggregate of the pre-tax regulatory basis strain to net worth after IFRS adjustments for deferral of acquisition costs and deferred income where appropriate.

(ii) During 2012, the Group sold its 7.74 per cent stake in China Life (Taiwan) for £97 million crystallising a gain of £51 million. Other non-recurrent items of £48 million in 2012 (2011: £38 million) represent a small number of items that are not anticipated to reoccur in subsequent periods.

* The 2011 comparative results have been adjusted from those previously published for the retrospective application of the change in accounting policy described in note A5.

II(c): Analysis of asset management operating profit based on longer-term investment returns

	2012 £m				
	M&G note (i),(ii)	**Eastspring Investments** note (ii)	**PruCap**	**US**	**Total**
Operating income before performance-related fees	734	201	120	296	1,351
Performance-related fees	9	2	–	–	11
Operating income*	743	203	120	296	1,362
Operating expense	(436)	(128)	(69)	(257)	(890)
Share of associate's results	13	–	–	–	13
Operating profit based on longer-term investment returns	320	75	51	39	485
Average funds under management (FUM), including 49.99% proportional share of PPM South Africa†	£209.0 bn				
Average funds under management (FUM), excluding PPM South Africa†	£205.1 bn	£55.0 bn			
Margin based on operating income†	36 bps	37 bps			
Cost/income ratio‡	59%	64%			

	2011 £m				
	M&G note (i),(ii)	**Eastspring Investments** note (ii)	**PruCap**	**US**	**Total**
Operating income before performance-related fees	666	196	122	249	1,233
Performance-related fees	13	6	–	–	19
Operating income*	679	202	122	249	1,252
Operating expense	(404)	(122)	(66)	(225)	(817)
Share of associate's results	26	–	–	–	26
Operating profit based on longer-term investment returns	301	80	56	24	461
Average funds under management (FUM), including 49.99% proportional share of PPM South Africa†	£195.1 bn				
Average funds under management (FUM), excluding PPM South Africa†	£190.9 bn	£51.4 bn			
Margin based on operating income†	35 bps	38 bps			
Cost/income ratio‡	61%	62%			

Notes

(i) Following the divestment in the first half of 2012 of M&G's holding in PPM South Africa from 75 per cent to 49.99 per cent and its treatment from 2012 as an associate, M&G's operating income and expense no longer includes any element from PPM South Africa. In order to avoid period on period distortion, in the table above the 2011 operating income, margin and cost/income ratio reflect the retrospective application of this basis of presentation for the 2011 results.

(ii) M&G and Eastspring Investments can be further analysed as follows:

Additional unaudited financial information continued

II(c): Analysis of asset management operating profit based on longer-term investment returns continued

	M&G					
	Operating income*					
	Retail £m	Margin of FUM† bps	Institutional§ £m	Margin of FUM† bps	Total £m	Margin of FUM† bps
2012	438	91	297	19	734	36
2011	396	97	270	18	666	35

	Eastspring Investments					
	Operating income*					
	Retail £m	Margin of FUM† bps	Institutional§ £m	Margin of FUM† bps	Total £m	Margin of FUM† bps
2012	118	64	83	24	201	37
2011	120	62	76	24	196	38

* Operating income is net of commissions. M&G's operating income excludes any contribution from M&G's associate, PPM South Africa.
† Margin represents operating income before performance related fees as a proportion of the related funds under management (FUM), excluding PPM South Africa. 2011 comparatives have been amended to be on a comparable basis. Monthly funds managed by the respective entity have been used to derive the average. Any funds held by the Group's insurance operations which are managed by third parties outside of the Prudential Group are excluded from these amounts.
‡ Cost/income ratio represents cost as a percentage of operating income before performance related fees. In order to avoid period-on-period distortion, M&G's operating income and expense excludes any contribution from M&G's associate, PPM South Africa.
§ Institutional includes internal funds.

III(a): Funds under management

i Summary

	2012 £bn	2011 £bn
Business area:		
Asia operations	38.9	32.6
US operations	91.4	71.9
UK operations	153.3	146.3
Internal funds under management	283.6	250.8
External funds[note]	121.4	99.8
Total funds under management	405.0	350.6

Note
External funds shown above for 2012 of £121.4 billion (2011: £99.8 billion) comprise £133.5 billion (2011: £111.2 billion) of funds managed by Eastspring Investments and M&G (as shown in note (iii) below) less £12.1 billion (2011: £11.4 billion) that are classified within internal funds.

ii Internal funds under management – analysis by business area

	Asia operations		US operations		UK operations		Total	
	2012 £bn	2011 £bn	2012 £bn	2011 £bn	2012 £bn	2011 £bn	2012 £bn	2011 £bn
Investment properties[note]	–	–	0.1	0.1	11.0	10.9	11.1	11.0
Equity securities	14.3	12.0	49.6	38.1	36.1	37.3	100.0	87.4
Debt securities	21.4	17.7	33.0	27.0	85.7	79.8	140.1	124.5
Loans and receivables	1.0	1.2	6.2	4.1	4.6	4.4	11.8	9.7
Other investments and deposits	2.2	1.7	2.5	2.6	15.9	13.9	20.6	18.2
Total	38.9	32.6	91.4	71.9	153.3	146.3	283.6	250.8

Note
As included in the investments section of the consolidated statement of financial position at 31 December 2012 except for £0.2 billion (2011: £0.2 billion) investment properties which are held for sale or occupied by the Group and, accordingly under IFRS, are included in other statement of financial position captions.

iii Investment products – funds under management

	2012 £m				
	1 Jan 2012	Market gross inflows	Redemptions	Market exchange translation and other movements	31 Dec 2012
Eastspring Investments	19,221	60,498	(59,098)	1,013	21,634
M&G	91,948	36,463	(19,582)	3,039	111,868
Group total	111,169	96,961	(78,680)	4,052	133,502

	2011 £m				
	1 Jan 2011	Market gross inflows	Redemptions	Market exchange translation and other movements	31 Dec 2011
Eastspring Investments	22,048	63,726	(63,605)	(2,948)	19,221
M&G	89,326	25,981	(21,596)	(1,763)	91,948
Group total	111,374	89,707	(85,201)	(4,711)	111,169

Additional unaudited financial information continued

III(b): Reconciliation of expected transfer of value of in-force (VIF) and required capital business to free surplus

The tables below show how the VIF generated by the in-force long-term business and the associated required capital is modelled as emerging into free surplus over the next 40 years. Although a small amount (less than 2 per cent) of the Group's embedded value emerges after this date, analysis of cash flows emerging in the years shown in the tables is considered most meaningful. The modelled cash flows use the same methodology underpinning the Group's embedded value reporting and so are subject to the same assumptions and sensitivities.

In addition to showing the amounts, both discounted and undiscounted, expected to be generated from all in-force business at 31 December 2012, the tables also present the expected future free surplus to be generated from the investment made in new business during 2012 over the same 40 year period.

Expected transfer of value of in-force (VIF) and required capital business to free surplus

	2012 £m							
	Undiscounted expected generation from all in-force business at 31 December*				Undiscounted expected generation from 2012 long-term new business written*			
Expected period of emergence	**Asia**	**US**	**UK**	**Total**	**Asia**	**US**	**UK**	**Total**
2013	719	785	446	1,950	105	269	27	401
2014	761	572	483	1,816	129	108	23	260
2015	724	600	464	1,788	129	113	23	265
2016	686	557	444	1,687	99	37	20	156
2017	654	587	430	1,671	98	115	23	236
2018	628	551	415	1,594	86	77	22	185
2019	617	514	401	1,532	91	64	18	173
2020	610	524	389	1,523	94	115	18	227
2021	598	445	380	1,423	89	95	18	202
2022	585	390	372	1,347	95	78	18	191
2023	557	353	365	1,275	85	73	17	175
2024	538	298	356	1,192	85	56	17	158
2025	525	229	349	1,103	80	45	17	142
2026	521	204	343	1,068	82	39	17	138
2027	510	179	330	1,019	107	33	17	157
2028	506	154	317	977	80	27	17	124
2029	492	134	309	935	77	22	17	116
2030	478	126	299	903	76	18	17	111
2031	453	106	289	848	71	14	17	102
2032	437	117	281	835	82	14	17	113
2033 to 2037	1,911	145	1,170	3,226	307	19	77	403
2038 to 2042	1,554	(21)	916	2,449	234	(25)	78	287
2043 to 2047	1,251	–	514	1,765	187	–	51	238
2048 to 2052	926	–	300	1,226	141	–	36	177
Total free surplus expected to emerge in the next 40 years	17,241	7,549	10,362	35,152	2,709	1,406	622	4,737

* The analysis excludes amounts incorporated into VIF at 31 December 2012 where there is no definitive timeframe for when the payments will be made or receipts received. In particular, it excludes the value of the shareholders' interest in the estate. It also excludes any free surplus emerging after 2052.

The above amounts can be reconciled to the new business amounts as follows:

	2012 £m			
New business	**Asia**	**US**	**UK**	**Total**
Undiscounted expected free surplus generation for years 2013 to 2052	2,709	1,406	622	4,737
Less: discount effect	(1,499)	(406)	(348)	(2,253)
Discounted expected free surplus generation for years 2013 to 2052	1,210	1,000	274	2,484
Discounted expected free surplus generation for years 2052+	41	–	3	44
Less: free surplus investment in new business	(292)	(281)	(45)	(618)
Other items*	23	(151)	9	(119)
Post-tax EEV new business profit	982	568	241	1,791
Tax	284	305	72	661
Pre-tax EEV new business profit	1,266	873	313	2,452

* Other items represent the impact of the time value of options and guarantees on new business, foreign exchange effects and other non-modelled items. Foreign exchange effects arise as EEV new business profit amounts are translated at average exchange rates and the expected free surplus generation uses year end closing rates.

The undiscounted expected free surplus generation from all in-force business at 31 December 2012 shown below can be reconciled to the amount that was expected to be generated as at 31 December 2011 as follows:

Group	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Other £m	Total £m
2011 expected free surplus generation for years 2012 to 2051	1,777	1,634	1,556	1,512	1,502	1,414	24,667	34,062
Less: amounts expected to be realised in the current year	(1,777)	–	–	–	–	–	–	(1,777)
Add: expected free surplus to be generated in year 2052*	–	–	–	–	–	–	175	175
Foreign exchange differences	–	(45)	(42)	(41)	(42)	(38)	(594)	(802)
New business	–	401	260	265	156	236	3,419	4,737
Acquisition of REALIC	–	45	35	44	38	41	738	941
Operating movements	–	(2)	28	32	24	17		
Non-operating and other movements†	–	(83)	(21)	(24)	9	1	(2,165)	(2,184)
2012 expected free surplus generation for years 2013 to 2052	–	1,950	1,816	1,788	1,687	1,671	26,240	35,152

Asia	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Other £m	Total £m
2011 expected free surplus generation for years 2012 to 2051	674	647	634	595	590	564	13,998	17,702
Less: amounts expected to be realised in the current year	(674)	–	–	–	–	–	–	(674)
Add: expected free surplus to be generated in year 2052*	–	–	–	–	–	–	135	135
Foreign exchange differences	–	(24)	(22)	(20)	(20)	(18)	(460)	(564)
New business	–	105	129	129	99	98	2,149	2,709
Operating movements	–	(21)	–	9	–	(6)		
Non-operating and other movements	–	12	20	11	17	16	(2,125)	(2,067)
2012 expected free surplus generation for years 2013 to 2052	–	719	761	724	686	654	13,697	17,241

US	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Other £m	Total £m
2011 expected free surplus generation for years 2012 to 2051	680	485	450	480	484	438	2,996	6,013
Less: amounts expected to be realised in the current year	(680)	–	–	–	–	–	–	(680)
Add: expected free surplus to be generated in year 2052*	–	–	–	–	–	–	–	–
Foreign exchange differences	–	(21)	(20)	(21)	(22)	(20)	(134)	(238)
New business	–	269	108	113	37	115	764	1,406
Acquisition of REALIC	–	45	35	44	38	41	738	941
Operating movements	–	(4)	7	14	20	18		
Non-operating and other movements	–	11	(8)	(30)	–	(5)	84	107
2012 expected free surplus generation for years 2013 to 2052	–	785	572	600	557	587	4,448	7,549

* Excluding 2012 new business.
† Includes an adjustment of £102 million to the cashflows for which there is no definitive timeframe for their emergence and therefore which have been removed from the cashflows presented at 31 December 2012.

Additional unaudited financial information continued

III(b): Reconciliation of expected transfer of value of in-force (VIF) and required capital business to free surplus continued

UK	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Other £m	Total £m
2011 expected free surplus generation for years 2012 to 2051	**423**	502	472	437	428	412	7,673	10,347
Less: amounts expected to be realised in the current year	**(423)**	–	–	–	–	–	–	(423)
Add: expected free surplus to be generated in year 2052*	–	–	–	–	–	–	40	40
New business	–	27	23	23	20	23	506	622
Operating movements	–	23	21	9	4	5		
Non-operating and other movements†	–	(106)	(33)	(5)	(8)	(10)	(124)	(224)
2012 expected free surplus generation for years 2013 to 2052	–	446	483	464	444	430	8,095	10,362

* Excluding 2012 new business.
† Includes an adjustment of £102 million to the cash flows for which there is no definitive timeframe for their emergence and therefore which have been removed from the cash flows presented at 31 December 2012.

At 31 December 2012, the total free surplus expected to be generated over the next five years (years 2013 to 2017 inclusive), using the same assumptions and methodology as underpin our embedded value reporting was £8.9 billion, an increase of £1.3 billion from the £7.6 billion expected over the same period at the end of 2011.

This increase primarily reflects the new business written in 2012, which is expected to generate £1,318 million of free surplus over the next five years. Operating movements contributed positive £99 million. The acquisition of REALIC contributed positive expected cash flows of £203 million over the next five years. Non-operating and other items, including foreign exchange movements, reduced expected free surplus generation for the next five years by £326 million.

At 31 December 2012, the total free surplus expected to be generated on an undiscounted basis in the next 40 years is £35 billion, up from the £34 billion expected at end of 2011. This is after allowing for adverse market movements in the period, with a £0.8 billion reduction due to foreign exchange and negative market movements in Asia as a result of lower fund earned rates. A significant proportion of these market movements arise in Hong Kong reflecting both the projected derisking of the asset portfolio for participating business and lower local government bond yields (fall of 90 basis points) and Singapore where government bond yields have fallen by 30 basis points. The overall growth in the undiscounted value of free surplus, notwithstanding these impacts, reflects both our ability to write new business on attractive economics and to manage the in-force book for value.

Actual underlying free surplus generated in 2012 from life business in-force at the end of 2011 was £2.3 billion inclusive of £0.3 billion of changes in operating assumptions and experience variances. This compares with the expected 2012 realisation at the end of 2011 of £1.8 million. This can be analysed further as follows:

	Asia £m	US £m	UK £m	Total £m
Transfer to free surplus in 2012	635	777	511	1,923
Expected return on free assets	56	40	–	96
Changes in operating assumptions and experience variances	80	219	(4)	295
Underlying free surplus generated from in-force life business in 2012	771	1,036	507	2,314
2012 free surplus expected to be generated at 31 December 2011	674	680	423	1,777

The equivalent discounted amounts of the undiscounted totals shown previously are outlined below:

	2012 £m							
	Discounted expected generation from all in-force business at 31 December				Discounted expected generation from long-term 2012 new business written			
Expected period of emergence	Asia	US	UK	Total	Asia	US	UK	Total
2013	687	766	418	1,871	101	260	26	387
2014	679	526	426	1,631	113	98	21	232
2015	604	520	385	1,509	106	96	19	221
2016	537	455	346	1,338	76	30	16	122
2017	480	456	315	1,251	69	87	17	173
2018	434	404	284	1,122	57	55	15	127
2019	401	352	258	1,011	56	44	12	112
2020	375	344	234	953	55	74	11	140
2021	345	277	213	835	48	58	11	117
2022	318	230	196	744	48	45	10	103
2023	282	210	180	672	40	39	9	88
2024	255	168	164	587	37	27	8	72
2025	232	124	150	506	32	21	8	61
2026	215	106	138	459	30	17	8	55
2027	197	90	124	411	36	14	7	57
2028	198	75	110	383	28	10	7	45
2029	181	64	100	345	26	8	6	40
2030	167	59	91	317	23	6	6	35
2031	153	50	81	284	21	5	6	32
2032	141	53	74	268	22	5	5	32
2033 to 2037	545	77	246	868	77	5	20	102
2038 to 2042	359	33	133	525	49	(4)	15	60
2043 to 2047	240	–	47	287	33	–	7	40
2048 to 2052	153	–	19	172	27	–	4	31
Total discounted free surplus expected to emerge in the next 40 years	8,178	5,439	4,732	18,349	1,210	1,000	274	2,484

The above amounts can be reconciled to the Group's financial statements as follows:

	Total £m
Discounted expected generation from all in-force business for years 2013 to 2052	18,349
Discounted expected generation from all in-force business for years after 2052	242
Discounted expected generation from all in-force business at 31 December 2012	18,591
Add: Free surplus of life operations held at 31 December 2012	2,957
Less: Time value of guarantees	(683)
Other non-modelled items*note 15	1,401
Total EEV for life operations	22,266

* These relate to items where there is no definitive timeframe for when the payments will be made or receipts received and are, consequently, excluded from the amounts incorporated into the tables above showing the expected generation of free surplus from in-force business at 31 December 2012. In particular it excludes the value of the shareholders' interest in the estate.

Additional unaudited financial information continued

III(c): Option schemes

The Group maintains four share option schemes satisfied by the issue of new shares. UK-based executive directors are eligible to participate in the UK savings-related share option scheme, and executives based in Asia can participate in the International savings-related share option scheme. Dublin-based employees are eligible to participate in the Prudential International Assurance sharesave plan, and Hong Kong based agents can participate in the Non-employee savings-related share option scheme. Further details of the schemes and accounting policies are detailed in note I4 of the IFRS basis consolidated financial statements.

All options were granted at £nil consideration. No options have been granted to substantial shareholders, suppliers of goods or services (excluding options granted to agents under the Non-employee savings-related share option scheme) or in excess of the individual limit for the relevant scheme.

The options schemes will terminate as follows, unless the directors resolve to terminate the plans at an earlier date:

- UK savings-related share option scheme: 8 May 2013;
- International savings-related share option scheme: 31 May 2021;
- Prudential International Assurance sharesave plan: 3 August 2019; and
- Prudential International savings-related share option scheme for non-employees 2012: 17 May 2022.

The weighted average share price of Prudential plc for the year ended 31 December 2012 was £7.69 (2011: £6.86).

Particulars of options granted to directors are included in the Directors' Remuneration Report on page 113.

The closing price of the shares immediately before the date on which the options were granted during the current period was £8.22.

The following analyses show the movement in options for each of the option schemes for the year ended 31 December 2012.

UK Savings Related Share Option Scheme

		Exercise period		Number of options						
Date of grant	Exercise price £	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
30 Sep 2004	3.43	01 Dec 2011	31 May 2012	3,852	–	(3,852)	–	–	–	–
12 Apr 2005	3.87	01 Jun 2012	30 Nov 2012	8,528	–	(8,528)	–	–	–	–
29 Sep 2005	4.07	01 Dec 2012	31 May 2013	9,072	–	(5,292)	–	–	–	3,780
20 Apr 2006	5.65	01 Jun 2013	30 Nov 2013	7,322	–	–	–	–	–	7,322
28 Sep 2006	4.75	01 Dec 2011	31 May 2012	11,029	–	(11,029)	–	–	–	–
28 Sep 2006	4.75	01 Dec 2013	31 May 2014	13,325	–	–	–	–	–	13,325
26 Apr 2007	5.72	01 Jun 2010	30 Nov 2010	2,865	–	–	–	–	(2,865)	–
26 Apr 2007	5.72	01 Jun 2012	30 Nov 2012	7,191	–	(7,191)	–	–	–	–
26 Apr 2007	5.72	01 Jun 2014	30 Nov 2014	503	–	–	–	–	–	503
27 Sep 2007	5.52	01 Dec 2012	31 May 2013	17,264	–	(12,156)	–	–	–	5,108
27 Sep 2007	5.52	01 Dec 2014	31 May 2015	1,668	–	–	–	–	–	1,668
25 Apr 2008	5.51	01 Jun 2013	30 Nov 2013	27,099	–	(453)	–	–	(137)	26,509
25 Apr 2008	5.51	01 Jun 2015	30 Nov 2015	1,544	–	–	–	–	–	1,544
25 Sep 2008	4.38	01 Dec 2011	31 May 2012	40,617	–	(38,162)	–	–	(2,455)	–
25 Sep 2008	4.38	01 Dec 2013	31 May 2014	47,353	–	(2,674)	–	–	(1,305)	43,374
25 Sep 2008	4.38	01 Dec 2015	31 May 2016	11,371	–	(90)	–	–	(76)	11,205
27 Apr 2009	2.88	01 Jun 2012	30 Nov 2012	2,767,654	–	(2,738,947)	(4,694)	(10,783)	(7,521)	5,709
27 Apr 2009	2.88	01 Jun 2014	30 Nov 2014	1,789,848	–	(27,164)	(6,944)	(16,820)	(19,715)	1,719,205
27 Apr 2009	2.88	01 Jun 2016	30 Nov 2016	178,968	–	(352)	(795)	–	(329)	177,492
25 Sep 2009	4.25	01 Dec 2012	31 May 2013	224,295	–	(173,784)	(5,721)	(2,433)	(1,372)	40,985
25 Sep 2009	4.25	01 Dec 2014	31 May 2015	90,865	–	(2,027)	–	(117)	(2,070)	86,651
28 Sep 2010	4.61	01 Dec 2013	31 May 2014	271,969	–	(1,408)	(7,644)	(4,875)	(1,322)	256,720
28 Sep 2010	4.61	01 Dec 2015	31 May 2016	134,304	–	(1,569)	(1,339)	(5,021)	(2,514)	123,861
16 Sep 2011	4.66	01 Dec 2014	31 May 2015	485,420	–	(2,373)	(12,818)	(4,516)	(7,514)	458,199
16 Sep 2011	4.66	01 Dec 2016	31 May 2017	197,637	–	(15)	(5,357)	(7,580)	(115)	184,570
21 Sep 2012	6.29	01 Dec 2015	31 May 2016	–	995,343	–	(3,148)	(5,294)	–	986,901
21 Sep 2012	6.29	01 Dec 2017	31 May 2018	–	152,281	–	(4,772)	–	–	147,509
				6,351,563	1,147,624	(3,037,066)	(53,232)	(57,439)	(49,310)	4,302,140

The total number of securities available for issue under the scheme is 4,302,140 which represents 0.168 per cent of the issued share capital at 31 December 2012.

The weighted average closing price of the shares immediately before the dates on which the options were exercised during the current period was £7.13.

The weighted average fair value of options granted under the plan in the period was £2.28.

International Savings Related Share Option Scheme

		Exercise period		Number of options						
Date of grant	Exercise price £	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
20 Apr 2006	5.65	01 Jun 2011	30 Nov 2011	820	–	–	–	–	(820)	–
28 Sep 2006	4.75	01 Dec 2011	31 May 2012	709	–	–	–	–	(709)	–
26 Apr 2007	5.72	01 Jun 2012	30 Nov 2012	17,847	–	(2,778)	–	(580)	–	14,489
27 Sep 2007	5.52	01 Dec 2010	31 May 2011	22,185	–	–	–	–	(22,185)	–
25 Apr 2008	5.51	01 Jun 2011	30 Nov 2011	8,928	–	–	–	–	(8,928)	–
25 Apr 2008	5.51	01 Jun 2013	30 Nov 2013	4,192	–	–	–	–	–	4,192
25 Sep 2008	4.38	01 Dec 2011	31 May 2012	195,889	–	(28,952)	(418)	(85)	(166,434)	–
25 Sep 2008	4.38	01 Dec 2013	31 May 2014	6,951	–	–	–	–	–	6,951
27 Apr 2009	2.88	01 Jun 2012	30 Nov 2012	1,740,780	–	(1,652,468)	(20,966)	(3,454)	(418)	63,474
27 Apr 2009	2.88	01 Jun 2014	30 Nov 2014	81,218	–	–	(1,748)	(1,337)	–	78,133
25 Sep 2009	4.25	01 Dec 2012	31 May 2013	110,422	–	(59,246)	(5,541)	(3,945)	(149)	41,541
25 Sep 2009	4.25	01 Dec 2014	31 May 2015	2,682	–	–	–	–	–	2,682
28 Sep 2010	4.61	01 Dec 2013	31 May 2014	157,107	–	(699)	(17,743)	(19,502)	–	119,163
28 Sep 2010	4.61	01 Dec 2015	31 May 2016	6,130	–	–	–	–	–	6,130
16 Sep 2011	4.66	01 Dec 2014	31 May 2015	410,756	–	(52)	(20,880)	(36,983)	–	352,841
16 Sep 2011	4.66	01 Dec 2016	31 May 2017	25,739	–	–	–	–	–	25,739
21 Sep 2012	6.29	01 Dec 2015	31 May 2016	–	691,531	–	(3,228)	(6,935)	–	681,368
21 Sep 2012	6.29	01 Dec 2017	31 May 2018	–	34,701	–	–	–	–	34,701
				2,792,355	726,232	(1,744,195)	(70,524)	(72,821)	(199,643)	1,431,404

The total number of securities available for issue under the scheme is 1,431,404 which represents 0.056 per cent of the issued share capital at 31 December 2012.

The weighted average closing price of the shares immediately before the dates on which the options were exercised during the current period was £7.01.

The weighted average fair value of options granted under the plan in the period was £2.28.

Prudential International Assurance Sharesave Plan

		Exercise period		Number of options						
Date of grant	Exercise price £	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
25 Sep 2008	4.38	01 Dec 2011	31 May 2012	691	–	(691)	–	–	–	–
27 Apr 2009	2.88	01 Jun 2012	30 Nov 2012	30,320	–	(26,516)	–	–	(158)	3,646
27 Apr 2009	2.88	01 Jun 2014	30 Nov 2014	6,567	–	–	–	–	–	6,567
25 Sep 2009	4.25	01 Dec 2012	31 May 2013	2,426	–	(1,627)	–	–	(160)	639
				40,004	–	(28,834)	–	–	(318)	10,852

The total number of securities available for issue under the scheme is 10,852 which represents 0.001 per cent of the issued share capital at 31 December 2012.

The weighted average closing price of the shares immediately before the dates on which the options were exercised during the current period was £7.00.

Additional unaudited financial information continued

III(c): Option schemes continued

Non-employee Savings Related Share Option Scheme

		Exercise period		Number of options						
Date of grant	Exercise price £	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
28 Sep 2006	4.75	01 Dec 2011	31 May 2012	5,386	–	(3,366)	–	–	(2,020)	–
26 Apr 2007	5.72	01 Jun 2012	30 Nov 2012	15,557	–	(2,778)	–	–	–	12,779
27 Sep 2007	5.52	01 Dec 2010	31 May 2011	7,607	–	–	(7,607)	–	–	–
27 Sep 2007	5.52	01 Dec 2012	31 May 2013	2,970	–	–	–	–	–	2,970
25 Apr 2008	5.51	01 Jun 2011	30 Nov 2011	4,589	–	–	(4,589)	–	–	–
25 Apr 2008	5.51	01 Jun 2013	30 Nov 2013	3,834	–	–	–	–	–	3,834
25 Sep 2008	4.38	01 Dec 2011	31 May 2012	40,488	–	(37,857)	(2,631)	–	–	–
25 Sep 2008	4.38	01 Dec 2013	31 May 2014	13,708	–	–	–	–	–	13,708
27 Apr 2009	2.88	01 Jun 2012	30 Nov 2012	874,201	–	(846,669)	–	–	–	27,532
27 Apr 2009	2.88	01 Jun 2014	30 Nov 2014	714,326	–	–	(14,564)	(13,396)	–	686,366
25 Sep 2009	4.25	01 Dec 2012	31 May 2013	46,446	–	(29,770)	–	–	–	16,676
25 Sep 2009	4.25	01 Dec 2014	31 May 2015	11,717	–	–	–	–	–	11,717
28 Sep 2010	4.61	01 Dec 2013	31 May 2014	1,118,575	–	–	(10,141)	(11,692)	–	1,096,742
28 Sep 2010	4.61	01 Dec 2015	31 May 2016	375,352	–	–	(6,502)	–	–	368,850
16 Sep 2011	4.66	01 Dec 2014	31 May 2015	644,407	–	–	(14,491)	(20,973)	–	608,943
16 Sep 2011	4.66	01 Dec 2016	31 May 2017	266,624	–	–	(3,942)	–	–	262,682
21 Sep 2012	6.29	01 Dec 2015	31 May 2016	–	443,315	–	–	–	–	443,315
21 Sep 2012	6.29	01 Dec 2017	31 May 2018	–	97,731	–	(1,431)	–	–	96,300
				4,145,787	541,046	(920,440)	(65,898)	(46,061)	(2,020)	3,652,414

The total number of securities available for issue under the scheme is 3,652,414 which represents 0.143 per cent of the issued share capital at 31 December 2012.

The weighted average closing price of the shares immediately before the dates on which the options were exercised during the current period was £7.11.

The weighted average fair value of options granted under the plan in the period was £2.28.